



AUSTRALIAN FODDER INDUSTRY ASSOCIATION INC.

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Dear Sir/Madam,

Re: Fodder Research Funding

I am writing to you as a producer of fodder. The Australian fodder (hay and silage) industry is worth \$1.3 billion per year. Unlike other primary products, there is no legislated levy for fodder research and development (R&D). As with all other industries, fodder specific R&D is necessary to improve the efficiency and competitiveness of our industry.

The fodder R&D is substantially behind almost all other agricultural industries in terms of relative R&D funding. While some fodder research is funded as part of other industries R&D programs, this is not usually focused on issues directly applicable to hay and silage production. AFIA is negotiating with government to introduce such a levy; however, this is taking some time.

Through the AFIA, the fodder industry has agreed to collect a voluntary contribution of \$0.50/mt to finance R&D in the short-term. Your voluntary contributions on domestic hay will be combined with other voluntary contributions from export hay producers and hay exporters. These funds will be considered for matching government funds to fund fodder R&D.

How will the levy be collected?

The levy payments can be forward directly to the Fodder R&D Program manager, RIRDC. Contributors will be recognised on RIRDC funding updates and during the AFIA National Conference.

How will the funds be administered?

These funds will be held in trust by RIRDC and allocated to industry-approved projects under the RIRDC Fodder Crops Program. The Fodder R&D Advisory Committee provides funding directions for this RIRDC program and consists of individuals representing all sectors of the fodder industry, ensuring the correct balance of domestic and export-focused projects. An independent study has shown that RIRDC maintains one of the lowest administration costs of all rural R&D Corporations. RIRDC has an extremely strict protocol in the handling and auditing of industry R&D funds.

What will the funds be spent on?

Funding for fodder is urgently needed to gain improvements in new variety development, animal studies to determine those aspects of hay that most influence animal performance and agronomic trials to help growers understand what cropping and harvesting practices most influence quality of hay and silage. Contributors will be sent updates on the funded projects and outcomes from RIRDC as well as a yearly update (via a special R&D Newsletter) on the funded projects.

How does this hay research levy compare to other agricultural commodities?

The fodder industry is critically under resourced with R&D funds. These available funds represent only 0.023 percent of the gross value of production. The other six rural industry funds administered by RIRDC spend an average of 25 times more than the fodder industry on their R&D per gross value of production.

What will happen if no funds are committed to fodder R&D by the industry?

The RIRDC is providing \$300,000 to \$400,000 per year for fodder research. Without industry contributions the level of RIRDC funding will most probably revert to \$100,000 as was the case prior to the voluntary industry contributions. Export producers are already making substantial contributions to the voluntary levy. To strengthen the industry it is only reasonable that domestic producers also contribute to the voluntary levy.

On behalf of the industry, I would like to thank those hay growers who have contributed in the past years. Examples of recent funded projects include the breeding of oats and vetch for hay, the computer simulations for a critical hay transport project and evaluations of the maximum chemical residues for domestic and export hay. If you agree to support the proposed levy, please complete and return the attached form.

Yours Sincerely
Colin Peace Executive Officer AFIA

Voluntary levy for the 2006/07 Season

Please return to RIRDC

Attention Annette Sugden
P.O. Box 4776
Kingston, ACT, 2604
Tel: 02 6272 4152
Fax 02 6272 5877
Email: annette.sugden@rirdc.gov.au

I agree to support the voluntary Research and Development levy on hay of 50c per tonne and wish to contribute \$.....

Trading Name:

Contact:
(Please print)

Address:

Signed:.....

Phone::.....

A recipient generated tax invoice will be raised and sent to you for payment.