

EXPLANATORY STATEMENT

Issued by Authority of the Deputy Prime Minister and
Minister for Agriculture and Water Resources

Primary Industries (Customs) Charges Act 1999

Primary Industries (Customs) Charges Amendment (Citrus) Regulation 2016

Legislative authority

Section 8 of the *Primary Industries (Customs) Charges Act 1999* (the Charges Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act for carrying out or giving effect to the Act.

Schedule 10 to the Charges Act provides for the ability to impose charges on horticultural products. Part 7 of Schedule 10 to *Primary Industries (Customs) Charges Regulations 2000* provides that citrus are chargeable horticultural products.

Purpose

The purpose of the Primary Industries (Customs) Charges Amendment (Citrus) Regulation 2016 (the Regulation) is to amend the statutory charge rate on citrus. The Regulation increases the charge rate for research and development (R&D) from \$1.97 per tonne or 3.94 cents per box to \$3.20 per tonne or 6.4 cents per box; and increase the Plant Health Australia (PHA) membership charge rate from 3 cents per tonne or 0.06 of a cent per box; to 30 cents per tonne or 0.6 of a cent per box.

Background

The Australian Government has a long history of co-investing with rural industries in R&D, and recognises that rural industries mostly consist of a large number of small producers who, individually, may not have the capacity to invest in R&D. The government matches the collected R&D levy revenue, subject to the prescribed cap for matched R&D funds, which is set at 0.5 per cent of the gross value of production of the horticulture industry.

Horticulture Innovation Australia Limited (HIA Ltd) is the declared industry services body for horticulture under Section 9 of the *Horticulture Marketing and Research Development Services Act 2000*. HIA Ltd has a statutory funding agreement with the Commonwealth, under which it receives statutory levies and voluntary contributions from approximately 44 horticultural industries. HIA Ltd receives matching government funding for eligible R&D expenditure up to 0.5 per cent of horticulture's gross value of production, excluding wine grapes.

PHA is a non-profit public company that works in partnership with industry and government under the *Plant Health Australia (Plant Industries) Funding Act 2002* to address priority plant health issues. PHA activities are funded from annual subscriptions paid by its members, including the Commonwealth, state and territory governments and national representative plant industry organisations.

Citrus Australia Limited (CAL) is the eligible industry body for citrus under the *Primary Industries (Excise) Levies Regulations 1999*. In November 2015, CAL made a submission to the government to increase to the existing statutory R&D and PHA charge and levy rates.

CAL's proposal identifies a significant shortfall in funding necessary for the industry to meet the requirements identified in the *Australian Citrus Strategic R&D Plan 2012–17* and to fund the industry's PHA membership. CAL did not propose amendments to the existing orange marketing levy set at \$0.75 per tonne, or to the Emergency Plant Pest Response levy set at \$0.00 per tonne.

Impact and Effect

Citrus growers will be required to pay \$1.50 more per tonne, however, a clear majority of citrus growers who voted supported the levy increase proposal as this will enable implementation of all aspects of the *Australian Citrus Strategic R&D Plan 2012–17*.

Consultation

The Office of Best Practice Regulation was consulted in the preparation of the Regulation (ID 20816). The Department of Agriculture and Water Resources also consulted the departments of the Prime Minister and Cabinet, Treasury, and Finance in the preparation of the Regulation. CAL's proposal reflects the government's support of industry through charges and levies that facilitate collective industry investment in R&D, plant health management and marketing to improve competitiveness and biosecurity preparedness.

Consistent with the Australian Government's *Levy Principles and Guidelines*, CAL conducted a thorough consultation campaign with all known existing and potential levy payers, over an 11 month period from November 2013, to commencing the National Citrus Growers Levy Ballot (the ballot) on 29 October 2014. As levy payers, citrus growers were strongly encouraged to have input to the development of the amendments. CAL's consultation campaign included 12 grower meetings held across all of the major citrus-growing regions; industry publications, including e-newsletters, updates to CAL's website and a dedicated Citrus Poll website; pre-citrus poll online survey; and media releases, public notices and advertisements in relevant regional newspapers.

The ballot was conducted from 29 October 2014 to 28 November 2014 by an independent voting service, the BoardRoom Pty Ltd. Every commercial citrus orchard was entitled to a minimum of one vote, with an additional vote for every 20 hectares of citrus. A total of 1778 ballot packs were sent by post, providing growers with an opportunity to vote by post or online. A total of 350 formal votes were received, representing 19.7 per cent of eligible voters. Of the 350 votes, 197 supported the R&D levy increase, representing 56.3 per cent; and 244 supported the PHA annual subscription levy increase, representing 69.7 per cent.

On 5 February 2016, the department commenced the six-week objection period for prospective levy payers to lodge their concerns about the levy submission. The objection period closed on 18 March 2016 and 20 objections were received, which CAL has responded to adequately.

HIA Ltd consulted with CAL about the recommendation to amend the citrus charge and levy rates, prior to making the recommendation to the Minister for Agriculture and Water Resources. The proposed Regulation would give effect to the recommendations of HIA Ltd, which are consistent with CAL's written submission of November 2015 to increase the existing statutory levies and charges on citrus.

Details of the Regulation are set out in [Attachment A](#).

The Regulation is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full statement of compatibility is set out in Attachment B.

The Regulation is a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulation commences on 1 July 2016.

Details of the Primary Industries (Customs) Charges Amendment (Citrus) Regulation 2016

Section 1 – Name

This section provides that the name of the Regulation is the Primary Industries (Customs) Charges Amendment (Citrus) Regulation 2016.

Section 2 – Commencement

This section provides for the Regulation to commence on 1 July 2016.

Section 3 – Authority

This section provides that the Regulation is made under *Primary Industries (Customs) Charges Act 1999*.

Section 4 – Schedules

This section provides that the Primary Industries (Customs) Charges Regulations 2000 is amended as set out in Schedule 1.

Schedule 1 – Amendments

Primary Industries (Customs) Charges Regulations 2000

Items 1 to 4 amend subclause 7.4 of Division 7.1 of Part 7 of Schedule 10 to provide that, for subclause 3(5) of Schedule 10 to the Customs Charges Act, the following rates of charge are prescribed:

- a) for oranges in bulk — \$3.20 per tonne of oranges;
- b) for oranges not in bulk — 6.4 cents per box;
- c) for other citrus in bulk — \$3.20 per tonne of citrus;
- d) for other citrus not in bulk — 6.4 cents per box.

Items 5 to 8 amend subclause 7.6(2) of Division 7.2 of Part 7 of Schedule 10 to provide that, for subclause 5 of Schedule 14 to the Customs Charges Act, the rates of PHA charge are follows:

- a) for oranges in bulk — 30 cents per tonne of oranges;
- b) for oranges not in bulk — 0.6 of a cent per box;
- c) for other citrus in bulk — 30 cents per tonne of citrus;
- d) for other citrus not in bulk — 0.6 of a cent per box.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Primary Industries (Customs) Charges Amendment (Citrus) Regulation 2016

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The purpose of the Regulation is to amend the Australia Government statutory charge and levies on citrus to meet the industry's research and development priorities and Plant Health Australia membership.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

The Hon. Barnaby Joyce MP
Deputy Prime Minister and Minister for Agriculture and Water Resources