

Mr. Philip Weickhardt  
Commissioner  
Locked Bag 2 Collins Street East  
Melbourne, Victoria 8003

June 29, 2010

Re: Australian Productivity Commission Review:

Research and Development Corporations in Australia – The Grain Research Development Corporation

Attached are particulars related to my personal background and relationship with the Australian Grain and Research Development Corporation (GRDC).

With respect to the Review of Research and Development Corporation, and after study of the Commission's backgrounder, I offer the following:

1) The Canadian Context

Canada has no PIERD Act or any similar legislation. In Canada, both voluntary and compulsory levies exist across 10 provinces and nationally for five supply management sectors. Levy collections are decentralized, generally under provincial legislation and collection is the responsibility of the individual, usually commodity based, organizations. Little harmonization among provincial or national enabling legislation exists. Greater than 100 organizations exist nationally and provincially collecting either voluntary or in the minority of situations, compulsory levies. These levies are expended on organizational priorities, (almost always) commodity based. Expenditures on research are highly variable. I know of none whose research budget exceeds 15 percent of levy collections, and in the majority of organizations is less than 5 percent.

A recent study out of the University of Minnesota noted that data do not exist in Canada to enumerate research expenditures; authors concluded that made it difficult to evaluate the contribution of research to economic, environmental and social well being. By personal experience, I share the following:

- National research expenditures overwhelmingly contribute to research expenditure totals; Alberta and Saskatchewan (provinces) are highest provincial contributors relative to Gross Farm Value. Total government expenditures nationally and provincially on agricultural, food and related R & D exceeds 85 percent of the total. Producer contributions range from 0 to 5 percent of research based expenditure. Agri-business related R & D is growing; total Canadian R & D funding would be less than 1.75% of gross farm value. What you refer to as 'Extension' in your reference document has traditionally been a provincial role. Public expenditures in this area have been significantly reduced over the past 12 – 15 years across the country. Private farm advisory services, individual and agri-business, veterinary, and input suppliers has largely overtaken the public offerings. These private sources often undertake their own trials and short term research to establish their proprietary information for commercial use.

- Overall, a number of studies have identified that Canada's research capacity is diminishing as public sector and university research scientists retire, frequently without replacement.
- Our national/provincial/industry research and development system is fragmented, lacking sound governance and devoid of strategic focus.
- Industry and public lack of appreciation/awareness of the contribution of R & D to future development keeps investment/commitment low.
- Much of today's excellence in food and agriculture research is researcher driven and/or based on a small cluster of industry and scientists working together (University of Saskatchewan, Western Grains Research Foundation, Canola Council, and Pulse Growers).
- No apparent initiatives exist to move Canola beyond its current level of R & D commitment. The 'triple bottom line' is not evidenced in strategic approaches (to the best of my knowledge).

## 2) In Summary

- The Primary Industries Economics Research and Development Act (PIERD, 1989) is unique (world-wide) politically profound and conceptually wise enabling legislation.
- The divergence of mandates of the Research and Development Corporations reflect the differing circumstances of each sector of the food and agriculture economy in Australia.
- The governance of RDC's is both inclusive and strategically focussed; the integration of government and industry planning and implementation with respect to priorities, goals, and their outcomes is very valuable especially when contrasted with most jurisdictions where fragmentation and institutional focus dominate.
- The ability to forecast and incentivize across the scientific excellence needed in R & D on a national, sectoral and strategic basis is reflected in the RDC model. Linkages and networking nationally and globally are assisted by the planning and competitive intelligence capacity of RDC's.
- Farmer, agri-business, processor and government focus everywhere in the world must have the ability to meet the 'triple bottom line', (economic, environmental, and social); RDC's create a vital forum for such planning and prioritization. Separately not much gets done.
- The separation of government and industry priorities in environmental and social outcomes related to food and agriculture can only lead to conflict; Most solutions meeting 'triple bottom line' must come from best fit/optimisation models based on new science and genetics and management. Productivity gains in the absence of resource sustainability criteria/parameters may simply be lost because neither industry nor public values are met.
- With Research and Development funding at 3 to 3.5 percent of gross farm value, Australia is at the lead if not the pinnacle. Few jurisdictions even come close. It is a mutually achievable level not likely to be built by separate undertakings. The capacity of RDC's to bring together the interests of the value chain to invest has created a far better standing for

Research and Development and Innovation as a way to the future. Few countries have deeply valued and respected the need for science and innovation at the general public level.

- The ability to ensure delivery at the industry outcome level via commercializing products, new knowledge becoming valued new management practices cannot be overstated. As a measureable for GRDC for example, it both ensures delivery and speeds up the innovation pipeline - 'what's better- what's next'.
- The due diligence to both evaluate and direct the technology is resident in GRDC. While there is a cost to this, lost or abandoned expensive research is a cost too. My experience leads me to believe that solid due diligence up front results in both better and less costly (less duplicative) science.
- While the commission has not identified it, I would offer that one area for examination is the relation between and among RDC's and the research institutions in the effective planning for human capital, research efficiencies, and return on investment (in its broadest sense).
- The ability to have the beyond the farm gate sector contribute to R & D without simply passing the cost back to farmers is a global issue and concern. There are in processing /value added many opportunities for enhanced technology whose return is/would be of processor bottom line benefit, yet of value to the balance of industry and even occasionally, the general public. A mechanism or process to achieve this deserves some deliberation.
- GRDC works beyond Australia's borders in a number of ways. There are research undertakings that would be of mutual benefit which would require partnering and joint venture funding. Many area of science would benefit from such an approach, and would be a natural extension of GRDC's (RDC's) strategic focus for the future.
- The above is also applicable to extending food and agriculture's reach and role in health, nutrition, energy and fibre industries.
- A portfolio approach is pursued by GRDC (and MLA); a balance of short and long term investments as well as a higher risk (higher reward) represents good planning. A 'stretch agenda/portfolio' is always a good board tool to balance against the current investment portfolio.

May I offer my thanks for the opportunity to share personal views with you and your Commission as you undertake this challenge. Suffice it to say that I value the relationship I have with GRDC and the awareness it has generated relative to the science of food and agriculture and how Australia has met the challenges of fostering a sound R & D sector. My own personal belief is that R & D will be the most significant contributor to shaping our food and agriculture industry's future.

Best Regards,

Don Macyk

cc Peter Reading  
Managing Director, GRDC

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## **Donald A. Macyk**

**Don brings a combination of executive management experience in a number of senior roles in the government and the not-for-profit sectors and success in building multi-organizational partnerships and collaborative agreements. He led Strategic Planning, Human Resource Development and Leadership Development initiatives in addition to executive management roles. Don's knowledge and expertise extends to international marketing and development, research and commercialization, policy, rural development and practical farm level issues and their management. He has served on the board of directors of a number of regional and national organizations and chaired and led a number of national task forces. With son, Timothy, he manages an 8150 acre crops based agribusiness.**

In 2004, Don was appointed as Chair, Alberta Agricultural Products Marketing Council, the agency responsible for governance of Alberta's 21 boards and commissions.

Since 2002, Don has provided management consultancy and associate services to a number of private and public sector clients in Western Canada.

From 1999 to 2002, he served as Managing Director of the Agricultural Research Institute, one of three Research Institutes under the umbrella of the Alberta Science and Research Authority. Don led the development of a Strategic Planning Framework that today serves as a model for sectoral research planning and investment. He led the development and operation of a private/public sector consortium responsible for a \$30 million annual Research and Development Portfolio in life sciences, agri-food and industrial sectors.

From 1986 to 2000, Don served as Executive Director of the Economic and Competitiveness and Plant Industry Divisions of the Government of Alberta. During this time he led a number of regional and national initiatives including Federal/Provincial and Industry partnerships bringing together multi-organizational and multi-disciplinary teams enabling resolution of complex policy and research issues. Don's leadership, high energy, communication, team and network building capabilities enabled him to build high performing organizations recognized for long term and clear focus, quality service, and multi-disciplinary teamwork. It was during these executive management roles that he led Alberta Agriculture's initiative in Human Resource and Leadership Development and Strategic Planning. Don's roles in International Trade and Development, Trade Policy and Marketing and five years in private consultancy round out his 33 years as a professional.

He has represented Canada at the World Food Summit, was seconded to a State Government in the U.S. to evaluate and provide direction for regional development, served as a member of the National Task Force on Life Sciences Research and Development, and the Grains 2000 Group reporting to the Federal Minister. Don has served as a board member of the Canola Council of Canada, the Canadian Seed Growers Association, and the Western Feed Grains Development Coop.

Don is a frequent resource to organizations relating knowledge and experience in building collaboration, partnerships, the value of strategic planning, and implementation challenges. He has chaired program and policy reviews, facilitated strategic planning, and is an advocate of networking and competitive intelligence.

His formal education includes a B.Sc. Agriculture, numerous Leadership and Teamwork Programs, the Harvard School of Business Agribusiness Seminar, and Continuing Education Programs in Organizational Development and Human Resource Development. Volunteer and Community service is something he

and his family value greatly, serving on a number of community sporting organizations in executive and coaching roles. He is a United Way Merrill Wolfe Leader, and has been recognized as Honorary Life Member in the Seed Growers and received Outstanding Service Awards from several associations.