



ACCC
GPO BOX 3131
Canberra ACT 2601
Via email adjudication@acc.gov.au

To whom it may concern

Re: Application for authorisation from Seedvise Pty Ltd (Seedvise).

Please find below a submission from the Australian Seed Federation (ASF) on the likely public benefits and effect on competition, or any other public detriment, from the proposed arrangements.

The Australian Seed Federation (ASF) is the peak industry body for the Australian seed industry at the local, state, national and international level. The ASF website is located at www.asf.asn.au. Many of the royalty managers that Seedvise has made the application on behalf of are members of the ASF. It is with this background that the ASF provides its views on the following issues:

Do End Point Royalty (EPR) programs lead to public benefits, such as increased investment in research and development by variety owners leading to improved crop varieties?

- The EPR system has resulted in a significant level of private investment in Australian plant breeding. The opening of the Bayer plant breeding facility at Horsham on the 12th February 2014 is a prime example.
- The public benefits from more grain being grown at lower cost of production thereby sustaining the production of grain in many regions of Australia.
- Plant Breeders provide growers with varieties that will maximise their financial returns – yield, grain quality premiums and overcoming plant diseases.

Will the Royalty Managers collectively agreeing the terms and conditions of royalty collection agreements, including the amount of the End Royalty collection fee, improve the effectiveness and efficiency of the End Point Royalty Collection system?

- The most efficient and effective method for EPR's to be collected is by grain buyers collecting it at the first point of purchase from the grower.
- EPR efficiency of collection and compliance has improved significantly over the last three to four years under the combined industry approach. ASF believe Royalty Managers agreeing to the terms and conditions of royalty collection agreements, including the amount of the End Point Royalty collection fee, will continue to improve the effectiveness and efficiency of the End Point Royalty Collection system
- Growers will be more willing to contribute to a simplified scheme where collection of End Point Royalties contracts and systems for contribution are standardised. This may reduce the 'leakage' from the EPR system which will directly lead to greater investment in research and development by the variety owners.



Seedwise submits that a large number of smaller grain buyers do not support the automatic deduction of End Point Royalties from their grower payments. Is a uniform End Point Royalty collection fee, set at a rate agreed by the Royalty Managers, likely to increase the number of grain buyers who agree to automatically deduct End Point Royalties from their grower payments?

- ACCC authorisation of this application will allow Royalty Managers to be able to discuss and potentially alter the collection fee to attract smaller grain buyers to deduct EPR's.
- ASF believe the uniform industry approach to EPR Collection system is essential given the complexities involved in collecting EPR's.

If the Royalty Managers did not agree a uniform End Point Royalty collection fee would they be likely to compete in relation to the fee or other terms and conditions that they offer in order to attract grain buyers?

- Individual Royalty Managers are not bound to work with the uniform industry approach. Royalty Managers, at any time, can decide to independently engage grain buyers to provide a collection service.
- ASF believe a fragmented EPR Collection system would frustrate grain growers and buyers and potentially result in some grain buyer's to stop providing this collection service.

Yours faithfully

Bill Fuller
CEO
Australian Seed Federation