

## **EXPLANATORY STATEMENT**

STATUTORY RULES 1990 \_\_\_\_ No.

Issued by the Authority of the Minister of State for  
Primary Industries and Energy

### **WHEAT MARKETING ACT 1989**

#### **WHEAT INDUSTRY FUND REGULATIONS (AMENDMENT)**

Money in the Wheat Industry Fund (the Fund) is used by the Australian Wheat Board (AWB) as an asset base to finance a range of commercial activities such as cash trading in grains and associated activities. The use and management of Wheat Industry Fund monies is determined by the provisions of the Wheat Industry Fund Regulations which give the Grains Council of Australia a controlling role over the use of the Fund and ensure that levy payers hold equity in the Fund and its assets.

A report from the Grains Council of Australia requesting amendments to the guarantee provisions of the Wheat Industry Fund Regulations, and to correct other anomalies in the operation of those regulations, has been considered by the Minister and formed the basis for the proposed Regulations.

The purpose of the Wheat Industry Fund Regulations (Amendment) is to allow for a global type guarantee of borrowings by the Board for purposes involving use of the Wheat Industry Fund and to correct anomalies in the operation of the regulations.

The Wheat Industry Fund Regulations, which became operative in February this year, put into effect the Government's policy to give a five year \$100 million guarantee for borrowings by the AWB for the purpose of the Fund as provided under subsection 83(2) of the Wheat Marketing Act 1989. However, the wording of the relevant provision (regulation 7) requires a temporal connection between a borrowing and a guarantee, which constrains the AWB's ability to arrange suitable funding facilities based on prospective borrowings.

These amendments thus provide for the Treasurer to give a global type guarantee of borrowings by the AWB for the purposes of the use of the Fund. The \$100 million limit on the principal guaranteed and the time limit (30 June 1994) have both been retained. Furthermore, the amendments provide that the delegation power for these guarantees may now only be given to senior Treasury officers.

To provide for better management of the Fund, the amendments also provide for only profits from activities involving use of Fund monies, rather than gross receipts, to be credited to the Fund. The amendments also extend the insurance provision of section 82(1)(c) of the Act to allow for the Fund to provide insurance cover in respect of any activity by the AWB, and provide for the AWB to determine equity in the Fund based on levy received in the relevant financial year.

Details of the proposed Wheat Industry Fund Regulations (Amendment) are attached.

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Regulation 1 provides for the amendment of the Wheat Industry Fund Regulations.

Regulation 2 allows for profits only, rather than gross receipts, from Fund related activities to be credited to the Fund, and also allows for payment of money received under a Commonwealth guarantee to be paid into the Fund. This corrects an anomaly in regulation 3 of the Wheat Industry Fund Regulations.

Regulation 3 clarifies that the Fund may be used for providing, as well as obtaining, insurance cover in respect of any property of or activity by the Board as provided for by section 82(1)(c) of the Act.

Regulation 4 alters regulation 7 of the Wheat Industry Fund Regulations to allow the Treasurer to give specific or global guarantees of borrowings by the Board for the purposes of activities involving the use of the money of the Fund, providing the principal guaranteed at any time does not exceed \$100 million, and is within the five year time limit. Regulation 4 also limits the powers of delegation to senior Treasury officers only. This latter action is in response to a request by the Senate Standing Committee on Regulations and Ordinances.

Regulation 5 allows the Board to determine a contributor's equity in the Fund based on levy payments actually received by the Board from that person in respect of the relevant financial year.

Regulation 6 provides that equity statements issued by the Board will reflect the amount of levy actually received by the Board from each person in the relevant financial year.