



Australian Government

Department of Agriculture, Fisheries and Forestry

LEVY PRINCIPLES AND GUIDELINES



POLICY FOR THE MANAGEMENT OF NEW AND AMENDED LEVIES WITHIN AUSTRALIA

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OVERVIEW

Australia's farm businesses are world leaders in terms of production efficiency, sustainable product quality, innovation and ability to supply and respond to market demands.

Achieving this result for individuals and the entire industry is a joint effort that requires careful management. The Australian Government and industry recognise this.

The effective use of primary industry levies and charges can greatly assist producers. By pooling their physical, financial and research resources, industries can work together to find better farming methods and demand for their products.

Many of Australia's traditional primary industries rely on the levy system and the support it provides for research and development, promotion and marketing, residue testing and plant and animal health programs.

The system has enabled those industries to hold their own in highly competitive world markets. Industry co-operation and resource sharing is helping smaller and emerging industries to establish their own markets.

The Government's role, through the Department of Agriculture, Fisheries and Forestry, is to work with industries that want a levy system to ensure the efficient development and implementation of levy proposals and to put in place an effective collection system for them at minimum cost.

How are levies used?

Levies and charges are used to fund activities such as research and development (R&D), marketing and promotion, plant and animal health programs and residue testing.

How are levies initiated?

Usually, an industry body identifies the need for a levy or charge so it can respond to a problem or opportunity that will benefit its industry. If this requires collective industry funding, the organisation puts a levy proposal to its members for discussion and should also consult with the department on the proposal.

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1. PURPOSE

The Australian Government developed the Levy Principles and Guidelines to help industry bodies prepare a sound case for a levy or charge to be considered by industry members and the government. The Principles and Guidelines also require the industry body to inform all potential and existing payers of the proposal, and to give those prospective levy payers and other interested parties an opportunity to express their views.

New levies and charges and changes to existing levies and charges have several categories:

Levy/charge purpose	Initiator
Research and development	Industry
Marketing and promotion	Industry
Residue testing	Industry
Biosecurity	Industry or government
Plant Health Australia	Industry
Animal Health Australia	Industry
Industry adjustment	Government
Recovery of funds spent on behalf of industry	Government

The government may instigate levies and charges as required, with or without reference to the Levy Principles and Guidelines.

1.1 Implementing levies

To implement a levy, an industry body initiates a proposal to amend or establish a levy to those organisations that receive, or will receive, levy monies. The relevant organisation forwards the proposal to the Minister. The Department of Agriculture, Fisheries and Forestry assesses the proposal against the Levy Principles and Guidelines and provides advice to the Minister. Some proposed amendments cannot proceed without the approval of the Prime Minister and the Treasurer.

If the proposal is approved, the government drafts the legislation to implement the levy. It can be a lengthy process and the government must ensure that any proposal has a suitable legislative framework.

1.2 Collection and administration of levies

The Levies Revenue Service (LRS) is part of the Department of Agriculture, Fisheries and Forestry. LRS is responsible for the collection of levies and for their disbursement to the relevant organisations i.e. statutory research and development corporations, industry-owned marketing and research and development corporations, Animal Health Australia, Plant Health Australia and the National Residue Survey. LRS is also responsible for the distribution of the Australian Government's contributions to match levies collected for research and development.

LRS administers, collects and disburses levies, on a cost recovery basis, on behalf of industries. LRS currently collects around 70 different levies and charges from more than 9 000 levy payers.

1.3 Accountability

Organisations receiving levy monies are accountable to levy payers and the government. They are required to hold annual general meetings and the statutory bodies must table their annual reports in Parliament, complete with audited financial statements.

1.4 Levies Revenue Service contact details

Contact the Levies Revenue Service for advice on levy proposals:

Telephone: 1800 020 619
Fax: 1800 609 150
Email: levies.management@daff.gov.au

Write to: General Manager
Levies Revenue Service
Department of Agriculture, Fisheries and Forestry
Locked Bag 4488
KINGSTON ACT 2604

For more information about LRS visit www.daff.gov.au/levies.

2. GENERAL PRINCIPLES APPLYING TO INDUSTRY PROPOSALS FOR NEW AND AMENDED PRIMARY INDUSTRY LEVIES AND CHARGES

The government introduced the Levy Principles in January 1997. These Principles must be met when an industry or group of levy payers proposes a new levy or an amendment to an existing statutory levy.

The Levy Principles are:

1. The proposed levy must relate to a function for which there is a market failure.

2. The initiator shall consult with the department when it starts to develop a levy proposal, prior to commencing an industry consultation process. The initiator should maintain contact with the department throughout the entire levy proposal process.

3. A request for a levy must be supported by industry bodies representing, wherever possible, all existing and/or potential levy payers, the relevant levy beneficiaries and other interested and/or affected parties.

The initiator shall demonstrate that all reasonable attempts have been made to inform all relevant parties of the proposal and that they have had the opportunity to comment on the proposed levy.

A levy may be initiated by the government, in the public interest, in consultation with the industries involved.

4. The initiator of a levy proposal shall provide an assessment of the extent, nature and source of any opposition to the levy, an analysis of the opposing argument and the reasons why the levy should be imposed despite the argument raised against the levy.

5. The initiator must provide:

- an estimate of the amount of levy to be raised
- a clear plan of how the levy will be utilised, including an assessment of how the plan will benefit the levy payers in an equitable manner
- demonstrated acceptance of the plan by levy payers in a manner consistent with Levy Principle 3.

6. The initiator must provide an outline of how the levy is to be imposed and collected and must be able to demonstrate that there is agreement by a majority of existing/potential levy payers on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.

7. The levy imposition must be equitable between levy payers.

8. The imposition of the levy must be related to the inputs, outputs or units of value of production of the industry or some other equitable arrangements linked to the function causing the market failure.

9. The levy collection system must be efficient and practical. It must impose the lowest possible 'red tape' impact on business and must satisfy transparency and accountability requirements.

10. Unless new structures are proposed, the organisation/s that will manage expenditure of levy monies must be consulted prior to the commencement of an industry consultation process. The initiator must also satisfy the government at this stage that monies will be managed by the most appropriate organisation/s for that industry and that they have considered and consulted all options for relevant organisations.

11. The body managing expenditure of levy monies must be accountable to levy payers and to the government.

12. The initiator must provide details for future review of the levy, including how and when the levy will be reviewed to determine whether there is an ongoing need for the levy and the continued adequacy of the levy rate and mechanism.

Amendments to Existing Levies

13. 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.

3. GUIDELINES FOR NEW AND AMENDED LEVIES

3.1 Introduction

Before submitting the proposal to government, the industry organisation is required to consult all sectors of their industry, any other affected industry and as many potential levy payers as possible, and must gain support for a new levy or charge.

The Levy Guidelines specify voting procedures and stipulate that the proposed collection system is efficient and keeps 'red tape' to a minimum.

In proposing a new levy or charge to the government, an industry organisation must:

- show how it will benefit payers and the industry in general
- estimate the amount that it will raise
- provide a clear plan for use of the money
- recommend how the levy or charge is to be calculated - for example by product weight or value, or individual head of stock.

An industry organisation must contact all actual or potential payers and gain their support for any amendment, other than one that is simply administrative, to an existing levy.

If a **levy increase** is proposed, the industry must estimate the extra amount that will be raised and tell levy payers and other interested parties how it will be spent to their benefit.

Changes must also be discussed with the organisation that will manage the levy expenditure, unless there is a proposal to form a new organisation for this purpose.

The government can also impose, in the public interest, a new levy or charge on an industry and review it after a specified time.

The government can initiate an amendment to the collection mechanism of any levy if it ceases to be efficient and practical.

3.2 Principle guidelines checklist

- A) The initiator of a new levy must be able to demonstrate it has met the first 12 Levy Principles.
- The principal criteria to be satisfied are: market failure net industry benefit (that is, industry benefits must exceed the costs of raising and funding the levy) and that the application of the levy is practical.
 - The collection of the levy needs to be practical.
- B) For a new levy, or an amendment to an existing levy that will substantially change the level of the levy, direction of the activity that the levy funds or any other significant change that will directly affect levy payers, the initiator must take effective steps to inform all actual or potential levy payers of the proposal.

Industries with biosecurity levies will not need to seek levy payer approval to increase their levies to repay the government for the costs of disease or pest eradication under national emergency response arrangements, or to decrease their levies to a zero rate after an industry debt has been repaid. The support of the relevant industry body and the government is sufficient as levy payer approval will be deemed to have been obtained during the original imposition phase.

- C) Before a vote is taken at industry meetings or through a postal vote, the levy payers must be informed of the proposed levy's purpose and intended industry benefit through widespread promotion and consultation.
- The consultation process may include, but is not limited to, industry forums/meetings, newsletters, advertising in the rural press (including industry journals and national papers) and use of electronic media and the internet. It should be tailored to meet the regional and demographic distribution of industry members and can be combined with existing consultation mechanisms such as annual general meetings.
 - Industry-wide consultation is the responsibility of the industry body or levy initiator.
 - The government must be satisfied that the levy proposal has been distributed for consideration by all potential levy payers and that they have had the opportunity to express their views. Industry bodies will be required to provide evidence of widespread consultation in their levy proposal.
 - Where the cost of a consultation process is likely to be greater than the value of the proposed variation to an existing levy, the industry body should contact the department to discuss consultation options.
 - *For further guidance on the recommended voting and ballot criteria, refer to Section 5: Supplementary Guidelines.*
- D) There will be some flexibility on how levy payers can vote to support or reject a new levy or a substantial change to a levy.
- For industries that have a statutory, corporate or industry organisational structure that prescribes voting rules and processes in its supporting regulations or constitution, the government will accept majority support shown for the proposal using those prescribed voting rules, providing Guideline C has been met. Industries should also develop a voting process based on these rules that allows levy payers who are not members of the relevant industry bodies to indicate their support for the proposal.
- E) Where no formalised industry voting arrangements exist, the initiator should conduct a vote of the relevant actual or potential levy payers to demonstrate that a majority in the industry support the proposal. Other beneficiaries and interested parties should also be consulted and their support demonstrated.
- F) Exceptional circumstances may exist where proponents can demonstrate that voting in this way would be prohibitively expensive.

Where an initiator of a new levy or a change to an existing levy has clearly been able to satisfy Guideline A, but has been unable to conduct a vote under Guideline E, because it has not been cost-effective to do so, then they will need to demonstrate majority support by providing evidence that a thorough industry-wide consultation process has been followed and that industry is widely supportive of the proposal.

- G) For a levy proposal to be considered by government, industry must show that there is **majority** support from actual and/or potential levy payers.
- At present the government interprets 'demonstrated industry support' as majority support from those who choose to participate in a ballot and/or consultation process.
 - A majority is defined as:
 - 50% plus one of the voting allocations of those producers who choose to vote in a levy ballot or
 - 50% plus one of producers who choose to vote in a one vote per producer ballot or
 - 50% plus one of production of producers who vote in a production based ballot or
 - 50% plus one of those who vote for all other types of voting.
 - Where a change from a zero rate to a positive rate for a biosecurity levy is proposed in relation to national emergency response arrangements, the industry is not required to show that there is majority support from actual and/or potential levy payers. However, the industry is required to advise levy payers of the proposal through, but not limited to, industry forums/meetings, newsletters, advertising in the press (including the rural press, industry journals and national papers) and the use of electronic media and the internet.
 - Further information on voting criteria is provided in Supplementary Guideline 4.7.
- H) All levy proposals must provide a clear case proving net industry benefit and market failure.
- I) Formal objections will be accepted by the minister or department within **six weeks** of the date of formal lodgement of the proposal, along with its supporting documentation.
- It is the responsibility of the industry body and/or levy recipient body to publicise (e.g. through their website or through other media) that a levy proposal has been formally lodged with the minister.
 - The objection should clearly outline the reasons why the levy is opposed and should include an analysis of the pro levy argument. Most importantly, it should include documented evidence that actual and/or potential levy payers oppose the implementation of the levy.
 - Objections having little basis in fact or which are considered irrelevant, frivolous or vexatious will not be considered.

- An objection period may be waived or varied if the government is satisfied that all levy payers have actively participated in the consultation process or if it considers that the nature of the change is such that an objection period may be reduced or is not required.
- J) Decisions to instigate levies for the management of emergency animal and plant health issues, pest incursions and product safety will be deemed to have met the market failure principle on the basis that there is pre-determined evidence that the sum of the net industry benefit and the public benefit is greater than the cost to industry and government.

If governments and industry have pre-determined strategies and cost-sharing arrangements for responding to emergencies, such as levies, these arrangements should be used for this purpose.

- K) Where a change from a positive rate to a zero rate for a biosecurity levy is proposed once the government has been repaid in relation to national emergency response arrangements, only support from the government and the relevant industry body is required. Where a rate reduction, but not a zero rate, is proposed after the government has been repaid, this level of support is acceptable if there has been satisfactory prior industry consultation on having a positive rate for purposes other than repayments relating to an emergency response.
- L) Where a change to levy rates for Plant Health Australia (PHA), Animal Health Australia (AHA) or Residue testing is proposed, with a corresponding increase or decrease to one of these rates or a Research and Development or Marketing and Promotion levy rate, the initiator must take effective steps to inform all actual or potential levy payers of the proposal and provide them with the opportunity to comment on the proposal. A ballot is not required for a change where the sum of these levy rates remains unchanged.

This also applies to proposals to introduce a new PHA, AHA or Residue testing levy where an existing R&D, Marketing and Promotion, PHA, AHA or Residue testing levy rate is reduced by an amount equal to the amount of the new levy.

This Guideline does not apply to proposals to change the split between the R&D and Marketing and Promotion levy rates.

- M) The review proposed in response to Principle 12 shall be initiated by industry. It can be separate from or combined with any activities undertaken by the government to remake levy-related legislative instruments under the sunset provisions of the *Legislative Instruments Act 2003*.
- N) Where there is failure to demonstrate a net industry benefit and market failure, statutory levies will not be supported.
- O) Statutory levies must not be used to fund agri-political activities.

3.3 Government intervention

Where participation is considered necessary by government to meet certification requirements for domestic and/or international trade, quality assurance or participation in a program that is in the national interest because there is a significant risk to public plant and/or animal or public health and/or to trade, the government may require an industry to implement statutory arrangements to recover the cost of the survey from industry.

3.4 Government assistance

The LRS can provide advice on consultation processes and on meeting the Levy Principles and Guidelines.

It is strongly recommended that all proposal processes be documented.

4. SUPPLEMENTARY GUIDELINES – NEW AND AMENDED LEVIES

4.1 Assessment of a levy proposal

In accordance with Levy Principles 4 and 5, the initiator of a levy proposal should consider:

- whether the **industry benefits** are likely to exceed the levy costs — including collection and other administrative costs
- whether there is **market failure**
- whether the levy approach will facilitate operation of the program and provide the lowest cost means of finance in the particular case.

4.2 Benefits

4.2.1 Industry and public benefits

A levy is more likely to be considered if program benefits will accrue as a result of group actions. However, industry benefits from any levy will always be the sum of benefits to all individuals in the industry.

If an individual or a group of individuals could profitably organise and finance a proposed program, then there is a lesser case for government to impose a statutory levy.

In other cases, it may be difficult to define the industry or to equitably distribute the industry benefits.

'**Public benefits**' are significant benefits to individuals who are not part of the levied industry.

4.2.2 External benefits

External benefits are benefits that are external to the industry proposing the levy. For example, research or policies that advantage domestic consumers of farm products and those that improve environmental amenities valued by individuals not associated with the industry.

4.3 Market failure

Market failure refers to a situation when a market left to itself does not allocate resources efficiently.

A primary role for government is the setting and enforcement of property rights and related institutions that will enable the efficient operation of commodity and resource markets. Where markets fail to provide socially desirable levels of 'good', or do so but not cost effectively, there may be a case for other forms of government action.

Governments assist with industry-wide levy funding of research, promotion and other industry programs because:

- the nature and dispersal of program benefits are such that a private investor would not profit from supplying them. For example, some research produces results that help industry participants, but financial benefits can't be accessed by private investors.
- levies represent a source of funds with low enforcement and collection costs, largely because industry participants recognise the benefits of cooperative behaviour.

The justification for government intervention in industry research is that the results are a '**public good**'. Public goods have the following key characteristics:

- First, the use of a public good by one person generally does not affect the ability of others to use it. This is described as being **nonrival**.

Nonrivalry means that one person's benefit does not reduce the benefit available to others, hence encouraging 'free riding' by individuals who realise that they can benefit from production of the good as long as somebody else is paying for the good.

- Second, it is not possible to prevent others from using it. This is described as a 'lack of appropriability', or **nonexcludability**.

Nonexcludability means that there is no effective way of excluding individuals from the good, once it comes into existence (thereby creating the 'freerider' problem). Lack of appropriability discourages individuals from producing a good, no matter how much others value it.

4.4 Examples of market failure

If the problem was simply that research results or benefits couldn't be reserved for the use of those who had paid for the research, i.e. they were not appropriable, a policy solution of providing or strengthening property rights would be appropriate.

Such a policy would enable private researchers to restrict the use of the research results and recoup the cost of their research in the same way they would recoup the costs of any other investment.

However with research results being nonrival, the social benefits from research are increased if the results are made available to all, recovering only the cost of their dissemination. Because dissemination costs would usually be small compared to the cost of the research, researchers and investors would be unable to recoup the costs of the research.

Aspects of weed or pest control provide a good example of lack of appropriability of the benefits of individual efforts. One farmer's pest and weed control will benefit neighbouring farmers. But in a free market, those neighbours will pay nothing for the benefit. Conversely, any farmer maintaining a poor standard of weed and pest control will increase the cost of control to neighbouring farmers.

Some aspects of weed and pest control may have added problems of nonrivalry. Consider a farmer who uses a pest control regime designed to minimise pesticide resistance in insects. Any resultant lowering of the probability of resistance will be available to all farmers.

Incentives for individuals to become involved in generic food safety and product promotion campaigns are also likely to be limited by lack of appropriability and nonrivalry of benefits. If an individual's campaign achieves changes in consumer perceptions then all producers or promoters of that product will benefit from his efforts.

Not all research results or benefits from promotion are public goods. For example, private investors in research can appropriate some of the benefits by keeping the results secret and/or taking advantage of their research in the short term. Promotion of product brands allows a producer to retain much of the benefit of product design, quality control and advertising.

If 'public good' characteristics dominate the proposal being assessed, then an industry-funded effort would be worthwhile.

4.5 Changes to an existing levy

The government assesses all proposals to increase or decrease an existing levy against the same principles applicable to a **new levy**.

A levy increase or decrease has a direct financial impact on producers - it represents an investment by producers in work that is carried out on their behalf for the benefit of their industry.

4.6 Consultation with Government

When an industry body decides that it has identified a need for a new levy for their industry and/ or a change to an existing levy, it should consult with government to obtain initial advice on the proposal (refer to Principle 2).

The industry body should discuss its levy proposal with the LRS and the relevant policy area prior to commencing a broad consultation process with related industry members. Early consultation may also include a meeting with the Minister.

Industry bodies should maintain contact with the LRS and the relevant policy area/s during the levy proposal process. This contact should be ongoing from the initial stages of industry planning, through the industry consultation process to the final submission of the levy proposal.

Ongoing consultation helps achieve levy proposals that clearly address the Levy Principles and Guidelines and minimises the likelihood of problems prior to or following lodgement of the proposal with the government.

4.7 Voting criteria

In accordance with Levy Principle 5, where an industry elects to conduct a ballot for a new levy and/or levy amendment, there are two types of voting allocation that are available:

- one vote per producer (business entity) or
- an allocation of votes based on the amount of levy paid (or payable).

The second option more closely reflects the level of production by a business and may use a flat rate or a sliding scale for allocation of votes.

Regardless of which voting model is used, industry should document in the final proposal the level of support on both a producer and production basis.

To ensure that a ballot is representative of all potential or actual levy payers, the government will consider:

- Did all producers have the opportunity to participate in the ballot?
-
- Does a levy proposal have sufficient support from a reasonable proportion of the industry's production?

Sufficient support would be achieved by ensuring there is a strong, participative consultation process.

The industry body will decide on the type of voting most appropriate to its industry.

Where a levy ballot is stated to be confidential, it is crucial that all voting particulars remain confidential.

4.8 Voting register

The industry body is responsible for the establishment of a register using existing producer lists and actively sought self-nominations. This will ensure the delivery of a comprehensive list while providing equal opportunity for all producers to be included on the list.

The body will administer and use this voting register for the proposed levy ballot.

Along with its levy submission, the industry body will submit a statutory declaration verifying the accuracy of the voting register as a list of all potential and existing levy payers who registered to vote in a levy ballot.

In assessing a proposal, the government will consider whether the consultation process gave all potential and existing levy payers the opportunity to nominate for inclusion on the voting register.

4.9 Conduct of the ballot

The industry body will initiate a ballot to the following standards:

- The ballot must be subject to independent scrutiny, with a minimum of an independent returning officer.
- The ballot structure and materials must not be biased.
- The ballot must be structured and follow established industry voting rules or new voting rules that have been developed specifically for the levy ballot.
- The ballot must have coverage of all regions and demographics that may have potential levy payers.

The industry body may choose to engage the Australian Electoral Commission (AEC), a State Electoral Commission (SEC), a private company specialising in ballots or another organisation to conduct the ballot.

Alternatively, the industry body may conduct the ballot using an independent returning officer.

4.10 Ballot criteria

The ballot paper should clearly summarise the case being put to voters. It should provide information on the possible outcomes of the vote and should specifically address the underlying factors for and against the levy proposal.

The industry's submission to the government should detail the outcomes of the ballot.

Evidence proving majority support (as defined in Guideline G) should be shown, otherwise the levy proposal should not be approved by the government.

4.11 Managed Investment Schemes

Managed Investment Schemes (MIS) are an arrangement where money is pooled together with other investors to get an interest in a scheme. Often there are hundreds or thousands of investors. MIS are registered with the Australian Securities and Investments Commission (ASIC) and are regulated by the *Corporations Act 2001*.

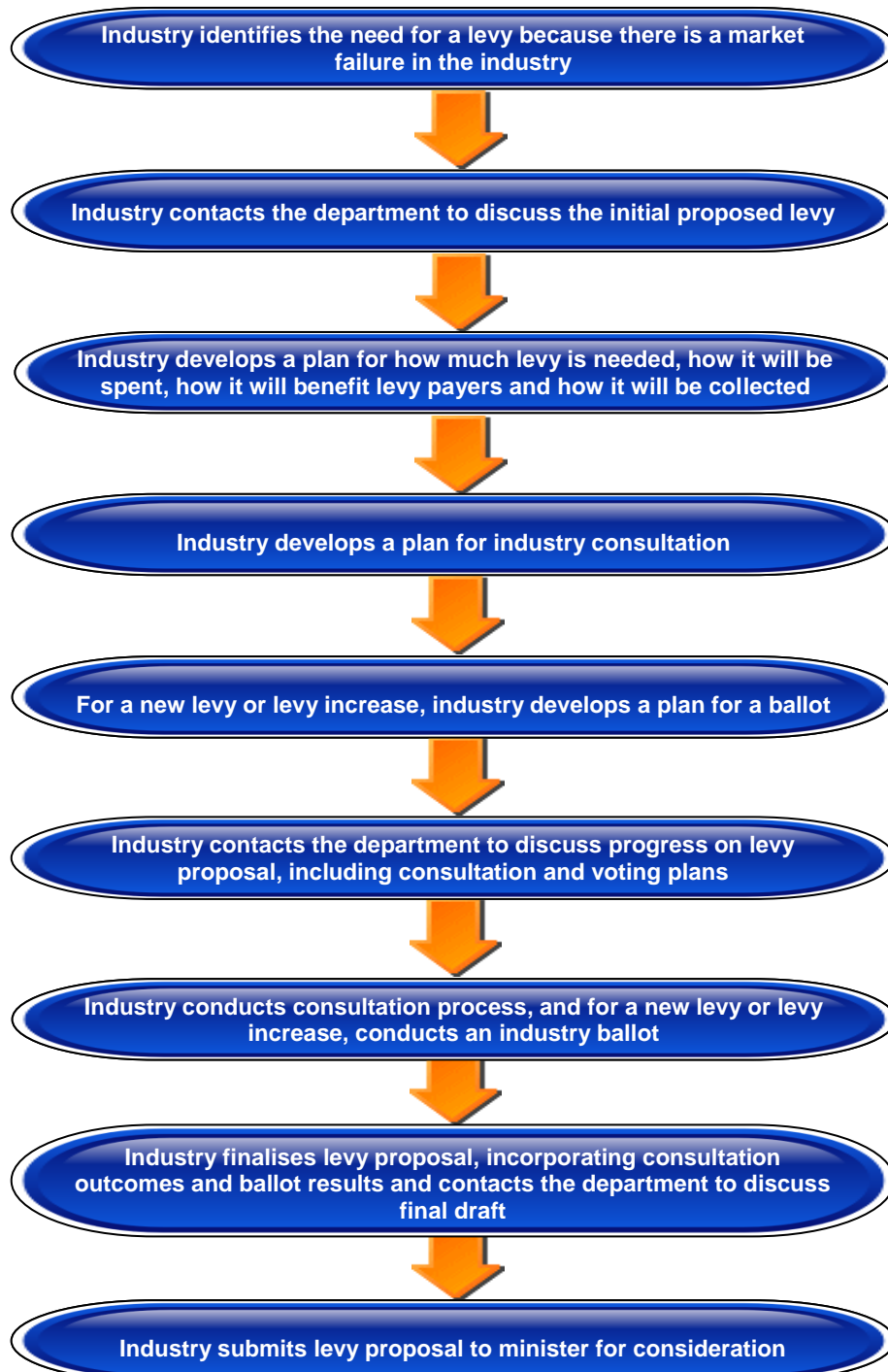
ASIC requires that a responsible entity operates an MIS and investors do not have day-to-day control over the operation of the scheme. At present, if an MIS produces a product that attracts a levy, the MIS pays the levy rather than each individual investor.

A Managed Investment Scheme will be treated as one entity for the purpose of a levy ballot.

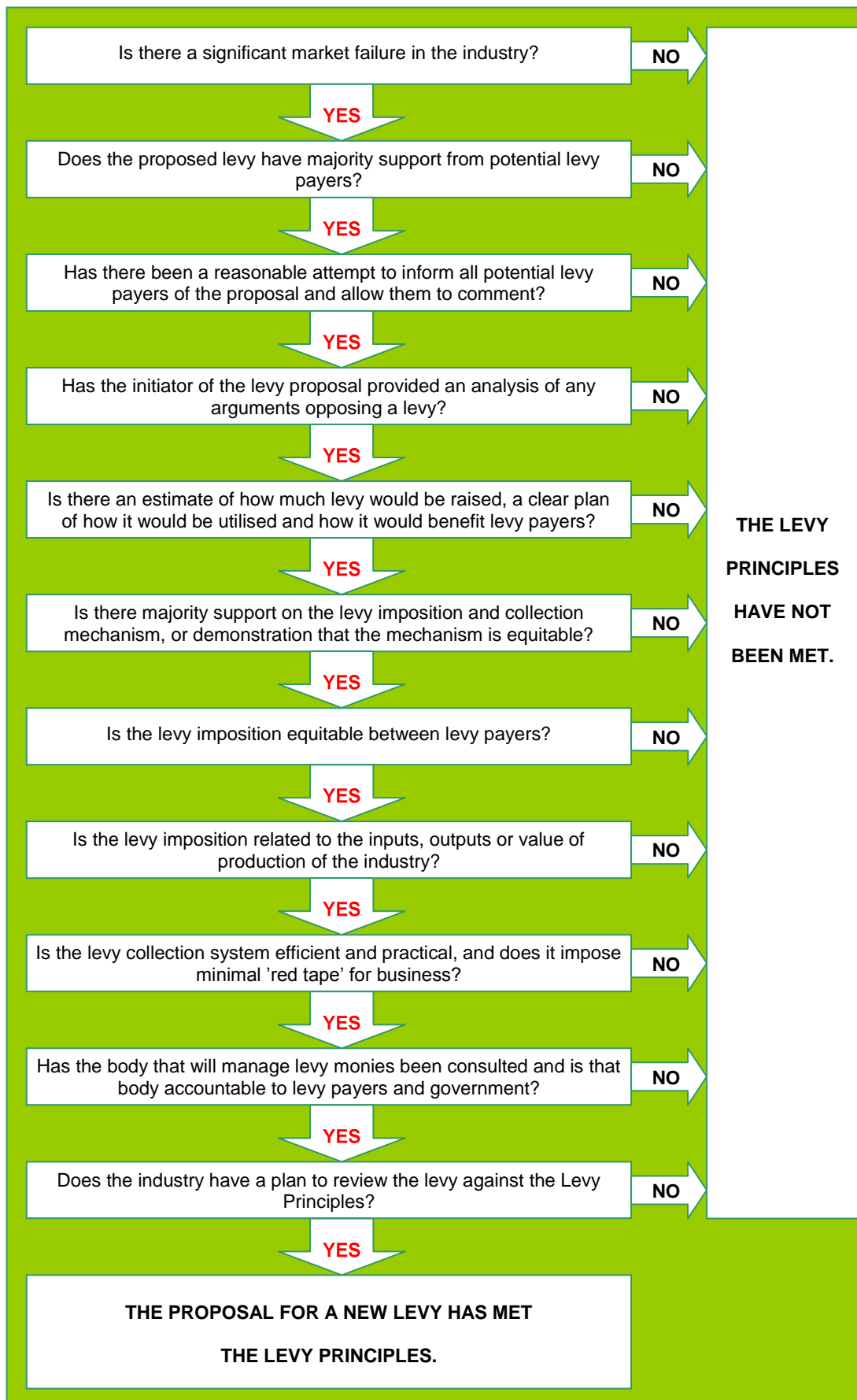
5. LEVY PROPOSAL FLOWCHARTS

5.1 Levy proposal

The following flowchart summarises the processes required for industries to submit a levy proposal to the government for approval.



5.2 Case for levy proposal checklist



6. DEFINITIONS

Affected parties – parties external to the industry proposing the levy, that may be affected by the imposition of the levy.

Department – the Department of Agriculture, Fisheries and Forestry.

Emergency response – an emergency response under the Emergency Animal Disease Response Agreement or the Emergency Plant Pest Response Agreement.

Government – portfolio Minister/s, Parliamentary Secretary, other Australian Government Ministers and the department.

Industry body – representative body made up of relevant members within the associated industry.

Interested parties – levy payer agents, intermediaries and their representative organisations and other affected parties.

Levy beneficiaries – producers, industry organisations, marketing and promotion bodies, research bodies, other levy recipient bodies and industry in general.

Levy or charge – a fixed sum charged ('levied') by a government on a product.

Levy payer – a person who has paid, or is liable to pay, a levy or charge.

Minister – the Minister for Agriculture, Fisheries and Forestry. The Minister may delegate his/her responsibilities.

Outcomes – outcomes are the results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.

Outputs – outputs are the goods and services produced by the agencies on behalf of government for external organisations or individuals.

Parliamentary Secretary – the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry.

Producer – generally the grower or breeder of the product when the production process begins. For existing levies, the producer is defined in legislation or regulations.

Relevant organisations – recipients of levy monies from the government. They use the funds to administer programs, such as marketing and/or research and development, in order to benefit the industry.

APPENDIX 1: SUMMARY PROFORMA FOR THE DETERMINATION OF STATUTORY PRIMARY INDUSTRY LEVIES

(TO BE PREPARED BY INDUSTRY AND ASSESSED BY THE DEPARTMENT BEFORE SUBMISSION TO GOVERNMENT FOR LEVY APPROVAL*)

1. Name of levy (commodity)	
2. New levy or amendment to an existing levy	New Levy <input type="checkbox"/> Existing Levy <input type="checkbox"/>
3. Purpose of levy	
4. Provide details of the market failure that the imposition of the levy will overcome, as follows: <ul style="list-style-type: none"> • why the benefits cannot be captured by individual firms acting alone; and • why collective action is the best solution. 	
5. Size of industry and/or public benefit Describe the industry benefit and/or public benefit that will flow from the proposed levy - quantify the benefits if possible. What are the costs of imposing the proposed levy on industry and will the benefit to industry outweigh the cost?	
6. Relative efficiency of a levy Why is a compulsory levy the most cost-effective way to collect industry funds? Would a voluntary levy achieve the same result?	
7. Industry consultation process Describe the industry consultation process, including the actions undertaken to inform all potential and/or actual levy payers and the opportunity to comment on the proposed levy. If a ballot was conducted, outline the voting process and the results.	

*ALL SOURCE DOCUMENTATION IS TO BE ATTACHED TO THE PROFORMA.

APPENDIX 2: LEVY RELATED LEGISLATION

Imposition legislation

Primary Industries (Customs) Charges Act 1999

Primary Industries (Excise) Levies Act 1999

National Residue Survey (Customs) Levy Act 1998

National Residue Survey (Excise) Levy Act 1998

Collection legislation

Primary Industries Levies and Charges Collection Act 1991

Disbursement legislation

Australian Animal Health Council (Livestock Industries) Funding Act 1996

Australian Meat and Livestock Industry Act 1997

Dairy Produce Act 1986

Egg Industry Service Provision Act 2002

Forestry Marketing and Research and Development Services Act 2007

Horticultural Marketing and Research and Development Services Act 2000

National Residue Survey Administration Act 1992

Pig Industry Act 2001

Plant Health Australia (Plant Industries) Funding Act 2002

Primary Industries and Energy Research and Development Act 1989

Wheat Export Marketing Act 2008

Wine Australia Corporation Act 1980

Wool Services Privatisation Act 2000