

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
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Parliament House
Canberra ACT 2600

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Dear Committee Secretary

Re: Rural and Regional Affairs and Transport Legislation Committee inquiry into the *Primary Industries Levies and Charges Collection Amendment Bill 2016*

GrainGrowers is an independent, national grain farmer organisation that represents the views of 17,500 members across Australia. GrainGrowers aims to build a more efficient, sustainable and profitable grains sector that benefits Australian grain farmers and the wider grains industry through:

- Developing strong evidence-based policy positions and submissions, which are approved by growers via our National Policy Group
- Running education courses and events, which build human capacity and industry leadership skills
- Developing and distributing a range of products and services which directly benefit industry
- Representing grain farmers to the Grains Research and Development Corporation to ensure accountability and guide direction setting for research and development initiatives and strategy (GrainGrowers is the designated Representative Organisation (RO) for the Australian grains industry under the *Primary Industries Research and Development Act 1989* (PIRD Act)).

The *Primary Industries Levies and Charges Collection Amendment Bill 2016* (the Bill) was introduced to the House of Representatives on 3 March 2016 with the intention of providing a legal basis for the establishment of levy payer registers and use of the registers by Research and Development Corporations (RDCs) and ROs. GrainGrowers considers the establishment of levy payer registers to be an important step forward in providing a pathway to better ensure research, development, extension and marketing activities are meeting the needs of levy payers in the grains industry. We therefore support the intention of the Bill.

Grain levy payers are overwhelmingly supportive of the grains levy system and feedback from GrainGrowers members indicates they see the establishment of a levy payer database as an additional avenue to improve the operations and investment decisions of the Grains Research and Development Corporation (GRDC). It is only appropriate that grain levy payers have adequate mechanisms to inform the direction of their levy investment. We note that the importance of direct grower input to RDCs was recognised by the Productivity Commission in its Final Report into Rural Research and Development Corporations (2011; p. xxii):

The strong linkages with producers, and the significant contribution that those producers make helps to ensure that money is not wasted on ill-conceived research, or work likely to be of limited practical value. Those same linkages and financial contributions can encourage greater or more rapid uptake of research outputs by producers. This increases the overall value to the community of the research concerned.

On the day the Bill was introduced to the House of Representatives, the Deputy Prime Minister issued a corresponding media release entitled 'registers to give levy payers more say' (available via

<http://minister.agriculture.gov.au/joyce/Pages/Media-Releases/registers-to-give-levy-payers-more-say.aspx>). This media release stated that the Bill will allow for levy payer information to be used by ROs to “engage with their constituency” and “adequately consult on key industry issues – ensuring that they can appropriately advise on levy expenditure where they have a legislated role to do so”.

GrainGrowers supports this intention and agrees that this would undoubtedly be a positive development for the grains sector. GrainGrowers also agrees that appropriate measures need to be in place to limit the use of levy payer registers to maximise the benefit to levy payers and prevent information from being used for other objectives. GrainGrowers looks forward to working closely with the Department to ensure associated regulations and administrative processes meet the needs of levy payers.

A key utility of levy payer registers should be the ability for them to be used by ROs and RDCs to undertake levy payer consultation and polls to inform major decisions affecting the expenditure of levies. For example, in the grains industry, it is important that levy payer registers are able to be utilised to undertake consultation and, ultimately, a poll on the key issues of whether GRDC governance should transition to an Industry Owned Company model and whether a marketing levy should be instated. We believe that the final decision on these issues should be determined by a poll of all grain levy payers, as this would ensure that levy payers have a sense of ownership over the decisions and consequent direction of their RDC.

GrainGrowers had some initial concerns regarding the ability of the Bill to deliver upon its intentions and meet the requirements of the grains industry. However, after raising these concerns with the Department of Agriculture and Water Resources and seeking clarification on a number of technical points, we are now satisfied that the Bill should be passed into effect without delay or amendment.

It is essential that the Bill provide a legal basis for ROs to undertake widespread consultation and a grower vote on key industry issues such as those previously mentioned. We understand that the Bill will enable direct levy payer consultation and a vote on potential GRDC governance changes. However, there is some legal ambiguity as to whether the Bill would enable direct levy payer consultation and a vote on the possible introduction of a marketing levy. We understand that this ambiguity stems from the definition of “marketing activities” under the PIRD Act.

The introduction of a marketing levy would represent a significant change to the grains R&D system and, as such, any decision on the matter must arise from a process of widespread grower consultation and support. It is essential that any future levy payer registers are able to facilitate such consultation and polling. The Department of Agriculture and Water Resources has provided GrainGrowers with assurance that it is pursuing separate amendments to the definition of “marketing activities” under the PIRD Act, which will provide a clear legal basis for registers to be used for levy payer consultation and for the establishment of a marketing levy. We have been assured that the Department is undertaking this work as a high priority and that it will be finalised well before the levy payer registers are developed.

GrainGrowers appreciates the efforts of the Department to address the concerns we raised following the Bill’s introduction to the House of Representatives. However, overall, we are disappointed in the lack of consultation that occurred during the development of the Bill. The RDC system represents a partnership between the Australian Government and levy paying farm businesses so it would have been proper process for the Department to consult with the ROs of levy payers during the development of a Bill that imposes changes to the levy and broader RDC system. We are disappointed with a continued lack of consultation from the Department on the RDC system that seems to be re-occurring under various governments.

GrainGrowers encourage the Department of Agriculture and Water Resources to urgently consider opportunities for improved engagement and meaningful consultation with industry regarding the RDC system and other issues impacting the farming sector. At the end of the day, both government and industry are looking to develop an efficient and effective RDC system that delivers genuine value to its investment partners. It is essential that levy payer registers are established upon a sound legal framework that allows the information to be used for improved levy payer consultation and influence over the RD&E and marketing process, but also prevents the information for being used for undesirable purposes. GrainGrowers is eager to work with government to make this happen.

GrainGrowers welcomes the opportunity to contribute further to this inquiry and is available to provide additional details at a hearing, should one occur. Please feel free contact our Policy Officer, Ms Carmen Whiteley, for further information (02 6173 6400; carmen.whiteley@graingrowers.com.au).

Yours Sincerely

A handwritten signature in black ink, appearing to read 'D. McKeon', with a long horizontal flourish extending to the right.

David McKeon

General Manager, Policy and Advocacy