

10 February 2011

Dr Kate Grenot
Rural R&D Council Chair
PO Box 445
WILLOUGHBY NSW 2068

Dear Dr Grenot,

Thank you for the opportunity to comment on the Draft National Strategic Rural Research and Development Investment Plan. As a result the short time available for comment, the National Farmers' Federation (NFF) is only able to provide a brief response, as we have been restricted in our ability to consult with members and provide a detailed analysis of the Investment Plan. In this context the NFF comments focus on the logic of the recommendations set out in the paper and their alignment with NFF policy, rather than priorities for research and development held by NFF member organisations.

The NFF's comments do not reflect an endorsement of the Draft Investment Plan, and the NFF would expect further direct consultation with it and other industry organisations before an Investment Plan for Rural Research and Development is finalised.

The NFF was established in 1979 and is the peak national body representing farmers, and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF. Each of NFF's members deal with state-based "grass roots" issues or commodity specific issues, respectively, while the NFF represents the agreed imperatives of all at the national and international level. The NFF has recently implemented a re-structure of the organisation. Through an associate category this has enabled a broader cross section of the agricultural sector to become members of the NFF, including the breadth and the length of the supply chain. As a consequence research priorities and research investment varies significantly across the NFF membership.

The NFF membership has a significant interest in research and development arrangements to encourage innovation in the agricultural industries, and regards the area as a high priority. The NFF also notes that there is a number of significant reports currently in preparation or recently published which have significant bearing on Australia's Rural Research and Development System. These include the Productivity Commission's Inquiry into the Rural Research and Development Corporations as well as the detailed submissions made to this enquiry, the PMSEIC Reports on "Australia and Food Security in a Changing World" and "Challenges at Energy-Water-Carbon Intersections", in addition to the Rural Research and Development Council's Draft Investment Plan. A comprehensive response to these various reports is required which takes into account the various findings and delivers a strategy that reflects the interests of both Government and Industry and delivers against a shared vision for the agricultural sector.

The NFF has repeatedly called for the Australian Government to reverse the decline in agricultural research and development funding, and welcomes the Councils' recommendation for the Australian Government to increase investment in rural R,D&E¹. The NFF has continued to call for Government to work with the sector (and across its various agencies) to develop a plan to ensure sustained productivity gains and to continue to re-enforce Australia's position as a leader in international rural research. The NFF believes that the development of a national strategy for rural innovation would assist to:

- Establish a clear vision and direction for Australia's rural innovation system;
- Provide clarity on government and industry expectations and priorities for research and development outcomes;
- Clearly identify stakeholders and agencies with responsibilities for leadership, decision making and coordination;
- Ensure that data on funding and performance is collected across the rural innovation system, and there is consistency in reporting on performance and against objectives;
- Build on the strengths of existing organisations and initiatives and ensure there was greater consistency and coordination of research and development and across government.

As presented, the Draft Investment Plan is consistent with a number of the NFF's principles for the development of a national strategy for rural innovation, but the NFF notes that the Draft Investment Plan does not provide detail on how the Plan's recommendations may be achieved. The NFF also notes that the Draft Investment Plan recognises the opportunity to better leverage international and private capital into Australia's rural R,D&E system, as well

¹"Recommendation 1: The Council recommends increased investment, including by the Australian Government, in rural R,D&E in order to double rural sector output over the next 30 years while consuming proportionally fewer resources." From Page 12 Draft National Strategic Rural Research and Development Investment Plan.

as the opportunity for alignment between Australia's domestic rural R,D&E and rural R,D&E funded through Australia's international development assistance programs such as ACIAR.

The NFF believes that a significant strength of the existing Rural Research and Development Corporation system, and rural research and development more broadly, is the extent to which research priorities and direction are set in consultation with the various agricultural industries. We note that the Rural Research and Development Council has sought to establish a 'big vision' for rural RD&E². Whilst this 'big vision' for agriculture covers a number of issues for agricultural industries, the industries themselves need to help identify and prioritise the issues and the appropriate response. For example, solutions to address a number of the challenges facing agricultural industries may be better addressed through markets and policy, rather than research or technical solutions. For this reason it is important that both industry and government are engaged in the development of priorities. The NFF has strongly supported the development of a National Food Plan as a means to identify policy and research priorities which can address the challenges faced by agricultural industries. Indeed, research should play a broader role to answer policy questions and underpin evidence based decision making.

The Draft Investment Plan covers a wide range of issues and discusses the establishment of new policy principles which the NFF has not had sufficient time to consult our membership on. As mentioned earlier, it is not clear to what extent the vision for rural R,D&E outlined in the Investment Plan reflects the productivity and sustainability objectives of industry, including NFF members. Also, the recommendation that a particular balance of investment be made across the rural research investment portfolio³ is also a fundamental change, and it is unclear what the implications are for individual industries and RDCs, or if the recommendation signals a shift in the balance of investment across the whole of government spending on rural R,D&E.

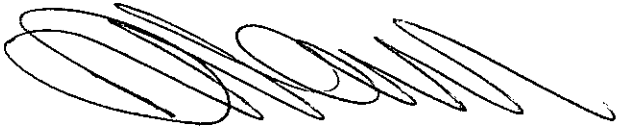
The NFF continues to maintain that rural research and development should be a National Research Priority, and that there is a need to clearly articulate the productivity gains required and the environmental and societal challenges that need to be addressed through research and development. Elevating rural research and development to a National Research Priority would provide a mechanism to drive greater coordination of relevant policy and operational agencies across Federal and State Governments, and ensure that various roles and

² *"That [Australian Rural R&D can] play a lead role in increasing returns along value chains and in Australian communities by: doubling rural sector output over the next 30 years while consuming proportionally fewer resources; developing a range of technologies and knowledge to contribute to healthy Australian lifestyles and global food security; and, producing a wider product range, including food, fibre, energy and bio-based products, in addition to ecosystem services."* From Page 7 Draft National Strategic Rural Research and Development Investment Plan.

³ i.e. 40% for transformational investment for long term outcomes; 30% for near-term adjustment for long term outcomes; 20% for capacity building in people; and 10% for international links. From Page 8 Draft National Strategic Rural Research and Development Investment Plan.

responsibilities of organisations, including the RRDCs, within the rural research and development system are explicitly recognised. As mentioned earlier, the development of a National Food Plan may provide the means to identify and articulate the productivity gains and the environmental and societal challenges that need to be addressed and which can focus Australia's National R,D&E effort.

Yours sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

DENITA WAWN
Chief Executive Officer (Acting)

Summary of Council recommendations

Industry development	NFF Comments
<p>1. The Council recommends increased investment, including by the Australian Government, in rural RD&E in order to double rural sector output over the next 30 years while consuming proportionally fewer resources.</p>	<p>The NFF has been concerned at the decline in productivity gains in agriculture, and supports a reinvigorated research effort including the need for increased funding for rural R,D&E.</p>
<p>2. The Council recommends that the Australian Government, as well as continuing to support international efforts to conserve germplasm, including in relation to biodiversity, invest in conserving the genetic diversity of crops and other major socio-economically valuable plant species and associated knowledge within Australia.</p>	<p>The NFF notes that this issue extends beyond just the conservation of crop plant genetic diversity, but also relates to the conservation of genetic diversity in animal and pastures. A range of these genetic collections are curated in Australia, and this type of work requires a long term funding commitment and is not suited to short term funding cycles.</p> <p>The conservation of genetic diversity is also not only the responsibility of agriculture, but is also recognized as an international commitment by Australia to global food security and Australia also contributes through the CGIAR centres and the Svalbard Global Seed Vault. For these reasons a national approach and consistent policy across government would appear to be appropriate.</p>
Sustainable production	
<p>3. The Council recommends that the Australian Government improve collaboration on RD&E initiatives that inform the management of land, water, marine and other natural resources to achieve sustainable outcomes for current and future generations.</p>	<p>The NFF supports the breaking down of silos in Government and greater consistency and coordination of policy and programs on natural resource management. The NFF recognizes that these issues are managed by a number of departments, and in a number of cases responsibility lies outside of the Department of Agriculture, Fisheries and Forestry. However, the Investment strategy is silent on how coordination should best be achieved.</p> <p>The Draft Investment Strategy is also silent on how to best address funding of research related to natural resource management in the agricultural sector. The draft Productivity Commission report on Rural Research and Development Corporations indicates that with the closure of Land &Water Australia there is now a significant underinvestment in this area by</p>

	<p>Government. The Productivity Commission suggests that this should be rectified through a new Research and Development Corporation with a significant budget. The NFF does not support the creation of a new Rural Research and Development Corporation, but has suggested that additional research on natural resource management could be undertaken through the existing Rural Research and Development Corporations.</p>
Capacity in people	
<p>4. The Council recommends that the Australian Government apply its culture of excellence in research to reinvigorate the rural research workforce.</p>	<p>Further detail is required to understand the intent and impact of this recommendation for the agricultural industries and on innovation within the rural sector.</p>
<p>5. The Council recommends that the Australian Government invest in initiatives to increase the rural sector's utilisation of technical knowledge, thus equipping it better for global competitiveness, productivity, adaptability and sustainable development in the coming decades.</p>	<p>Education and training is a key aspect of increasing productivity in the workforce and increasing flexibility in the agricultural industries, and the NFF supports initiatives to improve the skills base in the rural sector workforce. The Department of Agriculture, Fisheries and Forestry is not the lead agency on matters related to education and training, and that the investment strategy is silent on how this coordination should be achieved.</p>
Transformational RD&E	
<p>6. The Council recommends that the Australian Government ensure policy settings that encourage the rural sector to participate actively in new business opportunities related to bio-based production.</p>	<p>The NFF notes that it is important to recognize that transformational change in industry can come not just new business opportunities, but also improving the existing production systems and also changes in policy settings. For this reason it is important that research and development is linked to policy development, but also that there is a whole of government approach to ensure that policy across government supports innovation in agriculture to drive productivity and sustainability.</p> <p>The term bio-based production is used in the document and it is not clear how this differs from traditional agriculture, fisheries and forestry industries.</p>

International links	
7. The Council recommends that the Australian Government strengthen the capacity of existing networks to contribute to international efforts to address climate change and produce food, fibre and renewable fuel for a growing global population.	The NFF is concerned that Australia's international efforts are not linked to domestic research and development priorities. These international links are also undertaken under AUSAid and DIISR, and it is important that there is consistency in the priorities and policy of these agencies with those of agriculture.
8. The Council recommends that the Australian Government build strategic international links through existing scientific networks to maximise technological innovation in Australia's rural sector.	There is an opportunity to align international research and development partnerships with strategic needs of R&D related to agricultural industries and environments relevant to the Australian agricultural systems. Again, this is outside of traditional area of agriculture and aligns with the programs administered through DIISR but also ACIAR.
9. The Council recommends that the Australian Government support industry and researchers, particularly those along the value chain, to strengthen links that increase the flow of international capital into Australia's rural RD&E system.	The NFF has indicated its support for a broader approach to rural innovation that also recognizes the potential to encourage innovation and investment in research and development in areas related to the agricultural industries. This includes encouraging innovation in industries which provide inputs into the agricultural industries, as well as investment in innovation to add value to agricultural products. This recommendation has strong links to areas of policy and programs managed by the Department of Industry, Innovation, Science and Research. The recent changes in Departmental responsibilities, with Department of Industry, Innovation, Science and Research being responsible for the food processing and manufacturing sector, illustrates the need for a cross-government approach.
Institutional arrangements	
10. The Council recommends that the Australian Government endorse a key advisory body to guide more effective multi-sector cooperation and the prioritisation of investment in RD&E for Australia's rural industries.	The need for a whole of government approach to rural innovation was recognised in the PMSEIC report on Food Security. The development of a National Food Plan is one mechanism which can assist in achieving a whole-of-government approach by setting National priorities to be delivered through policy and innovation. The National R,D&E Framework being developed under the Primary Industries Standing Committee also provides another mechanism

	<p>which can bring together sectoral and regional views. The NFF believes that engagement of the agricultural industries is vital, and that processes to develop priorities and strategies for rural R&D must involve industry in their development to be effective.</p>
<p>11. The Council recommends that the Australian Government endorse the first National Strategic Rural R&D Investment Plan and consider associated adjustments to the Council's terms of reference.</p>	<p>The NFF has not had the time to properly review the Investment Plan with members and is not in a position to endorse the Investment Plan. The NFF also notes that that in the coming months the Productivity Commission's report on Rural Research and Development Corporations will be delivered and the Government will look to respond to the PMSEIC reports. Where possible roles and responsibilities of committees should not be duplicated or conflict with roles and functions elsewhere in government.</p>
<p>12. The Council recommends that the Australian Government ensure adequate provision for the maintenance and implementation of the plan and performance management system.</p>	<p>Agricultural industries have a significant interest in research and development, and regard it as a high priority. There is an expectation that Government recognizes this level of interest and should resource policy to support research and development accordingly. This includes providing the resources to support an effective and stable policy capacity within the Department of Agriculture, Fisheries and Forestry which can effectively liaise and coordinate with other Government agencies working in the area of rural innovation.</p>
<p>13. The Council recommends that the Australian Government make an immediate investment to increase data collection to support performance measurement of the rural RD&E system. This includes allocating resources to analyse existing and new sources of data and to clearly communicate findings.</p>	<p>This recommendation is consistent with recommendations from the Productivity Commission review of the RDCs. This recommendation has significant implications, and needs to ensure there is greater consistency across government on monitoring investment in agricultural R&D, including the Department of Innovation, Industry, Science and research as well as the Australian Bureau of Statistics.</p>