

**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE**

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**Inquiry into industry structures and systems governing the imposition of and
disbursement of marketing and research and development (R&D) levies in
the agricultural sector**

**Tuesday, 3 February 2015
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Senate Rural and Regional Affairs and Transport References Committee Inquiry into industry structures and systems governing the imposition and disbursement of marketing and research and development (R&D) levies in the agricultural sector.

- Research, Development, Extension and Education (RDE&E) is essential for the continued improvement of agricultural productivity and for the adoption of sustainable agricultural management practices. This effort provides substantial public good as well as private good and requires continued joint investment.
- The current levy arrangements (which require a contribution from primary producers and a matching contribution by the federal government) are strongly supported.
- The R&D Corporations (RDCs) are strongly supported but they can perform better. See below.
- The commodity RDCs either need to work constructively together on issues for agriculture which sit between the commodities, such as soils, irrigation and farm business. Alternatively, an RDC to focus on land and water management and socio-economic issues needs to be developed.
- Although there are some vocal critics of the RDC model, these critics are relatively few in number and are insufficiently engaged in the process of commissioning RD&E to understand how levies are used for industry benefit.
- The RDCs have a role to determine and clearly explain benefits of investment in RD&E and the gains made in a continually evolving world market.
- A range of agencies (government and private), producer groups and individuals undertake RD&E. These activities need to be fostered and encouraged by government, for example through tax incentives.
- Unfortunately, some Government agencies, particularly State Governments have reduced their investment in RD&E. This reduction in investment has resulted in a reduction in productivity gains in certain industries.
- Without Government support, innovation in agriculture would rely solely on the private sector. Individual farmers are unable to fund effective RD&E so market failure exists. If mechanisms are not provided to correct this failure, and if other ways to foster innovation are not found, Australian agriculture will soon become uncompetitive internationally.

Improving the performance of RDCs:

1. The case for funding RDE&E projects must be clearly outlined via ex ante benefit cost assessments, thus avoiding wasteful projects.
2. RDCs must respond to levy-payer priorities, but the longer-term, strategic research projects, identified by scientists (not by farmers) have made and will make the greatest impact on improving productivity and sustainability.
3. RDCs must do more to value the scientists engaged in RDE&E. Short-term (three year) contracts, uncertain employment conditions and a lack of career prospects have led to a severe shortage of Agricultural and Resource Management Scientists in Australia.
4. RDCs must have respectful processes.... acknowledge receipt of funding applications, respond promptly to enquiries and correspondence and provide feedback to scientists on their funding applications.
5. Much of the infrastructure for RDE&E in Australia needs modernization. Historically the assets have been owned by State Governments. New technologies and modern communication capabilities require a fresh approach to the provision of research extension and education facilities.
6. The roles and performance of RDCs must be continually challenged in a constructively critical manner to ensure they are providing the benefits to all funders, and the RDCs need to adapt management to demonstrate continuous improvement.