EXPLANATORY STATEMENT

Select Legislative Instrument 2010 No. 310

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

Primary Industries (Excise) Levies Act 1999
Primary Industries (Excise) Levies Amendment Regulations 2010 (No. 9)

Section 8 of the Primary Industries (Excise) Levies Act 1999 (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. Schedule 16 to the Act provides for the imposition of excise levy on laying chickens, and paragraph 4(a) of that Schedule provides that an amount in respect of each laying chicken—not exceeding 30 cents—may be prescribed by the regulations.

Schedule 16 to the Primary Industries (Excise) Levies Regulations 1999 (the Principal Regulations) sets the rate of levy for paragraph 4(a) of Schedule 16 to the Act at 13.5 cents per laying chicken. The levy is imposed on laying chickens hatched at any hatchery where at least 1 000 laying chickens are hatched in a financial year. The levy is not imposed on laying chickens that die, or are destroyed, at the hatchery within 48 hours of hatching.

The Primary Industries (Excise) Levies Amendment Regulations 2010 (No. 9) (the Amendment Regulations) increase the levy rate from 10 cents to 13.5 cents per laying chicken. This would enable the Australian Egg Corporation Limited (AECL), on behalf of the egg industry, to meet the core research and development (R&D) objectives set out in its 2008-12 strategic plan.

Clause 6 of Schedule 16 to the Act provides that the regulations must not prescribe an amount for the purposes of paragraph 4(a), unless the industry services body has made a recommendation to the Minister for Agriculture, Fisheries and Forestry with respect to the amount to be prescribed. AECL has been declared under the Egg Industry Services Provision Act 2002 as the industry services body for the laying chicken industry. AECL also manages the egg industry’s R&D activities.

The operators of hatcheries producing more than 1,000 chicks per year are the levy payers and each was consulted directly and in detail about a proposal to increase the levy to 13.5 cents via a two-step increase. The first step increase from 7.2 cents to 10 cents per laying chicken was implemented from 1 December 2009. The second step increase is from 10 to 13.5 cents per laying chicken. The operators of more than three-quarters of the hatcheries that voted were in favour of increasing the levy. Egg producers were also consulted on the same proposal via a range of avenues. Voting on a production-weighted basis, more than three-quarters voted in favour of the increase.

Based on these views, AECL sought an increase to the laying chickens levy to 13.5 cents per laying chicken for R&D activities. There is a demonstrable return on R&D investment across agricultural industries. AECL commissioned an analysis that estimated a return for egg R&D of $12.60 for every levy dollar AECL invests on behalf of the egg industry. Accordingly, it is likely that increased investment in R&D will result in a positive return for egg producers and the community.
The Amendment Regulations are a legislative instrument for the purposes of the Legislative Instruments Act 2003.

The Office of Best Practice Regulation was consulted during the preparation of the Amendment Regulations and they advised that a new Regulation Impact Statement (RIS) is not required as the levy rate increase to 13.5 cents was covered in the previously approved RIS which is attached as an Annex 1 (reference number 10134).

Amendment Regulations commence on 1 February 2011. This will enable adequate notification time to all levy payers to adjust their systems to take account of the levy rate increase.

Details of the amendment Regulations are:

1. **Name of Regulations**

   These Regulations are the *Primary Industries (Excise) Levies Amendment Regulations 2010 (No. 9)*.

2. **Commencement**

   These Regulations commence on 1 February 2011.

3. **Amendment of Primary Industries (Excise) Levies Regulations 1999**

   Schedule 1 amends the *Primary Industries (Excise) Levies Regulations 1999*.

**Schedule 1 Amendment**

(regulation 3)

[1] Schedule 16, subclause 1 (1)

*omitted*

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*inserted*

13.5

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