



## **Productivity Commission Review of Rural Research and Development Corporations**

Submission by Dr. Ian Chivers, CEO, Native Seeds Pty. Ltd.

### **Introduction**

Native Seeds is a small company that specialises in the research, production and sale of seed of Australian native grasses. We have been regular users of research that has been funded by various RRDC's and have also been part of groups that have been the recipients of funds from the RIRDC. Our role has primarily been that of commercialisation of research conducted by various agencies and funded by the RRDC's. To this end we have brought to market a number of native grass types that were developed with funding from bodies such as AWI, MLA, GRDC and the RIRDC.

Our principal market is that of revegetation following soil disruption, but increasingly we are selling seed into the farming market for fodder. The low input requirements of our grass types mean that they are well suited to a lower-cost and lower-risk type of agriculture and are well adapted to the likely future conditions as projected under climate change scenarios.

While we are still a small company we are expanding rapidly owing to our strong IP position as licensee of these varieties. Commonly we pay a royalty on sales of seeds of those licenced varieties and do so willingly and thankfully as the products are (usually) well developed and researched and offer either / both a production and/or marketing advantage.

### **Interaction with RRDC's**

The native grass seed industry is cross-sectoral in nature. Our products, the native grasses, are valued fodder within the meat and the wool industries, and potentially could also provide alternatives for the grain industry. Thus we do not fall directly under any one of the major commodity groupings but cross into many of them. For that reason we find it somewhat difficult to gain traction with any one group, and even more difficult to find a time when research into native grass options for fodder is simultaneously favoured by all of the funding groups.

While each of the larger RRDC's has at one time or other provided funds for research into the greater use of native grasses, funding for works has been spasmodic and piecemeal. Thus making major advances in this area has been a difficult process, punctuated regularly by periods of inactivity.

The only place where these grasses have been considered regularly is in the RIRDC where they fit into the New Plant Industries portfolio.

My criticism therefore of the RRDC's, other than the RIRDC, is that they are very focussed on their industry/commodity only and are reluctant to fund projects that may simultaneously benefit other industries.

### **Levy Payment**

As the native grass seed industry is small it is not as yet a levy-paying industry. For this reason it is in a weaker position as far as receiving matching funds. While the industry is expanding rapidly in response to the changing climate, it will still be several years before it could potentially be of sufficient scale to become a viable levy-paying industry.

However, the payment of levies does appear to be a significant hindrance to the free-thinking that is required to make the major breakthroughs required to fit Australia's agriculture into the reality of the new world with high and increasing input costs, more variable climates, greater specialisation requirements and an ageing farmer population. The fact that levies are tied to commodities makes thinking outside the square, or outside the silo of that commodity, difficult for the RRDC's to justify or, it seems, even to contemplate.

By way of example, one of our grasses is capable of producing a high quality edible grain for human consumption and is far better adapted to Australia environment than most of the currently available grains. It should be evaluated for large scale use as a grain across large swathes of rural Australia, work which logically should be funded by the GRDC. However, the GRDC seems to be very dismissive of any alternatives to the conventional grains and funds those projects that deal with those grains that bring in their levy funds. In my view, the source of the levy imposes restrictions on the latitude of the work that can be undertaken using those funds.

### **RIRDC**

The RIRDC has been the only RRDC that has considered our products as potentially useful. It has likewise also offered a home for many other new and emerging industries. These industries offer the greatest potential for rapid growth and higher incomes, usually with superior environmental outcomes, of those available for farmers in rural Australia. Indeed examination of the growth of 6 randomly chosen industries that are covered by the RIRDC (Alpacas, Buffalos, Emus, Native Foods, Lavender oils and Truffles) show that from 2004/05 to 2006/07 there was an overall increase in turnover from just in excess of \$8 million to \$20.5 million. Whilst these numbers are relatively small they show a rapid growth at a time when the more established industries were either shrinking or where just holding steady. These new industries are usually facing strong and increasing demand for products as consumers seek a wider range of products. They also offer many of their producers substantially better profits than those from the conventional rural industries, but uptake has been limited by the lack of research to break through some of the technical or marketing issues that always arise with new products. RIRDC is the only RRDC that provides funding for research into these novel or emerging enterprises and needs to be significantly better funded.

Sadly we have recently seen the funding to the RIRDC be drastically reduced at a time when the potential use of funds is increasing. This is a very disappointing outcome and hopefully will be reversed in the near future.

## **Term of Projects**

The typical project through the RRDC's is of 3 year duration only. This is very disruptive of continuity in researcher experience and skills, and means that key research personnel are only with a project for a short period and the experience gained through the three year project is often lost. In the event that funding does appear at a later stage, the new researcher is often required to learn all of the skills that were held by the initial researcher.

The typical profile of a project is Year 1 – learn the topic; Year 2 - carry out the work; then Year 3 start submitting project proposals across the board so that employment can be continuous. This is not a clever use of time. To my mind projects need to be funded for longer periods, and they must always include a sizeable component of Extension to the target community.

Should you wish for more information please let me know.

Yours sincerely,

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