

ACIPA
End Point Royalties (EPR's)
Past, Present and Future.
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Grain EPR's – a collective approach



Today's Topics

- Overview of EPR Collection System?
- Why a collective industry approach?
- Overcoming Issues – a collective approach
- Outcomes from collective industry approach
- Ongoing challenges
- Export Hay Industry EPR system



Grain EPR System Overview



- EPR = \$/tonne – set by breeder / variety owner
- Grower obligation to pay the EPR at the first point of sale of their grain
- Grain Crops – wheat, barley, triticale, oats, canola, lupins, faba beans, lentils, chickpeas, field peas
- EPR is a production based royalty system – plant breeder shares production risk with grower.
- Royalty Managers (variety owners / licensees)
- 2 main systems used to capture EPR



EPR Collection System

Automatic Deduction

AUTO DEDUCT AGENT 2011/12
AGG Plumgrove Pty Ltd
AgFarm
Australian Grain Exports
Australian Grain Growers Co-op
Australian Growers Direct
AWB Australia Pty Ltd
AWB Pools
Bunge
Cargill
CBH Grain
Centre State Exports
CLEAR (NZX)
Cloudbreak
Toepfer International
Emerald Group
EP Grain
Gavilon
Glencore
Graincorp Operations
Graincorp Pools
JK Milling
Louis Dreyfus
Marubeni
MT. Tyson Seeds
PASE
PeaCo
Pentag Nidera
Pentag Nidera Pools
Pentarch
PGM Grain
Philip Brodie Grain
Plumgrove
Queensland Cotton
Riordan Grain Services
Southern Ag
SQP
Sturt Grain
Viterra
Ward McKenzie
Waterfield AT & Sons
Wimmera Grain Company
Wimpak

Traders/buyers who auto deduct EPRs from grower payments and remit to Royalty Manager

1. Traders/buyers who provide transaction data for Royalty Managers to invoice growers

Data Provision (2 methods)

Data Provision Agents 2012
Business Name
Australian Grain Storages
Crockers Grain
Gardner Smith-Ozepulse
Grainlink NSW
Jerideree Grain Storage
Kelly and sons
Lempriere
Malteurop
Manildra
Manoora Seeds
Mitsui
Morton Grain
Ridley
Riverina WA
Special One
Touton
Westons

2. Grower Harvest Declaration



Grower Harvest Declaration

HOW TO COMPLETE THIS HARVEST DECLARATION AND OTHER INFORMATION

- Ensure you complete Part 1 and Part 2 and ensure quantity and accuracy.
- Enter all amounts in Tonnes.
- Please note some trader/buyers are also bulk handlers. EPR's are not deducted by bulk handlers unless they actually purchase your grain.
- It is your responsibility to ensure that the correct variety is declared at the point of sale/delivery.

YOUR DETAILS

PLEASE INPUT OR AMEND DATA BELOW IF INCORRECT OR INCOMPLETE

NGR REFERENCE	<<NGR CARD NUMBER>>	REGISTRATION NAME	<<REGISTRATION NAME>>
ABN	<<ABN>>	CONTACT PHONE	<<CONTACT PHONE>>

PART 1 – GRAIN HARVESTED 2011 / 2012 SEASON

PLEASE PROVIDE DETAILS OF ALL EPR VARIETIES

VARIETY	TOTAL GRAIN HARVESTED (TONNES)	USED ON-FARM (E.G. STOCK FEED) (TONNES)	WAREHOUSED (ON OR OFF FARM) FOR FUTURE SALE (TONNES)	RETAINED FOR SEED (TONNES)	I NO LONGER HAVE / INTEND TO USE THIS VARIETY (PLEASE TICK BOX)
<<variety1>>					<input type="checkbox"/>
<<variety2>>					<input type="checkbox"/>
<<variety3>>					<input type="checkbox"/>
<<variety4>>					<input type="checkbox"/>
<<variety5>>					<input type="checkbox"/>
<<variety6>>					<input type="checkbox"/>
<<variety7>>					<input type="checkbox"/>
<<variety8>>					<input type="checkbox"/>
<<variety9>>					<input type="checkbox"/>
<<variety10>>					<input type="checkbox"/>
<<variety11>>					<input type="checkbox"/>
<<variety12>>					<input type="checkbox"/>
<<variety13>>					<input type="checkbox"/>
<<variety14>>					<input type="checkbox"/>
<<variety15>>					<input type="checkbox"/>
<<variety16>>					<input type="checkbox"/>

NGR Reference: <<NGR Card Number>>

Participating Grain Traders

If you delivered **but did not sell to a trader** listed below your EPR may not have been auto deducted and you will need to declare who you sold to.

AGG Plumgrove Pty Ltd	AgFarm	AgRisk Management	Australian Grain Exports
Australian Grain Growers Co-op	Australian Growers Direct	AWB Australia Pty Ltd	AWB Pools
Bunge	Cargill	CBH Grain	Centre State Exports
CLEAR (NZX)	Cloudbreak	Toepfer International	Emerald Grain
EP Grain	Gavilon	Glencore	Graincorp Operations
Graincorp Pools	JK Milling	Louis Dreyfus	Marubeni
Mt. Tyson Seeds	PASE	Pea Co	Pentag Nidera
Pentag Nidera Pools	Pentarch Grains	PGM Grain	Philip Brodie Grain
Plumgrove	Queensland Cotton	Riordan Grain Services	Southern Ag
SQP	Sturt Grain	Viterra	Wark McKenzie
Waterfield AT & Sons	Wimmera Grain Company	Wimpak	

If you SOLD to any traders NOT included in the list above please list below.

PART 2 – GRAIN SOLD 2011 / 2012 SEASON

Please include ONLY the EPR variety Grain Sales

VARIETY	SOLD TO Including all traders, millers and feed users DO NOT COMBINE DIFFERENT BUYERS, VARIETIES AND TONNAGES	GRAIN SOLD TO NON EPR COLLECTORS (TONNES)

PART 3 – SIGNATURE

By signing here, you declare that you have read and agree to the Terms and Conditions overleaf.

NAME		SIGNATURE		DATE	
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Please be advised that we are unable to process your return if you have not signed.

Why a collective grain EPR industry approach?

Why a collective industry approach?



- Changes in Australia's plant breeding > Privatisation of breeding companies > reliance on EPR's for revenue
- EPR Collection > collaboration rather than competition



Why a collective industry approach?



Number of Royalty Managers, varieties and crops.

2013/ 14 Harvest

- 11 Royalty Managers
- 202 EPR varieties
 - 150 Cereal EPR varieties
 - Wheat(120), Barley(26), Oat(4), Triticale(4)
 - 9 Canola EPR varieties
 - 43 Pulse EPR Varieties
 - Chickpeas(18), Field Peas(7), Faba Beans(6), Lentils(10), Lupins(2)

Why a collective industry approach?



- Paper work
 - EPR Collection Agreements (Grain buyers)
 - Growers bombarded - Harvest Declarations
 - Variety Licenses (Growers)



Why a collective industry approach?



- Administration Complexities
 - GST Applicable – need to issue Tax Invoice
 - Varieties have different EPR rates
 - Different to DAFF Levy System
- Inconsistency of industry Variety Declaration arrangements



Why a collective industry approach?



- Variety Codes

Commodity	EPR Variety	Royalty Manager	EPR rate (GSTexcl)	Viterra	Viterra	Viterra	Grainflow	CBH	Graincorp	ABA
				SA	Vic	SNSW				
WHT	Bounty (EGA)	NuSeed	\$3.00	E23	VE23	SNE23	474		EGY	474
WHT	Braewood	AGT	\$1.00	B23	VB23	SNB23	402	0402	BRW	402
WHT	Bullaring	InterGrain	\$2.50	B26	VB26	SNB26	443	0443	BLR	443
WHT	Burke (EGA)	Pacific Seeds	\$2.10	E22	VE22	SNE22	456		EBO	456
WHT	Camm	Intergrain	\$0.95	C18	VC18	SNC18	293	0293	CAM	293
WHT	Caparoi	SeedNet	\$2.60	C27	VC27	SNC27	487	0487	CPR	487



Why a collective industry approach?



- Limitations of major grain management software to efficiently collect EPR's
 - CDA Software – GrainTrader



Smartsoft / Grainsmart

- ProSoft
- Wimmera Software - Grainsoft
- Others



Why a collective industry approach?



- Organisation Changes
 - Company Takeovers / change in ownership
 - Change company details – people, address, banking etc



Overcoming EPR Systems Issues

Overcoming EPR System Issues



- Invitation to all Royalty Managers to join EPR Steering Group
- With input of key industry stakeholders create industry standard agreements / forms
 - Common Grower Harvest Declaration Form
 - Industry Standard Variety Licences
 - EPR Collection (auto deduct) Agreement
 - EPR Collection (data provision) Agreement
- Educating and canvassing industry support.

Overcoming EPR System Issues



- Approaching major grain management software companies to improve EPR Collection capability – paying for software upgrades
- Investigate data clearing houses – capture interpret grower variety delivery / sales information
- Consolidate relevant EPR information in one central location
- Appoint EPR Agent – legal representative and coordinator of EPR Collection arrangements

Overcoming EPR System Issues



COGGO Ltd



EPR AGENT



GRAIN BUYERS



Overcoming EPR System Issues



EPR Agents – Grain Buyers Sales Pitch.

- EPR Agent (Seedwise) represent all Royalty Managers
- Explain importance of plant breeding to grain industry prosperity
- Explain changes in plant breeding industry - importance of EPR's
- Explain EPR's – production based / equitable, fair, risk sharing system
- Explain various EPR Collection Systems

Overcoming EPR System Issues



EPR Agents – Grain Buyers Sales Pitch (2).

- Detail grain software upgrades
- Detail common industry agreements
- Royalty Managers willing to pay for EPR 'auto deduct' service – collection fee
- WEA Accreditation – fit and proper
- Productivity Commission WEA Review – EPR Collection important
- www.varietycentral.com.au



Outcomes of collective grain EPR industry approach

EPR Collective - Outcomes



- Royalty Managers continue to support EPR Collective approach
- No grain buyer has stopped supporting EPR Collection System once established
- Strong support from grower organisations / Grain Trade Australia
- Forecasting 70+ grain buyers supporting EPR Collection 14/15 harvest

EPR Collective - Outcomes



EPR Varieties Market Share

Estimated EPR Compliance

2009/10

2012/13

2009/10

2012/13

Harvest

Harvest

Harvest

Harvest

Wheat 67%



78%

Wheat 74%



85%

Barley 49%



77%

Barley 43%



70%



EPR Collective - Outcomes



- Attracting investment \$ in plant breeding

Breeding Company	Owners
AGT	GRDC, SARDI, University of Adelaide, Limigrain
Intergrain Wheat	GRDC, Dept of Agric. and Food WA, Monsanto
LongReach Plant Breeders	Pacific Seeds, Syngenta
Intergrain Barley	GRDC, Dept of Agric. And Food WA, Syngenta



EPR Collective - Outcomes



- Attracting investment \$ in plant breeding





EPR System - Ongoing Challenges

EPR System -Ongoing Challenges



- Improve capture of variety information at the first point of sale
 - domestic feed Industry / export container / direct port deliveries
 - variety declaration – ID testing
- Continue to improve grain software capability
- Attracting/ Retaining grain buyers to support EPR Collection
 - ACCC Submission
- Improve EPR Harvest Declaration Compliance

EPR System -Ongoing Challenges



- Continue improve efficiency of current system
- Establishment of new grain supply chains
 - HFA
 - New export grain port facilities
- New crops - Soybeans
- Continue grain supply chain education – for example
 - Grain Brokers
 - www.varietycentral.com.au



More Info – Variety Central



END POINT ROYALTIES

VARIETIES AND RATES

LICENSING

SEED DISTRIBUTION

NEWS AND ARTICLES

SPONSORS

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WELCOME TO VARIETY CENTRAL

Variety Central is an information source for Australian grain growers and industry, encompassing plant breeding, seed commercialization, varieties, royalties and other relevant information. It is a joint initiative, developed by the EPR steering committee and sponsored by the following companies:



Further information on these companies can be found in the Sponsors section.



Export Hay – End Point Royalties



- Licensee of oat hay varieties
- EPR on export hay collected
- 1^o purpose to ensure adequate resourcing of oaten hay breeding program.

