

## GVP REFORM WORKING GROUP

### MEETING 2. COMMUNIQUE

10 OCTOBER 2024 (ONLINE)

#### Outcomes of Meeting Two

- The Working Group held its second meeting on 10 October 2024. The meeting covered:
  - Further discussion on the Terms of Reference and role of the Working Group
  - Proposed principles of a GVP approach to the collection of levies.
  - Preliminary discussion on matters for consideration around a proposed GVP approach
- The Working Group noted that its role was an advisory one and any decision on a GVP approach would be made by government following a formal consultation period.
- The Working Group noted that a report on their deliberations was to be provided to the VFA by the end of March 2025.
- A presentation was given on proposed principles, key features and some of the considerations around introducing a GVP-based model, should this model be implemented.
- The meeting then moved into discussion on the principles underpinning a GVP-based model and matters the Working Group may wish to consider around the design, impacts and implementation of a model.

The proposed principles presented by the VFA were:

- Simple – a single formula to calculate levies instead of multiple levies calculated differently for different things
- Fair – a single rate of GVP to be used for everyone meaning the more you earn the more you pay, the less you earn, the less you pay
- Efficient and Effective – instead of being bound to services set in advance, the levy could be adaptable and fund the highest priorities thereby returning the highest value from their use.
- Transparent – the method of calculation of the levy would be known and use data provided by industry and other reliable sources. The VFA would report annually on the levy .

Some of the considerations presented to, and by, the Working Group were:

- How a levy might be applied e.g. at an individual level or by licence class
- A rationale to determine the percentage of GVP set as the levy
- A governance framework to accompany the model and guide its implementation
- How to establish a reliable and accurate source of price data on which to base a levy
- The opportunities and mechanisms to consult with industry more broadly
- The recognition that no model would be perfect but to seek the most viable option on balance

This is not a complete list. The Working Group will identify and deliberate on these issues, and more, over the coming months.

The next meeting will see the Working Group begin looking at GVP modelling to explore the impact of different scenarios and settings.