

# Review of Primary Industry Levies 2016

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For the Abalone Council Australia

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Information from this report was sourced in April and May 2016 from the following websites:

<http://www.agriculture.gov.au/ag-farm-food/levies/>

<http://www.agriculture.gov.au/SiteCollectionDocuments/ag-food/levies/documentsandreports/levy-principles-guidelines.pdf>

<http://horticulture.com.au/>

<http://australianpork.com.au/>

<http://www.ampc.com.au/>

<http://www.livecorp.com.au/>

In addition, a number of interviews were conducted with representatives of the PIBs, the Department of Agriculture and Water Resources Levies Unit and the RDCs involved in collection and disbursement of funds.

## Executive Summary

The purpose of this report is to review how a number of primary industry sectors use and administer their compulsory marketing and promotion levies. The findings of the report are to be used to assist the Abalone Council Australia to develop the business case and to design an equitable levy for generic Australian Wild Abalone marketing and promotion activities (including trade and market access) while ensuring that it is implemented and collected with minimal cost.

The report provides a table that compares different levies on a number of criteria. More detail for each of these levies is then provided – including collection mechanisms, governance and stakeholder reporting activities.

In depth interviews were conducted with Australian Pork Limited, Horticulture Innovation Australia Ltd, and the Cherry Growers Australia Ltd to get an understanding of “what has worked and what can be improved” in relation to the levies that they collect and administer.

There are a wide variety of mechanisms for collection of levies from Australia’s Primary Industry sectors. They are collected for a variety of reasons, including R&D, residue surveys, emergency preparedness and response as well as for marketing and promotion. In all the levies studied in this report it is clear that there is a robust stakeholder engagement program to ensure that those who pay the levy have an input into the investment priorities AND are provided with regular reports on progress and performance. Equally important is the governance and management systems that ensure that the investment is in accordance with those priorities and that there are clear roles and responsibilities and accountabilities to both the Commonwealth Government and the levy payers.

The ACA will use the information collected through this desktop study and the in-depth interviews to develop a levy proposal that

1. Has a clear purpose demonstrating that will provide benefits to the entire industry - in particular to the people who will pay it – recognising that those benefits may be long term and be dependent on other factors outside the control of the levy program
2. Is collected at a minimal cost – ie it is efficient – maximising the investment in marketing and promotion
3. Be set at a rate that is equitable ie not a set figure but as a percentage of sale price – this will account for differences in sale prices due to different species and market preferences and the different returns associated with them.

## Australia's Levy Framework

The Australian Government may introduce levies and export charges at the request of industry. Where this happens the industry must demonstrate that any such levy is equitable and efficiently collected. Levies can fund research and development, marketing and promotion, residue testing, plant and biosecurity programs and emergency responses. Levies can be collected on either a voluntary or a compulsory basis. The Australian Government does not get involved in administering voluntary levies.

When a compulsory levy is being proposed it is typically because a peak industry industry body (PIB) identifies the need for a levy or charge so it can respond to a problem or opportunity that will benefit its industry. Compulsory levies are often preferred as they remove the "free rider" effect whereby industry members can accrue benefits without paying for them and the payment burden is borne by fewer members.

Where the PIB determines that a compulsory levy is needed it puts a levy proposal to its members for discussion and a poll is conducted. The Department of Agriculture and Water Resources - Levies (formerly Levies Revenue Service) is consulted throughout this process as they will collect the levies.

## Levy Collection

The Department of Agriculture administers, collects and disburses levies and charges (levies exclude GST) on rural commodities and products under the authority of Commonwealth legislation which includes.

- Primary Industries (Excise) Levies Act 1999
- Primary Industries (Customs) Charges Act 1999
- Primary Industries Levies and Charges Collection Act 1991
  - Please note that, under section 27 of the Primary Industries Levies and Charges Collection Act 1991, an authorised Department of Agriculture officer can release the names and addresses of levy payers to industry bodies and levy recipient organisations.

## Accounting requirements

Anyone who lodges returns to the Department of Agriculture – Levies must keep records supporting the information they supplied in their returns and anyone who pays levy/export charge to an intermediary must keep information on those payments. They must keep these records for five (5) years and must make them available to Department of Agriculture – Levies officers.

## Levy Comparison Table

Levy	How much is paid?	Who pays it?	How often is it collected?	Exemptions - Levy is not payable on:	What is the levy used for?	Levy last updated
<b>Return of Beef Production and Livestock Slaughter</b>	0.6 cents (\$0.006) per kilogram of the carcase	The person who owns the carcase immediately after the hot carcase weight is determined	Monthly	The slaughter of cattle where the carcasses are condemned or rejected as unfit for human consumption	It funds Australian Meat Processor Corporation (AMPC) research and development and marketing	1-Oct-13
<b>Meat Chicken</b>	0.2644 cents per chick	The producer (the proprietor of the hatchery where the meat chickens were hatched)	Monthly	If fewer than 20,000 chickens were hatched at that hatchery in the levy (financial) year. Also on meat chickens that die or are destroyed at the hatchery at which they were hatched within 48 hours of hatching.	It funds Rural Industries Research and Development Corporation (RIRDC) research and development (R&D), Animal Health Australia (AHA) programs, Emergency Animal Disease Responses (EADR) through AHA and National Residue Survey (NRS) testing	1-Apr-15
<b>Pig Slaughter</b>	\$3.125 per head	The producer (the person who owns the pigs at the time of slaughter)	Monthly	Pigs slaughtered for private consumption.	It funds Australian Pork Limited (APL) research and development (R&D) and marketing and National Residue Survey (NRS) testing	1-Jul-14
<b>Cherry Levy and Export Charge</b>	7 cents per kilogram	The producer (the person who owns the cherries immediately after harvest)	Annually	Cherries sold or used in a levy year by a producer for processing.	It funds Horticulture Innovation Australia Limited (HIAL) cherry research and development (R&D) and marketing and Plant Health Australia (PHA) membership	1-Oct-13
<b>Apples and Pears (excluding nashi) Levy and Export Charge</b>	Apples: 1.845 cents/kg Pears: 2.099 cents/kg Juicing Apples: \$2.75/tonne Juicing Pears: \$2.95/tonne Processing Apples: \$5.50/tonne Processing Pears: \$5.90/tonne	The producer (the person who owns the apples and pears immediately after harvest)	Quarterly and annually	On apples or pears that, in a levy year, are sold by the producer by retail sale or used by the producer in the production of fruit juice or another processed product if the total quantity of fruit is not greater than 9000 kilograms -on apples or pears sold for stockfeed -on processing pears where levy has already been paid under the dried fruit levy -on processing pears or juicing pears used in the production of canned fruit.	It funds Horticulture Innovation Australia Limited (HIAL) apple and pear research and development (R&D) and marketing, National Residue Survey (NRS) testing and Plant Health Australia (PHA) plant health programs	1-Oct-13

Levy	How much is paid?	Who pays it?	How often is it collected?	Exemptions - Levy is not payable on:	What is the levy used for?	Levy last updated
<b>Wool Levy and Export Charge</b>	Shorn wool: 2% of the sale price	The producer (the person who owns the wool immediately after it is removed from the sheep or lamb)	Monthly and annually	Wool obtained by bioclip shearing -fellmongered wool.	It funds Australian Wool Innovation Pty Ltd (AWI) research and development (R&D). The Department of Agriculture - Levies collects the levies and distributes them to AWI. It also distributes the Australian Government's matching R&D contributions	1-Oct-13
<b>Wheat</b>	1.02% of the farm gate value of the grain (for example, sale value less storage, handling, freight and 'free on board' costs):	The producer (the person who owns the wheat immediately after harvest)	Quarterly	Grain that is processed by or for the producer, where the producer uses the grain or all of the products and by-products of the processing for domestic and not commercial purposes -grain that is delivered for storage on behalf of the producer and no person is liable to pay the producer for the grain -if a producer delivers wheat to a particular person and the total amount of levy imposed in a levy (financial) year would be less than \$25.	It funds Grains Research and Development Corporation (GRDC) grain legumes research and development (R&D), Plant Health Australia (PHA) plant health and emergency plant pest response (EPPR) programs and National Residue Survey (NRS) testing	1-Oct-13
<b>Laying Chickens</b>	15.57 cents per chick	The producer (the proprietor of the hatchery where the laying chickens were hatched)	Monthly	If fewer than 1000 chickens were hatched at the hatchery in the levy (financial) year -on laying chickens that die or are destroyed within 48 hours of hatching.	It funds Australian Egg Corporation Limited (AECL) research and development (R&D) and marketing, Animal Health Australia (AHA) programs, Emergency Animal Disease Responses (EADR) through AHA and National Residue Survey (NRS) testing	1-Apr-15
<b>Cattle and Livestock Exporters Charge</b>	Cattle: 0.9523 cents (\$0.009523) per kilogram Sheep (including lambs): 60 cents per head Goats: 50 cents per head	The producer—that is, the person who owns the cattle or livestock at the time of export from Australia. If the producer exports the cattle or livestock through an exporting agent, the agent must pay the charge	Monthly	Charge is not payable on the export of dairy cattle for dairying purposes	It funds LiveCorp research and development (R&D). The charge applies to cattle and livestock exported from Australia.	1-Oct-13

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## Industry – Livestock

### Title of Levy - Return of Beef Production and Livestock Slaughter

#### Levy Purpose

The beef production (cattle slaughter) levy and export charge funds [Australian Meat Processor Corporation \(AMPC\)](#) research and development (R&D) and marketing.

#### Basis for Payment

The levy rate is calculated per kilogram of each carcass.

Levy is payable on the slaughter at an abattoir of cattle (including bobby calves) for human consumption. 'Cattle' includes all bovine animals other than buffalo.

Beef production: 0.6 cents (\$0.006) per kilogram of the carcass of each head of cattle slaughtered. For example, the levy payable on a 240-kilogram carcass would be \$1.44.

The hot carcass weight is taken to be 240 kilograms if an abattoir:

- is able to determine a hot carcass weight but fails to do so
- is unable to determine a hot carcass weight and is able to determine a cold carcass weight but fails to do so within the weighing period or
- is unable to determine a hot carcass weight or a cold carcass weight within the weighing period.

If an abattoir is unable to determine a hot carcass weight but determines a cold carcass weight within the weighing period, the hot carcass weight is taken to be the cold carcass weight multiplied by 1.03.

#### ***Are there any exemptions from this levy?***

Levy is not payable on the slaughter of cattle where the carcasses are condemned or rejected as unfit for human consumption.

#### Payment arrangements

##### ***Who pays it?***

The person who owns the carcass immediately after the hot carcass weight is determined or taken to have been determined is liable to pay the levy.

The processor (the proprietor of the abattoir where the cattle carcasses were processed) must pay levy and submit all return forms on behalf of the owner of the cattle. The processor can recover from the owner the amount of levy paid, by offset or otherwise.

### ***How is it paid?***

Submitted online or form completed and sent, emailed or faxed to the Department of Agriculture – Levies (formerly Levies Revenue Service). The return together with payment must be submitted within 28 days of the end of the month in which the slaughter took place.

All collected levies are forwarded onto Australian Meat Processor Corporation (AMPC).

## **Funds Management**

### ***How is the investment determined (planning and strategy)?***

AMPC works with its stakeholders to achieve an efficient application of levy funds through its RD&E and marketing activities. That impact is enhanced by leveraging AMPC's investment through co-investment and collaboration.

AMPC engages with the Australian Government, its meat processor membership base, Meat & Livestock Australia (MLA) and other bodies in the red meat industry including the Australian Meat Industry Council (AMIC) and the Red Meat Advisory Council (RMAC).

The Red Meat Industry Memorandum of Understanding 1998 (MOU) incorporates the definition of agreed roles and responsibilities; funding, planning and service delivery arrangements; and the Meat Industry Strategic Plan (MISP). Within that framework AMPC has a primary role in maximising the long-term viability and sustainability of the red meat processing sector by providing innovative outcomes. Signatories to the MOU are:

- the Australian Government
- Australian Meat Processor Corporation (AMPC)
- Meat & Livestock Australia Ltd (MLA)
- Australian Livestock Export Corporation Ltd (LiveCorp)
- Australian Meat Industry Council (AMIC)
- Cattle Council of Australia (CCA)
- Sheepmeat Council of Australia (SCA)
- Australian Lot Feeders' Association (ALFA)
- Australian Livestock Exporters Council (ALEC)

AMPC invests against seven strategic outcomes, developed through consultation with members, Government and other key industry and scientific stakeholders. These outcomes include:

- Increasing productivity and net value
- Market access is maintained and enhanced
- Product integrity and quality are demonstrated to customers and markets
- Demand for meat products is sustained and enhanced
- Sustainable and responsible processing practices meet community expectations

- Industry and stakeholders are engaged and capable
- Continual business improvement practices are demonstrated

There are 3 programs in which AMPC invests to deliver RD&E and Marketing outcomes to the meat processing industry:

- The Joint program is the marketing and R&D program directed at supply chain, market access and designed to develop and market products in international and domestic markets. The Joint program is the primary program for delivering shared supply chain outcomes under the red meat industry Memorandum of Understanding.
- The Core R&D program, which addresses, through RD&E activities, issues facing the meat processing industry and the Australian community such as climate change research, environment, sustainability, technology and innovation, livestock management and capability.
- The PIP (plant initiated project) program is designed to facilitate the implementation and adoption of R&D at the business level, enabling companies to adopt and implement specific innovations on site and to measure their effectiveness.

#### ***How can stakeholders influence what the levy will be spent on***

AMPC members through AMPC staff can be directly involved in the delivery of processor RD&E in areas traditionally invested in by AMPC, but principally managed by MLA. The RD&E planning and implementation process is an 18 month cycle (6 months planning and 12 months of delivery), and includes the development of RD&E priorities to be addressed by a portfolio of quality projects.

Program Advisory Committees (PACs) of smaller size and with appointed representatives have now been established. The Program Advisory Committees are:

- Processing Technologies
- Environment & Sustainability
- Processing Hygiene, Quality & Meat Science
- Capability, Extension & Education
- Industry Improvement & Economic Analysis

#### ***Investment in R&D vs marketing and other functions***

Expenditure against Research, Development & Extension/Education (RD&E) outcomes:

- 20% Enhancing domestic and global competitiveness
- 16% Delivering to customers and consumers
- 18% Product integrity, safety and wholesomeness
- 20% Improving meat processing productivity, products and processes
- 13% Improving sustainability
- 7% Building capability and influencing practice change

- 6% Continual improvement in business practice delivers outcomes

## **Stakeholder Reporting Arrangements**

### ***What information is reported (performance indicators)***

AMPC defines a series of high level KPIs for each program as well as specific KPIs against each focus area to effectively benchmark and measure the company's performance. AMPC also invests in evaluation activities to ensure that RD&E and Marketing activities are efficient in achieving outcomes.

Audited Financial Reports are also provided as well as Annual Operating Plans. An Annual Report is prepared and made available on the AMPC website The report includes performance in the following areas:

- Australian Government Research, Development and Extension Framework
- Cross-Sectoral Collaboration
- Industry Snapshot and Research Context
- Technology and Processing
- Environment and Sustainability
- Food Safety, Product Integrity and Meat Science
- Implementation, Extension and Education
- Industry Improvement and Economic Analysis
- Market Access, Marketing, Food Safety and Integrity Systems

### ***Stakeholder engagement***

To underpin all RD&E and Marketing programs, AMPC, engages with its membership through an annual survey of RD&E priorities and needs in order to capture processor input and to inform the development of targeted industry operational programs which are reflected in this AOP.

Further consultation occurs with the partners of the red meat industry MOU as part of the MLA facilitated taskforce process for joint program activities. As the Industry Services Body for meat processing in the MOU, AMPC contributes in conjunction with the Australian Meat Industry Council (AMIC), towards the review of the Meat Industry Strategic Plan (MISP)

AMPC facilitates ongoing engagement and input into the development and delivery of program areas with a diverse group of RD&E providers from both the public and private sectors. In addition to facilitating provider input into strategic and technical review of specific programs AMPC has also established an RD&E Corresponding Provider Group to stimulate innovation and as a forum to explore new concepts and technologies.

Further, AMPC organises shared industry and RD&E provider planning forums to address key topics for research, share ideas and ensure an informed debate for establishing future priorities on behalf of industry.

## **Industry – Livestock**

### **Title of Levy - Meat Chicken Levy**

#### **Purpose of Levy**

The meat chicken levy funds Rural Industries Research and Development Corporation (RIRDC) research and development (R&D), Animal Health Australia (AHA) programs, Emergency Animal Disease Responses (EADR) through AHA and National Residue Survey (NRS) testing.

#### **Basis for payment**

Levy is payable on meat chickens hatched in a hatchery at a rate of 0.2644 cents per chick (equivalent to 26.44 cents per 100 chicks). Distribution of levy: 0.195 cents for R&D, 0.0194 cents for AHA, 0.03 cents for EADR, 0.02 cents for NRS.

#### ***Are there any exemptions from this levy?***

Levy is not payable:

- if fewer than 20 000 chickens were hatched at that hatchery in the levy (financial) year
- on meat chickens that die or are destroyed at the hatchery at which they were hatched within 48 hours of hatching.

#### **Payment arrangements**

##### ***Who pays it?***

The producer (the proprietor of the hatchery where the meat chickens were hatched) is liable to pay the levy.

##### ***How is it paid***

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted within two months of the end of the month in which the meat chickens were hatched.

## **Industry – Livestock**

### **Title of Levy - Pig Slaughter Levy**

#### **Purpose of the levy**

The pig slaughter levy funds Australian Pork Limited (APL) research and development (R&D), Marketing and National Residue Survey (NRS) testing.

The levy was established in the mid-1970s and it increased in 1994.

#### **Basis for payment**

The levy is payable on the slaughter of pigs for sale for human consumption.

The levy rate is calculated per head:

- Pigs slaughtered on or after 1 July 2014: \$3.125 per head
- Pigs slaughtered prior to 1 July 2014: \$2.825 per head

#### ***Are there any exemptions from this levy?***

Levy is not payable on pigs slaughtered for private consumption or on condemned pigs.

#### **Payment Arrangements**

##### ***Who pays it?***

The producer (the person who owns the pigs at the time of slaughter) is liable to pay the levy.

The processor (the proprietor of the abattoir where the pig carcass was processed) must pay levy on behalf of the producer. The processor (intermediary) can recover from the producer the amount of levy paid, by offset or otherwise.

##### ***How is it paid***

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted within 28 days of the end of the month in which the slaughter took place.

##### ***What is the split between R&D and marketing and other functions***

The current levy per carcass is \$3.125 and is made up of:

- \$1.95 Marketing levy
- \$1.00 per carcass Research & Development (R&D) levy; and
- \$0.175 National Residue Survey (NRS).

#### **Funds Management**

Australian Pork Limited (APL) is a unique rural industry service body. It is a producer-owned company delivering integrated services that enhance the

viability of Australia's pig producers. The organisation aims to enhance opportunities for the sustainable growth of the Australian pork industry by delivering integrated marketing, innovation and policy services along the pork industry supply chain. APL pursues opportunities for the industry at both the domestic and international level.

The board is responsible for ensuring that company funds are used to best advantage for the long-term benefit of Australian levy-paying producers and the industry more broadly. It strives to create member value by constructively engaging with management to ensure the appropriate development, execution and monitoring of the company's agreed strategies.

There are five divisional units within APL to develop, coordinate and implement programs to meet strategic directions.

The primary stakeholders for APL are its members and Australian pork producer levy-payers. Other stakeholders and audiences include key government and political stakeholders and influencers, regulators, consumers (domestic and international), communities, retailers, wholesalers and processors, researchers and scientists, nutritionists, educators and students.

Delegate forums occur every six months. Delegates are elected every two years. At these forums, Delegates take the opportunity to have input into and find out about APL strategies to ensure creative idea stimulation and optimal engagement with members.

Two key components of the R&D process are the R&D Advisory Committee and the industry Specialist Groups. The R&D process is an 18 month cycle and includes the development of research priorities which are addressed by projects delivered either internally or by industry.

## **Stakeholder Engagement and Reporting Arrangements**

The following reporting mechanisms are used to keep APL members and levy payers up to date with APL activities

- Annual Report
- Strategic Plans
- Annual Operating Plans
- Submissions to Government
- Pigs N' Mud Newsletter
- Fact Sheets
- Reviews
- The Australian Pork Industry National Research, Development & Extension (R,D & E) Strategy

Communication is via strategic utilisation of the media, publications, electronic media, events, conferences and producer meetings. APL's communication



strategy is to focus on an identified demographic and encourage them to change their habits.

- Weekly communicator that goes out providing information on pig price changes, imports/exports. This is sent by email.
- There is also a private magazine that all General Managers produce/contribute to which has annual and monthly productions.
- Post card sent to butchers every two weeks (with only 100 words)
- Facebook club with international butchers competitions

### ***Role of Peak Industry Bodies***

There is no separate Peak Industry Body for pork. APL has a delegates forum that determines priorities but does not make investment decisions. Those decisions are made by the APL Board who is accountable to the government and the pig producers for this expenditure.

## **Industry - Horticulture**

### **Title of Levy – Cherry Levy and Export Charge**

#### **Purpose of Levy**

This levy provides funding for marketing, research and development, plant health and residue testing programs for the horticulture industry.

The cherry levy and export charge funds Horticulture Innovation Australia Limited (HIAL) cherry research and development (R&D), marketing and Plant Health Australia (PHA) membership.

#### **Basis for Payment**

The levy/export charge rates are calculated per kilogram. Levy is payable on fresh cherries produced and sold in Australia. Currently (as at 1 October 2013) this charge is 7 cents per kilogram.

Export charge is payable on fresh cherries produced in and exported from Australia. No export charge is payable if domestic levy has already been paid on the product prior to export.

The levy is not payable on cherries sold or used in a levy year by a producer for processing.

#### **Payment Arrangements**

The producer (the person who owns the cherries immediately after harvest) is liable to pay the levy.

If the producer sells their produce through an intermediary, such as a first purchaser, buying agent, selling agent or merchant, the intermediary must pay levy and submit all return forms on behalf of the producer. The intermediary can recover from the producer the amount of levy paid, by offset or otherwise.

If the producer sells cherries by retail sale—for example, direct to the consumer at roadside stalls or through shed or farm gate sales—they must pay levy and submit all return forms.

For the export charge, the producer is the person who owns the product at the time of export from Australia. That person is liable to pay the export charge and submit return.

If the producer exports the product through an exporting agent, the agent must pay the charge and submit all return forms on behalf of the producer. The agent can recover from the producer the amount of charge paid from the producer (the owner of the product at the time of export).

### ***How is it paid?***

Submitted online or form completed and sent, emailed or faxed. It is paid annually. The cherry levy year begins on 1 April and ends on 31 March the next year. The return together with payment must be submitted on or before 28 April in the next levy year.

### **Funds Management**

Horticulture Innovation Australia Limited (HIAL) was declared the industry services body for horticulture in November 2014, replacing Horticulture Australia Limited (HAL). HIAL is now a grower-owned company with a new operating model that is designed to offer direct consultation with levy payers and other stakeholders; to understand and know what its members and levy payers want from it; to practice commercial, evidence-based investments, while taking account of advice from a broad range of talented industry people. More than fifty levies are collected in the horticulture industry across 35 commodities.

### ***How is the expenditure determined (planning and strategy)?***

HIAL uses a two-pool investment model

#### **Pool 1**

- R&D and marketing investments within Pool 1 are made specifically on behalf of levy paying industries. These investments focus on the explicit needs identified and prioritised by the industry from which the levy funds have been derived.
- R&D investment within this pool is funded from grower levies that are matched with Australian Government funds up to 0.5% of the GVP for each industry sector that has a statutory levy or a recognised collective industry fund.
- In general, investments within Pool 1 provide outcomes that have a 1-5 year delivery timeframe and, in the case of R&D, span a wide scope of investment types and are more applied in their nature.

#### **Pool 2**

- Investments made within Pool 2 seek to utilise Australian Government funding by attracting and partnering co-investment from other sources to invest in long-term and larger strategic projects.
- Typically outcomes from Pool 2 investments will provide broad all-of-horticulture benefits that will impact the longer run future needs of the industry. These investments have time delivery horizons of between 1-15 years and focus on a more concise but intensive span of investment areas."

### ***How can stakeholders influence what the levy will be spent on***

- Discussion Paper publication
- Levy Payer Workshops
- Face to Face meetings
- Industry Meetings

- Webinars
- Call for public comment on draft strategic plan
- HIAL appoints suitably qualified growers and other supply chain stakeholders for industry Strategic Investment Advisory Panels
- Should a member have an innovation concept or idea, they can complete the Concept proposal form

## **Stakeholder engagement and reporting**

HIAL membership is available to growers, harvesters, processors, packers, transporters, marketers, wholesalers, retailers, exporters and others involved in the horticulture supply chain.

Cherry Growers Australia Inc. (CGA) is a member-based organisation that represents the interests of its member states and orchardists nationally. From cherry growing, harvest, selling and promotion, CGA assists Australian cherry growers by providing access to the best available resources, networks and market information.

### ***What information is reported (performance indicators)?***

- Strategic Investment Plan
- Levy fund Financial Operating Statement
- R&D levy fund project summary
- Marketing levy fund project summary
- R&D and Marketing levy fund project summary

### ***How are they communicated (reporting channels)?***

- Available on the website
- HIAL's social media channels
- Proactive media relations to generate news coverage in relevant media outlets
- Advertising in relevant regional and industry publications and other media as required, including in languages other than English where appropriate
- Promotion through other industry networks including Central Market communication channels

### ***How often does this communication occur (reporting frequency)?***

Annual reports and varying frequency of others

## **Industry - Horticulture**

### **Title of Levy – Apples and Pears (excluding nashi) Levy and Export Charge**

#### **Purpose of Levy**

The apples and pears (excluding nashi) levy and export charge funds Horticulture Innovation Australia Limited (HIAL) apple and pear research and development (R&D) and marketing, National Residue Survey (NRS) testing and Plant Health Australia (PHA) plant health programs.

#### **Basis for Payment**

A levy is payable on apples and pears (excluding nashi) produced in Australia where the producer either sells the product or uses it in the production of other goods.

An export charge is payable on apples and pears (excluding nashi) produced in and exported from Australia. No export charge is payable if a domestic levy has been paid on the product to be exported.

As at 1 October 2013 the following levy rates apply:

- Apples\*: 1.845 cents per kilogram
- Pears (excluding nashi)\*: 2.099 cents per kilogram
- Juicing Apples: \$2.75 per tonne
- Juicing Pears (excluding nashi): \$2.95 per tonne
- Processing Apples: \$5.50 per tonne
- Processing Pears (excluding nashi): \$5.90 per tonne

\*The rates for apples and pears (excluding nashi) include an export charge.

#### ***How is the payment rate determined?***

The levy/export charge rates are calculated per kilogram, except when fruit is used for juicing or processing.

The levy/export charge rates for fruit used for juicing or processing are calculated per tonne.

A 'retail sale' is a sale by the producer of the apples and/or pears direct to the consumer—that is, at a roadside stall or by shed or farm gate sale—and not to a first purchaser or through an agent.

#### ***Are there any exemptions from this levy?***

Levy is not payable:

- on apples or pears that, in a levy year\*, are sold by the producer by retail sale or used by the producer in the production of fruit juice or another

processed product if the total quantity of fruit is not greater than 9000 kilograms

- on apples or pears sold for stockfeed
- on processing pears where levy has already been paid under the dried fruit levy
- on processing pears or juicing pears used in the production of canned fruit.

## **Payment Arrangements**

### ***Who pays it?***

The producer (the person who owns the apples and pears immediately after harvest) is liable to pay the levy.

If the producer sells their produce through an intermediary, such as a first purchaser, buying agent, selling agent or merchant, the intermediary must pay levy and submit all return forms on behalf of the producer. The intermediary can recover from the producer the amount of levy paid, by offset or otherwise.

If the producer sells apples and pears by retail sale—for example, direct to the consumer at roadside stalls or through shed or farm gate sales—or uses them to produce fruit juice or another processed product, they must pay levy and submit all return forms directly to the Department of Agriculture - Levies.

The producer—that is, the person who owns the product at the time of export from Australia—is liable to pay the export charge and submit return forms to the Department of Agriculture - Levies.

If the producer exports the product through an exporting agent, the agent must pay the charge and submit all return forms to the Department of Agriculture - Levies on behalf of the producer. The agent can recover from the producer the amount of charge paid from the producer (the owner of the product at the time of export).

### ***How is it paid?***

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted within 28 days of the end of the quarters of March, June, September and December in which the produce were sold or exported.

Producers who sell apples or pears by retail sale—that is, directly to the consumer—or who use the fruit in the production of other goods must submit an annual return. The return and payment are due on or before 28 February in the next levy year.

A first purchaser, buying agent, selling agent or exporter may apply for an exemption from the requirement to lodge monthly returns for a levy year\* if they have reasonable grounds to believe that their levy/export charge liability

will be less than \$2000. If the Department of Agriculture - Levies grants an exemption, the person must lodge returns annually.

A levy year for apples and pears is a calendar year—that is, 1 January to 31 December.

### **Funds management**

As the levy is managed by Horticulture Innovation Australia Ltd the funds are managed in the same way as is described for Cherry Growers.

### **Stakeholder engagement and reporting**

As the levy is managed by Horticulture Innovation Australia Ltd the stakeholder engagement and reporting arrangements are the same as described for Cherry Growers.

## **Industry - Other**

### **Title of Levy – Wool Levy and Export Charge**

#### **Purpose of Levy**

The wool levy and export charge funds Australian Wool Innovation Pty Ltd (AWI) research and development (R&D). The Department of Agriculture - Levies collects the levies and distributes them to AWI. It also distributes the Australian Government's matching R&D contributions.

#### **Basis for payment**

Levy is payable on all shorn wool produced in Australia and sold or used in the production of other goods.

Shorn wool is sheep or lamb wool that:

- has been obtained by shearing
- has not undergone any process other than skirting, classing or baling.

Export charge is payable on wool produced in Australia and exported from Australia. No export charge is payable if domestic levy has already been paid on the product to be exported.

#### ***How much is paid?***

The levy and export charge rate for shorn wool transactions is 2% of the sale price (effective as at 1 October 2013).

The levy/export charge is applied at the first point of sale, process or upon export of shorn wool, and the sale price is to be net of handling, storage and transport costs.

#### ***Are there any exemptions from this levy?***

Levy is not payable on:

- wool obtained by bioclip shearing
- fellmongered wool.

#### **Payment Arrangements**

##### ***Who pays the levy?***

The producer (the person who owns the wool immediately after it is removed from the sheep or lamb) is liable to pay the levy.

The intermediary—that is, the first purchaser, wool broker or processor—must pay levy and submit all return forms on behalf of the producer. The intermediary can recover from the producer the amount of levy paid, by offset or otherwise.



The producer—that is, the person who owns the product at the time of export from Australia—is liable to pay the export charge and submit return forms.

If the producer exports the product through an exporting agent, the agent must pay the charge and submit all return forms on behalf of the producer. The agent can recover from the producer the amount of charge paid from the producer (the owner of the product at the time of export).

### ***How is it paid?***

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted within 28 days of the end of the month in which the transaction took place.

A person (other than a person who exports wool) may apply for an exemption from the requirement to lodge monthly returns for a levy (financial) year\* if they have reasonable grounds to believe that the levy/export charge payable will be less than \$500. If the Department of Agriculture - Levies grants an exemption, they must lodge returns annually.

- The return together with payment must be submitted on or before 28 August in the next levy year.
- A levy year for wool is a financial year—that is, 1 July to 30 June.

## **Industry - Grains**

### **Title of Levy – Wheat Levy**

#### **Purpose of Levy**

The levies/charges provide funding for research and development, plant health, residue testing and Wheat Exports Australia programs for the grains industry.

The wheat levy funds Grains Research and Development Corporation (GRDC) grain legumes research and development (R&D), Plant Health Australia (PHA) plant health and emergency plant pest response (EPPR) programs and National Residue Survey (NRS) testing.

#### **Basis for payment**

Levy is payable on wheat produced in Australia where the producer delivers the wheat to another person (other than for storage) or where the wheat is processed by or for the producer.

The levy rates are calculated as a percentage of 'farm gate value' (for example, sale value less storage, handling, freight and 'free on board' costs). As at 1 October 2013 the rate for Wheat is set at 1.02% of the farm gate value of the grain (sale value less storage, handling, freight and 'free on board' costs).

#### ***Are there any exemptions from this levy?***

Levy is not payable if:

- grain is processed by or for the producer, where the producer uses the grain or all of the products and by-products of the processing for domestic and not commercial purposes
- grain is delivered for storage on behalf of the producer and no person is liable to pay the producer for the grain
- a producer delivers wheat to a particular person and the total amount of levy imposed in a levy (financial) year would be less than \$25.

#### **Payment Arrangements**

##### ***Who pays it?***

The producer (the person who owns the wheat immediately after harvest) is liable to pay the levy.

If the producer sells their produce through an intermediary, such as a first purchaser, buying agent, selling agent, receiver or processor, the intermediary must pay levy and submit all return forms on behalf of the producer. The intermediary can recover from the producer the amount of levy paid, by offset or otherwise.

If the producer grows and uses their own grain commercially—for example, in feed lotters and piggeries—they must pay levy and submit return forms as they use the grain.

If the producer processes and sells their own grain—for example, if they are a registered or certified seed grower—they must pay levy and submit return forms as the grain is used.

***How is it paid***

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted within 28 days of the end of the quarters of March, June, September and December.

## **Industry - Other**

### **Title of Levy – Laying Chickens Levy**

#### **Purpose of Levy**

The laying chicken levy funds Australian Egg Corporation Limited (AECL) research and development (R&D) and marketing, Animal Health Australia (AHA) programs, Emergency Animal Disease Responses (EADR) through AHA and National Residue Survey (NRS) testing.

#### **Basis for Payment**

Levy is payable on laying chickens hatched in a hatchery. The levy rate is calculated per chick and as at 1 April 2015 the rate is 15.57 cents per chick.

This amount is split as follows: 13.5 cents for R&D, 0.27 cents for AHA, 1.4 cents for EADR, 0.4 cents for NRS

#### ***Are there any exemptions from this levy?***

Levy is not payable:

- if fewer than 1000 chickens were hatched at the hatchery in the levy (financial) year
- on laying chickens that die or are destroyed within 48 hours of hatching.

#### **Payment Arrangements**

##### ***Who pays it?***

The producer (the proprietor of the hatchery where the laying chickens were hatched) is liable to pay the levy. They must pay levy and submit all return forms.

##### ***How is it paid?***

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted within two months of the end of the month in which the laying chickens were hatched.

## **Livestock**

### **Cattle and Livestock Exporters Charge**

#### **Purpose of Levy**

The cattle and livestock exporters charge funds LiveCorp research and development (R&D). The charge applies to cattle and livestock exported from Australia.

LiveCorp works closely with industry stakeholders to continuously improve performance in animal health and welfare, supply chain efficiency and market access through the provision of technical services and research, development and extension (RD&E). Australian livestock can only be exported by a licensed Australian exporter and cannot be exported to all countries.

LiveCorp through the Livestock Export Program (LEP) invests in RD&E to enhance the productivity, sustainability and competitiveness of the livestock export industry and to support an industry culture of continuous innovation, improvement and growth.

#### **How long has it been operating?**

LiveCorp is funded through statutory levies contributed by livestock exporters and was established in 1998 as a result of a restructuring of Institutional arrangements within the meat and livestock industry.

#### **Basis for Payment**

The export charge rate for cattle is calculated per kilogram. Export charge is payable on cattle (excluding dairy cattle), sheep (including lambs) and goats exported from Australia.

As at 1 October 2013 the rates are:

Cattle: 0.9523 cents (\$0.009523) per kilogram#

Sheep (including lambs): 60 cents per head

Goats: 50 cents per head.

# For the purposes of calculating the charge, the weight of the cattle exported is their live weight described in the bill of lading, or similar document of title, facilitating the export of the cattle. Where the live weight of cattle exported is not described in the bill of lading, or similar document of title, the live weight of the cattle is taken to be 480 kilograms per head.

#### **Are there any exemptions from this levy?**

Charge is not payable on the export of dairy cattle for dairying purposes.

## Payment Arrangements

### *Who pays it?*

The producer—that is, the person who owns the cattle or livestock at the time of export from Australia—is liable to pay the export charge and submit return forms. The producer must pay the charge and submit all return forms.

If the producer exports the cattle or livestock through an exporting agent, the agent must pay the charge and submit all return forms on behalf of the producer. The agent can recover the amount of charge paid from the producer (the owner of the animals at the time of export).

### *How is it paid?*

Submitted online or form completed and sent, emailed or faxed. The return together with payment must be submitted to the Department of Agriculture - Levies within 28 days of the end of the month in which the live animals were exported.

## Funds Management

Over 70% of the LEP's investment in RD&E is in animal welfare and targeted at supporting the continuous improvement of livestock health, welfare and management throughout the supply chain. Approximately 20% of the RD&E investment is targeted at projects that aim to enhance the livestock export industry's supply chain capability and risk management profile. The remaining investment is targeted towards projects that support improved market access and development for Australian livestock.

LiveCorp suggests that over 40% of their total budget will be invested in animal welfare programs. Approximately 25% of LiveCorp's total budget is invested in providing support to exporters to improve components of their livestock export supply chain.

## Stakeholder engagement and reporting

### *Who are the stakeholders (target audience)?*

Membership of Live Corp is open to all licensed exporters at no cost. Members are entitled to full voting rights at general meetings and receive access to the member-only sections of this website including: trade support resources, trade enquiries, industry news and updates. Members also have access to industry and government networks domestically and internationally and databases of industry consultants and accredited on-board stockpersons.

Associate membership is available to industry stakeholders and individuals who contribute to the livestock export industry for an annual fee.

LiveCorp represents exporter interests to key stakeholders and work closely with the Australian Government (DAFF) in the Industry Government Working and

Implementation Groups (IGIG) to provide technical advice and support for the development and enhancement of supply chain processes and efficiencies.

### ***What reports are provided?***

- Financial reporting framework
- Performance reporting framework
- What information is reported (performance indicators)
- How often does this communication occur (reporting frequency)

### ***How can stakeholders influence what the levy will be spent on?***

The Australian livestock export industry hosts a biennial LIVEXchange Conference to discuss, debate and network on key issues confronting the Australian live trade's future.

### ***Role of Primary Industry Body***

LiveCorp consults and works closely with industry, key stakeholders and the Australian Government, in particular two industry bodies; the Australian Livestock Exporters' Council (ALEC) and Meat and Livestock Australia (MLA).

The Australian Livestock Exporters' Council (ALEC) is the national peak council body representing the livestock export industry, through which LiveCorp consults with industry and exporters. ALEC is responsible for developing industry policy and is made up of livestock exporters and state chapters whose members are directly involved in the export of Australian livestock. ALEC is funded by membership fees and an arrangement administered by the Red Meat Advisory Council (RMAC).

MLA is a research development corporation, representing Australia's livestock producers. LiveCorp and MLA have a strong collaboration through a joint program, known as the Livestock Export Program (LEP).