

## **EXPLANATORY STATEMENT**

Issued by Authority of the Minister for Agriculture, Drought and Emergency Management  
*Primary Industries (Excise) Levies Act 1999*

*Primary Industries (Excise) Levies Amendment (Dried Fruits, Farmed Prawns, Forest Growers and Macadamias) Regulations 2020*

### **Legislative Authority**

The *Primary Industries (Excise) Levies Act 1999* (the Excise Levies Act) authorises the imposition of primary industries levies, which are duties of excise.

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

Parts 2, 3 and 4 of Schedule 27 to the Excise Levies Act provide that Regulations may impose primary industries levies, set the rate of the levies and specify the person liable to pay the levy. Schedule 15 to the Excise Levies Act imposes a levy on horticultural products such as dried vine fruits and macadamias. Schedule 27 to the Excise Levies Act makes provision for the imposition of a levy on produce of a primary industry such as farmed prawns and plantation logs (for forest growers).

Subclause 14(2) of Schedule 27 to the Excise Levies Act provides that if there is a single body that is a designated body for a particular product, then, before the Governor-General makes a regulation in relation to the product, the Minister must take into consideration any relevant recommendation made to the Minister by the body. Dried Fruits Australia Inc (DFA), the Australian Forest Products Association Ltd (AFPA) and the Australian Macadamia Society Ltd (AMS) are declared designated bodies by the Minister within the *Primary Industries (Excise) Levies (Designated Bodies) Declaration 2013*, in line with the Act for dried vine fruits, logs that are produced from trees felled in a plantation and macadamias respectively. There is currently no designated body for farmed prawns.

### **Purpose**

The purpose of the *Primary Industries (Excise) Levies Amendment (Dried Fruits, Farmed Prawns, Forest Growers and Macadamias) Regulations 2020* (the Regulations) is to:

- impose a Plant Health Australia (PHA) levy on dried vine fruits at \$1.00 per tonne
- decrease the Emergency Plant Pest Response (EPPR) levy on plantation logs – *Pinus sp.* from 0.5 cents per cubic metre of the log to nil
- decrease the EPPR levy on macadamia nuts from 0.2 cents per kilogram of dried kernels of macadamia nut to nil
- decrease, for one year, the white spot disease repayment (WSDR) levy on farmed prawns from 3.01 cents per kilogram of farmed prawns, weighed before any part of the prawns is removed to nil, before reverting to 3.01 cents per kilogram on 1 January 2022.

Levies are introduced, administered and collected by the Australian Government, usually at the request of industry. The Department of Agriculture, Water and the Environment (the

department) on behalf of the Commonwealth collects the levy and disburses the funds to the relevant recipient body.

## **Background**

On 11 October 2019, Dried Fruits Australia (DFA) requested that the government introduce a PHA levy on dried vine fruits at a rate of \$1.00 per tonne.

AFPA and AMS are signatories to the Emergency Plant Pest Response Deed (EPPRD). Under that deed, the Australian Government may, on request, underwrite an industry's contribution to an emergency response. EPPR levies may be used to pay for industry contributions to emergency responses under the EPPRD. These levies are commonly introduced at a nil rate and activated (set to a positive rate) as needed in the case of a relevant emergency response.

The EPPR levy on plantation logs – *Pinus sp.* was activated on 1 April 2018 to repay an underwritten industry contribution to a nationally cost-shared response to giant pine scale. Following successful repayment of this debt, AFPA requested on 5 June 2020 that the levy be deactivated.

The EPPR levy on macadamias was activated on 1 July 2016 to repay an underwritten industry contribution to a nationally cost-shared response to Varroa mite. Following successful repayment of this debt, AMS requested on 16 March 2020 that the levy be deactivated.

The WSDR levy on farmed prawns was introduced on 1 January 2020 to facilitate repayment of an underwritten industry contribution (20 per cent) to a \$20 million assistance package provided to prawn farmers affected by white spot disease in the Logan River region of Queensland. On 14 July 2020, Australian Prawn Farmers Association (APFA) requested temporary deactivation of the WSDR levy for one year to provide relief for prawn farmers impacted by Covid-19 restrictions. At the industry's request, the temporary arrangements were not applied to the research and development levy on farmed prawns, so as not to disrupt or defund relevant research activities.

## **Impact and Effect**

The PHA levy on dried vine fruits is a relatively small amount, unlikely to influence the price of that product. The revenue raised will assist the industry in implementing activities to improve its biosecurity. The EPPR levies on plantation logs and macadamias will remain at nil until needed for a relevant emergency response under the EPPRD, continuing to provide a funding mechanism for the forest growers and macadamia industries under that deed. Prawn farmers will experience relief from the WSDR levy for one year, after which the repayment of the industry's debt to the government will continue until fully repaid.

## **Consultation**

The industry bodies have undertaken consultation, notification, etc, consistent with the Australian Government guidelines for amendments for each kind of levy.

DFA consulted with levy payers from November 2018 – July 2019 concluded in a ballot. 80 per cent of voters were in favour of the levy. An objection period was held from 21 November 2019 to 9 January 2020. No objections were received.

AFPA notified levy payers of the proposed deactivation on 3 June 2020 and held an objection period from 9 June to 8 July 2020. No objections were received.

AMS notified levy payers of the proposed deactivation on 19 March 2020 and held an objection period from 1 April to 4 May 2020. No objections were received.

APFA notified levy payers of the proposed 12-month deactivation on 21 July 2020 and held an objection period from 22 July to 20 August 2020. No objections were received.

### **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 (Excise) Levies Amendment (Dried Fruits, Farmed Prawns, Forest Growers and Macadamias) Regulations 2020***

Section 1 – Name

This section provides that the name of the Regulations is the *Primary Industries (Excise) Levies Amendment (Dried Fruits, Farmed Prawns, Forest Growers and Macadamias) Regulations 2020*.

Section 2 – Commencement

This section provides for the commencement dates of the Regulations.

Sections 1 to 4 will commence on the day after the Regulations are registered.

Part 1 of Schedule 1 will commence on 1 January 2021.

Part 2 of Schedule 1 will commence on 1 January 2022.

Section 3 – Authority

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

Section 4 – Schedules

This section provides for the *Primary Industries (Excise) Levies Regulations 1999* (the Regulations) to be amended as set out in Schedules 1 and 2.

Schedule 1

Part 1 – Amendments commencing 1 January 2021

**Item 1** inserts a division heading ‘9.4B PHA levy’. Under the heading, the item inserts clauses to establish a PHA levy on dried vine fruits.

Subclause 9.4B(1) provides that for the purposes of clause 2 of Schedule 27 to the Excise Levies Act, PHA levy is imposed on dried vine fruits on which levy is imposed by Schedule 15 to the Excise Levies Act.

Subclause 9.4B(2) provides that for the purposes of clause 6 of Schedule 27 to the Excise Levies Act, the rate of PHA levy on dried vine fruits is \$1.00 per tonne of dried vine fruits.

Subclause 9.4B(3) provides that for the purposes of clause 11 of Schedule 27 to the Excise Levies Act, PHA levy on dried vine fruits is payable by the producer of the dried vine fruits.

A note at the end of division 9.4B directs the reader, in relation to PHA levy, to the *Plant Health Australia (Plant Industries) Funding Act 2002*.

**Item 2** amends subclause 10.6(2) of Schedule 15 to provide that the rate of the EPPR levy on macadamia nuts is nil.

**Item 3** amends subclause 3.5(2) of Schedule 27 to provide that the rate of the WSDR levy on farmed prawns is nil.

**Item 4** repeals subclause 8.6(2) of Schedule 27 and substitutes a subclause to provide that the EPPR levy on a log is nil.

Part 2 – Amendments commencing 1 January 2022

**Item 5** amends subclause 3.5(2) of Schedule 27 to provide that the rate of the WSDR levy on farmed prawns is 3.01 cents per kilogram of farmed prawns, weighed before any part of the prawns is removed.

## **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 (Dried Fruits, Farmed Prawns, Forest Growers and Macadamias) Regulations 2020***

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 *Primary Industries (Excise) Levies Amendment (Dried Fruits, Farmed Prawns, Forest Growers and Macadamias) Regulations 2020* (the Regulations) is to:

- impose a Plant Health Australia (PHA) levy on dried vine fruits at \$1.00 per tonne
- decrease the Emergency Plant Pest Response (EPPR) levy on plantation logs – *Pinus sp.* from 0.5 cents per cubic metre of the log to nil
- decrease the EPPR levy on macadamia nuts from 0.2 cents per kilogram of dried kernels of macadamia nut to nil
- decrease, for one year, the white spot disease repayment (WSDR) levy on farmed prawns from 3.01 cents per kilogram of farmed prawns, weighed before any part of the prawns is removed to nil, before reverting to 3.01 cents per kilogram on 1 January 2022.

#### **Human rights implications**

These Regulations do not engage any of the applicable rights or freedoms.

#### **Conclusion**

The measures in the Regulations are 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* as the Regulations do not engage any human rights issues.

**The Hon. David Littleproud MP**  
**Minister for Agriculture, Drought and Emergency Management**