

19 August 2002

Ms Shelley McInnis  
The Inquiry Secretary  
House of Representatives Standing Committee on  
Science and Innovation  
R1 Suite 116  
Parliament House  
CANBERRA ACT 2600

Dear Ms McInnis,

Thank you for the opportunity to contribute to the Inquiry into Business Commitment to R & D in Australia.

As an industry focused Cooperative Research Centre working closely with a rural industry, the Australian Cotton CRC is well placed to provide some comment relevant to the inquiry.

I note that your preamble and specific questions indicate that international comparisons show private investment in R & D in Australia is somewhat lower than among our main competitors. This is clearly undesirable and something, which needs to be urgently rectified.

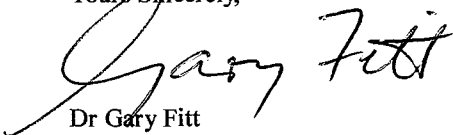
The Australian Cotton CRC operates in the rural R & D sector where our industry stakeholders consist of some 1500 cotton farmers, all SME's, each of which contributes significantly to R & D through a levy on production which is administered through the Cotton R & D Corporation. The cotton industry has recently moved to increase its voluntary R & D Levy and I would argue that on that score these private business enterprises are contributing significantly to R & D. Clearly this is supported by matching public investment to CRDC, which recognises the multipliers in terms of flow-on benefits from a sustainable cotton industry for the national economy.

Research investment from other businesses associated with agriculture is more difficult to comment on. Much of the research and product development by large agribusiness multi-nationals is conducted offshore, although substantial research partnerships are often formed with public institutions in Australia to adapt new technologies to Australian conditions. Australia's expertise and track record in rural R & D is highly valued internationally and gives opportunities to leverage business investment in R & D.

In the case of the Cotton CRC we have three private enterprise participants; Cotton Seed Distributors, Queensland Cotton and Western Agricultural Industries. Each company contributes either cash and/or in-kind to support CRC research as well as investing in in-house R & D activities to varying degrees.

There is clear evidence for substantial flow-on benefits to the economy from investment in R & D. What the impediments to business investment in R & D might be I cannot comment on directly, although I have alerted our three private participants to the Term of Reference for the inquiry and they may respond independently.

Yours Sincerely,



Dr Gary Fitt  
Chief Executive Officer