

EXPLANATORY STATEMENT

STATUTORY RULES 1983

No. 188

Issued by the Authority of the Minister for Primary Industry

GRAIN (EXPORT INSPECTION CHARGE) ACT 1979

GRAIN (EXPORT INSPECTION CHARGE) REGULATIONS (AMENDMENT)

The Grain (Export Inspection Charge) Act 1979 provides for the Governor-General to make regulations for the purpose of imposing a charge on wheat, oats, barley and sorghum exported from Australia. The Act provides that regulations may prescribe different rates of charge for different classes of grain provided they do not exceed maximum allowable charges set in the Act. Currently the maximum charges allowable are 33 cents per tonne for bulk grain, 40 cents per tonne for grain in bags and \$1.46 per tonne for grain in container system units.

The maximum rates of charge were recently reviewed and, because of disparities in the cost of inspection of grain shipped in different modes of transport, it was decided to introduce a separate maximum rate of charge for each mode. The new maximum charges, outlined above, were introduced by a recent amendment to the Act. Without amendment to the previous maximum allowable rate the operative rate of charge proposed for grain in containers could not be prescribed to meet the Government's policy of 50% recovery of inspection costs incurred during the remainder of 1983/84. The amendment to the Act came into effect from the date of Royal Assent, 1983.

2.

The Grain (Export Inspection Charge) Regulations prescribe the operative rates of charge applicable to three classes of grain inspected for export. The operative rates were last set in 1981 at a level estimated to recover half the cost of grain inspection at that time.

The proposed charges have been determined taking into account cost increases since 1981 and changes in inspection practices with a view to achieving 50% recovery of costs incurred during the remainder of 1983/84, in line with Government policy. The new rates reflect the cost of inspecting grain exported in each mode of transport and are based on expected exports and inspection costs in the 1983/84 financial year. If charges continued at the current level for the full year it is estimated that only 32% of grain export inspection costs would be recouped.

The principal has been established that when new export inspection charges are applied, grain shipped under forward contracts written prior to the date on which the proposed new rates were announced is exempt from the higher rate of charge. Provision has accordingly been made for bulk and containerised grain shipped under a forward contract written before 14 September 1983 the date on which exporters were advised of the revised charges, to be charged at the rate existing when the contract was made.

3.

The definition of a "container system unit" has been deleted from the Regulations following the insertion of a definition for a "container system unit" and a "container" in the Act. The insertion of the definitions formed part of the recent amendments to the Act referred to above and enabled a separate maximum rate of charge to be inserted in the Act for each mode of grain shipment.

The current charges and proposed new charges are as follows:

<u>Class of Grain</u>	<u>Current Charge</u> (¢/tonne)	<u>Proposed Charge</u> (¢/tonne)
Grain in bulk	9.6	16.3
Grain in bags	40.0	19.0
Grain in a container unit	40.0	73.0

The charge for grain exported in bags has been decreased in the light of improved efficiency in the loading of bagged grain. This has resulted in a significant reduction in the time required to inspect bagged shipments and thus the cost per tonne for inspection.

The proposed regulation replaces the Schedule to the Grain (Export Inspection Charge) Regulations to enable implementation of the revised export inspection charges. The revised charges are to come into effect from 1 October 1983.

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