

To: Business Committee

From: Carwyn Jones AM

Minister for Environment, Planning & Countryside

EXPLANATORY MEMORANDUM

AGRICULTURE

CEREALS MARKETING

THE HOME-GROWN CEREALS AUTHORITY (RATE OF LEVY) ORDER 2005

Summary

This joint Order fixes the rate of levy to be charged by the Home-Grown Cereals Authority (HGCA) for the year commencing 1 July 2005. The revenue generated allows the HGCA to undertake research and development activities for the industry as well as marketing and promotion. The HGCA is proposing that the levy rates should remain unchanged for 2005/06.

1. This Memorandum is submitted to the Assembly's Business Committee in relation to the Home-Grown Cereals Authority (Rate of Levy) Order 2005, in accordance with Standing Order 25 (section 3).
2. A copy of the Order is submitted with this Memorandum.

Enabling power

3. The power enabling this Instrument to be made is contained in sections 13(3), 23(1) and 24(1) of the Cereals Marketing Act 1965. These powers are exercisable jointly by the National Assembly for Wales and the Secretary of State for Environment, Food and Rural Affairs. As the Order will apply throughout the United Kingdom, the consent of Scottish Ministers and the relevant Northern Ireland Department is required. Assembly functions under the Act have been delegated to my portfolio as Minister for Environment, Planning and Countryside.

Effect

4. The intended effect of the Order is to enable the Home-Grown Cereals Authority (HGCA) to levy cereal growers and processors throughout the UK. The levy will be imposed on wheat, barley, oats, rye, maize, triticale, rapeseed, linseed, soyabean and sunflower seed. The revenue generated allows the HGCA to undertake research and development activities for the industry. The HGCA is a levy funded UK Executive Non Departmental Public Body set up under the Cereals Marketing Act 1965 to improve the production and marketing of UK cereals and oilseeds. Section 13 of the Act requires UK Agriculture

Ministers to make an annual order prescribing rates of levy to be charged by the HGCA for the coming year.

5. No increase is proposed for this year. So the rates from 1 July 2005 will continue to be:
 - the cereal grower levy remains at 47p per tonne on cereals sold into intervention by a grower directly or through an intermediary;
 - the cereal dealer levy remains at 50.8775p per tonne of cereals purchased direct from growers;
 - the standard rate cereal processor levy remains at 9.69375p per tonne on cereals sold and delivered to cereal processors other than animal feed processors;
 - the reduced rate cereal processor levy remains at 4.7p per tonne on cereals sold and delivered to animal feed processors; and
 - the oilseed grower levy remains at 76.375p per tonne on oilseeds sold by growers.

Target implementation

6. It is intended that the proposed Instrument should be made on 3 May 2005 and come into force date on 1 July 2005. If the intended coming into force date is not achieved there:
 - will not be a UK wide Order on the statute;
 - the HGCA will have no authority to levy cereal producers;
 - the HGCA will have no income to continue its research and development activities as well as marketing and promotion; and
 - the industry will suffer as it will not be able to benefit from the HGCA's research and development activities, or its marketing and promotion.

Financial Implications

7. The Assembly does not contribute to the funding of the HGCA. Any costs associated with the making of the joint Order with Defra will be accommodated within Countryside Policy Division's existing, and planned, administration costs budgets. There will be no additional costs to be borne by the levy payers as the levy rates remain unchanged from last year.

Regulatory Appraisal

8. As the Order falls outside the definition of Assembly general subordinate legislation in section 58 of the Government of Wales Act 1998, a Regulatory Appraisal is not required to be undertaken.

Consultation

With Stakeholders

9. No consultation was deemed necessary on the joint Order, as no change in the levy rates is proposed. The rates remain unchanged since 1 July 2002.

With Subject Committee

10. This Order was notified to the Environment, Planning & Countryside Committee for inclusion in the rolling programme of forthcoming legislation put to the subject committee on 6 October 2004 (EPC(2)-09-04 (p.4) Annex 1, item no.45) and again on 2 February 2005 (EPC(2)-02-05 (p.3) Part 2). The Order was not identified for detailed scrutiny.

Recommended Procedure

11. Subject to the views of the Business Committee, I recommend that the Order should proceed to plenary under the Accelerated procedure, as it simply updates a previous Order and there is no increase in the levy rates.

Compliance

12. I confirm that the proposed legislation will (as far as is applicable):

- have due regard to the principle of equality of opportunity for all people (Government of Wales Act 1998, section 120);
- be compatible with the Assembly's scheme for sustainable development (section 121);
- be compatible with Community Law (section 106);
- be compatible with the Assembly's human rights legislation (section 107); and
- be compatible with any international obligations binding the UK Government and the Assembly (section 108).

13. This Memorandum has been cleared with the Directorate of Legal Services and the Assembly Compliance Officer.

14. Drafting lawyer- Michael Clarke x 3763

15. Head of division- Rory O'Sullivan x 1332

16. Drafting policy official- Alex Hamilton x 3554

CARWYN JONES AM

MINISTER FOR ENVIRONMENT, PLANNING AND COUNTRYSIDE

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