



## Department of Primary Industries

Office of the Director General



Mr Tim Watling  
Committee Secretary  
Senate Standing Committees on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Mr Watling

Thank you for your email of 26 September 2014 to Mr Michael Bullen as Acting Director General, NSW Department of Primary Industries (DPI) inviting DPI to provide a submission to address some or all of the issues in the Rural Research and Development Legislation Amendment Bill 2014.

DPI understands that this Bill will allow the Commonwealth Government to recover membership fees to international commodity organisations and regional fisheries management from the matching amounts paid to the relevant Rural Research and Development Corporations (RDC'S).

It is my view that primary Industries are facing increasingly complex threats and challenges. These include producing more food from less land and with the need for more efficient use of energy, water and other inputs (eg fertilizers) overlaid by significant climatic variability and fiercely competitive markets.

Research offers one of the most effective mechanisms by which Australia's primary industries can prepare to meet these challenges and threats.

The return on investment from primary industries research is acknowledged to be high with the Productivity Commission for example estimating rates of return in the order of 24 percent.

It is DPI's view that diverting scarce research funds to cover memberships of international commodity organisations not only reduces the capacity of Australia to invest in research but may also risk the broad industry support for the levy system.

If the Commonwealth believes that industry should pay for these memberships it may be more appropriate for a separate mechanisms to be used. This would not only preserve scarce funds for research, but would also maintain confidence in the critically important levy system.

Yours sincerely

**SCOTT HANSEN**  
**DIRECTOR GENERAL**

*17/10/14*