

PIG SLAUGHTER LEVY SET TO INCREASE 1 JULY 2014

All Australian pork producers should be aware that the second tranche increase to the Pig Slaughter Levy, collected by processors at the point of slaughter, is set to take effect on 1 July 2014.

Australian Pork Limited (APL) Chief Executive Officer, Andrew Spencer said “The history of the levy increase goes back to the APL Annual General Meeting held in November 2011. This is when Australian pig farmers endorsed a proposal to increase the marketing portion of the Pig Slaughter Levy by a total of 90 cents per slaughter pig.”

“At the same time the decision was made that to alleviate the impact of a 90 cent rise in one go, the increase would take place over three tranches. The first rise of \$0.30 came into effect on 1 July 2012. **The second tranche of a further \$0.30 is set to take effect from 1 July 2014**, with the third and final tranche of \$0.30 to come into effect from 1 July 2016.”

Prior to 2012, the Pig Slaughter Levy was increased in 1994 to mainly cover APL’s Marketing, Research and Development (R&D) and Policy expenses. When the announcement was made in November 2011, it had been nearly 18 years since an increase in the R&D or Marketing levy had occurred.

“Inflation has erased an enormous amount of its value over this time and APL’s productivity improvements were having difficulty to keep up,” Mr Spencer said. With slaughter figures forecast to be around 4.8 million pigs for 2014/15, this latest increase will lift APL’s producer contribution to the budget from just around \$12.7 million to just over \$14 million.

For ease of interpretation and levy break down, the table below articulates the current levy structure and future milestones. It does not take into consideration dollar for dollar research contributions from the Federal Government or additional state based levies that may also apply.

Date and Milestone	Amount of Increase	Total
First tranche Current levy 1 July 2012	30 cents	Marketing portion from \$1.35 + 30 cents = \$1.65 APL portion of the levy \$1.65 + \$1.00 (R&D) = \$2.65 <i>*Total levy includes the National Residue Survey (NRS) which is \$0.175</i> TOTAL: \$2.65 + \$0.175 = \$2.825
Second tranche Increase to come 1 July 2014	30 cents	\$1.65 + 30 cents = \$1.95 APL portion of the levy \$1.95 + \$1.00 (R&D) = \$2.95 TOTAL: \$2.95 + \$0.175 = \$3.125
Third and final tranche 1 July 2016	30 cents	\$1.95 + 30 cents = \$2.25 APL portion of the levy \$2.25 + \$1.00 (R&D) = \$3.25 TOTAL: \$3.25 + \$0.175 = \$3.425

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