

Jamaica Dairy Development Board

Cabinet Approves Introduction of Dairy Industry Cess for Contributing to Capacity Building

Cabinet at its meeting of May 25, 2010, approved for immediate implementation, a proposal from the Jamaica Dairy Development Board, for the introduction of a cess regime for supporting capacity building within the local milk producing sector. This follows on the introduction in fiscal 2008, of a Dairy Sector Revitalization Programme aimed at improving efficiencies within the sector and enhancing its international competitiveness. The contribution from revenues earned from the cess will enhance the continuity of focused support to the local milk producing sector.

The cess applies non-discriminately to both imports and locally produced milk by applying a standard assessment to the respective fluid equivalent volume of each product. The average farm gate price of milk during the immediately preceding calendar year will be used as the benchmark price for calculating the cess, initially at the rate of one (1) percent of farm-gate price assessed on the fluid equivalent volume in litres. This rate will be subject to biennial review through consultation with stakeholders as a precondition to approval by the Minister.

The cess on imported dairy products will be assessed and collected by the Customs Department at point of entry and remitted for the account of the Jamaica Dairy Development Board, consistent with the provisions of the Government's Fiscal Responsibility Framework. The cess on locally produced milk will be shared equally between farmer and processor, the latter who will make remittances to the Board on a monthly basis.

The introduction of the cess regime follows a series of consensus-building meetings with industry stakeholders, as stipulated by the Jamaica Dairy Development Board Act of 2009.