



VEGEnotes

Your levy @ work

The National Vegetable Levy

The National Vegetable Levy was introduced in 1996, after considerable nation-wide consultation, at the request of AUSVEG (the national organisation representing Vegetable & Potato growers).

Having a levy allows for planned Research and Development (R&D) rather than uncoordinated and sporadic R&D that produces few practical outcomes.

The Commonwealth Government matches industry investment for R&D on a dollar for dollar basis, doubling the amount of money that is invested back into the industry for R&D.

How is the levy calculated?

The levy is calculated at 0.5% of the value of produce at the first point of sale. This equates to 50 cents out of \$100 of produce sold.

How is the levy collected?

The levy is collected at the first point of sale. This is usually at the wholesale market or processing company. If it is a direct sale it is collected via the retailer. The levy is applicable to both fresh and processed vegetables.

It is the responsibility of the growers to ensure the levy is paid at the first point of sale, regardless of the type of sale - direct or wholesale.

The collected levy is then forwarded to the Levies Revenue Service (LRS), a designated Commonwealth Government section under Department of Agriculture, Food and Fisheries, responsible for collecting all agriculture levies.

The LRS forwards the money to Horticulture Australia, an industry owned company which coordinates, invests and manages R&D and promotional programs on behalf of Australia's horticulture industries.

The LRS can be contact for further information on freecall: 1800 625 103.

Horticulture Australia Limited was formed in 2001 following the merger of Commonwealth statutory organisations, Horticultural Research and Development Corporation and Australian Horticultural Corporation.

Not all vegetables are levied

Potatoes, onions, processing tomatoes and mushrooms have separate levy arrangements and are not included in this program.

Fresh tomatoes, garlic, melons and asparagus currently have no national levy arrangements.

How are the funds allocated?

Like all good business investments, strategic planning is vital to the future direction of the industry. The vegetable industry determines the Strategic Investment Plan (SIP), which highlights the priority areas and maximises the return on the funds invested in R&D.

Horticulture Australia and AUSVEG have set up an industry based advisory group responsible for recommending where funds should be allocated.

Even though they use the SIP as a guide, there is still flexibility to support R&D for unexpected issues, such as the appearance of White Blister on Brassica or Lettuce Aphid.

The Bottom line

- Growers benefit through having greater resources to invest in R&D
- Grower driven R&D that directly benefits industry
- Ability to attract greater research funding for the vegetable industry
- Like with any investment, a reasonable return is expected

It should be noted that while Horticulture Australia is responsible for both industry funds and commonwealth matched funds, it is the industry's responsibility to make recommendations on how the funds should be allocated.

Who makes the decisions?

Due to the complexity of the vegetable industry, six product groups have been established. Each group has a representative from each State, totalling 36 members.

The product groups are: Export, Processing, Brassica, Root Vegetables, Leafy Vegetables and Other Vegetables.

The 36 members also consider projects under the following key investment areas: domestic market development, sustainability, industry communication, product development, and supply chain development.

One member from each of these groups, together with the AUSVEG Board form the Industry Advisory Committee (IAC). It is through the IAC that Horticulture Australia receives recommendations.

Funding R&D with Voluntary Contributions

An additional and complementary mechanism for investing in vegetable R&D is Horticulture Australia's ability to match voluntary contributions (VCs) dollar for dollar from any sector of the industry with commonwealth funds. This allows the non-grower sectors of the industry to access commonwealth funding for research that complements the vegetable levy. VCs from growers can also be matched provided they meet certain criteria.

How much is invested annually?

The levy collects approximately \$4M per year that funds an R&D program worth more than \$7M annually.

Since 1996, the levy has funded approximately 450 projects, resulting in a combined value of \$60 million.

Key projects include:

- National strategy for Western Flower Thrips Management
- National Diamondback Moth Integrated Pest Management Program
- National Cool-Chain Management Strategy
- National Greenhouse Projects
- National IDO Network

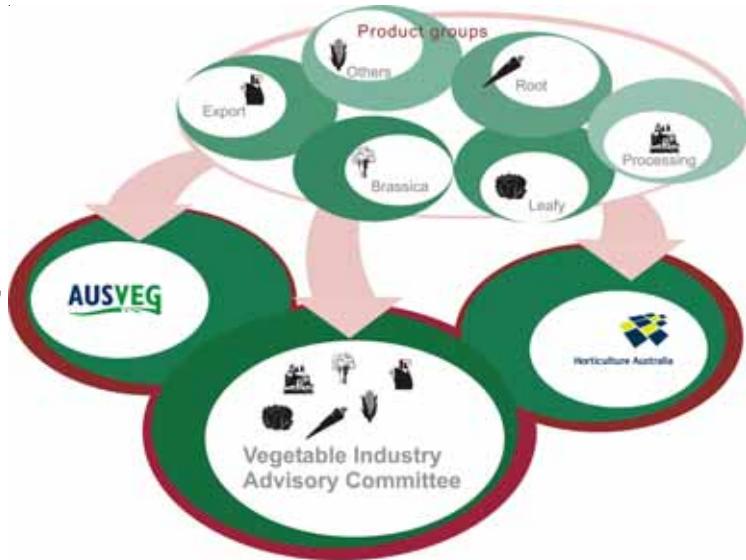
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Advantages of statutory levy

A statutory levy indicates vegetable industry commitment to research, which is important to research providers and state agricultural departments when gaining additional leverage.

Levy funds are an investment in the future of the industry through R&D, not an expense.

Further Information

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