09/04/2014

Mr Matt Ryan
Assistant Secretary
Industry Support Branch
Department of Agriculture
PO Box 858
Canberra ACT 2601

RE: Position Paper for the Revalidation of the Levies Revenue Cost Recovery Methodology.

Dear Matt, CC Noel Robson, Shaun Garlin.

Thank you for the opportunity for Grain Producers Australia to provide a response to the Levies Revenue Cost Recovery Methodology position paper. The grains industry represented by Grain Producers Australia (GPA) represents Australia's broadacre, grain, pulse and oilseed producers at the national level. GPA was created to foster a strong, innovative, profitable, globally competitive and environmentally sustainable grains industry in Australia. The objectives of GPA are to establish a strong independent national advocate for grain producers based on a rigorous and transparent policy development process; engage all sectors of the Australian grains industry to ensure operation of the most efficient and profitable grain supply chain; and facilitate a strategic approach to Research, Development and Extension (RDE) intended to deliver sound commercial outcomes from industry research.

I understand the difficulties presented in reviewing the levies revenue cost recovery model, given the large number of commodities for which statutory levies apply and each industry's varied structures.

It is for this reason that I appreciate the presentation of a range of options for theme one: allocation of program management costs to commodities and theme two: allocation of commodity costs to LRBs.

GPA provides the following commentary on the two themes:

Theme one: allocation of program management costs to commodities

> GPA supports the preferred option which is to maintain the FTE allocation approach in Option 1. GPA supports the arguments presented in page 10 of the position paper which acknowledge that levy collection costs should be consistent with the required resources and effort. Further, GPA agrees that this option should encourage industries to implement efficient levy structures and more compliant levy payment systems.

Theme two: allocation of commodity costs to LRBs

> GPA is strongly of the view that the allocation of levy collection costs to LRBs (in this case GRDC, NRS and PHA) is a decision for industry. Producer levies established for the three LRBs were set at levels commensurate with agreed project and activities. As I have stated earlier in correspondence to the Levy Revenue Service, significant changes to levy collection cost allocations would have, for example, a detrimental effect on the capacity of NRS to deliver residue monitoring programs as directed by GPA and the wider industry.

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Therefore, GPA strongly supports the preferred option which is to adopt a revenue based cost allocation as set out in Option 3. As stated previously, GPA is vehemently opposed to Option 2: equal shares.

GPA agrees that Option 3 provides the most equitable solution to the LRBs and provides visibility to all parties on expected levy collection costs. Noting the 0.99%, 0.015% and 0.01% splits for the total 1.015% grain levy, my understanding of Option 3 would be that GRDC would pay 97.5% of the total levy collection cost with NRS and PHA paying 1.5% and 1.0% respectively.

This is not significantly different to cost allocations arising from the current state (option 1). However, GPA notes the difficulties arising from administering the 'current state' and, therefore, would not support its retention.

I look forward to further consultation and consideration of this important issue.

Yours sincerely

Andrew N Weidemann

Andrew Weidemann

Chairman

Grain Producers Australia