

EXPLANATORY STATEMENT

Select Legislative Instrument 2007 No. 124

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

National Residue Survey (Excise) Levy Act 1998

Primary Industries Levies and Charges (National Residue Survey Levies) Amendment Regulations 2007 (No. 2)

Section 8 of the *National Residue Survey (Excise) Levy Act 1998* (the Act) provides 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.

The National Residue Survey (NRS) implements chemical residue monitoring programs and recovers the costs of the programs from participating industries. These programs form the basis for documentation that enables the Australian Government to ensure traded grains meet Australian and international standards on residues.

The purpose of the Regulations is to include all tradable grains in the NRS Grains Residue Testing Program. The Regulations do not alter the existing 0.015 per cent ad valorem levy.

Statutory levies are the preferred mechanism by which primary industries choose to meet the cost of residue-monitoring programs. These levies are collected at the same time, and in the same manner, as other statutory levies such as marketing, research and development (R&D) and Plant Australian Health funding levies in order to reduce collection costs for industries. Three levies are applied to grain transactions, resulting in a 1.015% aggregate grain transaction levy on the current grain commodities in the NRS Grains Residue Testing Program.

The Act imposes a NRS excise levy on the grain commodities in the NRS Grains Residue Testing Program. The grains in the current program are wheat, barley, oats, grain sorghum, lupins, field peas, chickpeas and canola. The Act also sets the operative rate of levy for each grain transaction, which is currently 0.015% of the value of the grain.

The Grains Council of Australia, the peak grains industry body responsible for advising the Government on levy issues, has requested the addition of all tradeable grain legumes, all tradeable oilseeds, maize and triticale in the NRS Grains Residue Testing Program to ensure complete coverage of all exported grains. The effect of the Regulations will be to ensure that these additional grains are subject to the 0.015% levy, allowing their inclusion in the NRS Grains Residue Testing Program. The additional grains levy will raise an extra \$40,000 per year but is not expected to impose a significant financial burden on levy payers. Each producer is expected to pay, on average, an extra \$1.50 per year and no producer would pay more than an extra \$10.00 per year.

Background and consultation on the Regulations is in the Attachment A and details are in Attachment B.

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

The Regulations will commence on 1 July 2007.

(0700888A-070501Z)

BACKGROUND ON THE REGULATIONS

National Residue Survey (NRS) Grains Levy and Grains Residue Testing Program

In 2004 the Grains Council of Australia (GCA) accepted requests by Pulse Australia, the Australian Oilseed Federation and the Maize Association of Australia for new grains to be included in the NRS Grains Residue Testing Program. This means participating in the GRDC and Plant Health Australia levies and the NRS levy for the new grains. Pulse Australia is the industry body that represents grain legumes growers in Australia. The words “pulse” and “grain legume” are inter-changeable.

The NRS Grains Residue Testing Program currently covers wheat, barley, oats, sorghum, canola, chickpeas, field peas and lupins and is funded through a 0.015 per cent ad valorem levy. The commodities that are currently not paying the NRS levy are other tradeable grain legumes (pulses), other tradeable oilseeds, maize, and triticale.

The purpose of the *Primary Industries Levies and Charges (National Residue Survey Levies) Amendment Regulations 2007 (No. 2)* is to include all tradable grains in the NRS Grains Residue Testing Program. The regulations do not alter the existing 0.015 per cent ad valorem levy.

Industry Consultation

Around mid-2005, the GCA made the first submission seeking approval of the change. However, following consultation between NRS, the Food and Agriculture Division and the Levies Revenue Service, the Department advised the GCA that there was insufficient consultation with growers. This second submission was prepared after satisfying this requirement. The consultation involved the distribution of information about the change. The NRS then followed this up with visits during the annual general meetings of farmers’ organisations where discussions and voting on the proposal took place. In addition, a Bulletin with a voting slip was prepared and circulated to farmers so those that could not attend the meetings could vote on the proposal.

On the basis of the information provided by GCA, there appears to be minimal or no opposition to including the new grains into the NRS Grains Residue Testing Program.

Consultation with the Office of Best Practice Regulation

The Office of Best Practice Regulation (OBPR) was consulted in the preparation of the Regulations. OBPR has advised that it is not necessary to prepare a Regulation Impact Statement on this matter (RIS 8875).

Consultation with the Department of Finance and Administration

The Department of Finance and Administration through the Financial Framework Policy Branch (FFPB) was consulted in the preparation of the Regulations. The FFPB advised that a cost recovery impact statement does not appear to be required at this time.

DETAILS OF THE *PRIMARY INDUSTRIES LEVIES AND CHARGES (NATIONAL RESIDUE SURVEY LEVIES) AMENDMENT REGULATIONS 2007 (No. 2)*

Regulation 1 gives the name of the Regulations as the *Primary Industries Levies and Charges (National Residue Survey Levies) Amendment Regulations 2007 (No. 2)*.

Regulation 2 provides for the Regulations to commence on 1 July 2007.

Regulation 3 provides that Schedule 1 amends the *Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998*.

SCHEDULE 1 Amendments

Item 1 Inserts regulation 33A, at Part 4 of the *Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998* to insert,(1) For clause 1 of Schedule 2 to the NRS Excise Levy Act, ***eligible coarse grain*** means maize or triticale.

Item 2 Inserts regulation 69A, at Part 8 of the *Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998* to insert,(1) For clause 1 of Schedule 13 to the NRS Excise Levy Act, ***eligible grain legumes*** means any of the following:

- (a) cow pea:
- (b) faba or broad bean
- (c) lentil
- (d) mung bean
- (e) navy bean
- (f) pigeon pea
- (g) vetch

Item 3 Inserts regulation 216A, at Part 15 of the *Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998* to insert,(1) For clause 1 of Schedule 13 to the NRS Excise Levy Act, ***eligible oilseeds*** means any of the following:

- (a) linseed
- (b) safflower
- (c) soybean
- (d) sunflower