Submission to the Productivity Commission Inquiry into Rural R&D

Summary

1. Strong support for the Commission's recommendation to establish a new $50m per annum corporation (RRA) with a broad mandate across land, water energy and biodiversity.

2. Recommended inclusion of a partnership and brokering role across the RDCs in the brief of the new corporation.

3. Recommended inclusion of social, economic and institutional research in the brief of the new corporation.

4. Support for the development of a set of program principles setting out the high level conditions attached to public funding including the quality of research management and project evaluation.

5. Recommended physical co-location of as many of the RDCs as possible to facilitate greater efficiency and collaboration across industry sectors and regions.

1. We strongly support the establishment of a new $50m per annum corporation with a broad mandate across land, water energy and biodiversity. It has been our experience that despite encouragement from government for greater collaboration amongst the industry-based RDCs to undertake public good RD&E, particularly in the area of environmental research, their primary focus is the interests of their levy payers which has left this area under funded and under provided with research outputs relevant to the broader scale management of land, water and biodiversity. This area of public good research will only become more important in the future in the face of climate change and the economic and social pressures associated with water allocation, energy availability and food security, issues which require co-ordinated and integrated research effort. Three specific arguments in favour of a new corporation with this role are;

   a) Research in land, water, energy and biodiversity (which effectively amounts to the combined portfolio of two now disbanded RDCs, Land and Water Australia 1992-2009 and the Energy R&D Corporation 1992-1996) is now much more difficult to fund since their demise, and are areas that will not be significantly funded by commodity-specific RDCs;

   b) There is at present no body that enables government and industry to consider these issues in a holistic and integrative way and to take on the role of national leadership and coordination;

   c) The specialist expertise, systems, networks and people required for strategic research purchasing across the breadth of land, water, energy and biodiversity is unlikely to be developed by adding these responsibilities to existing organisations;

2. Specific inclusion of a partnership and brokering role across the RDCs in the brief of the new corporation, similar to the role played by Land and Water Australia. One of the strengths of Land and Water Australia was its effectiveness in leveraging funds across the RDCs which enabled it to carry out public good environmental research which, despite the Australian Government's significant contribution to their operation, was difficult for the industry based RDCs to justify in the eyes of their levy payers. From information contained in Land and Water Australia's annual reports for 2005/6-2008/9, it is apparent that from an annual base allocation from government of $13m, LWA developed a research and development portfolio of close to three times that value. This was primarily due to large collaborative projects brokered and managed by LWA that attracted significant funding from Australian Wool Innovation, Meat and Livestock Australia and the Grains R&D Corporation. These projects (Land Water and Wool and Grain and Graze in particular)

enabled national scale research that characterized management practices that are either currently generating or capable of generating significant public as well as private value[1].

3. Specific inclusion of social, economic and institutional research in the brief of the new corporation. The response to the draft plan for the Murray Darling Basin is providing a vivid example of the importance of simultaneously considering the economic, social, institutional and environmental implications of major resource management and resource allocation decisions. Effective environmental management relies on an understanding of the economic and social consequences of alternative decisions, an appreciation of the demographics and social norms of the communities involved and understanding of the relationships between institutions with jurisdiction over natural resources at all levels of government. The introduction of a Social and Institutional Research Program within LWA led to new insights into the constraints to adoption of conservation practices amongst Australian primary produces. A new corporation with a specific focus on land, water energy and biodiversity would be well advised to place significant emphasis on commissioning social, economic and institutional research to ensure its efforts find effective pathways to adoption[2].

4. Support for the development of a set of program principles setting out the high level conditions attached to public funding, specifically the suggestion of design features that are likely to enhance the efficiency and effectiveness of individual funding programs including greater emphasis on the quality of research management in general and project evaluation in particular. We would draw the Commission's attention to two publications in particular that are directly relevant to the development of a set of principles for the public funding of applied research.[3] While there is potential to improve on the methods and principles referred to in these documents, they are particularly relevant to this issue as they are products of the RDC experience and represent valuable corporate knowledge that is in danger of being lost.

5. Suggested physical co-location of as many of the RDCs as possible to facilitate greater collaboration. At present, 4 of the 14 RDCs are located in Canberra and yet none of these are in the same building. With the proposed new RRA, this would make 5 R&D corporations. An issue that has been raised previously by the Australian Government and one that is very evident to us as research providers is that the various RDCs have developed their own program and project management frameworks and tend to have separate back office arrangements including provision of IT services and reporting systems. While there has been some system's sharing recently, co-locating as many of the RDCs as possible in an 'RDC House' would greatly assist efficiencies in their operation, ease of dealing with government and research providers, and provide opportunities for a greater degree of collaboration and integration. While existing lease arrangements may make this difficult in the short term, it would be a laudable objective for the future and could be made a condition of future public support.

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1 see for example the special edition of *Animal Production Science* volume 49, 2009, CSIRO Publishing

2 Bammer G., Curtis, A., Mobbs, C., Lane, R., Dovers, S (Eds.) (2005). Australian case studies of integration in natural resource management (NRM). *Australasian Journal of Environmental Management.* **12** (Supplement); Pannell, DJ, Marshall, GR, Barr, N, Curtis, A, Vanclay, F & Wilkinson, R (2006) Understanding and promoting adoption of conservation technologies by rural landholders. *Australian Journal of Experimental Agriculture*. **46** 1407-1424

3 Campbell AC and Schofield N (2007) The Getting of Knowledge: A guide to funding and management of applied research. 2nd edition, Land and Water Australia, Canberra; Schofield N, Chudleigh P and Simpson S (2007) Portfolio Return on Investment and Evaluation Case Studies. Land and Water Australia, Canberra