

HOUSE OF REPRESENTATIVES

# Supplementary Order Paper

Tuesday, 9 December 1997

PRODUCER BOARD ACTS REFORM BILL

*Proposed Amendments*

OWEN JENNINGS, in Committee, to move the following amendments:

NEW ZEALAND MEAT BOARD

*Clause 28:* To omit the word "Board" wherever it occurs in subclauses (1) and (2) on page 29, and substitute the word "Minister".

To omit the word "Board's" from subclause (2) (a) on page 29, and insert, after the word "object" in that subclause, the words "specified for the Board in section 6".

To omit the word "Board's" from subclause (2) (b) on page 29, and substitute the word "Minister's".

*Clause 29:* To omit the word "Board" from subclause (1) on page 29, and substitute the word "Minister".

To omit the word "Board's" from subclause (1) (a) on page 29, and insert, after the word "object" in that subclause, the words "specified for the Board in section 6".

To omit the word "Board's" from subclause (1) (b) on page 30, and substitute the word "Minister's".

*Clause 29A:* To omit the word "Board's" from subclause (3) (a) (i) on page 31, and insert, after the word "object" in that subclause, the words "specified for the Board in section 6".

To omit the word "Board" wherever it occurs in subclauses (5) and (7) on page 32, and substitute the word "Minister".

*Clause 30:* To omit the word "Board" wherever it occurs in subclauses (1) and (2) on page 32, and substitute the word "Minister".

*Clause 31:* To omit the word "Board" from subclause (1) on page 33, and substitute the word "Minister".

*Clause 32:* To omit the word "Board" wherever it occurs in subclauses (1), (2), and (3) on pages 33 and 34, and substitute the word "Minister".

*Clause 33:* To omit the word "Board" wherever it occurs in subclauses (1) and (2) on page 34, and substitute the word "Minister".

*Clause 34:* To omit the word “Board” wherever it occurs in subclauses (1), (2), (3), and (4) on pages 35 and 36, and substitute the word “Minister”.

*Clause 34A:* To omit the word “Board’s” wherever it occurs in subclause (2) (a) and subclause (7) (a) (i) on pages 36 and 37, and insert, after the word “object” in those subclauses, the words “specified for the Board in **section 6**”.

To omit the word “Board” wherever it occurs in subclauses (8) and (10) on page 38, and substitute the word “Minister”.

*Clause 35:* To omit the word “Board” wherever it occurs in subclauses (1) and (2) on pages 38 and 39, and substitute the word “Minister”.

To omit the word “Board’s” from subclause (2) on page 39, and substitute the word “Minister’s”.

*Clause 37:* To omit the word “Board” wherever it occurs in subclauses (1), (3), and (4) on pages 40 and 42, and substitute the word “Minister”.

*Clause 38:* To omit the words “the Board” wherever they occur in subclauses (1) and (2) on pages 42 and 43, and substitute the words “nor any other person acting in that behalf”.

*Clause 39:* To omit the word “Board” in the second place where it occurs in subclause (1) on page 44, and substitute the word “Minister”.

*New clause 39A:* To insert, after clause 39 on page 44, the following new clause:

**39A. Minister may appoint persons to undertake functions**—(1) The Minister may appoint persons to carry out, or otherwise act in respect of, his or her functions specified in this Part.

(2) Such persons may include the Board, groups of livestock farmers, and such other persons as the Minister considers appropriate to the performance of the functions.

(3) Such persons may be appointed to perform such functions under this Part, whether or not to the complete exclusion of the performance by the Minister of the functions concerned, and in such manner as the Minister may specify, and different persons may be appointed to perform different functions or to share the performance of functions under this Part.

(4) Persons are appointed under this section on such terms and conditions as the Minister, in his or her absolute discretion, specifies.

(5) Every appointment pursuant to this section is to be notified by the Minister, as soon as may be after the appointment has been made, by notice published in the *Gazette*.

*Clause 65:* To omit the word “This” from subclause (1) on page 67, and substitute the words “Subject to **subsection (7)**, this”.

*New subclause (7):* To insert, in clause 65 on page 68, the following new subclause:

(7) The levy imposed by this section is to cease in 2000 as specified more particularly in **section 74**.

*New clause 70AA:* To insert, after clause 70 on page 35, the following new clause:

**70AA. Information on levy payments**—(1) Every livestock farmer who pays or contributes to levy money, and every other

person who pays or contributes to levy money, is entitled on application in writing to the Board to be supplied with details of the levies paid by that person, or to which that person has contributed, during the preceding financial year.

(2) The Board must supply the details specified in **subsection (1)** expeditiously to the person who makes application in accordance with that subsection.

*New clauses 74 and 75:* To insert, after clause 73 on page 76, the following new clauses:

**74. Termination of levy**—No levy is to be imposed by the Board pursuant to this Part after 30 June 2000.

**75. Part subject to Part 9A**—This Part is subject to **Part 9A**.

*New Part 9A:* To insert, after Part 9 on page 77, the following new Part:

#### PART 9A

##### LEVIES PAYABLE TO SPECIFIED GROUPS

**75A. Establishment of livestock farmer groups**—Any group of not less than 25 livestock farmers may establish a body corporate for the purposes of this Part if the Minister is satisfied that the group is established to perform efficiently and effectively the object and functions specified in, respectively, **sections 6 and 7** as if that group were the Board.

**75B. Levy to be paid to livestock farmer groups**—(1) Subject to **section 75C**, the levy imposed pursuant to **section 65** is payable in part to incorporated bodies of livestock farmers as provided in this Part.

(2) Any incorporated body of livestock farmers may elect to be paid up to a maximum of 80% of the levy that is payable to the Board under **Part 9**.

(3) In order to be paid such levy, the livestock farmers group concerned must notify the Board of its membership and of the proportion of the levy that it has decided to have paid to it.

(4) The Board must ensure that the portion of the levy in respect of which an election has been made pursuant to **subsection (2)** is paid to the livestock farmers group concerned—

(a) From the commencement of the next financial year where that date is not less than 3 months from the date of notification by or on behalf of that group pursuant to **subsection (3)**; or

(b) From the following financial year in any other case.

(5) The Board must make such arrangements with each livestock farmers group as are necessary to ensure that the requirements of **subsection (4)** are met, and to that end must ensure that, as far as possible, levy money is paid directly by licensees of licensed premises to livestock farmers groups.

(6) Livestock farmers groups to which this section applies must maintain financial records in accordance with recognised accounting standards and must ensure that their accounts are audited and copies of audited returns relating to receipt of levy moneys are supplied to the Board at the end of each financial year.

(7) A livestock farmers group to which this section applies must, to the fullest practicable extent, supply its members, not less than annually, with details of the levy money received by

the group that they have paid or to which they have contributed during the preceding financial year.

**75c. Approval of levies by Minister**—(1) The Minister may decide that levies are not payable or, as the case may be, are not to continue to be payable, from such date as the Minister may specify, to an incorporated body of livestock farmers if the Minister is satisfied that the livestock farmers group concerned is not, or has ceased to be, accountable to livestock farmers to the same or substantially the same extent as the Board.

(2) The Minister may, in the circumstances specified in **subsection (1)**, reduce, to such level as the Minister decides, the proportion of the levy that is payable to an incorporated body of livestock farmers.

*Clause 78:* To insert, after the word “premises” in clause 78 (4) on page 85, the words “and every other person to whom the provisions apply”.

To insert, after the number “70” in paragraph (b) of clause 78 (4) on page 85, the words “, or **subsection (6) or (7) of section 75b**”.

*Clause 79:* To insert, after paragraph (d) of clause 79 (1) on page 86, the following new paragraph:

(da) Further providing for and regulating matters with respect to levy money paid to incorporated bodies of livestock farmers:

#### PORK INDUSTRY BOARD

*Clause 109:* To omit the word “This” from subclause (1) on page 124, and substitute the words “Subject to **subsection (7)**, this”.

*New subclause (7):* To insert, in clause 109 on page 125, the following new subclause:

(7) The levy imposed by this section is to cease in 2000 as specified more particularly in **section 119**.

*New clause 114AA:* To insert, after clause 114 on page 130, the following new clause:

**114AA. Information on levy payments**—(1) Every pig farmer who pays or contributes to levy money, and every other person who pays or contributes to levy money, is entitled on application in writing to the Board to be supplied with details of the levies paid by that person, or to which that person has contributed, during the preceding financial year.

(2) The Board must supply the details specified in **subsection (1)** expeditiously to the person who makes application in accordance with that subsection.

*New clauses 119 and 119A:* To insert, after clause 118 on page 135, the following new clauses:

**119. Termination of levy**—No levy is to be imposed by the Board pursuant to this Part after 30 June 2000.

**119A. Part subject to Part 14A**—This Part is subject to **Part 14A**.

*New Part 14A:* To insert, after Part 14 on page 135, the following new Part:

## PART 14A

## LEVIES PAYABLE TO SPECIFIED GROUPS

**119B. Establishment of pig farmer groups**—Any group of not less than 25 pig farmers may establish a body corporate for the purposes of this Part if the Minister is satisfied that the group is established to perform efficiently and effectively the object and functions specified in, respectively, **sections 89 and 90** as if that group were the Board.

**119C. Levy to be paid to pig farmer groups**—(1) Subject to **section 119D**, the levy imposed pursuant to **section 109** is payable in part to incorporated bodies of pig farmers as provided in this Part.

(2) Any incorporated body of pig farmers may elect to be paid up to a maximum of 80% of the levy that is payable to the Board under **Part 14**.

(3) In order to be paid such levy, the pig farmers group concerned must notify the Board of its membership and of the proportion of the levy that it has decided to have paid to it.

(4) The Board must ensure that the portion of the levy in respect of which an election has been made pursuant to **subsection (2)** is paid to the pig farmers group concerned—

(a) From the commencement of the next financial year where that date is not less than 3 months from the date of notification by or on behalf of that group pursuant to **subsection (3)**; or

(b) From the following financial year in any other case.

(5) The Board must make such arrangements with each pig farmers group as are necessary to ensure that the requirements of **subsection (4)** are met, and to that end must ensure that, as far as possible, levy money is paid directly by licensees of licensed premises to growers groups.

(6) Pig farmers groups to which this section applies must maintain financial records in accordance with recognised accounting standards and must ensure that their accounts are audited and copies of audited returns relating to receipt of levy moneys are supplied to the Board at the end of each financial year.

(7) A pig farmers group to which this section applies must, to the fullest practicable extent, supply its members, not less than annually, with details of the levy money received by the group that they have paid or to which they have contributed during the preceding financial year.

**119D. Approval of levies by Minister**—(1) The Minister may decide that levies are not payable or, as the case may be, are not to continue to be payable, from such date as the Minister may specify, to an incorporated body of pig farmers if the Minister is satisfied that the pig farmers group concerned is not, or has ceased to be, accountable to pig farmers to the same or substantially the same extent as the Board.

(2) The Minister may, in the circumstances specified in **subsection (1)**, reduce, to such level as the Minister decides, the proportion of the levy that is payable to an incorporated body of pig farmers.

*Clause 121:* To insert, after the word “premises” in clause 121 (2) on page 138, the words “and every other person to whom the provisions apply”.

To insert, after the number "114" in paragraph (b) of clause 121 (2) on page 138, the words " , or subsection (6) or (7) of section 119c".

*Clause 122:* To insert, after paragraph (d) of clause 122 (1) on page 139, the following new paragraph:

- (da) Further providing for and regulating matters with respect to levy money paid to incorporated bodies of pig farmers:

#### WOOL BOARD

*Clause 165:* To omit the word "This" from subclause (1) on page 179, and substitute the words "Subject to subsection (11), this".

*New subclause (11):* To insert, in clause 165 on page 181, the following new subclause:

- (11) The levy imposed by this section is to cease in 2000 as specified more particularly in section 180.

*New clause 174AA:* To insert, after clause 114 on page 130, the following new clause:

**174AA. Information on levy payments**—(1) Every grower who pays or contributes to levy money, and every other person who pays or contributes to levy money, is entitled on application in writing to the Board to be supplied with details of the levies paid by that person, or to which that person has contributed, during the preceding financial year.

(2) The Board must supply the details specified in subsection (1) expeditiously to the person who makes application in accordance with that subsection.

*New clauses 180 and 180A:* To insert, after clause 179 on page 194, the following new clauses:

**180. Termination of levy**—No levy is to be imposed by the Board pursuant to this Part after 30 June 2000.

**180A. Part subject to Part 20A**—This Part is subject to Part 20A.

*New Part 20A:* To insert, after Part 20 on page 194, the following new Part:

#### PART 20A

##### LEVIES PAYABLE TO SPECIFIED GROUPS

**180A. Establishment of grower groups**—Any group of not less than 25 growers may establish a body corporate for the purposes of this Part if the Minister is satisfied that the group is established to perform efficiently and effectively the object and functions specified in, respectively, sections 131 and 132 as if that group were the Board.

**180c. Levy to be paid to grower groups**—(1) Subject to section 180b, the levy imposed pursuant to section 165 is payable in part to incorporated bodies of growers as provided in this Part.

(2) Any incorporated body of growers may elect to be paid up to a maximum of 80% of the levy that is payable to the Board under Part 20.

(3) In order to be paid such levy, the growers group concerned must notify the Board of its membership and of the proportion of the levy that it has decided to have paid to it.

(4) The Board must ensure that the portion of the levy in respect of which an election has been made pursuant to **subsection (2)** is paid to the growers group concerned—

- (a) From the commencement of the next financial year where that date is not less than 3 months from the date of notification by or on behalf of that group pursuant to **subsection (3)**; or
- (b) From the following financial year in any other case.

(5) The Board must make such arrangements with each growers group as are necessary to ensure that the requirements of **subsection (4)** are met, and to that end must ensure that, as far as possible, levy money is paid directly by collection agents to growers groups.

(6) Growers groups to which this section applies must maintain financial records in accordance with recognised accounting standards and must ensure that their accounts are audited and copies of audited returns relating to receipt of levy moneys are supplied to the Board at the end of each financial year.

(7) A growers group to which this section applies must, to the fullest practicable extent, supply its members, not less than annually, with details of the levy money received by the group that they have paid or to which they have contributed during the preceding financial year.

**180d. Approval of levies by Minister**—(1) The Minister may decide that levies are not payable or, as the case may be, are not to continue to be payable, from such date as the Minister may specify, to an incorporated body of growers if the Minister is satisfied that the growers group concerned is not, or has ceased to be, accountable to growers to the same or substantially the same extent as the Board.

(2) The Minister may, in the circumstances specified in **subsection (1)**, reduce, to such level as the Minister decides, the proportion of the levy that is payable to an incorporated body of growers.

*Clause 182:* To insert, after the number “174” in paragraph (b) of clause 182 (2) on page 197, the words “, or **subsection (6) or (7) of section 180c**”.

*Clause 183:* To insert, after paragraph (d) of clause 183 (1) on page 198, the following new paragraph:

- (da) Further providing for and regulating matters with respect to levy money paid to incorporated bodies of growers:

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#### EXPLANATORY NOTE

This Supplementary Order Paper makes further amendments to legislation concerning the producer boards. It continues the process of recognising that many board statutory powers and functions are now redundant, and further reforms the way in which the boards operate and are funded. In particular, the amendments increase the accountability of boards to the producers, which was a major concern of submissions to the select committee that has been reflected to some extent in amendments already proposed to the bill in the committee’s report to the House. Thus the boards will be required to consult more with producers and take more account of their views.

The Supplementary Order Paper proposes to make corresponding amendments to provisions concerning the imposition of, and information on, levies that apply in the case of all three producer boards covered by the bill. It provides for changes in due course to the source of funding of the boards, and for levies to be paid to certain farmer groups. It also makes amendments to the way in which access to tariff quota markets is allocated in the case of the meat industry.

Clauses in *Part 5* of the bill (*clauses 28 to 39A*) are amended to provide for the Minister rather than the New Zealand Meat Board to manage the allocation of access to tariff quota markets. Some of the assessments to be made in this Part, for example relating to benefits to New Zealand and avoiding prejudice to New Zealand's substantial economic interests, are properly a matter for the Government and should not be left to the Board as the bill proposes. Export restrictions should also be applied with a view to the broader interest and maximising returns to New Zealand. References to the Board are accordingly replaced throughout the part with references to the Minister. The Minister is empowered however to appoint persons (who may include the Board or groups of livestock farmers) to exercise such functions under the Part, whether separately or jointly, and in such manner as the Minister specifies.

Amendments are made to *Part 9* concerning the imposition of Meat Board levies on livestock. A new *subclause 65 (7)* and new *clause 74* provide that levies are to cease on 30 June 2000, after which date the Board will be free to continue to impose levies pursuant to the requirements of the Commodity Levies Act 1990. *Part 9* is to be subject to a new *Part 9A*, which contains three new clauses. The first clause provides for the establishment, as incorporated bodies, of groups of not less than 25 livestock farmers if the Minister is satisfied that the groups are established to perform efficiently and effectively the object and functions that the bill specifies for the Board.

The second clause provides for such groups to elect to receive up to 80% of the levies payable to the Board, and sets out mechanisms and safeguards to that end. This clause is subject, however, to the third new clause, which is a further safeguard provision that empowers the Minister to stop or reduce levies being paid to a farmers group where the Minister is satisfied that it is not, or has ceased to be, accountable to farmers to the same or substantially the same extent as the Board.

Consequential amendments are made to *clauses 78 and 79*, with respect to offences and regulations.

A new *clause 70AA* is also added to the bill. It entitles livestock farmers and other persons who pay or contribute to levy money to be supplied, upon application in writing to the Board, with details of levy money that they have paid, or to which they have contributed, over the previous financial year. A corresponding provision is included in the second new clause in *Part 9A* with respect to levy money paid to livestock farmers groups.

Corresponding amendments in the case of farmers groups and levies are made with respect to the Pork Industry Board and pig farmers, by way of amendments to *Parts 14 and 15* and the addition of a new *Part 14A*, and with respect to the Wool Board and wool growers, by way of amendments to *Parts 20 and 21* and the addition of a new *Part 20A*.