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UK High Quality Beef

Quota Manual

November 2020



UK High Quality Beef

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INTRODUCTION

- 1 The Quota Allowance Allocation System (“Allocation System”) outlined in this document is a continuation of the Allocation System operated previously by the New Zealand Meat Board (“Board”), as amended on 8 November 2006. This Allocation System, as amended will apply to Quota Allowance applications for the 2020/2021 and subsequent Quota Years and will operate for the United Kingdom (“UK”) High Quality Beef Quota Year.
- 2 This Allocation System is implemented by the New Zealand Meat Board (“Board”) pursuant to its powers under the Meat Board Act 2004 (“Act”), in particular Part 3.
- 3 As a result of United Kingdom withdrawing its membership of the European Union (“Brexit”) by virtue of the UK referendum in June 2016, New Zealand’s tariff rate quota (TRQ) access to the European Union (28) has been split based on historic high quality beef trade. The UK has notified the World Trade Organisation (WTO) of New Zealand’s future tariff rate quota for the importation of High Quality Beef into the UK, and at the time of issuing this document New Zealand was contesting the legality of the UK’s approach. Publication of this document is without prejudice to New Zealand’s position on this matter.
4. At the time of publication of this document, the UK had not put in place a regulatory framework for quota administration, and has stated it will continue to use the EU framework as a *de facto* regulatory regime for the UK. On this understanding, the ability to import High Quality Beef into the UK from New Zealand within the terms of the TRQ is made subject to the presentation of an UK High Quality Beef Certificate of Authenticity endorsed by the New Zealand Meat Board. This ensures that only product originating from New Zealand and that meets the product eligibility definitions of the TRQ is eligible for entry under the TRQ, and that the volume limits of the TRQ are not exceeded.
- 5 The Board’s policy for the allocation of UK TRQ is founded upon the principle that TRQ should be equitably allocated to Qualifying Companies and eligible New Entrants to ensure that livestock farmers attain the best possible net ongoing returns for that stock from which High Quality Beef is produced. The Board’s policy must have regard for the desirability of the meat industry to make the best possible net ongoing contribution to the New Zealand economy.

- 6 The Board in establishing the policy evidenced by this Allocation System has recognized that:
- (a) the object of the Board is to help in the attainment, in the interests of livestock farmers, of the best possible net ongoing returns for New Zealand livestock, meat products, and co-products;
 - (b) where authorities in a market have granted access to that market at zero or concessional tariff rates for a particular quantity of meat products imported from New Zealand during any period, the Board must establish and operate a mechanism for the allocation of that quantity; and
 - (c) the operation of the allocation mechanism must be likely to maximise the capture for New Zealand of the returns available from the market concerned for the meat products.
- 7 The Board will only issue Certificates of Authenticity to a company that has General or Reserved Quota Allowance obtained in accordance with this Allocation System.
- 8 The Allocation System is, in essence, divided into two parts:
- (a) First, the General Quota Allowance Allocation System, which governs the allocation of 98% of the TRQ. It is based upon Production History over the three Production Seasons immediately prior to the commencement of the Quota Year.
 - (b) Second, the New Entrant Allowances Allocation System which allows for the allocation of up to 2% of the TRQ to New Entrants (“Reserved Quota Allowance”). The New Entrant Allowances Allocation System takes into account the fact that New Entrants do not have a three season Production History. For the first Quota Year, the allocation is based upon estimates provided by New Entrants as to their proposed production, as accepted by the Board. In the second and third Quota Years, it is based upon Production History as well as estimated production. The allocation of Reserved Quota Allowance based on estimated annual production is conditional upon the New Entrant meeting certain criteria and its annual production estimate. The ability to utilise Reserved Quota Allowance will be earned progressively during a Production Season as criteria are met and in proportion to the New Entrant’s actual production. Reserved Quota Allowance can only be transferred where the New Entrant has satisfied all of the conditions on which the Reserved Quota Allowance was allocated.

- 9** New Entrants wanting to obtain access to Quota Allowance will be able to do so by:
- (a) applying to the Board for a portion of Reserved Quota Allowance (and, in respect of its second and third years, General Quota Allowance based upon its Production History); and/or
 - (b) applying to the Board for General Quota Allowance based on Production History earned in relevant prior seasons; and/or
 - (c) acquiring Quota Allowance from an existing quota allowance holder.
- 10** If, in any Quota Year, any portion of the Reserved Quota Allowance is not allocated to or fully utilised by New Entrants the balance will be allocated to Qualifying Companies on the terms set out in this Allocation System.
- 11** This Allocation System provides for different procedures in respect of applications for General Quota Allowance (Section 13) and New Entrant Quota Allowances (Section 14).
- Cross-reference: General Quota Allowance: Procedures; Section 13
New Entrant Allowances Committee; Section 14*
- 12** The Board retains:
- (a) the discretion to apply this Allocation System as it regards appropriate in relation to any circumstances that are not specifically provided for in this system; and
 - (b) the ability to determine the interpretation of the provisions of this document.
- 13** The Board retains the right to suspend all or any of the provisions in this document for any Quota Year when it believes the total TRQ will not be a constraint on the quantity of High Quality Beef able to be exported to the UK by the industry as a whole. The decision on whether to suspend the provisions will be made by the Board as soon as practicable in any Quota Year, but no later than six weeks before the end of the Quota Year.

DEFINITIONS

<i>At Time of Slaughter</i>	means immediately after slaughter floor weighing of a carcass (ie. immediately after the carcass has crossed the scales).
<i>Certificate of Authenticity</i>	means a Certificate of Authenticity in Form 1, issued by the Board in accordance with UK regulations (or in the absence of UK regulations, EU regulations deemed to apply in the UK by UK competent authorities), which records, amongst other things, the New Zealand origin of High Quality Beef to be imported into the UK within the provisions of the TRQ.
<i>Company</i>	includes any company or other legal entity or person, and where applicable any trust or trustee or beneficiary of a Trust (including discretionary beneficiary) or a consortium under Section 8.
<i>UK Listed Premises</i>	means premises for the slaughter of livestock which have been listed by the UK government's competent authority as eligible for exporting bovine product for human consumption to the UK. This includes premises deemed to be listed by the UK government's competent authority as part of the UK exit from the European Union.
<i>General Quota Allowance</i>	means the 98% (or more) of the TRQ set aside by the Board under this Allocation System for importing High Quality Beef into the UK, and available in the relevant Quota Year. It does not include Reserved Quota Allowance. A holder of General Quota Allowance is a company that holds a portion of the General Quota Allowance.
<i>General Quota Allowance Allocation Formula</i>	means the formula contained in Section 4, Part A, paragraph 1.
<i>High Quality Beef</i>	means meat covered by CN codes 0201 20 90, 0201 30, 0202 20 90, 0202 30, 0206 10 95 and 0206 29 91 as defined under Commission Implementing Regulation (EC) No. 593/2013 and Commission Regulation (EC) No. 810/2008: "Selected beef cuts derived from exclusively pasture grazed steers or heifers, the carcasses of which have a dressed weight of not more than 370 kilograms. The carcasses shall be classified as A, L, P, T or F, be trimmed to a fat depth of P or lower and have a muscling classification of 1 or 2 according to the carcass classification system administered by the New Zealand Meat Board." <i>Cross reference: UK Customs tariff - CN Codes; Appendix Four</i>
<i>Hot Weight</i>	means the weight of a dressed carcass at the slaughter floor scales prior to any chilling or freezing.
<i>New Entrant</i>	means a Company which, during the specified period prior to the applicable New Entry Period, has not been allocated and used (other than in the course of its current New Entrant Period) General or Reserved Quota Allowance (but which may have purchased, General and/or Reserved Quota Allowance).

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Such a Company does not qualify as a New Entrant or shall cease to be a New Entrant if:

- a) its structure of ownership is a device by any existing holder of General or Reserved Quota Allowance, or by persons associated with any such holder, to evade the system for the allocation of General Quota Allowance based upon a three season Production History, in that the Company is not a genuinely independent New Entrant; and/or
- b) it has any director or trustee who is a director or trustee of any other holder of General or Reserved Quota Allowance; and/or
- c) within the specified period prior to the Applicable New Entry Period, or at the time it makes its Application or at any time it holds Reserved Quota Allowance:
 - i) any holder of General and/or Reserved Quota Allowance has had or will have any direct or indirect interest in or association with the Company so that the Company is not genuinely independent of any such holder of General and/or Reserved Quota Allowance, and/or
 - ii) it has had or has any shared management, administrative or financial functions between it and any other holder of General or Reserved Quota Allowance; and / or
 - iii). it has had or has any material shareholding in it (including beneficial shareholding) held or owned, directly or indirectly, by any General or Reserved Quota Holder, or for the potential benefit of any General or Reserved Quota holder; and/or
 - iv) any material shareholding (including beneficial shareholding) in a Related Company of the Company has been or is held or owned in aggregate, either directly or indirectly, by any General or Reserved Quota Allowance holder; and/or
 - v) it has held or holds any material shareholding (including beneficial shareholding) in any other General or Reserved Quota holder; and/or
 - vii) is a consortium and any member of the consortium would not qualify as a New Entrant under this definition.

For the purposes of this definition –

- (a) “allocated and used” includes a situation where quota has been allocated and transferred, but does not include a situation where quota is allocated but returned to the Board in accordance with Section 10 Part B;
- (b) a “material shareholding” is a shareholding exceeding 5% of the issued shares;
- (c) “Related Company” has the meaning as defined in Section 2(3) of the Companies Act 1993 except that in Section 2(3)(b) and (c) the words “more than half of the issued shares” shall be deleted and “any material shareholding” substituted;



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- (d) “beneficial shareholding” is a shareholding held by one company for the benefit, or potential benefit, of another; and
- (e) “specified period” means the immediately preceding 6 full calendar years.

A New Entrant shall cease to be a New Entrant upon the completion of the New Entry Period.

<i>New Entry Period</i>	means in relation to a New Entrant, the Quota Year for which a New Entrant is first allocated Reserved Quota Allowance and the two following Quota Years.
<i>New Entrant Allowances Committee</i>	means the committee established under Section 14.
<i>New Entrant Allowances Allocation Formula</i>	means the formula contained in Section 5, Part A, paragraph 4.
<i>Owner of Qualifying Product at Time of Slaughter</i>	<p>means the owner of Qualifying Product immediately after slaughter floor weighing (ie: immediately after the carcass has crossed the scales).</p> <p>Ownership for this purpose disregards any reservation of ownership, subject to payment, and disregards any effect on ownership due to a mortgage or charge over the Qualifying Product. The term Qualifying Product Owned at Time of Slaughter has a corresponding meaning.</p>
<i>Participation Fee</i>	<p>Includes both fixed and variable participation fees as set out in Section Sixteen, Appendix 3 that may be amended in consultation with quota holders from time to time by the Board. The fixed participation fee is payable with the application for Quota, the variable participation fee is due and payable following the annual allocation process and prior to the commencement of the relevant Quota Year. .</p> <p><i>Cross-reference: Transitional Provisions; Section 15</i></p>
<i>Production History</i>	means in respect of a Qualifying Company a figure equal to the amount of Qualifying Product Owned at Time of Slaughter during a Production Season. That figure will represent the Production History of that Qualifying Company for that Production Season. Production history earned before 31 December 2020 under the allocation mechanism operated by the Board’s EU High Quality Beef TRQ Allocation Mechanism is deemed to be Production History for the purposes of this document.
<i>Production Season</i>	means a year commencing the nearest Sunday to 1 October, and ending the nearest Saturday to 30 September in the following calendar year.
<i>Qualifying Company</i>	<p>means a company which:</p> <ul style="list-style-type: none">(a) has been the Owner of Qualifying Product at Time of Slaughter; and(b) is a registered exporter under the Act.
<i>Qualifying Product</i>	means bovine meat from steer and heifer equivalent to fat classes A,L,P,T and F and muscling classes 1 and 2 slaughtered in an UK Listed Premises, measured as dressed carcass hot weight.



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SECTION TWO

<i>Qualifying Product Owned at Time of Slaughter</i>	refer to the definition of Owner of Qualifying Product at Time of Slaughter.
<i>Quota Year</i>	means a year commencing 1 July one year and ending 30 June the year after as per Commission Implementing Regulation (EC) No. 593/2013.
<i>Reserved Quota Allowance</i>	means the 2% (or less) of the TRQ set aside by the Board under this Allocation System in the relevant Quota Year in accordance with Section 5. A holder of Reserved Quota Allowance is a company that holds a portion of the Reserved Quota Allowance. <i>Cross-reference: New Entrant Allowances Committee; Section 14, Part D</i>
<i>Tariff Rate Quota (“TRQ”)</i>	means the Tariff Rate Quota delivered to New Zealand Government on the exit of UK from its EU membership (Brexit) allowing the importation into the UK of specified quantities of High Quality Beef at a 20% ad valorem customs duty. Imports within the Tariff Rate Quota are also known as “in-quota” imports.

CALENDAR

March	1	Applications from New Entrants for Reserved Quota Allowance for the following Quota Year close.
	10	February Production Reports due.
April	1	Companies to advise Board if they will use all General and Reserved Quota Allowance allocated to them in the current Quota Year.
	10	March Production Reports due.
	15	Applications from companies (including Year 2 and Year 3 New Entrants) for General Quota Allowance for the following Quota Year close. Transfers of Production History must be confirmed by the Board by this date. Board to have advised companies of reallocations of unused quota.
May	10	April Production Reports due.
June	10	Board to have advised companies of General and Reserved Quota Allowance Allocations by this date. May Production Reports due.
	20	Transfers of General and Reserved Quota Allowance must be notified to the Board by this date.
	30	Quota Year ends.
July	1	Quota Year commences.
	10	June Production Reports due.
August	10	July Production Reports due.
September	10	August Production Reports due. Applications from New Entrants for Reserved Quota Allowance for the following Quota Year close.
	30	Production Season closes on the nearest Saturday to 30 September. Unallocated Reserved Quota Allowance for the current Quota Year to be allocated to General Quota Allowance holders.
October	1	Production Season opens on the nearest Sunday to 1 October.
	10	September (complete season) Production Reports due.
	31	Last day for New Entrant plant approvals to be received.
November	10	October Production Reports due.
December	10	November Production Reports due.
January	10	December Production reports due.
February	10	January Production Reports due.

Cross-reference: Transfers and Unused Quota Allowance; Section 10, Forms; Section 18

GENERAL QUOTA ALLOWANCE ALLOCATION SYSTEM

A Qualifying Company wanting to obtain access to quota allowance will be able to do so by:

- (a) applying to the Board for a portion of the General Quota Allowance based upon its Production History; and/or
- (b) acquiring quota allowance from an existing quota allowance holder.

Basis of General Quota Allowance Allocation System

1 General Quota Allowance will be allocated for a Quota Year to an applicant Qualifying Company in accordance with the following General Quota Allowance Allocation Formula:

$$PGQ = \frac{(PH_{i-3} + PH_{i-2} + PH_{i-1})}{(TPH_{i-3} + TPH_{i-2} + TPH_{i-1})} \times GQ$$

where:

PGQ = the portion of the General Quota Allowance (in tonnes) to be allocated to the Qualifying Company in the relevant Quota Year.

GQ = General Quota Allowance.

PH = a Qualifying Company’s Production History for a Production Season.

TPH = the sum of the Production Histories for a production season of all applicants in the relevant Quota Year.

i = the Production Season commencing in the year prior to the relevant Quota Year.

i-1 = the Production Season before i.

i-2 = the Production Season before i-1.

i-3 = the Production Season before i-2.

2 All measurement of Qualifying Product shall be made in accordance with the production weight calculation provisions referred to in Section 9.

- 3 If at any time there is an interruption to the importation into the UK of High Quality Beef from New Zealand which prevents the utilisation of any portion of the General Quota Allowance as contemplated, the Board may in subsequent Quota Years, apply the General Quota Allowance Allocation Formula with such modification as is necessary to take into account the interruption, as in the opinion of the Board, best meets the intentions of that formula.

- 4 When allocating General Quota Allowance, the Board must take into account the applicant's existing investment and committed future investment in the following activities relating to meat products for export:
 - (a) distribution;
 - (b) marketing;
 - (c) packaging;
 - (d) processing.

Primary significance will be given to existing and committed future investment in marketing and processing.

*Cross-reference: General Quota Allowance: Procedures; Section 13
Forms 5 and 6, Section 18*

- 5 Where an applicant has no recorded Production History, and is not accepted as a New Entrant, its application will be taken as an application to record Production History preliminary to an application for Quota Allowance has a first year New Entrant in a subsequent year. Alternatively an applicant may continue to record Production History in subsequent years to build Production History and receive one third/two-third/full quota entitlements based on recorded Production History.

NEW ENTRANT ALLOWANCES ALLOCATION SYSTEM

A New Entrant wanting to obtain access to quota allowance will be able to do so by:

- (a) applying to the Board for a portion of Reserved Quota Allowance (and, in respect of its second and third years, General Quota Allowance based upon its Production History); and/or
- (b) acquiring quota allowance from an existing quota allowance holder.

The New Entrant Allowances Allocation System takes into account the fact that New Entrants do not have a three season Production History. For the first Quota Year the allocation is based upon estimates provided by New Entrants as to their proposed production, as accepted by the Board. In the second and third Quota Years it is based upon Production History as well as estimated production. The allocation of Reserved Quota Allowance based on estimated annual production is conditional upon the New Entrant meeting certain criteria and its annual production estimate. The ability to utilise Reserved Quota Allowance will be earned progressively during a Production Season as criteria are met and in proportion to the New Entrant's actual production. If the amount of Reserved Quota Allowance is insufficient to meet the proposed allocation by the Board, the amount to be allocated to each New Entrant will be abated pro-rata.

A Company is allowed to reapply as a first year New Entrant in the following year if it has returned all of its conditional Reserved Quota Allowance to the Board in good time.

A Basis of New Entrant Allowances Allocation System

- 1 The Board shall reserve up to 2% of the TRQ as Reserved Quota Allowance for possible allocation to New Entrants, and for samples under Part B below.
- 2 The procedure for applying for Reserved Quota Allowance is set out in Section 14, Part C.
- 3 The Board may allocate Reserved Quota Allowance to a New Entrant if the Board is satisfied that the applicant:
 - (a) is a New Entrant both at the time of application and will continue to be at all times during the applicable New Entry Period;
 - (b) is the holder of an export registration certificate at the time of application;

- (c) has an existing investment and a committed future investment in at least two of the following activities relating to meat products for export provided however that primary significance will be given to investments in (ii) and (iv):
 - (i) distribution;
 - (ii) marketing;
 - (iii) packaging;
 - (iv) processing.
- (d) has supplied to the Board all information that has been requested by the Board and is necessary to enable this Allocation System to operate effectively;
- (e) has the ability to process, or has processed, as the Owner of Qualifying Product at Time of Slaughter, and to sell the volume of Qualifying Product on which the allocation of Reserved Quota Allowance is based;
- (f) has confirmed that any processing plant included in an application is an UK Listed Premises. Unless written confirmation is able to be provided from NZFSA by 31 October in the year prior to the Quota Year for which application is being made the application will be declined;
- (g) has provided, where the processing is to be carried out pursuant to a toll processing arrangement (or arrangements), a mutually binding contract that provides for an allocation of space by the toll processor/s sufficient to process the applicant's production estimate for that year;
- (h) has provided, where export marketing is to be carried out by another party or parties, a mutually binding marketing agreement (or agreements) covering that Quota Year.
- (i) has a three year business plan accepted by the Board (including details of full time staff and the functions of that staff). This business plan can be amended during the course of the New Entry Period, including by variation in marketing or toll processing agreements. The new plan will be accepted by the Board provided that, had it been the plan originally filed, the Company's application would have been granted by the Board on the same terms;
- (j) has complied with conditions as to previous allocations of Reserved Quota Allowance during the New Entry Period;

(k) has not incurred a penalty under section 34 of the Act or any penalty provision of any replacement legislation.

*Cross-reference: Definitions “New Entrant” and “New Entry Period”; Section 2.
New Entrant Allowances Committee; Section 14, Parts C and D.*

- 4 The maximum amount of Reserved Quota Allowance and General Quota Allowance that the Board may allocate to a New Entrant during each of the three years of the New Entry Period shall be calculated in accordance with the following New Entrant Allowances Allocation Formula:

for the first year:

$$PRQ = \frac{EP_i}{(TPH_{i-3} + TPH_{i-2} + TPH_{i-1}) / 3} \times GQ - PGQ$$

for the second year:

$$PRQ = \frac{(PH_{i-1} + EP_i) / 2}{(TPH_{i-3} + TPH_{i-2} + TPH_{i-1}) / 3} \times GQ - PGQ$$

for the third year:

$$PRQ = \frac{(PH_{i-2} + PH_{i-1} + EP_i)}{(TPH_{i-3} + TPH_{i-2} + TPH_{i-1}) / 3} \times GQ - PGQ$$

where:

PRQ = the portion of Reserved Quota Allowance (in tonnes) to be allocated to the New Entrant for the relevant Quota Year.

GQ = General Quota Allowance.

PGQ = the portion of the General Quota Allowance (in tonnes) to be allocated to the applicant in the relevant Quota Year.

EP = the applicant’s estimate (as accepted by the Board) of its Qualifying Product Owned at Time of Slaughter during the Production Season commencing in the year prior to the relevant Quota Year.

PH = the applicant’s Production History for a Production Season.

TPH = the sum of all the Production

(This portion will be allocated in accordance with the General Quota Allowance Allocation Formula and will be overseen by the New Entrant Allowances Committee as set out in Section 14, Part A).

Histories for a production season of all the applicants in the relevant Quota Year.

i = the Production Season commencing in the year prior to the relevant Quota Year.

i-1 = the Production Season before i.

i-2 = the Production Season before i-1.

i-3 = the Production Season before i-2.

- 5 All measurement of Qualifying Product shall be made in accordance with the production weight calculation provisions in Section 9.
- 6 If at any time there is an interruption to the importation into the UK of High Quality Beef from New Zealand which prevents the utilisation of any portion of the Reserved Quota Allowance as contemplated, the Board may in subsequent Quota Years, apply the New Entrant Allowances Allocation Formula with such modification as is necessary to take into account the interruption, as in the opinion of the Board, best meets the intentions of that formula.
- 7 If in the opinion of the Board, the applicant's structure or ownership is a device by existing holders of General or Reserved Quota Allowance, or by persons associated with such holders, to evade the system for the allocation of General Quota Allowance based upon a three season Production History, the Board will be entitled to refuse to allocate Reserved Quota Allowance to that applicant in order to take into account the direct or indirect interests in the applicant of existing holders of General Quota Allowance.
- 8 If the amount of Reserved Quota Allowance is insufficient to meet the proposed allocation by the Board of Reserved Quota Allowance to New Entrants, and for samples, the amount to be allocated shall be abated pro-rata between the New Entrants that hold Reserved Quota Allowance. Any allocated Reserved Quota Allowance not utilised by New Entrants, or which the Board believes will not be utilised due to qualifying production estimates by a New Entrant not being reached within the estimated time, may be allocated to those New Entrants whose Reserved Quota Allowances have been abated.

Cross-reference: New Entrant Allowances Committee; Section 14, Part D

Forms 7 and 8; Section 18

Transfers and Unused Quota Allowance, Section 10; Parts A and B

INDUSTRY AGREED DISCIPLINES

- 1 All holders of General or Reserved Quota Allowance will be subject to Industry Agreed Disciplines relating to the UK.
- 2 An Industry Agreed Discipline made under this Allocation System is a discipline agreed to in writing by holders of 70% or more of General Quota Allowance and agreed to by the Board.
- 3 All current Industry Agreed Disciplines will be recorded in Appendix One.
- 4 The Board may only establish an Industry Agreed Discipline in order to ensure that the conduct of the trade in High Quality Beef from New Zealand to the UK is, in the opinion of the Board, helping to attain, in the interests of livestock farmers, the best possible net ongoing returns for New Zealand livestock, meat products and co-products, and ensuring that the meat industry is making the best possible net ongoing contribution to the New Zealand economy.
- 5 The Board will provide to all General and Reserved Quota Allowance holders, a notice to be included in Appendix One where an Industry Agreed Discipline has been established in accordance with paragraph 2 above. The notice will outline the Industry Agreed Discipline and date of implementation.
- 6 Industry Agreed Disciplines shall not prevent the Board from taking steps necessary to ensure the effective access of High Quality Beef from New Zealand into the UK.

*Cross-reference: General Provisions; Section 11, Part C
Amendment of System: Consultation Process; Section 16
Industry Agreed Disciplines; Section 17, Appendix One*

ADMINISTRATION OF GENERAL AND RESERVED QUOTA ALLOWANCE ALLOCATIONS

A Provision of information

- 1 A Company holding General or Reserved Quota Allowance, or a Company without Production History that intends making an application for General Quota for the following Quota Year, will be required to submit to the Board, on a monthly basis or as otherwise requested by the Board, information necessary to enable this Allocation System to operate effectively. Such information will include details as to:
 - (a) the quantity of its actual production of Qualifying Product; and
 - (b) the quantity of estimated production of Qualifying Product for the remainder of the Production Season.
- 2 The information is to be provided in the manner set out in Section 18, Form 2.
- 3 This information will be monitored on an ongoing basis by the Board.
- 4 The Board may require that any information provided to it be verified by such reasonable means as the Board sees fit.
- 5 The information referred to in paragraphs 1 - 4 above must also be provided to the Board in a year in which it is determined that allocations of General or Reserved Quota Allowance will be suspended because the TRQ is unlikely to be filled, on the basis that the information will be needed by the Board for calculation of the allocation of General or Reserved Quota Allowances in subsequent years.
- 6 The onus shall be on each company to:
 - (a) ensure that all information provided by it to the Board is correct and accurate; and
 - (b) correct any inaccurate information it has already provided to the Board.

Cross-reference: General Provisions; Section 11, Part A

B Statutory Declarations

The Board may at any time request that a company provide to it a statutory declaration regarding any relevant information which the Board may require as necessary to enable the Allocation System to operate effectively.

C Board appointed auditor

- 1 Audits of information supplied to the Board for the purpose of seeking General or Reserved Quota Allowance allocation will be undertaken, as the Board sees fit, by an auditor appointed by the Board; that auditor may be the company's external auditor under the Financial Reporting Act 1993.
- 2 The costs of the auditor are to be paid by the company seeking General or Reserved Quota Allowance in the manner determined by the Board from time to time.

D Co-operation with auditing process

- 1 The Owner of Qualifying Product at Time of Slaughter will be required to co-operate with any Board appointed auditor, and shall give such an auditor full access to the company's relevant records.
- 2 Visits by auditors to head offices, branches and plants may take place at any time.

E Report from company's auditor

A holder of, or claimant to, General or Reserved Quota Allowance may be required by the Board to instruct the company's external auditor to receive audit instructions from the Board, to verify all claims and declarations relevant to Quota Allowance Allocations. The costs of the external auditor are to be paid by the company.

CONSORTIA

- 1 Where two or more companies together can meet the requirements qualifying them to be allocated General and/or Reserved Quota Allowance (such as by one company holding an export licence and another company being the Owner of Qualifying Product at Time of Slaughter) the companies will be entitled to apply for General and/or Reserved Quota Allowance as a consortium by combining their respective attributes.
- 2 The Board shall treat the consortium as one company for the purpose of calculating the allocation of General or Reserved Quota Allowance. Quota Allowance will be allocated to a member of the consortium which is a holder of an export licence issued under the Act. That company will hold that allocation of General or Reserved Quota Allowance on behalf of the consortium.
- 3 Companies applying to the Board for General and/or Reserved Quota Allowance as a consortium shall supply to the Board all information necessary to enable the Allocation System to operate effectively including:
 - (a) the name of each company comprising the consortium; and
 - (b) notice as to which of them if any (and, if applicable, in what proportions) the existing General and/or Reserved Quota Allowance and the Production History of the consortium are to be allocated upon the consortium ceasing to qualify to be allocated General and/or Reserved Quota Allowance as a consortium under this Section. Such allocation will only be made to a member company if at the time of the allocation it is a Qualifying Company, or a member of another consortium under this Section.
- 4 Upon any company which is a member of a consortium notifying the Board in writing that the consortium has come to an end, the Board shall:
 - (a) notify the other members of the consortium of its receipt of the notice; and
 - (b) not earlier than 14 days after receipt of the notice, transfer the allocated General or Reserved Quota Allowance and any Production History in accordance with the notice regarding allocation referred to in paragraph 3(b) above.

- 5 The companies forming a consortium may, by notice in writing given by all of the consortium companies, vary the provisions of the notice regarding allocation referred to in paragraph 3(b) above, or vary the particulars of the consortium.
- 6 Where after receiving a notice of dissolution of a consortium under paragraph 4 above, the Board is not able to implement the dissolution arrangements referred to in paragraph 3(b) for any reason, it shall notify the members of the consortium of the inability to implement the dissolution arrangements and:
 - (a) the Board will allocate any unutilised General or Reserved Quota Allowance in accordance with Section 10, Part B, paragraph 1 if the members of the consortium have not, by 15 April of the applicable Quota Year, unanimously advised the Board of the Qualifying Company to which the relevant quota allowance held on behalf of the consortium is to be transferred; and
 - (b) the Board will hold the benefit of the Production History of the consortium until the members of the consortium advise the Board in writing of a company to which the Production History may be transferred in accordance with Section 10, Part C. The Board is not entitled to transfer Production History under this provision without all members of the consortium having notified the Board in writing as to their agreed arrangement for the transfer. In the event parties have not notified the Board by 15 April, or such other later date as the Board allows, the consortium's Production History will be cancelled and no longer form part of TPH as defined in Sections 4 and 5.
- 7 The provisions of this Allocation System shall apply, with any necessary modifications, to all members of the consortium as if the members together comprise one company. Any information to be provided by the consortium (as if it were one company) shall be provided accordingly, but shall also record the member of the consortium to which the information relates.
- 8 The Board may require any member of the consortium to provide such additional information as the Board believes is necessary to administer this Allocation System in regard to that consortium or that member.
- 9 Subject to the provisions of Section 10, Part A the holder of General or Reserved Quota Allowance on behalf of a consortium may transfer such Quota Allowances without the other members of the consortium being required to be a party to the transfer.



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SECTION EIGHT

- 10** The Production History of a company shall be held by the applicable member company which is the Owner of Qualifying Product at Time of Slaughter. Such Production History may be transferred in accordance with Section 10, Part C by that company without the other members of the consortium being required to be a party to the transfer.

*Cross-reference: Transfers and Unused Quota Allowance; Section 10
Forms; Section 18, Form 2, Production Report*



PRODUCTION WEIGHT CALCULATION

Qualifying Product

Qualifying Product is bovine meat from steer and heifer equivalent to fat classes A,L,P,T and F and muscling classes 1 and 2 slaughtered in an UK Listed Premises and measured as bone-in dressed carcass hot weight.

TRANSFERS AND UNUSED QUOTA ALLOWANCE**A Transfer of Quota Allowance**

- 1 A holder of an export licence issued under the Act may acquire General Quota Allowance from a holder of General Quota Allowance.
- 2 A holder of an export licence issued under the Act may acquire Reserved Quota Allowance from a New Entrant only where the New Entrant has satisfied, prior to any such acquisition, all of the conditions on which the Reserved Quota Allowance was allocated.
- 3 Such a transfer will only apply to the relevant Quota Year, and will not comprise a transfer of Production History.
- 4 All transfers of quota allowance being General Quota Allowance or Reserved Quota Allowance must be notified to the Board by 20 June of the relevant Quota Year in the manner set out in Section 18, Form 3 and the transfer form must be signed by authorised signatories of both the transferor and the transferee.
- 5 No holder of unconditional Reserved Quota Allowance Allocation will be entitled to transfer that quota other than to the marketer nominated in its current business plan accepted by the Board.
- 6 The Board will upon receipt of a properly completed transfer form confirm that at the date of receipt the transferor has sufficient quota allowance for such a transfer to be completed.
- 7 Transfers shall have no effect until confirmed by the Board in accordance with paragraph 5 above.

Cross-reference: General Provisions; Section 11, Part A

B Unused General or Reserved Quota Allowance

- 1 If a holder of General or Reserved Quota Allowance does not use (and has not transferred by a valid transfer confirmed by the Board) all or any portion of its allowance for that Quota Year then, subject to Section 5, Part A, paragraph 8, the unused allowance will revert to the Board for allocation to all other General Quota Allowance holders which seek a portion of that allowance for the remainder of the relevant Quota Year, in proportion to the percentage of every such holder's initial allocation of General Quota Allowance for that Quota Year.

- 2 First Year New Entrants that have not used any of their Reserved Quota Allowance allocation by 15 April may return their Reserved Quota Allowance allocation to the Board and be eligible to apply as a New Entrant for the following Quota Year.
- 3 On or before 15 April of a Quota Year all holders of General and Reserved Quota Allowance must notify the Board in writing if they will not utilise any portion (the portion to be specified by them) of allowance allocated for that Quota Year (and which they have not transferred by a completed transfer confirmed by the Board by that date). The Board upon receipt of such advice will use its best endeavours to reallocate such unused portions to Qualifying Companies within one week, and if not, by 30 April.
- 4 Upon receipt by the Board of notification by a company, under paragraph 2 above, the specified amount of the allowance will revert to the Board for allocation in accordance with paragraph 1 above.
- 5 If a holder of General or Reserved Quota Allowance (Transferor) transfers Quota to any other party (Transferee) and at the end of the Quota Year the Transferee holds unused Quota (Unused Quota) which includes all or part of such transferred Quota and the Transferee does not make application either for General and/or Reserved Quota Allowance for the following Quota Year in excess of the Unused Quota, the Transferor shall be deemed to have held as at the end of the Quota Year in which such transfer was made, in addition to any unused quota actually held, the lesser of such unused Quota or the Quota which was transferred.

For the purposes of determining whether Unused Quota includes all or part of the Quota transferred, a Transferee shall be deemed to have used first the Quota the Transferee has held the longest, and if there is dispute as to the calculation of Unused Quota such shall be determined by an auditor appointed by the Board.

- 6 The Board may take action or impose penalties, including under Sections 24(4) and 34 of the Act in relation to those quota holders that have unused quota remaining at the end of the Quota Year.

The Board will not take such action or impose such penalties if the amount of quota remaining unused by the company does not exceed a tolerance level of 0.5% of the company's quota allowance, or 30 kilograms for UK High Quality Beef, whichever is the higher.

A company exceeding the tolerance will have 2 times the amount of underutilization exceeding the tolerance deducted from its quota allocation in the next Quota Year.

The Board will advise industry annually in March of any potential penalty situations.

Cross-reference: General Provisions; Section 11, Part A

C Transfer of Production History

- 1 Where a company (including one in liquidation or receivership) wishes to sell or otherwise transfer all, or part, of its Production History, then that Production History will be able to be transferred if:
 - (a) the Production History is sold or otherwise transferred to a Qualifying Company or a New Entrant (including a consortium, a member of which has been allocated quota allowance on behalf of the consortium under this Allocation System); and
 - (b) the Board has approved of the transferee of that Production History, which approval shall be in writing and shall not be unreasonably withheld.
- 2 Applications for the transfer of Production History, or any part of it, shall be completed by the transferor and the transferee in the manner set out in Section 18, Form 4, and must be signed by authorised signatories of both the transferor and the transferee.
- 3 Except where paragraph 1 above applies the purported transfer of a company's Production History will automatically result in the Production History of the company being cancelled and no longer forming part of TPH as defined in Sections 4 and 5.
- 4 Subject to paragraph 7 below, where there is a transfer of Production History in accordance with paragraph 1 above, the Production History will be valid in respect of any allocation of General Quota Allowance to the transferee in any future Quota Year in terms of the General Quota Allowance Allocation Formula, as if the transferee had been the transferor.
- 5 Any company seeking to transfer its Production History under paragraph 1 above, and the proposed transferee, shall provide to the Board all information requested by the Board.
- 6 The transfer of Production History will not be effective until confirmed by the Board and notice of the transfer has been given by the Board to the transferee.
- 7 For the purpose of calculating the entitlement to General Quota Allowance for any Quota Year a transfer of Production History must have been confirmed by the Board by 15 April prior to the commencement of the relevant Quota Year, or such other date as the Board allows.

- 8** A New Entrant shall not be permitted, from the commencement of the 2006 Quota Year at any time during its New Entrant Period and for 3 years after the end of its New Entry Period, to transfer, sell or otherwise dispose of any Production History accruing as a result of its New Entrant status, including Production History based (directly or indirectly) on Reserve Quota allocations. Subject to any other provision in this manual, transfer of Production History not resulting from New Entrant status, ie Production History equal to amounts of quota purchased, or Production History exceeding the amount of quota held in a given Quota Year, will not be restricted.

Cross-reference: Consortia; Section 8

General Provisions; Section 11, Part A

GENERAL PROVISIONS**A Non-Compliance**

- 1 Reference is made to section 34 of the Act which addresses the action that the Board may take in certain circumstances.
- 2 Subject to Section 5, Part A, paragraph 8, where any General or Reserved Quota Allowance is no longer permitted to be utilised by the holder pursuant to section 34 of the Act, the General or Reserved Quota Allowance shall be allocated by the Board to non-offending holders of General Quota Allowance which seek a portion of that quota allowance for the remainder of the relevant Quota Year, in proportion to the percentage of every such holder's initial allocation of General Quota Allowance for that Quota Year.
- 3 The Board may, at its discretion, not enforce any of the provisions of section 34 of the Act if, in its view, the failure to use General or Reserved Quota Allowance or the use of an excess quantity of the General or Reserved Quota Allowance held by a company is of a minor nature, and no other holder of General or Reserved Quota Allowance has been disadvantaged by that use, or within the tolerance level permitted by the Board.

B Limitation of Access

Where there has been an alteration of the amount of total access to the TRQ allocated or set aside under this Allocation System in respect of the relevant Quota Year then the Board will, in terms of section 24 of the Act, determine any adjustment of Quota Allowance.

C Notices

- 1 Any notice required to be issued by the Board, or the New Entrant Allowances Committee, to a company under this Allocation System will be valid if given in writing:
 - (a) by posting it to the company's postal address provided to the Board by the company; or
 - (b) by sending it by facsimile to a number provided to the Board by the company; or
 - (c) by sending it by electronic mail to an address provided to the Board by the company; or
 - (d) by any other means provided for service of documents under the Companies Act 1993.



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SECTION ELEVEN

- 2 Where a document is posted to the Board or the New Entrant Allowances Committee or a company it shall be deemed to be received by the Board, or the New Entrant Allowances Committee or the company on the second working day after being posted.

CERTIFICATE OF AUTHENTICITY**A Completion of the Certificate of Authenticity**

- 1 The Certificate of Authenticity: **Note that this form of document is based on statements from UK authorities that existing EU documentation can continue to be used in the short term. Forms for the UK may be subject to change, and the Board will update documentation as and when UK authorities notify the Board of any change.**

- 2 The format of the Certificate of Authenticity has been designed to conform with the standard aligned export documentation system, to enable exporters to enter the greater part of the required information at the same time as other export documents are being prepared. Exporters must complete the following sections of the document as follows:

(Note: Minimum font size allowed is 8 pt)

- | | |
|------------------|--|
| Section 1 | Full name and postal address of the exporter. |
| Section 4 | Full name, address and country of receiving consignee. It is imperative that the consignee's correct name and address is shown on all Certificates of Authenticity. |
| Section 6 | The name and voyage number of the carrying vessel. Consignments by air may be indicated by the term "airfreight". |
| Section 7 | The description of goods must include the following details: <ol style="list-style-type: none">(a) Product type ie: whether beef or veal;(b) Number and kind of packages ie: cartons;(c) Description of goods ie: bone-in or boneless;(d) Method of presentation ie: whether in frozen or chilled form and other such additional information that normally appears on the bill of lading and other export documents (e.g.: shipping marks, container and seal numbers etc). However, these details may be included on the certificate at the exporter's discretion;(e) EMPIC (Export Meat Product Identification Code) codes should be provided for each product type;
<i>Cross-reference: Section 17, Appendix Five, EMPIC Codes</i>(f) ME number of processing facility or the product for which the Certificate is being issued. |
| Section 8 | Complete the gross weight or mass of each item listed in section 7 above and total. |
| Section 9 | Complete the net weight or mass of each item listed in section 7 above and total. |

- Section 10** When completing the net mass in words, part kilograms are to be expressed as individual digits, e.g.: 14.37 is to be expressed “fourteen point three seven” not “fourteen point thirty seven”. The net mass in words must accurately reflect the total net mass in numbers (section 9) to the second decimal point, including zeroes.
- Section 11** The relevant place of issue (Wellington or Brussels) should be completed. The definition for High Quality Beef shall be shown on the reverse of the original and each copy of the certificate

The Board will complete the following sections of the document:

- Section 2** The individual serial number. The original and copies of each Certificate of Authenticity will bear the same serial number.
- Section 11** The date of issue, seal and signature.

B Issuing Procedures

- 1** A certificate will be issued subject to the originating plant having a satisfactory High Quality Beef audit within one month of the production date.

Cross-reference: EU and UK High Quality Beef Audit Specification; Appendix 6

- 2** Wellington:
- Exporters shall submit to the Board one original and three copy certificates covering each consignment for numbering, date stamping, sealing and signature. The Board will return the original plus two copies to the exporter and retain the third copy for its file.
 - In view of the obvious need to expedite the dispatch of documents to consignees, the Board will endeavour to process and return certificates within 24 hours of their receipt. Exporters are required to supply their own courier packs or stamped addressed envelopes for the return of the certificates.
- 3** Brussels:
- Exporters should advise the Wellington office of the Board of each certificate so that a serial number can be assigned to it. Exporters should also submit to the Brussels office of the Board a faxed copy of the certificate for processing.

C Reissue of Certificates

Situations may arise whereby a reissue of a certificate is required. In such circumstances, the exporter should apply to the office of the Board in either Brussels or Wellington to have the certificate reissued. Should an importer apply to the Brussels office for replacement of a certificate, permission to reissue will be sought from the exporter before a certificate can be replaced.

D Certificate of Authenticity Charges

The certification charges in Section 17, Appendix Three (Schedule of Fees) will apply.

E Reporting to the United Kingdom authorities

As part of the requirements of the United Kingdom the Board must report to the Rural Payments Authority on Wednesday of every week, or daily in the case of airfreights.

GENERAL QUOTA ALLOWANCE : PROCEDURES**A Administration**

- 1 General Quota Allowance allocations will be made annually by the Board in accordance with the General Quota Allowance Allocation Formula (Section 4, Part 1) on or before the commencement of the Quota Year for which the allocation is being made.
- 2 Every application for an allocation of General Quota Allowance, including an application to record Production History preliminary to an application for Quota Allowance in a subsequent year, shall:
 - (a) be made in writing on Form 5 or 6; Section 18 (as appropriate) and must be lodged with the Board on or before 15 April of the year prior to the commencement of the Quota Year. (In completing the application form the applicant will agree to be bound by the terms set out in this Allocation System); and
 - (b) be accompanied by an application fee set by the Board. (The prescribed fee for Year 2 and Year 3 New Entrants will cover their applications for General and Reserved Quota Allowance, and will be payable at the time their application for Reserved Quota Allowance is lodged with the Board).
- 3 Applications by New Entrants in respect of General Quota Allowance will be overseen by the New Entrant Allowances Committee.

*Cross-reference: General Quota Allowance Allocation System; Section 4
New Entrant Allowances Committee; Section 14
Schedule of Fees; Section 17, Appendix Three*

B Timing of advice of allocation

- 1 The Board will use its best endeavours to advise companies of their allocation of General Quota Allowance on or before 10 June prior to the commencement of the Quota Year for which the allocation is being made.
- 2 Any additional allocation of General or Reserved Quota Allowance (e.g.: from the Reserved Quota Allowance, General or Reserved Quota Allowance forfeited by another company, or an increase in the total quantity covered by the TRQ) to holders of General Quota Allowance will be advised as soon as is practicable.

NEW ENTRANT ALLOWANCES COMMITTEE**A The role of the New Entrant Allowances Committee**

The New Entrant Allowances Committee shall consider applications by New Entrants and make recommendations to the Board which will allocate Reserved Quota Allowance set aside for the purpose of allocation to New Entrants.

B Membership of the New Entrant Allowances Committee

- 1 The New Entrant Allowances Committee shall be a subcommittee of the Board, consisting of four members, being the Chief Executive of the Board, two Government-appointed Board Directors, and a “farmer-elected” Board Director.
- 2 Each member of the New Entrant Allowances Committee will be entitled to appoint an alternate to attend and vote on the member’s behalf at any meeting of the New Entrant Allowances Committee in the place of that member.
- 3 Any appointee to, and any alternate of a member of, the New Entrant Allowances Committee may be removed from office by the Board at any time by a resolution to that effect.
- 4 The Board may make rules as to the conduct of the New Entrant Allowances Committee and subject to such rules the New Entrant Allowances Committee may regulate its own procedures and practices.
- 5 The New Entrant Allowances Committee may appoint any person it believes appropriate to assist it for a specified time or purpose.
- 6 The New Entrant Allowances Committee must meet as soon as is reasonably practicable after 1 March of each year.

- 7 Conditional allocations to New Entrants will be notified to the applicants on or before 10 June prior to the commencement of the Quota Year for which the allocation is being made.

C Procedure for Applications

- 1 A New Entrant is entitled to apply in its first year for Reserved Quota Allowance, and once the New Entrant has been allocated Reserved Quota Allowance it is entitled to apply for Reserved and General Quota Allowance for the two following Quota Years.
- 2 Every application by a New Entrant for an allocation of Reserved Quota Allowance shall:
 - (a) be made in writing on Form 7 or 8; Section 18 (as appropriate) and must be lodged by 1 March prior to the commencement of the Quota Year. In completing the application form, the applicant will agree to be bound by the terms set out in this Allocation System;
 - (b) be accompanied by an application fee and participation fee set by the Board. In the event that an application is unsuccessful, the participation fee will be refunded to the Applicant, unless it advises the Board that it wishes the application to record Production History preliminary to an application for Quota Allowance in a subsequent year;
 - (c) provide sufficient information to satisfy the Board that the applicant is a New Entrant, is entitled to make the application, and is genuinely independent of any holder of General or Reserved Quota Allowance;
 - (d) provide information of the applicant's anticipated processing as Owner of Qualifying Product at Time of Slaughter for the applicable Production Season(s) including information supporting the applicant's assessment of the volume of Qualifying Product the applicant will process;
 - (e) contain such reasonable evidence of the applicant's business standing, experience and financial standing as the Board may request for the purpose of it assessing the likelihood of the applicant meeting its estimate of the quantity of Qualifying Product to be processed and sold by it; and

- (f) provide sufficient information to satisfy the Board that the applicant has existing investment and a committed future investment in at least one of the two of the following activities relating to meat products for export:
 - (i) distribution;
 - (ii) marketing;
 - (iii) packaging;
 - (iv) processing.

- (g) provide information as to any association over the previous six years or intended association during the applicable New Entry Period between the applicant and any holder of General or Reserved Quota Allowance (“the Quota Holder”).

Association includes:

- (i) any beneficial shareholding in the applicant by a Quota Holder or an interest as a shareholder or director of a Quota Holder in the applicant;
 - (ii) borrowing or lending between the applicant and the Quota Holder;
 - (iii) any direct or indirect control by the Quota Holder of the applicant or the management of the applicant;
 - (iv) any guarantee by the Quota Holder in favour of the applicant;
 - (v) the provision of any services by the Quota Holder to the applicant.
-
- (h) provide information as to how the granting of Reserved Quota Allowance to the applicant may benefit in any way, by any means, any holder of General or Reserved Quota Allowance.
-
- 3** If the New Entrant Allowances Committee, or the Board, considers that further information is required from the applicant, it may require that the information be provided prior to it considering the application. The Committee may request the applicant to appear before it where such attendance would assist the Committee in making a recommendation to the Board. If the information is not provided in sufficient time prior to the commencement of the applicable Quota Year the Board may decline to consider the application for that Quota Year.
- 4** The applicant may include in its application, or by a supplementary statement, such information or comment as the applicant considers will assist the Board in considering the application.

- 5 As soon as is reasonably practical after 1 March, and subject to the applicant providing any further information requested, the New Entrant Allowances Committee shall consider the application and make a written recommendation to the Board.
- 6 The Board shall consider all recommendations and shall make provisional allocations of Reserved Quota Allowance having regard to the matters set out in paragraph 9 below. Upon making a provisional allocation of Reserved Quota Allowance the Board shall as soon as is practicable notify the New Entrants of those provisional allocations. (The final conditional allocation of Reserved Quota Allowance will be confirmed, together with the allocations of General Quota Allowance by 10 June).
- 7 Where, after considering the recommendation of the New Entrant Allowances Committee, the Board is not satisfied that it should allocate to an applicant any or all of the Reserved Quota Allowance applied for by that applicant, it shall appoint a convenient time and place for hearing the application, and shall give at least 14 days notice of the hearing to the applicant. Such notice shall include a statement of reasons as to the respects in which the Board is not satisfied that it should allocate to the applicant the Reserved Quota Allowance applied for.
- 8 For the purpose of the hearing:
 - (a) the applicant is entitled to be heard through its nominated representative;
 - (b) the Board may seek and receive such information as it thinks fit, and consider information obtained from any source; and
 - (c) if the Board proposes to take into account any information that is or may be prejudicial to the applicant's case, the Board shall first disclose that information to the applicant and give the applicant a reasonable opportunity to comment on it.
- 9 The Board shall determine the amount of the allocation by having regard (amongst other things) to:
 - (a) the New Entrant Allowances Allocation Formula; and
 - (b) the applicant's projected and/or actual production for the Production Seasons applicable to the New Entry Period and ability to realise any projections; and

- (c) the applicant's three year business plan; and
 - (d) the equitable distribution of Reserved Quota Allowance between all New Entrants applying for a portion of Reserved Quota Allowance in that year.
- 10** After determining an application following a hearing, the Board shall give written notice to the applicant of its decision, including its reasons, where it refuses to grant an allocation of Reserved Quota Allowance, or where the allocation is less than that applied for.

Cross-reference: New Entrant Allowances Allocation System; Section 5, Part A

Allocation of Reserved Quota Allowance is Conditional

- 1** When an allocation of Reserved Quota Allowance is made by the Board, the Board shall notify the applicant of the conditions which must be met by the applicant before the Board will issue any Certificates of Authenticity in respect of Reserved Quota Allowance.

The conditions shall include that:

- (a) the applicant is a New Entrant at the commencement of and will continue to be at all times during the applicable New Entry Period; and
 - (b) all information contained in the application and/or supplied to the New Entrant Allowances Committee or the Board by or on behalf of the applicant is true and correct and no relevant information was omitted; and
 - (c) the applicant is to comply with its three year business plan including the quantity of Qualifying Product to be processed and sold by it.
- 2** Any New Entrant that is allocated Reserved Quota Allowance shall have its production performance monitored by the Board.
- 3** Certificates of Authenticity will not be issued for Reserved Quota Allowance until the holder of the Reserved Quota Allowance has demonstrated to the Board that it has met the conditions upon which the conditional allocation of Reserved Quota Allowance was based. This assessment should be made by the Board on a regular basis.
- 4** This Part D applies only to Reserved Quota Allowance which is conditionally allocated, and does not apply to allocations of General Quota Allowance.

Cross-reference: Administration of General and Reserved Quota Allowance Allocations; Section 7, Part A



E Unallocated Reserved Quota Allowance

If, by 30 September of any Quota Year, any part of the Reserved Quota Allowance available for allocation has not been conditionally allocated, then that part of the Reserved Quota Allowance shall be allocated in accordance with Section 10, Part B, paragraph 1.

Cross-reference: New Entrant Allowances Allocation System; Section 5, Part A



UK High Quality Beef

SECTION FIFTEEN

TRANSITIONAL PROVISIONS

Currently, transitional provisions do not apply to this quota.

AMENDMENT OF SYSTEM: CONSULTATION PROCESS

- 1 The Allocation System may be amended at any time in accordance with the Act.
- 2 The Board will not amend the Allocation System without consulting those persons required to be consulted in terms of the Act.
- 3 The process of consultation shall be:
 - (a) The Board will give notice in writing to those persons required to be consulted in terms of the Act, outlining the provisions of the proposed amendments and requesting a written response within a period of not less than 14 days. The response shall set forth any objections to the proposed amendments and provide particulars as to how those objections might be met.
 - (b) Those persons required to be consulted in terms of the Act shall, if they so request be entitled to appear before the Board and may make submissions orally, or in writing, regarding the proposed amendments.
 - (c) The Board shall consider all responses and written or oral submissions made to it, and such other information as it considers appropriate and shall then determine whether or not to proceed with amendments.



APPENDICES

- Appendix One:** Industry Agreed Disciplines
- Appendix Two:** Schedule of Fees
- Appendix Three:** UK Customs Tariff (“Out of Quota”) - CN Codes
- Appendix Four:** EMPIC Codes
- Appendix Five:** EU and UK High Quality Beef Audit Specifications
- Appendix Six:** Quota Allowance Allocation System - Guidance Note



UK High Quality Beef

SECTION SEVENTEEN

APPENDIX ONE

INDUSTRY AGREED DISCIPLINES

Currently there are no industry agreed disciplines for this quota.

APPENDIX TWO

SCHEDULE OF FEES

The following schedule details fees charged for activities within the Allocation system, from January 2021

	\$ (G.S.T) exclusive
Application for Quota Allowance (annual)	
Quota Fixed Participation Fee (refunded to unsuccessful New Entrants)	--
New Entrant Application Fee	--
Variable Participation Fee (per tonne)	1.80
Certificate of Origin (per certificate)	
Wellington Issue Certificate (electronic)	7.50
Wellington Issue Certificate (manual)	25.00
- Not issued	50.00
- Cancelled	50.00
- Credit	50.00
Brussels Issued Certificate	
- Sea Freight	200.00
- Air Freight	150.00
Transfers General Quota	
General Quota	50.00
Reserved Quota Allowance	50.00
Production History	500.00
Quota Utilisation Reports	Nil
Miscellaneous	
Production History Audit	Actual Cost
Company Compliance Audits*	Actual Cost
Courier within the UK	Actual Cost

* *Approval of company procedures and audits of compliance with those procedures or carried out by independent auditors at the company's expense.*

Notes:

1. In the case of certificate cancellation, a fee is paid for the original issuing of the certificate and again for cancellation of the certificate and crediting of the exporter quota balance.
2. A reasonable charge, intended to cover actual and reasonable costs, will be discussed with exporters requiring special work to be undertaken by the Board's staff in respect of quota activities.

APPENDIX THREE

UK CUSTOMS TARIFF (“Out of Quota”) – CN CODES

CN Code	Description	Conventional Rate of Duty (%)	Supplementary Unit
1	2	3	4
0201 0201 10 00	Meat of bovine animals, fresh or chilled: - carcasses and half-carcasses	12,8+176,8€/100kg/net (*)	12.00% + 147.00 GBP/100kg
0201 20 0201 20 20	- Other cuts with bone in: -- ‘Compensated’ quarters	12,8+176,8€/100 kg/net (*)	12.00% + 147.00 GBP/100kg
0201 20 30	-- Unseparated or separated forequarters	12,8+141,4€/100 kg/net (*)	12.00% + 118.00 GBP/100kg
0201 20 50	-- Unseparated or separated hindquarters	12,8+212,2€/100 kg/net (*)	12.00% + 177.00 GBP/100kg
0201 20 90	-- Other	12,8+265,7€/100 kg/net (*)	12.00% + 221.00 GBP/100kg
0201 30 00	- Boneless	12,8+303,4€/100 kg/net (*)	12.00% + 253.00 GBP/100kg
0202 0202 10 00	Meat of bovine animals, frozen: - Carcasses and half carcasses	12,8+176,8€/100 kg/net (*)	12.00% + 147.00 GBP/100kg
0202 20 0202 20 10	- Other cuts with bone-in: -- ‘Compensated’ quarters	12,8+176,8€/100 kg/net (*)	12.00% + 147.00 GBP/100kg
0202 20 30	-- Unseparated or separated forequarters	12,8+141,4€/100 kg/net (*)	12.00% + 118.00 GBP/100kg
0202 20 50	-- Unseparated or separated hindquarters	12,8+221,1€/100 kg/net (*)	12.00% + 185.00 GBP/100kg
0202 20 90	-- Other	12,8+265,3€/100 kg/net (*)	12.00% + 222.00 GBP/100kg
0202 30 0202 30 10	Boneless: -- Forequarters, whole or cut into a maximum of five pieces, each quarter being in a single block; ‘compensated’ quarters in two blocks, one of which contains the forequarter, whole or cut into a maximum of five pieces, and the other, the hindquarter, excluding the tenderloin in one piece	12,8+221,1€/100 kg/net (*)	12.00% + 185.00 GBP/100kg
0202 30 50	-- Crop, chuck and blade and brisket cuts (**)	12,8+221,1€/100 kg/net (*)	12.00% + 185.00 GBP/100kg
0202 30 90	-- Other	12,8+304,1€/100 kg/net (*)	12.00% + 254.00 GBP/100kg
0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen:		
0206 10 0206 10 95	- Of bovine animals, fresh or chilled --- Thick skirt and thin skirt	12,8+303,4€/100 kg/net (*)	12.00% + 253.00 GBP/100kg
0206 29 91	- Of bovine animals, frozen: --- Thick skirt and thin skirt	12,8+304,1€/100 kg/net (*)	12.00% + 254.00 GBP/100kg

- WTO Tariff Quota: see Annex 7

***Entry under this subheading is subject to the presentation of a certificate of authenticity issued in accordance with the conditions laid down in Commission regulation (EEC) No. 139/81 (OJ L 15, 17.1.1981, p.4) as last amended by Commission Regulation (EC) No. 264/1999 (OJ L 32 5.2.1999, p3)

Source: Official Journal of the European Communities, 23 October 2001

UK data source: <https://www.check-future-uk-trade-tariffs.service.gov.uk/tariff?q=02062991&n=25&p=1>

EMPIC CODES (Export Meat Product Identification)

Same Number for Chilled or Frozen, Number ends with either C or F					
BEEF - GRASS FED					
	<u>Premium</u>	<u>Prime</u>	<u>Bull</u>	<u>Manuf</u>	<u>YLB (XY)</u>
CARCASE					
L quarter	10110	10210	-	-	-
P quarter	10120	10220	-	-	-
T quarter	10130	10230	-	-	-
F quarter	10140	10240	-	-	-
other quarters	-	10299	10399	10499	-
BONEIN					
OP ribs	11110	11210	-	-	11910
Ribs (not OP)	11115	11215	-	-	11915
shortloin/shell loin	11120	11220	11320	-	11920
shin	11130	11230	-	-	11930
other	11199	11299	11399	11499	11999
BONELESS					
Inside/topside	12101	12201	12301	12401	12901
outside/silverside	12102	12202	12302	12402	12902
flat	12103	12203	12303	12403	12903
eye of round	12104	12204	12304	12404	12904
knuckle	12111	12211	12311	12411	12911
thick flank	12112	12212	12312	12412	12912
thin flank	12113	12213	12313	12413	12913
rump/top sirloin	12121	12221	12321	12421	12921
striploin	12131	12231	12331	12431	12931
tenderloin	12132	12232	12332	12432	12932
rib eye/cube roll	12141	12241	12341	12441	12941
shoulder clod	12151	12251	12351	12451	12951
brisket point end	12161	12261	12361	12461	12961
brisket navel end	12162	12262	12362	12462	12962
chuck	12163	12263	12363	12463	12963
chuck roll	12164	12264	12364	12464	12964
chuck tender	12165	12265	12365	12465	12965
shank	12167	12267	12367	12467	12967
flanksteak	12168	12268	12368	12468	12968
trimmings - upto 65cl	12170	12270	12370	12470	-
trimmings - over 65cl	12175	12275	12375	12475	-
< 84cl (not trimmings)	-	-	12380	12480	-
85-89 cl	-	-	12385	12485	12985
90-92 cl	-	-	12390	12490	12990
93-94 cl	-	-	12393	12493	12993
95 cl & over	-	-	12395	12495	12995
100 vl	-	-	12398	12498	12998
other	12199	12299	12399	12499	12999

EU and UK HIGH QUALITY BEEF AUDIT SPECIFICATION

1. BACKGROUND

1.1 Introduction

New Zealand has negotiated with the European Union (“EU”) a Tariff Rate Quota (“TRQ”) for the importation of High Quality Beef (“HQB”) into the EU.

The exit of the United Kingdom (UK) from the European Union (EU) Customs Union and Single Market, will result in the splitting of New Zealand’s current TRQ access to the EU as between the EU and the UK. This will occur at the expiry of the transition period as defined in article 126 of the Agreement on the withdrawal of the United Kingdom from the European Union (19 October 2019) (the ‘UK Exit’).

Under Commission Implementing Regulation (EC) No. 593/2013 and Commission Regulation (EC) No. 810/2008, the ability to import HQB into the EU from New Zealand (“NZ”) within the terms of the EU HQB quota is made subject to the presentation of an EU HQB Certificate of Authenticity validated by the New Zealand Meat Board (“Board”). By validating the certificate, the Board is certifying that the HQB described in the certificate complies with the specification defined in Commission Implementing Regulation (EC) No. 593/2013 (“HQB specification”) (refer High Quality Beef, **Error! Reference source not found. Error! Reference source not found.**). The UK Exit will result in establishment of an independent UK High Quality Beef tariff rate quota. Imports into the UK of UK HQB product will also made subject to a Certificate of Authenticity. This will take an identical form to that of an EU HQB Certificate of Authenticity, until such time as the UK authorities implement any alternative arrangements.

Audits conducted in accordance with the system prescribed in this document will enable the Board to provide the assurance required by the EU and UK that the product on validated Certificates of Authenticity complies with this HQB specification.

1.1.1 Scope

Prior to submitting a Certificate of Authenticity to the Board for endorsement, companies need to ensure that the procedures for the plant(s) that produced the HQB covered by the certificate have been approved and verified by audit at the required frequency in accordance with this audit specification.

1.1.2 References

This document is to be read in conjunction with the following documents. Information contained in this document in no way supersedes or overrides the content of the following documents:

- Meat Board Act 2004;
- Quota Allowance Allocation Systems in Respect of European Union and United Kingdom High Quality Beef Tariff Rate Quota;
- NZ Beef Labelling Notification to European Commission; and
- European Union Overseas Market Access Requirements (OMAR) – Ministry for Primary Industries

- United Kingdom Overseas Market Access Requirements (OMAR) – Ministry for Primary Industries

1.1.3 Standards Issued By

- Parliament of New Zealand
- European Council
- Parliament of United Kingdom
- New Zealand Ministry for Primary Industries
- New Zealand Meat Board

1.1.4 Definitions

Carcase Classification System

means the detail contained at Appendix A

Heifer

Female cattle having no more than six (6) permanent incisors

High Quality Beef (“HQB”)

means meat covered by CN codes 0201 20 90, 0201 30 00, 0202 20 90, 0202 30, 0206 10 95 and 0206 29 91 as defined in Commission Implementing Regulation (EC) No. 593/2013: [NB: The definition and CN codes also apply for product imported into the UK until further notice.]

“Selected beef cuts derived from exclusively pasture grazed steers or heifers, the carcasses of which have a dressed weight of not more than 370 kilograms. The carcasses shall be classified as A, L, P, T or F, be trimmed to a fat depth of P or lower and have a muscling classification of 1 or 2 according to the carcass classification system administered by the New Zealand Meat Board.”

Quota Year

means a year commencing 1 July and ending 30 June.

Steer

Male cattle castrated when young.

Tariff Rate Quota (“TRQ”)

means the Tariff Rate Quota negotiated between the New Zealand Government and each of the UK and the EU allowing the importation into the UK and EU of a specified quantities of High Quality Beef at a 20% ad valorem customs duty. Imports within the Tariff Rate Quota are also known as “in-quota” imports.

1.2 Non-Compliance

The provisions to cover non-compliance are detailed in:

- Meat Board Act 2004 - Part 3, Section 34; and
- Quota Allowance Allocation Systems in Respect of European Union and United Kingdom High Quality Beef Tariff Rate Quotas – Section 11.

It is the auditor’s responsibility to report any findings and recommendations to the Board who will decide on the actions, if any, with respect to areas of non-compliance.

AUDITOR APPROVAL

1.3 Appointment of Auditor

Companies are required to nominate an auditing body or company with an internationally recognised accreditation or qualification such as European Standard EN 45004 or ISO/IEC Guide 65. Auditors must have a minimum qualification of Unit Standard 8086 “Demonstrate Knowledge Required for Quality Auditing” as registered on the New Zealand Qualifications Authority framework.

The costs of the auditor are to be paid by the company. Audit procedures will be provided by the Board. Audit outcomes must be reported in their entirety to the Board and may also be communicated directly to the company.

The Board will supply the auditor with written acknowledgement of acceptance of the auditor.

1.4 Auditor Attributes

a) An auditor must:

- be independent of the process;
- have experience in a relevant field of inspection; and
- understand the requirements of the EU and UK that are set out in the HQB specification.

b) An auditor should:

- have good communication skills;
- be decisive and inquisitive;
- understand meat production reporting systems; and
- understand meat processing and/or meat marketing.

1.5 Statement of Confidentiality

The Statement of Confidentiality shall be signed by all auditors before commencement of the audit.

1.6 Conflict of Interest

In order to satisfy the Board that the requirements for independence and objectivity are being met, the Board requires that auditors appointed under the terms of this audit specification abide by a strict No Conflict of Interest clause.

Auditors must declare any actual or potential conflict of interest to the Board at the earliest opportunity. The Board will make the final decision on the independence of the auditors.

Conflict of interest may occur if the auditor has financial or other interest in the company, direct personal relationship with officers of the company being audited or able to gain competitive advantage from the audit process. There will be other examples where conflict of interest can occur and the Board must be kept apprised to ensure the integrity of the audit process is maintained.

AUDIT SPECIFICATION

1.7 Scope

Approve plant procedures for producing HQB for export under the EU and UK HQB TRQs and conduct regular audits at the required frequency to ensure that the plant procedures are being followed.

Note: While this audit specification overlaps parts of the EU Beef Labelling Verification Procedure, detailed audits (e.g. stock origin and export labelling) are the responsibility of MPI Verification Services.

1.8 Responsibility

1.8.1 Board

responsible for establishing and operating the Quota Allowance Allocation Systems; certifying that the beef described in the Certificate of Authenticity complies with the HQB specification and operating a robust audit system to enable it to do so; approval of auditors; providing the auditors with audit specification; and acting on the audit findings and recommendations of the auditor.

1.8.2 Management of Exporting Company

responsible for identifying which meat plant(s) will produce HQB for export under the EU and/or UK HQB TRQs; ensuring the exporting company advises the appropriate meat plant as far in advance as possible when the exporting company intends to submit any Certificates of Authenticity to the Board for endorsement in a given Quota Year; and supplying satisfactory evidence that the product covered by a Certificate of Authenticity has been produced at the plant specified when a certificate is presented to the Board for endorsement.

1.8.3 Management of Meat Plant

responsible for documenting the plant's HQB production procedures; nominating an appropriately qualified auditor; advising auditor of first production period in the Quota Year and all HQB production periods for the remainder of the Quota Year as soon as it is known when they will be; presenting the documented procedures to the auditor; compliance (including amendments to procedures to correct areas of non-compliance); and co-operating with the audit process.

1.8.4 Auditor

responsible for fair and impartial auditing in accordance with this audit specification; ensuring that verification audits are conducted at the initial and specified frequency on notification of HQB production periods by the meat plant management; and reporting all relevant findings and recommendations to the Board (copies may be provided to meat plant management).

1.9 Audit Process

1.9.1 HQB Production Procedure Approval

The purpose of this section is to ensure the Board has confidence HQB production procedures are sufficient to meet each of the compliance and verification requirements of this Audit Specification.

The management of the meat plant documents the plant's HQB production procedures and presents them to the Board.

UK High Quality Beef

The Board examines the HQB production procedures and decides whether or not the plant's procedures would ensure that the product produced complies with the HQB specification.

Where procedures are approved, confirmation that the procedures are in compliance for audit verification will be sent to the management of the meat plant.

Where procedures are not approved, suggestions of how they should be amended to allow for approval will be sent by the Board to the management of the meat plant until the procedures are approved.

1.9.2 Required Monitoring Frequency of Audit

The management of the meat plant advise the auditor of the first production period in each Quota Year and all HQB production periods for the remainder of the Quota Year as soon as it is known when they will be.

When the management of the meat plant receive confirmation that the HQB production procedures have been approved, audit verification can begin.

Initial Frequency

Consists of a minimum of two audits during the first production period of HQB each Quota Year (providing the beef has been classified to an agreed standard and audited). The objective is to ensure full verification of the process and records.

Reduced Frequency

Where no non-compliance was observed during the initial audits, the audit frequency can be reduced to not less than one random audit of production per month.

Increased Frequency

Where a non-compliance has been observed requiring corrective action, the audit frequency will be increased to each production period until two clear audits are achieved.

1.9.3 HQB Verification Checks

Refer to the High Quality Beef Check Record (HQBR), **Error! Reference source not found.**

The auditor follows the procedure set out below to verify that a plant is complying with the production procedures that have been approved.

1. Record the date and time of the verification audit on the HQBR.
2. Identify the shift, eg: 1, 2 or 3 etc
3. Check incoming livestock records to verify that the HQB is of NZ origin and is grass-fed (excludes grain-fed beef from the very few NZ feed lots).
4. Check that the identification of HQB is maintained throughout slaughtering, processing, packaging and dispatch.
5. Check the mouthing, classification, and weight of carcasses complies with the HQB specification, (refer High Quality Beef, **Error! Reference source not found.** Definitions).
6. Check carton labelling specifications, cyphers, codes or clearform used, reference High Quality Beef.
7. Check QC records, internal audits, scale calibrations, loadouts and verification records in relation to HQB.



UK High Quality Beef

8. Check load out to ensure only qualifying product is loaded as HQB. Note container seal numbers and cross reference MPI Records.
9. If no non-compliance is observed, enter “Yes” in the appropriate HQBR column.
10. If any part of the system is not operating during the audit, but the rest of the system complies, record NA or Yes as applicable in the appropriate column of the HQBR
11. If non-compliance is observed, enter “No” in the appropriate HQBR column and refer to **Error! Reference source not found.**, Actions to be Taken if Non-Compliance Found.
12. A new HQBR is to be completed for each verification audit.
13. After each audit copies are to be distributed as detailed on the bottom of the form.

1.9.4 Actions to be Taken if Non-Compliance Found

1. Record details and time of any non-compliance observed on the HQBR.
2. Advise appropriate plant management of the non-compliance and where possible ask for their signature on the HQBR.
3. Plant management must also be advised of the product from the affected runs or lots that is not eligible as HQB and details of corrective actions required, i.e. not eligible as HQB.
4. The non-compliance must be highlighted on the HQBR by underlining, or a prominent asterisk or a high lighting pen.
5. Where appropriate, issue Corrective Actions and record details of non-compliance and ineligible product in the comments section of the HQBR.
6. To ensure that non-complying product cannot be shipped as HQB to the EU, meat companies shall have in place adequate labelling and control procedures to the satisfaction of the Board’s Quota Officer.
7. Advise the Board’s Quota Officer of all aspects of non-compliance and corrective actions, via the HQBR and verbally as appropriate.
8. When Corrective Actions are completed record this on the HQBR and advise the Board’s Quota Officer.

1.9.5 Reporting

Following the audit, the completed HQBR shall be sent as soon as is practicable to:

New Zealand Meat Board
PO Box 121
WELLINGTON 6015

Attn: Quota Officer

Tel: (04) 473 9150

Email: info@nzmeatboard.org



UK High Quality Beef

APPENDIX 1: FORMS



UK High Quality Beef

STATEMENT OF CONFIDENTIALITY

I agree to keep confidential all information gained in the course of my association with the New Zealand Meat Board or Company which is not available to external parties, and not to use such information for personal gain.

I am aware that the obligation to keep information confidential shall continue after the termination of my association with the New Zealand Meat Board, unless such information enters a public area by a party lawfully able to disclose the information.

Name:

Position:

Company:

Signed:

Date:



UK High Quality Beef

HIGH QUALITY BEEF CHECK RECORD (HQBR)

Meat Plant:	Processing		ME/PH Number:	
Check Date:		Check Time:		Shift Number:

	Y/N	Comments
1. Stock Identification Check: Steers or heifers of NZ origin and grassfed	Y/N	
2. Mouthing Check: no more than six (6) permanent incisors (heifers only)	Y/N	
3. Appearance: (Confirmed by Classification) Auditors verify that qualifying carcasses are identified with tickets showing correct grades as per Appendix A 3a. Muscle classification: Muscle class – 1 or 2 3b. Fat not excessive: Fat Class – A, L, P, T or F Cuts trimmed to P or lower (10mm)	Y/N Y/N Y/N	
4. Weight: Max 370 kg	Y/N	
5. Carcass Identification Maintained: At the scales In the chillers During Boning During Packing Change over/part cartons	Y/N Y/N Y/N Y/N Y/N	
6. Carton Labelling: HQB – referenced by Code, Cypher or in Clearform (circle one)		
7. Loadout Verification: Verify Code/Cyphers of Product Loaded confirms High Quality Beef Product correctly labelled (note container seal No's)	Y/N	
8. Documentation: Calibration records eg scales OK Production/loadout records OK Internal Audit records OK	Y/N Y/N Y/N	
Comments:		

The above checks verify compliance with the EU and UK High Quality Beef Specification (delete one)			Y/N
Signed :		Date :	
Auditor's name:			

Copied to: New Zealand Meat Board

APPENDIX A

The carcass classification system is outlined below in no far as it relates to bovine animals/steer and heifer

Fat Cover Description	Steer and Heifer		
	Fat Class ¹	Fat Depth ²	Weight Ranges
Devoid	A ³	Nil	145-159.5 kg
			160-195kg
			195.5-220
Light, Patchy	L	Under 3 mm	220.5-245 kg
			245.5-270 kg
			270-5-295 kg
			Over 295 kg
Light to Medium	P	3-10 mm	145-159.5 kg
			160-195 kg
			195.5-220 kg
			220.5-245 kg
Heavy	T	11-16 mm	245.5-270 kg
			250.5-295kg
			295.5-320 kg
			320.5-345 kg
			Over 345 kg
Excessive	F	17 mm and over	145-159.5 kg
			160-270 kg
			270.5-295 kg
			Over 295 kg
			Number of muscling classes: 3

¹ The depth of subcutaneous fat over the fourth quarter of the eye muscle at the 12th rib.

In practice company graders and auditors use it as a guide while also considering the fat content of the whole carcass.

² Excludes carcasses which are excessively yellow.

³ A class is intended to encompass those well-muscled steer and heifer carcasses over 145 kgs, which are devoid of fat.

Muscling: cattle are classified into three muscling classes 1, 2 and 3. Each is based on the degree of muscling of the hindquarter.			
Class	Description	Attributes	Comment
1	Profiles convex to super convex Excellent muscle development	Round: very rounded Rump: very rounded Loin: full	Carcasses with any two of the three attributes qualify
2	Profiles on the whole, straight but may vary from slightly convex to slightly concave Good muscle development	Round: well developed to average development Rump: rounded to average development Loin: generally full	Carcasses with any two of the three attributes qualify
3	Profiles on the whole concave	Round: lacking development Rump: straight profile lacking development Loin: average to shallow development	

**QUOTA ALLOWANCE ALLOCATION SYSTEM - GUIDANCE NOTE
UK HIGH QUALITY BEEF QUOTA ¹**

Introduction

The Meat Board Act 2004 (the Act) requires the New Zealand Meat Board (the Board) to establish and operate Quota Allowance Allocation Systems in country specific tariff quota markets. This note is issued as a guide to the requirements under the Allocation Systems. As a result of the GATT Uruguay Round, the following meat products of New Zealand origin may be exported to the United Kingdom at the tariff rates listed below up to the quantities specified. The out-of-quota tariff rates are also given. These apply to product imported outside the quota.

United Kingdom

Product type	Annual Quota Amount	In-Quota Tariff Rate	Quota Year	Out-of-quota Tariff Rate* (From 1 July 2000)
High Quality Beef	454 tonnes (product weight)	20% ad valorem duty	1 July – 30 June	12.0% + 118.0 – 254.0
* Note: Tariff rates are quoted in GBP per 100kg/net. The range of rates is a result of different tariff rates for different products.				

¹ This Guidance Note is intended as a summary of the provisions of the Quota Manual itself. In the event of any inconsistency between the provisions of the Quota Manual and this Guidance Note the provisions of the Quota Manual will prevail.

Allocation

To Whom is Quota allocated?

Qualifying Companies

which are those companies that hold export licences issued under the Act and have been the Owners of Qualifying Product² at Time of Slaughter over any of the 3 preceding Production Seasons.

New Entrants

which are those companies that:

- are (or are expected to be by a time approved by the Board) the holders of export licences prior to the use of Reserved Quota Allowance;
- have the ability to process, or have processed, as the Owners of Qualifying Product at Time of Slaughter³, and to sell the volume of Qualifying Product on which the allocation of Reserved Quota Allowance is based;
- during the 3 years prior to the applicable New Entry Period⁴ have not been allocated General or Reserved Quota Allowance;
- are a New Entrant as defined in Section 2 of this Quota Manual.
- for a company that makes its first year application for a portion of Reserved Quota Allowance in respect of the 2003/04 Quota Year, or a subsequent Quota Year, the company does not qualify as a New Entrant if:
 - (a) its structure of ownership is a device by any existing holder of General or Reserved Quota Allowance, or by persons associated with any such holder, to evade the system for the allocation of General Quota Allowance based upon a three season Production History, in that the Company is not a genuinely independent New Entrant; and/or
 - (b) during the three years prior to, or during, the applicable New Entry Period any holder of General and/or Reserved Quota Allowance has had or will have any direct or indirect interest in or association with the Company so that the Company is not genuinely independent of any such holder of General and/or Reserved Quota Allowance.

² Qualifying Product means bovine meat from steer and heifer equivalent to fat classes A,L,P,T and F and muscling classes 1 and 2 slaughtered in an UK listed Premises, measured as dressed carcass hot weight.

³ At Time of Slaughter means immediately after slaughter floor weighing of a carcass (ie immediately after the carcass has crossed the scales).

⁴ New Entry Period means in relation to a New Entrant, the Quota Year for which a New Entrant is first allocated Reserved Quota Allowance and the following two Quota Years.

APPENDIX SEVEN

How is Quota Allowance allocated?

At least 98% of the quota is allocated as General Quota Allowance to Qualifying Companies. It is allocated to companies according to their share of the sum of all companies' Production Histories for the preceding three Production Seasons.

Up to 2% of the quota is allocated as Reserved Quota Allowance to New Entrants. New Entrants are able to apply for an allocation of Reserved Quota Allowance for a period of 3 years.

For the first year, the allocation is based on an estimate of production for the season commencing in October prior to the start of the Quota Year. For the second year, it is based on one season's actual Production History and an estimate for one season. For the third year, it is based on two season's actual Production History and an estimate for one season.

The amount of Reserved Quota Allowance calculated by the formula is reduced by the amount of General Quota Allowance a company's Production History earns.

If the amount of Reserved Quota Allowance is insufficient to meet the Board's proposed allocation the amount allocated to each is abated pro-rata between the New Entrant applicants. Allocations of Reserved Quota Allowance are conditional upon New Entrants meeting certain criteria and annual production estimates. The ability to utilise Reserved Quota Allowance will be earned progressively during a Production Season when it becomes unconditional, as criteria are met and in proportion to the New Entrant's actual production.

Acquiring and selling Quota Allowance

A holder of General or Unconditional Reserved Quota Allowance may transfer all or part of its quota allowance for the relevant Quota Year to a holder of an export licence. A transfer form must be completed and signed by authorised signatories of both the transferor and the transferee and submitted to the Board. The transfer takes effect when confirmed by the Board.

Acquiring and selling Production History

A holder of Production History may transfer all or part of its Production History for a given Production Season to a Qualifying Company or a New Entrant. The transfer will be valid for any future Quota Years in terms of the General Quota Allowance Allocation formula after it has been approved by the Board.

⁵ Association as defined in Section 14, Paragraph C, part 2 (g)



High Quality Beef

SECTION SEVENTEEN

APPENDIX SEVEN

Administration

Quota Allowance application closing dates for UK High Quality Beef are:

	UK High Quality Beef
General Quota Allowance Applications	15 April
Reserved Quota Allowance Applications	1 March

Certificates of Authenticity

Certificates of Authenticity are required for product to be imported within the terms of the Tariff Rate Quota. Completed Certificates of Authenticity showing the details of the consignment must be submitted by the exporter to the Board for authorisation. On receipt of the authorised Certificate of Authenticity, it is then the responsibility of the exporter to forward the Certificate of Authenticity to the importer.

FORMS

Index to forms

Production Report

- 1 Production Report (Refer Section 7, Part A)

Transfers

- 2 Transfer of UK High Quality Beef Quota Allowance (Refer Section 10, Part A, paragraph 4)
- 3 Transfer of UK High Quality Beef Production History (Refer Section 10, Part C)

Applications

- 4 Application for UK High Quality Beef General Quota Allowance (Refer Sections 4 and 13)
- 5 Application by a Consortium for UK High Quality Beef General Quota Allowance (Refer Sections 4, 8 and 13)
- 6 Application by a New Entrant or New Entrant Consortium for UK High Quality Beef Reserved Quota Allowance (Refer Sections 5 and 14)



High Quality Beef

SECTION EIGHTEEN

FORM ONE

PRODUCTION REPORT

- This report relates to the Quota Allowance Allocation System in respect of United Kingdom High Quality Beef Tariff Rate Quota (“Allocation System”).
- A company holding General or Reserved Quota Allowance will be required to submit a production report to the Board on a monthly basis or as otherwise requested by the Board (refer Section 7, Part A, paragraph 2).
- Production reports required on a monthly basis must be submitted by the 10th day of the month following the month being reported.



High Quality Beef

SECTION EIGHTEEN

FORM ONE

PRODUCTION REPORT

Month/Period: Owner at time of Slaughter:.....
 Company Signed (by Contact Person):.....
 Date Contact Person:
 UK Listed Premises (Establishment Number):.....

SEASON	Carcasses (number)	Bone-in Dressed Carcass Hot Weight (tonnes)
Production to date		
Current Month/Period		
Estimate for balance of season		
TOTAL		

Qualifying Product means bovine meat from steer and heifer equivalent to fat classes A,L,P,T and F and muscling classes 1 and 2 slaughtered in an UK Listed Premises measured as dressed carcass =hot weight



High Quality Beef

SECTION EIGHTEEN
FORM TWO
TRANSFER OF UK HIGH QUALITY BEEF QUOTA ALLOWANCE

- This form relates to the Quota Allowance Allocation System in respect of **United Kingdom High Quality Beef Tariff Rate Quota** (“Allocation system”).
- Section 10, Part A of the Allocation System is of particular relevance when completing this form.
- The form must be completed by both parties to the transfer and returned to the **New Zealand Meat Board**.

TRANSFEROR	ER Number:	Reference (eg. contract number):
	Name of company:	
TRANSFEEE	ER Number:	Reference (eg. contract number):
	Name of company:	
DETAILS OF TRANSFER	Date of Transfer:	Applicable Quota Year: (1 July to 30 June)
	Quota Allowance transferred: (kilograms net weight)	

The transferee hereby acknowledges that it will utilise during the relevant Quota Year the tonnage of the Quota Allowance transferred to it.

Signed Date:
(for Transferor)

Name:
(please print)

Signed Date:
(for Transferee)

Name:
(please print)

Board use only:	Signed	Date
Transfer form received:		
Transfer confirmed:		
Transfer declined (provide reason):		



High Quality Beef

SECTION EIGHTEEN
FORM THREE
TRANSFER OF UK HIGH QUALITY BEEF PRODUCTION HISTORY

- This form relates to the Quota Allowance Allocation System in respect of **UK High Quality Tariff Rate Quota** (“Allocation System”).
- Section 10, Part C of the Allocation System is of particular relevance when completing this form.
- The form must be completed by both parties to the transfer and returned to the **New Zealand Meat Board**.

TRANSFEROR	ER Number:	Name of Company:*
TRANSFEEE	ER Number	Name of Company:
DETAILS OF TRANSFER	Date of Transfer:	Applicable Production Season (October to September):
	Production History transferred (tonnes)	
Reason/Basis of Transfer (specify purchase or other arrangement pursuant to which transfer requested):		

Note*: in respect of a consortium the transferor is to be the member company which is the Owner of Qualifying Product at Time of Slaughter.

Signed Date:
(for Transferor)

Name:
(please print)

Signed Date:
(for Transferee)

Name:
(please print)

Board use only:	Signed	Date
Transfer form received:		
Information requested of transferor received (if applicable):		
Information requested of transferee (if applicable):		
Transfer confirmed:		
Transfer declined (provide reason):		
Transferee notified of transfer:		



High Quality Beef

SECTION EIGHTEEN

FORM FOUR

APPLICATION FOR UK HIGH QUALITY BEEF GENERAL QUOTA ALLOWANCE

- This application is made in terms of the Quota Allowance Allocation System in respect of **United Kingdom High Quality Beef Tariff Rate Quota** (“Allocation System”).
- Sections 4 and 13 of the Allocation System are of particular relevance when completing this application.
- This application relates to the Quota Year from 1 July to 30 June.
- The application must be lodged with the Board on or before 15 April prior to the commencement of the Quota Year to which this application relates.
- The application must be sent to the **New Zealand Meat Board**.

NAME OF APPLICANT

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APPLICANT DETAILS

ER number:	Telephone:
Email:	Facsimile:
Postal address:	
Street address:	

Note: Notices by the Board will be sent to the applicant at its postal address, facsimile number or email address given above

CONTACT PERSONS

Specify two people who are authorised to act as agents of the applicant (eg. Chief Executive, Marketing Manager).

Name:
Position:

Name:
Position:



High Quality Beef

SECTION EIGHTEEN

FORM FOUR

DECLARATION

I am authorised to make this application on behalf of the applicant company and I can verify that:

- (a) The applicant agrees to be bound by the terms of the Allocation system which the applicant has received, and which I have read prior to making this application.
- (b) All the statements contained in this application and any attached documentation are to the best of my knowledge true and correct.
- (c) The applicant acknowledges that it will immediately advise the Board in writing of any change of any of the details contained in this application.
- (d) The required participation fee is enclosed.

Signature:

Name: (please print)

Position:

Date:



High Quality Beef

SECTION EIGHTEEN

FORM FIVE

APPLICATION BY A CONSORTIUM FOR UK HIGH QUALITY BEEF GENERAL QUOTA ALLOWANCE

- This application is made in terms of the Quota Allowance Allocation system in respect of **United Kingdom High Quality Beef Tariff Rate Quota** (“Allocation System”).
- Sections 4, 8 and 13 of the Allocation system are of particular relevance when completing this application.
- This application relates to the Quota Year from 1 July to 30 June.
- The application must be lodged with the Board on or before 15 April prior to the commencement of the Quota Year to which this application relates.
- The application must be sent to the **New Zealand Meat Board**.



High Quality Beef

SECTION EIGHTEEN

FORM FIVE

NAME OF CONSORTIUM (For Quota Allowance Allocation Purposes)

CONSORTIUM DETAILS

Member	Details
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile: ER Number
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile: ER Number
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile: ER Number
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile: ER Number



High Quality Beef

SECTION EIGHTEEN

FORM FIVE

NOMINEE COMPANY

Company (being a member of the consortium) nominated by consortium to hold quota allowance on behalf of the consortium. The nominee company must be a holder of an Export Registration

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Note Notices from the Board for the Consortium will be sent to the nominee at its postal address, facsimile number or email address given on the previous page.

CONTACT PERSONS

Specify two people who are authorised to act as agents of the applicant (eg: Chief Executive, Marketing Manager).

Name:
Position:

Name:
Position:

SECTION EIGHTEEN

FORM FIVE

CESSATION OF CONSORTIUM

Upon the consortium ceasing to qualify to be allocated quota allowance, the production history and any existing general quota allowance held on behalf of the consortium are to be distributed in the following manner.

Production History	Share (%)			
	PH _{i-3} []	PH _{i-2} []	PH _{i-1} []	PH _i []
Consortium Member Name				
	Total 100%	Total 100%	Total 100%	Total 100%

Existing General Quota Allowance

Consortium Member Name	Share (%)
	Total: 100%

Note: Applicants are referred to Section 8 of the Allocation System



High Quality Beef

SECTION EIGHTEEN

FORM FIVE

DECLARATION

We are authorised to make this application on behalf of the applicant members of the consortium and can verify that;

- (a) The applicants agree to be bound by the terms of the Allocation System which the applicants have received and which we have read prior to making this application.
(b) All the statements contained in this application and any attached documentation are to the best of our knowledge true and correct.
(c) The applicants acknowledge that they will immediately advise the Board in writing of any change to any of the details contained in this application.
(d) The required participation fee is enclosed.

Consortium Member

Company Name:

Signature:

Name: (Please print)

Position:

Date:

Consortium Member

Company Name:

Signature:

Name: (Please print)

Position:

Date:

Consortium Member

Company Name:

Signature:

Name: (Please print)

Position:

Date:

Consortium Member

Company Name:

Signature:

Name: (Please print)

Position:

Date:



High Quality Beef

SECTION EIGHTEEN

FORM SIX

APPLICATION FOR RESERVED QUOTA ALLOWANCE

(To be typewritten or produced on word processor)

Form 7

PART I

Applicant

Quota United Kingdom High Quality Beef

New Entrant Year

Allocation Sought (in tonnes)

Contact Details

Please supply the names of two people authorised to act on behalf of the applicant (e.g. Chief Executive, Company Secretary, Marketing Manager etc.). Notices by the Board will be sent to the applicant at this facsimile or email address.

Where the applicant is a consortium, contact details must be given for a person authorised to act on behalf of each member of the consortium.

Contact Person (1)	
Name	
Position	
Telephone	
Facsimile	
Mobile	
email	
Contact Person (2)	
Name	
Position	
Telephone	
Facsimile	
Mobile	
email	

Applicant Details

Company Name	
Export Registration Number	
Street Address	
Postal Address	
Website URL	
Shareholders (including beneficial shareholders)	(continue on separate sheet if necessary)
Name	
Shares held (% and Number)	
Other interests (shareholdings or directorships)	
Name	
Shares held (% and Number)	
Other interests (shareholdings or directorships)	
Name	
Shares held (% and Number)	
Other interests (shareholdings or directorships)	
Directors	(Continue on separate sheet if necessary)
Name	
Address	
Date of Birth	
Other interests (shareholdings or directorships)	
Name	
Address	
Date of Birth	
Other interests (shareholdings or directorships)	
Name	
Date of Birth	
Address	
Other interests (shareholdings or directorships)	

Applicant's Association with any Holder of General or Reserved Quota Allowance

Specify any association in the past three years, or intended association during the applicable new entry period between the applicant and any holder of General or Reserved Quota Allowance.

Association includes:

- Any beneficial shareholding in the applicant by a Quota Holder or an interest as a shareholder or director of a Quota Holder in the applicant;
- Borrowing or lending between the applicant and the Quota Holder;
- Any direct or indirect control by the Quota Holder of the applicant or the management of the applicant;
- Any guarantee by the Quota Holder in favour of the applicant;
- The provision of any services by the quota holder to the applicant.



High Quality Beef

FORM ISIX

Where the Applicant is a Consortium:

NAME OF CONSORTIUM (For Quota Allowance Allocation Purposes)

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CONSORTIUM DETAILS

Member	Details
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile:
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile:
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile:
Role in consortium (e.g. Owner at time of Slaughter, marketing, ER holder) Contact Person	Postal Address: Street Address: Email: Telephone: Facsimile:



High Quality Beef

FORM SIX

Nominee Company

Company (being a member of the consortium) nominated by consortium to hold quota allowance on behalf of the consortium. The nominee company must hold a current Export Registration Certificate.

Note Notices from the Board for the Consortium will be sent to the nominee at its postal address, facsimile number or email address given on the previous page.

Cessation of Consortium

Please indicate below the distribution of any General and/or Reserved Quota Allowance and Production History in the event the consortium ceases to qualify to be allocated quota allowance, or the consortium dissolves.

Production History

Consortium Member Name	Share (%)			
	PH _{i-3}	PH _{i-2}	PH _{i-1}	PH _i
	Total: 100%	Total: 100%	Total: 100%	Total: 100%

Existing General Quota Allowance

Consortium Member Name	Share (%)
	Total: 100%

Existing Reserved Quota Allowance

Consortium Member Name	Share (%)
	Total: 100%

Part II**Business Plan**

This application must be accompanied by a three year business plan which provides sufficient detail for the Board to assess the viability of the application. Year 2 and 3 applicants should provide a report of performance against the previous year's business plan and any amendments to that plan for the remainder of the new entry period. The business plan must include (but is not limited to) details of:

Management

Details of the applicant's management team, including background on each individual's experience.

Stock Procurement;

Numbers, source and timing of procurement. If procurement is to be by commercial arrangement, evidence of a signed contract is required.

Processing

Monthly estimates of numbers and weight to be processed by species and type (lamb, mutton, bull, steer, heifer, cow) are required for the first year and the two subsequent years to cover the new entrant period. These estimates should include the bone in dressed carcass weights (hot weight), by species and type

Details of the plant where processing is to take place and evidence of UK or US listing as appropriate. If a new plant has been constructed or a plant is being upgraded, confirmation that all regulatory consents and appropriate listing have been obtained

Is the processing facility owned by the applicant or is the livestock to be toll processed? If the applicant plans to toll process stock, evidence of a signed contract will be required.

Details of quality management systems should be included in the application.

Reference should be made to any Industry Agreed Disciplines and whether there is compliance or otherwise.



High Quality Beef

FORM SIX

Marketing Plan

The marketing plan will provide details of how the product is to be marketed, including type of product, destination, marketing channels etc.

If marketing is to be undertaken by a third party marketing organisation, then supporting documentation such as a signed contract will be required.

Financial Plan

Financial statements for the last 12 months financial results if available and projections for the 3 year New Entry period are required. Projections must show projected revenue, costs and cashflow statements and include details of funding arrangements, charges (securities) provided to financiers and the names of guarantors.

Existing Export Activities

New entrants are required to be existing meat exporters. Please specify what (if any) exporting activities the applicant has undertaken. Specify products, markets and time period involved.



High Quality Beef

FORM SIX

Part III

Statutory Declaration

I (full name)
Of (address)
(Occupation)
For (Name of Applicant Company)
Solemnly and sincerely declare that:

- (a) I am authorised by the applicant to make this declaration;
(b) I have read the application and from my knowledge;
i. The contents of the application including the accompanying business plan are true and correct; and
ii. No information relevant to the application has been omitted.
iii. Neither the applicant, nor any director or shareholder of the applicant has in the last three years, or will have during the new entry period any association...
iv. The applicant will immediately advise the Board in writing of any change to any of the information in this application;

And further I acknowledge that:

- (c) The applicant agrees to be bound by the terms of the Allocation system under which any Allocation of Reserved Quota Allowance is made;
(d) It is a criminal offence to make a false declaration knowing it is false and intended to mislead the Board;
(e) The provision of false information or the omission of relevant information by an applicant may adversely affect the application and also be a breach of a condition of allocation;
(f) The applicant's failure to meet the conditions on which Reserved Quota Allowance is allocated may result in:
i. The Board not issuing Certificates in respect of Reserved Quota Allowance in the Quota Year in respect of this application; and/or
ii The Board declining to allocate further reserved Quota Allowance to the applicant;

I make this declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at this day of in the year

Signature of authorised person Position of authorised person

Signed in the presence of Solicitor, Justice of the Peace.
(Or other person authorised to take a statutory declaration)