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No. 145 2002–03

National Residue Survey (Excise) Levy  
Amendment Bill (No. 2) 2003

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(No. 2) 2003

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# National Residue Survey (Excise) Levy Amendment Bill (No. 2) 2003

**Date Introduced:** 27 March 2003

**House:** House of Representatives

**Portfolio:** Agriculture, Fisheries and Forestry

**Commencement:** Royal Assent

## Purpose

This Bill is part of a package of Bills the purpose of which is to increase the maximum National Residue Survey levy rate on honey from 0.3 cents per kilogram to 0.6 cents per kilogram.

## Background

This Bill is complementary to the National Residue Survey (Customs) Levy Amendment Bill (No. 2) 2003. Two Bills are required to satisfy section 55 of the Constitution which in part provides that ‘laws imposing duties of customs shall deal with duties of customs only, and laws imposing duties of excise shall deal with duties of excise only’.

## National Residue Survey

The National Residue Survey (NRS) is a program that monitors chemical residues in food and fibre produced in Australia. Residue monitoring is part of a national strategy that seeks to minimise unwanted residues and environmental contaminants in food for health and other reasons. Monitoring activities are limited to chemical residues in raw food commodities. The Residues and Standards Branch in the Department of Agriculture, Fisheries and Forestry – Australia implements the program.<sup>1</sup>

The NRS was set up in the early 1960s in response to growing concerns by major export markets about pesticide residues in meat. Since that time, the number of commodities covered by NRS monitoring has grown so that now about 15 animal, 14 plant and selected fisheries and aquaculture products are monitored regularly.<sup>2</sup> The data collected by the

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surveys helps both certification of commodities for export when this is required, and compliance with requirements for domestic consumption. The surveys assist participating industries to maintain long-term access to, and competitive advantage in, important markets. They also support agricultural and food promotions in new and potential markets and serve as a yardstick against which industry operated quality assurance schemes can be validated.

The main source of funding for the NRS is levies on participating industries raised and collected under the *National Residue Survey (Customs) Levy Act 1998*, the *National Residue Survey (Excise) Levy Act 1998*, and the *National Residue Survey Administration Act 1992*. Other sources of revenue include direct payments received for survey work undertaken under contract, and payments for proficiency testing, sale of services and fees charged for the supply of information.<sup>3</sup>

The NRS operates on a cost recovery basis. NRS funds are not used to cross-subsidise between participating industries and each industry program is operated as a separate cost-centre. The legislation provides for both a maximum rate of the levy and an operative rate of the levy. The operative rate may be varied by regulations, but the maximum rate may only be amended by legislation. The purpose of this Bill is to raise the maximum rate of the NRS levy payable by producers of honey from 0.3 cents per kilogram to 0.6 cents per kilogram. This Bill amends the *National Residue Survey (Excise) Levy Act 1998* to ensure that Australian honey sold on the domestic market is subject to the same arrangements as honey that is exported from Australia.

According to the Minister's second reading speech, there is no immediate intention to raise the operative rate of the levy on honey.<sup>4</sup> He explained the amendment as being part of a package of strategies put in place at the request of the honey industry. He said that this measure will enable the honey industry to raise the operative rate of the levy if further funding for residue monitoring programs is required at short notice.

## Honey Industry

Each year Australia produces about 30 000 tonnes of honey with an estimated gross value of production of about \$51 million.<sup>5</sup> The largest producing state is New South Wales which produces nearly 45 per cent of the total. Domestic consumption is approximately 15 000 tonnes per year and the remainder is exported in prepack and bulk form, making Australia the world's fourth largest exporter of honey. Australia's main honey markets are Germany and the United Kingdom. Australia is also a large exporter of beeswax which is used in furniture polish, candles and as a base for many cosmetics.

Although there are no regularly collected statistics, the honey industry has recently estimated that the gross value of production, including queen and package bees, beeswax, pollen and pollination would be around \$65 million a year.<sup>6</sup> In addition the industry provides pollination benefits to the horticulture and broadacre farming industries. The

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value of pollination to the Australian economy has been estimated at between \$604 million and \$1.2 billion.<sup>7</sup>

There are approximately 1500 commercial apiarists in Australia and as many as 20 000 part-time and hobby beekeepers. Not all beekeepers pay the NRS levy. Only honey producers that sell more than 600 kilograms in a financial year are required to pay the NRS levy.<sup>8</sup>

The honey industry is undertaking a quality assurance program with the aim of ensuring that more than 90 per cent of all honey produced in Australia is quality assured for both domestic and export customers. The level of quality assurance is designed to meet both the specific requirements of the European Union for the export of honey and honey products, and the requirements of the Australian and New Zealand Food Authority (ANZFA) Food Safety Standard.<sup>9</sup> The project to develop an Australian honey quality standard has received funding under the Government's AAA-FarmBis Australia program.<sup>10</sup>

Production of honey has declined in the past four years because of the effects of drought, bushfires and plague locusts. Diseases and pests continue to have a major impact on production and the profitability of beekeeping operations.<sup>11</sup> In recent years the widespread use of antibiotics in the control of pests and diseases, particularly European foul brood, has resulted in a potential residue problem.<sup>12</sup> This has caused major concern in the honey industry and many beekeepers have changed their management practices as a result. In November 2002, 103 apiaries in NSW and 15 in Queensland were found to be infected with the small hive beetle. In November 2002 the peak industry body, the Honey Bee Industry Council of Australia asked the Federal and State governments to provide the industry with an emergency rescue package of \$10 million over five years to help fund increased research expenses and production costs, estimated to be around \$20 million.<sup>13</sup>

A review of the Australian Honey Bee Industry Council was carried out in 2000-2001. This review reported that there was strong beekeeper support for raising the maximum NRS levy on honey from 0.3 cents per kilogram to 0.6 cents per kilogram.<sup>14</sup> The review also recommended that the Government be asked to increase the maximum rate under the NRS legislation.<sup>15</sup>

## Main Provisions

**Item 1 of Schedule 1** inserts the current rate of operative NRS levy on honey into Schedule 7 of the *National Residue Survey (Excise) Levy Act 1998*. **Item 2** raises the maximum rate of the NRS levy on honey sold in Australia to 0.6 cents per kilogram. The current operative rate of 0.3 cents per kilogram will continue to be paid by honey producers. However the amendment will allow the operative rate to be increased by regulations should the honey industry require additional funding for residue monitoring programs. The proposed amendments do not alter the rate of the NRS levy payable when

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honey is used in the production of other goods (Schedule 7, subclause 4(2)). Here the maximum rate of levy continues to be 0.3 cents per kilogram and is payable by the person using the honey (Schedule 7, subclause 5(2)).

## Endnotes

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- 1 Information about the National Residue Survey is available online at [www.affa.gov.au](http://www.affa.gov.au) >Product Integrity/Animal and Plant Health > National Residue Survey (NRS) (22/4/03).
- 2 *ibid.*, Information under 'History'.
- 3 *ibid.*, Information under 'Sources of funding'.
- 4 Hon Warren Truss, 'Second Reading Speech', National Residue Survey (Excise) Levy Amendment Bill (No. 2) 2003, House of Representatives, *Debates*, 27 March 2003, p. 13427.
- 5 Information on the Honey Industry comes from the following sources:
  - Australian Honey Bee Industry Council, *About the Honey Industry*, at [www.honeybee.org.au/buzz.htm](http://www.honeybee.org.au/buzz.htm) (22/4/2003)
  - *The economic value and environmental impact of the Australian beekeeping industry*: a report prepared for the Australian beekeeping industry by Diana M H Gibbs and Ian F Muirhead, February 1998. Available at [www.honeybee.org.au/economics.htm](http://www.honeybee.org.au/economics.htm) (22/4/2003)
  - Rural Industries Research & Development Corporation, *R&D plan for the Honeybee Program 2002-2007* at [www.rirdc.gov.au/pub/honeybee.html](http://www.rirdc.gov.au/pub/honeybee.html) (22/4/2003)
- 6 *The economic value and environmental impact of the Australian beekeeping industry*: a report prepared for the Australian beekeeping industry by Diana M H Gibbs and Ian F Muirhead, February 1998, p. 12. Available at [www.honeybee.org.au/economics..htm](http://www.honeybee.org.au/economics..htm)
- 7 *ibid.*, p. 17-24.
- 8 *National Residue Survey (Excise) Levy Act 1998*, Schedule 7, subclause 2(4).
- 9 Australian Honey Bee Industry Council, *Review of operations 2000-2001*, p.6. Available at [www.honeybee.org.au/](http://www.honeybee.org.au/)
- 10 Hon Warren Truss, Minister for Agriculture, Fisheries and Forestry, '\$2 million to boost skills training for primary producers', *Media Release*, 26 April 2001.
- 11 The principal exotic diseases affecting hives are European foul brood (*Missococcus pluton*), first identified in Australia in 1977, Chalk brood (*Ascosphaera apis*), first identified in Queensland in 1993 and since spread throughout Australia, and American foul brood (*Paenibacillus larvae*). In November 2002, 103 apiaries in NSW and 15 in Queensland were found to be infected with the small hive beetle.
- 12 Rural Industries Research & Development Corporation, *R&D plan for the Honeybee Program 2002-2007*, at [www.rirdc.gov.au/pub/honeybee.html](http://www.rirdc.gov.au/pub/honeybee.html)

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- 13 'Apiary industry calls for \$10 million rescue package', *Press release*, 27 November 2002.
- 14 Australian Honey Bee Industry Council, *Review of operations 2000-2001*, Recommendation 12. Available at [www.honeybee.org.au/](http://www.honeybee.org.au/)
- 15 *ibid.*, Recommendation 10.

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