

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CATTLE TRANSACTION LEVY BILL 1990

EXPLANATORY MEMORANDUM

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

CATTLE TRANSACTION LEVY BILL 1990OUTLINE

The Cattle Transaction Levy Bill imposes a flat rate per head levy on the sale of cattle and the transfer of cattle from the production to the processing stage. The levy will, in combination with the levy imposed by the Beef Production Levy Bill 1990, replace the levy imposed on the slaughter of cattle imposed under the Live-stock Slaughter Levy Act 1964. The new levy is part of a package of revised arrangements for cattle and beef industry levies and export charge developed by the industry.

Moneys raised from the levy will be used for funding of the Australian Meat and Live-stock Corporation, the Australian Meat and Live-stock Research and Development Corporation, the Brucellosis and Tuberculosis Eradication Campaign and the National Residue Survey. The levy consists of four components, one for each of these end uses.

The revised levy and export charge arrangements are designed to provide a more visible and equitable division of levy and charge payments between industry sectors by clarifying the relative contributions paid by each sector.

The initial rates of levy are set out in the legislation, but they may be varied by regulation within the maxima set in the Bill. The rates of levy for Australian Meat and Live-stock Corporation and Australian Meat and Live-stock Research and Development Corporation purposes may only be varied on the recommendation of the appropriate Corporation, following the approval of that recommendation by the annual general meeting of the industry.

FINANCIAL IMPACT STATEMENT

The rate of levy imposed under this Bill will, in combination with the levies imposed by the Beef Production Levy Bill 1990 and the Cattle Export Charge Bill 1990, yield revenue approximately equal to that which would be yielded by the current rates of levy and charge imposed on cattle, calves and bobby calves under the Live-stock Slaughter Levy Act 1964 and the Live-stock Export Charge Act 1977.

Since the introduction of cost recovery for levy and charge collection in 1988 the Commonwealth is reimbursed for expenses incurred. Consequently there will be no net effect to revenue in the implementation of this legislation.

NOTES ON CLAUSES

Clause 1: Short title

1. The Act will be called the Cattle Transaction Levy Act 1990.

Clause 2: Commencement

2. Provides for commencement of the legislation on 1 January 1991.

Clause 3: Collection Act to be read with this Act

3. Provides that the Cattle and Beef Levy Collection Bill 1990 is to be read as one with this Act.

Clause 4: Interpretation

4. Subclause 4(1) lists definitions of terms used in the Act, in particular "Dairy cattle", "licensed dairy farmer" and "licensed dairy premises", which are defined to facilitate the exemption from levy of dairy cattle traded for dairy purposes.

5. Subclause 4(2) provides that in determining the weight of a carcass immediately after it has been dressed, no adjustment is to be made to the weight on account of shrinkage.

6. Subclause 4(3) provides that related companies will be determined in the same manner as in the Companies Act 1981.

7. Subclause 4(4) states that for the purposes of the definition of "bobby calf" in subclause 4(1), the person responsible for forwarding the levy is, where an intermedairy is involved, the intermediary.

Clause 5: Imposition of levy

8. Subclause 5(1) imposes a levy on:

- . sales and transfers of ownership of cattle
- . delivery of cattle to a processor where a sale does not take place ie for a contract kill
- . slaughter of cattle purchased by a processor and held for more than 60 days before slaughter
- . the slaughter of cattle on which a levy has not previously been paid.

9. Subclause 5(2) provides for exemption from the levy for:

- . dairy cattle sold for dairy purposes
- . sale of cattle at auction to the vendor
- . sale or delivery of cattle between related companies except where the company buying or taking delivery is a processor
- . sale or delivery of cattle to a processor if, at the time, the cattle are not fit for human consumption
- . change of ownership of cattle resulting from a court order relating to the Family Law Act 1975, by devolution on the death of the owner or as a result of a change in a partnership where there is at least 25 percent common ownership remaining
- . a bobby calf on which a levy has already been paid.

10. Subclause 5(3) provides the method for determining dairy cattle sold for dairy purposes.

11. Subclause 5(4) provides that where cattle are delivered to a processor, otherwise than by sale to the processor, for fattening or agistment prior to slaughter, the cattle are not to be taken to have been delivered to the processor until any period of fattening or agistment is completed. This ensures such cattle are treated consistently with those delivered to a feedlot for "custom fattening", where a levy does not become due until the animal changes ownership or is presented for slaughter.

Clause 6: Rate of Levy

12. Subclause 6(1) specifies the initial operative rates of levy imposed and the maximum rates that may be imposed by regulation on cattle. Separate components are provided for funding of the Australian Meat and Live-stock Corporation, Australian Meat and Live-stock Research and Development Corporation, National Cattle Disease Eradication Trust Account and the National Residue Survey.

13. Subclause 6(2) specifies the initial operative rates of levy imposed and the maximum rates that may be imposed by regulation on bobby calves. Separate components are provided for funding of the Australian Meat and Live-stock Corporation, Australian Meat and Live-stock Research and Development Corporation, National Cattle Disease Eradication Trust Account and the National Residue Survey.

14. Subclause 6(3) provides that only a single levy, at the adult rate, is payable on a cow with a calf at foot.

15. Subclause 6(4) provides a mechanism whereby the Minister, after consultation with the Australian Meat and Live-stock Industry Policy Council, may set the rate of this levy and the levy imposed under the Beef Production Levy Bill 1990 at zero, and reinstate the levy imposed under the Live-stock Slaughter Levy Act 1964 at the rate operative at 31 December 1990 should this scheme not be operating in a satisfactory manner.

Clause 7: By whom levy payable

16. Provides that the levy is payable:

- . in the case of sale or other transfer of ownership, by the person owning the cattle before the change of ownership
- . in the case of delivery to a processor, where no sale is involved, by the person owning the cattle immediately before delivery to the processor
- . by the processor, where they have purchased cattle and held them for more than 60 days before slaughter
- . by the person owning, at slaughter, cattle on which a levy has not previously been paid.

Clause 8: Regulations

17. Subclause 8(1) provides for the Governor-General to make regulations in respect of this Act.

18. Subclauses 8(2), (4) and (5) provide for the making of regulations to vary the rate of levy for the purpose of funding the Australian Meat and Live-stock Corporation. The Corporation may not make a recommendation to the Minister in relation to the rate of levy unless the recommendation has been passed by the industry annual general meeting and the Corporation must provide the Minister with details of the voting in writing.

19. Subclauses 8(3), (6) and (7) provide for the making of regulations to vary the rate of levy for the purpose of funding the Australian Meat and Live-stock Research and Development Corporation. The Research and Development Corporation may not make a recommendation to the Minister in relation to the rate of levy unless the recommendation has been passed by the industry annual general meeting and the Research and Development Corporation must provide the Minister with details of the voting in writing.







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