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**Submission to Productivity Commission
Rural Research and Development Corporations
Scientific Horticulture Pty Ltd
Dr Gordon Brown**

Dear Commission,

As a small research provider to the fruit industry I wish to make a contribution to the current review on funding arrangements to the RDC's focusing on small research providers.

With the reductions in funding of rural research activity by the State Governments and CSIRO over the past 10 to 20 years combined with the existence of the RDC's a market opportunity was created for experienced researchers to develop small companies to provide the rural research activity that had been traditionally provided by these organisations. This market failure and opportunity has occurred across Australia and there is now a large network of small companies providing this rural research around Australia.

A feature of these companies is that they are based upon at least one experienced and recognised researcher and they have extremely close contact with their local target rural industry. In some instances their research activity and budgets are greater than that of the local Universities or State Departments and as such they sometimes provide the major research activity for a particular industry. Most of these small businesses have developed or have access to specialist facilities and laboratories for the conduct of their research.

There is a common perception among Government agencies and Universities that these businesses are primarily engaged in pesticide registration research and grower consultancies. While these activities are performed they do not necessarily represent the major part of their activity. These small businesses obtain their funds from a range

of sources including RDC's, direct from industries or individuals, from large companies and from overseas organisations and governments. Being small these businesses are extremely flexible and can rapidly organise and conduct research projects. They are not tied down by protocol and can respond extremely quickly to requests. Further, in many instances these businesses conduct research that is unfunded either for interest or as a preliminary study to support an idea. As such these small businesses should not be overlooked, as appears to have happened in the existing review document, and should be considered in any recommendations that are made to government. It is indeed governments downsizing of research activity combined with the existence of research funds from RDC's that has allowed for this rural research industry to establish and it would be detrimental to this sector of rural research if adequate funds for research were not accessible.

While several of the submissions already submitted have questioned the merits and operation of the proposed Rural Research Australia (RRA), whichever model is chosen for the management of broader research activity it is important that the mechanism proposed does not focus on the larger organisations as the only source of rural research capability within Australia. The experience, expertise and flexibility of small research providers should not be overlooked. This is an opportunity for the RRA (or its alternative) to develop a register of active scientists that could contribute to projects and for the organisation to be proactive in their incorporation into projects. Small research providers, with their close links to industry, can provide a valuable contribution to projects.

Specifically in the review of the existing RDC arrangements one comment.

The \$ for \$ matching of funds, has had a positive outcome not covered in your review, concerning international collaboration of research. Under the current arrangements it is possible for a researcher to make contact with a researcher overseas working on a common problem and to organise their funds to be doubled at an RDC to allow for a joint research project. This has effectively levered overseas research funds and results into Australia and enabled a greater and co ordinate research activity on a particular issue than either country could achieve in isolation. The reduction in matching funds would potentially reduce this source of international funds for research to the detriment of the Australian community.