

**P O Box 363
BROKEN HILL NSW 2880**

6 November 1998

**Impact of Competition Policy Reforms Inquiry
Productivity Commission
P O Box 80
BELCONNEN ACT 2616**

IMPACT OF COMPETITION POLICY REFORMS ON RURAL AND REGIONAL AUSTRALIA

Dear Commissioner

I am a third generation landholder and my property is situated 80 kms north east of Broken Hill and was subject to company ownership during the period of Broken Hill's only development. I represent landholders of the Western Division of NSW on the State Council of the Rural Lands Protection Boards' Association and its nominated member on the NSW Kangaroo Management Advisory Committee.

It is my belief that the current Kangaroo Management program of NSW should be inquired into under the terms of reference of the "Impact of Competition Policy".

The NSW Program contains monopolies which prevents investment and competition and enforces systems of management that prevent landholders from good rangeland management and restrict economic participation in the industry by way of diversification.

- 1 The committee is only advisory and only consensus of opinion is taken and no voting on a determination is taken. This has resulted in management decisions being made by the National Parks & Wildlife Service without being responsible to the advisory committee.
- 2 The National Parks & Wildlife Service are still maintaining the monopoly of still

limiting the number of wholesales or fauna dealers (12) licences in the State. This has prevented investment and competition in the State. I have been informed by a very large meat processor in NSW they would be prepared to invest in the industry if the restriction was lifted and competition encouraged.

It is interesting to note, Queensland and South Australia have removed any restriction on people wishing to participate and invest in the industry. This action has allowed a landholder to diversify and combine investment with good land management practice which in the long term will increase the viability of the landholder and allow good management of the rangeland resource.

With the monopoly of limited processors in NSW there is always suspicion of price fixing and limitations from whom product will be purchased. When comparing prices interstate, at times, these doubts may be founded.

- 3 The NSW cull of kangaroos has only been taken on a few occasions. With the increasing population and industry not being able to utilise the carcass of the kangaroo the culling of kangaroos for 'skin only' was endorsed. This allowed greater use of the cull, created a degree of competition, allowed better land resource management and created an alternative form of diversification for landholders that assisted land management. The result being an increase in the price paid for carcass kangaroo and an increase in the cull especially in the high service cost areas of the state where the land resource is fragile.

Unfortunately in 1996 the NPWS removed the ability of endorsement for 'skin only' shooting, without advise of the advisory committee, for the only reason of suspected illegal skin shooting. Although investigations were made no charges were made. No adjustments to management or administrative practices have been made by NPWS to allay suspicion and secure management. NPWS have refused the re-introduction of 'skin only' endorsements at the request of landholders, shooters and representative organisations. Many landholders and their families have been denied the diversification and income earning opportunities of 'skin only' shooting. It is

interesting to note Queensland endorse 'skin only' shooting in order to successfully manage their land resource and management.

In February, 1998 it became obvious to the NPWS that the cull would not be taken in the high cost service area of the state due to a processor obtaining his carcass product from more competitive and cost efficient areas. The processors reason being the loss of markets and competition. It was suggested at a special meeting called by the NPWS that 'skin only' endorsements be reinstated by the industry and landholders but refused by the NPWS. An alternate solution was proposed whereby all processors in the State would purchase 15% of their total carcasses from the affected area of the State. This proposal is secured by an enforced condition, which was not negotiated, on the processors licence and stated the processor would loose their licence if the condition was not adhered to. The compulsory acquisition and added cost to processors commenced on 1 July 1998 and as at October 1998 was not being complied with. The solution has not allowed for the taking of the cull in this section of the state and denied landholders of economic management practices.

The option of 'shoot and let lie' which is always available to landholders in NSW is not justifiable in the current economic climate when it costs money to carry out this practice and landholders knowing there is a financial return if competition was allowed as was applicable in the past.

Due to the policy of NSW National Parks & Wildlife Service maintaining the monopoly of processors in NSW, who are the only people where kangaroos may be sold by shooters or licenced landholders, free competition is not allowed.

This limits the operation of shooters and subjects them to an unviable position and they have to seek government household assistance (dole) due to quotas of take being imposed on them by the processors, because of the perishable carcass product and lack of demand.

Climatic conditions also hinder shooters viability in that wet weather, and impassable

roads prevent the delivery of carcass which inturn have to be buried at full cost of production and a loss to the shooter. If the skin was allowed to be taken some compensation of cost would be achieved.

Free competition in the kangaroo industry must be investigated and allow the economic and most viable methods of cull in order to allow good management practices of our rangelands or agriculture land. This would allow investment and diversification by landholders, who currently provide for the maintaining of the kangaroo population with little or no opportunity of a financial return for the costs outlaid. The opportunity to receive the true economic value of kangaroo products must be given to all sections of the industry under uniform and competitive conditions that protect the kangaroo species in numbers acceptable to the community and may be supported by the land resources.

- 4 As previously mentioned the 'shoot and let lie' tag facility, available to landholders, is a costly privilege and cannot be tolerated in relation to good management practice knowing there are opportunities of an economic return. In 1997 the NPWS, knowing the commercial cull would be taken and landholders would only have the option of shoot and let lie proposed to allow 135,000 kangaroos shot under this method to be commercialised. This initiative was welcomed by landholders, however, only 40,000 kangaroos were utilised under this scheme and only areas of intensive cropping or production were able to utilise this opportunity. It was considered by the NPWS that managers of rangelands would not suffer any economic loss and the land resource would be unaffected so the privilege to these areas was denied during the period of allocation. No notification of this fact was given to rangeland landholders when announcing the scheme. Again this action is discriminatory and prevents the flow of benefits to sections of the community.

There have been continual requests from the non commercial zone of NSW by landholders to be able to commercialise their only option of control of kangaroos, (i.e. shoot and let lie), in order to obtain an economic return for costs outlaid for good management practice and the protection of the land resource. This method of

management must be a cost to rural communities and limit or deny any development of or enhancement of kangaroo products in rural NSW.

- 5 Costs associated with the management of the kangaroos in NSW imposed by the NPWS are excessive and used as a means of raising revenue for other purposes and not for the specific purpose of protecting the species. It must be noted that the NSW National Parks & Wildlife Service do not publish or disclose to the Advisory Committee any costs or income associated with the management program. It is estimated in 1997 the NPWS had income from royalties and licences in excess of \$1.2m and if efficient management practices were exercised a cost of \$600,000. This cost estimate being by enquiry of programs interstate where South Australia had a cost of \$400,000 and Queensland \$500,000 to manage there programs. This results in excess revenue of \$600,000 to the NSW National Parks & Wildlife Service and is unaccounted to the program, Advisory Committee, participants or community.

I believe the unaccountability of costs and income by the NSW National Parks & Wildlife Service is not acceptable to the community and discriminatory to rural NSW especially landholders, who provide for maintenance of the kangaroo species, and others associated with the industry. Surely the community of the state should have a proportioned share of costs associated with the protection of our native flora and fauna, why, therefore should responsible Government authorities be allowed to raise funds from a section, rural, of the community and be unaccountable. This action must affect the stability of rural communities, viability of people associated with the industry, prevent competition, have social effects and hinder the value of benefits to the rural areas.

Examples of income earning policies utilised in the kangaroo management program of NSW which hinder competitiveness and have social and regional effects are:

- a The policy of royalty tags being purchased before the harvest or production of product is performed. This practice is similar to a tax being paid before or in anticipation of production. I do not know of other industries subject to this

imposition especially when there is a time limit on the use of royalty tags and only refunds will be granted in exceptional circumstances. It is estimated the NSW National Parks & Wildlife Service received in excess of \$120,000 for royalties paid on tags but not utilised in 1996 or 1997. This practice has a social and economic effect on shooters and the community especially when the period of purchase is limited and the mail system does not allow normal business practice. Penalties should not be imposed when the industry is subject to other impositions such as processor quotas, no other alternative use such as "skin only" production, climatic conditions, family health and other problems, mechanical failures and unforeseen landholder management practices.

- b Recently the National Parks & Wildlife Service imposed a penalty of \$350 on any shooter who presents a kangaroo carcass for sale to a processor that is not shot in the head. Currently I estimate at least 10% of kangaroos taken are now left in the paddock and not utilised proportionally by the industry.

To impose such a requirement:

- i has made all shooters Olympic gold medalists when delivering their product. Kangaroo movement and wind are unknown factors when shooting over long periods.
- ii relieved the NP&WS of any quality control judgement of shooters, and
- iii hindered the animal welfare practices under the Code of Conduct.

In the past accidental or unintentionally shot kangaroos were presented to processors and available for NPWS inspection. This enabled quality control to be conducted by both parties.

The requirements of licencing of shooters imposed by the NSW National Parks & Wildlife Service under the state kangaroo program hinders and effects the potential of people to enter the industry as restrictions on applications and qualification are imposed and limited to the monopoly of a single supplier, who does not guarantee a regular service to the commercial area of the State. Again NSW National Parks & Wildlife Service has introduced a requirement at a cost to participants that has no factual grounds for its introduction and is not applicable in other states. This must have a detrimental affect on the competitiveness of the industry and affect the rural communities.

IN CONCLUSION

It is with deep concern I make this submission to the Inquiry as current management practices of the NSW National Parks in relation to kangaroos is "NIL" and serious degradation of the parks is occurring. There is control measures on parks in Victoria and scientific evidence of the effects of kangaroos on the flora and natural resource of those parks is available. South Australia has determined control of kangaroo numbers on their parks is a necessity. Landholders of NSW are at a disadvantage by the lack of example of good management practice by State Government.

The landholders recognise the requirements necessary for the protection of the flora and fauna on the natural resource and have participated in Landcare, West 2000, CMC'S and other Government and community initiatives only to see the degradation of our state National Parks due to the mismanagement and no control of the kangaroo population.

It is hoped this Inquiry will accept this submission and consider its contents as I have been informed the protection of a native species is not applicable to the Competition Policy of Rural and Regional Australia. I would make myself available for further explanation or discussion relating to this submission. I can be contacted on (08) 80 875078 - Fax (08) 80 871886.

Yours faithfully



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