



Inquiry into Rural Research and Development Corporations
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne
VIC 8003

Dear Sir or Madam

RE: Rural Research and Development Draft Report

The Tasmanian Farmers and Graziers Association appreciates the opportunity to provide a further response to the Commission's draft report.

As you are aware, we made a submission in the first round of consultations; and we also presented at the Commission's hearing in Hobart recently. We would once again reaffirm the comments we made on those occasions.

The TFGA is a member of the National Farmers Federation and national peak councils and we also support many of the issues raised in their submissions.

Australia has a long history of investment in rural research and development. The strength and productivity of our sector has been built on the back of this investment. However, it should be remembered that the return period on such investments can be quite long, so today we are benefitting from the investments made by past generations, notably in the 60s and 70s.

In the last ten years government investment in rural research and development has been declining and, consequently, outcomes are reducing.

Yet, as world food demand increases and food security becomes a significant public policy issue, improved productivity is important if we are to retain (or even increase) our ability to both feed Australians and make a continued contribution to the world's requirements.

This means we need to continue to invest in research and development rather than contemplate any reduction in expenditure, which is what the Productivity Commission is proposing. It claims, in effect, that farmers are the beneficiaries and they should pay for it themselves.

Over recent years, farmer have been requires to undertake production system changes and environmental works to deliver outcomes desired by the community and governments. In many cases, these often appear to have more public than private benefit – and there is rarely any opportunity for the cost of these changes to be passed up the supply chain. Thus farmers must fund these from their ever-diminishing margins even where there is little (or no) direct benefit. There is a clear case for government funding to support any developments that have public good benefits.

ACN 009 477 810
ABN 51 009 477 810

P: (03) 6332 1800
F: (03) 6331 4344
W: www.tfga.com.au

A: TFGA House, PO Box 193
Cnr Cimitiere & Charles Streets
Launceston TAS 7250

The terms of reference for the Productivity Commission review are very narrow: any meaningful assessment of the rural research system needs to look at all aspects, not just government funding to research and development corporations.

The logical way to approach this issue is to identify the outcomes we seek and then work out how to achieve them, rather than just slash and burn at one little corner of the picture.

It highlights the importance of the federal government's commitment to a national food strategy and an innovations strategy. An R and D investment strategy should then be developed to support this.

One of the issues with the current system has been lack of clarity from government about its expectations. It is not possible to meet expectations if no one knows what they are. So an obvious priority has to be greater clarity and transparency around this.

Another issue has been the lack of substantive data around returns on investment and public benefit. There needs to be agreement on how performance is to be measured.

The current situation is fragile. There is limited investment in blue-sky pure research because governments are withdrawing from the space and private investors want applied research with short term and quantifiable outcomes.

There is an acknowledged issue around a declining skills base in the sector and diminishing career paths. There is, at the very least, a perception that governments have abandoned the sector and their rapid withdrawal from traditional extension activities reinforces this view. Yet there are more and more complex issues on the horizon that will need significant investment in R and D, including things such as climate change; carbon capture and storage; increasing yields and decreasing margins impacting on long term business viability and hence food supply; emerging westernising economies such as China and India with an almost insatiable demand on food resources, etc.

There is a real risk that making changes now on a piecemeal basis without a more detailed understanding of the wider context may have long-term impacts that are not obvious until it is too late and may push the system past tipping point.

While the proposed new structure (Rural Research Australia) would achieve some of these aims, there are also risks in the model. In our view, the best option is to consider the desired outcomes and look at the most effective way to achieve them in the short, medium and long terms - and recognise that this may mean several steps to a final outcome.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a series of connected loops and a final dot.

Jan Davis

Chief Executive Officer

26 November 2010