

EXPLANATORY STATEMENT

Select Legislative Instrument 2006 No. 106

Issued by Authority of the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994

Agricultural and Veterinary Chemical Products (Collection of Levy) Amendment Regulations 2006 (No. 1)

Section 39 of the *Agricultural and Veterinary Chemical Products (Collection of Levy) Act 1994* (the Act) provides, in part, that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Subsection 12C(1) of the Act provides that the amount of levy payable under section 12B in respect of disposals of a chemical product during the 2005-2006 and later financial years is calculated with a rate of levy prescribed by the regulations. Subsection 12C(2) of the Act provides that the regulations may prescribe different rates of levy for different volumes of leviable disposals that take place during a financial year.

Current levy rates are prescribed in *Agricultural and Veterinary Chemical Products (Collection of Levy) Regulations 1995* (the Regulations) at regulation 6A as follows:

- (a) the rate of 0.9% for the first \$1 million of leviable disposals or part thereof;
- (b) the rate of 0.55% for any amount in excess of the first \$1 million of leviable disposals up to and including \$5 million;
- (c) the rate of 0.4% for any amount in excess of \$5 million of leviable disposals.

The current levy rates were introduced under new Australian Pesticides and Veterinary Medicines Authority (APVMA) cost recovery arrangements in mid 2005 which followed an extensive period of consultation with stakeholders and the release of several Cost Recovery Impact Statements. The new arrangements were developed in accordance with Government cost recovery principles and reflected specific recommendations endorsed by the Primary Industries Standing Committee.

The current levy rates were set to allow APVMA to reconstitute its Financial Reserve, which had been depleted due to reduced revenue caused by falling agricultural and veterinary (agvet) chemical sales as a result of the drought.

During the consultation process that took place as part of the development of the new cost recovery arrangements stakeholders, were advised that, once the Financial Reserve was reconstituted, the levy rate would be adjusted downwards to allow expenditure and revenue to balance.

The APVMA has advised that, as a result of a continued strong focus on expenditure control and improving agvet chemical sales the Financial Reserve will be reconstituted by 1 July 2006. Accordingly, the APVMA Board proposed to, and received endorsement from, the Product Safety and Integrity Committee to vary the levy rate down by 0.10% for each of the three current tiers. This is in keeping with the commitment given to stakeholders during the fees review consultations.

The Regulations prescribe the following rates of levy for different volumes of leviable disposals that take place during the 2006/2007 financial year and each succeeding financial year:

- a) the rate of 0.8% for the first \$1 million of leviable disposals or part thereof;
- b) the rate of 0.45% for any amount in excess of the first \$1 million of leviable disposals up to and including \$5 million;
- c) the rate of 0.3% for any amount in excess of \$5 million of leviable disposals

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulations will commence on 1 July 2006.

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