Australian Farm Institute

MEDIA RELEASE

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Enhancing Private-Sector Investment in Agricultural R,D&E

If Australian agriculture is to remain competitive, partnerships between private- and public-sector agricultural research, development and extension (R,D&E) investors must be fostered, says Executive Director of the Australian Farm Institute (AFI), Mick Keogh.

In addition, better data on where agricultural R,D&E investment is occurring will help to direct public funds to ensure critical capacity is maintained.

A new research report from the Australian Farm Institute delves into private-sector agricultural R,D&E investment in Australia to find ways to incentivise such investment, with the longer-term goal of optimising national agricultural productivity growth.

The correlation between long-term publicly-funded agricultural R,D&E investment and agricultural productivity growth is well understood, according to the study, but less well understood are the links between private-sector agricultural R,D&E investment and agricultural productivity growth.

“For a relatively small and agriculturally unique market such as Australia, the engagement of the private sector in agricultural R,D&E investment is essential to maximise national agricultural R,D&E efforts, but also challenging due to the lack of information about such investment,” Mr Keogh said.

Farm sector productivity growth has, at times, been higher than the rate of productivity growth of any other sector in the national economy, suggesting that agricultural R,D&E investment has delivered valuable national benefits. However, in recent years, the rate of growth in Australian agricultural productivity has declined considerably, according to the Organisation for Economic Cooperation and Development.

By better understanding the factors affecting private-sector agricultural R,D&E investment decisions, the opportunity exists to encourage increased investment and optimise productivity growth.

“During the course of this project we interviewed many private-sector funders of R,D&E”, said AFI General Manager of Research, Richard Heath. “The organisations generally were all complimentary about the quality of Australian agricultural research and were willing to continue to invest or even increase investment if some of the present barriers limiting private-sector investment could be resolved.

“The key barriers to investment identified were a lack of a commercialisation culture within research institutions and excessive restrictions on intellectual property rights. Removing these barriers will be crucial for ensuring that overall research intensity is maintained and that there is complementarity in public and private funding of R,D&E.”

The report also recommends that agricultural R&D agencies and universities should engage more directly with private-sector farm advisors, as these are now the major communications pathway by which Australian farmers become aware of, and consider the adoption of new innovations.

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In brief, the report's recommendations include:

1. A more descriptive methodology should be developed for categorising agricultural R,D&E expenditure
2. Participation in programs which attempt to match innovation and commercialisation culture between public and privately-funded organisations should be incentivised
3. Australian governments should commit to sustain - and ideally increase - public funding for agricultural R&D
4. A standardised database should be developed for agricultural research projects
5. Australian regulators should adopt international approval processes to reduce the cost of compliance associated with the development of products for the Australian market
6. Australian Government agricultural R&D agencies should develop and actively encourage collaborative partnerships with large multinational agribusiness companies
7. Australian Government agricultural R&D agencies and universities should develop and implement regular and formal engagement with private-sector farm advisors

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