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“Rural R&D’S Contribution to an Informed and Innovative Australian Agricultural Future”

Address by NFF President, Mr Peter Corish

Rewards from Innovation – Food and Fibre Forum

6 September 2005

INTRODUCTION

- Thank you Adam (Adam Spencer - Moderator)
- Can I firstly commend Terry Enright, and the Rural R&D Chairs Committee on convening today’s R&D Innovation Expo to showcase the strong industry-led achievements of Australia’s 14 Rural R&D Corporations.
- Today’s Forum represents a wonderful collaborative effort on behalf of all R&D Corporations, and further strengthens relationships between RRDC’s across Australia’s primary industries sectors.

In contributing to the Forum this afternoon I plan to:

- outline my perspectives on the future of Australian agriculture;
- identify some of the challenges and opportunities; and
- detail how a strong ongoing commitment to rural research and development can ensure the future for Australian agriculture is a profitable and sustainable one.

- Obviously my perspectives today will reflect those of the National Farmers' Federation (NFF), but I will also draw on some of the early themes that are emerging from the Agriculture and Food Policy Reference Group, a Group I have the pleasure of chairing.

THE CURRENT STATE OF AUSTRALIAN AGRICULTURE

- In assessing the contribution of rural research and development to the prosperity of Australia's agricultural industries, and in turn regional communities, it is worth briefly considering the current state of Australian agriculture.
- In 2003-04, Australian farming directly contributed four per cent of GDP and employed 375 000 people or four per cent of the workforce. It looms larger in Australia's exports, accounting for more than 23 per cent of total exports in 2003-04.
- With rising input costs and increased competition in both domestic and global markets, farmers continue to face declining terms of trade.
- While the decline has been observable for a number of decades, the majority of agricultural sectors have offset these declining terms through strong productivity growth.
- As we have heard from Senator Colbeck, the strong commitment of both the Australian Government, and individual industries to R&D investment, and the willingness of farmers to embrace the products of R&D in their own systems, have underpinned this impressive productivity growth.
- Unlike many of our overseas competitors, Australian farmers are not expecting governments to subsidise their existence, or to resurrect protection for industries facing strong global competition.
- In contrast, farmers are calling on government to create a business environment that allows them to plan and invest for the long-term, to enhance their risk management capabilities and to identify emerging challenges and new opportunities.

- Strong and continued public support for R&D represents one of the most critical contributions government can make in creating this business environment.

THE CHANGING FACE OF AUSTRALIA

- The changes observed in the farm sector cannot be considered in isolation, but must be looked at in the context of the changes that Australia has observed as a nation.
- It should come as no surprise that as Australia has evolved into an open and dynamic modern economy, the growth in emerging sectors such as the service industries has resulted in a decline in the relative contribution of agriculture to our nation's economy.
- In addition to economic change, Australia has also observed a major demographic shift, with significant population drift away from rural and regional areas towards major regional cities and State capitals.
- This drift has created a situation where around 85 per cent of Australians now live within 50km of the coastline.
- In contrast to previous generations, these trends have resulted in a situation where the majority of Australians no longer have a strong attachment to farming or rural Australia.
- These changes have meant that the majority of the Australians are now further isolated from the origins of their food and fibre than at any other time in our nation's history.
- The impact of this situation was reinforced through recent NFF market research that identified a general lack of awareness among metropolitan Australians about both farmers and agriculture.
- Encouragingly, despite this lack of awareness of modern farming practices, the majority of people surveyed did retain a positive perception of farming and rural Australia, and demonstrated a strong empathy with farmers.
- Although the current image of agriculture remains positive, in the absence of a concerted promotional effort on the part of rural

industries, R&D Corporations included, this goodwill cannot be relied on forever.

- In a climate where everyday Australians do not appreciate the realities of modern farming, it is all too easy for extremist groups to promote biased and misleading messages in a bid to discredit and destroy our industries.
- Low public awareness of modern farming and farmers' aspirations and goals for the future is also no doubt influencing the perspectives of mainstream Australians on the value of publicly-funded Rural R&D, an issue close the heart of many in this room.
- I will revisit this issue of public perception when considering the future roles of Rural R&D Corporations in securing Australia's agricultural future.

AGRICULTURAL TRENDS - CHALLENGES AND OPPORTUNITIES

- There is no doubt that the Rural Research and Development Corporation model has served Australia farmer well, however the question must be asked as to whether the RDC model, in its current form, will deliver farmers the information, options and support required to:
 - overcome the competitive pressures as new developing nations such as China, India and South America emerge in our key price-driven commodity markets;
 - identify, access and capitalise on new market opportunities based on high quality and specialised products tailored to consumers needs;
 - back up Australia's 'clean green' reputation in the face of increased scrutiny from consumers of our environmental performance, animal welfare and other facets of production; and
 - maintain profitable and sustainable businesses under changed climatic conditions, with more frequent extreme droughts, higher temperatures, lower rainfall and possibly increased evaporation.

The future viability and prosperity of the majority of Australian farm businesses will depend on their ability to draw on the outcomes of research and development, and to take into account these global trends in the management decisions they are making now.

THE ROLE OF R&D IN SECURING THE FUTURE OF AUSTRALIA'S PRIMARY INDUSTRIES

- It is only through strong commitment to strategic research, development and extension that Australian agricultural industries will be able to rise above these challenges and ensure a prosperous and sustainable future.
- In meeting farmers' new and growing R&D demands, it will be essential that R&D Corporations remain flexible and responsive to these evolving needs.
- The majority of R&D corporations are, to their credit, responding to industry needs and taking on new and changing roles.
- I believe there is considerable scope for the Research and Development Corporations to take on more active roles in:
 - supporting industries to overcome short-term threats to their long-term viability;
 - investing in collaborative initiatives addressing cross-cutting issues, particularly where these represent common threats or opportunities for a range of agricultural industries;
 - the extension of R&D outcomes to ensure the more timely adoption of R&D innovations; and
 - promoting not only production-focused research, but devoting more R&D dollars towards identifying value-added opportunities down the supply chain.

OVERCOMING SHORT-TERM THREATS

- There is no doubt that R&D Corporations will always have a key role to play in supporting research aimed at enhancing the long-term productivity and sustainability of agricultural industries, however the ultimate value of such investment must be questioned where an industry's viability faces a more immediate threat.

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- Whether in response to extreme campaigns from activist groups, pressure from domestic or international governments, or as a consequence of broader public perceptions, over the next decade Australian agricultural industries are likely to face new and direct threats.
- I have seen first hand the important role that Rural R&D Corporations can play in assisting industries to manage and overcome immediate threats and to continue on the path to long-term success.

Cotton BMP

- In the early 1990s, the Australian cotton industry was under fire for its environmental performance, facing immense pressure from both the Australian community and governments.
- With the industry's future on the line, cotton growers looked to the CRDC, Land & Water Australia and the Murray-Darling Basin Commission to provide the scientific basis for the development of the Cotton Best Management Practices (BMP) program.
- Cotton BMP, which is a grower-driven environmental management program, has allowed the Australian cotton industry to make significant advance in terms of both environmental performance and productivity.
- The environmental benefits which have been brought about as a combined result of BMP, Integrated Pest Management and biotechnology have marked the dawn of a new era for the Australian cotton industry.

AWI and the Sheep and Wool Taskforce Experience

- In terms of recent history, it is also worth paying tribute to the role of Australian Wool Innovation (AWI) in supporting Australian wool producers to combat the misleading anti-mulesing campaign which has been promoted by the extremist group the People for the Ethical Treatment of Animals (PETA).

- AWI, in conjunction with NFF, has taken on an active role in the Australian Wool and Sheep Industry Taskforce which is made up of the 10 peak industry bodies and the Federal Government.

AWI's role has:

- assisted the Taskforce in providing support to retailers which may be targeted by PETA, both in Australia and overseas;
 - allocated significant funds supporting research to find non-surgical alternatives to mulesing; and
 - backed growers to take action and assert their legal rights to stop PETA attempting to choke their markets by intimidating retailers.
- Can I also commend the contribution of Meat and Livestock Australia towards the Taskforce, and their commitment to the task of defending Australia's live export industry from the same radical group.

COLLABORATIVE INVESTMENT INTO CROSSCUTTING ISSUES

- Many of the greatest challenges facing Australian farmers are common to producers across all commodity industries, and it is therefore critical that industries and government continue to invest in collaborative R&D initiatives for the benefit of all farmers and natural resource managers.
- While there are numerous industry challenges that would benefit from a greater collaborative effort on the part of R&D corporations, NFF believes significant achievement can be achieved through increased shared investment in:
 - improving our understanding of Australia's climate patterns, to underpin improved seasonal climate forecasts and risk management tools, and build on the highly successful Managing Climate Variability Program;
 - initiatives to attract new people in agricultural industries through promoting rural career opportunities and pathways; and importantly

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- a general campaign for Australian Agriculture aimed at giving all Australians a greater and more positive understanding of agriculture and rural Australia.
- As I have mentioned, today's Forum represents a clear example of what can be achieved through the collaboration of the 14 R&D Corporations.
- Terry (Enright), NFF is committed to working with the Rural R&D Chair Committee to identify what further arrangements can be put in place to promote additional R&D collaboration in overcoming some of the cross-cutting challenges that face Australian agriculture.

EXTENSION OF R&D OUTCOMES.

- The true value of rural research and development must not be measured in terms of dollars invested, but rather the difference that R&D outcomes make to the productivity, profitability and sustainability of individual farm businesses.
- Sadly, we can no longer assume that the outcomes of research and development will be widely disseminated through comprehensive State Government extension networks.
- While there is no doubt that private advisory services have filled some of the void left after the withdrawal of State extension services, there remain large numbers of farmers, R&D levy payers, who are still to embrace the notion of commercial advisory services.
- The communication and adoption of R&D innovations will never be a problem with the top 40% of farmers, who continually strive for best practice and beyond.
- The challenge for R&D Corporations will be reaching out to those "*middle of the road*" producers in their respective industries, and demonstrating what R&D innovation can do for the future of their business.
- In order to consolidate the research investments of R&D Corporations, it is essential that the R&D Corporations, in

conjunction with governments, consider more effective ways to promote the uptake of R&D innovations.

INVESTING IN VALUE-ADDED OPPORTUNITIES

- As I have alluded, the future competitive advantage of Australian farmers will be based on our ability to respond to consumer demand and to deliver new and innovative products that embody quality, cleanliness and sustainability.
- In order to support Australian farmers to capitalise on such opportunities, it will be critical for R&D Corporations to have integral links with markets, and to shift their investment balance away from on-farm research, into projects that support farmers to access new value-added opportunities.
- Opportunities also exist for R&D Corporations to more closely collaborate with the National Food Industry Strategy (NFIS) and Austrade in considering new market development.

CONCLUSION

- Australian farmers are fortunate to contribute to, and benefit from a world's-best Rural Research and Development framework, and while the 14 Rural R&D Corporations share a proud track record, it is essential that Corporations continue to respond to the evolving R&D needs of industry.
- There is no doubt that over the next decade Australian farmers will have new and changing R&D demands, and it is therefore imperative that R&D Corporations remain flexible and responsive.
- Through evolving with industry, through stepping in at times of crisis, through enhanced collaborative R&D, through improved extension, and through researching new market opportunities, Rural R&D Corporations can make a critical contribution to a profitable and sustainable future for Australian agriculture, and the regional communities that depend on it.
- **THANK YOU**