



Australian Government
Department of Agriculture, Fisheries and Forestry

LEVIES REVENUE SERVICE

BUSINESS PLAN

2004-05

Director's Foreword

It is with great pleasure that I present the Levies Revenue Service (LRS) Business Plan for 2004-05 and the Report to Stakeholders for 2003-04.

The Business Plan lays down the challenges for the year ahead and provides the framework for our service delivery. It describes our business commitments and maps out the way we intend to accomplish our priorities and commitments. It also explains how we plan to monitor our performance to continue improving the quality of our service.

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

I would like to thank everyone involved with LRS for their continued support and contribution to the effectiveness and professionalism of the levy collection system.

A handwritten signature in black ink, appearing to read 'Steve Maxwell', is written over a light blue rectangular background. A solid black horizontal line is drawn below the signature.

Steve Maxwell
Director

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1. INTRODUCTION

As part of Australian Government Department of Agriculture, Fisheries and Forestry (the Department), the Levies Revenue Service (LRS) is responsible for the effective delivery of levies collection and disbursement of levies imposed by Commonwealth legislation on a range of rural commodities and products.

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

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

The Primary Industries 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 9,000 intermediaries, and in 2003-04 collected \$528 million and disbursed \$517 million.

All levy funds are paid into Consolidated Revenue and regularly disbursed by special appropriations to industry corporations and bodies. LRS operates on a cost-recovery basis. This means recipient organisations meet our collection and compliance costs.

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

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

LRS adheres to the Australian Public Service Values and Code of Conduct, as well as the Department's values, which are:

- Professionalism:** -doing the best job we can, serving stakeholders in a practical, diligent, rigorous and outcome-focused way.
- Integrity:** behaving ethically, acting with honesty, loyalty and courage.
- Openness:** building trust, being frank, open to ideas, and accessible to staff and stakeholders.
- Fairness:** ensuring people get a fair go, that all are treated equitably and justly.
- Respect:** respecting each other, our families, stakeholders, and those with different ideas and from diverse backgrounds and cultures.

Within this framework our objective is:

To deliver excellence in levies administration for all stakeholders

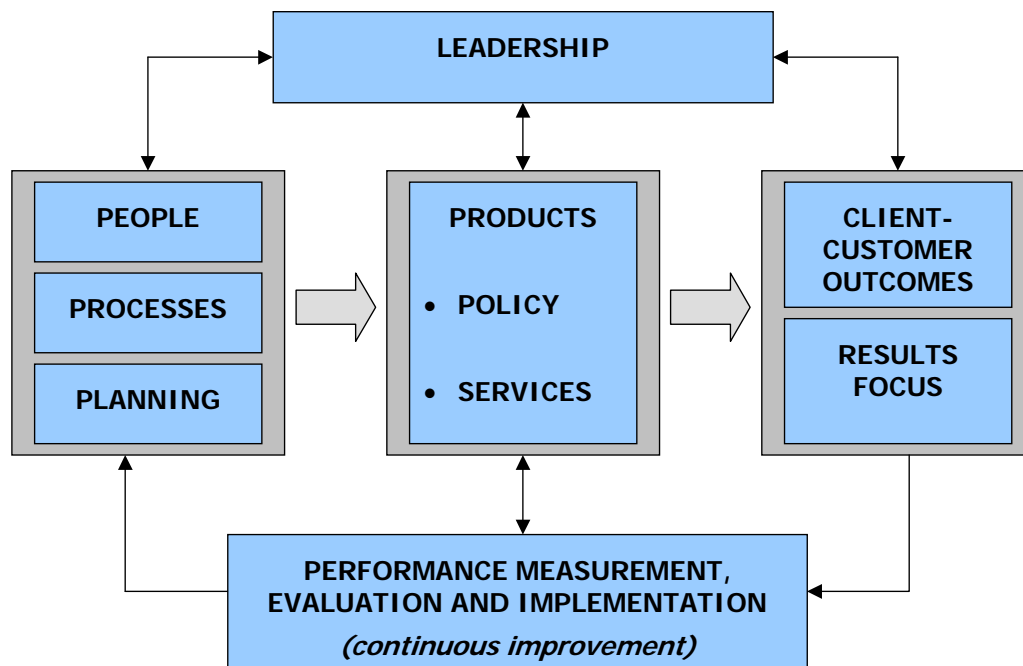
This plan outlines the methods and strategies implemented by LRS in order to continually achieve this objective.

2. BUSINESS EXCELLENCE IN THE DEPARTMENT

The Department's Business Excellence Framework, launched in December 2002, illustrates how our internal processes and the policy and services we produce combine to provide results and outcomes for clients and stakeholders. This framework also has a strong emphasis on leadership and continuous improvement. Our corporate 'glue' that is data, information and knowledge, holds the framework together.

By focusing on improving the way we do our internal business and linking this to our clients and stakeholders, we can deliver better results. In other words, striving for business excellence.

The Business Excellence Framework has strong links to our business plan as shown below.



The framework is held together by our corporate 'glue' – data, information and knowledge.

3. OVERVIEW OF LRS BUSINESS

Senior Management sets the strategic directions and priorities for LRS. The Management Team consists of the Director and Regional and Central Office Managers. Staff members are allocated to each output considering ongoing business and priorities and emerging issues as they occur.

Some outputs are interrelated and administered by more than one office.



Figure 2. The relationships between LRS' objective and outputs.

3.1 RESPONSIBILITY FOR OUTPUTS

All staff have various levels of responsibility in ensuring output targets are achieved.

COMPLETENESS OF COLLECTIONS

This output has eight major sub-outputs:

- **Ensuring that all accounts on our business system are properly maintained;**
- **Ensuring routine record inspections and interventions;**
- **Monitoring the receipt of returns, analysing receipt information and follow-up;**
- **Intelligence gathering;**
- **Education and information;**
- **Specific audit programs;**
- **Debt management and recovery; and**
- **Downstream levy debtors and correlating of producer record intermediaries.**

LEGISLATION AND POLICY

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

- **Provision of policy advice** – provide high-level policy advice to internal and external stakeholders on the impact of policy initiatives on levies administration;
- **Provision of legislation advice** – provide high-level advice to internal and external stakeholders on levies legislation; and
- **Development of levy legislation** – ensure smooth implementation of new and changing levies.

FINANCIAL ACCOUNTING

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

- **Levy revenue** – developing, monitoring and analysing levy budgets against levy income;
- **Cost recovery** – identify and recouping our costs against each levy commodity;
- **Data entry** – ensure the timely and accurate entry of all levy returns;
- **Disbursements** – ensure the timely and accurate disbursement of moneys to recipient organisations;
- **Reconciliation** – ensure levy revenue and expenditure reconcile and meet accountability requirements;
- **Payment of matching Commonwealth research and development contributions; and**
- **Development and maintenance of our business systems.**

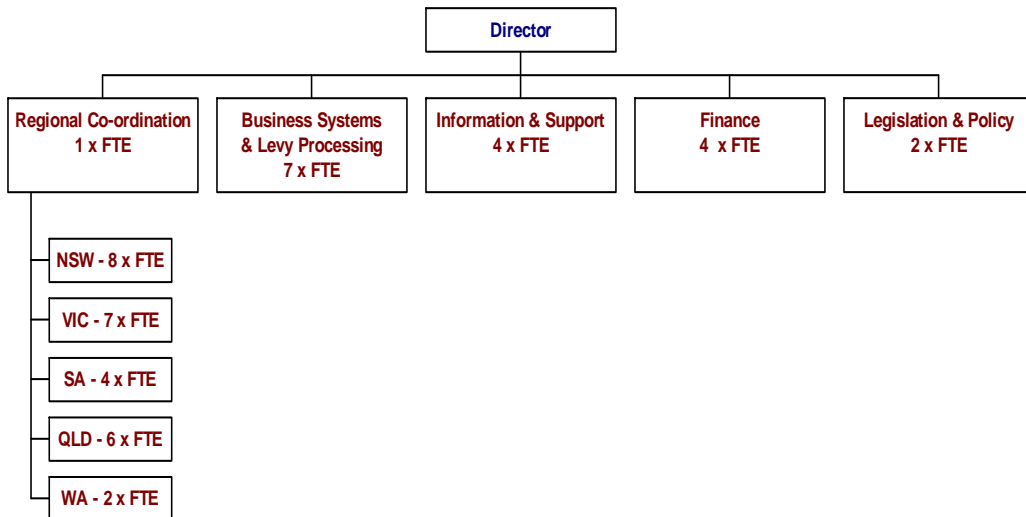
INFORMATION AND SUPPORT

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

- **People management** – ensures that our people management practices allow staff to have the necessary knowledge, skills and information to do their jobs efficiently and effectively;
- **Planning, performance and communication** – coordinates our strategic direction that allows us to appropriately plan, measure our performance and ensure that our internal and external communication strategies are being delivered;
- **Provision of reports and printed material**– includes up-to-date reports, brochures and other printed material, which fulfil stakeholders needs in a prompt and accurate manner;
- **Stakeholders** – ensure stakeholders needs are met in relation to providing accurate information presented in a professional manner and that regular ongoing liaison occurs; and
- **Support** – provide corporate support to the business.

3.2 LRS STAFF

At 1 July 2004, LRS had 46 full-time equivalent officers (FTE): 19 in Central Office, Canberra, and a total of 27 regional staff in New South Wales, Queensland, South Australia, Western Australia and Victoria.



3.3 FORWARD PLANNING FOR 2004-05

The LRS Management Team conducts a regular planning conference to set priorities, review outputs and discuss issues, such as performance indicators and resource allocation.

LRS activities are planned well in advance, but our dynamic external operating environment means unforeseen factors requiring an immediate response occasionally arise. Therefore we need to be flexible in our planning.

All regional managers prepare field inspection programs in line with risk profiles and inspection dates. The program is integrated with special, target and industry integrated audits to form a national program.

Each month a management team teleconference is held to monitor progress against output plans and deal with general management matters.

LRS has also implemented a network group of key staff operatives who look at a broad range of issues, and explore methods of addressing and improving these areas.

In line with the Department's People Management Principles, all LRS officers complete their performance agreement each July and are subject to quarterly review. The performance agreements feed into each team's project plans and the LRS and the Department's outcomes to ensure maximum productivity.

4. KEY PRIORITIES AND TASKS

Key Priorities	Key Tasks
<ul style="list-style-type: none"> delivering levies collection and debt management services 	<ul style="list-style-type: none"> introduction of Phase II of the LRS Business system maintain alternate record inspection methods including target record inspections of higher risk levy intermediaries, desk record inspections, utilising our Business system as a monitoring and compliance tool and to use more field time to identify non levy payers obtain intelligence from various sources to identify possible avenues of levy leakages and/or shortfalls increase links and networking with key stakeholders focus on levy commodities and producer records
<ul style="list-style-type: none"> providing a continually improving service and business system for our stakeholders 	<ul style="list-style-type: none"> follow up of client satisfaction survey findings review business processes for levy return data entry maintain and enhance our business system to serve the Department's, LRS and stakeholder business requirements more efficiently ensure that our levy intermediary records are properly maintained and accurate obtain stakeholder feedback and act on critical issues raised
<ul style="list-style-type: none"> providing an effective legislative and policy framework for levies administration 	<ul style="list-style-type: none"> implement recommendations of the legislative review which include streamlining levy legislation to allow better protection of levy income and clearer lines of levy liability develop policy positions to ensure consistent application of legislation ensure smooth introduction of new levies and changes to existing levies
<ul style="list-style-type: none"> meeting our internal and external accountability requirements 	<ul style="list-style-type: none"> improve financial reporting processes improve analysis of levy revenue against budget enhance processes for recovery of low level penalty debt refine accounting controls and procedures
<ul style="list-style-type: none"> supporting our staff to ensure they have the appropriate skills, information and knowledge 	<ul style="list-style-type: none"> ensure ongoing maintenance of web based tutorials and policy and procedural scenarios which give staff the tools to better understand levy liability

	<ul style="list-style-type: none"> • ensure staff participate in key learning and development priorities identified by staff and management • knowledge-sharing projects • develop commodity expertise • workforce management • nurture team performance and relationships to enhance motivation of staff
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5. ACHIEVING OUR OBJECTIVE

The table below reiterates our objective and outputs, and lists the indicators we consider when evaluating our achievements against the intended objective.

To provide excellence in levies administration for our stakeholders

OUTPUTS	PERFORMANCE MEASURE	MEASUREMENT TOOL
Completeness of Collection	<ul style="list-style-type: none"> • identify and minimise debt level • collections meet budget forecast • ensure timely recovery of outstanding returns • dollars (\$) collected as a result of record inspection • numbers of new/potential levy payers 	<ul style="list-style-type: none"> • revenue comparison to industry indicators • less instances of debt in excess of 90 days • number of debtors as a percentage of all payers • number of programmed record inspections • number of interventions • number and percentage per commodity
Legislation and Policy	successful implementation of: <ul style="list-style-type: none"> • new levies • changes to existing levies • accurate advice 	<ul style="list-style-type: none"> • timeframes met • industry and Government expectations satisfied
Financial Accounting	<ul style="list-style-type: none"> • delivery of quality levies administration within budgeted resources • accurate financial and management reporting • accountability/audit requirements met • provide timely and accurate disbursement and reporting of levies 	<ul style="list-style-type: none"> • delivery of outputs within budget • optimal use of available resources • reconciled and timely payments • information updated and maintained on the Department's website • cleared finance statements • up to date procedures • percentage of disbursements paid by due date

Information & Support	<ul style="list-style-type: none"> • provide timely and accurate information about levies • provide information to levy payers • education of levy payers about how levy money is being utilised • information readily available to stakeholders 	<ul style="list-style-type: none"> • percentage of reports without errors • percentage of reports delivered by due dates • client satisfaction with reports • increased awareness of marketing and research and development programs
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6. OPERATING ENVIRONMENT

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

6.1 STAKEHOLDERS

LRS is strongly committed to providing quality service to all stakeholders by encouraging feedback to help us assess how well we are meeting our outputs.

Our main stakeholders include:

- **Government** - portfolio Ministers, Parliamentary Secretary, other Commonwealth Departmental Ministers and other areas of the Department;
- **Levy beneficiaries** - producers, industry organisations, marketing and promotion bodies, research bodies and industry generally; and
- **Other interested parties** – levy payers, levy-paying intermediaries and their representative organisations.

In line with the Department's Client Service Charter, we are committed to acting in a way that is:

- prompt;
- accurate;
- professional;
- open;
- objective;
- unbiased;
- respectful;
- sensitive to client needs;
- fair;
- accountable;
- accessible; and
- based on sound business practice.

6.2 INTERNAL ENVIRONMENT

Developing and maintaining effective relationships with stakeholders is imperative to our business and influences the management of our internal environment to ensure the threat of risk is minimised.

The majority of our budget is provided through cost recovery from the levy recipient organisations. In the 2003-04 financial year our costs amounted to just over \$4.4million. Recognising that the number of levies and collection points are increasing each year, it is essential that we manage our costs efficiently to achieve our statutory requirements.

Salary increases and incremental advances also affect operating costs. LRS has passed on cost increases as a result of the Department's Certified Agreement and incremental advances.

The implementation of our business system has significantly reduced our exposure to risk. The threats posed by system failures have been met with careful monitoring of the system's operation and ensuring we have the necessary back up and controls in place.

The combination of our business system with our client management database was finalised on 1 July 2004. This will allow us to better manage our accounts on a national basis.

Our training and recruitment program has resulted in highly competent and professional staff skilled to meet our challenges. Our commitment to our staff is reflected in the use of our 'people plan' to address important issues such as learning and development, succession, skills and knowledge, recognition, recruitment and skills retention.

6.3 EXTERNAL ENVIRONMENT

Domestic and international market and trade policy changes, economic and environmental influences and industry changes all impact on stakeholders. These factors can represent both threats and opportunities.

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.

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.

Opportunities can also arise where market expansion and the development of new industries or existing industries seeking the introduction of new levies leads to increased collections.

The collapse of levy payer companies and businesses represents a significant threat to the value of collections, as liquidators may never recover preferential payments. To address this issue the LRS has procedures and business systems in place ensuring that adequate protection and capabilities are within legislation and minimise risk.

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

7. FINANCIAL RESOURCES

To ensure our business is operating in an efficient and cost effective manner, it is essential that all expenditure be monitored.

The table below sets out our budget for 2004-05.

Levies Revenue Service Budget

Full Time Employment (FTE)

Base Salary	2,342,523
Annual Leave	217,281
Long Service Leave	99,486,
Superannuation	507,556
Other Employee On-costs	10,008
Higher Duties	12,000
Overtime	15,000
Staff Development	45,000
Total Employee Expenses	3,248,854

Consultancy Services

Consultants	2,700
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IT Comms and Office Equipment

Ipex data network costs	34,992
Phoenix (LRS Business system) development, depreciation and support	492,000
Ipex MACs (moves/adds/changes)	5,495
Ipex Equipment	154,636
Computer Software Maintenance	8,496
Telecommunications	30,301
Voice communication services	3,996

Memberships & Conferences

Conferences	9,600
Contributions and Membership Fees	163

Property & Accommodation

Property Operating Expenses	174,240
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Temporary and Contract Staff

Contractors	24,960
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Travel

Domestic Travel	160,000
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Vehicles

Vehicle charges	121,884
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Legal

Legal Costs (Minter Ellison)	20,000
Legal Costs (Other Providers)	30,000

Publications/Marketing

Purchase of Publications	1,367
Public Relations and Marketing	1,008
Production of Publications	16,500

General Office Supplies

Stores & consumables	30,000
General Copying	15,000

HR Services

HR Support Service (HR Contracts)	3,049
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Other Administrative

Other Admin Expenditure	14,000
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Total Supplier Expenses **1,354,387**

Depreciation Expenditure - Furniture and Fittings **4,147**

Total Depreciation & Amortisation **4,147**

Corporate expenses allocated to LRS **470 715**

Total Expenses **5 078 103**

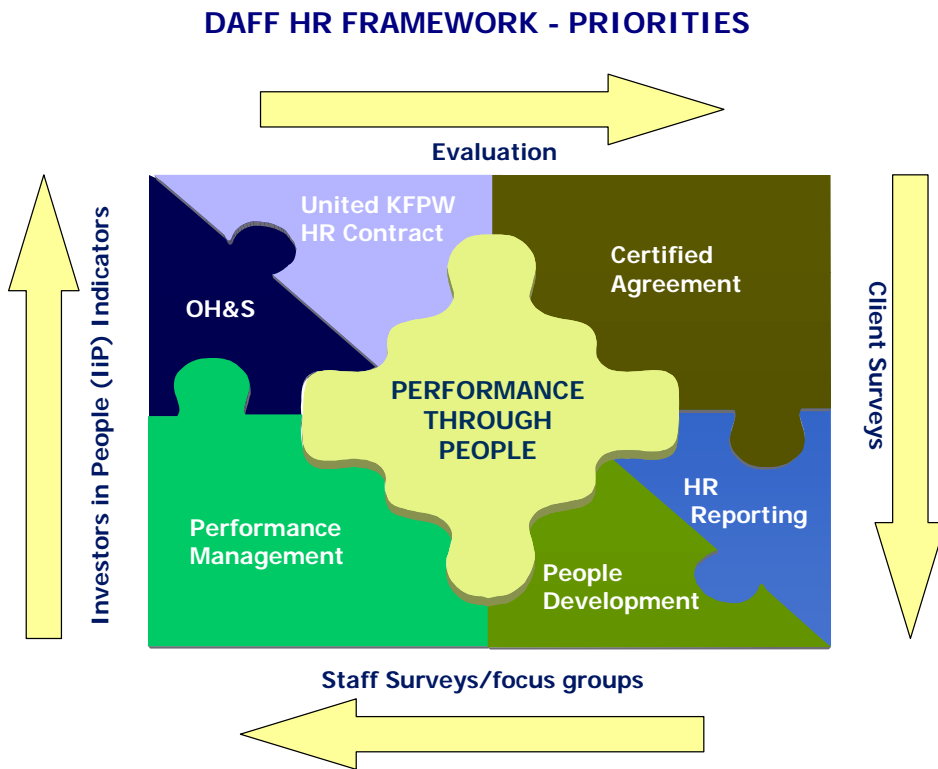
Estimated Non Appropriations Revenue**Not Internal Charging**

Section 31 Levies Income **5,078 103**

Total Non Appropriations Revenue **5,078,103**

8 OUR PEOPLE

The Department has identified six key human resource management priorities to advance the implementation of its Performance through People (PtP) Plan as represented in the diagram below. These priorities represent the fundamental 'threads' that run through the Department in terms of human resource management.



Within the Department's broader Human Resources (HR) priority framework, the HR priorities for LRS in 2004-05 are outlined below.

HR Priority	Strategy	Evaluation
Learning and Development	<ul style="list-style-type: none"> • a systematic and integrated approach that links and fosters the learning and development of the individual with the business development of LRS through: <ul style="list-style-type: none"> - core skills enhancement; - short courses; - on the job training and staff rotation; - special projects; - study at tertiary institutions; and - individual learning agreements 	<ul style="list-style-type: none"> • staff surveys and feedback to ensure performance is measured • post training evaluations • skills audit and diagnosis • professional development and training feedback • outcomes recorded and reported internally through presentations or written form • business performance
Performance Management	<ul style="list-style-type: none"> • identify key learning strategies • regular and open discussions and feedback • self assessment • quarterly performance review discussions • counselling 	<ul style="list-style-type: none"> • work plans • learning agreements • work level standards • performance feedback
Workforce planning	<ul style="list-style-type: none"> • analyse current and future workforce • identify internal and external factors influencing our business • ensure staff and their skills align with our services • forecast future workforce planning • develop strategies to meet future workforce needs 	<ul style="list-style-type: none"> • work plans • learning agreements • work level standards • performance feedback • business performance

9. COMMUNICATION

Communicating effectively with stakeholders is central to achieving our objective and outputs and enables us to demonstrate our professionalism, commitment and results.

Communication Priority	Key Stakeholder(s)	Communication Strategy	Evaluation
Accuracy and efficiency	Corporations Levy payers Industry Government Corporate legal Internal Management	<ul style="list-style-type: none"> review and refinement of written information provided to stakeholders to ensure that it is accurate and meets the needs of recipients ensuring that staff have the appropriate knowledge and skills to deal with direct inquiries 	<ul style="list-style-type: none"> from current client satisfaction surveys feedback phone calls
Accessibility	Corporations Industry Levy payers Internal stakeholders	<ul style="list-style-type: none"> provision of accessible information both on the Department's website and the intranet 	<ul style="list-style-type: none"> from current client satisfaction survey
Professionalism	Corporations Levy payers Industry Government Internal management	<ul style="list-style-type: none"> ensuring that written information provided is of a high quality and that staff have the appropriate skills to provide professional communications in all areas 	<ul style="list-style-type: none"> from current client satisfaction survey

10. RISK ANALYSIS

An understanding of the risks we face is fundamental to the success of our business.

It should be noted that the management of those risks has been a natural outcome of LRS' business approach. However, we are increasingly being required to demonstrate evidence of a systematic approach to the identification, analysis, treatment, and monitoring of risk.

Business Risk Register

The Risk	Impacts	Current Risk Rating	Treatment Strategies	Revised Risk Rating	Implementation	Monitoring and reporting
					Responsible officer Completion date, milestones and dates	<i>Effectiveness/ performance indicators</i>

Corporate Risk 1: Failure to implement priority programs

Failure to implement new levies or changes to levies on time.	Levy revenue collection could be lower than expectations. Possibility of pursuing any outstanding money from expected day of levy implementation could cause significant embarrassment to DAFF and Ministers.	Moderate	Legislative framework, check lists across sections. Communication with key stakeholders.	Moderate	LRS Policy Division, Industry Ongoing	Provision of an effective framework for levies operation. Review of new levies implemented against requirements of key stakeholders.
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Corporate Risk 2: Inadequate planning and failure to position for the future

Failure to forward plan could impact on our ability to meet statutory obligations in the collection and administration of levies.	Lower than expected levy collections and payments to industry. Higher instances of unknown debt. More resources would be required to pursue and administer levy money.	Moderate	LRS Business Plan. Financial and collection Procedures in place. Monthly Monitoring of performance.	Low	LRS Management Team – Annually	Review of activities against outcomes detailed in business plans. Monitor and report monthly.
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Corporate Risk 3: Poor financial management/ governance

Inaccurate posting of revenue expenses and debtors Incorrect calculation of payments.	Possibility of over paying out more than receipted or legislation allows.	Medium	Monthly Monitoring of budgets, expenditure against cash flows, financial control model, new business system, current policy and procedures on intranet.	Low	Ongoing	Review of controls and procedures to ensure accuracy of records. Monitoring of levies funds collected and disbursed.
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Corporate Risk 4: Inadequate management of the department's public image

The perception of compliance work by the public. Failure to provide accurate and accessible information to levy stakeholders.	The nature of compliance work with the general public could lead to perception of DAFF LRS staff as uncooperative. Information that is	Low	Information available on website, staff awareness of public liaison, processes in place to ensure accurate information.	Low	Ongoing	Monitoring of provision of information and advice to clients and stakeholders as per agreed timeframes.
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	not accurate and accessible could lead to incorrect levy collection payments or non-payment and the perception that DAFF staffs are inefficient.					Monitoring of feedback from levy stakeholders.
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Corporate Risk 5: Inadequate contingency planning

Failure to have system back up plans in place.	The inability to record collections and make timely payments. Unable to record levy payer data intelligence.	Low	System recovery plans in place.	Low	ISC LRS	Regular review of system recovery plans.
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Corporate Risk 6: Inadequate management of outsourced arrangements

Not applicable						

Corporate Risk 7: Failure to effectively implement people management priorities

Disperse location of offices working alone in field. Staff insufficiently skilled to administer complex and changing legislation.	Inadequate skilled back up in individual regions. OH&S issues Pressure to accept gifts or not pursue levy liability.	Moderate	Succession plans Performance and learning agreements Regular meetings and conferences Web based tutorial, Regular changing of areas of responsibility. Regular updates of policy and procedures.	Moderate	Ongoing. Continuation of utilisation of succession plan.	Review of resource needs against available resources.
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Other risks: Failure to effectively develop and implement levies legislation

Complex legislation to administer.	Unable to properly define exact liability across the broad range of commodities.	Moderate	Staff have legal skills. Seek involvement in drafting legislation. QA program across the application of legislation to maintain consistent treatments.	Moderate	Ongoing	Regular review of legal skills. Monitoring of application of legislation.
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Appendix 1 – Levy Related Legislation

Australian Animal Health Council (Livestock Industries) Funding Act 1996

Australian Meat and Livestock Industry Act 1997

Australian Wine and Brandy Corporation Act 1980

Dairy Adjustment Levy (Customs) Act 2000

Dairy Adjustment Levy (Excise) Act 2000

Dairy Adjustment Levy (General) Act 2000

Dairy Produce Act 1986

Egg Industry Service Provision Act 2002

Horticultural Marketing and Research and Development Services Act 2000

National Cattle Disease Eradication Reserve Act 1991

National Residue Survey (Customs) Levy Act 1998

National Residue Survey (Excise) Levy Act 1998

National Residue Survey Administration Act 1992

Pig Industry Act 2001

Plant Health Australia (Plant Industries) Funding Act 2002

Primary Industries (Customs) Charges Act 1999

Primary Industries (Excise) Levies Act 1999

Primary Industries and Energy Research and Development Act 1989

Primary Industries Levies and Charges Collection Act 1991

Wheat Marketing Act 1989

Wool Services Privatisation Act 2000