

Australian Government Productivity Commission

Australian Government Rural Research and Development Corporations Model March 2010

Submission from Environmental Farmers Network (EFN).

EFN represents farmers in south-east Australia interested in sustainable farming in a social, environmental and economic sense. We represent mostly commercial farmers very concerned about: the impact of climate change on farms, people and landscapes; loss of farm biodiversity; and, the loss of farmland and relatively natural areas to urban expansion. Our policies and previous submissions are available at www.environmentalfarmers.net.au. In particular, we encourage strong greenhouse gas mitigation and adaptation to climate change. We strongly support State and Federal Governments developing market mechanisms that reward those landholders providing ecosystem services such as retention and protection of biodiversity on farms and carbon sequestration.

Economic and Policy Rationale

EFN strongly supports the current co-investment model where the Australian Government matches industry contributions for research in primary industries. As stated in the *Productivity Commission Issues Paper*, the historic rate of return on this assistance has been high. The model works well in providing sufficient funds to undertake research on broad industry issues that would otherwise be unlikely to be undertaken by primary producers themselves, private companies, or by consumers.

Most agricultural industries in Australia are characterized by a large number of smaller producers, producing generic/bulk products all competing with each other in a world economy. It is not a level playing field. Compared to overseas agriculture, Australian farming is characterized by minimal Government assistance, a highly variable and mostly hostile climate and an ancient and poor soil resource base (soil depth, quality and fertility all very low). To survive as an Australian farmer you need to be highly resourceful using minimal resources and keeping costs to an absolute minimum.

The co-investment model has excellent potential to ensure that public good issues such as consumer safety, bio-threats, animal welfare and protection of the natural resource base are well catered for in farming futures. Agricultural industries should be primarily responsible for much of the research into the profitability of farming whereas the Government should be responsible for ensuring the sustainable productivity of the land itself, and the related issues to do with maintenance and enhancement of ecosystem services. The co-investment model is a convenient vehicle to enable this.

The sustainable delivery of ecosystem services from land is considered to be an essential plank of social and economic health of this country. Society requires farmers to manage land for the our overall benefit. But farming in Australia is a high risk venture. Any reduction in Government support, especially in an area that has

historically provided both high economic and environmental returns, would jeopardize primary production at a time when the need to maintain consistent production is paramount.

Rapidly increasing world-wide food demand combined with the potentially disastrous climate predictions argue strongly for a well coordinated approach to rural research. The co-investment model can supply this. Insular, laissez faire and commercial-in-confidence alternatives will lack the required foresight

Gaps in Research and Development

The Australian Government recently abolished Land and Water Australia, a research funding body that concentrated on broader environmental issues facing all farmers. The research outputs are recognized as providing vital information for farmers to farm sustainably whilst preserving soil, water and vegetation resources.

Climate Change

Farming in Australia in the future will change dramatically due to climate change. Large areas of land will be unsuitable for traditional pursuits such as cropping or grazing. These areas will still need to be managed and a new system of rewarding land managers for protecting land and water resources will need to be developed. The development of a national ecosystem services market mechanism and associated metrics is vital to Australia's rural future. Providing ecosystem services is an emerging primary industry that will need an appropriate level of research and investigation.

Funding Model

EFN consider that, as most natural resources research and development activity needs longer time frames, research funding in the field of natural resource management under the corporations model (PIERD Act) is superior to the annual funding model of the Financial Management Act.

John Pettigrew
Chair, Environmental Farmers Network

www.environmentalfarmersnetwork.net.au

Secretary: Peter Forster, 655 Jacksons Creek Road, Ararat 3377