

Wheat Industry Fund Levy Regulations (Amendment) 1991 No. 268

EXPLANATORY STATEMENT

STATUTORY RULES 1991 No. 268

Issued by the Authority of the Minister of State for Primary Industries and Energy

Wheat Industry Fund Levy Act 1989

Wheat Industry Fund Levy Regulations (Amendment)

The purpose of the Wheat Industry Fund Levy Regulations (Amendment) is to increase the rate of levy on all wheat sold or processed by or on behalf of the grower, under the Wheat Industry Fund Levy Act 1989. The operative rate of levy, which is calculated as a percentage of defined sales value, can be set by regulation between a minimum of 2.25% and a maximum of 5%.

The purpose of the levy is to provide funds for both wheat research through the Grains Research and Development Corporation (GRDC) and for the Wheat Industry Fund (WIF), established under Part 6 of the Wheat Marketing Act 1989. Apportionment of the levy between the GRDC and the WIF is determined by the Grains Council of Australia (GCA) in accordance with Section 85 of the Wheat Marketing Act 1989. Under those provisions at least 2% of the levy rate must be attributed to the WIF and at least 0.25% to the GRDC.

The current rate of levy is 2.77%, of which 0.77% is allocated to research.

The GCA has requested that the operative rate of levy for 1991/92 be set at 3%. The proportion to be attributed to the WIF will remain at 2% while the research component will increase to 1%. This increase is to compensate for the lower than expected levy receipts last year following the marked decline in wheat prices, while at the same time taking account of the financial difficulties facing many wheatgrowers and the capacity of the industry to pay. The increase will take effect from 1 October 1991 to align with the levy collection quarters and thereby minimise collection costs which are borne by the industry. The GCA has agreed to this date of implementation.

Levy paid to the GRDC is matched in the longer term by the Commonwealth, but up to a limit of 0.5% of Gross Value of Production in any one year. The Commonwealth's contribution is expended in accordance with the GRDC's approved annual operational plan. For 1991/92 the Commonwealth's expenditure for wheat is estimated to be \$11.7m.

Money in the WIF is used by the Australian Wheat Board (AWB) as an asset base to finance a range of commercial activities such as cash trading in grains. The use and management of WIF monies is determined by the provisions of the Wheat Industry Fund Regulations which give the GCA a controlling role over the use of the Fund and ensure that levy payers hold equity in the WIF and its assets.

Details of the proposed Regulations are attached.

ATTACHMENT

Regulation 1 provides for the regulations to commence on 1 October 1991, which is the start of the Australian Wheat Board's financial year. This date also coincides with the commencement of a levy collection quarter and the start of the bulk of the season's harvest.

Regulation 2 provides for amendment of the Wheat Industry Fund Levy Regulations.

Regulation 3 increases the operative levy rate to 3% of sales value as defined under the Act.