Nursery & Garden Industry Australia

Response to Productivity Commission Draft Report into Rural Research

Executive Summary:

The Nursery and Garden Industry Australia (NGIA) are supportive of some of the recommendations contained in the draft report into Rural Research, but are also surprised and concerned by some of the recommendations and their potential to negatively impact on our industry.
Some of the comments made in the transcripts of the public hearings also cause concern that the Commission appears to be treating all industries in the same manner and not recognising the major differences and diversity that exist between intensive horticulture and broad acre farming. Businesses operating in the urban fringe have far more intensive pressures for resource management, productivity restraints and public exposure which often are not always addressed by the standard research outcomes based on rural production models.
As an industry we have made major gains through industry best practice with huge social benefits. Outputs from the industry will be a major solution to climate change in heavily populated areas, this is only now being recognised by major research agencies in Australia and overseas. Any cuts in research funding will impact on the ability of industry to deliver the required outcomes and public benefits.

Key points for consideration:

1 **Creation of Rural Research Australia**

The Nursery and garden Industry Australia supports:

- The need for an expansion of the research activities undertaken by the former Land and Water Australia (LWA) to include Energy efficiency from productive primary industry operations;
- Funding of those activities through Consolidated Revenue and not as a result of cuts to existing programs.

The undertaking of this Research focus should be within the existing system under a collaborative approach or assigned to an existing RDC as has occurred with the Weeds Research program. Both LWA and the CRC for Weeds became isolated from the fuller scope of production industries and our industry, although undertaking significant research into water utilisation and management improvements were almost excluded from LWA programs. In the Weeds area, industry undertook a major communications project to get consumers to understand the need for effective plant disposal and plant selection, something the CRC was not able to achieve.

2 Reductions in the Government match funding for industry levy contributions:

The NGIA does not support the reduction in matched funding as proposed in your report. Within our industry the producers pay the levy and the benefits accrue to a far wider base than the growers.
In 2006 the nursery industry attempted to gain an increase in the levy which was rejected. Key reasons for this rejection where a lack of understanding of the process and outcomes from the current investment into extension and business improvement. Industry has addressed these shortfalls and will be looking to increase the levy in 2011. Discussions at present show that many businesses are under financial pressure as a result of water restrictions in all markets over the past 3-4 years and dramatic increases in utility costs over the past 12 months – water, power and fuel

costs have not been recovered in the prices received for product. The change in market dynamics has also meant margins have been depressed.

The sector has lost the support at State level of extension officers who could assist with water and biosecurity issues. This shortfall has been picked up by growers via the voluntary contribution program which has enabled an effective extension network to be maintained. This is essential in ensuring the outcomes of research are conveyed to stakeholders in an efficient timely manner.

The nursery industry is at the forefront of biosecurity issues and has been actively involved with over 20 incursions this past 12 months.. We recognise that further industry research is required to ensure that growers are skilled in identifying and responding to incursions. This take resources and investment in training which industry is undertaking.

3 Voluntary Contributions:

The NGIA submission detailed how Voluntary Contributions have been utilised by the industry to engage key areas of the industry supply chain. This serves to eliminate some aspects of ‘freeloading”
A reduction in the Industry cap will impact on the ability for industry to secure funds as part of the VC program which are often directly linked to a specific project, that has benefits to more than growers.
Within HAL the VC program also enables industry sectors that are not levy payers to undertake programs that benefit the community and expand the sector, which is eventually of benefit to industry eg Irrigation and Landscape sectors.

Based on these benefits NGIA supports the continuation of funds being matched for VC programs.
HAL figures show that VC expenditure for the nursery industry represents 46% of the total investment of $4,490,306. Not a major investment in the overall scope of the Commission review but critical to an industry which contributes over $6billion in end product, and employs over 40,000 people throughout Australia.

4 Data Collection:

The NGIA supports the Commission recommendation that a process be established to collect and maintain robust data on R&D funding and spending flows. Across horticulture there is an acute lack of data on productivity and profitability. This type of data is essential if growers are to make commercially sound decisions. Indeed it could well be that the lack of profitability and productivity data has impeded the uptake of R&D by some growers. In turn this implies that there may have been (and will continue to be) a less than optimal investment in R&D outcomes. The lack of data also hinders the development of sound policy decision making.

NGIA was a contributor to the Across Agriculture submission and is a member of the Horticulture Task Force.

Robert Prince
Chief Executive Officer