

NURSERY PAPERS

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Understanding the nursery levy

Production nurseries pay a levy on the wholesale value of all containers in which plants are grown for resale or used in the production of other goods.

The Australian Government entrusts most of these levies to the Research and Development Corporation (RDC), Horticulture Innovation Australia, under a Deed of Agreement with the Department of Agriculture, Water and Environment (DAWE).

Hort Innovation is a grower owned organisation that invests the levy in research and development (R&D) and marketing activities to improve productivity, increase demand and drive profitability of the levy paying businesses.

Currently, the levy is set at 5% of the value of containers in which plants are grown. Hort Innovation

manages the majority of the nursery levy funds for R&D (2.75%) and marketing (2%) project investments. A smaller proportion (0.25%) is managed by Plant Health Australia (PHA) for plant health and biosecurity activities.

The percentage level of the levy and its allocation across R&D, marketing and plant health can be reviewed and modified subject to levy payer consultation and support.

This nursery paper takes a closer look at the levy, exploring the legislation which governs it and some of the ways that the levy has shaped the way we produce plants today.

SUMMARY

- The levy system funds research, development, biosecurity and marketing activities for the nursery industry.
- The levy is payable on the wholesale value of all containers in which plants are grown for resale or used in the production of other goods.
- Strategic levy-funded projects have resulted in the development of many best management practices for the nursery industry.
- The nursery marketing program 2020 Vision and now Greener Spaces Better Places and Plant Life Balance are funded by the marketing levy
- The levy is legislated by the federal government. Any updates, additions or amendments to the levy are required to pass through parliament.
- Levy payers, the government, collection agents, Hort Innovation, Plant Health Australia, and Greenlife Industry Australia (GIA) as the Prescribed Industry Body for the levy, are all stakeholders in the levy system.

BACKGROUND

Australia's primary producers are world leaders in terms of production efficiency, sustainable product quality, innovation, and ability to supply and respond to market demands.

One of the ways that Australia continues to be successful in agricultural enterprise is through investment in research and development (R&D) and marketing through the use of levies.

The levy system has funded many of the best practice production methods that are second-nature to us today. It has also contributed to maintaining growth in demand for greenlife as urbanisation becomes more prevalent across the country.

Although the levies collected are managed by Hort Innovation, investment decisions are made in on behalf of the nursery industry in consultation with the Strategic Investment Advisory Panel (SIAP). The SIAP is a panel of industry representatives that provides advice to Hort Innovation in relation to industry R&D and marketing investments, funded by nursery industry levies and contributions from the Australian Government.

Growers should familiarise themselves with the mechanics of the levy and ensure they stay up to date with important levy-funded research in order to stay ahead of the curve, improving productivity and profitability.

Growers need to consider the levy as any other investment and to obtain a return on that investment for their business, much in the same way as investing in staff, information technology and infrastructure.



Achievements of the nursery levy

Developing industry-standard best practice

One of the core purposes of the nursery levy is to provide growers with the most up to date technical information across key production areas including irrigation, growing media, plant protection/biosecurity (pests, diseases & weeds), pesticides, environment, energy and cropping system design and development.

Through the Australian Plant Production Standard (APPS) and its three Best Management Practice programs – Nursery Industry Accreditation Scheme (NIASA), EcoHort and BioSecure HACCP, it has delivered world class results and identified many areas where growers can improve their cropping system, adopt new technology and techniques and implement change at a business level.

Whether it be new information on correct procedures for disinfection of growing media, updated irrigation methods or the latest research on crop hygiene, these best management practice guidelines are a comprehensive, science-based manual on how to manage production within nurseries.

Protecting the industry from pests and disease

Levy funds are also invested to prepare the industry for pest incursions, helping mitigate and manage the spread and recovery from infestations.

Through the APPS, production nurseries are equipped with best practice for pest identification, methods for quarantine and inspection and details on prevention. However, the nursery levy also funds major projects which form the front line of defence against potentially devastating incursions.

For example, the levy has funded the development of the nursery industry's contingency plan, should *Xylella fastidiosa* reach our shores. The plan is designed to enhance Australia's capacity to respond to and manage an incursion of Pierce's disease, and other diseases caused by *X. fastidiosa*, with special emphasis on production nurseries.

Most recently the levy has also provided resources to support information sharing around incursions of pests such as citrus canker, serpentine leaf miner and Fall armyworm.



Increasing demand for greenlife

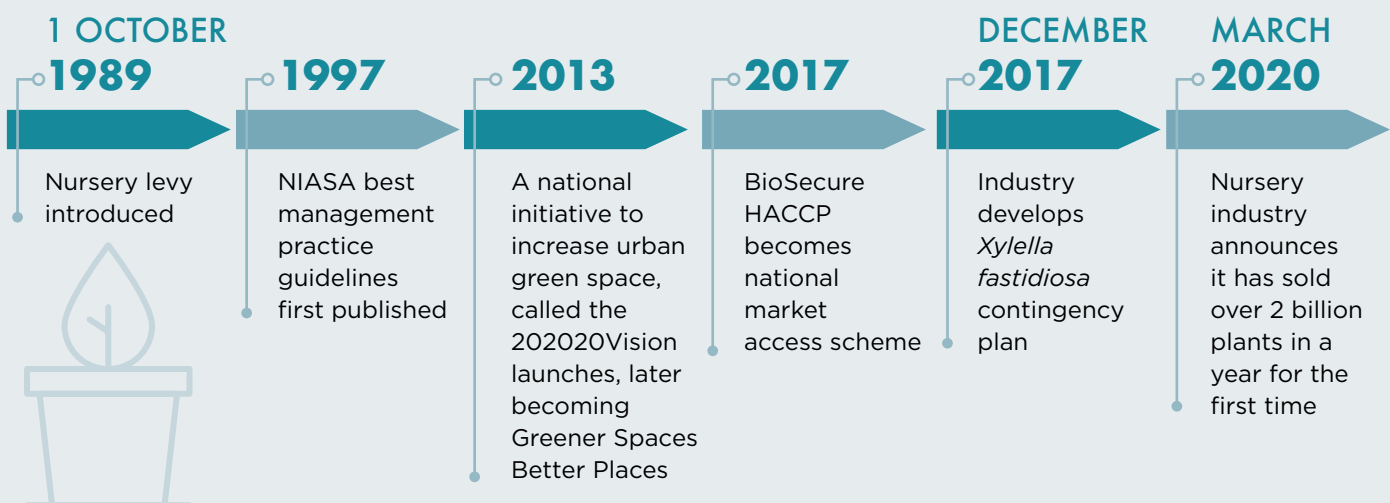
The nursery levy funds a highly visible domestic marketing campaign centred around the Plant Life Balance (consumer) and Greener Spaces Better Places (government and business) projects.

As of 2020, the Plant Life Balance social community surpassed 100,000 followers, becoming one of the largest online plant communities in the country, and a go-to source for advice and inspiration.

The Plant Life Balance Facebook and Instagram reached 12.6 million consumers, providing an invaluable direct line to consumers for the nursery, which continues to help drive demand for greenlife.

The Greener Spaces Better Places program regularly reaches urban greening decision-makers, with conversations and research regularly published in prestige media publications, and regular events held.

TIMELINE:





UNDER THE 'BONNET'

A DETAILED LOOK AT THE NURSERY LEVY 'ENGINE'

Production nurseries pay a levy on the wholesale value of all containers in which plants are grown for resale or used in the production of other goods.

Nursery products means trees, shrubs, plants, seeds, bulbs, corms, tubers, propagating material and plant tissue cultures, grown for ornamental landscape, garden and revegetation purposes or for producing fruits, vegetables, nuts or cut flowers and foliage. Seedlings grown in containers for forestry operations are not classified as nursery products.

Who pays the levy and how?

The purchaser of containers (pots, bags, trays, etc) to produce 'potted' plants. That is, a producer of potted plants who places nursery products in growing medium in containers or buys containers on behalf of a person who places nursery products in growing medium in containers, is liable to pay the levy.

Also, a producer that imports containers from an overseas seller and uses them to produce potted plants must lodge a return and make a payment to the DAWE.

The seller of the containers or a grower that imports containers for

their own use, must register with the DAWE to receive a unique Levy Revenue Service (LRS) number, and lodge levy returns to the LRS. (See page four of nursery paper for links to levy return forms).

What happens to funds raised

Once levies are raised and paid to the Australian Government, they are then entrusted to Hort Innovation for management. Guided by the nursery industry Strategic Investment Plan (SIP), Hort Innovation determines the projects that the levy will fund, in consultation with the industry's Strategic Investment Advisory Panel.

In addition to funds raised through the levy, the Australian Government also matches the R&D levy contributions \$ for \$ for R&D projects. The matching R&D funds can only be claimed against allocated levy.

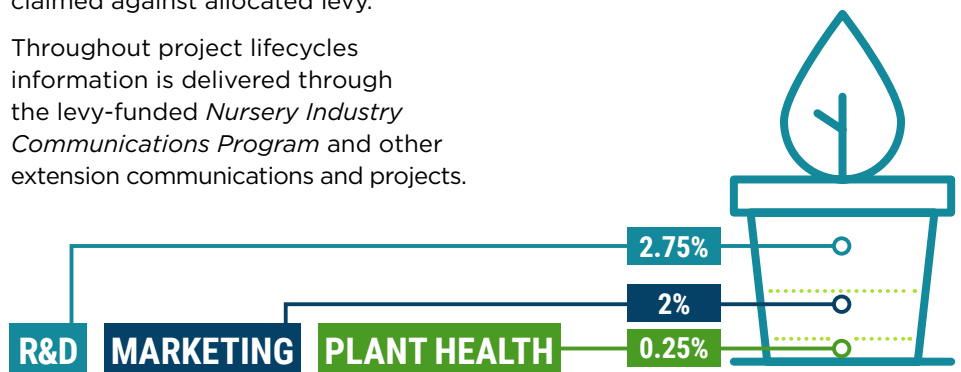
Throughout project lifecycles information is delivered through the levy-funded *Nursery Industry Communications Program* and other extension communications and projects.

Each project is designed to help the industry and individual growers be more productive, competitive and sustainable.

How can the levy be modified?

The DAWE provided new guidelines to establish or amend a levy in August 2020. The guidelines outline the process that is used by officers of DAWE to assess the soundness of a levy proposal.

They advise the Minister for Agriculture, Drought and Emergency Management on likely associated costs of collection and the regulatory impact on levy payers, collection agents, and the legislative changes necessary to implement a levy proposal. The Minister decides whether to agree to the proposal.



THE STEPS IN AMENDING A LEVY ARE:

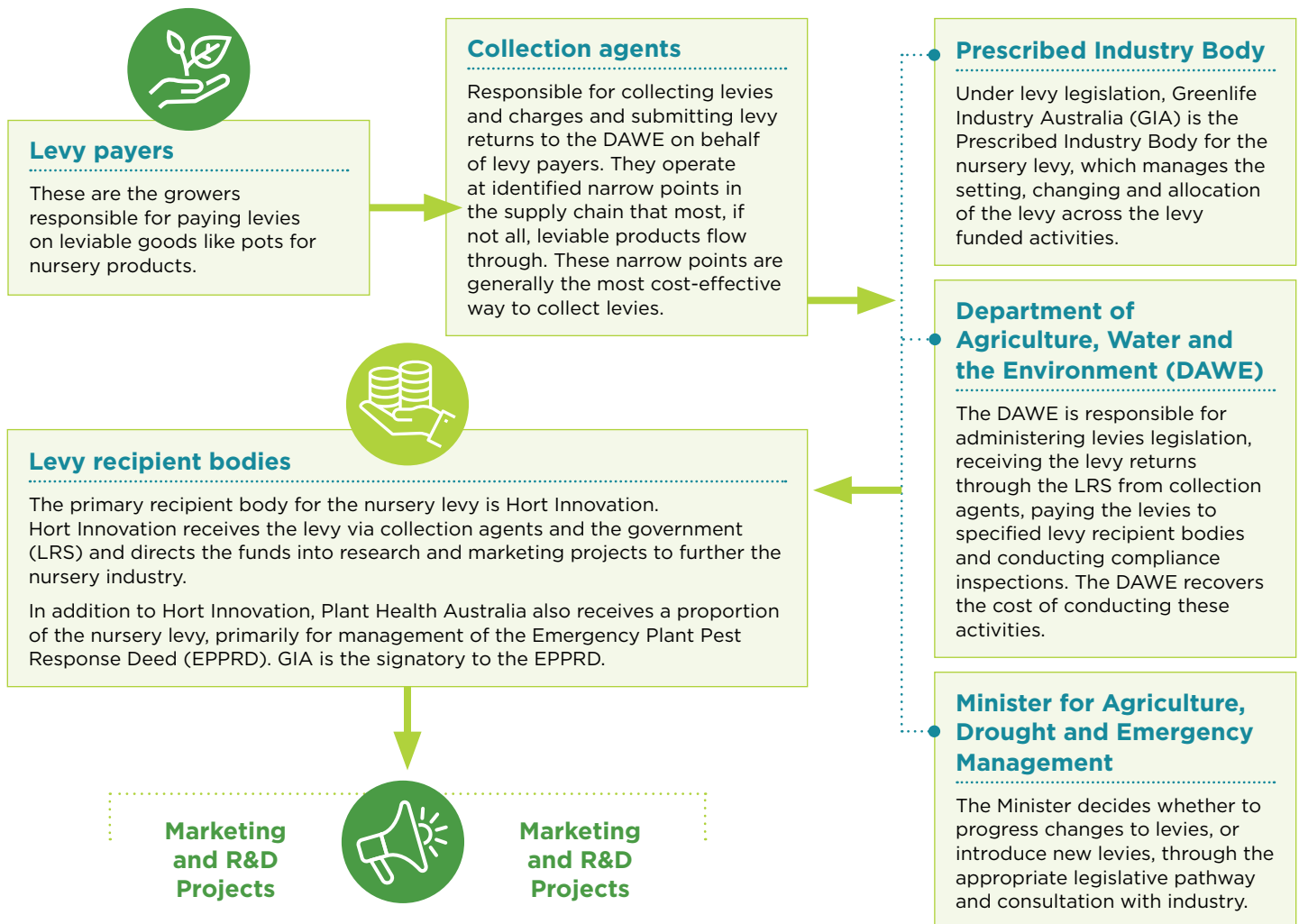
- 1.** Define levy level, allocation and need to change
- 2.** Consult with industry
- 3.** Demonstrate industry support
- 4.** Draft and submit levy proposal
- 5.** Hold an objection period
- 6.** If agreed by the Minister and Parliament, the levy becomes law

Greenlife Industry Australia as the Prescribed Industry Body for the levy can lead the process to amend the levy.



KEY PLAYERS in the levy system

The journey of the levy from payer to investment is complex and involves many different stakeholders along the way. This illustration shows how the levy system operates



LINKS TO RESOURCES

More information on the levy, how it is collected and details on how to lodge can be found via various sources

Department of Agriculture, Water and the Environment: <https://www.agriculture.gov.au/ag-farm-food/levies>

Greenlife Industry Australia: https://www.greenlifeindustry.com.au/Category?Action=View&Category_id=326

Hort Innovation: <https://www.horticulture.com.au/delivery-partners/funding-consulting-investing/how-the-levy-system-works/>

Hort Innovation Annual Fund Report: <https://www.horticulture.com.au/hort-innovation/funding-consultation-and-investing/investment-documents/fund-annual-reports/>

Nursery Industry Levy Payer Kit: <https://www.horticulture.com.au/globalassets/hort-innovation/resource-assets/ny18001-your-levy-at-work.pdf>

PAST EDITIONS OF NURSERY PAPERS ARE AVAILABLE ONLINE on the Greenlife Industry Australia website: https://www.greenlifeindustry.com.au/Section?Action=View&Section_id=46