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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

CATTLE TRANSACTION LEVY BILL 1995

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Primary Industries and Energy, Senator the Honourable Bob Collins)

72763 Cat. No. 95 4572 7 ISBN 0644 441254



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CATTLE TRANSACTION LEVY BILL 1995

OUTLINE

1. The purpose of this Bill is to impose 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 replace the one imposed by the *Cattle Transaction Levy Act 1990*, which contained a legal drafting error in that the *Cattle Transaction Levy Act 1990* imposed a customs duty and an excise duty in the same Act. The imposition of the levy will be retrospective to 1 February 1991 but levypayers who have satisfied levy liabilities under the provisions of the *Cattle Transaction Levy Act 1990* will have been taken to have discharged their levy liabilities prior to 1 July 1995 under this Bill (see clause 37 of *Meat and Live-stock Industry Repeal Act 1995*). The Bill will also introduce a new component of the levy which is to fund the Meat Industry Council, which is to be offset by a reduction to the marketing component.
2. The levy imposed by the *Cattle Transaction Levy Act 1990* has been an integral part of a package of arrangements for (red) meat and live-stock industry levies and charges developed by the industry. This package has been 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.
3. Monies raised from the levy imposed by this Bill will be used for funding of the Meat Industry Council, the Australian Meat and Live-stock Corporation, the Meat Research Corporation, the National Cattle Disease Eradication Trust Account, and for the period between 1 February 1991 and 1 July 1993 the National Residue Survey. Except for the Meat Industry Council funding, these allocations represent those originally intended under the *Cattle Transaction Levy Act 1990*.

FINANCIAL IMPACT STATEMENT

4. The rate of levy imposed under this Bill will yield revenue equal to that which has been and would have been yielded by the levy imposed on cattle, calves and bobby calves under the *Cattle Transaction Levy Act 1990*.
5. Since the introduction of cost recovery for levy and charge collection in 1988 the Commonwealth has been reimbursed for expenses incurred. Consequently there will be no net effect to revenue in the implementation of this legislation. The Meat Industry Council's new component is expected to reflect the expenditure on functions that the Meat Industry Council is taking over from the Australian Meat and Live-stock Corporation and Meat Research Corporation.

NOTES ON CLAUSES

Clause 1 - Short Title

6. Provides for the Act to be called the *Cattle Transaction Levy Act 1995*.

Clause 2 - Commencement

7. Provides for this Act to commence on 1 July 1995.

Clause 3 - Interpretation

8. This clause provides various definitions that will assist in the interpretation of the Bill, in particular a definition to differentiate "**commencement day**" (ie. 1 February 1991) from the commencement date of this Act. Other definitions to facilitate the exemption from levy of dairy cattle traded for dairy purposes. Provision is also included that, unless the contrary intention appears, where a word or expression in this Act is not defined but is defined in the *Primary Industries Levies and Charges Collection Act 1991*, it has the same meaning in the *Primary Industries Levies and Charges Collection Act 1991*.
9. This clause also 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; related companies will be determined in the same manner as under the Corporations Law; and for the purposes of the definition of bobby calf the person responsible for forwarding the levy is the intermediary, where one is involved.

Clause 4 - Imposition of levy

10. This clause imposes a levy, on or after 1 February 1991, on: sales and transfer 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; and the slaughter of cattle on which a levy has not previously been paid. Despite the clause being retrospective, levypayers who have satisfied levy liabilities under the provisions of the *Cattle Transaction Levy Act 1990* will have been taken to have discharged their levy liabilities prior to 1 July 1995 under this Bill.
11. Exemption from the levy is provided 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 was or is a processor;
 - delivery of cattle to a processor where a sale does not take place (ie. for a contract kill) and ownership of the cattle is retained from within 14 days of delivery until at least after their hot carcass weight has been determined or taken within the meaning of the *Beef Production Levy Act 1990*;
 - 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; and
 - a bobby calf on which a levy has already been paid.
12. Provision is included for the method for determining dairy cattle sold for dairy purposes, and 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. The latter provision ensure 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 5 - Rate of levy

13. This clause specifies the initial operative rates of levy imposed and the maximum rates that may be imposed by regulation on cattle and bobby calves. Separate components are provided for funding of the Meat Industry Council, Australian Meat and Live-stock Corporation, Meat Research Corporation, National Cattle Disease Eradication Trust Account and the National Residue Survey.
14. Retrospective operative rates for all but the Meat Industry Council components are also given, which relate to the period back to the commencement of the *Cattle Transaction Levy Act 1990*. However, levypayers who have satisfied levy liabilities under the provisions of the *Cattle Transaction Levy Act 1990* will have been taken to have discharged their levy liabilities prior to 1 July 1995 under this Bill. This ensures that there will be no doubt about the legal status of the moneys already collected or due under the *Cattle Transaction Levy Act 1990*.
15. Only a single levy, at the adult rate, is payable on a cow with a calf at foot.

Clause 6 - By whom levy payable

16. This clause 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 processor, at slaughter, cattle on which a levy has not previously been paid, if slaughter occurred prior to 1 July 1995; and
 - by the person owning, at slaughter, cattle on which a levy has not previously been paid, if slaughter occurred after 30 June 1995.

Clause 7 - Regulations

17. This clause provides for the Governor-General to make regulations in respect of this Act.
18. Provision is specifically made for the making of regulations to vary the rates of levy for the purpose of funding the Meat Industry Council, Australian Meat and Live-stock Corporation, Meat Research Corporation and the National Residue Survey. The Governor-General in Council in making regulations under this provision must take into consideration the Meat Industry Council's recommendation to the Minister for the amount of the relevant rate.
19. The Meat Industry Council may not make a recommendation to the Minister in relation to a rate of levy unless the recommendation has been endorsed by the last general meeting of the Australian meat and live-stock industry convened under sections 22 and 25 of the *Meat and Live-stock Industry Bill 1995* and must provide the Minister with details of the voting in writing.



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