

1988

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

DAIRY PRODUCE LEVY (NO 1) AMENDMENT BILL 1988

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Primary
Industries and Energy, the Honourable John Kerin, MP)

DAIRY PRODUCE LEVY (NO 1) AMENDMENT BILL, 1988GENERAL OUTLINE

The amendment contained in this Bill, which deletes two subsections of the Dairy Produce Levy (No 1) Act 1986, is intended to remove provisions which the Australian Dairy Corporation (ADC) has discovered to be impracticable and inequitable over the course of the year during which the new dairy marketing arrangements have been in operation. The amendment will remove an aspect of the administration of the new dairy marketing arrangements which results in significant administration costs to the ADC and hence to the dairy industry as a whole.

2. The Dairy Produce Levy (No 1) Act 1986 provides for the imposition of a levy on dairy products produced at a factory on or after 1 July 1986. It also provides for exemptions from the levy in certain situations. One such situation relates to the export of products containing dairy products (ie "mixed products") and there is provision for exemption where mixed products meet the prescribed minimum content and minimum consignment weight.

3. The intention was to streamline the ADC's levy administration by making small consignments and mixed products containing small amounts of dairy products ineligible for exemption. The ADC, however, has found that these provisions actually increase its costs because of the increased document handling involved. Further, the system has been shown to be inequitable in that manufacturers exporting large amounts in small consignments must pay the levy whereas the same amount of product in fewer, larger consignments would attract an exemption.

4. For the above reasons, the ADC has recommended and the Government has agreed that the minimum weight and content provisions should be deleted. The result will be that any amount of butter or cheese exported in a mixture will qualify for exemption. The amendment is to be made retrospective to 1 July 1986 in the interests of equity, to place all applicants on the same basis from the commencement of the new dairy marketing arrangements.

FINANCIAL IMPACT STATEMENT

5. The amendment will result in savings in administration costs to the Australian Dairy Corporation and hence to the dairy industry at large and it will place the payment of levy on dairy products on a more equitable basis. It will have no financial implications for the Commonwealth.

NOTES ON INDIVIDUAL CLAUSESClause 1: Short title etc.

6. Short title of the Act and identification of the Principal Act.

Clause 2: Commencement

7. Sections 1 and 2 commence on the day on which the Act receives the Royal Assent. Section 3 operates retrospectively from 1 July 1986. In order to ensure equality in the processing of claims for reimbursement relating to production from 1 July 1986 it is necessary that the amendment operates retrospectively from that date.

Clause 3: Imposition of Levy

8. Amends the Principal Act by deleting provisions for "minimum weight" of consignments of dairy product "mixtures" exported and "minimum percentage" of dairy products in those "mixtures" exported.

