



13 July 2010

Yvette Goss
Inquiry into Rural Research and Development Corporations
Productivity Commission
Locked Bag 2
Collins St. East
Melbourne VIC 8003

By email; rural-research@pc.gov.au

Re: Supplementary Submission to the Inquiry into Rural Research & Development Corporations

Cattle Council would like to add to our submission lodged with the Productivity Commission Inquiry into Rural Research & Development Corporations (submission no.83) in order to comment on an issue raised by the Australian Meat Processor Corporation (AMPC) in its submission to the inquiry.

The issue of concern raised in the AMPC submission is that *"In the event of any restructure of Rural Research & Development Corporations, the AMPC would look to receive and manage all statutory levy funds paid by members, including \$4-6m a year of production transaction levies from red meat processing firms with feedlot and grazing activities"*.

Cattle Council's submission contains a brief summary of the red meat industry structure, including the structure of the Red Meat Advisory Council (RMAC) and the Peak Industry Councils. The above issue raised by AMPC has not been presented to RMAC or the Peak Councils representing producers, such as Cattle Council and does not have endorsement of the red meat industry.

The AMPC proposal would also contradict some of the fundamental principles of the research and development corporation model, particularly the 'free rider' effect. If funds from the cattle transaction levy were to be diverted to AMPC, the grazing and lot feeding enterprises of AMPC members would benefit from production sector research and development paid for by the rest of the industry.

Thank you for the opportunity to clarify that this proposal by AMPC does not have the support of Cattle Council, nor the endorsement of the broader red meat industry.

Yours sincerely,

Greg Brown
President