

EXPLANATORY STATEMENT

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

Primary Industries Research and Development Act 1989

Rural Industries Research and Development Corporation Amendment (Tea Tree Oil) Regulations 2017

The *Primary Industries Research and Development Act 1989* (the PIRD Act) provides for the funding and administration of research and development (R&D) and marketing relating to primary industries.

Section 149 of the PIRD Act provides that the Governor-General may make regulations prescribing: matters required or permitted to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the PIRD Act.

The purpose of the Rural Industries Research and Development Corporation Amendment (Tea Tree Oil) Regulations 2017 (the Regulations) is to attach the tea tree oil R&D levy and export charge to the Rural Industries Research and Development Corporation (RIRDC) and to establish obligations on RIRDC to keep relevant accounting records.

R&D activities to support the tea tree oil industry are currently funded from voluntary contributions from tea tree oil producers, and the industry's R&D program is administered by RIRDC. The program has contributed to a doubling of plantation yield, efficacy research, market access, and increased efficiency in harvesting, distillation and storage.

Rather than relying on voluntary industry contributions to R&D, establishing a statutory tea tree oil R&D levy and charge ensures that all tea tree oil producers invest equitably in R&D. A statutory levy and charge also provides the tea tree oil industry with greater certainty about the amount of revenue that will be collected and will enable forward-year planning to deliver priority R&D for the benefit of the whole industry. The overall increase in investment in R&D allows industry to receive the benefits of additional Commonwealth matching payments for R&D expenditure.

The purpose of the Regulations is to enable any funds raised by the new Australian Government statutory R&D levy and charge on tea tree oil producers to be paid to RIRDC so that it can administer the industry's R&D program. The Regulations also require certain accounting records to be kept by RIRDC for the funding of R&D activities relating to the tea tree oil industry, to increase the transparency of RIRDC's management of the industry's R&D funds.

The Australian Tea Tree Industry Association (ATTIA) and the majority of potential levy payers support the introduction of an R&D levy and charge, and an EPPR levy and charge. ATTIA undertook a detailed consultation process on the levies and charges in 2016, including an independent postal ballot, to consult all known and potential levy and charge payers. Ninety-six per cent of voters supported the introduction of an R&D levy and charge, and ninety-four per cent of voters supported the introduction of an EPPR levy and charge.

The Office of Best Practice Regulation (OBPR) was consulted on the introduction of a tea tree oil R&D and EPPR levy and assessed the Regulation Impact Statement (RIS). On 31 March 2017, the OBPR assessed the RIS as being compliant with Government's requirements. The OBPR reference number for this assessment is 21687.

Details of the Regulations are set out in Attachment A.

The proposed Regulations are 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 Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

Details of the Rural Industries Research and Development Corporation Amendment (Tea Tree Oil) Regulations 2017

Section 1 – Name

This section provides that the name of the Regulations are the Rural Industries Research and Development Corporation Amendment (Tea Tree Oil) Regulations 2017.

Section 2 – Commencement

This section provides for the Regulations to commence on 1 July 2017.

Section 3 – Authority

This section provides that the Regulations are made under the *Primary Industries Research and Development Act 1989*.

Section 4 – Schedules

This section provides that the Regulations are amended as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1 – Amendments

Item 1 inserts a new Division 14 relating to tea tree oil into the *Rural Industries Research and Development Corporation Regulations 2000*. Notes on the individual clauses are set out below.

Division 14 – Tea tree oil levy

46 Definitions

This clause provides for tea tree oil to have the same meaning as in clause 13.2 of Part 13 of Schedule 37 to the *Primary Industries Levies and Charges Collection Regulations 1991* (Collection Regulations). Tea tree oil is defined in the Collection Regulations as oil that is distilled from *Melaleuca alternifolia*, in accordance with Australian Standard AS 2782-1997, as in force at the commencement of Part 13 of the Collection Regulations. The tea tree oil industry is also defined as the primary industry concerned with the production of tea tree oil.

47 Attachment of levies

This clause attaches the tea tree oil levy and charge to the Rural Industries Research and Development Corporation. The whole of the levy is the research component and the tea tree oil industry is the primary industry to which the levy relates.

48 Accounting records for tea tree oil levy

This clause provides for certain accounting records relating to the funding of research and development activities involving the tea tree oil industry (including funding received from the

Commonwealth and other contributions) to be kept separate, in line with Section 40 of the *Primary Industries Research and Development Act 1989*.

ATTACHMENT B

Statement of Compatibility with Human Rights

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

Rural Industries Research and Development Corporation Amendment (Tea Tree Oil) Regulations 2017

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 Rural Industries Research and Development Corporation Amendment (Tea Tree Oil) Regulations 2017 are to attach the tea tree oil research and development levy and export charge to the Rural Industries Research and Development Corporation (RIRDC) and to establish obligations on RIRDC to keep relevant accounting records.

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