

EXPLANATORY STATEMENT

Issued by Authority of the Minister for Agriculture and Water Resources

Primary Industries (Excise) Levies Act 1999

Primary Industries (Excise) Levies Amendment (Agaricus Mushrooms) Regulations 2018

Section 8 of the *Primary Industries (Excise) Levies Act 1999* provides that the Governor-General may make regulations prescribing matters required or permitted by this Act, or necessary or convenient to be prescribed for carrying out or giving effect to this Act.

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

The *Primary Industries (Excise) Levies Amendment (Agaricus Mushroom) Regulations 2018* (the Amendment) decreases the marketing levy component on mushrooms from \$3.24 to \$2.92 per kilogram of mushroom spawn sold.

The Amendment reduces the current marketing levy by less than 10 per cent. This reduction reflects the mushroom industry's desire to remain profitable and sustainable through reducing costs, while not impacting upon research and development (R&D) investment priorities.

On 22 August 2017, the Australian Mushroom Growers' Association (AMGA) wrote to the Minister for Agriculture and Water Resources with a proposal to reduce the marketing component of the mushroom levy from \$3.24 to \$2.92 per kilogram of mushroom spawn sold. The R&D component remains unchanged at \$1.08 per kilogram. The Amendment reduces the overall rate of the levy from \$4.32 per kilogram of mushroom spawn to \$4.00 per kilogram.

The mushroom levy rate was doubled in 2014, principally to fund market research activities. AMGA proposed a review of the arrangements at the end of 2016. The requested reduction to the marketing levy is the result of that review. AMGA consulted widely on the proposal to reduce the levy and it has majority industry support. The industry services body, Horticulture Innovation Australia, was consulted in September 2017 and did not raise any objections, or make any recommendations to the Minister for the purpose of clause 6 of Schedule 15 to the Excise Levies Act.

An objection period for the proposal commenced on 25 September 2017 and closed on 6 November 2017. The Department of Agriculture and Water Resources assessed AMGA's proposal and considers that it meets the Australian Government's *Levy Principles and Guidelines*.

Reducing the marketing component of the levy has a positive financial impact for mushroom growers. There is no financial impact on the Commonwealth, as the marketing levy is not eligible for Australian Government matching funds.

The Office of Best Practice Regulation was consulted in the preparation of the Regulation (ID 22734).

Details of the Regulations are set out in **Attachment A**.

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

Details of the *Primary Industries (Excise) Levies Amendment (Agaricus Mushrooms) Regulations 2018*

Section 1 – Name

This section provides that the name of the instrument is the *Primary Industries (Excise) Levies Amendment (Agaricus Mushrooms) Regulations 2018*.

Section 2 – Commencement

This section provides that the instrument commences on 1 July 2018.

Section 3 – Authority

This section provides that the instrument is made under the *Primary Industries (Excise) Levies Act 1999*.

Section 4 – Schedules

The section provides that the instrument is amended as set out in the Schedule.

Schedule 1 – Amendments

Item 1 - Clause 18.5 of Schedule 15

This item omits “\$3.24” and substitutes “\$2.92” to reflect the reduction to the rate of the marketing component of the mushroom levy.

Statement of Compatibility with Human Rights

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

Primary Industries (Excise) Levies Amendment (Agaricus Mushrooms) Regulations 2018

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 *Primary Industries (Excise) Levies Amendment (Agaricus Mushrooms) Regulations 2018* (the Regulations) would decrease the marketing levy component on mushrooms from \$3.24 to \$2.92 per kilogram of mushroom spawn sold.

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. David Littleproud MP
Minister for Agriculture and Water Resources