

8 April 2016

Committee Secretary
Senate Rural and Regional Affairs &
Transport References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Watling

Inquiry into the Primary Industries Levies and Charges Collection Amendment Bill 2016

The Grains Research and Development Corporation (GRDC) welcomes the opportunity to make a submission to the inquiry into proposed amendments to the *Primary Industries Levies and Charges Collection Act 1991* and related acts as advised Thursday 24 March 2016.

The GRDC's primary objective is to drive the discovery, development and delivery of world-class innovation to enhance the productivity, profitability and sustainability of Australian grain growers and benefit the industry and the wider community. The functions of the GRDC under the Act include coordinating or funding R&D activities; monitoring, evaluating and reporting on the impact of R&D activities on the grains industry and the wider community; and facilitating the dissemination, adoption and commercialisation of the results of R&D.

The GRDC is principally funded by a grower levy and Australian Government contributions. The levy is based on the net farm gate value of the annual production of 25 crops. The Australian Government's contribution is determined annually, based on a three-year rolling average of the gross value of production of the leviable crops. Based on 20014/15 financial data, GRDC received \$190.4 million income from levies and matching contributions consisting of \$117.5 million (62%) from grower levies and \$72.9 million (38%) from government.

In order to remain globally competitive the Australian grains industry must continually innovate. GRDC, in partnership with our growers, industry, research partners and government, has played an important role in delivering new genetics, tools, crop protection and farm production practices that have transformed the Australian grains industry and helped build grower profitability. Australian grain growers understand the need to innovate and continue to support investment in RD&E.

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Your GRDC working with you

Some key measurables demonstrating the effectiveness of the GRDC investment in innovations have included:

- An increase in total factor productivity 1.5% per annum over the past 36 years (including the past 10 years).
- Water use efficiency (Kg per mm rainfall) in dryland wheat production has doubled in 20 years.
- Wheat yields increased 1.12% per annum over past 17 years.
- The level of understanding of the grower levy payers has a direct impact on GRDC's ability to bring the right focus to the R&D portfolio and maximise the adoption of innovation.

GRDC currently has a panel system consisting of growers, researchers and advisers that is an integral part of shaping and prioritising investments. These networks have enhanced the GRDC's identification and understanding of locally and regionally specific challenges and opportunities faced by growers and helped the GRDC to focus the portfolio to deliver the greatest return to our grower stakeholders. The Panels are a good example of the value that can be derived from a greater understanding of the grower stakeholder. In addition to the 33 members of its Northern, Southern and Western Regional Panel, the GRDC has also instigated a participatory R&D program through 13 Regional Cropping Solution Networks (RCSN) with 108 predominately grower members across Australia.. This engagement has allowed the GRDC to more rapidly address local issues of concern through direct involvement of growers to deliver results that can be adopted immediately on farm.

While the use of Panels and RCSNs provide a significant platform for the GRDC to actively and effectively engage stakeholders, they do not allow for a deeper understanding of the needs and characteristics of all the individual grain grower who may benefit from GRDC funded research and development. While it is unreasonable to assume that GRDC will maintain and establish a close relationship with every grower in Australia, the establishment of levy-payer registers as described in this Bill would allow the GRDC to analyse and predict out grower stakeholder needs with far greater accuracy than current, providing a more focussed and efficient R&D investment portfolio and more effective extension to maximise the adoption of new innovations. In short, this Bill removes a legislative barrier to even greater engagement between the RDCs and the levy payers who fund the system.

In 2015, GRDC commissioned a report entitled 'Approaches to developing a membership database and membership identification process for GRDC levy payers' which presented to GRDC options for achieving a levy payer register, and a membership register should GRDC's structure become industry-owned.

The key finding of this work was that reliable access to the amount of GRDC levy paid by a grain grower by financial year and crop would be difficult, if not impossible, to achieve in the absence of legislative change that allowed the dissemination of levy collection data to the GRDC. The report is attached (Appendix A) to this submission for your further consideration.

GRDC notes that the Bill imposes some restrictions on what information may be made available, to whom that information may be disseminated and for what purposes the receiving party may use the information. The GRDC believes these restrictions are

sensible and reasonable but would like to clarify some issues around the application of the Bill in practice:

1. It is noted that the Explanatory Memorandum to the Bill states that ... the Bill allows for the distribution of levy payer information to an RDC to occur only where an RDC in consultation with industry, requests it, and that request is approved by the Minister for Agriculture and Water Resources. This appears to be at odds with the wording in section 27A of the Bill which makes no reference to consultation with industry or the approval of the Minister. Rather section 27A of the Bill provides that an “authorised person” may provide levy payer information to an “eligible person” where an authorised person is a person authorised by the Secretary of the Department under the Act and an eligible person includes an R&D Corporation.
2. The Bill is silent on the process by which an RDC would request such levy payer information from an authorised person under section 27A of the Bill. GRDC understands that this is likely to be the subject of administrative arrangements within the Department. GRDC’s view is that if these arrangements were to involve consultation with industry and approval from the Minister (as contemplated by the Explanatory Memorandum) then administrative efficiency would not be achieved and in fact uncertainty would be created around ongoing access to the information. Given that the expenditure required to establish and maintain these databases is likely to be significant, GRDC is keen to work with the Department to develop administrative arrangements that promote efficiency and minimise uncertainty.

GRDC supports the principles of open, transparent and accountable processes for informing and engaging with levy payers as proposed in this Bill and requests further consultation with the Department around the supporting administrative arrangements. GRDC supports the current version of the Bill being passed.

If you have any questions regarding this submission, please feel free to contact Cathie Warburton, General Counsel at GRDC on (02) 6166 4516 or by email cathie.warburton@grdc.com.au.

Yours sincerely

Richard Clark
Chairman