EXPLANATORY STATEMENT

Select Legislative Instrument 2012 No. 74

Issued by Authority of the Parliamentary Secretary for Agriculture, Fisheries and Forestry

Primary Industries (Excise) Levies Act 1999

Primary Industries (Excise) Levies Amendment Regulation 2012 (No. 2)

Statutory Basis

The Act, through its primary provisions and schedules, prescribes levies on a number of primary industry products (or classes of products) for a number of purposes, including marketing, research and development, provision of industry services and emergency pest and disease responses.

Section 8 of the Primary Industries (Excise) Levies Act 1999 (the Act) provides that the Governor-General may make regulations prescribing matters that are required, or permitted by the Act to be prescribed, or that are necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Schedule 6, paragraph 6 (1)(d) of the Act imposes a dairy service levy on relevant dairy produce.

Dairy farmers (levy payers) pay a dairy service levy on relevant dairy produce delivered to or produced by a manufacturer. These funds are collected by the Australian Government and appropriated to Dairy Australia (the industry services body). The dairy service levy is calculated on the milk fat and protein content of milk as prescribed under Schedule 6 of the Primary Industries (Excise) Levies Regulations 1999 (the Regulations). The dairy service levy is used by Dairy Australia to fund industry services, as well as research, development and extension activities.

Purpose and impact

The Primary Industries (Excise) Levies Amendment Regulation 2012 (No. 2) (the Amendment Regulation) amends the Regulations by increasing the dairy service levy rates applied to the milk fat and protein content by 10 per cent. The Amendment Regulation increases the dairy service levy rate imposed on milk fat content from 2.6075 cents per kilogram of milk fat to 2.8683 cents per kilogram. This Regulation also increases the dairy service levy rate imposed on protein content from 6.3558 cents per kilogram of protein to 6.9914 cents per kilogram.

The increase is below the maximum cap outlined in clauses 11 and 12 of Schedule 6 of the Act.

The average farm production is around 1.2 million litres per farm per year. On this basis the 10 per cent levy rate increase equates to approximately $320 extra per million litres of milk per year.

Details of the Regulation are contained in the Attachment.
Consultation

Dairy Australia is the industry services body responsible for promoting research, development and marketing activities for the dairy industry. Levy funds appropriated to Dairy Australia are directed towards these objectives.

Dairy Australia conducted a dairy service levy poll to consult with industry on potential amendments to the levy rate in accordance with the *Dairy Produce (Dairy Service Levy Poll) Regulations 2006*. The vote returned a majority support for a 10 per cent increase in the levy.

The Office of Best Practice Regulation was consulted in the preparation of the Regulation (reference number ID 13714).
Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Primary Industries (Excise) Levies Amendment Regulation 2012 (No. 2)

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the Human Rights (Parliamentary Scrutiny) Act 2011.

Overview of the Legislative Instrument

The Legislative Instrument amends the rate of Dairy Service levy collected from producers for the purpose of research, development and marketing activities.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

The Hon. Peter Douglas Sidebottom MP,
Parliamentary Secretary for Agriculture, Fisheries and Forestry
Details of the *Primary Industries (Excise) Levies Amendment Regulation 2012 (No. 2)*

The Regulation is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Section 1 – Name of Regulation

This Section provides for the title of the Regulation to be the *Primary Industries (Excise) Levies Amendment Regulation 2012 (No. 2)*.

Section 2 – Commencement

This Section provides for the Regulation to commence on 1 July 2012.

Section 3 – Amendment of *Primary Industries (Excise) Levies Regulations 1999*

This Section provides for the *Primary Industries (Excise) Levies Regulations 1999* to be amended as set out in Schedule 1.

Schedule 1 - Amendments

**Item 1** amends paragraph 2(1)(a) of Schedule 6 to the Regulations to increase the levy rate applied to milk fat. The item omits the current levy rate of 2.6075 cents per kilogram of milk fat and inserts a new levy rate of 2.8683 cents per kilogram for milk fat.

**Item 2** amends paragraph 2(2)(a) of Schedule 6 to the Regulations to increase the levy rate applied to protein. The item omits the current levy rate of 6.3558 cents per kilogram of milk protein and inserts a new levy rate of 6.9914 cents per kilogram for milk protein.