

EXPLANATORY STATEMENT

STATUTORY RULES 1985 NO. 282

Issued by the Authority of the Minister for Primary Industry

WHEAT TAX ACT 1957

WHEAT TAX REGULATIONS (AMENDMENT)

Section 4 of the Wheat Tax Act 1957 (the Act) imposes a tax on wheat delivered to the Australian Wheat Board.

Section 9 of the Act provides that the Governor-General may make regulations for the purpose of section 5 of the Act. Sub-section 5(1) provides that the rate of tax shall be such rate, not exceeding \$1.10 cents per tonne as prescribed from time to time. Sub-section 5(2) provides that regulations prescribing a rate of tax shall not be made except after consideration by the Governor-General of a report made to the Minister for Primary Industry by the Australian Wheatgrowers' Federation.

The currently prescribed rate of tax is 30 cents per tonne. This rate has been operative since 1 October 1983.

The Wheat Research Act 1957 provides that wheat tax monies are held in the Wheat Research Trust Account and are used to finance wheat industry research approved by the Wheat Industry Research Committees in each mainland State.

The Commonwealth Government also contributes money to

the Wheat Research Trust Account to cover research expenditure recommended by the Wheat Industry Research Council and approved by the Minister. Sub-section 5(1) of the Wheat Research Act 1957 provides that the Commonwealth contribution in aggregate must not exceed the aggregate of the amounts paid into the Trust Account as wheat tax.

The Australian Wheatgrowers' Federation has presented a submission to the Minister requesting that the rate of tax be increased by 5 cents per tonne to 35 cents per tonne.

The submission identifies three main reasons for increasing the wheat research tax. Firstly to redress Australia's declining competitiveness on world markets through increasing the resources devoted to research; secondly, to maintain the real value of monies available for research; and thirdly, to enable wheat research funding bodies to create and hold adequate levels of research funds so as to maintain and not impinge on new or continuing research activities.

The industry's request to increase the tax accords with the Government's objective of encouraging rural industries to increase their contribution for research to 0.5% of the industry's gross value of production (GVP), within the next five years. The Government has undertaken to match industry contributions up to a maximum of 0.5% of GVP. The increase in

the prescribed rate of tax represents an increase from 0.17% to 0.2% of the industry's GVP at present levels.

The purpose of the proposed regulations is to apply, from 1 November 1985, a prescribed tax of 35 cents per tonne of wheat delivered to the Australian Wheat Board. Currently the prescribed rate of tax is 30 cents per tonne.

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