CATTLE AUSTRALIA

FINAL REPORT AND RECOMMENDATIONS:

Review of the Grassfed Cattle Transaction Levy

2026

1. EXECUTIVE SUMMARY

In March 2025, Cattle Australia announced its intention to undertake a comprehensive review of the grassfed aspect of the Cattle Transaction Levy (CTL). The CTL is the largest levy collected within the red meat sector and has not been reviewed since 2009.

Under the *Primary Industries Levies and Charges Disbursement Act 2024*, Cattle Australia's role is to provide advice to the Minister on where alteration or amendments to the levy are required to best serve the interests of Australia's grassfed cattle industry. The grassfed CTL has not undergone a comprehensive review for an extended period, despite major changes in production systems, market conditions, biosecurity risks, and industry expectations.

A dedicated CTL Review Committee (the Committee) was established to guide the review, comprehensively review existing levy programs, consider and recommend where there is a need and a case for change and to gather industry views. The Committee sought to answer two questions above all. First, whether the current operating environment is providing value to levy payers and secondly, what are the views of levy payers about how a greater benefit can be generated from their levy investment.

To date, the Committee has published two discussion papers, commissioned a producer survey and held 34 regional face-to-face consultations with additional online and individual company and group level consultations. These consultation mechanisms have gathered the views and perspectives of more than 1,000 grassfed levy payers across all states and territories of the country.

From these engagements, consistent, clear and fundamental trends have emerged that have provided the Committee with the impetus to offer the following report as an articulation of the recommendations for reform of both the structures supporting the CTL, and the levy itself. Industry has provided clear feedback that for a change in the rate of the levy to be made, improved transparency and accountability first need to be established.

In regard to the rate, two consistent trends are notable with the CTL itself. The first is that growth in emerging program areas has drawn down on existing levy funds and are today diluting funds available for specified purposes – this is particularly evident in the case of the Marketing levy stream. These program areas have emerged largely through industry demand and need but today are having a material impact on the core functions of Meat and Livestock Australia (MLA).

The second, and least surprising, is that the real value of the levy has declined in the face of inflationary pressures. Levy Recipient Bodies (LRBs) have developed mechanisms to offset this decline, including Commonwealth Government matching up to the Gross Value of Production Cap (GVP cap) made available for RD&A expenditure, and reserves that have built up over time. However, these facilities are declining in utility as a means to offset this downward trend as they move towards becoming fully subscribed and reserves built up over time are being spent down. This is particularly evident in the case of the National Residue Survey (NRS) whose expenditure today exceeds the income received from the levy.

However, program level pressures were noted as being likely by the Committee at the outset, based purely on the current levy rate having been set 20 years ago. The Committee sought instead to understand where these two trends have had a negative effect not just for the program areas supported by the levy, but for levy payers themselves.

The challenges facing the NRS offer clear downside risk to industry and accordingly an increased allocation for their services is a recommendation of the Committee and Cattle Australia Board.

The question of whether this allocation should be provided for by existing levy funds, through a reallocation between streams, or from additional levy funds was the next question the Committee had to answer.

In the cattle industry, assessing the effectiveness of investments is most often provided for by the implementation of a return on investment (ROI) analysis and there was a strong desire in industry to see this form of calculation provided. And yet assessments of levy investments differ materially from business investments based largely on the fact that the grassfed industry levy recipient bodies (LRBs) are service providers across hundreds of project areas. They also do not physically sell cattle or beef themselves, reducing the availability of metrics against which to assess performance of this kind for an ROI assessment.

The Committee has assessed the effectiveness of these levy investments in three ways. The first is through the historical assessments of the benefit cost ratios of various program areas over the past 20 years and the ranking of these programs against each other. The second has been the identification of physical program areas that producers interact with and expressed support for (i.e. NLRS, NLIS) that have confirmable industry value. The third has been through a comparative analysis of industry performance in 2009 versus today, for which levy investment has been a contributory factor.

This analysis of past investments, grounded in consultation with levy payers revealed that, while there have been areas of frustration in some marquee investment areas, overall the levy has delivered value for levy payers. The Committee remains of the view that the future rate of investment in some of these areas needs further substantiation, as some investments today are being replaced by commercial investors. However, the case to completely restructure or reassign these investments to other program areas was equally not made. While efficiencies can be achieved within some large program areas, it was the consistent desire of levy payers to see these functions continue. The definitive case for this requires further analysis.

The Committee was provided with a number of scenarios to ‘restore’ the real value of the levy – meaning an increase of ~$3.70 to the grassfed CTL rate. These were rejected on the basis that a clearly discernible benefit to levy payers was not evident.

What analysis did reveal is that there are demand-driven functions today that producers either have a direct physical need for, or have expressed strong support for, that do not have dedicated funding streams. Namely, these are communications programs that support engagement with the community and industry, integrity systems functions, such as LPA and the NLIS, and capacity building programs, which provide pathways for producers to participate in the levy system. Collectively these programs draw down approximately $0.87 of the levy today.

This was a clear area in which increased investment could be substantiated, and one for which levy payers expressed consistent support. Accordingly, the Committee and the Cattle Australia Board are recommending a continuum of events that, if supported and subsequently delivered, will ultimately result in a rate increase of $1 per transaction by 1 July 2028.

The extended gap between the last review and today has led to a disconnect between industry members and the levy system they support. It is the aspiration of the Committee and Cattle Australia Board that this review will serve as a circuit breaker to this, and that over the coming 12 months in particular, there is an opportunity to reengage levy payers in this system. This reengagement has been coupled with an extended implementation period that will provide levy payers with time to plan for an increase in costs.

The grassfed cattle industry has been well supported by investments made through the levy in the past 20 years. While it is true that there are frustrations with some of the tools and program

areas that, at times, have not lived up to, or aligned with, the aspirations of industry, for an industry that exports in excess of $17b worth of product each year which supports more than 50,000 farming businesses to provide ~29.2 billion meals to families living in more than 65 countries around the world, there is much to be proud of and a diversity of opinions and experiences is to be expected.

The levy provides an opportunity to support the work of industry participants in continuing to improve and retain this community support, as well as our position as the pre-eminent producer of high-quality beef globally.

The recommendations herein are proposed with the aspiration of supporting this work effectively into the future.

2. CORE FINDINGS

WHAT WE HEARD

Overwhelmingly, levy payers expressed a desire to see a more accountable, more transparent levy system that consistently and clearly articulates the value returned from levy investments made on their behalf. Activity cannot be a justification for expenditure alone and being able to clearly delineate between the benefits produced by the levy itself separately from external factors and commercial investment must become better embedded in investment decisions.

There was consistent feedback that the current system had delivered value, but that it needed to work harder and not become complacent. There was also a desire to see new areas for investment and growth in some existing programs to better account for the changed nature of industry since the last review.

WHAT OUR ANALYSIS REVEALED

The challenge in accounting for the aspirations of levy payers has been the inflationary pressures eroding the value of the current levy, which has not been amended in 20 years. Principle 1 of the review was that there is existing value today that is a priority to unlock within the current system. This remains the posture of the Committee.

However, thorough analysis has revealed to the Committee that while a reprioritisation of funds will enable some expansion in services called for by levy payers, by shifting investments between program areas, the cost of continuing to provide core level services has increased and will continue to increase under current economic conditions with purchasing power declines.

This in itself has not been a cause for industry to intervene in the past. However, in considering this declining value in conjunction with the aspiration of producers to see enhancements in the services being offered, how to fund these activities has presented as a challenge that the Committee has had to consider closely.

WHAT WE ARE RECOMMENDING

The Committee considers the main finding of this report to be that improved accountability and transparency to producers is paramount to the operations of this system. To this end, a number of recommendations are made.

There is a case to be made that arresting the decline in the value of the grassfed levy today is something that would deliver value to levy payers more broadly and it is the view of the Committee that achieving this is not solely possible within the existing $5.

Accordingly, a recommendation for a measured increase to the levy, for a fixed period and for prescribed purposes, is being put forward. However, this will come in the form of a staged implementation to ensure the primary finding of the review is implemented fully, being increased transparency and accountability, prior to a rate increase occurring.

WHAT CHANGE CAN BRING

With the full implementation of the recommendations made in the report, the industry can reform this system to (1) increase accountability and producer oversight for strategic priorities, (2) have more flexibility in the system to mitigate against risk to industry, (3) increase funding to critical services and improve useability, (4) take a leading posture against disease and pest outbreaks and (5) improve communications and engagement with the broader community on the benefits of grassfed beef production.

3. RESOLUTION FOR MLA AGM

RESOLUTION

That Cattle Australia recommends the reforms included in the annexure be undertaken simultaneously to facilitate increased focus on and investment in:

- the accountability of levy investments to grassfed cattle levy payers;
- strategic biosecurity investments;
- sustainable funding for the National Residue Survey;
- industry representation and capacity building; and
- dedicated funding to Integrity Systems.

On the basis that the reforms as outlined are introduced in full by 1 July 2027, that the Grassfed Cattle Transaction Levy be increased by $1.00 to $6.00 by 1 July 2028.

Levy Stream	Current	Change	New
National Residue Survey (NRS)	$0.29	$0.11	$0.40
Animal Health Australia (AHA)	$0.13	$0.00	$0.13
Research and Development (R&D)	$0.92	$0.20	$1.12
Marketing (Non-R&D)	$3.66	$0.69	$4.35
Emergency Animal Disease Response (EADRA)	$0.00	$0.00	$0.00
Total	**$5.00**	**$1.00**	**$6.00**

ANNEXURE TO AGM MOTION

Overwhelmingly, levy payers expressed a desire to see a more accountable and transparent levy investment program that consistently and clearly articulated and reported the value returned to levy payers from the levy investments made on their behalf.

There is broad general agreement that past levy investments have delivered value for levy payers and a predominant desire for levy payers to see new areas for investment focus into the future. This desire stems from the need for investments to better align with the changed nature of industry since the last review.

To account for these aspirations, the Cattle Transaction Levy Review Committee, and the Cattle Australia Board, recommend the following actions be taken, in sequence:

1. Cattle Australia provide the Minister, and the Department, with a full briefing on the results of the review and feedback received through the review consultation and for Cattle Australia to seek support for the implementation of recommendations from the review.

2. Cattle Australia is to engage with each Levy Recipient Body (LRB) to inform them of the findings and recommendations from the review, including a specific focus on investigating and implementing processes that ensure currently available levy funds, including any matching investments, are utilised most efficiently and effectively.

3. Each respective LRB be tasked with undertaking a full assessment of all programs and report to Cattle Australia:
    a. Justification is required as to how current programs are each returning value to industry today.
    b. The summation of results of the assessment will be publicly published and reported.
    c. Specific attention needs to be paid to mature programs, such as enduring investments in post farm gate programs, that may no longer meet the hurdle of ‘market failure’.
    d. This task be completed before the approval of the respective LRB FY2027/28 budgets.

4. On the basis that the reforms as outlined are introduced in full by 1 July 2027, that the Grassfed Cattle Transaction Levy be increased by $1.00 to $6.00 by 1 July 2028:
    a. The allocation to NRS be increased to receive a fixed minimum portion of $0.40 per transaction.
    b. The allocation to AHA remains at a fixed minimum portion of $0.13 per transaction.
    c. The allocation to R&D be increased to receive a fixed minimum portion of $1.12 per transaction.
    d. The allocation to Marketing be increased to receive a fixed minimum portion of $4.35 per transaction. This levy stream is recommended to be renamed to ‘Non-R&D’ to more accurately reflect its application.
    e. The allocation to EADRA remains at $0.00 per transaction.

Levy Stream	Current	Change	New
National Residue Survey (NRS)	$0.29	$0.11	$0.40
Animal Health Australia (AHA)	$0.13	$0.00	$0.13
Research and Development (R&D)	$0.92	$0.20	$1.12
Marketing (Non-R&D)	$3.66	$0.69	$4.35
Emergency Animal Disease Response (EADRA)	$0.00	$0.00	$0.00
Total	**$5.00**	**$1.00**	**$6.00**

5. Greater flexibility be granted to Cattle Australia to approve the movement of funds between levy streams, following consultation with the respective LRBs to ensure critical activities remain funded. Cattle Australia will develop a governance framework to facilitate this process after consultation with industry, LRBs and the Department.

6. Future levy review timing to be aligned with the future Red Meat industry's planning cycles:
    a. Full review at the start of each 10-year cycle.
    b. Mid-cycle report (5-year) on levy investment effectiveness and any need to reallocate funds.
    c. The next review of the Cattle Transaction Levy to be undertaken prior to the end of 2030 post the development of the industry's 2040 strategic plan and prior to the consultation and development of the subsequent MLA 5-year Strategic Plan and budget.

7. Cattle Australia to engage with each of the other red meat sector peak industry bodies to encourage cross-sectoral support for the additional allocation listed above, as well as with changes to the following program areas:
    a. The Integrity Systems Company (ISC) be established as a stand-alone entity, separate from MLA.
    b. ISC reappoint a majority independent Board that incorporates direct, proportional representation of the Peak Industry Bodies representing the production sectors paying levies.
    c. That greater investments be made in pre-emptive biosecurity research and pre outbreak extension with grassfed levy payers.
    d. These priorities are funded from a dedicated amount of not less than $0.84 of the grassfed cattle transaction levy (from both R&D and Non-R&D levy funds).

8. To ensure appropriate industry representation and engagement activities are undertaken consistently in the future, a fixed minimum portion of not less than $0.60 of the grassfed cattle transaction levy (from both R&D and Non-R&D levy funds) is allocated to:
    a. Building and supporting capability and capacity to improve industry representation.
    b. Assisting in developing improved primary and tertiary educational programs.
    c. Promotion and awareness of industry production systems.
    d. Resourcing the development and maintenance of functions that allow for ongoing promotion and defence of industry's reputation and credentials.
    e. Extension and Adoption activities as they relate to the operations of the levy system and program expenditure on behalf of grassfed levy payers.

4. INTRODUCTION

The grassfed levy is collected on all transactions of grassfed cattle nationally. Each grassfed animal is transacted (on average) 2.2 times in its lifetime, incurring an average lifetime charge of $11 per animal. All commercial animals will ultimately enter supply chains in which further levies are subtracted from their overall value and reinvested in programs at an industry level (i.e. slaughter levies, shipping levies, grainfed levies).

Grassfed CTL revenue has averaged approximately $61.9 million annually since FY08 and is forecast to average approximately $63.4 million annually over the next five years. Compared to the grainfed industry at ~$18m, the processing sector at ~$23m and the live export industry at $3.1m, the grassfed component of the levy represents the largest component of the red meat levy system today, reflecting the size and importance of the industry to this system.

The last review of the levy, carried out in 2009, was conducted during a period when the industry was facing significant challenges. The Chair of the 2009 review committee, Mr Peter Hughes, recognised this in his opening comments to the final report stating:

> *"Right now, the Australian beef industry is facing perhaps some of its toughest challenges. Low livestock prices are hurting all producers. Lingering effects of BSE in our most valuable export markets, the impact of long-running drought on supply and costs, high grain and fertiliser prices, and an oscillating Australian dollar are all affecting our industry."*

Since that time, the industry continues to face many of the same challenges, though with a substantially different operating environment. Today, the industry as a whole has increased its productivity at a farm and per animal level, substantially through significant capital investments (i.e. physical on-farm assets) and targeted production interventions (i.e. genetic improvement and animal selection).

Many of these changes have been informed through pricing signals established in the industry that incentivise the production of animals for markets that attract price premiums, while discounts are applied to animals that do not meet market specifications. While disparately applied and not consistently available across all production systems, for much of the annual turn-off of the grassfed sector there are premiums in place for breed type, certified production practices or systems as well as carcase measurements and traits.

These incentives change nationally depending on production systems and the market being supplied and do vary substantially as a percentage of overall animal value between systems, particularly during periods of high price variability.

However, their presence in the market has increased in the past 20 years and today informs many of the business decisions made at a farm level. While this trend towards premium marketing can be seen as a positive reflection on the existence of market opportunities to achieve them, it must equally be considered that they exist as much through opportunity as necessity for businesses who exist in challenging operating environments.

These premiums are driven both by a pull effect - businesses maximising revenue - and a push effect, as cost inelasticity becomes an increasingly predominant factor with rising input commodities, labour, finance and infrastructure costs, many of which sit outside of an individual business's control or influence. While industry level values for export and gross production outputs have substantially increased, so too has the cost of production, with at least part of that growth in output values attributable to rising costs themselves.

Regionally, there are varying levels of data available to inform the health and performance of individual grassfed cattle businesses, especially where these are increasingly diversified businesses as opposed to straight cattle production businesses.

4.1 THE REVIEW SO FAR

Cattle Australia established the review for several reasons, the most substantive relating to its role as the Prescribed Industry Body (PIB) for the grassfed sector. As the newly formed industry representative body undertaking this role, having been established in 2022, it was considered that there was a risk the system was no longer reflective of the needs of the grassfed sector and a review and update of the model was required.

To ensure a broad range of perspectives informed this work, Cattle Australia established an independent committee to guide the work of the review. Membership of the Committee is as follows:

Member	Role
Hugh Nivison	Southern Producer Representative
Harry Youngman	Southern Producer Representative
Julie McDonald	Northern Producer Representative
Rob Atkinson	Northern Producer Representative
Dean Ryan	Western Producer Representative
Elke Cleverdon	CA Board Representative
Garry Edwards	CA Board Representative
Bryce Camm	CA Board Representative (Chair)
Jason Strong	Independent Member: RDC Specialist
Colin Hunter	Independent Member: Government Specialist

The Committee has published two discussion papers that were publicly disseminated in May and June respectively with formal responses received from producer bodies, business and individuals.

An industry survey was also distributed widely through both online consultations and during 34 regional consultations undertaken nationally - through which more than 650 producers attended information sessions in person and provided their perspectives on the current levy system, with a further 400+ producers completing the survey.

This report seeks to articulate what the analysis has revealed. For the Committee, the independence of this process and ensuring that genuine consultation was undertaken have remained a priority throughout.

As far as possible, the recommendations articulated within this report are reflective of the broadest areas of consensus from the consultations conducted. While it is not possible to align with all views, the Committee has endeavoured to do so to the greatest extent possible.

5. BACKGROUND: THE LEVY TODAY – RATES, REVENUE AND WHERE THE MONEY GOES

5.1 CURRENT SETTINGS

The five components of the levy today can be considered as follows:

Component	Rate ($/head)	Recipient
Marketing	3.66	Meat and Livestock Australia
Research and development	0.92	Meat and Livestock Australia
National Residue Survey	0.29	Department of Agriculture (NRS)
Animal Health Australia	0.13	Animal Health Australia
Emergency Animal Disease Response Agreement	0.00	(activated when a response is required)

For comparison, the grainfed levy is also $5.00 per head, though is split differently with $3.08 going to marketing, $1.50 to research and development, $0.29 to NRS and $0.13 to AHA.

As the rate has not changed since 2006, and is fixed as a per head transaction fee, the overall value of the levy has declined substantially since 2009.

5.2 REVENUE AND TRANSACTIONS

The key figures:

- Grassfed transactions have averaged about 12.3 million a year since 2007-08 and are forecast at about 12.7 million a year over the forward estimates. Grassfed CTL revenue has averaged about $61.9 million a year and is forecast at about $63.4 million a year over the forward estimates.
- Grainfed transactions have averaged about 2.3 million a year over the historical period and are forecast to average about 3.6 million a year, around 57 per cent higher than the historical average, with grainfed levy revenue averaging about $11.6 million a year and forecast to average about $18.1 million. The grainfed share of total CTL revenue has risen from about 12 per cent to about 24 per cent.
- Total livestock levies across the red meat sector average about $116 million a year and are forecast at about $127 million. MLA receives about 89 per cent of livestock levy revenue (67 per cent marketing, 22 per cent research). AHA receives about 5 per cent and the NRS about 6 per cent.
- The grassfed CTL's share of total livestock levy revenue has fallen from about 60 per cent in 2007-08 to about 50 per cent in 2024-25, as sheep and grainfed levies have grown.

5.3 REVENUE COLLECTED AGAINST EXPENDITURE

By requirements, $R (R&D) and $M (Non-R&D) are utilised as per their function, though outside of their individual portfolios, to more broadly support the operations and functions of the levy bodies they are allocated to.

Substantially, the largest investment areas outside of direct $R and $M activities are in communications, capability building and industry integrity programs. This is articulated below in more detail.

Table 1: Levy revenue and expenditure per transaction by function, FY25–30 forecast. Source: ACIL Allen (2026), Table 5.1

Function	Grassfed revenue	Grassfed expenditure	Grainfed revenue	Grainfed expenditure
Marketing	$3.66	$3.09	$3.08	$2.02
Research and development	$0.92	$0.61	$1.50	$1.22
Communications	—	$0.32	—	$0.58
Capability	—	$0.20	—	$0.24
Integrity	—	$0.35	—	$0.53
NRS	$0.29	$0.29	$0.29	$0.29
AHA	$0.13	$0.13	$0.13	$0.13

For MLA, in function over time, $0.87 has been diverted from $R and $M funds to support required industry functions of Communications, Capability Building and the operations of the Integrity Systems Company.

For NRS and AHA, their respective allocations are currently fully spent each year. MLA's total revenue has grown by more than 30 per cent since FY12, and its five-year expenditure forecast to 2029-30 is $1,813.9 million, up 24 per cent on the previous five years.

These figures matter for two reasons and support the work of the Committee, specifically on Principle 2 (Flexibility).

Table 2: Share of grassfed CTL expenditure by function, FY21–FY25. Source: ACIL Allen (2026), Figure 3.6

Function	Share of grassfed CTL expenditure, FY21–FY25
Marketing	49%
Research, development and adoption	21%
Corporate and overheads	10%
Integrity systems	8%
Communications	7%
Capability building	3%
National Residue Survey	2%
Animal Health Australia	1%

5.4 TRENDS

While total cattle GVP has increased by 154% since FY08, grassfed transactions have averaged about 12.3 million per annum and are forecast to average around 12.7 million over the next five years.

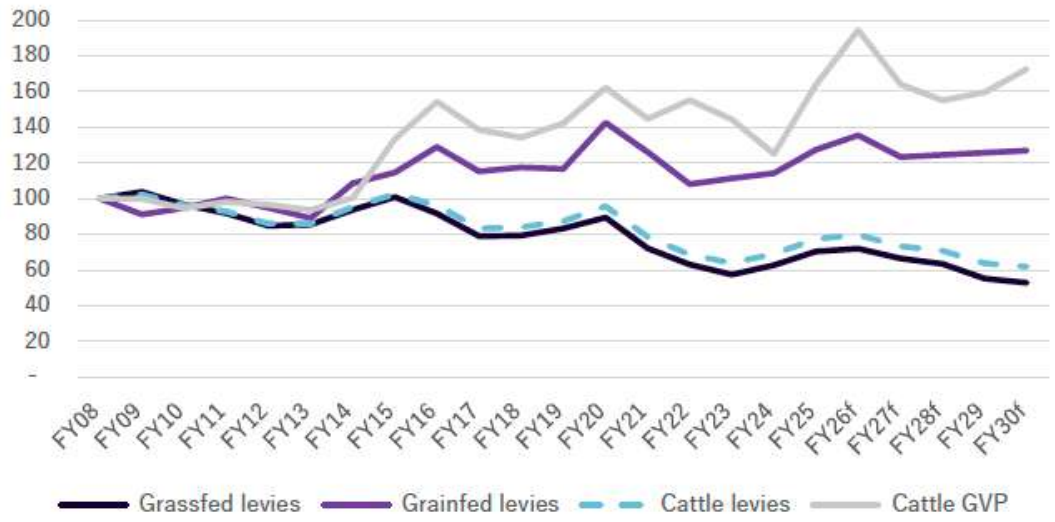
Transaction levy revenue has mirrored the number of Grassfed CTL transactions, averaging $61.9m since FY08, an increase of only 9 per cent against a 154 per cent increase in total cattle GVP. The Grassfed CTL has fallen from 0.84 per cent to 0.36 per cent of cattle GVP over the same period. Livestock transactions are static in aggregate with increases in one levy offsetting decreases in others. The Grassfed CTL remains the largest transaction levy but has declined from 60% of overall levy revenue to 50% between FY08 and FY25.

60% → 50%

Grassfed CTL averaged 53.4% of all livestock transaction levies since FY08. MLA received 89% of all cattle, sheep and goat transaction levy revenue over the period.

This trend is reflective largely of the growth in the lot feeding and lamb industries, with revenue from these streams operating inverse to the grassfed CTL and increasing in both cases.

Figure 3.2 Grassfed and Grainfed CTL Revenue and GVP Index Trend (FY08 Base)



Source: ACIL Allen, May 2026

Figure 1: Grassfed and grainfed CTL revenue and GVP index trend (FY08 base). Source: ACIL Allen, May 2026.

The most substantive trend to emerge during the review period has been the significant investment of private funds through leverage mechanisms available within the system (the MLA Donor Company). These are discussed at more length below in section 7.3.

For reference purposes only, the cumulative inflation rate in Australia between 2006 and today has been 73.55%, meaning that prices are 1.7 times higher than they were in 2006. In practical terms, the purchasing power of $5.00 in 2006 is equivalent to $8.68 in today's dollars. The average annual inflation rate over this period has been 2.79%.

5.5 THE INDUSTRY IN 2009 AND TODAY

The 2009 review was conducted at a time of low livestock prices, prolonged drought, the lingering effects of BSE in key export markets and high grain and fertiliser costs. The Committee identified a comparison of industry performance in 2009 against today as one of three ways of assessing the value of levy investment. This section sets out that comparison.

The comparison is not intended to attribute all changes since 2009. Seasons, exchange rates, trade agreements, global demand and private investment have all shaped the industry over this period, and many of these sit entirely outside the levy system. The purpose is to establish what has changed, so that the contribution of levy investment can be considered in its proper context.

Table 3: The grassfed cattle industry, 2008-09 compared with today

Measure	2008-09	Latest	Change	Source
INDUSTRY SCALE				
Gross value of cattle production	$7.5b	$17.7b (2024-25)	+136% (2008-09 to 2024-25, ABS/ABARES basis)	ABS 7503.0; ABARES
Beef cattle herd at 30 June (million head)	25.3	28.2 (2024)	+11%	ABS
Cattle businesses	39,425 beef farms and feedlots	53,964 businesses in the cattle industry (2025)	Not directly comparable	ABS (2009); MLA
Grassfed cattle transactions (million a year)	~12.3 (average since 2007-08)	12.7 (forecast)	Broadly flat	DAFF levy data; ACIL Allen
MARKETS				
Beef and live cattle export value	$5.7b (2009)	$17.0b (2024-25)	~3 times	ABS 7106.0; NSW DPIRD / ABARES
Beef and veal export volume (Mt)	1.04 shipped weight (2009)	1.4 shipped weight (2024-25, record)	+35%	ABS 7106.0; MLA
Trade agreements	5 FTAs in force (NZ, Singapore, Thailand, US, Chile)	13 agreements signed since 2009	83% of red meat exports covered	DFAT; MLA
Eastern Young Cattle Indicator (average, c/kg cwt)	330	665 (2024-25)	+101% (nominal)	Qld DEEDI (2010); NSW DPIRD
PRODUCTIVITY AND PROFITABILITY				
Beef production (Mt carcase weight)	2.15	2.79	+30%	Qld DEEDI (2010); MLA
Average carcase weight (kg)	~272	302 (2024-25)	+11%	Qld DEEDI (derived); NSW DPIRD
LEVY AND INVESTMENT ENVIRONMENT				
Inflation-equivalent of the $5 levy (2006 base)	$5.00	$8.68	+73.55% (CPI)	ABS CPI
Grassfed share of livestock levy revenue	~60%	~50%	−10 points	DAFF; ACIL Allen
Public agricultural R&D investment (real)	$1.4b (2005-06)	$1.6b (2024-25)	+0.7% a year	ABARES
Private agricultural R&D investment (real)	$740m (2005-06)	$1.4b (2024-25)	+3.4% a year	ABARES
RISK ENVIRONMENT				
Assessed 5-year probability of an FMD outbreak	~9% (pre-2022)	11.6%	+2.6 points	DAFF
Estimated cost of a large multi-state FMD outbreak	$52b (2013)	~$80b (2022)	+54%	ABARES

What has improved

By most measures of scale and market position, the industry is stronger than it was in 2009. The gross value of cattle production has more than doubled, from $7.5 billion in 2008-09 to $17.7 billion in 2024-25. Beef and live cattle exports have roughly tripled to $17 billion, beef export

volumes have reached a record 1.4 million tonnes, and 13 trade agreements signed since 2009 now cover 83 per cent of red meat exports.

Australian beef commands a premium of around $1.20 per kilogram over competitors in market. Productivity has improved at both farm and per-animal level, driven by capital investment, genetic improvement and animal selection, and price signals for quality and certified production systems are now far more widespread.

Beef production has risen by around 30 per cent from a herd only around 11 per cent larger, with average carcase weights up from around 272 kg to 302 kg.

What has become harder

These gains have not been evenly shared, and several pressures have intensified. Input, labour, finance and infrastructure costs have risen substantially, and at least part of the growth in output values reflects higher costs rather than higher margins.

Within the levy system itself, the real value of the $5 rate has fallen by around 42 per cent since it was set in 2006, while grassfed transactions have remained broadly flat. The grassfed share of total livestock levy revenue has fallen from about 60 to 50 per cent, and the cost of delivering core services such as the NRS now exceeds the revenue allocated to them.

Where the levy has contributed

Table 4 sets out the Committee's assessment of where levy investment has plausibly contributed to the changes observed since 2009, and where other drivers have been more significant.

Table 4: Contribution of levy investment to change since 2009

Area of change	Levy contribution	Other significant drivers
Market access and price premium	MSA, NLIS and integrity systems, market access science, country-of-origin marketing	Trade agreements, Government market access work, commercial exporter investment
Export growth	Historical international marketing investment established the platform	Trade agreements, global demand, exchange rate, herd cycle
On-farm productivity	Genetics, extension and producer demonstration programs, though adoption remains low	Private capital investment, seasons, commercial genetics
Biosecurity and traceability	NLIS, LPA, AHA programs and EADRA	Government border protection and surveillance
Research capacity	Matching funds and MDC leverage	Private R&D growth; offset by declining State investment

On balance, the Committee considers the grassfed cattle industry to be in a stronger position today than it was in 2009, with industry output, exports and prices having grown strongly. It is the view of the Committee that at least some of this improvement has been assisted by investments made through the grassfed levy, most clearly in market access, integrity systems and the leverage of research funding.

The comparison also illustrates why the current review has been necessary. The levy settings in place today were designed for the conditions of 2006 and 2009. The industry has since grown, diversified and taken on new risks, while the real value of the levy has declined. This underpins the Committee's recommendations for fixed review periods (Principle 4) and for targeted funding of the functions that today's industry relies on.

5.6 LEVY RETURN: BENEFIT-COST RANKINGS

The Committee also considered the available benefit-cost assessments across levy-funded program areas. These assessments do not provide a complete measure of value, but they offer one way of considering the returns attributed to different investments. The tables below rank the program areas assessed within each independent evaluation round, from highest to lowest reported benefit-cost ratio. Some sheep, lamb and goat program areas are retained because the rankings were calculated across the broader evaluation portfolio and cannot be isolated from the cattle program areas.

The rankings were used throughout the review process to compare program areas as an indication of the highest and best use of the levy in a historical context. They are used throughout this document as a reference point to reflect how these investments have changed in importance to the industry over time.

Table 5: BCR ranking — Arche 2010 (pre-2010 evaluations)

Rank	Program area	Reported BCR
1st	Product integrity / integrity systems*	11.5:1
2nd	Eating quality (MSA)	8.7:1
3rd	Market access (maintaining/liberalising)	8.2:1
4th	Export marketing (international)	7.2:1
5th	Market information / objective measurement	5.6:1
6th	On-farm productivity — lamb	3.7:1
7th	On-farm productivity — beef	3.4:1
8th	Domestic marketing — sheep/lamb	2.2:1

** Arche also reported 5.1:1 for product integrity where Beef CRC and MSA costs were included. On that cost treatment, product integrity would rank 5th rather than 1st.*

Table 6: BCR ranking — CIE 2016 (FY2010-11 to FY2014-15)

Rank	Program area	Reported BCR
1st	Market access (maintaining/liberalising)	24.0:1
2nd	Livestock exports	14.5:1
3rd	Eating quality (MSA)	12.5:1
4th	Product integrity / integrity systems	8.3:1
5th	Market information / objective measurement	7.9:1
6th	Animal welfare	7.7:1
7th	Feedlot (lot feeding)	7.6:1
8th	Export marketing — beef-related**	6.7:1
9th	Off-farm / processing productivity	4.7:1
10th	Animal health & biosecurity	4.6:1
11th	On-farm environment / sustainability	4.5:1
12th	Domestic marketing — sheep/lamb	4.1:1
13th	On-farm productivity — beef	2.7:1
14th	Goat industry (on-farm)	2.6:1
15th	Off-farm environment / sustainability	2.5:1
16th	New products / packaging innovation	1.6:1
17th	Domestic marketing — beef	1.1:1

*** CIE reported export marketing at 3.4:1 for sheepmeat and 6.7:1 on a beef-related measure. The 6.7:1 beef-related result is used here for the grassfed cattle ranking.*

Table 7: BCR ranking — ACIL Allen 2020 / GHD 2024 ('2020' column, projection to 2040)

Rank	Program area	Reported BCR
1st	Market access science / productivity	15.2:1
2nd	New products / packaging innovation	8.0:1
3rd	Domestic marketing — sheep/lamb	7.9:1
4th	Export marketing (international)	7.6:1
=5th	Product integrity / integrity systems	7.0:1
=5th	Feedlot (lot feeding)	7.0:1
7th	Off-farm / processing productivity	5.3:1
8th	Market access (maintaining/liberalising)	5.1:1
9th	Market information / objective measurement	3.0:1
10th	Off-farm environment / sustainability	2.3:1
11th	Producer adoption	2.0:1
12th	Domestic marketing — beef	1.9:1
13th	Livestock exports	1.8:1
14th	Livestock genetics	1.6:1
15th	Animal health & biosecurity	1.0:1
=16th	On-farm productivity — beef	0.7:1
=16th	On-farm environment / sustainability	0.7:1
18th	Animal welfare	0.6:1

Source: ACIL Allen (2020) MLA performance review, BCR 2020 series (impacts projected to 2040); GHD (2024); compiled and harmonised for the CTL Review.

The latest column is a projection to 2040 rather than a measurement of completed investment. Tied values share a rank. ACIL Allen's 2026 Independent Analysis (Appendix B) records MLA's own evaluated results for the same program areas over FY16-20 on a different basis: market access science 24.0:1, product and packaging innovation 20.5:1, integrity systems 14.0:1, off-farm productivity 15.5:1, feedlot 11.6:1, objective measurement 11.1:1, producer adoption 8.0:1, on-farm productivity 3.5:1, livestock export 3.3:1 and livestock genetics 2.3:1. International marketing (7.6:1), domestic sheep (7.9:1), market access (5.1:1) and domestic beef (1.9:1) are consistent across both sources.

Source: Arche (2010); Centre for International Economics (2016); ACIL Allen (2020); GHD (2024), as compiled and harmonised for the CTL Review.

The evaluation rounds were not conducted on a common basis. Program definitions, assumptions, assessment methods, groupings of programs, time horizons and discount rates differ between rounds, and the latest assessment includes projections to 2040. The rankings are a snapshot within each evaluation round, not a continuous performance series, and should not be taken on their own as clear future investment priorities.

Even with these limitations, the assessments show that a number of levy-funded activities have been assessed as delivering clear benefits, while reported returns vary materially between program areas and periods. Section 6 considers this evidence alongside the assets, systems and market positions the levy has helped build, and the views expressed by producers through the Review.

6. WHAT THE LEVY HAS DELIVERED, AND WHAT PRODUCERS TOLD THE REVIEW

6.1 THE ASSETS THE LEVY HAS BUILT

The levy has paid for assets that individual producers could not build alone. The below serve as examples that show what collective investment has delivered consistently on behalf of grassfed levy payers nationally. Consultation has confirmed these program areas are generally considered by levy payers to offer value.

- **NLIS and the integrity system.** Whole-of-life traceability is one of the key reasons Australian beef has been able to secure preferential market access globally.
- **A Strong Global Trade Reputation.** Australian beef receives a premium of ~$1.20 per kilogram, or roughly 15 per cent, over its competitors in market, worth about $2 billion a year across the industry.
- **A Strong Domestic Market Presence and Consumer Support.** Independent ongoing monitoring of community sentiment reveals that red meat consumption is increasing, and that the community is supportive of the Australian beef industry and Australian beef producers.
- **The National Residue Survey.** The NRS provides the residue testing that trading partners require as a condition of access. Its 2025-26 program covers 3,571 samples and 1,330 property audits.
- **MSA.** The eating quality grading system is a mature program that underpins the price premium for Australian beef and has been estimated to return in excess of $320m annually to Australian beef producers.
- **Biosecurity arrangements and protections.** AHA's programs and the EADRA give the industry a standing emergency response arrangement, underwritten by the Commonwealth.
- **Producer Extension and Adoption Programs.** Programs such as BeefUp Forums, Profitable Grazing Systems, Bred-Well Fed-Well and those provided through the EdgeNetwork have been found to produce substantial benefits for participating producers, although participation and adoption are lower than expected.
- **Widely Supported Genetics Programs.** MLA's investment in genetics programs is estimated to return a net present value in excess of $90m between 2016 and 2040 for northern and southern cattle producers.
- **National Market Reporting and Market Information.** Market reporting indices and tools published by MLA are widely utilised by industry and Government to inform policy and business decisions.
- **Australian Beef Sustainability Framework.** An industry-led sustainability metric that has provided for collaboration and engagement with major beef industry supply chains and customers to share the progress industry is making in improving sustainability metrics and reporting.

6.2 WHAT THE CONSULTATION FOUND

The Committee's consultation heard from producers across the grassfed sector. The findings were consistent on the main points:

- The activities of MLA, specifically the activities that MLA is restricted from undertaking in relation to industry representation, are not well understood.
- Producers don't feel engaged with R&D activities that often do not have a direct producer linkage to the program or activity and are not aware of how to participate in these.
- Producers value integrity systems, product quality research and related market access work and support for these functions is broad.
- Producers indicated that support for a rate change would depend on clear evidence of the need, intended use and expected benefit with areas supported being NRS, enhanced biosecurity preparedness, industry representation activities and integrity systems.
- Producers are concerned about overhead growth in LRBs and about how levy money is governed and prioritised.
- Producers want a say in levy expenditure that proportionally matches their contribution.

In addition to the above, there was strong sentiment expressed that consistency in accountability was needed. There were frustrations about past performance regarding specific program areas, commonly linked to the areas in which the businesses providing the feedback operate (genetics, northern production systems, exporting businesses etc.).

There were also concerns about the decline in the current level of levy reserves and lack of measurable outcomes achieved from the expenditure of the reserves linked to the former CN30 program. Questions were also raised about the policy of retaining reserves beyond what was needed to fund operational services and how these were being effectively managed.

Overall, while there was good-moderate support for the current framework, there was a genuine desire to see it improve and that there is a clearer articulation provided to producers, more consistently, that the majority of funds were being put to most effective use. This desire is best illustrated in strong support for Principle 4 and the recommendations made therein.

A deeper analysis of feedback was released in the Consultation Summary, which can be found at www.cattleaustralia.com.au/the-cattle-transaction-levy.

7. PRINCIPLE 1: EXISTING VALUE WITHIN THE $5 LEVY

7.1 SUMMARY

Two constant trends are notable with the levy rate itself. The first is that growth in emerging program areas has drawn down on existing levy funds and are today diluting funds available for specified purposes. This is particularly evident in the case of the Marketing levy stream. The second, and least surprising, is that the real value of the levy has declined in the face of inflationary pressures. If the levy had a mechanism to adjust it for inflation, it would today in effect be approximately $8.68.

While Levy Recipient Bodies (LRBs) have developed mechanisms to offset this decline, including the Gross Value of Production Cap (GVP cap), these mechanisms have materially expanded the funding available for eligible R&D.

Commonwealth matching averaged approximately 0.45 per cent of GVP over FY21–FY25 against the statutory 0.5 per cent cap, equivalent to around $7 million a year in unrealised matching contributions. However, notable efforts in recent years to meet this expenditure limit have seen this gap close, and in some circumstances be fully realised.

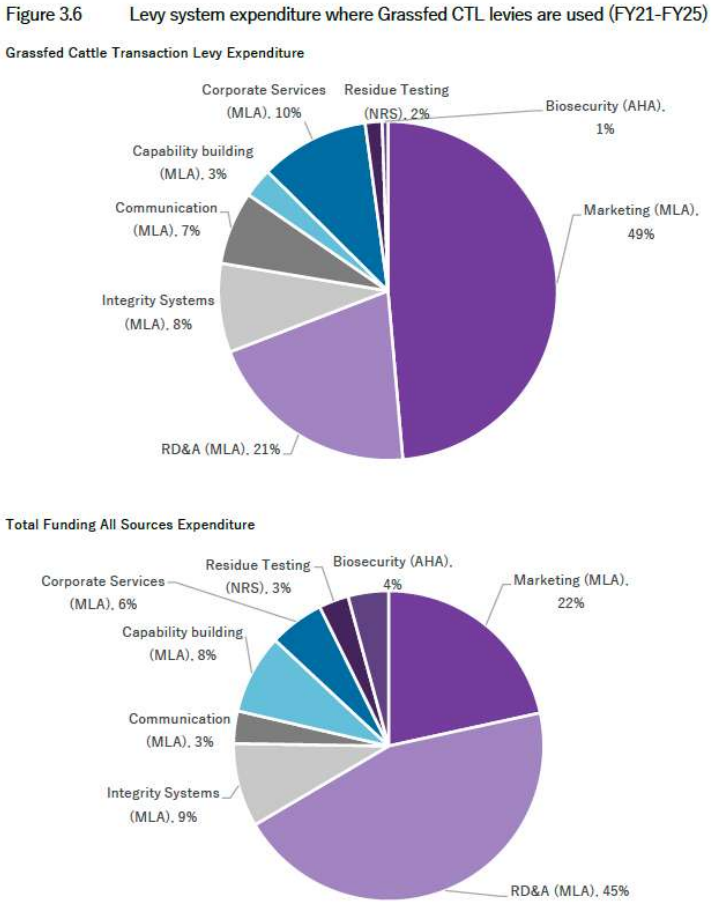


Figure 2: Levy system expenditure where grassfed CTL levies are used (FY21–FY25). Source: ACIL Allen (Figure 3.6).

Figure 2 above (Figure 3.6 in the economic report provided to the Committee by ACIL Allen) provides a visual representation of these trends. Firstly, the draw down on marketing levy funds

is clear. Of the grassfed CTL, the Capability Building, Communication and Integrity Systems Program areas account for 18% of overall expenditure. These are substantially funded through levy income received from the marketing levy stream.

Secondly, the leverage available through the MLA Donor Company (as a mechanism to unlock the GVP Cap) is clear, with 45% of overall expenditure being assigned to research and development, while for the grassfed CTL it only accounts for 21%. It is evident that while overall, investments have expanded, levy funds themselves are today not the primary means by which income or expenditure are derived. This second point is discussed further below in section 7.3.

7.2 ANALYSIS: MARKETING

Marketing Investments

Initially the Committee sought to question whether this draw down on Marketing funds and decline in real terms due to inflation was diminishing the benefits available to industry from the primary purpose of what the levy is in place to achieve.

The decline in purchasing power, with international marketing investment down 28% since 2008, is evident. And yet, the effect of this diminishment is not clear given that it has coincided with a prolonged period of market growth for Australian beef.

Table 8: Export volumes by market, 2021–2025 (shipped weight)

Market	2021	2022	2023	2024	2025
United States	145,263 t	133,925 t	245,849 t	394,543 t	453,300 t
China	148,357 t	158,086 t	206,191 t	193,227 t	272,940 t
Japan	233,818 t	214,305 t	206,802 t	247,604 t	257,380 t
South Korea	165,053 t	160,725 t	188,923 t	200,545 t	221,350 t
Indonesia	45,178 t	39,324 t	68,387 t	84,178 t	66,582 t

A historical analysis of investments in Marketing, specifically International Marketing, has shown this program area to offer among the best value to levy payers of any of the existing levy investments. However, this analysis did not confirm that this would remain the case into the future, and indeed rates of return are expected to remain positive, but decline over time, as many of Australia's international markets mature in terms of access.

International Marketing

Table 9: Ranking of International Marketing against other program areas since 2009

Review Team and Period	Arche: Pre-2010 Analysis	CIE: 2010–2015	ACIL Allen 2020 / GHD 2024
BCR Ranking of Program Area	4th (7.2:1)	8th (6.7:1)	4th (7.6:1)

What was evident from the analysis, and reflected through consultation with industry, is that Australia's reliance on international markets today is imperative to the profitability of industry and that it is a strongly held view of industry that investments in these areas are important to levy payers.

The Committee questioned whether these investments remained fit for purpose and still met the bar of 'market failure'. Given that this is the largest single investment area for the grassfed levy, $22.7m in FY26, this was a core area of analysis for the Committee.

In 2006 and 2009, the additional expenditure in marketing, specifically towards international marketing, was deemed to be warranted due to the absence or inherent limitations of investment from individual businesses that were yet to establish commercial relationships in markets. Today the case for this has changed with consequential investments and in-market presence from the commercial sector in what are substantively now well-established markets.

This in itself does not resolve the argument that a market failure today has been relieved by past levy investments. The shared platform on which company brands trade (the country-of-origin position, the MSA-backed premium, market access enabled through agreements and non-tariff barrier (NTB) relief) is the part no individual business today funds alone and supports the case for market failure.

International marketing investment has fallen 28 per cent in real terms since 2008 while MLA's total revenue has grown by more than 30 per cent across other portfolio areas. As MLA's revenue overall has grown, this is reflective of an internal reallocation, not a company level revenue squeeze.

However, while the decline in real dollar spend in these activities is notable, trade value has substantially increased, lending credence to the hypothesis that much of the growth in this area can be primarily attributed to historical spend of the levy, whereas today factors external to levy investment are likely to have a substantial supporting impact.

Since 2009, Australia has signed 13 trade agreements which today cover 83 per cent of Australia's red meat exports creating substantially greater market access for beef exporters.

One measure of the benefit received from these investments has been suggested to be the premium received for Australian beef over its competitors in-market, about $1.20 per kilogram and roughly $2 billion a year, rather than the volume of trade. While this value can be confirmed to exist, how this premium has been established remains a point of contention and it is unlikely to solely be a result of levy investments.

The challenge for the Committee has been that there is no clear delineation between the value generated by the levy investments as opposed to value from commercial investments. Using current methods of analysis, these two are today structurally inseparable.

While there is no doubt levy investments have created market demand for Australian beef, the extent to which this demand is attributable to levy investment alone, as against commercial investment and improved market access enabled through trade agreements and Government investment, cannot be read directly from the record.

The Committee considers a better accounting of strategic intent prior to investments being made to be one way of improving the transparency around the value of levy investments in this program area. The need to conduct this is not a reflection on international marketing not providing value, but the case for ongoing investments in mature markets can be better informed and funds diverted to areas of high potential value where this can be substantiated.

Domestic Marketing

Table 10: Ranking of Domestic Marketing against other program areas since 2009

Review Team and Period	Arche: Pre-2010 Analysis	CIE: 2010–2015	ACIL Allen 2020 / GHD 2024
BCR Ranking of Program Area	N/A	17th (1.1:1)	12th (1.9:1)

On a domestic front, there remains strong support amongst levy payers for ongoing investments in marketing activities. Beef remains a core aspect of the Australian diet, with consumption patterns remaining strong. This was considered by the Committee carefully, given that returns in this area have been difficult to achieve and evidence lower returns to producers than some other program area spends.

The principle of 'market failure' again emerges here given how the industry has changed since 2009. The structure of processing domestically has evolved substantially, with considerable international investment in supply chains and plants. Processing is today more concentrated and integrated than in 2009, and more promotion is now undertaken from within supply-chain businesses under their own brands.

Again, while there is no question that domestic marketing is supported by industry, it has proven over time to be a challenging area to discern clear benefits and has consistently evidenced the lowest Benefit-Cost Ratio (BCR) rankings of any marketing investment since 2010.

Producers also questioned whether marketing of 'beef' was the priority and whether marketing of the production practices and people producing the product would not be of higher benefit to industry. This feedback seemed to confuse communications programs and marketing activities, though is reflective of a strong sentiment amongst industry members to see the beef industry better supported by the community not just in terms of purchasing behaviour.

This is a reasonable question, though the Committee is not at this point satisfied that it would be a higher or better use of the levy, with the case needing further validation. This further evaluation should also consider the broader effects of domestic marketing, in that the community benefits of these activities exist outside of consumer support for the purchasing of beef as a product.

7.2.1 THE MARKET FAILURE THRESHOLD

One challenge presented to the Committee is the consideration of how marketing investments today address the core concept of market failure – especially in the case of international marketing.

While in 2006 and 2009, the additional expenditure was deemed to be warranted and a clear case for its need existed, today's operating environment is different.

The question then emerges, what aspects of ongoing investment align with the core concept the levy is designed to address. As stated, the shared platform on which company brands trade (the country-of-origin position, the MSA-backed premium, market access enabled through agreements and non-tariff barrier (NTB) relief) is the part no individual business today funds alone and supports the case for market failure.

However, MSA is an established industry system already embedded in common practice, as are the trade agreements to which Australia is a signatory.

Investments in NTB relief today are more difficult to clearly articulate, though MLA's current investment plans indicate that much of this work is undertaken either in partnership with or at the request of the processing and exporting sector. This is further supported in forward budgeting, with investments in Market Access science expected to reduce by 22% and now substantively funded (over 54%) by funding external to producer levies.

And yet, investments in International Marketing remain the largest investment area for the grassfed levy across all levy functions. The question posed to the Committee was – had historical investments alleviated the market failure that they were dedicated towards?

The Committee does not consider this case as being fully made nor that international marketing should not continue to be funded. However, the lack of clarity around value and returns serves to highlight that much of the historical investment in this area has established the basis on which industry operates today and raises further questions as to whether ongoing investments at the same quantum are appropriate.

Given the quantum of investment in this program area proposed at present, this is a substantive issue for industry to resolve.

7.2.2 THE NEED FOR COMPREHENSIVE ANALYSIS OF FUTURE INVESTMENTS

An attribution question needs to be addressed in future evaluations of investment decisions: evaluations should compare what is intended to occur with what would occur without the expenditure - estimating the demand position with and without the funded program, rather than crediting the program with everything that happens while it runs.

This methodology matters here because the record cannot settle the question on its own. Trade growth, improved market access and expanded commercial promotion have all coincided with the decline in collective marketing investment, and the two streams of effect cannot be separated. While it can be said the two evidence no correlation, it can equally be argued that growth would not have been achieved without the expenditure, even at a reducing rate.

The more direct method for the future is to run this comparison deliberately and in advance - selecting markets or activities in which promotion is varied or withheld and measuring the difference against those in which it is maintained.

7.2.3 USAGE OF 'MARKETING' DOLLARS AND PRESSURES

"Other" Marketing Activities

Funds received by MLA for 'Marketing' (Non-R&D activities) are apportioned to several program areas, substantively communications, capacity building and integrity systems. Over time, these additional areas have grown in significance to industry and have accordingly attracted additional funds. This evolution has effectively decreased the quantum of investment in traditional or core 'marketing' activities from $3.66 to $3.09 per transaction.

Today, $0.87 in each $5.00 transaction is diverted away from what are the commonly perceived purposes of the levy. The Committee has begun colloquially referring to $M as 'Non-R&D Activities' levy by way of assisting with the explanation of expenditure in this funding area. The Committee considers the increased investment in the 'other' areas as being a notable trend and reflective of the changes in need and expectation being placed onto industry and the Non-R&D priorities that are currently managed by MLA.

Increasingly, there are more activities that industry is either required to provide by supply chains (i.e. the Australian Beef Sustainability Framework) or customers or required additional support for out of necessity (integrity systems).

These are program areas that have evidenced successive and consistent demand over time, providing support for the likelihood that they are unlikely to decline in significance into the future. Additionally, there are many activities that MLA is assumed to undertake that fall broadly under the category of industry representation, that are simply not occurring or being resourced at this time.

These essential activities give a clear demonstration of 'market failure' and require prioritisation under the levy system.

7.2.4 RECOMMENDATION: MARKETING

It is the Committee's view that the case for increasing expenditure in International Marketing and Domestic Marketing today has not been made. While relative program spend has declined, this does not appear to have diminished Australia's trade competitiveness nor had a negative effect on grassfed levy payers. The inverse of this is also true, in that a clear benefit of what an increased allocation would provide in returns to grassfed levy payers is not available within the current data.

For absolute clarity, there is no doubt that International and Domestic Marketing have value to industry and have historically performed well. But an assessment of how these are performing today, especially in mature markets, is required and potentially a redesign of the strategy behind the investment of these funds pending the outcome of this preliminary work.

Alternate uses of these funds may include shifting spend from mature markets to emerging markets, focusing investment on non-tariff trade barrier reduction and market access science or a variety of other areas that remain within the international marketing category of works. Again, this will require further justification and assessment.

However, the 'marketing' revenue stream is also the substantial provider of funds for a variety of industry programs for which there is clear support, demand or direct reliance on from grassfed levy payers. It is the Committee's assessment that there is a case for providing dedicated additional funding for these priorities. Doing so would support greater communication and engagement for grassfed levy payers, as well as more secure funding for the integrity systems on which the industry relies.

RECOMMENDATION

Each respective LRB be tasked with undertaking a full assessment of all programs and report to Cattle Australia:

a) Justification is required as to how current programs are each returning value to industry today.

b) The summation of results of the assessment will be publicly published and reported.

c) Specific attention needs to be paid to mature programs, such as enduring investments in post farm gate programs, that may no longer meet the hurdle of 'market failure'.

d) This task be completed before the approval of the respective LRB FY2027/28 budgets.

RECOMMENDATION

On the basis that the reforms as outlined are introduced in full by 1 July 2027, that the Grassfed Cattle Transaction Levy be increased by $1.00 to $6.00 by 1 July 2028:

a) The allocation to Marketing be increased to receive a fixed minimum portion of $4.35 per transaction.

Benefit

	Current	Increase	New Value	Additional Revenue	Outcome
Marketing (Non-R&D)	$3.66	+$0.69	$4.35	+$8.76 million per annum (at 12.7 million transactions)	Dedicated, secure funding for communications, capability building and integrity systems functions currently drawn from marketing funds.

7.3 ANALYSIS: RESEARCH, DEVELOPMENT AND ADOPTION

Table 11: Ranking of On-Farm Productivity Research against other program areas since 2009

Review Team and Period	Arche: Pre-2010 Analysis	CIE: 2010–2015	ACIL Allen 2020 / GHD 2024
BCR Ranking of Program Area	7th (3.4:1)	13th (2.7:1)	=16th (0.7:1)

Note: the 0.7:1 figure reflects the GHD 2024 projection basis shown in Table 7. ACIL Allen's 2026 Independent Analysis (Appendix B) records MLA's evaluated on-farm productivity programs at 3.5:1 for FY16-20 and 1.9:1 for FY16-25.

Fundamentally, the greatest achievement of the research levy stream has been the creation of an operating environment in which commercial and third-party investments are today at historical highs.

Since FY12, more than $400m in commercial or 'external' funds have been invested through the MLA Donor Company facility, contrasted by $548m in red meat research levy expenditure (MLA, AMPC and LiveCorp). However, the way in which previous access to this GVP cap has been facilitated, has meant that potential matching funds have been left unrealised due to systems challenges, largely the heavy emphasis on finding matching commercial partners to leverage these investments within the appropriate timeframes.

7.3.1 A DIFFERENT SUCCESS INDICATOR

The Committee's assessment here has been informed from the first Principle, being that there is existing value that needs to be leveraged as a priority by industry, the case for which is clear. As to the returns delivered by investments to date, there are design challenges within the current operating environment that must be acknowledged and addressed.

The mechanism, since the early 2010s, by which research projects are predominantly funded and delivered is through direct, but increasingly limited, producer consultation with Regional Advisory Councils (RACs - NABRC, SALRC and WALRC).

By nature, they are developed from an initial process of identifying an issue within an MLA priority area, and not necessarily from a holistic national industry needs assessment. This means that outcomes are immediately limited as they are restricted to the organisational structure at the time, not potentially the overall industry need.

The current process gives an issue a priority ranking and then calls for submissions from researchers for projects to address the defined challenges within the restricted mandate. Because of this process, the outcome has become that R&D priorities may not be core national producer priorities.

This has directly led to reduced overall producer engagement and adoption is at low levels. The perception is that the priorities are being too heavily influenced by existing MLA programs and organisational structure rather than producer requirements.

This is not to say these processes are not informed by a broader systems assessment of what projects offer the highest chance of producing an outcome for industry, but commercial return on investment is not in and of itself the sole motivating factor for the commissioning of research.

Further, the assessment of how successful these projects are in being commercialised can be inhibited by industry uptake, which can reflect the broader operating environment and capacity to implement practice change, as opposed to the research not having merit or benefit.

Through consultation with industry, there was a consistent desire to see research become both more accessible to producers and more accountable to producing commercial returns. However, the manner in which projects overlap between production systems, account for mixed farming operations and often undertake research outside of animal specific projects (i.e. landscape and pasture research) make ongoing reporting against $R investment from the grassfed cattle levy to grassfed cattle producers specifically challenging, and this will continue to present challenges.

What is clear, is that as spending in research in agriculture nationally continues to contract, the importance of ensuring levy funded research is fit for purpose and meeting the demands of industry will only increase in importance.

There are reasonable questions to be asked as to whether all producers feel supported to participate in these structures and what mechanisms have been put in place to build their capacity to do so at the level required to secure this industry demand.

In a declining environment, this will also become an area for increased importance for industry to consider.

7.3.2 THE BROADER RESEARCH ENVIRONMENT

In research, there is a broader ecosystem to consider than in the case of marketing, as many of the levy investments made in research intersect with other institutional investors including state and federal government agencies who have historically provided the same or similar activities through their own agencies.

Across this system, industry is facing a declining pool of direct Government investment at a Commonwealth and State and Territory level with the trend reflected consistently across the past 20 years.

Direct funding through State and Federal agencies has declined at a rate of 3.0% and 1.9% annually respectively since the mid-2000s. Extension services have been the most directly affected, with an average annual fall of 5.7% per year since 2005-06. However, to assess this in the form of a unipolar analysis and to conclude this as being evidence of a negative trend within the sector would be misleading.

In 2024-25, public funding for agricultural research was forecast to hit $1.6b. Contrasting this, in real terms, with the $1.4b provided in 2005-06 provides evidence of growth, instead of contraction. While it is true agency funding for research has declined during this period, the facilities established through the levy eco-system today form the primary basis by which research is funded. The inclusion of the matching funding for $R provided to Research and Development Corporations (RDCs) through the levy system accounts for the single largest proportion of public investment in agricultural research and development today. And aspects of this, especially for the grassfed cattle industry, have triggered a strong positive influence from within the private sector.

Whereas private investment in agricultural research and development during 2005-06 was quantified as being $740m, in 2024-25 it had doubled to $1.4b, bringing the total public and private investment to $3b that year, as opposed to $2.1b in 2005-06.

Over the past 20 years, private funding has grown at 3.4% annually (in real terms), against public growth of 0.7%. A significant share of this public investment is delivered through Commonwealth matching contributions associated with the levy and RDC system, reinforcing the importance of the levy system in facilitating both public and private investment.

There are several likely causal factors to this trend of increased private investment including business growth over time allowing for scalability and individual investment in indirect production programs (i.e. RDA) as well as in response to the notable reduction in direct State and Federal Government investment.

Regardless, the outcome of overall increases in the combined public and private investments in agricultural research and the more direct control of this by the private sector, are tangible benefits that should be recognised when assessing the role the levy system has played in leveraging broader investment.

7.3.3 THE TREND IN $R GRASSFED EXPENDITURE

This trend is notable in Meat and Livestock Australia's investments in research and development, where $R generated through the grassfed cattle levy are today second to direct commercial investments as the largest funding allocation made annually within the portfolio.

Since FY12, more than $400m in commercial or 'external' funds have been invested in research through MLA accompanying $548m in research levies from the red meat sector (including AMPC and LiveCorp). Again, this is a tangible quality that can be clearly articulated.

At a program level research, development and adoption accounted for 21 per cent of grassfed levy expenditure over the past five years and there are positive signs of growth in a number of areas.

Producer adoption investment is projected to increase 42 per cent to $130.2 million over Fy26-30 to address levels of adoption that remain lower than desired. Integrity-related research is up 50 per cent, objective measurement is up 120 per cent to $84.6 million, and animal wellbeing is up 59 per cent to $70.4 million.

A new Livestock Technology Fund of $50 million has been established to assist with the commercialisation of innovation technologies within the sector. However, not all areas are growing. There are notable declines in program areas as well.

Challenges within the portfolio include the higher delivery costs associated with the changing business environments of research partners, including universities and Government departments. While the availability of funds for research has substantially increased through the utilisation of the MLA Donor Company, projects funded solely through the levy are being rationalised and where commercial partners are not able to be found, commercialisation of research outcomes is a challenge.

This is a substantial challenge for levy paying producers as R&D often focuses on commercial partner initiatives that when adopted have an increased level of operational costs.

The ownership of industry funded R&D also needs to be reassessed as this should remain with the industry sector rather than being traded away to commercial parties where industry funds, including industry earned GVP / MLA Donor Company funds are utilised.

The Committee's assessment of these indicators does not conclude that there are no challenges within the portfolio at a project level. Issues exist and are for industry and the MLA Board to manage.

However, at a macro level, the indicators are positive, and it is clear the sector is more willing and able to invest in research than historically and that this has increased the overall utilisation of funding made available to it – which is a positive for the industry broadly. Future reviews should consider the constrained operating environments of research providers and whether additional funds should be directed to alleviating these or whether alternate providers need further consideration.

7.3.4 THE EXTENSION CHALLENGE

Table 12: Ranking of Producer Adoption against other program areas since 2009

Review Team and Period	Arche: Pre-2010 Analysis	CIE: 2010–2015	ACIL Allen 2020 / GHD 2024
BCR Ranking of Program Area	N/A	N/A	11th (2.0:1)

Consistently stated to the Committee both through consultation and in written submissions was the challenge associated with extension and adoption of industry research outcomes. This is a well-known challenge across Government at a state and federal level and across the agricultural sector generally.

As indicated above, the withdrawal of State investment in research and extension has reduced spending on extension activities nationally and led to the sale of research assets (research farms). This has both reduced the number of extension mechanisms in regions and placed considerably higher levels of demand on levy supported projects.

For production sector levy investments, demand is now outstripping the ability to supply services in the regions. Producer demonstration sites are a strong example of this, with applications for sites well beyond industry's current capacity to support, though notably program changes and strategic intent have made a measurable difference (see FY26 in Figures 3 and 4 below).

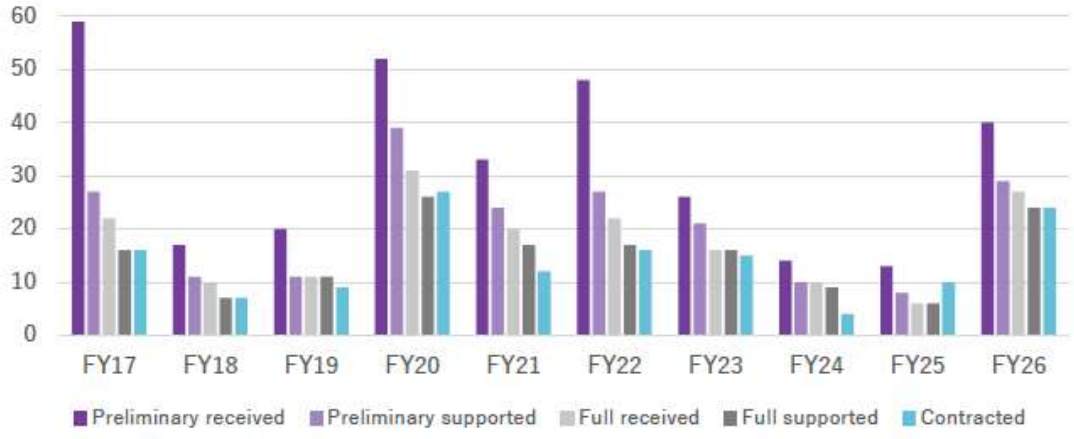


Figure 3: Producer Demonstration Sites (applications to contracted sites)

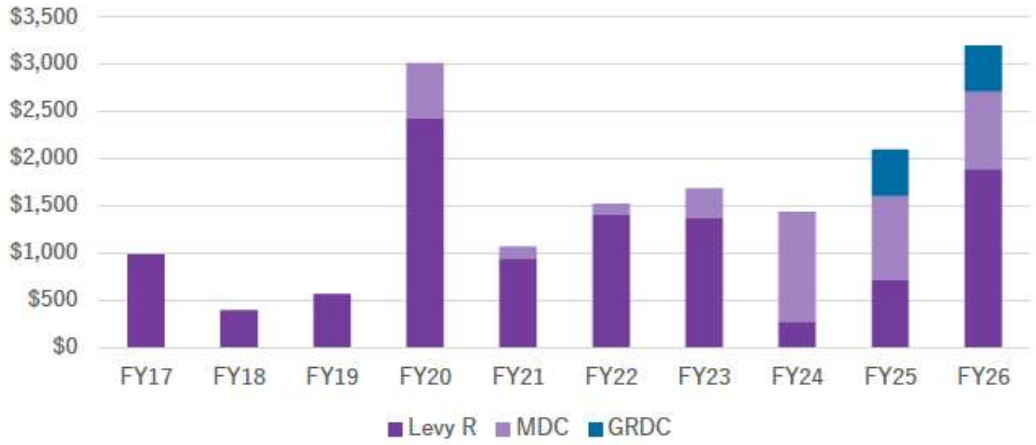


Figure 4: Producer Demonstration Site expenditure by funding source ($000)

This is concerning for several reasons. From an industry productivity perspective, the value of extension uptake has been clearly evidenced in a number of reviews of the program area historically. Equally, there appears to be producer demand for more opportunities to engage in these activities, which was again a core theme of the consultation. The case for additional investment is clear.

7.3.5 RECOMMENDATION: RESEARCH

RECOMMENDATION

On the basis that the reforms as outlined are introduced in full by 1 July 2027, that the Grassfed Cattle Transaction Levy be increased by $1.00 to $6.00 by 1 July 2028:

a) The allocation to R&D be increased to receive a fixed minimum portion of $1.12 per transaction.

Benefit

	Current	Increase	New Value	Additional Revenue	Outcome
Research & Development	$0.92	+$0.20	$1.12	+$2.54 million per annum (at 12.7 million transactions)	Greater capacity for producer-relevant R&D, adoption and priority work, including use of matching and co-investment.

8. PRINCIPLE 2: FLEXIBILITY BETWEEN LEVY STREAMS

8.1 SUMMARY

Principle 2 is intended to provide more than general flexibility between levy streams. The Committee's intention is to establish a transparent mechanism through which limited movements between levy components could occur under defined circumstances, for prescribed purposes and for limited periods.

Ultimately, it is recommended that fixed review periods should be enshrined in industry operating platforms moving forward. This would enable both 5- and 10-year review cycles that would most likely provide for the vast majority of circumstances in which an amendment to the levy structures would be required.

The impetus behind this recommendation emerged from examples of where this was needed in interim periods in response to emergent issues. One current funding challenge is being faced by the National Residue Survey (NRS), where expenditure levels are now exceeding income and a slow draw down on reserves is occurring to support operations. While current operations are not at risk, this is not sustainable in the long term and creates a risk for industry. How to address this shortfall provides support for the need to implement this Principle.

The intention of this recommendation is to create a transparent mechanism in consultation with industry and the Government by which, where a short-term (or mid-term) adjustment is required, an established process is in place to ensure it can be implemented with the appropriate level of speed.

This has been a concept supported by the majority in consultation, though the Committee is aware of the need to work with the Government to ensure this process is appropriately implemented and supported through a governance framework by Cattle Australia.

8.2 THE NATIONAL RESIDUE SURVEY: ANALYSIS

The NRS has a policy of maintaining 100% of annual expenditure in reserves in order to mitigate against the risks of unplanned events occurring that require immediate intervention. It is estimated that the NRS requires ~$8.3m in additional revenue from the grassfed and grainfed CTL over the next 5 years to meet expenditure forecasts ($5.3m) and restore its reserve position ($3m).

This translates to an approximate $0.11 increase in the allocation to NRS per transaction over the next 5 years, from the grassfed CTL as well as an increased allocation from the grainfed CTL, to restore funding and rebuild the reserve balance. The grainfed sector is reviewing the grainfed levy in 2027 and an associated increase is expected to be included in this package – which if supported would most likely commence 1 July 2028 in line with the grassfed changes.

This analysis reveals the problem this Principle is seeking to mitigate against. At the point in time the reserve is restored to the agreed upon level, being 100% of operating, the allocation will be in excess of what is required. While NRS operational costs are expected to continue to increase, the rate at which this short-term adjustment is required to restore reserve funds will be more than this projected cost increase.

Accordingly, a subsequent adjustment will be needed to reallocate funds to both allow a slower growth in reserve balance to align with this operational increase, while ensuring that an excessive accumulation of non-productive reserve funds does not occur.

While the reserve balance of the NRS does allow time to implement this principle, given the uncertainty of this timeframe and the vital role the NRS plays in the operations of industry, two recommendations are provided for this principle.

RECOMMENDATION

The allocation to NRS be increased to receive a fixed minimum portion of $0.40 per transaction.

Benefit

	Current	Increase	New Value	Additional Revenue	Outcome
NRS	$0.29	+$0.11	$0.40	+$1.40 million per annum (at 12.7 million transactions)	Sustainable residue monitoring and assurance; maintain market confidence and export certification.

8.3 WHAT CAN BE DONE NOW, WHAT NEEDS REGULATORY CHANGE, AND WHAT NEEDS PRIMARY LEGISLATION

Available under current law and settings:

- Policy agreement on recommending a streamlined approach to operative rate changes within existing regulatory parameters through the ministerial instrument process.

Requires regulatory change (amendment of the Regulations and Disbursement Rules):

- A banded rate structure, or similar, providing for floor and ceiling rates for each component that could be set in the Regulations, with the operative rate within each band set by ministerial instrument on the recommendation of a body; and the rebalancing mechanism under the Disbursement Rules, allowing movements of up to a set percentage between components with PIB approval and ministerial notification.
- This concept would require additional work and include additional consultation with industry through Government/Parliamentary legislative processes.

RECOMMENDATION

That greater flexibility be granted to Cattle Australia to approve the movement of funds between levy streams, following consultation with the respective LRBs to ensure critical activities remain funded. Cattle Australia will develop a governance framework to facilitate this process after consultation with industry, LRBs and the Department.

9. PRINCIPLE 3: NEW OR ENHANCED AREAS FOR FUNDING

9.1 SUMMARY

Principle 3 emerged from an analysis of how industry needs had changed since the last review and whether this warranted consideration of either additional levy streams or additional program areas for investment, beyond what has previously been provided for.

The feedback received by the Committee was overwhelmingly consistent that biosecurity is today front and centre for producers when considering risk to their businesses. Throughout the consultation process, stronger investment in biosecurity preparedness and defensive systems ("strategic biosecurity investments") and programs repeatedly emerged as a priority for levy payers.

However, there was some disagreement as to what function or role industry should have in this space, with the consensus appearing to be that while additional funds for biosecurity would be supported for research into preventative measures, this would be under the provision that these investments were guided by producers towards activities agreed to by producers.

There remains an absolute expectation that Governments – Federal, State and Territory – have an ongoing obligation to invest heavily in border protection and biosecurity initiatives.

The investment by industry is not on the basis that Government investment in programs declines, it is intended to be additional investment in protecting industry from potential future challenges.

9.2 ANALYSIS: BIOSECURITY

It is not disputed that Australia's exposure to biosecurity risk has increased over the past 20 years. The core question for the Committee has not been whether additional investment is warranted, but how responsibility for that investment should be shared.

The Committee does not consider that industry should carry the whole of the additional burden. Additional industry investment should supplement and enhance, rather than replace, Commonwealth, State and Territory Government responsibilities. Biosecurity remains a shared responsibility and continued Government investment will remain necessary.

The risk environment has also changed materially. Prior to the detection of foot-and-mouth disease in Indonesia in 2022, the assessed probability of an Australian outbreak within five years was approximately 9 per cent. Following the detection of FMD in Indonesia, that assessment increased to 11.6 per cent. At the same time, Commonwealth assessments placed the combined five-year probability of an Australian outbreak of at least one of FMD, lumpy skin disease, African horse sickness or African swine fever at approximately 56 per cent.

The potential cost of a major incursion has also increased. ABARES estimated in 2013 that a large multi-state FMD outbreak could cost the Australian economy approximately $52 billion over ten years. The updated assessment released in 2022 increased this estimate to around $80 billion.

These figures do not determine how much the grassfed cattle industry should invest in biosecurity, though they clearly demonstrate that the operating environment today is materially different from that which existed when the current levy settings were established.

Animal Health Australia currently receives $0.13 per grassfed cattle transaction, unchanged since 1998. The grassfed levy contributed an average of $1.48 million a year to AHA over FY21–FY25, equal to 20.7 per cent of biosecurity activity levies, 9.4 per cent of AHA member revenue and 9.1 per cent of total AHA revenue (ACIL Allen). The EADRA component currently sits at $0.00 and is only activated as a response mechanism where an emergency disease event occurs.

The absence of a standing EADRA charge does not remove industry's financial exposure to a major response. Where an eligible response occurs, industry's agreed share becomes a liability subsequently recovered through the response levy mechanism. Preparedness and response should therefore be considered together, including the capacity of pre-incursion investment to reduce the scale, duration or consequence of a future response.

The AHA component has remained at $0.13 per grassfed transaction since 1998 and has therefore declined materially in real terms. This does not, by itself, establish that the AHA component should increase, but it is relevant when considering whether the standing industry contribution remains appropriate against the contemporary risk environment.

The Committee does not consider that the answer is simply to increase the existing AHA allocation. AHA performs important national and multi-commodity functions and should continue to do so. However, consultation identified a broader range of biosecurity investments that grassfed levy payers consider important, including on-property preparedness, extension and adoption, traceability and industry-level preparedness.

Meat and Livestock Australia today invests in several program areas that come under the heading of 'biosecurity', evidencing the expansion of need outside of the functions housed within AHA. These funds are sourced from both $R and $M levy streams which again reflects the diversity of investments made in pursuit of increasing producer protections in a changing risk environment. For reference, these are separated from the biosecurity investments made by AHA and are referred to here as "strategic biosecurity investments".

Table 13: MLA Group biosecurity investment, FY21–FY25 ($000) – Strategic Plan 2021–2025 actuals

	FY21	FY22	FY23	FY24	FY25
Biosecurity Initiative	1,285	1,952	6,191	5,085	6,189
Invasive Species Control	2,741	2,426	1,443	411	511
Control of endemic diseases	6,386	6,871	3,585	7,310	6,183
Integrity Systems	16,537	18,089	19,539	16,684	17,828
Total MLA Biosecurity investment	**26,949**	**29,338**	**30,758**	**29,490**	**30,711**
Grassfed levies contribution (unmatched)		3,398	4,828	2,588	1,956
% grassfed contribution		11.6%	15.7%	8.8%	6.4%

It is therefore the view of the Committee that additional grassfed levy investment should be targeted toward functions where the benefit to grassfed producers can be clearly identified and measured, while continuing to operate within a shared industry and government biosecurity framework.

Biosecurity presents a different measurement challenge to many other levy investments. The value of preparedness is partly reflected in events that do not occur, or in losses that are reduced because an event is identified and contained earlier. Conventional retrospective BCR or ROI measures may therefore be less informative than they are for investments with a directly observable production or market return. This does not remove the need for accountability; rather,

performance should be measured against indicators appropriate to the function, including preparedness, adoption, surveillance, traceability and response capability.

The evidence supports a stronger level of industry investment in biosecurity. However, as with other investment areas considered through this review, the Committee considers that additional funding should be linked to clearly defined functions, expected outcomes and measures of performance.

To this end, the Committee supports amendments to the levy to create an allocation within existing R&D and Non-R&D levy funding streams to support biosecurity program investment rather than creating a separate, dedicated biosecurity funding stream.

The focus of this investment should be on activities where additional grassfed levy funding can be directly connected to improved outcomes for grassfed producers. These include on-property biosecurity extension and adoption, preparedness, traceability and other measures that improve the industry's ability to prevent, identify and respond to disease incursions.

The Committee considers these investments complementary to the role of Animal Health Australia rather than a replacement for it. AHA should continue to perform its national coordination and preparedness functions, while the additional grassfed investment proposed through this review should focus on defined activities where the benefit to grassfed levy payers can be more directly demonstrated.

9.3 INTEGRITY SYSTEMS

Table 14: Ranking of Product Integrity/Integrity Systems against other program areas since 2009

Review Team and Period	Arche: Pre-2010 Analysis	CIE: 2010–2015	ACIL Allen 2020 / GHD 2024
BCR Ranking of Program Area	1st (11.5:1)	4th (8.3:1)	=5th (7.0:1)

Integrity systems have become one of the most important functions supported by the Cattle Transaction Levy and have historically evidenced a high relative value for investment against other program areas.

Unlike a number of other investment areas, the value of these systems is not limited to the direct return generated from an individual program. They underpin the ability of the industry to trade, demonstrate provenance, maintain market access and respond effectively to biosecurity events.

The National Livestock Identification System (NLIS), Livestock Production Assurance (LPA) program and associated integrity systems provide the basis on which the industry can demonstrate whole-of-life traceability and production assurance for both domestic and export markets.

These functions support grassfed and grainfed cattle, processing, live export and other parts of the red meat supply chain.

The importance of this work has increased over time. Integrity-related investment has increased substantially in recent years, but the funding sources for this consistently vary (between levy streams, commodities and external funds). This is despite previous MLA performance reviews having identified the need for greater certainty around funding for the ISC. The 2016–20 performance review recommended that clearer direction and secure funding be provided to ISC over a three-to-five-year period to allow it to better support the integrity system. It is unclear how this has been provided.

Subsequent industry work has reinforced this position. ISC itself has described NLIS as a national asset and has called for a more comprehensive approach to the planning, development and co-funding of the system.

The grassfed cattle sector has been the largest levy contributor to the integrity systems programs – NLIS and LPA – since their inception. It is the view of the Committee that the current governance and funding structure does not adequately reflect the importance of this function.

Integrity systems currently compete for funding from within the same broader pools that fund marketing, research, communications, corporate overheads and capability building.

The Committee considers that a function which is national in application, critical to market access and increasingly important to biosecurity should have a clearer and more secure funding arrangement.

Importantly, this is not an issue first identified through the current levy review. Previous independent review work had already identified the need for greater funding certainty and clearer strategic direction for ISC. The current review therefore builds on an existing reform direction rather than establishing a new concern.

The establishment of ISC also did not complete the reform of national traceability arrangements as its governance arrangements have proven to be inadequate.

Subsequent SAFEMEAT work identified further reforms, while ISC has itself indicated that elements of this agenda remain unresolved. A clearer governance and funding basis would provide greater institutional capacity to progress this work.

Recent financial results should not be taken as evidence that the structural funding issue has been resolved. The 2024–25 ISC surplus was materially affected by the timing of grant funding associated with the NLIS Uplift program. The issue for the Committee is not the amount of cash held in any single year, but whether a function of this importance has an enduring, transparent and appropriately governed funding model.

The Committee acknowledges that previous assessment of integrity systems investment did not support full structural separation of integrity functions at that time. The Committee's view is that the circumstances have since changed. The scale and complexity of integrity investment and the need for transparent, dedicated governance now warrant the stand-alone entity recommended in Recommendation 4, including the greater pre-emptive biosecurity research and pre-outbreak extension investment funded from the dedicated allocation of not less than $0.84 per transaction.

Furthermore, an independent governance Board is needed that incorporates direct, proportional representation of the Peak Industry Bodies representing the production sectors paying levies.

9.4 RECOMMENDATION

This recommendation reflects the view of the Committee that the integrity function has developed to a point where its governance and funding arrangements should more directly reflect its importance to the whole industry.

Further work will be required on the appropriate governance arrangements, the contribution of different levy sectors and the quantum of funding required. These matters should be completed as part of the implementation work following this review.

RECOMMENDATION

Cattle Australia to engage with each of the other red meat sector peak industry bodies to encourage cross-sectoral support for the additional allocation listed above, as well as with changes to the following program areas:

a) The Integrity Systems Company (ISC) be established as a stand-alone entity, separate from MLA.

b) ISC reappoint a majority independent Board that incorporates direct, proportional representation of the Peak Industry Bodies representing the production sectors paying levies.

c) That greater investments be made in pre-emptive biosecurity research and pre outbreak extension with grassfed levy payers.

d) These priorities are funded from a dedicated amount of not less than $0.84 of the grassfed cattle transaction levy (from both R&D and Non-R&D levy funds).

10. PRINCIPLE 4: FIXED REVIEW PERIODS

10.1 SUMMARY

The foundations for this principle became more apparent as the review period progressed. In the issuing of the preliminary discussion paper and producer survey, additional context and clarity was requested from several respondents. The rate of this increased as the face-to-face consultation progressed.

It became increasingly apparent that a substantial number of producers had not been previously briefed on industry structures around the levy, who their LRBs were or what functions were supported by these investments.

While there was fair-moderate understanding generally on the operations of MLA around R&D and Marketing, for NRS and AHA this was mixed to low. As to the way the levy was supported by legislation, the level of knowledge here was low universally.

While it is by no means a pre-requisite for every levy payer or producer to have profound knowledge of these structures, with the way industry decision making is undertaken and questions around the levy resolved, an improved understanding of the operating environment would have clear and discernible benefits to the sector as a whole.

The Committee considers creating a fixed review cycle, with enforced standards and parameters of engagement with industry members, to be one avenue by which this issue can be addressed and additional capacity created.

The case for fixed review periods rests on the experience of the current cycle. The $5.00 rate has now stood for twenty years.

No mechanism required the industry to ask, at any point in that period, whether the settings remained right. The pressures identified elsewhere in this report (such as in the NRS reserve position, in the real value of the marketing dollar and in the biosecurity allocation), have accumulated between ad hoc reviews and have become visible only now with this review being eventually called. A fixed cycle would have surfaced each of these pressures earlier and at lower cost to correct.

The Committee considers that fixed levy review terms should be aligned with Red Meat industry strategic planning cycles: full levy reviews at the beginning of each 10-year planning cycle, with interim reports to industry at midpoint intervals on the effectiveness of spend and whether internal reallocations are required. Planning for this should begin in FY2027/28, so that the first interim report lands within the current planning period and the first full review under the new arrangement coincides with the commencement of the next strategic plan.

Two specific principles should be made clear: First, where a rate adjustment is made through the current review, it should carry its own stated review point, consistent with the 2006 precedent, rather than necessarily waiting on the general cycle. Second, the review cycle and any banded rate mechanism adopted under Principle 2 should be designed together, so that band reviews and levy reviews reinforce one another rather than duplicating or drifting apart.

The review cycle should also provide continuity in the way levy performance is measured. The difficulty encountered by the current Committee in comparing performance across twenty years demonstrates the need for a core set of measures that remain sufficiently consistent between review periods to allow industry to assess changes in performance over time. The Committee considers that these are matters to be resolved in specific levy instrument design (including for all recipients), not left to practice.

10.2 ANALYSIS: FIXED REVIEW PERIODS

The Committee did consider several models that were suggested through written submissions and in the consultations. These included shorter terms, due to the pace at which businesses change today, stepped trigger-based mechanisms, such as for electoral redistributions, models similar to that of the wool industry, where three voting options were consistently presented to levy payers on a fixed term basis, and reviews based on changes in Government where there were likely to be implications for industry funding for research and marketing activities.

However, it remains the view of the Committee that the Red Meat Planning cycle has a higher degree of utility for several reasons. The first is that included within the planning cycle is the development of industry strategy that articulates growth opportunities for the next decade. Whereas previous plans have been constrained by what funds were available for them to be achieved within the existing levy structure, by attaching a review of the levy to the development of these plans, these constraints can be somewhat lifted where industry sees a case for amendment.

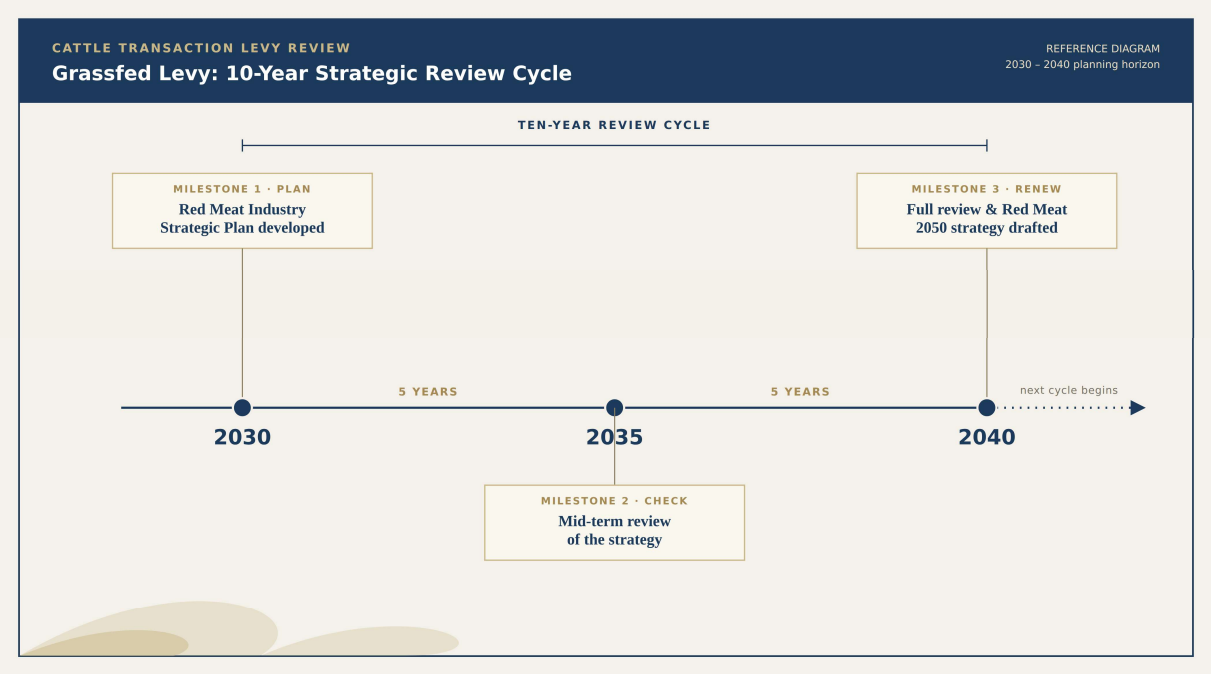


Figure 5: Grassfed levy 10-year strategic review cycle

The second factor is that amendments to levies can have business implications for levy payers and affect their own planning cycles. Therefore, amendments should be clearly signposted ahead of time for both individuals and the broader community to be able to prepare adequately for adjustments to revenue, were they to be recommended.

The final factor supporting this conclusion is to allow for adequate resourcing to be allocated by LRBs and industry bodies to perform these functions.

The reality is levy reviews are resource intensive to conduct and require substantial investment from industry members to enable participation. Ensuring that these fixed timeframes are consistently applied allows for all stakeholders to adequately prepare ahead of time to ensure capacity is available to best participate.

RECOMMENDATION

Future levy review timing to be aligned with the future Red Meat industry's planning cycles:

a) Full review at the start of each 10-year cycle.

b) Mid-cycle report (5-year) on levy investment effectiveness and any need to reallocate funds.

c) The next review of the Cattle Transaction Levy to be undertaken prior to the end of 2030 post the development of the industry's 2040 strategic plan and prior to the consultation and development of the subsequent MLA 5-year Strategic Plan and budget.

11. PRINCIPLE 5: INDUSTRY REPRESENTATION

11.1 SUMMARY

Within the structures that support and govern the investment of the CTL, there are prescribed roles and functions between the Government, LRBs and industry bodies.

These are further articulated by the way the relationship is detailed within the Red Meat MOU. However, while two arms of this relationship are funded through either public or levy funds to undertake these activities, historically the bodies tasked with providing industry strategy and guidance have not been funded in this way, to the great detriment of the respective industry.

Further, the responsibilities bestowed to these industry bodies have operated as a form of unfunded mandate – requiring them to operate in an environment where their tasking outstrips their resourcing capacity to undertake it.

Functionally, the industry has adjusted to meet this shortcoming in practice, if not in design. Today, as has been the case since 1998, there are allowable activities funded by the grassfed, grainfed, lamb, mutton and live export levies that provide funding to peak industry bodies to undertake work on behalf of levy payers.

The question asked during this review is therefore not whether representative bodies can undertake levy-funded functions, as it is clearly demonstrated under the legislation and in practice that they can, but what functions may appropriately be supported, through which funding mechanism, and with what governance and accountability arrangements can they become enshrined in industry operations as originally intended.

Cattle Australia is the industry's peak body and the nominated body under the levy framework and Red Meat MOU. Its funding is about $2.5 million a year, part of which comes through service arrangements for levy funded activities connected to MLA. However, this funding has fluctuated over time as have the services for which these funds have been provided.

This level of funding ($2.5m) is inadequate for an industry that is underpinned by a gross value of production of approximately $17.7 billion in 2024-25 with in excess of 50,000 businesses located across half of Australia's landmass.

The majority of levy payers consulted already assumed that a portion of the levy was used to fund representative activities undertaken on behalf of the industry. Of those who were aware there was no formal allocation under the levy, the majority supported correcting this situation.

It is the view of the Committee that these activities need to be clearly defined, transparently reported and provided for on a fixed rate/percentage of levy revenue basis to allow for consistent capacity development to occur to help protect the industry in areas that could result in material economic loss or detrimental impact to the cattle industry.

The consultation with producers was direct on this point. Producers want the body that speaks for them on the levy to be appropriately resourced to do so, to participate in the decision making and implementation of industry decisions through this body, which is governed so they can see how the levy money is used.

11.2 EXPLANATION OF INDUSTRY REPRESENTATION

Starting with a definition of what is meant by "industry representation" in the context of the review offers some insight into what is intended for this principle. The Committee has deliberately chosen this term to clearly demarcate this function from those that have created confusion in the past.

Agri-political activities are expressly prohibited from being supported by the levy and the Committee supports this prohibition. The concept of introducing the term “industry representation” is not to blur this line, but to clearly delineate between these two functions. The reality of the system that the grassfed levy supports is that it places an unfunded, or sporadically or partially funded, mandate on grassfed levy payers to participate in how it functions.

In context here, the term is used to refer specifically to the numerous advisory functions that have substantially expanded across industry in the past 20 years and the way in which grassfed levy payers are able to participate (or represent their industry) in these functions.

Many of these are technical roles with high degrees of specialisation that are structurally required to be filled by grassfed levy payers due to the level of contribution of the grassfed levy in these program areas. Two well-known challenges have been identified.

The first challenge is broad. The ability of producers themselves to be in a position to be able to participate in these functions is likely to continue to decline unless viable avenues are established to support this participation. While costs are often provided for, and there are some instances in which sitting fees are also provided, consultation by the Committee with some of these current representatives has revealed these are often inadequate and not reflective of the true value provided by levy payers in these structures. In some instances, these fees are not even reflective of the cost to levy payers of being absent from their business.

The second challenge is more acute. There is a lack of training and education pathways and materials that exist for levy payers to develop a level of knowledge on specific topics to be able to participate in these advisory functions. Industry currently provides for the development of this knowledge through experience of participation alone. While there are onboarding documents that sporadically exist across the sector, there is no uniform or consistent approach to these despite some of these advisory roles being on standing committees with functions that have endured for decades.

There are currently no university courses, TAFE courses or training courses through private institutions that provide for this learning. This fundamental deficiency in providing pathways for producers to adequately participate in the technical advisory functions that guide the productivity and profitability of their industry is the barrier the Committee considers needs to be overcome.

Examples of these technical advisory functions include the Beef Industry Language and Standards Committee, housed within AUS-MEAT, various advisory roles within the SAFEMEAT Partners structures, housed within the Federal Department of Agriculture, Fisheries and Forestry, the Export Meat Industry Advisory Committee and Beef Industry Advisory Committees, housed within the NRS and the Emergency Animal Disease Response Agreement working group, housed within AHA. These are provided as examples of the more than 50 Committee roles currently filled by volunteers and five staff members within Cattle Australia, that require a high level of technical and historical expertise to be able to participate effectively.

It should also be made clear that this term is not limited to the responsibilities of Cattle Australia alone. There are other functions within the levy system that require similar levels of consideration for further funding and support. These include the Red Meat Ambassadors program and other leadership programs already partially supported through the levy, as well as numerous technical advisory committees on research and extension activities.

The inconsistent provision of financial support to producers, the lack of incentives, and indeed the disincentives that exist, need rectification. However, to achieve this will come at an additional cost to industry and without additional funds will inherently subtract from existing levels of expenditure. This challenge is better articulated above in the discussion about draw downs on

the marketing levy stream, with current costs for these functions somewhat allocated to the program area Capacity and Capability building.

11.3 ANALYSIS

Historically, services provided by industry bodies to LRBs have varied somewhat, from prescriptive term-based projects to ongoing broader engagement services funded with a degree of consistency in activity if not in funding quantum. Some of these past and current activities include but are not limited to:

- Extension and engagement with industry members
- Education and support for producer capability development
- Confirmation of R&D priorities
- Research pertaining to informed participation in industry advisory structures
- Development of policy parameters for industry programs and systems (i.e. NLIS, AUS-MEAT)
- The development of industry-based programs for the benefit of levy payers (Pasturefed Certified Assurance System)

These services have provided pathways for producers to directly benefit from increased individual and industry capability building activities as well as business schemes that have provided market premiums for certified production practices.

The less tangible benefits of participating in industry strategic planning functions and program management are also extensive and serve as an important hallmark of the levy system. PIBs are the largest providers of these services to their respective industries, though have faced limitations in systems design and funding availability over time.

It is the Committee's view that while this previous methodology has had benefit, there remains a fundamental flaw that has limited its overall effectiveness and runs counter to the principles of the levy system today. The requirement for levy paying producers to privately pay additional funds to support the operations of the body tasked in legislation with providing their views as a whole on strategy and performance of LRBs is a fundamental flaw in the current system.

This was reflected in consultation where many producers were not aware of the limitations on representation that MLA is able to undertake, the role of Cattle Australia and what pathways existed for them to have their views heard on where their levy investment should be prioritised.

There remains a fundamental disconnect between levy payers and the bodies established to support them. It is difficult not to see a direct causal link to a lack of funding provided to this service and this lack of awareness and participation from producers.

Other areas where industry representation was found to be underfunded and under resourced were programs dedicated to developing primary and tertiary educational programs, and promotion and awareness of industry production systems. There was strong support for greater funding for these activities from levy payers, and to see greater engagement with the broader community occur.

RECOMMENDATION

To ensure appropriate industry representation and engagement activities are undertaken consistently in the future, a fixed minimum portion of not less than $0.60 of the grassfed cattle transaction levy (from both R&D and Non-R&D levy funds) is allocated to:

a) Building and supporting capability and capacity to improve industry representation.

b) Assisting in developing improved primary and tertiary educational programs.

c) Promotion and awareness of industry production systems.

d) Resourcing the development and maintenance of functions that allow for ongoing promotion and defence of industry's reputation and credentials.

e) Extension and Adoption activities as they relate to the operations of the levy system and program expenditure on behalf of grassfed levy payers.

12. REVIEW SCHEDULE

The review needs to distinguish between decisions that can be progressed through the current 2026–27 process and structural matters that require a longer period of evidence development, design or legislative change. Five decision horizons provide a framework for doing that without allowing deferred issues to disappear from the work program.

2026–27: Current Review

A vote of all levy payers to be held in November will substantiate industry's support for the recommendations provided. Following this, a report to the Minister will be prepared, concluding the review process.

Prior to 1 July 2027

A full accounting of current and future value generated to levy payers for all LRBs is made and published for all levy payers to engage with.

From 1 July 2028

The $1 levy increase is proposed to come into effect and allocated according to the allocations provided in the 2026 AGM motion.

2030: Comprehensive structural review

The 2030 review provides an early opportunity to assess how any changes adopted through the current process are operating in practice. This should include the performance of operative rates, reserve settings, governance arrangements and any banded-rate mechanism, together with reconsideration of matters for which the evidence or implementation pathway was not sufficiently developed in 2026-27.

Consistent with the 2006 precedent, any rate adjustment made through the current review should have a defined review point rather than remaining untested.

The review should consider the architecture of the levy system as a whole. This provides the appropriate horizon for broader structural questions, including the levy unit, alternative collection models such as ad valorem, transaction incidence, the balance between grassfed and grainfed contributions, the operation of the component structure and whether the overall levy framework remains fit for purpose.

2035: Interim review

The 2035 interim review should review the priorities and make sure they remain fit for purpose and compliant with the 'market failure' requirement.

13. CONCLUDING REMARKS

The review process has sought to encapsulate the aspirations of levy payers across a production region in excess of half of Australia's land mass, between businesses that do not share land systems, water systems, markets, breeds of cattle, business types, legislation and regulation, government agencies and departments, roads or infrastructure, pasture, pests, weeds or disease risks to their livestock in common. The Australian grassfed cattle industry is vast in scale and in its participants.

The common thread is the aspiration that the businesses we all run are afforded the opportunity to provide for our families, our communities and the safety of our property and our animals long into the future. The levy system is designed to support this, and it is the Committee's view that to one degree or another, it has contributed well to this over the past 20 years.

But there has been drift. There has been disengagement. And there has been a loss of trust. The recommendations for reform included here serve as a pathway to restructure this system to put producers back at its core and to provide pathways and investments that enable them to maintain this presence into the future. They are included with the aspiration that these things we have lost can be rebuilt over time.

There are likely more changes that will need to be recommended in the future. Some of the changes suggested here may no longer suit the industry in 10 years and may need to revert back. The system the Committee and the Cattle Australia Board have designed here is intended to account for this.

For those who have attended consultations, provided feedback and participated in this process, the Committee would like to extend its thanks. For them and those yet unable to do so, this report is presented for consideration.