Dairy Produce Levy (No. 1) Amendment Bill 1988

Date Introduced: 17 February 1988
House: House of Representatives
Presented by: The Hon. John Kerin, M.P., Minister for Primary Industries and Energy

Digest of Bill

Purpose
To remove an inequity in the imposition of the levy on dairy products and to streamline the administration of the dairy product levy system by the Australian Dairy Corporation (ADC).

Background
The Dairy Produce Levy (No. 1) Act 1986 (the Principal Act) instituted revised arrangements for the export marketing of dairy products and price support. Previously there was a stabilisation levy scheme for major dairy products. The measures are administered by the ADC.

The legislation enables price support to be given to dairy producers. The main mechanism used to achieve this is the levy on all fresh milk sales which is supplemented by a levy on sales of cheese, butter and goods containing butter or cheese (mixtures). The policy aims to support the processing sector of the industry through transfers of revenue from the more lucrative fresh milk sector. Additional support is provided to the export processing sector by way of the levy on dairy product sales.

The Principal Act provided that exports of mixtures would continue to be exempt from levy payments where minimum content or minimum weight criteria were satisfied. Thus, non-exempt exports, which represent only a fraction of total dairy product exports, were required to pay the levy.

It was expected that non-exemption would streamline ADC operations by avoiding the disproportionately high administrative costs of dealing with small consignments relative to the small amount of levy concerned. As a consequence, the arrangements effectively meant that non-exempt products contributed to the market support arrangements and were therefore at some price disadvantage.

The ADC has found that the costs of administering the minimum weight limit are greater than the benefits of exclusion. The amendment will result in cost savings to the industry by eliminating the provisions which exclude some exports from exemption.
In addition, the present system discriminates against exporters of a large amount of product in small consignments (non-exempt) compared with exporters of small amounts in large consignments (exempt). The amendment will make all exports of cheese and butter in mixtures exempt from the levy and will be retrospective to 1 July 1986. This was when the Principal Act became effective and will give equality to all claims for levy reimbursement.

Main Provisions

Clause 2 makes the amendment retrospective to 1 July 1986. Clause 3 deletes from the Principal Act provisions for minimum weight and minimum percentage in exports of mixtures.

For further information, if required, contact the Economics and Commerce Group.

15 April 1988

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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