

## LEVY INFORMATION

# 2021 Sheepmeat and Beef Levy referendum, and proposed 2021-22 Sheepmeat Levy rate

This document contains important information on voting in the referendum for the proposed Sheepmeat Levy and Beef Levy (together, the Levies).

This document is divided into three sections as follows:

- Sheepmeat Levy Information, and proposed 2021-22 Sheepmeat Levy rate
- Beef Levy Information; and
- General Levy Information.

The information in this document includes the information that is required under the Commodity Levies Act 1990 (CLA).

## PART A: SHEEPMEAT LEVY INFORMATION

### 1. What commodity is levied?

The Sheepmeat Levy will apply to all meat intended for human consumption which is derived from sheep (including lambs) and slaughtered in a commercial slaughter premises.<sup>1</sup>

### 2. Who can vote?

Every livestock farmer who owned sheep in New Zealand on 30 June 2020 is eligible to one vote and has one additional vote for every production unit owned on that date. For the purposes of the Sheepmeat Levy vote:

- A “livestock farmer” means a person (which includes any livestock farming entity, whether an individual, partnership, company, trust or incorporated body) who owns sheep and is in the business of farming them in New Zealand (whether or not in conjunction with any other business); and
- A “production unit” is 250 sheep (or part of that number) and the age of the sheep is irrelevant for voting.



<sup>1</sup>Commercial slaughter premises are the premises of an animal product business within the meaning of the Animal Products Act 1999 in which livestock are slaughtered under a risk management programme registered under Part 2 of that Act or a regulated control scheme made under Part 3 of that Act.

For the referendum to be declared in favour of Beef + Lamb New Zealand (B+LNZ) continuing to collect a Levy on sheepmeat under the CLA the vote needs to pass on the following two counts:

- More than 50% of livestock farmers (1 farmer 1 vote) who vote must support the proposed Sheepmeat Levy; and
- More than 50% of the weighted vote based on the sheep production units owned by all livestock farmers that vote.

### 3. What will the Levy rate be?

The proposed Sheepmeat Levy rate (exclusive of GST) for the first year and the maximum Sheepmeat Levy rate within the Levy order period is:

	Initial Sheepmeat Levy Rate	Maximum Sheepmeat Levy Rate (2022 - 2028)
All sheep slaughtered	\$0.75 per head*	\$0.95 per head

\*Subject to the additional vote in point 4 below.

### 4. Additional vote on proposed 2021-22 Sheepmeat Levy rate:

The voting paper also asks sheep farmers to vote on an increase in the Sheepmeat Levy under the current Levy order from \$0.70c to \$0.75c. This vote will be successful if supported by a majority of production units. If this vote is successful, then the Sheepmeat Levy rate under the current Levy order will increase to \$0.75c with effect from 1 October 2021 and the initial Sheepmeat Levy rate under the proposed Levy order will be \$0.75c.

If this vote is not successful then there will be no increase in the current Sheepmeat Levy and the initial Sheepmeat Levy rate under the proposed Levy order will be \$0.70c. **The outcome of this additional vote will not determine if there is a compulsory Levy on New Zealand sheepmeat.**

### 5. Further information

For further information relevant to the Sheepmeat Levy, please refer to the “General Levy Information” section below.

## PART B: BEEF LEVY INFORMATION

### 1. What commodity will be levied?

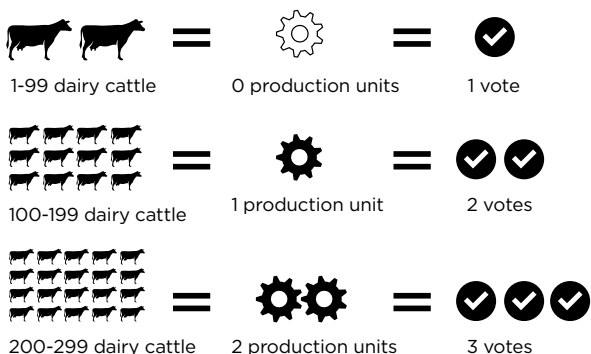
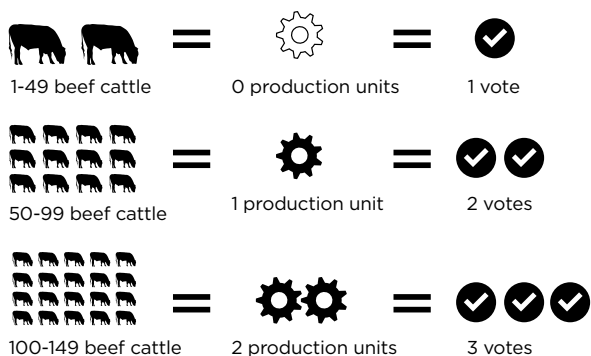
The Beef Levy will apply to all meat intended for human consumption which is derived from cattle (including beef cattle and dairy cattle, but excluding bobby calves) and slaughtered in a commercial slaughter premise (as defined under Part A above).

### 2. Who can vote?

Every livestock farmer who owns cattle in New Zealand on 30 June 2020 is eligible to one vote and has one additional vote for every production unit owned on that date.

For the purposes of the Beef Levy vote:

- A “livestock farmer” means a person (which includes any livestock farming entity, whether an individual, partnership, company, trust or incorporated body) who owns beef and/or dairy cows and is in the business of farming them in New Zealand (whether or not in conjunction with any other business); and
- A ‘production unit’ is either 50 beef cattle or 100 dairy cattle (or part of that number).



The dairy cattle production unit voting entitlement is to reflect the proportion of dairy beef and beef cattle that contribute to the beef levy. In 2019, dairy numbers were 6.4 million and beef numbers were 3.8 million. Using the 1 vote for each multiple of 100 head for dairy cattle and 1 vote for every multiple of 50 head for beef cattle equates to 55% voting entitlement for beef cattle and 45% entitlement for dairy cattle. Beef production from dairy cows was 35% of total beef production in the 2019-20 financial year.

For the referendum to be declared in favour of B+LNZ continuing to collect a Levy on beef under the CLA the vote needs to pass on the following two counts:

- More than 50% of livestock farmers (1 farmer 1 vote) who vote must support the proposed Beef Levy; and
- More than 50% of the weighted vote based on the beef/ and or dairy cattle production units owned by all livestock farmers that vote.

### 3. What will the Levy rate be?

The proposed Beef Levy rate (exclusive of GST) for the first year and the maximum Beef Levy rate within the Levy order period is:

	Initial Beef Levy Rate	Maximum Beef Levy Rate (2022 - 2028)
All cattle slaughtered	\$5.20 per head	\$5.95 per head

### 4. Further information

For further information relevant to the Beef Levy, please refer to the “General Levy Information” section below.

## PART C: GENERAL LEVY INFORMATION

### 1. Who will the Levies be paid to?

The Levies are payable to:  
Beef + Lamb New Zealand Limited, PO Box 121, Wellington.

### 2. Who will be primarily responsible for paying the Levies?

All livestock farmers who produce meat from sheep and cattle and send the animal to a commercial slaughter premises will be primarily responsible for paying the Levies. No livestock farmer will be exempt from paying the Levies.

### 3. How will the Levies be calculated?

The Levies will be calculated on the number of animals slaughtered. The rates will be expressed as a dollar amount (excluding GST) per animal slaughtered.

Levies will not be collected on animals that are wholly condemned prior to being weighed as a hot, dressed carcass.

### 4. How will the Levy rates be set?

The proposed Levy rates (exclusive of GST) for the first year of the Levy order are set out above.

Thereafter, the Board of B+LNZ will set the Levy rates annually following consultation with livestock farmers in accordance with B+LNZ’s constitution and within the maximum Levy rates set out above. Levy rates are set prior to the start of each Levy year commencing 1 October.

Any movement from the initial Levy rates set out above would be subject to consultation and strong livestock farmer support.

If a new Levy rate is not fixed at the beginning of a Levy year, then the previous rate will continue to apply.

The proposed initial Levies set out above would come into effect on and from the date that the proposed Levy order comes into force and will apply until new Levy rates are set or the Levy order expires or is revoked.

## 5. How will I be notified of the Levy rate each year?

As soon as practicable after fixing the Levy rates for any Levy year, B+LNZ will provide notification in the New Zealand Gazette, in a newsletter to all Levy payers known to B+LNZ and by means of a letter to each known Levy collection agent.

## 6. Different rates of Levy

A different rate of Levy may be fixed for different classes of cattle and sheep slaughtered.

## 7. What will the Levies be used for?

The Levies will be used by B+LNZ to fund industry-good activities in accordance with B+LNZ's constitution. The Levies will be primarily spent on these activities directly by B+LNZ but may also be paid to and spent by B+LNZ branches, subsidiaries or associates. B+LNZ may invest Levy money pending its expenditure.

B+LNZ may spend Levy money for the following purposes relating to sheep and beef producers:

- (a) investing in research and development that meets the needs of farmers and the sector
- (b) developing recruitment and training options
- (c) delivering knowledge that drives farm performance
- (d) supporting the sector's market opportunities
- (e) advocating for farmers' ability to operate
- (f) building the sector's confidence and profile within communities and consumers
- (g) the day-to-day administration of the company.

B+LNZ must not spend Levy money on commercial or trading activities.

B+LNZ will consult with livestock farmers in accordance with B+LNZ's constitution on the use of Levy funds by B+LNZ.

## 8. How will Levy payers be consulted on use of Levy money?

B+LNZ will consult with livestock farmers in accordance with its constitution as to how the Levy funds are to be spent.

B+LNZ expects that such consultation will either be through a mailout to all livestock farmers; meetings held in B+LNZ electoral districts; direct contact with B+LNZ's staff or board members; resolution processes at the Annual Meeting, or a combination of any of these.

B+LNZ always welcomes feedback from Levy payers on how Levy funds are spent. B+LNZ contact details are available at: [beeflambnz.com/contact-us](http://beeflambnz.com/contact-us)

## 9. What provisions are there for conscientious objectors?

Any person who objects to the manner of recovery of the Levy by B+LNZ as provided in this document on conscientious or religious grounds will be able to pay the amount concerned directly to the Director-General of the Ministry for Primary Industries (MPI), who will then forward an equivalent amount to B+LNZ.

## 10. How are the levies collected?

Each commercial slaughter premises operator will be required to pay the Levies on livestock slaughtered at its premises as collection agent and may recover the levies deducted from the owner of the livestock.

Collection agents will pay collected Levies (and any GST payable on them) to the Director-General of MPI or other agent and may recover the Levies (and any GST payable on them) from the livestock farmer either as a debt due or by an automatic reduction on the payment for the animals slaughtered (in which case the collection agent will be required to provide livestock farmers with information on the amount of Levy so deducted).

Levies will be held in each collection agent's nominated trust account and paid to the Director-General of MPI who will then forward the Levy amounts to B+LNZ. Each collection agent will be required to deposit each Levy amount into its nominated trust account within 15 days after the date of the slaughter of the livestock.

The Director-General of MPI or other agent may require a collection agent to pay collected Levies (and any GST payable on them) from its nominated trust account by way of direct debit.

A collection agent may also charge a collection fee of 0.25% of the Levy payable to B+LNZ (exclusive of GST) for collecting and paying or paying and recovering the Levies.

## 11. Information that collection agents must provide ("Levy returns")

Every collection agent will be required to provide any information that B+LNZ or MPI reasonably requires to determine the amounts of Levy payable ("Levy return"). Levy returns must be supplied by each collection agent in a form as specified by B+LNZ and within 10 days of the end of each week or part thereof.

## 12. Levy collection

*Due date:* The due date for payment of a Levy to the Director-General or other agent will be the date on which the livestock is slaughtered at commercial slaughter premises.

*Latest date for payment:* The latest date for payment of a Levy will be 10 days after a demand is made by MPI or its agent, or any longer period that B+LNZ allows or which results from a disputed demand.

*Demands:* Where a collection agent does not provide a Levy return within the specified time, or B+LNZ is not satisfied a Levy return is accurate and complete, B+LNZ may estimate the amount of Levy payable and MPI or its agent may issue a Levy demand in that amount to the collection agent.

A collection agent who receives such a demand may dispute the estimated amount demanded within 10 days of the date of the demand. B+LNZ must then review and consider any notice of dispute within 15 days of receipt, including undertaking an audit of the collection agent's records if both parties agree.

Following its review, B+LNZ must either withdraw the demand and substitute another, withdraw the demand and indicate that no other demand will be substituted, or confirm the demand.

*Penalty for late payment:* B+LNZ may charge a late payment fee of up to 10% of any Levy amount which remains unpaid by the latest date for payment.

*Refunds:* MPI or any other B+LNZ agent must refund Levy money found to have been overpaid or paid in error to the appropriate person unless that person has already received reimbursement.

Before paying a refund, MPI or any other B+LNZ agent may require the person to be refunded to provide MPI or the other agent with the relevant Levy returns and any other information justifying the refund and allowing MPI or the other agent to determine or check the amount of the refund; and verify the returns and any information provided in any way MPI or the other agent thinks fit.

### 13. Record keeping

The proposed Levy order will require that, in each Levy year:

- livestock farmers keep records of the number of sheep and cattle sent to commercial slaughter premises for slaughter and the date on which they were sent for slaughter;
- collection agents keep records of the following:
  - the name, contact details and GST number of those Levy payers from whom they collect or recover a Levy;
  - the number of livestock slaughtered in each species and class within species, and the date of slaughter; and
  - the amount of Levy paid and the date of payment.
- B+LNZ keep records of the following matters:
  - amounts of Levy money paid to it and the dates of payment;
  - names and contact details of every person from whom it received Levy money; and
  - how the Levy money was spent or invested.

The CLA requires that the records described above must be retained for at least two years from the end of the Levy year to which they relate.

### 14. Collection of information

One of B+LNZ's roles is to collect and collate information relating to the meat industry. B+LNZ will therefore be responsible for retaining records for statistical purposes, including records of its own accounts and data provided by Levy collection agents. These records will be retained for a term of seven years.

Information that is collected in the course of administering the Levy will not be disclosed by B+LNZ or any of its officers or employees, or by collection agents, unless B+LNZ or the collection agent first obtains the consent of the person providing the information or to the extent required by the law, provided that this will not prevent B+LNZ or a collection agent from disclosing or using any information:

- for invoicing or collection purposes relating to the Levy, or to enable B+LNZ to meet its obligations under the proposed Levy order;
- for statistical or research purposes, provided the information will not identify any individual;
- for the purposes of information transfer and farmer technology adoption practices;

- in relation to the giving of evidence in legal proceedings under or in relation to the proposed Levy order or in relation to the CLA; and/or
- as required by law.

Collection agents will be required to provide to B+LNZ, in a form specified by B+LNZ and at such time intervals as B+LNZ reasonably requires, the names, contact details and GST number of those Levy payers from whom they collect or recover a Levy.

B+LNZ may only use this information for the purposes listed in the bullet points above, or for meeting its obligations under the CLA.

### Ballot paper and GST number

The information contained in or included with your ballot paper that is received by the deadline of 12 midday, Friday 9 July 2021 will be used by the Returning Officer (electionz.com) to ascertain the level of support from livestock farmers for the sheepmeat and beef levies.

The Returning Officer will hold the Information for six months after any Levy order/s commences or for six months after the referendum fails to obtain the support of livestock farmers (as defined in the Levy Information document). The Information will then be destroyed, subject to the following:

- In the event of a successful referendum, your name, address, legal entity name, the GST number of the legal entity, other contact details and stock numbers will be forwarded to B+LNZ and retained to enable it to meet its obligations to livestock farmers under resulting Commodity Levy Orders and its constitution.
- For the first time, B+LNZ is asking for a GST number for the livestock owner. This is designed to help B+LNZ improve its farmer database and with levy information provided by processing companies often the GST number is the only common data. This is an optional request.
- The collection of a GST number is requested to ensure B+LNZ can better identify those who pay a sheepmeat and/or beef levy and ensure sheepmeat and beef industry good activities and information are directly communicated to Levy payers.
- Any information supplied by the Returning Officer to B+LNZ will be in a form that does not identify how any livestock farmer voted.



**Your levy **  
**Stronger together**