Proposal to amend the statutory Agaricus mushroom levy

Submission to the Minister for Agriculture, Fisheries and Forestry

Australian Mushroom Growers Association Limited

23 October, 2026

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Introduction

The Australian Mushroom Growers Association Limited (AMGA) respectfully requests approval to amend the statutory Agaricus mushroom levy by reducing the research and development (R&D) component of the levy from $1.08 to $0.50 per kilogram of mushroom spawn and setting the marketing component of the levy at zero. AMGA proposes no change to the spawn-based collection mechanism or the existing annual cap of 370,000 kilograms per business. AMGA also commits to review the levy settings no later than 31 December 2030.

Element	Current arrangement	Proposed arrangement
Research and development (R&D) levy component	$1.08/kg of spawn	$0.50/kg of spawn
Marketing levy component	$2.92/kg of spawn	$0.00/kg of spawn
Total statutory levy	$4.00/kg of spawn	$0.50/kg of spawn
Annual cap	No levy above 370,000 kg per business	No change
Collection basis	Spawn produced or purchased for commercial production	No change
Collection agents	Spawn producers and sellers	No change
Investment body	Hort Innovation	No change for the retained R&D levy
Next review	No new date specified	By 31 December 2030

The requested amendment is a measured recalibration rather than a withdrawal from collective industry investment. It retains the statutory R&D levy for activities that individual growers cannot efficiently provide alone, reduces collections to a level better aligned with a realistic investment program, responds to the loss of confidence in the current statutory marketing arrangements, and preserves the simplest and least costly collection point.

The proposed changes will not retrospectively alter valid contractual commitments. Existing R&D projects will continue in accordance with their contracts and normal performance requirements. Residual balances will continue to be used only for their lawful purposes. AMGA will work with Hort Innovation to confirm committed and uncommitted funds, sequence future investments, manage the transition from statutory marketing, and ensure administration is ready for the commencement date advised by the Department.

This proposal follows an extensive consultation process and is supported by industry, as demonstrated through an independent ballot held from 15 - 28 September 2026.

AMGA requests that the Department determine the appropriate legislative drafting, consequential amendments, commencement arrangements and administrative implementation.

The case for change

AMGA considers that current industry conditions, levy fund balances, existing investment commitments, the views of levy payers and the practical prospects for voluntary marketing, support the retention of a compulsory R&D levy component at a lower rate and setting of the statutory marketing rate to zero, with review of the full settings by the end of 2030.

Compulsory charges must be proportionate, clearly justified and directed to activities that generate shared value. Collective R&D remains necessary: biosecurity preparedness, food safety, pest and disease management, access to registered crop-protection products, practical production research, postharvest performance, extension and industry preparedness create benefits that cannot readily be confined to the businesses that pay for them. Without collective funding, these activities would be underprovided. The retained levy also preserves access to eligible Australian Government co-investment and maintains capability to respond to shared risks and opportunities.

The issue is therefore not whether the industry should continue to invest collectively in R&D, but the appropriate scale and discipline of that investment. Accumulated R&D balances and grower concerns about project value indicate that the current rate has exceeded the industry's demonstrated capacity to invest funds productively. The proposed rate reduces over-collection while preserving a substantial ongoing program focused on priority industry needs.

The history of collective mushroom marketing is important to the present decision. The industry's levy arrangements began on a voluntary basis. The levies became statutory in 2002 because the voluntary model did not provide a sufficiently reliable and equitable revenue base, with funding shortfalls, leakage and free-rider concerns limiting collective activity.

More recently, the industry explored returning marketing funding to a voluntary, industry-run arrangement. That option had attractions, particularly the prospect of greater industry direction over priorities and expenditure. However, it did not secure the broad and durable commitments needed to proceed. A voluntary marketing levy depends heavily on participation by the largest growers. Without those commitments, the available budget would be inadequate and the incentive for other contributors to withdraw would increase. A 2026 ACIL Allen Agaricus Levy Review confirmed that this remains the principal practical barrier to a voluntary model.

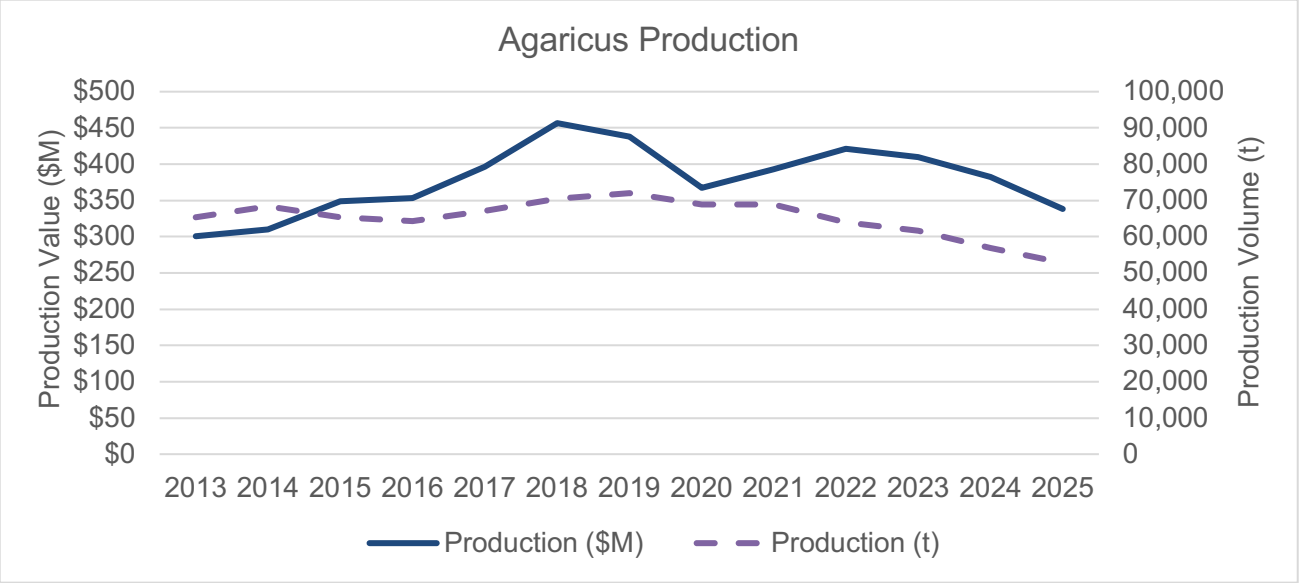
With this in mind, AMGA is not proposing that the statutory marketing levy be immediately replaced by a voluntary levy. Instead, it proposes that the statutory marketing rate be set at zero. This recognises that the current statutory marketing arrangement does not have sufficient confidence or support to continue unchanged, while recognising there is not currently an adequately supported voluntary scheme ready to replace it.

Setting the statutory rate at zero does not suggest that collective marketing can never create value. AMGA will continue to examine the future need for category marketing and the available models for funding, governance, participation, accountability and measurement. This work may include consideration of a voluntary arrangement, a reformed statutory arrangement or another collective model if sufficient support and a credible funding base emerge. The position will be considered formally as part of the review to be completed by 31 December 2030, or earlier if circumstances warrant.

Where appropriate and eligible, non-promotional consumer, market and product research should be incorporated into the R&D investment portfolio. This will preserve access to evidence needed for industry strategy without treating promotional activity as R&D.

Industry context

Australia's Agaricus industry is a significant domestic fresh-produce industry. In 2024-25 the Australian industry produced 52,784 tonnes of mushrooms, with a value of $338.3 million.



Source AMGA analysis of Hort Innovation data (Aug 2026)

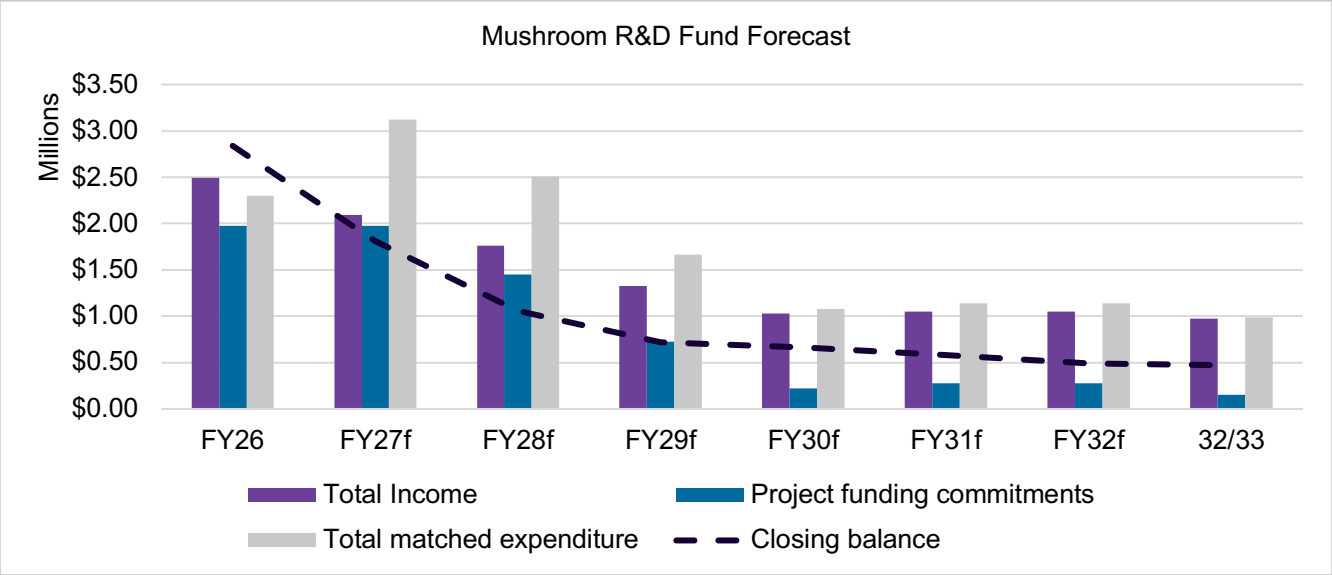
Consolidation has been occurring within the industry for many years and there is an overwhelming expectation that this will continue, likely settling at 8-16 growers, with more larger players. Over the life of the levy, grower numbers have contracted from more than 50 (estimated) to about 20. This reshaping to fewer but larger growers reflects alignment with demand and the increasing efficiency and sophistication of producers. As the grower sector becomes both smaller and smarter, businesses are better placed to directly manage some of the functions a levy would previously have serviced.

Utilisation of the levy to date and modelled future scenario

The levy is currently collecting more than the industry can spend productively, despite an overall fall in levy quantum in line with reduced production.

The financial forecasts, prepared using Hort Innovation data, demonstrate that the R&D levy-income scenario provides sufficient funding to meet current obligations and maintain a prudent reserve. The forecast assumes that project funding includes all current contracted and endorsed commitments. Existing contracted projects continue, subject to normal contractual performance requirements. It also assumes that levy income is stable from 2026-27 to 2031-32 and that all amounts identified as available for investment are spent. The forecast is therefore a planning guide rather than a guaranteed outcome.

For the purpose of testing the proposed setting, AMGA has relied on a $475,000 annual levy-income scenario, with 1:1 matched funding. Under this scenario, a closing balance in excess of $500,000 would be maintained until the levy settings are reviewed in 2030.



Source AMGA analysis of Hort Innovation data (Aug 2026)

This modelling supports the conclusion that the proposed R&D levy can meet the existing obligations of the Mushroom Fund administered by Hort Innovation while sustaining a meaningful forward investment program and a prudent closing balance. It also shows that the industry can reduce the statutory rate without jeopardising contracted commitments. Investment prioritisation will continue through the Mushroom R&D Strategic Investment Advisory Panel process, informed by the Strategic Investment Roadmap, current contracts, pipeline projects, delivery risks and industry priorities.

No proposed change to collection mechanism or cap

AMGA proposes to retain spawn as the levy base and collection point. It is well understood, has only two collection agents, produces little leakage and imposes minimal direct compliance burden or cost on growers. A clear majority of interviewed levy payers preferred retaining spawn, and reported annual government collection costs of about $8,000, or approximately 0.3 per cent of levy revenue. Alternative collection mechanisms would require more collection agents, greater self-reporting, higher compliance and verification costs, and potentially greater leakage or confidentiality concerns.

AMGA also proposes to retain the 370,000-kilogram annual cap for this amendment. This is the element of the proposal that requires the clearest qualification against the levy principles. The cap is a material concern because businesses above the threshold contribute proportionally less per unit of output. Retaining the cap is therefore not fully aligned with the equity and proportionality principles *when considered in isolation*.

The Board nevertheless considers that the cap should remain unchanged at this stage because the immediate proposal is directed to resetting the R&D and marketing rates. Changing the cap would materially redistribute liability, and any redesign would require further modelling and targeted consultation. The substantial reduction in the total rate also limits the immediate financial effect of the cap. AMGA does not dismiss the equity issue. It commits to examine the cap expressly in the 2030 review, including options to remove, index or redesign it and any related rate adjustment needed to avoid abrupt burden shifts.

Development of the proposal and stakeholder consultation

The proposal follows repeated industry consideration and an independent review by ACIL Allen in 2026.

As part of the initial engagement, ACIL Allen invited all identified active levy payers and interviewed 19, including eight large and 10 medium growers. The final report is appended to this submission.

All 19 interviewed growers supported retaining a compulsory R&D levy in principle. The current R&D rate was widely regarded as too high relative to the industry's capacity to invest funds productively, and a rate of about $0.50 per kilogram was the most frequently suggested alternative.

No interviewee unconditionally supported the marketing levy in its current form. The review found that spawn remained the preferred collection mechanism because it is familiar, has only two collection agents and imposes very low collection and compliance costs.

Following the production of ACIL Allen's report in May 2026, the Board developed the proposed amendments as outlined in this submission and undertook to ensure stakeholders were thoroughly consulted.

Consultation program overview

A majority of growers and super majority of industry production engaged with the ACIL Allen review interviews (68% and 97% respectively) and responded to the Levy Ballot (60% and 88% respectively). Following development of the specific proposal for changes, all known growers and recent-past grower were followed up directly, as were key stakeholders Hort Innovation and the two levy collectors. Opportunity was offered for feedback, with no stakeholder submitting an objection in response or seeking more information. Inclusion of reference to the proposal in the latest AMGA magazine provided opportunity for any additional stakeholders to be informed about the proposal but did not generate further enquiry or objection.

Relevant communications outputs are appended to this submission.

Activity	Date	Notes
ACIL Allen consultation and levy payer interviews	March 2026	8/8 large growers interviewed 10/12 medium growers interviewed 1/8 small growers interviewed *At the time interviews were conducted, investigation indicated there were 28 active growers. At the time the poll was conducted this was revised to 20 active growers.*
Reference to proposal included in Chair message in Mushroom Link and AMGA quarterly journal (Winter edition)	EDM: 21 August 2026 Print magazine: 25 August 2026	Journal distributed to 97 members, associate members, life members and a small number or other stakeholders. Mushroom Link email campaign delivered to 135 stakeholders.
In person meeting with Hort Innovation	22 July 2026	AMGA immediate past Chair (now Deputy Chair) Kevin Tolson meeting with Hort Innovation CEO Brett Fifield to discuss approach and seek endorsement. Verbal endorsement was received from Hort Innovation.

Activity	Date	Notes
Letter to members and levy payers	17 August 2026	Issued to 25 grower contacts including all known recent-past growers who have exited the industry. Successful delivery to 24 addresses, one bounce. Letter outlined proposal and sought feedback or objections by August 28 2026. No responses received. Letter also uploaded to member portal on AMGA website.
FAQs for growers	17 August 2026	Provided details around the specific proposed changes, the background to the recommendations, how consultation would be managed, the process for change and next steps. FAQs also uploaded to member portal on AMGA website.
Letter to levy collectors	17 August 2026	Letter issued to two of two collectors, outlining the proposal and inviting feedback from the collectors as key stakeholders. Confirmation of receipt received from one collector. No objections received from either collector.
Letter to Hort Innovation	17 August 2026	Formal request for endorsement of the proposal including outline of the recommended changes. Response received 31 August 2026 from Hort Innovation CEO Brett Fifield confirming support for proposed amendment to the mushroom levy settings.
Grower/levy payer ballot	15-28 September 2026	All known growers/levy payers invited to participate in a poll directly asking them to indicate whether they supported each of the proposed changes. The poll was conducted by Primary Communications Group at arm's length from AMGA. All growers for whom mobile contacts were available were texted to advise the poll link had been sent. Follow up calls and texts were issued to growers whose emails bounced. Additional follow-up was made to all growers who did not complete the poll. This included calls, texts and automatic reminders from the survey platform. 12 total responses were collected including 3 provided via phone to Primary Communication Group and added as manual entry records. In total, 83% of respondents were in favour of both proposed changes. 99% of respondents were in favour by production volume.

Conclusion and formal request

AMGA respectfully requests that the Minister approve the following policy settings:

- reduce the R&D component of the levy from $1.08 to $0.50 per kilogram of mushroom spawn;
- reduce the marketing component of the levy from $2.92 per kilogram of mushroom spawn to zero;
- commence the revised settings on a date settled with the Department; and
- note AMGA's commitment to review the levy settings no later than 31 December 2030.

The proposal preserves compulsory funding for genuine industry-wide R&D, aligns collections more closely with demonstrated investment capacity, protects current R&D obligations, responds to the loss of confidence in statutory marketing, and retains a highly efficient collection system. The proposal also provides substantial cost relief to growers in a difficult operating environment.

AMGA would welcome the opportunity to provide any further information required by the Minister or the Department.

Name	Position	Signature	Date
Jaylon Rogers	Chair		23 / 10 / 2026

Appendix A

Assessment against Levy principles

Principles	Assessment
1) The proposed levy must relate to a function for which there is a market failure	Satisfied The submission relates to R&D and Marketing which are levy eligible functions.
2) A request for a levy must be supported by industry bodies representing, wherever possible, all existing and/or potential levy payers, the relevant levy beneficiaries and other interested parties.	Satisfied All known levy payers are represented by AMGA, which is also the representative body for potential/future levy payers. The submission is supported by AMGA, 99% of known levy payers by volume (83% of poll respondents), and Hort Innovation.
The initiator shall demonstrate that all reasonable attempts have been made to inform all relevant parties of the proposal and that they have had the opportunity to comment on the proposed levy.	Satisfied All known levy payers, DAFF and Hort Innovation contacted directly to advise of proposed change. Outreach included letters, calls and text messages. AMGA website updated to include grower letter and FAQs. Reference to the proposed changes included in AMGA magazine. All known levy payers invited to participate in poll to express whether they supported change. 12 of 20 identified levy payers responded. 19 levy payers were consulted as part of the independent ACIL Allen Levy Review completed for AMGA in May 2026.
A levy may be initiated by the government, in the public interest, in consultation with the industries involved.	Not applicable
3) The initiator of a levy proposal shall provide an assessment of the extent, the nature and source of any opposition to the levy, and shall provide an analysis of the opposing argument and reasons why the levy should be imposed despite the argument raised against the levy.	Satisfied Opposition to setting the Marketing levy rate to zero comes from some smaller levy payers who want collective marketing to continue. There is insufficient support to continue the current statutory marketing levy or reinstitute a voluntary marketing levy at this time. There is support to reduce the R&D levy rate but uncertainty on what the rate should be. AMGA and Hort Innovation have both reviewed the R&D Fund and established the proposed rate is sufficient to meet current commitments, and fund future priorities while maintaining prudent reserves up to and beyond the next levy review.

Principles	Assessment
4) The initiator is responsible to provide, as follows: **a) an estimate of the amount of levy to be raised to fulfil its proposed function** **b) a clear plan of how the levy will be utilised, including an assessment of how the plan will benefit the levy payers in an equitable manner** **c) demonstrated acceptance of the plan by levy payers in a manner consistent with levy principle 2.**	Satisfied AMGA analysis of Hort Innovation data (Aug 2026), assuming $700k p.a. new investment modelled future R&D levy revenue at the new rate up to FY32. Hort Innovation Mushroom Fund and SIAP arrangements will continue to invest available funds for the benefit of all levy payers.
5) The initiator must be able to demonstrate that there is agreement by a majority on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.	Satisfied Levy will continue to be charged on spawn used in Agaricus mushroom production. AMGA acknowledges the existing 370,000 kilogram cap creates a degree of inequity between levy payers above and below the threshold. However, the proposed amendment substantially reduces the total levy rate for all levy payers and does not alter the existing basis of collection or redistribute liability between businesses. AMGA considers the proposed arrangements equitable in the context of this amendment, while committing to specifically review the cap, including options to remove, index or redesign it, by 2030.
6) The levy imposition must be equitable between levy payers.	
7) The imposition of the levy must be related to the inputs, outputs or units of value of production of the industry or some other equitable arrangements linked to the function causing the market failure.	Satisfied Levy to continue to be charged on spawn use in Agaricus mushroom production.
8) The levy collection system must be efficient and practical. It must impose the lowest possible 'red tape' impact on business and must satisfy transparency and accountability requirements.	Satisfied Levy collection by two spawn producers will continue. The system is well established, efficient and practical.
9) Unless new structures are proposed, the organisation/s that will manage expenditure of levy monies must be consulted prior to introduction of the levy.	Satisfied Hort Innovation was consulted and supports the submission.
10) The body managing expenditure of levy monies must be accountable to levy payers and to the Commonwealth.	Satisfied Hort Innovation will continue as the levy recipient body.
11) After a specified time period, levies must be reviewed against these principles in the manner determined by the government and the industry when the levy was first imposed.	Satisfied The AMGA will review the levy by 2030.
Amendments to existing levies **12) The proposed change must be:**	
supported by industry bodies or by levy payers or by the government in the public interest.	Satisfied AMGA engaged ACIL Allen to independently review the levy against the Department's guidelines. AMGA and Hort Innovation support the proposed changes. AMGA

Principles	Assessment
	conducted a Levy Poll to confirm support for the proposed changes.
The initiator of the change must establish the case for change	Satisfied Support to continue marketing levy on statutory or voluntary basis insufficient at present. Setting rate to zero provides option to reinstitute if and when required. R&D levy is supported but revenue surplus to requirements. Rate reduction allows function to continue and rebalance reserves. Overall rate reduction will free up funds for levy payers and has reduced levy payer concerns around contribution cap. Will review both in 2030. Supported by levy payers based on ACIL Allen Review and levy poll results. The ACIL Allen Review interviewed 68% of levy payers and 97% of production volume. 79% of respondents supported a R&D levy reduction (97% by production volume). No respondents supported continuation of the Marketing levy under current arrangements. In the subsequent Levy Poll 83% of respondents supported the R&D and Marketing levy changes (99% by production volume).
and where an increase is involved, must estimate the additional amount which would be raised. The initiator must indicate how the increase would be spent and must demonstrate the benefit of this expenditure for levy payers	Not applicable

Appendix B

Agaricus Levy Review

Final report

May 2026

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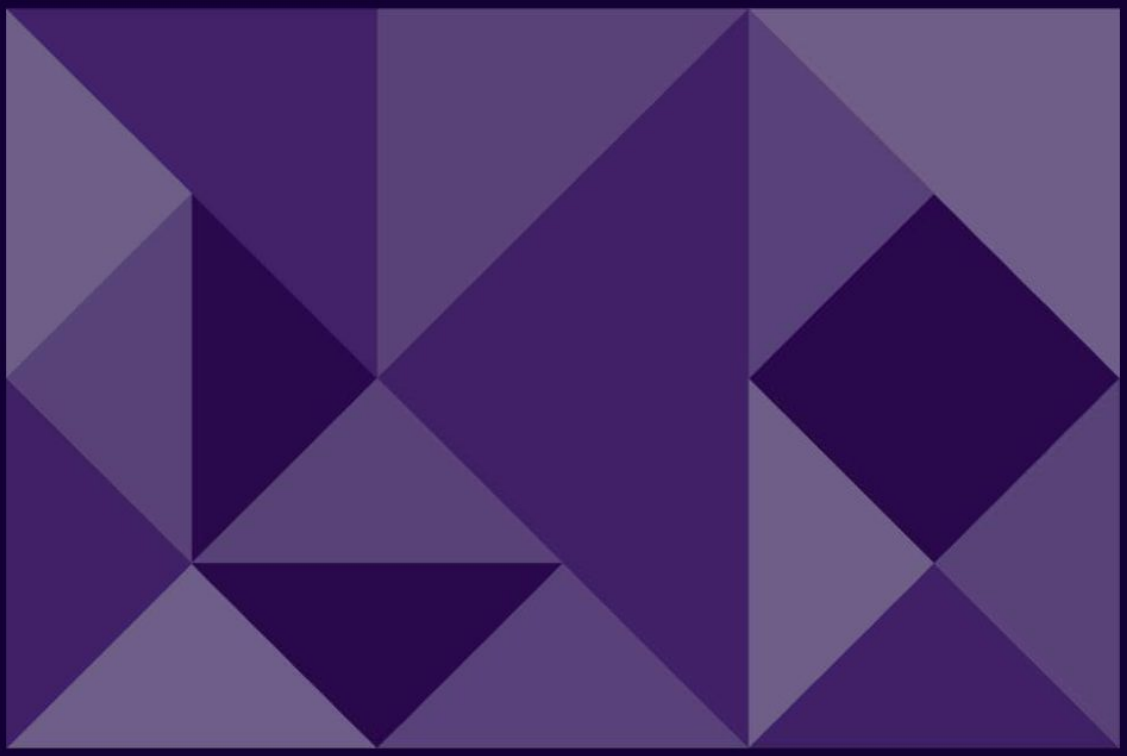
Agaricus Levy Review

Final report

May 2026



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Our purpose is to help clients make informed decisions about complex economic and public policy issues.

Our vision is to be Australia's most trusted economics, policy and strategy advisory firm. We are committed and passionate about providing rigorous independent advice that contributes to a better world.

Report to:

The Australian Mushroom Growers Association

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Goomup, by Jarni McGuire

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Executive Summary

Purpose

This review assesses the Agaricus R&D and Marketing Levies against the DAFF Levy Guidelines, using the results from surveying 19 levy paying growers, to identify problems, test equity and efficiency, and inform AMGA Board decisions on potential levy changes.

Core Findings

R&D Levy

- Strong support for a compulsory R&D levy across large and most medium growers.
- Clear collective value in biosecurity, food safety, reputational protection, and practical farm-level R&D.
- Current rate exceeds investment capacity, evidenced by an accumulated surplus and grower concern about project value.
- Structural revenue risks exist due to yield improvements reducing spawn use, and spawn cap dynamics, with more growers approaching or reaching the cap.
- Rate decisions must be supported by financial modelling and a clear, grower-endorsed investment plan.

Marketing Levy

- Loss of confidence in the current statutory marketing levy, particularly among large contributors.
- Consistent concerns about program effectiveness, governance accountability, and high administration costs.
- Structural tension: large growers fund most of the levy but perceive least benefit; medium growers are more supportive but still critical.
- A voluntary levy is not viable without firm large-grower commitment due to free-rider risk.
- The industry faces a genuine choice: fundamental reform, reduction to zero, or cessation of the statutory marketing levy. Status quo is not supported.

Collection Mechanism and Cap

- Spawn remains the preferred and most efficient collection point, with very low administrative cost due to only two collection agents.
- The 370,000 kg spawn levy cap, is the most acute equity failure. It causes large growers to contribute proportionally less per unit of output. The distortion is increasing as industry concentration grows.
- The cap, rate, and mechanism are separate issues and should not be conflated.

Conclusion and recommendations

The levy system remains essential, but current settings are misaligned with industry needs and confidence. The R&D levy should be retained but resized to match a realistic, priority-driven investment program. The marketing levy cannot continue unchanged and requires a clear decision on reform or cessation. The spawn levy cap must be fixed as a priority, regardless of outcomes on marketing. Targeted, sequenced reform is preferable to wholesale redesign.

1. Retain a compulsory R&D levy and reset the rate after financial modelling and agreement on revised investment priorities.
2. Remove or redesign the spawn levy cap (with an adjusted rate to manage impacts).
3. Decide whether to reform or reduce the marketing levy to zero; do not maintain the status quo.
4. If the marketing levy ceases, shift eligible non-promotional market research into the R&D portfolio.
5. Retain spawn as the collection mechanism in the near term.

Main Report

1 Introduction

1.1 Background and purpose

The Australian mushroom industry has longstanding, well established Agaricus R&D and marketing levies. As the industry has evolved and concentrated to fewer and large growers there has been on-going debate, reviews and adjustments to ensure the levies remain fit for purpose. Major current levy concerns include, quantum (funds raised), efficacy (impact) and equitability (contribution and benefit realisation), for the marketing levy in particular. In recent years various endeavours have explored but not resolved (long-standing) concerns or developed an agreed way forward.[1]

In January 2026 the Australian Mushroom Growers Association (AMGA) engaged ACIL Allen to survey statutory Agaricus Levy payers (growers) to determine whether the current R&D and Marketing Levies are fit for purpose. The findings will be used to inform the AMGA Board's decision making as to whether any potential amendments are required to improve the levy.

1.2 Approach

The review involved in three phases: collaborative design, independent survey and structured analysis.

The collaborative design phase involved ACIL Allen reviewing relevant materials[2] against the DAFF Levy Guidelines[3] to develop a draft levy payer discussion guide and snapshot, which was tested and reviewed with the AMGA Board at two co-design workshops (Appendix A) to ensure the survey was fit for purpose.

The survey involved AMGA contacting the 28 active levy payers (growers) to advise them of the review and inviting them to participate in the survey. ACIL Allen followed up and completed confidential interviews with 19 levy payers in February-March 2026 (refer Table 1.1). These consultations were transcribed, with the consent of participants, by Microsoft Teams for further analysis by the Review team.

Table 1.1 Survey respondent profile

Growers	Small (<2t/wk)	Medium 2-20t/wk	Large <20t/wk	AGMA	Levy payers
Current Growers	8	12	8	23	28
Growers surveyed	1	10	8	18	19
Proportion surveyed	13%	83%	100%	78%	68%

Source: ACIL Allen

The interview transcripts were analysed to present findings for the overall survey (Chapter 3), each question (Appendix B) and a develop a structured levy amendment decision tree (Appendix C)[4]. Preliminary findings were presented to and workshopped with the AMGA Board to inform further analysis and the recommendations.

The results presented in this Review reflect only those views heard through the 19 interviews. .

[1] 2020 survey and proposal to abolish marketing levy, AMGA investigations of a voluntary marketing levy and other alternatives, 2025 Elf Farm Supply Levy Survey and Hort Innovation strengthening industry engagement in levy (investment) administration.

[2] Loc. Cit. and levy statistics from AMGA, Hort Innovation and DAFF

[3] Department of Agriculture, Fisheries and Forestry (DAFF) 2020, Levy guidelines: how to establish or amend agricultural levies, Department of Agriculture, Fisheries and Forestry, Canberra, viewed 23 March 2026, https://www.agriculture.gov.au/sites/default/files/documents/levy-guidelines.pdf.

[4] Interviews were de-identified and analysed for themes and against the DAFF Levy Guidelines by the Review team individually and using Co-Pilot (constrained to transcripts and levy guidelines).

2 Levy performance

This chapter provides an updated discussion on the performance of the levy based on a longer time series as requested by the Board during survey co-design.

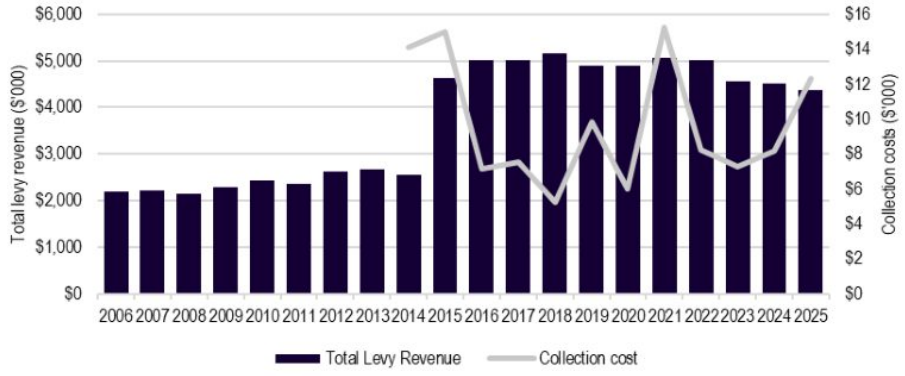
2.1 Levy revenue

The Agaricus levy is collected on spawn production or purchases for commercial production and is paid on a per kilogram basis. The current Levy is $4 per kilogram of spawn produced or purchased, with $2.92 allocated to marketing and $1.08 allocated to R&D. The current levy cap exempts a business who produced or purchased spawn for commercial Agaricus production, on any additional kilogram above 370,000 kg per year.

Since the establishment of the statutory levy in 2002, there have been two structural changes to the levy rate with flow on effects for the total levy revenue collected. The initial rate change occurred in 2014, when the levy rate increased from $2.16 per kilogram to $4.32 per kilogram. This is evident in the stepped increase in total levy revenue between 2014 and subsequent financial years in Figure 2.1. The second change occurred in 2018, with the levy rate reducing to $4 per kilogram.

In more recent years there has been a continual reduction in the total levy revenue collected by DAFF. In the 2025 financial year $4.36 million was collected, reflecting an 11% decline in total levy revenue since the last rate reduction in 2018 (first reflected in the 2019 financial year).

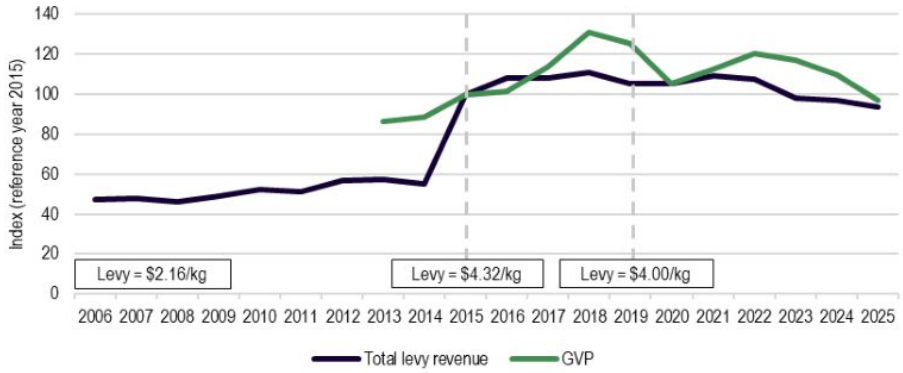
Figure 2.1 Levy revenue and collection costs



Source: AMGA and DAFF data

There is considerable correlation between the industry's gross value of production (GVP) and the total levy collected. Figure 2.2 depicts the total levy revenue against the industry's GVP, both indexed to the 2015 financial year. While it's not one-for-one, both have followed a similar trajectory with small growth in the late 2010's, trending into an ongoing decline since the early 2020's and the beginning of the COVID-19 pandemic. The 2025 financial year represents both the industry's lowest GVP and total levy revenue collected in more than a decade.

Figure 2.2 Indexed levy revenue vs. vs. GVP



Source: Hort Innovation – Industry Statistics Handbook and DAFF data

2.2 R&D and marketing over time

The levy feeds into funding pools, managed by Hort Innovation Australia, for R&D and Marketing. A secondary source of funding is available for R&D, with the Australian Government matching any R&D expenditure funded by the levy.

Since the rate changes in 2018 (reflected in the 2019 financial year), combined R&D income has remained broadly stable, fluctuating between $2.2 and $2.8 million (Figure 2.3). Falling income from the R&D levy has been offset by increased matched R&D funding from the Australian Government. Over the same period, there has been a gradual downward trend in the marketing levy collected, falling from $3.5 million in the 2019 financial year to $3.1 million in the 2025 financial year.

Figure 2.3 Source of R&D and marketing funding over time, actual



Source: Hort Innovation Australia – Mushroom Annual Investment Plans and DAFF data

Reflecting the analysis above, Figure 2.4 displays the percentage contribution of each funding source to the annual total of income available for investment in R&D and marketing. It further demonstrates the increased relative contribution of the Australian Government's matched R&D funding over time, offsetting the falling marketing levy revenue.

3 Survey findings

This chapter summarises the views of the surveyed levy payers and insights derived through a thematic analysis of responses.

3.1 Stakeholder views on the future direction of the mushroom industry

There is an overwhelming expectation that the industry will continue to **consolidate** in number of farms, becoming more concentrated (8-16 growers) and more larger players. This is due to:

- Cost pressures and lack of profitability (low demand) across the whole industry
- Smaller farms struggling to compete due to scale, technology and supply-chain advantages available to larger growers.

Growers expect **demand will continue to decline** (or stabilise at best) unless there is major intervention or change. Growers cited a structural decline in mushroom consumption, driven by:

- Shifts in consumer demographics
- Price sensitivity (inability to differentiate agaricus mushrooms and willingness to pay more)
- Cost-of-living pressures and a reduction in discretionary spending
- Lingering impacts of high-profile mushroom poisoning case.

Pricing pressures are expected to persist driven by **oversupply**. This has been reflected in recent wholesale market trading where prices are below the cost of production for some growers. Some growers warned that if too many small/regional farms fold, the industry may lose its geographic supply spread and retailers may become overly dependent on very large growers, increasing systemic risk. That is, the industry risks becoming more fragile if production concentrates too heavily into a few hands.

Production efficiency (rather than output maximisation) is top of mind for growers with **technology and automation** expected to further reshape the industry. Stakeholders consistently identified technology and automation as a key driver of long-term industry structure. Large farms are likely to invest in robotic harvesting, automated composting, and climate control to reduce labour costs. Small farms lack capital to adopt new technologies and will fall increasingly further behind.

Improved marketing (stronger, smarter) is seen as a way to increase relevance with consumers and increase demand by some growers, but views varied on what activities would be effective and how to balance individual and collective efforts. **Coordinating production supply** was cited by some as a way to balance supply and demand, while others noted that this is not possible given **competition policy**.

A significant number of interviewees raised concerns beyond the levy mechanism in terms of **governance and industry relations**. This included AMGA governance structure, the concentration of decision-making influence among a small number of large growers, and the unresolved commercial tensions between the two dominant grower groups. Several interviewees articulated the view that the levy debate has become captured by the bilateral dispute between these groups, leaving the remainder of the industry as passengers. Multiple interviewees called for facilitated open industry roundtables as part of any reform process, rather than resolution through board-level negotiation or bilateral commercial discussions alone. The most strategically detailed analysis offered was that the current levy framework is fundamentally misaligned with the scale, concentration and competitive dynamics of a modern, consolidated mushroom industry, and that any solution must be designed for the industry as it is today, not as it was when the levy was introduced.

3.2 R&D Levy

Support for the R&D Levy

There is unanimous in-principle support across all interviewees for maintaining a compulsory R&D levy. Both large and medium growers recognise the value of collective investment in areas that individual businesses cannot fund independently, including pest and disease management, retaining access to registered chemicals, developing alternatives to peat moss as a casing material, and health and nutritional research that can underpin consumer marketing.

Smaller growers place value accessing the Agaricus production knowledge platform and access to specialist technical consultants, resources that would be inaccessible to them without collective funding. Larger growers with greater in-house capability tend to frame the levy's primary value as an insurance function against industry-wide biosecurity and food safety risks. Across both groups the view is consistent: the levy performs a genuine industry good function that the market would not deliver on its own, and there is no appetite to abolish the levy.

The current R&D levy rate

While the principle of the R&D levy is not contested, the current rate of $1.08 per kilogram of spawn is widely regarded as too high. The most frequently cited evidence is the accumulation of significant unspent surpluses in the Hort Innovation Mushroom Fund R&D account, which interviewees across both the large and medium grower groups interpret as a clear signal that the levy is collecting more than the industry can deploy effectively. This is attributed partly to project selection processes that are seen as insufficiently rigorous and too disconnected from practical farm-level needs, and partly to structural constraints that limit the types and pace of investment the levy can support.

The broad consensus is that the rate should be reduced. Halving the rate to around 50 cents per kilogram was the most mentioned reduction. A minority of interviewees suggested a temporary suspension of collection to allow existing surpluses to be drawn down before reinstating at a lower rate. There is no support for an increase. The underlying principle across both grower groups is that the rate should be set to match demonstrable industry need rather than to accumulate a reserve, and that the investment function should be sharpened before any consideration of increasing the levy is entertained.

Beliefs regarding the current levy rate were reinforced by the Commonwealth's matched R&D contribution, which was seen to exacerbate the problems associated with the surplus and selection of low-value research.

Regardless of their views on rates, many growers believe there should be reforms to the ways in which funding is governed, with a desire for greater industry control (through AMGA) and oversight of spending. They also believe that investments should be more specific and targeted on high-value research. This was compounded by grower perceptions of other industries, where there was a belief that tighter governance of R&D projects was in place and there was clearer evidence of impact (through value for money impact assessments).

3.3 Marketing Levy

Support for the Marketing Levy

There are varying views across growers about the Marketing Levy. While no grower unconditionally supports the Marketing Levy as it currently stands, many growers do support the idea of having industry funded marketing. However, they do not support the current statutory Marketing Levy as it is currently governed and administered. There is a smaller group of growers who believe the Marketing Levy should be removed.

Dissatisfaction with the Market Levy stems from an entrenched belief among levy payers that current levy funded marketing is, ineffective, poorly administered, incurs high costs and provides low, or no visible value.

Grower support for the continued collection of the Marketing Levy is, typically, conditional on:

— Replacement of Hort Innovation as the fund manager
— Greater industry control of the levy (through AMGA managing the funds)
— The provision of proof of effective outcomes (for continuing the levy).

Where benefits were observed, participants highlighted:

— Examples of levy funded coordinated marketing and messaging, which protected the category during crisis and preserved consumer confidence. For example, during the Erin Patterson case.
— The data and insights made possible through marketing-linked activities such as consumer research and consumption and channel research.

In other instances, participants presented dissatisfaction with outcomes but acknowledged that marketing helped to both maintain a baseline of consumer visibility, defend market share, and slow the fall in demand and to educate consumers on health benefits and usage of mushrooms.

The current Marketing Levy rate

Views on the appropriate marketing levy rate are inseparable from views on who should control the spend and how effective the investment function is. No interviewee supports an increase in the current rate of $2.92 per kilogram of spawn under the existing administrative arrangements, with the universal position being that spending more money through a mechanism widely regarded as ineffective would compound rather than solve the problem. A majority of large growers favour reducing or removing the marketing levy, reflecting their lower confidence that collective marketing can deliver value at industry scale under any realistic governance scenario.

Among medium growers the dominant view is that the current rate should be retained, not because it is seen as ideal, but because reducing it would further diminish an already constrained marketing capability at a time when demand support is critically needed. A small number of medium growers indicated they would consider a modest rate increase if it were accompanied by meaningful governance reform and a credible evidence base demonstrating improved effectiveness. The practical reality across both groups is that the rate debate is secondary to the governance debate: rate is seen as something to revisit once the question of the administration of the marketing levy is resolved.

Voluntary marketing levy

A voluntary marketing levy, in which industry through AMGA would control the spend and participation would be optional, has been the subject of prior discussion and a formal business case that reached in-principle agreement before collapsing. The concept retains some appeal, particularly among medium growers, because it would restore industry direction over marketing investment and remove the structural tensions created by compulsory collection under Hort Innovation administration. Most interviewees understand and in principle support the intent.

However, the practical viability of a voluntary levy is regarded with deep scepticism by the majority of both large and medium growers. The decisive concern is that the levy's revenue base depends on the participation of the largest growers, and there is a strong expectation that one or more of those growers would choose not to participate. Once a large grower exits, the fund loses a disproportionate share of its revenue and the incentive for others to remain diminishes rapidly. The historical precedent of voluntary levy participation collapsing prior to the introduction of the current statutory arrangement reinforces this concern.

The position that emerged from a number of interviews is that a voluntary levy is theoretically viable only if all or nearly all large growers commit unconditionally, and that obtaining such a commitment is not realistic given the current commercial and relational tensions within the industry. One interviewee proposed a hybrid model as a potential middle path: a reduced statutory levy floor to ensure a stable revenue base, supplemented by a voluntary co-investment mechanism managed by AMGA for growers willing to contribute additional funds. This was not widely discussed across the broader interview group but represents a structural option that may warrant further consideration as a way of combining the governance benefits of industry control with the revenue security of a compulsory mechanism.

3.4 Levy collection mechanism

The spawn-based collection mechanism is retained as the preferred approach by the majority of interviewees across both grower groups, primarily on the grounds of administrative efficiency and collection integrity. With only two spawn growers acting as collection agents, the mushroom levy operates at one of the lowest administration cost ratios of any agricultural levy in Australia. Interviewees with experience of other collection models are acutely aware that expanding the agent network would substantially increase collection costs, reduce collection integrity through leakage and under-reporting, and impose a reporting and compliance burden on individual growers who are already operating under resource constraints. These are viewed as material costs that would need to be weighed against any equity or accuracy gains from an alternative mechanism.

The equity concern with the spawn mechanism centres not on the instrument itself but on the exemption cap, which is discussed separately below. Setting the cap aside, spawn is regarded as a reasonable and broadly uniform proxy for productive capacity, given that the number of spawn growers is small, the product is standardised, and collection is effectively self-administering. The audit burden on the regulator is minimal, and the compliance burden on growers is zero, since levy is collected upstream of the farm gate. These are seen as significant structural advantages that alternatives would struggle to replicate.

Of the four alternatives assessed, compost is viewed as the most acceptable substitute if the spawn mechanism were to become untenable. Collection would still be concentrated in a small number of compost yards, preserving much of the administrative efficiency. The main objections raised are the variability of compost quality and filling rates, which means compost volume is a less uniform proxy for production than spawn, and the declining number of compost growers, which may create additional dependencies and market power concerns.

Grow area is seen as administratively feasible in principle but imprecise as a levy base. Because growers vary their filling intensity, seasonal bed usage and flush cycles substantially, a fixed area-based levy does not accurately track actual production without a self-reporting regime, which introduces the same compliance burden and leakage risks that make output-based alternatives unattractive.

A levy on tonnes sold or the dollar value of sales is regarded by a minority of interviewees, predominantly large growers, as the most economically coherent option. It directly aligns levy liability with actual output, automatically adjusts for market conditions and industry performance, and removes the spawn-equivalence issues that give rise to the cap problem. Advocates argue it is fairer, inflation-proof and simpler to audit than spawn given the traceability of commercial sales. However, these advantages are outweighed for most interviewees by the practical objections: all growers would need to become collection agents, creating a significant reporting and compliance burden particularly for smaller growers; leakage through private and cash sales would be difficult to control; and the visibility of production data to AMGA through the levy receipt mechanism raises commercial sensitivity concerns in a highly concentrated industry where production volumes are competitively significant.

Perceived impacts on levy collection due to changing spawn usage and industry yield improvements

The majority of interviewees do not control their own spawn usage rates. Growers purchasing pre-inoculated compost receive a product with a spawn rate determined by the compost yard, and the levy cost does not enter into that decision. Among those who produce their own compost, spawn rate is optimised for yield and consistency rather than cost, and there is a clear view that reducing spawn below an agronomically appropriate threshold carries disease and yield risks that far exceed any levy saving. The practical conclusion across both groups is that the levy on spawn does not distort spawn usage decisions at the farm level, and a change in the levy rate would not materially change how much spawn is used.

There is a recognised structural issue. As composting technology has improved, average spawn use per unit of production has declined. The industry-wide shift toward bulk phase two and phase three composting in controlled environments has enabled more uniform and efficient spawn colonisation, reducing application rates while improving yield predictability. This trend is ongoing and independent of levy policy. Its practical effect is that the spawn levy collects proportionally less revenue relative to actual production activity over time, creating a gradual erosion of the levy base that compounds the effect of the exemption cap. Interviewees across both grower groups noted this dynamic, though few had quantified it precisely. The implication is that the spawn-based levy mechanism faces a long-term structural decline in revenue even under stable industry conditions, and that this should inform any review of the levy rate and collection mechanism.

Perception of the levy exemption cap

The exemption cap, which removes the levy obligation on spawn purchased or produced above 370,000 kilograms per year, is regarded as inequitable by virtually all interviewees who engaged with the question. The cap was introduced when the statutory levy commenced and was increased in 2008 but has not been adjusted since then. In the intervening period the industry has changed substantially: the grower that originally qualified for the cap has expanded significantly through acquisitions and now operates multiple farms with modern bulk composting at standard industry spawn rates, meaning a growing proportion of its production activity attracts no levy liability. The net effect is an estimated cost advantage of 2 to 3 percent per unit of production relative to competitors, which is material in the current low-margin environment. A second business reached threshold during the survey, meaning the distortion will widen further as the industry continues to consolidate.

The perception of inequity is not simply a matter of competitive disadvantage. It also undermines the legitimacy of the levy as an industry good instrument. When a significant share of production activity is exempt from levy, the remaining growers bear a disproportionate share of the collective investment, and the principle that all industry participants contribute equitably to shared benefits is visibly compromised. This perception has contributed to the erosion of trust and goodwill around the levy more broadly, and several interviewees noted that it has made constructive engagement on other levy questions more difficult.

When considering how to address the cap, interviewees broadly accept the trade-off that removing or substantially raising the cap would require a corresponding reduction in the levy rate to avoid imposing a significantly higher cost on the grower group currently exempt. The majority across both grower groups are willing to accept a lower total levy in exchange for a uniform rate applied to all spawn use, on the basis that equity and simplicity are more valuable than a nominally higher but structurally distorted revenue base. The minority concern, expressed primarily by some medium growers, is that a reduction in total levy revenue would further constrain the marketing function at a time when demand support is most needed. These interviewees favour adjusting rather than removing the cap and embedding a regular review mechanism so that the cap remains calibrated to current conditions. Across both groups there is strong agreement on one point: whatever the remedy, a mechanism for periodic automatic review of the cap must be built into the levy framework so that the problem does not recur through simple inertia.

4 Analysis and conclusion

This section presents the principal findings from nineteen structured interviews with large and medium Agaricus growers, and sets out specific, actionable recommendations for each area of the levy. The recommendations are framed to be consistent with the requirements of the Australian Government's levy guidelines, so that they can form the basis of a formal industry consultation and, where required, a levy amendment proposal to the Minister for Agriculture, Fisheries and Forestry.

The three problem statements addressed are the R&D levy, the marketing levy, and the collection mechanism. A brief overview of the levy guidelines and key principles set the context.

4.1 Levy review decision principles

Agricultural levies are established and amended under a framework administered by the Department of Agriculture, Fisheries and Forestry (DAFF). Any change to an existing levy must follow a defined process: define the problem, design the amended levy, consult with industry, demonstrate support and submit a formal proposal to the Minister to approve the required amendments.

Five decision principles (refer Box 4.1 overleaf) and a structured decision tree (Appendix C) were used to organise survey findings and present recommendations to inform AMGA Board decisions on the levies.

The findings and recommendations that follow are structured to address each of these five principles, and to identify the specific steps required under the DAFF process for any proposal to proceed to government.

4.2 Problem statements and key findings

The following are the problem statements identified from the survey of 19 levy payers. Problem statements are a requirement for formal industry consultation and the submission to Government on proposed statutory levy amendments under the DAFF Guidelines.

R&D levy problem statement

The R&D levy is the industry's collective mechanism to fund biosecurity, food safety, and practical farm-level research that individual growers cannot efficiently fund or capture on their own. Eligible R&D is broad, covering science, technology, economics, and extension activity, and is invested by Hort Innovation on the industry's behalf, with government matching available for eligible projects up to legislated limits. This addresses a persistent market failure: producing industry-wide knowledge and capability that private or individual investment would systematically underprovide (Levy Principle 1).

The current problem is that the levy is collecting more than the industry can spend productively. A surplus has been built up, and levy payers are questioning the value of some projects being funded. The priorities growers consistently identify are biosecurity, food safety, and practical on-farm problem solving, alongside market and product research in the form of insight and analysis rather than promotion. The broad view is that the levy should be reduced, or paused on an interim basis, until the surplus is drawn down and a sharper, grower-endorsed investment program is in place. This misalignment between the rate and the investment pipeline is a direct failure of Levy Principle 4, which requires the amount raised to be matched to a clear plan for its use.

Box 4.1 Agaricus levy review decision principles

1. Industry benefit and market failure (Levy principles 1 & 2)

The industry will only pursue levy changes that clearly address an industry-wide problem or opportunity that individual growers cannot efficiently solve alone. This is what the government calls a market failure: where the benefits of collective action cannot be captured by firms acting individually, and where collective funding is therefore the most appropriate solution. Any proposal must demonstrate that the overall benefits to levy payers are likely to exceed the costs, including collection and administration costs. This principle applies to both the R&D and marketing levies: the case for each must be stated in terms of what would not happen without collective funding, not simply what the levy has historically done.

2. Equity and proportionality across levy payers (Levy principles 6 & 7)

The burden and benefit of any levy, including its rate, cap, unit of imposition, and any exemptions, must be equitable and proportional to production or value. Distortions, such as the current spawn levy cap, are only acceptable if they are transparently justified and periodically tested against actual industry structure. The Board will analyse how any proposed change affects large and small levy payers before recommending it, explicitly addressing two issues identified in the interviews: the existing cap inequity and the risk that future yield improvements cause a growing share of levy payers to approach or reach the cap, progressively distorting contribution levels across the industry.

3. Efficiency and practicality of collection (Levy principle 8)

The industry will favour the narrowest efficient collection point, low leakage, and minimum administrative burden for levy payers, collection agents, and DAFF. Where collection costs for a particular sub-group would exceed the receipts collected, exemptions or floors should be considered. The current spawn-based mechanism, with only two national collection agents, represents a low-cost benchmark that any alternative must be tested against before a change is proposed. Changes to the collection mechanism require new agent agreements, revised DAFF processes, and a recalculated rate, and these transition costs must be weighed explicitly against any equity or revenue improvement the change would deliver.

4. Accountability, transparency, and demonstrated support (Levy principles, 2, 10, 11 & 12 and DAFF process steps 3-6)

Levy decisions must be transparent, based on wide consultation, and backed by demonstrated majority support from participating levy payers. The statutory roles must be clearly observed in any proposal process: AMGA develops proposals and consults industry; DAFF collects and remits funds; Hort Innovation as the levy recipient body invests funds in line with levy payer priorities. Proposals must document who was consulted, what views were expressed for and against, how feedback was incorporated, and what the support result showed. The objection period following submission to the Minister is a separate and mandatory accountability step, not a substitute for prior consultation.

5. Value for money and portfolio fit over time (Levy principle 2, 4 & 12 and the rate requirements)

Levy rates and the mix between R&D and marketing must be sized to a clear, measurable program that the industry can demonstrate it is capable of investing productively. For R&D this means a portfolio focused on practical farm-level priorities such as biosecurity, food safety, pest and disease management, and yield improvement, with government-matched co-investment maximised where available. For marketing it means programs with defined demand objectives and measurable indicators. Financial planning must include stress-testing for demand downturns and for the progressive revenue impact of the spawn levy cap dynamics described under Principle 2. Where a surplus has accumulated, the plan must show how it will be drawn down before additional levy is collected at the current rate. Rate-setting proposals submitted to government must include this financial analysis as supporting evidence.

Source: DAFF Levy Guidelines

There is also a forward-looking structural risk. Because the levy is collected on spawn volume, ongoing improvements in spawn genetics and use are reducing the amount of spawn needed to achieve a given output. Levy revenue therefore declines independently of any rate change as the industry becomes more productive. Now that a second business

has become eligible for the spawn cap, this erosion accelerates. Financial modelling, incorporating both yield trajectory and cap dynamics, is essential before any rate decision is made (Levy Principles 4 and 7).

A related opportunity exists if the industry decides to cease the marketing levy: non-promotional market and product research, such as consumer insight, category economics, and format research, could be added to the R&D portfolio to keep informing industry decisions. This would remain within the levy's eligible purposes and would be invested through Hort Innovation, but it would need to be reflected in an updated investment priority plan before any change to the marketing levy is finalized.

Key findings

Strong and broad support for retaining a compulsory R&D levy

All large growers and a clear majority of medium growers support retaining a compulsory R&D levy. The rationale is consistent with Levy Principle 1: biosecurity, food safety, reputational management, and productivity research represent collective action problems that individual growers cannot resolve effectively or affordably alone. The industry's coordinated response to the Erin Patterson poisoning case was cited by multiple participants as a concrete example of where pooled levy funds enabled an effective response no single grower could have mounted independently.

The current rate materially exceeds what the industry can productively invest in

The accumulated surplus is the clearest evidence of misalignment between the rate and the industry's investment capacity. Across both grower groups, there is broad agreement that the rate should be reduced once the surplus has been directed through a defined priority program. No specific replacement rate emerged from the interviews, but the direction is unambiguous. Levy Principle 4 requires the amount raised to be matched to a clear investment plan with demonstrable benefits for levy payers. Restoring that alignment is the immediate priority.

Yield improvement and cap dynamics are jointly eroding the levy base

The spawn-based mechanism creates a structural revenue risk that sits separately from the rate question. As spawn genetics improve, growers are using less spawn per tonne of output, quietly reducing levy revenue without any deliberate policy change. This risk is compounded now additional business has reached cap, since capped contributors pay proportionally less than uncapped ones regardless of their scale of production. Modelling the combined effect of these two dynamics before setting a revised rate is not optional; it is a requirement for demonstrating the financial soundness of any proposal.

Marketing levy problem statement

A statutory marketing levy can fund industry-wide, non-brand-specific marketing, advertising, and promotion to defend and build demand for the mushroom category. The rationale is a collective action one: a single, consistent category message funded by all growers should deliver returns that no individual grower could achieve alone, addressing a market failure in generic demand creation (Levy Principle 1).

In practice, levy payers have lost confidence in the current arrangement. The most consistent complaints are that the media mix is fragmented and not focused where purchase decisions are made, that administration costs at the levy recipient body are absorbing approximately 20 to 23 per cent of available funds, and that there is no clear evidence the spend is sustaining or building demand. Large contributors in particular report seeing little tangible benefit despite significant levy payments over an extended period. This is a direct failure

of Levy Principle 4, which requires the levy to fund a program with demonstrable, equitable benefits for levy payers.

The structural tension is significant. The industry is now dominated by a small number of very large growers who have the scale and capability to invest in direct-to-retail marketing and category management independently, and who do not see generic industry promotion as adding proportional value. For medium and smaller growers, the collective program remains important because they cannot sustain a consumer-facing marketing presence without it. This divergence in perceived benefit goes directly to the equity test in Levy Principles 6 and 7: those who contribute most receive least.

The industry therefore faces a genuine decision rather than a refinement question. Three options are live: reform the current statutory levy with material changes to the program and governance; reduce the rate to zero and cease the statutory marketing levy; or explore a voluntary industry-run arrangement as a complement or successor. Each has distinct implications under the levy guidelines.

A previous Board-developed business case for a voluntary levy operated by AMGA was not pursued. If reconsidered, it would need to be rebuilt from the ground up and would require firm commitments from the largest growers; without those, the free-rider risk makes it unviable. Importantly, a voluntary arrangement would sit outside the statutory levy system: the Board does not collect or invest statutory levies, as those functions rest with DAFF and the levy recipient body respectively.

If the Board opts to set the statutory marketing levy rate to zero, three things need to be made clear to industry: any non-promotional market and product research will move to the R&D portfolio (and the R&D investment priority plan should be updated to reflect this before the change takes effect); any voluntary marketing mechanism would be industry-run and industry-funded, not statutory; and ceasing the levy is a formal process requiring DAFF involvement and a ministerial decision.

Key findings

Large growers do not support the marketing levy in its current form; medium growers are more supportive but share effectiveness concerns

All large grower interviewees questioned the value of the current arrangements, ranging from wanting fundamental reform to supporting abolition. Medium growers were more supportive of retaining a compulsory levy but consistently shared concerns about effectiveness and governance. This divergence is directly relevant to any future proposal: because majority support is measured on a one-vote-per-levy-payer basis rather than weighted by volume or levy paid, medium growers, who are more numerous, could sustain a compulsory levy against the preferences of large contributors who fund the majority of it. This structural tension must be explicitly acknowledged in the consultation process, and the equity concern it reflects goes to Levy Principles 6 and 7.

A voluntary marketing levy is not viable without guaranteed large-grower commitment

Across both grower groups, there was near-universal recognition that a purely voluntary levy would fail. The free-rider problem was clearly understood: without compulsion, large growers with the means to invest independently would exit, leaving smaller growers with funds too limited to mount effective programs. The historical precedent, when major growers declined to participate before the compulsory levy was introduced, reinforced this view. The collective action rationale for a compulsory marketing levy under Levy Principle 1 remains intact, even where the current implementation is deeply contested. This finding also means that any cessation of the statutory levy should be accompanied by an honest assessment of what replaces it.

Ineffectiveness and lack of governance accountability are the primary drivers of dissatisfaction

The most consistent complaint across both large and medium growers was not about the existence of a marketing levy but about who controls it and what it funds. Multiple participants noted the absence of effective AMGA or SIAP oversight of Hort Innovation's marketing program decisions, and the inability to

redirect funds away from activities regarded as ineffective. Administration overheads of 20 to 23 per cent were cited as eroding buying power in an already expensive media market. The relationship between the industry body and Hort Innovation was described by several participants as adversarial rather than constructive. Levy Principle 10 requires the body managing levy funds to be accountable to levy payers; the practical experience of growers suggests that accountability is currently inadequate from their view.

The spawn levy cap is the most acute equity issue and must be resolved regardless of what happens to the marketing levy

The spawn levy cap, set at 370,000 kg per levy payer and unchanged for approximately 18 years, means the industry's largest grower contributes proportionally far less per kilogram of output than uncapped growers. This distortion has grown as the capped grower has expanded in size and now a second business has become eligible. . Medium growers are particularly sensitive to this, bearing a proportionally higher burden relative to their scale. The cap problem applies equally to the R&D and marketing levies and must be addressed regardless of which path the industry takes on the marketing question. Several participants noted it should be fixed as a standalone priority, before the broader marketing debate is resolved.

Collection mechanism problem statement

The collection mechanism applies to both the R&D and marketing levies. The industry's statutory mushroom levies are currently imposed on spawn, with spawn growers acting as collection agents. There are only two national collection agents, which keeps administrative costs low and leakage minimal. DAFF data confirms that the Agaricus levy has among the lowest collection cost ratios of any horticultural levy in Australia. This efficiency is a genuine asset and should not be discarded lightly (Levy Principle 8).

The main problem is the cap. Set at 370,000 kg per levy payer per year and unchanged for approximately 18 years, the cap means the industry's largest grower contributes proportionally far less per kilogram of output than others. Levy payers consistently describe this as inequitable, and the distortion will grow now an business has exceeded the cap as the industry continues to concentrate. This is a direct failure of Levy Principles 6 and 7, which require the imposition to be equitable and related to production.

Three alternatives to the current mechanism have been assessed. A value-based levy tied to farm gate sales is seen as more equitable and countercyclical, moving with price and volume, but it multiplies the number of collection agents substantially and introduces audit and confidentiality complications that would increase costs and red tape. Compost or growing area bases are theoretically simpler but hard to verify and likely to increase leakage. The most practical near-term path is to retain spawn as the collection base but fix the cap, either by removing it or redesigning it as a stepped arrangement. This preserves the two-agent efficiency while restoring proportionality, though it requires a rate reset to avoid sudden and disproportionate burden shifts for previously capped contributors (Levy Principles 6, 7, and 8).

Any amendment to the collection mechanism must satisfy the DAFF design requirements: select the narrowest efficient collection point; define the leviable commodity precisely; choose a unit, whether volume or value, that is practical and equitable; set a rate that funds the agreed program net of collection costs; and fix a return frequency that aligns with industry business cycles while minimising red tape. Any change must be consulted with all levy payers, supported by a majority, and submitted to the Minister with a formal objection period. The Board develops these proposals and conducts consultation; it does not collect or invest statutory levies.

Key findings

Spawn is the clear majority-preferred collection mechanism

A clear majority of interviewees across both large and medium growers prefer retaining spawn as the collection point. The reasons are consistent: administrative simplicity, low collection cost, established familiarity across the industry, and the practical advantage of only two collection agents nationally. The efficiency advantage of the current mechanism is real and well understood, and the risk of transition costs and increased administrative burden under an alternative mechanism was raised by participants across both groups.

Compost is the most acceptable alternative if the mechanism is changed

Among those open to a change, compost was the most consistently nominated alternative. The rationale mirrors that for spawn: a small number of compost growers nationally maintains a narrow, efficient collection point. Compost tonnage also correlates more directly with mushroom output than spawn kilograms, which partially addresses the yield-improvement revenue erosion problem identified in the finding: Yield improvement and cap dynamics are jointly eroding the levy base. However, transition would require new collection agent agreements, revised DAFF processes, and a full recalculation of the levy rate. These transition costs are real and must be weighed against the improvement on offer before any change is proposed.

A value-based levy has theoretical appeal but meaningful practical obstacles

A small number of participants, including one large grower, identified a levy on the value of sales as theoretically superior because it links contribution directly to revenue received, addressing the equity concern most comprehensively of any option. However, value-based reporting would require growers or intermediaries to self-report sales data, creating verification and confidentiality challenges, increasing the number of collection agents, and raising administrative burden for both levy payers and DAFF. This option would represent a fundamental redesign of the levy and would require a significantly stronger evidentiary case before it could be advanced to a formal proposal.

The mechanism, the cap, and the rate are three distinct questions and must be treated separately

A key insight from the interviews is that conflating the collection mechanism debate with the cap and rate debates has made it harder to resolve any of them. The cap is a modification to the existing mechanism and can be addressed without changing the mechanism itself. The rate can be changed without changing the mechanism. Treating these as separate, sequenced questions allows the industry to resolve the most straightforward issues first and to address the mechanism question as a distinct medium-term consideration, rather than allowing it to stall progress on more immediate concerns.

4.3 Conclusion and recommendations

The levy review confirms that statutory levies remain essential to addressing collective-action problems in the Agaricus industry, particularly for biosecurity, food safety, and practical productivity research. However, the current settings are misaligned with industry needs and confidence. The R&D levy rate exceeds the industry's demonstrated investment capacity, the marketing levy lacks sufficient confidence and equity to continue unchanged, and the long-standing spawn levy cap is creating material and growing inequity across levy payers. Targeted, sequenced reform—rather than wholesale redesign—is required to restore fairness, value for money, and grower confidence. The following recommendations are made for Board consideration:

Reset the R&D levy rate following financial modelling and an updated investment priority plan

Retain a compulsory R&D levy but reduce the rate once surplus funds are allocated through a clear, grower-endorsed program. Modelling must incorporate yield improvements and spawn cap dynamics before a revised rate is proposed.

Do not continue the marketing levy in its current form

The status quo fails the value-for-money, accountability, and equity tests. The Board should pursue either fundamental reform with materially different governance and program settings, or a formal proposal to reduce the statutory rate to zero.

If the marketing levy is reduced to zero, reallocate eligible market and product research to the R&D portfolio

Non-promotional research (e.g., consumer insight, category economics) should be incorporated into the R&D investment plan before any marketing levy change is finalised.

Resolve the spawn levy cap as a priority reform

Amend the current 370,000 kg cap—either by removing it or redesigning it as a stepped cap—to restore equity across levy payers, with any change accompanied by an adjusted rate to avoid sudden burden shifts.

Retain spawn as the collection mechanism in near term

Maintain the existing spawn-based collection system due to its efficiency and low cost, treating mechanism changes as a separate, medium-term consideration once cap and rate issues are addressed.

Appendices

A Levy Payer Survey Questions

A.1 Discussion Guide

Background

The Australian Mushroom Growers Association (AMGA) have engaged ACIL Allen to survey statutory Agaricus Levy payers (growers) on whether the current R&D and Marketing Levies are fit for purpose. The findings will inform AMGA Board decision making on potential amendments to improve the levy.

This consultation

The purpose of this consultation is to gather the views and opinions of your business as an Agaricus mushroom grower and levy payer, to identify the key issues affecting the current levy and its future viability. We are interested in hearing about your experiences and perspectives regarding the Agaricus Levy. The consultation is scheduled for a **one-hour** by videoconference on Teams with as many people from your business as you deem necessary. The consultation is confidential to ACIL Allen. With your permission, we would like to record the interview and to use Co-Pilot to analyse the results[5].

Questions

The following questions provide a guide for our discussion. A snapshot is attached to provide background information on the levy structure, performance, how it compares to other levies and potential amendments.

Part A: Fit for purpose levies and levy rates

6. **Do you support maintaining an Agaricus industry R&D levy (in principle)?**
   a) Does the R&D levy improve the long-term future of your industry?
   b) What benefits have you personally seen from levy funded R&D?
   c) Do levy funded R&D projects help your business directly, indirectly or not at all?
   d) Should the current $1.08 per kg spawn R&D Levy be removed, reduced, retained or increased?
      i) Noting the R&D Levy is matched by the Commonwealth?
      ii) Compared to other horticultural industries?
7. **Do you support maintaining an Agaricus industry Marketing levy (in principle)?**
   a) Does the Marketing Levy improve the long-term future of your industry?
   b) What benefits have you personally seen from levy funded Marketing?
   c) Do levy funded Marketing projects help your business directly, indirectly or not at all?
   d) Should the current $2.92 per kg spawn Marketing levy be removed, reduced, retained or increased?
8. **Would the benefits of changing to a voluntary Marketing levy, so industry (AMGA) can invest the funds, outweigh the risk that some may choose not to contribute?**

[5] In collecting your personal information within this project, ACIL Allen must comply with the Australian Government's Privacy Act 1988 and the Australian Privacy Principles. ACIL Allen project staff will have access to your information and your responses. Your views may be included in the project report to AMGA, but your identity will not be revealed, and your confidentiality will be protected.

Part B: Fit for purpose levy collection mechanism

9. **What impact, if any will change in spawn usage and industry yield improvements have on the amount of R&D and Marketing Levies collected?**
    a) Do you believe industry will need an alternative collection mechanism to levying spawn? (such as levying compost, grow area, produce sold or something else)?
    b) Would you use more spawn if the $4 per kg was reduced?
10. **Do you believe current levy exemption cap of 370,000 kg spawn produced/purchased per year is equitable?**
    a) Should the cap be increased, decreased or removed?
11. **What is the impact of changing the current spawn levy exemption cap on levy revenue and levy payers?**
    a) Do you support changing the cap if it reduces the total levy collected?
    b) Would you be willing to pay a higher rate to make the levy equitable?
12. **Do you believe industry would be better off with an alternative collection mechanism to spawn?**
    a) Do you believe a compost, grow area or produce sold levy is better than a spawn levy?
    b) Would you be prepared to be the collection agent (i.e. collect and remit the levy DAFF)?
    c) Would you support increased levy collection cost (DAFF charges based on the number of agents) to make the levy more viable?
    d) Do you support exemptions for alternative mechanism collection points (e.g. growers or selling agents) where annual DAFF levy collection costs are more than annual levies collected?
13. **Are there any other levy improvements or concerns you believe the Board and industry needs to consider?**

A.2 Agaricus Levy Snapshot

Levy purpose and structure

The Australian mushroom industry has used Agaricus Levies since 1967 to invest in R&D and marketing. Initially established as a voluntary levy administered by AMGA. In 2002, they became statutory levies to overcome funding shortfalls, leakage and provide a consistent and equitable platform to invest in what would not otherwise occur or be beyond individual grower capability. AMGA is responsible for reviewing and tailoring levy settings to ensure they remain fit for purpose (Table 1). The last successful amendments were

- reducing the marketing levy by $0.32/kg (2018)
- establishing Hort Innovation as the RDC for Agaricus and other horticultural levies (2014)
- increasing the spawn cap from 250,000 to 370,000 kg (2011).

Table A.1 Current Agaricus levy settings

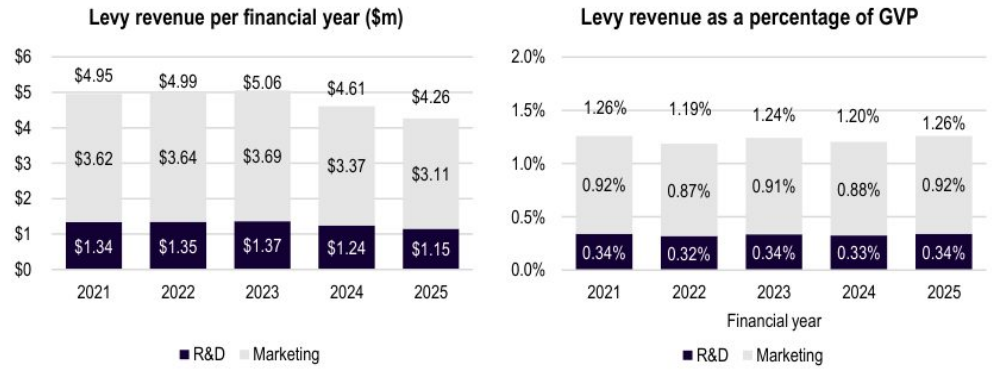
Purpose	Rate	Unit	Levy payer	Exemption	Collector	Investor
R&D	$1.08	kg of spawn produced or purchased	Agaricus mushroom growers (28)	>370,000 kg spawn used per annum	Spawn growers (2)	Hort Innovation
Marketing	$2.92					
Total	$4.00					

Source: DAFF

Agaricus levy revenue

Agaricus levy revenue has fallen around 15% this decade which is in line with reduced industry GVP. Levy revenue is forecast to be around $4.48 million or just above 1% GVP per year to 2030.

Figure A.1 Agaricus levy revenue and GVP



Source: Hort Innovation

Agaricus levy collection costs, burden and equity

Agaricus has amongst the lowest DAFF levy collection costs and levy payer (grower) burden of all agricultural levies. Levy payers do not direct collection costs because levies are collected by two spawn sellers on their behalf. DAFF cost recovery for administering levy collection is around $8,000 per annum (0.3% total levy revenue). Making the levy compulsory improves equity because all growers must contribute.

Agaricus levy comparison

Table A.2 Financial and structural comparison of Agaricus and selected horticultural levies

	Agaricus		Vegetables		Citrus		Avocadoes	
Financial performance (2024/25)								
GVP	$338m		$2,357m		$1,235m		$719m	
Levy revenue	$4.26m		$12.24m		$3.08m		$9.17m	
Levy %GVP	1.3%		0.5%		0.2%		1.3%	
Purpose	R&D	Mktg	R&D	Mktg	R&D	Mktg	R&D	Mktg
Allocation	27%	73%	95%	-	60%	14%	35%	60%
Collection mechanism								
Rate	$4 kg		0.51% sale value		$0.106/box		$0.01 to $0.075/kg	
Unit	Spawn (kg)		Sale price ($)		Boxes		kg (proc, + unproc.)	
Exemptions	Volume cap <370,000 kg spawn		Sales after export		Floor (<500 boxes) ales after export		Floor (<$100 levy) Processed (no mktg)	
Collectors	Spawn sellers only		Agents, purchasers		Packers, agents		Packers, agents	
Levy payers	28 growers		1,700 growers		1,500 growers		850 growers	
Cost (% levy)	0.3%		2.9%		0.6%		2.9%	

Note: Agaricus is the only Commonwealth agricultural levy that current has an exemption cap.

Source: DAFF and Hort Innovation

Levy collection mechanism

The **current collection mechanism** for both the R&D and Marketing levies is on the amount of spawn produced or purchased for commercial production. The levies are collected by 2 spawn growers (collection agents) on behalf of 28 commercial Agaricus growers (levy payers). Both levies are statutory, meaning levy collections must be remitted by the collection agent to DAFF and invested through Hort Innovation.

Alternative collection mechanisms include levying the other inputs used in Agaricus production (e.g. compost/substrate or grow area) or levying outputs sold (e.g. volume or value of Agaricus). A summary of mechanism arrangements and relative (dis)advantages for each alternative is provided overleaf.

Levy exemptions

The **current levy cap exempts** spawn produced or purchased by a business for commercial Agaricus production above 370,000 kg per year. The cap was set at 250,000 kg per year in 2002 as part of establishing the statutory R&D and Marketing levies and increased to the current cap in 2011.

Exemptions are possible under all collection mechanisms. The alternative mechanisms will require a **levy floor** to exempt if there are collection points where the amount of levies collected is less than the DAFF levy collection cost recovery charges.

Table A.3 Comparison of alternative Agaricus Levy collection mechanisms

Criteria	Spawn (input)	Compost (input)	Grow area (input)	Volume sold (output)	Value sold (output)
Levy position and unit					
As close to grower as possible	Appropriate - grower input levy	Appropriate - grower input levy	Appropriate grower input levy	Better – grower output levy	Better – grower output levy
Levied unit	$/kg agaricus spawn	$/tonnes compost	$/$m^2$ grow area	$/tonne sold	% sale price ($)
Easy to understand and calculate	Yes + well established and easy to understand	Similar to spawn	Harder than spawn (need to update regularly)	Similar to spawn	Similar to spawn
Rate (equivalent in 2023-2024)	$4/kg	To be determined	To be determined	$80.79/tonne (farmgate)	1.2% farmgate sale price
Collection mechanism					
Collection point	Spawn produced/purchased for commercial production	Compost produced/purchased for commercial production	Grow area utilized for commercial production	1st point of sale after commercial production	1st point of sale after commercial production
Collection agents	2 Spawn growers	7 Compost growers	28 Growers	28 Growers OR Selling agents	28 Growers OR Selling agents
Narrowest point in supply chain	Narrowest possible	Wider than spawn	Wider than compost	Wider than compost	Wider than compost
Capable of remitting levy	Yes	Yes	Yes	Yes	Yes
Performance risks					
Levied unit stable	Productivity gains + cost influence future use	Similar to spawn influenced by productivity gains + cost	Similar to spawn influenced by productivity gains + cost	57-69kt p.a. since 2020 Trend down	$5.3-7.9 kg p.a. since 2020 Trend up/stable
Minimise levy payer grower burden (red-tape)	Yes (no red-tape)	Similar to spawn (composter collects)	Higher than spawn (growers need to collect)	Higher than spawn (if growers need to collect)	Higher than spawn (if growers need to collect)
DAFF ley collection costs < current	$8k p.a. to receive and check compliance with 2 agents	Higher (receive and check compliance with more agents)	Higher (receive and check compliance with more agents)	Higher (receive and check compliance with more agents)	Higher (receive and check compliance with more agents)
Leakage (levy not collected or low collection points exempt)	Low	Similar to spawn	Higher than spawn	Higher than spawn	Higher than spawn but lower than volume (easier to comply)
Relative differences					
Advantages	Clear and well established Most cost-effective collection Agent not grower collects	Universal grower input unit Fewer agents than growers Agent not grower collects	Universal grower input unit More stable than other inputs More stable than outputs	Universal grower output unit Levy tracks actual production Pot. to incl. other mushrooms	Universal grower output unit Levy tracks actual value (GVP) Pot. to incl. other mushrooms
Disadvantages	Disincentive to use spawn Productivity gains reduce use No pot. to incl. other mushr'ms	Cost/use/yield may vary Productivity gains reduce use Higher DAFF collection costs	Cost/use/yield may vary Growers need to collect Higher DAFF collection costs	Growers need to collect OR Only from viable selling agents Higher DAFF collection costs	Growers need to collect OR Only from viable selling agents Higher DAFF collection costs

Source: ACIL Allen from various sources

B Survey response summary

19 growers interviewed, grouped by size into 2 groups:

— 8 large growers

— 11 medium growers

B.1 Does the industry need an R&D levy?

Unanimous in-principle YES from both grower groups. Strong consensus that the rate should be reduced, not abolished. No interviewee called for removing the R&D levy. The primary dispute is over the rate and governance of the investment function, not the principle of collective R&D.

All 19 interviewees expressed in-principle support for maintaining an R&D levy. The primary areas of value cited across both grower groups were pest and disease management (particularly retaining access to registered chemicals and the Integrated Pest and Disease Management System), research into alternatives to peat moss as a casing material, packaging innovation, and health and nutritional research that can underpin marketing claims. Smaller growers placed particular value on the Agora knowledge platform and access to specialist technical consultants they could not otherwise afford, with the fly management programme delivered in collaboration with Penn State University cited as a strong example of levy-funded R&D with direct on-farm benefit. Larger growers with in-house technical resources tended to emphasise the biosecurity and industry insurance function as their primary justification.

Despite this broad in-principle support, the dominant concern across all 19 interviews was that the current rate of $1.08 per kilogram of spawn is too high relative to demonstrable value delivered. Accumulated surpluses in the R&D account were widely cited as evidence that the investment function is not operating at full capacity and that project selection lacks rigour and industry relevance. Most interviewees called for a rate reduction to approximately 50 cents per kilogram, with surpluses to be drawn down through more targeted project selection. A small number proposed a temporary suspension of collection until surpluses are exhausted before reinstating at a lower rate. Several large growers expressed frustration that the advisory process produces projects with low practical farm-level value, and a minority of large growers called for R&D funds to be administered outside Hort Innovation entirely, though they acknowledged this is not currently legally available for a compulsory statutory levy.

Table B.1 Does the industry need an R&D levy?

Position / Finding	Large (n=8)	Medium (n=11)
Support maintaining R&D levy (in principle)	YES — all 8	YES — all 11
Current rate ($1.08/kg) is appropriate	NO — majority	NO — majority
Rate should be reduced (approx. 50 cents)	YES — majority	YES — majority
Surpluses indicate over-collection / weak project selection	YES — majority	YES — majority
Support abolishing R&D levy entirely	NO — all 8	NO — all 11
Want R&D managed outside Hort Innovation	YES — 3 large	MIXED — minority

Source: ACIL Allen

AMC

B.2 Does the industry need a marketing levy?

In-principle support is stronger and more consistent among medium growers (8 of 11) than large growers (5 of 8 conditional, 3 prefer abolition). Both groups are unanimous that Hort Innovation's current performance is inadequate. The levy is conditional on governance reform or administrator change for the majority of both groups.

Opinion on the marketing levy is the most contested area across all 19 interviews. In-principle support for collective generic marketing as a concept was expressed by the majority of interviewees: most acknowledged that an undifferentiated commodity such as mushrooms benefits from a shared industry voice and that individual growers, particularly smaller ones, cannot replicate the reach of a collective campaign. The outcomes most frequently desired were reversing the decline in per capita consumption, educating consumers on the health and nutritional benefits of mushrooms, addressing price perception barriers, and rebuilding confidence after the Erin Patterson death cap poisoning case.

However, the critical distinction drawn in almost every interview was between support for marketing as a concept and support for the current statutory marketing levy as administered by Hort Innovation. Dissatisfaction with Hort Innovation was near-universal across both size groups. Specific criticisms included administration costs of approximately 20-22% of levy revenue; advertising campaigns that are not visible to industry participants or general consumers; a lack of responsiveness to industry direction; perceived conflicts of interest in managing marketing across competing horticultural categories simultaneously; and an inability to execute nimble, data-driven campaigns suited to the modern media landscape.

Among large growers, 3 of 8 expressed a view that the marketing levy is structurally incapable of delivering value under current arrangements and that abolition would be preferable to continuation. A further 2 large growers indicated conditional support only if PIB were to control the spend. The remaining large growers were more equivocal, supporting the concept but deeply frustrated by delivery. Medium growers were more consistently supportive of retaining the levy in some form, with the majority wishing to see it continue under reformed governance with stronger PIB oversight. One medium grower was notable in arguing the marketing levy rate should be increased if effectiveness could be demonstrated. Two medium growers were less engaged with the detail, offering only general observations.

Table B.2 Does the industry need a marketing levy?

Position / Finding	Large (n=8)	Medium (n=11)
Support marketing levy in principle (as concept)	MIXED — 5 of 8 conditional yes	YES — 8 of 11
Satisfied with Hort Innovation's marketing performance	NO — all 8	NO — all 11
Prefer levy removed / abolished over status quo	YES — 3 large	NO — 1 medium only
Would support levy if PIB controlled spending	CONDITIONAL — 4 large	YES — majority
Rate should increase	NO — all 8	MINORITY — 1 medium (conditional)
Rate should be retained as is	MINORITY — 2 large	MAJORITY — conditional
Rate should be reduced or removed	MAJORITY — 5+ large	MINORITY — 2-3 medium

Source: ACIL Allen

B.3 Would the benefits of a voluntary marketing levy outweigh the risks of non-participation?

Both groups lean NO on the viability of a pure voluntary levy without assured participation from all large growers. The hybrid co-marketing concept represents a potential compromise position worth further exploration. The behaviour of the largest grower group remains the primary constraint on any voluntary model.

A voluntary marketing levy, in which AMGA would control spending and no grower could be legally compelled to participate, was the subject of a prior AMGA business case that had been agreed in principle before collapsing when the cap issue re-emerged as a precondition. Most interviewees were familiar with the concept. The central tension was consistent across all 19 interviews: the governance benefit of industry controlling its own marketing spend set against the existential risk that one or more large growers would choose not to participate, causing the fund to collapse.

The majority of large growers concluded that a voluntary levy is not viable, primarily because the largest grower group has historically opposed the levy and is widely expected to withdraw if participation becomes optional. Several large growers who had previously supported the voluntary model revised their view once it became clear that the cap issue would block agreement. One large grower confirmed they had voted to remove the levy entirely in 2020 but had supported a voluntary trial at a reduced rate on a five-year basis, provided all large growers committed. One large grower was among the stronger advocates for a voluntary levy managed by AMGA, arguing the governance benefits clearly outweigh the risks, though acknowledging the free-rider and commitment problem.

Medium growers were more divided. The majority acknowledged that a voluntary levy would not be viable without the participation of all large growers, and most concluded the risk of non-participation outweighs the governance benefit. One medium grower proposed a hybrid co-marketing model as a potential compromise: a reduced statutory levy component supplemented by a voluntary top-up managed by AMGA, preserving the compulsory floor while giving the industry greater direction over supplementary spend. Most other medium growers saw the free-rider risk as decisive.

Table B.3 Do benefits of a voluntary marketing levy outweigh the risks of non-participation?

Position / Finding	Large (n=8)	Medium (n=11)
Benefits of voluntary levy outweigh risks of non-participation	NO — majority (5 of 8)	NO — majority (7 of 11)
Voluntary viable only if all large growers commit	YES — all who engaged	YES — all who engaged
Would personally participate in voluntary levy	CONDITIONAL — most	CONDITIONAL — most
Support hybrid statutory/voluntary co-marketing model	MINORITY — 1 large	YES — 1 medium (explicit)
Prefer no levy to continuing under Hort Innovation	YES — 3 large	MINORITY — 1 medium

Source: ACIL Allen

B.4 What impact will changes in spawn usage and yield improvements have on levy collections?

Both groups agree the levy on spawn does not distort spawn usage decisions in practice. Declining spawn rates per unit of output are a structural feature of industry advancement that progressively erodes the levy base regardless of rate changes.

For the large majority of interviewees, decisions about spawn usage rates are outside their direct control. Growers who purchase pre-inoculated phase two or phase three compost receive it with a spawn rate determined by the compost yard and cannot adjust that rate in response to the levy cost. Among growers who produce their own compost, spawn rates are optimised for yield and consistency rather than cost and reducing spawn below an effective threshold creates disease and yield risks that far outweigh any levy saving. No interviewee from either grower group indicated that the levy cost materially influences how much spawn they use.

Several interviewees noted, however, that average spawn use per kilogram of mushrooms produced has declined over time as composting technology has improved. The shift toward bulk phase two and phase three production in controlled environments has reduced spawn application rates while improving yield consistency. This creates a structural erosion of the levy base independent of any policy change: as the industry becomes more efficient, the spawn levy collects proportionally less relative to actual production. This technical trend, combined with the exemption cap, means the effective levy base has been narrowing progressively.

Table B.4 What impact will changes in spawn usage and yields have on levy collections?

Position / Finding	Large (n=8)	Medium (n=11)
Spawn usage decisions primarily within grower's own control	PARTIAL — compost makers only	PARTIAL — compost makers only
Levy cost materially affects amount of spawn used	NO — majority	NO — majority
Spawn per kg output declining due to technology improvements	YES — widely noted	YES — widely noted
This trend is eroding the spawn levy base over time	YES — several noted	YES — several noted

Source: ACIL Allen

B.5 Is the exemption cap of 370,000 kg spawn per year equitable?

Universal agreement the cap is inequitable. Large growers predominantly favour removal; medium growers predominantly favour upward adjustment with regular review. Both groups support a lower uniform levy rate as the mechanism for addressing the cap without increasing the absolute burden on any grower.

The exemption cap was the most consistently contested element of the levy mechanism across all 19 interviews. All interviewees who engaged substantively with the question concluded that the cap, as currently set, is not equitable. The original rationale for the cap was that one grower group's tray farm historically required significantly more spawn per unit of production than the industry average, and the cap was designed to avoid penalising this technical difference. However, the business has since acquired multiple additional farms operating with modern bulk composting at industry-standard spawn rates, while the cap has remained unchanged since 2008. The consequence is that a growing share of that group's total spawn use attracts no levy, providing an estimated 2-3% cost advantage over competitors in a severely margin-compressed environment.

A second business has now also reached or is approaching the 370,000 kg threshold, meaning the cap will progressively erode total levy collections as the industry continues to concentrate. Two medium growers were either unaware of the cap or had insufficient context to form a view.

Views on the remedy differ between the two grower groups. Large growers generally favoured removal of the cap entirely, accepting a corresponding reduction in the levy rate to avoid imposing a higher absolute burden on those previously exempt. Several emphasised that the only equitable solution is all growers paying the same rate on all spawn used. Medium growers more frequently favoured increasing or dynamically adjusting the cap to better reflect current conditions rather than removing it outright, partly out of concern that complete removal would destabilise the levy structure or cause the largest grower to exit. Across both groups, there was strong agreement that any solution must include a mechanism for periodic automatic review so that the same problem cannot recur.

Table B.5 Is the exemption cap of 370,000 kg spawn per year equitable?

Position / Finding	Large (n=8)	Medium (n=11)
Cap is equitable in current form	NO — all 8	NO — 9 of 11 (2 unaware)
Cap should be removed entirely	YES — majority (5 large)	MIXED — minority (3 medium)
Cap should be increased or dynamically adjusted	MINORITY — 2 large	YES — majority (6 medium)
Periodic automatic review mechanism needed	YES — unanimous	YES — unanimous
Would accept lower levy rate to remove cap equitably	YES — majority	YES — majority
Cap should remain to protect large grower participation	MINORITY — 1 large (implied)	MINORITY

Source: ACIL Allen

B.6 Do you support changing the cap even if it reduces total levy collected?

Both groups broadly accept reduced levy revenue as the cost of restoring equity, provided reductions are applied uniformly. Medium growers are somewhat more protective of the marketing levy revenue base. Neither group supports paying more per kilogram to compensate, with a narrow exception among a small minority of medium growers.

This question explored the trade-off between levy equity and levy revenue, recognising that removing the cap without raising the levy rate would likely reduce total collections because the grower currently exempt would not agree to pay more. The majority of both grower groups indicated willingness to accept a lower levy rate as the price of removing inequity, provided the reduction was shared across all growers on a uniform basis. The argument most commonly advanced was that a smaller but equitable levy is preferable to a larger but structurally distorted one, and that restoring equity would remove a long-standing source of industry tension that has consumed disproportionate energy.

A minority concern, more prevalent among medium growers who derive proportionally greater benefit from collective marketing activity, was that any reduction in total levy revenue would further impair an already constrained marketing function. These interviewees indicated conditional support: willing to accept a cap change provided the reduction in marketing funds was not material. A small number of medium growers indicated they might consider a modestly higher levy rate to maintain revenue if the cap change were accompanied by meaningful governance reform. One large grower declined to engage directly with the cap question, taking the position that the marketing levy itself should be abolished, making the cap a secondary issue.

Table B.6 Do you support changing the cap even if it reduces total levy collected?

Position / Finding	Large (n=8)	Medium (n=11)
Support cap change even if total levy collections fall	YES — majority (6 large)	YES — majority (7 medium, conditional)
Concerned about reduced marketing revenue	MINORITY — 2 large	YES — minority (3-4 medium)
Willing to pay higher levy rate to compensate for cap removal	NO — majority	SPLIT — 2-3 medium might consider
Cap question secondary to marketing governance question	YES — 1 large	NO — majority

Source: ACIL Allen

B.7 Would an alternative levy collection mechanism be better than spawn?

Both groups favour retaining spawn. If the spawn mechanism must change, compost is the most broadly acceptable alternative. A value-of-sales levy was endorsed by 2 large growers as the most principled long-term solution but faces practical and political obstacles. Neither group supports higher collection costs as a trade-off for any alternative mechanism.

The board put forward four alternatives to the spawn-based levy: levy on compost volume, levy on grow area, levy on tonnes of mushrooms sold, and levy on the dollar value of mushrooms sold. The question was considered partly as a standalone issue and partly as a potential way to resolve the cap problem by moving to a different collection base entirely, thus eliminating the spawn-equivalence issue that gives rise to the cap in the first place. The dominant finding was that spawn remains the preferred collection mechanism for the majority of both grower groups. Administrative efficiency and collection integrity were the primary reasons cited. With only two spawn growers acting as collection agents, the mushroom levy is among the cheapest agricultural levies to administer in Australia at approximately $8,000 per year. All alternative mechanisms would require the agent network to expand to 26 or more businesses, with collection costs estimated to rise to $40,000-$80,000 per year, accompanied by material risks of under-reporting, black market leakage, and the commercial sensitivity of production data being visible to AMGA.

Compost was identified as the most acceptable alternative in the event that the spawn mechanism becomes untenable. The collection agent pool would remain small, and compost volume is a reasonable proxy for production activity. However, compost quality variability and different filling rates were seen as creating a different form of inequity, and the declining number of compost growers was noted as a structural concern. Grow area was viewed as administratively feasible but imprecise, as growers vary their filling intensity, seasonal bed usage and flush cycles, meaning a fixed area-based levy does not accurately track actual production without self-reporting and verification. Tonnes sold and value of sales were seen as technically superior from an economic standpoint, directly linking the levy to actual output and aligning the incentives of levy payers and the investment function. Two large growers were the most vocal advocates for a value-of-sales levy, arguing it is fairer, automatically inflation-adjusted, simpler to audit than spawn, and removes the cap problem entirely. However, significant concerns were raised across both groups about requiring all growers to become collection agents, the risk of leakage through private cash sales, and the privacy implications of PIB being able to infer each grower's production volume from levy receipts. One medium grower expressed a clear preference for spawn retention if the cap is removed, with compost or grow area as secondary options, and opposition to both tonnage and value mechanisms.

Table B.7 Would an alternative levy collection mechanism be better than spawn?

Position / Finding	Large (n=8)	Medium (n=11)
Prefer retaining spawn as collection mechanism	YES — majority (6 large)	YES — majority (7 medium)
Compost acceptable secondary alternative	MIXED — 3 large	SPLIT — 4 medium
Grow area viable alternative	MINORITY — 2 large	MIXED — 3 medium
Tonnes or value-of-sales preferred over spawn	MINORITY — 2 large	MINORITY — 1-2 medium
Willing to become levy collection agent if required	MIXED — 4 large willing	MIXED — 5 medium willing
Support increased collection costs for alternative mechanism	NO — majority	NO — majority
Leakage / fraud risk makes alternatives impractical	YES — several noted	YES — several noted

Source: ACIL Allen

C Levy amendment decision tree

The decision tree has been provided as a **step-by-step gating tool** for the **AMGA to develop proposed amendments, draft an objective case**, testing with levy payers, and submit (with evidence) to the Minister.

A. Do we have the *right levies* for our current context?

A1. Maintain an R&D levy?

- **Yes**, maintain → go to A1.i
- **No** (cease statutory R&D) → High risk to shared biosecurity/food safety capability and to access to R&D matching; would require strong evidence that alternatives (voluntary, private, grants) can substitute. (Uncommon in practice.)

A1.i If maintain, what is the R&D levy scope and rate?

- **Refocus scope** on biosecurity, food safety, practical farm-level R&D; include eligible **market & product research (not promotion)** if the statutory marketing levy is set to zero. (Delivery via **Hort Innovation** as the levy recipient.)
- **Rate setting options**
  - **Reduce or holiday** the rate temporarily to work down surpluses, with a staged return tied to portfolio throughput and demonstrated value (2026 Levy Review Survey).
  - **Hold** if modelling shows no surplus and strong pipeline.
  - **(Rare) Increase** only with a substantiated program and majority support.
  - **Note**: model **downside revenue** if more payers hit the cap or demand weakens.

A2. Maintain a marketing levy?

- **Option M0 — Set rate to zero (cease statutory marketing):**
  - **Rationale**: poor effectiveness; reallocate **insight/market research** into R&D; allow firms to do their own promotion.
  - **Implications**: no statutory marketing spend; keep category insight within R&D; communicate how industry will manage issues (e.g., reputation shocks) without a funded program.
- **Option M1 — Continue statutory marketing (revamped):**
  - **Rationale**: a **single, generic** category message can be efficient if executed well.
  - **Preconditions**: clear objectives, **at-shelf retailer activation**, tight cost controls, measurable KPIs; address perceived **conflicts** and overheads at the levy recipient.
- **Option M2 — Stand up a voluntary marketing levy (industry-run):**
  - Rationale: greater control over spend and speed.
  - Preconditions: **binding commitments** from major growers (80%+ volume); robust governance; clear sunset/review (e.g., 3–5 years); **support must be rebuilt**—the Board previously developed but did **not proceed** with a voluntary model. (This is **non-statutory**: Board/industry would arrange collection and /investment)

Gate A outcome

Confirm the **portfolio mix** (R&D scope; marketing statutory/zero/voluntary) to carry into levy design.

B. What is the *best available collection mechanism* (unit, cap, and collection point)?

B1. Choose the levy *unit* (for each levy you retain):

— **Option U-Spawn (status-quo)** with **cap reform**: retain **two narrow collection agents** (efficient, low leakage), remove, or modernise the cap (e.g., increase, index, or replace with a step tariff) and reset the rate to avoid windfalls or shocks.

— **Option U-Value** (% of sales at first point of sale): aligns payments to value/volume; requires more collection agents, audits, potential small-payer exemptions/floors, and strong data/confidentiality controls.

— **Avoid** compost/area bases unless you can convincingly solve for variability, auditing, and leakage, which interviews suggest is unlikely.

B2. Decide the *cap* approach:

— **Remove the cap and lower the rate** to maintain approximate dollar burdens **("rate-neutrality" modelling**), or

— **Modernise the cap** (e.g., indexation or stepped cap) to address equity without destabilising contributions; or

— **Maintain** the current cap (status-quo)—**not recommended** by many levy payers due to inequity and distortions.

B3. Set return frequency and exemptions (if relevant)

— Align with production/accounting cycles; consider small-payer exemptions/floors where collection cost exceeds levy, consistent with risk-based approaches in other industries. (Lower burden improves net returns.)

Gate B outcome

— A technically sound, low-burden, equitable collection design to take to consultation.

C. Financial analysis and *setting the levy rates*

- **Model revenue** under your preferred unit/cap design for **low/medium/high** demand scenarios, incorporating the risk that **more levy payers reach the cap** (if retained) and **demand remains low or declines**, which would **reduce future collections**.
  - Back-solve the rate(s) needed to fund:
  - the **refocused R&D portfolio** (net of collection costs, matching where applicable), and
  - **zero** statutory marketing (if chosen), **plus** any **R&D-eligible** market/product research to maintain insight and category strategy. (Execution stays with **Hort Innovation** if the R&D levy is statutory.)
- **Stress-test affordability and equity** across grower sizes and supply chain structures; include **transition arrangements** if cap reforms materially change contributions.
  - **Publish the worked economics** (simple "what this means for me" sheets) in consultation packs so levy payers can weigh costs vs. benefits transparently.

Gate C outcome

- A technically sound estimate of proposed levy rates and expected collections (investment revenue)

D. Consultation, support, and submission (statutory path)

- Consult widely (all actual/potential levy payers, collection agents, RDC), apply the five principles (accessibility, impartiality, clarity, coverage, accuracy).
- Demonstrate majority support (ballot/survey/letters) for each element (e.g., R&D scope/rate; marketing choice; unit/cap).
- Draft and submit the proposal to the Minister and run the objection period (≥30 business days).

Gate D outcome:

- A compliant, evidence-based submission that the Minister can consider.

Melbourne
Suite 4, Level 19, North Tower
80 Collins Street
Melbourne VIC 3000 Australia
+61 3 8650 6000

Sydney
Suite 603, Level 6
309 Kent Street
Sydney NSW 2000 Australia
+61 2 8272 5100

Brisbane
Level 15, 127 Creek Street
Brisbane QLD 4000 Australia
+61 7 3009 8700

Canberra
Level 6, 54 Marcus Clarke Street
Canberra ACT 2601 Australia
+61 2 6103 8200

Perth
Level 12, 28 The Esplanade
Perth WA 6000 Australia
+61 8 9449 9600

Adelaide
167 Flinders Street
Adelaide SA 5000 Australia
+61 8 8122 4965

ACIL Allen Pty Ltd
ABN 68 102 652 148

acilallen.com.au

Appendix C

Consultation assets

Your views on proposed changes to the mushroom levies

Subject: Your views on proposed changes to the mushroom levies
Date: 17 August 2026

Dear Grower,

The AMGA Board has considered the findings of the independent ACIL Allen review of the current mushroom levy arrangements, which included direct consultation with Agaricus levy payers. The review found clear support for levy arrangements that better reflect the industry as it operates today.

The review found that growers continue to value collective R&D, particularly where the industry needs to work together on issues that individual businesses cannot readily address alone. It also identified strong support for a more tightly focused R&D program, with levy collections proportionate to clearly prioritised industry needs.

In addition, the review identified significant concern among growers about the current marketing levy, including whether the existing model is delivering sufficient and measurable value, whether growers have adequate influence over how funds are used, and whether the current arrangements remain appropriate for the structure of today's market.

The AMGA Board has now resolved to consult growers on the following proposed amendments:

Levy component	Current rate	Proposed rate
Marketing levy	$2.92 per kilogram of spawn	$0.00
Research and development levy	$1.08 per kilogram of spawn	$0.50 per kilogram of spawn

The Board proposes to retain the current collection mechanism based on kilograms of spawn produced or purchased for commercial Agaricus production and the current exemption applying above 370,000 kilograms of spawn produced or purchased by a levy payer in a financial year.

Background to the proposal

Earlier this year, AMGA commissioned ACIL Allen to independently review the current levy arrangements and speak directly with growers. ACIL Allen contacted 23 identified Agaricus levy payers and completed interviews with 19 growers. This represents a very strong majority of the sector. As outlined above, the consultation showed that most growers continue to support a statutory levy in some form, while seeking significant changes to the current settings. We are continuing consultation now to ensure all growers are aware of the proposed changes and have the opportunity to ask questions and share their views. A short set of FAQs has been included with this letter to help explain the rationale and process around the proposed changes.

We are keen to hear what you think

If you have feedback, questions, concerns or would like further clarification on the proposal, please get in touch. Please include your name, business or levy-paying entity, position and confirmation that you are authorised to respond for the business.

Responses should be sent to:

JP van Moort
jp.vanmoort@acilallen.com.au

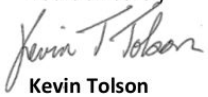
by **5.00 pm on Friday 28 August 2026**.

ACIL Allen will coordinate responses on behalf of AMGA. Individual comments will be treated confidentially and will not be publicly attributed without permission.

AMGA will continue to provide updates and opportunities for engagement in the lead up to and following formal submission of the request to government to change the levies.

Our goal is for the final proposal to reflect what the industry needs and to proceed with growers fully informed and properly consulted.

Yours sincerely



Kevin Tolson
Chair
Australian Mushroom Growers Association

FREQUENTLY ASKED QUESTIONS

Why retain a reduced R&D levy?

Growers told the review that some issues require a collective response and ongoing industry capability, but that R&D could be streamlined. Issues noted include:

- biosecurity preparedness and response
- pest and disease management
- chemical access, monitoring and approvals
- food safety
- production, productivity and sustainability research
- extension and adoption of useful research
- industry risk management
- eligible market and product research

A reduced rate of $0.50 per kilogram of spawn is intended to maintain an appropriate level of R&D investment while bringing future levy collections into closer alignment with a more focused program. By working with Hort Innovation, eligible R&D levy funds can attract matching government funding on a dollar-for-dollar basis, effectively doubling the amount available for R&D investment.

Why reduce the marketing levy to zero?

When we sought feedback, growers raised concerns about whether industry marketing activities deliver measurable value, and how useful these activities are in an environment where many individual businesses already run their own programs. There were questions about whether the current model remains appropriate for an increasingly concentrated and retailer-driven industry.

Reducing the statutory marketing levy to zero would not prevent the industry from investing collectively in areas where there is a clear shared need and a strong case for industry-wide action. Market information, consumer research, category analysis, industry reputation and crisis preparedness remain important and under the proposed approach, the Board would consider these needs separately, taking into account industry backing, defined objectives, appropriate oversight and a demonstrable benefit to growers.

What happens with levy funds that have already been collected?

Funds already collected will remain subject to the purposes for which they were raised and future R&D priorities will continue to be considered through the appropriate industry and Hort Innovation processes. Existing contracted projects will generally continue.

Will the levy arrangements be reviewed again?

Yes.

AMGA proposes to review the levy approach within three to five years of any new arrangements taking effect. This will allow growers and the Board to assess:

- whether the R&D rate remains appropriate

- whether the investment program is delivering useful outcomes
- whether industry needs or market conditions have changed
- whether any further amendment should be considered.

What happens next?

AMGA wants to make sure every affected grower has the opportunity to understand the proposal, ask questions and raise concerns before any final submission is made to the Department of Agriculture, Fisheries and Forestry.

All feedback will be considered. Questions and objections will receive a response and any significant issues raised will be put before the Board.

Following this consultation, AMGA will determine whether further engagement is required before a final proposal is developed for Board endorsement and consideration by the Australian Government. Once the proposal is formally submitted to DAFF it will be considered by the Minister and there will be another objection period during which stakeholders can raise any concerns. We will provide relevant updates on progress.

Proposed changes to the statutory Agaricus mushroom levies

Subject: Proposed changes to the statutory Agaricus mushroom levies
Date: 17 August 2026

Dear Levy Collection Agent,

I am writing to inform you about proposed changes to the statutory Agaricus mushroom levies. As a levy collection agent, you are an important stakeholder in the process and AMGA wants to ensure you are aware of the proposal as industry consultation begins.

The AMGA Board has resolved to consult growers on the following proposed amendments:

Levy component	Current rate	Proposed rate
Marketing levy	$2.92 per kilogram of spawn	$0.00
Research and development levy	$1.08 per kilogram of spawn	$0.50 per kilogram of spawn

The Board proposes to retain the existing collection mechanism based on kilograms of spawn produced or purchased for commercial Agaricus production. The Board also proposes maintaining the existing exemption applying above 370,000 kilograms of spawn produced or purchased by a levy payer in a financial year.

The proposal would therefore change the levy rates while retaining the current collection basis and exemption cap.

AMGA is now writing to growers and levy payers to explain the proposal and invite their views. We also welcome any questions or feedback you may have, including any operational or administrative matters AMGA should consider as the proposal progresses.

Please send any feedback or questions to:

JP van Moort
jp.vanmoort@acilallen.com.au

Please note no change has yet been approved. Existing rates and collection arrangements remain in place unless and until the Australian Government completes the required process and formally introduces amended rates.

Thank you for your continued assistance.

Yours sincerely,

Kevin Tolson
Chair
Australian Mushroom Growers Association

Proposed amendment to the Agaricus mushroom levies

Brett Fifield
Chief Executive Officer
Hort Innovation
Subject: Proposed amendment to the Agaricus mushroom levies
Date: 17 August 2026

Dear Brett,

Thank you for meeting recently to discuss the Australian Mushroom Growers Association's proposed changes to the statutory Agaricus mushroom levies.

As outlined during our discussion, the AMGA Board has resolved to seek the following amendments:

Levy component	Current rate	Proposed rate
Marketing levy	$2.92 per kilogram of spawn	$0.00
Research and development levy	$1.08 per kilogram of spawn	$0.50 per kilogram of spawn

AMGA proposes to retain the existing spawn-based collection mechanism and the current exemption applying above 370,000 kilograms of spawn produced or purchased by a levy payer in a financial year.

The Board reached its position following extensive consultation with growers including an independent review undertaken by ACIL Allen, and consideration of the industry's current circumstances, investment priorities and the financial forecasts provided by Hort Innovation.

The review confirmed that growers continue to see a clear need for collective R&D investment, particularly in areas such as biosecurity, pest and disease management, chemical access, food safety, production systems and industry risk. At the same time, growers consistently expressed a desire for the R&D portfolio and levy rate to be more closely aligned with clearly prioritised industry needs.

The review also identified substantial concern with the current statutory marketing arrangements including the commercial relevance and measurable value of current activity, the level of industry influence over expenditure and the extent to which levy-funded activity reflects the way the mushroom market now operates.

The proposed reduction of the marketing levy to zero does not suggest that market insight, product research, reputation management or crisis preparedness are no longer important. AMGA will continue to consider how these functions should be delivered, including where eligible activity may sit within the R&D portfolio and where other industry-led approaches may be more appropriate.

As discussed at our meeting, it is our understanding and expectation that:

- existing contracted projects will continue in accordance with their contractual arrangements
- funds already collected remain subject to their legislated purpose
- future investment priorities will continue to be considered through the appropriate Hort Innovation and industry governance processes
- the transition will require ongoing cooperation between AMGA and Hort Innovation.

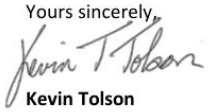
AMGA intends to review the levy approach within three to five years of implementation. This will allow the industry to assess whether the amended rates remain appropriate, whether the R&D portfolio is delivering the intended value and whether changing industry circumstances support any further adjustment.

I would be grateful if you could formalise your endorsement of our approach by providing brief written confirmation that Hort Innovation has been informed and consulted about the proposed changes and supports reducing the marketing levy from $2.92 to $0.00 per kilogram of spawn and reducing the R&D levy from $1.08 to $0.50 per kilogram of spawn.

The final ACIL Allen Agaricus Levy Review is enclosed to provide the full background and findings considered by the Board.

I welcome any questions and AMGA will continue to update Hort Innovation throughout this process. Thank you for your continued engagement with AMGA and the mushroom industry.

Yours sincerely,



Kevin Tolson
Chair
Australian Mushroom Growers Association

Proposed amendment to mushroom levy settings

31 August 2026

Mr Kevin Tolson
Chair
Australian Mushroom Growers Association
By email: kevin@regalmushrooms.com.au

Dear Kevin,

Proposed amendment to mushroom levy settings

Please accept this letter as confirmation that, based on the information you have provided, Hort Innovation supports the proposed amendment to the mushroom levy settings, whereby the research and development levy rate is set at 50 cents per kilogram of spawn and the marketing levy rate is set at 0 cents.

Hort Innovation remains committed to working cooperatively with the Australian Mushroom Growers Association through the transition to the new levy policy settings, noting that some adjustments to planned marketing investments are necessary to responsibly manage available levy funds and contractual obligations.

If you require any further information, please don't hesitate to contact me.

Regards,



Brett Fifield
Chief Executive Officer

Horticulture Innovation Australia Limited
ACN 602 100 149
Level 15, 141 Walker Street NORTH SYDNEY NSW 2060 AUSTRALIA
Telephone 02 8295 2300
horticulture.com.au



MESSAGE FROM THE AMGA CHAIR

Kevin Tolson

AMGA Chairman

kevin@regalmushrooms.com.au
0418 460 847

Dear Growers & Members,

Fortunately, there is some break in the oversupply in the market and normal wholesale pricing has recently had some improvement. I genuinely hope the market improves even further for the benefit of all members but most importantly my wish is for this to be constantly maintained for the future. Following a difficult summer sales period, I imagine some of you may have been relying on improved winter sales to help strengthen your savings.

Demand SIAP has focused Hort Innovation on ensuring they include the health message alongside our mushrooms' great taste and versatility. This better anchor consumers to choose our mushrooms over other tasty options, as well as other fruit and vegetable choices.

A key highlight has been the success of our Mini Mushroom Growers Program. Through the Mushrooms in Schools initiative, we received more than 4,000 genuine applications, demonstrating strong interest in educating young Australians about mushrooms, nutrition and

food production. I am personally a strong advocate for this program, as it appears many industry participants are. This program is helping build the next generation of young mushroom eaters and I see potential for it to become a mainstream, long-term education tool for the future. Imagine if this program could be rolled out in every school across the country, reaching every student. In time, the rewards would be extraordinary.

Industry engagement remains a priority for the Board. Earlier this year, ACIL Allen conducted confidential interviews with 19 of Australia's 28 Agaricus growers. The survey revealed strong support for maintaining a compulsory, but lower, R&D levy. The Board has since passed a resolution supporting the reduction of the marketing and promotion levy to 0 cents and reducing the R&D levy to 50c, per kilogram of mushroom spawn. Work is now underway to engage with Hort Innovation, DAFF, growers and other stakeholders to complete the required steps to formalise these changes. AMGA will continue to provide updates.

I would also like to acknowledge recent Board changes. We thank Brian Backhouse, Georgia Beattie and Steve Willemse for their valuable contributions and service to the Association. We are pleased to welcome Nick Femia back to the Board and Blair Gibbs as a new Director until the next election. It is extremely important that their views are considered as part of the analysis, insight, and decision-making process for the ACIL Allen report. Following Leah Dennis' decision to step down as CEO of AMGA, the Board is taking the opportunity to review the future structure of the Association to ensure we are well positioned to continue supporting our members and the industry.

Leah has been with AMGA for six years; firstly, to administer Marketing & Promotion capabilities and later as General manager and CEO. We wish her every success in her future endeavours. As we move forward, our focus is on developing a structure that strengthens the Association, supports our members, and ensures AMGA is well equipped to meet future opportunities and challenges.

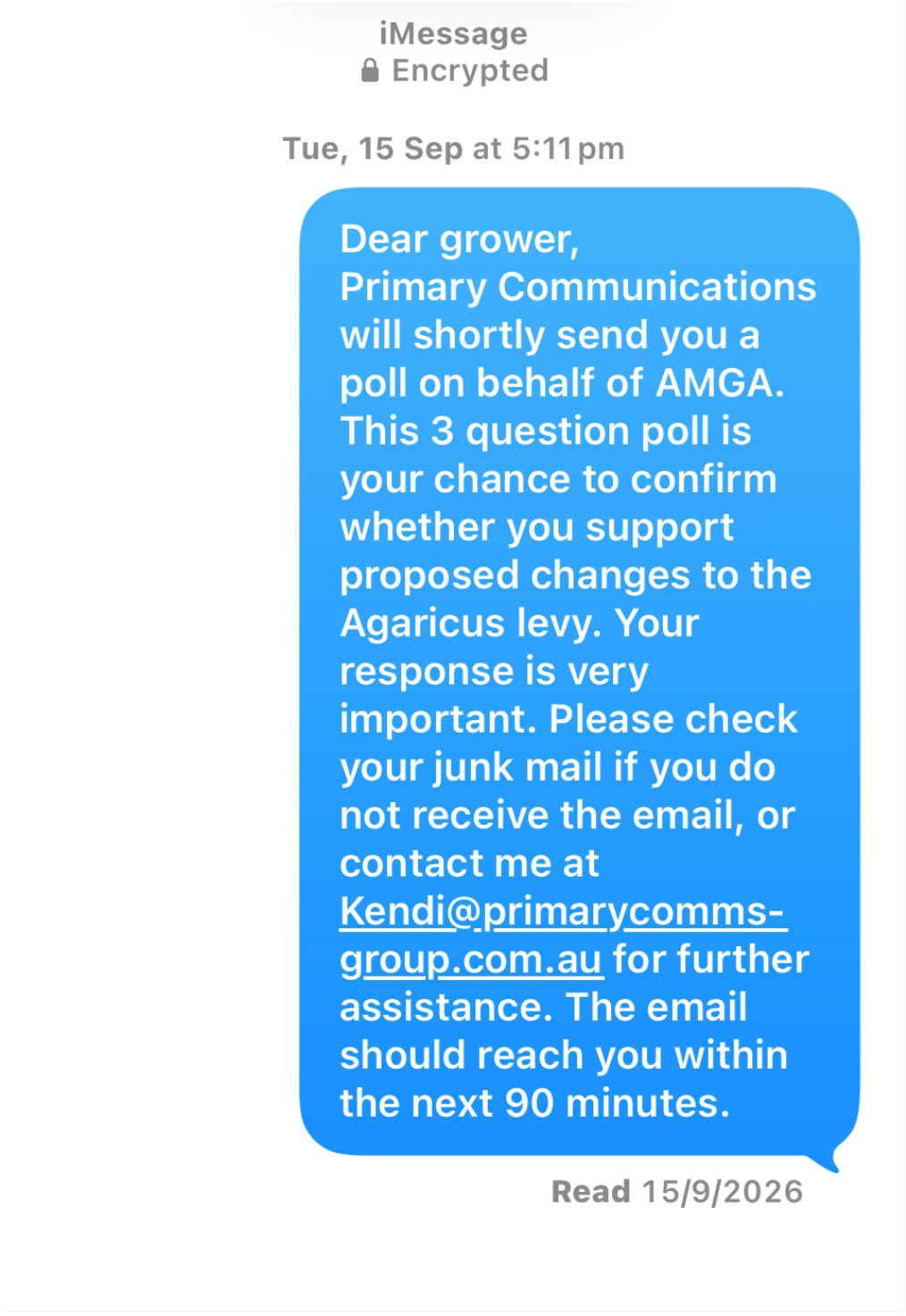
On behalf of the Board, I thank our growers, partners, and stakeholders for their continued dedication and support. We wish everyone an improved winter season ahead.



Kevin Tolson
AMGA Chairman
Australian Mushroom Growers Association

Appendix D

Poll materials


iMessage
Encrypted
Tue, 15 Sep at 5:11 pm
Dear grower,
Primary Communications will shortly send you a poll on behalf of AMGA. This 3 question poll is your chance to confirm whether you support proposed changes to the Agaricus levy. Your response is very important. Please check your junk mail if you do not receive the email, or contact me at Kendi@primarycomms-group.com.au for further assistance. The email should reach you within the next 90 minutes.
Read 15/9/2026

PRIMARY
COMMS GROUP

AMGA Agaricus levy poll

Background information

The proposal follows an independent review of the levy arrangements and consultation with growers about whether the current settings remain fit for purpose. The review reached growers representing 97% of production. Based on their feedback, the AMGA Board is proposing to ask the Minister for Agriculture to endorse two changes:

reduce the marketing levy from $2.92/kg to $0
reduce the R&D levy from $1.08/kg to $0.50/kg

We want to confirm grower views before proceeding with the submission to government. If you have questions please contact Interim General Manager Kura Antonello kura.antonello@amga.asn.au

1. Are you a current Agaricus mushroom grower?

- ○ Yes
- ○ No

2. The Australian Mushroom Growers Association proposes to ask the Minister for Agriculture to adjust the Agaricus marketing levy.

Do you support the Australian Mushroom Growers Association proposal to

reduce the marketing levy from $2.92/kg to $0

- ○ Yes, I support this proposal
- ○ No, I do not support this proposal

3. The Australian Mushroom Growers Association proposes to ask the Minister for Agriculture to adjust the Agaricus R&D levy.

Do you support the Australian Mushroom Growers Association proposal to

reduce the R&D levy from $1.08/kg to $0.50/kg

- ● Yes, I support this proposal
- ● No, I do not support this proposal

PRIMARY
COMMS GROUP

AMGA Agaricus levy poll

Thank you for completing the poll. Once the poll closes on 28 September, the AMGA Board will assess the results and determine whether to proceed to a formal request to government. Once a formal submission is made there will be a further opportunity to submit objections. Levy payers will be updated as the process continues.


Email Preview
From: kendi@primarycommsgroup.com.au via surveymonkey.com
Subject: Reminder: AMGA Agaricus levy poll
AMGA Agaricus levy poll
Please complete our 30 second, three question poll about proposed changes to the Agaricus levy.
Thank you!
TAKE THE POLL

Appendix E

Levy Poll results

Grower Profile (September 2026)	Industry		Levy Poll		Proportion Industry	
	Growers	Production	Growers	Production	Growers	Production
Small-medium (<20t/week)	12	10%	5	4%	42%	40%
Large (>20/week)	8	90%	7	96%	88%	93%
Total	20	100%	12	100%	60%	88%

Support R&D levy reduced to $0.50/kg spawn	Growers			Proportion in favour	
	Yes	No	Total	Growers	Production
Small-medium (<20t/week)	3	2	5	60%	73%
Large (>20t/week)	7	0	7	100%	100%
Total	10	2	12	83%	99%

Support Marketing levy reduced to $0.00/kg spawn	Growers			Proportion in favour	
	Yes	No	Total	Growers	Production
Small-medium (<20t/week)	3	2	5	60%	73%
Large (>20t/week)	7	0	7	100%	100%
Total	10	2	12	83%	99%