

## FOREWORD

The Levies Revenue Service (LRS) in the Commonwealth Department of Agriculture, Fisheries and Forestry - Australia is responsible for collecting and distributing levies to research and development (R&D) corporations, statutory marketing authorities, Animal Health Australia, the Dairy Adjustment Authority and the National Residue Survey. We also collect data for the Wool Share database and distribute the Commonwealth's matching levy R&D contributions.

LRS has a proven record of success, particularly in:

- ensuring that the vast amount of collectable revenue has been assessed and collected;
- building and fostering sound relationships with industry peak bodies and statutory corporations;
- the timely and effective implementing of new levies or changes to existing levies;
- providing statistical information to clients; and
- recruiting, developing and retaining highly skilled staff.

It is important we continue to improve our performance, particularly in ensuring we deliver results to our customers.

The focus of this Plan will be to build on our previous Business Plan, and our priorities will be to provide better client services. The LRS Management Team has identified the following priorities:

- improve technology, information and communication;
- continue improving LRS procedures and practises;
- continue to retain and develop skills and knowledge;
- maintain and strengthen accountability controls and processes; and
- review and improve current levy related legislation in consultation with clients and stakeholders.

The Business Plan will provide the framework for our service delivery. It outlines how we do our business, and our priorities and commitments. It also explains how we will monitor our performance in order to continue improving the quality of our services.

The Report to Clients highlights our achievements over the past year, and reviews our performance on levy collection and against our Business Plan. The report is an important measure in our efforts to enhance communication and ensure we are accountable to our clients and stakeholders.

Finally, I would like to thank everyone within and outside the LRS who has contributed to the continued effectiveness and professionalism of the levy collection system. I have great pleasure in presenting the LRS Business Plan for 2002-2005 and the Report to Clients for 2001-02.



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Director  
Levies Revenue Service  
September 2002



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



## **LEVIES REVENUE SERVICE**

### **Business Plan 2002 – 2005**

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# 1. INTRODUCTION

## 1.1 LRS Overview

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

*The Commonwealth, the Department, and the LRS in particular have a statutory responsibility to ensure levy collections are materially complete.*

Commonwealth legislation imposes levy and charges and specifies rates, liability, collection and compliance requirements. A series of principles and guidelines must be followed before a levy can be imposed.

The *Primary Industry Levies and Charges Collection Act 1991* provides the legal framework for collecting levies. We collect over 60 different levies and charges from a client base of more than 16,000 levy payers, and in 2001-02 banked and disbursed about \$529 million.

All levy funds are paid into Consolidated Revenue and regularly disbursed by special appropriations to industry corporations and bodies.

We operate on a cost-recovery basis, i.e. recipient organisations meet our collection and compliance costs.

As a part of AFFA, we are involved in working to achieve the Department's Mission:

*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.*

LRS also 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 people get a fair go, that all are treated equitably and justly.

**Respect** - respecting each other, our families, our clients, and those with different ideas and from diverse backgrounds and cultures.

Within this framework our Outcome is:

*To deliver excellence in levies administration for our clients*

This Plan outlines how we intend to continue to provide this Outcome.

## 1.2 Organisational Structure

At 1 July 2002 we had 47 full-time equivalent officers: 22 in central office, Canberra, and a total of 25 regional staff in New South Wales, Queensland, South Australia and Victoria.

Central office's role is to:

- disburse levy funds;
- match Commonwealth contributions;
- provide information to clients and stakeholders;
- process and administer levies and legislation; and
- provide advice on new levies and changes to existing levies.

It is also responsible for:

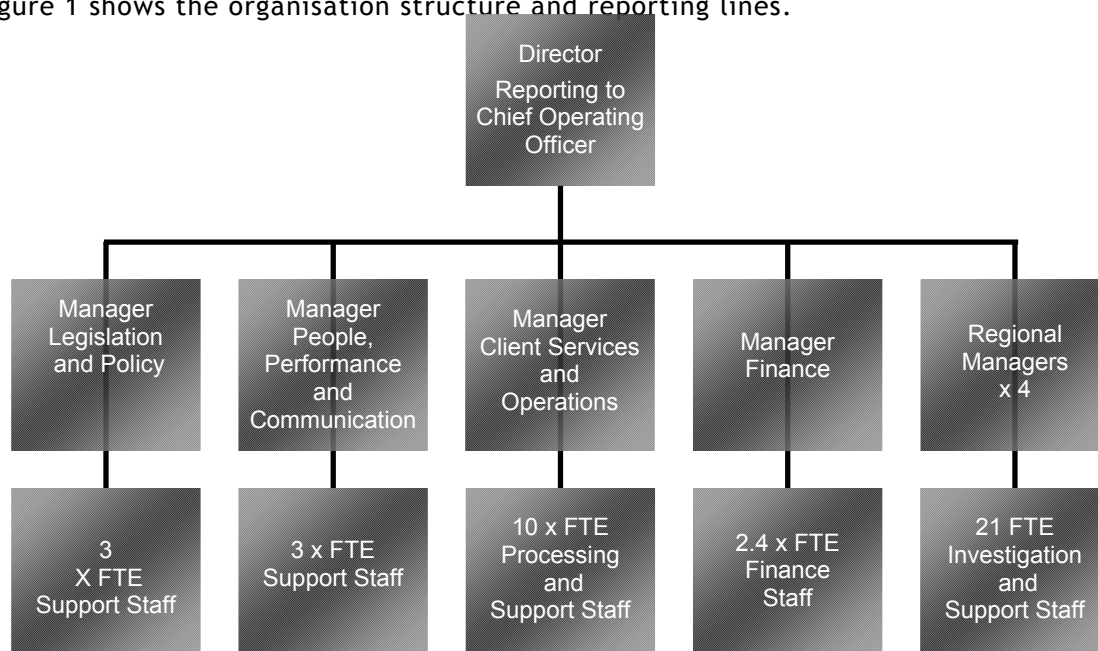
- business planning;
- financial management;
- people management; and
- communication and performance management.

The role of the regional offices is to:

- manage field activities and debt recovery;
- disseminate information;
- undertake project work; and
- liaise with industry.

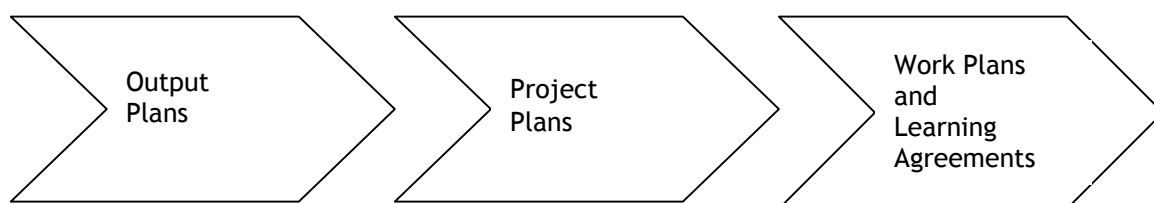
The management function has been distributed between Central Office and the States. The LRS Management Team consists of Output managers who assist the Director with general management.

Figure 1 shows the organisation structure and reporting lines.



**Figure 1 - Organisation Chart**

### 1.3 Planning Framework



- **Output plans** build on the Business Plan and show how we will deliver individual Outputs through sub-Outputs and projects. They set project objectives, budgets, milestones and performance measures.
- **Project plans** will detail individual projects within Output plans and set objectives, milestones and performance measures.
- **Individual work plans and learning agreements** document the work and 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 2002-05

The LRS Management Team conducts a planning conference each August to set priorities, review Outputs and discuss issues, such as performance indicators and resource allocation. Output plans and project plans are settled by October.

LRS activities are planned well in advance, but our dynamic external operating environment means unforeseen factors requiring an immediate response do arise. We therefore need to be flexible in our planning. Each month a Management Team teleconference is held to monitor progress against Output plans and deal with general management matters.

Each February the LRS Conference is convened for all staff. The conference serves a number of purposes, including allowing staff to contribute to the planning process through structured sessions (e.g. where a specific issue is addressed) and open forums. Contributions from these forums are then considered for inclusion in the next planning round.

All officers complete a performance agreement in July and are subject to quarterly review, in line with AFFA's people management principles. The performance agreements feed into each team's project plans and the LRS and AFFA outcomes to ensure maximum productivity.

## 2. OPERATING ENVIRONMENT

The LRS operating environment provides an insight into the factors that influence the way we conduct our business.

### 2.1 Customers and Stakeholders

As a cost-recovered organisation, we are strongly committed to providing quality customer service by encouraging client feedback to help us assess how well we are meeting our objectives.

Our 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 and industry generally; and
- **Other interested parties** - levy-paying intermediaries and their representative organisations.

In line with AFFA's 2002-03 Client Service Charter, our staff are committed to acting in a way that is:

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

### 2.2 External Environment

External factors significantly affect the way we do business.

#### *Economic Factors*

The impact of domestic and global economic factors can affect the ability of levy payers to meet their obligations which in turn affects our operations.

Levy payers whose primary business is focussed on the domestic market may experience cash flow problems during general economic downturn.

At a global level, low commodity prices, economic downturns, trade barriers and other factors may reduce the liquidity of levy paying exporters.

Our challenge is to remain alert to events that may influence the organisation and the management of the associated risk. We do this by maintaining links with the Australian Bureau of Agricultural and Resource Economics (ABARE) and the Australian Bureau of Statistics (ABS).

### ***Environmental Factors***

As the levies we collect are based on primary production, environmental factors can influence our overall operations.

Issues such as drought and flood affect the ability of levy payers to meet their levy obligations. Compliance issues can also arise in tight markets, particularly in the case of drought where intermediaries may try to use non-compliance for competitive advantage.

### ***Government and Community Expectations***

Government reform's such as changes to the *Financial Management and Accountability Act 1997* and 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 format have affected the way we operate, as do community expectations.

## **2.3 Internal Environment**

### ***Resources***

Most of our budget is provided through cost recovery from organisations that we collect levies for. In the 2001-02 financial year we collected \$3.3 million through cost recovery. The Commonwealth has also provided funding for Community Service Obligations and system and accountability enhancements.

As most of our funding comes through cost recovery, it is essential that we manage these funds effectively. However, it is important to recognise the statutory requirements to collect levies and the expanding number of levy collection points.

Salary increases and incremental advances also affect operating costs. Under the current AFFA Certified Agreement LRS salaries increased by 4 per cent on 1 July 2002.

### ***LRS People***

Our training and recruitment program has resulted in highly competent and professional staff with the skills to meet the challenges before us.

Our commitment to our staff is reflected in the creation of an area responsible for people, performance and communication, and the development of a "people plan" to address 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; and
- debt-management.

Risk management strategies include:

- ongoing monitoring of expenditure and resource allocation, with adjustments made as required;
- evaluation and continued development of an IT system that meets our specialised needs, and appropriate ongoing staff training;
- developing recovery plans to cover systems failures;
- developing and reviewing internal controls system;
- developing fraud control and security plans;
- ensuring best use of information from industry organisations, ABARE and other 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 and learning agreements to maintain and improve staff skills and diversity;
- developing debt-management strategies and procedures;
- appointing an information officer to monitor current affairs, emerging issues and trends, and to provide information on AFFA commodities and revenue collections; and
- ensuring our legislation meets industry and government operating and accountability requirements.

## **External**

### **External risks include:**

- domestic and international market and trade policy changes;
- ineffective communication and customer and stakeholder relationships;
- economic and environmental influences;
- company collapses, with levy liabilities, e.g. preference payments;
- loss of business; and
- industry changes;

### **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 their feedback;
- implementing strategies to raise our profile in AFFA and among other clients and stakeholders;
- promoting adherence to debtor file-management procedures to minimise exposure to preference claims; and
- being proactive on emerging levy-related issues.

### **Failure to manage these risks effectively could result in:**

- not providing a service that meets internal and external customer needs;
- inability to tackle emerging issues;
- an unacceptably high level of debt;
- incomplete revenue collection; and
- inability to meet accountability requirements.

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

## 2.5 Consolidating LRS

Last financial year was extremely busy for LRS and resulted in major changes in the way we do business. Consequently, we created several new managerial positions: for Finance; People, Performance and Communication; and Policy and Legislation. This ensures we meet our accountability requirements adequately and manage our human resources and client and stakeholder communication more effectively.

We also formed a team late last financial year to review, in consultation with the clients and stakeholders, existing levy legislation.

The extent of the changes meant we had to consolidate our new focus while we determined what adjustments were required. Over the period of this plan we will continue to:

- improve and raise our profile within AFFA, and with our clients and stakeholders;
- strive to achieve consistency in our methods and audit operations; and
- improve technology.

We will also:

- retain and develop people's skills and knowledge; and
- monitor the strong accountability controls and procedures now in place.

We will develop detailed action plans to achieve these changes. These will include:

- designing phase 2 of the new levies business system (Phoenix) to serve of AFFA, LRS and client business requirements better;
- monitoring communication and marketing for clients and stakeholders;
- encouraging best practice and innovation in our operations and people management;
- monitoring consistency and performance;
- monitoring and refining compliance and financial protocols and procedures; and
- ensuring sufficient and appropriate legislation to meet the needs of our clients and stakeholders.

### 3. OUTCOME/OUTPUT FRAMEWORK

Our business is described in terms of our Outcome and Outputs.

The LRS Outcome is:

*To deliver excellence in levies administration for our clients.*

The following Outputs will contribute to the Outcome in 2001-05:

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

Figure 2 below shows the relationship between our Outcome and Outputs.



Figure 2 - Relationship between Outcome and Outputs

### 3.1 Roles and Responsibilities

Our Management Team assists the Director to manage LRS overall. The team consists of the Director, the four Regional Managers, and the Central Office Managers (Client Services and Operations; Legislation and Policy; People, Performance and Communication; and Finance).

Some Outputs are interrelated and administered by several or all five offices.

The table below shows the area with the main managerial responsibility for each Output, although all of the Management Team members are likely to contribute in some way to managing and delivering each Output.

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

**Table 1 - Managerial Responsibilities**

The Manager/s responsible for particular Outputs will:

- provide guidance and leadership;
- manage and review the Output plans;
- monitor Output performance and expenditure and compile performance and financial reports; and
- report on progress to the Management Team.

The Director and the relevant Managers will jointly agree on:

- how to address poor performance of individual projects; and
- modifying or changing projects or starting new projects.

*Appendix 1* summarises the business managed within each Output and projects that are in planning or underway.

### 3.2 Resource Allocation

The table below shows the resource allocation to each Output. The overall cost of each Output is also shown in terms of cost-recovered revenue and Government revenue.

Management Area	Completeness of Collections	Client Services	Legislation and Policy Management	Resource Management	Government Revenue	Cost Recovery Revenue
Regional	1,746,061	102,709	102,709	102,709	10,000	2,054,190
Client Services and Operations	38,959	662,299	38,959	38,959	50,000	779,175
Legislation and Policy	21,250	21,250	159,377	10,625	50,000	212,502
People Performance and Communication	42,500	21,250	21,250	127,501	10,000	212,502
Finance	14,167	28,334	14,167	226,669	10,000	283,337
Government Revenue	15,000	50,000	50,000	15,000	130,000	3,541,707

Table 2 - Resource Allocation

### 3.3 Performance Measurement and Reporting

The table below summarises our Outputs, their objectives, and the way that we will measure the achievement of them.

OUTPUT AND OBJECTIVE	MEASURE	INDICATOR
<p><b>Completeness of Collection</b>  <i>Delivering levies collection and debt management services</i>            (Ensure controls and procedures are in place in accordance with risk management strategies so that the vast amount of collectable levy revenue is assessed and collected).</p>	<ul style="list-style-type: none"> <li>• Minimise debt level</li> <li>• Minimise leakage perception</li> <li>• Ensure client satisfaction</li> <li>• Ensure timely recovery of outstanding debt</li> <li>• Dollars (\$) collected as a result of compliance checking</li> <li>• Numbers of new/potential levy payer.</li> </ul>	<ul style="list-style-type: none"> <li>• Actual collections as percentage of budgeted collections</li> <li>• Percentage of overall debt in excess of 90 days</li> <li>• Number of debtors as a percentage of all payers</li> <li>• Number of programmed audits</li> <li>• Number of interventions</li> <li>• Number and percentage per commodity</li> </ul>
<p><b>Client Services</b>  <i>Continuing improvement of client services</i>            (Distribution of levies funds collected; information provided to clients and stakeholders.)</p>	<ul style="list-style-type: none"> <li>• Provide timely and accurate information about levies</li> <li>• Provide timely and accurate disbursement and reporting of levies</li> <li>• Provide information to levy payer</li> <li>• Education of levy payers about how the levy collection money is being utilised</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of reports with errors</li> <li>• Percentage of reports delivered by due dates</li> <li>• Percentage of disbursements with errors</li> <li>• Client satisfaction of reports</li> </ul>
<p><b>Legislation and Policy Management</b>            Providing effective framework for levies operation and policy advice</p>	Successful implementation of: <ul style="list-style-type: none"> <li>• new levies</li> <li>• changes to existing levies</li> <li>• accurate advice</li> </ul>	<ul style="list-style-type: none"> <li>• Timeframes met</li> <li>• Industry and Government expectations satisfied</li> </ul>
<p><b>Resource Management</b>  <i>Ensuring staff are technically competent and skilled to deliver our core business functions</i>  <i>Managing the delivery of our core functions within budget and achieving business targets in an accountable manner.</i>            (Effective management of resources to achieve outcome.)</p>	<ul style="list-style-type: none"> <li>• Delivery of quality levies administration with budgeted resources</li> <li>• Accountability requirements met</li> <li>• Retention of skills</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of Outputs within budget</li> <li>• Optimal use of available resources</li> <li>• Unqualified Financial Statements</li> <li>• Reconciled and timely payments</li> </ul>

Table 3 - Performance Measurement

## 4. Our BUSINESS FOR 2001 - 2005

Output plans now being prepared will provide full details of projects for the 2002-03 financial year. Details of sub-Outputs and projects that are either an ongoing part of our core business or will be carried out during this Business Plan are as follows:

### 4.1 Completeness of Collections

This output is administered mainly by the four 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** includes:
  - identifying, managing and monitoring levy debt.

### 4.2 Client Services

This Output is administered mainly by Central Office and has four major sub-Outputs:

- **Data entry** - ensures the timely and accurate entry of all levy returns;
- **Disbursements** - ensure the timely and accurate disbursement of monies to recipient organisations;
- **Provision of reports and other client services**- provides reports and other services which fulfil clients needs in a prompt and accurate manner;
- **Payment of matching Commonwealth R&D contributions.**

### 4.3 Legislation and Policy Management

This Output is administered mainly from Central Office and has the following sub-Outputs:

- **Provision of policy advice** - provides high-level policy advice to internal and external clients on the impact of policy initiatives on levies administration;
- **Provision of legislation advice** - provides high-level advice to internal and external clients on new and amended levies legislation;
- **Development and implementation of levy legislation** - Implements timely and accurate amendments to levy legislation.

### 4.4 Resource Management

All management areas have a varying involvement in this Output, which has the following sub-Outputs:

- **Financial Management**
  - ensure value for money and effective resource use;
  - ensure financial records and data are accurate and meet audit requirements;
  - have effective accounting controls and procedures in place;
  - have a fair and equitable cost-recovery framework; and
  - develop and monitor levy revenue budgets.

- **People Management** *LRS is committed to the AFFA Performance through People Program and has identified the following sub-Outputs to work towards the goals of the program.*
  - manage LRS's human resources to ensure our workforce skills are being enhanced and used to their best advantage;
  - ensure the ongoing use of succession planning; and
  - ensure management practices reflect the Australian Public Service and AFFA people management governance framework, i.e. diversity management, participative management, occupational health and safety.
  
- **Information Management**
  - ensure better tools and systems are available for increased efficiency;
  - stay abreast of innovations in the delivery of similar services; and
  - make information available to staff, clients and stakeholders.
  
- **Knowledge Management**
  - ensure knowledge is shared, harnessed and used by staff for the ongoing increased efficiency of LRS;
  - provide a solid basis for innovative practices across the unit; and
  - continue to participate in key AFFA projects.
  
- **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;
  - collaborate with clients on key communication issues and initiatives; and
  - ensure communication is clear and concise.

## 5. GOVERNANCE

Governance is an organisation's operating framework, establishing the boundaries of the actions that can be undertaken and how work will be undertaken and reported on. The elements of LRS's governance structure come from a number of sources.

### 5.1 Legislation/Commonwealth Control

A number of Acts control the way we do business:

- the *Financial Management and Accountability Act 1997* provides directions on the use of Commonwealth resources.
- *Appendix 2* sets out details of the legislation that controls how levies and charges are imposed, collected and distributed.

### 5.2 AFFA Governance

The AFFA Business Plan sets out the Department's corporate governance, which encompasses:

- leadership;
- audit;
- security;
- risk management; and
- business rules.

### 5.3 Internal

**Protocols and procedures.** LRS has developed protocols and procedures to provide consistency, direction and guidance about how we go about our business. We will continue to refine and monitor them throughout the year.

**Risk management.** We apply risk management principles to all aspects of our operations, and we have compiled a Business Risk Register, which highlights business risks and how to deal with them, if they arise.

We have completed a fraud risk assessment, which identifies fraud risks and controls. Where risks have been assessed as unacceptable, we have implemented strategies for improving control.

**LRS communication strategy.** We have developed and are implementing an internal communication strategy, which we will evaluate later this year.

**LRS People Plan.** We have developed and are implementing a people plan, which we will also evaluate later this year.

**Business System.** We will implement Stage 2 of the Phoenix business system this financial year.

**Legislation Review.** We are reviewing existing levy-related legislation to ensure it meets the requirements of Industry and Government.

## APPENDIX 1 - 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 Adjustment Levy (Customs) Act 2000*

*Dairy Adjustment Levy (General) Act 2000*

*Dairy Produce Act 1986*

*Australian Animal Health Council (Livestock Industry) Funding Act 1996*

*Australian Meat and Livestock Act 1997*

*Australian Wine and Brandy Corporation Act 1980*

*Horticultural Marketing & Research & Development Services Act 2000*

*Pig Industry Act 2001*

*Primary Industries and Energy Research and Development Act 1989*

*Wool Services Privatisation Act 2000*