

National Aquaculture Council Inc.

ABN 96 912 231 582



30th September 2014

Committee Secretary
Senate Rural & Regional Affairs & Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

By email – rrat.sen@aph.gov.au

Dear Sir/Madam,

Re: Agriculture levies inquiry

The National Aquaculture Council (NAC) is the peak industry body of the Australian aquaculture industry, providing advocacy and a representative role at the national level, working to influence Government policies, regulations and programs affecting the sustainability, prosperity, and growth of the industry.

Please find attached the National Aquaculture Council's responses to the specific issues raised in the inquiry into the industry structures and systems governing the imposition of and disbursement of marketing and R&D levies in the agricultural sector.

Given that the majority of levy-assisted R&D relevant to aquaculture is undertaken under the auspices of the Fisheries Research & Development Corporation (FRDC), the NAC's responses are with respect to the FRDC. It is noteworthy that whilst this inquiry refers to R&D "levies", the majority of industry funds managed by FRDC are in fact non-compulsory contributions, forwarded to the FRDC via well established and transparent procedural routes.

Overall, the National Aquaculture Council is satisfied with the systems governing the collection and disbursement of R&D levies/contributions managed by the FRDC, but flags the need to improve distinction between "public good" and "industry good" R&D where possible, recognising that the two can overlap.

On behalf of NAC members, I appreciate the opportunity to have an input into this inquiry process, and would be pleased to provide any further clarification needed for an aquaculture perspective.

Yours sincerely,

Pheroze Jungalwalla
(Chair – National Aquaculture Council)

Attachment – NAC responses to specific issues raised – 1 pp

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Senate RRATR Committee inquiry - (R&D) levies in the agricultural sector.

National Aquaculture Council responses with respect to Fisheries Research & Development Corporation (FRDC).

The industry structures and systems governing the imposition of and disbursement of marketing and research and development (R&D) levies in the agricultural sector, with particular reference to:

- a. an audit of reports, inquiries and reviews relevant to this inquiry;

No comment

- b. the basis on which levies are imposed, collected and used;

Contributions are forwarded to FRDC are via State/Territory or Australian Fisheries Management Authority (AFMA) based collection. Contributions are mostly voluntary, except in the case of AFMA and one aquaculture industry association (Australian Prawn Farmers Association; which also has an Industry Partnership Agreement with FRDC) where a formal levy is in effect.

- c. competing pressures for finite R&D funds;

This is an increasing feature of R&D funding for the agricultural sector. Distinction between "public good" and "industry good" R&D is blurring, creating challenges in appropriate allocation of government funding of national R&D.

- d. the opportunities levy payers have to influence the investment of the levies;

In the case of Industry Partnership Agreements (IPAs), the relevant industry sector has considerable influence on the investment of contributions forwarded. In the case of generic State/Territory based levies collected, priority setting is undertaken by State based Fisheries Research Advisory Boards, which have relatively less influence on the investment of levies.

- e. the opportunities levy payers have to approve and reapprove the imposition of levies;

In the case of IPAs, relevant industry sector has an obligation to honour contribution commitments, but has ultimate control over contributions forwarded to FRDC. In the case of generic State/Territory based levies collected, standing jurisdictional arrangements often determine contributions collected, and State/Territory governments have ultimate control over contributions forwarded to FRDC.

- f. the transformation of R&D and marketing into increased returns at the farm gate, including the effectiveness of extension systems;

Aquaculture R&D investment is transformed into returns at the farm gate over a long term average. However it is recognised that risk of failure is inherent in any research project; return on each individual investment is desired but not guaranteed. Externally funded extension activities in aquaculture are awarded relative priority on a case by case basis.

- g. collaboration on research to benefit multiple industry and research sectors;

There exists a high degree of collaboration in aquaculture R&D.

- h. industry governance arrangements, consultation and reporting frameworks; and

FRDC maintains a "Representative Organisation" framework, which allows a high degree of two-way communication between FRDC and the peak bodies representing the interests of its main industry clients; National Aquaculture Council, National Seafood Industry Alliance, Commonwealth Fisheries Association, and Recfish Australia.

- i. any other related matter.

Overall, the National Aquaculture Council is satisfied with the systems governing the collection and disbursement of R&D levies managed by the FRDC, but flags the need to improve distinction between "public good" and "industry good" R&D where possible, whilst recognising that the two can overlap.