Australian Government

Department of Agriculture, Fisheries and Forestry

Guide to agricultural levy proposals

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Department of Agriculture, Fisheries and Forestry
GPO Box 858 Canberra ACT 2601
Telephone 1800 900 090
Web agriculture.gov.au

Acknowledgement of Country

We acknowledge the continuous connection of First Nations Traditional Owners and Custodians to the lands, seas and waters of Australia. We recognise their care for and cultivation of Country. We pay respect to Elders past and present, and recognise their knowledge and contribution to the productivity, innovation and sustainability of Australia's agriculture, fisheries and forestry industries.

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Purpose and scope

This guide aims to support agricultural, fisheries and forestry industries and their representatives through the process of developing a proposal to establish or change a legislated levy or charge (levy) on their products. The guide complements the Australian Government's 'General principles applying to proposals for new and amended primary industries levies and charges' (Levy principles, see Appendix A).

More than 70 agricultural, fisheries or forestry products are levied already. New levies continue to be established, mostly for emerging industries. Changes to existing levies can include adding or removing a levy component, changing the rate of a component or changing any other aspect of the levy.

Industry-led new levies and changes to levies require a levy proposal. The length and level of detail needed depend on the nature of the proposal, the size and structure of the industry and other factors.

Levy proposals are usually developed by industry representative bodies (IRBs). IRBs may also be named under the agricultural levies legislation as bodies that have to be consulted on levy rate changes and may make recommendations on rates.

Where a polling body is named under the legislation for a levy component rate, the legislated poll process must be followed.

This document outlines how to develop a levy proposal, including the usual steps that need to be worked through:

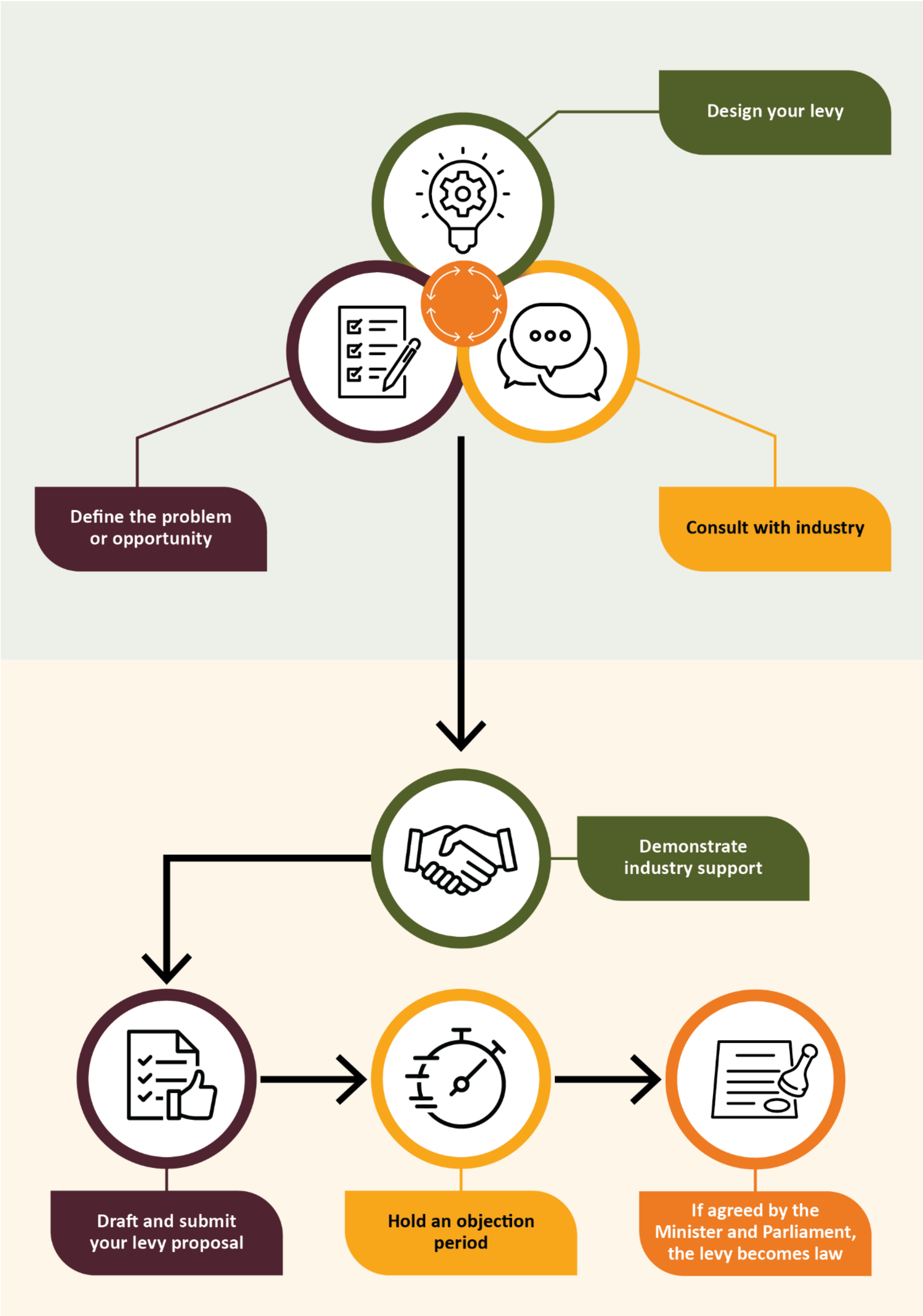
1) defining the problem or opportunity (only for new levies or levy components)
2) designing the levy
3) consulting with industry
4) demonstrating industry support
5) drafting and submitting the levy proposal
6) holding an objection period
7) bringing the proposal into law.

All references to 'levies' in this guide can be taken as meaning levies and charges imposed under the Legislative framework and explained in Levy purposes.

If you are considering a new levy on services that facilitate the production of agricultural products – such as pollination services, contact the Department of Agriculture, Fisheries and Forestry for specific advice.

If you are considering a component for a new purpose, consider whether market failure exists for that purpose or activity (see levy principle 1 in Appendix A) and consult the department.

Figure 1 Usual process for establishing or amending a levy



About the levy system

The Australian agricultural levy system is a partnership between agricultural, fisheries and forestry industries and the Australian Government – working together to grow a stronger, more productive and sustainable future.

At the request of industry, the government imposes levies and charges (levies), which are types of taxes, on agricultural, fisheries and forestry products to fund these purposes:

- research and development (R&D)
- marketing
- biosecurity activities
- biosecurity responses
- residue testing.

Generally, industries decide whether they want a levy, for which purposes, how it would be imposed and collected and what the rate would be. The levy rate is the total of the components that fund each purpose.

When developing a levy proposal, industry consults with those that would be affected. The Minister for Agriculture, Fisheries and Forestry considers a levy proposal and, if agreed, progresses it through the parliamentary process to become law.

Levy and charge payers (levy payers) pay levies directly or through collection agents to the department. The department disburses levies to levy recipients which invest the amounts in the activities for which they were imposed:

- 15 research and development corporations (RDCs) invest in R&D and marketing
- Animal Health Australia (AHA) and Plant Health Australia (PHA) fund biosecurity activities and biosecurity responses
- the National Residue Survey (NRS) in the department funds residue testing.

Without this arrangement most individual businesses could not invest effectively in these important activities.

The government also matches most RDCs' qualifying R&D expenditure up to legislated limits. Matching arrangements differ for some bodies.

Legislative framework

The levies legislative framework provides for the imposition, collection and disbursement of levies. Acts and instruments include:

- Primary Industries (Excise) Levies Act 2024 and Primary Industries (Excise) Levies Regulations 2024

- Primary Industries (Customs) Charges Act 2024 and Primary Industries (Customs) Charges Regulations 2024
- Primary Industries (Services) Levies Act 2024
- Primary Industries Levies and Charges Collection Act 2024 and Primary Industries Levies and Charges Collection Rules 2024
- Primary Industries Levies and Charges Disbursement Act 2024, Primary Industries Levies and Charges Disbursement Rules 2024 and Primary Industries Levies and Charges Disbursement (Declared Bodies) Rules 2024.

Levy purposes

Levies can be established for 5 purposes, which are reflected in the legislation as levy components. The funds collected can be used for:

1) R&D activities
2) marketing activities
3) biosecurity activities
4) biosecurity response activities
5) National Residue Survey activities.

Levy components must be used for the purpose they were imposed to fund and cannot be used for agri-political purposes.

Research and development

RDCs use R&D levy components to fund research and development activities, which include extension.

The government also generally matches R&D expenditure by RDCs up to legislated limits.

Investment in R&D helps drive agricultural innovation and increased productivity.

Marketing

RDCs use marketing levy components to fund marketing activities.

Investment in marketing, advertising and promotion boosts local and international demand for Australian agricultural products.

Biosecurity activities

AHA and PHA use biosecurity activity levy components to fund biosecurity activities.

Investment in biosecurity activities protects agricultural industries against pests and diseases.

AHA and PHA partner with government and industry to enhance animal and plant health. This work includes, but is not limited to, preparedness, prevention, biosecurity response and management.

Biosecurity responses

Biosecurity response levy components are primarily used to pay industry contributions to responses under the Emergency Plant Pest Response Deed (EPPRD) and the Emergency Animal Disease Response Agreement (EADRA). These deeds outline the responsibilities and activities of government and industry signatories in the event of an incursion or outbreak and set out arrangements for cost-sharing responses between affected parties.

These arrangements allow for Australian Government underwriting of industry contributions. Where this occurs, a biosecurity response levy may be used to repay that debt.

Residue testing

The NRS uses NRS levy components to fund residue testing and associated activities.

Funding of residue testing helps demonstrate products are safe and meet requirements of countries that import Australian agricultural products.

Key players

Levy payers and charge payers

- are the people who must pay a levy or charge under the legislation directly or through a collection agent
- are generally owners, growers, primary producers, processors, importers or exporters of products on which a levy or charge is imposed.

Collection agents

- are not levy or charge payers
- are generally responsible for collecting levies and charges and giving returns on behalf of levy and charge payers
- operate at identified narrow points in the supply chain, which are generally the most cost-effective points to collect levies
- may be a selling agent, buying agent, business purchaser, exporting agent, importing agent, processor, seller or proprietor of an abattoir or processing establishment.

Industry representative bodies

- generally propose, consult on and present a levy proposal to industry
- usually present the industry-supported proposal to the department and the minister
- may be named in legislation as a nominated industry representative body (NIRB) that must be consulted about rate changes
- may be declared to be a representative organisation (RO) in relation to a statutory RDC.

Department of Agriculture, Fisheries and Forestry

- supports and advises industry on the policy and processes for establishing or amending a levy
- advises the minister on whether a levy proposal addresses the levy principles and on the regulatory impact of the proposal
- is responsible for administering levies legislation, including receiving the levy returns, paying the amounts collected to levy recipients and conducting compliance inspections and activities. The department recovers the cost of these activities.

Minister for Agriculture, Fisheries and Forestry

- receives levy proposals and considers whether majority industry support is demonstrated
- decides whether to progress changes to levies, or introduce new levies, in the legislation.

Levy recipients

- manage and spend levy amounts on behalf of levy payers for the purpose they were imposed to fund in line with industry, government and legislated priorities (in the case of biosecurity response components)
- RDCs receive and use matching payments for eligible R&D activities.

There are 18 levy recipients: 5 statutory RDCs, 10 industry-owned RDCs, AHA and PHA, and the NRS.

Statutory RDCs

- Cotton Research and Development Corporation
- Fisheries Research and Development Corporation
- Grains Research and Development Corporation
- AgriFutures Australia (Rural Industries Research and Development Corporation)
- Wine Australia.

Industry-owned RDCs

- Australian Eggs Limited
- Australian Livestock Export Corporation Ltd (LiveCorp)
- Australian Meat Processor Corporation
- Australian Pork Limited
- Australian Wool Innovation Limited
- Dairy Australia Limited
- Forest and Wood Products Australia Limited
- Horticulture Innovation Australia Limited
- Meat & Livestock Australia Limited
- Sugar Research Australia Ltd.

Other levy recipients

- Animal Health Australia (AHA) (Australian Animal Health Council Limited)
- Plant Health Australia (PHA)
- National Residue Survey (NRS) in the department.

Learn more about current levies and charges on our website.

1 Define the problem or opportunity

To make a strong case for a new levy or a new levy component – first, to levy payers and then to the minister and government – clearly define the problem or opportunity you are trying to address. That problem or opportunity needs to suffer from market failure (see levy principle 1 in Appendix A). For case studies, see Appendix B.

Market failure occurs when the benefits of investing cannot be limited to the businesses that pay for it, allowing others to receive the benefits for free (free riders). Over time, a small number of people invest but a large number benefit from their investment. Where there are free riders, paying contributors are discouraged and important investments fall. The 5 levy purposes fund activities where collective industry investment can overcome market failure. Through the levy system, the government imposes levies so that those who benefit also contribute fairly to funding the investment. Activities that small-to-medium enterprises could not fund individually can occur with industry-wide access to the benefits.

For example, Australian farmers have a limited capacity to individually conduct or invest in R&D and marketing, because around 76% of broadacre farms are small and medium enterprises with an annual turnover of less than $1 million. There may also be limited incentives for private investment in R&D and marketing because it is difficult to prevent others from accessing the benefits.

Demonstrating market failure is less important when reviewing an existing levy and only the levy rate is proposed to be changed. Market failure will have been demonstrated when the levy or component was first set up.

1.1 Questions to consider

These questions should help you describe the need to establish or amend a levy:

- Does the 'product' you would like to impose a levy on fit the meaning of 'produce of a primary industry' in the legislation (see section 2.1.1)?
  - If not, your levy proposal may not be possible under the legislative framework.
- Does the problem or opportunity relate to one or more of the following purposes: R&D, marketing, biosecurity activities, biosecurity response or residue testing?
  - If not, your levy proposal may not be possible under the legislative framework.
- What is the problem or opportunity? What is the market failure?
  - Does the activity you want to fund suffer from market failure or are there alternative sources of funding available to address the problem or opportunity?
  - Can the benefits of investing be captured by individual businesses acting alone or are there free riders benefiting from the investments of a few?
  - Does the problem or opportunity affect all industry participants? Is collective investment the best solution?
  - Are industry needs currently not being met?

- What outcome is your industry trying to achieve and what barriers are you facing? For example
  - Are there new technologies or practices requiring further R&D?
  - Does the industry need to build or maintain demand for a product in export markets?
  - Are there biosecurity risks the industry needs to manage?
  - Does the industry need a biosecurity response levy component that is ready to increase if there is an exotic pest or disease outbreak?
  - Is there an export market that requires residue testing on your products?

Use your answers to the questions to draft the first section of your proposal (see section 5.1).

2 Design your levy

This chapter is about designing the technical elements of your levy to best address the problem or opportunity identified in chapter 1. For case studies, see Appendix B.

Well-designed levies cost less to collect, are easier to administer, affect levy payers fairly and impose the least cost necessary on levy payers and collection agents. Cost-effective design is important because the department recovers the cost of administering each levy from levy funds.

Levies are imposed on 'products' that are 'produce of a primary industry' (with 2 exceptions), which is defined in the Legislative framework.

The legislation supports levies for 5 activities: R&D, marketing, biosecurity activities, biosecurity response and national residue survey.

2.1 Key elements of levy design

For a new levy, your levy proposal should:

1) define a product to impose a levy on and the circumstances when the levy is imposed (the imposition point)
2) identify any exemptions – when the levy would not be imposed
3) describe the activities you want to fund and the total rate
4) identify who would be the levy payer or charge payer
5) determine how the levy or charge would be collected, and how frequently.

You may need to test different ideas with industry before you settle on a final proposal.

If your proposal is limited to changing a rate, you do not need to discuss aspects of the levy that are not changing.

2.1.1 Define the product and circumstances when levy is imposed

Define the product that the levy would be imposed on and the circumstances when the levy would be imposed. Circumstances may include the purpose the product is used or sold for and the place where levy is imposed.

The 'product' needs to be 'produce of a primary industry'. These include animals and animal products, plants and plant products, fungi and fungus products. A levy could also be imposed on algae and algal products such as seaweeds.

Common circumstances when a levy is imposed on a product include when it is:

- sold
- slaughtered
- processed
- used in the production of other goods

- exported
- imported.

It may be useful to include the *purpose* the product is intended to be used for. This can target the circumstances when a levy is imposed.

Example of using a purpose in an imposition point

Some levies are imposed on the slaughter of an animal for human consumption. Animals that are slaughtered for animal consumption would not be levied.

The *place* where levy is imposed may also be relevant to the circumstances when levy is imposed.

Example of using a place in an imposition point

Sugarcane levy is imposed on cane when it is either:

- sold to a processor for processing at a processing establishment, or
- processed by a processor at a processing establishment in Australia.

Sugarcane levy is imposed in 1 of 2 circumstances: on sale to or on processing by a specific person (a processor) for processing at a specific place (a processing establishment).

A processing establishment means business premises where the product (sugarcane) is processed. Sugarcane processed at a person's home would not be levied.

When determining when the levy is imposed (the imposition point), consider whether any other commodity would be affected and what you can do to avoid unintended consequences. For example, levying a product that is an input into another levied product could lead to levies on both. Consult with the affected industry about the potential impact of your proposal. Consider whether reframing your imposition point or using an exemption could be useful.

2.1.2 Identify exemptions

Exemptions are not always needed, but they can be useful for excluding low-value products, non-commercial uses or small producers from being levied. This can improve the cost-effectiveness of the levy by reducing collection and compliance costs.

Common exemptions include where:

- the product is unfit for human consumption
- the product is used for domestic or non-commercial purposes
- the product is to be consumed by the producer, members of their family or on their premises
- the person is liable for levy lower than a specified amount or on a quantity below a set threshold
- the person's total production is below a prescribed quantity or weight
- a levy has already been imposed on the product.

2.1.3 Describe levy rate and purposes

The rate and calculation of a levy must be related to the product and circumstances when the levy is imposed. To determine the total rate, you also need to know which of the 5 purposes are to be funded and how much funding is required for each component. The total levy rate is the sum of the components.

The rate is either a monetary amount (in dollars or cents) or a percentage that is multiplied by a unit or value to arrive at a rate. You can calculate the rate on the volume or on the value of the product.

Volume-based rates

Volume relates to a unit that can be counted or measured in the sale, production or processing of the product. These rates are generally expressed as a monetary rate per quantity. The unit should be stable and well understood in the industry.

Examples of volume-based rates

Dollars or cents:

- per kilogram or per tonne of the product
- per head or per item (e.g. tray or bale) of the product
- per square metre or cubic metre of the product.

Volume-based rates:

- mean that the levy payer pays the same amount of levy per unit whether the price of the product rises or falls
- generate the same amount for investment whether prices are high or low
- do not reflect variations in product grade, quality or price
- generally lose value over time due to inflation unless rates are regularly changed.

Value-based rates

Value (also called *ad valorem*) is expressed as a percentage of the price of the product (if there is a sale) or a percentage of the market value of the product at a particular time (if there is no sale).

Examples of value-based rates

A percentage of:

- the sale price of the product
- the market value of the product when it is processed
- the free-on-board value of the product.

Value-based rates:

- mean that the levy payer pays a consistent percentage of their income from the product in levy
- mean that amounts collected increase when prices are high and fall when prices are low

- can reflect variations in grade or quality
- require less frequent adjustment of rates because funds raised for that purpose keep up with market prices.

How to calculate your rate

To work out your total levy rate, determine how much funding is required to pay for the activities industry wants to fund, how much the levy will cost to collect and administer and how the cost can be divided up between production. For example:

- total the funding amounts you need each year and the amount required to collect and administer the levy
- divide the total between the number of units that would be levied.

Figure 2 Levy rate formula

$$\textit{rate} = \frac{\text{amount required per year} + \text{the amount required to administer the levy collection}}{\text{number of units per year}}$$

Example of how to calculate a rate

You estimate that you need $100,000 for R&D and $20,000 for residue testing each year. To calculate your rate:

1) Work out the number of units or the value of production that could be levied. You estimate production to be 1 million kilograms of product each year.

2) Estimate (with the department's help) what collection might cost each year. The estimate is $12,000 (this is not an indication of actual departmental costs, which can vary).

3) Add the amounts required to the estimated collection costs. The result is $132,000 funding required each year.

4) Divide the total funding required each year ($132,000) by the units that would be levied each year (1,000,000 kilograms). The result is $0.132 per kilogram.

The levy rate formula: $0.132 = \frac{120{,}000+12{,}000}{1{,}000{,}000}$

The rate is $0.132 per kilogram or 13.2 cents per kilogram.

When determining possible rates and units, consider:

- the total funding required to address the problem or opportunity
- that R&D spending might attract Commonwealth matching, which you could include in your calculations
- department collection costs
- using round numbers, which work better for accounting systems
- the impact on payers and affordability
- the units commonly used in the industry and whether the rate is easy to calculate

- equity among payers
- how regularly you wish to review your levy or charge
- whether the funding raised would support adequate levels of investment.

2.1.4 Levy payer and charge payer

The levy payer is the person legally required to pay a levy. The charge payer is the person legally required to pay a charge. These are the people who vote on levy proposals and benefit from levy investment.

Examples of levy payer and charge payer definitions

Common levy payer definitions:

- the person who owns the product immediately before sale, processing or use in the production of other goods
- the person who owns the product immediately after it was harvested
- the person who owns the product at the time of slaughter or processing
- the person who owns the product immediately before a transaction is entered into
- the proprietor of the hatchery, abattoir, winery or processing establishment.

Common charge payer definitions:

- the person who exports the product from Australia
- the person who owns the product immediately before it is loaded on the ship or aircraft in which it is exported from Australia.

2.1.5 Nominate collection points and payment frequency

Collection points and collection agents

Levies are generally collected from multiple levy payers by a collection agent at a narrow point in the supply chain. The collection agent forwards levy amounts to the department on behalf of the levy payers, alongside a return form or online return detailing levy amounts. This is generally more cost-effective than individual levy payers paying directly to the department.

Collection agents

Typically, collection agents are involved when the levy is imposed on multiple levy payers – in the sale, processing, slaughter, export and import of products. For example:

- If the levy is imposed on the sale of a product, the collection agent could be the levy payer’s selling agent, the purchaser’s buying agent or the purchaser themselves.
- If the levy is imposed on the processing of a product, the collection agent would likely be the processor.
- If the charge is imposed on export of a product, the collection agent would be the exporting agent.

No collection agent

In cases that do not involve a collection agent, the levy payer pays their own levy and gives their own return to the department.

A person can be a collection agent for someone else, but a levy payer in their own right.

Example of being a collection agent or a levy payer

An abattoir may slaughter animals for others and act as collection agent. The abattoir may also own and slaughter animals and pay directly to the department as a levy payer.

Generally, a smaller number of collection points leads to a more cost-effective levy. Collection points should be stable, efficient and practical. Collection agents need to be able to collect amounts and information to pass on to the department without an unreasonable burden.

Collection agents as a group should be consulted as part of the proposal process and agree to their role.

Questions to consider

When identifying collection points, consider your industry and supply chain partner characteristics.

- Are there large numbers of small levy payers or a mix of small and large levy payers?
- Will most levy payers use 1 or 2 collection points (such as sale or processing)? What are they?
- Will some levy payers have to pay directly to the department? Is that a problem?

Levy year, payment and return frequency

Identify when the levy or charge would start and finish in a year. Levies operate on 12-month periods in the levies legislation, also called a 'levy year'. The levy year is usually arranged around industry-specific timings – such as breeding or harvesting cycles, business cycles or other cycles relevant to the industry. The levy year influences when payments and returns must be given, allows payers and agents to apply for annual exemptions and meet record-keeping obligations.

Examples of levy years

Common levy years include:

- a financial year (1 July to 30 June)
- a calendar year (1 January or 31 December)
- a 12-month period starting on 1 March, 1 April or 1 October.

You also need to identify how frequently payments and returns would be required, to align with business practices or peak periods in the industry. Design payment and returns obligations to create minimal burdens on levy payers and collection agents.

Generally, payments and returns are due monthly, quarterly, biannually or annually.

Consider which arrangements are appropriate for your industry, accommodate small and large payers and collection agents, and align with collection agents' business practices.

3 Consult with industry

Consultation is a major part of a successful levy proposal process (see levy principles 2 and 12 at Appendix A). Before a levy, or changes to a levy, can be made, the minister must be satisfied that consultation required by the legislation has occurred. For case studies see Appendix B.

Consulting with industry is about:

- testing the levy options you developed in chapter 1 and chapter 2 with the people and organisations they would affect
- refining your proposal based on feedback from consultation before you proceed to demonstrating support (see chapter 4).

Your proposal to government should include details of:

- when, how and with whom you consulted
- what stakeholder views, feedback and concerns were received
- how your proposal has evolved to reflect the feedback you received
- the final proposal on which stakeholders were consulted.

For an introduction to the levy system, see About the levy system. You could include this information as background in your consultation with industry.

3.1 Principles for consulting with industry and demonstrating industry support

Consider these 5 principles when consulting with industry (chapter 3) and demonstrating industry support (chapter 4):

1) accessibility
2) impartiality
3) clarity
4) coverage
5) accuracy.

The principles apply whether you are consulting current levy payers about changing an existing levy or potential levy payers about a new levy.

Accessibility

Offer all actual and potential levy payers an equal opportunity to have their say. The size, geographic distribution and other features of your industry will influence the methods you use to consult with industry and demonstrate industry support. For example:

- **small number of levy payers in a limited geographic area** – discussing the proposal and taking a vote at a publicised industry meeting may be appropriate

- **large number of levy payers that are widely dispersed** – a series of regional meetings or a combination of media and online activities might be appropriate. A final ballot or other voting activity that allows levy payers and potential levy payers to decide on the final proposal may be required.

Impartiality

Levy payers should be able to express their opinion without interference or fear of adverse consequences. This might mean either:

- accepting levy payer opinions confidentially or anonymously, or
- involving an independent party to run a consultative process or collect responses.

Levy payers should be confident that when they express their opinion, it will be recorded accurately. For example, postal ballot forms should be handled by an independent party with no interest in the outcome and no motivation to influence the results.

Clarity

Clearly and accurately describe the options being put to levy payers. Ask clear and specific questions.

For proposals with multiple options, levy payers should be able to express their opinion on each option separately. For example, a proposal to increase the R&D rate and decrease the marketing rate should present those ideas in separate questions.

Levy payers should be familiar with all the elements of your proposal. Do not ask levy payers to decide on anything that was not presented during consultation.

Coverage

The method you choose to measure industry support should maximise participation. Low participation rates can reduce the confidence the minister can have in a result. Your demonstration of support – whether a ballot or any other activity – needs to involve as many levy payers and potential levy payers as possible, including those who are not members of an industry representative body.

Not every levy payer will choose to participate in a ballot or other activity to demonstrate support, but it is important to be able to show that all levy payers had the opportunity to do so.

Accuracy

Present an accurate, reliable result.

Your demonstration of support should provide certainty for the minister and give legitimacy to a decision. Levy proposals need to demonstrate that the majority of participating levy payers support the proposal (see chapter 4).

3.2 Who you must consult

You should be able to show that:

- the proposal was widely available and you made reasonable efforts to inform everyone affected by the proposal, including potential and existing levy payers, and their industry representative bodies
- everyone had an opportunity to understand your proposal and to express their views freely
- you consulted with the organisations that would receive the levy (levy recipient)
- you have sought and considered the views of collection agents and their representative bodies, industry representative bodies, and other interested stakeholders.

Use the most effective and cost-effective consultation methods that meet your industry's needs.

As well as contacting your members, consult with any other potential and existing levy payers. You could do this in various ways, such as advertising online, holding meetings, asking levy recipients or collection agents to advertise your proposal.

3.3 How you could consult

Agricultural, fisheries and forestry industries are diverse, so how you consult is up to you. Each industry and proposal will likely require a different consultation approach to ensure you capture levy payer views.

The key is to make your proposal widely accessible, clear and accurate.

Examples of past consultation activities

Past consultation activities have included:

- distributing an information pack outlining the proposed option and what it would achieve
- convening industry forums to explain the proposal, or adding a discussion on the proposal to the agenda of existing events
- meeting with levy recipients to discuss industry priorities and program costs
- circulating a regular update to the industry mailing list or writing a blog about the proposal and its progress
- including discussion articles in industry newsletters or relevant newspapers
- publishing fact sheets on relevant websites or seeking feedback via an online, phone or postal survey
- circulating an issues paper for feedback and then producing a final paper based on feedback received.

This list is a guide only. You do not need to undertake all of the listed activities. You may decide to undertake activities not on the list or a combination of activities to reach levy payers in your industry.

3.4 When or how long to consult for

Consultation has no minimum period requirement – past consultation periods range from 83 calendar days to more than a year. It depends on your industry (such as size, geographical spread and how unified your industry is) and how much support exists for the proposal.

Consultation is about ensuring that:

- stakeholder views are captured and reflected in your proposal
- the proposal put to government is supported by the majority of levy payers.

Your consultation period should:

- be long enough to allow all current and potential levy payers, collection agents, levy recipients and other stakeholders to access and understand your proposal and provide constructive feedback
- take into account peak season in your industry so that everyone has time to consider the proposal.

3.5 Planning your consultation

You may choose to contact the department or representatives of other industries who have gone through the process, to get ideas on how to consult effectively.

Asking yourself these questions may help guide you in deciding how to consult. They apply to new levy proposals, changes to levies and reviews.

- How many potential or current levy payers are there?
  - Where are they located? Are there regional, varietal or other subgroups of levy payers?
  - How much background information do stakeholders need about the levy system?
- How do people in your industry prefer to communicate?
  - Are there existing methods for contacting people?
  - What existing industry events could support consultation on your levy options?
  - How will people outside the main industry communication channels be consulted?
- Are you proposing to establish a new levy, change an existing levy, or change the purposes or component rates within an existing levy?
  - For existing levies, is the levy still fit for purpose?
  - Are existing activities well-funded or underfunded?
  - Should any activities be added or removed?
- Is there already widespread industry discussion and strong support for a proposal to make a small change to an existing levy?
  - Are you confident that all levy payers are aware of the proposal and would raise few or no objections to it?
  - Have you discussed with the department whether a notification and objection period is appropriate for this proposal?

For guidance on whether your consultation plan should include conducting a ballot, see chapter 4.

3.6 Addressing negative feedback

Levy proposals rarely have full support from all stakeholders.

1) **Accept and consider the feedback** – Incorporating the range of views will strengthen your levy proposal. Collect the views of levy payers and other stakeholders, even where these conflict with the preferred proposal.
2) **Respond appropriately** –If the feedback exposes misunderstandings about the levy option you are proposing, clarify the relevant points. If feedback highlights a problem you cannot resolve or suggests a good alternative solution, consider reviewing the levy options you are pursuing.

4 Demonstrate industry support

A levy proposal that demonstrates clear and compelling support from actual and potential levy payers is more likely to be supported by the minister.

The aim of this step is to provide appropriate evidence that, following a genuine consultation process, a majority of levy payers who chose to participate support the proposal. Demonstrating industry support does not guarantee your proposal will progress. However, a clear, credible majority will give your proposal the best chance.

You may choose to measure levy payer support in any way that provides the minister with clear and convincing information about levy payers' views. For case studies, see Appendix B.

Refer to the 5 principles for consulting with industry and demonstrating industry support.

4.1 Measuring support

You can use various voting and non-voting methods to show industry support for a levy proposal. Your consultation and demonstration of support should be appropriate to your industry and the nature of your proposal. For example:

- where the financial cost and administrative burden of the levy would increase, a more robust demonstration of industry support would be appropriate
- where the cost and administrative burden of the levy would decrease, a less rigorous demonstration of industry support may be appropriate, because lack of objections may also be significant.

Examples of measuring support

Demonstrations of support could include:

- a postal ballot
- votes at industry meetings or industry body meetings that include levy payer members
- a secure online survey
- letters of support from levy payers
- collecting individual responses over the phone
- a combination of methods that is appropriate to your industry and fair to levy payers.

For proposals to establish new levies, a ballot is generally the government's recommended option. Various public and commercial entities provide ballot, voting and other election services that are accurate, transparent and secure.

In the limited cases identified in section 4.1.2, you may choose to use a notification and objection period as a standalone method of demonstrating support.

4.1.1 Voting and what a majority means

It is important to show that you gave all affected levy payers, or potential levy payers, an equal opportunity to consider the proposal and have their say.

Ballot or voting activity majority

The government considers a majority to be 50% plus 1 of levy payers who choose to vote. Ballots and votes should demonstrate a majority on a one-vote-per-levy-payer basis.

Examples of a majority

Majority outcomes from a ballot or vote:

- If 120 people voted, a majority vote in support of the proposal would be 61 (or more) yes votes.
- If 2,643 people voted, a majority vote in support of the proposal would be 1,322 (or more) yes votes.

Participation rates

A low turnout rate will not necessarily mean you cannot demonstrate that a majority of your industry has supported your levy proposal. However, it is important for the minister to understand how you consulted with industry and how many levy payers voted.

Examples of how consultation affects your majority

- You demonstrate that you consulted widely and thoroughly about altering an existing levy, and responded to feedback. Half your industry voted in your process, and the majority of those voted yes. The minister may consider that those who chose not to vote did not object to the proposal and that, as a result, majority support has been shown.
- You do not establish that you have consulted with all potential payers of a new levy and provide no evidence of consulting with producers in a particular region. You get a clear majority yes vote from those who chose to vote, but the minister cannot consider that all affected levy payers have been able to have their say and to choose whether to demonstrate their support.

Non-voting method of demonstrating support

A majority is a clear indication of support from more than half the participants, by number, in the demonstration method you have chosen. For example, in a small industry you may be able to get letters of support for a proposal from a majority of potential levy payers.

4.1.2 Measuring support using a notification and objection period

All levy proposals should have an objection period of at least 30 business days after being submitted to government (see chapter 6).

The exception to this rule is activating (setting to a positive rate) or deactivating (setting to a nil rate) a biosecurity response component due to an incursion of an exotic pest or disease, where the objection period is a minimum of 30 calendar days (see chapter 8).

In limited cases, you may be able to use a notification and objection period process to confirm industry support for some types of levy changes (e.g. that relate to technical or administrative aspects of the levy such as return frequency).

If you wish to use a notification and objection period as a measure of support, all industry members should already know about the proposal through your consultation process, before the notification and objection period starts.

The department can help you decide whether you can use a notification and objection period to confirm majority industry support for your proposal.

4.1.3 Notification and objection period process

1) Submit your proposal to the minister (see chapter 5).

2) Issue a public notification to all levy payers, to provide details of the objection period and to make clear that the process will be used to confirm their support for the proposal.

   This notification should be in a manner and form that you can reasonably expect to reach all levy payers.

3) Allow levy payers to lodge objections with your organisation, other industry representative bodies and NIRBs, the minister's office and the department.

   The objection period lasts a minimum of 30 business days. You may wish to consider holding a longer objection period to give levy payers more time to respond.

4) Adequately respond to all objections after the period has ended.

   This will depend on the number and nature of objections you receive. You can seek advice from the department on how to handle objections. For example, some objections may simply require you to provide further information about your proposal. More significant objections may indicate that you need to continue consulting or consider changing your proposal.

5) Formally advise the minister about the outcomes of the objection period.

   Explain how the objection period confirms that the majority of levy payers support your proposal. This includes describing how many objections were received, summarising the objections, and explaining how you responded to objectors or incorporated their views into the levy proposal. Where relevant, explain why the objection should not change the proposal or stop it going ahead.

4.2 Describing the outcome of the vote

When describing industry support it is useful to set out the context of the majority. Clarify how many levy payers:

- would be affected by the proposal
- you consulted about the proposal
- voted
- voted yes and no.

To provide context for a majority result, you may also wish to describe the result in proportional terms. This could include describing:

- the value or volume of production for the yes and the no votes

- the amount of levy paid, or liable to be paid by the yes and no votes.

Proportional results can be presented as extra evidence to explain your majority, not in isolation.

When you are summarising industry views, you may wish to:

- remove names from individual responses (unless you have permission from individuals to identify them)
- describe the way you sought and received feedback
- describe feedback in numbers and themes of responses.

Include negative and positive feedback, as well as your response when outlining your consultation activities in your proposal.

To learn more about how to treat objections received during a notification and objection period, see section 6.2.

5 Draft and submit your levy proposal

5.1 Proposal checklist

By covering all items in this checklist, you are more likely to provide all the information the minister needs and meet the levy principles at Appendix A.

1) Explain the collective market failure, industry problem or opportunity

a) Clearly outline the market failure, problem or opportunity the proposal seeks to address, and how it affects all levy payers.

b) Explain how the proposal would enable your industry to address the problem or opportunity and why a levy or the proposed levy change is the best solution.

See chapter 1.

2) Describe your proposed levy solution

a) Describe your proposal in detail, including the levy design.

b) Demonstrate how the proposal is equitable between levy payers.

See chapter 2.

3) Explain the views of levy payers and other stakeholders

a) Summarise your consultation and outcomes, including how you incorporated feedback.

b) Explain how levy payers could access your proposal and provide input during the process.

c) Discuss the opinions of levy payers, levy recipients and affected stakeholders – both for and against the proposal.

See chapter 3.

4) Provide evidence of majority industry support

a) Explain the method you used to demonstrate support for the final proposal and why.

b) Present your result accurately and in context.

See chapter 4.

Supporting information in attachments

If useful, you can include supporting information in attachments at the end of the proposal and refer to the attachments in the body of the proposal. For example:

- evidence from levy payers, industry representative bodies and consultation materials
- a declaration from an independent returning officer
- NIRB rate recommendations and correspondence from levy recipients.

5.2 Submit your proposal

Submit your proposal to the minister by email or post (see the minister's contact details). Copy in your case manager and leviestaskforce@aff.gov.au.

6 Hold an objection period

The objection period is an important step in the levy proposal process. It ensures that all levy payers and interested stakeholders have an opportunity to express views on the final proposal submitted to government but before the law is changed, and provides an independent avenue for them to do so.

6.1 Objection period process

All levy proposals need an objection period of at least 30 business days after being submitted.

The exception to this rule is increasing or decreasing a biosecurity response rate due to an incursion, where the objection period is a minimum of 30 calendar days (see chapter 8).

1) **Arrange an objection period** – after you send your proposal to the minister, hold the objection period. Allow at least 30 business days for levy payers to submit objections to any of these 3 recipients:
    a) you as the initiator of the levy proposal
    b) the department
    c) the minister's office.
2) **Notify levy payers** – make the details of the objection period public, including:
    a) the dates of the objection period opening and closing
    b) how to access the complete proposal
    c) what to include in an objection, including the reasons why the levy or part of the proposal is opposed
    d) how to submit an objection.

Make best efforts to notify all actual and potential levy payers of this opportunity to have their say. Use the most effective methods available to notify levy payers about the objection period.

3) **Make the final version of the proposal publicly available during the objection period** – including publishing your proposal on your website and make copies available on request.
4) **Time for your objection period** –a minimum of 30 business days (6 weeks) but you may wish to allow a longer period at busy times of the year.
5) **Respond to objections** –after the objection period has closed, respond to each objection.

6.2 Respond to objections

Receiving objections does not mean that your proposal cannot proceed. However, the minister needs to know whether you responded appropriately to the objections received.

You may respond individually, where appropriate, or publicly. For example, you can publish de-identified objections and your responses on your website.

When preparing a response, consider the outcome the objector is seeking. This often falls into 3 broad categories:

1) **Seeking more information** – the objector may not have fully understood all aspects of the proposal.

   Your response may need to describe the proposed levy options in more detail, clarify the steps you took to consult levy payers, or explain the way you demonstrated majority industry support.

2) **Seeking action** – if the objector suggests that you change the proposal in some way, consider whether the suggestion is practical, reasonable and necessary.

   The objector may have identified something that will make your proposal stronger.

   If an objection highlights a problem you cannot resolve or suggests a good alternative solution, consider how to address it. You can discuss this with your case manager.

3) **Seeking to express unrelated views** – rarely, stakeholders may use the objection period to express their opinion on an issue unrelated to your proposal.

   You do not need to respond to objections that do not relate to your proposal. List the objection in your advice to the minister about the objections you have received and outline why the objection is not relevant to the proposal.

6.3 Provide results to minister

Prepare a summary of the objection period, the objections you received and how you responded. Submit this to the minister the same way you submitted your proposal (see section 5.2) – it will be added as an attachment.

7 After you submit your proposal

After your objection period and response to objections, these steps usually follow.

Minister considers your proposal

The department advises the minister about your proposal, the associated costs to the government, regulatory impact and the legislative changes necessary to implement it. If the minister requires additional information, your case manager will work with you to provide the information.

Minister decides whether to progress your proposal

If the minister agrees, and depending on the changes needed, a range of internal government processes may be required.

The time and complexity of drafting new, or amending existing, legislation varies. Changes for your levy need to compete for priority with other legislation – such as regulations and rules – being drafted across government. The time required to establish or change a levy can be unpredictable.

If the minister does not agree to your proposal, it will not proceed. You may seek feedback from your case manager.

Legislation is considered by decision-maker

In most cases, the Governor-General through the Federal Executive Council will make the regulation that brings the proposal into law. The process of drafting and making a regulation is likely to take 6 to 12 months. Some aspects of a proposal may also require rules to be made by the minister or the secretary of the department.

From 2024, agricultural levies are imposed in regulations authorised by an Act and made by the Governor-General in Council at the minister's request. Regulations and rules are disallowable instruments that are tabled in parliament.

Disallowance process commences

This process is a way for the Australian Parliament to scrutinise and maintain control over legislative instruments, such as regulations and rules, enabled by law the parliament has passed. Further information about the process is available from the Parliament of Australia and the Federal Register of Legislation.

Levy commences

Your case manager can let you know when your levy becomes law. The department also publishes notices on its webpage and communicates with collection agents about levy changes. The department needs at least 30 days to notify levy payers and collection agents so they can update their systems and processes.

8 Increase or decrease biosecurity response component rates

Biosecurity outbreaks and incursions pose a significant threat to Australian agricultural, fisheries and forestry industries and the economy, and require rapid, coordinated responses. Agreements setting out arrangements for incursions of exotic pests and diseases include the Emergency Animal Disease Response Agreement (EADRA) and the Emergency Plant Pest Response Deed (EPPRD).

In the event of an incursion, the biosecurity response agreements, including the EADRA and EPPRD:

- outline responsibilities and activities for industries, state and territory governments, and the Australian Government
- provide for cost-sharing arrangements
- provide for the Australian Government to initially meet an industry's share of costs, where requested by the industry.

Industries that are members of AHA or PHA, and are signatories to a biosecurity response agreement, may proactively establish a biosecurity response levy component using chapters 1 to 6 of this guide. Biosecurity response component rates are often established at nil and increased on request due to an incursion. Increasing a rate allows the industry to meet its financial obligations under a biosecurity response agreement, or to repay the Australian Government where it has underwritten an industry's share of the costs of a response to a pest or disease outbreak.

Only industry bodies that are signatories to a biosecurity response agreement may request that the government increase or decrease a response rate.

8.1 Increasing or decreasing biosecurity response rates due to a response

Contact the department if you think your industry needs to increase or decrease a biosecurity response rate to fund a response.

Changing a biosecurity response rate due to an incursion should be a smooth, streamlined process but it is not instantaneous – it requires changes to levy rates in the regulations.

You, as a signatory to the biosecurity response agreement, take the steps in this guide to support the minister in changing the regulations. However, because industry was consulted when the levy was established, the actions you take at each step will be simpler. Biosecurity response levy components are established on the understanding that they will be increased in the event of a biosecurity response, so a notification and objection period approach can be used.

8.1.1 Contact the department

To have a case manager assigned to you and to settle your rate, email the National Biosecurity Emergency Response Section at response.policy@aff.gov.au or phone 02 6272 3933.

With the department's assistance you will need to determine:

- that the net benefit is greater than the cost to industry
- a rate that will raise enough funds annually to either
  - cover the industry cost-sharing obligation, or
  - repay the Commonwealth for costs it has underwritten on the industry's behalf.

8.1.2 Notify levy payers that you intend to increase or decrease the rate

Notify all levy payers that you are:

- writing to the minister to request an increase or decrease to the rate of your biosecurity response levy component
- holding an objection period during which levy payers may provide feedback.

Provide full details of the proposed change (including the proposed rate and purpose of the changes) and your intention to hold an objection period. You can provide all information for the objection period in this notice (see section 6.1) or in a separate notice before the start date of the objection period.

Use whatever methods suit your industry circumstances to reach as many levy payers as possible, whether they are members of your industry body or not (see chapter 3).

8.1.3 Inform the minister that you will hold an objection period

Write to the minister to:

- request the increase or decrease to the rate, and specify the current rate and the proposed rate
- explain how majority support was demonstrated when the biosecurity response component was established
- advise how levy payers have been notified of the proposal, purpose of the changes and proposed rate – this could include, where relevant, information about biosecurity responses and cost-sharing obligations (or the finalisation of those obligations)
- provide the start and finish dates of the objection period.

8.1.4 Begin your 30 calendar-day objection period

The objection period begins after you have written to the minister. However, you do not have to wait for a reply from the minister before starting your objection period.

In your notification to levy payers about the objection period, provide:

- full details of the proposed change to the levy
- contact information for the body proposing the increase or decrease
- contact information for the department, including by email at leviestaskforce@aff.gov.au or response.policy@aff.gov.au
- confirmation that a person making an objection should include
  - that they are a current or potential levy payer

- the reasons for their objection
- evidence to support their objection.

8.1.5 Consider and address objections

Respond to objections to your proposal (see section 6.2).

You may respond directly to those who have lodged objections or respond generally on your website or by equivalent means. If you respond to objections publicly, such as on your website, remove names and other identifying features from the objection.

At the end of the objection period, advise the department in writing about:

- all objections you received during the objection period (the department will inform you of any it received)
- how you have addressed or resolved each objection
- why any objections should not alter the proposed rate or other aspects of the proposal
- where an objection has led to changes to the levy proposal, a further notification and objection process will be required in line with chapter 6.

When you have conducted the objection period and advised the department, government and parliamentary processes occur as described in chapter 7.

Appendix A: Levy principles

These 12 levy principles were introduced by the Australian Government in January 1997. Each principle must be addressed when proposing a new levy or a new levy component.

1) The proposed levy must relate to a function for which there is a market failure.
2) 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 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.
3) The initiator of a levy proposal shall provide an assessment of the extent, the nature and source of any opposition to the levy, and shall provide an analysis of the opposing argument and reasons why the levy should be imposed despite the argument raised against the levy.
4) The initiator is responsible to provide, as follows:
   a) an estimate of the amount of levy to be raised to fulfil its proposed function
   b) 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
   c) demonstrated acceptance of the plan by levy payers in a manner consistent with levy principle 2.
5) The initiator must be able to demonstrate that there is agreement by a majority on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.
6) The levy imposition must be equitable between levy payers.
7) 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.
8) 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.
9) Unless new structures are proposed, the organisation/s that will manage expenditure of levy monies must be consulted prior to introduction of the levy.
10) The body managing expenditure of levy monies must be accountable to levy payers and to the Commonwealth.
11) After a specified time period, levies must be reviewed against these principles in the manner determined by the government and the industry when the levy was first imposed.

Amendments to existing levies

12) 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 payers.

Appendix B: Case studies

Case study 1 Defining the opportunity and addressing market failure

A plant industry has been investing in R&D to increase its productivity through a voluntary levy. Productivity was improving across the sector but levy contributions are starting to fall as people realise they can get the benefits of the R&D without paying for it. As fewer people pay, R&D funding decreases and productivity gains slow. In agricultural, fisheries and forestry industries, the nature of R&D can mean that the people paying for it often cannot stop others from adopting their new R&D informed practices.

For industry to increase its productivity through new methods and varieties, everyone has to pay for R&D or productivity will stagnate. Without collective investment, consumers also would not benefit from improved practices and the economy would miss out on valuable production and activity.

The industry decides that without a legislated levy, R&D will not happen and decides to make a proposal. An industry representative body begins to consult about making a levy proposal for a levy that would achieve the same or more investment than the failing voluntary levy.

Case study 2 Designing a levy

The voluntary levy in case study 1 was being collected as part of an annual industry body membership subscription and was calculated based on self-reported production volumes of the commodity. The voluntary levy cannot be replicated in the levies legislation in the same form, so industry discussions begin. The priority purpose of the levy remains funding R&D.

The legislated levy needs to be imposed on a product of primary production such as a plant or plant product. In designing the levy, the industry considers the common commercial practices in the sector. These include what producers usually do with their product after harvest and who they usually interact with on a commercial basis. This helps them work out which points in the commercial process the levy could be collected at efficiently.

These producers usually sell their product after harvest, process the product themselves or use a processor. A small number of producers export their product without selling or processing in Australia. In addition, some producers also consume a small portion of their own crop for domestic purposes, and the industry does not want to pay the levy on product used to feed their families. The group considers that the levy could be imposed and collected when the product is sold, processed or exported as there are several commercial agents working in relation to those activities. A small number of levy payers may have to pay their levy directly.

The stakeholders weigh up using a cents per kilogram rate (because that is how their product is sold) against using a percentage of the sale value or the value of the product on processing or export. To accommodate market prices and fluctuations they decide to use a percentage of the value for the levy rate because it will be fair for all levy payers when prices are high and when they are low. The rate calculation is slightly more complicated, but they get help from the department and the body that would receive their levy about their options.

Industry stakeholders include producers, processors and exporting agents, but the push for R&D investment is being driven by producers, who want to focus a levy on producing a high-value crop that will resist pests and diseases. The stakeholders discuss who ought to pay the levy and benefit from the levy investment, chatting about producers and processors as possible levy payers. They decide that the levy payer should be the producer. However, sometimes contract growers do not own the crop they produce. Therefore, the group decides that the person paying for and benefiting from the levy will be the person who owns the crop just after harvest and who then sells or processes it. If that person exports it without selling or processing the crop, they would pay a charge when they export the product so they pay their share.

This industry operates on a standard financial year and decides to align collection and returns obligations with standard quarterly business processes.

Case study 3 Consulting with industry

A different industry body sees a need for the industry to invest in R&D, biosecurity activities and residue testing. As a second priority, marketing to build demand for the commodity in overseas markets would be desirable. This industry has some large producers and many smaller producers spread across Australia. They have different business models, production methods and peak periods due to their size and locations.

The industry body and the department consider that it would be effective and fair for the industry body to contact the large, well-known producers directly. They meet and outline the industry body's R&D, biosecurity and residue testing components proposal and seek their views. During the meeting the possibility of a marketing component is also discussed. The large producers support the first plan but not a marketing component.

The industry body decides to focus on the priority R&D activity and leaves marketing for another time. To progress with a marketing component proposal in future, the industry body will need to build consensus and make a persuasive case for broad industry benefits.

The industry body refines the proposal for R&D, biosecurity and NRS investment and consults with smaller producers. It advertises the proposal in each state industry newsletter, rural newspapers and social media, because these have a wide following among smaller producers.

The advertisements include:

- the key features of the proposal and expected benefits for industry from these activities
- how to access the full proposal online and in hard copy
- a request that regional grower groups, Landcare groups and producers tell one another about the proposal and discuss it
- the dates of field days in each state throughout the year that the industry representatives will attend to explain the proposal
- dates of online discussion forums where producers can ask questions
- contact details for the industry representative body and a telephone number for further information, as not all producers have good internet access.

The industry body estimates that 90% of producers will become aware of the proposal through these methods. The industry body will also ask those it speaks with to tell any who may not have heard of it about the proposal and how to get further information.

The industry body contacts the department and the proposed levy recipients – the RDC, PHA and NRS – to seek feedback on the details and have a case manager assigned. PHA explains what activities it could fund with a biosecurity levy component set at different rates. The RDC explains how it could support industry's goal of increasing productivity depending on how much funding the levy generates.

Next, the industry body is ready to provide the final version of the proposal to all producers in their industry and proceed to assessing industry support.

Case study 4 Demonstrating support for a levy proposal

A moderately sized industry has been consulting on a levy proposal to introduce a new biosecurity response levy component (that would be set to nil), slightly increase the marketing rate and slightly decrease the R&D component rate. A new levy component means that all levy payers need to be offered a genuine opportunity to vote on this proposal because it would fund new activities and the rate could be rapidly increased due to an exotic pest or disease incursion.

The industry body that signed the biosecurity response deed is driving the proposal. It is working closely with another industry representative body in the sector to ensure the proposal meets industry needs, reaches as much of the industry as possible and to ensure majority industry support can be achieved. Together the bodies publicise and promote the levy proposal and voting process to 95% of would-be levy payers through their networks and the press.

Industry feedback during consultation suggests that although producers would generally prefer not to pay more in tax, they accept that the new biosecurity response component is the best option to protect the industry and their businesses if an incursion occurs. No significant objections to the plan are made during consultation.

The voting process is open to every person who would have to pay the levy, not only the members of industry bodies. A moderate proportion of producers participate in the vote (about 50%) and of those who do participate, a majority vote in favour of the proposal (78%). In the levy proposal, the industry representative body explains how it consulted with industry and confirms the number of yest votes and no votes. It also explains that although only half of levy payers voted, those who did vote represent a majority of the industry's production and that during consultation there was no significant rejection of the proposal.

The body submits the proposal to the minister and organises the objection period. The objection period is a final opportunity for levy payers and industry stakeholders to have their say on the levy proposal, to identify issues with the consultation process or vote.

No objections are received through the objection period and the minister proceeds to considering the proposal.

Glossary

Term	Definition
biosecurity response agreement or deed	A deed or agreement that outlines the responsibilities and activities of government and industry signatories in the event of an incursion or outbreak and sets out arrangements for cost-sharing responses between affected parties.
charge	A type of tax imposed under the *Primary Industries (Customs) Charges Act 2024* on the import or export of products. Specific product charges are in the divisions and subdivisions of the Primary Industries (Customs) Charges Regulations 2024 which are organised by commodity.
charge payer	The person required to pay a specific product charge as described in the divisions and subdivisions of the Primary Industries (Customs) Charges Regulations 2024 under the heading 'Charge payer'.
collection agent	The person required by law to pay and give a return on behalf of the levy payer or charge payer. The collection agent can recover from the levy or charge payer amounts that the agent has paid on their behalf. If a person is a collection agent in a particular case, they cannot also be the levy or charge payer for those products. Collection agent obligations are in the Primary Industries Levies and Charges Collection Rules 2024*,* organised by commodity and under 'Obligations of collection agents'.
collection point	A point in the supply chain, usually a business, through which multiple levy payers or charge payers send or transact their products. Examples include stock yards, selling or buying agents, purchasers, export agents, processors or aggregators.
component	A part of the total levy or charge rate intended to fund activities for a particular purpose. For example, an R&D component, a marketing component, a biosecurity activity component, a biosecurity response component or an NRS component.
imposition point	The facts and circumstances when the obligation to pay levy or charge arise. The imposition point for each product levy or charge is in the Primary Industries (Excise) Levies Regulations 2024or Primary Industries (Customs) Charges Regulations 2024 under headings beginning with 'Imposition of ….'
levy	A type of tax imposed under the *Primary Industries (Excise) Levies Act 2024* on the sale, processing, purchase, use, slaughter, production or other events, of products. Specific product levies are in the divisions and subdivisions of the Primary Industries (Excise) Levies Regulations 2024, which are organised by commodity.
levy payer	The person required to pay a specific product levy as described in the divisions and subdivisions of the Primary Industries (Excise) Levies Regulations 2024 under the heading 'Levy payer'.
levy recipient	Manages and spends levy and charge amounts on behalf of levy and charge payers for the purposes they were imposed to fund. Levy recipients include statutory and industry owned RDCs, AHA, PHA and the NRS.
product	Defines the goods or things on which levy or charge may be imposed under this legislative framework. See the full definition in section 4 of the *Primary Industries (Excise) Levies Act 2024* or the *Primary Industries (Customs) Charges Act 2024.*
produce of a primary industry	This term defines the types of activities that produce the goods covered by this legislative framework. See the full definition in section 4 of the *Primary Industries (Excise) Levies Act 2024* and the *Primary Industries (Customs) Charges Act 2024.*