

Primary Industries (Customs) Charges Amendment Regulations 2000 (No. 1) 2000 No. 236

EXPLANATORY STATEMENT

STATUTORY RULES 2000 No. 236

Issued by Authority of the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

Primary Industries (Excise) Levies Act 1999

Primary Industries (Customs) Charges Act 1999

Primary Industries Levies and Charges Collection Act 1991

Primary Industries (Excise) Levies Amendment Regulations 2000 (No. 3)

Primary Industries (Customs) Charges Amendment Regulations 2000 (No. 1)

Primary Industries Levies and Charges Collection Amendment Regulations 2000 (No. 2)

Primary Industries Levies, Charges and Collection (Horticultural Products) Repeal Regulations 2000

Section 8 of the *Primary Industries (Excise) Levies Act 1999* (Levies Act), section 8 of the *Primary Industries (Customs) Charges Act 1999* (Charges Act) and section 30 of the *Primary Industries Levies and Charges Collection Act 1991* (Collection Act) provides that the Governor-General may make regulations prescribing matters required or permitted by those Acts to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to these Acts.

This package of regulations continues the consolidation of individual commodity Levy and Charges regulations into two main regulations, being the Primary Industries (Excise) Levies Regulations 1999 and the Primary Industries (Customs) Charges Regulations 2000. This process commenced under Statutory Rules 1999 No. 302 and continued with Statutory Rules 2000 No. 130 and 2000 No. 131. This is the third package and deals mainly with horticultural products.

In this package twenty-six primary regulations are consolidated (Appendix 1). There are also consequential changes involved which required changes to the Primary Industries Levies and Charges Collection Regulations 1991. As well, there are repeal regulations for a number of statutory rules which are no longer necessary. These changes are explained in Attachments 1 and 4 respectively.

The Levies Act and the Charges Act consolidated the imposition of duties of excise and of customs on various primary industry commodities and products. In the consolidation process the former individual levy and charge imposition Acts were repealed. Regulations made under the repealed Acts were continued in force under transitional provisions in the Levies Act and Charges Act. The Collection Act provides the mechanisms for an efficient and effective collection process for all primary industry duties of excise and of customs. The Collection Regulations contain the details required for the collection process.

These regulations continue the process of replacing regulations that were made under those Acts that have been repealed. The naming and numbering of schedules in the Primary Industries (Excise) Levies Regulations 1999 reflect the naming and numbering of schedules to the Levies

Act. Similarly, the naming and numbering of schedules to the Primary Industries (Customs) Charges Regulations 2000 reflect the naming and numbering of schedules to the Charges Act.

Details of the substantive provisions contained in the Primary Industries Levies and Charges Collection Amendment Regulations 2000 (No. 2), Primary Industries (Excise) Levies Amendment Regulations 2000 (No. 3) (Excise Regulations), Primary Industries (Customs) Charges Amendment Regulations 2000 (No. 1) (Customs Regulations) and the Primary Industries Levies, Charges and Collection (Horticultural Products) Repeal Regulations 2000, are included in Attachments 1, 2, 3 and 4 respectively.

There are no policy changes or new requirements for levy payers other than matters mentioned below. The Office of Regulation Review has advised that for the consolidation no Regulation Impact Statement is required (Appendix 2). During the drafting of the consolidation of the regulations some of the terminology has been modernised but this has not resulted in any substantive change, or change of intent, from the previous individual commodity regulations. The details for each levy or charge now follows a standard format to simplify readability.

Apart from the consolidation there are five other additional matters which involved amendments to the prior regulatory powers. For these five matters Regulation Impact Statements were prepared and approved by the Office of Regulation Review and have been included with this package. All the changes are dealt with separately and are set out in Attachments 5 - 13. Attachments 5 & 6 deal with changes to operational rates of levy and charge on Dried Vine Fruit contained in Schedule 1 of the Excise Regulations and Schedule 1 of the Customs Regulations. Attachments 7 & 8 deal with changes between the marketing and R&D components of the levy and charge, but not changing the total rate, on Macadamia Nuts contained in Schedule 2 of the Excise Regulations and Schedule 2 of the Customs Regulations. Attachments 9 & 10 deal with changes to operational rates of levy and charge on Citrus contained in Schedule 2 of the Excise Regulations and Schedule 2 of the Customs Regulations. Attachments 11 & 12 deal with fixing a rate of levy and charge for a new 'Marketing component on Custard Apples contained in Schedule 3 of the Excise Regulations and Schedule 3 of the Customs Regulations. Attachment 13 deals with changes to operational rates of levy on Dried Fruits contained in Schedule 3 of the Excise Regulations.

Attachment 14 deals with the correction of some minor drafting errors from a previous consolidation.

Schedule 1 of the proposed regulations is taken to have commenced on 1 January 2000. This schedule deals with the retrospective reduction in levy and charge for dried vine fruit and is dealt with more fully in Attachments 5 & 6. This retrospective effect is not in contravention of Section 48(2) of the Acts Interpretation Act 1901. There will be no detrimental effect on any individual levy payer. Schedule 2 is to commence on 1 October 2000 and Schedule 3 is to commence on 1 January 2001.

ATTACHMENT 1

PRIMARY INDUSTRIES LEVIES AND CHARGES COLLECTION AMENDMENT REGULATIONS 2000 (No. 2)

Regulation 1 gives the name of the regulations as the Primary Industries Levies and Charges Collection Amendment Regulations 2000 (No. 2).

Regulation 2 provided that the regulations 1 to 3 and Schedule 1 are taken to have commenced on 1 January 2000 and that Schedule 2 will commence on 1 October 2000.

Regulation 3 states that Schedules 1 and 2 amend the *Primary Industries Levies and Charges Collection Regulations 1991*.

SCHEDULE 1

AMENDMENTS TAKEN TO HAVE COMMENCED ON 1 JANUARY 2000.

Part 1 Amendments.

Item 1 removed the note following part 1 of schedule 22.

Item 2 inserted part 9 of schedule 22 relating to **Dried Vine Fruits**. This part contains the substantive

provisions setting out collection requirements and other matters relating to collection

of levy and charge imposed on dried vine fruits such as application, lodgement and payer details.

SCHEDULE 2

AMENDMENTS COMMENCING ON 1 OCTOBER 2000.

Item 1 substituted schedule 14 relating to **Dried Fruits**. This schedule contains the substantive provisions setting out collection requirements and other matters relating to collection of levy imposed on dried fruits such as application, lodgement and payer details.

Item 2: substituted a revised definition of "*value*" into schedule 19.

Item 3 corrected a typographical error by omitting *clause 5(3)* and substituting *clause 5(4)*.

Item 4 substituted schedules 20 and 21 relating to **Grapes and Honey**. These schedules contain the substantive provisions setting out collection requirements and other matters relating to collection of levy and charge imposed on grapes and honey respectively such as application, lodgement and payer details.

Item 5 omitted the note following Part 1 of Schedule 22.

Item 6 inserted parts 2 to 8 of schedule 22 relating to **Almonds, Apples & Pears, Avocados, Cherries, Chestnuts, Citrus**. and **Custard Apples respectively**. Each part contains the substantive provisions setting out collection requirements and other matters relating to collection of levies and charges such as application, lodgement and payer details.

Item 7 inserted after part 9 and before part 12, parts 10 and 11 of schedule 22 relating to **Macadamia Nuts and Nashi** respectively. Each part contains the substantive provisions setting out collection requirements and other matters relating to collection of levies and charges such as application, lodgement and payer details.

Item 8 inserted after part 12, parts 13 to 17 of schedule 22 relating to **Passionfruit, Potatoes, Stone fruit, Strawberries, and Vegetables** respectively. Each part contains the substantive provisions setting out collection requirements and other matters relating to collection of levies such as application, lodgement and payer details.

Item 9 substituted a modified definition of "value".

Item 10 substituted schedule 35 relating to **Wine**. The schedule contains the substantive provisions setting out collection requirements and other matters relating to collection of levies and charges such as application, lodgement and payer details.

Schedule 2 Part 2 Additional amendments.

Part 2 provided for additional amendments to replace "Australian Business Number" with its initials "ABN", and similarly replace "Australian Company Number" with its initials "ACN".

SCHEDULE 3

AMENDMENTS COMMENCING ON 1 JANUARY 2001.

Item 1 substitutes schedule 36 relating to Wine Grapes. This schedule contains the substantive provisions setting out collection requirements and other matters relating to collection of levy imposed on wine grapes such as application, lodgement and payer details.

ATTACHMENT 2

PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT REGULATIONS 2000 (NO. 3)

Regulation 1 gives the name of the regulations as the Primary Industries (Excise) Levies Amendment Regulations 2000 (No. 3).

Regulation 2 sets the date of commencement as:

- 1 January 2000 - regulations 1 to 3, and Schedule 1;
- 1 October 2000 - Schedule 2;
- 1 January 2001 - Schedule 3.

Regulation 3 states that Schedules 1, 2 and 3 amend the Primary Industries (Excise) Levies Regulations 1999.

SCHEDULE 1

AMENDMENTS TAKEN TO HAVE COMMENCED ON 1 JANUARY 2000

Item 1 removed the note following part 1 of schedule 15.

Item 2 inserted part 9 to schedule 15 relating to Dried Vine Fruits. This part contains the substantive provisions relating to the levy. The basic details of the part are set out below.

Schedule 15, Part 9 Dried Vine Fruit

- * Dried vine fruits are leviable products;
- * Rate of levy - Product Board.

It should be noted that the insertion of this part is not in contravention of subsection 48 (2) of the *Acts Interpretation Act* 1901. This part would not be detrimental to any individual levy payer. Details of the changes to rate of levy are dealt with separately in Attachment 5.

SCHEDULE 2

AMENDMENTS COMMENCING ON 1 OCTOBER 2000

Item 1 substituted schedule 9 relating to Dried Fruits. This schedule contains the substantive provision relating to the levy. The basic details of the schedule are set out below.

Schedule 9 Dried Fruits

- * Rates of levy.

Item 2 substituted schedules 13 and 14 relating to Grapes and Honey. These schedules contain, or are provided to contain when necessary, the substantive provisions relating to the levy. The basic details of the schedules are set out below.

Schedule 13 Grapes

- * Standard Amount.

Schedule 14 Honey

[Note, the current operative rate is to be found **in Schedule 14 of the Levies Act.**]

Item 3 inserted parts 2 to 8 before part 9 of schedule 15. These parts contain the substantive provisions relating to the levy. The basic details of the parts are set out below.

Schedule 15, Part 2 Almonds

- * Almonds are leviable horticultural products;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for almonds.

Schedule 15, Part 3 Apples and pears

- * Apples and pears are leviable horticultural products;
- * What apples and pears are exempt from levy;
- * Rate of levy - Australian Horticultural Corporation;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for apples and pears.

Schedule 15, Part 4 Avocados

- * Avocados are leviable horticultural products;
- * Rate of levy - Australian Horticultural Corporation;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for avocados.

Schedule 15, Part 5 Cherries

- * Cherries are leviable horticultural products;
- * What cherries are exempt from levy;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for cherries.

Schedule 15, Part 6 Chestnuts

- * Chestnuts are leviable horticultural products;
- * Rate of levy - Australian Horticultural Corporation;
- * Rate of levy - Horticultural Research and Development Corporation;

- * What is the eligible industry body for chestnuts.

Schedule 15, Part 7 Citrus

- * Citrus are leviable horticultural products;
- * What citrus are exempt from levy;
- * Rate of levy - Australian Horticultural Corporation;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for citrus.

[Note, changes to the rate of levy for the Horticultural Research and Development Corporation are dealt with in Attachment 9]

Schedule 15, Part 8 Custard apples

- * Custard apples are leviable horticultural products;
- * What custard apples are exempt from levy;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for custard apples.

Item 4 inserted parts 10 and 11 before part 12 of schedule 15. These parts contain the substantive provisions relating to the levy. The basic details of the parts are set out below.

Schedule 15, Part 10 Macadamia nuts

- * Macadamia nuts are leviable horticultural products;
- * What macadamia nuts are exempt from levy;
- * Rate of levy - Australian Horticultural Corporation;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for macadamia nuts.

[Note, changes to the rate of levy between the Australian Horticultural Corporation and the Horticultural Research and Development Corporation are dealt with in Attachment 7]

Schedule 15, Part 11 Nashi

- * Nashi are leviable horticultural products;
- * What nashi are exempt from levy;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for nashi.

Item 5 removed the note following part 12 of schedule 15.

Item 6 inserted parts 13 and 17 after part 12 of schedule 15. These parts contain the substantive provisions relating to the levy. The basic details of the parts are set out below.

Schedule 15, Part 13 Passionfruit

- * Passionfruit are leviable horticultural products;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for passionfruit.

Schedule 15, Part 14 Potatoes

- * Potatoes are leviable horticultural products;
- * What potatoes are exempt from levy;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What are the eligible industry bodies for potatoes.

Schedule 15, Part 15 Stone fruit

- * Stone fruit are leviable horticultural products;
- * What stone fruit are exempt from levy;
- * Rate of levy - Australian Horticultural Corporation;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for stone fruit.

Schedule 15, Part 16 Strawberries

- * Strawberries are leviable horticultural products;
- * Imposition of levy;
- * Presumed production in Australia;
- * Rate of levy - Horticultural Research and Development Corporation;
- * What is the eligible industry body for strawberries.

Schedule 15, Part 17 Vegetables

- * Application;
- * Vegetables are leviable horticultural products;
- * Rate of levy - Horticultural Research and Development Corporation;

* What is the eligible industry body for vegetables;

* Transitional.

SCHEDULE 3

AMENDMENTS COMMENCING ON 1 JANUARY 2001

Item 1 substitutes the rate of levy in paragraph 2(a) of schedule 9.

[See Attachment 13 for details of changes]

Item 2 substitutes the rate of levy in paragraph 2(c) of schedule 9.

[See Attachment 13 for details of changes]

Item 3 deletes note 2 in schedule 15, part 8, clause 8.2

Item 4 inserts clause 8.3 after clause 8.2 in schedule 15, part 8.

[See Attachment 11 for details of changes]

Item 5 substitutes schedule 26 relating to Wine grapes. This schedule contains the

substantive provisions relating to the levy. The basic details of the schedule are set out below.

Schedule 26 Wine grapes Definition for Schedule 26 Rate of levy on prescribed goods; Research amount; Gross value of production for prescribed goods.

ATTACHMENT 3

PRIMARY INDUSTRIES (CUSTOMS) CHARGES AMENDMENT REGULATIONS 2000 (NO. 1)

Regulation 1 gives the name of the regulations as the Primary Industries (Customs) Charges Amendment Regulations 2000 (No. 1).

Regulation 2 sets the date of commencement as:

1 January 2000 - regulations 1 to 3, and Schedule 1;

1 October 2000 - Schedule 2;

1 January 2001 - Schedule 3.

Regulation 3 states that Schedules 1, 2 and 3 amend the Primary Industries (Customs) Charges Regulations 2000.

SCHEDULE 1

AMENDMENTS TAKEN TO HAVE COMMENCED ON 1 JANUARY 2000

Item 1 substituted regulation 2.

Item 2 substituted parts 1 and 9 of schedule 10, relating to Horticultural Products. Part 1 contains the substantive provisions relating to definitions for schedule 10. Part 9 relates to dried vine fruit. The basic details of the parts are set out below.

Schedule 10 Horticultural products

Schedule 10, Part 1 Definition

* Definitions for Schedule 10

Schedule 10, Part 9 Dried vine fruit

* Dried vine fruits are chargeable horticultural products;

* Rate of charge - Product Board

It should be noted that the insertion of this part is not in contravention of subsection 48(2) of the *Acts Interpretation Act 1901*. This part would not be detrimental to any individual levy payer. Details of the changes to the rate of charge are dealt with separately in Attachment 6.

SCHEDULE 2

AMENDMENTS COMMENCING ON 1 OCTOBER 2000

Item 1 removed the note following part 1 of schedule 10

Item 2 inserted parts 2 to 8 before part 9 of schedule 10. These parts contain the substantive provisions relating to the charge. The basic details of the parts are set out below.

Schedule 10, Part 2 Almonds

Almonds are chargeable horticultural products;

- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for almonds.

Schedule 10, Part 3 Apples and pears

- * Apples and pears are chargeable horticultural products;
- * Rate of charge - Australian Horticultural Corporation;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for apples and pears.

Schedule 10, Part 4 Avocados

- * Avocados are chargeable horticultural products;
- * Rate of charge - Australian Horticultural Corporation;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for avocados.

Schedule 10, Part 5 Cherries

- * Cherries are chargeable horticultural products;
- * What cherries are exemption from charge;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for cherries.

Schedule 10, Part 6 Chestnuts

- * Chestnuts are chargeable horticultural products;
- * Rate of charge - Australian Horticultural Corporation;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for chestnuts.

Schedule 10, Part 7 Citrus

- * Citrus are chargeable horticultural products;
- * Rate of charge - Australian Horticultural Corporation;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for citrus.

[Note, changes to the rate of charge for the Horticultural Research and Development Corporation are dealt with in Attachment 10]

Schedule 10, Part 8 Custard apples

- * Custard apples are chargeable horticultural products;
- * What custard apples are exempt from charge;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for custard apples.

Item 3 inserted parts 10 to 17 after part 9 of schedule 10. These parts **contain the substantive** provisions relating to the charge. The basic details of the parts are set **out below**.

Schedule 10, Part 10 Macadamia nuts

- * Macadamia nuts are chargeable horticultural products;
- * What macadamia nuts are exempt from charge;
- * Rate of charge - Australian Horticultural Corporation;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for macadamia nuts.

[Note, changes to the rate of charge between the Australian Horticultural Corporation and the Horticultural Research and Development Corporation are dealt with in Attachment 8]

Schedule 10, Part 11 Nashi

- * Nashi are chargeable horticultural products;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for nashi.

Schedule 10, Part 12 Nursery products

Note, there is no present charge on the export of nursery products. This has been inserted to retain the same numbering system as the Charges Act.

Schedule 10, Part 13 Passionfruit

- * Passionfruit are chargeable horticultural products;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for passionfruit.

Schedule 10, Part 14 Potatoes

- * Potatoes are chargeable horticultural products;

- * What potatoes are exempt from charge;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for potatoes.

Schedule 10, Part 15 Stone fruit

- * Stone fruit are chargeable horticultural products;
- * Rate of charge - Australian Horticultural Corporation;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for stone fruit.

Schedule 10, Part 16 Strawberries

Note, there is no present charge on the export of strawberries. This has been inserted to retain the same

numbering system as the Charges Act.

Schedule 10, Part 17 Vegetables

- * Application;
- * Vegetables are chargeable **horticultural products**;
- * Rate of charge - Horticultural Research and Development Corporation;
- * What is the eligible industry body for vegetables.

Item 4 inserted schedule 13 relating to Wine. This schedule contains the substantive provisions relating to the charge. The basic details of the schedule are set out below.

Schedule 13 Wine

- * What wine is exempt from charge;
- * Rate of Charge.

SCHEDULE 3

AMENDMENTS COMMENCING ON 1 JANUARY 2001

Item 1 deletes note 2 after clause 8.2 of schedule 10, Part 8

Item 2 inserts clause 8.3 after clause 8.2 in schedule 10, Part 8.

[See Attachment 12 for details of changes]

ATTACHMENT 4

PRIMARY INDUSTRIES LEVIES AND CHARGES COLLECTION (HORTICULTURAL PRODUCTS) REPEAL REGULATIONS 2000

Regulation 1 gives the name of the regulations as the Primary Industries Levies, Charges and Collection (Horticultural Products') Repeal Regulations 2000.

Regulation 2 sets the date of commencement as:

- (a) 1 January 2000 - regulations 1 to 4, and Schedule 1;
- (b) 1 October 2000 - regulations 5 and 6, and Schedule 2;
- (c) 1 January 2001 - regulations 7 and 8, and Schedule 3.

Regulation 3 repealed those regulations listed in Schedule 1.

Regulation 4 is a savings provision that removes any doubt that any obligation in existence under the Primary Industries Levies and Charges Collection Regulations 1991 immediately before the commencement of Schedule 1 of the Repeal Regulations continues to apply.

Regulation 5 repealed those regulations listed in Schedule 2.

Regulation 6 is a savings provision that removes any doubt that any obligation in existence under the Primary Industries Levies and Charges Collection Regulations 1991 immediately before the commencement of Schedule 2 of the Repeal Regulations continues to apply.

Regulation 7 repeals those regulations listed in Schedule 3.

Regulation 8 is a savings provision that removes any doubt that any obligation in existence under the Primary Industries Levies and Charges Collection Regulations 1991 immediately before the commencement of Schedule 3 of the Repeal Regulations continues to apply.

The purpose of the Primary Industries Levies and Charges Collection (Horticultural Products) Repeal Regulations 2000 (the Repeal Regulations) is to repeal a number of individual regulations that were made under those Acts listed in Appendix 3. Those Acts so listed were repealed by the *Primary Industries Levies and Charges (Consequential Amendments) Act 1999*.

In spite of the repeal of those Acts, those regulations that were made under the repealed Acts were saved by transitional clauses in the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs) Charges Act 1999*. The saving, of those regulations was necessary pending the migration of those individual regulations to regulations made under the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs) Charges Act 1999*.

The date of commencement for regulations 1 to 4 and Schedule 1 is not in contravention of Section 48(2) of the *Acts Interpretation Act 1901*. There will be no detrimental effect on any individual levy payer by the retrospective repeal of Primary Industries Levies and Charges Collection (Dried Vine Fruits) Regulations. 9

The Repeal Regulations would be taken to have commenced on 1 January 2000 for regulations 1 to 4 and Schedule 1; and to commence on 1 October 2000 for regulations 5 and 6 and Schedule 2; and on 1 January 2001 for regulations 7 and 8 and Schedule 3.

ATTACHMENT 5

DRIED VINE FRUITS - EXCISE REGULATIONS

These regulations reduce the amount of levy directed to the Australian Dried Fruits Board (ADFB) by \$3.00 per tonne from \$10.00 to \$7.00 per tonne on dried vine fruits to take effect from 1 January 2000. The only substantive change to the regulations is in schedule 15 clause 9.2 Rate of levy - Product Board.

Similar regulations have been made under the *Primary Industries (Customs) Charges Act 1999* to impose an equivalent charge on dried vine fruits.

Subclause 4 (2) of schedule 15 of the Levies Act provides that the regulations may fix a rate of levy for the purposes of a Product Board.

Subclause 6 (5), of schedule 15 of the Levies Act requires that before the Governor-General makes any regulations for the purposes of the ADFB the Minister must take into consideration the recommendation made by the Product Board concerned. The regulations reflect the ADFB's recommendation. A copy of the ADFB's recommendation is at Appendix

The Australian Dried Fruits Association Inc (ADFA), as the eligible industry body for the dried fruits industry, requested the ADFB levy be decreased to prevent a further build up of financial reserves which is currently occurring. The role and capacity of the ADFB will not be diminished by the reduction in the levy due to the significant financial reserves held by the Board. As this is a marketing levy there will be no effect on Commonwealth finances.

After consultation with the Office of Regulation Review (ORR) the Department was advised that a Regulation Impact Statement on the reduction in the levy was not required (ORR ref 1264). A copy of the advice from ORR is at Appendix 5.

The ADFA has requested that the amendments to reduce the ADFB levy be made retrospective to take effect as of 1 January 2000. This retrospective effect is not in contravention of Section 48(2) of the Acts Interpretation Act 1901. There will be no detrimental effect on any individual levy payer.

Details of the changes to the regulations are listed below:

Schedule 15, Clause 9.2 reduced the general rate of the ADFB dried vine fruits levy from \$10.00 per tonne to \$7.00 per tonne of processed dried vine fruits.

ATTACHMENT 6

DRIED VINE FRUITS - CUSTOMS REGULATIONS

These regulations reduce the amount of charge directed to the Australian Dried Fruits Board (ADFB) by \$3.00 per tonne from \$10.00 to \$7.00 per tonne on dried vine fruits to take effect from 1 January 2000. The only substantive change to the regulations is in schedule 10 clause 9.2 Rate of charge - Product Board.

Similar regulations have been Made under the *Primary Industries (Excise) Levies Act 1999* to impose an equivalent levy on dried vine fruits.

Subclause 3 (4) of schedule 10 of the Charges Act provides that the regulations may fix a rate of charge in respect of a Product Board.

Subclause 5 (4) of schedule 10 Of the Charges Act requires that before the Governor-General makes any regulations for the purposes of the ADFB, the Minister must take into consideration the recommendation made by the Product Board concerned. The regulations reflect the ADFB's recommendation. A copy of the ADFB's recommendation is at Appendix 4.

The Australian Dried Fruits Association Inc (ADFA), as the eligible industry body for the dried fruits industry, requested the ADFB charge be decreased to prevent a further build up of financial reserves which is currently occurring. The role and capacity of the ADFB will not be diminished by the reduction in the charge due to the significant financial reserves held by the Board. As this is a marketing, charge there will be no effect on Commonwealth finances.

After consultation with the Office of Regulation Review (ORR) the Department was advised that a Regulation Impact Statement on the reduction in the charge was not required (ORR ref 1264). A copy of the advice from ORR is at Appendix 5.

The ADFA has requested that the amendments to reduce the ADFB charge be made retrospective to take effect as of 1 January 2000. This retrospective effect is not in contravention of section 48 (2) of the Acts Interpretation Act 1901. There will be no detrimental effect on any individual levy payer.

Details of the changes to the regulations are listed below:

Schedule 10, Clause 9.2 reduced the general rate of the ADFB dried vine fruits charge from \$10.00 per tonne to \$7.00 per tonne of processed dried vine fruits.

ATTACHMENT 7

MACADAMIA NUTS - EXCISE REGULATIONS

These regulations change the distribution of the levy that is currently imposed on the Australian macadamia industry.

The levy is currently set at 7 cents per kilogram nut in shell (NIS) with:

- * 3.3 cents per kilogram NIS going to the Horticultural Research and Development Corporation (HRDC) for research and development (R&D) activities;
- * 3.5 cents per kilo-ram NIS going to the Australian Horticultural Corporation (AHC) for marketing and promotional activities; and
- * 0.2 cents per kilogram NIS going to the National Residue Survey (NRS).

The redistribution of the levy will see the quantum of the levy going to the:

- * HRDC being reduced from 313 cents per kilo-ram NIS to 2.3 cents per kilogram NIS;
- * AHC being increased from 3 cents per kilogram NIS to 4.5 cents per kilogram NIS; and
- * NRS remaining at 0.2 cents per kilogram NIS.

Similar regulations have been made under the *Primary Industries (Customs) Charges Act 1999* to impose an equivalent charge on exports of macadamia nuts.

The Australian Macadamia Society (AMS), which is the eligible body prescribed in the legislation, requested the changes to the rate of levy to meet two objectives of the macadamia industry, in response to increased production of macadamias:

- * to stimulate demand for Australian macadamias by increasing the amount of industry funding available for marketing and promotional activities; and
- * to reduce the amount of industry funding for R&D, as the amount currently being raised is greater than is necessary to sustain the agreed R&D program, and has led to high levels of reserve funds.

The R&D program will not be adversely affected by the reduction in the R&D levy rate, as **the HRDC will** initially draw on macadamia industry reserve funds to maintain the agreed R&D program. Continued increases in production will increase the funds collected for R&D in future years, ensuring the maintenance of the R&D program.

Subclause 4 (1) of schedule 15 of the Levies Act provides that regulations may fix a rate of levy in relation to a class of leviable horticultural products in respect of the AHC.

Subclause 4 (3) of schedule 15 of the Levies Act provides that regulations may fix a rate of levy in relation to a class of leviable horticultural products in respect of the HRDC.

Subclause 6 (4) of schedule 15 of the Levies Act requires that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the AHC. The regulations reflect the AHC's recommendation. A copy of the AHC's recommendation is at Appendix 6.

Subclause 6 (6) of schedule 15 of the Levies Act requires that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the HRDC. The regulations reflect the HRDC's recommendation. A copy of the **HRDC's** recommendation is at Appendix 7.

Subclause 6 (7) and 6 (8) of schedule 15 of the Levies Act requires the AHC and the HRDC to consult with the body that, under the regulations, is the eligible industry body for the relevant horticultural products or the relevant class or subclass of horticultural products as the case requires, before making a recommendation under subclause 6 (4) and 6 (6) of the Levies Act. The eligible industry body in this case is the Australian Macadamia Society Limited (AMS). The regulations identify AMS as the eligible industry body for the purpose of subclause 6 (7) and 6 (8) of schedule 15 of the Levies Act.

Subclause 6 (9) of schedule 15 of the Levies Act requires that a recommendation made by the AHC and/or the HRDC to the Minister be accompanied by a written statement(s) of the views of the industry body consulted in relation to the recommendation. The recommendations from the ABC and the HRDC coincide with the views of the AMS. Copies of the AMS' requests (to the MC and the HRDC) are at Appendix 8 and 9.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the proposed increase in the marketing and promotion levy and the decrease in the R&D levy and was approved by the Office of Regulation Review in August 2000, reference number 1369. A copy of the RIS is included at Appendix 10.

The Levies and Revenue Service (LRS) within the Department of Agriculture, Fisheries and Forestry will collect the levy. LRS Will continue to recover collection costs in accordance with the standard procedures applying to existing levies.

The regulations commence on 1 October 2000.

Details of the changes to the regulations are listed below:

Clause 10.3 amends the existing rate Of the levy payable to the Australian Horticultural Corporation from 3.5 cents per kilogram to 4.5 cents per kilogram (\$45.00 per tonne) of consigned mass of macadamia nuts.,

Clause 10.4 amends the existing rate of the levy payable to the Horticultural Research and Development Corporation from 3.3 cents per kilogram to 2.3 cents per kilogram (\$23.00 per tonne) of consigned mass of macadamia nuts.

ATTACHMENT 8

MACADAMIA NUTS - CUSTOMS: REGULATIONS

These regulations change the distribution of the charge that is currently imposed on the Australian macadamia industry.

The charge is currently set at 7 cents per kilo-ram nut in shell (NIS) with:

- * 3.3 cents per kilogram NIS going to the Horticultural Research and Development Corporation (HRDC) for research and development (R&D) activities;
- * 3.5 cents per kilogram NIS going to the Australian Horticultural Corporation (AHC) for marketing and promotional activities; and
- * 0.2 cents per kilogram NIS going to the National Residue Survey (NRS).

The redistribution of the charge will see the quantum of the charge going to the:

- * HRDC being reduced from 3.3 cents per kilogram NIS to 2.3 cents per kilogram NIS;
- * AHC being increased from 3.5 cents per kilogram NIS to 4.5 cents per kilogram NIS; and
- * NRS remaining at 0.2 cents per kilogram NIS.

Similar regulations have been made under the *Primary Industries (Excise) Levies Act 1999* to impose an equivalent levy on domestic sales of macadamia nuts.

The Australian Macadamia Society Limited (AMS), which is the eligible body prescribed in the legislation, requested the changes to the rate of charge to meet two objectives of the macadamia industry, in response to increased production of macadamias:

- * to stimulate demand for Australian macadamias by increasing the amount of industry funding available for marketing and promotional activities; and
- * to reduce the amount of industry funding for R&D, as the amount currently being raised is greater than is necessary to sustain the agreed R&D program, and has led to high levels of reserve funds.

The R&D program will not be adversely affected by the reduction in the R&D rate of charge, as the HRDC will initially draw on macadamia industry reserve funds to maintain the agreed R&D program. Continued increases in production will increase the funds collected for R&D in future years, ensuring the maintenance of the R&D program.

Subclause 3 (3) of schedule 10 of the Charges Act provides that regulations may fix a rate of charge in

relation to a class of chargeable horticultural products in respect of the AHC.

Subclause 3 (5) of schedule 10 of the Charges Act provides that regulations may fix a rate of charge in relation to a class of chargeable horticultural products in respect of the HRDC.

Subclause 5 (3) of schedule 10 of the Charges Act provides that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation

from the AHC. The regulations reflect the AHC's recommendation. A copy of the AHC's recommendation is at Appendix 6.

Subclause 5 (5) of schedule 10 of the Charges Act provides that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the HRDC. The regulations reflect the HRDC's recommendation. A copy of the HRDC's recommendation is at Appendix 7.

Subclause 5 (6) and 5 (7) of schedule 10 of the Charges Act requires the AHC and the HRDC to consult with the body that, under the regulations, is the eligible industry body for the relevant horticultural products or the relevant class or subclass of horticultural products as the case requires, before making a recommendation under subclause 5 (3) or 5 (5) of the Charges Act. The eligible industry body in this case is the AMS. The regulations identify AMS as the eligible industry body for the purpose of subclause 5 (6) and 5 (7) of schedule 10 of the Charges Act.

Subclause 5 (8) of schedule 10 of the Charges Act requires that a recommendation made by the AHC and the HRDC to the Minister be accompanied by a written statement of the views of the industry body consulted in relation to the recommendation. The recommendations from the AHC and the HRDC coincide with the views of the AMS. Copies of the AMS' requests (to the MC and the HRDC) are at Appendix 8 and 9.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the increase in the marketing and promotion charge and the decrease in the R&D charge and was approved by the Office of Regulation Review in August 2000, reference number 1369. A copy of the RIS is included at Appendix 10.

The Levies and Revenue Service (LRS) within the Department of Agriculture, Fisheries and Forestry will collect the charge. LRS will continue to recover collection costs in accordance with the standard procedures applying to existing charges.

The regulations will commence on 1 October 2000.

Details of the changes to the regulations are listed below.

Clause 10.4 amends the existing rate of charge payable to the Australian Horticultural Corporation from 3.5 cents per kilogram to 4.5 cents per kilogram (\$45.00 per tonne) of consigned mass of macadamia nuts.

Clause 10.5 amends the existing rate of charge payable to the Horticultural Research and Development Corporation from 3.3 cents per kilogram to 2.3 cents per kilogram (\$23.00 per tonne) of consigned mass of macadamia nuts.

ATTACHMENT 9

CITRUS - EXCISE REGULATIONS

These regulations increase the amount of levy directed to the Horticultural Research and Development Corporation (HRDC) by \$0.50 per tonne to \$2.00 per tonne on all citrus fruit from 1 October 2000.

Similar regulations have been made under the *Primary Industries (Customs) Charges Act 1999* to impose an equivalent charge on citrus fruit.

Subclause 4 (3) of schedule 15 of the Levies Act provides that the regulations may fix a rate of levy for the Horticultural Research and Development Corporation.

Subclause 6 (6) of schedule 15 of the Levies Act requires that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the HRDC. The regulations reflect the HRDC's recommendation. A copy of the HRDC's recommendation is at Appendix 11.

Subclause 6 (8) of schedule 15 of the Levies Act requires that the HRDC consult with the eligible industry body before making any recommendation to the Minister. The amendments to the regulations are consistent with the recommendations of the Australian Citrus Growers Inc (ACG) as the eligible industry body.

Subclause 6 (9) of schedule 15 of the Levies Act requires that a written statement from the eligible industry body consulted must accompany the recommendation from the HRDC. The amendments to the regulations are consistent with the recommendations of the ACG as the eligible industry body. A copy of the statement is at Appendix 12.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the proposed increase in the levy and was approved by the Office of Regulation Review in February 2000 (ORR ref 1214). A copy of the RIS is at Appendix 13.

The ACG, on behalf of the citrus industry, requested this levy be increased to maintain and increase the current level of R&D in both the short and long term. The increase in levy (and charge) is expected to raise an additional \$325,000 overall. As the Commonwealth matches R&D expenditure on a dollar for dollar basis this is likely to effect the Commonwealth finances by a similar amount.

Details of the changes to the regulations are listed below:

Clause 7.4 amends the rate of levy payable to the HRDC. The general rate of the HRDC citrus levy was increased from \$1.50 per tonne to \$2.00 per tonne for subclauses (a) and (c) and on a pro rata basis from 3 cents to 4 cents for subclauses (b) and (d) [a box is defined as being 20 kilograms].

Clauses 7.4 (b) and (d) have been simplified, to aid in the readability and understanding of the levy, to read "for oranges not in bulk - 4 cents per box" and "for other citrus not in bulk - 4 cents per box" respectively. These changes are of an administrative nature only and will not have any effect on the amount of levy or way in which the levy is collected.

ATTACHMENT 10

CITRUS - CUSTOMS REGULATIONS

These regulations increase the amount of charge directed to the Horticultural Research and Development Corporation (HRDC) by \$0.50 per tonne to \$2.00 per tonne on all citrus fruit from 1 October 2000.

Similar regulations have been made under the *Primary Industries (Excise) Levies Act* 1999 to impose an equivalent levy on citrus fruit.

Subclause 3 (5) of schedule 10 of the Charges Act provides that the regulations may fix a rate of charge in respect of the HRDC.

Subclause 5 (5) of schedule 10 of the Charges Act requires that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the HRDC. The regulations reflect the HRDC's recommendation. A copy of the HRDC's recommendation is at Appendix 11.

Subclause 5 (7) of schedule 10 of the Charges Act requires that the HRDC consult with the eligible industry body before making any recommendation to the Minister. The amendments to the regulations are consistent with the recommendations of the Australian Citrus Growers Inc (ACG) as the eligible industry body.

Subclause 5 (8) of schedule 10 of the Charges Act requires that a written statement from the eligible industry body consulted must accompany the recommendation from the HRDC. The amendments to the regulations are consistent with the recommendations of the ACG as the eligible industry body. A copy of the statement is at Appendix 12.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the proposed increase in the citrus R&D charge and was approved by the Office of Regulation Review in February 2000 (ORR ref 1214). A copy of the RIS is at Appendix 13.

The ACG, on behalf of the citrus industry, requested this charge be increased to maintain and increase the current level of R&D in both the short and long term. The increase in charge (and levy) is expected to raise an additional \$325,000 overall. As the Commonwealth matches R&D expenditure on a dollar for dollar basis this is likely to effect the Commonwealth finances by a similar amount.

Details of the changes to the regulations are listed below:

Clause 7.4 amends the rate of charge payable to the HRDC. The general rate of the HRDC citrus charge was increased from \$1.50 per tonne to \$2.00 per tonne for subclauses (a) and (c) and on a pro rata basis from 3 cents to 4 cents for subclauses (b) and (d) [a box is defined as being 20 kilograms].

Clauses 7.4 (b) & (d) have been simplified, to aid in the readability and understanding of the charge, to read "for oranges not in bulk - 4 cents per box" and "for other citrus not in bulk - 4 cents per box" respectively. These changes are of an administrative nature only and will not have any effect on the amount of charge or way in which the charge is collected.

ATTACHMENT 11

CUSTARD APPLES - EXCISE REGULATIONS

These regulations fix a rate for the marketing component of an existing levy on the Australian custard apple industry, at the industry's request, under clause 4 of schedule 15 of the Levies Act. The levy is set at a rate of 20 cents per package (standard tray or standard box) or \$25 per tonne on domestic sales of custard apples. Funds raised by the levy will be directed to the Australian Horticultural Corporation (AHC) for the marketing and promotion of custard apples.

Similar regulations have been made under the *Primary Industries (Customs) Charges Act 1999* to impose an equivalent charge on exports of custard apples. Regulations have been made under the *Primary Industries Levies and Charges Collection Act 1991* to enable the levy and charge to be collected.

The regulations complement the existing regulations, which impose a levy on the Australian custard apple industry for research and development (R&D) through the Horticultural Research and Development Corporation. The existing collection method used for the R&D levy is also suitable for collecting the marketing and promotion component.

Subclause 4 (1) of schedule 15 of the Levies Act provides that regulations may fix a rate of levy in relation to a class of leviable horticultural products in respect of the AHC.

Subclause 6 (4) of schedule 15 of the Levies Act requires that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the AHC. The regulations reflect the AHC's recommendation. A copy of the AHC's recommendation is at Appendix 14.

Subclause 6 (7) of schedule 15 of the Levies Act requires the AHC to consult with the body that, under the regulations, is the eligible industry body for the relevant horticultural products or the relevant class or subclass of horticultural products as the case requires, before making a recommendation under subclause 6 (4) of schedule 15 of the Levies Act. The eligible industry body in this case is the Australian Custard Apple Growers Association (ACAGA). The regulations identify ACAGA as the eligible industry body for the purpose of subclause 6 (7) of schedule 15 of the Levies Act.

Subclause 6 (9) of schedule 15 of the Levies Act requires that a recommendation made by the AHC to the Minister be accompanied by a written statement of the views of the industry body consulted in relation to the recommendation. The recommendation from the AHC coincides with the views of the ACAGA. A copy of the ACAGA's request to the AHC is at Appendix 15.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the inclusion of a marketing and promotion levy for the custard apple industry and was approved by the Office of Regulation Review in August 2000, reference number 898. A copy of the RIS is included at Appendix 16.

The Levies and Revenue Service (LRS) within the Department of Agriculture, Fisheries and Forestry will collect the levy. LRS will recover collection costs in accordance with the standard procedures applying to existing levies.

The regulations will commence on 1 January 2001, to be in place prior to the start of the next custard apple season.

Details of the change to the regulations in part 8 of schedule 15 of the Primary Industries (Excise) Levies Regulations 1999, are outlined below.

Item 3 omits note 2 found after clause 8.2, in part 8 of schedule 15 of the Primary Industries (Excise) Levies Regulations 1999, which refers to clause 8.3 being intentionally not used.

Item 4 inserts a new clause 8.3 after clause 8.2, in part 8 of schedule 15 of the Primary Industries (Excise) Levies Regulations 1999, that prescribes the rate of levy payable to the Australian Horticultural Corporation.

ATTACHMENT 12

CUSTARD APPLES - CUSTOM REGULATIONS

These regulations fix a rate for the marketing component of an existing charge on the Australian custard apple industry, at the industry's request, under clause 3 of schedule 10 of the Charges Act. The charge is set at a rate of 20 cents per package (standard tray or standard box) or \$25 per tonne on exports of custard apples. Funds raised by the charge will be directed to the Australian Horticultural Corporation (AHC) for the marketing and promotion of custard apples.

Similar regulations have been made under the *Primary Industries (Excise) Levies Act 1999* to impose an equivalent levy on domestic sales of custard apples. Regulations have also been made under the *Primary Industries Levies and Charges Collection Act 1991* to enable the levy and charge to be collected.

The regulations complement the existing regulations, which impose a charge on the Australian custard apple industry for research and development (R&D) through the Horticultural Research and Development Corporation. The existing collection method used for the R&D charge is also suitable for collecting the marketing and promotion component.

Subclause 3 (3) of schedule 10 of the Charges Act provides that regulations may fix a rate of charge in relation to a class of leviable horticultural products in respect of the AHC.

Subclause 5 (3) of schedule 10 of the Charges Act requires that before the Governor-General makes such regulations, the Minister must take into consideration any relevant recommendation from the AHC. The regulations reflect the AHC's recommendation. A copy of the AHC's recommendation is at Appendix 14.

Subclause 5 (6) of schedule 10 of the Charges Act requires the AHC to consult with the body that, under the regulations, is the eligible industry body for the relevant horticultural products or the relevant class or subclass of horticultural products as the case requires, before making a recommendation under subclause 5 (3) of schedule 10 of the Charges Act. The eligible industry body in this case is the Australian Custard Apple Growers Association (ACAGA). The regulations identify ACAGA as the eligible industry body for the purpose of subclause 5 (6) of schedule 10 of the Charges Act.

Subclause 5 (8) of schedule 10 of the Charges Act requires that a recommendation made by the AHC to the Minister be accompanied by a written statement of the views of the industry body consulted in relation to the recommendation. The recommendation from the AHC coincides with the views of the ACAGA. A copy of the ACAGA's request to the AHC is at Appendix 15.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the inclusion of a marketing and promotion charge for the custard apple industry and was approved by the Office of Regulation Review in August 2000, reference number 898. A copy of the RIS is included at Appendix 16.

The Levies and Revenue Service (LRS) within the Department of Agriculture, Fisheries and Forestry will collect the charge. LRS will recover collection costs in accordance with the standard procedures applying to existing charges.

The regulations will commence on 1 January 2001, to be in place prior to the start of the **next custard apple** season.

Details of the changes to the regulations in part 8 of schedule 10 of the Primary Industries (Customs) Charges Regulations 2000, are outlined below.

Item 1 omits note 2 found after clause 8.2, in part 8 of schedule 10 of the Primary Industries (Customs) Charges Regulations 2000, which refers to clause 8.3 being intentionally not used.

Item 2 inserts new clause 8.3, after clause 8.2, in part 8 of schedule 10 of the Primary Industries (Customs) Charges Amendment Regulations 2000, to prescribe a new rate of charge payable to the Australian Horticultural Corporation.

ATTACHMENT 13

DRIED FRUITS - EXCISE REGULATIONS

These regulations increase the amount of levy directed to the Dried Fruits Research and Development Council (DFRDC) by \$1.00 per tonne to \$11.00 per tonne on dried vine fruits and by \$3.00 per tonne to \$32.00 per tonne on dried tree fruits.

Subclause 4 (1) of schedule 9 of the Levies Act provides that the regulations may fix a rate of levy in respect of a specified kind of dried fruits.

Clause 6 of schedule 9 of the Levies Act requires that before regulations relating to the rate of levy can be made the Minister must take into consideration any relevant recommendation made by the DFRDC.

The Australian Dried Fruits Association Inc (ADFA), as the eligible industry body for the dried vine and tree fruits industries, requested the DFRDC levy be increased to maintain current levels of research and development in light of reduced production figures and the increased cost of research programs. The additional funds raised are estimated to be approximately \$41,000 at current production capacity. Though over recent years production has fallen due to seasonal variability and market factors. These funds will go towards assisting the DFRDC in maintaining research and development levels for the dried fruits industries. If production continues to fall it is expected that there will be little effect on Government finances.

The ADFA has the support of the DFRDC for the increase to the levy. A copy of ADFA's recommendation is at Appendix 17.

A Regulation Impact Statement (RIS) was prepared by the Department of Agriculture, Fisheries and Forestry for the proposed increase in the levy and was approved by the Office of Regulation Review in March 2000 (ORR ref 1284). A copy of the RIS is at Appendix 18.

The ADFA has requested that the amendments to increase the DFRDC levy take effect as of 1 January 2001. This is the beginning of the 2001 season for dried fruits.

Details of the changes to the regulations are listed below:

Schedule 9 Paragraph 2(a): \$11.00 has been substituted to replace \$10.00 as the rate per tonne of dried vine fruits levy payable to the **DFRDC**.

Schedule 9 Paragraph 2(c): \$32.00 has been substituted to replace \$29.00 as the rate per tonne of dried tree fruits levy payable to the DFRDC.

ATTACHMENT 14

GRAIN LEGUMES AND OILSEEDS - PRIMARY INDUSTRIES LEVIES AND CHARGES COLLECTION AMENDMENT REGULATIONS 2000 (No. 2)

The purpose of these amendments to the regulations was to correct minor drafting errors in schedule 19, for grain legumes and schedule 29, for oilseeds. These changes will ensure that references to either the related Excise Levies Act or the Excise Levies Regulations (as defined in Regulation 2) are consistent.

SCHEDULE 2

AMENDMENTS COMMENCING ON 1 OCTOBER 2000

Schedule 19 Grain Legumes

Item 2 substituted a definition of value to correct a minor drafting error in the definition of 'value'.

Item 3 corrected a minor drafting error concerning the reference to the applicable subclause of schedule 12 to the Excise Levies Act by deleting an incorrect reference and substituting the correct reference.

Schedule 29 Oilseeds

Item 9 substituted a definition of value to correct a minor drafting error in the definition of 'value'.

Appendix 1

PRIMARY REGULATIONS CONSOLIDATED

Dried Fruits Levy Regulations;

Grape Research Levy Regulations 1999;

Honey Levies and Charges Regulations 1998;

Wine Grapes Levy Regulations 1986;

Primary Industries (Excise) Levies (Macadamia Nut) Regulations 1999;

Primary Industries (Excise) Levies (Vegetable) Regulations 1999;

Primary Industries (Customs) Charges (Macadamia Nut) Regulations 1999;

Primary Industries (Customs) Charges (Vegetable) Regulations 1999;

Primary Industries Levies and Charges Collection (Almonds) Regulations;

Primary Industries Levies and Charges Collection (Apple and Pear) Regulations;

Primary Industries Levies and Charges Collection (Avocado) Regulations;

Primary Industries Levies and Charges Collection (Citrus) Regulations;

Primary Industries Levies and Charges Collection (Cherry) Regulations;
Primary Industries Levies and Charges Collection (Chestnut) Regulations;
Primary Industries Levies and Charges Collection (Custard Apples) Regulations;
Primary Industries Levies and Charges Collection (Dried Fruits) Regulations;
Primary Industries Levies and Charges Collection (Dried Vine Fruits) Regulations;
Primary Industries Levies and Charges Collection (Grape Research) Regulations;
Primary Industries Levies and Charges Collection (Macadamia Nut) Regulations 1992;
Primary Industries Levies and Charges Collection (Nashi) Regulations;
Primary Industries Levies and Charges Collection (Passionfruit) Regulations 1999;
Primary Industries Levies and Charges Collection (Potato) Regulations;
Primary Industries Levies and Charges Collection (Stone Fruit) Regulations;
Primary Industries Levies and Charges Collection (Strawberries) Regulations 1997;
Primary Industries Levies and Charges Collection (Vegetable) Regulations;
Primary Industries Levies and Charges Collection (Wine Export) Regulations.

Office of Regulation Review

Dear Mr Alder,

I refer to your letter dated 2 August 2000 asking whether the consolidation of individual excise and charges regulations would require a RIS.

Your letter implies that any new requirements for levy payers that will be incorporated in the consolidation have already been judged by the ORR as not requiring a RIS (under reference numbers 398, 1214, 1284 and 1369). As this consolidation now being considered does not directly affect business, or have a significant indirect effect on business, the ORR considers that it will not require a RIS.

Please note for compliance reporting purposes the reference number 1598 assigned to this matter.

Thank you for consulting with the ORR on this proposal.

Yours sincerely

Mark Neal

Appendix 3

REGULATIONS (TITLES)

Primary Industries Levies and Charges
Collection (Dried Vine Fruits) Regulations

Dried Fruits Levy Regulations
Grape Research Levy Regulations 1999
Honey Levies and Charges Regulations 1998

Primary Industries (Customs) Charges
(Macadamia Nut) Regulations 1999
Primary Industries (Customs) Charges
(Vegetable) Regulations 1999
Primary Industries (Excise) Levies,
(Macadamia Nut) Regulations 1999
Primary Industries (Excise) Levies
(Vegetable) Regulations 1999
Primary Industries Levies and Charges
Collection (Almonds) Regulations

Primary Industries Levies and Charges
Collection (Apple and Pear) Regulations

Primary Industries Levies and Charges
Collection (Avocado) Regulations

Primary Industries Levies and Charges
Collection (Cherry) Regulations

MADE UNDER ACTS

*Primary Industries Levies and Charges
Collection Act 1991, the Horticultural Levy
Act 1987 and the Horticultural Export
Charge Act 1987*
Dried Fruits Levy Act 1971
Grape Research Levy Act 1986
*Honey Levy Act (No. 1) 1962, the Honey Levy
Act (No. 2) 1962 and the Honey Export
Charge Act 1973*
*Primary Industries (Customs) Charges Act
1999*
*Primary Industries (Customs) Charges Act
1999*
Primary Industries (Excise) Levies Act 1999
Primary Industries (Excise) Levies Act 1999
*Primary Industries Levies and Charges
Collection Act 1991, the Horticultural Levy
Act 1987 and the Horticultural Export
Charge Act 1987*
*Primary Industries Levies and Charges
Collection Act 1991, the Horticultural Levy
Act 1987 and the Horticultural Export
Charge Act 1987*
*Primary Industries Levies and Charges
Collection Act 1991, the Horticultural Levy
Act 1987 and the Horticultural Export
Charge Act 1987*
*Primary Industries Levies and Charges
Collection Act 1991, the Horticultural Levy
Act 1987 and the Horticultural Export*

Primary Industries Levies and Charges Collection (Chestnut) Regulations	<i>Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Citrus) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Custard Apples) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Dried Fruits) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991</i>
Primary Industries Levies and Charges Collection (Grape Research) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991</i>
Primary Industries Levies and Charges Collection (Macadamia Nut) Regulations 1992	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Nashi) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Passionfruit) Regulations 1999	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Potato) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Stone Fruit) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Strawberries) Regulations 1997	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Vegetable) Regulations 1996	<i>Primary Industries Levies and Charges Collection Act 1991, the Horticultural Levy Act 1987 and the Horticultural Export Charge Act 1987</i>
Primary Industries Levies and Charges Collection (Wine Export) Regulations	<i>Primary Industries Levies and Charges Collection Act 1991 and the Wine Export Charge Act 1997</i>
Wine Grapes Levy Regulations 1986	<i>Wine Grapes Levy Act 1979</i>

AUSTRALIAN DRIED FRUITS BOARD

Senator Judith Troeth

Parliamentary Secretary to the Minister for Agriculture Fisheries and Forestry

Room S151 Parliament House

CANBERRA, ACT, 2600.

Dear Senator,

Re: ADFB levy reduction.

The Australian Dried Fruits Board fully supports the Australian Dried Fruits Association Inc. request to reduce the ADFB, levy from \$10.00 per tonne to \$7.00 per tonne. The ADFB has reviewed its financial requirements and is confident that the reduced levy will provide sufficient funds for the Board to undertake its functions.

Yours sincerely

Ross Skinner

General Manager

Australian Dried Fruits Board

From: Rowley, Stephen IISRowley@pc.gov.au]

Sent: Friday, 11 February 2000 17:31

To: 'Tony.Mahar@affa.gov.au'

Subject: RE: Citrus R&D RIS & Dried Fruit Request for Levy Reduction

Tony

Follow from the Citrus R&D RIS (our reference 1214), the latest draft provided satisfies the adequacy criteria for RISs as set out in the guidelines under the circumstances in this case where the implementation option has been dictated by the industry.

In regard to the dried fruit levy request (our reference 1264), as indicated by telephone a RIS will not be required. The circumstances in this case satisfy the exception criteria on the grounds that the change is of a minor or machinery of government nature and does not substantially alter existing arrangements.

Regards

Stephen Rowley

Office of Regulation Review

AUSTRALIAN HORTICULTURAL CORPORATION

The Honourable Senator Judith Troeth
Parliamentary Secretary to the
Minister for Agriculture, Fisheries & Forestry
Parliament House
CANBERRA ACT 2600

Dear Senator Troeth

Re: Macadamia Levy

The Australian Horticultural Corporation supports the request by the Australian Macadamia Society that the Australian Macadamia marketing levy be increased by 1 c per kg Nut in Shell from 3.5c to 4.5c. This increase does not alter the total horticultural levy as this increase is offset by a reduction in the research and development levy.

This levy is to be applied to the levies collected under the Primary Industries Levies and Charges Collection Act 1991. Primary Industries Levies and Charges Collection (Macadamia Nut) Amendment Regulations 1999 (No. 1), the Primary Industries (Customs) Charges Act 1999 and the Primary Industries (Excise) Levies Act 1999.

We have worked through the levy principles with the industry and are satisfied that they are complied with.

The AHC has been working closely with the Macadamia Industry and has been successful in implementing programs in Europe and in our domestic market that have enhanced the opportunities to expand sales as the industry grows. The increased funding will enable the AHC to embark on further market development programs in Japan and the USA as agreed in the Macadamia Strategic Marketing Plan.

Through the consultation phase our representative has worked with the Macadamia industry and attended 5 regional meetings where the levy changes were discussed as well as the AGM where it was voted on and received very strong support. The few negative concerns were related more to the process of measurement of activity than the activity itself, which has been addressed through further market research and analysis of sales results.

For your information we attach a copy of the letter from the Australian Macadamia Society

Limited requesting the change in composition of its levy. Additionally, a background paper presented to the AHC Board along With a summary of how this proposal satisfies the 12 levy principles is enclosed.

The AHC recommends that the levy change from 3.5c per kg Nut in Shell to 4.5c per kg Nut in Shell be implemented as soon as practicable.

Yours sincerely

MARK NAPPER

Managing Director

HORTICULTURAL RESEARCH & DEVELOPMENT CORPORATION

Senator The Hon Judith Troeth

Parliamentary Secretary to the Minister for

Agriculture, Fisheries and Forestry

S151

Parliament House

CANBERRA ACT 2600

Macadamia levy

Dear Senator

The Horticultural R&D Corporation (HRDC) has received a request from the Australian Macadamia Society (AMS), the peak industry body for the macadamia industry in Australia, for a decrease in the rate for the statutory levy for the support of national research and development activities for this industry.

The HRDC is satisfied that the majority of growers in the national industry support the proposal in the attached submission from AMS.

AMS proposes a levy and export charge of 2.3 cents/kg nut-in-shell (NIS). This represents a decrease of 1 cent/kg NIS. The levy will be collected at the first point of sale.

The Corporation, having fulfilled its requirements under sub-clause 6(8) of Schedule 15 of the Primary Industries (Excise) Levies Act 1999 (Levies Act) and sub-clause 5(7) of Schedule 10 of the Primary Industries (Customs) Charges Act 1999 (Charges Act), and in accordance with sub-clause 6(6) of the Levies Act and sub-clause 5(5) of the Charges Act, recommends that the levy and export charges be decreased in line with industry wishes.

The Corporation recommends that the rates of levy and export charges in respect of sub-clause 4(3) of Schedule 15 of the Levies Act and sub-clause 3(5) of Schedule 10 of the Charges Act should be amended in line with the AMS request to 2.3 cents/kg nut-in-shell.

As described in the attached proposal, the one cent reduction in R&D levy will be transferred to the AHC marketing levy. This will enable urgent attention to promotion activity for the rapidly increasing macadamia crop. The Corporation is satisfied that levy reserves, plus increasing future income from this crop increase will support the maintenance of the R&D program at satisfactory levels. I would be grateful for your consideration of this matter.

James McGeoch

Chairman

Australian Macadamia Society Limited

Mr Mark Napper,
Executive Director,
Australian Horticultural Corporation,
11th Floor, 51 Druitt St;
SYDNEY NSW 2000

Dear Mark,

RE: LEVY AMENDMENT - CHANGE IN COMPOSITION

Introduction

At the 25th Annual General Meeting (AGM) of the Australian Macadamia Society (AMS) on October 28 1999, it was resolved that the composition of the Industry Nut-In-Shell (NIS) Levy of 7c per kg be weighted more heavily in favour of promotion and market development and less on research and development.

This decision was taken with the aim of increasing promotion expenditure, against the background of rapid production growth in recent years but more particularly in the 1999 calendar year in which extremely favourable seasonal conditions resulted in a 35pc production increase compared to the long run average of 15pc.

The AMS is the peak industry body for the macadamia industry and its membership of some 760 growers accounts for approximately 80pc of total industry growers and more than 90pc of production. These numbers are periodically checked against processor records, processors being responsible for collecting the nut-in-shell levy when nuts are delivered for cracking.

The AMS has a policy of consulting widely with the industry prior to any major decision on important industry matters-including levies. In relation to the October 28th levy decision, the proposal was outlined in the Industry News Bulletin following the initial Board decision and presented as an agenda item at an industry General Meetings in the September prior to the AGM.

In addition, the proposed levy change was canvassed widely at Mac Group meetings, which are held throughout the production area and seek to inform growers on all aspects of industry Marketing and R&D programmes. These meetings are a forum for all industry participants, not just AMS members.

Proposed Levy Change

An outcome of rapid industry growth is that processors have relatively limited funds to promote greater consumer awareness in existing markets and develop new markets. As a result the macadamia industry is increasingly reliant on industry funding to achieve this outcome.

Industry funding is also important in assisting improved brand recognition, which tends not to take place as individual ingredient users and distributors focus on promoting their own brands rather than the industry. Apart from the lack of resources, this situation also implies a degree of market failure in that individual growers and processors will not invest where there is a risk of a competitor being able to take advantage at lower prices of market development initiative.

Working with AHC, the macadamia industry seeks to address these investment shortcomings by implementing industry programmes with distributor/end-users in various countries to pull

product through the market. Most recently this kind of programme has been particularly successful in raising product awareness in European markets as it provides an effective industry platform for demand led growth.

Consistent with the industry strategic plan and as funds permit, similar programmes are proposed for the Japanese and other markets although may be varied according to market research findings.

At the AGM meeting in October, the following resolution was carried by a majority of 119 to 1.

	Current	Change	New
AHC levy	3.5c/kg	Up 1.0c/kg	4.5c/kg
HRDC levy	3.3c/kg	Down 1.0c/kg	2.3c/kg
NRS levy	0.2c/kg	Nil	0.7c/kg
			0.2c/kg
Total levy	7.0c/kg	Nil	7.0c/kg

The one vote not in favour of the amendment was based on an implied reduction to R&D funding but which will actually be maintained as a result of the increased volume of nuts subject to levy. There was no actual opposition to the increase in promotion funding which had been proposed and discussed at the previous AMS General Meeting of September. p

Recommendation

With reference to Attachment 2 which addresses the Commonwealth Governments 12 levy guidelines, the AMS requests that the Board of AHC approve the change in the composition of the macadamia industry levy.

Yours faithfully,

Andrew Heap

Executive Officer.

Attachment 2.

1 Market Failure

As detailed in the covering letter, growers and processors are not able to differentiate products sufficiently to prevent competitor's from taking advantage of market development and promotion initiative. This creates a disincentive for individual grower and processor investment in market development and promotion. This gap is being covered by industry promotion programmes as demonstrated by the 40pc increase in European distributor sales over the past fifteen months.

Similar market failure is evident with research and development funding. Growers are not able to differentiate themselves sufficiently to justify R&D expenditure in their own right. There are also some external benefits to be considered in relation to the more effective management of resources which conveys public benefit.

2. Peak Industry Body Support.

As also outlined in the covering letter, the AMS initially presented the Board resolution in the AMS Bulletin. The resolution was an agenda item at the General Meeting prior to the AGM and there was strong support for a further increase in promotion at that time. The AGM resolution was carried with one opposing vote and the reason for that was concern about lack of funds to

maintain the R&D programme. Funds will be adequate to maintain R&D programmes at current levels based on the expected production level of 34,000 tonnes in future years.

3. Initiator

The Peak Body (AMS) Board did not receive any verbal or written opposition to the resolution. The one and only negative vote came from a person who chose not to speak against the motion.

4. Funds Collected

The Promotion component of the levy will raise approximately \$1.5 million in a full year for crop production of 34,000 tonnes (NIS). Additional funds will be applied to expedite market development and promotion funding in line with the Industry Strategic Plan. Market growth will assist all levy payers by helping to offset softer prices as a result of increasing supply. The R&D component of the levy: will accrue at approximately \$0.78 million in a full year, which is in line with the current unmatched component. Total R&D spending is currently \$1 -5 million.

5. Collection

The levy will be collected by seven main nut-in-shell processor establishments (which account for approximately 95pc of the nut harvest and 30 small direct sellers and be remitted monthly to the Levies Management Unit, a Division of AFFA.

6. Rate

The rate of 7c/kg (NIS) is considered an equitable arrangement.

7. Rate on production output

While the levy is struck at a flat rate, variations in product quality can lead to small variations in the percentage impact of the levy.

8. Collection System

The collection system has been shown to be an efficient method of collection for the industry and this will further improve as a result of recent changes to remittance times - monthly from six monthly.

9. AHC and HRDC Consultation

AHC and HRDC have been consulted through the process. Both organizations have contributed to Strategic Plans in respective areas of Marketing/promotion and R&D.

10. AHC & HRDC Accountability

Both AHC and HRDC are accountable to levy payers and the Commonwealth Government.

11. Industry Review of Levy

The Macadamia Industry reviews the total levy and individual components of the levy on an annual basis.

12. Application of Additional Promotion and Reduced R&D Levy Funds

The 1c/kg NIS increase in the promotion component of the levy will raise approximately \$0.350 million in a full year at a production level of 34,000 tonnes NIS. The additional funds will be spent on market development and promotion in the Japanese market.

There will be a similar reduction in the R&D component of the levy but this will not materially affect the current and forward budget as long as production remains at or above current levels.

Australian Macadamia Society Limited

2 February 2000

Mr Les Baxter,

Acting Executive Director,

Horticultural Research & Development Corporation,

Level 6, 7 Merriwa St;

GORDON NSW 2072

Dear Les,

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This decision was taken with the aim of increasing promotion expenditure, against the background of rapid production growth in recent years but more particularly in the 1999 calendar year in which extremely favourable seasonal conditions resulted in a 35pc production increase compared to the long run average of 15pc.

The AMS is the peak industry body for the macadamia industry and its membership of some 760 growers accounts for approximately 80pc of total industry growers and more than 90pc of production. These numbers are periodically checked against processor records, processors being responsible for collecting the nut-in-shell levy when nuts are delivered for cracking.

The AMS has a policy of consulting widely with the industry prior to any major decision on important industry matters-including levies. In relation to the October 28th levy decision, the initial Board resolution was outlined in the Industry News Bulletin and subsequently discussed as an agenda item at an industry General Meetings in the September prior to the AGM. In addition, the proposed levy change was canvassed widely at Mac Group meetings, which are held throughout the production area and seek to inform growers on all aspects of industry Marketing and R&D programmes. These meetings are a forum for all industry participants, not just AMS members.

Proposed Levy Change

An outcome of rapid industry growth is that processors have relatively limited funds to promote greater consumer awareness in existing markets and develop new markets. As a result the macadamia industry is increasingly reliant on industry funding to achieve this outcome.

Industry funding is also important in assisting improved brand recognition, which tends not to take place as *individual ingredient* users and distributors focus on promoting their own brands rather than the industry. Apart from the lack of resources, this situation also implies a degree of market failure in that individual growers and processors are discouraged from investing in market development where there is risk of a competitor being able to take advantage of such initiatives at lower prices.

With the help of AHC expertise and resources, the macadamia industry has recently implemented programmes to develop domestic and export markets. These efforts have been particularly successful in raising product awareness and sales in European markets and are providing an effective industry platform for demand led growth. However, funding of these programmes is modest and more resources are needed to expedite such programmes and develop new product and market opportunities.

It is against this background that a slightly lesser priority is being given to industry R&D funding. With the support of HRDC, it has been demonstrated for many years that levy raising for R&D is equally justified as growers are singularly not able to achieve and maintain sufficient advantage from undertaking their own research. In addition, public benefits by way of more effective management of resources, support matched funding by Government. As will be evident below, the current levy proposal would result in a reduction in the level of matched p funding.

The expenditure of all levy monies is! consistent with an industry strategic planning process held every 23 Years with programmes developed and implemented from year to year as funds permit.

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Recommendation

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AHC and HRDC have been consulted through the process. Both organizations have contributed to Strategic Plans in respective areas of Marketing/promotion and R&D.

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There will be a similar reduction in the R&D component of the levy but this will not materially affect the current and forward budget as long as production remains at or above current levels.

REGULATION IMPACT STATEMENT

Changes to the macadamia industry R&D and marketing levies and export charges

Note: For the sake of simplicity in this RIS the term "levy" is used to refer to both the excise levies and customs charges imposed on macadamias under the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs) Charges Act 1999*.

Issue/problem to be addressed

Production of macadamias in Australia has shown a steady increase of 15% a year over the last decade. However, due to unusual climatic conditions, in 1999 production rose by 35%. In future years the rate of increase is forecast to return to the 15% trend growth rate. These continuing increases in supply, coupled with similar growth in other producer countries, have led to a lowering of international prices for macadamias.

Increased promotional activities are needed in target markets to lift demand for Australian macadamias, which would be expected to lead to increased prices being offered to Australian producers. This will continue to be the case in future years, as the production of macadamias continues to rise.

The increase in production also has led to the R&D levy raising more money than is currently required by the industry for its R&D program. Substantial reserves already exist, which will continue to increase unless the R&D levy is reduced.

Objectives

The objectives of the industry proposal are to

- * stimulate demand for Australian macadamias by increasing the amount of industry funding available for marketing/promotion
- * reduce the amount of industry funding for R&D, as the amount currently being raised is greater than is necessary to sustain the agreed R&D program.

Options

Only one option has been advanced by the industry - a change to the existing rates of the compulsory levies.

The industry proposes to increase the current marketing levy rate and reduce the R&D levy rate currently imposed under the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs) Charges Act 1999*, while leaving the combined levy rate unchanged. (A third levy, for the National Residue Survey, will remain unchanged.)

Under the proposal, the overall levy rate will remain at 7 cents per kg (c/kg) of nut-in-shell. The marketing levy will be increased from 3.5 c/kg to 4.5 c/kg and the R&D rate will be decreased from 3.3 c/kg to 2.3 c/kg. The National Residue Survey levy will remain unchanged at 0.2 c/kg.

A voluntary levy to raise additional funds for marketing has not been recommended by the industry, because this would increase compliance costs and lead to some freerider problems, while not addressing the over-funding of R&D.

Costs and benefits

This proposal has been advanced by the Australian Macadamia Society (AMS), the recognised peak body for the macadamia industry. The AMS believes the recommended changes will benefit all members of the industry. There are about 950 macadamia growers in the industry, 760 of whom are members of the AMS.

There will be no extra direct costs to the industry, as a proportion of production, because the overall levy rate remains unchanged. The industry estimates leviable production for the 2000-01 season will be about 34,000 tonnes, which would give a total levy collection of about \$2.48 million for that year.

However, as production of macadamias continues to rise, the overall amount of money raised by the levies will continue to rise commensurately. The AMS has indicated it would welcome further increases in promotions funding, but that the R&D levy rate may need to be further reduced, following future reviews.

There will be no extra business compliance costs or paper work, as the levy will continue to be collected in the same manner as under current Regulations.

There will be a reduction in anticipated costs to the Government as the Commonwealth matching payments for R&D will be applied to a lower levy rate. If the R&D levy rate remained unchanged, the Commonwealth would be called upon to match an estimated \$1.1 million R&D levy for 2000-01. With the reduced levy rate, that figure will be about \$780,000.

The AMS expects the industry to benefit from increased promotion of macadamias in export markets. Due to increased supplies of macadamias over recent years, the international price has fallen. Australian producers have seen a decline from about \$2.40 to about \$2.00 a kilo of nut in shell in the last season. If demand can be increased through targeted promotions, the price decline may be arrested, and possibly reversed.

Competition Policy

The levy is applied equitably to all macadamia growers, and the R&D and promotion activities are designed to assist the industry as a whole. The proposed changes therefore have no impact on competition within the industry. The increased marketing/promotion funding will enable the industry to better compete internationally against other macadamia producing countries.

Promotional campaigns within Australia, funded by the **marketing component of the** levy, enable the industry to better compete against other (mostly imported) puts.

Consultation

The proposal conforms to the Government's levy principles and guidelines. The AMS has conducted an extensive information campaign within the industry. Growers were informed of the proposal by newsletter, and in meetings held in all the significant growing regions. These meetings were attended by members and non-members of the AMS. At the AGM of the AMS in October 1999, of 120 delegates only a very small minority was opposed to the proposal.

A spokesman for a small group of producers has since expressed opposition to the proposed increase in promotion funding, and to levies in general. However, the number of growers claimed to be opposed to the proposal is less than 10% of the industry, and the evidence remains convincing that the great majority of the industry supports the proposal.

The AMS has consulted with the Australian Horticultural Corporation, the statutory authority that undertakes promotions on behalf of horticultural industries, and the Horticultural Research and Development Corporation, which conducts the horticulture R&D program. Both statutory authorities support the proposal.

Implementation and review

The change to the levies is to be implemented by Regulation as soon as possible, depending on the legislative process. The levy rates and the associated programs are reviewed annually by the AIMS in consultation with its members.

The proposed changes to the levy rates will alleviate the funding imbalance for the present, but future increases in production may again lead to over-funding for R&D.

The industry has foreshadowed the possibility of further changes to levy rates follow in a future reviews of the R&D and marketing programs.

Conclusion and recommended option

The macadamia industry proposal to increase the marketing levy rate and reduce the R&D levy rate currently imposed under the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs) Charges Act 1999*

- * conforms to the Government's levy guidelines and principles,
- * does not impose extra regulatory burdens upon business,
- * does not restrict competition, and
- * has clear potential to benefit the industry.

It should be supported.

Horticulture Policy Section

AID

April 2000

HORTICULTURAL RESEARCH & DEVELOPMENT CORPORATION

Senator The Hon Judith Troeth

Parliamentary Secretary to the Minister for

Agriculture, Fisheries and Forestry

S 151

Parliament House

CANBERRA ACT 2600

Dear Senator

Citrus levy

The Horticultural R&D Corporation (HRDC) has received a request from Australian Citrus Growers Inc. (ACG), the peak industry body for the citrus industry in Australia, for an increase in the rate

for the statutory levy for the support of national research and development activities for this industry.

The HRDC is satisfied that the majority of growers in the national industry support the introduction

of a levy as proposed by ACG in the attached submission.

ACG proposes a levy and export charge of \$2.00 per tonne on citrus fruits. This represents an increase of \$0.50 per tonne. The levy will be collected at the first point of sale.

The Corporation, having fulfilled its requirements under sub-clause 6(8) of Schedule 15 of the *Primary Industries (Excise) Levies Act 1999* (Levies Act) and sub-clause 5(7) of Schedule 10 of the *Primary Industries (Customs) Charges Act 1999* (Charges Act), and in accordance with sub-clause 6(6) of the Levies Act and sub-clause 5(5) of the Charges Act, recommends that the levy and export charges be increased in line with industry wishes.

The Corporation recommends that the rates of levy and export charges in respect of sub-clause 4(3) of Schedule 15 of the Levies Act and sub-clause 3(5) of Schedule 10 of the Charges Act should be amended in line with the ACG request to \$2.00 per tonne on all citrus fruit.

As described in the attached proposal, shortfalls in levy funding have prevented the funding of new R&D projects in 109/2 00. These projects are required to address priorities raised by industry at regional forums in 1998. Any delays in the implementation of this proposed increase will affect the industry's ability to address these priorities. I would be grateful for your consideration of this matter.

Yours sincerely

Lindy Hyam

Executive Director for James McGeoch

Chairman

Senator the Hon Judith Troeth

Parliamentary Secretary

Agriculture Fisheries and Forestry - Australia

Parliament House - The Senate

CANBERRA ACT 2600

25 June 1999

Dear Senator Troeth,

Application for a Statutory R&D Levy Increase

Enclosed is a copy of the citrus industry's proposal for an increase in the citrus research and development levy. A copy will also be forwarded to the relevant '.citrus' Members of Parliament.

ACG's submission gives details of the proposal and an extensive industry consultation process leading to the formal decision at ACG's 22 April 1999 Annual Conference to seek Government approval for the levy increase.

Your support will be appreciated for citrus growers' proactive initiatives on R&D to underpin on-going export market access and development, and to continue the R&D activity resourced through the Citrus Market Diversification

Program during its term.

Please feel welcome to contact me or AGC Research Officer Judith Damiani for any further information or clarification you may require.

Yours Sincerely,

R L Curren

EXECUTIVE DIRECTOR

Regulation Impact Statement - Australian Citrus Growers Incorporated application for a statutory R & D Levy increase.

Issue to be addressed

The Australian Citrus Growers (ACG) have proposed to the citrus growing industry and the HRDC that an increase in the statutory Citrus Industry R&D Levy of \$0.5 per tonne of citrus produced be implemented, in order to ensure the long-term effectiveness of the industry's R&D Program. This new R&D effort is seen as essential to maintain the momentum of industry restructuring into viable fresh fruit exports supported in the domestic arena by increasing consumption of fresh fruit and fresh orange juice.

The significant majority of citrus enterprises are not capable of bearing the financial responsibility of any crucial medium to long-term industry R&D. Citrus growing in Australia is typically a small to medium family enterprise. The fact that there is already a statutory R&D levy in place is recognition of that market failure. Statutory levies are already recognised and accepted by Government as a cost-effective means of correcting market failure.

The current levy rate is \$1.50 per tonne. The proposed new rate is \$2.00 per tonne. The industry has not been able to mobilise any new projects in 1999-2000. Many projects have been 'put on hold' and other areas are under review. At current levy rates the priority areas set by the R&D forums cannot be progressed until current projects finish.

ACG priority research and development areas that can be identified as providing a net public benefit to the industry include the following

- * Updates of quantitative and qualitative consumer data.
- * Information on market requirements
- * Enhanced production management
- * Improved business management

Objective of the Change

The objective of the increase is to maintain and increase the industry's current level of R&D in both the short and long term. Growers as levy payers stand to benefit from an increased levy rate through the application of the resulting research and development from new projects.

The option to increase the levy promotes the efficient means for the industry to obtain benefits from essential research and development in areas such as the development of new varieties and management techniques together with various other priority areas that have been identified by the industry. The results of the R&D levy provide greater benefit to the industry that outweighs the costs imposed by a compulsory levy.

Options

At ACG's 51st Annual Conference in April 1999 consideration of alternative propositions included the following;

- (i) the \$0.501 tonne increase in the citrus R & D Levy be applied in conjunction with a \$0.501 tonne reduction of the AHC citrus levy, and
- (ii) the R & D levy increase be \$.25/ tonne rather than \$0.50 / tonne.

These options were unanimously discarded in favour of the \$0.50 increase the R & D Levy.

Impact Analysis

The Australian citrus industry is comprised of approximately 3,000 growers, 200 packers, and 100 processors. Each of these industry sectors is represented through its national organisation and interacts via the Australian Citrus Industry Council Inc.

An industry R&D levy was first struck in 1989 to address the need for industry R&D to ensure the industry's competitiveness and viability. The Annual Conference endorsed the levy at \$0.25 per tonne. This contributed to the first citrus R&D budget of \$120,000 in 1989/90.

The levy rate was reviewed and endorsed by the 1990 Annual Conference at \$0.50 per tonne, in 1991 \$1.00 per tonne, and at \$1.25 per tonne in 1992.

ACG's 1996 Annual Conference resolved to increase the HRDC levy from \$1.25 per tonne to \$1.50 per tonne. This was approved and took effect on 1 July 1997.

The 1997/98 citrus R&D Program amounted to \$2.6 million (including voluntary contributions). Levies collected amounted to 0.3 percent of GVP.

The ACG has estimated the increase in levy funds collected based on an average production year of 650,000 tonnes. Exhibit 3 indicates that the ACG anticipates an extra \$325,000 will be raised if a \$2.00 per tonne levy rate is applied.

Exhibit 3

	Current Rate	Proposed Rate
Levy Rate	\$1.50 per tonne	\$2.00 per tonne
Crop Size	650,000 tonnes	650,000 tonnes
Levy Receipts	\$975,000	\$1,300,000
Levy collected as a % of crop value	0.27%	0.36%

Current levy collection (\$1.50) amounts to approximately 0.25 percent of GVP. The proposed new levy rate of \$2.00 per tonne would represent some 0.36 per cent of GVP. The matching Government funding arrangement applies to levies equal to 0.5 per cent of GVP.

Industry body overview

The Australian Citrus Growers Inc (ACG) was established in 1948 as the peak body of the Australian citrus growing industry. The ACG represents the growers in the citrus industry, and provides growers with a link to other industry participants, Government departments and agencies, the Government (State and Federal), as well as other industries and interested parties. The national delegates to the ACG are elected by their local growers to represent ACG member organisations in particular States / regions.

ACG is a member of the Australian Citrus Industry Council Inc. where fresh fruit packing and juice processing associations are also represented; and the International Society of Citriculture.

ACG membership includes nine grower organisations in the six mainland states and three State / Regional Statutory Citrus Authorities:

- * Queensland Fruit and Vegetable Growers (QFVG) Citrus Sectional Group Committee;
- * Leeton and District Citrus growers Association;
- * Griffith and District Citrus growers Inc;
- * Narromine Citrus Growers Association;
- * Sunraysia Citrus Growers Inc;
- * Mid-Murray Citrus Grower Inc;
- * Citrus Growers of South Australia Inc;
- * Western Australia Fruit Growers Association Citrus Council;
- * Northern Territory Citrus Growers Inc;
- * Murray Valley Citrus Marketing Board;
- * Citrus Board of South Australia; and

* Riverina Citrus.

These members of ACG represent around 90 percent of commercial citrus growers.

Industry Consultation

The ACG has consulted widely with the HRDC (through Program Manager Gerard McEvilly) and the citrus growing industry, through its State and regional members located in all mainland States and the Northern Territory, with regard to proposed levy increases. The 1997 ACG Annual Conference resolved (Kelvin Voullaire/Peter Davidson) that ACG propose a program of contribution increases for R &D including a justification for it at the 1997 national delegates Meeting.

The initial proposal put forward at the November 1997 ACG National Delegates

Meeting was for a series of increases. There are broadly outlined below in Exhibit 2

Exhibit 2

	1989/90	1992/93	1997/98	1999/00
Levy	\$0.25	\$1.25	\$1.50	\$2.00
% Citrus GVP	0.07	0.27	0.25	0.33

Specific discussion to increase the levy to \$2.00 per tonne have been communicated with industry as follows:

ACG paper presented for discussion at:

1997 National Delegates Meeting (November),

1998 50th Annual Citrus Conference (April), and

1998 National Delegates Meeting (November).

1998 - Regional R&D Forums held in Berri, Mildura, Griffith and Mundubbera, run by the National Citrus R&D Co. *These forums were used to identify R&D priorities for the current industry R&D Plan. At each of these forums, the proposed levy increase was discussed. Growers recognised and supported the need for and importance of the R&D levy and subsequent increases in the rate to ensure continuation of effective programs.*

Australian Citrus News, December 1998.

Article outlining the outcomes from the regional forums and a statement that the 'ACG and the National Citrus R&D Committee will be recommending a HRDC levy increase (including justification for it) for ratification at the 51st ACG Annual Conference in April 1999'. Page 6.

Meeting between HRDC (Lindy Hyam) and ACG representatives (February 1999)

To outline the process of an information leaflet to all growers and the preparation of a submission to progress a levy increase and final consultation with industry.

1999 National Citrus R&D Committee Meeting (February)

Agreement that an R&D levy information leaflet to all citrus growers, including levy increase proposal and opportunity to comment, and a submission to the Minister be progressed.

Australian Citrus News, March 1999

Article informing citrus industry participants of the Citrus R&D Levy Update (information leaflet) that is to be distributed this month. Article states the proposal to increase the levy to \$2.00 per tonne.

Citrus R&D Levy Update, March 1999

Four-page information update distributed to all citrus growers detailing the industry's R&D priorities, levy contribution details, the R&D funding shortfall and the proposed new levy rate to accommodate this shortfall. Growers were advised to contact their local representatives if they wanted to comment on the proposal, or contact the ACG for more information.

1999 51st Annual Citrus Conference (April)

The proposal was raised as an agenda item, as part of the annual review of the HRDC levy, seeking formal endorsement for a May 1999 industry submission to the Minister seeking an increase to 2.00 per tonne in the citrus R&D levy.

It was unanimously resolved (Nick Ulcoq/Jack Papageorgiou) that the citrus R & D levy increase from \$1.50 per tonne to \$2.00 per tonne.

ACG News Release

"Citrus R & D Funding gets National endorsement" 18 May 1999. Distributed to ACG members and rural and regional press.

To ensure industry participants other than growers are aware of the proposal and are provided the opportunity to contribute, the Citrus R&D Levy Update (March 1999) was also sent to the National Citrus Packers Association, the Australian Fruit Juice Association and the Australian Citrus Industry Council Inc.

Industry Support for an R&D Levy Increase

A proposal to increase the R&D levy has been discussed several times a year at formal ACG events since 1997, and has been supported each time by the ACG national delegates.

The concept was also overwhelmingly supported at each of the four regional forums held in 1998.

The concept was overwhelmingly supported at each of the four regional forums held in 1998 and at the 51st AGC Annual Conference, April 1999.

Opposition to an R&D Levy Increase

There has been no formal or informal opposition to the proposal to increase the R & D levy received by ACG or its delegates.

Levy Collection

Cost effective levy collection mechanisms are already in place through the Levies Management Unit of AFFA. ACG anticipates there will be no changes to this procedure.

Conclusion and recommended option

The Australian citrus growing industry, through the national peak body, the ACG, has a clear vision and direction. The ACG clearly has broad support from citrus growers nationally, and works for the enhancement of the citrus industry and its growers. Continued research and development is vital for the industry in Australia to maintain and improve its global competitiveness and market share. R&D funds currently collected from the industry levy help to make this possible within funding constraints. However, current funds raised are sufficient only to ensure ongoing projects are continued. A boost in funding is required to enable much needed new projects which have grower support to be mobilised and maintained.

This regulation impact statement highlights the fact that ACG has consulted widely and received a very high degree of grower support for an increase in the rate of the citrus R&D levy. Industry stakeholders agree that the compulsory R&D levy provides an essential contribution towards the economic viability of citrus enterprises.

The application has been assessed against and has been deemed to comply with, the various issues contained in the governments 12 levy principles and guidelines relating to the introduction of new and changes to existing levies.

Finally, the proposed increase in the citrus industry R&D levy represents the most cost efficient and effective way of achieving the objective of providing valuable research the citrus industry is reliant upon to remain sustainable and competitive in the world market. The results of the levy provide a net benefit to the community that outweighs the cost of imposing the compulsory levy on producers.

On behalf of the Australia's citrus growers and Australian Citrus Growers Inc. AFFA recommends and supports an increase in the HRDC citrus R&D levy of \$0.50 per tonne, raising the levy to \$2.00 per tonne payable on all varieties of citrus fruits by commercial citrus growers.

Implementation and review

ACG had requested that the levy be effective as of 1st September 1999, however since that date has lapsed the levy should be implemented as early as possible and should be collected through current collection mechanisms.

The citrus industry has been conducting R&D under an industry plan since 1989. A five year R&D plan identifies key priorities and establishes strategies required to achieve industry objectives.

A National Citrus R&D Committee is responsible for industry consultation to establish priorities, working with HRDC to establish and monitor projects and increasing adoption of results through effective technology transfer. The current R&D plan spanning 1996-2000 was developed at a workshop attended by industry representatives. The National Citrus Industry R&D Committee has instituted a series of R&D forums every 2-3 years in the major citrus growing regions. These forums provide an opportunity for industry participants to be updated on the current R&D Plan, projects and expenditures, and to review the Plan and make recommendations for future research and development. Citrus R&D Committee members are appointed to the Committee for a three year term by the ACG after calling and considering nominations for States representation.

The levy will be reviewed on need be basis by the ACG in accordance with the requirements of the industry.

AUSTRALIAN HORTICULTURAL CORPORATION

30 August 1999

The Honourable Senator Judith Troeth

Parliament House

CANBERRA ACT 2600

Dear Senator Troeth

Re: **Custard Apple Levy**

We have received a proposal from the Australian Custard Apple Industry Association to request a levy of 20c per package to be applied to Custard Apples from 1 February 2000.

Following our consultation with the industry, including participation in their annual conference 15 July, our board is satisfied that the Custard Apple industry has satisfied the general principles applying to new levies as attached. Importantly we do not identify any significant opposition to the proposal.

Although the issue of levies is a sensitive one, we believe that with the progress made at the last Stone Fruit Annual General Meeting, growers in the main are supportive of levies where they add value providing they have some involvement in the process. Please note that the proposal includes a review of the levy in three years.

We are satisfied that the process here has involved the whole industry and that there should be no need to withhold your favourable decision in order to meet the February deadline.

Yours sincerely

MARK NAPPER

Managing Director

Australian Custard Apple Growers Association Inc.

Mr Wayne Prowse

AHC

Level 11

51 Druit St

Sydney NSW 2000

Dear Wayne,

The Australian Custard Apple Growers Association is the only national group representing all custard apple growers in Australia. In 1995, a statutory RD&E levy was put in place and later increased in 1998. No opposition has been voiced over the payment of this levy.

The custard apple industry is a medium sized industry and a rapidly growing one. Production is on the increase with a lot of new trees planted not yet producing. Prices over the last season were greatly reduced due to increased fruit on the market.

Market research has shown a very small percentage of the population are familiar with custard apples and many of the retailers are ignorant on how to handle, store and ripen the fruit. Taste tests done in past years have shown a large consumer acceptance to the flavour of the fruit but little is known how to ripen and prepare them. It is quite evident that consumer awareness programs/ would increase the sale and consumption of custard apples.

There is a small export industry with custard apples which has potential of expansion if overseas promotion were conducted.

The instigation of a statutory marketing/promotion levy has been discussed by the industry over the past few years. Not until now has the Australian Horticultural Corporation been able to accommodate an industry the size of the custard apple industry.

At the July 1998 ACAGA management committee meeting it was moved that a recommendation be put to the industry to have a statutory promotion levy put in place, of 20 cents per package collected at the first point of sale with farm gate sales exempt. This levy to be administered by the AHC.

Please find enclosed copies of media releases and letters of support.

Thanking you,

Regards,

Patti Stacey

ACAGA Secretary

Meeting the General Principles applying to proposals for a new marketing levy for the Australian Custard Apple Industry.

We, the AHC are satisfied that the request by the Australian Custard Apple industry for a levy meets your government's principles.

1. **The proposed levy relates to a function for which there is significant market failure.** The Custard Apple industry is small and is inhibited by a lack of consumer awareness to their use and retail awareness of correct handling procedures. Individual growers do not have the resources to make an impact in this area. In addition growers seek assistance to

implement marketing strategies that will realise the strong potential for the exports of Australian Custard Apples into Asia.

2. The request is **supported by the Australian Custard Apple Growers Association Inc** (ACAGA) which is the peak body of the Custard Apple industry and represents as far as possible all custard apple growers.

As initiator of the levy proposal ACAGA **have demonstrated all reasonable attempts to communicate to all growers** through media and industry newsletters. There has been no recorded opposition to the levy except for one only vote against the proposal despite widespread invitations to comment. ACAGA believes that the small size of the industry would make it difficult to notice any perceived opposition to the proposal. On the contrary there has been widespread support.

4. The levy of 20c per package will raise approx. \$55,000 and a suggested budget agreed between ACAGA and AHC is attached. This is a small budget for AHC however demonstrates our flexibility to work with emerging industries where a small budget managed effectively and efficiently can make a significant difference to the industry. Growers will benefit when consumer demand can be lifted through increased awareness at consumer and retail level.

5. **The proposal has received almost a unanimous vote in favour.** Of five regional meetings held, four meetings had a unanimous result in favour and one meeting had a 49:1 result in favour. No opposition was forthcoming. (See table 1 for meeting details)

6. **The proposed levy is to be collected equitably** at 20c per package with one collection in February from the first point of sale by LMU. As a levy is already being collected for HRDC in the same manner there are no additional costs anticipated.

7. **The levy is related to outputs** (ie packages / trays) collected at first point of sale.

8. **The one only collection annually places the least "red tape"** on businesses collecting and remitting the levy. Farm gate sales will be exempt as this volume would not justify the additional collection costs.

9. The **Australian Horticultural Corporation** has been requested to manage the expenditure and has been in consultation with ACAGA for the last three years. Whilst the levy is small. it is workable to meet the objectives of the Custard Apple industry and also meet the AHC's legislated objectives.

10. The Australian Horticultural Corporation is **accountable to levy payers through the peak body ACAGA and also to government.** The AHC will consult with ACAGA or a designated sub-committee in the program development stage and will report to Custard A Apples growers via the ACAGA - AGM and executive meetings as appropriate. The AHC reports to government through its annual report and annual operating plan.

11. **ACAGA will review the rate of the levy in three years** against these principles and the program performance to determine whether the levy rate be adjusted, remain the same or removed.

Table 1.

Custard Apple Grower Consultation meeting outcomes

Area	Venue	Date	Attendees	Outcome
North	Walkamin	11 June 98	15	Unanimous in favour
Queensland Central	Research Station Bruce Sloper's	20 Sept 98	17	Unanimous in favour
Queensland	property -			
Wide Bay	Yeppoon Derek Foley's	October 98	18	Unanimous in favour
	property -			
Sunshine Coast	Bundaberg Maroochy	7 Nov 98	50	49 in favour, 1 against
Northern NSW	Research Station Bill McLeod's	9 Dec 98	42	Unanimous in favour
	property -			
	Fernleigh			

Total Number of custard apple growers: 350

Total number who attended consultation meetings: 142

(Representing approx. 60% of production)

Regulation Impact Statement - Custard apple marketing levy and export charge

Issue/problem to be addressed

There is a market failure in the promotion and marketing of fresh custard apples. Market research conducted by the industry has shown there is little market awareness and hence limited consumer demand for the fruit. A very small percentage of the Australian population outside of tropical areas are familiar with custard apples and few retailers know how to handle, store and ripen the fruit.

The industry believes consumer demand can be raised through educational and promotional activities, but no individual growers, or groups of growers, are able to fund the promotions or to capture their benefits without significant flow on effects to all producers. The Australian Custard Apple Growers Association (ACAGA), on behalf of the industry, has requested that a levy be imposed on fresh custard apple sales to fund promotion activities that would benefit all levy payers.

Objectives of the Regulations

The objective is to impose a compulsory levy on domestic sales and exports of fresh custard apples (excluding farm-gate sales) to fund promotion of fresh custard apples.

Options

Only one option has been advanced by the industry, that of a compulsory levy. A noncompulsory levy, or voluntary contributions, has not been recommended by the industry, because of the recognised potential for producers to act as free-riders, failing to contribute while gaining the benefit of the promotional activities.

Costs and benefits

The levy will be charged to the producer at the rate of 20c per package (standard tray or standard box) or \$25 per tonne, for both export and domestic sales (excluding farm-gate sales). With a season average of around \$15 per tray, the levy would represent 1.33% of the value of production.

The levy would be collected at the first point of sale, with farm gate sales exempted as, the volume involved would not justify the extra administrative costs. In the first year, the levy is expected to raise about \$60,000.

The cost of fresh custard apples to consumers has fallen in recent seasons as increased production has come onto the market, without a equivalent increase in demand. If the promotional activities are successful, the resultant increase in demand would be expected to at least arrest the price decline, and may lead to an increase over current prices. Ultimately, the price of fresh custard apples will be set in competition against other fresh fruit available to the consumer.

The producers of custard apples will benefit from increased demand for their product, which would be expected to lead to a gain in income. This increase in income may be as a result of higher sales volume, higher unit prices or a combination of both, and would be expected to at least offset the cost of the levy. The consumer will benefit from greater choice, achieved through better understanding of the product and an expected greater availability.

There would seem to be no restriction on competition through the introduction of this levy, as it would be applied equitably to all commercial producers of fresh custard apples. It would increase the custard apple industry's ability to better compete against the producers of other, more familiar, fruit.

The levy may lead to an increase in custard apple exports, as the industry plans to use some funds for export promotion in future years.

There will be no significant extra business compliance costs or paper work, as the levy will be collected with the existing research and development levy, and will utilise the same collection mechanism. There will be a single annual collection of the two levies, placing the least amount of "red-tape" possible on the producers.

There will be no cost to the Government for the introduction of this levy, as the Levies and Revenue Services (LaRS) unit within AFFA operates on a cost recovery basis. Collection with the existing R&D levy means little additional work will be entailed in collecting the levy. There is no matching Commonwealth funding applicable to the proposed marketing levy.

Consultation

The proposal conforms to the Government's levy principles and guidelines. ACAGA has conducted an extensive information campaign within the industry. Meetings were held in all the significant growing regions and were attended by 40% of commercial custard apple growers. Those attending represented 60% of custard apple production. The combined vote was 141 growers in favour of the levy and 1 opposed.

There is no indication of significant opposition to the proposal among growers who did not attend the regional meetings. There has been no campaign of letters to either the Minister or the Australian Horticultural Corporation (AHC) opposing the levy.

The AHC, the statutory authority that undertakes promotions on behalf of the horticultural industries, supports the custard apple industry in this application.

Conclusion and recommended option

The proposal for a statutory compulsory levy for custard apple promotion conforms to the existing model for industry levies to fund promotional activities, and is recommended for implementation.

Implementation and review

The levy is to be implemented as early as possible, depending on the legislative process. The levy rate and the performance of the promotions program are to be reviewed in three years to determine whether the levy is to remain in place, be adjusted, or be removed.

THE DRIED FRUITS RESEARCH & DEVELOPMENT COUNCIL

Senator the Hon. Judith Troeth

Parliamentary Secretary to the Minister for Agriculture, Fisheries & Forestry.

Parliament House

CANBERRA, ACT, 2600.

Dear Senator Troeth,

The Dried Fruits Research and Development Council has recommended to and received support from the Australian Dried Fruits Association Inc., the nominated industry representative body for the Australian dried vine fruit and dried tree fruit industries, for increases to the dried grape research levies from \$10.00 to \$11.00 per tonne and the dried tree fruit research levy from \$29.00 to \$32.00 per tonne.

The reasons for seeking the levy increases were advised to the ADFA and presented at the open session of the ADFA Federal Councils of both 1998 and 1999. The ADFA has provided the supporting information provided by the DFRDC in their request to you.

Yours sincerely

Dr Prue McMichael

CHAIRMAN

Regulation Impact Statement for Australian Dried Fruits Association Inc application for an increase in the Dried Vine Fruit and Dried Tree Fruit R&D Levy

Background

The Dried Fruits Research and Development Council (DFRDC) was established on 1 January 1992 in accordance with section 92 of the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).

The DFRDC is accountable to the dried vine fruit, dried tree fruit and prune industries which provide funds to the Council through statutory as opposed to voluntary research levies.

Functions of the DFRDC as defined in section 93 of the PIERD Act include the investigation and evaluation of the requirements for research and development (R&D) in the dried fruits industry. On that basis a five year plan is required under section 101 of the PIERD Act. The DFRDC is also to review and revise the plan.

The Rural Industries Research and Development Corporation (RIRDC) provides the Council's legal entity. RIRDC also provides the Council with information on broader research and development and administrative matters.

There are approximately 1800 dried vine and tree fruit producers in Australia. The Australian Dried Fruit Association (ADFA) is the eligible industry body for the dried vine and tree fruit industries.

Issue to be addressed

The ADFA is seeking to have the research and development (R&D) levy for the dried tree fruit and dried vine fruit industries increased. The proposed increases of \$1.00 to \$11.00 for dried vine fruit and \$3.00 to \$32.00 for dried tree fruit represents an increase of ten per cent to the existing levy.

In 1999-00 the DFRDC approved funding for 20 continuing projects and 8 new projects to meet the Council's and Government objectives outlined in the industry's five year R&D plan.

The ADFA is seeking the increase to assist the Council in maintaining the industry's requirement for research in light of the following:

- * The increased cost of the projects as research provider organisations fully cost their R&D proposals.
- * The increased funding demand for projects by research organisations.
- * The reduced industry productive capacity and its detrimental effect on the levy base.

The decision to increase the levy promotes an efficient means for the industry to obtain benefits from essential research and development in areas such as the development of new varieties and management techniques together with various other priority areas that have been identified by the industry. Based on past experience with successful R&D outcomes, the benefits such as increased yields, of maintaining and increasing dried fruit R&D are expected, in the long term, to exceed the direct levy cost. The DFRDC aims to make provisions for the funding of research to:

- * improve the cost efficiency and economically sustainable development of dried fruit production
- * improve fruit quality
- * develop new products and enhance marketing opportunities
- * improve the rate of adoption of existing technology
- * develop an effective research environment for the industry
- * improve accountability for expenditure upon research and development activities.

Funding is and will remain a key issue facing the DFRDC. Declining dried fruit production has reduced levies funding in recent years and will have a detrimental impact on the scope of existing and future R&D activities.

Why is Government action needed to correct the problem

The Government collects compulsory statutory levies from individual industry participants to ensure that all beneficiaries in the industry contribute to activities that have a collective purpose. Despite the advantages of purchasing the services collectively, there is an incentive for individuals to 'free-ride', ie take advantage of the benefits without contributing to the costs, without the compulsory and statutory nature of the levy. Hence government involvement is needed to correct this market failure. Under the proposal outlined, these arrangements are to continue.

Objective of the Change

The DFRDC aims to maintain an annual research and development program of \$1.2 million. While this funding level has fluctuated over recent years the objective of the proposed increase is to contribute to maintaining the industry's current level of R&D in both the short and long term. Growers as levy payers stand to benefit from the resulting research and development from existing and new projects. In light of the continued fluctuation of production figures for the industry, the DFRDC is also working to maintain the level of research by

- * developing non levy income sources through commercialisation of its research outputs
- * funding highly focussed projects to minimise their cost
- * utilising other funding programs for projects that meet the criteria.

Estimated additional revenue

The additional revenue is linked to crop size, which is extremely variable due to a number of factors including impacts from seasonal and climatic conditions. **DFRDC** has estimated that the additional funds that would be generated as a result of the increase in the levy would be \$35,000 for dried vine fruit and \$6,000 for dried tree fruit. These additional funds will go towards assisting the Council in maintaining research and development levels for the dried fruit industries.

Within the DFRDC trust fund there are separate receipt and expenditure accounts kept for each of the sectors of the dried fruits industry. This ensures the levies collected for each sector are utilised for the total benefit of that part of the industry.

DFRDC levy contributions and production levels

Year	Levy rate Tree / Vine \$ per tonne	Dried Tree contribution \$	Dried Vine contribution \$	Industry contribution \$ (excluding prunes)	Govt contribution \$	Total funding	Tree fruit production , ex prunes (tonnes)	Vine fruit Production (tonnes)
1990-91	13.25/5.75	29,548	394,747	424,597	482,597	1,096,766	2,230	65,033
1991-92	17.00/7.40	50,916	690,774	741,690	369,667	1,202,415	2,995	88,693
1992-93	17.00/7.40	72,319	769,699	842,018	597,671	1,466,689	3,885	101,901

1993-94	17.00/7.40	44,558	362,700	407,328	648,456	1,055,784	2,542	45,430
1994-95	21.00/7.40	52,101	398,707	450,808	583,164	1,033,972	2,413	50,493
1995-96	25.00/8.50	68,116	280,775	348,891	536,732	885,623	3,630	36,442
1996-97	27.00/9.00	75,347	662,176	737,523	517,270	1,254,793	2,504	65,720
1997-98	27.00/19.00	95,939	261,000	357,002	578,204	935,206	2,995	27,437
1998-99	27.00/9.00	61,155	366,822	427,977	491,401	1,022,114	2,265	40,758
1999-00	29.00/110.0	58,000	350,000	408,000	N/A	N/A	2,000	35,000

Table 1 (source DFRDC and ADFB figures, total funding includes DFRDC interest and sales of assets where applicable, figures

for 1999-00 are DFRDC estimates for production and contribution. Figures for tree production from 92-93 to 98-99 from AFDA Federal Council statistics, other years derived from contribution figures. Govt contribution amounts for 90-91 and 91-92 include prune component)

As can be seen in Table 1 and Graph 1 below, the trend in industry contributions has been in a general decline over the last ten years with the exception of 1992-93 and 1996-97 where there was a significant increase in the production of dried fruit which raised the level of contributions in relation to the previous and following seasons. This rise in production in 1996-97 also came with a levy increase in both the dried vine and dried tree fruit sectors, which contributed to the level of funding increasing for that period. A further point that is evident from the data (Graph 2) is the associated, albeit irregular, overall downward nature of production that has occurred in the dried fruit industry over the last decade. This trend is expected to continue as producers attempt to gain the higher returns achievable in the wine and table grape industries where applicable and environmental factors continue to effect production capabilities.

(GRAPHS DELETED - SEE PRINTED COPY)

As can be seen in Graph 1, the dried vine fruit contribution represents the majority of the R&D levy for the two industries. The dried tree and vine fruit industry contribution and the associated production levels are representative of the trend of the total dried fruit industry.

(GRAPHS DELETED - SEE PRINTED COPY)

As illustrated in Graph 4, the levy collections for the industry have risen over time.

Production levels over time have decreased as demonstrated in Graph 2, resulting in

the DFRDC having to utilise its reserve financial facilities to assist funding of projects

over this period. The level of total industry and Government contributions has

fluctuated significantly due to the irregular nature of production within the dried fruits

industry (Graph 3).

If funding levels can be maintained the outputs of the DFRDC's research program, will benefit the whole of the dried fruit industry depending on budget constraints and industry requirements within that sector:

Examples of existing and proposed areas of research that will benefit the dried vine and dried tree fruit sectors include:

- * Optimising yields through a better understanding of the physiology of rootstocks and scions
- * Development and evaluation of highly productive new varieties
- * Development and evaluation of mechanised vineyard systems and equipment
- * Improved water use efficiency
- * Enhanced soil management practice
- * Improved use of agricultural chemicals
- * Development of food safety management practices
- * Introduction of quality assurance to the production sector
- * Development of better quality grading techniques
- * Minimise the industries environmental impact
- * Development of equipment and procedures to enhance waste water recycling
- * Reduction of cross contamination of fruit by microbial organisms
- * Improved storage, processing ability and market appeal of current varieties
- * Development and evaluation of new varieties with appealing characteristics
- * Improved processing efficiency in respect of cost and product quality
- * Enhanced new product development

The advantages and disadvantages of the R&D levy increase can be highlighted by the following table.

Advantages

Allow DFRDC to meet increased costs of existing/planned research projects
Permit the DFRDC to conduct further R&D projects benefiting growers
Development of new varieties and methods assisting export potential.
Increased efficiency in resource management.
Facilitating further development the dried fruit industry.
Optimise yields resulting in better returns

Disadvantages

Opportunity cost for growers in not investing where they can get the best returns.
Decreased cash flow for producers.

for growers
Further capacity to compete with
imported products.
Increased research and development may
attract new investors to the industry.

Industry Consultation

The ADFA signed a Memorandum of Understanding (MOU) in July 1998 with the major dried fruit industry stakeholders including non members of the ADFA that recognised the ADFA as the peak industry body for the dried fruit industry.

The ADFA has consulted widely with industry on this matter through a number of processes, which include:

- * ADFA Board of management considering and agreeing to the levy increase.
- * ADFA twice advising growers of the levy change proposal in industry journals mailed to all growers.
- * The proposed levy increase being advised at ADFA branch meetings and at the ADFA Federal Council in both 1998 and 1999 and approval of the change at the ADFA Federal Council.
- * The DFRDC agreeing to the increase following a review of the financial position of the Council and the future funding requirements.

Opposition to an R&D Levy Increase

ADFA has not received any opposition to the increase in the levy. The dried fruit industry is supportive of the increase in the levy bearing in mind the reduced production figures of the sector and the increased costing of the research facilities.

Conclusion and recommended option

The Australian dried fruit growing industry, through the national peak body, the ADFA, has a clear vision and direction. The ADFA has broad support from dried fruit growers, and works for the enhancement of the dried vine and dried tree fruit industry and its growers. Continued research and development is vital for the industry in Australia to maintain and improve its market share. R&D funds currently collected from the industry levy help to make this possible within funding constraints.

This regulation impact statement highlights the fact that ADFA has consulted widely and received grower support for an increase in the rate of the dried vine and tree fruit R&D levy. Industry stakeholders agree that the compulsory R&D levy provides an essential contribution towards the economic viability of dried fruit enterprises.

The application has been assessed against, and has been deemed to comply with, the various issues contained in the Government's 12 levy principles and guidelines relating to the introduction of new and changes to existing levies.

The proposed increase in the dried vine and dried tree fruit industry R&D levy represents the most cost efficient and effective way of achieving the objective of providing valuable research the dried fruit industry is reliant upon to remain sustainable. Based on past experience with successful R&D outcomes, the benefits such as increased yields, of maintaining dried fruit R&D are expected, in the long term, to exceed the direct levy cost.

On behalf of Australia's dried fruit growers and the ADFA, AFFA recommends and supports an increase in the R&D levy for dried vine fruit of \$1.00 per tonne, raising the levy to \$11.00 per tonne and the dried tree fruit levy \$3.00 raising it to \$32.00 per tonne.

Implementation and review

It is intended that the increased levy would be implemented in time for the 2000-2001 season. The levy will be reviewed by DFRDC on a regular basis to ensure the industry is receiving sufficient benefit from existing funding levels that ensures the Council and the Government's objectives outlined in the R&D Plan can be achieved.

Office of Regulation Review

29 March 2000

Mr Tony Mahar

Horticulture and Wine Branch Department of Agriculture,

Fisheries and Forestry - Australia

By facsimile no.: 6272 5672

Dear Tony

Draft Regulation Impact Statement: Increase in the Dried Vine Fruit and Dried Tree Fruit R&D Levy

Thank you for providing to the Office of Regulation Review the revised version of the above draft Regulation Impact Statement.

The ORR advises that the RIS satisfies the Government's regulatory best practice requirements, including consulting with the OM and contains an adequate level of analysis, commensurate with the significance of the issue.

Please feel free to contact me on ph: 6240 3203 if I can be of further assistance- Please note for compliance purposes the identification number 1294.

Yours sincerely

Stephen Rowley