

July 7, 2021

REPORT OF THE LEVY POLL ADVISORY COMMITTEE

LPAC calls for dairy farmers to have their say

The Levy Poll Advisory Committee (LPAC) has unanimously decided to recommend a poll be conducted of all levy payers to determine the future level of the dairy industry services levy.

LPAC, which comprises 12 dairy farmers on its 15-member Committee, arrived at its decision after considering submissions from each of Australian Dairy Farmers (ADF) and Dairy Australia, plus consultation from the LPAC Members and direct input from dairy farmers to the LPAC website.

In reaching its decision, LPAC took account of the following:-

- There has been no change to the levy, nor a vote by farmers, since 2012. Had LPAC not recommended a poll, the current levy would apply until 2025, with no vote by dairy farmers about the levy for over 13 years;
- Since the upheavals in the industry from the 2016 price stepdowns, significant structural change has occurred both in farm consolidation and processor ownership;
- The Australia Dairy Plan (completed 2020) highlights significant challenges and opportunities to be tackled over the next decade and flags increased investment in key areas to realise the dairy industry's potential;
- The ADF submission, representing the farmer voice, recommended a poll so dairy farmers can consider the current levy, or a potential increase, to address dairy farmer R&D and extension needs, industry longer term challenges and the desire to future-proof the industry;
- The Dairy Australia submission provided an analysis of the priorities for the industry, how those priorities can be addressed, and concluded for those targets to be met there is a case for increasing the levy;
- LPAC considered various reports which examine the return on investment to dairy farmers from Dairy Australia's investment of the levy in a range of R&D projects;
- LPAC considered the financial analysis and projections provided by Dairy Australia and the rundown of strategic reserves under current spend rates.

LPAC's view at this point, based on the two submissions which it **must consider** under the legislation (i.e., from ADF and Dairy Australia) is that there is support for a minimum of the current levy and potentially an increase, though noting ADF reserves any final position until the poll options are formalized by LPAC. However, LPAC is also aware and alert to views of some dairy farmers who are unconvinced of the benefits of the levy as seen on their farms.

In light of the above, LPAC agreed it is time to put the decision on the level of the levy to those with most at stake, the dairy farmers. They have significant capital invested in their farms, they stand to gain the most from research and development and other services delivered to their farm businesses.

It is now for LPAC to develop the set of options to put to farmers in a poll, along with a recommendation from LPAC as to its preferred option. This will trigger the formal request for a levy poll. It is expected these options and recommendation will be completed by September 2021, after which the pre-poll consultations with farmers will commence.

The poll is expected to be conducted in early 2022. There are significant pre-poll activities to be implemented over the balance of 2021 such as verifying levy payer voting entitlements by Dairy Australia, approval of voting papers and poll methodology, as well as extensive consultation with dairy farmers to explain the poll options. Full details of the schedule of these consultations with farmers will be developed by Dairy Australia and ADF in consultation with the Federal Department of Agriculture. The consultation plan will be communicated well in advance to maximise farmer engagement and familiarity with the poll options.

Yours sincerely



Ron Storey

Chair – Levy Poll Advisory Committee