

To: Business Committee

From: Carwyn Jones
Minister for Environment, Planning & Countryside

EXPLANATORY MEMORANDUM

AGRICULTURE

CEREALS MARKETING

THE HOME- GROWN CEREALS AUTHORITY (RATE OF LEVY) ORDER 2006

Summary

This Order fixes the rate of levy that the Home-Grown Cereals Authority (HGCA) can charge cereal growers and processors throughout the UK for the year from 1 July 2006 to 30 June 2007. The revenue generated allows the HGCA to undertake research and development activities for the industry. No changes to the rates of levy have been proposed for this year. The rates remain unchanged since 1 July 2002.

1. This Memorandum is submitted to the Assembly's Business Committee in relation to the Home-Grown Cereals Authority (Rate of Levy) Order 2006 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 Order to be made is contained in sections 13(3) and 23(1) of the Cereals Marketing Act 1965. These powers are exercisable jointly by the National Assembly for Wales and by the Secretary of State for Environment, Food and Rural Affairs. Assembly functions in relation to the contents of this Order have been delegated to my portfolio as Minister for Environment, Planning and Countryside. Under the post-2007 arrangements, we foresee that this legislation would follow the Negative procedure.
4. Following devolution, the powers contained in these sections are exercisable jointly by the National Assembly and the Department for the Environment, Food and Rural Affairs (Defra). As the Order will apply throughout the United Kingdom, the consent of Scottish Ministers and the relevant Northern Ireland Department is also required. The Order is subject to negative Parliamentary procedure and must, therefore, be made and laid before Parliament at least 21 days before the 1 July 2006 when it is required to come into force.

Effect

5. 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 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. The cereals on which levy is payable are: wheat (including durum); barley; oats; rye; maize; triticale (a wheat-rye hybrid) or any two or more such cereals grown as one crop. The oilseeds on which levy is payable are: rapeseed; linseed; soyabean; sunflowerseed or any two or more of such oilseeds grown as one crop.

6. No increase is proposed for this year. So the rates from 1 July 2006 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

7. It is intended that the proposed Instrument will be made on 16 May 2006 and laid in Parliament on 19 May 2006 in order to come into force date on 1 July 2006. The consequences of the intended target dates for making this Order not being achieved are:
- there will not be a UK wide Order on the statute;
 - the Home-Grown Cereals Authority (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 the HGCA will be unable to undertake research and development, implement knowledge transfer and promote and market cereals in the UK and abroad.

Financial Implications

8. 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 existing, and planned, administration costs budgets. No additional costs will be borne by anyone, as the levy rates remain unchanged since 2002.

Regulatory Appraisal

9. 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

10. No consultation in relation to this Order was deemed necessary, as the levy rates have remained unchanged since 2002.

With Subject Committee

11. This Order was notified to the Environment, Planning and Countryside Committee, via the list of forthcoming legislation on 1 February 2006 (EPC(2)-02-06 (p.3) item no. 11, CFA 143). The item was not identified for detailed scrutiny.

Recommended Procedure

12. Subject to the views of the Business Committee, I recommend that this Order proceed to Plenary under the Standard procedure to give Members an opportunity to debate the Order.

13. 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); and
- be compatible with the Assembly's human rights legislation (section 107); and
- be compatible with any international obligations of the United Kingdom (section 108).

14. This Memorandum has been cleared with the Legal Services Department and the Assembly Compliance Officer.

15. Drafting Lawyer- Michael Clarke x 3763

16. Head of Division- Rory O'Sullivan x 1332

17. Drafting Policy Official - James Gibbs x 1224

CARWYN JONES
MINISTER FOR ENVIRONMENT, PLANNING AND COUNTRYSIDE

APRIL 2006