CATTLE AUSTRALIA

DISCUSSION PAPER TWO:

Further Consultation on the Review of the Grassfed Cattle Transaction Levy

July 2026

1. QUESTIONS RAISED IN THE DISCUSSION PAPER

The Committee's initial *Discussion Paper* invited feedback against five categories of questions, reflecting the *Principles* identified to guide the review. These questions are recapped below and form the basis of the feedback summarised in Section 4 of this paper.

LEVY SYSTEM

1. Should industry bodies have greater ability to influence the allocation of funds between existing levy streams where industry issues or needs arise?
2. Would aligning periodic reviews of the levy, and its allocation, with existing industry strategic planning cycles (10-year full review and five-year interim review) offer improved outcomes for industry?

MARKETING AND INTEGRITY ACTIVITIES

1. Where levy investments in certain activities, such as expenditure on international marketing, may no longer be required to the same extent as it has been historically, should these funds be re-prioritised towards other industry priorities such as strengthening engagement with the Australian domestic consumer and community as a whole?
2. Would the Australian beef industry benefit from a clear dedicated focus on innovation in industry integrity systems – LPA, NVDs, NLIS, improved technology?

INDUSTRY REPRESENTATION

1. How important is industry and producer representation to the sustainability of your business and industry?
2. Should industry representation be funded directly as part of the non-R&D levy component of the overall levy paid?
3. What is the best mechanism to ensure producer engagement and adoption is improved?
4. How important is independent oversight of levy expenditure and accountability by Cattle Australia for the levy investment?

2. THE SCOPE OF THE REVIEW

In 2006 and 2009, the reviews of the Cattle Transaction Levy differed from the current review being conducted in two key aspects:

- The reviews were a combined approach between the grain fed and grassfed components of the cattle transaction levy.
- The 2006 and 2009 reviews focused only on the marketing (non-R&D) component of the levy.

The 2026 Review was intentionally designed to take a different approach. The Cattle Australia Board (CA) and Levy Review Committee (Committee) elected to adopt a system-wide approach to the review, seeking to undertake a holistic assessment of the health of the broader operating environment, rather than focusing solely on one individual stream of the levy, with a specific focus on the grassfed cattle sector.

CA and the Committee have sought to look beyond the income and expenditure of the levy and examine the functions and purposes of the surrounding infrastructure that support the investment and delivery of levy-funded activities on behalf of grassfed cattle producers.

Following the establishment of Cattle Australia as the successor to the Cattle Council of Australia and recognising an assessment of the levy had not been carried out since 2009, the Board of CA deemed it timely and appropriate to conduct this assessment during the formative years of the new organisation.

The review was commissioned with the objective of ensuring that the industry was well positioned to define a clear vision for the future of the grassfed cattle industry. With planning for Red Meat 2040 set to begin in the near-term, this is a key consideration for the industry.

Further, the CA Board and the Committee have recognised that, where structural reforms are identified as required, further areas of work will be required following the completion of this review.

This paper forms the basis of the third phase of consultation on the review of the levy and has been drafted with the aim of further exploring the issues and opportunities encountered by the Committee in assessing the appropriateness of the current levy arrangements and the manner in which they are providing returns to grassfed cattle producers. For completeness, in considering the process the Committee has undertaken, this paper should be read in conjunction with the initial *Discussion Paper*.

It has been prepared to inform the face-to-face consultation phase of the review and support discussions with producers across Australia. The next, and penultimate, stage of the review will involve the development and publication of formal recommendations to levy payers, which are expected to be distributed in September.

These recommendations will then be put to levy payers for consideration and voting at the MLA AGM in November. The results of that vote, together with any recommendations for reform, will then be provided in a report to the Australian Government Minister for Agriculture, Forestry and Fisheries on behalf of the industry.

3. PRINCIPLES FOR THE REVIEW

The initial *Discussion paper one* issued by the Committee articulated the *Principles* for the review and the issues identified in its preliminary analysis of the current functioning, not only of the levy investments, but the system as a whole.

The Principles established continue to guide the work of the Committee and can be considered as follows.

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THE FIVE PRINCIPLES FOR THE REVIEW OF THE GRASSFED CATTLE INDUSTRY	
Principle 1	There is unrealised value in the levy system currently that is a priority to unlock and secure
Principle 2	There is not enough flexibility within the existing levy system to allow for needs-based changes to be made between existing industry levy recipient bodies and their respective allocations without protracted and expensive consultation.
Principle 3	There may be a need for additional levy streams or allocations that have not been funded historically.
Principle 4	Fixed review periods are appropriate and should be enshrined in industry governance and practice into the future.
Principle 5	All aspects of industry functions, including industry representation, need to be adequately funded via the proposed new levy structure.

4. FEEDBACK TO DATE

The Committee has to date issued an initial survey to assess the views of levy payers regarding aspects of levy investment to date, as well as to seek preliminary feedback on the *Principles* established to guide the review. Feedback on these provisions so far has been summarised below.

MARKETING, RESEARCH AND DEVELOPMENT INVESTMENTS

Respondents so far have expressed overall support for levy investments in marketing functions, with ~50% reporting that the industry benefits "very well to moderately well", 42% indicating "slight returns", and 8% indicating they saw "no returns at all".

Research investments were reported as returning "very well to moderate" returns by 41% of respondents, 52% indicating "slight returns" and 7% seeing "no return.

Commentary suggested overall support for this function and a perception that ongoing investment in "marketing programs" was important.

There were consistent references to the need for this focus to be "modernised" and reflective of current market conditions, as well as the need for an increased focus on ensuring that producers saw the "return of these investments directly".

Feedback also consistently noted that producers, who invest substantially in these programs through the levy, were not the only participants in international marketing activities, with large companies and export businesses investing heavily in these functions themselves.

There were strong concerns repeated regarding investments in programs that appear to offer little if any direct benefit to the holistic levy payer community, especially as they relate to initiatives like CN30, which was repeatedly mentioned, as it was commonly held that investments in these areas should be primarily undertaken by governments and not through limited funds available for research and development activities that directly concern the production of grassfed cattle.

Overall, there was a desire to more directly engage in research activities and see substantial challenges facing the production sector of the industry addressed more directly.

NRS AND AHA INVESTMENTS

Asked whether NRS and AHA investments provided returns along the same spectrum, the results returned similar splits, with approximately 42% and 44% indicating "strong or moderate returns" for both streams, and 46% and 49% seeing "slight returns", and 7% and 12% seeing "no returns" respectively.

There was consistent recognition of the integral nature of these programs and that the need for industry to ensure they were appropriately funded was paramount.

It was noted that the investments in these areas were not necessarily as visible as those undertaken by MLA, though there was strong consensus that the functions performed by these bodies were important for trade and market access, as well as consumer confidence in Australian beef and in creating provisions for greater protections in a biosecurity emergency.

Funding sustainability and security was a core theme from the feedback provided.

ADDITIONAL LEVY INVESTMENT STREAMS

In terms of whether additional areas for investment, outside of the four current investment streams, should be considered, 70% of respondents voted "in favour of additional investment functions while maintaining the current investment streams".

Of the additional streams offered for consideration, strong support was shown for biosecurity investment (74% in favour) as well as support expressed for industry representation functions (52% in favour).

The commentary regarding biosecurity investments in particular stressed the importance of biosecurity and protection for the industry.

This was tempered somewhat by many noting that, while it was important and that industry investment may have a role, it should substantively remain a public good investment funded primarily through Government funded initiatives.

FLEXIBILITY IN LEVY ALLOCATION AND REVIEW INTERVALS

When asked whether increasing flexibility to existing levy allocations should be made more available for adjustment in exigent circumstances, 50% "supported the measure outright", with 38% expressing they may support the measure depending on what the circumstances were, and the remaining minority opposed to the suggestion.

On the question of what interval more regular reviews should be set at, 55% expressed support for every five years, 34% every ten and 11% every two.

INDUSTRY REPRESENTATION

In regard to levy funds being utilised to support industry representative functions, and whether resource limitations were limiting the effectiveness of levy investments, 75% fully supported or were not opposed to the direction of having Industry Representation funded directly from the levy, and a minority of 25% were opposed to the suggestion or sought further information.

Many of those expressing positive sentiment towards this question noted the importance of substantial producer engagement in industry strategic planning and program investment functions, and the barriers to being able to do so currently (time away from farm etc.).

5. ADDITIONAL AREAS FOR FEEDBACK

The assessment conducted by the Committee has continued past the issuance of the preliminary *Discussion Paper* and continues with views and guidance from industry forming the basis for additional areas for investigation. The focus of the Committee at this time is on Principle 1, 2, 3 and 5. Provided below are further areas for feedback, developed from these inquiries, included here for consideration and feedback from industry members.

5.1 PRINCIPLE 1 – UNLOCKING MORE VALUE

The view articulated in the *Discussion Paper one* primarily focused on the need to ensure funds available to industry for the undertaking of research, development and extension activities, through facilities such as the MLA Donor Company, were a priority to secure into the future.

While questions around the appropriateness of the balance between these kinds of projects and those funded directly through the research component of the grassfed levy remain, primarily ensuring this function is achieved is a matter of practice and does not require substantive policy or regulatory change to be achieved.

Since providing this concept for feedback from industry, the Committee has extended the scope of this Principle beyond purely the research aspect of the levy to Marketing (non-R&D aspects) and the functions of AHA and NRS.

From the perspective of additional value within the NRS and AHA investments, there are areas in which efficiencies should be driven to achieve better returns, but the functions of these bodies are constrained by the roles they perform on behalf of industry and there are not large areas of functional change that can be made to unlock existing internal value.

However, this is not the same for the marketing-based component (non-R&D aspects) of the levy, which has become an area of focus for the Committee.

The definition of what functions constitute 'marketing' activities today has expanded over time, with the $M levy stream becoming something of a catchall for industry programs that, while needed, are not necessarily investments that would commonly be considered traditional "marketing activities".

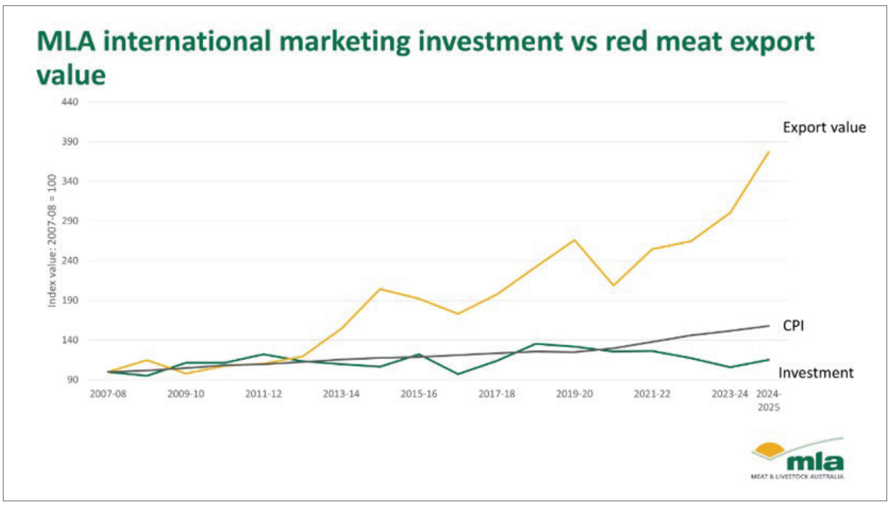
For example, Industry Integrity programs, such as the National Livestock Identification Scheme (NLIS), are today substantively funded out of marketing (non-R&D) funds.

Industry Integrity programs is not unique in this regard, with a number of other programs also drawing down on $M, including communications programs, evidentiary-based programs (such as the Australian Beef Sustainability Framework) and other program areas and operational costs of Meat and Livestock Australia.

5.1.2 INTERNATIONAL MARKETING

While it is not disputed that the vast majority of these additional functions are vital for the industry, the challenge this presents, in utilising the non R&D component of the current levy to pay for these services is that today there are fewer funds available for activities directly associated with the "marketing of Australian beef" domestically and internationally.

Levy payers have expressed support for traditional marketing activities, with the maintenance of and improvement in market access, and activities to grow global demand for Australian beef, being two key functions of MLA for which there remains strong support among producers.



There can be no denying the success of these investments. Since 2009, when the increase in marketing investment was reaffirmed, Australia has enjoyed substantial growth in export demand for beef. The graph above highlights this trend, as well as the quantum of international marketing investments made by industry.

What is not captured above is the substantial increase in private investment that this growth has facilitated, and it is this evolution that the Committee has closely considered. While historically the marketing of Australian beef was either heavily controlled by, or indeed almost entirely reliant upon, the Australian Government and industry bodies, the liberalisation of international markets through trade agreements has changed this relationship materially.

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Today, commercial beef exporters are able to invest substantially in market development and maintenance programs individually. While it is true that country-of-origin level marketing remains an important focus for many beef producing countries and will likely remain so for Australia to some extent, the importance of direct commercial relationships, and the quality of the product that builds these relationships, has direct causal effects on demand for Australian beef that should not be underestimated.

With international marketing investment surpassing $42m in FY25, the program area remains the largest single investment made by MLA annually, driven substantially by the support of levy payers for these activities to continue. However, while the support for improved market demand for Australian beef is positive, establishing a direct correlation with these investments and the effect they individually have is difficult to discern.

While it is true that levy income for this program area has not substantially increased in the past 20 years, and it has therefore declined in real value terms due to inflation impacts, there is no indicator available to the Committee to suggest that this reduction has had negative outcomes for industry today, with in inverse relationship existing between levy investment declines and GVP growth.

While there likely have been some correlation between declines in spend of levy funds and lost market opportunities, there does not appear to be available data for this nor modelling to adequately display this as a trend. Equally, while the growth in these markets is in some way linked to private investment by commercial entities, these figures have not been made available to the Committee, nor does it appear there is a single point at which they are collected.

It is the view of the Committee that ongoing investment in this area needs evaluation and should consider whether commercial investments, in mature markets in particular, have negated the need for the same levels of levy investment as have been undertaken previously, and continue to return appropriate levels of return to grassfed producers.

FEEDBACK REQUESTED

- *Are there examples where increases in the availability of levy funds for international marketing would have delivered greater returns for the production sector?*
- *Are there metrics available to indicate where market opportunities are being lost?*
- *What is the appropriate level of producer funds for these activities, when considered against the investments already being made by commercial businesses directly involved in the export and wholesaling of Australian grassfed beef?*

5.2.2 DOMESTIC MARKETING

The domestic market program is approximately 91% funded through $M from across the production sector levies. It includes consumer brand campaigns, the National Livestock Reporting Service (NLRS), nutrition communications, and the Aussie Beef domestic brand program.

The effectiveness of this program warrants closer examination to ensure that the engagement with the domestic market is occurring at the right level and that these investments are providing a return at appropriate levels to grassfed producers. The below analysis has been provided to generate discussion and ascertain additional feedback on some of the areas of the Committee's consideration to date.

CONSUMER BRAND AND PROMOTIONS

The domestic red meat market is mature and highly competitive. Major retailers — Woolworths, Coles, Aldi, IGA — invest substantially in their own protein category marketing. Processors and meat brands run active consumer campaigns. The question is whether the levy investment in domestic brand promotion is creating genuinely additional demand, or whether it is effectively subsidising the marketing costs of retailers and processors who capture the domestic consumer margin.

While domestic marketing is important, and there can be no doubt many of these investments have historically been effective, ongoing levy investments in what is a crowded and heavily commercially competitive marketplace warrant further investigation. Demonstrating the counterfactual impact of these investments – what would demand look like in their absence – would be on way to ensure their continuation serves the needs of industry or whether this strategy needs further consideration.

NATIONAL LIVESTOCK REPORTING SERVICE

The National Livestock Reporting Service provides independent price information across saleyards and processors. Price transparency in livestock markets is a genuine public good that meets the market failure test — no individual market participant would fund it because the benefit is diffuse and the data must be trusted as independent to have value.

However, the question is not only whether NLRS should be funded by the levy, but who is the right entity to deliver it, and whether the current model captures the full opportunity. The livestock transaction landscape has changed dramatically since NLRS was established. Digital livestock trading platforms — AuctionsPlus, StockLive, Up for Bids — now handle a significant and growing volume of transactions and have access to comprehensive, real-time electronic sale data.

Agent networks and the Saleyards Association collectively have access to more granular transaction data than NLRS currently captures through its reporting mechanisms.

Levy fund investments are designed to solve a market failure that the private sector would not solve alone. In this case, that may mean investing in the architecture for comprehensive, independent price reporting rather than continuing a service model built for an era before electronic livestock trading.

It is the view of the Committee that this function should be reviewed to ensure it is reflective of the current operating environment of industry and that it is being delivered by the appropriate body. Feedback is requested as to how this service could be improved to better serve the needs of industry.

5.2.3 INTEGRITY SYSTEMS

The Integrity Systems Company (ISC) is a wholly owned subsidiary of MLA, incorporated in 2008 with a separate board and Chief Executive (up until recently). It houses the National Livestock Identification System (NLIS), the Livestock Production Assurance (LPA) program, and the National Vendor Declaration (NVD) framework. In FY24-25, MLA's Integrity Systems program recorded total expenditure of $32.5 million.

The ISC generates ongoing income through transaction fees, system access charges and database services — charged to producers, saleyards, processors and other supply chain participants who are required by regulation to use the NLIS.

The Committee has conducted preliminary consultation on whether a dedicated levy stream for integrity systems is required, and the feedback from industry to date has been mixed.

Further, consultation with industry service providers has highlighted the comparative strengths and weaknesses of undertaking the separation of these functions. However, there remains questions to be asked about how, and through what mechanism, this aspect of the levy system should be supported and whether its current positioning should be maintained.

ENDURING QUESTIONS

Questions about the governance of ISC and the appropriate structural home for NLIS are not new. The 2019 Red Meat Industry Green Paper, commissioned by the Red Meat Advisory Council as an independent review of the industry's MOU and governance arrangements, canvassed structural questions about the roles and accountability of service providers including MLA and AUS-MEAT.

That process identified the need for clearer roles and responsibilities, streamlined governance and better mechanisms for the commercialisation of R&D outputs as NLIS is not a voluntary service — it is a legally mandated national livestock traceability system. Producers are not customers choosing to use NLIS; they are regulated parties required to comply with it.

THE ARGUMENT FOR CHANGE

The ISC and NLIS could be restructured as a genuinely standalone entity — potentially as an industry-owned company with direct representation from all supply chain participants on its board. The arguments in favour are structural, not aspirational:

- There is an argument to suggest that a mandatory national traceability system whose outputs underpin market access and biosecurity would benefit from having a governance structure accountable to all industry participants and the community more broadly.
- Removing ISC from MLA's structure, with a dedicated levy allocation, could allow for an independent autonomous structure to be maintained by the collective livestock production sector representing cattle, sheep and goats.

FEEDBACK REQUESTED

- *Would increasing accountability for industry integrity programs to industry members and the community more broadly offer a greater benefit to industry than is currently being achieved?*

5.2.4 EATING QUALITY / MSA

The Meat Standards Australia (MSA) program is one of MLA's genuine success stories.

Developed over more than twenty years with levy and matched government funding, MSA created a world-leading eating quality grading system for beef that has demonstrably improved consumer outcomes and delivered significant premiums to producers — $409 million in additional annual returns to farm gate in FY25 alone, with a benefit-cost ratio that increased from 8.7:1 to 24.5:1 between evaluation periods.

That success is the argument for change, not against it. MSA may no longer be a program requiring levy investment to establish a market that did not exist — it is a commercially adopted, supply-chain-integrated industry standard.

Over 47% of national adult cattle slaughter is MSA graded. Processors license the MSA brand, apply the grading framework, and use it as a commercial differentiator. It is embedded in retail supply chains globally.

The program has reached exactly the point of maturity at which the levy system should transition delivery. MSA is, in its current form, a standards and accreditation program — which is precisely the function of AUS-MEAT.

AUS-MEAT administers livestock and carcase description standards, manages accreditation, and already operates in the space of independent industry quality standards. It would appear to be the natural home for MSA. Transitioning MSA management and delivery to AUS-MEAT would free MLA of a significant ongoing program obligation while ensuring the standard continues to be maintained by an entity with the right governance and industry mandate.

FEEDBACK REQUESTED

- *Are there any potential downsides to relocating MSA to AUS-MEAT and would this pose any risk to existing industry functions?*

5.3 PRINCIPLE 2 – FLEXIBILITY BETWEEN LEVY STREAMS

Principle 2 highlights that there are instances in which diversions between levy streams may be required to assist in securing the operations of the levy structure and ensuring service companies are able to operate core industry programs unimpeded by budgetary constraints. A live example of where this is required is in regard to the National Residue Survey (NRS).

The NRS is a critical component of Australia's market assurance system. Independent residue monitoring provides the evidence that underpins domestic confidence and international market access while protecting Australia's reputation as a trusted supplier of safe, high-quality products. Residue assurance is a national capability that no individual producer or exporter can deliver independently, yet every producer benefits from the confidence and commercial opportunities it creates.

As importing country requirements become increasingly sophisticated, continued investment will be required to ensure the system remains scientifically robust, risk-based and responsive to emerging contaminants and evolving market expectations. There is also a need to periodically assess whether current investment remains sufficient to meet the increasing assurance expectations of both domestic and international markets.

The Committee has undertaken an assessment of the revenue projected for the NRS and found that there is a case for changing the allocation provided under the current structure due to future budgetary constraints on its operations. While this review will consider this in more detail, with recommendations regarding the need for this adjustment likely to be confirmed and distributed to industry in September for consideration, this constraint serves as a current example of where flexibility would offer industry value.

5.4 PRINCIPLE 3 – ADDITIONAL LEVY STREAMS

Identified in *Discussion paper one* were examples of where additional levy streams may be of utility for industry (and above at 5.2.3 is some further discussion regarding a potential funding stream for the ISC). Consultation regarding these concepts is currently being undertaken and further views being collected to ascertain whether these should be further developed and presented to industry as fully realised proposals.

The impetus behind this Principle has been the desire of the Committee to ensure the current levy structure reflects today's industry operating environment in recognition that these streams have not been amended since the system was established in the 1980s. Initial stages of consultation have reflected that updating this may offer value to industry, though substantial further work will likely be required to justify this area for reform. Further, consultation has also reflected the aspirations of some members of the industry regarding not only how levy funds are disseminated to service providers, but how it is collected as well.

Feedback has been provided to the Committee that the concepts of an *ad valorem* or indexed levy collection mechanism, being a system by which the percentage of the overall value of the transaction or price indexed against an industry mechanism (i.e. the EYCI or other metric) is collected as opposed to a fixed fee, could offer greater equity to industry members, especially during times of drought. This could also be considered a more modernised approach to levy collection, given the separation of the value of certain production system units becoming far more distinct and the industry less homogenous than 20 years ago.

There are arguments in favour and against this model, with careful analysis of how to position this percentage value to ensure usability, equity in creating top and bottom price limits and other considerations needing to be made prior to this concept being fully presented to industry. However, feedback is being requested from industry members around preliminary responses.

FEEDBACK REQUESTED

- *Would an* ad valorem *levy be more equitable for industry members individually and be of benefit to the industry as a whole?*
- *Would an indexed charge, (i.e. a fee indexed against a metric such as the EYCI) provide a more appropriate charge that would be of benefit to the industry as a whole?*

5.5 PRINCIPLE 5 – NATIONAL INDUSTRY REPRESENTATION

The architecture underpinning the levy system was largely established in the 1980s, with some valuable enhancements during the 1990s. However, since that time, no substantive changes have occurred. Rather, amendments have primarily been confined to periodic reviews of governance functions and updates to the regulatory and legislative instruments.

While the amendments have provided greater administrative clarity, they have largely maintained the system's primary functions and drivers.

Across all agricultural levy streams, reviews of sector-specific levies have been infrequent, conducted at inconsistent intervals and often narrowly focused on achieving a specific outcome — as opposed to taking a broader view of the success, or lack thereof, of their respective functions.

While this is not necessarily problematic, as stability across the framework has delivered substantial value for the agricultural industry, it is notable that this approach differs from the original intent of the design of the legislative framework. For some sectors this characteristic is more notable than others.

In the Committee's consideration, the nature of the relationship the Red Meat Industry was intended to have with the Commonwealth when the enabling architecture was established is vastly different from the relationship that exists today.

At the time the current structures were enacted, a Memorandum of Understanding was signed between the Red Meat Sector and the Commonwealth (the Red Meat MOU), which remains in force to this day, though poorly understood and rarely referenced.

Point 1 of the Preamble to the Red Meat MOU reads as follows:

"In 1997 the Commonwealth passed the Australian Meat and Live-stock Industry Act 1997 (Cth) (the ***AMLI Act****). The AMLI Act was designed to minimise Government involvement in Industry affairs, empower Industry to manage its own affairs and to encourage ownership and leadership by Industry, thereby delivering a more efficient structure and increased responsibilities and control to the Industry..."*

While the AMLI Act has since been superseded, with the MOU being updated to reflect this, the aspirational nature of the relationship between the Commonwealth and the Red Meat industry as set out in the MOU remains consistent and has not been fully realised.

The relationship, as intended at the point of inception of the agreement, was essentially designed to establish a triarchy between the Commonwealth, the respective sector Research and Development Corporation (RDC) and the Prescribed Industry Body (or PIB), which for the grassfed beef sector are MLA and Cattle Australia respectively.

Under this model, each party was intended to perform distinct but complementary roles. The Commonwealth was to ensure that funds were collected, disseminated to industry and spent by industry in line with legislative and regulatory requirements; the PIBs were to set industry strategy and monitor the effectiveness of investment of levy funds in achieving these; and the RDCs were to carry out the functions of these investments to achieve the desired industry strategy in compliance with Government controls and measures.

While, to one extent or another, this relationship has been fruitful for the grassfed cattle sector over the past 20 years, the nature of the industry has changed and there are now substantial challenges facing the future of this model.

What was not considered in the drafting of these industry structures at the point of implementation of the AMLI Act was that the roles of these bodies would become increasingly diverse and challenging, while producers would face growing resource pressures that would reduce their ability to participate. This is a symptom of market evolution over time.

Today, PIBs are responsible for much more than setting industry strategy and monitoring the effectiveness of levy investments. While the prohibitions against funding for "agri-political activities" are appropriate and should remain in place, the functions of PIBs primarily today are not focused in these areas. PIBs today have increasingly become the primary national representative structures for their industries, undertaking a broad range of policy, representation, market access, biosecurity, regulatory and stakeholder engagement functions on behalf of producers.

Many producers now only have resources to engage with these organisations intermittently, while expectations of industry representation and service delivery continue to grow. This has created a growing disconnect between the expanding responsibilities of national industry bodies and the capacity of producers to actively participate in and shape their direction.

To alleviate these pressures, and in response to limited resourcing and the availability of suitably skilled personnel, a relatively small number of producers have assumed an increasingly disproportionate share of industry advisory responsibilities.

These individuals often serve on multiple committees, advisory groups and governance bodies, frequently over extended periods, at their own cost. Reliance on a small group of highly committed individuals is neither equitable nor sustainable over the long term and presents a growing risk to industry capability, succession planning and the effectiveness of representative structures.

Alleviating these pressures, while creating an environment where producers are supported to be in these roles — with improved levels of support from strategic advisory functions, ensuring there are resources available to fulfil strategic planning, monitoring and review functions, and investing in the bodies tasked with safeguarding the industry against future market conditions — is something that should be closely considered by industry members.

The Committee is interested in hearing views on how industry members can best be supported to undertake these activities, and how and which industry bodies should be tasked with ensuring this occurs. It cannot be denied that one of the irrefutable strengths of the current levy structure remains that, at its heart, it is still producers who are relied upon to make many of the significant decisions that affect the industry. However, the current inequity of this system is that only those able to take time away from their own businesses can participate.

QUESTIONS FOR RESPONSE

1. How important is appropriate industry representation from Cattle Australia to the sector as MLA is specifically excluded from providing industry representation under its Statutory Funding agreement?
2. Should levy payers remain decision makers on how industry and government programs are designed and delivered?
3. Should industry fund its representation functions and requirements from the levy?
4. How much of the levy should be allocated to “industry representation”?

5. CONCLUDING COMMENTS

At the time of issuance, this *Discussion Paper 2*, read in conjunction with the previous *Discussion paper one*, is intended to display the thinking of the Committee to industry members and advance the discussion around where reforms may be needed in order to improve accountability and return on investment of levy funds to industry members.

During this same period, the Committee is beginning face-to-face consultation with industry members, which is anticipated to conclude in August.

The Committee would seek to reiterate that neither this paper, nor its predecessor, serves to make recommendations at this stage. These issues, and the consideration of them, have been identified, analysed and provided to industry in the interests of transparency and collaboration.

Feedback from industry members is highly encouraged and will form the basis for further work on finalising the Committee’s work. Recommendations for reform will be distributed to all levy payers in September, for a vote at the MLA AGM in November.

All levy payers will have the opportunity to have their voices heard. A final report to the Minister will then be finalised, following the vote, with supported recommendations included.

CATTLE AUSTRALIA

Level 2, Burns Centre,
28 National Circuit Forrest, ACT 2603
Phone 1300 653 038

cattleaustralia.com.au