

# COMPOSITE GROUP



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23 August 2010

Ms. Yvette Goss  
Productivity Commission  
Collins St.  
East, Melbourne, VIC 8003  
Australia

## **RE: REVIEW OF Rural R&D PROGRAM**

Dear Sirs,

We hereby provide our submission and trust that it meets your timelines.

Yours Sincerely,

Christopher Doubae B.Sc. (Hons) Ph.D. D.I.C..

Principal Consultant

## COMPOSITE GROUP COMMENTS REF KEY COMMISSION POINTS

- rationale for Commonwealth Government investment in rural research and development
- appropriateness of current funding levels and arrangements - particularly levy arrangements, and matching Commonwealth contributions
- extent to which Rural Research and Development Corporation (RRDC) funded projects provide for an appropriate balance between industry-specific and broader community benefits
- effectiveness of the RRDC model in enhancing the competitiveness and productivity of Australia's rural industries
- scope for improvements to the RRDC model - and any alternative models that could deliver better outcomes

### **We Submit in Summary:**

- 1. There is a good rationale for Commonwealth Investment in Rural Research and Development. The National Agriculture and Aquacultural Interests are very significant, as are our environmental and security interests in this area.**
- 2. We are of the view that current funding levels are appropriate.**
- 3. Our opinion is that there is a reasonable balance between industry specific and community interests.**
- 4. We believe the current model is very good, but can be improved.**
- 5. There are real options for improving the model and we here present our preferred model.**

The preferred model would be to organise the Rural RDCs into 3 related entities.

These would comprise:

- a) The Management Entity
- b) The Research entity that allocates Government Funds
- c) The R&D Entity that allocates Industry Funds

## **Further Points regarding review:**

1. There is a good rationale for Commonwealth Investment in Rural Research and Development. The National Agriculture and Aquacultural Interests are very significant, as are our environmental and security interests in this area.

*Simply put the landmass plus the ocean resources must be managed and developed in new and improved ways. Green issues such as Forest Management and Marine parks clearly show how important these are.*

*However the existing structure leads to confusion as to how to deal with the diverse stakeholders and their diverse agenda.*

2. We are of the view that current funding levels are appropriate.

*This is an area for careful review however. Our estimate is that the expenditure on Rural R&D over the past 25 year must total something like \$2.5Bn. That's quite an investment. So apart from the well known and very impressive incremental improvement in output yields and such like is there any notable singular advance in the sector? Something that is a world class breakthrough.*

*The additional question is what is the repository of Intellectual Property that has been developed and how has it been managed to reduce the cost burden on the Commonwealth and Industry.*

3. Our opinion is that there is a reasonable balance between industry specific and community interests.

*This seems to have been an outcome from the wide ranging reviews and strategy plans that have been developed.*

4. We believe the current model is very good, but can be improved.

*Improvements such as consortia. Multifaceted programs. More significant commercial outcomes. Bonus rewards for organisations that make significant and sometimes risky decisions that lead to new thinking.*

*Better understanding and use of Innovation Strategies are also highly desirable.*

5. Our opinion is that while the existing mechanisms are sound there is real scope for confusion as to the roles and responsibilities of the stakeholders

This can be shown by the websites - are they .org or .gov or .com

The preferred model would be to organise them into 3 related entities.

These would comprise:

- a) The Management Entity
- b) The Research entity that allocates Government Funds
- c) The R&D Entity that allocates Industry Funds

The obvious point is that the Management Entity would hold all the Administrative Expenditures.

The Research entity would be answerable to Government Audit.

The R&D entity would have first option to take up Intellectual Property generated by the Government entity and any other relevant technology always provided that there was a budget mechanism to ensure that this entity retains adequate funds to be capable of leveraging off its option.

Such an approach would allow for more focussed projects and the development of both strong linear commercialisation pathways with potential returns to the entities and also for collaborative developments with both good commercial outcomes and good environmental outcomes.

**We trust this is of assistance.**