PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

DAIRYING INDUSTRY RESEARCH AND PROMOTION LEVY AMENDMENT BILL 1978

Date Introduced: 14 September 1978
House: House of Representatives
Presented by: Rt. Hon. Ian Sinclair, M.P., Minister for Primary Industry

Purpose

To amend the Dairying Industry Research and Promotion Levy Act 1972 to remove any doubts regarding the legality of the imposition and collection of the Commonwealth levy on whole milk and butter fat which is produced in Australia by one person and is supplied to another person for disposal or processing by him on the producer's behalf.

Background

The Australian Dairy Corporation (ADC) was established in 1975 under the Dairy Produce Act 1924 (formerly the Dairy Produce Export Control Act 1924), as amended by the Dairy Produce Act 1975. The Corporation replaced the Australian Dairy Produce Board and was given the power to trade in dairy produce (meaning butter, cheese, and prescribed products derived from milk). Its main functions include the control, promotion and marketing of exports of dairy produce. The Corporation's activities are financed by a portion of the funds raised by the levy imposed on whole milk and butter fat, at the rates set out in paragraphs (c) of sections 7 (whole milk) and 11 (butter fat) of the Dairying Industry Research and Promotion Levy Act 1972 as amended. The levy is payable by producers of whole milk and butter fat. The collection of this levy is provided for by the Dairying Industry Research and Promotion Levy Collection Act 1972 as amended.

Since their commencement in 1958, Commonwealth schemes have been operating for research into the dairy industry, and for the promotion of sales in Australia of dairy produce (meaning butter, cheese and prescribed products derived from milk). Various legislation, which has been altered from time to time, has provided for the two schemes. From 1976, the dairy industry's contribution to research and to promotion of domestic sales has been obtained from portions of the funds raised by the levy
imposed on whole milk and butter fat, at the rates set out in paragraphs (a) (research) and (b) (domestic sales promotion), of both sections 7 (whole milk) and 11 (butter fat) of the Dairying Industry Research and Promotion Levy Act 1972, as amended. The Dairying Research Act 1972 established the Dairying Research Trust Account (DRTA) (from which funds are applied for financing research) and the Dairying Research Committee (DRC) (which makes proposals concerning the application of funds in the DRTA). The DRTA is financed partly by industry contributions to research and partly by the Commonwealth which contributes from the Consolidated Revenue Fund one half of the expenditure from the Account. The Dairy Produce Sales Promotion Act 1958, as amended, established the Dairy Produce Sales Promotion Fund (DPSPF), which is administered by the ADC and from which funds are applied for domestic sales promotion. The DPSPF is financed by industry contributions.

Amendments to the Principal Act in 1976 ensure that the levy imposed on whole milk and butter fat is payable by the producer in circumstances where the producer is the owner of the whole milk or butter fat, but not also the owner of the cow, and also in circumstances where whole milk or butter fat is vested in a person (such as a State Milk Authority) but may not have been sold in a commercial sense to that person. Such vesting in a person is deemed to be a purchase by that person and hence, clearly authorises that person to collect the levy (under sub-section 6(1) of the Dairying Industry Research and Promotion Levy Collection Act 1972, as amended) from the producer on the Commonwealth's behalf.

This Bill will ensure that the levy imposed by the Principal Act on whole milk and butter fat which is sold, is payable by the producer and is to be collected, in circumstances where the whole milk or butter fat is supplied to a person for disposal or processing by him on the producer's behalf. In such cases the whole milk or butter fat will be deemed to have been sold by the producer to that other person. The levy will now clearly be payable by the producer in such circumstances and may be collected from him on the Commonwealth's behalf (by virtue of sub-section 6(1) of the Dairying Industry Research and Promotion Levy Collection Act 1972, as amended) by such a person. Such a person may be a co-operative dairy factory.

Provisions

Clause 3 amends section 5 of the Principal Act by adding paragraph (3)(a) which provides that, in circumstances where whole milk or butter fat is produced by one person and supplied to another person (but not sold to
him at or before the time of supply) for disposal or processing by him on the producer's behalf, such whole milk or butter fat shall be deemed to have been sold by the producer and purchased by such a person. The addition of paragraph 5(3)(b) will mean that the subsequent sale of any whole milk or butter fat after it has been so supplied, shall be disregarded; hence, the levy cannot be imposed twice.