



# ALPA

# Submission

## Industry structures and systems governing the imposition of and disbursement of marketing and research and development (R&D) levies in the agricultural sector.

**To:**

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**ALPA membership is a signature of professionalism in the industry**

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## 1. ALPA GENERAL INTRODUCTION

On 2 September 2014, the Senate moved that the following matters be referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by 24 November 2014.

The industry structures and systems governing the imposition of and disbursement of marketing and research and development (R&D) levies in the agricultural sector.

The Australian Livestock & Property Agents Association Ltd (**ALPA**) submission is in response to this move by the Senate for an inquiry.

### **Australian Livestock & Property Agents Association (ALPA)**

**ALPA** is the national peak industry body for livestock and property agents.

**ALPA** represents more than 1,200 agency businesses across Australia.

Collectively this group plays an important role in livestock, wool, merchandise and rural property sales and marketing.

**ALPA** members handle in excess of 97% of rural agency business Australia wide.

**ALPA** is one of the largest national organisations of small rural business men and women, relied on to protect the interests of agents and producers nationally.

**ALPA** membership includes Elders, Landmark, Ruralco and private livestock agencies across Australia.

**ALPA** appreciates the opportunity to provide this submission.

## 2. ALPA OBSERVATIONS AND COMMENTS

ALPA understands that this inquiry is to do with the industry structures and systems governing the imposition of and disbursement of marketing and research and development (R&D) levies in the agricultural sector.

ALPA also understands that this inquiry has followed on from the earlier inquiry to do with the industry structures and systems governing the collection and disbursement of marketing and research and development levies pertaining to the sale of grass-fed cattle.

ALPA does not wish to make comment at this stage on industry structures and systems, nor do we wish to comment on the disbursement of marketing and research and development (R&D) levies in the agricultural sector.

ALPA believes this position rests with the people who pay the levy, namely the producers.

ALPA however would like to make comment with regards to all levies on livestock and the way these levies in the livestock industry are collected. ALPA members as livestock agents are one group of the mandatory collection agents for these compulsory levies and other levies under the *Primary Industries (Excise) Levies Act 1999*.

At the coalface of the levy collection process, livestock agents are ideally positioned to comment on the levy process, both as the collector and the remitter of these levies.

The ALPA submission offers observations and comments as per the following points:

- State and federal levies – all inclusive review
- Levy register
- Sheep, lamb, and goats levy review
- Levy collection method
- Red tape reduction
- Hardship moratorium

## State and federal levies – all inclusive review

- ALPA believes that this inquiry is far too narrow and it should look at all levies collected in the livestock sector. The inquiry should not be restricted to only Federal Livestock Levies but should also include an investigation into the various different State Livestock and Wool Levies.
- The Senate must get a full and proper picture of all the levies that are collected and a thorough knowledge of these state levies as well.
- The narrow nature of this inquiry into federal levies only will not give the Minister or the Senate the true position of levies collected on livestock and is therefore in our opinion inadequate in determining the crucial industry structures and systems needed.
- ALPA has a very strong opinion that if these state levies are not reviewed in this inquiry prior to the Senate making any decision, then this inquiry will have failed the entire livestock sector.
- Levies vary in value and remittance times from state to state. None of these levies are calculated the same way. Some are a percentage of the value, others are on per head value and some are on a sliding scale associated with the value.
- Some of these levies are called "voluntary levies"; however it is mandatory they be collected by agents. In some states the producer can possibly claim the levy back and in other states cannot. This inconsistency across the states that impose state levies, compounds the red tape, confusion and costs to a producer and the collection agents business.
- Sample of some of the state levies for livestock only includes:
  - WA. Cattle, Sheep and Goats.
  - VIC. Cattle, Sheep, Goats, Calves and Pigs.
  - SA. Cattle, Sheep and Pigs.
  - TAS. Cattle, Sheep, Goats, Calves and Pigs.

## Levy register

- ALPA has a view that a register of all levies paid by a levy payer should be investigated. This register to be kept by the Levies Revenue Service (LRS) would include vendor identification, numbers of livestock sold, type of livestock sold and amount of levy paid. All this information is presently required to calculate and deduct levies, but is not reported. This valuable statistical information will aid with MLA voting rights amongst other beneficial possibilities for the entire livestock industry.

## Sheep, lamb and goats levy review

- ALPA would like an investigation into the levies paid on sheep and lambs. It should review and look at taking the levy from a percentage basis to a flat rate per head. This move will give true statistics of the number of sheep and lambs sold. The current percentage basis levy does not offer such surety, with numbers reported being just guesstimates, which is a grossly inadequate outcome for the industry. A flat rate per head method, based on the same approach for cattle levies will also make the collection, accounting process including auditing, a lot easier for collection agents, producers and the LRS.

## Levy collection method

- ALPA would like to see a review of the method of collection of all levies by collection agents, specifically livestock agents under the *Primary Industries (Excise) Levies Act 1999*. There is a great benefit for industry by these levies being collected by livestock agents. However there are no benefits, only costs, for the collection agent in performing this task on behalf of industry.
- Any collection and remitting by agents for a third party is at a cost to the agent, in time, staff, computer changes and bank and audit fees, to name a few. Holding the monies for a period of time is inadequate compensation to the agent for these costs, red tape and time imposts.
- ALPA would like to see fair compensation offered to collection agents who are providing a valuable service to industry and government's pro bono.
- Producers are mostly of the opinion that all charges collected by agents from their sale proceeds including levy payments are agent charges. This misconception is detrimental to an agents business.

## Red tape reduction

- All Governments around Australia are currently reviewing red tape in business and are committed to cutting red tape. The different additional state levies are adding more red tape and are an impost on our industry.
- ALPA offers the following recommendations as a possible solution and we are confident it would get industry support whilst keeping costs and red tape to a minimum for all collection agents.

## Recommendation

- If states wish to charge an extra state levy on transactions for livestock, they should unify and agree on an amount to be levied. This amount should be added to the current LRS transaction levy that is collected by a vast number of collection agents nationally. This levy would be remitted to the Australian Governments Department of Agriculture Levies Revenue Service as currently happens now with the Federal Levy.

This would be one levy nationally collected, it would be remitted back to the states by the LRS based on what jurisdiction the transaction occurred. If a levy register was created as per the above recommendation this would also assist in the appropriate allocation of state levies.

This recommendation would require some changes to the collection agent's current way of collecting, which would incur additional costs to accommodate these changes. The long term benefits however would see reduced costs for collection agents by having one streamlined national levy system.

## Recommendation Hardship moratorium

- ALPA recommends that an urgent investigation be carried out on the possibility for producers who are in an area that comes under the criteria of "exceptional circumstances", be excused from paying levies whilst under this hardship. This would give these producers some much needed cost relief, such as those affected by the current drought or fires for example. This proposal could work quite easily as a "claim back" scheme by the levy paying producer. **(END)**