



National Residue Survey (Excise) Levy Amendment Bill 2005

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National Residue Survey (Excise) Levy Amendment Bill 2005

Date Introduced: 23 June 2005

House: House of Representatives

Portfolio: Agriculture, Fisheries and Forestry

Commencement: On Royal Assent.

Purpose

To allow the funds for monitoring the levels of chemical and other residues in several categories of apples and pears to be increased, by increasing the maximum levy rates and the operative levy rates contained in the [National Residue Survey \(Excise\) Levy Act 1998](#) (the Act).

Background

The [National Residue Survey](#) (NRS) is a system of monitoring chemical and other residues in a range of food and other products.¹ The Department of Agriculture, Fisheries and Forestry, which administers the NRS, describes its purposes as:

- to meet the needs of participating industries in maintaining access to key markets
- to maintain consumer confidence in Australian food commodities covered by NRS projects
- to underpin quality-assurance projects
- to assist in resolving residue-related trade incidents, and
- to establish a bank of objective and scientifically valid data.

Monitoring of the levels of chemical residues in apples and pears began in 1999.

The NRS's objectives are to underpin export and domestic marketing initiatives of participating industries and thus to enhance the value of Australian agricultural industries, and to maintain consumer confidence by providing:

- independent, authoritative and scientifically based evidence supporting the chemical residue and contaminant status of the products covered by NRS residue monitoring activities, and
- scientific advice on residues and contaminants and contributing to the management of residue-related issues.

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The NRS is thus important for Australia's food exports. Indeed, some export markets, such as the United States and the European Community, require a government chemical residue monitoring program as a condition of entry for certain products.

The NRS was established in the 1960s as the Commonwealth's response to concerns about pesticide residues in key meat export markets. The NRS was subsequently expanded to other food items. The items covered are set out in the 16 Schedules to the Act.

Administration of funds collected is through the [National Residue Survey Administration Act 1992](#). This Act also prescribes the purposes for which funds collected can be used and the products and activities on which liability to pay levies arises.²

Funding of the NRS is provided from five sources (the main source is the levies that participating industries pay). The sources are:

- direct funding by fees recovered through statutory collection mechanisms
- direct payments by other means (for example, for projects undertaken under contract)
- interest earned on short-term investments of funds held in reserve
- payments for proficiency testing, sale of services and from fees charged for the supply of information, and
- appropriation funding from the Australian Government for NRS government business activities under community service obligations.

Payments and receipts under the National Residue Survey Administration Act are through a special account. In 2005–06, estimated account receipts are \$10 million and payments are \$10.8 million.³ The Budget appropriation for 2005–06 under the National Residue Survey Administration Act is \$5.8 million. The appropriation is made under Output 5—product integrity, animal (including aquatic animal) and plant health—of the Department of Agriculture, Fisheries and Forestry.⁴

Basis of policy commitment/ position of significant interest groups

The Minister's second reading speech states:

The amendments are part of a package of strategies being put in place on behalf of the Apple and Pear Industry and the increase in the maximum allowable levy rate will allow the Industry further scope to expand its operative rate of levy by subordinate legislation where access to further funding for residue monitoring programs may be required at short notice.

In 2002, the industry developed the [Apple and Pear Industry Strategic Plan 2002–2007](#). [Apple and Pear Australia Limited](#) (APAL), which represents the industry, [reviewed](#) the plan to determine investment priorities for 2005–06.

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In March 2005, the former Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, and APAL [announced](#) a project between the Australian Government and APAL. The project aims to boost industry profitability, sustainability and competitiveness. The project:

... will receive \$440,000 this financial year from the Coalition Government's \$4.7 million, Pilot Industry Partnerships Program, which is part of the Agriculture - Advancing Australia (AAA) package.

The \$440,000 will be matched by the apple and pear industry with in-kind and other support

The program reflects the importance the Howard/Anderson Government places on partnerships with industry. The Coalition made an election commitment to extend this initial program by three years from 1 July 2005 at the cost of a further \$15 million.

"The apple and pear industry will use the funding to evaluate its strengths and weaknesses, and develop strategies to help it compete successfully in the international and domestic marketplace over the next five to 10 years," Mr Truss said.⁵

Main Provisions

[Schedule 9](#) of the Act contains the levy rates on horticultural products.

Subclause 5(1) of Schedule 9 of the Act, which deals with apples, provides:

The rate of National Residue Survey Levy imposed by this Schedule on apples (other than juicing apples or processing apples) is 0.06 cents per kilogram or, if another rate (not exceeding 0.06 cents per kilogram) is prescribed by the regulations, the other rate.

Subclause 5(1) thus contains provision for an operative rate and a maximum rate; in this particular case, the rates are identical.

Item 1 of **Schedule 1** of the Bill replaces 0.06 cents per kilogram—where it first appears in subclause 5(1)—with 0.075 of a cent per kilogram.

Item 2 of Schedule 1 replaces 'not exceeding 0.06 cents per kilogram' with 'not exceeding 0.1 of a cent per kilogram'.

Subclause 5(2) of Schedule 9 of the Act, which deals with pears, provides:

The rate of National Residue Survey Levy imposed by this Schedule on pears (other than juicing pears or processing pears) is 0.06 cents per kilogram or, if another rate (not exceeding 0.06 cents per kilogram) is prescribed by the regulations, the other rate.

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Item 3 of Schedule 1 replaces 0.06 cents per kilogram (where it first appears), with 0.075 of a cent per kilogram.

Item 4 of Schedule 1 replaces ‘not exceeding 0.06 cents per kilogram’ with ‘not exceeding 0.1 of a cent per kilogram’.

Subclauses 5(3), 5(4), 5(5) and 5(6) of Schedule 9 of the Act deal respectively with juicing apples, juicing pears, processing apples and processing pears. All subclauses contain a section which refers to ‘another rate (not exceeding 60 cents per tonne)’. **Item 5** replaces this amount with \$1.00 per tonne.

Concluding Comments

The apple and pear industry is an important agricultural [industry](#). Annual production is about half-a-million tonnes, gross production value is about \$400 million, and exports are worth about \$60 million.⁶ Confidence in and acceptability of the industry’s product depends, among other things, on the residues that it contains. The industry is experiencing competition from imported product and is seeking to improve its competitive position. The changes in this Bill seem to be part of the industry’s strategy to meet competition by allowing for increased funding of residue testing.

Endnotes

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- 1 [Maximum residue limits](#), for chemicals registered for use in Australia, have been established for apples and pears.
 - 2 The regulations governing the collection of the levies are at: <http://frli.law.gov.au/s97.vts?VdkVgwKey=1997B02852&ViewTemplate=frliview.hts&action=View> (accessed 18 July 2005)
 - 3 Department of Agriculture, Fisheries and Forestry, Portfolio Budget Statements 2005–06, p. 23.
 - 4 Department of Agriculture, Fisheries and Forestry, Portfolio Budget Statements 2005–06, p. 22.
 - 5 Hon. W Truss (Minister for Agriculture, Fisheries and Forestry) and Mr J Durham, Managing Director (Apple and Pear Australia Limited), ‘*She’ll be apples*’- *Australian Government and the apple and pear industry to join forces*, [media release](#), 29 March 2005.
 - 6 Hon. R. Colbeck (Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry), ‘*Pink lady[™] apples tickle UK’s palate*’, [media release](#), 2 December 2004.

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