

28 June 2010

Ms Yvette Goss  
Inquiry into Rural Research and Development Corporations  
Productivity Commission  
Locked Bag 2, Collins St. East, Melbourne, VIC 8003  
rural-research@pc.gov.au

Dear Ms Goss

### **GROUP OF EIGHT SUBMISSION TO THE PRODUCTIVITY COMMISSION REVIEW OF INQUIRY INTO RURAL RESEARCH AND DEVELOPMENT CORPORATIONS**

The Group of Eight (Go8) is a coalition of leading Australian universities, intensive in research and comprehensive in general and professional education. It was established formally in September 1999. The members of the Group are:

- The University of Western Australia
- The University of Adelaide
- The Australian National University
- The University of Sydney
- The University of Melbourne
- The University of New South Wales
- Monash University
- The University of Queensland

The university sector is a major performer of rural research and development in Australia. In 2008 the sector's expenditure on research related to agriculture was over \$173 million. The Go8 universities would have undertaken the bulk (over 60%) of this research from funding received from the federal and state governments, the rural Research and Development Corporations (RDCs) and industry. For example, the Go8 institutions received over \$45 million in research income from the RDCs in 2008.

Agriculture in Australia is an important contributor to the economy. The contribution of the Sector to productivity growth and the other spillover benefits of rural R&D to the wider community provide justification for public investment. However public investment in rural R&D has decreased as a percent of GDP over the last decade.

The Go8 supports the continuation of the RDC model of funding rural industry research. The funding of RDCs through Government funding and industry levies is appropriate given the dispersed nature of the industry and the flow-on benefits to rural and regional communities.

The benefits of RDC funding have been identified, for example, the Council of Rural Research and Development Corporations Chairs concluded in its 2010 report *Impact of Investment in Research and Development by the Rural Research and Development Corporations*:

*It is clear from the results that the RDCs generate significant economic, social and environmental benefits for Australia in key areas that have been determined as priorities by rural industries and the Australian Government. Returns from a small number of highly successful projects are greater than the cost of the total investment in R&D. Further, a randomly selected set of projects shows a strong average return on investment across the portfolio.*

The current system of RDCs could be improved by:

- Increased Government funding;
- Managing fluctuations in funding from the industry levy to ensure that research funding is maintained during prolonged downturns caused by drought or other natural disasters;
- Improving the coordination of research funding across the RDCs by improving cross-sectoral coordination and attention to underlying challenges and opportunities;
- Improved governance arrangements for RDCs including increasing the representation of experienced researchers on RDC boards;
- Reducing the administrative burden on universities by requiring all RDCs to agree on a single template funding agreement for all research contracts with universities and other publicly funded research organisations;
- Ensuring that all RDC funding is allocated through transparent, open and competitive processes;
- Attracting and retaining the best and brightest early career researchers into agricultural research, for example, through a well defined career path for the emerging generation of scientists, fellowship schemes and professional development activities;
- Requiring RDCs to provide ongoing support for Agricultural Extension Services to the researchers who conducted the work and who can best represent it;
- Establishing a robust process, independent of the RDCs and research organisations, to evaluate the quality and impact of RDC funded research;
- Increased support for social science research;
- Encouraging innovative R&D; and
- Encouraging international collaboration

Capacity building must be an integral part of any investment plan in rural R&D. There is a clear shortage of skills in many areas, and generally in terms of methodologically skilled individuals who can work across sectors. It should be noted that the scholarships programs of several RDCs have been very significant (even if always limited). Greater capacity building among researchers with a focus on rural and regional issues could either be in the form of RDCs considering specific projects for funding or could be the provision of a number of scholarships to be allocated on a similar basis to the Australian Postgraduate Awards (APAs) where the best students working on rural and regional issues in any discipline are supported.

The RDCs fund a significant proportion of research associated with rural industries in Australia. In recent years the RDCs have moved more to funding commissioned and applied research to the detriment of longer-term research. This has seen a corresponding shift in funding moving from the university sector towards more applied research providers such as state government rural research programs. The Go8 supports the enhanced funding of long-term research which may provide large scale and greater longer-term benefits. Break-throughs in research come from investment in innovative and riskier research. Innovative research has the potential to provide Australia with transformative changes to rural industries rather than incremental change. It is important to recognise the value of investing in research that may have longer lead times to outcomes but has transformative potential. One option would be to set aside an agreed percentage of RDC research funding annually

from both Commonwealth funding and producer levy funds to establish a 'Strategic Research Fund which would be allocated through open, competitive, peer reviewed processes.

Social research is not adequately provided for in the current model of RDCs. Rural industries are an integral part of the communities and environment in which they are placed and there is a need for social science research of policy relevance including research into the social and cultural aspects of the uptake of research. This research needs to go beyond industry-specific research to include, for example, consideration of social issues of importance to rural communities as well as issues relating to international concerns such as policy developments in the European Union. Policy makers and the public are key stakeholders and engaging with them will be key to implementing research innovations and policy.

The Go8 does not favour the suggestion that the RDCs are awarded public funds based on a contestable grants system which would only serve to increase the proportion lost to overheads and administration. In addition it would decrease the RDCs ability to invest strategically and decrease their agility in terms of being able to respond quickly to changes in their operating environment.

Please contact us if you require any further information.

Kind Regards



**Michael Gallagher**  
Executive Director