



**RURAL RESEARCH AND DEVELOPMENT CORPORATIONS: ISSUES PAPER**

**SUBMISSION**

**To**

**Productivity Commission**

**Prepared by:-**

**Organisation:** The Western Australian Farmers Federation (Inc)

**President:** Mr Mike Norton

**Address:** Ground Floor  
28 Thorogood Street  
BURSWOOD WA 6100

**Postal Address:** PO Box 6291  
EAST PERTH WA 6892

**Phone:** (08) 9486 2100

**Facsimile:** (08) 9361 3544

**Email:** [alanhill@wafarmers.org.au](mailto:alanhill@wafarmers.org.au)

**Contact Name:** Alan Hill

**Title:** Director of Policy

**June 2010**

---

## Summary

The Western Australian Farmers Federation (Inc) (WAFarmers) is the State's largest and most influential rural lobby and service organisation.

WAFarmers welcomes the opportunity to comment on the Productivity Commission's Rural Research and Development Corporations' Issues Paper.

In this submission, WAFarmers detail:

- Our support for the continuation of the Rural Research and Development Corporations model, as an ongoing knowledge delivery partnership between government and industry.
- That Rural Research and Development Corporations funded research is delivering economic, social and environmental benefits to a wide group of stakeholders.
- The need for this Inquiry to identify and communicate to stakeholders an appropriate assessment tool for the discussed 'principles and benchmarks' to be used in assessing the operational aspects and effectiveness of Rural Research and Development Corporations.

---

## Background

The Western Australian Farmers Federation (Inc.) (WAFarmers) is the State's largest and most influential rural lobby and service organisation. WAFarmers represents approximately 4,000 Western Australian farmers from a range of primary industries including grain growers, meat and wool producers, horticulturalists, dairy farmers, commercial egg producers and beekeepers.

Collectively our members are major contributors to the \$5.5 billion gross value of production that agriculture in its various forms contributes annually to Western Australia's economy. Additionally, through differing forms of land tenure, our members own, control and capably manage many millions of hectares of the State's land mass and as such are responsible for maintaining the productive capacity and environmental well being of that land.

## Introduction

WAFarmers welcomes the opportunity to provide comment on the Productivity Commission's Rural Research and Development Corporations' Issues Paper (further referred to in this submission as the 'Issues Paper').

In this submission, WAFarmers has not reviewed the Issues Paper on a 'line by line' basis or attempted to respond to each of the questions it posed, rather we focus on the identified key challenges and issues brought forward by our members.

WAFarmers is a member of the National Farmers Federation and is aware that they are making a submission to the Issues Paper. WAFarmers has had input into this process, and whilst we support the National Farmers Federation's submission, feel it is appropriate to also make comments on behalf of our members, on a State basis. Whilst WAFarmers feels it unnecessary to duplicate the National Farmers Federation's comments in this submission, we request that this submission is considered in-tandem with their comments.

## Submission

### Rationales for government funding support

The partnership investment by industry and government that allows the Rural Research and Development Corporations (the RRDCs) to conduct research, development and extension activity is highly valued by WAFarmers members. It is this knowledge delivery framework which has allowed agriculture to make ongoing and high levels of productivity improvement over an extended period of time. This improvement has previously been recognised by the Productivity Commission<sup>(1)</sup>, who commented that *'agriculture has achieved annual productivity growth of 1.8 per cent over the last three decades'*. WAFarmers noted in its submission to that Inquiry that we believed that figure to be an underestimate however irrespective of the actual figure, that the ongoing process must be given significant public funding in order to continue.

Our position is based on the projected food and fibre needs of an increasing global and domestic population, in balance with a limited Western Australian resource base. Over 14 000 hectares of primarily agricultural land is lost in Western Australia each year to salinisation<sup>(3)</sup>, and yet, despite this, Western Australia agrifood, fibre and fisheries production increased by 30 per cent from 1990/91 to 2007/08<sup>(2)</sup>. Therefore, to ensure that these productivity gains continue to occur, a partnership arrangement in the delivery of rural research, development and extension is a necessity for government.

---

WAFarmers notes that the issue of the efficiency and effectiveness of the RRDCs model has been extensively reviewed in recent years. In response to a current, related review, WAFarmers submission to the Rural R&D Council Investment Plan Stakeholder Consultation (February 2010), commented that:

*“WAFarmers acknowledges that the ‘rural R&D system’ is both expansive and complex. The many aspects of the rural R&D system are not aligned in their primary purpose, perhaps understandably, given the diversity of those stakeholders funding research, of research providers, extension and support staff and of the industries, the end users of these services, themselves. Thus whilst we support the development of the national Rural Research and Development Priorities and the identification of priority activities by industries through the National Primary Industries Research Development and Extension Framework these need to deliver a coordinated, cooperative, strategic approach to R&D.”*

As well as the direct benefit of increasing productivity, through co investment, WAFarmers believes that the current system is delivering financial, social and environmental benefits to a wider group of stakeholders. ABARE <sup>(4)</sup> report that in 2006/07, 95% of Western Australian agricultural businesses were involved in some form of Natural Resource Management activity. WAFarmers believes that through the adoption of research-fund driven processes like minimum or no-till farming systems, environmental best management systems and precision farming, Western Australian agricultural businesses demonstrate that they are already making a significant contribution to the management of the natural resource, through reduced soil disturbance, decreased erosion and improved weed management.

This is important, given the amount of land managed by agricultural businesses. The State of the Environment Report<sup>(3)</sup> identified that the wheatbelt shires of Cunderdin, Quairading Dowerin, Goomalling, Corrigin and Wyalkatchem had less than 5% native vegetation whilst Wongan-Ballidu, Tammin, Mingenew and Bruce Rock had less than 8%<sup>(3)</sup>. Ongoing investment is required by both government and industry into ensuring these agricultural businesses have the capacity and capability to remain both viable and able to manage this vast area of land.

Further, the RRDC investment is required to ensure a viable, sustainable agricultural industry, as this underpins rural communities through being the principal employer in these areas. A recent study found that *“just under one-third of Wheatbelt workers are employed in the agriculture, forestry and fishing industries. This differs markedly to the proportion of the labour force employed in these industries across the State, at less than 5 per cent<sup>(5)</sup>.”*

### Funding level issues

The RRDCs operate in environments which are multi-layered, complex, have a varied stakeholder group which includes government and private funders of research, and are a diverse group in terms of their income (levy and matched contributions), expenditure, consultation and priority setting activities.

WAFarmers supports an environment of outcomes-based research but cautions that in looking for ‘principles and benchmarks’ to assess the RRDCs, it needs to be an appropriate assessment tool to account for the diversity of their operations. As an example, the Grains RDC has an annual R&D expenditure of \$121.27 million whilst the Australian Egg Corporation invests \$1.41 million. Whilst WAFarmers acknowledges that R&D benefits in achieving practice change outcomes may be difficult to quantify, this assessment is essential not only to be able to drive adoption, but to be able to ensure that stakeholders have credible reporting of the return on their investment.

---

WAFarmers notes the comments in the Issues Paper's comments that *"concerns have been raised about aspects of the model, including in regard to the balance between public and private funding, governance arrangements, seemingly high administrative costs, and duplication of research effort across RDCs and with other government-funded research programs."*

WAFarmers would caution that some of these are largely operational issues and should not detract from analysis of the broader benefit of the RRDCs model. As an example of this, decreased state government investment over recent years has seen a decline in their agencies traditional role in farm extension services. The RRDCs model has allowed some industry to respond by directly employing 'industry development officers' or through the formation of geographically defined 'production groups'. These industry-managed options provide the benefit of fostering a greater level of grower input into the direction and delivery of research, and can also engage the state agencies in service delivery.

These options would be lost without the RRDCs model and although their cost/benefit is much more difficult to evaluate, their impact on practice change in a variety of industries is supported anecdotally.

#### Improving the RDC model

WAFarmers believes that the RRDC processes are delivering a coordinated, cooperative, strategic approach to research, development and extension activities however we note that there are also a range of state, federal and private research funding providers operating in similar funding environments. Climate Change and Natural Resource Management focussed programs are examples of these.

This environment has been extensively explored in recent years, and is under review at this time.

It is perhaps understandable, that competing and possibly overlapping services are being provided at this time, given the diversity of the stakeholders funding research, in research providers, in the extension and support staff and of the industries and the end users of these services, themselves. It is apparent that there is an ongoing need for coordination in the planning and execution of industry priorities across this diverse group.

WAFarmers believes that this process could be assisted through the development of a longer-term focused national food strategy. Such a strategy could consider future food requirements, both in Australia and in potential export markets, and industries capacity to meet this, both in the type and the volume of product required, over an appropriate time-scale.

WAFarmers believes that social, economic and environmental aspects could underpin this strategy however that in order to meet future demand, it is fundamental to consider that the grower's profitability should be the core principle.

#### **References**

1. Anon (2008). Draft Report at a Glance accompanying Inquiry into Government Drought Support – Draft Inquiry Report. Productivity Commission
2. Anon (2009). Western Australia's Agrifood, Fibre & Fisheries Industries 2009 Department of Agriculture and Food WA. 3 Baron-Hay Court, South Perth, Western Australia

- 
3. Environmental Protection Authority (2007). State of the Environment Report. Government of Western Australia.
  4. Australian Bureau of Statistics (2008). Natural Resource Management on Australian Farms, 2006-07.
  5. Anon (2009). Towards a Wheatbelt Regional Strategy. Western Australian Planning Commission, Perth WA.

.....**END**.....