



Australian Government

Cotton Research and
Development Corporation

Grains Research and
Development Corporation

Fisheries Research and
Development Corporation

Forest and Wood Products Research and
Development Corporation

Land & Water Australia

Rural Industries Research and
Development Corporation

Sugar Research and
Development Corporation

Grape and Wine Research and
Development Corporation

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Rural RDCs say Productivity Commission has underestimated benefits of rural R&D

The Council of Rural Research and Development Corporations' Chairs (The Council) says the Productivity Commission has underestimated the benefits from rural R&D to the wider community.

In its supplementary submission to the Commission following the release of the draft report, the Council adduces evidence that agriculture provides greater prospects for additionality or 'spillovers' that are enjoyed by other participants in the supply chain right through to the consumer.

The Council also believes the comparisons of Government investment in rural R&D with other industries made by the Commission are misleading, as rural industries face unique challenges such as drought and the dominance of small family businesses in the rural sector.

Chair of the Council Terry Enright, says a reduction in Government support will ultimately lead to a fall in downstream community benefits.

"Our supplementary submission provides evidence of a number of Rural R&D Corporations' investments that enhance human health, human capital development, welfare, natural resource management, biosecurity and food safety.

"While the Productivity Commission acknowledged the 'spillover' benefits from specialist Rural R&D Corporations such as Land & Water Australia, the Council believes the Commission has failed to understand the scale of investment industry-based Rural R&D Corporations make into similar activities, particularly natural resource management.

"A reduction in Government contribution now or in the future would also result in long term loss of innovation and productivity, in turn impacting on Australian agriculture's ability to remain competitive in highly subsidised international markets," Mr Enright said.

In its draft Science and Innovation report the Commission supports the rural R&D model but questions the need for the current level of Government support to industry-centred Rural R&D Corporations.

The Commission suggests there are not sufficient spillover benefits to the wider community from investment in some industry Rural R&D Corporations to justify the current level of Government investment.



In its response, the Council submission points out that the need for higher levels of Government support for agricultural R&D was recognised by the Industry Commission in its 1995 enquiry into R&D. The '95 enquiry found that rural research is more basic in nature than other industry-funded R&D and there is the likelihood of greater beneficial community 'spillovers'.

The Council says this continues to be true. In its response the Council notes that in 2005-06, eight industry-centred Rural R&D Corporations, on average, committed nearly 30% of funds to research which was of a strategic nature. Industry-centred Rural R&D Corporations invested around 42% of funds on research relevant to public goods and spillover related outcomes. This includes product integrity and food safety, biosecurity, human health, animal welfare and sustainable natural resource management. The benefits to the wider community from this research will be high.

The Council is developing methodologies to improve the measurement of the impact of this research for future priority setting and evaluation of the effectiveness of the rural research and development investment undertaken by the Rural R&D Corporations.

A full copy of the Council's supplementary submission to the Productivity Commission is available via the Rural R&D Corporations' website at:

www.ruralrdc.com.au or at <http://www.pc.gov.au/study/science/subs/sublist.html>

The Productivity Commission is expected to hand down its final report on 10 March 2007.

Media contact:

Kaaren Latham 02 8204 3852 / 0409 809 909