EXPLANATORY STATEMENT

Select Legislative Instrument 2005 No. 246

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

Primary Industries (Excise) Levies Amendment (Rice) Act 2005 - Proclamation

Primary Industries (Excise) Levies Act 1999
Primary Industries Levies and Charges Collection Act 1991

Primary Industries (Excise) Levies Amendment Regulations 2005 (No. 4)
Primary Industries Levies and Charges Collection Amendment Regulations 2005 (No. 2)

The Primary Industries (Excise) Levies Amendment (Rice) Act 2005 (the Rice Amendment Act) received Royal Assent on 6 July 2005. Item 2 of the table in subsection 2(1) of the Rice Amendment Act provides that Schedule 1 to the Rice Amendment Act will commence on a single day to be fixed by Proclamation, or, if any of the provisions in the Rice Amendment Act have not commenced within the period of 6 months beginning on the day on which the Rice Amendment Act receives Royal Assent, they commence on the first day after the end of that period. Schedule 1 amends the definition of leviable rice and allows the leviable varieties of rice and the active levy rates to be set in the regulations, rather than by declaration made by the Minister. It is that a Proclamation set 1 January 2006 as the commencement date for Schedule 1.

Section 8 of the Primary Industries (Excise) Levies Act 1999 (the Excise Act) and section 30 of the Primary Industries Levies and Charges Collection Act 1991 (the Charges Act) provide that the Governor-General may make regulations prescribing matters required or permitted by those Acts to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to those Acts.

The purpose of the amendments is to increase the rate of the rice industry research and development (R&D) levy, with the increase to cease before 1 January 2009, to prescribe the leviable varieties of rice and clarify the due date for levy payment. The requirements for the Plant Health Australia (PHA) levy would also be restated with new numbering of that clause.

The rice industry R&D levy provides a revenue stream for the rice R&D program which is administered by the Rural Industries Research and Development Corporation (RIRDC). The rice industry is now facing a third year of significant drought related production downturns which have placed financial pressures on the R&D program due to subsequent reductions in levy revenue.

In this context, the industry has approached the Government seeking an increase to the operative levy rate; from $2 to $3 per tonne (this includes a 3 cent per tonne PHA component). This increase would allow the industry to ensure adequate funding is maintained for core R&D activities, like plant breeding. The key to the future sustainability of Australia’s rural industries is linked to a commitment to ongoing R&D.

The rice industry, through the Ricegrowers’ Association of Australia (RGA) has undertaken extensive consultation with producers in relation to the proposed levy rate increase. This included:

- a letter sent to all growers specifically outlining the proposal to increase the operative levy rate from $2-3 a tonne and detailing the rationale behind the proposed change; and
discussions about the proposal to increase the operative levy rate were included within the agenda of all eight RGA branch meetings held during the week beginning 6 June 2005 (at Barmah, Deniliquin, Wakool, Hay, Coleambally, Finley, Leeton and Griffith).

The RGA has advised that the discussions relating to the levy rate rise at the regional branch meetings did not generate any objections to the proposal. However, the RGA did receive four phone calls from concerned growers in relation to the grower mail out. Following a discussion with RGA staff, three of these growers were satisfied that the increase was appropriate if the additional levy funds were to be spent on core R&D activities, a point the RGA reassured them would be the case. A fourth grower maintained an objection to the levy increase despite acknowledging the importance of R&D investment within the rice industry.

Schedule 23 to the Excise Act provides for the imposition of a levy on particular varieties of rice produced in Australia and delivered to a processor. The Excise Act also provides that the Minister must not specify a rate of levy unless the rate has been recommended by the relevant rice industry body, this requirement has been met in relation to the current proposed levy changes.

The Regulations provide that the increase in the rice R&D levy to $2.97 per tonne will sunset by 1 January 2009 when the rate will revert back to the current level of $1.97 per tonne. The PHA component of the levy, set at 3 cents per tonne, will be unaltered by these changes.

Details of the Regulations are set out in the Attachment. The Primary Industries (Excise) Levies Amendment Regulations 2005 and the Primary Industries Levies and Charges Collection Amendment Regulations commenced on the day that schedule 1 to the Primary Industries (Excise) Levies Amendment (Rice) Act 2005 commences. Schedule 1 to that Act will be proclaimed to commence on 1 January 2006.

The Proclamation and the Regulations are legislative instruments for the purposes of the Legislative Instruments Act 2003.

The Office of Regulation Review (ORR) was consulted in the preparation of the Regulations. ORR has advised that a Regulation Impact Statement (RIS) is required (ORR ID no 7596), the final RIS is provided in the Enclosure.
DETAILS OF THE PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT REGULATIONS 2005 (No. 4)

Regulation 1 – Name of Regulations
This Regulation provides for the name of the regulations to be the Primary Industries (Excise) Levies Amendment Regulations 2005 (No. 4).

Regulation 2 - Commencement
This Regulation provides for the commencement date to be on the day on which Schedule 1 of the Primary Industries (Excise) Levies Amendment (Rice) Act 2005 commences.

Regulation 3 – Amendment of the Primary Industries (Excise) Levies Regulations 1999
This Regulation provides that Schedule 23 of the Primary Industries (Excise) Levies Regulations 1999 (the Excise Levies Regulations) are amended as set out in the schedule.

Schedule 1 Amendments
Item 1 specifies which varieties of rice are subject to the levy.

Item 2 provides a new clause in the regulations which specifies the rate of the levy. The rate is to be $2.97 per tonne of rice, and increase from the previous rate of $1.97 per tonne. The Amendment also provides that this increase is subject to a sunset period of three years commencing on 1 January 2006. The levy rate will revert back to $1.97 per tonne on 1 January 2009.

Item 3 outlines which varieties of rice and at what rate (3 cents per tonne) are subject to the Plant Health Australia (PHA) levy. The rate of the PHA levy has remained unaltered. It also states that the producer of the rice pays the levy.

DETAILS OF THE PRIMARY INDUSTRIES LEVIES AND CHARGES COLLECTION AMENDMENT REGULATIONS 2005 (No. 2)

Regulation 1 – Name of Regulations
This Regulation provides for the name of the Regulations to be the Primary Industries Levies and Charges Collection Amendment Regulations 2005 (No. 2).

Regulation 2 - Commencement
This Regulation provides for the commencement date to be on the day that Schedule 1 of the Primary Industries (Excise) Levies Amendment (Rice) Act 2005 commences.

Regulation 3 – Amendment of the Primary Industries Levies Charges Collection Regulations 1991
This Regulation provides that Schedule 32 of the Primary Industries Levies Charges Collection Regulations 1991 (the Charges Regulations) are amended as set out in the schedule.

Schedule 1 Amendments
Item 1 amends Schedule 32 Clause 7 to make the payment of levy due on the last day on which a return can be lodged. In effect, the levy is due 28 days after the levy period in which rice was delivered to a processor, that is either 28 January or 28 July.