

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

FOREST INDUSTRIES RESEARCH LEVY BILL 1993  
FOREST INDUSTRIES RESEARCH EXPORT CHARGE BILL 1993  
FOREST INDUSTRIES RESEARCH IMPORT CHARGE BILL 1993

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Resources, the Hon Michael Lee MP)

**FOREST INDUSTRIES RESEARCH LEVY BILL 1993**  
**FOREST INDUSTRIES RESEARCH EXPORT CHARGE BILL 1993**  
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**OUTLINE**

1. These Bills form a package which provides a framework to establish and fund a Forest and Wood Products Research and Development Corporation (FWPRDC). They impose levies and charges on the forest and wood products industry to fund the FWPRDC. The Bills make provision to impose, from 1 January 1994, a levy on unprocessed wood produced in Australia; a charge on exports of unprocessed wood produced in Australia and exported; and a charge on unprocessed wood and certain prescribed primary processed wood products imported into Australia. Revenue raised from the levy and charge on domestic production will attract a contribution from the Commonwealth at a rate of \$1 Commonwealth for every \$2 raised from the domestic industry. Revenue raised from the import charge will not be matched by the Commonwealth. Levy and charge revenue, together with the Commonwealth contribution will be administered by FWPRDC which has been established by regulation under the Primary Industries and Energy Research and Development Act 1989 (PIERD Act) to become operative from 1 January 1994.
2. The levy and charge on domestic production will be imposed on unprocessed wood either at the time it is delivered to a mill or at the time when it is exported. In the first case, the levy will be payable by the person operating the mill to which the wood is delivered; in the second case, the charge will be payable by the exporter. Wood used for fuelwood or by the producer for domestic, non-commercial purposes or for on-farm use will be exempt from the levy. The levy on imports will be payable by the importer.
3. Amendments to the Primary Industries Levies and Charges Collection Act 1991 under the Primary Industries and Energy Legislative Amendment Bill will provide for the collection of the levies and charges. Regulations under the PIERD Act will attach the levies and charges to the FWPRDC to enable the Corporation to administer a research and development program.
4. Introduction of these levies and charges is at the request of the National Association of Forest Industries (NAFI) which is the peak organisation representing the forest and forest related industries, including importers, in Australia. Maximum rates of levy are provided in the Bills. The Bills also provide for rates of levy and charge, as well as the classes of wood to be levied, to be set by regulation authorised by the Governor-General having regard to recommendations made to the Minister by the NAFI and any other prescribed organisation.

**FINANCIAL IMPACT STATEMENT**

5. The FWPRDC will commence operating from 1 January 1994. Research expenditure by the Corporation is not expected to commence until the last quarter of 1993/94. Under the Commonwealth's forest and wood products research and development policy, industry levies and export charges are to be funded by the Commonwealth up to a maximum of 0.25% of the forest industry's gross value of production (GVP). However, the levies and export charge are expected to be introduced at a rate which will attract a Commonwealth matching rate of 0.05% of GVP. Accordingly, it is estimated that the Commonwealth contribution would be approximately \$90,000 in 1993/94 rising to \$350,000 in 1994/95.

## NOTES ON CLAUSES

### FOREST INDUSTRIES RESEARCH LEVY BILL 1993

#### Clause 1 - Short Title.

1. The Bill is to be cited as the Forest Industries Research Levy Act 1993.

#### Clause 2 - Commencement

2. Along with the Forest Industries Research Import Charge Act 1993, the Forest Industries Research Export Charge Act 1993, and changes to the Primary Industries and Energy Research and Development Act 1989 and the Primary Industries Levies & Charges Collection Act 1991, this Act is to commence on 1 January 1994.

#### Clause 3 - Definitions

3. Clause 3(1) provides various definitions that will assist in the interpretation of the Bill. The same definitions are used in the three (3) imposition Acts to define the same terms. The definitions include:

"**industry body**" is defined to mean the representative organisation declared by notification under the Primary Industries and Energy Research and Development Act 1989 in respect of the newly established Forest and Wood Products Research and Development Corporation

"**logs**" means logs that have not undergone any form of processing other than debarking or any other process prescribed by the Regulations for the purposes of the definition

"**mill**" is defined to mean premises at which logs are subjected to a form of processing. The term '**premises**' is defined in section 4 of the Primary Industries Levies & Charges Collection Act 1991

"**operator**" of a mill is defined to mean the person undertaking, or who conducts the business of the processing of logs at the mill.

4. Clause 3(2) will allow for words or expressions used in the Primary Industries Levies & Charges Collection Act 1991 to have the same meaning in this Act.

#### Clause 4 - Act to Bind the Crown

5. This is a standard clause to bind the Crown in the right of the Commonwealth, of each of the States, of the Australian Capital Territory and the Northern Territory.

#### Clause 5 - Imposition of levy.

6. This clause imposes a levy on logs produced in Australia and delivered to a mill in Australia.

#### Clause 6 - Rate of levy.

7. Sub-clause 6(1) provides for the rate of levy on logs to be prescribed by the Regulations and changed by the Regulations.
8. Sub-clause 6(2) provides that the Regulations may specify different rates of levy for different classes of logs, for example, sawlogs and pulplogs.

9. Subclause 6 (3) provides that the Regulations may specify different rates of levy for different volumes of logs delivered to a mill.
10. Sub-clause 6(4) provides that the levy rate shall not exceed a half of one per cent (0.5%) of the average value of the logs produced in Australia, or where different rates of levy are prescribed in the Regulations for different classes of logs, the levy rate shall not exceed a half of one per cent (0.5%) of the average value for that class of logs.
11. Sub-clause 6(5) provides that the average value of a class of logs is to be calculated by a means which will be specified in the Regulations.
12. Sub-clause 6(6) enables Regulations to be made which provide that levy is not payable if the amount due to be paid is less than the amount specified in the Regulations. This has the effect of reducing the administrative burden for the levy payer and the overall costs of collection to the Corporation.

#### Clause 7 - By whom is levy payable

13. This clause establishes that the levy is to be payable by the operator of the mill (as previously defined).

#### Clause 8 - Exemption from levy

14. Sub-clause 8(1) provides that levy is not imposed on logs in certain circumstances:
  - a) when the products and by-products from the processing of the logs are to be used by the operator of the mill for their own domestic purposes but not commercial purposes; or
  - b) when the products and by-products from the processing of the logs are derived from a farm operated by the person operating the mill and are to be used on a farm operated by the same person; or
  - c) when the logs are processed for the purpose of producing fuel wood; or
  - d) levy has already been paid. This eventuality arises if the logs were delivered to one mill and later taken to another before being processed. The levy would have been due and payable when the logs arrive at the first mill. It is not intended that levy be paid twice on the same logs.
  - e) if export charge under the Forest Industries Research Export Charge Act 1993 has already been paid. When logs are exported from Australia, without delivery to a mill, the export charge is payable. If the logs were delivered to a mill on consignment before export, the levy would become payable. It is not the intention that both levy and export charge be paid on the same logs.
15. Sub-clause 8(2) provides that the Regulations may also exempt a specified class (or classes) of logs from levy.

#### Clause 9 - Regulations

16. Sub-clause 9(1) provides for the Governor-General to make Regulations for the purpose of giving effect to this Bill.
17. Sub-clause 9(2) provides that the Governor-General is to take into consideration any relevant recommendation made to the Minister by an industry body.

## NOTES ON CLAUSES

### FOREST INDUSTRIES RESEARCH EXPORT CHARGE ACT 1993

#### Clause 1 - Short Title.

1. The Act is to be cited as the Forest Industries Research Export Charge Act 1993.

#### Clause 2 - Commencement

2. Along with the Forest Industries Research Import Charge Act 1993, the Forest Industries Research Levy Act 1993, and changes to the Primary Industries and Energy Research and Development Act 1989 and the Primary Industries Levies & Charges Collection Act 1991, this Bill is to commence on 1 January 1994.

#### Clause 3 - Definitions

3. Sub-clause 3(1) provides various definitions that will assist in the interpretation of the Bill. The same definitions are used in the three (3) imposition Acts to define the same terms. The definitions include:

"**industry body**" is defined to mean the representative organisation declared by notification under the Primary Industries and Energy Research and Development Act 1989 in respect of the newly established Forest and Wood Products Research and Development Corporation

"**logs**" means logs that are intended for export and have not undergone any form of processing other than debarking or any other process prescribed in the Regulations for the purposes of the Forest Industries Research Levy Act 1993

"**mill**" is defined to mean premises at which logs are subjected to a form of processing. The term 'premises' is defined in section 4 of the Primary Industries Levies & Charges Collection Act 1991.

4. Sub-clause 3(2) will allow for words or expressions used in the Primary Industries Levies & Charges Collection Act 1991 to have the same meaning in this Act and vice versa.

#### Clause 4 - Act to Bind the Crown

5. This is a standard clause to bind the Crown in the right of the Commonwealth, of each of the States, of the Australian Capital Territory and the Northern Territory.

#### Clause 5 - Imposition of charge.

6. Provides for the export charge to be imposed on logs produced in Australia and exported.

#### Clause 6 - Rate of charge

7. This clause provides that the rate of charge on logs which are to be exported is to be the same as the rate which is to apply under the Forest Industries Research Levy Bill 1993 to logs that are delivered to a mill in Australia for processing.

#### Clause 7 - By whom is charge payable

8. This clause provides for the charge to be payable by the exporter of the logs.

Clause 8 - Exemption from charge

9. Sub-clause 8(1) provides that charge is not imposed on logs on which the domestic levy or the export charge have already been paid.
10. Sub-clause 8(2) provides that the regulations may exempt a specified class (or classes) of logs from the charge.

Clause 9 - Regulations

11. Subclause 9(1) provides the power for the Governor-General to make Regulations for the purpose of giving effect to this Bill.
12. Subclause 9(2) requires the Governor-General to take into consideration any relevant recommendation made to the Minister by an industry body.

## NOTES ON CLAUSES

### FOREST INDUSTRIES RESEARCH IMPORT CHARGE BILL 1993

#### Clause 1 - Short title.

1. The Bill is to be cited as the Forest Industries Research Import Charge Act 1993.

#### Clause 2 - Commencement

2. Along with the Forest Industries Research Levy Act 1993, the Forest Industries Research Export Charge Act 1993, and changes to the Primary Industries and Energy Research and Development Act 1989 and the Primary Industries Levies & Charges Collection Act 1991, this Act is to commence on 1 January 1994.

#### Clause 3 - Definitions

3. Subclause 3(1) provides various definitions that will assist in the interpretation of the Act. The same definitions are used in the three (3) imposition Acts to define the same terms. The definitions include:

"**industry body**" is defined to mean the representative organisation declared by notification under the Primary Industries and Energy Research and Development Act 1989 in respect of the newly established Forest and Wood Products Research and Development Corporation

"**forest products**" are defined to mean logs and certain prescribed wood products included in Schedule 3 to Chapter 44 of the Customs Tariff Act 1987

"**Levy Act**" means the Forest Industries Research Levy Act 1993. *The Forest Industries Research Levy Bill 1993* imposes a levy on wood produced in Australia and delivered to a mill for the purpose of funding the Forest and Wood Products Research and Development Corporation "**logs**" is to have the same meaning as in the Levy Act, namely, "logs that have not undergone any form of processing other than debarking or any other process prescribed by the Regulations for the purposes of the definition". It is the base unit for determining the import charge, hence the cross reference to the definition of logs in the Levy Act

"**mill**" is to have the same meaning as in the Levy Act; namely 'premises at which logs are subjected to a process ... '.

4. Subclause (2) will allow for words or expressions used in the Primary Industries Levies & Charges Collection Act 1991 to have the same meaning in this Act.

#### Clause 4 - Act to bind the Crown

5. This is a standard clause to bind the Crown in the right of the Commonwealth, of each of the States, of the Australian Capital Territory and the Northern Territory.

#### Clause 5 - Imposition of charge

6. Provides for a charge to be imposed on forest products imported into Australia.

Clause 6 - Rate of charge

7. Paragraph 6(1)(a) provides that, if the forest products are logs, the rate of charge is to be equivalent to the rate applicable under the Levy Act.
8. Paragraph 6(1)(b) provides that if the forest products are not logs, the rate of charge is to be calculated by multiplying the equivalent rate set under the Forest Industries Research Levy Bill 1993 for the class of logs from which the forest product was derived (for example sawn timber would be derived from a sawlog) by the conversion factor for that class of forest product. That is:  $I = L \times C$ ; where I is the import charge rate, L is the equivalent levy rate, C is the conversion factor. The conversion factor for a class of forest product is to be determined by the Minister.
9. Subclause 6(2) enables the Minister to set different conversion factors for different classes of forest products. Each conversion factor will be set at a rate which reasonably approximates the amount of unprocessed wood required to produce the prescribed class of forest product in Australia using normal wood processing practices. The intention is that imported products are levied on equivalent terms to locally produced wood.
10. Subclause 6(3) provides that, to ensure that industry participates in the setting of the conversion rate, the Minister must consider any relevant recommendation made by an industry body.
11. Subclause 6(4) provides that any determination made by the Minister about conversion factors is deemed to be a disallowable instrument. This means that it must be placed before the Parliament and may be disallowed within 15 sitting days.
12. Subclause 6(5) provides that the Regulations may provide that levy is not payable if the amount due to be paid is less than the amount specified in the Regulations.

Clause 7 - By whom is charge payable

13. Provides that the charge is to be payable by the importer of the forest products.

Clause 8 - Exemption from charge

14. Provides that the regulations may exempt a specified class (or classes) of forest products from the charge.

Clause 9 - Regulations

15. Subclause 9(1) provides the power for the Governor-General to make Regulations for the purpose of giving effect to this Bill.
16. Subclause 9(2) provides that the Governor-General is to take into consideration any relevant recommendation made to the Minister by an industry body.

