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BEEF INDUSTRY (INCENTIVE PAYMENTS) BILL 1977

Date Introduced: 2 November 1977
House: House of Representatives
Presented by: Rt. Hon. Ian Sinclair, M.P.,
Minister for Primary Industry

Short Digest of Bill

Purpose

To provide cash grants of \$10 per head, to beef cattle producers up to a limit of 200 head, for beef cattle subjected to certain disease control procedures or spaying, to improve their cash flow position and provide management incentives.

Background

After September 1973, saleyard prices for beef cattle in Australia fell steadily and by early 1975, in real terms, were some of the lowest ever recorded. Since then they have improved somewhat although they are still well below the cost of production. The combination of depressed prices and rising costs has led to a severe cost-price squeeze on the incomes of beef producers. For example, the Bureau of Agricultural Economics has recently projected that, in 1976-77, of the 50,000 beef specialists (those with at least 50% of land resources devoted to beef cattle), some 29% (14,600) will have had negative net cash incomes, with a further 27% (13,420) ranging between zero and \$5,000. (See: BAE, "Current Adjustment Problems in the Australian Beef Cattle Industry", Quarterly Review of Agric. Econ., October 1976 and January 1977).

Recent measures of Commonwealth assistance to, or intervention in, the beef industry to help alleviate its depression have included: a special appropriation of \$20 million to the Commonwealth Development Bank in 1974 and a further \$8 million in 1975 for lending to 'viable' beef cattle producers; the *States Grants (Beef Industry) Act 1975*, which provided for the Beef Carry-On Loans Scheme; an inquiry by the Industries Assistance Commission in 1975 (IAC, Beef, 30 September 1975); a number of measures announced in a Ministerial Statement on 22 September 1977 (including the incentive payments provided for by this Bill); and, further measures announced in the Government's 1977 election speech.

The incentive payments scheme, for which this Bill provides, will operate for one year commencing on 23 September 1977. The scheme will provide for a subsidy of up to \$2,000 per producer, which will be taxable. To be eligible for such subsidy payments, a beef producer must have been the owner, or one of the owners, of 50 or more cattle at 30 June 1977. At 30 March 1976, there were 85,900 producers with 50 or more

Beef Industry (Incentive Payments) Bill 1977 (Bills Digest 145, 1977)

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beef cattle, with 32,393 of these owning 200 or more head. Given the herd size distribution, if all eligible beef producers claimed on all their cattle, up to the 200 head limit, the incentive payments payable would be around a maximum of \$122 million. However, the actual commitment is expected to be substantially below this.

Provisions

Clause 4 provides for an incentive payment to be paid for each animal subjected to a recognized procedure during the year and owned or part- by a beef producer. Various definitions are given in sub-clause 3(1): “animal” means a bovine animal (other than a buffalo) kept only for beef production; “recognized procedure” means treating the animal for external or internal parasites (i.e., dipping or drenching), vaccination of the animal to control disease, testing or treating the animal to diagnose or eradicate brucellosis or tuberculosis, the spaying of female animals under the age of two years (heifers) or any other action to control disease which is accepted by the Minister; the year to which this Bill will apply is the year which commenced on 23 September 1977; a “beef producer” means a person who, on 30 June 1977, was the owner, or one of the owners, of 50 or more animals (i.e., cattle).

The incentive payment will be \$10 per head (clause 5) and a beef producer will only be eligible for such payment if he has owned the animal in question for at least 3 months (sub-clause 6(2)). Only one incentive payment is payable in respect of one animal (sub-clause 6(3)), and incentive payments payable to one beef producer are not to be for more than 200 cattle (sub-clause 6(4)).

For an incentive payment to be payable to a person, a claim must be submitted by, or on behalf of, that person to an authorized person (sub-clause 8(1)), at such times and in a form approved by the Minister (sub-clause 8(2)). The deadline for claims is 31 December 1978 (sub-clause 8(3)).

Incentive payments will be payable from the Consolidated Revenue Fund which is appropriated accordingly (clause 11). The Minister must report on the operation of this scheme as soon as practicable after 31 December 1978 and must table the Report in both Houses (clause 14).

21 December 1977

Finance, Industries, Trade and Development Group
LEGISLATIVE RESEARCH SERVICE

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