



# Productivity Commission Review of Rural Research & Development Corporations

---

## Submission by Robert Dyason, Chairman, ATTIA Ltd

### Introduction

The Australian Tea Tree Industry Association (ATTIA Ltd) is the national association representing participants in the tea tree oil industry. Our members include growers, processors, exporters and product manufacturers. We have an international associate membership of importers and manufacturers. Since 1982, we have promoted the production of tea tree oil as a long term sustainable crop using an Australian native plant. We are active in maintaining an Australian and International Standard for tea tree oil, and promote an industry-wide Code of Practice. Our membership accounts for about 95% of the Australian tea tree oil crop.

### ATTIA's involvement in R & D

We continue to be actively involved as co-investors in research and development (R & D) of many aspects of tea tree that include:

- The Tea Tree Breeding Program in partnership with RIRDC and the NSW DPI. The research is based at the Wollongbar Institute and had operated continuously since 1993.
- Several current projects in partnership with RIRDC and the UWA Tea Tree Research Group including:
  - Effects of tea tree oil on microbial adhesion
  - Anticancer activity of tea tree oil
  - Microbial adaptation and tolerance to tea tree oil
  - Tea tree oil to prevent staphylococcal infection in dialysis patients
- A project to investigate genetic tools for improving *Melaleuca alternifolia* oils in partnership with RIRDC and ANU.
- Investigation of the use of tea tree oil for control of sheep ectoparasites in partnership with RIRDC and QLD DEEDI as well as its use in control of buffalo flies in cattle in partnership with RIRDC and QLD DPI.



Indeed ATTIA has co-funded with RIRDC in excess of 50 research projects since 1992 with a total value running into millions of dollars, despite being a new and emerging industry with no formal levy structure to generate R & D funding.

### **Rural Industries Research & Development Corporation (RIRDC)**

RIRDC has for many years, through the Tea Tree program of its New Rural Industries portfolio, been an invaluable partner in the nurture, development and expansion of the tea tree industry. Our industry has grown from a harvest of approximately 8,000 kg per annum in bush stills from naturally occurring stands of tea trees in the Northern Rivers district of NSW in 1982 with an estimated value of AU\$ 120,000.00 (or 2010 equivalent AU \$ 380, 000.00) to its current state where in excess of 400 000 kg of oil are produced annually from Port Macquarie and West Wyalong in NSW through to Mareeba and Dimbulah in North Queensland with a current annual export value in excess of AU \$ 16,000,000.00.

The result of this partnered R & D activity has been the growth in production over the period 1982 to 2010 of 4,900% or 175% per year while the export value of the crop has grown by 4,110% or 147% per year in inflation adjusted dollars. This expansion of the industry has enabled it to support many thousands of jobs both directly and indirectly, generate valuable export earnings while it also fosters clean, green and environmentally sound farming practices across the entire eastern seaboard of Australia.

While the tea tree industry has demonstrated these successes, there are continuing R & D issues such as regulatory, efficacy and genetic hurdles as well as questions regarding carbon sequestration that need to be overcome to ensure that it remains a viable and growing part of the agricultural diversity in Australia. Without this research tea trees as a viable crop may never be available to landholders who require alternative cropping strategies that better cope with climate change and global competition. Many of the issues facing the tea tree industry require long-term funding to ensure their success and without the ongoing support of Rural Development Corporations in general and RIRDC in particular, the desired outcomes may never be realised.

The recent drastic reduction in funding to RIRDC at a time when any such funding can only build and capitalise on progress made to date is both disappointing and disheartening to the tea tree industry and to all new and emerging agricultural industries. We believe that this is a backward step at a time when funding is critical to the future and stability of Australia's rural and regional resources which play a crucial and ongoing role in supporting many thousands of Australians in a dwindling non-urban environment. It is hoped that this will be addressed and rectified in the near future. The genius of the RDC model as implemented via RIRDC has been its simplicity, flexibility and responsiveness to industry requirements, but the reduction in investment by Treasury over the last several years has severely hampered R&D for new and emerging rural industries. This reduction, along with funding models which are biased towards traditional and more mature industries, has reduced the capacity of RIRDC to support new and emerging industries and in fact, reduced its ability to get across all the R&D requirements with which it is faced.



## The Role and Future of RIRDC

RIRDC has good experience and a fine success record for the tea tree industry as well as for new and emerging industries in general. Their recent initiative in the creation of the New Rural Industries Australia (NRIA) alliance is another example of an excellent development that can only enhance and build on their track record for both cross industry and cross sector management. This will ensure that future expenditure of both public and private funding is effective, targeted and cooperatively managed.

It is unfortunate that the recent \$ 3,000,000.00 budget cut has resulted in significantly fewer R & D projects that support new and emerging industries such as tea tree. It is apparent that this reduction is a short term and short sighted money saving policy by the Government and there is no doubt that the consequences of this short term view will cost not only the tea tree and many other industries but also the Government itself far more over time, as regulatory and other barriers are raised in Europe and the USA while progress in research to overcome these issues languishes. This in turn will severely impact on the structure, function and resilience of many rural communities that rely on tea tree production and the development of new innovative agricultural crops for their continuance. It is hoped that this will be addressed and rectified in the near future.

The role and function of RDC's such as RIRDC should be to allow them to focus on their core function of fostering and supporting R & D in new and emerging industries. Over the last 4-5 years, we have observed RIRDC become overwhelmed by bureaucratic requirements to continually justify their existence causing a previously lean, focussed and cost effective organisation to spend an inordinate amount of staff time of "paper-pushing" instead of providing core services. By its nature, R & D is a risky business where the outcomes are at best uncertain, so any external influence can only be detrimental to the decisions that are made on funding allocations. ATTIA believes that more autonomy on the both allocation of funds and method of allocation should be addressed and enhanced for RIRDC.

Project duration is another area that can be disruptive to an emerging industry. One example is the project on Genetic tools for improving *M alternifolia* oils being conducted at ANU where there is a real risk that the project workers will, after 3 years of development, be unable to attract future funding with the resulting total loss of outcomes for what is essentially a long term undertaking. ATTIA believes that RIRDC funding should have a more flexible approach to project timelines.



## Conclusion

ATTIA believes that RDC's play a critical role in the future security and stability of Australia's rural sectors which are facing unprecedented challenges from climate change, competitive regulation and lack of adequate funding to drive and develop new and alternative crops that allow landholders the widest possible choice in their strategies to cope with these challenges.

We propose that there be immediate substantial increases in the R & D budgets of RDC's to allow them to continue to support and foster new and emerging industries by utilising the expertise and experience they have in abundance.

Yours Sincerely,

Robert Dyason

Chairman

ATTIA Ltd.