



Financial Operating Statements - Explanatory notes

Further explanation of some of the financial items:

TYPE	ALLOCATION/ CALCULATION
<p>ADVICE FROM GROWERS – ‘getting your feedback’ Costs incurred to consult, seek advice and evaluate projects through the advisory mechanisms.</p>	<p>VARIABLE</p>
<p>BASE – ‘keeping the lights on’ Standard fixed costs that are incurred with the running of any business. These costs are calculated on a monthly basis and are based on actual program expenditure.</p>	<p>FLAT RATE <i>Budgeted annually</i></p>
<p>SHARED – ‘related to program delivery’ Shared costs are related to program delivery and include the costs that are indirectly incurred in supporting activities relating to the R&D and Marketing programs. These costs are calculated on a monthly basis and are based on actual program expenditure.</p>	<p>FLAT RATE <i>Budgeted annually</i></p>
<p>FUND SPECIFIC – ‘direct servicing costs’ Actual costs for activities and services that are directly incurred in the administration of levy program expenditure and which are identifiable and attributable to a levy investment fund. From 2018/19 these costs will be charged at cost on a monthly basis.</p>	<p>FLAT RATE (2017/18) VARIABLE (2018/19 onwards)</p>

* Fund Specific will be charged at a flat rate of 6.5% as a transition to a fully variable rate, which comes onto affect in 2018/19 financial year

General questions and answers on the levy financial operating statements

QUESTIONS	ANSWERS
Why is matching less than levy income?	Matching funds are attributed on expenditure, not income, up to the industry's allocation of Australian Government contribution dollars (also known as the GVP cap).
What is the reserve policy?	The reserve policy is set by the Hort Innovation Board and allocated pro-rata to industries. Separate reserves for R&D and marketing are in place to ensure levy investments can continue after an unforeseen event, for example an extreme weather event.
What are the levy collection costs?	Levy collection costs are not determined by Hort Innovation. These costs are activity-based costs that Levy Management within the Department of Agriculture and Water Resources incurs in collecting and monitoring levies.
What about interest and royalties – how does that work?	Interest received by Hort Innovation as a result of unspent levies is allocated on a pro-rata basis (closing reserves) back to levy industries. Royalties received are based on actual royalty receipts attributable to past levy investments in projects that have been commercialised.

Got more questions? Email them to communications@horticulture.com.au or ring your Relationship Manager