

SUBMISSION TO THE PRODUCTIVITY COMMISSION – RURAL RESEARCH AND DEVELOPMENT CORPORATIONS

Introduction

The Tasmanian Institute of Agricultural Research (TIAR) is a partnership between the University of Tasmania and the Tasmanian Government. It is a publically funded research development and extension (R,D&E) provider. The School of Agricultural Science (SAS) operates as parallel University organisation that is responsible for the teaching and research higher degree training associated with agricultural science. The two work in unison with SAS academic teaching staff also being TIAR research staff. The relationship between TIAR and SAS provides significant benefit in delivering co-ordinated and cohesive R,D&E in Tasmania, and beyond.

In 2009 SAS and TIAR had a total annual derived expenditure approaching \$27.5M, this is split into a direct core budget of \$9.0M (\$5.2M from the State Government and \$3.4M from the University), external funded projects totaling about \$6.0M and about \$12.5M in indirect overhead costs provided by both the University and the State Government (University multiplier 1.25 x salary costs@ \$10.0M).

Of the \$6M in external project funds awarded in 2009, 38% came from the RDCs (HAL 20% DA 8% MLA 7%), equating to about \$2.2M.

TIAR, as a partnership between a State Government and a University, has a number broad objectives that address the needs of the University, the State Government and the agricultural industry. The RDCs are an important funding source to contribute to these objectives.

SAS and TIAR work with industry in Tasmania to identify and prioritise R,D&E requirements to address particular industry issues through a rolling five year strategic planning approach, and seeks funding from the RDCs in order to undertake such R,D&E.

Maximising the benefit from collaborative R,D&E

SAS and TIAR currently work in an environment where they deliver across University, Government and industry priorities, and is a national exemplar. This has allowed the effective use of the integrating the teaching and research disciplines of agriculture to deliver outcomes in the areas of pure and applied science while addressing industry challenges and Government priorities. This integrated approach has demonstrated effective use of major funding sources from the ARC, ACIAR, the RDCs and NRM funding.

Productivity Commission Review

At a general level SAS and TIAR have provided input into and supports the submission being developed by the Deans of Agricultural Science, it also supports the submission being prepared by the Tasmanian Government.

SAS and TIAR make the following observations:

- The support for the continuance of RDC system is welcomed. As a provider that both leads and responds to the R,D&E priorities of the industry, SAS and TIAR believe the RDC system has served the industry well, bringing together public and private research funds to deliver real change to agriculture, the industry and the nation.
- The draft report understates the value of the public benefit attributed to much of the R,D&E funded by the RDCs. This is a subjective view and highlights the lack of effective tools to measure the real level of public benefit.
- The conclusion that industry needs to increase its contribution to R,D&E is supported. However, neither the incentive to do so, nor the mechanism to do so are clear and will require further attention. At a sectoral level TIAR has sought industry contributions for various projects and had little success in this area, however, a number of companies have invested directly as collaborators to have research undertaken to address specific needs.
- The report does not adequately identify that the structure of the "industry" with farmers scattered across a large nation, with little reason to cooperate or collaborate in research as individuals, versus the key benefit that the RDCs provide in focusing strategic directions across the industries/sectors and regions.
- It appears that Rural Research Australia will take over broad industry R,D&E and while this may lead to positive investment in broader R,D&E that will benefit rural industries, it remains unclear how much of this will capture existing research that is occurring across the RDCs and how much of it will extend the R,D&E agenda.
- There appears to be a potential for an overall reduction in Government funding proposed as the \$50M appropriation to RRA would be less than the savings through the reduction in the matching funds from 0.5% to 0.25% over ten years. We would be concerned if there is an overall reduction in R,D&E funding.
- The report downplays the critical role the agricultural sector will have in the future development of Australia at a time when global demands for food are increasing, climate change impacts will affect agricultural production, there are limits on access to natural resources like rock phosphate and costs of production are outstripping the financial returns to farmers.
- We believe it is misleading for the report to highlight that RDC funded research and development outcomes lead to greater profits for farmers and agribusiness when in fact the key outcomes are cheaper, higher quality and safer food produced in an increasingly efficient manner.
- The report does not effectively deal with the potential separation of industry based environmental research and industry production research. There is a risk that in adopting the RRA approach that this separation will result in less industry level focus on the environmental and sustainability systems R,D&E, believing this will be covered by RRA. RRA may not have the mandate to undertake such work at a specific industry impact level but at a broader landscape level.

- The report does not seem to draw the link between the benefits of increased productivity in reducing the costs of production and thus the cost of food to consumers.

SAS and TIAR share the concerns that the proposed recommendation to change the funding base of the RDCs to reduce the matching contribution to 0.25% of GVP over ten years will have a significant impact on the amount of R,D&E and the form of it.

We are concerned that one area that may be adversely impacted is the funding of research higher degree students from RDCs, thus eroding the skill base and number of applied researchers working in agricultural R,D&E. This will increase the challenge in providing adequate training of the next generation of agricultural scientists and educators.

SAS and TIAR believes that the reduction in the matching funding will potentially see a shift away from funding strategic and basic research, with the focus being on more applied research. While this in itself may deliver value to industry there will be longer term impacts. TIAR is concerned that the reduction in funding will result in reduced focus on extension activities, resulting in reduced uptake of key research.

TIAR believes that in creating Rural Research Australia and transferring funding from the RDCs that a gap will potentially emerge where certain fundamental research areas may no longer be prioritised by the RDCs nor funded by RRA. For example, areas of pure science associated with salinity research at a molecular level may be at risk as it does not immediately deliver to farmers but underpins the knowledge that sits behind the plant breeding systems used to develop salt tolerant species.

Clearly, removing 25% of the potential funding will require the rural RDC's to become more targeted in the prioritisation process for R,D&E. It is not clear that the industry will respond by increasing industry contributions.

Wes Ford
Acting Director
Tasmanian Institute of Agricultural Research

Richard Doyle
Head of School
School of Agricultural Science

26 November 2010