

1985

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WHEAT TAX AMENDMENT BILL 1985

EXPLANATORY MEMORANDUM

(Circulated by authority of the
Minister for Primary Industry,
the Hon John Kerin, MP)

WHEAT TAX AMENDMENT BILL 1985

OUTLINE

The Wheat Tax Amendment Bill 1985, provides for an increase in the maximum rate of tax to be applied for wheat research purposes in accordance with the provisions of the Wheat Research Act 1957.

The Bill provides for the maximum rate of tax to be increased from 30 cents per tonne to \$1.10 per tonne. The new maximum rate is about 0.6 per cent of the industry's current Gross Value of Production (GVP), which is consistent with the objective of encouraging industries to raise the level of their research contributions to 0.5 per cent of GVP within 5 years. Matching Commonwealth contributions will be limited to a maximum of 0.5 per cent of GVP. The amendment will allow the making of Regulations to increase the operative rate of tax from the present 30 cents per tonne to 35 cents per tonne in accordance with a proposal made to the Minister for Primary Industry by the Australian Wheatgrowers' Federation.

Revenue collected at the proposed new operative rate of tax would amount to around \$6.5 million in an average year, equivalent to 0.2 per cent of the GVP of wheat. The proposed new rate of tax will be applicable to about 95% of the 1985/86 season's wheat because deliveries made before this amendment becomes operative will have the tax applied at the previously operative rate. On the basis of expected receipts, the total revenue from wheat tax in 1985/86 is estimated to be \$5.2 million. The Government's matching commitment at the proposed new operative rate will impact on 1986/87 and future Budgets. Matching contributions in 1984/85 were \$5.5 million and are expected to be the same in 1985/86.

NOTES ON CLAUSES

NO OF
CLAUSE

EXPLANATION

1. Sub-clause (1) provides for the Short Title of the Act to be the Wheat Tax Amendment Act 1985.

Sub-clause (2) establishes that references to the Principal Act are references to the Wheat Tax Act 1957.
2. Provides for the Bill to come into operation on the day of Royal assent.
3. Increases the maximum rate of tax allowable under the Act from 30 cents per tonne to \$1.10 per tonne.