

Explanatory note

Grassfed cattle transaction levy

Resolution to increase the rate of the grassfed cattle transaction levy

That Cattle Australia recommends the reforms included in the annexure be undertaken simultaneously to facilitate increased focus on and investment in:

- ▣ the accountability of levy investments to grassfed cattle levy payers;
- ▣ strategic biosecurity investments;
- ▣ sustainable funding for the National Residue Survey;
- ▣ industry representation and capacity building; and
- ▣ dedicated funding to Integrity Systems.

On the basis that the reforms as outlined are introduced in full by 1 July 2027, that the Grassfed Cattle Transaction levy, be increased by \$1.00 to \$6.00 by 1 July 2028:

Levy stream	Current	Change	New
Research and development (MLA)	\$0.92	\$0.20	\$1.12
Marketing (MLA)	\$3.66	\$0.69	\$4.35
Biosecurity activity (AHA)	\$0.13	\$0.00	\$0.13
Emergency Animal Disease Response (EADRA)	\$0.00	\$0.00	\$0.00
National Residue Service (NRS)	\$0.29	\$0.11	\$0.40
Total	\$5.00	\$1.00	\$6.00

Overwhelmingly, levy payers expressed a desire to see a more accountable and transparent levy investment program that consistently and clearly articulated and reported the value returned to levy payers from levy investments made on their behalf.

There is broad general agreement that past levy investments have delivered value for levy payers and a predominant desire for levy payers to see new areas for investment focus into the future. This desire stems from the need for investments to better align with the changed nature of industry since the last review.

To account for these aspirations, the Cattle Transaction Levy Review Committee, and the Cattle Australia Board, recommend the following actions be taken, in sequence:

1. Cattle Australia provide the Minister, and the Department, with a full briefing on the results of the review and feedback received through the review consultation and for Cattle Australia to seek support for the implementation of recommendations from the review.
2. Cattle Australia is to engage with each Levy Recipient Body (LRB) to inform them of the findings and recommendations from the review, including a specific focus on investigating and implementing process that facilitate how the full utilisation of currently available levy funds, including any matching investments, are utilised most efficiently and effectively.
3. Each respective LRB be tasked with undertaking a full assessment of all programs and report to Cattle Australia:
 - a. Justification is required as to how current programs are each returning value to industry today.
 - b. The summation of results of the assessment will be publicly published and reported.
 - c. Specific attention needs to be paid to mature programs, such as enduring investments in post farm gate programs, that may no longer meet the hurdle of 'market failure'.
 - d. This task be completed before the approval of the respective LRB FY2027/28 budgets.

4. On the basis that the reforms as outlined are introduced in full by 1 July 2027, that the grassfed cattle transaction levy, be increased by \$1.00 to \$6.00 by 1 July 2028:
 - a. The allocation to NRS be increased to receive a fixed minimum portion of \$0.40 per transaction.
 - b. The allocation to AHA remains at a fixed minimum portion of \$0.13 per transaction.
 - c. The allocation to R&D be increased to receive a fixed minimum portion of \$1.12 per transaction.
 - d. The allocation to Marketing be increased to receive a fixed minimum portion of \$4.35 per transaction.
This levy stream is recommended to be renamed to 'Non-R&D' to more accurately reflect its application.
 - e. The allocation to EADRA remains at \$0.00 per transaction.

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5. Greater flexibility by granted to Cattle Australia to approve the movement of funds between levy streams be created, following consultation with the respective LRBs to ensure critical activities remain funded. Cattle Australia will develop a governance framework to facilitate this process after consultation with industry, LRB's and the Department.
6. Future levy review timing to be aligned with the future red meat industry's planning cycles:
 - a. full review at the start of each 10-year cycle
 - b. mid-cycle report (5-year) on levy investment effectiveness and any need to reallocate funds
 - c. the next review of the Cattle Transaction Levy to be undertaken prior to the end of 2030 post the development of the industry's 2040 strategic plan and prior to the consultation and development of the subsequent MLA 5-year Strategic Plan and budget.
7. Cattle Australia to engage with each of the other red meat sector peak industry bodies to encourage cross-sectoral support for the additional allocation listed above, as well with the following changes:
 - a. the Integrity Systems Company (ISC) be established as a stand-alone entity, separate of MLA
 - b. ISC reappoint a majority independent Board that incorporates direct, proportional representation of the Peak Industry Bodies representing the production sectors paying levies
 - c. greater investments be made in pre-emptive biosecurity research and pre outbreak extension with grassfed levy payers is needed
 - d. these priorities are funded from a dedicated amount of not less than \$0.84 of the grassfed cattle transaction levy (from both R&D and Non-R&D levy funds).
8. To ensure appropriate industry representation and engagement activities are undertaken consistently in the future, a fixed minimum portion of not less than \$0.60 of the grassfed cattle transaction levy (from both R&D and Non-R&D levy funds) is allocated to:
 - a. building and supporting capability and capacity to improve industry representation
 - b. assisting in developing improved primary and tertiary educational programs
 - c. promotion and awareness of industry production systems
 - d. resourcing the development and maintenance of functions that allow for ongoing promotion and defence of industry's reputation and credentials
 - e. extension and Adoption activities as they relate to the operations of the levy system and program expenditure on behalf of grassfed levy payers.