



Department of
**AGRICULTURE
FISHERIES &
FORESTRY -
AUSTRALIA**



LEVIES AND REVENUE SERVICE

**Business Plan
2001 – 2004**

INTRODUCTION

1.1 LRS Overview

The Levies & Revenue Service (LRS) of the Department of Agriculture, Fisheries and Forestry (AFFA) is administratively responsible for the efficient and effective collection and disbursement of levies imposed by Commonwealth legislation on a range of rural commodities and products such as meat, grains and horticultural products.

The Commonwealth, the Department, and the LRS in particular have a statutory responsibility to ensure that:

“the necessary controls are in place in accordance with approved risk management techniques to ensure that levies revenue is collectable or has been collected”.

The Primary Industries Levies Excise and Customs Acts impose levy and specify rates of levy to apply. Industry must meet the Cabinet approved levy principles before a levy can be imposed.

The Primary Industry Levies and Charges Collection Act 1991 provides the legal framework for collection of levies. **LRS collects over 60 different levies and charges from a client base of over 14,000 levy payers and in 2000/01 banked and disbursed approximately \$472 million.**

All levy funds are paid into consolidated revenue and are disbursed to industry corporations and bodies by special appropriations on a regular basis.

The LRS operates on a cost recovery basis; ie its collection and compliance costs are met by recipient organisations.

As a part of AFFA, LRS is involved in seeking to achieve the AFFA Outcome that is:

“Increasing the profitability, competitiveness and sustainability of Australian agriculture, food, fisheries and forestry industries, and enhancing the natural resource base, to achieve greater national wealth and stronger rural and regional communities.”

and adheres to the AFFA Values of:

Professionalism: Doing the best job we can, serving our clients in a practical, diligent, rigorous and outcome-focussed way.

Integrity: Behaving ethically, acting with honesty, loyalty and courage.

Openness: Building trust, being frank, open to ideas, and accessible to staff and clients.

Fairness: Ensuring that people get a fair go, that all are treated equitably and justly.

Respect: Respecting each other, our families, our clients, those with different ideas and those from diverse backgrounds and cultures

Within this framework the LRS Outcome is:

“To deliver excellence in levies administration for our clients”

This plan will document how we intend to provide this outcome.

1.2 Organisational Structure

As at 1 July 2001 the LRS had a staffing level of 45 full-time equivalent officers, consisting of a Canberra based central office with a staff of 20 and regional offices in New South Wales, Queensland, South Australia and Victoria with a combined staffing level of 25.

Central office is responsible for: providing levy funds and information to clients and stakeholders; processing and general administration of levies; legislation and advice on new levies or changes to existing levies; business planning; financial management; and people and performance management. The regional offices are responsible for: management of field activity; debt management; dissemination of information; debt recovery; and project work as required. The Regional Managers are also part of the LRS Management Team and as such are involved in assisting the Director with the general management of the LRS.

The management function has been distributed between central office and the states, with a management team made up of officers of the APS 7 Level and above.

Figure 1 below represents the organisation structure with lines of reporting.

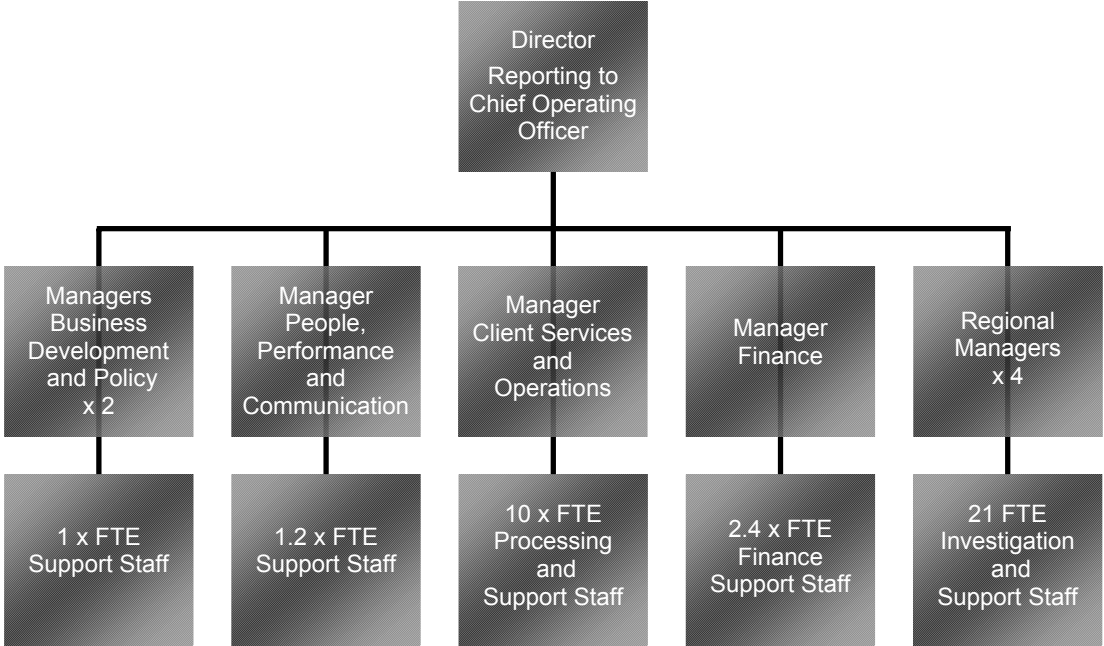


Figure 1 - Organisation Chart

1.3 Planning Framework

- The **Business Plan** provides an overview of how the LRS will manage its business over the period from 1 July 2001 – 30 June 2004.
- **Output Plans** build on the business plan showing how individual outputs will be delivered through sub-outputs and projects. Output Plans will set project objectives, budgets, milestones and performance measures.
- **Project Plans** will detail individual projects within output plans; set objectives, milestones and performance measures.
- **Individual Work Plans and Learning Agreements** document the work and the work standards that individuals agree to undertake as their contribution to the projects they are working on. Learning Agreements document the skills individuals will need and how they will improve those skills.

1.4 Planning for 2001 - 2004

The LRS Management Team attends a planning conference in July or August each year. At this conference priorities are set, outputs are reviewed and factors such as performance indicators and resource allocation are discussed.

By October of each year output plans and project plans within these plans are settled.

As far as possible, activities within LRS are planned well in advance, however, being a direct to client service provider, there is the requirement that the LRS be able to respond to client requests. The external environment in which we operate is dynamic and, despite efforts to monitor emerging issues, unforeseen factors requiring an immediate response do arise. As such there is the requirement that there is a degree of flexibility in the LRS planning process. To this end a monthly Management Team Teleconference is held; this is also used to monitor progress against output plans as well as deal with general management issues.

In February or March of each year a full LRS Conference is held. This conference serves a number of purposes, one of which is to allow the entire LRS staff access to the planning process through contribution to both structured sessions (eg. where a specific issue is addressed) and open forum sessions. Contributions from these discussions can then be considered for inclusion in the next round of planning.

In line with AFFA's people management principles, performance agreements are completed by each officer in July of each year and are subject to quarterly review. These performance agreements then feed into each team's project plans and the LRS and AFFA outcomes to ensure maximum productivity.

1. OPERATING ENVIRONMENT

Consideration of the LRS operating environment provides an insight into the factors that influence the way in which we conduct our business.

2.1 Customers and Stakeholders

Being a cost recovered organisation, LRS has a strong commitment to providing quality service to our customers.

We encourage feedback from our clients to assist us in assessing how well our objectives are being met.

The LRS's main customers and stakeholders include:

- **Government:** portfolio Ministers; Parliamentary Secretary; other Commonwealth Ministers; other areas of AFFA
- **Levy Beneficiaries:** producers; industry organisations; marketing and promotion bodies; research bodies
- **Other interested parties:** levy paying intermediaries and their representative organisations.

In line with the AFFA 2001-2002 Client Service Charter staff are committed to acting in a way that is:

- Prompt
- Accurate
- Professional
- Open
- Objective
- Unbiased
- Respectful
- Sensitive to client needs
- Fair
- Accountable
- Adhering to sound business practice
- Accessible.

2.2 External Environment

External factors have a significant impact on the way we do business.

Economic Factors

Economic factors, both at a domestic and global level, have an effect on the operation of the LRS, as they impact upon the ability of levy payers to meet their levy obligations.

At a domestic level, in times of general economic downturn, levy payers whose primary business is focussed on the domestic market may experience cash flow problems.

Similarly, at a global level, factors such as low commodity prices, global economic downturn and trade barriers may reduce the liquidity of levy payers who export.

The challenge for LRS arising from this is staying alert to any events that may influence the organisation and the management of the associated risk.

Environmental Factors

As the levies collected by the LRS are based on primary production, environmental factors influence the overall way in which we operate.

Natural disasters such as drought and flood have an impact upon the ability of levy payers to meet their levy obligations. Additionally, particularly in regard to drought, compliance issues may arise where in a tight market intermediaries may attempt to use non-compliance with their collection obligations to gain a competitive advantage.

Government and Community Expectations

Government implemented changes such as the Financial Management and Accountability Act 1997, the Public Service Act 1999, competitive tendering and outsourcing, the move to an accruals based management framework and the drive to provide forms in a web based electronic format have all had an impact upon the way the LRS operates.

As the LRS's core business involves daily interaction with members of the community, and more specifically those with an interest in levy collections, the community's expectations influence the way in which we conduct our business.

2.3 Internal Environment

Resources

Most of the LRS budget is provided through cost recovery from the industry bodies on behalf of which the levies are collected. In the 2000/2001 financial year the revenue from these sources was \$3,260,000. The Commonwealth has also provided \$130,000 to fund Community Service Obligations.

Given that most of LRS funding is derived through cost recovery, it is essential that these funds are managed efficiently and clients receive value for money.

Under the current Certified Agreement there was a 3% increase in salaries as at 1 July 2001 with a further increase of 4% at 1 July 2002; these increases will have a significant impact on operating costs.

LRS People

Through management of its training and recruitment programs the LRS has a highly competent and professional staff with a skills base designed to meet the challenges before it.

The LRS's commitment to its personnel is reflected in the creation of the position of Manager People, Performance and Communication.

A people plan has been developed and addresses important issues such as learning and development, succession, skills audit recognition, recruitment and skills retention.

2.4 Risk Management

Internal

Internal risks include:

- Inadequate financial and staffing resources
- IT, communication and corporate governance risks (including fraud and security)
- Inadequate information
- Lack of appropriate staff skills, including loss of skills through staff turnover
- Debt management risks.

Risk management strategies include:

- Ongoing monitoring of expenditure and resource allocation with adjustments made as required
- Evaluation and development of an IT system which meets LRS's specialised needs and when developed, provision of appropriate training to staff
- Development of recovery plans to cover systems failures
- Development/review of system of internal controls
- Development of LRS Fraud Control and Security Plans
- Ensuring best use is made of information available from industry organisations, ABARE and other information sources such as industry bodies and that this information is made available throughout LRS
- Further development of human resource policies and strategies
- Further development of the succession plan and effective use of Performance Agreements and Learning Agreements as tools for the maintenance and improvement of skill levels and staff diversity
- Development of debt management strategies and procedures
- The creation of an Intelligence Officer position within LRS to monitor current affairs, emerging issues and trends and provide information on AFFA commodities and revenue collections.

External

External risks include:

- Market and trade policy changes (domestic and international)
- Ineffective communication and relationships with customers and stakeholders
- Economic and environmental influences
- Preference claims against AFFA when a levy payer goes into liquidation
- Loss of business
- Industry changes
- Changes in administrative arrangements
- Changes in the political environment.

Risk management strategies include:

- Keeping a watching brief on domestic and international policy issues and environmental and economic factors and adjusting operations to minimise associated risk
- Improving the collection, management and communication of intelligence
- Improving existing communications with clients and stakeholders and encouraging feedback
- Implementing strategies to raise LRS's profile both within AFFA and amongst other clients and stakeholders
- Promoting adherence to debtor file management procedures to minimise exposure to preference claims
- Taking a proactive stance on emerging levy related issues.

If we do not manage these risks effectively it could result in the following failures:

- Not providing a service that meets the needs of internal and external customers
- Inability to tackle emerging issues
- Debts of an unacceptably high level
- Incomplete revenue collection.

The LRS Business Risk Register and Fraud Risk Assessment provide more detailed analysis of potential risks and strategies to manage them.

2.5 Refocussing LRS

In 1999 a review of LRS operations was undertaken. In line with the recommendations from the report on this review, a restructuring process was put in place that saw the creation of a Management Team including managers from Central office and the four Regional Offices. Apart from the processing function, responsibility for day to day administration of levy payer files was shifted to the Regions with an APS 4 position established in each of these offices.

The LRS has also been involved in several changes implemented at a departmental level, both to its position within AFFA and to its structure. It has also been given responsibility for collecting new levies on wool and dairy which has led to an increase in the number of staff.

Within this expansion the positions of Manager Finance and Manager People, Performance and Communication were created to ensure our accountability requirements are adequately met and to facilitate effective management of our human resources.

Given these significant changes, there was the need to review the focus of our organisation to ascertain what adjustments need to be made. To this end, over the period of this plan we will:

- Improve and raise LRS's profile both within AFFA and with our clients and stakeholders
- Strive to achieve consistency in our methodologies
- Review and improve technology
- Retain and develop skills
- Have robust accountability controls and procedures in place.

Detailed action plans will be developed to achieve these changes, including:

- A communication and marketing plan for clients and stakeholders
- A general consistency review
- Review and standardisation of both compliance and financial protocols and procedures
- Encouragement of conscious consideration of alternative methods in the decision making process with a view to achieving best practice in everything we do
- Management of the intelligence function
- A People Plan
- Implementation of a new levies business system to better service the business requirements of AFFA and our clients.

3. OUTCOME/OUTPUT FRAMEWORK

The LRS’s business is described in terms of its outcome and outputs.

As set out previously, the **LRS Outcome** is:

“To deliver excellence in levies administration for our clients”

The Outputs describing the work that will contribute to the Outcome in 2001–2004 will include the following:

- Completeness of Collections
- Client Services
- Legislation and Policy Management
- Resource Management.

Figure 2 below represents the relationship between our outcome and outputs.

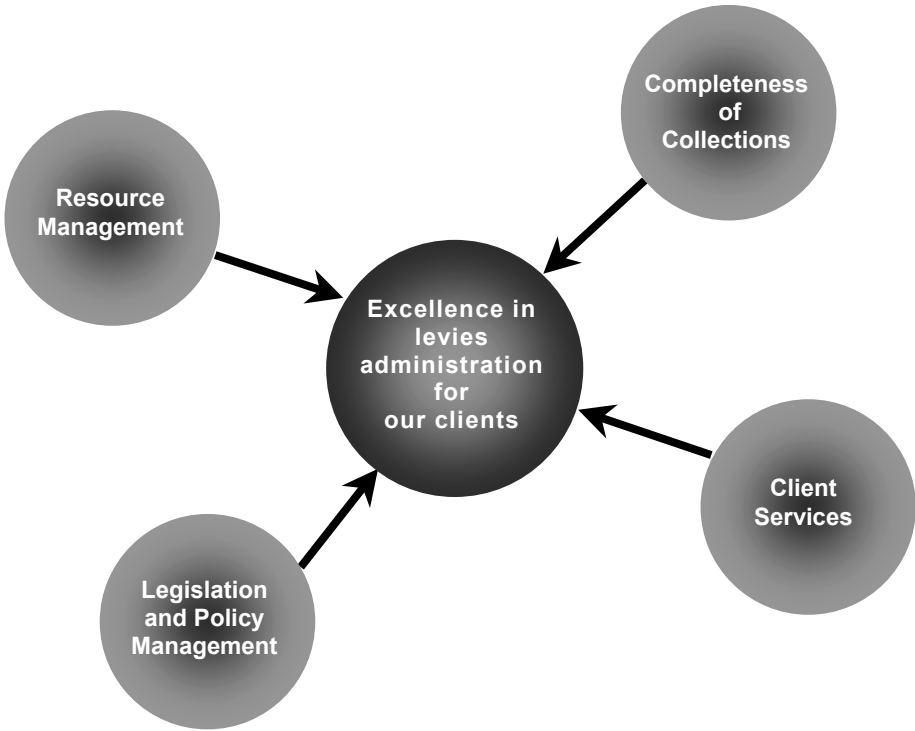


Figure 2 - Relationship Between Outcome and Outputs

3.1 Roles and Responsibilities

The Management Team (MT) assists the Director in the overall management of LRS. The MT consists of the Director, each of the 4 Regional Managers and the Central Office Managers (Client Services and Operations Manager; the 2 Business Development and Policy Managers; People, Performance and Communication Manager; and Finance Manager).

Some outputs will be managed jointly by several members of the management team given that the LRS is a relatively small unit, several of the outputs are interrelated and some outputs are administered by several or all of the 5 LRS offices.

The table below reflects which area has primary managerial responsibility for each output although it should be noted that all members of the MT are likely to contribute in some way to the management and delivery of each of the outputs.

OUTPUT	MANAGERIAL RESPONSIBILITY
Completeness of Collections	Regional Managers
Client Services	Central Office Managers
Legislation and Policy Management	Business Development and Policy Managers
Resource Management	All

Table 1 - Managerial Responsibilities

The Manager/s responsible for a particular output will be responsible for:

- Providing guidance and leadership for the particular output
- Preparation and review of Output Plans
- Monitoring performance and expenditure relating to the output and compilation of performance and financial reports
- Reporting on progress to the Management Team.

The Director and the relevant Managers will jointly agree on:

- How to address poor performance of individual projects
- The modification or discontinuation of projects or the commencement of new projects.

Appendix 1 provides a summary of the business managed within each of the outputs and projects that are already in planning or progress.

3.2 Resource Allocation

The table below shows the allocation of resources to each LRS output. The overall cost of each output is also shown in terms of Cost Recovered Revenue and Government Revenue.

Outputs

Management Area	Completeness of Collections	Client Services	Legislation and Policy Management	Resource Management	Government Revenue	Cost Recovery Revenue
Regional	\$1,943,922.71	\$114,348.39	\$114,348.39	\$114,348.39	\$10,000.00	\$2,276,967.88
Client Services and Operations	\$28,079.80	\$505,436.44	\$0	\$28,079.80	\$50,000.00	\$511,596.04
Business Development and Policy	\$50,535.40	\$75,803.11	\$113,704.66	\$12,633.85	\$50,000.00	\$202,677.02
People Performance and Communication	\$34,497.58	\$34,497.58	\$0	\$103,492.74	\$10,000.00	\$162,487.90
Finance	\$10,813.61	\$21,627.22	\$10,813.61	\$173,017.79	\$10,000.00	\$206,272.23
Government Revenue	\$15,000.00	\$50,000.00	\$50,000.00	\$15,000.00	\$130,000.00	\$3,360,001.07
Cost Recovery Revenue	\$2,052,849.10	\$701,712.74	\$188,866.66	\$416,572.57		

Table 2 - Resource Allocation

3.3 Performance Measurement and Reporting

The following table provides a summary of our outputs and their objectives and the way in which we will measure the achievement of our targets.

OUTPUT AND OBJECTIVE	MEASURE	INDICATOR
<p>Completeness of Collection</p> <p>Ensure necessary controls and procedures are in place in accordance with risk management strategies to ensure the vast amount of legally collectable levy revenue is assessed and collected</p>	<ul style="list-style-type: none"> • Minimise debt level • Minimise leakage perception • Ensure client satisfaction • Ensure timely recovery of outstanding debt • Dollars (\$) collected as a result of compliance checking 	<ul style="list-style-type: none"> • Actual collections as percentage of budgeted collections • Percentage of overall debt in excess of 90 days • Client feedback
<p>Client Services</p> <p>Distribution of levies funds collected; provision of information to clients and stakeholders</p>	<ul style="list-style-type: none"> • Provide timely and accurate information about levies • Provide timely and accurate disbursement and reporting of levies • Provide information to levy payer • Education of levy payers about how the money is being utilised 	<ul style="list-style-type: none"> • Percentage of reports with zero errors • Percentage of reports delivered by due dates • Percentage of disbursements with zero errors
<p>Legislation and Policy Management</p> <p>Provision of an effective framework for levies operation; provision of advice</p>	<p>Successful implementation of :</p> <ul style="list-style-type: none"> • New levies • Changes to existing levies • Accurate advice 	<ul style="list-style-type: none"> • Timeframes met • Industry expectation satisfied
<p>Resource Management</p> <p>Effective management of resources to achieve outcome</p>	<ul style="list-style-type: none"> • Delivery of quality levies administration with budgeted resources • Accountability requirements met • Retention of skills 	<ul style="list-style-type: none"> • Delivery of outputs within budget • Optimal use of available resources • Endorsed audited statements

Table 3 – Performance Measurement

4. LRS's BUSINESS FOR 2001 - 2004

Work is currently underway on output plans and these will provide full detail of projects to be undertaken in the 2001/2002 financial year. The following provides details of sub-outputs and projects within each output which are either an ongoing component of the LRS core business or have already been identified by the management team to be carried out over the term of this business plan.

4.1 Completeness of Collections

This output is administered mainly by the 4 Regional Offices and has two major sub-outputs:

- **Audit and investigation program** – includes:
 - Administration of compliance audits on a risk assessed basis
 - Monitoring of return receipts
 - Analysis of industry data and other intelligence and actioning any issues arising from this
- **Debt management program** – which includes:
 - Identification, management and monitoring of levy debt.

4.2 Client Services

This output is administered mainly by the Central Office and has three major sub-outputs:

- **Data entry** – ensure the timely and accurate entry of all levy returns received
- **Disbursements** – ensure the timely and accurate disbursement of moneys to recipient corporations
- **Provision of reports and other services to clients** – provide reports and other services which fulfil clients needs in a timely and accurate manner.

4.3 Legislation and Policy Management

This output is administered mainly from Central Office and has the following sub-outputs:

- **Policy Advice** – provision of high-level policy advice to both internal and external clients on the impact of various policy initiatives on levies administration
- **Legislation Advice** – provision of high level advice to internal and external clients on new and amended levies legislation.

4.4 Resource Management

All management areas have a level of management in this output, although to varying degrees. It has the following sub-outputs:

- **Financial Management**
 - Ensure value for money and effective use of resources
 - Ensure financial records and data are accurate and are able to meet audit requirements
 - Have effective accounting controls and procedures in place
 - Have a fair and equitable cost recovery framework

- **People Management**
 - Manage LRS's human resources to ensure that the skills of our workforce are being used to their best advantage
 - Ensure there is a robust succession plan
 - Ensure that management practises reflect APS and AFFA people management governance framework ie. diversity management, participative management, Occupational Health and Safety.
- **Information Management**
 - Ensure better tools and systems are available for increased efficiency
 - Stay abreast of new innovations in the delivery of similar services
 - Make information available to staff, clients and stakeholders
- **Knowledge Management**
 - Ensure knowledge is shared, harnessed and utilised by staff for the ongoing increased efficiency of the unit
 - Provide a solid basis for innovative practices across the unit
 - Continue to participate in key AFFA projects eg. Emerging Trends and Global Issues
- **Communication Management**
 - Enhance internal communication across LRS
 - Enhance internal communication and LRS profile within AFFA
 - Enhance external communication and LRS profile with clients and stakeholders
 - Implement a marketing profile for LRS.

5. GOVERNANCE

Governance is the framework within which an organisation operates. It sets the boundaries of the actions that can be undertaken by the organisation and sets out how work will be undertaken and reported upon. The elements that make up LRS's governance structure come from a number of sources.

5.1 Legislation/Commonwealth Control

There are a number of Acts that place controls upon the way in which we do business:

- The *Financial Management and Accountability Act 1997* provides directions on the use of Commonwealth resources.
- The *Audit Act 1901* provides further directions for the management of moneys.
- There are a number of Acts that control the manner in which levies and charges are imposed, collected and distributed. *Appendix 2* sets out details of this legislation.

5.2 AFFA Governance

AFFA Corporate Governance is detailed in the AFFA Business Plan and encompasses:

- Leadership
- Audit Committee
- Security Committee
- Risk Management
- Business Rules.

5.3 Internal

Protocols and Procedures: The LRS has formulated protocols and procedures to provide consistency, direction and guidance in the conduct of LRS business.

Risk Management: The LRS applies risk management principles to all aspects of its operations.

A Business Risk Register has been compiled which highlights business risks, considers controls for these risks and outlines action plans where the risk has been assessed as unacceptable.

A fraud risk assessment has been completed. This identifies fraud risks and controls and where risks have been assessed as unacceptable, strategies for control improvement are developed and implemented.

LRS Communication Strategy: A communication strategy has been developed. Action plans are in place to implement this strategy.

LRS People Plan: A people plan for LRS has been developed. Action plans are in place to implement this strategy.

New Business System: Work has commenced to implement a new levies business system solution.

APPENDIX 1 – OUTPUT PLAN SUMMARY TABLE

OUTPUT	SUB-OUTPUTS	PERFORMANCE INDICATORS	REPORTING CYCLE	IDENTIFIED PROJECTS
Completeness of Collections	Audit & Investigation Program	% of due audits complete Number of new payer accounts established	Monthly	Regional caseload management Review of industry database material
	Debt Management Program	Overdue \$ in excess of 90 days	Monthly	Monitoring and follow up of outstanding amounts Monitoring and follow up of missing returns
Client Services	Data Entry	% of returns processed within 24 hours of receipt Number of accounts with non-actioned unallocated funds	Monthly Monthly	Monitoring and follow up of unallocated amounts
	Disbursements	% of disbursements made by target dates Error rate in disbursement	Monthly Monthly	
	Client Reports	Report accuracy and timeliness	Monthly	Development of new system
Legislation and Policy Management	Policy advice	Policy advice which is concise, clear and focussed on practicality, delivered in a timely manner	As required	
	Legislation Advice	Legislation advice which is concise, clear and focussed on practicality, delivered in a timely manner	As required	
Resource Management	Financial Management	Delivery of services within budget and in an accountable manner	Annual	
	Personnel Management	Staff Retention Levels Completion and implementation of Work Plans and Learning Agreements	Annual Annual	Succession Planning
	Communications Management	Internal and external communications of a high standard which are readily understood by recipients	As required	Communications Strategy Proactive Industry Liaison

APPENDIX 2 – LEVY RELATED LEGISLATION

Primary Industries Levies and Charges Collection Act 1991

Primary Industries (Excise) Levies Act 1999

Primary Industries (Customs) Charges Act 1999

National Residue Survey (Excise) Levy Act 1998

National Residue Survey (Customs) Levy Act 1998

Dairy Adjustment Levy (Excise) Act 2000

Dairy Produce Act 1986

Australian Animal Health Council (Livestock Industry) Funding Act 1996

Australian Horticultural Corporation Act 1997

Australian Meat and Livestock Act 1997

Australian Wine and Brandy Corporation Act 1980

Horticultural Research and Development Corporation Act 1987

Pig Industry Act 1986

Primary Industries and Energy Research and Development Act 1989