



**Legislative Council**  
**Cattle Compensation Repeal Bill**  
**Hansard**  
**Extract**

28/03/2001

**CATTLE COMPENSATION REPEAL BILL**

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**Second Reading**

**The Hon. CARMEL TEBBUTT** (Minister for Juvenile Justice, Minister Assisting the Premier on Youth, and Minister Assisting the Minister for the Environment) [11.42 a.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 established the Cattle Compensation Fund to provide compensation for cattle ordered to be destroyed because they were infected, or were 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. There was also a levy on cattle rated by pastures protection boards, now 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 over \$9 million. Under the original Act money in the fund could only be used for compensation or for the purpose of administering the Act. Because by that time little of the money in the fund was being used to pay compensation, 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 Act 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 completed and a competition policy review of the Act 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. Although this review is not yet complete, the final review group report will almost certainly recommend the repeal of the Act. Members of the review group support the proposal for the 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 the immediate repeal of the Act.

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 the 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 the cattle producer 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 and 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. 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 the affected cattle producers to access the benefits of the election under subdivision 385E. There is no good reason for the retention of the Cattle Compensation Act and, since its immediate repeal will assist cattle producers, the Government considers it appropriate to expedite its repeal. I commend the bill to the House.