



# Academy of the Social Sciences in Australia

*Promoting the Social Sciences*

## **Submission from the Academy of the Social Sciences in Australia (ASSA) regarding the Productivity Commission Inquiry into the Australian Government Research and Development Corporations Model.**

June 2010

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### **Introduction**

The Academy of the Social Sciences in Australia (ASSA) welcomes the opportunity to contribute to the Productivity Commission's Inquiry into Rural Research and Development.

A foundational element of ASSA's Constitution is the commitment "*to comment where appropriate on national needs and priorities in the area of the social sciences*". The Academy therefore wishes to outline its key concerns with regard to this inquiry, namely that:

- The Terms of Reference for this inquiry appear to be too narrowly focused on production-based efficiencies and achieving greater efficiencies and effectiveness in the delivery of research and development;
- Many of the Terms of Reference (e.g. those relating to governance and management, industry levies etc) require a close working knowledge of the RDCs and may fall outside the experiences of individuals and organisations interested in broader aspects and implications of rural research, particularly persons interested in the social and economic well-being of Australia.

The Academy would like to raise the following social-science based points in relation to the Terms of Reference, with the hope that these will contribute to strengthening the breadth and utility of the inquiry.

### **ASSA's Response to the Terms of Reference**

- *Examine the appropriate level of, and balance between public and private investment in rural R&D*
- *Examine the appropriateness of current funding levels and arrangements for agricultural research and development, particularly levy arrangements, and Commonwealth matching and other financial contributions to agriculture, fisheries and forestry RDCs*

Rural research and development contributes significantly to the public interest, with many direct and indirect beneficiaries. However, while there is logic in creating private investment through industry levies, as the respective rural industries are the main beneficiaries (this also reduces the cost to tax payers), this model has led to a bias in investment in agriculture production and a relative neglect of research into environmental impacts. Should the private investment model be retained, the governance arrangements may need to be re-examined in order to ensure a multi-disciplinary approach is taken



towards rural research. It is also unlikely that injections of private investment will be possible for cross-cutting research, as public funding can be considered the most appropriate form of funding for research of this nature.

- ***Consider any impediments to the efficient and effective functioning of the RDC model and identify any scope for improvements, including in respect to governance, management and any administrative duplication***

ASSA is particularly concerned that much of the research that is currently undertaken by RDCs is too production-based, with a narrow aim to raise productivity in agriculture. While such outcomes are laudable, it is clear that increases in productivity in Australian agriculture have often come with significant environmental costs, such as water-logging, salinisation, desertification, acidification, soil degradation, and species decline. These externalities, along with improved efficiency and effectiveness, and attendant environmental implications, must be considered carefully if a comprehensive picture of the efficiency and effectiveness of rural research and development is to be produced.

The relatively narrow focus of the RDCs is also a concern from another perspective. Some aspects of rural activity require research of a combined nature. Broad-based research into land and water are good examples of this, as they are essential elements for all agriculture. Land and Water Australia used to operate in that space until it was closed in 2009 due to budget considerations. Whilst the Academy is not in a position to comment on the merits or otherwise of this decision, it does believe that the effectiveness of cross-cutting research of this nature warrants consideration.

- ***Consider the extent to which the agriculture, fisheries and forestry industries differ from other sectors of the economy with regard to research and development; how the current RDC model compares and interacts with other research and development arrangements, including the university sector, cooperative research centres and other providers; and whether there are other models which could address policy objectives more effectively***

A key avenue for addressing the environmental problems arising from modern agriculture is through national schemes such as Landcare and Caring for our Country, which are premised on supporting regional stakeholders and communities to develop strategies for sustainability in their local communities and regions. However, there is no explicit connection between the largely production-based research being undertaken by the RDCs and the environmental management being fostered through community and regional based efforts which are jointly funded by State and Federal Governments.

The phrase 'Sustainable Regional Development' has been used by a number of writers<sup>1</sup> to describe an integrated plan to achieve sustainability in Australia's rural and regional areas. According to the principles of Sustainable Regional Development, regional stakeholders would not only prepare plans for sustainable development, but would be funded to help deliver those plans. This is similar to what takes place through Australia's regional catchment management programs. However, there is no direct relationship between these catchment bodies and the research of the RDCs. Catchment

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<sup>1</sup>See for example, Dore and Woodhill (1999); Gray and Lawrence (2001); Dore, Woodhill, Andrews and Keating (2003).



management bodies should have some influence on the type of work undertaken by RDCs to ensure that the work of the latter can provide insights and innovative approaches to sustainability for the former.

- *Examine the extent to which RDCs provide an appropriate balance between projects that provide benefits to specific industries versus broader public interests including examining interactions and potential overlaps across governments and programs, such as mitigating and adapting to climate change; managing the natural resource base; understanding and responding better to markets and consumers; food security, and managing bio-security threats*

As outlined previously, ASSA considers that RDCs do not currently provide an adequate balance between projects that provide benefits to specific industries and those that provide for broader public interests. The Academy notes that on page eight of the Issues Paper, some newer projects claim to deliver wider environmental and social benefits. The inquiry should address whether or not this is in fact the case. This requires examination of both the quality of the research undertaken and the extent to which it has resulted in a change in practice.

Other important aspects of programs for rural development, such as food security and commodities marketing, also require examination if a truly extensive picture of the efficiency and effectiveness of current rural research and development is to be obtained. The influence of policy settings might also be considered. A fully comprehensive analysis requires the application of an appropriate framework which considers social as well as environmental and economic costs and benefits. This can be found in frameworks such as those shown in the work undertaken by Jeff Bennett based on contingent valuations of biodiversity for the Land and Water RDC.<sup>2</sup> The Productivity Commission has used a similar framework in other recent inquiries, such as the inquiry regarding the Great Barrier Reef.

## **Recommendations**

The preceding paragraphs imply some adjustment to the governance arrangements of the RDCs in order to ensure that the interests of all relevant stakeholders are taken into account. ASSA wishes to make the following recommendations to the inquiry:

- In order to address the current structural separation between research undertaken in the RDCs and the regional economic activities undertaken by catchment management groups to achieve enhanced sustainability, the RDCs should identify a mechanism to enable their research strategies to be informed by input from regionally-based catchment management groups.
- Careful consideration should be given to broader social and environmental sustainability and other external factors as an integral part of decision-making regarding future public investment in productivity-based agricultural research.

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<sup>2</sup>See *Making Economic Valuation Work for Biodiversity Conservation* (2005) as published by the Australian Government Department of the Environment and Heritage (Biological Diversity Advisory Committee) and Land and Water Australia.



## References

- Australian Government Department of the Environment and Heritage (Biological Diversity Advisory Committee) and Land and Water Australia, *Making Economic Valuation Work for Biodiversity Conservation* Canberra, Australia (2005).
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- Gray, I. and Lawrence, G., *A Future for Regional Australia: Escaping Global Misfortune*, Cambridge University Press: Cambridge, UK (2001).

## Contributors

**Professor Geoffrey Lawrence, FASSA<sup>3</sup>** (Head of the School of Social Science, University of Queensland)

**Mr. Dennis Trewin, FASSA** (Chair of ASSA's Policy and Advocacy Committee; Director of Dennis Trewin Statistical Consulting)

**Professor Mike Young, FASSA** (Director of Water Economics and Management, The Environment Institute, University of Adelaide).

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## The Academy of the Social Sciences in Australia

The Academy of the Social Sciences in Australia is an autonomous, non-governmental organisation devoted to the advancement of knowledge and research in the various social sciences, and to the representation of Australian social sciences and social scientists. The Academy is recognised by the Australian Government as one of Australia's four Learned Academies, and consists of an elected Fellowship of approximately 500 of Australia's most prominent social science researchers, representing seventeen social science disciplines. ASSA strives to foster excellence in social science research; to encourage the advancement of the social sciences in Australia; to act as a coordinating group for the promotion of research and teaching in the social sciences; to strongly support efforts to encourage and facilitate research collaboration between Australian and overseas researchers; and to consult, advise, and comment where appropriate on national needs and priorities from the perspective of the social sciences.

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<sup>3</sup> FASSA – Fellow of the Academy of the Social Sciences in Australia.