

17 February 2014

Ms Hayley Parkes
Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

Re: Seedwise Pty Ltd application for authorisation A91406 - interested party consultation

The following comments are in support of the application as noted above and in response to questions raised by ACCC.

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 public benefits from more grain being grown at lower cost of production
- Plant Breeders provide growers with varieties that will maximize their financial returns – yield, grain quality premiums and overcoming plant diseases.
- EPR's are the major revenue source for major breeding programs. The amount of EPR's collected directly impacts the amount of R&D \$'s these companies spend on developing new and improved varieties for growers to grow, grain marketers to market and end users to use.
- The EPR system has resulted in a significant level of private investment in Australian plant breeding.

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.
- GTA, on behalf of their members that directly buy grain from growers, have strongly recommended to Seedwise and the Royalty Managers the need for them to have a consolidated EPR industry approach to engaging grain buyers to collect EPRs.
- GTA believe allowing Royalty Managers to collectively agree to the terms and conditions of royalty collection agreements, including the amount of the EPR collection fee, will improve the effectiveness and efficiency of the EPR Collection System.

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?

- GTA believe the uniform approach to EPR Collection system is essential given the complexities involved in collecting EPR's. The collection fee rate will play a significant role in the decision of grain buyers, currently not supporting EPR Collection, to provide this service.

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?

- GTA believe a fragmented EPR Collection system would frustrate grain buyers and potentially result in some grain buyer's stop providing this collection service.
- 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.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Geoff Honey', written in a cursive style.

Geoff Honey
CEO