



## FACT SHEET Q & A

### Levies Cost Recovery Model Review –Statutory Rural Product Levies Program

#### ***What does the Department do?***

The department administers statutory levies imposed on a wide range of rural commodities. Levies are imposed under Commonwealth legislation at the request of each industry and with government approval. The levies are used to fund research and development, marketing, biosecurity and residue testing activities. The government makes matching contributions for research and development activities. This arrangement provides a cost effective way for both producers and the government to ensure that activities underpinning the strength of these rural industries are appropriately funded.

#### ***What does the Levies program cover?***

The levies program covers; the collection of statutory levies on rural products, the disbursement of these funds to levy recipient bodies, compliance activities to assure the levies are paid and collected in accordance with legislation, payment of Commonwealth matching contributions to Research and Development expenditure, and associated program management activities.

#### ***What is the cost of the program?***

The cost of the program is approximately \$5.2m annually. This represents approximately 1.4% of the value of the levies collected from producers.

#### ***Why do you propose to review the model for determining levies cost recovery charges?***

The department's activities have moved over the last three years to a more risk based compliance program and to a cost recovery model based on the effort required to administer each levy. The department's improved cost recovery model is now established, with regular review on the basis of analysis and stakeholder input. A full review of the model will be undertaken in 2017 after it has been in operation for five years.

#### ***Has your operating model changed?***

Aspects of the operating model for levies administration are subject to ongoing review to improve efficiency and cost-effectiveness. Significant changes to the operating model are discussed with key stakeholders during the review and implementation process.

#### ***Has regulation changed?***

No.

#### ***When will any amendments to the cost recovery model take effect?***

Any adjustments are proposed to take effect from 1 July 2014.

#### ***How much are the fees proposed to increase by?***

The overall costs of the levies program are not expected to change materially for 2014-15.

#### ***What is the overall impact on levy payers and intermediaries?***

An issues paper outlining the impacts of possible options for change to the cost recovery model has been made available to key stakeholders for their consideration and comment.

#### ***When will the cost recovery model next be reviewed?***

The cost recovery model is reviewed and revalidated when estimates are provided (twice yearly) and when the actual cost recovery charge for the previous financial year is determined in July.

#### ***Who can I contact to discuss further?***

All enquires can be directed to [levies.management@daff.gov.au](mailto:levies.management@daff.gov.au)