



Bundaberg Fruit and Vegetable Growers Cooperative Limited

Productivity Commission Review of Rural Research and Development Corporations June 2010

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Our Organisation

Bundaberg Fruit and Vegetable Growers Cooperative Limited (BFVG) is a membership based, not-for-profit, non-trading cooperative, based in Bundaberg, Queensland, represents commercial horticultural growers South to Gympie, North to Agnes Water and West to Gayndah/Mundubbera.

BFVG provides information and services to horticultural growers, including non-members, in addition to providing representation on issues of concern to them.

The wider Bundaberg region produces 25-30% of Queensland's fresh fruit, nuts, herbs and vegetables. The region produces over thirty different commodities, which includes the largest tomato grower in Australia, and with 85% of Australia's sweet potatoes coming from the region.

The region provides significant opportunities for the horticultural industry with a climate that supports crop production all year round, over 100,000 ML water available for sale, exceptional quality farming soil, in addition to opportunities for processors to relocate closer to the source of fresh food.

BFVG has very successfully delivered many projects and is currently delivering a number of projects with the support of State and Federal Government funding, much of which includes research and development funding. Projects either delivered or are currently being delivered, have not only been projects benefiting local growers, but also nationally.

Response to Productivity Commission Review of Rural Research and Development Corporations

Abraham Maslow's paper *A Theory of Human Motivation* (1943), notes physiological needs are obvious –they are the literal requirements for human survival and that if these requirements are not met, the human body simply cannot continue to function. One of these basic needs is food.

Governments have an obligation to ensure its people are provided with a sustainable, reliable source of healthy food. The provision of food for its people to be reliant on imports from other countries is not and cannot be an acceptable solution. That is not say we do not support imports as we also have a desire to export, however, the foundation of Australia's food supply cannot be through imports, we must always be in position of self sufficiency, a position that is under much pressure from a variety of aspects including, but not limited to:

- Aging farmers, in conjunction with insufficient numbers of young people remaining on the land;
- Urban encroachment, encouraged by Federal Government policies increasing Australia's population and State Government policies encouraging people in city centres to move to regional towns;
- Administrative overheads placed on farmers who are by nature tactile people who are beginning to 'give the game away';
- Inability to provide sustainable income with current environmental requirements to be met, no longer being balanced with farmer's economic and social aspects of life;

- Competing sectors for skilled labour, such as the mining sector to which the agriculture sector has no ability to compete in relation to staff wages; and
- Agriculture sector not seen as a preferred choice for a long term career.

With the world required to double its food production by 2040, aligned with the pressures the agricultural sector faces, R&D investment is vital to increase food productivity ensuring future demand can be met.

The following addresses specific draft recommendations, findings and information requests.

Public funding principles

BFVG agrees with Draft Recommendation 5.1 and encourage all stakeholders to incorporate a culture of 'continuous improvement' ensuring best practice and value for money for the all funding bodies including public funds.

Framework data collection and program coordination

BFVG agrees with need for improving data quality associated with R&D and therefore **BFVG supports Draft Recommendations 5.2 and 5.3, however**, the Department of Agriculture, Fisheries and Forestry (DAFF) may not be the most appropriate department to collate such data, a function the Australian Bureau of Statistics (ABS) may be better equipped to manage whilst DAFF can take on the role of disseminating the collated data.

Changes to the configuration of, and funding for, the RDC model

BFVG questions the benefit of establishing and funding a new RDC, 'Rural Research Australia' (RAA) to sponsor non-industry specific R&D. This approach would add another level of administration and BFVG recommends any future non-industry specific R&D develop partnerships with existing Rural Research and Development Corporations, reducing administration costs and improving efficiencies of existing RDCs . **BFVG does not support Draft Recommendation 6.1 and 7.1.**

Principles to guide the future operation of the RDC program

A short-coming of current R&D funding at times includes projects, whilst highly beneficial, suffer from not being effectively communicated or disseminated due to this component of the project not being included, and subsequently not funded, in the project proposal, or a project just beginning to gain some traction with stakeholders and fails to realise long term gains as ongoing funding is not available, particularly projects that are only one to three years long. Project proposals should include long term sustainability option(s) and appropriate funding provided if the project has merit, resulting in longer term but more effective projects being funded. **BFVG supports the Draft Recommendations 8.1**, acknowledging the comments above.

Specific changes to help give effect to the principles

BFVG supports Draft Recommendation 8.2.

Draft Recommendation 8.3 deals with two distinct aspects; firstly whether RDCs should add marketing to their functions. There is insufficient data from our members to guide this topic one way or the other and BFVG recommends a comprehensive consultation process be undertaken with industry to find an answer that meets industries expectations. The second aspect is the case for making industry representation a generally-allowable function for any RDC. BFVG does not support this aspect believing that industry must fund any industry representation or agri-political activities separately from any R&D funding.

BFVG supports Draft Recommendations 8.4 to 8.7 reiterating the need for all stakeholders to embrace a culture of 'continuous improvement' which will provide for improved transparency and accountability.

Levy arrangements

As noted above at Draft Recommendation 8.3, insufficient information is available from members in relation to the management of marketing levies versus R&D levies, however, BFVG does not agree the allocation of funds between R&D and marketing can vary without seeking the formal approval of levy payers.

BFVG supports the notion of providing levy payers and RDCs flexibility to improve the effectiveness and efficiencies of R&D investment and as such **BFVG supports Draft Recommendation 9.1** noting the comments above.

BFVG supports Draft Recommendations 9.2 to 9.4 and Draft Findings 9.1 and 9.2

Further Review

BFVG believes that the current Productivity Commission Review should provide an environment with agreed consensus among funding bodies that **Draft Recommendation 9.5 becomes redundant.**

Conclusion

BFVG highlights the looming issue of the world demand on food which will put significant additional pressures on the agriculture sector to improve productivity. The required increase in productivity cannot be solved by growing more of the same, with suitable land and water resources near capacity, productivity increases will require increased levels of Government funding. Any reduction in Government funding will result in major issues in years to come, as demand for food outstrips supply, providing an environment of uncertainty and instability globally.