



JOINT MEDIA RELEASE

Senator the Hon Nick Sherry Assistant Treasurer	The Hon Tony Burke MP Minister for Agriculture, Fisheries and Forestry
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PRODUCTIVITY COMMISSION INQUIRY INTO RURAL RESEARCH AND DEVELOPMENT

The Assistant Treasurer, Senator Nick Sherry, and the Minister for Agriculture, Fisheries and Forestry, Tony Burke, have today announced the terms of reference for a Productivity Commission inquiry into rural research and development corporation arrangements.

The inquiry will consider the economic and policy rationale for Australian Government investment in rural research and development.

The inquiry will also examine the interactions and potential overlaps across governments and programs to ensure Australia gets the best value for its research and development spending.

The Commission will hold public hearings and release a draft report for public comment, before delivering a final report to the Government in February 2011.

The terms of reference for the inquiry are attached.

For more information, go to www.pc.gov.au

CANBERRA

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Media Contacts:

Joe Scavo 0413 800 757 (Assistant Treasurer's Office)

Andrew Bourke 0400 117 570 (Minister Burke's Office)

PRODUCTIVITY COMMISSION INQUIRY INTO THE AUSTRALIAN GOVERNMENT RESEARCH AND DEVELOPMENT CORPORATIONS MODEL

Outline

Investment in agricultural research and development is undertaken primarily through the Rural Development Corporations (RDCs), State and Territory governments, CSIRO, the tertiary education sector, cooperative research centres and private sector businesses. Total expenditure by all sectors on rural research and development was of the order of \$1.6 billion in 2006-07.

The RDCs, who commission research and development from public and private providers, are funded by a co-investment model based on industry levies and matching Australian Government funding.

The Australian Government collects industry levies under legislation for the purpose of research and development and matches expenditure on research and development on a 1:1 basis, up to 0.5 per cent of industry gross value of production. In 2008-09, expenditure by RDCs on R&D was about \$460 million, including \$207 million from the Australian Government. RDCs are accountable to both industry and government for their expenditure.

Terms of Reference

The review will:

- examine the economic and policy rationale for Commonwealth Government investment in rural R&D;
- examine the appropriate level of, and balance between public and private investment in rural R&D;
- consider the effectiveness of the current RDC model in improving competitiveness and productivity in the agriculture, fisheries and forestry industries through research and development;
- examine the appropriateness of current funding levels and arrangements for agricultural research and development, particularly levy arrangements, and Commonwealth matching and other financial contributions to agriculture, fisheries and forestry RDCs;
- consider any impediments to the efficient and effective functioning of the RDC model and identify any scope for improvements, including in respect to governance, management and any administrative duplication;
- consider the extent to which the agriculture, fisheries and forestry industries differ from other sectors of the economy with regard to research and development; how the current RDC model compares and interacts with other research and development arrangements, including the university sector, cooperative research centres and other providers; and whether there are other models which could address policy objectives more effectively;

- examine the extent to which RDCs provide an appropriate balance between projects that provide benefits to specific industries versus broader public interests including examining interactions and potential overlaps across governments and programs, such as mitigating and adapting to climate change; managing the natural resource base; understanding and responding better to markets and consumers; food security, and managing biosecurity threats;
- examine whether the current levy arrangements address free rider concerns effectively and whether all industry participants are receiving appropriate benefits from their levy contributions.

The Commission is to hold hearings for the purpose of the inquiry and produce a draft and final report.