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GRAIN PRODUCERS AUSTRALIA

PROPOSAL:

- To establish Grain Producers Australia - A national grower representative body with a direct membership of grain farmers to deliver the best possible advocacy and accountability in the grains industry.

REASON:

- The Grains Council of Australia's announcement of its financial stress and possible closure presents a huge risk to the industry given its role as the declared representative organisation under several pieces of Commonwealth legislation as well as other non legislated roles. These roles encompass a broad range of activities, including but not limited to, research and development, biosecurity, trade and market access.
- The current representative model is not recoverable and no longer catches the majority of growers or the majority of production in its membership.
- The Australian grains industry is not naturally divided along state lines and cannot be effectively represented using these divisions.
- The declared representative organisation must have strong and preferably direct ties to grain farmers for the accountability mechanism to work effectively.
- Growers need confidence in the regulatory system that impacts on all sectors of the supply chain with direct and indirect effects to the production sector.
- The non grower sectors of the grains industry also urgently need stability in the regulatory system and an improved relationship with producers to enable long term strategic planning and investment so there is not a rundown in Australian grain's competitive advantage
- Currently, growers' compulsory levies contribute the major share (~60%) of the annual operating revenue for the GRDC. There is a need to provide a platform to properly and objectively evaluate the needs of the RD&E sector in the future, in relation to its value. This is particularly relevant now as GRDC will develop its next five year operational strategy to commence in 2011.

OUTCOMES:

- Establish a strong independent national advocate for grain farmers
- Provide robust accountability of research and development initiatives to growers and industry
- Engage all growers directly to create ownership of the industry and rebuild confidence in the accountability of the industry
- Provide new relevance for national, state and regional grower groups without the financial burden of the current representative system
- Deliver commercial benefits to producers through constructive engagement with all sectors of the value chain

BACKGROUND

The Grains Council of Australia (GCA) has been placed into voluntary administration due to lack of operating capital that is sourced mainly by membership subscriptions of state based grower bodies, who have experienced the same difficulties many state and national agricultural representative organisations face in securing financial sustainability.

The GCA represents the interests of Australian grain growers on many levels and specifically holds legislated responsibilities in relation to the *Primary Industries and Energy Research Development Act 1989* (PIERD), the *Primary Industries (Excise) Levies Act 1999* and the *Primary Industries (Customs Charges) Act 1999*. These legislated responsibilities refer, in order, to the function of: over sighting the function and operation of the Grains Research and Development Corporation (GRDC) on behalf of growers; reviewing and setting the grains levy, which directly contribute to GRDC revenue, collected from growers at point of sale of levied grains; and determining the industry views on the Wheat Export Charge.

GCA captures a grower membership through the membership of the affiliated groups it holds as members. Increasingly, growers no longer view GCA as representative of producers, or the majority of production, due largely to the shrinking membership of the state based agri political groups. The rundown in memberships has resulted in critical shortage of funds that has seen many state based grower groups struggling financially in their own right and largely unable to fund the national body in its current form.

There is a strong case for the establishment of a new model of national grain grower representation, being the Grain Producers Australia (GPA) model. GPA will be owned and controlled by growers as members, linking their individual influence of the body to production. GPA will be accountable to these members through board elections and annual review of operations. The establishment of such a body would provide means for a proactive entity to address a range of industry specific issues and most importantly provide an ongoing independent review of the grains research investment.

GPA will be funded primarily by growers. In this way the new structure will not be compromised in its ability to maintain an objective perspective in its functions. The proposed funding model provides an equitable system where all growers can contribute to advocacy at a national level and alleviates the financial burden on the state based groups to fund the national structure from reduced membership revenue.

It is critical to re engage growers and provide a sense of industry ownership and accountability, particularly in relation to the GRDC. It is imperative, to the future of grains in Australia, that we provide a system of representation that gives growers a real sense of ownership and accountability so that we may generate a willingness to maintain and, in the future, grow investment in the grains industry.

In light of these issues GCA initiated two open industry Roundtables. The ultimate output of these discussions is the appointment of an independent steering committee to develop a working grower representative model incorporating the principles outlined in Alan Umbers' "*NATIONAL GROWER REPRESENTATION - OPERATIONAL AND FUNDING PLAN - Considerations for the Business Plan for a national grower body*"¹ commissioned by GCA for the Roundtable process.

The Steering Committee has developed the GPA model and plan for industry consideration as an extension of the Roundtable process. For further information contact Pete Mailler, pete.mailler@gpau.com.au, 07 4676 5112 or 0427 265 707 or website gpau.com.au.

¹ http://www.grainscouncil.com/documents/2010_02_02_Bus_plan_full.pdf

GRAIN PRODUCERS AUSTRALIA

VISION

Grain Producers Australia will be recognised as the pre eminent agricultural advocacy group in Australia with a stable membership representing at least eighty percent of grain growers and ninety percent of grain production.

MISSION

To represent, support and promote Australia's grain producers.

OBJECTIVES

Foster a strong, innovative, profitable, globally competitive and environmentally sustainable grains industry.

Engage all sectors of the Australian grains industry to ensure the most efficient and profitable grain supply chain operates.

Facilitate a strategic approach to Research, Development & Extension (RDE) that will deliver sound commercial outcomes from industry research

OVERVIEW

Grain Producers Australia (GPA) is a national body that will be focussed on issues of national significance. GPA will not intrude in, or duplicate, the functions of existing state or regional structures. GPA is not competing with established state and regional groups. GPA will provide leadership at the national level which will enable the existing state and regional bodies to serve the members in their regions more efficiently.

The company will be the national peak body representing Australia's broadacre grain, pulse and oilseed producers. GPA will act as the growers' advocate to industry and government and will engage with all sectors of the grains industry to promote the interests of its members. GPA represents grain growers and is not a whole of industry structure.

The company's membership will be voluntary and drawn directly from the community of grain growers who pay compulsory grains industry levies at the first point of sale. In effect the company will operate as a grains levy payers' association, similar in concept to a corporate shareholders association. The members will directly elect the board of the GPA and will be able to participate in polls on important issues affecting their industry.

The membership will be defined in terms of bio regions rather than state lines to ensure a representative framework that recognises similar production systems. The divisions will be adopted from the current GRDC divisions. This will also provide good synergies in dealing with some of the prescribed functions of GPA.

GPA will succeed the current Grains Council of Australia (GCA) and fulfil the current functions of GCA, for and on behalf of all grains levy payers, including:

- Legislated functions include being the declared grain growers' organisation for:
 - § oversight of GRDC under the *Primary Industries and Energy Research and Development Act 1989*
 - § consultation on levies under the *Primary Industries (Excise) Levies Act 1999*
 - § providing industry views on the level of the Wheat Export Charge under the *Primary Industries (Customs Charges) Act 1999*.
- Non-legislated, but other important functions including, but not limited to, consultation on the Emergency Plant Pest Response Deed, with Plant Health Australia.

It is envisaged that the functions of GPA would also extend to participate in providing support and influence to the processes of generic promotion of Australian grains and the development of market services and market information flows for and on behalf of its members.

STRUCTURE

GPA will be a not for profit company limited by guarantee. It will fall under the jurisdiction of the Australian Securities and Investment Commission (ASIC). The corporate structure provides the necessary framework to ensure that grain growers can maintain control of their company.

GPA will consist of a mixed board with grower elected directors and board appointed directors, with a strong focus on skills required to provide a balanced and diverse team. The board will be directly accountable to grain farmers in the same way a corporate board is accountable to its shareholders. The Board function will be separated from the process of policy development to ensure a stable operating environment for the secretariat.

GPA will be based in Canberra in recognition of the national focus of the company and the proximity this will provide to key influencers and agencies.

The structure and operation of GPA should be reviewed regularly and a formal review process will be undertaken in the second year of operation to ensure that the company can and does deliver on the needs of growers.

MEMBERSHIP

GPA is a grain farmer advocate and represents the production sector of the grains industry. GPA membership is open directly to grain producers across Australia and is voluntary. Grain farmers can participate in membership of GPA regardless of any other affiliations or non affiliations. GPA recognises collective representation of grain farmers in the industry, but does not provide a membership category beyond grain producers.

GPA is in the business of advocacy and seeks to enhance the profitability and productivity of Australian grain farmers through its activities. The activities of GPA will be funded primarily through membership subscriptions.

GPA will incorporate direct membership of grain growers with a view to sharing the cost of its operations across the entire grower community. While membership is voluntary, the grain producing community recognises the need and value of a strong advocate to industry and government.

GPA membership will be facilitated through existing networks that facilitate first point of sale grain trades from producers in Australia. These networks will include the National Grower Register, AWB Access and CBH where possible. It is important that these networks do not recommend or endorse GPA, but would only provide a service to GPA to facilitate membership, collection of subs and auditable determination of member voting entitlements.

Members will be able to participate in processes to provide direction to GPA directly and/or through other bodies or groups. GPA recognises the need for strong regional groups and effective State Farming Organisations (SFOs). SFOs and other groups will provide a means for collective representation of members and provide a coordinated and focussed input to GPA.

THE BOARD

The Charter of the board of GPA is to provide representation for Australia's grain growers and ensure that GPA is directly accountable to its members. The culture that the board must foster is one of service, GPA and all of its officers are servants of the industry. It is critical that GPA remains well grounded and never assumes a culture of mastery.

The board will not be responsible for developing policies in relation to industry matters. The board will be responsible for the operations of GPA and development and oversight of internal procedures to ensure GPA delivers well developed policy positions and responses to industry for and on behalf of growers in a robust and fair way.

The board of GPA will also be responsible for the oversight of GRDC on behalf of grains research levy payers as prescribed under the *Primary Industries and Energy Research and Development Act 1989*.

The board will consist of seven to nine directors made up of six grower-elected directors. The grower-elected directors will consist of two from each bio-region, elected by members from within their respective bio-region. The directors will be elected from a group of nominees preselected against a prescribed skill set prior to the general poll. In addition the elected board will appoint up to three independent directors to ensure adequate skills exist on the board, particularly in relation to finance and governance.

An independent selection committee will be appointed to lead the process for all nominations for election and appointment of directors. The selection committee will evaluate the skills and knowledge required for any nomination in light of the existing board composition. The committee will prepare a job description including details of the time commitment required in order to evaluate the suitability of candidates for election.

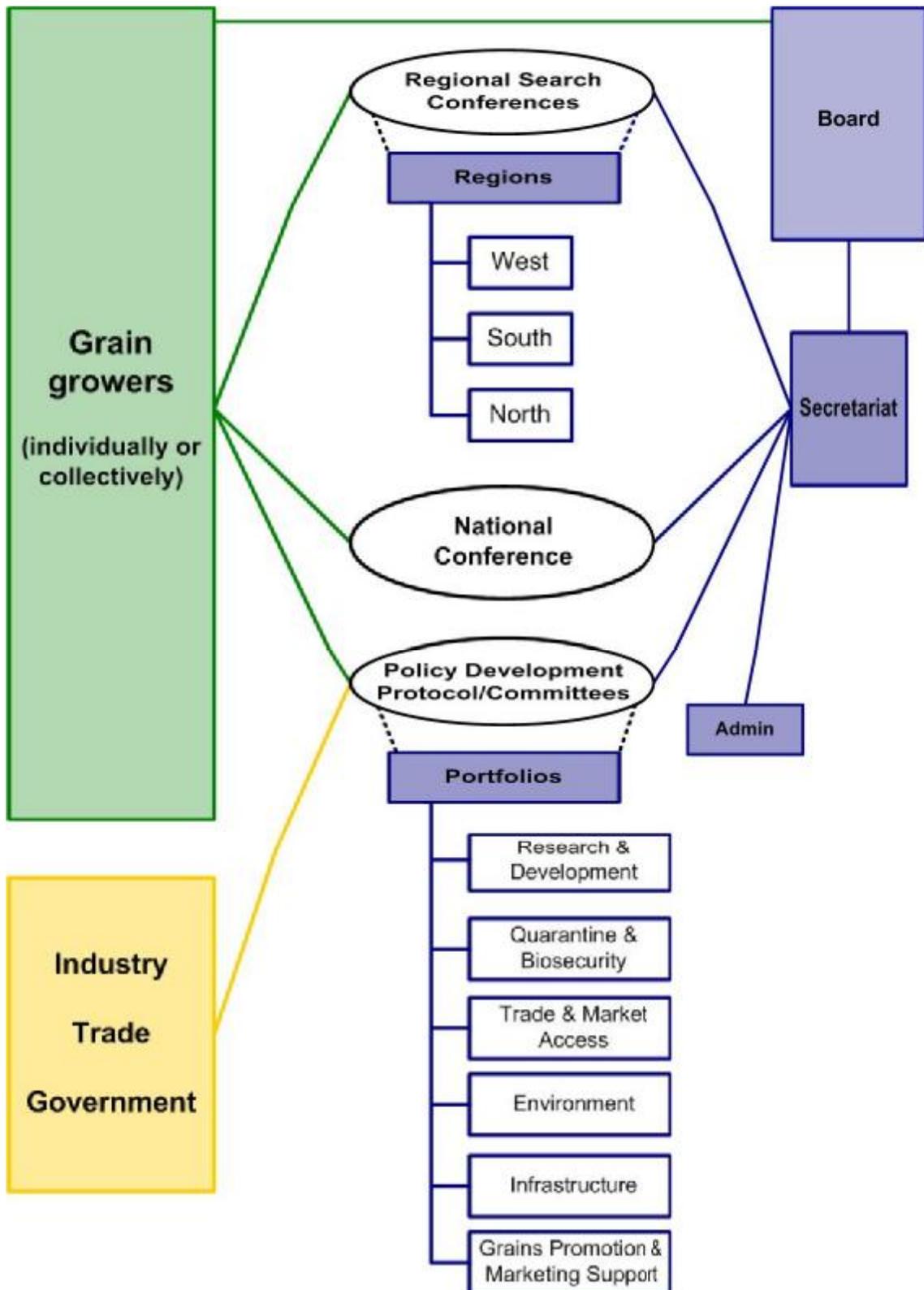
The term for grower elected directors will be two years with a maximum of three terms. Grower director elections will be held within the bio-regions with a revolving tenure so that one director is elected in each region each year. The regional elections will take place prior to the AGM and the elected directors will take office at the AGM.

The chairman will be elected annually from within the board for a maximum of three one year terms.

The board shall be remunerated in line with an agreed schedule that would reflect the demands of the role. The Federal Government outlines remuneration rates for public offices through determination of the Remuneration Tribunal. Two determinations are potentially relevant to GPA

as a guide, being *Determination 2009/14: Remuneration and Allowances for Holders of Part-Time Public Office* and *Determination 2004/03: Official Travel by Office Holders*.

Grain Producers Australia Org Chart



S.W.O.T. Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Open engagement • Voluntary membership • Defined identity as grower advocate • Linkage and collaboration with all sectors • Endorsement of GCA • Commercial focus – strong industry equals strong production sector • Strong focus on governance • Board separation from policy development • Direct linkage to growers • Strong accountability mechanisms • Balance between grower and production proportional membership 	<ul style="list-style-type: none"> • Voluntary membership • New bureaucracy • Industry engagement in consultation to date • Starting financial resources • Starting industry commitment to outcome • Industry track record for reform
Opportunities	Threats
<ul style="list-style-type: none"> • Evolution of membership to maximise uptake • Ongoing review processes to ensure company delivers • Stability in regulatory framework of the industry • Real influence for growers to whole of industry • Unifying capacity on a broad range of issues currently not dealt with • Improved operating environment for existing state representative bodies • More efficient utilisation of grower investment in the industry • Capacity to build capital reserves to insulate business 	<ul style="list-style-type: none"> • Self interest of existing groups dominating overall industry good • Lack of real action to launch • Low industry engagement to facilitate establishment • Low membership uptake • Seasonal production and price variations – drought or price crash equals very low revenue • Failure to follow the corporate framework

VOTING

GPA will incorporate voting procedures in relation to Director Elections at regional conferences. At General Meetings members will vote on the R&D levy under the *Primary Industries (Excise) Levies Act 1999*, membership subscription rates and any unresolved policy issues.

A fundamental principle that determines fairness in the commercial world is recognition that greater investment deserves a greater influence. With this in mind, all GPA members are entitled vote. In addition GPA members will be entitled to a proportional voting system linked to the value of their annual contribution to the industry.

This process is currently functioning in other broad acre industries through Meat and Livestock Australia (MLA) and Australian Wool Innovation (AWI). GPA will establish a weighted voting system that will be linked to the membership subscription paid by each grower each year. Initially, the subscription is calculated at 0.035 percent of the value of grain sold at the first point of sale, with a \$50 minimum. This provides a direct proportional linkage to the growers' production and subsequent investment in the business. The subscription is a direct function of production and will be auditable through the collection method.

Suggested GPA Voting Distribution

Membership Subscription	Votes
\$Nil - \$200	One vote for each \$50.00 paid rounded to the nearest whole number greater than zero
\$201 - \$1000	4 votes plus 0.75 votes for each \$50.00 paid in excess of \$200 rounded to the nearest whole number.
\$1001 or more	16 votes plus 0.5 votes for each \$50.00 paid in excess of \$1000 rounded to the nearest whole number

GPA will utilise proxies to provide a means of ensuring the company meetings can achieve a quorum and provide a means for directed and undirected absentee voting. GPA will not issue standing proxies. Proxies will need to be registered with GPA.

A principle of GPA is that farmers can exercise their votes collectively or individually. The process for collective representation is simply by proxy. Individuals and groups have the ability to collect proxies from any GPA member. Again, GPA will not issue standing proxies.

The vote weighting process will be determined through the grower registrations that already exist in the industry with NGR. These registrations provide a linkage to all levy paying grain growers and provide the mechanism for simple registration to GPA. If a grower indicates that they wish to participate in GPA membership, then their annual registration update will reflect this option. Membership subscription will be collected at the point of sale and corresponding voting entitlements will be allocated. Growers' registration numbers will be allocated a vote weighting based on the contribution to GPA through their subscriptions, which will be a direct function of their production. An annual weighting will be determined using a total annual membership subscription for the period of a calendar year 1 January to 31 December.

Using this method it will be irrelevant how many payment registrations exist because the voting entitlement is linked to actual production. A farmer could have one or multiple registrations through different paths to market and he may have multiple voting entitlements, but ultimately the entitlements are linked to one production entity. The weight of each vote can be anonymous and individual farmers can safely exercise a conscience vote on issues affecting them.

SECRETARIAT

The GPA secretariat will be responsible for positive and cooperative engagement with members and all other sectors of the grains supply chain and supporting agencies. The GPA secretariat will have a framework of operating procedures and protocols to demonstrate accountability and transparency.

The secretariat will consist of a CEO plus three policy officers and a secretary. The CEO shall be appointed by the board. The CEO will be responsible for recruiting the remaining staff in communication with the board and in line with the financial capability of GPA at the time.

The policy officers will be assigned portfolios that will form their area of influence and engagement. The portfolios will be defined in the context of the key functions of GPA and as a result job descriptions for each of the policy officers will be developed in the context of identifying the key skills required for each position. It is clear that there will be subtle differences in key competencies for each portfolio.

Policy officers will be assigned a region, in addition to holding down portfolios of specific interest. The purpose of this association is to keep the organisation grounded in its role as a servant of the production sector of the supply chain and in touch with farmers generally. This is not to suggest that some portfolios are region specific or that this assignment changes the overarching principles of the national focus of GPA.

The GPA policy officers will be responsible for developing responses and policy through a process of engagement, research, review and consultation. Specifically, policy will be driven and endorsed by the wider industry and GPA will facilitate this process.

The operations of the secretariat will be reviewed within the first two years of operation. The review will look at specific performance benchmarks in relation to policy output, membership growth and stakeholder satisfaction.

COMMITTEES

GPA will incorporate two standing committees. One committee, the Selection Committee, will be focussed on the makeup of the board to ensure the GPA can meet its stated objectives. The second committee, the Policy Review Committee, will be focussed on the policy development procedures.

Selection Committee

The Selection Committee will be responsible for:

- Assessing the skills requirement of the GPA board.
- Reviewing the skills status of the incumbent board.
- Developing an accurate job description for appointed or elected directors.
- Determining the skills required for appointed or elected directors.

- Evaluating candidates for the board against the determined skills requirements.
- Recommending candidates for elections or appointment.

The selection Committee will consist of three people. They will have necessary human resources skills, an excellent understanding of the GPA operating environment and expertise in board function and evaluation. The committee will be appointed for a one year, with a maximum of three terms, with a staggered rotation to provide continuity and consistency.

The committee would conduct most of its functions via electronic media or by telephone, with two face to face meetings with the incumbent board per year.

Policy Review Committee

The Policy Review Committee will provide assistance to the policy officers in relation to developing a response to emerging issues. The policy Review Committee will not engage directly in policy development.

Specifically, the committee will consult with the relevant policy officer on emerging issues to determine how to address them. Firstly, the committee will determine if there is existing policy in place to provide a response. If there is no adequate existing policy, the committee will provide input to determine how GPA will develop a response. This will include the preparation of terms of reference defining the issue, calling for expressions of interest to participate in the development of the response and engagement of a working group to develop the response. Critically this function includes assigning the responsibility for addressing the issues to growers only, cross commodity collaboration, cross grains supply chain collaboration or government engagement or any combination.

The Policy Review Committee will be charged with developing robust and consistent procedures that give an efficient operating framework for GPA officers to engage with industry. The committee shall review these protocols to ensure they deliver the robust and fair outcomes.

The Committee will consist of nine individuals from the industry with a mix of skills that ensures a skill set that encompasses the entire portfolio of policy areas of GPA. The committee will include three directors nominated from the board and two individuals nominated from each region. The board of GPA will determine the makeup of the committee from nominees from each region to cover the skills required. The committee will be appointed for a term of two years, with a maximum of three terms, with a staggered rotation to provide continuity and consistency.

The committee would conduct most of its functions via electronic media or by telephone, with one face to face meeting with the incumbent board after the AGM.

Remuneration

The Committees shall be remunerated in line with their professional fee structure or an agreed schedule that would reflect the demands of the role, whichever is greater. The Federal Government outlines remuneration rates for public offices through determination of the Remuneration Tribunal. Two determinations are potentially relevant to GPA as a guide, being *Determination 2009/14: Remuneration and Allowances for Holders of Part-Time Public Office* and *Determination 2004/03: Official Travel by Office Holders*.

GPA ENGAGEMENT

GPA will work to deliver tangible benefits to producers and articulate the measurable benefits of membership and effective national advocacy. The company will also undertake a series of planned activities to ensure a direct link to its members on national issues.

Regional Search Conferences

A primary contact with members will be through a series of well structured conferences. GPA will run a conference in each region each year. These events will incorporate three key functions:

- Elect regional Directors,
- Hear submissions from industry in relation to current and emerging issues
- Incorporate a celebration of regional achievers in the industry

These regional conferences are designed to bring GPA into close contact with its members and provide access to the secretariat and board for its members. The celebration is also an important part of rebuilding a sense of pride and ownership as well as working to improve cross sector relationships in the region.

The process of hearing from industry at the regional events will reflect in many ways a Senate style hearing where growers, groups, companies or anyone with an interest in the grains industry are invited to make a submission to a panel. The panel will consist of the secretariat and some directors. Representatives from government and industry will be invited to observe. The hearings are a safe process where submissions are heard uninterrupted, with a period for questions from the panel to ensure the issues are well understood. The submissions are assessed on their merits without debate.

The outputs of the hearings will be collated and distributed nationally. GPA will assess the most appropriate way to address the issues and who is responsible for them. In this way the GPA can refer matters to the correct agency, group or jurisdictions. Issues falling within the charter of GPA will be addressed through the secretariat using established protocols.

National Conference and AGM

The national conference will incorporate the AGM and will follow the regional conferences by at least four months. The lag period between the regional conference and the AGM will provide an opportunity to induct the new directors and provide excellent continuity for GPA.

In addition to the normal functions of an AGM, the national conference will incorporate critically important functions:

- Determine R&D Levy as prescribed under the *Primary Industries (Excise) Levies Act 1999* via a poll of members
- Determine the rate of the Membership Subscription via a poll of members
- Determine members' position, by poll, in relation to policies unresolved within the normal processes of the policy development protocols
- Public reporting of activities of GPA

- Public reporting of outputs from the Regional Search Conferences

The national conference should be timed with the AGIC conference to leverage industry investment and interaction with the GPA and the grower community generally. It makes sense that formal industry consultation could occur at this time to maximise the value of travel and assembly.

Policy Development

A key function of the GPA is to develop well researched and responsible policy to protect and promote Australian grain farmers. Broadly there are six key policy areas that define the GPA area of interest, being:

1. Research & Development
2. Quarantine & Biosecurity
3. Trade and Market Access
4. Environment
5. Infrastructure
6. Grains Promotion and Marketing Support

The research and development portfolio is arguably one of the most important areas of GPA's brief given the legislative duty of GPA to oversight GRDC under the *Primary Industries and Energy Research and Development Act 1989* and consultation on levies under the *Primary Industries (Excise) Levies Act 1999*. As a result, research and development will form the entire policy brief of one policy officer. This brief will be complex and quite different to others because it will require maintenance of a robust and objective relationship with GRDC and an ability to engage all stakeholders in a process of discovery to develop strong recommendations to industry.

Environment, quarantine and biosecurity will constitute the second policy brief. The remaining portfolios of grains promotion, infrastructure and trade and market access will constitute the final policy brief.

GPA will receive requests for action from across the industry and from within its membership. The process of regional and national conferences will naturally prioritise issues and, in addition, the GPA will maintain an open door policy which will ensure new and emerging issues are not missed.

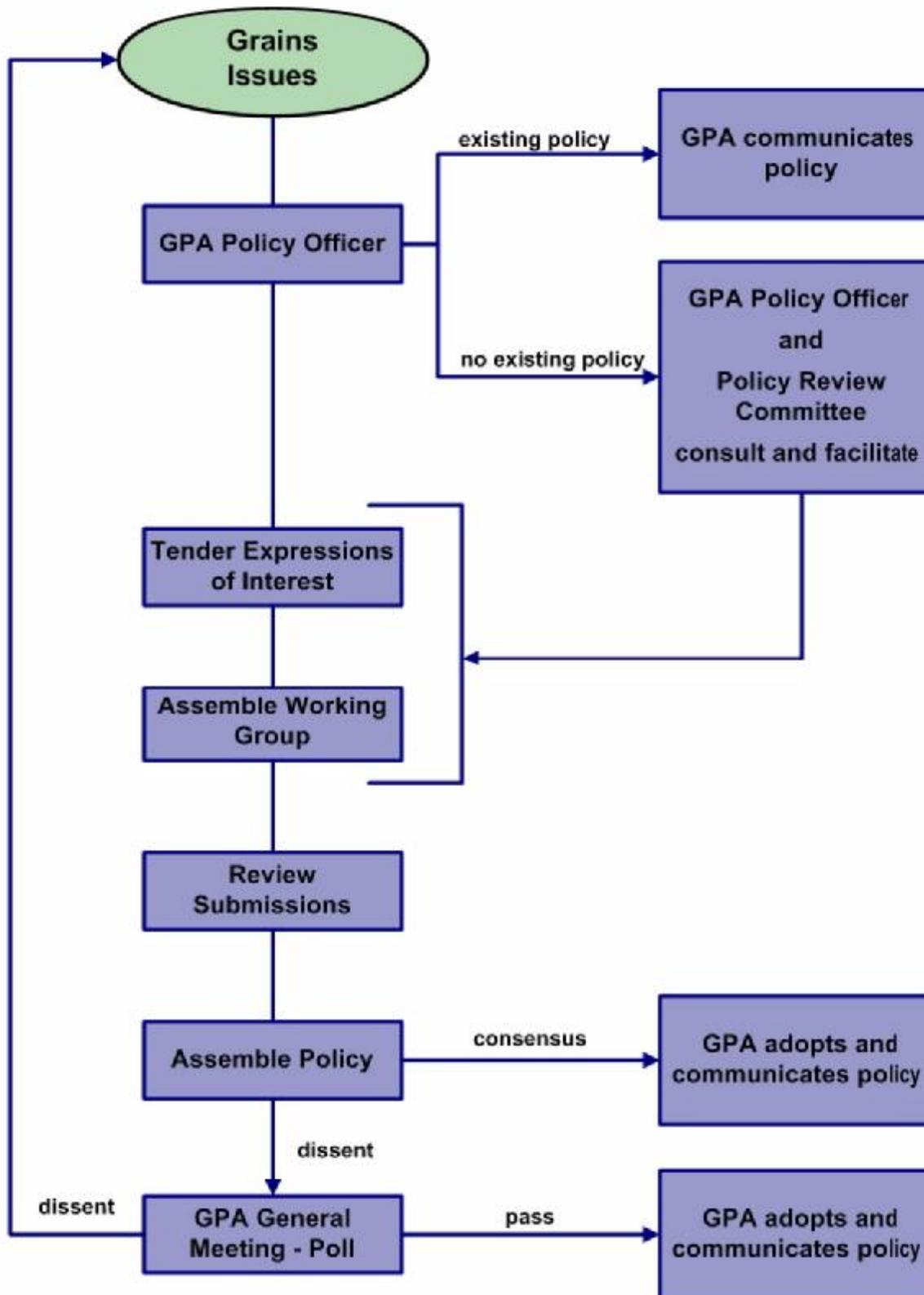
As issues are identified it will be the responsibility of the relevant policy officer to determine the first response. If the policy officer deems there is no relevant policy in place to guide a response or action then the matter will be referred to a policy reference committee.

A policy reference committee will be appointed by the board. The committee will include a director from each region and two other nominees from each region. The committee will be determined to gain a good mix of skills and experience in the policy areas of GPA.

The committee will be responsible for reviewing the range of issues that come to GPA in conjunction with the policy officers. The committee will define the issues by determining if they are exclusively grower issues, relate to structural issues in the industry, cross commodity issues or wider supply chain issues. The committee will make a recommendation to the secretariat outlining a strategy to appropriately respond to the issue. It is not the role of the committee to develop policy

or influence the outcome of the policy development process beyond developing or recommending the process itself.

GPA Policy Development Flow Chart



In the case of a recommendation to develop new policy or conduct policy research generally, the policy officer will follow a clear and consistent process that is open and inclusive.

The protocol for developing policy incorporates calling for an expression of interest from across industry. The tender of the expression of interest will incorporate a terms of reference that defines the issue concisely and sets a clear timeframe for engagement on the issue. The terms of reference will be endorsed by the policy review committee.

The relevant policy officer will review the submission and, in consultation with the policy reference committee, assemble a working group from the interested parties ensuring there are adequate skills for the specified task. It is expected and desired that this process will be a focus for SFO's and other special interest groups. The responsibility for developing the policy will fall to this working group and it will be supported by the relevant policy officer and the GPA secretariat generally.

The working group will be able to announce policy if they achieve consensus on the output of the process. The output of the working group will determine the GPA position in relation to the matter, with the caveat that the working group can not recommend a policy that causes GPA, or its board, to breach its corporate responsibilities under ASIC.

If the working group cannot reach consensus on the policy or if it is deemed to be structurally important to the industry then the policy as drafted will be held over to the next national conference and determined by a poll of the members. The outcome of the poll will determine the GPA position in relation to the matter.

FUNDING

GPA will be funded by growers through direct membership, incorporating a one off application fee and annual subscriptions. The membership subscription will be calculated as a percentage of the value of production at the first point of sale, with a minimum of \$50. The application fee and subscription percentage will initially be determined by the board and then subject to annual review and member endorsement at the AGM.

GPA will be exposed to seasonal variations in production and price in the same way as the GRDC. GPA must employ a strategy that builds and holds cash reserves to enable continuity in its operations. Adjusting subscription rates to build and then maintain a reserve, of at least six months and no more than one year of annual expenditure, provides a mechanism of stabilising the business operating environment. It may take several years to build the capital reserves, but members will have the ultimate say in determining the subscription rates and the level of reserves to be held.

The membership subscription funding model delivers three essential features:

1. Sustainability – This model provides an equitable (volume based) system where all Australian grain growers contribute to a single national grower representative body. Initial estimates indicate that GPA could function with a small contribution from each grower; less than 0.035% of farm gate value in the establishment phase and then shrinking to 0.02% when capital reserves are adequate.

Gross value of grain sales	Membership Subscription
< \$100,000	\$50.00
\$200,000	\$70.00
\$500,000	\$175.00
\$1,000,000	\$350.00

2. Independence - This model ensures that GPA is adequately funded by growers. By eliminating the dependence on external funding, the inherent risk of conflicting interests or inappropriate influence is negated. Growers can be confident that the GPA is able to represent their interests objectively, and with integrity and autonomy.
3. Accountability - The GPA will be directly accountable to growers not only because of direct voting capacity of its grower members; it is equally vulnerable to the risk of non participation and the related impact of declining funds. The GPA must meet the needs expectations of growers to maintain its membership and consequent flow of funds.

The risk to GPA from total reliance on subscription revenue is manifest not only in terms of the rate of the subscription, but also in the rate of participation. GPA is targeting a high grower engagement rate and this will be confounded by a high degree of apathy in the grower community. GPA will work to engage growers and demonstrate its value. In addition, the grower community must be prepared to discuss and address the issue of free riders who glean a benefit from the investment of others in the industry.

The subscription fee will ultimately be collected at the first point of sale using existing capabilities within the industry. There are three key mechanisms to administer the registration and collection of membership subscriptions. The implementation of each mechanism delivers different risks to the funding model compliance.

- The first mechanism incorporates a voluntary “opt in” by participating growers prior to collection of subs. This mechanism requires proactive engagement by growers to support GPA.
- The second mechanism incorporated a voluntary “opt out” by non participating growers prior to collection of subs. This mechanism requires little effort by growers to support GPA.
- The third mechanism incorporates a voluntary “opt out” by non participating growers after collection of subs. In this instance growers would be able to apply to have their subscription refunded. This mechanism requires a concerted and deliberate effort by growers to unsubscribe.

Uptake of GPA membership by growers will differ with each of the scenarios outlined above. The third model will deliver the strongest membership uptake, but will require overwhelming grower support to implement. The third model provides the best mitigation against free riders and enables the most conservative percentage to be used for calculating subscriptions. GPA will work effectively to deliver real and commercially valuable outputs to build farmer confidence and support to ultimately achieve the endorsement and activation of the third model.

The following tables and attached budget outline an income stream based on three stage evolution of member engagement and subscription collection underpinned by an average crop production figure that is determined from the ABARE crop report.

GPA Crop Summary

GPA Membership Income

Crop	Gross Yield t *	Price \$/t	Gross Value \$	Gross Annual Membership Revenue			
				Subscription Rate	40%	60%	80%
Wheat	19516000	\$220	\$4,293,520,000				
Barley	7804000	\$220	\$1,716,880,000				
Canola	1290000	\$420	\$541,800,000	0.020%	\$643,293	\$964,939	\$1,286,586
Oats	1448000	\$170	\$246,160,000	0.025%	\$804,116	\$1,206,174	\$1,608,232
Sorghum	2204000	\$210	\$462,840,000	0.030%	\$964,939	\$1,447,409	\$1,929,878
Maize	364000	\$240	\$87,360,000	0.035%	\$1,125,762	\$1,688,644	\$2,251,525
Sunflower	62000	\$480	\$29,760,000				
Triticale	552000	\$170	\$93,840,000				
Lupins	907000	\$300	\$272,100,000				
Field Peas	354000	\$300	\$106,200,000				
Chickpeas	192000	\$450	\$86,400,000				
Faba Beans	204000	\$200	\$40,800,000				
Lentils	127000	\$500	\$63,500,000				
Gross Total	35024000	\$230	\$8,041,160,000				

* source 5yr average data from abare

The budgets suggest an initial subscription of 0.035 of one percent in the first year stepping down to 0.030 of one percent by year two and 0.025 of one percent in year three. The gross membership subscriptions for the first three years are highlighted in the table below.

It will be the responsibility of the CEO and the board to ensure that the company operates within its resources and to make necessary adjustments to the operating plan to curb spending where necessary. This should not be a trigger to compromise the integrity of GPA and its objectivity and independence.

It is reasonable that GPA can engage in commercial activities so that it may generate income for services it may provide to the industry from time to time. Again this should be undertaken with care and very well determined terms of reference to ensure there can be no perception of a lack of propriety. GPA will be limited to commercial activities that relate directly to its stated objectives. The GPA can not access funds through the current research and development levy system. The levy is governed by the *Primary Industries and Energy Research and Development Act 1989*. Diverting other levies face similar issues. Furthermore, these levies are compulsory in nature and do not meet the underlying principle of voluntary engagement of growers with GPA. It is essential to the principles of accountability and perceived ownership of GPA to growers that membership is voluntary and not compelled.

The establishment of the GPA will require cash and in kind support from the industry. These monies are to be specifically allocated to the establishment of the GPA and not used for any other industry function until GPA is incorporated and running. Any cash carried over by the steering committee will be transferred to the GPA. The strategy for the implementation of GPA is to seek assistance from across industry for cash and in kind contributions to support key functions and processes. Cash support can be provided as a grant or a loan and any loans would be repaid from the GPA when GPA can afford it. The GPA would start with a negative balance sheet showing monies that will be repaid. At the time of writing this plan, Grains Research Foundation Limited has pledged up to \$20 000 cash loan to the establishment of GPA, primarily to help cover direct costs of the steering committee.

GPA Budget March 10 to June 13

	2010-11 (Mar10 - Jun11)	2011-12	2012-13
STARTING BALANCE	0	232,652	408,820
INCOME			
Members Subscriptions	1,024,444	1,447,409	2,010,290
Conference Sponsors	60,000	60,000	60,000
Industry Contributions	120,000	0	0
Other Income	0	0	0
TOTAL INCOME	1,204,444	1,507,409	2,070,290
EXPENSES			
Administration	20,000	36,000	36,000
Legal and Accounting	34,000	10,000	10,000
Insurance	20,000	15,000	15,000
Marketing	14,000	24,000	24,000
Consultants	25,000	15,000	15,000
Rent	63,000	84,000	84,000
Bank Fees	5,500	6,000	6,000
Repay Industry Setup	20,000	40,000	40,000
Search Conferences			
Conference	27,000	27,000	27,000
Elections	60,000	60,000	60,000
Advertising	15,000	15,000	15,000
Secretariat			
CEO	126,000	168,000	168,000
CEO Travel	9,000	12,000	12,000
Policy Officer North	0	63,000	84,000
PON Travel	0	6,000	8,000
Policy Officer South	21,000	84,000	84,000
POS Travel	2,000	8,000	8,000
Policy Officer West	56,000	84,000	84,000
POW Travel	6,000	8,000	8,000
Secretary	36,000	48,000	48,000
Board Costs			
Sitting Fees	152,500	150,000	150,000
Travel	38,125	37,500	37,500
Sundries	16,000	12,000	12,000
Committees			
Communication	9,000	18,000	18,000
Reimbursement	18,000	36,000	36,000
AGM/GM/EGM			
Conference	5,000	50,000	50,000
Advertising	10,000	10,000	10,000
Subscriptions			
NGR commission	153,667	144,741	201,029
Refunds	0	0	402,058
Compliance	10,000	10,000	10,000
NFF			
NFF subs	0	50,000	200,000
TOTAL EXPENSES	971,792	1,331,241	1,962,587
CASH FLOW	232,652	176,168	107,703
CLOSING BALANCE	232,652	408,820	516,523