

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

DRIED VINE FRUITS LEGISLATION AMENDMENT BILL 1990

EXPLANATORY MEMORANDUM

(Circulated by authority of the  
Minister for Primary Industries and Energy  
the Hon. John Kerin, MP)

**DRIED VINE FRUITS LEGISLATION AMENDMENT BILL 1990****OUTLINE**

The purpose of the Bill is, first, to extend the sultana underwriting scheme by three years and, second, to remove statutory backing for domestic consumer transfers on the sale of dried vine fruit (DVF) through the removal of the domestic component of statutory equalization.

2. The Bill amends the Dried Sultana Production Underwriting Act 1982, the Dried Vine Fruits Equalization Act 1978 and the Dried Vine Fruits Equalization Levy Act 1978.

3. The extension of the sultana underwriting scheme for three years to 31 December 1993 provided for in this Bill is to assist the DVF industry during a period of change in the level of Government involvement in other areas of the industry. The Government considers this is appropriate given the concentrated regional nature of the DVF industry and the impact that change may otherwise have on such regions.

4. Secondly, the Bill removes the domestic component of the DVF equalization arrangements. Under the existing equalization legislation, a levy is imposed on domestic sales of DVF and the proceeds are then equalized across all sales, both domestic and export. A domestic consumer transfer results in seasons when domestic returns are higher than export returns. Domestic returns have been higher than export returns in 26 of the past 30 years.

5. In removing domestic returns from the equalization formula, which otherwise includes both domestic and export returns, all requirements for a levy are removed. The proposed amendments thus leave in place provision for the equalization only of DVF export returns and provide for this to take place as a reconciliation after the end of each season.

**FINANCIAL IMPACT STATEMENT**

6. The continuation of the sultana underwriting scheme continues the Commonwealth's liability to payment in the event that the scheme is triggered. The Australian Bureau of Agriculture and Resource Economics has estimated that export prices would have to slump in excess of 30 per cent over the three year period of the scheme's extension for it to be triggered and for a payout to be made.

7. With the removal of the domestic component of the equalization arrangements, a levy on domestic sales will no longer be necessary. The Commonwealth's involvement in these levy arrangements, other than to complete arrangements for previous years, will therefore cease as a result of the proposed amendments. Continuation of the equalization of export returns has no financial implications for the Commonwealth.

NOTES ON INDIVIDUAL CLAUSES

## PART 1 - PRELIMINARY

Clause 1 - Short title

8. Provides for the Bill to be cited as the Dried Vine Fruits Legislation Amendment Act 1990.

Clause 2 - Commencement

9. Provides for sections 1 and 2 to commence on the day of Royal Assent and the remaining sections to commence on 1 January 1991.

PART 2 - AMENDMENT OF THE DRIED SULTANA PRODUCTION  
UNDERWRITING ACT 1982Clause 3 - Principal Act

10. Formal.

Clause 4 - Interpretation

11. The definition of "prescribed later season" is amended by extending its meaning from 4 successive seasons after 1 January 1986 to 7 successive seasons from that date. This effectively extends the application of the Principal Act to 31 December 1993.

PART 3 - AMENDMENTS OF THE DRIED VINE FRUITS  
EQUALIZATION ACT 1978Clause 5 - Principal Act

12. Formal.

Clause 6 - Interpretation

13. References to the "Levy Act", "levy", "assessed export return", "equalization payment", and "month" are removed. Definitions of "export sale" and "exported dried fruit" have been replaced. The definition of "Fund" has been redefined to mean the Fund relating only to Export. Definitions for "export", "industry return" and "sale" have been included to cover concepts introduced by this Bill relevant to the equalization of export returns. Subsections 3(2) and 3(3) have been deleted as they are relevant only to domestic equalization arrangements.

Clause 7 - Dried Vine Fruits Export Equalization Trust Fund

14. The Trust Fund is renamed to reflect its purpose in relation to export only.

Clause 8 - Repeal of section 5 and substitution of new section

Payments into Fund

15. Section 5 of the Principal Act is replaced by a new section which identifies the source of money to be paid into the Fund as being the result of an arrangement under section 18 of the Principal Act or interest received on money in the Fund.

Clause 9 - Separate accounts to be kept in Fund

16. Removes the reference to levy money.

Clause 10 - Application of Fund

17. Section 7 of the Principal Act is amended to provide for payments from the Fund to be made as a result of money paid into the fund under arrangements under section 18 of the Principal Act or as a result of interest having been credited to the account.

Clause 11 - Repeal of Part III

18. Repeals Part III, which deals with levy collection.

Clause 12 - Repeal of section 16 and substitution of new section

Industry return

19. Section 16 of the Principal Act is repealed and a new section substituted to provide for the calculation of an industry-wide export return of a particular kind of dried fruit. This calculation uses a formula similar to that in section 17 of the Principal Act. The calculation requires the total return on exports of that dried fruit (TA) less total allowable deductions (AD) to be divided by the total quantity of that dried fruit exported in the season (TQ).

Clause 13 - Average export return

20. Provides for exporters to receive advice of the industry return for the season.

Clause 14 - Arrangements

21. References to "assessed export return" are replaced with "industry return" to provide for equalization of the export returns. Provision is made for money to be paid out of the Export Equalization Trust Fund "as soon as practicable" since payments would have to be made into the Fund by some exporters before claims against the Fund by other exporters could be met.

Clause 15 - Repeal of section 19 and substitution of new sectionInterest to be divided between exporters

22. Section 19 of the Principal Act is repealed and a new section substituted to provide a mechanism for interest, which has accrued on funds in an account of the Export Equalization Trust Fund, to be paid to relevant exporters on an equitable basis. The timing of the payment is to be determined by the Corporation or, if not determined, is to take place six months after the end of a season. The share of interest each exporter, who has been subject to an arrangement under section 18 during season in relation to the dried fruit covered by the account, is to receive is to be proportional to the quantity of dried fruit each has exported. This share is represented by the formula  $IA \times QS/TQ$  where IA is the total interest to be distributed from the account, QS is the dried fruit, by weight, exported by the exporter receiving a share and TQ is the total industry exports of that dried fruit by weight.

Clause 16 - Repeal of section 20

23. Repeals section 20 which deals with equalization arrangements as a result of levy arrangements.

Clause 17 - Repeal of Part V

24. Repeals Part V which deals with equalization payments made as a result of levy arrangements.

Clause 18 - Repeal of section 29

25. Section 29 of the Principal Act, which deals with recovery of levy, is repealed.

Clause 19 - Appointment of authorised persons

26. Removes reference to the Levy Act.

Clause 20 - Repeal of section 31

27. Section 31 of the Principal Act concerning certain decisions made by the Minister or an authorized person in relation to levy being subject to review by the Administrative Appeals Tribunal, is repealed. These decisions will no longer be made because the decision-making provisions have been repealed.

Clause 21 - Regulations

28. Section 32 of the Principal Act is amended by omitting those parts referring to or dealing with levy or equalization payments.

Clause 22 - Saving

29. Provides for the Principal Act to continue in the form it took prior to this amending Bill in relation to fruit from seasons prior to 1 January 1991 so that arrangements necessary to complete equalization in relation to that fruit can be undertaken.

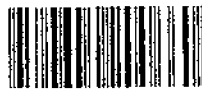
**PART 4 - AMENDMENT OF THE DRIED VINE FRUITS  
EQUALIZATION LEVY ACT 1978**

Clause 23 - Principal Act

30. Formal.

Clause 24 - Imposition of levy

31. Restricts the application of the Principal Act to fruit produced in Australia before 1 January 1991.



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