

Comments on Productivity Commission draft report on Rural R and D Corporations

We make this submission on behalf of the three researchers, Professors Tony Bacic, Barbara Howlett and Ary Hoffmann. We are in the Faculty of Science, the University of Melbourne, and we receive significant amounts of research funding from GRDC. One of us (Hoffmann) also receives funds from GWRDC and is actively engaged in environmental research funded through the ARC and Victorian State agencies.

We welcome the review of the RDCs by the PC. Many of the recommendations could contribute to a more responsive, effective and efficient sector. However, several recommendations are of concern and unless substantial additional funding is to be allocated, would lead to a further drain of funding from research; an unwanted consequence in a sector that is already underfunded.

Of major concern is the proposed 'Clawback' of funds from current R and D Corporations to a new body, Rural Research Australia (RRA), which would fund non-industry specific rural R &D to promote productive and sustainable resource use by rural sector. Below we list problems that would arise if such a recommendation is implemented.

1. Setting up yet another R and D Corporation will be expensive and it is not clear how the government or the rural industries would set the research agenda for this new body.
2. It is not clear how this body would differ from the RIRDC, which has as one of its mandates "National Rural Issues" which surely embrace the "land, water, and energy" issues. Potential overlap is mentioned in the recommendations but functions are not clearly separated. Moreover, it strikes us that the RIRDC program across industries could simply be expanded rather than establishing an RRA. Furthermore, the CSIRO has implemented a series of Flagship Programs specifically to address the issues raised by the PC as matters of national priority.
3. The draft report implies that it is easy to distinguish between non-industry public good research and industry specific research; this is not the case. Many R and D projects encompass significant public good aspects. For instance, multiple rural industries are embedded in landscapes which can provide (public) biodiversity benefits as well as benefits to industries (eg., pest control, waste water disposal). RDCs have been keenly aware of the environmental and social benefits arising from funded research. It is worth recalling that most of Australia falls under private landholding -
4. If fewer government funds are provided to current RDCs, it is unlikely that 'industry' will fill the gap, as suggested in the draft report. The levy payers in industries, such as grains, are growers in small businesses; many of the productivity gains are captured by traders, marketers, exporters, who have more clout and are less likely to support industry funding. At a time when there is pressure on world food production and a push towards sustainable production methods, it is most unwise to decrease investment in agricultural production.
5. It is also unlikely that the industry R and D Corporations would have the resources to support long term, high risk but high benefit research. The priorities of the levy payers would probably be to support much more immediate on farm research. Research infrastructure, staff and training at Universities would be jeopardized as research that has been funded by RDCs would not be funded by other agencies such as the ARC. This would also lead to Australia losing its reputation as an international leader in rural research.
6. RDCs currently provide support for research training programs within the science area, such as through undergraduate honours and PhD stipends and associated research support. This investment helps increase expertise within industries, supports fundamental and innovative research, and bridges the divide between city-based researchers and rural stakeholders. It is hard to see how the proposed structure will support such training.

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