



Cabinet Legislation Committee

Summary

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Commodity Levies Orders: Avocados and Potatoes

Portfolio	Agriculture
Purpose	This paper seeks authorisation for the submission to the Executive Council of the Commodity Levies (Avocados) Order 2019 (the Avocados Order) and the Commodity Levies (Potatoes) Order 2019 (the Potatoes Order).
Previous Consideration	None.
Summary	<p>In December 2018, the Minister of Agriculture received applications for commodity levy orders under the Commodity Levies Act 1990 from the New Zealand Avocado Growers Association Incorporated and Potatoes New Zealand Incorporated.</p> <p>The current orders, the Commodity Levies (Avocados) Order 2013 and the Commodity Levies (Potatoes) Order 2013, expire on 10 June 2019 and 12 May 2019 respectively.</p> <p>The Avocados Order includes no material changes to the existing 2013 Order.</p> <p>The Potatoes Order is similar to the 2013 Order, with minor changes. The Potatoes Order:</p> <ul style="list-style-type: none"> • changes the basis of calculation for the levy on exported potatoes from 'Free on Board' value to gross sales value at the first point of sale; and • includes the protection or improvement of potato plant health, including by way of biosecurity readiness and response, as an additional purpose for which the levy may be spent. <p>The maximum levy rates for both Orders remain unchanged from the 2013 Orders.</p>
Regulatory Impact Analysis	Not required.

Compliance	Parliamentary Counsel certified the Orders on 18 April 2019 as being in order for submission to Cabinet. The Commodity Levies Act requires support from more than half of the participants and more than half of the production volume of those who voted in the support referendum. The Minister of Agriculture confirms that the statutory requirement has been met for both Orders.
Timing Issues	The Orders will come into force on 10 June 2019.
Announcement	The Ministry for Primary Industries will inform NZ Avocado and Potatoes NZ when the Orders are made. The organisations will publicise the Orders to their levy payers.
Proactive Release	This paper will be proactively released.
Consultation	Paper prepared by MPI, MBIE, Treasury, and TPK were consulted. The Minister of Agriculture indicates that New Zealand First, the Green Party, and the Labour Party were consulted.

The Minister of Agriculture recommends that the Committee:

- 1 note that the New Zealand Avocado Growers Association Incorporated has applied for a new levy order on avocados under the Commodity Levies Act 1990, to replace the Commodity Levies (Avocados) Order 2013, which expires on 10 June 2019;
- 2 note that Potatoes New Zealand Incorporated has applied for a new levy order on potatoes under the Commodity Levies Act 1990, to replace the Commodity Levies (Potatoes) Order 2013, which expires on 12 May 2019;
- 3 note that the Minister of Agriculture has determined that both applications comply with the requirements of the Commodity Levies Act 1990;
- 4 authorise the submission to the Executive Council of the:
 - 4.1 Commodity Levies (Avocados) Order 2019 [PCO 22033/5.0]; and
 - 4.2 Commodity Levies (Potatoes) Order 2019 [PCO 22032/7.0];
- 5 note that the Orders come into force on 10 June 2019.

Gerrard Carter
Committee Secretary

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