



# Legislative Assembly

## Cattle Compensation Repeal Bill

### Hansard

### Extract

27/02/2001

#### Second Reading

**Mr AMERY** (Mount Druitt—Minister for Agriculture, and Minister for Land Conservation) [9.36 p.m.]: I move:

That this bill be now read a second time.

The purpose of this bill is to repeal the Cattle Compensation Act 1951. The Cattle Compensation Act 1951 established the Cattle Compensation Fund to provide compensation for cattle ordered to be destroyed because they were infected or suspected of being infected with disease. The main disease for which compensation was paid was originally tuberculosis, but the list of diseases changed from time to time. The compensation fund was initially financed by a stamp duty on the sale of cattle, then by a stamp duty on cattle delivered to an abattoir for slaughter. A levy was also placed on cattle rated by pastures protection boards, now known as rural lands protection boards.

After the abolition of the levy and the stamp duty in 1979 and 1987 respectively, the fund was sustained solely by interest earned. By 1993 the fund had a balance of more than \$9 million. Under the original Act, money in the fund could only be used for compensation or for the purpose of administering the Act. By that time little of the money in the fund was being used to pay compensation. Therefore, the Act was amended in that year to authorise payment of moneys from the fund for other purposes benefiting the cattle industry. These included the payment of money to fund research, inquiries, investigations, surveys and tests in relation to the cattle industry. The amending Act also established the Cattle Compensation Advisory Committee to provide advice to the Minister on the expenditure of money in the fund. As well, the amendment required ministerial review of the purposes and operation of the fund in five years. This five-year review was completed in August 1998.

The review recommended that the fund should continue until all allocated funds had been expended, authorised research projects had been completed and a competition policy review of the Act had been undertaken. The Cattle Compensation Act is now considered to be defunct. On the advice of the Cattle Compensation Advisory Committee all the money in the compensation fund has been allocated, with no further sources of funds being available. In addition, as part of the Government's continuing process of regulatory review, a competition policy and regulatory best practice review of the Act is being undertaken.

**Mr Stoner:** Not competition policy again.

**Mr AMERY:** Yes. This is one of the many provisions of legislation and regulation that has to be reviewed pursuant to our obligations under the competition policy agreement.

**Mr R. H. L. Smith:** Which you signed off on.

**Mr AMERY:** Which the Federal Howard Government has not cancelled. Despite all the comments by Deputy Prime Minister Anderson, it seems to be carrying on at full speed.

**Mr R. H. L. Smith:** Which all States signed off on, including the Carr Government.

**Mr AMERY:** Do not speak too loudly. The Federal Government deals with competition policy and acts on the recommendations of Graham Samuel. The Federal Government makes the recommendations. It has not backed away from competition policy.

**Mr R. H. L. Smith:** The State Government has taken the money and run. It has signed off on the competition policy agreement.

**Mr DEPUTY-SPEAKER:** Order! The honourable member for Bega will have an opportunity to speak in the debate at the appropriate time.

**Mr AMERY:** Although the competition policy review is not yet complete, the final review group report will almost certainly recommend that the Act be repealed. Members of the review group support the proposal for immediate repeal of the Act. One reason for this is that the Act is the cause of a tax problem for cattle producers whose stock are destroyed or sold for slaughter because of Johne's disease. This problem can be solved simply by repealing the Act immediately.

Under subdivision 385E of the Commonwealth Income Tax Assessment Act 1997, primary producers may elect to exclude from assessable income any profit on the forced disposal or death of livestock held as assets of a primary production business carried on in Australia. The election to defer or spread tax profit may be made when a taxpayer's livestock are compulsorily destroyed under an Australian law. The Australian Taxation Office has confirmed that this election is available to New South Wales primary producers who destroy or dispose of stock because of Johne's disease, provided the stock are destroyed or disposed of pursuant to an order for movement to slaughter under the New South Wales Stock Diseases Act 1923.

Following that advice, orders for the destruction of sheep in order to control Johne's disease have been given under the Stock Diseases Act, enabling sheep producers to access benefits of the election under the Income Tax Assessment Act. However, orders for destruction have not been made in respect of cattle infected with Johne's disease as cattle producers would be entitled to compensation under the Cattle Compensation Act 1951 in such circumstances. As a result, no orders for slaughter of cattle infected with Johne's disease are being made; consequently the tax advantages that producers might otherwise obtain have not been available. Cattle producers rightly see this situation as unfair. The recent deregulation of the dairy industry has given greater impetus to their complaints.

**Mr R. H. L. Smith:** Who deregulated the dairy industry?

**Mr AMERY:** I think we might have a debate about the dairy industry.

**Mr R. H. L. Smith:** No. Answer the question: Who deregulated the dairy industry?

**Mr AMERY:** We all know what caused the deregulation of the dairy industry.

**Mr DEPUTY-SPEAKER:** Order! The honourable member for Bega should realise that the Minister is not answering questions. He is delivering a second reading speech.

**Mr AMERY:** The State Government deregulated the dairy industry as required under the Federal Government's assistance package. That is the history of it. As the deregulation legislation went through the State Parliament, does the honourable member for Bega want a discovery award? Has the honourable member just found out that a deregulation bill went through the State Parliament?

**Mr R. H. L. Smith:** No. Your people are saying, "We didn't deregulate", but you did. You just admitted it.

**Mr AMERY:** I note that the honourable member for Bega is drawing it to the attention of the honourable members that he has just found out that the State Government put through legislation to deregulate the dairy industry.

**Mr R. H. L. Smith:** You have been denying it.

**Mr AMERY:** The honourable member gets the Captain Cook award for discovery. Having been stunned by that information from the honourable member for Bega, I shall continue my second reading speech. For the information of the honourable member, I am introducing the Cattle Compensation Repeal

Bill. Next month if the honourable member asks who introduced the Cattle Compensation Repeal Bill, let me say in advance that this Government introduced it.

**Mr R. H. L. Smith:** Why has the Minister referred to deregulation?

**Mr DEPUTY-SPEAKER:** Order! The honourable member for Bega will remain silent. He will have an opportunity to participate in the debate later in the session.

**Mr AMERY:** The inability of dairy farmers whose herds are infected with Johne's disease to access the benefits of the election under subdivision 385E of the Income Tax Assessment Act acts as a disincentive to their electing to slaughter their herds and leave the industry. If the Cattle Compensation Act is repealed, orders for the destruction of cattle infected with Johne's disease may then be made under the Stock Diseases Act without triggering the obligation to pay compensation out of the Cattle Compensation Fund. This will enable affected cattle producers to access the benefits of the election under subdivision 385E.

There is no good reason for retaining the Cattle Compensation Act. As its immediate repeal will assist cattle producers, the Government considers it appropriate to expedite repeal of the Act. The Government understands the reasons behind this legislation. Although the Government could wait until the end of the competition policy review—we have already had an exchange on the competition policy review—which will no doubt recommend the repeal of the Cattle Compensation Act, and repeal of the Act could take up to six months, in the meantime farmers affected by dairy deregulation or bovine Johne's disease cannot access the benefits of subdivision 385E of the Income Tax Assessment Act unless the Cattle Compensation Act is repealed. That is the reason the Government has expedited repeal of the Act by introducing this bill.

**Mr George:** Does that mean that farmers will get compensation from now on?

**Mr AMERY:** No. There is no money left in the Cattle Compensation Fund; therefore the fund is redundant. There is no mechanism to raise more funds. Legally speaking, farmers would be eligible for compensation, which is why they cannot access subdivision 385E of the Federal Government's Income Tax Assessment Act, to which I referred. Legally, this Government must remove the Cattle Compensation Act from the system to enable farmers to access the benefits of the taxation legislation. With those prepared comments and other comments added along the way, I commend the bill to the House.