



## Primary Industries (Excise) Levies Amendment (Rice) Bill 2005

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## **Primary Industries (excise) Levies Amendment (Rice) Bill 2005**

**Date Introduced:** 10 March 2005

**House:** House of Representatives

**Portfolio:** Agriculture, Fisheries and Forestry

**Commencement:** Sections 1-3 commence on Royal Assent. The operative provisions (Schedule 1) commence on Proclamation or, failing that, six months after Royal Assent.

### **Purpose**

The Bill will raise the maximum levy payable on Australian rice production from \$2 to \$3 per tonne. The method of setting (and amending) the rate that is actually payable at any given time will also be changed from Ministerial instrument to regulations made under the *Primary Industries (Excise) Levies Act 1999*.

### **Background<sup>1</sup>**

#### **Australian rice industry**

The rice industry encompasses the Murray Valley of New South Wales and Victoria, and the Murrumbidgee Valley in New South Wales. There are approximately 2000 rice growing businesses in the Murray and Murrumbidgee river systems. The area of land sown to rice across this region, and hence total rice production, has decreased in recent years, mainly resulting from a shortage of water available for irrigation. There are currently around 50 000 hectares under cultivation. The industry has a current farm gate value of around \$150 million and total value (export earnings, value-added) of over \$800 million. The farm gate value has fallen from \$350 million in 2000-01 to \$157 million in 2004-05, and is projected to fall again to \$126 million in 2005-06. Selected characteristics of the industry are shown in the table on the following page.

Australian rice growers have invested \$2.5 billion in land, water, plant and equipment and \$700 million collectively in mill storage and infrastructure through the Ricegrowers' Cooperative Limited (SunRice) and the Rice Marketing Board of New South Wales. The industry is a major contributor to the economy of the region, generating an estimated 21 per cent of regional income and 18 per cent of regional employment. The industry has also invested in environmental improvement and impact reduction.<sup>2</sup>

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## The Rice Marketing Board of NSW

The [Rice Marketing Board](#) is constituted under the *Marketing of Primary Products Act 1983 (NSW)*. It was originally established in 1928. The Board has vesting power over rice grown in New South Wales. The Board, under a formal agreement with the Ricegrowers' Co-operative Limited, has appointed the Co-operative as the Board's agent under subsection 50(1) of the *Marketing of Primary Products Act 1983*. The purchase and marketing of rice are carried out by the Ricegrowers' Co-operative Limited.<sup>3</sup>

## Rural Industries Research and Development Corporation Rice Program

The Rural Industries Research and Development Corporation (RIRDC) Rice Program funds research projects that are designed to improve the profitability and sustainability of the Australian rice industry. The RIRDC Rice Program also provides funding for the Co-operative Research Centre for Sustainable Rice production.<sup>4</sup>

## Australian rice industry – selected characteristics

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (forecast)
Area planted ('000 ha)	177	150	46	65	50	60
Production (kt)	1 643	1 192	438	535	430	515
Gross value of production (\$m)	350	327	153	162	157	126
Exports (kt)	578	534	216	108	156	276
Gross value of exports (\$m)	369	286	113	68	103	177
Gross unit value (\$/t)	213	274	348	303	364	245

Source: Aust Commodities March 2005

## The Rice Levy

Under schedule 23 of the *Primary Industries (Excise) Levies Act 1999*, producers of Australian rice must pay a levy based on the number of tonnes grown. Different rates may apply according to the variety of rice in question. Rates are set by the Commonwealth

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Agriculture Minister, although where a particular variety of rice is grown in a State which has a rice marketing authority, the relevant rate must first be recommended by that authority.<sup>5</sup> In any case, schedule 23 currently imposes a maximum rate of \$2 per tonne. The purpose of the levy is to fund relevant research and development activities.

According to the Explanatory Memorandum to the Bill:

The rice industry requested the increase in the levy rate on rice. The main reason for this request is that the impact of the drought has significantly reduced rice production and therefore reduced the flow of revenue from the rice levy....The transferring of leviable rice varieties and the rate setting method, to the regulations are changes identified in a review of levies legislation by the Levies Revenue Service (LRS) as necessary to allow for easier administration of the levy. These changes will bring the rice levy legislation into line with the legislation for the levies of other commodities that are collected by the LRS.<sup>6</sup>

More information on primary industry levies collected by the Commonwealth's Levies Revenue Service can be found at [http://www.affa.gov.au/content/levies/about\\_levies.cfm](http://www.affa.gov.au/content/levies/about_levies.cfm).

Passing of the Bill will not necessarily lead to any rises in the levy rates. In the second reading speech, the Minister commented that:

The government will only favourably consider a request to raise the operative levy rate beyond the current \$2 cap if the request demonstrates compliance with the government's levy principles and guidelines. These guidelines include a requirement that there be widespread industry support for such a request. The current operative levy rate will not be affected by this bill.<sup>7</sup>

## Main Provisions

### Schedule 1

**Item 2** amends the method of setting and/or changing the levy rate from the current method of Ministerial instrument to one of prescription by regulations made under the *Primary Industries (Excise) Levies Act 1999*.

**Item 3** amends the maximum levy payable on Australian rice production from \$2 to \$3 per tonne.

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## Endnotes

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- 1 See NSW Department of Primary Industries, *Review of the Marketing of Primary Products Act 1983, NSW Rice Marketing Board, Issues Paper and call for submissions*, October 2004.
- 2 Leslie, D.G., Keyworth, S.W., Lynn, F.L., Magill, A.F., *Rice 2000 Project*. See also Ricegrowers' Association of Australia Inc. website: <http://www.rga.org.au/> and the Ricegrowers' Association of Australia Inc. Submission to the Productivity Commission Inquiry into Impacts of Native Vegetation and Biodiversity Regulations, July 2003, [Submission No. 113](#).
- 3 Source: NSW Department of Primary Industries website: <http://www.agric.nsw.gov.au/reader/fb-mbc/mbc-rice.htm> 15 March 2005
- 4 For details of the RIRDC Rice Program, research projects and funding, see: [Rice Research Program](#).
- 5 Where the rice is grown in more than one State, there must be a joint recommendation by the relevant marketing authorities.
- 6 At p. 1.
- 7 The Hon. Warren Truss, *House of Representatives Debates*, 10 March 2005, p. 5.

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