

PRODUCTIVITY COMMISSION INQUIRY INTO THE AUSTRALIAN GOVERNMENT RESEARCH AND DEVELOPMENT CORPORATIONS MODEL

The Ravensthorpe Agricultural Initiative Network (RAIN) welcomes the opportunity to comment on the Productivity Commission Inquiry into Rural Research and Development. RAIN is a farmer driven production AND natural resource management group based at Ravensthorpe in south east Western Australia. RAIN recognises the proven importance of research, development and extension in the agricultural sector and strongly supports the current Research Corporation Model and the private/public investment split. Comments from our organisation are most applicable to the Grains Research and Development Corporation (GRDC). We have had some exposure to programs funded through Land and Water Australia however from our viewpoint LWA was delivered more extensively in the eastern states.

RAIN does not support the reduction of government funding to the RDC's or the establishment of the RAA with funding of \$50M. We feel that public funding will decline and is unlikely to be replaced from industry sources and this will in turn diminish improved production and environmental outcomes.

Great gains have been made in agricultural production over the last 35 years however this has slowed in the last 10 years. Econometric analysis from ABARE has identified the decline in public investment in R&D as an important contributor to the slowdown in the growth in productivity in Australian broad acre agriculture. Agriculture is facing significant challenges in supplying safe food for a rapidly growing world population, increasingly uncertain seasons, greater price uncertainty and maintaining the natural resource base. Farmers and graziers are the custodians managing the majority of the Australian landscape which results in greater public benefits than applies to other sectors of the economy. The public/private good from investment in R & D can become blurred as research generates profitable land use which generates the public benefits of safe food and environmental stewardship. Maintaining our efficiencies and sustainable production systems is a powerful rationale for government support. An increase in RD&E is essential to the continued growth in productivity of the agricultural sector and the economy. Australian farmers have maximised their efficiencies and must now produce more volume or diversify to remain viable.

Public/Private partnerships are the most proven and effective way to achieve a sustainable future for rural communities. R & D levies paid by farmers are significant as is their investment beyond the levy structure. Given the challenges faced by the rural sector it is difficult to see how producers can offset a reduction in government funding through increased levies. The levy is already a cost on production and producers are increasingly squeezed by rising input costs and commodity price pressures. Additional levies are also likely to be introduced in WA to manage biosecurity issues.

The development of grower groups is an example of further investment by farmers. The GRDC are acknowledged for their investment in grower groups which has had excellent results. The declining investment in WA by the Dept of Agriculture in extension activities is increasingly being taken on by grower groups.

Reductions in public investment in recent years and any further reduction has and will further limit any blue sky research as farmers will be reluctant to invest in unproven areas. Reductions in funding will also lead to a further demise in skilled agricultural personnel in all areas of RD & E. There needs to be greater investment on development of new technologies and to adapt research to farming systems and greater extension to relate those results in a form that farmers can adopt. There needs to be greater investment in the human resource capacity to undertake these activities.

Most agricultural research delivers public and industry benefits. Improved environmental outcomes are more likely to be achieved by incorporating management strategies with R & D that is profitable for farmers to adopt. The Productivity Commission report recommendation to separate research that delivers public benefit from research that delivers private benefits by establishing the RAA is short sighted. There is a strong case for the continued investment by governments in agricultural RD&E, not only in terms of the proven benefit/costs but also with the consideration that improved agriculture contributes to the goals of government in the economic, social and environmental well being of Australia.

RAIN believes that the RDC model is predominantly sound and changes should aim to add value to the existing system established under the Primary Industries and Energy Research and Development (PIERD) Act 1989. The current system has ensured most Australian agricultural industries have been able to successfully maintain their international competitiveness. The Productivity Commission report does not recognise that RDC's have different models within their organisations and it appears that those with a focus on promotion and marketing at the expense of R & D are perceived to be performing less well. We see no issue with the appointment of appropriate government representatives to RDC Boards who would act as the interface between government policy and programs, and the RDCs. Retention of the current compulsory levy and industry/government formula arrangements is endorsed. Simplifying project application and reporting procedures is also seen as a positive.

Some additional points in closing are that the Australian Government needs to define a clear vision for agriculture in Australia. The Australian public need to be aware of the environmental, economic and social returns from agriculture. There is a need for an increased commitment by governments to fund agricultural RD&E. There is also need for governments to support well constructed science and not be responding to political and voter whims. The government should devote investment to objective science which can win gains for Australian agriculture.

Jennifer Chambers

Secretary

Ravensthorpe Agricultural Initiative Network

PO Box 292

Ravensthorpe WA 6346

Email rainoffice@westnet.com.au