

Wheat Industry Fund Regulations (Amendment) 1991 No. 198

EXPLANATORY STATEMENT

STATUTORY RULES 1991 No. 198

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

WHEAT MARKETING ACT 1989

WHEAT INDUSTRY FUND REGULATIONS (AMENDMENT)

The Wheat Industry Fund (the Fund), established under the Wheat Marketing Act 1989 (the Act), is made up of levies paid on all wheat sold or processed plus earnings on Fund monies. The Fund is used by the Australian Wheat Board (AWB) as an asset base to finance a range of commercial activities such as advance payments, trading in grains and associated activities. The use and management of Fund monies is determined by the provisions of the Act and the associated Wheat Industry Fund Regulations (Statutory Rules 1990 No 28), which give the Grains Council of Australia (GCA) a controlling role over the use of the Fund and any revolvment of monies, and ensure that levy payers hold equity in the Fund and its assets.

Two reports from the GCA requesting amendment of the Regulations to fully implement the industry's control policy over the use of the Fund and change the date of the Fund's financial year, have been considered by the minister and formed the basis of the proposed Regulations.

Prior to the recent amendment to Section 83 of the Act, the GCA's preferred method of control over the use of the Fund, via an approved Annual Business Plan, was not available. As an interim measure the Regulations provided for the AWB to manage the Fund having regard to an Annual Business Plan approved by the GCA and for the AWB to seek GCA approval for certain uses of Fund monies.

To ensure consistency with the amended Section 83 of the Act, which now provides that subject to the regulations, the AWB must manage the Fund in accordance with the GCA approved Business Plan for each financial year, the proposed Regulations will remove these interim management arrangements by omitting subregulations 4(1), 6(1) and 6(3).

The proposed Regulations also provide for the balance date and financial year of the Fund to be changed from 30 June to 30 September each year, as requested by the GCA. This change will align the Fund's financial year with the AWB's financial year and thereby remove the need for an additional audit of AWB's accounts each year. The change will not impact on the concept of the defined wheat season or levy year, both of which commence on 1 July, nor will it cause problems for the collection of levy by the Commonwealth or the AWB's allocation of levy receipts to equity holders.

Transitional provisions are included in the proposed Regulations to allow for the management of the Fund during the period from 1 July 1991 to 30 September 1991 under a

revised Business Plan which has been developed by the AWB as an extension to the current Business Plan. Consequential amendments have also been made to provide for each subsequent Business Plan to apply from 1 October each year.

Details of the proposed Regulations are attached.

ATTACHMENT

DETAILS OF THE WHEAT INDUSTRY FUND REGULATIONS (AMENDMENT)

Regulation 1 - Provides for the Regulations to commence on 30 June 1991 so that the 1990-91 financial year for the Fund will be extended to 30 September 1991. This will commence the process of alignment of the Fund's financial year with that of the AWB.

Regulation 2 - Provides for amendment of the Wheat Industry Fund Regulations.

Regulation 3 - Removes the requirement for the AWB to seek the approval of the GCA before using Fund monies for certain purposes, since this approval will now be contained in the Business Plan governing the management of the Fund.

Regulation 4 - Provides for each Business Plan to apply for a period of 12 months from each 1 October rather than being aligned with the defined season of 1 July-30 June.

Regulation 5 - Omits subregulations 6(1) and 6(3) as these matters are now provided for by Section 83 of the Act. A new subregulation 6(1) defines the financial year for the purposes of the management of the Fund, as the year commencing on 1 October.

Regulation 6 - Substitutes 30 September for 30 June, and 1 October for 1 July, wherever occurring in Regulation 8.

Regulation 7 - Substitutes 30 September for 30 June, and 1 October for 1 July, wherever occurring in Regulation 9.

Regulation 8 - Substitutes 30 September for 30 June wherever occurring in Regulation 11.

Regulation 9 - Provides for the management of the Fund during the transitional phase from the 30 June 1991 to the 30 September 1991, by means of a revised Business Plan, prepared by the AWB as an extension to the current Business Plan to include this period.