Grain Legumes Levy Legislation Amendment Bill 1989

Date Introduced: 1 November 1989
House: House of Representatives
Portfolio: Primary Industries and Energy

Digest of Bill

Purpose
To impose a levy on peanuts to support R&D into the industry, increase the operative levy rate for other leviable grain legumes, and allow different levy rates to be prescribed for different kinds of prescribed leviable grain legumes.

Background
The value of grain legume crops has increase dramatically in the 1980’s, from approximately $50 million in the 1981–82 to approximately $500 million in 1987–88. In the same period, the total area planted has risen from 500 000 hectares (ha) to over 2 million ha, with production up from 300 kilo tonnes (kt) to 2.4 million kt.1 Reasons for the rise in popularity of grain legumes over many traditional grains include their ability to increase soil nitrogen, to serve as break crops for cereal disease cycles, and because they offer good cash returns.

The major grain legumes produced in Australia are field peas and lupins. Field peas have been a major rotational crop in southern Australian grain areas since European settlement. Since 1983–84, the area of land sown for field peas has increased from 92 000 ha to approximately 540 000 in 1988–89. Field pea production during the same period has increased from 33kt to 635kt. The value of the field pea crop has rise from $7 million in 1982–83 to approximately $180 million in 1988–89. Exports of field peas have risen in the 1980’s from $7 million to $135 million.2 Field pea production is concentrated in South Australia and Victoria.

In 1987–88, more than 1.1 million ha of lupin was sown. In 1988–89, the gross value of lupin production in Australia was estimated at $209 million. The national lupin harvest has increased from 200kt in 1982–83 to 970kt in 1988–89. Exports of lupins have risen from 66kt in 1982–83 to 500kt in 1988–89, and was valued at $115 million.3 The major end use of lupin has been in the manufacture of pig and poultry feed although quantities of lupin are now being used in the preparation of high protein food for human consumption in Asia and Australia.

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1. Source: Primary Industries and Energy
2. Source: Primary Industries and Energy
3. Source: Primary Industries and Energy
Australian peanut production in 1988–89 was 44,000 tonnes, produced from an area of 38,300 ha, and valued at approximately $42 million. In Australia, peanuts are grown mainly for human consumption, although small quantities of low quality peanuts are crushed for oil and vegetable meal. Peanut meals are an important source of protein for animal feeds. Peanuts are produced mainly in Queensland, with only a small area grown in N.S.W., the N.T. and north-west W.A. In Queensland, approximately 90% of the State's peanut crop is grown in the Burnett area, principally around Kingaroy. The rest is grown on the Atherton Tablelands.4

The Grains Legumes Levy Act 1985 (the Principal Act) and the Rural Industries Research Act 1985 give effect to a grain legumes research scheme which is funded by a levy payable by growers on the production of certain grain legumes. The operative rate of levy in 1988–89 was $1.25 per tonne of grain legumes processed or delivered. The levy can be altered by regulation, following recommendations by the grain legumes industry, to a maximum of $2.60 per tonne. Production or deliveries of less than 15 tonnes of leviable grain legumes per annum are exempt from the levy. Moneys collected from the levy are paid into the Grain Legumes Research Trust Fund for the purposes of R&D into the grain legumes industry. The Commonwealth matches grower contributions on a dollar for dollar basis up to 0.5% of the industry's gross value of production. In 1987–88, receipts from the levy totalled $833,076. Total receipts from industry contributions, Commonwealth contributions, interest on investments and miscellaneous receipts were $1,148,424 million.5

Main Provisions
Clause 3 will amend the definition of 'leviable grain legumes' to include peanuts, and define peanuts to be peanuts in shells.

A new section 7 will be substituted into the Principal Act by clause 5 and deals with rates of levy. The rate of levy for peanuts will be $2.00 per tonne, or a prescribed amount up to $5.00 per tonne. The rate of levy for other leviable grain legumes will be $1.25 per tonne, or a prescribed amount up to $5.00 per tonne. In addition, the regulations may prescribe different rates of levy for prescribed leviable grain legumes.

References
2. Ibid., p. 279.
3. Ibid., pp. 279 and 281.
4. Ibid., pp. 305 and 306.

For further information, if required, contact the Economics and Commerce Group.

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