

## **EXPLANATORY STATEMENT**

Issued by Authority of the Minister for Agriculture and Water Resources

*Primary Industries (Customs) Charges Act 1999*  
*Primary Industries (Customs) Charges Amendment (Wool) Regulations 2019*

### **Legislative Authority**

The *Primary Industries (Customs) Charges Act 1999* (the Act) authorises the imposition of primary industries charges that are duties of customs.

Section 8 of the Act provides that the Governor-General may make regulations prescribing matters required or permitted by that Act to be prescribed or that are necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The Act provides for the ability to impose charges on wool. Schedule 14 to the Act authorises the regulations to impose charges on primary industry products, set the rate of the charge and identify the person liable to pay the charge.

### **Purpose**

The purpose of the *Primary Industries (Customs) Charges Amendment (Wool) Regulations 2019* (the Regulations) is to amend Part 1 of Schedule 14 to the *Primary Industries (Customs) Charges Regulations 2000* to reduce the rate of customs charge on wool exported from Australia from 2 per cent to 1.5 per cent of the free-on-board value of the wool immediately before export.

### **Background**

Subclause 13(2) of Schedule 14 to the Act requires the Minister to take into consideration any relevant recommendation made to the Minister by the designated body for the purposes of the subclause, before the Governor-General's power to make the proposed regulation may be exercised.

Subsection 30(1) of the *Wool Services Privatisation Act 2000* (the Wool Services Act) provides that the Minister may declare a body to be the research body. The *Wool Services Privatisation (Research Body) Declaration 2008* declares Australian Wool Innovation Limited (AWI) as the research body. AWI receives payments from the Commonwealth in relation to wool levy for research and development activities, marketing activities and other activities.

Subsection 32(1) of the Wool Services Act provides that the research body is taken to be the designated body in relation to "rate setting clauses". Subsection 32(3) of the Wool Services Act provides that the research body (being AWI) is required to make recommendations to the Minister in relation to the rate-setting clauses. Subsection 32(6) of the Wool Services Act provides that "rate-setting clauses" means:

- a) clause 14 of Schedule 27 to the *Primary Industries (Excise) Levies Act 1999*; and
- b) clause 13 of Schedule 14 to the Act.

In order to make a recommendation, AWI must hold a poll in accordance with the *Wool Services Privatisation (Wool Levy Poll) Regulations 2003* (Wool Levy Poll Regulations). An independent WoolPoll panel confirmed that AWI conducted a poll in 2018 (WoolPoll 2018) in accordance with the requirements in the Act and the Wool Levy Poll Regulations.

Voting for WoolPoll 2018 opened on 17 September 2018 and closed on 2 November 2018. AWI announced a summary of the results on 16 November 2018 and presented the results at its Annual General Meeting on 23 November 2018.

In WoolPoll 2018, wool growers voted to move from a 2 per cent customs charge to a 1.5 per cent customs charge on their gross wool sale proceeds. AWI made this recommendation to the Minister on 5 December 2018.

Section 18A of the *Wool Services Privatisation (Wool Levy Poll) Regulations 2003* (Wool Levy Poll Regulations) provides that the recommendation must be made not later than three years after the previous recommendation. AWI's previous recommendation was made on 21 December 2015, so therefore met the requirements of Section 18A of the Wool Levy Poll Regulations.

### **Impact and Effect**

There is reduced financial impact on wool producers as a result of the Regulations, as the rate of customs charge on wool has decreased.

### **Consultation**

The reduced wool custom charge has majority industry support and stakeholders participated in the consultation process through voting in WoolPoll 2018.

The Office of Best Practice Regulation (OBPR) was consulted in the preparation of the Regulations and advised that a Regulation Impact Statement was not required as the amendment was deemed minor and machinery in nature (OBPR ID: 22416).

### **Details / Operation**

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

**Details of the Primary Industries (Customs) Charges Amendment (Wool) Regulations 2019**

**Section 1 – Name**

This section provides that the name of the Regulations are the *Primary Industries (Customs) Charges Amendment (Wool) Regulations 2019* (the Regulations).

**Section 2 – Commencement**

This section provides that the Regulations commence on 1 July 2019.

**Section 3 – Authority**

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

**Section 4 – Schedules**

This section provides that the Regulations are amended as set out in the Schedule.

**Schedule 1 – Amendments**

**Item 1**

This item omits the percentage “2%” and substitutes the percentage “1.5%” in clause 1.2 of Schedule 14 to the *Primary Industries (Customs) Charges Regulations 2000* to reflect the reduction to the rate of customs charge on wool.

**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 (Wool) Regulations 2019*

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 (Customs) Charges Amendment (Wool) Regulations 2019* (the Regulations) amends the *Primary Industries (Customs) Charges Regulations 2000* to reduce the customs charge on wool exported from Australia from 2 per cent to 1.5 per cent of the free-on-board value of the wool immediately before export.

**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**