



DELAYS TO NEW ZEALAND MEAT EXPORTS TO CHINA:

A LEARNINGS REVIEW FINAL REPORT

16 JULY 2013

Assurance and Evaluation
Office of the Director-General

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EXECUTIVE SUMMARY

The Ministry's Assurance and Evaluation Directorate was asked to document what occurred with regard to the delays to New Zealand meat shipments to China in April and May 2013, to identify learning points for the future and to reflect any possible systemic issues. This review covers events up to and including 28 May 2013.

The detailed objectives are provided in Section 1 of this report.

KEY FINDINGS

The name change to the Ministry for Primary Industries was communicated extensively, but the notification to China of the date of implementation was delayed

From March 2012, when Cabinet confirmed the change of name from the Ministry of Agriculture and Forestry to the Ministry for Primary Industries (the Ministry), communication of the name change and how it would impact the use of legacy brands such as New Zealand Food Safety Authority (NZFSA) was communicated extensively. Various mechanisms were used, including advice to overseas posts, World Trade Organisation notifications and meetings. Specific communications of the change were also provided during meetings with Chinese officials in September 2012.

In November 2012 a cable was sent to all New Zealand Posts directing them to forward a letter from the Ministry to all competent authorities, advising the name change would take effect on 1 March 2013 and supplying some generic sample export certificates containing the new brand. The content of this communication, including the date of implementation, was not provided to the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) until 6 February 2013, only 23 days prior to implementation rather than the required notice period of one month.

AQSIQ requested changes to the MPI-branded meat certificates before implementation

Ministry staff in Wellington were unaware that the November letter had not been forwarded to AQSIQ Division 1 (responsible for meat import verification) in November. Neither were they aware that the letter which was eventually sent on 6 February had been tailored by the NZ OFFICIAL IN CHINA to meet what were understood to be AQSIQ's requirements for changes to meat certificates. The tailored letter to AQSIQ stated that 50 specimen copies of each of the meat certificates would be provided to AQSIQ once the Ministry had confirmation that the revised certificates, provided to them in mock-up form, were approved.

On 19 February AQSIQ responded to the draft mock-ups of the new MPI branded meat certificates and signalled that they wanted changes to be made to these meat certificates before they were implemented. AQSIQ asked that New

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Zealand provide revised certificates to them as soon as possible for their confirmation. The Ministry and the NZ OFFICIAL IN CHINA received a translation of this notification on 21 February.

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However, prior to receipt of this letter, it was recognised by the NZ OFFICIAL IN CHINA that it would not be feasible to complete the work that may be required to meet and support AQSIQ's requested changes by 1 March 2013.

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A conversation between the Ministry and THE NZ OFFICIAL IN CHINA on 19 February sought to establish which version of the meat certificates would be in use for China from 1 March 2013. Reference was made to reverting to the "old" certificates but unfortunately this conversation was not documented and each party took away a different understanding of which meat certificates were being referred to as being the "old" certificates.

From 1 March the Ministry started using meat certificates

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to which AQSIQ had not given their approval. they had requested changes on 19 February.

The possible cause of the problem was identified at an early stage

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When exporters first started to signal to the Ministry that there were problems of delays with meat consignments at one of the ports in China, the Counsellor regarded this as a 'business as usual' issue and initiated the steps which they believed would clear the problem within a few days.

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The Market Access team and staff at Posts around the world handle market access issues on a regular basis as part of their role. The vast majority of these issues are cleared within a few days and are regarded as operational, business as usual, matters that require very little visibility beyond those individuals who have been given responsibility for addressing these matters.

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On 3 May 2013, shortly after the first indication of delays had been flagged on the 29 April, the NZ OFFICIAL IN CHINA and the Counsellor realised that the conversation they had on 19 February had left them each with a different understanding of which certificates could be used for meat exports to China from 1 March 2013. The lack of a shared record of the discussion, and the conclusion reached, had allowed the confusion between the two parties to the conversation to go unrecognised. As a result, MPI branded meat certificates were implemented on 1 March 2013, contrary to the understanding of one of the parties to the conversation.

Ministry officials remained optimistic the problem could be resolved promptly

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Based on experience

the [redacted] Counsellor and the

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S9(2)(a) NZ OFFICIAL IN CHINA believed that a resolution to the issue of delays to meat exports could be achieved through the usual channels. For over two weeks Ministry officials focused on supplying information to AQSIQ on the affected consignments in the expectation that AQSIQ would direct border staff to clear the goods.

This belief, that the issue would be addressed within a few days, continued past 10 May when the Ministry was informed of AQSIQ's refusal to accept meat certified after that date. The media coverage on 17 May, and subsequent comments by Ministers and the Prime Minister, were the triggers for the

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S9(2)(a) Counsellor and the NZ OFFICIAL IN CHINA to determine that resolving the issue under 'business as usual' had now become unlikely.

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S9(2)(a) A teleconference on 3 May between the Ministry and NZ Embassy officials in Beijing identified the importance of meeting with AQSIQ. It was decided to wait for the return of the NZ OFFICIAL IN CHINA on Tuesday 7 May so he could attend the meeting. Key AQSIQ contacts were absent and discussions progressed through phone calls

the first formal meeting between New Zealand and AQSIQ officials occurred on 21 May. This meeting was arranged for the New Zealand Ambassador,

56(a) However, AQSIQ was not prepared to verify the delayed consignments using the MPI-branded certificates which had accompanied the consignments.

Regular reporting processes failed to meet expectations

56(a) The only report distributed to all three Ministers' offices is a Weekly Status report for media issues and correspondence. This report did not contain information about this issue – however it did refer to another unconnected issue

The Ministry implemented a new process for weekly issues reporting, internally and to Ministers in mid April and this was refined over the following weeks.

The new process included the production of an internal Ministry Food Safety items report for the Ministry's Senior Leadership Team to discuss, a weekly Primary Industries Issues and Opportunities report for the Minister for Primary Industries and Associate Minister for Primary Industries, and a weekly process for advising the Minister for Food Safety of any issues arising.

During the two weeks from the recognition by the two individuals that the Ministry had implemented certificates which AQSIQ had not approved to the date of the media coverage, the issue had been flagged as a trade issue in the internal Ministry Food Safety items report.

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The wording used in the internal Ministry Food Safety items report made no mention of the scale of the issue or the fact that the Ministry had made a mistake.

The issue was not mentioned in the Weekly Issues and Opportunities report of either 10 May or 17 May, which is distributed to the offices of the Minister for Primary Industries and the Associate Minister for Primary Industries.

The issue was not included in the weekly process for advising the Minister for Food Safety of any issues arising.

Ministers were first advised of the issue by the Director-General on 14 May.

The issue had not been brought to the attention of the Minister for Food Safety or the Minister for Primary Industries before this, either through the regular weekly processes for raising issues or as a timely alert outside the regular weekly processes.

The Ministry staff involved at the operational level did follow the process they understood to be in place at the time to raise the issue internally to more senior levels in the Ministry on 10 May 2013 (and again on the 17 May internal Food Safety items report). In reality the limited distribution of the Ministry's internal Food Safety items report, the way the issue was articulated in that report and a disconnect between processes for internal reporting and reporting to the offices of the Minister for Food Safety and the Minister for Primary Industries, all contributed to Ministers not being advised of the issue in a timely and appropriate manner.

The Ministry's weekly issues reporting processes are fragmented and not sufficiently well understood by contributors to ensure that issues are flagged internally and to relevant Ministers at the right time and with sufficient information.

Ministry officials failed to advise the Director-General and Ministers when information on the scale and significance of the issue became known

In addition to regular weekly reporting processes, the Director-General and Ministers have an expectation that they will be advised, in a timely and appropriate manner, of emerging issues.

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On 8 May, the Ministry initially received a verbal request from AQSIQ officials, via the NZ OFFICIAL IN CHINA, to voluntarily stop issuing further meat export certificates for a few days to allow them to progress with actions for consignments already detained at the border and those still en route.

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The Ministry was verbally informed on 10 May by the NZ OFFICIAL IN CHINA that China had halted NZ meat exports on 10 May, by refusing to accept any meat certified after 10 May. In advance of this, a number of New Zealand meat companies had already halted their processing and loading of meat for export to China. By 13 May, with the help of the meat

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industry, the Ministry had identified there were some 1,100 affected consignments either at port or on the way to China.

However, despite Ministry officials being aware of this information, the Director-General was alerted to the problem by industry rather than by his own officials, on 14 May 2013. The Director-General contacted relevant managers but they were unable to respond adequately to his enquiries and provide him with clarity on the precise issue or the underlying cause of the issue, its scale or the level of risk to exports and industry.

The fact that China had asked New Zealand to stop certifying meat exports, even temporarily, should have been recognised as an issue that needed to be elevated within the Ministry. The effect of the issue should have been flagged to the Director-General and Ministers before 14 May, and a thorough briefing should have been provided before 18 May.

The Director-General has clearly set an expectation to all Deputy Directors-General that there should be "no surprises" for either the Director-General or the Ministers. Deputy Directors-General are responsible for ensuring their Branches understand and fulfil this expectation. In this instance the Director-General's expectation, and Ministers' expectations, were clearly not met by the Standards Branch.

Senior staff and Ministers were not adequately briefed

By the time TV news covered the issue on Friday 17 May, the Director-General and Ministers had not been well briefed by the Ministry on the issue, its cause and scale.

59(1)(a) The Deputy Director-General Standards Branch, the Director Market Assurance and the Counsellor were all contactable but out of the country or out of the office for some or all of those first few critical days when the Director-General, Acting Director-General and Ministers were trying to gain a thorough understanding of the issue.

56(a) Acting delegations were in place but of those people included in the initial briefings to Ministers on 18 May 2013, only one of them had any technical knowledge of the name change project, this particular issue or any specific knowledge of market access history for China.

Standards Branch management should have ensured that the relevant information about the problem and the scale of the problem had been obtained well before Ministers decided that a meeting on 18 May was required. Information provided to Ministers on 18 May should have given them a clear understanding of the cause and scale of the problem but it did not.

The Minister for Food Safety specifically asked Ministry officials at the meeting on 18 May whether there was any evidence or indication that the Ministry had made any errors with regard to meat certification for China. She was assured that the Ministry had not made a mistake. The Minister repeated this question at

the meeting on 20 May and received the same assurance that the Ministry had not made a mistake. This assurance was provided despite the fact that one of the Ministry officials who attended both of those meetings had previously been advised by email that the meat certificates in use for export to China had not been approved by AQSIQ. However, this individual may not have recognised the significance of AQSIQ not approving the meat certificates as he had not seen the letter sent from NZ OFFICIAL IN CHINA to AQSIQ on 6 February asking for their confirmed approval of the new meat certificates before implementation.

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For several days after the meeting of 18 May, the information provided to senior Ministry staff and Ministers was not adequate. The Ministry was slow and unclear in its answers to questions raised by Ministers and their offices. This resulted in Ministers' offices investing time drawing from the Ministry sufficient information to be confident of their understanding of the issue. This would not have been necessary if the Ministry had adequately briefed Ministers.

Ministers have clearly expressed their disappointment in the lack of information, advice and support that the Ministry provided to Ministers. The Ministry did not appropriately articulate what was causing the delays, the likely scale of the issue, and the fact that the Ministry had made a process error. The Ministry did not provide Ministers with information that gave them confidence that either they or the Ministry had a clear understanding of the issue or options for resolution. Ministers found the briefing material provided to them by the Ministry in the early days was too focused on what was described as a technical issue and provided little advice or broader context for the impact of the issue on industry or the relationship with China. This lack of good quality briefing material, coupled with the slow and confusing responses to Ministers' questions, undermined the Ministers' ability to brief others appropriately or to respond to media queries.

The delay in establishing a formal response structure impeded the response

By the weekend of 18 May, over two weeks after the initial meat delays had been flagged to the Ministry, a formal response structure had yet to be initiated by the Ministry. The Senior Leadership Team had previously agreed actions in relation to the Ministry's response model in January 2012. These actions included agreeing that the Investigation and Diagnostic Centres (IDC) and Response Directorate would take initial responsibility for standing up responses or allocating them to another group.

It was clear from the interviews we conducted for this review that further clarity is required on how this works in practice. The Standards Branch considers it has its own Trade Response capability and therefore, as in this case, does not always contact IDC and Response.

A formal response structure was not established until 23 May. This delay in establishing a forum for all the required areas to work together on managing the risk undoubtedly contributed to the inaccurate information and unnecessary delays in preparing options for the clearing of goods and resumption of trade.

The delay in establishing an effective response structure meant the opportunity to formally develop a cross agency response approach was not taken early enough. The cross agency response model is a well practised approach, but in this case it was not initiated by the Ministry quickly enough. This resulted in other agencies being ill equipped to assist the Ministry or to ensure their relevant Ministers were appropriately briefed.

Without the right people being aware of the issue and the right questions being asked about potential solutions, Standards Branch provided advice that was later found to be incorrect. They advised that it would be very difficult to revert to the old NZFSA certificates, even if AQSIQ would agree to accept these. This advice was incorrect and introduced unnecessary delays and work, which could easily have been avoided. When the legality and technical feasibility of reverting to NZFSA certificates was looked at more closely, it was quickly determined that this was legally feasible and technically relatively easy to achieve.

A formal response structure, including Legal, Communications, IT, and Verification Services could have initiated development of options and contingency plans had they been established much earlier.

Ministry staff and industry worked well together

The Ministry did not hold all the information that AQSIQ required to identify the affected consignments, so the Ministry officials worked closely with the meat industry – through the Meat Industry Association (MIA) – to obtain this information. Industry, with the help of importers, were able to provide a significant amount of this information very quickly.

Once the decision was taken to issue replacement certificates, a short term plan was initiated for addressing the priority consignments. This required significant work from industry and the Ministry. A small team of Verification Services staff worked late into the night of Wednesday 22 May and through the following day to process some 600 high priority certificates, with a further 1,000 certificates processed by a larger team, including volunteers, over the following weekend. This activity could have been better organised if planning for this as a contingency had started much earlier. However, it was an excellent example of the commitment of the Ministry and industry to work together.

There may be a systemic problem about elevating matters internally

Several interviews with those Standards Branch staff most directly involved in dealing with the issue made it clear that they would not do anything differently if a similar issue arose. In particular, there was resistance to the idea that elevation of this matter should have occurred much earlier and that a formal response structure would have been valuable in managing the overall risk, aiding information flow and creating quality contingency plans.

Of particular note, is the fact that relatively senior Standards Branch officials commented during interviews that there is only value in elevating matters internally and establishing a formal response structure once the individuals

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dealing with the matter identify that they cannot resolve a problem themselves. This approach without some accompanying threshold criteria calibrated to the expectations of the Senior Leadership Team and Ministers is very high-risk and leaves too much to individual discretion and judgment.

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OVERALL LESSONS LEARNED

Some overall learning points have been identified from the totality of the information and interviews we have conducted.

1. Recordkeeping and documentation practices need to be reinforced

The introduction of an unapproved export certificate was due to a misunderstanding between two parties during a telephone conversation which was not documented. Had the conversation been documented and shared, the two participants may have recognised that they each had a different understanding of the decision reached during that conversation and that may have prevented this issue.

Current practices in the Market Access Team include the use of Outlook for recordkeeping. Market Access Counsellors should be using the Ministry's centralised electronic storage system.

2. Quality control, sign-off processes and project contingency planning should be followed for all changes to certificates

Any future programme of activity to make wholesale changes to export documentation needs to take a more proactive approach to identifying and logging the expectations of major trading partners with respect to engagement, notification, and approval of the changes.

This issue may have been picked up if there had been appropriate quality control and sign-off of all certificates before they went live for 1 March 2013. The normal process for making changes to export templates (including written change requests, assurance that each change meets the requirements of the country in question, and sign-off on 'go-live' from an authorised individual) needs to be followed for all certificate changes, even those that may be considered low-risk.

The Standards Branch Name Change Steering Group should have identified post-implementation risks and could have undertaken more project contingency planning in the event that major implementation issues arose (including for example, the feasibility of rolling back to the former NZFSA certificates, in whole or in part).

3. The Ministry's resourcing has not kept pace with specific requirements of market access to China

The Ministry Market Access Team is a small team with an establishment figure of eight staff to cover all market access matters. Members of the team are required to be technically skilled biosecurity and food safety negotiators. In March 2013, agreement was reached to substantially increase the resourcing of this team by a further eight staff and a formal change process was developed with assistance from the Human Resources Directorate. The skills required for these positions are in relatively short supply and Standards Branch management have not been able to deliver the agreed increase in resources from the first round of

recruitment. Enhancements have been made to the recruitment approach for these roles and a further recruitment round is planned for July.

The workload and responsibilities of the Market Access team include working on specific initiatives to progress further access to markets and the certification requirements to support such access. In addition they handle a number of market access issues under current access arrangements. Their remit is to handle these issues until they no longer believe they can resolve the issue, and at that point to escalate the issue.

In the lead up to the implementation of the new export certificates under MPI branding, the two resources (in Wellington and Beijing) who had some responsibility for market access to China were also addressing a number of other changes, issues and initiatives. The change of name on export certificates was addressed at the same time as several high priority matters they were dealing with. This included

plans for the New Zealand delegation to China led by the Prime Minister, and various programs of work related to milk and infant formula.

Feedback from industry has been consistent on a number of points. Industry values the Ministry's participation in the joint Strategic Directions Group, but the level of resourcing within the Ministry to progress market access issues, including China, needs to be addressed.

4. The Ministry's relationship building has not kept pace with the market growth in China

As a result of a misunderstanding and a lack of rigorous control of the certificate change implementation, MPI- branded meat certificates were implemented which had not been confirmed as approved by AQSIQ. Several people we interviewed were of the view that it should have been possible to resolve this "technical problem" relatively simply and quickly. We have not interviewed any Chinese officials who were involved in the issue to understand their perspectives and views.

Our interviews and discussions with New Zealand officials have indicated that even if MPI had sent senior officials to China earlier than they did (21 May), this would not necessarily have resulted in a faster resolution of the issue or a long term benefit to the relationship with China. Key AQSIQ officials were absent

We understand that the Ministry has allocated time and resources to relationship building and negotiations with China over the past three to four years. The main underlying problem, as we understand it from interviews, is that the significant growth of primary industry exports (but particularly in recent times of meat exports) to China has not been effectively supported by the identification and establishment of necessary roles or relationships.

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56(a) The Ministry has yet to establish a way of working with growing markets such as China, which is attuned to the particular needs of the Chinese

Following the development of the Free Trade Agreement with China, the Ministry has relied on largely technical skills to progress market access and trade matters. Although Policy Branch and Standards Branch provide some resources and relationships to support market access, the future requirements for support of increasing trade and market access through skills and resourcing across the Ministry have not been thoroughly considered and addressed.

In doing this, the Ministry will also need to consider and address how its roles, responsibilities and skills will work with other New Zealand government agencies, such as the Ministry for Foreign Affairs and Trade, to build the necessary relationships in China and across agencies.

We understand the industry perspective to be

56(a) 59(2)(b)(i) that the Ministry lacks a well founded and understood strategic approach to underpin the growth of trade to China. Industry has indicated their willingness and eagerness to develop a closer working relationship with the Ministry and other government agencies to achieve this.

5. The Ministry needs to assess its approach to China

56(a) 56(a) Conversations across the broad range of people interviewed for this review indicate that the Ministry has not reached the point where all staff consistently recognise, embrace, and plan for the fact that China may have requirements that are not mirrored in other countries

6. The Ministry needs to be clear about its role within the New Zealand trade system and to position itself to deliver this role effectively

The Ministry should ensure it has:

- a. a clear understanding of the overall "trade" system
- b. clarity of the Ministry's roles, responsibilities and authorities within this system
- c. clarity of the types, numbers and location of the skills and resources the Ministry requires to deliver its role effectively and efficiently
- d. a culture (consistent with the Ministry's values) to support the Ministry delivering effectively against its role in the trade system

- e. recordkeeping of decisions and actions, and the appropriate storage of these

7. The Ministry needs to clearly define its expectations and criteria for when operational issues and risks need to be notified and escalated to the Senior Leadership Team, the Director-General and Ministers

The Ministry needs to ensure that there are clear criteria identified, communicated and consistently followed across the Ministry for raising awareness of emerging trade risks and issues within the Ministry, to Ministers, to other agencies and to industry.

8. The Ministry needs to establish a clearer and simpler process for issues reporting

Issue reporting to each Minister, to the Director-General and to the Senior Leadership Team needs to be simplified and well communicated across the Ministry. Those contributing to each reporting process should have a clear understanding of the distribution of material from that reporting process.

9. The timely establishment of a formal response structure within the Ministry would have improved the management and co-ordination of resolution efforts before the issue became a crisis

- a. The Ministry needs to ensure that all branches have the same and accurate understanding of the Senior Leadership Team's agreed approach to initiating responses.
- b. Standards Branch staff, as with all other staff within the Ministry, need to be familiar with roles and responsibilities, not only once a response has been established, but also for determining that a response is required and taking steps to establish the response structure.
- c. Current detailed and high level documentation for responses needs to be clearly flagged for easy access across the Ministry and needs to be clear about the criteria for identifying when to initiate formal Ministry and cross-agency response, particularly for trade issues.
- d. The Ministry needs to ensure that response teams include the right range of specialist and technical skills. Future issues of this magnitude need to involve the Communications team in the issue response much earlier in the process.
- e. Taking more time in the future to plan, define roles and responsibilities, and establish workflows before starting resolution initiatives (such as in this case, the exercise of replacing hundreds of export certificates) would help ensure responses are effectively delivered.
- f. The development of institutional knowledge for managing and co-ordinating large-scale responses would have significant value,

particularly in ensuring cross agency responses are initiated appropriately.

- g. The Ministry needs to be able to provide timely, accurate and complete information for Ministers on issues of concern. This information needs to provide Ministers with the wider context and enable them to understand the bigger picture for any issue. Officials should be encouraged to seek timely input from various sources, including the assistance of technical specialists, on-the-ground officials, and, where appropriate, industry.
- h. The Ministry needs to consider how it can make more effective use of communications channels so that it can ensure it is talking with the whole of industry, including smaller operators.

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SECTION 1: PURPOSE AND SCOPE OF THIS REPORT

1. On 29 April 2013, the Ministry was first notified by a meat company that an importer in China was having difficulty getting consignments cleared at some ports in China. It later became evident the issue was not a localised problem. Before the problem was resolved, thousands of containers ended up being held on Chinese wharves, the Ministry stopped certifying further consignments of meat to China, and meat exporters halted meat processing and further loading of consignments.
2. The Director-General initiated this review to gain an understanding of how the issue arose and how the Ministry responded to the issue, in order to determine what the Ministry should learn from this issue.

OBJECTIVES OF THIS REVIEW

3. The Terms of Reference for this review are attached as Appendix One.
4. This review will examine the Ministry's processes to explore how, and why, this situation arose, and to identify any necessary improvements in the Ministry's processes to reduce the risk of similar situations arising in future. The review will also examine the Ministry's response to this situation, including the appropriateness of its procedures for identifying such issues, how they were escalated internally, and how efforts to rectify the situation were managed and communicated to stakeholders.
5. The review will document what occurred in this instance, make recommendations for the future, and reflect on any possible systemic issues.
6. The review process will focus on the adequacy of the Ministry's established procedures and decision-making points, based on the experience of NZ meat delays at the Chinese border. The work will consider:
 - the introduction of revised export certificates, including procedures and decision-making relating to their introduction, understanding the requirements of trading partners and consideration of the potential impact on trade and industry
 - the Ministry's initial reaction, including identification of the issues arising, linkages with external stakeholders, internal escalation procedures and the provision of timely information to Ministers and stakeholders
 - the Ministry's response to the issues arising, including efforts to rectify the issues, governance and oversight, external engagement, and provision of timely information.

7. The review will examine the way the Ministry worked with, advised and provided information to Ministers throughout the process.
8. The review will examine the actions taken by the Ministry to resolve the issues up to 28 May 2013.
9. The review was intended to identify any changes that may need to be made to the Ministry's processes (and staff familiarity with these processes) and/or to decision making authorities to reduce the risk of a similar situation arising in future.
10. It is envisaged that the findings of this review will enable a discussion with senior management across the Ministry to share the learnings from this experience and to identify where the learnings can be applied more broadly.

APPROACH TAKEN IN THIS REVIEW

11. The review team spoke to Ministers, a range of Ministry officials, officials from other agencies, and meat industry representatives to gain an understanding of what occurred in this instance and to understand any lessons that could be learned from this experience.
12. The review team also reviewed a range of documents (including emails, meeting minutes, and personal notes) that helped to provide both an understanding of how systems and processes work generally and what happened in this instance.

STRUCTURE OF THIS REPORT

13. This report is structured as follows:
 - Section 2 focuses on the introduction of the new MPI-branded export certificates. It examines whether errors were made with the introduction of the certificates for meat products to China and makes observations as to why the delays arose
 - Section 3 provides a brief chronology of the key events from the point when the Ministry was first advised of delays with the clearance of meat consignments in China
 - Section 4 assesses the Ministry's reaction and response to the news of the delays to meat exports to China. It examines the Ministry's ability to identify the underlying problem causing the delays, the effectiveness of resolution efforts, whether the Ministry had appropriate response structures in place, and whether the quality of advice provided to Ministers was appropriate
14. A timeline of key decisions and relevant developments is provided in Appendix Two.

BACKGROUND CONTEXT

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There are wider learnings from this review
that should be considered across a number of markets.

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Recent issues with infant formula and Dicyandiamide (DCD) have also resulted in some market concerns about food safety even where there was no actual risk to the safety of food in these instances.

Market Access resourcing

17. It is relevant to provide some context around the resources available in the Market Access Team to conduct their role in progressing NZ access to markets and in resolving issues with markets where NZ already has access. The Market Access Team is a small team with an establishment of 8 staff who are required to be skilled biosecurity and food safety negotiators. These skills are in short supply.
18. There are currently three vacancies in the team and in March 2013 a decision was taken to increase the resourcing level by an additional 8 staff.
19. Initial attempts to recruit for the vacancies and the additional positions did not succeed and a further recruitment process is planned for July.

SECTION 2: THE INTRODUCTION OF THE REVISED CERTIFICATES

20. This section of the report focuses on the process of introducing the new meat export certificates under an MPI brand. It considers (1) what caused the delays to exports of New Zealand meat to China, and (2) how did the situation arise?

Key findings regarding the introduction of the revised certificates

1. The Ministry started using MPI-branded meat export certificates for China from 1 March 2013, without the required notice to China and for which we have no evidence of AQSIQ confirming their approval:
 - a. The NZ OFFICIAL IN CHINA sent AQSIQ a letter asking them to confirm their approval of MPI-branded meat certificates and advising them that specimens would be provided after this approval.
 - b. AQSIQ signalled to the NZ OFFICIAL IN CHINA, in advance of 1 March 2013, that they wanted changes to be made to the new MPI-branded meat certificates before they were implemented.
 - c. No paper specimen meat certificates were provided to AQSIQ of the MPI-branded meat certificates implemented by the Ministry for 1 March 2013.
 - d. The NZ OFFICIAL IN CHINA failed to formally notify AQSIQ 30 days in advance of the certificate implementation change, as required by the relevant Meat Protocols signed between China and New Zealand.
2. This situation was avoidable and arose because:
 - a. A number of erroneous assumptions were made by Ministry staff (as to whether approval was needed by AQSIQ, whether approval had been given, and which versions should 'go live').
 - b. The NZ OFFICIAL IN CHINA and the Counsellor had different perspectives on how the MPI name change and the AQSIQ requests for changes were to be addressed. One thought this was through one change, the other that these were independent changes.
 - c. Communication between the Counsellor and the NZ OFFICIAL IN CHINA resulted in confusion about when the advance notification of the change was provided to AQSIQ and which version of meat certificates was to be used from 1 March 2013.
 - d. The Standards Branch Name Change Steering Group had limited visibility of risk and quality control over certificate sign off prior to implementation.

BACKGROUND

21. On 1 July 2010, the New Zealand Food Safety Authority (NZFSA) merged with the Ministry of Agriculture and Forestry (MAF). On 1 July 2011, MAF merged with the Ministry of Fisheries. MAF's name was formally changed to the Ministry for Primary Industries on 30 April 2012. When MAF and NZFSA formally merged, NZFSA ceased to exist as an agency but Cabinet

agreed the NZFSA brand could continue to be used, initially until 30 June 2011 and later this was extended to 30 June 2013.

Changing the Ministry's Name on Export Collateral

22. Exports of food from New Zealand not only have to meet New Zealand's food safety standards, but also often have to meet requirements imposed by the destination country. The Ministry provides assurances to these import countries by way of export certificates. These certificates vary by product and importing country and might include the origin of the food, the processes used in manufacturing the product, the microbiological status of the food, and the health status of the product in New Zealand. An exporter makes a request to the Ministry for an export certificate, whereby an approved person will authorise or reject the certificate for each consignment.
23. Consignments leaving New Zealand are typically accompanied by a range of other collateral material also issued and branded by the competent authority, including official stamps and product seals. Much of this material has been NZFSA-branded. Following the mergers Cabinet agreed that the NZFSA brand could continue to operate through to 30 June 2013.¹
24. Changing the name of a designated 'competent authority' can be a complex procedure and may require changes to be made across all export collateral, for all risk goods and for all trading partners. Each country, and indeed divisions within a country, may have different expectations regarding the extent to which they will be engaged in the change process. This change process may be further complicated in instances where the Ministry is already in the middle of negotiating other changes to export certificates, or where the importing country has to make changes to domestic legislation/regulation to recognise the name of the new authority in New Zealand. The Ministry allowed 10 months to make the necessary electronic and physical changes to move to MPI-branded collateral and to engage with trading partners and exporters.
25. In April 2012 the Ministry initiated a programme of work to manage the implementation of the MPI name-change process. As part of this programme of activity, the Standards Branch within the Ministry established a Standards Branch Name Change Steering Group (SBSG) to consider the implications of the name change, particularly with reference to the many documents and applications utilised by external users.² The SBSG was chaired by the (with responsibility to the DDG Standards), with a representative included from each directorate to have oversight of the areas of the programme being managed by the branch. The SBSG oversaw two workstreams of activity:

S 9(2)(a)

9(2)(f)(2)

¹ 'Ministry Name Change: Project Brief for the Standards Branch' May 2012

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Delays to New Zealand Meat Exports to China

- IT Requirements: to make appropriate changes to certificate templates, online applications and the Electronic Certification (E-Cert) system used for certificate verification.
 - Certification, Trade and Approvals: this workstream essentially addressed all other required changes, such as producing the required material, notifying countries, choosing the security paper to be used etc.
26. In June 2012 the SBSG made a number of key decisions: to the extent possible, the name-change would be simultaneous across all products and countries, efforts would be made to rationalise existing material (including security paper and official stamps), and a tentative 'go live' date of 1 March 2013 was set to allow adequate time to socialise the change with trade partners and industry.
27. The new MPI-branded material began to be issued from 1 March 2013.
28. By the time of the launch over 700 E-Cert templates and 379 export certificates had been changed (with hundreds of attestations updated), hundreds of exporters had been guided through the transition process, there had been correspondence to over 100 trading partners, 15 old official stamps were consolidated to two, and export collateral had been redesigned, produced, and distributed throughout the country to exporters.

WHAT CAUSED THE DELAY TO MEAT EXPORTS TO CHINA?

Was confirmation of approval from AQSIQ required for the Changes to Export Certificates?

29. The SBSG had decided it was not feasible to seek approval from every country to changing the Ministry's name on every piece of branded export documentation. As had occurred in 2007 when the NZFSA brand was introduced, early notification of the name-change was to be provided to trading partners,³ including supplying mock-ups of what the MPI-branded material would look like. It was agreed that issues would be escalated to SBSG for consideration if a trading partner had concerns, objected to the new material, or other complications arose.

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S6(a)

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³ MPI's communication to WTO members in March 2012 confirms there was a general expectation that notification would be sufficient, advising "Brands, official seals and logos, etc. used on official certificates will be updated at a later stage with notification, through New Zealand's overseas Posts, to counterpart authorities well in advance." (WTO G/SPS/GEN/1143)

S6(a)

S6(a)

S6(a)

S9(2)(a)
S9(2)(a)

32. Both the [redacted] Counsellor and the NZ OFFICIAL IN CHINA [redacted] have confirmed that they were aware that Division 1 of AQSIQ would need to approve any new certificates containing the new MPI branding.⁶

S9(2)(a)
S9(2)(a)

33. On 23 January 2013, the NZ OFFICIAL IN CHINA [redacted] emailed the [redacted] Counsellor to request some tailored mock-ups of the proposed MPI-branded export certificates to send to AQSIQ and noted his intention to write to AQSIQ to seek approval of the new certificates. He particularly asked that the 'third country clauses' be removed.

S9(2)(a)

34. The Ministry sent electronic mock-ups of the meat certificates to the NZ OFFICIAL IN CHINA [redacted] on 29 January. He responded on 1 February that the optional origin clauses needed to be removed before the mock-ups were sent to AQSIQ.

S9(2)(a)

35. In the absence of revised mock-ups, the NZ OFFICIAL IN CHINA [redacted] forwarded the mock-ups of the meat certificates he received on 29 January to Division 1 of AQSIQ on 6 February 2013. The accompanying fax cover sheet to AQSIQ explains that the optional clauses are included in the meat certificates but that these will be removed and revised electronic copies and paper specimens provided. The accompanying letter to AQSIQ also explains that specimens will be provided once the revised certificates are approved:

S6(a)

"Attached to this letter are the following copies of the new certificates for CN100, CN102, CN103, CN104, CN105

Fifty specimen copies will be forward [sic] once we have confirmation the revised certificates are approved."

⁶ Interviews with NZ OFFICIAL IN CHINA [redacted] and [redacted]

[redacted] Counsellor

Did AQSIQ confirm approval of the Changes to Meat Certificates?

36. No Ministry officials or New Zealand officials in Beijing have identified receiving verbal or written confirmation of approval from AQSIQ officials.

Context: Parallel negotiations were underway with AQSIQ on improving access for New Zealand meat exporters

37. It is highly relevant to this review that, for several years prior to the name-change process, the Ministry had been negotiating with their counterparts in China to improve access for New Zealand meat exporters.

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S 6(a)

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AQSIQ made clear they wanted changes to the MPI-branded meat certificates

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S 6(a)

S 9 2(a)
S 6(a)

41. However, on 7 February 2013, the NZ OFFICIAL IN CHINA [redacted] was advised of a conversation between an NZ Embassy [redacted] and AQSIQ [redacted] where it was conveyed that AQSIQ wanted changes to be made to the proposed MPI-branded meat certificates (which had been supplied the previous day).

S 6(a)

S 9 2(a)
S 9 2(a)

42. Emails between the NZ OFFICIAL IN CHINA [redacted] and the [redacted] Counsellor over the next week or so, showed that they were unclear whether the name change on certificates must come into effect on 1 March 2013 or whether it could be delayed.

S 9 2(a)
S 9 2(a)

43. On 19 February 2013 the [redacted] Counsellor and the NZ OFFICIAL IN CHINA [redacted] discussed by phone which version of meat certificates should be used from 1 March 2013. This discussion was not documented.

44. At this point in time both these two officials recognised the value in supplying AQSIQ with certificates

S 6(a)

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Both agreed it would not be possible to finalise such certificates by 1 March and that the 'old' certificates should be used.

45. *Sa(2)(a)* Importantly, the two individuals each had a very different understanding of what they each meant by 'old' meat certificates. The *NZ OFFICIAL IN CHINA* believed that, as AQSIQ had not formally approved any change to the meat certificates, the existing NZFSA certificates would continue to be used until AQSIQ had conveyed their approval to the new certificates. The *Sa(2)(a)* Counsellor believed that AQSIQ was satisfied that the mock-ups that had been supplied to them on 6 February were the old NZFSA certificate contents but under MPI branding and could operate as a transitional certificate from 1 March until negotiations on the 'new' certificates to meet their required changes were completed.
46. Regardless of this confusion, on 21 February the Ministry received a letter from AQSIQ (dated 19 February) that made it clear AQSIQ wanted changes made to the mock-ups of the MPI-branded meat certificates they had been sent on 6 February. The covering note from an MFAT translator noted, "pls find enclosed translation of AQSIQ letter on name change of NZ health certificates." Relevant points from the translated letter include:
- The AQSIQ letter was headed "Reply on Name Change of New Zealand Health Certificates for Meat and Meat Products for Export to China."
 - The letter began "Thank you for your letter dated 6 Feb 2013 on name change of health certificates for NZ meat and meat products for export to China and the samples of revised certificates (CN100, CN102, CN103, CN104, CN105, *Sb(a)* Please find our view as below..."
 - The letter outlined seven requests: including halting use of one meat certificate (CN102), removing the optional country of origin clauses from three certificates, adding details *Sb(a)*, adding a new Chinese translation in one certificate, two specific requests for amendments to existing Chinese translations, *Sb(a)*
 - "We hope NZ side could revise the certificates based on the above suggestions as soon as possible and hand over samples to China side for confirmation. Once confirmed by China side, please provide 90 paper specimens of the revised certs as soon as possible. Upon receipt of the paper specimens and information required in suggestion no.7, we will notify local CIQs to check consignments against the new health certificate specimens. We would appreciate if NZ could confirm the date on which all new certificates will come into effect, and complete the above work before then to avoid interruptions to trade."

Delays to New Zealand Meat Exports to China

47. The AQSIQ letter of 21 February was a direct response to the letter of 6 February seeking their approval of the MPI-branded mock-ups of the certificates.

S6(a)

At this point the Ministry should have revisited their previous understanding that the MPI-branded certificates could be used in the interim.

Which Version went live on 1 March?

48. On 1 March 2013, the certificate templates for meat exports to China switched in the Ministry's E-Cert system from being NZFSA-branded to MPI-branded
49. The following chart provides a summary of the activity associated with steps to create, circulate and approve the different versions of the meat certificates that were in circulation.

- S9(2)(4)
S9(2)(d) 50. During interviews and further feedback it became clear that the Counsellor and the NZ OFFICIAL IN CHINA viewed the various changes in quite different ways, but may not have realised this at the time:

- S9(2)(a) • The NZ OFFICIAL IN CHINA was treating the MPI name change and the AQSIQ requested changes to the certificate as one change. This view prompted his question of 7 and 14 February with regard to whether the timing of the change could be delayed.
- S9(2)(a) • The Counsellor was treating the MPI name change and the changes to the certificates requested by AQSIQ as completely separate processes.

Table 1 Summary of versions of meat certificates

Process steps through to implementation	MPI sends electronic mock-ups created on a PDF writer to NZ Official in China	MPI sends electronic mock-ups created in AP E-cert to NZ Official in China	Electronic mock-ups sent to AQSIQ	MPI receives change requests from AQSIQ	MPI receives AQSIQ approval of electronic mock-ups	MPI sends paper specimens to NZ Official in China	AQSIQ receives papers specimens	Template effective date set in TMT (module of AP E-cert)
Meat Certificate Versions								
Name Change (illustration of cert created outside of AP E-cert) - changing NZFSA to MPI.	29-Jan-13		6-Feb-13	21-Feb-13	Change request ends work on this version. Results in beginning of Renegotiated Cert.			
Name change & 3rd country optional clause change		13-Feb-13						1 Mar-13
Changing NZFSA to MPI & removing attestations certifying 3rd country optional clauses								
Name change & product traceability changes - changing NZFSA to MPI, changing product traceability attestations, to certify that all products are of only NZ origin.		27-Feb-13	28 Feb-13		16-Apr-13	8 May-13	13 May-13	

S70(4)

S43(4)

S6(4)

The version that went live had never been supplied to AQSIQ

- 592(a) 51. As illustrated in Table 1, the meat certificates that went live on 1 March had not previously been supplied to AQSIQ as mock-ups. Mock-ups and paper specimens were passed to AQSIQ for all other products (including dairy, seafood and horticulture).
- 592(a) 52. On 1 February the NZ official in China requested the Counsellor⁷ arrange that the 'country of origin' attestation be removed and revised mock-ups provided. In the absence of revised mock-ups, the NZ official in China provided AQSIQ with the draft mock-ups as provided to him earlier, which included the 'country of origin' attestation.
- 592(a)
592(a)
56(a) 53. The revised mock-ups, without the 'country of origin' attestation were produced and forwarded to the NZ official in China on 13 February. This was after the 7 February when the NZ official in China had been advised, that AQSIQ required changes to the mock-ups they had received on 6 February. The mock-ups of the 13 February were therefore not provided to AQSIQ.
54. The mock-ups of meat certificates supplied to AQSIQ on 6 February with the MPI brand (and containing the country of origin attestation) were created in a PDF writer rather than within the E-cert system templates. No changes to the underlying E-Cert templates were made to reflect these mock-ups.
55. However, the creation of MPI-branded meat certificates for China without the country of origin attestation on 13 February was achieved by an official making changes directly to the E-Cert system templates. A number of versions of a template can exist within the system, each with associated fields set to indicate their status and when they will become live. It was the 13 February template within the E-cert system that went live on 1 March.
- 592(a) 56. The only difference between the version of MPI-branded meat certificates implemented from 1 March and the version seen by AQSIQ on 6 February was that the version seen by AQSIQ included the optional country of origin attestation and the version implemented did not.
- 592(a)
592(a) 57. During the review it became evident that Ministry officials could not correctly identify the version that went live on 1 March. The Counsellor and the Manager were both adamant that the version that went live still contained the optional country of origin attestation, and that the project team had only been authorised to make the MPI name-change. The change control process is covered in a later section of this report.

⁷ Email from Counsellor to Technology Solutions, 4 February 2013 (timeline item 3).

The Ministry's response to AQSIQ's requests for changes was perceived differently by the two officials involved

58. By the 21 February when AQSIQ provided details of their requests for changes to the meat certificates, both the [redacted] Counsellor and the NZ official in China understood that it would not be possible to address AQSIQ's requested changes to the meat certificates in time to go live with these changes from 1 March. Changes to the meat certificates were only part of the work required to meet AQSIQ requirements.

59. From 21 February 2013 onwards there was considerable activity within the Ministry to speedily produce new meat certificates that met AQSIQ's request for changes. Mock-ups of these new certificates ([redacted] within E-Cert) were submitted to AQSIQ on 28 February 2013.

60. During this period, the two officials were working with a different view of what they were trying to achieve with [redacted] of the meat certificates. The [redacted] Counsellor regarded this work as separate to the Ministry name change on meat certificates, which [redacted] believed had already been achieved by implementing the "interim" solution for China of the "old" NZFSA certificate with MPI branding.

61. The [redacted] NZ official in China regarded this work as providing the package of changes – including the Ministry name change on meat certificates as well as addressing AQSIQ requirements.

62. Other work to support the implementation of [redacted] meat certificates such as provision of printers, training for the new verification steps and advice to exporters would all be required. The Ministry sent officials to visit AQSIQ in March to discuss and confirm AQSIQ requirements in order to progress the process for confirming and implementing these [redacted] certificates.

63. On 16 April 2013 the NZ official in China [redacted] received a letter from AQSIQ (dated 12 April) conveying their acceptance of the content and format of these revised meat certificates [redacted] AQSIQ requested 90 specimen copies of each of the revised meat certificates and noted that both countries needed to discuss a date for when these certificates would come into effect.

64. Until 3 May, the [redacted] Counsellor believed that acceptable interim meat certificates were in place and that the imperative was not time but rather ensuring that all the necessary preparatory work had been undertaken and that the specimens were a true reflection of what would be implemented for [redacted] Paper specimens of [redacted] were supplied to AQSIQ on 13 May but, [redacted] this version was not implemented.

- S 9(2)(f) 65. The fact that paper specimens of meat certificates were not provided until 13 May is irrelevant to the progress of the Ministry's work to clear delayed consignments. Specimens of this version of the certificates would, at best, have supported implementing certificates for new meat exports once trade resumed.
- S 9(2)(d)

Did the Ministry meet the notification requirements under the Meat Protocols with China?

66. Under a number of meat protocols signed between the two countries, New Zealand is obliged to provide China with one month's notification before making any changes to export certification associated with meat products.⁸ For example, the 2006 Deer Meat and Products Protocol states:

"New Zealand shall provide sample copies of quarantine seal and stamp, sanitary certificate, and access to an NZFSA electronic certification database will be provided to further allow of the authenticity of any certificate. One-month notice shall be given to China if there is any change or alteration."

67. AQSIQ would have been made aware of the notification of the Ministry name change at various points in 2012. On 16 March 2012 there was a formal World Trade Organisation notification of the Ministry name change to take effect 30 April 2012. On 17-18 September there were preparatory talks for the SPS Joint Management Committee under the China Free Trade agreement where a Ministry presentation detailed the Ministry name change and advised that changes would take place to stamps, seals and certificates through to mid 2013.
68. At the request of the SBSG, MFAT sent a cable to all overseas posts on 12 November 2012, directing them to inform competent authorities in their relevant countries of the impending name-change using the 'general letter' attached.⁹ The cable excluded several posts from having to send the general letter f on the basis that tailored messages were required to accommodate the unique requirements in those countries. The 'general letter' signed by the Ministry's Manager provided notification that the name change would come into effect on 1 March 2013 and supplied four generic samples of MPI-branded export certificates and a copy of the two versions of official stamps. The letter concluded by asking countries to raise any questions with MPI or the relevant New Zealand Embassy by 14 December 2012.
- S 6(a)
- S 9(2)(a)

69. The cable to Posts that was sent on 12 November was not picked up by the NZ official in China for several weeks.¹⁰ When the cable was picked up, the NZ official in China chose not to forward the letter to AQSIQ, as he believed that it did not adequately reflect that
- S 9(2)(a)
- S 9(2)(a)

⁸ See Article 9 of the Deer Meat and Products Protocol, Article 2 of the Beef Protocol, and Article 2 of the Sheep and Goat Meat Protocol.

⁹ MFAT Trade Negotiations Division to All Posts, 'MPI name change: New Export Documentation', 12 November 2012, 12:49pm (timeline item 01B)

¹⁰ Interview with NZ official in China 19 June 2013.

S9(2)(a)
S9(2)(a) 70.
S6(a)

AQSIQ would expect to give their approval to the changes to export certificates. Based on his experience, the official considered that Division 1 of AQSIQ would (1) require tailored mock-ups of the proposed certificates to be used in China (with necessary translations), (2) expect to give approval, and (3) prior to implementation, AQSIQ would expect to receive specimen certificates for distribution to border posts. Ministry officials in Wellington had assumed the November name change implementation date notification letter provided to the NZ official in China had been forwarded¹¹ to AQSIQ.

The NZ official in China however does recall a discussion on 19 December¹² where the name change and implementation date of 1 March 2013 was discussed.

- S6(a)
S9(2)(a)
71. For the purpose of assessing compliance with the Meat Protocol it is only relevant to look at the communications received by AQSIQ. Although AQSIQ officials would have been aware there was going to be a Ministry name-change on export certificates,¹² the first time AQSIQ received written notification of the date of the name change to certificates was via the letter from the NZ official in China on 6 February 2013.

72. This provided AQSIQ 23 days (rather than one month) written notice of the impending change to meat certificates on 1 March 2013.

Should the Ministry have supplied Specimen Certificates?

- S6(a)
S9(2)(d)
73. On 1 March 2013, the Ministry began issuing export certificates under the MPI brand. The delays to meat shipments began after [redacted] noticed that an MPI-branded meat export certificate did not match the paper NZFSA specimen certificates that they held at the port for verification purposes. It was this discrepancy at the border that resulted in the initial halting of shipments.

74. Border staff in some countries use the online E-Cert functionality to verify whether an export certificate being presented at the border is genuine, but the Ministry is often requested to supply paper specimen copies of each export certificate. These are then distributed by the overseas competent authority to border posts so that staff can physically check whether a certificate is valid, i.e. checking the security paper it is printed on, whether watermarks are present, whether colouring is appropriate etc.

75.

S9(2)(a) S6(a)
S9(2)(a)
S6(a)

According to the NZ official in China Ministry staff certainly appreciated the importance of ensuring specimen certificates were provided to Chinese authorities and that these specimens

¹¹ Interview with [redacted] Counsellor, Manager

¹² For example, through the WTO notification in March 2012. MPI officials referenced the impending name change in bilateral sessions with AQSIQ in April, September and October 2012.

59(2)(a)
56(a) should exactly match the versions signed and issued by the Ministry. In an interview the NZ official in China said it was common practice for meat certificate specimens to be sent following any minor change to a certificate –

76. Between 14 February and 27 February there was a sequence of communications between the Counsellor and the NZ official in China about whether specimens of meat certificates should be sent to AQSIQ. The key points of these communications were that:

- 56(a)
- the two officials recognised that the Chinese border staff placed importance on having paper specimen certificates
 - both officials were of the view that paper specimens of the name change certificates) might not need to be supplied if the revised meat certificates could be quickly agreed and put in place
 - the NZ official in China directed the Counsellor not to submit specimens of the meat certificates until changes were made as requested by AQSIQ and AQSIQ had approved the new certificates.

77. The actions of all parties regarding the decision not to send specimen certificates to AQSIQ were in line with their individual understanding of the situation:

- 59(2)(a)
59(2)(d)
- The NZ official in China directed Ministry staff not to send specimen meat certificates as AQSIQ had not approved a change to meat certificates and therefore he did not believe there would be any changes to the meat certificates issued from 1 March. The certificates would continue to be the NZFSA meat certificates which were in use before 1 March¹⁴, therefore new specimens were not required.
 - The direction of the NZ official in China not to send specimen meat certificates was interpreted by the Counsellor and Manager to mean that specimens of the certificates were not needed as it would shortly be possible to agree the more comprehensive certificates that would replace them.
 - The context for their interpretation of the direction from the NZ official in China was their belief that the MPI branded meat certificates were essentially the NZFSA certificate contents with an MPI header and as such their use as an interim measure was

59(2)(a)

¹⁴ This is confirmed by the initial reaction by email from the NZ official in China on 3 May upon learning that MPI meat certificates were being used: "I thought we were still using the old NZFSA certs. It looks like they must have been using the MPI cert for some time? We still need to give them [AQSIQ] specimens if we have not already done so." (timeline item 12E).

acceptable to the Chinese authorities. '

S6(a)

78. The fact that paper specimens were not provided to AQSIQ was a consequence of the earlier misunderstanding between officials as to which certificate was to be in force from 1 March 2013.

MANAGEMENT AND OVERSIGHT OF THE CHANGE PROCESS

The situation arose from a human error

79. Two Ministry officials formed different conclusions from a conversation on 19 February about the version of the meat certificates that could be in force from 1 March.
80. This was an avoidable situation. Neither official appears to have explicitly set out or checked their understanding of the conclusion of the conversation, or confirmed what needed to happen following that discussion on 19 February to give effect to their understanding of which certificate would be used from 1 March 2013.

81.

The role of SBSG

82. On the whole, the overall programme of work to complete the implementation of the organisational name change was well managed by the Ministry.
83. There was extensive work required to meet the 1 March 2013 date for changing to MPI branded certificates. This review has looked at the work of that project and the SBSG only where relevant to China meat certificates.
84. There were opportunities for improved oversight and monitoring of risks across the Standards Branch by the SBSG. These steps may have avoided issues arising in this case.

There was limited visibility of issues and risk associated with individual countries

85. Potential problems with implementation in specific countries were identified on an exception only basis, with the Market Access Team expected to raise potential issues to the SBSG via their representative. This process was therefore highly dependent on individual staff members within the Market Access Team recognising the possibility of an issue arising with a trading partner and then escalating the matter to SBSG.

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86. In some instances this worked very well.

S6(a)

87. However, the SBSG was not made aware of any risks or issues with respect to China. It was not informed that Division 1 of AQSIQ would expect to give prior approval to meat certificate changes, that the notification of the impending MPI name change date that was sent to all Posts was not forwarded to AQSIQ in November 2012, or that AQSIQ had sent a letter to the Ministry on 21 February requesting changes to the proposed name change certificates.

S6(a)

88. It would appear that at one point the SBSG received a misleading update. The minutes of the 1 February 2013 meeting note "China: Sent a draft cert which they have approved...". This information is incorrect. At that point in time AQSIQ had not received any formal message notifying them of the impending name change, let alone draft certificates for their approval. It is unclear who advised them on this point, as no one from the Market Access Team was present at this meeting.

89. For a project of this size, the SBSG should have adopted a more proactive approach to verifying that the individual requirements of each country had been correctly identified and met by the country-specific certificates.

S6(a)

this should have included a detailed log of the requirements for that country with respect to engagement, notification, and approval (including down to an individual Division level where appropriate).

90. An issues and risk register was developed for SBSG; however, it did not adequately identify risks that might pose significant disruption to trade. There is no documentary evidence that the register being used was formally updated and used by the SBSG to identify and track progress to manage key risks after August 2012. There is no evidence that there was any consideration at a programme level of whether there might have been any mistakes or oversights with respect to any country – such as not forwarding the appropriate notifications (as occurred for China).

There was no project contingency planning

91. To help address any confusion that may arise at the border, information was put up on the Ministry website to assist importers and exporters and Posts were again informed of the name change just prior to 1 March 2013. Steering Group members expected there would inevitably be some country-specific implementation issues arising, but envisaged these would

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be capable of being handled as business-as-usual activity by Market Access Counsellors.¹⁵

92. As it transpired, there were a number of implementation issues arising from the name-change for specific goods being exported

S6(a)

93.

S6(a)

94. In this instance the Plant Exports team had to create an entirely new template in the E-cert system and overlooked the need for the attestation, which the third party organisation had previously manually entered onto every grade certificate. This was resolved between New Zealand and officials over the course of a few days. Emails and a letter were sent providing assurances on the validity of the grade certificates, a list of the affected certificates, and confirmation that certificates issued after the date of notification would include the attestation.

S6(a)

95. The problems that arose clearly of an order of magnitude larger than what the SBSG considered might arise from the project. As such, there were no contingency plans for dealing with wholesale rejection of the new certificates by a specific country or for specific products.

S6(a)

96. Given the confusion that subsequently arose within the Ministry in May 2013 as to whether it was feasible to revert to NZFSA certificates, it would have been very valuable if issues such as these had previously been considered at a senior level. The development and testing of a 'fall back' option for a worst case scenario (complete rejection of the new certificates for a product and/or country) would have been a prudent step to take in this instance.

¹⁵ Interview with Manager Systems Assurance.

Usual review and sign-off processes not followed

97. Typically when a change to certificate attestations is agreed within the Standards Branch (following discussions with overseas authorities), the appropriate attestations are drawn up and provided to the Technology Systems team to develop a draft template. Depending on the issue and the market, these templates are agreed within the Ministry or with overseas approval. An Official Market Access Requirements (OMAR) is notified to industry and the Market Access Counsellor requests the Food Assurance team to make the certificate template live in the E-cert system from an agreed implementation date.

56(a) 98. In the case of the name change exercise it was agreed that there would be a blanket approach to making the necessary changes to certificates, whereby the MPI brand would automatically be used from midnight 28 Februar unless an exception had been identified. The Ministry's Standards Branch Technology Systems team was delegated the task of approving all name change templates (During February 2013 this team manually set an 'expiry date' of 28 February 2013 for all existing live templates in the E-cert system and an 'effective date' of 1 March 2013 for new versions to go live. All changes to activate the new templates and deactivate the old templates were carried out by Technology Systems team. As the project was considered low risk (i.e. focusing on making a single change), the Market Access Team was not asked to formally review or sign-off the individual certificate templates.

59(2)(d)
59(2)(a) 99. Through the review we have determined that the version that went live for meat exports to China on 1 March 2013 was not actually the version that the Counsellor intended to go live. As it transpired, this was not a material factor, but is worth reflecting on to help improve Ministry processes for the future (refer to Table 1 for further details). We do not consider any fault lies with the Technology Systems team in issuing the version from 1 March without the country of origin attestations. They had clearly been instructed by a Counsellor to remove the attestations from the MPI-branded templates and provided the Counsellor with sample mock-ups of the proposed certificates on two occasions prior to the 1 March go live date.¹⁶

59(2)(a)
59(2)(d) ¹⁶ Samples were sent to the Counsellor showing the MPI branded certificates with the attestations removed, on 13 February 2013 and 22 February 2013. The email on 22 February 2013 was in specific reference to the versions that would be introduced on 1 March.

100. The confusion about what version of the MPI-branded certificate went live for Chinese meat exports .

S6(a)

may have been prevented by a more rigorous process for sign-off. Prior to go-live for the MPI-branded certificates it may have been prudent to formally request every Market Access Counsellor to check the templates for the areas they were responsible for and to certify they were satisfied the correct version would be live on 1 March.

There was no clear 'go live' decision point for the changes to the certificates

101. The review has identified a lack of formal instructions and documentation around the directions to the Technology Systems team prior to the new certificates going live . This may or may not have contributed to the errors that arose around certificate version control.
102. During this review the Technology Systems team has been unable to identify a single 'go live' decision point. While this did not directly lead to any issues in this instance (as key Ministry officials were all of the belief the MPI branded certificates should go live), without the discipline of formal 'go-live' decision making there is potential for errors to occur in the future.
103. The minutes of the SBSG meeting on 25 February noted "Final system release: All planned for Thursday evening for change over on Friday [1 March]". The Technology Systems team was represented on the SBSG and was aware that the MPI-branded templates should be implemented, even if this was not formally conveyed in writing or individual templates authorised.
104. For a project of this significance and with the potential to create significant disruptions to trade if mistakes were made, more formal decision points should have been included in the change process.

SECTION 3: A CHRONOLOGY OF THE KEY DATES IN THE RESPONSE TO THE DELAYS TO MEAT SHIPMENTS

105. This section provides a brief outline of some of the key dates from the point at which the Ministry first became aware of meat exporters experiencing delays at the Chinese border, through to agreement being reached with AQSIQ to resume trade at the end of May. A more complete timeline is contained in Appendix Two.
106. This summary is intended to provide a quick reference for the subsequent analysis of the Ministry's reaction and response, which is located in section 4 of this report.

Monday 29 April: the Ministry first aware of meat held up at Chinese border

107. The Ministry advises the exporter to get their import agents to check with AQSIQ head office to confirm that the updated certification had been approved and provided to the port.

Friday 3 May: the reason for the problem is first identified

108. Upon being shown a copy of the export certificate for delayed meat consignments, the NZ official in China (on leave at the time) recognises that MPI branded, rather than NZFSA branded, certificates are being used. He advises the Counsellor "We had no approval to use those".¹⁷

Monday 6 May: AQSIQ request details be prepared of affected consignments

Tuesday 7 May: Exporter provides MPI with example of .

Wednesday 8 May: AQSIQ requests NZ voluntarily cease meat exports

109. The NZ official in China has a phone call with AQSIQ. AQSIQ reiterates need for detail of affected consignments and requests Ministry stops certifying meat exports. The Ministry is verbally advised of this discussion that day.

Thursday 9 May: the Ministry seeks information from industry

110. The Meat Industry Association (MIA) is asked to seek their members' help in collating information on certificate numbers and destination ports for all consignments detained and on the water.¹⁸

¹⁷ Email from NZ official in China to

Counsellor, 3 May 2013 (timeline item 12E).

¹⁸ Email from Counsellor to MIA representative, 9 May 2013 (timeline item 16A).

Friday 10 May: China advises that it will not accept meat certified after 10 May

- 59(2)(a)
sa(2)(a)
111. AQSIQ verbally advises the NZ official in China that all further certification of meat consignments for China should stop until the new certificates are in place.¹⁹ The Ministry is verbally advised of the discussion that day.

Tuesday 14 May: Director-General advises Ministers, by text message, of a problem in China with respect to acceptance of NZ meat export certificates

Tuesday 14 May: Ministry provides information to AQSIQ

112. By Tuesday 14 May the Ministry has supplied AQSIQ with information on 563 containers which were believed to be at port and a further 617 that were believed to be in transit to China.²⁰

Monday 20 May: AQSIQ receives more complete information on consignments

Tuesday 21 May: NZ and AQSIQ officials meet to discuss for the first time: AQSIQ advise they will not clear meat certified under MPI-branded certificates

113. At a meeting of the New Zealand Ambassador to China and AQSIQ, AQSIQ officials request that the meat export certificates be reissued either in the old, pre – 1 March, form (with the NZFSA brand) or in a new format that has been recently agreed

Tuesday 21 May: a senior Ministry official flies to China

114. The Director of Market Assurance flies to Beijing, arriving the afternoon of the 22 May.

Wednesday 22 May: decision to reissue certificates using pre 1 March 2013 NZFSA certificate format

115. AQSIQ agrees to release all delayed consignments based on

116. The process of replacing priority certificates starts late on Wednesday 22 May and is completed the next day.

Thursday 23 May: the establishment of a Response Strategic Leadership team

¹⁹ Email from Agriculture Counsellor in Beijing to Director Market Assurance, Manager Counsellor, 10 May 2013 (timeline item 18).

²⁰ Email from Agriculture Counsellor in Beijing to Deputy Director-General Standards, 14 May 2013 (timeline item 21A).

Delays to New Zealand Meat Exports to China

117. Following a meeting of the Ministry Senior Leadership Team, the Ministry institutes a formal trade response group on Thursday 23 May.

Friday 24- Sunday 26 May: the majority of the remaining replacement certificates are processed

118. A team is put together to reissue replacement certificates for all other delayed meat consignments and works over the weekend to complete this task.

Monday 27 May: meeting with AQSIQ officials on resumption of trade

119. Ministry and MFAT officials in Beijing meet with AQSIQ officials to discuss arrangements for resuming trade for new consignments.

Tuesday 28 May: senior Ministry official flies to China

120. The Deputy Director-General Standards Branch flies to Beijing to assist with negotiations into the resumption of trade.

Friday 31 May: agreement is reached on the resumption of trade

121. Agreement is reached with AQSIQ to resume trade from all previously approved premises under NZFSA-branded certificates, as in use before 1 March 2013.

Saturday 1 June: delayed meat consignments start to be cleared

SECTION 4: ASSESSING THE MINISTRY'S REACTION AND RESPONSE

122. This section assesses the Ministry's reaction and response to the news of the delays to meat exports to China. It examines the Ministry's identification of the underlying problem causing the delays, the effectiveness of resolution efforts, whether the Ministry had appropriate response structures in place, and whether the quality of advice provided to Ministers and the industry was appropriate.

Key findings regarding the Ministry's Reaction and Response

1. Establishing the source and scale of the problem and establishing AQSIO position took too long
- a. The first formal meeting between NZ representative and AQSIO took place on 21 May,
- b. Upon being asked by AQSIO to supply information identifying the delayed consignments (6 May), it took a full week until the first batch of information was supplied to AQSIO (13 May).
full information in the form AQSIO required was only supplied on 20 May.
- c. There were problems providing the Chinese authorities with the information that was requested to enable them to identify the delayed consignments. The Ministry relied on industry to provide them with the information that was needed and this took time to collate. Ministry officials could have been more proactive in asking questions earlier about the extent to which information could be provided from Ministry systems.
2. The issue was not escalated to advise the Director-General and Ministers of the scale of the problem.
- a. The Ministry's weekly issues reporting processes are fragmented and not sufficiently well understood by contributors to ensure that issues are flagged internally and to relevant Ministers at the right time and with sufficient information.
- b. At the latest, NZ meat exports on 10 May should have been the trigger for establishing a formal Ministry response structure, formalising cross agency arrangements, developing options for resolution and providing a briefing to Ministers on the full range of issues that needed to be raised to their attention (by this stage officials would have been aware that there may be over 1,100 consignments affected at Chinese ports).
- c. Ministers were not alerted to this issue until 14 May, four days after New Zealand meat exports.
- d. Of broader concern is the view reiterated in several interviews that officials, who deal with market access matters at various levels in

Standards Branch structure, do not see any value in escalating issues to senior management until they have exhausted all efforts to resolve a problem. This way of working is not calibrated with the expectations of the Director-General for internal escalation and does not support the timely briefing of appropriate Ministers.

3. The Ministry's formal response structure should have been implemented earlier
- Once the Ministry Senior Leadership Team became involved, there were missed opportunities to involve a wider range of people with different skills to provide support and help with the response and contingency planning for the issue.
 - The ability to manage and exercise oversight of the problem was not helped by the lack of information provided to senior management about the underlying cause of the problem or the scale of its effects.
 - A formal response structure was not put in place until very late in the response. There were several points in time where it might have been appropriate for senior management to take the decision to establish such a structure, both within the Ministry and as a cross agency response.
4. Information provided to Ministers was inadequate and incorrect.
- Officials initially incorrectly advised Ministers
 - The Minister for Food Safety asked on two separate occasions whether there was any evidence or indication that the Ministry had made a mistake with meat certificates to China. On both occasions the Ministry assured the Minister that this was not the case. This was incorrect.
 - Despite Ministry officials knowing on Friday 3 May (and senior managers from Tuesday 14 May) that the Ministry had implemented unapproved meat certificates for China, this was not made clear to Ministers until Wednesday 22 May.
 - The initial meeting on 18 May between Ministry officials and Ministers was not effective because all but one of the people involved in the meeting had no prior involvement in market access for China. The one official at the meeting who had any technical knowledge of the name change project, this particular issue and specific knowledge of market access history for China, did not clearly articulate verbally or, later, in writing the exact cause and nature of the problem, or the scale of its effect.
 - Ministers and their staff were extremely frustrated at the perceived lack of urgency in the Ministry's approach. They had no sense that the Ministry was treating the matter with the high priority they believed it required. They struggled to get straight answers to straightforward questions and Ministers and their staff consequently lacked confidence in the information they were being supplied by the Ministry.
5. Efforts to clear consignments focused on one option
- The Ministry officials in Wellington and Beijing who were involved in the resolution of the issue remained optimistic that the problem could be addressed within a few days. This optimism continued for over two weeks,

- 2.1.6
- b. Despite earlier enquiries from industry, Ministry officials and Ministers' offices about the possibility of reverting to the old NZFSA-branded certificates, the Ministry was too slow to explore the possibility of replacing all certificates with NZFSA-branded certificates. This was partly influenced by Ministry officials thinking that this was not technically or legally possible.
 - c. The reissuing of replacement NZFSA-branded certificates demonstrated how the Ministry and industry can come together to work towards a common purpose. Initially a small team of staff from Verification Services worked late into the night and the following day to process the replacement of some 600 priority certificates. A further 1,000 certificates were processed by a team of volunteers across the following weekend. Industry participation was vital to the speed of this exercise.
6. The Ministry's Communications team was not involved at the right time
- a. The Ministry's communications team was advised of the issue very late and only just prior to media interest. Earlier involvement would have allowed them to be better prepared for addressing media questions and supporting the Ministry and Ministers' Offices in press releases and media statements.

THE MINISTRY'S INITIAL REACTION AND THE DECISION NOT TO ESCALATE THE ISSUE

The context

123. Market Access officials in Wellington and New Zealand officials at overseas Posts around the world handle market access issues on a regular basis as part of their role. The vast majority of these issues are cleared within a few days and are regarded as operational, "business as usual matters", requiring very little visibility beyond those individuals who have been given responsibility for addressing these matters.

124.

- 5.6(a)
125. The Ministry is heavily reliant upon industry to advise them of market access issues for affected consignments. The Animal Products Act 1999 sets out a requirement on exporters to notify the Ministry of any problems with access to markets within 24 hours. There is an expectation that exporters will either provide non-compliance reports to the Ministry's Verification Services or Food Assurance Directorates or contact the Market Access team when they have access issues.

126. At the point of the initial contact from industry (Monday 29 April) it was not immediately clear what the actual issue was. Market Access officials told us that at this initial stage there was no information to indicate that there

was a more general problem.²¹ At this stage we understand industry was not raising any related concerns through the Verification Services or Food Assurance Directorate. Market Access officials provided advice to the exporter, by email, suggesting actions the exporter could take:

"It's the certification, not the seals that they are questioning."

56(a)

Like the other name changes, it took effect from 1 March 2013.

9(2)(b)(i)

9(2)(i)
9(2)(i)

56(a)

). We worked
with China in January and

February this year

The sample certificate your agent has sent was signed in February 2013, but is not shown in e-cert as being accepted (on-line) by China until 22 March, possibly about the time the vessel arrived?

56(a)

127. After the initial emails and telephone calls from one meat exporter on Monday 29 April it was not until the end of the week before Market Access officials became aware of the potential scale of the problem and the concerns of industry (on Friday 3 May). This was a result of further examples of delays being flagged to them by industry.

Establishing the source and scale of the problem and establishing AQSIQ position took too long

128. On Friday 3 May meat exporters started to provide information demonstrating this was not a localised problem. The Ministry's response was to raise this issue with AQSIQ through the official channels.

9(2)(a)

129. At this point in time the NZ official in China recognised that the Ministry had introduced meat certificates that had not been approved

59(2)(a)

²¹ Interview with Counsellor.

S9(2)(a)
S6(b)

by AQSIQ, and he advised the Counsellor.²² However, made Ministry officials optimistic that this was a problem that could be resolved quickly and simply.

S9(2)(a)

130. A teleconference on Friday 3 May between the Ministry and NZ Embassy officials in Beijing identified the importance of meeting with AQSIQ. It was decided to wait for the return of the NZ official in China on Tuesday 7 May, so he could attend the meeting.

S9(2)(a)
S6(a) S6(b)

131. However, from 7 May when the NZ official in China returned to work after a period of leave -- key Chinese officials were all away.

132.

S6(a)

S9(2)(a)

133. The first discussion of the issue between the NZ official in China and an AQSIQ representative was on Wednesday 8 May, and the content of this discussion was verbally relayed to Wellington officials that day.

S6(a)

134. Based on this discussion, the officials involved believed that providing AQSIQ with details of the affected consignments and copies of specimens for MPI branded certificates in use from 1 March to be sent from AQSIQ to ports, would be sufficient to resolve the problem.

135. The Ministry does not hold all the information AQSIQ required and on 9 May, MIA sought information from their members to help the Ministry identify all affected consignments. Industry with the help of importers were able to provide a significant amount of this information very quickly.

136. Further information gathering on affected consignments continued through various routes for several days and the provision of this information was still the only approach to resolution being considered by the time of the meeting between Ministers and Ministry officials on 18 May.

137. Market Access officials told us that it was only on Thursday 9 May that they became aware of the likely scale of the issue²⁴. That day a Verification

S9(2)(a)
S9(2)(a)

²² Email from NZ OFFICIAL IN CHINA to Counsellor, 3 May 2013 (timeline item 12E).

²⁴ Interview Manager,

Services staff member provided an initial indication, based on information from industry, that there could be at least 400 affected consignments (a consignment comprises between 1-10 containers). Full information of potentially affected consignments was only supplied to AQSIQ on Monday 20 May.

- 39(b)(a) 138. As further information was provided by meat exporters over the weekend, it became clearer by Monday 13 May that there may be some 1,100 consignments affected. This was after the 10 May, when the Ministry was first verbally advised by the NZ official in China that AQSIQ officials had advised that they would not clear any meat consignments certified after 10 May. Loading of consignments on New Zealand wharves was halted. In advance of this, a number of New Zealand meat companies had already halted their processing of meat for export to China.

139.

56(a) The first formal meeting between NZ representatives and AQSIQ took place on 21 May,

Escalating and raising awareness of issues to senior management

Weekly reporting processes failed to alert the Ministry and Ministers to the scale of the problem

- 56(a) 140. The only report distributed to all three Ministers' offices is a Weekly Status report for media issues and correspondence. This report did not contain information about this issue - however it did refer to another unconnected issue.
141. The Ministry implemented a new process for weekly issues reporting, internally and to Ministers, in mid April and this was refined over the following weeks. The new process included the production of an internal Ministry Food Safety items report for the Senior Leadership Team to discuss, a weekly Primary Industries Issues and Opportunities report for the Minister for Primary Industries and Associate Minister for Primary Industries, and a weekly process for advising the Minister for Food Safety of any issues arising.
142. The Minister for Food Safety meets with officials weekly to discuss matters including issues and risks. This issue was not included in reports or information provided to the Minister for Food Safety to support the weekly meeting with officials. The issue was not included in the weekly process for advising the Minister for Food Safety of any issues arising.
- 59(b)(a) 143. On 9 May the Manager flagged the status of the issue as "red" to the Director Market Assurance through the internal Ministry weekly reporting process. The information provided at this stage gave no sense of the scale of the problem, it stated:

56(a)
56(a)

"China" had not approved the 1 March name change on MPI certificates for meat, c
1. Clearance of containers delayed....."

144. On the 10 May the internal Ministry Food Safety Items report showed the issue as an "amber" food trade item. This was one of six issues flagged as amber in that report.
145. The Ministry's Senior Leadership Team, the Director Communications and private secretaries from the offices of the Minister for Primary Industries and the Associate Minister for Primary Industries are invited to attend the internal weekly Ministry meeting on Primary Industries Issues and Opportunities. The Director-General did not attend the Friday 10 May meeting. Paper copies of the internal Ministry Food Safety Items report were available to participants at the meeting on 10 May, and the content of the report would have been displayed on screen during the meeting. The internal Ministry Food Safety Items report of 17 May contained the same information about this issue.
146. The item was not mentioned in the Weekly Issues and Opportunities report for Primary Industries of either 10 or 17 May which is, distributed to the offices of the Minister for Primary Industries and the Associate Minister for Primary Industries.
147. The Ministry operational staff involved followed the process they understood to be in place at the time to raise the issue to more senior levels in the Ministry for the 10 May internal meeting (and again on the 17 May internal Food Safety items report).
148. In reality the limited distribution of the Ministry's internal Food Safety items report, the way the issue was articulated in that report and a disconnect between processes for internal reporting and reporting to the offices of the Minister for Food Safety and the Minister for Primary Industries, all contributed to Ministers not being advised of the issue in a timely and appropriate manner.
149. The Ministry's weekly issues reporting processes are fragmented and not sufficiently well understood by contributors to ensure that issues are flagged internally and to relevant Ministers at the right time and with sufficient information.

Officials did not escalate as they considered they could resolve the problem themselves

150. The Market Access officials we spoke to told us that they had a view that the matter was a minor misunderstanding that would be resolved once AQSIQ were provided with information on which consignments needed to be released. As such, officials focused on reassuring and sharing information with industry as they progressed resolving the matter under "business as usual".

- 56(a)
151. The Market Access officials we spoke to²⁵ told us that they do not generally escalate market access issues to senior management until attempts to resolve the problem had been taken. It was their view that in this case these attempts had not been fully exhausted. \

- 39(2)(a)
59(2)(a)
152. The /Counsellor and / NZ official in China / who were involved in the resolution of the issue at this earlier stage, continued to be optimistic that the problem could be addressed quickly and easily. They told us that they were under the impression from early on that this problem could be resolved within 3-4 days.²⁷

- 56(a)
- 59(2)(a)
59(2)(a)
153. The Counsellor and the NZ official in China regarded this as a technical issue that they would have expected to be resolved quickly, based on experiences with other countries.

- 56(a)
154. In hindsight, these two officials still believe this issue could have been addressed within a few days had the Ministry been able to provide the information requested in a timely manner and had the media coverage of 17 May²⁹ and subsequent media comments not occurred.

155. There is a clear disconnect in the way operational staff and the Director-General viewed the significance of AQSIQ officials advising, as the Ministry learned on 10 May, that they will not clear any further meat consignments. The receipt of the warning instruction from the meat exporter on 7 May might also have been viewed with more significance. Operational staff at the time and in hindsight do not regard these types of actions as a trigger point for ensuring all management layers, up to the Director-General, and relevant Ministers, are aware of this action and its impact. Ministry officials should have appreciated earlier that this was a not localised border issue, and steps should have been taken to escalate the issue to senior management within the Ministry.

156. Whilst operational staff may have believed that resolution was best handled through the usual routes, senior management in Standards Branch should have taken a more active role. They should have asked more questions about the level of risk and monitored how that risk was

59(2)(a)

²⁵ Interviews Manager,

Counsellor

59(2)(a)

²⁷ Interview Manager.

59(2)(a)

²⁹ Interview / Counsellor

changing as the scale of the delay became clearer and the likelihood of business as usual resolution decreased.

157. The Director-General only became aware of the issue when he was informed of the issue by industry on Tuesday 14 May. The Director-General contacted relevant managers but they were unable to respond adequately to his enquiries and provide him with clarity on the precise issue or the underlying cause of the issue, its scale or the level of risk to exports and industry.
158. The Director-General told us that he had set expectations repeatedly to his management team that there should be "no surprises".³⁰ In this case, those expectations were not met.
159. The Deputy Director-General Standards told us that she only became aware of the issue and concerns on the same day as the Director-General. She had received the 10 May Food Safety items report and attended the discussion of the report on 10 May, but had not understood from that report the scale or significance of the issue.
160. Following a request from the Deputy Director-General Standards for detail on the problem, on Tuesday 14 May, NZ Official in China emailed the Deputy Director-General Standards, the Director Market Assurance, the Manager
S 9(2)(a)
S 9(2)(a)
S 6(a)
This email clearly states that over 1,000 consignments may be affected

GOVERNANCE AND OVERSIGHT OF THE MINISTRY'S RESPONSE

Role of senior management

It took too long for senior management to get a clear understanding of the problem

161. The ability to manage and exercise oversight over the problem was not helped by senior management's lack of understanding of the problem, despite their attempts to gain the necessary information.
162. When the media covered the issue on Friday 17 May, the Director-General and Ministers were still unclear about the true cause of the issue and its scale. For several days the information provided to senior management and Ministers did not help them to determine how to respond appropriately.

³⁰ Interview Director-General

³¹ Email from NZ Official in China to Deputy Director-General Standards, Director Market Assurance, Manager
14 May 2013 (Timeline item 21A)

163. The Director-General was out of the country on business from late Saturday 18 May only returning on Friday 24 May. In his absence an acting Director-General was in post.
164. The Acting Director-General told us that he did not feel that those involved in the issue had a consistent picture of the scale and complexity of the issue, or a full appreciation of the time that had elapsed since industry first raised concerns with the MPI. It was only on Tuesday 21 May that both the Acting Director-General and Acting Deputy Director-General Standards recall that they first learned that the problem arose because the Ministry had issued unapproved certificates. This is despite senior management within the Ministry being informed of the nature of the problem a week earlier, on Tuesday 14 May.³²
165. The opportunity to gain a first-hand understanding of the issue from the Counsellor was offered to management when the Counsellor returned to the office on Tuesday 21 May. On return, the Counsellor immediately assisted with resolution efforts and briefed the Director Market Assurance and Manager also offered to directly brief more senior management and Ministers – such briefings did not occur.
- 59(2)(a)
59(2)(a)
59(2)(a)
59(2)(a)

The wider Senior Leadership Team could have become involved in the resolution earlier

166. Senior management only became actively involved in the oversight of the issue after the Ministerial intervention on Saturday 18 May. From that point the Acting Director-General and Acting Deputy Director-General Standards were receiving daily updates and were both actively involved in the management of the response to the issue until the Deputy Director-General Standards and the Director-General returned to the office, at which points they returned to their usual roles.
167. Not all the Ministry participants of the pre-cabinet meeting on Monday 20 May had been briefed about the weekend meeting with Ministers, but during the period of 20 – 23 May, SLT members were updated on the issue by the Acting Director-General.
168. It was at a meeting late afternoon on Thursday 23 May that SLT members became fully engaged and cognisant of the significance of the issue. A decision was taken at that meeting to set up a formal Response Strategic Leadership (RSL) team, including Communications and Legal, to oversee the Ministry's response to the issue.³³

Sending senior officials to Beijing earlier may not have made any difference

169. When Ministers met with the Ministry and teleconferenced with industry on 18 May, the benefit of sending senior officials to China was discussed,
- 56(2)

³² Interview Acting Director-General and interview with Acting Deputy Director-General Standards

³³ Interview Acting Director-General

S 6(a)

The Ministry then sought advice from the Ministry of Foreign Affairs & Trade, and decided on 21 May to send a senior official to China.

170. The first formal face-to-face meeting with AQSIQ involved the New Zealand Ambassador to China

S 6(a)

The meeting revealed that AQSIQ were not prepared to direct clearance using the MPI-branded certificates for verification.

171. We have no evidence to confirm that if senior Ministry officials had been sent to China earlier then the course of events would have been different. Their presence in China would not have guaranteed

S 6(a)

a faster resolution, given the absence of key AQSIQ officials at the time.

The establishment of a formal response structure

The decision to set up a formalised response structure should have been taken sooner

172. By the weekend of 18 May, over two weeks after the initial meat delays had been flagged to the Ministry, a formal response structure had yet to be initiated by the Ministry. Officials should have recognised this was not a business-as-usual problem when China advised that they would not accept any meat certificates issued after 10 May

S 6(a)
S 6(a)

At the latest, to NZ meat exports verbally advised to the Ministry on Friday 10 May should have been the trigger for establishing a formal Ministry response structure, formalising cross agency arrangements, developing options for resolution and providing a briefing to Ministers on the full range of issues that needed to be raised to their attention (by this stage officials would have been aware that there may be over 1,100 consignments affected at Chinese ports). If Ministry staff were not cognisant of the seriousness of the issue already then this was the point when it should have been clear that this was no longer 'business as usual'.

173. The Ministry's RSL team was formed on 23 May because it was considered that the issue had got to the stage where it was a crisis, there was significant Ministerial focus and there was a perception that there was a need for a whole of government response.³⁵ A formalised response structure should have been established with much greater urgency. This would have provided much greater visibility and oversight at a much earlier stage.

³⁵ Interview Deputy Director-General Standards

174. The Acting Director-General told us that they were under the impression that a response group had already been formed with Communications and Legal input.³⁶ A formal response team, including Legal, Communications, IT and Verification Services could have started to develop contingency plans had they been established earlier. This would have positioned them well to undertake the reissue of certificates which was eventually agreed as the solution to gaining clearance of goods.
175. With significant trade issues it is normal practice to convene a cross agency response group. One official told us that in this case they felt that the Ministry was too slow to initiate this cross agency response and that previous issues had also not been raised to cross agency response soon enough³⁷. The inherent understanding within the Ministry of when to initiate cross agency response may not be as clear as it needs to be and may have been impacted over the past few years by structural and staff changes at the Ministry.

There needs to be greater clarity and understanding about when to establish a formal response

176. It is not clear under what circumstances a trade issue needs to be escalated to a formal response. One Ministry official that we spoke to was of the view that being able to determine when a formal response is required is extremely challenging.³⁸ We were also told that
S6(a) was not necessarily a trigger for escalating an issue to a response.³⁹
177. The Ministry does have a draft Trade Response Guide which sets out some guidance. The guidance is subject to interpretation – it advises that responses need to be formalised when there is “the need for prompt action to prevent harm to consumers and/or New Zealand’s trade reputation”. However, the triggers for initiating a response are clearly focused on food safety matters.
178. When response structures are established the right people need to be involved both in the leadership, management and delivery of the response. There were some views expressed to us that the people with the right technical and specialist skills were not involved in the delivery of the response. It is generally recognised by Ministry senior management that more needs to be done to involve people with a wider range of skill sets and with different perspectives in response situations.⁴⁰
179. Under the actions agreed at the Ministry Senior Leadership team in 2012, the responsibility to determine when to seek advice from Compliance and Response Branch with regard to how to establish an appropriate response

³⁶ Interview Acting Director-General

³⁷ Interview MFAT North Asia Division Manager

³⁸ Interview Manager Office of the Competent Authority

³⁹ One senior official commented that
S6(a) sufficient to trigger a formal response structure – provided the individuals dealing with the problem were confident they could resolve it themselves.

⁴⁰ Interview Deputy Director-General Corporate Services

structure lay with the branch initially handling the issue. On the basis of these agreed actions, the IDC and Response Directorate should have been contacted by Standards branch for advice on standing up the response.

180. In practice the Standards branch considers that it has its own trade response capability so does not always use IDC and Response.

Response recordkeeping could be more formalised and systematic

181. Once the issue was escalated to the Minister the daily updates and formal briefs recorded the actions taken. At the time there was no formal discipline around retaining the information that underpinned these records in a central repository. It is important that key records that underpin decision making and support actions taken are retained. There is a risk that the Ministry might not be able to evidence and support its decisions particularly those made prior to the establishment of the formal response structure on 23 May.⁴¹

THE MINISTRY'S SERVICING OF MINISTERS

The scale and significance of the issue was not flagged early or clearly enough

182. By 10 May, Ministry officials who were trying to address the issue knew that China had advised them that they would not clear any meat consignments certified by New Zealand after 10 May. Ministers have made clear that this point should have been flagged to them at that time as it would have been material to their understanding of the issue.
183. The Ministers for Primary Industries and Food Safety were initially notified there was an issue with delays to meat exports to China by the Director-General, by text message, on Tuesday 14 May. Later that same day, the Ministers' offices were sent further information by email about the background to the issue, the current situation and further update – this same information was being used by the MIA to advise industry of the issue.⁴² A further update was provided to the Minister's Office on Thursday 16 May.⁴³
184. This initial advice to Ministers did not make the scale or severity of the issue clear, even though Ministry officials working on the issue had further information that would have made the significance of the issue much clearer. By this point officials dealing with the issue within the Ministry were aware that 1,100 consignments of meat on the wharf in China and on the way to China were potentially affected.
185. For an issue of this size it would have been appropriate to follow the initial text and email information to Ministers with a briefing which made the nature and extent of the issue clear. This would have allowed Ministers to

⁴¹ Acting Director-General notes

⁴² Email from Manager

⁴³ Email from Manager

to Ministerial Offices, 14 May 2013 (timeline item 21).

to Ministerial Offices, 16 May 2013 (timeline item 22).

have oversight of an issue having a material impact on the meat industry, to brief other government officials accurately and to respond appropriately to media questions. A briefing was only provided to Ministers on 18 May.

The initial discussion and briefing of Ministers did not clarify the problem or its scale

186. At the meeting with Ministers of 18 May Ministry officials did not clearly communicate what the actual issue was or the scale of the issue. Ministry officials at that meeting did not appear confident that they understood the issue themselves.⁴⁴
187. The Deputy Director-General Standards Branch and the Director Market Assurance were out of the office or out of the country at this point and did not attend the meeting on 18 May. Delegated authorities were in place in their absence.
188. Neither of the two individuals most closely involved with this matter, the Counsellor and the NZ official in China, were involved in the meeting with Ministers or asked to contribute to the written briefing. Although neither were in the country they would have been contactable.
189. The Deputy Director-General Standards, the Director Market Assurance, the Manager had all received an email on 14 May advising that the Ministry had not received approval for the MPI-branded meat certificates from AQSIQ – but only one of these Ministry officials was involved in briefing the Ministers on 18 May. He might not have recognised the significance of this email as he had not seen the letter sent to AQSIQ on 6 February asking for their confirmed acceptance of the new certificates. This information and its relevance was not made clear to Ministers until Wednesday 22 May.
190. The Manager I had familiarity with the issues, authored the written brief and provided oral advice. He stated in the briefing that the issue was
191. A briefing prepared for the Ministers on Saturday 18 May did not adequately identify some of the key salient points that would have helped Ministers to understand the scale of the issue and why consignments were being delayed. It did not clearly specify that the Ministry had made a mistake or acknowledge that the Ministry had not received formal approval for the new MPI-branded meat certificates.

⁴⁴ Interviews with Acting Director-General and Ministers

192. Standards Branch management should have ensured that the relevant information about the problem and the scale of the problem had been obtained well before Ministers decided that a meeting on 18 May was required and should have ensured a comprehensive and informative briefing was prepared for Ministers earlier.
193. The Minister for Food Safety asked Ministry officials on two occasions, on 18 May and 20 May, whether there was any evidence or indication that the Ministry had made a mistake with regard to meat certificates for China. On both occasions the Minister was assured this was not the case. This was incorrect.

The subsequent servicing of Ministers was not effective

194. The Ministry did not provide Ministers with the right information, at the right time.
195. Ministers felt that officials were unable to provide them with timely, accurate and complete information on the extent of the problem.
196. Ministers and their staff have noted that from that Saturday 18 May meeting it took a further 4-5 days before they had a sense that the Ministry was treating the matter with the same urgency as Ministers.
197. By 21 May the office of the Minister for Primary Industries was so frustrated by the lack of information and answers from the Ministry, that they resorted to constructing a timeline of events in an attempt to find a way to surface the facts they required. Shortly afterwards the Ministry started to construct a timeline of events.
198. The Ministry did face some challenges in identifying the affected consignments because its information systems do not hold this information (the Ministry systems only identify export certificates issued, not which consignments have cleared Chinese ports).⁴⁶ Having said that, Ministers expected the Ministry to have a much better grasp of the key facts by 18 May given they had been aware of the problem for over two weeks before briefing Ministers for the first time.
199. Ministers also commented that they never saw any options analysis of different possible means of resolving the problem. This contributed to their sense that officials were still trying to treat this as a 'business as usual' problem.
200. From Sunday 19 May the Ministry provided the Ministers with daily aide memoires updating on progress. From Monday 20 May regular daily reporting from the New Zealand Post in Beijing was also instituted – these

⁴⁶ Interview Minister Kaye.

formed the basis of market access bulletins from China. Both Ministers commented that these were a useful means of being able to track developments, as were the teleconferences with industry and officials to discuss progress.

201. Ministers have clearly expressed their disappointment in the lack of information, advice and support that the Ministry provided to Ministers.
202. Ministers found the briefing material provided to them by the Ministry in the early days was too focused on the "technical issue" and provided little advice or broader context for the potential impact of the issue on industry or the relationship with China. This lack of good quality briefing material, coupled with the slow or confused responses to Ministers' questions, undermined the Ministers' ability to brief others appropriately or to respond to media queries.

EFFORTS TO CLEAR CONSIGNMENTS

Provision of initial information to Chinese officials on affected consignments

There were challenges in providing AQSIQ with the information they requested⁴⁷

203. After the problem was initially diagnosed AQSIQ asked for details on the consignments that were delayed at Chinese ports, with the Ministry believing the provision of this information would be sufficient for AQSIQ to clear the consignments.
204. The Ministry's export certification system – Animal Products (AP) E-Cert – end user reporting functionality does not provide information that can easily identify the number of consignments that might have been affected. This information would doubtless be valuable in the event of certain types of major response.
205. The E-Cert system also does not provide information about detained consignments.

The Ministry did not understand until they started replacing certificates that 'accepted' meant different things to New Zealand and Chinese users.

206. The Ministry worked from Thursday 9 May to provide the information in a format that AQSIQ required. A request was made to provide further information on affected consignments on Friday 17 May.

The Ministry worked with industry to identify the information but this took time

⁴⁷ Section based on interviews with Verification Services Directorate staff involved

207. The Ministry requested industry to provide details of the affected consignments. While every effort was made to expedite this, the process took some time as it required exporters to liaise with importers. Most of the information was collated by close of business on Friday 10 May and further information continued to be provided the following week. Complete information on the affected consignments was supplied to AQSIQ on Monday 20 May.
208. AQSIQ were waiting to receive all the information at once,

S 6(a)

Sourcing information from the AP E-Cert system could have occurred earlier.

209. The NZ official in China recalls asking early in the week of Monday 6 May whether it would be possible to run reporting scripts on the Ministry's AP E-cert system to provide details of the affected consignments and was told that this was not possible.⁴⁸ Another person also recalls someone offering to run a report from the AP E-cert team in the following week and this offer being declined.⁴⁹ Whilst AP E-cert does not identify consignments that are delayed, it does include information about certificates issued.

S 9(2)(a)

210. On Thursday 16 May a Verification Services staff member took the initiative and provided the NZ official in China with details extracted from the AP E-cert system of meat certificates for China issued and signed since 1 March 2013. It was envisaged that this information could be used to cross check the completeness of information being provided by industry. Unfortunately the data provided was missing important fields and the NZ official in China was unable to use this information.

S 9(2)(a)

S 9(2)(a)

211. Another Verification Services staff member worked diligently overnight on Friday 17 May to provide another report of all meat certificates for China issued and signed since 1 March 2013. Unfortunately the information that was provided to the NZ official in China was not complete.

S 9(2)(a)

212. On Saturday 18 May, after Ministry officials had attempted to provide information from AP E-cert themselves, a decision was taken to obtain assistance from the E-cert developers, to write scripts to help provide the information in a form that would provide AQSIQ with what they needed (this report identified that there were some 2,990 meat certificates for China that had been issued and signed since 1 March 2013). A decision could have been taken to seek the assistance of the developers to provide this information from the E-cert system much earlier.

92(b)(2)

⁴⁸ Interview NZ official in China.
⁴⁹ Interview Veterinary Technical Supervisor

S 9(2)(a)

Issuing replacement certificates for affected consignments⁵⁰

A decision was made to replace certificates for all affected consignments

213. AQSIQ officials in a meeting with the New Zealand Ambassador to China on Tuesday 21 May suggested that all certificates for delayed consignment be replaced with old NZFSA headed certificates.⁵¹
214. On 22 May the Director-General instructed the Acting Director-General by email to find out why the Ministry could not revert to the NZFSA certificates, no matter how much work was required.
215. Shortly after this email was sent, the office of the Minister Primary Industries called the Acting Director-General and advised that the Ministry is to begin the process to revert to the old NZFSA certificates.
216. The Ministry determined that this was a feasible option (having previously discounted this option as not legal or feasible) and NZ officials in Beijing then with AQSIQ to proceed on this basis.
217. Once it had been established that this was a feasible option the Ministry worked quickly to put a process in place to work with industry to replace certificates and started reissuing replacement certificates.

Verification Services and Standards staff played an important role in managing the replacement of high priority certificates

218. Both the Ministry and industry were involved in producing replacement certificates. Industry responded well to requests for their assistance.
219. Beginning on the evening of Wednesday 22 May and through Thursday 23 May the Verification Services Auckland and Christchurch Certification Offices played a key role in the processing of requests and the authorisation of replacement certificates for approximately 600 high priority certificates. They were also responsible for signing and printing these certificates so that they could be sent to the NZ official in China. This work continued through Friday 24 May.
220. There were some challenges experienced by the Certification Offices because of constraints which could be sent to the NZ official in China. As a solution to this problem, the Verification Services team started sending these files to another team in Wellington who then took the responsibility for sending them to the NZ official in China.

⁵⁰ Section based on interviews with Verification Services Directorate and Business Technology and Information Services staff

⁵¹ Email from NZ Embassy in Beijing Formal Message: Meat Exports to China Situation Report 21 May (timeline item 26g)

The Ministry put together a dedicated team to manage the replacement of all other certificates

221. It became clear on the Friday 24 May that there needed to be a dedicated team working in a dedicated space, with clearly defined processes, roles and workflows to complete the job in a speedy and timely fashion. A replacement certificate response team was established and over the weekend of Saturday and Sunday 25/26 May a team of volunteers drawn from across the Ministry then played an important role assisting with the batching, reconciling, and checking what copies had been sent to the NZ official in China. This team processed and issued some 1,000 replacement certificates over the course of the weekend.

There were some challenges in planning and implementing this activity

222. When the replacement certificate response team was established on the Friday 24 May it soon became clear that there was some confusion about what work had been done to date, including questions around which certificates had already been sent to the Beijing Embassy. Part of this confusion was caused by the fact that on the first day of the replacement certificate processing the Manager, went to China with the priority replacement certificates
223. There also appeared to be some confusion about who was keeping records of what had been produced, sent and received in Beijing. We were told that this confusion was caused by a lack of clarity and understanding about who was keeping these records after the Verification Services Auckland and Christchurch Certification Offices started involving the Ministry team in Wellington
224. Some time should have been taken right at the outset to develop agreed processes, plan workflows and identify roles and responsibilities.⁵² This was overtaken by the pressure from senior management at the Ministry, Ministers and industry to start processing the replacement certificates as quickly as possible in order to get the clearance process started.
225. Having said that, the job was completed successfully under very tight timescales. Industry and staff from across the Ministry played important roles in the process to ensure its success.⁵³ Industry stakeholders were appreciative of the efforts that the Ministry made.

The Ministry discounted the option of reverting to NZFSA certificates

226. It is unfortunate that the Ministry did not take steps to assess the feasibility of reverting to NZFSA certificates much sooner than they did. This question had reportedly been raised with the Ministry by NZ officials

⁵² Interview Director Plant Food and Environment directorate

⁵³ Interview Manager Business Partnership and Engagement, Business Technology and Information Services directorate

overseas on 3 May, in writing by industry on Tuesday 14 May, and again by Ministers soon after they were briefed on 18 May. It was not until 22 May that the feasibility of reverting to NZFSA certificates was scrutinised in any detail.

227. Officials appear to have had a different understanding of why it was not possible to reissue NZFSA certificates, including that it was not legally possible,⁵⁴ that it was too difficult,⁵⁵ and that it was not technically possible.⁵⁶ All of these points were later found to be incorrect.
228. The initial understanding of Ministry officials that it was not technically feasible was on the basis that it was not possible for E-Cert

56(a)
56(b) As initial assumptions were further challenged it became clear it was relatively simple. If this had been known from the outset then this could have influenced thinking on how the resolution of this issue was approached.⁵⁷

RELATIONSHIP BUILDING

Building relationships with Chinese authorities

Building relationships with China and Asian markets is important

- 56(a) 229. One of the views shared by industry is that trade with China requires more specialist resources on the ground appropriately trained and with strong relationships. There is a view that the Ministry should be investing more effort on the ground in China and being more active in understanding the Chinese market.⁵⁸
230. China and Asia are significant markets for New Zealand primary sector industries. The rate of growth in exports has increased markedly for meat in recent times and is expected to grow, helping to achieve the export double goal that MPI is now focused on. For such a significant market, and one which is culturally different to many of the long standing existing markets, it is questionable whether the resources both within the Ministry and across other agencies have changed to keep pace with this growth or position New Zealand to continue effectively in this market.
231. Historically the Ministry has relied on existing, largely technical, skills to progress market access and trade. Although the Ministry has invested in building the relationship with China from Wellington and through the

⁵⁴ Phone call between Ministry and MFAT officials on 3 May and email exchange between Director-General and Deputy Director-General Standards on 14 May

⁵⁵ Minister Guy's recollection of oral advice given by officials.

⁵⁶ Email from Director Systems Support and ACBM to Manager Technology Solutions team, 22 May 2013 (timeline item 27A).

⁵⁷ Interview NZ official in China

⁵⁸ Interviews with meat exporters representatives

S 9(2)(a)

NZ official in China. the building of resilient on the ground relationships has not been a core function of the Ministry previously.

232. The Ministry (and other agencies offshore) need to continue developing relationships with a range of key officials and decision makers in China, so that any issues can be promptly addressed when they first arise, in order to get clarity on what actions are required to clear the issue.

S 6(a)

233. The broader base of support for trade and market access needs to continue to be developed through building resilient, on-the-ground relationships in conjunction with other agencies. The Ministry needs to consider and address how it works together with other New Zealand government agencies such as the Ministry for Foreign Affairs and Trade to engage and resolve these types of access issues.

COMMUNICATIONS

Working with the meat industry

The Ministry and the Meat Industry Association (MIA) worked well together

234. The MIA first became concerned that there was an issue around Wednesday 8 or Thursday 9 May which prompted them to contact the Ministry.
235. Both parties worked together on an initial circular for MIA members, sent out on Thursday 9 May.⁵⁹ At this time the Ministry also actively sought the help of the MIA members to provide details of containers delayed in China and on the water.⁶⁰
236. From Monday 13 May, MIA was issuing daily updates on the situation to their members. This included any updated information provided to them by the Ministry.⁶¹
237. The issues with the detained product also formed the basis of some discussion at the Meat Industry Association Strategic Direction Group (SDG) on 16 May. The MIA representatives at the meeting were told that the Ministry hoped to have acceptance of a new form of meat certificate within 3-4 days.
238. MIA played an important role in providing a point of contact for media statement and enquiries. Industry agreed to this approach and followed it.
239. The Manager was regarded as a helpful provider of information to MIA to supplement any updates provided by the Ministry.

S 9(2)(a)

⁵⁹ Email from MIA representative to Specialist Advisor Technical Standards and Systems, Verification Services, and Manager 9 May 2013 (timeline item 17).

⁶⁰ Email from Counsellor to MIA representative, 9 May 2013 (timeline item 16A).

⁶¹ MIA – PE/13/40, 'China Detained Products at Ports Update', 13 May 2013 (timeline item 19).

The teleconferences with industry chief executives were helpful

240. The Ministry engaged the senior management of the major meat companies through teleconferences. The first of these were held on the evening of Saturday 18 May with other conferences on 21, 24 and 28 May. The general feeling amongst industry was that these worked well.

Feedback from industry is that the Ministry could have been more proactive

241. Some industry representatives were of the view that some Ministry officials appeared to be very risk averse and resistant to escalating issues with trading partners - in their view this may have been a contributory factor to the pace with which this issue was addressed.⁶² There was also a feeling that Ministry officials weren't sufficiently connected with Chinese officials and didn't have an appropriate sense of the scale and seriousness of the issue, and that perhaps the Ministry misread the situation.⁶³
242. Industry were also very strongly of the view that if they had a better sense of the problem earlier then this might have influenced decisions on whether to continue processing and shipping product to the Chinese market.

The role of communications⁶⁴

The Ministry Communications team only become involved on 16 May

243. The Ministry's Communications team were only made aware of this issue on Thursday 16 May by the Deputy Director-General Standards. The suggestion to develop a communications plan had been raised earlier by the Meat Industry Association and by members of the Meat Industry Association at the Strategic Directions Group meeting of 16 May.

The team's initial involvement was effective but limited

244. When the first media contact was made by TV a written media response statement was provided. This relied on input from Ministry officials involved in market access and competent authority functions.
245. Following the Ministers' meeting on Saturday 18 May the Ministry's Communications team were asked to provide a series of Questions and Answers for possible publication on the Ministry's website. This was not required after media statements and subsequent interviews with the two Ministers.
246. From Sunday 19 May all media follow up queries were directed to the office of the Minister for Primary Industries (in his capacity as Acting Minister for Food Safety). Briefing materials and other written material were prepared by Ministry officials and then approved for issue by the Minister's office.

⁶² Interview representative

⁶³ Interview representative

⁶⁴ Interview with Manager Policy Communications and Senior Adviser External Communications

Formal messaging to all staff could have more done more frequently

247. Messages to staff were provided through the Ministry's intranet 'Kotahi'. The first of these was published on Monday 20 May and others were published during the course of the week. With hindsight it might have been beneficial to provide daily updates of the latest position to provide better information for staff.⁶⁵

The decision to develop an overall communications scenario plan was only taken when a formal response was called

248. It was only decided to develop an overall communications scenario plan when the issue was escalated to a formal response on Thursday 23 May. This set out the strategy for developing both internal and external communication messaging – this was largely reactive on an as and when basis.

Released under the
Official Information Act

⁶⁵ Interview Acting Director-General

APPENDIX ONE: TERMS OF REFERENCE FOR REVIEW

BACKGROUND

1. On Tuesday 14 May 2013, the Director-General of the Ministry for Primary Industries (MPI) informed the Minister for Primary Industries and the Minister for Food Safety of a technical issue with MPI export certificates for meat to China that was delaying clearance of meat at the Chinese border.
2. The issue affected both frozen and chilled meat.
3. MPI is committed to looking at its processes to explore how, and why, this situation arose, and to identify any necessary improvements in MPI's processes to reduce the risk of similar situations arising in future.
4. MPI will also review its response to this situation, including the appropriateness of its procedures for identifying such issues, how they are escalated internally, and how efforts to rectify the situation are managed and communicated to stakeholders.

OBJECTIVES

5. The review will document what occurred in this instance, make recommendations for the future, and will reflect on any possible systemic issues.
6. The review process will examine the adequacy of MPI's established procedures and decision making points, based on the experience of NZ meat delays at the Chinese border.
7. The work will be undertaken with respect to:
 - 7.1. the introduction of revised export certificates, including procedures and decision-making relating to their introduction, understanding the requirements of trading partners and consideration of the potential impact on trade and industry;
 - 7.2. MPI's initial reaction, including identification of the issues arising, linkages with external stakeholders, internal escalation procedures and the provision of timely information to Ministers and stakeholders; and
 - 7.3. MPI's response to the issues arising, including efforts to rectify the issues, governance and oversight, external engagement, and provision of timely information.
8. The review will examine the way MPI worked with, advised and provided information to Ministers throughout the process.
9. The review will also identify any changes that may need to be made to MPI processes (and staff familiarity with these processes) and / or to decision making authorities to reduce the risk of a similar situation arising in future.
10. The findings of this review will enable a discussion with senior management across MPI to share the learnings from this experience and to identify where the learnings can be applied more broadly.

IN SCOPE

11. Relevant actions taken by MPI themselves in this example in terms of the processes, decision making, communication and governance up to 28 May 2013.
12. The actions requested, in this example, by MPI of other agencies and government representatives, and the monitoring of those requested actions by MPI.

OUTSIDE SCOPE

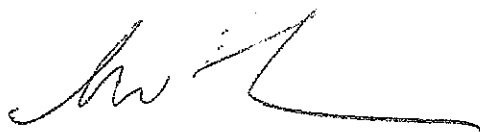
13. The management of the Ministry's project to change the name of the Ministry, other than where specifically relevant to NZ meat clearance delays at the Chinese border.

OVERALL APPROACH

14. This work will be conducted by the MPI's Assurance and Evaluation Directorate, a part of the Office of the Director-General Branch.
15. The work will be led by the Director Assurance and Evaluation (MPI), who will report directly to the Director-General for this work.
16. The Assurance and Evaluation Directorate may seek relevant information from whomever they see fit in meeting this Terms of Reference, and may carry out their work by whatever means to promote the efficient fulfilment of this Terms of Reference.
17. The Director Assurance and Evaluation may seek independent advice, subject to MPI's procurement processes.

REPORTING PROCESS

18. A report will be provided to the Director-General, MPI, on 28 June 2013.
19. The Director-General will then confirm details of further distribution of the report and/ or its findings.



Director-General

Wayne McNee

APPENDIX TWO: TIMELINE

Date	Event
22 March 2010	Cabinet agree New Zealand Food Safety Authority (NZFSA) to amalgamate with Ministry of Agriculture and Forestry (MAF).
25 March 2010	Amalgamation announced by Minister of Agriculture and Forestry, and Minister of Food Safety.
19 April 2010	Cabinet confirmed legal amalgamation date 1 July 2010.
26 April 2010	Cabinet confirmed the Cabinet Legislation Committee minute which extends the use of the NZFSA brand through to 30 June 2011. Order in Council signed by Governor General.
1 July 2010	Amalgamation of NZFSA and MAF takes effect.
7 March 2011	Cabinet agree Ministry of Fisheries to merge with MAF, with a merger date of 1 Feb 2012.
10 March 2011	Merger announced by Minister of State Services.
11 April 2011	Cabinet confirmed the Cabinet Legislation Committee minute which extends the use of the NZFSA brand through to 30 June 2013. Order in Council signed by Governor General.
11 April 2011	Cabinet confirmed legal date of merger of Ministry of Fisheries with MAF be brought forward to 1 July 2011.
15 April 2011	Earlier merger date announced by Minister of State Services.
1 July 2011	Merger of Ministry of Fisheries with MAF takes effect.
Monday 20 February 2012	Cabinet Business Committee agreed that the name of MAF be changed to the Ministry for Primary Industries (MPI).
Monday 27 February 2012	Name change from MAF to MPI confirmed by Cabinet.
Tuesday 6 March 2012	Name change from MAF to MPI announced by Minister for Primary Industries.
Tuesday 6 March 2012	Formal message to all Posts advising change of name from MAF to MPI effective 30 April 2012. Posts are requested to notify their interlocutors of the name change.
Friday 16 March 2012	World Trade Organisation (WTO) notification of change of name for New Zealand Ministry of Agriculture and Forestry (MAF) to Ministry for Primary Industries to take effect 30 April 2012. Refers to the change process running through to mid 2013.

Delays to New Zealand Meat Exports to China

Date	Event
Tuesday/Wednesday 27 / 28 March 2012	WTO Committee of Sanitary and Phytosanitary Measures Meeting refers to WTO G/SPS/GEN/1142 content.
Monday-Friday 23 / 27 April 2012	MPI Director-General, and other MPI representatives, visit China and advise 'General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of the name change from NZFSA and MAF to MPI, including providing new business cards with Chinese translation.
Monday 30 April 2012	Ministry for Primary Industries becomes the legal name of the Ministry.
Monday / Tuesday 17 / 18 September 2012 (Wellington)	Preparatory talks for the 2012 SPS Joint Management Committee meeting under the New Zealand – China Free Trade Agreement. Participants include MPI and AQSIQ representatives. MPI presentation detailed regulatory agency names currently in use and change of the Ministry name to MPI and clarification that changes to stamps, seals and certificates would take place over time, through to mid 2013.
Wednesday 10 October 2012	Meeting of the MPI Standards Branch Name Change Project Team agrees that each country will be sent a letter to advise them of the name change with an example certificate. Agreed that communications will be addressed to the 'Competent Authority', and that this would be dealt with by the Embassy." The minutes describe the information to be provided to each country on the name change, including effective dates and date by which countries should raise questions with MPI.
Monday-Wednesday 15 / 17 October 2012 (Beijing)	Fourth SPS Joint Management Committee meeting under the New Zealand – China Free Trade Agreement. Participants include MPI and AQSIQ representatives.
Monday 12 November 2012	Cable sent to all Posts with a letter to be forwarded to all competent authorities, containing details of name change to MPI, specimens of new signature seals, and notification of implementation date of 1 March 2013. <i>Note: this was not forwarded to AQSIQ.</i>
Late December 2012/ early January 2013	A NZ official in China verbally advises MPI of the need to provide 'mock-ups' of proposed certificates for AQSIQ to approve, showing name change from NZFSA to MPI.
Wednesday 23 January 2013	A NZ official in China exchanges information with MPI regarding requirements for materials to be sent to China, including mock-up certificates.
Tuesday 29 January 2013	<p>MPI sends electronic mock-ups, in pdf format, of meat certificates (100.3, 102.3, 103.3, 104.4, 105.3, and non meat certificates (202.4, 300.5, 301.3, 302.3, 600.4) to a NZ official in China.</p> <p>The meat certificates have the same content as meat certificates currently in use, except the name at the top of the certificate and the name of the competent authority is stated as Ministry for Primary Industries.</p> <p>These mock up certificates are created using a PDF writer tool i.e. outside the AP E-cert system so no change to the templates stored in the system.</p>

Delays to New Zealand Meat Exports to China

Date	Event
Friday 1 February 2013	MPI Standards Branch Name Change Steering Group notes that China will require paper specimen copies of the new certificates for border control.
Monday 4 February 2013	MPI responds to feedback from a NZ official in China requesting removal of third country optional clauses from meat certificate mock ups (100.3, 102.3, 105.3, provided 29 January.
Wednesday 6 February 2013	<p>A NZ official in China faxes mock up certificates as provided by MPI on 29 January (with translations and cover letter) to various divisions of AQSIQ for consideration (including AQSIQ Division 1 which has authority to approve meat certificates).</p> <p>The letter requests confirmation from Division 1 that they approve the meat certificates, and notes that upon approval MPI will forward paper specimens for distribution to border posts.</p> <p>The versions of the meat certificates provided to AQSIQ at this point included the third country optional clauses. The official explained in the fax that these optional clauses were an error and would be deleted.</p> <p>The letter sent by the NZ official in China was sent on an MPI letterhead. It was not seen by MPI officials in Wellington.</p>
Thursday 7 February 2013	<p>NZ official in China receives information that AQSIQ require changes to the meat certificate mock-ups provided on 6 February.</p> <p>AQSIQ responds in writing on 19 February, with translation arriving 21 February. Their response includes but is not limited to the removal of the third country optional clauses from versions of meat certificate mock-ups provided 6 February.</p>
Thursday 7 February 2013	<p>A NZ official in China asks MPI whether legally locked in to changing certificates on 1 March. Comments that "the problem is that by the time we sort this out there will be no time to manage the formal approval process and get the cert up and running by March 1".</p> <p>This question is asked in the context of AQSIQ requests for further changes to meat certificates (as advised verbally by AQSIQ on 7 February).</p> <p>MPI responds on 15 February (Item 7).</p>

Delays to New Zealand Meat Exports to China

Date	Event
<p>Wednesday 13 February 2013</p> <p>SB(a)</p> <p>59(2)(d)</p>	<p>MPI emails a NZ official in China revised mock up meat certificates, electronically, in pdf format, (100.4, 102.4, 105.4, each of which now excludes the third country optional clauses. The header on these certificates shows MPI, but the competent authority is shown as NZFSA. MPI advise NZ official in China that the AP E-cert system will automatically insert MPI as the competent authority on all certificates after 28 February when the name change is implemented in the system.</p> <p>We understand that these versions were not provided to AQSIQ for approval.</p> <p>In order to provide these revised mock-up certificates a new template was created in AP E-Cert</p> <p>These are the versions of the meat certificates implemented for 1 March, and the system did automatically insert MPI as the competent authority from that date.</p>
<p>Thursday 14 February 2013</p>	<p>A NZ official in China follows up on the 7 February email to MPI and asks MPI again whether implementation of new certificates can be delayed.</p> <p>A NZ official in China requests 50 specimen paper copies of all non meat certificates.</p> <p>The specimens requested were as per the mock ups of non meat certificates, provided electronically in pdf format by MPI on 29 January (and passed to AQSIQ on 6 February) reflecting the name change from NZFSA to MPI.</p>
<p>Friday 15 February 2013</p>	<p>MPI responds to 7 February and 14 February queries from a NZ official in China regarding the potential for implementation of new meat certificates to be delayed. MPI response advises "we are locked into 1 March I suspect."</p>
<p>Tuesday 19 February 2013</p>	<p>Telephone conversation between MPI and a NZ official in China, includes discussion of which version of the meat export certificates for China can be used from 1 March 2013.</p> <p>Discussion not documented. One party understood that AQSIQ had not approved a change to meat certificates and therefore the certificates currently in use, under NZFSA name, must continue to be used from 1 March 2013. The other party understood that the meat certificates provided to AQSIQ on 6 February, showing the MPI name rather than NZFSA name, could be used as a transitional certificate from 1 March while MPI endeavoured to make the additional changes.</p> <p>However, as the parties to the telephone conversation did not have the same understanding, we believe that no arrangements were made to contact AQSIQ about the potential use of the meat certificate versions (provided to AQSIQ on 6 February) as transitional certificates from 1 March.</p>

Delays to New Zealand Meat Exports to China

Date	Event
	We also understand no arrangements were made to ensure that the existing NZFSA certificates continued to be used.
Thursday 21 February 2013	<p>MPI and a NZ official in China receive a translation of the AQSIQ letter in response to mock-up certificates AQSIQ received on 6 February (which only reflected the name change to MPI).</p> <p>AQSIQ letter confirms their requested changes to four of the six meat export certificates. Changes include:- ceasing use of CN102 certificates, changing the wording of some attestations (we have termed these attestations the third country optional clauses), _ _</p>
Monday 25 February 2013	Paper specimen copies of non meat certificates sent to NZ official in China for AQSIQ to distribute to border staff (CN202, CN300, CN301, CN302, CN600). Received by NZ official in China on 27 February 2013.
Tuesday 26 February 2013	MPI website updated to include "F10/13: Changes to Export Certificates". Confirms name change takes place 1 March 2013 and provides link to MPI website page providing assistance to NZ exporters that may encounter problems with border officials.
Wednesday 27 February 2013	<p>Internal MPI teams work on changes to meat certificates templates following feedback from AQSIQ received 21 February. At this stage, the aim was to provide mock-ups of the revised meat certificates to AQSIQ (that met all of their requests for changes as quickly as possible (with Wellington staff believing certificates with only the MPI name change could be used in the interim).</p> <p>MPI emails copies of three revised certificates, in pdf form, to NZ official in China for checking. These show NZFSA as competent authority.</p> <p>MPI emails set of five meat certificates (including the three revised certificates), in pdf form, to NZ official in China.</p> <p>The set of five mock-ups of the certificates addressed the AQSIQ requirements for ceasing use of CN102 certificates, changing the wording of some attestations (we have termed these attestations the third country optional clauses),</p> <p>The revised certificates showed MPI in the header and NZFSA as the competent authority (the system was expected to flip over the competent authority automatically to MPI on 1 March).</p> <p>Note that these changes addressed the Chinese requirements rather than the name change, and were created in the AP E-Cert system. These certificates never came into force.</p>

Delays to New Zealand Meat Exports to China

Date	Event
Thursday 28 February 2013	<p>A NZ official in China faxes letter to AQSIQ with copies of revised meat certificates. From the language used in the fax cover letter we understand that the versions sent to AQSIQ were those provided by MPI on 27 February. The fax cover letter includes the comment "Once we have received confirmation that the certificates are acceptable we will send up 90 paper copies of each by fast courier."</p> <p>NZ official in China emails copy of fax cover letter to MPI on 1 March.</p>
Thursday 28 February 2013	MPI website updated with assistance to NZ exporters, including template of letter for exporters to send if border officials raise any concerns.
Friday 1 March 2013	Formal message to all Posts advising that new MPI export certificates and associated security devices will be issued from 1 March 2013. Posts advised to refer to MPI webpage in the event of any problems experienced by importers or NZ exporters.
Friday 1 March 2013	<p>MPI starts using new export certificates showing the MPI name for all exports, including meat.</p> <p>A comparison of versions indicates that MPI implemented on 1 March 2013 meat certificates as follows:</p> <ul style="list-style-type: none"> 103.4 and (for deer meat and both with content as seen by AQSIQ, under version numbers titled as 103.3 and on 6 February 2013) 100.4, 102.4, 105.4, (these are without third country optional clauses, as provided to NZ Official in China on 13 February. AQSIQ were not provided with these versions. <p>In practice optional clauses are not used because the China Meat Protocols do not allow the exporting of meat from third countries via New Zealand to China.</p>
Wednesday 6 March 2013	NZ official in China resends fax letter of 28 February 2013 to AQSIQ with further revised meat certificates. These revised certificates include changes on CN 103 and CN104 certificates
Thursday/ Friday 11 / 12 April 2013	Prime Minister leads NZ delegation to China.
Monday 15 April 2013	MPI representatives meet with AQSIQ in China.
Tuesday 16 April 2013	<p>A NZ Official in China provides MPI with a copy of AQSIQ letter (dated 12 April).</p> <p>AQSIQ confirm in this letter their acceptance of the content and format of the revised specimen meat</p>

Delays to New Zealand Meat Exports to China

Date	Event
<p>59(2)(d)</p> <p>56(a)</p> <p>59(2)(d)</p>	<p>certificates for</p> <ul style="list-style-type: none"> • Bovine and Ovine/Caprine (CN100) • Deer meat and deer meat products (CN103) • Edible deer products (CN104) • Casings (CN105) <p>based on those mock-ups provided to AQSIQ on 6 March and asks for MPI to provide 90 specimen copies of each of the revised meat certificates (</p> <p>AQSIQ letter notes that both sides will need to discuss the date for launching the new certificates.</p> <p>A NZ official in China calls MPI several times in following weeks to ask for these paper specimens of meat certificates to be provided to progress implementation.</p> <p>Specimens only couriered to China on 8 May 2013. We understand that this was because the new certificates can only be introduced after a significant amount of work had been done to meet the Chinese requirements. This takes time to do.</p>
<p>Monday 29 April 2013</p>	<p>MPI receives first emails and telephone calls from meat companies that NZ "seals" and "Health Certificates" are not being accepted in China and that consignments of meat are being held up at the Chinese border.</p>
<p>Monday 29 April 2013</p>	<p>MPI responds to one of the meat companies. Response notes that</p>
<p>Friday 3 May 2013</p>	<p>MPI receives further update from one of the meat companies advising there are multiple customers with issues at some ports regarding new certification.</p>
<p>Friday 3 May 2013</p>	<p>An MPI official contacts this meat company requesting information to help with resolving the issue. Advises the meat company that if they can get all the information they need then they can have it waiting for the NZ Embassy in Beijing to deal with on Monday morning.</p>
<p>Friday 3 May 2013</p>	<p>NZ official in China becomes aware of the problem with meat certification not being accepted at the Chinese border and seeks confirmation from MPI of which versions of the meat certificates are now in use. MPI advise the meat certificates in use are the same certificates as were in use before 1 March 2013 but they now show the MPI name in the title and competent authority rather than NZFSA name.</p> <p>NZ official in China advises MPI that the certificates in use have not been approved by AQSIQ.</p>
<p>Friday 3 May 2013</p>	<p>MPI contacts another MFAT official in China to advise have stopped consignments of meat products. MPI requests help in advising AQSIQ of the transition and introduction of the new certificates.</p>

Delays to New Zealand Meat Exports to China

Date	Event
Friday 3 May 2013	Teleconference between Ministry official and MFAT officials in China to determine the actions to take. Agree that a meeting will be requested with AQSIQ upon the return of an NZ official on 7 May.
Friday 3 May 2013	MPI official responds to meat company concerning the problem. Advises that, "Yes I am working on it already. It is due to change of certs from NZFSA to MPI – there was a breakdown in communication. I have contacted the Embassy."
Monday/Tuesday 6 / 7 May 2013	MPI receives further updates from other meat companies advising that their consignments are being held up and that it might be to do with a stamp sample not being registered with AQSIQ. One company advises that it already has containers detained at port.
Monday 6 May 2013	MPI advised by NZ officials in China of a conversation with AQSIQ about the problem with delays in clearing meat shipments. AQSIQ advises NZ officials that the Ministry needs to get an understanding of current situation and also provide AQSIQ with 90 specimen copies of 4 new meat products certificates. (We believe this refers to
Monday 6 May 2013	MPI official converses with NZ official in China about ideal solution
Monday 6 May 2013	An MPI official advises other Ministry officials involved in meat export certification that there is a problem with the hold up of meat consignments to China
Tuesday 7 May 2013	Exporter provides MPI with example
Tuesday 7 May 2013	A NZ official in China asks MPI for progress in providing 90 copies of specimen meat certificates, approved by AQSIQ on 12 April and requested from MPI on 16 April 2013.
Wednesday 8 May 2013	MPI sends specimens to a NZ official in China, as requested on 16 April. NZ official in China advises MPI of receipt of specimens on 13 May.
Wednesday 8 May 2013	A NZ official in China advises Ministry official that they are waiting for advice on when a meeting can be arranged with AQSIQ.
Wednesday 8 May 2013	A meat company contacts Ministry officials to advise that the estimated value of their containers arriving in Chinese ports between 1 and 10 May is in excess of

Delays to New Zealand Meat Exports to China

Date	Event
Wednesday 8 May 2013	NZ official speaks to AQSIQ () by phone. AQSIQ verbally requests the NZ official in China to approach MPI and request they voluntarily cease issuing meat export certificates for China. A NZ official in China telephones MPI to discuss, that same day.
Thursday 9 May 2013	A NZ official in China advises MPI () of AQSIQ request that MPI stop using the "unapproved MPI certificates for a few days".
Thursday 9 May 2013	A Ministry official contacts the Meat Industry Association (MIA) to get their member's help in collating certificate numbers and destination ports for all meat consignments to China from 1 March.
Thursday 9 May 2013	The Meat Industry Association (MIA) and MPI agree to start gathering data from exporters.
Thursday 9 May 2013	A Ministry official advises other Ministry officials and a NZ official in China that there are at least 400 containers of meat affected by the issue.
Thursday 9 May 2013	A Ministry official prepares an entry for the internal Food Safety items Ministry report and provides it to his manager. This states that "China () had not approved the 1 March name change on MPI certificates for meat, () Clearance of containers delayed. MFAT and Industry engaged". Status flagged as red.
Thursday 9 May 2013	The content of the internal Food Safety items report is provided to ODG Ministerials. The status of this issue is now flagged as amber.
Friday 10 May 2013	AQSIQ verbally advise a NZ official in China that AQSIQ will not clear any meat export certificates approved after 10 May 2013. A NZ official in China verbally updates MPI that same day.
Friday 10 May 2013	The Ministry internal Food Safety items report distributed to the Senior Leadership Team and the Director Communications includes reference to "Meat Certificates to China" - "China () had not approved the 1 March name change on MPI certificates for meat, () Clearance of containers delayed".
Friday 10 May 2013	A Ministry official circulates a message to all Verification Services staff including meat export certification staff, advising them of problems with hold ups of meat due to issues with the new MPI certificates.

Delays to New Zealand Meat Exports to China

Date	Event
Friday 10 May 2013	A Ministry official suggests to NZ official in China that Chinese authorities give an exemption to clear all the detained product using the existing certificate and put in place the new certificate but with current certification procedures from Tuesday. Idea not progressed.
Friday 10 May 2013	A senior MPI official made aware that there is a significant amount of product affected. Asks another Ministry official to ensure that industry are aware and raises the possibility of raising with meat industry strategic directions group (SDG).
Friday 10 May 2013	Ministry official emails all E-cert users asking for their help to provide information on potentially affected consignments. This was based on the understanding that AP E-cert could not provide the information needed. By late Friday afternoon information provided from meat export industry confirms that there may be some 646 affected consignments (347 at port and 299 on the water) – note a consignment can comprise between 1-10 containers.
Monday 13 May 2013	<p>A NZ official in China receives specimen meat certificates (sent by MPI on 8 May) and provides to AQSIQ. These specimens are of the versions of the meat certificates which AQSIQ received on 6 March</p> <p>These versions address AQSIQ requests detailed in their letter of 19 February. Their requests included:- ceasing use of CN102 certificates, changing the wording of some attestations (we have termed these attestations the third country optional clauses),</p> <p>NZ official in China also provides at the same time a spreadsheet to AQSIQ which sets out details of certificates for consignments believed to be delayed at port or in transit (spreadsheet lists information from industry about some 526 consignments at port and 617 on the water which are potentially delayed).</p>
Monday 13 May 2013	<p>A NZ official in China advises MPI of conversation with AQSIQ.</p> <p>MPI issues instructions internally to cease issuing meat certificates for China.</p> <p>Ministry official asks that DDG Standards is updated on this issue.</p>
Monday 13 May 2013	

Delays to New Zealand Meat Exports to China

Date	Event
92(ba)(i) Tuesday 14 May 2013	MPI Director-General receives notification from a meat company that in excess of their containers are held up at Chinese border as a result of non acceptance of the new "Health Certificate", and that they have stopped further shipments to China.
Tuesday 14 May 2013	Director-General and DDG Standards discuss an industry request to revert to using old NZFSA Certs. They conclude that NZFSA no longer exists and that would need to investigate legal situation before making any decisions.
Tuesday 14 May 2013	MPI Director-General notifies Minister for Primary Industries and Minister for Food Safety by text message of a problem in China with respect to acceptance of NZ meat export certificates.
56(a) Tuesday 14 May 2013	MPI emails offices of Minister for Primary Industries and Minister for Food Safety to provide information regarding meat shipments detained at ports in China.
56(a) Tuesday 14 May 2013	NZ official in China briefs senior Ministry officials about the problems and the current situation. Advises that to date have provided AQSIQ with details of some 563 containers at port and 617 in transit.
92(ba)(i) Wednesday 15 May 2013	
Wednesday 15 May 2013	NZ official in Beijing provides update to senior Ministry officials on progress in resolving the problem. Notes that information continues to be provided on consignments that might be affected.
Thursday 16 May 2013	MPI provides verbal update to MIA Strategic Directions Group (SDG) – refers to MPI hope to have acceptance of its new form meat certificate from the Chinese in 3-4 days. MPI agreed to develop a communications plan on the China access issue for sharing with industry.
Thursday 16 May 2013	DDG Standards advises Ministry communications that there is an issue that may require their assistance. Advises that NZ official in China hopes to have "a readout in the next 2-3 days". At this point DDG Standards had not been in direct contact with Ministers on this issue but had advised the DG of her understanding that the issue would be resolved within a few days.
92(d) 56(a) Thursday 16 May 2013	MPI circulates revised China OMAR to meat industry technical representatives for comment. Revised OMAR sets out requirements for attestations in the new meat certificate, and for which AQSIQ now holds specimen certificates for distribution to CIQ offices.
92(ba)(i) Thursday 16 May 2013	

Delays to New Zealand Meat Exports to China

Date	Event
Friday 17 May 2013	News item on television news reports problems with the clearance of meat imports to Chinese ports.
Friday 17 May 2013	NZ official advises of a need for other information from MPI systems for AQSIQ to help clear consignments.
Friday/ Saturday 17 / 18 May 2013 (overnight)	MPI officials work overnight to extract reports to provide information from the AP E-Cert system of detained shipments and provide them to NZ Officials in China.
Saturday 18 May 2013	NZ official advises that consignment information provided overnight by MPI was incomplete.
Saturday 18 May 2013	MPI requests (external developer of the AP E-cert system) to write a script to extract the information and provide a report for the NZ Official in China. The report is made available 5 hours after the request (the report provides details of some 2,990 certificates issued and signed since 1 March).
Saturday 18 May 2013	Meeting between MPI and Minister for Primary Industries, Minister for Food Safety and Minister for Trade to gain a better understanding of the problem and discuss what actions need to be taken. Written briefing provided to ministers.
Saturday 18 May 2013	Minister for Primary Industries, Minister for Food Safety, MPI and meat industry teleconference number one. MIA and industry representatives agree all media comment will be channelled through MIA. Meeting discusses the possibility of sending Ministry officials to Beijing – agreed not to send anyone at this stage.
Saturday 18 May 2013	MPI starts providing Ministers with daily updates.
Monday 20 May 2013	NZ Official in China provides copy of report produced on 18 May by MPI to AQSIQ by fax, email and sent with a driver. An official in China agrees to ask New Zealand Trade and Enterprise to assist in providing information on consignments at ports.
Monday 20 May 2013	Acting DDG contacts Federated Farmers and Beef and Lamb NZ.
Monday 20 May 2013	MPI continues working on revised OMAR
Monday 20 May 2013	MPI seeks advice from MFAT on options
Monday 20 May 2013	MPI asks AP E-cert systems developers, to update the previous report script to make it easier to identify details

Delays to New Zealand Meat Exports to China

Date	Event
	of for the Chinese authorities.
Monday 20 May 2013	Minister for Primary Industries (in his capacity as Acting Minister for Food Safety) and Acting Director-General hold a Press conference. Issue also raised at Prime Minister's press conference.
Tuesday 21 May 2013	Media coverage of the problem.
Tuesday 21 May 2013	Ministerial Adviser to Minister for Primary Industries articulates his understanding of the events and asks for confirmation. MPI advises verbally that they have not got to the bottom of the timeline and circumstances. MPI starts to develop its summary timeline, provided to Ministers offices on 23 May.
Tuesday 21 May 2013	
Tuesday 21 May 2013	NZ Officials in China speak with AQSIQ official to discuss progress.
Tuesday 21 May 2013	Teleconference with industry @6.45pm
Tuesday 21 May 2013	NZ officials in China meets with AQSIQ AQSIQ advises NZ official in China that detained product cannot be cleared using the existing MPI headed certificates. NZ official rejects suggestion that all certificates can be replaced with NZFSA certificates, NZ official in China suggests MPI develop a high level letter of assurance acknowledging certificates had not been approved but that the only change relates to the competent authority name.
Tuesday 21 May 2013 (overnight)	MPI official travels to China to provide support to NZ officials in China if necessary.
Wednesday 22 May 2013	Director-General asks Acting Director-General to examine why MPI cannot go back to old (NZFSA) certificates and reissue certificates to get the stock moving, regardless of costs and resources required.

Delays to New Zealand Meat Exports to China

Date	Event
Wednesday 22 May 2013	Ministerial Adviser to the Minister for Primary Industries phones Acting Director-General on behalf of the Minister to advise that the Ministry revert to the old certificates and begin the process immediately regardless of the complexity or the amount of time or resource it takes.
Wednesday 22 May 2013	<p>MPI officials seek to understand how difficult it would be to revert to using the old NZFSA certificate templates</p> <p>MPI official advises another official that this is not possible.</p> <p>MPI Acting Director-General responds to Director-General that he has advice that MPI can go back to NZFSA certificates, and a proposed course of action for the clearance of detained consignments is provided. The proposal is noted as subject to AQSIIQ agreement.</p> <p>MPI officials create new templates which replicate the old NZFSA templates.</p>
Wednesday 22 May	Office of the Minister for Primary Industries summarises the actions to be taken.
Wednesday 22 May 2013	
Wednesday 22 May 2013	AQSIIQ formally agrees to the release of all consignments
Wednesday 22 May 2013	<p>Ministry officials start work on replacing the priority certificates. This work is challenging because even at this stage it is not clear exactly which consignments have been cleared at Chinese ports.</p> <p>Approximately 600 high priority replacement certificates processed by Ministry officials by close of business 23 May 2013.</p>
Thursday 23 May 2013	replacement certificates under NZFSA name start to be provided to a NZ Official in China and passed through to AQSIIQ.
Thursday 23 May 2013	<p>Minister for Primary Industries and MPI issue press releases.</p> <p>MPI issues all staff message.</p>
Thursday 23 May 2013	Cable sent to all overseas posts setting out actions being taken.
Thursday 23 May 2013	MPI establishes Response Strategic Leadership group with work stream leads for trade and market access, stakeholder management, communication and policy.
Friday 24 May 2013	AQSIIQ advises they are unable to progress further clearances of detained product until all remaining replacement certificates are available. Decision made to complete the issuing of majority of replacement certificates

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Date	Event
	by end of the weekend.
Friday 24 May 2013	Teleconference with industry at 12.30pm.
Friday 24 May 2013	Finalisation of MPI communications plan.
Friday 24 May 2013	MPI initiate the process to extend the use of NZFSA name beyond 30 June 2013.
Friday 24 May 2013	initial batch of priority replacement certificates under NZFSA name arrive in Beijing couriered by MPI official.
Saturday/ Sunday 25 / 26 May 2013	MPI officials work over the weekend to complete the collation, distribution and recording of replacement certificate. By the end of the weekend approximately 1,600 certificates are replaced – thus includes the 600 certificates replaced as a high priority on 22 and 23 May.
Sunday 26 May 2013	DDG Standards requests a technical assessment of the time, cost and other business priority impacts of re-establishing the old NZFSA certs for all new meat exports to China.
Sunday 26 May 2013	MPI request the AP E-cert developer at to revise reporting script to allow reporting on the status of certificates, and if applicable the details of the replacement certificates. This provides clarity for MPI about which certificates have been replaced to date.
Monday 27 May 2013	The majority of the remaining replacement certificates produced, and sent to NZ officials in China.
Monday 27 May 2013	Senior MPI official meets with AQSIQ to seek a way forward to resuming trade and to deliver a written apology. MPI prepares for resumption of trade using old style NZFSA certificate.
Monday 27 May 2013	Meeting of MPI officials and AP E-cert developers to discuss possibility of returning to the use of the old NZFSA templates. Meeting identifies a potential solution, which needs to be tested.
Tuesday 28 May 2013	MPI discussions with AQSIQ

Delays to New Zealand Meat Exports to China

Date	Event
Tuesday 28 May 2013	NZ Officials in China advise that they have been advised that AQISQ has sent out notifications and consignment details to local CIQs and consignments may start clearing tomorrow.
Tuesday 28 May 2013	Teleconference with industry @ 3.15pm.
Tuesday 28 May 2013	Testing to re-establish the old NZFSA templates completed successfully.

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