

# **Rural Industries Research and Development Corporation Amendment Regulations 2003 (No. 3) 2003 No. 290**

## EXPLANATORY STATEMENT

### STATUTORY RULES 2003 No. 290

Issued by the Authority of the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

*Primary Industries (Excise) Levies Act 1999*  
*Primary Industries Levies and Charges Collection Act 1991*  
*Primary Industries and Energy Research and Development Act 1989*

*Primary Industries (Excise) Levies Amendment Regulations 2003 (No. 14)*  
*Primary Industries Levies and Charges Collection Amendment Regulations 2003 (No. 10)*  
*Rural Industries Research and Development Corporation Amendment Regulations 2003 (No. 3)*

Section 8 of the *Primary Industries (Excise) Levies Act 1999* (the Levies Act), section 30 of the *Primary Industries Levies and Charges Collection Act 1991* (the Collection Act) and section 149 of the *Primary Industries and Energy Research and Development Act 1989* (the PIERD Act) provide that the Governor-General may make regulations prescribing matters required or permitted by those Acts to be prescribed or necessary or convenient to be prescribed for carrying out or giving effect to those Acts.

The Rural Industries Research and Development Corporation (RIRDC) is a statutory body that undertakes and coordinates R&D programs for a number of agricultural industries. The RIRDC currently coordinates R&D programs for the kangaroo industry, funded by the existing R&D levy on kangaroos processed for human consumption.

The existing levy on kangaroos is governed by 4 sets of Regulations. The *Primary Industries (Excise) Levies Regulations 1999* impose R&D levy on kangaroos for human consumption, set the rate and set out who pays. The *Primary Industries Levies and Charges Collection Regulations 1991* set out payment and associated collection requirements. The *Rural Industries Research and Development Corporation Regulations 2000* define the kangaroo industry, direct the kangaroo R&D levy to RIRDC and set out the accounting requirements for RIRDC in relation to this levy. The *Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998* set out levy rates and other imposition details for levy directed to residue testing. These Regulations also set out collection requirements for the levy directed to residue testing.

The purpose of the Regulations is to establish a new R&D levy of 3 cents/macropod carcase on slaughtered macropods (including kangaroos), payable by processors of macropods for human consumption and pet food, commencing 1 January 2004. (Macropods processed for skins only will not be leviable). The existing R&D levy rate payable by processors of kangaroos for human consumption would increase from 3.5 cents/kangaroo carcase to 6.5 cents/carcase. The R&D levy rate would continue for an unspecified period and be reviewed in conjunction with the National Residue Survey (NRS) levy on kangaroos before the end of 2004.

In amending the existing R&D levy legislation, the term "kangaroo" is amended to "macropod" to include all kangaroo and wallaby species which may legally be culled, at varying times, in designated States of Australia.

Amendments to the *Primary Industries (Excise) Levies Regulations 1999*

The changes impose a levy on all macropods processed for human or animal consumption, exempt certain macropods and prescribe who pays the levy.

Subclause 2(1) of Schedule 27 of the Levies Act provides that Regulations impose a levy on a specified product.

Clause 6 of Schedule 27 of the Levies Act provides that the rate of levy is ascertained in accordance with the Regulations.

There are no conditions under the Levies Act that need to be met before the power to make the Regulations may be exercised. Clause 14 of Schedule 27 of the Levies Act states that if there is a designated body (or bodies) in relation to a particular product, the Minister must take into consideration any relevant recommendation made to the Minister by the body (or bodies). The consultation requirements do not apply in the present case as the Minister has not declared any specified body to be the designated body in relation to the macropod industry.

#### Amendments to the *Primary Industries Levies and Charges Collection Regulations 1991*

The changes set out the payment and associated requirements for people who will pay the new levy.

Subsection 30(2) of the Collection Act allows the Regulations to make provisions relating to the payment of levy. The Collection Act specifies no conditions that need to be met before the power to make Regulations may be exercised.

The Regulations, in part, stipulate what records must be kept by processors and that an offence against those provisions is an offence of strict liability. This is consistent with other Regulations made under this Act. Strict liability offences are defined in the *Criminal Code Act 1995* and refer to an offence that does not require proof of the relevant fault elements (eg intent, knowledge, recklessness, negligence etc).

#### Amendments to the *Rural Industries Research and Development Corporation Regulations 2000*

The changes define the macropod industry, direct the new macropod R&D levy to RIRDC and set out the accounting requirements for RIRDC in relation to this levy.

Subsection 5(1) of the PIERD Act provides for regulations to attach levy (including export charge) to a R&D Corporation. Section 40 of the PIERD Act provides for regulations to require a R&D Corporation to keep separate accounting records in relation to the funding of specified classes of R&D activities. The PIERD Act specifies no conditions that need to be met before the power to make the proposed Regulations may be exercised.

Therefore, in summary, the Regulations:

- impose a statutory R&D levy on macropod carcasses processed commercially in Australia for human consumption and pet food;
- set out the details for payment of levy, provision of returns by liable persons, keeping of records and other collection matters; and
- attach the levy to the RIRDC and set out details for accounting records.

Details of the Regulations are set out in the Attachment.

The Regulations commence on 1 January 2004.

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## **ATTACHMENT**

### **THE PROPOSED *PRIMARY INDUSTRIES (EXCISE) LEVIES AMENDMENT REGULATIONS 2003 (No. 14)***

Regulation 1 provides for the name of the Regulations to be the *Primary Industries (Excise) Levies Amendment Regulations 2003 (No. 14)*.

Regulation 2 provides for the commencement date to be 1 January 2004.

Regulation 3 provides that Schedule 1 amends the *Primary Industries (Excise) Levies Regulations 1999*, (the Excise Levies Regulations).

#### **Schedule 1**

##### **Schedule 27, Part 1      Macropods**

**Item 1** substitutes a new Part 1 about macropods into Schedule 27 of the Excise Levies Regulations.

Clause 1.1 defines macropod as a macropod that has been killed in its habitat by a shot from a firearm.

Clause 1.2 imposes a levy on the processing at a processing establishment of:

- (a) macropods intended for human consumption; or
- (b) macropods intended for animal consumption;

if the processing occurs after the commencement of this Part.

It also states that levy is not imposed if the macropods are harvested on or behalf of the producer for their own consumption and on premises owned or occupied by the producer.

- Note 1 indicates that the levy mentioned in clause 1.2 is attached to the Rural Industries Research and Development Corporation.
- Note 2 indicates that the operative rate of the National Residue Survey (NRS) excise levy on kangaroos (there is no NRS levy on other macropods) is in regulation 61 of the *Primary Industries Levies and Charges (National Residue Survey Levies) Regulations 1998*.

Clause 1.3 sets the rate of levy on the processing of macropods at

- (a) 6.5 cents per carcase for macropods intended for human consumption; or
- (b) 3 cents per carcase for macropods intended for animal consumption.

Clause 1.4 provides that the levy is payable by the producer of macropods.

- The note indicates that "producer" is defined in Clause 1.4 of Part 1 (Macropods) of Schedule 37 of the Collection Regulations.

### **THE PROPOSED *PRIMARY INDUSTRIES LEVIES AND CHARGES COLLECTION AMENDMENT REGULATIONS 2003 (No. 10)***

Regulation 1 provides for the name of the Regulations to be the *Primary Industries Levies and Charges Collection Amendment Regulations 2003 (No. 10)*.

Regulation 2 provides for the commencement date to be 1 January 2004.

Regulation 3 provides that Schedule 1 amends the *Primary Industries Levies and Charges Collection Regulations 1991* (the Collection Regulations).

## **Schedule 1    Amendment**

Item 1 substitutes a new Part 1 about macropods into Schedule 37 of the Collection Regulations.

### **Schedule 37, Part 1    Macropods**

Clause 1.1 provides that the Part applies to macropods.

- The note indicates where the collection requirements for NRS excise levy on kangaroos (there is no NRS levy on other macropods) are set out.

Clause 1.2 defines *macropod* and *levy* for use in the Part.

Clause 1.3 provides that a financial year is a levy year for macropods.

Clause 1.4 prescribes macropods for the definition of "producer" and specifies the proprietor of the processing establishment at which the macropod was last processed as the producer of the macropod.

- The note indicates that "producer" means the person who is set out in the Collection Regulations as the producer of the product.

Clause 1.5 prescribes that levy is due for payment by people who lodge a monthly return on the last day that their return is due.

- The note indicates penalties for late payment can be imposed.

Clause 1.6 prescribes that a producer must lodge a return for a month if, in the month, the producer processes macropods on which levy is payable unless the person has been granted an exemption from lodging monthly returns or has applied for such an exemption and not yet received notice of the decision.

- The note indicates offences may be applicable.

Clause 1.7 prescribes that a return for a month must be lodged within 28 days of the end of the month to which it relates.

- The note indicates offences may be applicable.

Clause 1.8 prescribes that levy is due for payment by people who lodge an annual return on the last day that their return is due.

- The note indicates penalties for late payment can be imposed.

Clause 1.9 prescribes that a producer who processes macropods in a levy and is exempt from lodging monthly returns must lodge an annual return.

Clause 1.10 prescribes that an annual return must be lodged by 28 August of the following levy year.

- The note indicates offences may be applicable.

Clause 1.11 specifies what information must be included in a return. The note indicates offences may be applicable.

Clause 1.12 prescribes that a person may apply for an exemption from lodging monthly returns for a levy year if the total of levy they are likely to pay in that year is less than \$750.

Clause 1.13 specifies what information must be included in an application for exemption from lodging monthly returns and where that application must be sent.

Clause 1.14 stipulates that the Secretary must make a decision whether to grant or refuse an exemption and give the applicant written notice of the decision within 14 days of receiving an application. It also specifies the information the Secretary must consider in making that decision.

Clause 1.15 stipulates that the Secretary must make a decision whether to continue an exemption and give the person written notice of the decision within 14 days of receiving an annual return. It also specifies the information the Secretary must consider in making that decision.

Clause 1.16 prescribes when a quarterly return(s) must be lodged if an exemption to lodge annual returns is refused or discontinued.

- The note indicates offences may be applicable.

Clause 1.17 stipulates what records must be kept by producers and that an offence under this clause is an offence of strict liability.

- The note indicates offences may be applicable
- The note indicates where the definition of strict liability can be found.

Clause 1.18 prescribes that a producer may apply to the Administrative Appeals Tribunal for a review of the Secretary's decision to refuse to grant or continue an exemption to lodge annual returns.

### **THE PROPOSED *RURAL INDUSTRIES RESEARCH AND DEVELOPMENT CORPORATION AMENDMENT REGULATIONS 2003 (No. 3)***

**Regulation 1** provides for the name of the Regulations to be the *Rural Industries Research and Development Corporation Amendment Regulations 2003 (No. 3)*.

**Regulation 2** provides for the commencement date to be 1 January 2004.

**Regulation 3** provides that Schedule 1 amends the *Rural Industries Research and Development Corporation Regulations 2000* (RIRDC Regulations).

#### **Schedule I      Amendment**

**Item 1** substitutes a new Division 4 about macropod levy into Part 2 of the RIRDC Regulations.

## **Part 2, Division 4      Macropod levy**

Regulation 16 defines the macropod industry as the industry that is concerned with the processing of macropod meat, and the distribution and sale of macropod meat and macropod meat products.

Regulation 17 deals with the attachment of macropod levy to RIRDC via section 5 of the *Primary Industries and Energy Research and Development Act 1989*.

Regulation 18 provides for certain accounting records to be kept by RIRDC for the funding of R&D activities relating to the macropod industry.

## **REGULATION IMPACT STATEMENT - ORR ID: 5594**

### **KANGAROO INDUSTRY STATUTORY RESEARCH AND DEVELOPMENT LEVY**

#### **Background**

1 In 1998, a National Residue Survey (NRS) levy of 4 cents/kangaroo carcass was established to fund NRS residue testing programs. The NRS levy was payable by processors of kangaroos for human consumption.

2 Processors of kangaroos for pet food and skin production do not currently pay any levy.

3 In 2001, due to a build-up of the NRS reserve, the legislation was amended to redirect 3.5 cents to RIRDC to fund R&D projects for the human consumption sector; and 0.5 cents was retained by NRS. These levies are due for review in late 2004.

4 In addition, the Kangaroo Industry Association of Australia (KIAA) has collected a voluntary levy of \$50 per KIAA employee/member since 1996.

5 The KIAA wrote to the Parliamentary Secretary to the Department of Agriculture, Fisheries and Forestry in July 2003, proposing a new and additional mandatory R&D levy of 3 cents per macropod\* processed commercially in Australia for human consumption, pet food and skins.

*\* definition to be changed in new legislation from "kangaroo" to "macropod" to include wallabies and other macropod species which may be legally culled.*

#### **Nature and extent of the Problem**

The Government and industry recognise that there is significant market failure within the kangaroo industry caused by a number of issues including:

- a lack of sufficient funding to undertake much needed research to develop a more informed and positive image for the industry, and to improve awareness of the product as high value (and not just petfood or meat-fill) in the local and international markets.
- a poor perception of the industry as inhumane and over-culling of our national emblem.
- an existing voluntary levy has failed due to free riders within the industry who refuse to pay the voluntary levy but enjoy the benefits that the limited funding contributes industry-wide. KIAA advises that the voluntary levy has only collected \$20-30,000 annually, or about 20% of nominal collections and will be ceased if the new R&D levy is introduced.
- a lack of incentive for individuals within the industry to undertake research and develop product awareness and acceptance.
- the industry's Strategic Plan is out of date (produced in 1995) which has resulted in a lack of cohesion and direction to facilitate industry development.

#### **Objectives of the Regulation**

AFFA's objective in seeking regulation is to assist the kangaroo industry to correct a perceived and significant market failure and under-investment in research and development.



Enhanced R&D programs which focus on the Australian Government's R&D priorities will provide economy-wide benefits to industry, consumers and the general public through improved meat and product quality; development of industry technologies; and improvements to animal health and welfare.

### **Size of industry**

The KIAA estimates that the kangaroo industry is worth some \$200 million per year to the Australian economy and generates some 4000 direct jobs nationally, mostly in remote or regional areas.

The KIAA advises there are 22 licensed operating kangaroo carcass processors nationally, with in excess of 95% of production carried out by 18 of these (all of which have indicated support for the levy).

### **Levy Options**

1. Retain the existing statutory levy arrangements
  - R&D levy of 3.5 cents/macropod (payable by human consumption processors only)
  - NRS levy of 0.5 cents/macropod (payable by human consumption processors only)
2. Increase the existing levy rate (payable by human consumption processors only)
3. Introduce a revised voluntary levy
4. Establish a statutory R&D levy of 3 cents/macropod payable by human consumption, pet food and skin processors.

### **Assessment of Impacts of levy options**

#### **Option 1: Retain the existing statutory levy arrangements**

##### *Likely impacts and costs*

- This option would have no additional cost impact on consumers.
- Human consumption processors will continue to pay 3.5 cents/macropod carcass for R&D and 0.5 cents/macropod carcass for NRS.
- will have no additional impact on consumers.
- does not address industry market failure and the current under-investment in industry R&D due to insufficient levy collections.
- is perceived as an unfair impost on human consumption processors over pet food and skin processors. (Pet food and skin processors do not currently pay a levy but benefit from research and development funded by human consumption levy collections).
- fosters free-riding within the industry.

##### *Likely benefits*

- Retaining the existing levy will maintain the status quo, and not disenfranchise some harvester stakeholders (non-levy payers).
- No need to draft amending legislation or introduce changes to existing levy collection mechanisms.

### **Option 2: Increase the existing levy rate**

#### *Likely impacts and costs*

- as above.
- would have minimal additional cost impact on consumers. (Up to 90% of industry products are exported and the estimated impact on domestic consumers is negligible. Any levy costs which may indirectly flow on to both domestic and international consumers will be minimal, estimated at less than 0.02 per kilogram). In addition, competition with other meats in the market would limit increased costs being passed to consumers.
- would be seen as an additional and unfair impost to human consumption processors, over pet food and skin processors.
- does not address free riding and market failure issues.

#### *Likely benefits*

- would have no additional cost impact on pet food and skin processors.
- No need to draft amending legislation or introduce changes to existing levy collection mechanisms.

### **Option 3: Introduce a [revised] voluntary levy**

#### *Likely impacts and costs*

- This option would have minimal additional cost impact on consumers.
- \$50 per annum from KIAA employees/members who choose to pay the levy.
- This option has been tested and is considered to be inequitable and unviable.
- The KIAA has demonstrated that the existing voluntary levy of \$50 per member/annum, which has been operating since 1996, has failed.
- Levy collections annually have been about 20% of nominal collections and do not provide sufficient funds for identified and necessary R&D programs.
- Voluntary levy collections predominantly fund market development as opposed to R&D.
- The voluntary levy has fostered free riders who enjoy the benefits that the limited funding contributes industry-wide.

#### *Likely benefits*

An estimated \$20-30,000 per annum would contribute to industry market development and some R&D.

Option 4: Establish a statutory R&D levy of 3 cents/macropod payable by human consumption, pet food and skin processors

#### *Likely impacts and costs*

- Human consumption\*, pet food and skin processors will pay 3 cents/macropod carcass for R&D.

*\* In addition, human consumption processors will continue to pay the existing R&D levy of 3.5 cents/kangaroo and NRS levy of 0.5 cents ie. they will pay 7 cents/macropod.*

- Up to 90% of industry products are exported and the estimated impact on domestic consumers is negligible. Any levy costs which may indirectly flow on to both domestic and international consumers will be minimal, estimated at less than 0.02 per kilogram. Over time, as research leads to improved industry productivity, these costs will be outweighed by improved product quality and price. In addition, competition with other meats in the market would limit increased costs being passed to consumers.

- The cost of levy collections and administration is estimated to be 10% of levy collections ie. only \$10,000.

- R&D funds will be administered by RIRDC (who administer the current levy and R&D programs for the human consumption sector of the industry).

#### *Likely benefits*

- Identified and ongoing R&D programs will address market failure issues and provide economy-wide public and industry benefits through improved product for consumers, better environmental outcomes and possible reductions in price due to more efficient production techniques. RIRDC R&D programs will focus on

.. improving meat and product quality

.. improving animal welfare, Biosecurity and safety

.. increasing domestic and international market access by improving product perception and quality

.. developing industry focus, direction and cohesion through industry economic and strategic review, including revision of the Strategic Plan

- Improved kangaroo control and management programs will improve land use sustainability and biodiversity in arid rangelands. This should especially benefit the wool industry and will also improve markets and industry profitability throughout the supply chain.

- The proposed R&D levy is expected to raise up to \$100,000/annum from industry and if approved, matched by Australian Government funding up to a level of 0.5% of GVP for increased and targeted research and development programs.

- An *existing* R&D levy is used only for

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projects of specific benefit to the human consumption sector. The *new and additional levy* will benefit the human consumption, pet food and skin processing sectors.

- Processors will be principal beneficiaries of the levy, however benefits will also flow up the chain to those involved in skins processing and marketing, to those involved in meat product marketing and down the chain to the chiller box operators and the harvesters. These benefits will come in increased throughput, improved prices or decreased costs and improved profitability.
- KIAA claim that "past kangaroo industry projects funded by RIRDC have delivered some of the highest returns on investment recorded for this funding body".
- KIAA expects that some R&D projects will focus on improving the kangaroo industry's public image by indirectly defending and publicly promoting the industry as environmentally and animal welfare responsible.

### **Consultation**

Prior to submitting the final kangaroo industry proposal, the KIAA published advice about the new proposal and an invitation to provide comments in writing in their April Newsletter and on KIAA's website, for a period of 90 days between 14 April and 14 July 2003. In addition, KIAA's Executive Manager, John Kelly, wrote to and telephoned the human consumption, pet food and skin processors, who are the intended levy payers. Further, he wrote to and telephoned other non-levy paying stakeholders including harvester representatives in each of the relevant 4 states (WA, QLD, SA, NSW).

KIAA claims that it is strongly felt within industry that a compulsory levy is required; to ensure all of industry contributes to much needed industry research and development in an equitable and proportionate manner. This view is supported by stakeholder responses received during the recent 90-day industry-wide consultation phase.

The industry, through the KIAA, has made a strong case for a new levy to address the industry's current market failure. The KIAA, in line with Australian Government R&D priorities and in consultation with the Australian Government Department of Agriculture, Fisheries and Forestry, and with RIRDC, identify a range of priority R&D programs and projects which will benefit the industry, consumers and the general public. They include:

- improving meat and product quality
- development of industry technologies
- animal health and welfare
- industry economic and strategic review including updating the Strategic Plan, which will provide economy-wide benefits for the industry and consumers.

### **Proposal's compliance with Levy guidelines**

The Department of Agriculture, Fisheries and Forestry (Intensive Livestock and Game and Levies Revenue Sections) confirms that the proposal adequately meets all of the mandatory levy principles.

### **How will it be implemented?**

The new levy would be collected via the existing mechanism for collection of R&D and NRS levies. It would be established initially for a period of 5 years and reviewed before the end of the fourth year.

### **Competition Policy**

The levy would be applied equitably to all kangaroo carcass processors and the R&D activities are designed to assist and benefit the industry as a whole and enhance industry efficiency.

### **Support for the proposed levy**

There is almost unanimous support for the new levy from the affected levy payers (the human consumption, pet food and skin processors).

Of the 19 affected levy payers (processors), 18 responded in favour and 1 failed to respond (copies of these survey responses were forwarded to the Department). The KIAA claim these represent 100% of human consumption export processors and 80% of pet food producers, covering approximately 95% of production. In addition, KIAA claims that all major skin processors expressed support, although these processors, like harvesters, won't actually pay this levy but will benefit from improvements in the industry.

All stakeholders within the industry, including the dissenting harvester associations, agree that an R&D levy is of major importance to the ongoing well being of the industry and the environment.

### **Opposition to the proposed levy**

Anecdotal evidence suggests some smaller pet food processors may not support the levy but they have not come forward and they do not represent a significant proportion of pet food processors.

The Department (Intensive Livestock and Game Section) has received advice from some harvesters (not direct levy-payers) in Queensland and Western Australia, that they do not support the proposal (*Attachment A*).

Two of the 4 harvester associations (Queensland and Western Australia) wrote to the Department of Agriculture, Fisheries and Forestry in July to register their lack of support for the new levy, although they are in general agreement that an R&D levy will benefit the industry. Their main concern is not so much the cost of the levy, nor that an R&D program will be set up, rather they believe they will have little say over its use.

South Australian Harvesters had no objections and support the proposed levy and NSW harvesters did not respond.

To address harvester concerns, the Department, in consultation with RIRDC, recommends that a permanent unpaid (in line with other positions) harvester position be included on the Kangaroo Industry Advisory Council (KIAC). (The KIAC is currently comprised of 5 members ie. Chair; one each of human consumption, pet food and skin processor representatives and the RIRDC Manager for New Animal Products).

KIAA has agreed to this recommendation however the harvester organisations are unhappy with the outcome, stating that they will not support the levy unless they are allowed a harvester representative from each state (WA, QLD, NSW, SA) on the KIAC ie. 4 harvester representatives.

The Department, RIRDC and KIAA believe that this is inequitable in relation to the existing representation on the council.

### **Conclusion**

KIAA has undertaken extensive industry wide stakeholder consultation via website, email, letter and telephone over a period of 90 days and has demonstrated almost unanimous support from the affected levy payers (processors).

Although there is dissent from QLD and WA harvester associations (not direct levy payers), they are in general agreement that an R&D levy will benefit the industry, however some will not support the proposal unless 4 harvester representative positions are appointed to the 5-member Kangaroo Industry Advisory Council (KIAC).

The Department and RIRDC agree the appointment of one harvester position (not 4) to the KIAC is reasonable, in line with one representative each of the pet food, skin and human consumption processors, if the R&D levy is approved, and the KIAA agrees.

The proposal meets all of the Australian Government's mandatory levy principles. It also provides an equitable solution to the concern raised by some harvesters about lack of representation on the KIAC. Although harvesters will not be required to pay the levy, the Department and RIRDC consider it reasonable that they have representation on the KIAC in line with the other (levy paying) stakeholders.

The Department is confident that the new proposal meets all of the mandatory levy principles. Further, the levy will allow increased and targeted research and development programs to address current market failure and be of significant industry, consumer and public benefit.

### **Recommended Option**

Option 4 (to establish a new statutory R&D levy of 3 cent/macropod carcass payable by human consumption, pet food and skin processors)

- conforms with the Australian Government's levy principles and is consistent with the Government's policy on agricultural levies
- does not restrict competition, and
- has clear potential to benefit the industry.

### **Implementation and Review**

The levy is recommended for implementation as soon as practicable, depending on the legislative process. The Department's Levies Revenue Service (LRS) will publicise levy changes and implement additional levy collection mechanisms when the legislative process is complete.

The levy will operate for a period of 5 years initially, with industry to review the levy rate and the performance of the R&D programs at the end of the fourth year from commencement.

Matthew White  
Manager Intensive Livestock and Game Section  
Food and Agriculture Branch  
Department of Agriculture, Fisheries and Forestry  
11 September 2003

## **ATTACHMENT A**

### **SUMMARY OF HARVESTER CONCERNS AND CORRESPONDENCE**

#### **Background**

1. There are 4 State harvester associations in Australia, representing harvesters in each of the 4 States where macropods can be legally culled ie.
  - .. Queensland - Queensland Macropod and Wild Game Harvesters Association (QMWGHA)
  - .. Western Australia - The Professional Shooters Association of W.A. (PSAWA)
  - .. South Australia - South Australian Field Processors Organisation (SAFPO)
  - .. New South Wales (advised by KIAA and QMWGHA that NSW Association is "in disarray and all but disbanded").
2. Two of the 4 harvester associations (QLD and WA) have expressed concern about the impact of the proposed R&D levy on their members.
3. South Australian harvesters support the levy.
4. New South Wales harvesters have not responded to the KIAA survey.
5. All harvesters who responded agree that an R&D levy will benefit the industry.

#### **Concerns about the impact of the new R&D levy**

6. Queensland harvesters are concerned about the process for determining which research projects are funded, and secondly
  - that despite a guarantee to the contrary, this levy will be passed down our industry's supply chain to harvesters".
7. West Australian harvesters are concerned that
  - "indirectly we have contributed to this industry financially, and will do so again as all costs incurred by processors will be passed down the line".

#### **Harvesters' conditional support for the levy**

8. QMWGHA and PSAWA state that they will only support the R&D levy if a representative from each of the 4 States is appointed to the RIRDC Kangaroo Industry Advisory Council (KIAC) ie. 4 additional positions on the KIAC.

#### **Departmental response to harvester concerns**

9. Under legislation, harvesters will not be required to pay the R&D levy. (It will be paid by the processors).

The Department, in consultation with RIRDC, considers it equitable that harvesters have one (and not 4) representative on the KIAC, in line with the other appointed positions. (The KIAC

currently comprises a Chair; one each of human consumption, pet food and skin processor representatives; and the RIRDC Manager for New Animal Products).