

Is ag research in for a tinkering or an overhaul?

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INFLUENTIAL: Very little of what Australians consume on a daily basis is untouched by research and development corporations.

JUST what appetite exists for significant change in agricultural research and development is the question being bandied around in the wake of Agriculture Minister David Littleproud's move to pull together a 'shared strategic vision.'

The minister has commissioned consultants Ernst & Young to consult extensively ahead of creating a road map for rural innovation in Australia in the future.

He insists it is not a restructure of research and development corporations, however there is certainly some nervousness among RDC bosses as to whether their organisations will survive in current formats.

While there are corners advocating for a significant overhaul, including complete mergers in some cases, the idea that Australia's RDC model is world-leading and "the baby should not be thrown out with the bathwater" is also strongly held.

Dominant opinion seems to be that a slight tinkering is all the review process will deliver, regardless of who holds the title of Agriculture Minister when the EY report is handed down.

Whether or not they believe it's necessary, most say it would be a massive political call to attempt to dismantle RDCs in any way, shape or form.

Mr Littleproud said he wanted the consultants to focus on spurring cooperation and collaboration, attracting capital from around the globe and improving pathways to commercialisation.

Australia needed a rural innovation system that was for the future, he said.

What's the problem?

A perceived lack of co-investment in projects across the 15 RDCs and duplication of resources has raised questions over whether the 29-year-old model is serving its various farming and processing levy payers adequately.

Leaders in some agriculture sectors, and even RDC bosses themselves, want more accountability, a more commercial approach to funding research and far greater collaboration.

Managing director of big beef, sheep and goat meat service provider Meat and Livestock Australia, Richard Norton, said duplication was costing the red meat value chain "hundreds of thousands, if not millions, of dollars."

However, other RDC bosses and producer groups have argued the different priorities, and at times competing agendas, meant combined RDCs could never work.

The EY project will involve more than 450 interviews and 10 workshops and the minister has urged all players to get involved.

RDCs have indicated they intend to do just that.

Official response so far has been to welcome the project, although that has been encompassed in talk of rural industries prospering under the RDC model and it being the envy of agriculture systems around the world.

Of the 15 organisations established under the RDC model in 1989, ten are now industry-owned companies and five are statutory authorities.

Levies on production are compulsory but the rate is set by each industry.

The Australian Government matches the levy up to 0.5 per cent of the gross value of production for the commodity involved.

The basic thinking behind the model, Cotton RDC executive director Bruce Finney explained, was that it addressed under-investment in research where small producers were unable to capture sufficient benefits from self-funded research, the collection of compulsory levies avoided free-riding and it accounted for spillover benefits to the wider community.

Council of Rural RDCs executive officer Tim Lester said research, development and innovation had played a critical role in driving long-term growth and prosperity, sustainability and international competitiveness of rural industries.

It involved an estimated \$3 billion a year and a broad mixture of public and private investors and providers, he said.

Both Mr Lester and executive director at the Australian Farm Institute Richard Heath pointed out the EY project was to look at the rural innovation system in its entirety.

“RDCs are an important lever but they are only one lever, there are many other ways rural innovation is happening and I believe this is a genuine look at the entire system,” Mr Heath said.

“That is a relevant and important thing to do on an ongoing basis.

“The system is undergoing significant change at the moment, particularly in the area of the proportion of funding coming from public versus private sources and the entry of agtech.”

Mr Heath also felt the move recognised the ongoing discussion about whether there was excessive duplication and inefficiencies in the way research was extended.

“One of the drivers is perhaps the agtech sector, which often is not contained to one industry but rather whole-of-agriculture issues - big data for example, or soils, workplace health and safety, climate change.

“Researching these areas within a siloed commodity group is questionable.”

In the wings

Behind the scenes, reaction to the EY project has been mixed, with some RDC key players telling Fairfax Media it amounted to the first step in forced mergers and reduced government funding support.

Others said it was a justified and long overdue move towards 'doing business better.'

Others still said RDCs had 'nothing to be scared of.'

Whether they want change or not, most agree the project is effectively a review of RDCs and would like to see more explanation around the terms of reference provided to EY.

Fairfax Media has put that request to both the minister's office and EY.

Management expert Brian Ramsay, whose company Inovact Consulting specialises in agribusiness and industry service organisations, said there was understandably much curiosity in the R&D sector "about what problems specifically we are looking to solve."

"There are lots of examples of consultation and workshops in this sector, and nothing happening as a result, and business people are tired of talk fests," he said.

"What big questions will this project try to answer?"

"It will certainly put more visibility on the need for innovation in ag R&D institutions but what it will produce beyond that, it's hard to say."

RDC shortcomings called out

Shadow Minister for Agriculture Joel Fitzgibbon is far less reserved than his counterpart, openly calling out the problems he sees within RDCs.

"Some are top heavy, there is a lot of siloing, mission creep and some are effectively de facto farm leadership groups," he said.

"In places, there is a disproportionate focus on marketing and I note with concern most tend to only invest to their matching cap, a clear sign things aren't as good as they could be."

The current structure of RDCs, despite being the work of Labor, would not be sacred territory under his review.

Mr Fitzgibbon said he would guarantee funding but make sure limited levy payer and taxpayer dollars were spent as effectively as possible.

While the EY report will take a broad view of all of agriculture, it was what the red meat industry had been talking about for some time, said Red Meat Advisory Council chair Don Mackay.

One area RMAC particularly wants looked at is adoption.

“We do a tremendous amount of research in this country but outside of high input intensive ag sectors who are early adopters, we lack extension services and the more broadscale industries are not good at adopting,” Mr Mackay said.

“There is no point research sitting on the shelf.”

The new vision of Australia’s innovation system is expected to be launched early next year.