EXPLANATORY STATEMENT

Select Legislative Instrument 2011 No. 261

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

*Primary Industries (Excise) Levies Act 1999*

*Primary Industries (Excise) Levies Amendment Regulations 2011 (No. 6)*

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 for carrying out or giving effect to the Act.

The rice research and development (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). A small component of the levy is directed towards paying the Plant Health Australia (PHA) subscription fee. The effects of the drought caused a reduction in R&D expenditure and no new research projects were funded from 2007-08 to 2010-11.

Clause 6 of Schedule 23 to the Act provides that before the Governor-General makes regulations for the purposes of clause 1, the minister must take into consideration any relevant recommendation made by the relevant rice industry body. The Ricegrowers’ Association of Australia (RGA) is specified as the rice industry body for this purpose.

The Regulations implement changes to the rice R&D levy, as requested by the RGA, in consultation with the rice industry. Sufficient time was allowed to conduct a thorough industry-wide consultation noting the small geographical size of the industry and its vertical integration. The RGA demonstrated strong industry support through this consultation process and there was no need for a formal ballot.

In December 2008, the Federal Government agreed to retain the rate at $3 per tonne because of continuing dry conditions. The PHA component of the levy was increased from $0.03 per tonne to $0.06 per tonne with $2.94 per tonne being directed towards rice R&D. The PHA component is directed towards paying the RGA’s membership of PHA until the subscription is met. Any remaining funds reverting back to the R&D program. These arrangements were set for a period of three years from 1 January 2009 with the levy rate to revert to $2 per tonne on 1 January 2012, comprising $1.97 for R&D and $0.03 for PHA.

The purpose of the Regulations is to amend the *Primary Industries (Excise) Levies Regulations 1999* (the Principal Regulations) and maintain the rate of the rice R&D levy. This allows the industry to maintain their core R&D program, broaden their research agenda and rebuild a reserve to prepare for future droughts, low water allocations or other adverse conditions. The Regulations also maintain the PHA and the R&D components of the levy at $0.06 and $2.94 per tonne, respectively.
The Regulations also remove the listing of specific varieties of rice so that the levy applies to all varieties of the *Oryza sativa* species from 1 January 2012. This reduces administration requirements through a simplified return form and eliminates the need to frequently change the regulations to remove or add specific varieties.

The Regulations provide that the rice R&D and the PHA components of the levy are maintained at $2.94 and $0.06 per tonne respectively, after 1 January 2012.

Details of the Regulations are provided in the Attachment.

The Regulations are not intended to broaden the imposition of the current rice levy.

The Office of Best Practice Regulation was consulted in the preparation of these Regulations (ID 13131).

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

The Regulations commence on 1 January 2012.
Details of the Primary Industries (Excise) Levies Amendment Regulations 2011 (No. 6)

Regulation 1 - Name of Regulations

This regulation provides for the title of the Regulations to be the Primary Industries (Excise) Levies Amendment Regulations 2011 (No. 6).

Regulation 2 - Commencement

This regulation provides for the Regulations to commence on 1 January 2012.

Regulation 3 – Amendment of Primary Industries (Excise) Levies Regulations 1999

This regulation provides for the Primary Industries (Excise) Levies Regulations 1999 to be amended as set out in Schedule 1.

Schedule 1 - Amendment

Item 1 substitutes Schedule 23, clause 1, specifying that the levy applies to all varieties of rice of the species *Oryza sativa* and not specific varieties, as previously listed.

Item 2 substitutes Schedule 23, paragraphs 2 (b) and (c) specifying the rate of the rice R&D levy. It prescribes that the rice R&D levy rate from 1 January 2009 is $2.94 per tonne of rice and removes the rate reduction which was planned for 1 January 2012.

Item 3 substitutes Schedule 23, subclause 3 (2), which specifies the rate of PHA levy on leviable rice. It prescribes that the rice PHA levy rate from 1 January 2009 is $0.06 per tonne of rice and removes the rate reduction which was planned for 1 January 2012.