

How the levy will work

Levy payment and collection

The Department of Agriculture (DA) Levies Unit estimates that the ongoing levy collection cost (as a percentage of the total levy funds) would be 1.4%, if it is collected by processors at the first point of sale.

Alternatively, if the levy were to be collected directly from quota owners, the levy collection costs would be significantly more expensive at 23.75% of the total levy funds. This is because there are approximately 20 times more quota owning entities than processing entities.

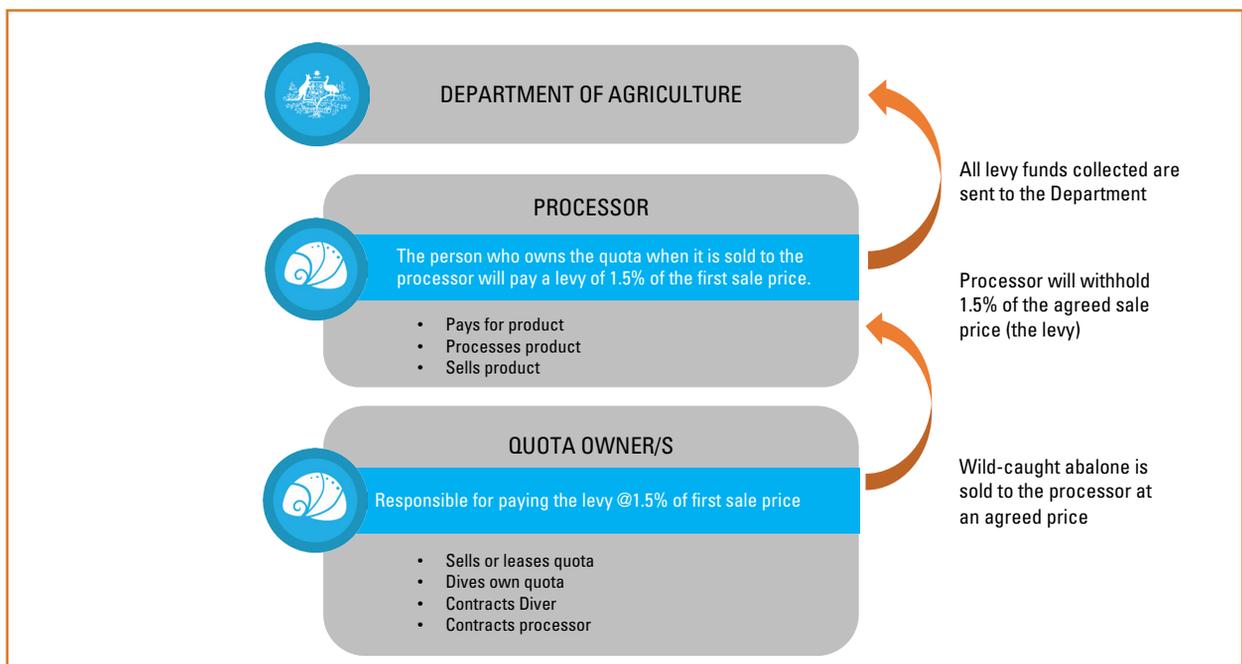
It is clear that the most cost efficient collection point is at the processor, who will retain the levy amount and then remit it on a quarterly basis to the Commonwealth Department of Agriculture (DA).

The person who owns the quota when it is sold to the processor will pay a levy of 1.5% of the first sale price. This is the most equitable way to account for price variations across different products, markets and seasons. Regardless of the form that the product is sold in, the levy will be calculated on an equivalent 'live in shell' weight.



As part of setting up the abalone levy and assisting processors with the changes, the department will be providing a series of workshops.

LEVY COLLECTION PROCESS



NOTE: If there are no sales invoices or sales documents for the abalone – the amount will be the sale price of the abalone at the market price if it had been sold on the day the abalone was delivered to the processor.

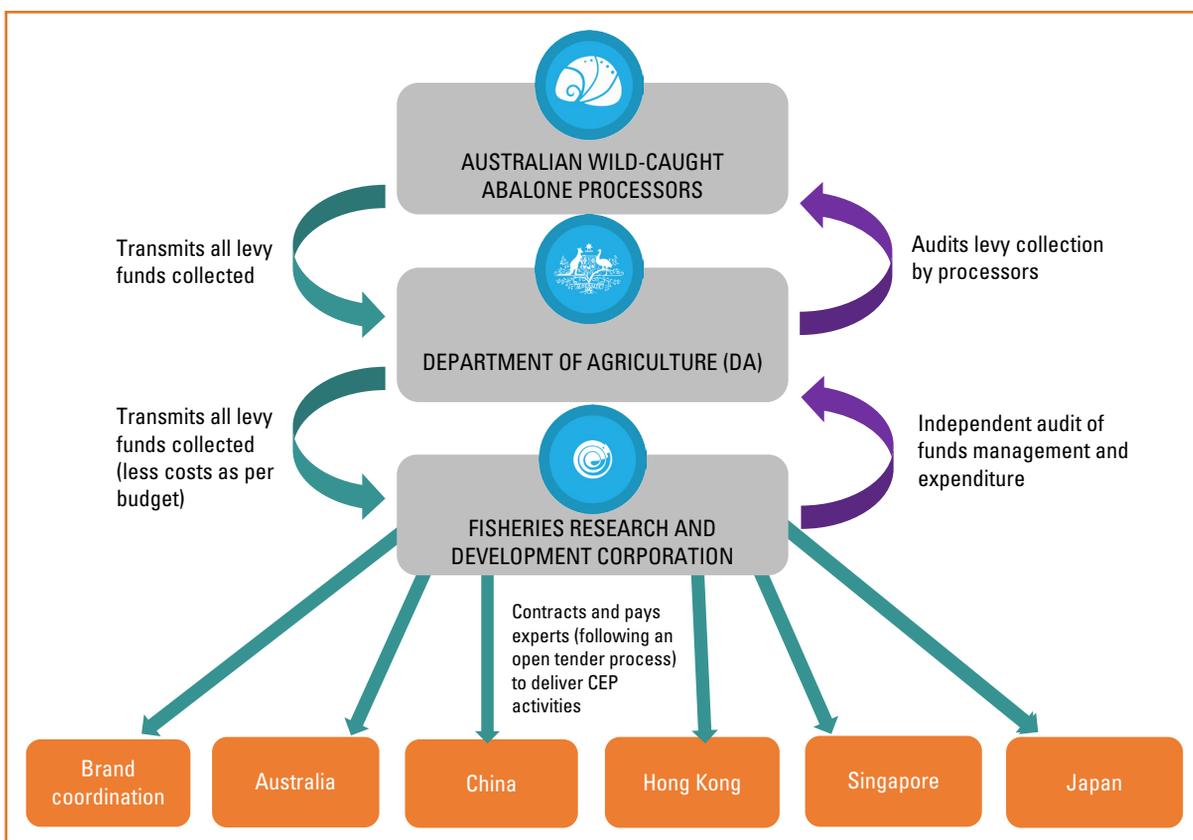
Governance & accountability

The levy will be collected and managed in accordance with the Primary Industries Levies and Charges Collection Regulations 1991 under the Primary Industries Levies and Charges Collection Act 1991 [17].

The Fisheries Research and Development Corporation (FRDC) will identify and appoint the most appropriately skilled people and/or organisations to undertake the activities detailed in the CEP Program.

This will be done by a tendering process to ensure that all contractors have demonstrable expertise and skills in conducting similar programs.

CONTRACTING AND FUNDS MANAGEMENT



FISHERIES RESEARCH AND DEVELOPMENT CORPORATION (FRDC)

The Fisheries Research and Development Corporation is mandated under the Primary Industries Research and Development Act as the independent and accountable organisation responsible for the coordination and management of marketing levy funds.
www.frdc.com.au

DEPARTMENT OF AGRICULTURE (DA)

The Department of Agriculture collects, administers and disperses levies and charges on behalf of Australia's primary industries. They produce an annual report to stakeholders detailing levy performance and operations, including cost recovery and compliance.
www.agriculture.gov.au

Australian wild-caught Abalone Marketing Advisory Committee (AMAC)

The Fisheries Research and Development Corporation will establish AMAC.

AMAC will comprise up to seven people with the skills, knowledge and experience to advise the Fisheries Research and Development Corporation on how the levy should be invested and to help the FRDC monitor and report on CEP Program performance.

Role and function of AMAC

AMAC will guide the implementation of the proposed CEP Program with due regard to achieving the agreed objective, the budget available and ongoing consumer insight and market research.

Engaging all stakeholders, AMAC will ensure that the activities undertaken by the CEP Program are complementary, and add value to, individual enterprises undertaking consumer education and promotion of Australian wild-caught abalone.

AMAC will oversee and guide the annual planning, implementation and reporting process, ensuring opportunities for input from abalone industry and levy payers.



Selection and appointment of AMAC

There will be a widely circulated call for nominations (from within and outside the Australian wild-caught abalone industry). Selection will be undertaken by a committee comprising Abalone Council Australia Ltd and Fisheries Research and Development Corporation. Selection will be based on agreed criteria and the constitution of the committee will ensure that all necessary skills, knowledge and experience are present. Recommendations for appointments will be made to the Fisheries Research and Development Corporation Board for approval.

An independent chairperson will also be selected jointly by Fisheries Research and Development Corporation and Abalone Council Australia Ltd. The appointee will have no financial or pecuniary interest in the Australian wild-caught abalone industry but who has experience with managing and implementing collaborative investments in market development)

Collectively, AMAC appointees will have knowledge and expertise in:

1. Planning and executing whole of industry marketing and promotion programs.
2. Planning and executing marketing and promotion activities in any of the key markets of China, Hong Kong, Australia, Japan, and Singapore.
3. Developing and managing brands, particularly high-end luxury brands.
4. Consumer insight analysis and application to consumer education and promotion programs.
5. Performance evaluation and reporting.
6. Stakeholder engagement and management.
7. Business planning and investment.
8. Experience in promoting a premium, seasonal product with restricted availability.

It is also expected that at least two members of the committee will have abalone industry knowledge and expertise.



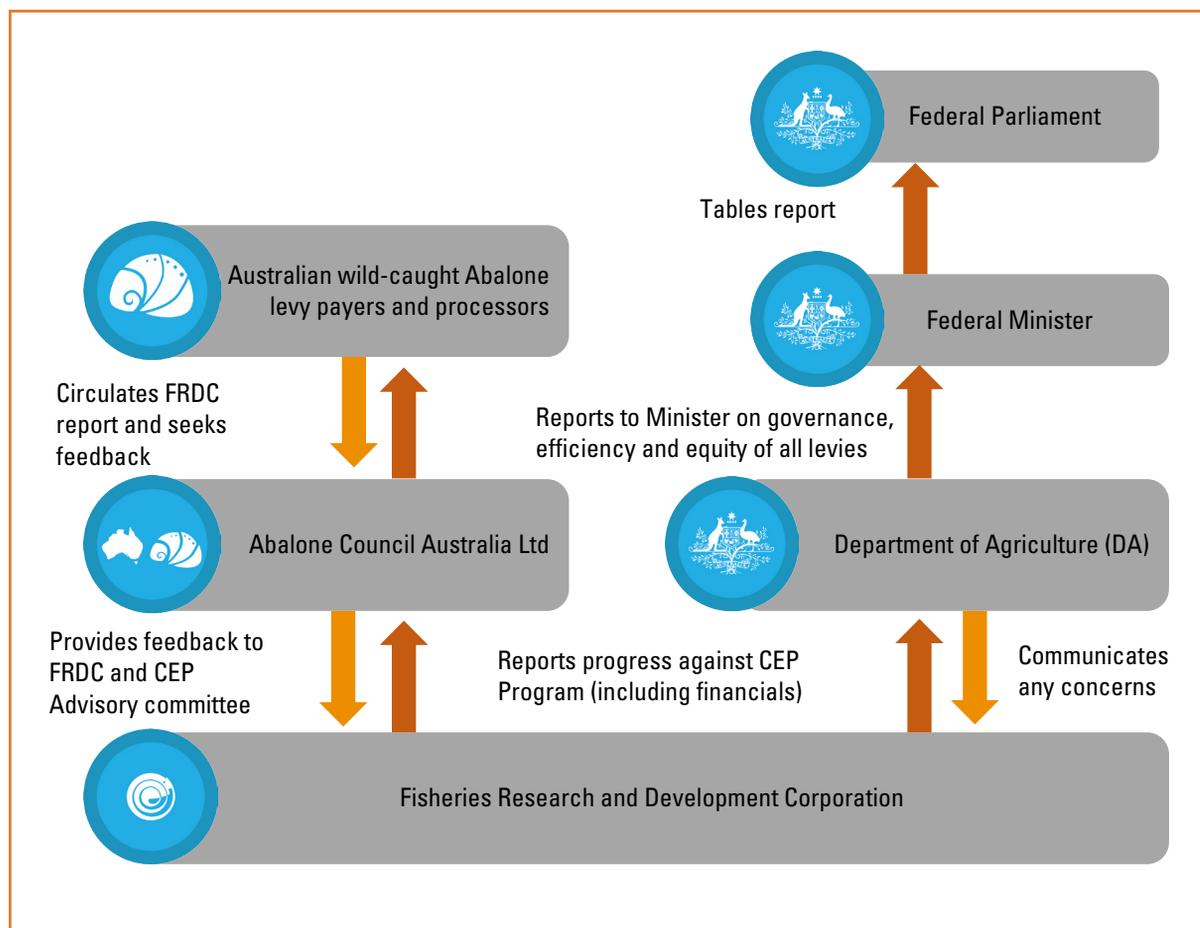
Reporting

The Fisheries Research and Development Corporation will be responsible for all reporting.

The reports will be provided annually to all investors and to the Australian government.

The reports will include information detailing: expenditure against budget; effectiveness of the CEP Program activities; and any planned changes to activities for subsequent years.

REPORTING AND FEEDBACK PROCESS



The legislation requires that the levy be collected in the most equitable and efficient manner possible, to minimise administrative costs to everyone.

ABALONE COUNCIL AUSTRALIA LTD

Changing or ceasing the levy

After five years another ballot will be conducted to decide whether to continue investing in a collaborative CEP Program. The CEP Program will be conducted for five years because experts advise that this is the minimum time before substantive changes in consumer behaviour will occur.

Quota owners, as a collective, will always retain the ability to seek a new levy poll to alter the investment amount by requesting that another national vote be conducted. This includes the ability to stop the investment completely at any stage during the next five years.

Note that changing the levy or ceasing it requires legislative amendments. Changes must be in line with 'Levy Principle 12: Amendments to existing levies' which states the following:

'The proposed change must be supported by industry bodies or by levy payers or by the Government in the public interest. The initiator of the change must establish the case for change and where an increase is involved, must estimate the additional amount which would be raised. The initiator must indicate how the increase would be spent and must demonstrate the benefit of this expenditure for levy players.' [13]

