

25 November 2010



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

ABN: 25 107 507 559
ACN: 107 507 559
PO Box 2042
Camberwell West VIC 3124
Suite1, 431 Burke Road
Glen Iris VIC 3146
T (03) 9822 0388
F (03) 9822 0688
E info@ausveg.com.au
www.ausveg.com.au

SUBMISSION TO THE PRODUCTIVITY COMMISSION

Inquiry into Rural Research and Development Corporations

1. Background

AUSVEG makes this submission in response to the Productivity Commission's Inquiry into Rural Research and Development Corporations (RDCs). The views contained in this submission are those of AUSVEG.

AUSVEG is the national peak industry body representing the interests of Australian vegetable and potato growers. AUSVEG represents the interests of vegetable and potato growers around Australia and assists growers by making sure the National Vegetable Levy and National Potato Levy are invested in research and development (R&D) that best meets the needs of the industry and the community.

AUSVEG makes representations on behalf of around 9,000 vegetable and potato growers to government and parliaments so that the interests and concerns of growers are effectively communicated across all levels of government, in the public sphere, and throughout relevant areas of the private sector.

AUSVEG executes its brief by delivering national projects in the areas of communication and the environment, as well as providing leadership for our sector on a range of key issues.

This submission includes our response to those matters raised when AUSVEG CEO, Richard Mulcahy; Communications and Public Affairs Manager, Hugh Tobin; and Manager- VIDP Communications, Andrew White appeared before the Commission in Melbourne on 12 November 2010.

AUSVEG appreciates this opportunity to respond to questions on notice from the 12 November 2010 public hearings. Please note, however, that AUSVEG will also be providing further detailed input to the Commission via a joint Horticulture Taskforce (HTF) submission. The HTF is a relatively new horticulture group comprising the CEOs of major horticulture organisations around Australia. The group is run using minimal commercial contributions from several horticulture bodies and was established to respond to key national issues that concern broader horticulture.

2. Response to questions on notice from the Melbourne hearing

a) Voluntary contributions versus compulsory contributions to R&D

AUSVEG has been asked to provide a comparison between the compulsory contributions made by growers via the National Vegetable Levy versus voluntary contributions.

In the 2009/10 financial year, vegetable R&D levies received were \$6,480,380, which was then matched with \$7,099,747 from the Australian Government.

By comparison, the vegetable IAC endorsed \$7,414,613 worth of voluntary contributions (VCs) in 2009/10, of which the components that made up this figure were Matched VCs R&D (\$3,743,989) and Receipts-Commonwealth matching grant VC (\$3,670,624).

b) Breakdown of grower VCs versus other company VCs

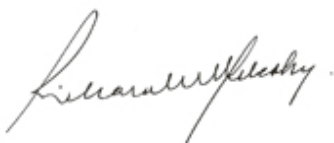
AUSVEG was also asked to provide a breakdown of the grower contributions through the VC scheme versus contributions made by other companies. While data obtained from Horticulture Australia Limited (HAL) regarding this particular breakdown of funding arrangements is not easily accessible or digestible in its current format, a simple analysis of active VC funded projects shows that an estimated 12 out of 59 line items involved growers or growing businesses (note: some projects appear twice as there is more than one VC contributor). This represents an estimated 20 per cent of VC projects which involve growers as the funding source, but this does not take into account the possibility of second tier VC providers, in cases where the organisation paying the VC may also be collecting VCs from others (i.e. a category manager for a supermarket might collect VCs from some of their grower suppliers); through HAL, AUSVEG does not generally have knowledge of second tier VC providers.

The remainder of the VC projects listed appear to be other supply chain businesses such as chemical companies, seed companies, equipment suppliers and various state departments of primary industries.

c) Improving efficiencies within existing statutory bodies – Horticulture Australia Limited (HAL)

AUSVEG was also asked to provide an example of how improvements might be made to the existing RDCs. With regard to HAL, AUSVEG believes that the move to reduce cross subsidisation toward a user pays system will lead to efficiencies and we would support moves to decrease this practice.

Yours sincerely



Richard J Mulcahy
Chief Executive Officer