



Submission by the South Australian Farmers Federation

in response to:

The Productivity Commission Inquiry into the Australian Government Rural Research and Development Corporations

JUNE 2010

ABN: 75 266 051 838

Telephone: (08) 8410 7233
Facsimile: (08) 8211 7303

Level 1 / 67 South Terrace,
Adelaide, SA 5000
Postal Address: PO Box 6014
Halifax Street, SA 5000

Email: info@saff.com.au
Website: www.saff.com.au

INTRODUCTION

South Australian Farmers Federation

The South Australian Farmers Federation (SAFF) is South Australia's peak agricultural organisation representing farmers across South Australia. As an agri-political group, SAFF's aim is to assist South Australian farmers and their rural communities achieve sustainable profitability by providing representation, leadership and services to members. By lobbying governments, SAFF has been able to achieve changes in legislation that promotes farming interests and the rural communities where they live and work. The SAFF works to generate greater understanding and awareness of farming's role, contribution and value to the South Australian economy. It also works to ensure that our farming communities continue to play a key role in the development and sustainability of our State as well as their own livelihoods.

Farming in South Australia

South Australia's agricultural farming sector is now worth over \$4.0m annually. It includes the production of beef, sheep, lamb and chicken meat, chicken eggs and crops such as barley, oats and wheat. There are currently almost 12,000 farming families and 33,000 people employed in farm jobs in South Australia.

The agrifood industry currently contributes \$12.4 billion to the State's economy each year – and accounts for 146,000 South Australian jobs. The majority of South Australian food industry businesses are small to medium operators.

Agrifood products contribute approximately 25% of exports from South Australia.

Agriculture provides over half of South Australia's export income. Farmers and producers play an integral role in feeding our increasing population.

Research and Development in Australia must be Valued and Supported

Today, South Australian producers face greater challenges than ever before. Those challenges include feeding a growing population, climate change, bio-security - just to name a few. Without Research and Development, the continued survival of this sector cannot be guaranteed. Nor can the provision of food to meet the challenges of future population growth.

As we deal with the challenges of climate change and a growing population it's now, more than ever, that South Australians producers need effective research and development that underpins a healthy, strong and sustainable industry.

Because of the symbiotic relationship between producer and consumer, governments have a responsibility to continue to support rural research and development.

The Need for Rural Research and Development Corporations

"The strength of the Australian RDC model is the balance of private and public investment it delivers to achieve a balance of public and private benefits."

John Kerin - Presentation to University of Melbourne, May 2010
Minister for Primary Industries and Energy, 1983-1991

Food producers are critical to Australia. Without them, we would be forced to rely on imported products and the range of variables and uncertainties that such reliance creates. Ensuring that food production is safe, sustainable and efficient for all Australians must be a priority for all governments – state and federal. Predictions that the world food production will need to double by the year 2050 highlight the increasing dependence on food producers. This relationship between food producer and consumer is a symbiotic. It goes without saying that improvements in food production relate directly to benefits for consumers. It is, therefore, justified that consumers, through the government, should share in the responsibility for maintaining a safe, sustainable and efficient rural production sector in Australia. Research and Development is critical to this.

To ensure that Australian consumers continue to have the level and quality of food that they have come to expect, effective and relevant research and development is of the

utmost importance. This is particularly so given the challenges that are being faced such as climate change, bio-security and the need to produce more with less.

The majority of producers are prepared to continue to contribute to research and development providing they can see results that are relevant and that provide direct benefits to industry, and as long as governments also continue to not only provide funding, but to increase its funding. It is important to note that there has been discussion among some producers that certain Rural Research and Development Corporations are failing to listen to the needs of grass-roots industry and who seem to be out of touch with industry needs. Those Rural Research and Development Corporations cannot continue along this path. They must work closely with industry and ensure that their actions are results driven.

One of the biggest issues facing rural producers today is climate change. Our Governments are keen to make this issue a priority issue and so it is imperative that the government includes funding of relevant climate change research and development for rural producers.

There are other challenges to rural producers to be faced in the future. These include crop diseases that have the potential of decimating world food production to significant levels. Without a solid commitment to research and development, and effective and results-driven Rural Research and Development Corporations capable of pro-actively dealing with these issues, our rural producers, and Australian food consumers, can be faced with potentially disastrous consequences.

Other challenges include the need to produce more with less. Biotechnology is therefore a critical element that needs significant research and development commitment if we are to be able to meet our growing food demands.

Australian producers and consumers are proud of our clean, green image. To protect this image, to keep our produce safe and sustainable there must be continued commitment by the government to Rural Research and Development Corporations. It is equally important that Rural Research and Development Corporations in turn, be effective, efficient, and responsive to industry's needs and above all, results-driven. While efforts in research and development must continue, this must be complemented by a significant amount of funding for extension. In South Australia over the years there has been a significant move away from extension activities. This has also been repeated in other States throughout Australia without any thought to an alternative model of getting the results of research out to farmers. It is essential that extension of research and development is in a form that is easily applied and adopted by producers.

RECOMMENDATIONS

The SAFF believes:

1. Governments must appreciate it is imperative that, in principle, Rural Research and Development Corporations continue and that Governments and industry continue to support them. Governments must appreciate that rural research and development not only benefits the producers but benefits Australian consumers.
2. That the current model of Rural Research and Development Corporations being supported by both industry and government should be based on a sustainable, efficient, best-practice and industry-responsive model.
3. That the Rural Research and Development Corporations must continue to be valued and supported more by governments.
4. Some changes must be made to ensure Rural Research and Development Corporations are accountable, efficient and responsive to the needs of industry.
5. Rural Research and Development Corporations should not be run according to any political or sectional agenda but purely in the interests of genuine research with flow-on benefits to both industry and consumers.
6. That greater efficiencies in the operations of Rural Research and Development Corporations need to be achieved so that less is spent on administration/bureaucracy and more on research and development as well as extension.
7. That Rural Research and Development Corporations MUST be outcome focused. In order to succeed, Rural Research and Development Corporations must constructively engage with rural producers. They must provide results that are industry driven and that produce benefits to industry - particularly at the grass-roots level.
8. There needs to be a more robust consultation process between the Rural Research and Development Corporations and growers to ensure that research priorities are relevant to industry. This is also critical to giving industry a sense of ownership in this process.
9. There must be improvements made in the timing of research funding so that it coincides with the seasonal nature of industry-based research projects and not with alignment to the financial year.

10. Rural Research and Development Board Members should be selected on the basis of skills and experience, ensuring that the best candidates take these positions.
11. In the case of the Grains Research and Development Corporation, the Chairman should be chosen by the board, not appointed by the Minister and there should be no expectation for the Chairman to be a grower. There is also a belief that an independent enquiry into the Grains Research and Development Corporation, every five years, is an opportunity to ensure that the Grains Research and Development Corporation operates efficiently and in a manner that is very much results-driven.
12. Results of research and development should be made accessible as widely as possible by a system that provides for fair and equitable access to those results.
13. There are potential efficiencies to be gained in Rural Research and Development Corporations sharing information which should be considered, particularly in the case of farmers whose activities span more than one Rural Research and Development Corporation or in regards to issues that cross the boundaries of various Research and Development corporations, such as climate change.
14. Research and Development must be adequately supported by extension activities and the relevant personnel to deliver that extension. There is a need for significant funding for extension.
15. Extension must be in a form that is easily adopted and applied by industry to ensure results – driven outcomes and so that no research ends up purely sitting on the shelf.

CONCLUSION

It is clear that Australian producers need research and development along with the extension and adoption of this research. It is also clear that research, development and extension must be efficient, effective, relevant and results-driven.

Australian consumers have just as much to benefit from a safe, sustainable and effective rural production sector as do the producers and Federal and State Governments. It is therefore critical that our governments value and support the Rural Research and Development Corporations and continue to contribute, and increase, their funding support of these integral institutions. It is also imperative that these institutions become more effective, more efficient and adopt and maintain best practice principles to ensure they are listening and responding to the needs of rural producers.

“The United Nations has highlighted that worldwide farm production must increase 70% by 2050 just to keep pace with humanity’s basic food needs. Australia can, and must, not only seek to increase its low carbon, sustainable and efficient food production to be at the forefront of meeting this booming demand, but we can become the centre for the world’s agricultural research effort needed to fill the ever growing food order.”

We know agricultural research in Australia is a sound investment – returning a staggering \$11 for every research dollar spent. Populations are ballooning here and overseas, with many countries increasingly unable to produce enough food to feed their people. A deepening world food crisis is a responsibility for those nations who are good at food production, and it’s an opportunity. Australian farmers have a track record of success through research innovation to lead almost all Australian industries with average productivity growth of 2.8% per year for the past 30 years.”

Ben Fargher
CEO – National Farmers Federation