

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2010

Agriculture, Fisheries and Forestry

Question: GRDC 01

Division/Agency: Grains Research and Development Corporation

Topic: Grain Growers

Hansard Page: Written

Senator Adams asked:

1. In the lifetime of the GRDC, has this organisation ever been subjected to any independent scrutiny (apart from Senate Estimates) as to the performance of increasing financial returns and therefore increased viability, to its grower stakeholders?
2. Does the GRDC believe that funding pre-breeding and then selling this I.P. to commercial entities such as InterGrain and then expecting growers to pay again through Plant Breeders Rights and End Point Royalties, is in the best interests of GRDC's grower stakeholders?
3. Can GRDC's investment in InterGrain with statutory gained growers' funds and then InterGrain's subsequent charge to growers Plant Breeders Rights and End Point Royalties on its varieties, be regarded as a conflict of interest or a misuse of growers' funds?
4. Does GRDC consider the \$109 million in reserve funds are in excess of GRDC's needs, keeping in mind Western Australian grain growers' 2010/11 budgets are in general in the negative?
5. Do you consider GRDC's extension program, as to getting the R&D to the growers' paddock, as adequate and at least-cost pathway?
6. Why aren't the GRDC Board and panels elected by growers (who are compulsorily made to fund GRDC)?
7. Has it ever been considered that the GRDC Board and panels be elected by stakeholders, rather than appointed?
8. With de-regulation which has now occurred within the grains industry, are there any ways the GRDC considers its role has or should change, which reflect structural changes in the industry?
9. If growers pay for promotion and breeding of new varieties of grains through levies, which have not been proven to be better in broad acre conditions and have not proved to be better quality for the buyer (end users), why are growers then charged End Point Royalties? (Often these new varieties perform worse in all aspects compared to older varieties)
10. What degree of nutritional research is done in grain production? How much nutrient research has been conducted over the past 30 years? How close is nutrient research tied to developments and changes in farming practices?

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1. Under the *Primary Industries and Energy Research and Development Act 1989* Ministerial approval of the GRDC's Annual Operation Plan and Annual Report is required each year. The GRDC uses independent consultants (for example Agtrans Research and ACIL Tasman) to assess the impact of groups of projects, which results in benefit-to-cost estimates. A summary of these assessments is **attached**. The methodology is published at the following web address: <http://www.ruralrdc.com.au/Page/Evaluation+/Methodology.aspx>.

2. The GRDC invests with its partners in pre-breeding research to address medium and long term issues of major importance to growers, like drought, frost, salinity, and rust resistance. Intellectual Property (IP) from these projects is made available non-exclusively to both public and commercial wheat and barley breeding programs in Australia, according to the principles of the Winter Cereals Pre-Breeders Alliance. This approach has been adopted to ensure all breeding programs can get access to the outcomes of pre-breeding research and to ensure that the maximum number of growers benefit.

3. No. The GRDC and the WA government invested in InterGrain to establish a robust, sustainable wheat breeding program to serve the needs of Western Australian grain growers and Australian grain growers as a whole. All End Point Royalties earned by InterGrain have been reinvested in the program.

4. No. GRDC aims to manage its liquid reserves at between 40 and 70 per cent of the following years forecast expenditure, to maximise the long term benefits of R&D to growers. GRDC's revenue is primarily sourced from a levy on the net farm gate value of production and a matching contribution from the Australian Government, capped to 0.5% of the gross value of production. The highly variable nature of grain production and prices means GRDC's revenue fluctuates significantly from year to year.

5. The GRDC uses a range of coordinated activities and mixes of extension programs that enable greater opportunities to deliver GRDC and partner Research, Development and Extension (RDE) outcomes, critical to maximising the possibility of adoption.

There is an emphasis on value-for-money in the delivery of RDE information to industry.

6. The GRDC Board is a skills-based board appointed by the Minister on the recommendation of a Selection Committee, under the Primary Industries and Energy Research and Development Act (PIERD Act).

Across Australia there are three Grains Research and Development Corporation (GRDC) Regional Panels representing the principal cropping zones — northern, southern and western regions. The GRDC regional panels are composed of individuals with a mix of skills and include growers, researchers, consultants and agribusiness.

The GRDC Panel appointments are made through a comprehensive selection process. Anyone working in, or in support of, the Australian grains industry is encouraged to apply. Applications are received and evaluated through a selection committee. GRDC's

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representative organisation (GCA) assists GRDC in selecting and appointing panel members, including nominating growers onto the selection committees.

7. See answer to Question 6.

8. The Wheat Industry Expert Group (IEG) made a recommendation that GRDC should manage wheat variety classification.

The GRDC has worked with industry to establish: a Wheat Classification Council that has oversight of the process and responsibility for establishing the specific classes; and a Wheat Variety Classification Panel that performs the operational component of wheat classification – the classing of varieties.

9. Except for areas of market failure, such as durum and dual purpose wheat, GRDC no longer invests grower levies directly in wheat breeding projects and therefore has no ownership in new variety releases.

Operational funding for commercial wheat breeding companies comes from End Point Royalties (EPRs). The Plant Breeder's Rights Act (1994) grants breeders 'ownership' of their varieties and enables them to set conditions on their use by others including for commercial purposes.

By means of a PBR Licence Agreement, breeders will grant growers non-exclusive rights to produce and sell grain subject to agreed terms and conditions, which may include the payment of EPRs.

Growers make decisions on which grain variety is the best for their farming system based on a range of parameters that include varietal performance and agronomy that directly influence the sustainability and profitability of their farming enterprise. Growers consider the requirement to pay any associated royalties as part of their business decision.

10. Crop nutritional research is undertaken by fertiliser companies, universities, CSIRO and state government agencies. The GRDC is investing \$4.6 million in nutritional research in 2009-10. The focus is on improved crop nutrient use efficiency through improved varieties, practices and the development of new biological and chemical products.

The GRDC invested \$116 million in soils research between 1992 and 2007, of which a significant portion was on crop and soil nutrition. A GRDC project is currently reviewing and integrating crop nutrition information developed for the grains industry.

Crop nutrition research is linked to farm practice change through the increased use of deep soil nitrogen testing, reassessment of crop nutrient requirements in no-till systems and the use of soils information to understand and manage yield variation across a field.

[GRDC 01 – Attachment]