

EXPLANATORY STATEMENT

STATUTORY RULES 1990 No. 103

Issued by the Authority of the Minister 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 from 1 July 1990 the rate of levy imposed on all wheat sold or processed by or on behalf of a 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 levy is apportioned between the Wheat Industry Fund (WIF), established under the Wheat Marketing Act 1989, and the Wheat Research Trust Fund, established by the Rural Industries Research Act 1985, in accordance with a determination each year by the Grains Council of Australia (GCA).

The current rate of levy is 2.5% of which 0.5% is allocated to research. The proposed new levy rate as recommended by the GCA after consultation with the Australian Wheat Board and the Wheat Research Council will be 2.77%, with all the increase going to the Research Fund.

The GCA has requested the increase to bring the industry contribution to research up to a level which approximates the limit of the Government's matching contribution, which is set at 0.5% of Gross Value of Production. The Government has encouraged rural industries to adopt this approach.

Pending the proposed establishment of a Grains Research and Development Corporation the research component of the levy is kept in separate accounts in the Research Fund on a State basis. Wheat Research Committees in each mainland State approve payment of money out of their respective account in that Fund, for the purposes of research and development activity in respect of the wheat industry. The Commonwealth Government's matching contribution is expended with the approval of the Wheat Research Council in accordance with its approved Research and Development Program.

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 and associated activities. 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.