THE LEGACY OF JOHN KERIN
A LABOR PARTY MAN OF RURAL POLICY
BASED ON SCIENCE

by

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John Kerin entrusted me with bound copies of the numerous press releases and speeches made while he was Minister for Primary Industries and later Minister for Primary Industries and Energy as well as those speeches he has made since leaving Parliament. He has also provided copies of his extensive recollections in dealing with industry officials and state governments in the reform process he administered.
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- Dr Brian Fisher
- Tim Lester
- Dr Linda Botterill
- Craig Miller
- Robert Macadam
- Hamish Inall
- Charles McElhone
- Margo Mason
DECLARATION

This work contains no material which has been accepted for the award of any other degree or diploma of any University or tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I give consent to this copy of my thesis, where deposited in the University Library, being made available for loan and photocopying.

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Neil Inall
2015
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<th>Description</th>
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<tr>
<td>AAC</td>
<td>Australian Agricultural Council</td>
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<tr>
<td>AAS</td>
<td>Australian Academy of Science</td>
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<tr>
<td>ABC</td>
<td>Australian Broadcasting Corporation</td>
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<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>AARES</td>
<td>Australian Agricultural &amp; Resource Economics Society</td>
</tr>
<tr>
<td>ABARE</td>
<td>Australian Bureau of Agricultural Economics</td>
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<td>ABARES</td>
<td>Australian Bureau of Agricultural and Resource Economics Sciences</td>
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<tr>
<td>ACOLA</td>
<td>Australian Council of Learned Economies</td>
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<tr>
<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
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<td>AFFO</td>
<td>Australian Farmers Federal Organisation</td>
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<td>AFI</td>
<td>Australian Farm Institute</td>
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<td>AMIEU</td>
<td>Australian Meat Industry Employees Union</td>
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<td>AMLC</td>
<td>Australian Meat and Livestock Corporation</td>
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<tr>
<td>ANU</td>
<td>Australian National University</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Co-Operation</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of South-East Asian countries</td>
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<tr>
<td>ATSE</td>
<td>Australian Academy of Technological Sciences and Engineering</td>
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<tr>
<td>AWB</td>
<td>Australian Wheat Board</td>
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<tr>
<td>AWGC</td>
<td>Australian Woolgrowers and Graziers’ Council</td>
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<tr>
<td>AWMPF</td>
<td>Australian Wool and Meat Producer’s Federation</td>
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<tr>
<td>BAE</td>
<td>Bureau of Agriculture Economics</td>
</tr>
<tr>
<td>BCG</td>
<td>Birchip Cropping Group</td>
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<tr>
<td>BOM</td>
<td>Bureau of Meteorology</td>
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<tr>
<td>BRS</td>
<td>Bureau of Rural Sciences</td>
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<tr>
<td>CP</td>
<td>Country Party of Australia</td>
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<tr>
<td>CRC</td>
<td>Co-operative Research Centre</td>
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<tr>
<td>CRDC</td>
<td>Cotton Research and Development Corporation</td>
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<tr>
<td>CRRDC</td>
<td>Council of Rural Research and Development Corporations</td>
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<tr>
<td>CSIR</td>
<td>Commonwealth Scientific and Industrial Research</td>
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<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<td>--------------</td>
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<tr>
<td>DA</td>
<td>Department of Agriculture</td>
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<td>DAFF</td>
<td>Department of Agriculture, Fisheries and Forestry</td>
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<td>DPI</td>
<td>Department of Primary Industry</td>
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<tr>
<td>EEC</td>
<td>European Economic Community</td>
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<td>EPAC</td>
<td>Economic Planning and Advisory Council</td>
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<td>ERC</td>
<td>Expenditure Review Committee</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>G20</td>
<td>Group of 20 major economies</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>GRDC</td>
<td>Grains Research and Development Corporation</td>
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<tr>
<td>GVP</td>
<td>Gross value of production</td>
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<tr>
<td>HAHS</td>
<td>Hurlstone Agricultural High School</td>
</tr>
<tr>
<td>HSBC</td>
<td>Hong Kong &amp; Shanghai Banking Corporation</td>
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<tr>
<td>IAC</td>
<td>Industries Assistance Commission</td>
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<tr>
<td>IC</td>
<td>Industry Commission</td>
</tr>
<tr>
<td>ICRISAT</td>
<td>The International Crops Research Institute for Semi-Arid Tropics</td>
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<td>IWS</td>
<td>International Wool Secretariat</td>
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<tr>
<td>LP</td>
<td>Labor Party of Australia</td>
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<tr>
<td>LWA</td>
<td>Land and Water Australia</td>
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<tr>
<td>MLA</td>
<td>Meat and Livestock Australia</td>
</tr>
<tr>
<td>MRC</td>
<td>Meat Research Corporation</td>
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<tr>
<td>NT</td>
<td>Northern Territory</td>
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<tr>
<td>NFF</td>
<td>National Farmers’ Federation</td>
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<td>NLA</td>
<td>National Library of Australia</td>
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<tr>
<td>NFP</td>
<td>National Food Plan</td>
</tr>
<tr>
<td>NP</td>
<td>National Party of Australia</td>
</tr>
<tr>
<td>NSWGA</td>
<td>NSW Grazier’s Association</td>
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<tr>
<td>NSW</td>
<td>New South Wales</td>
</tr>
<tr>
<td>NWC</td>
<td>National Water Commission</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-Operation and Development</td>
</tr>
<tr>
<td>PC</td>
<td>Productivity Commission</td>
</tr>
<tr>
<td>PFRO</td>
<td>Publicly funded research organisations</td>
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<tr>
<td>PI</td>
<td>Primary Industry</td>
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</table>
PMSEIC  Prime Minister’s Science, Engineering and Innovation Council
QLD  Queensland
R&D  Research and Development / research and development
RD&E  Research, Development and Extension
RDC  Research & Development Corporation
RIRDC  Rural Industries Research and Development Corporation
RIRFs  Rural Industry Research Trust Funds
RRC  Rural Reconstruction Commission
RRDC  Rural Research and Development Corporations
SA  South Australia
SMA  Statutory Marketing Authority
TAS  Tasmania
UNE  University of New England
USA  United States of America
VIC  Victoria
WA  Western Australia

Note:
All dollar values are Australian dollars, unless otherwise specified.
EXPLANATION REGARDING QUOTATIONS FROM JOHN KERIN

Many of the direct quotations from John Kerin in this study were extracted from interviews, conducted by the author with him, for the oral history section of the National Library of Australia. Those recordings are available from the Library’s internet website: www.nla.gov.au/what-we-collect/oral-history & folklore. Recorded interviews were also undertaken with a number of Kerin’s associates. Those recordings and transcriptions of them are available from this researcher.
ABSTRACT

The aim of this research was to discover why John Kerin, when Minister for Primary Industry in the reformist Hawke Labor government in Australia in the 1980s, vigorously pursued the development of policies aimed at increasing farm productivity. He believed those policies were the best form of assistance to the primary industries. Productivity had been languishing in Australia. The dominance of farm policy by the conservative parties had led to complacency and inefficiency as a result of decades of government price support schemes and a plethora of subsidies. A prime example was the reserve price scheme for wool, which led to the industry’s collapse. Kerin, a former Shadow Minister, farmer and officer in the prestigious Bureau of Agricultural Economics (BAE), believed the only way to foster increased productivity in the farm industries was through research and development (R&D) programs. He had absorbed the findings of senate and public service inquiries into the operations of government and grower funded farm research committees. Those findings highlighted the need for greater focus and accountability. Kerin resolved to reform the system by establishing corporate governance for each commodity. He achieved his purpose through the passing of the Primary Industry and Energy Research and Development (PIERD) Act of 1989.

This thesis examines John Kerin’s role in encouraging fellow ministers in the Hawke Labor government and the nation’s farmers to support his reforms, as well as obtaining a significant increase in government funding aimed at enhancing competitiveness in the complex farming industry. Because of this complexity, the farm sector needs long-term research within a defined framework and that is what John Kerin put in place.

The research highlights the significant role played in policy formulation in the second half of the 20th century by the relatively new profession of agricultural economics. Kerin’s association with its practitioners, many of whom were highly critical of government policies of intervention, no doubt influenced his thinking and policies. He was an officer of the prestigious BAE for two separate periods before
being appointed as Shadow Minister for Primary Industry and later Minister. This researcher interviewed John Kerin and his associates, learnt of his insistence on policy based on science and learnt how he convinced his fellow ministers and farm leaders that his policy proposal was the way to provide greater focus and accountability to research and development programs.

The thesis also demonstrates how Kerin’s all-encompassing proposal overcame the objections of the pre-eminent government departments like Finance and Prime Ministers’ and convinced the parliamentary opposition to support the establishment of the research and development corporations. A major achievement.

What is more, Kerin’s basic research and development framework is still intact in 2015, despite seven changes of government, numerous official inquiries and the addition of marketing responsibilities to some corporations.

This research thesis provides evidence that Australia has a globally unique system for farm research and development. It provides all Australians, as consumers of foodstuffs and wearers of fibres, that this country has permanent farm research structures established by Kerin and endorsed by the federal parliament. The corporations are designed to ensure the delivery of high quality and safe essentials for all Australians as well as providing assurance to the millions of buyers of Australian foods and fibres around the world.

The objects of the Primary Industry Research and Development Act (PIERD) established by Kerin and the federal parliament in 1989 are clear and simple. First, to make provision for the funding and administration of research and development with the aim of increasing the economic, environmental and social benefits to the primary industries and the wider community by improving the production, processing, storage, transport and marketing of the farm products. Previously there had been no emphasis on any procedure or process beyond the farm gate. Added to these features was the sustainable use and the sustainable management of natural resources and making more effective use of the skills of the community and the scientific community in particular; and most importantly improving accountability for expenditure on research and development activities in relation to primary industries.
In essence, Kerin’s aim was to provide greater transparency in the use of research funds, managed with less involvement of vested interests and managed more efficiently. The PIERD act is unique in fostering corporate style governance with strong farmer representation on boards and committees. Funds are raised by compulsory levies on individual commodity producers, for example, grain growers and meat producers. Those funds are then matched by monies from taxpayers i.e. the federal government.

Further examination demonstrates that most Australians are unaware of the work of the research and development corporations, even though their structures have stood all Australians in good stead for more than a quarter of a century. Evidence of this lies in the almost constant stream of reviews of the research and development corporations and their funding and the fact the results of research are rarely, if ever, highlighted in rural, consumer, business or the general media in Australia. Yet the prestigious Australian Productivity Commission describes Kerin’s research and development reforms as providing a globally unique public-private funding system.

The personal and family situation that led to John Kerin’s beliefs and values are also explored along with the fact that it was the Australian Labor Party that introduced and championed Kerin’s research and development reforms. He was raised in a humble, farm household, learnt about the need for hard work and studied through night school and distance learning university courses. In an unusual move for a farm boy, John Kerin joined the Labor Party because of its opposition to Australia’s involvement in the Vietnam War. He demonstrated that a Labor Party politician, contrary to prevailing political beliefs, could make a lasting and very valuable contribution to the farm industry and to the nation.

The research also demonstrates that John Kerin, as the driver of the research and development reforms, stands out among the long list of primary industry ministers as being an innovator, and highlights that his political party, the Labor Party, was about continual improvement and reform of farm policy during his term as Primary Industry Minister.
John Kerin also fostered, along with Prime Minister Hawke and fellow ministers, the sustainability of the Australian landscape especially through the community based Landcare program as well as sustainability in forests and the oceans. For example, while Minister Kerin placed limits on catches in a number of fisheries around Australia for various time periods to limit overfishing, he also encouraged farm adjustment programs, established a Royal Commission into the storage, handling and transport of grain and managed major changes in dairy marketing.

The ongoing legacy of John Kerin is the establishment of the research and development corporations (RDCs) as well as pursuing, with his fellow Hawke Government ministers, free global farm trade initially through the Cairns Group as well as funding initiatives to develop new ways to market farm products through the IAMP (Innovative Agricultural Marketing Program) and also lifting the profile of scientific research. All these initiatives are imbedded in policies and programs today in 2015. They continue to provide challenges and opportunities to the entire agribusiness sector in the second decade of the 21st century and beyond.

A fundamental part of John Kerin’s policy making was ensuring that his widely scattered farm constituency across Australia was regularly informed about those policies: their development and implementation. Regular communication was a major feature of his ministry. He delivered hundreds of personal presentations at farmer meetings and conferences and regularly provided detailed information to the media. He delivered three major statements on rural research and development, one with the personal involvement of his Prime Minister.

There is a general lack of interest and appreciation from the Australian community in agricultural research and its benefits as well as ignorance that they, as taxpayers, contribute 50% of funds used in research and development programs. This research attempts to draw greater attention and recognition to the contribution that John Kerin made to the prosperity and welfare of all Australians specifically through the research and development corporations. The lasting legacy of John Kerin’s reforms for most contemporary issues is discussed with a call for greater recognition by the public in their contribution to rural research and development, as originally conceived and implemented by Kerin.
Hopefully this research thesis goes some way to redressing the general apathy towards agriculture in general and agricultural research and innovation in particular. Kerin’s reforms have withstood the test of time and continue to be relevant today especially with Prime Minister Turnbull’s new policy emphasis on innovation in late 2015.

This thesis attempts to draw greater attention and recognition of the contribution that John Kerin has made to the welfare of all Australians.
INTRODUCTION

The continent of Australia is a huge landmass subject to extremes of climate, especially low and erratic rainfall. Since white settlement, people have tried to farm and graze it for profit. Essentially it is a high risk undertaking. Many have had success: many have failed. But it was farmers, in the middle of the 19th century, who realised that this new found country required locally developed practices better suited to the fragile soils and highly variable climate rather than methods imported from Europe. And in highlighting the uncertainties, some farmers persuaded state governments to undertake research at special experiment farms to find more assured ways to produce crops, meat, wool, sugar and milk for local and export markets. The ultimate aim was to try and reduce uncertainty in production and ideally to increase productivity. Export markets demanded continuity of supply but giving guarantees to customers of Australian farm products was impossible in the 19th century and is the same in the 21st century, except for products grown under irrigation.

The aim of this research is to analyse the early life and legacy of John Kerin as a farmer, a local government councillor and an active member of the Labor Party before entering Federal Parliament for the seat of Macarthur in 1975. But it was not until after the 1983 national election that Kerin, as Minister for Primary Industry in the reformist Hawke Labor Government, started to introduce major changes to rural policy, undoing decades of protection for the farm industries.

This thesis demonstrates the many policy innovations Kerin introduced and highlights his contribution to Australian agriculture and to the consumers of its products through the rural research and development corporations (RRDCs) he established.

This thesis is based in the interdisciplinary framework of political biography. Apart from extensive reviews of the literature, recorded oral interviews with Kerin and other key players in the rural policy reforms of the 1980s provide the basic data for this research. The primary data and secondary published reference material have
been synthesised to provide new insights into Kerin’s reforms, with a specific focus on rural research and development. This approach was essential given the complex web of pressures on Australian farming systems.

The political and social background that gave rise to Kerin’s reforms as well as the history of the federal government’s involvement in agricultural research are examined in this thesis. It focuses on the establishment of the research and development corporations in the 1980s by Kerin. He was Minister for primary industry in the Hawke Labor government. It was a reformist government that set about dismantling the extensive protectionist policies inherited from its predecessors, the two conservative parties. One of them, the Nationals, had and still has its base in rural Australia. It dominated farm policy making for over 70 years last century. In general terms, the Labor Party supported those policies at the time.

The Hawke Labor Government had a strong focus on research. It provided increased funds for farm research through Kerin’s new corporate R&D structures and also increased accountability to the funders: both taxpayers and farmers. The government, in other words taxpayers, matched funds raised by levies on farm gate production. Farmers became increasingly involved in the management of research funds and the innovation of research outputs.

One of the characteristics of the farm industry in Australia is that it fosters inquiries into its future. Unfortunately there is a long history of recommendations from those inquiries being ignored or not implemented. Furthermore advocates for the recommendations are often very scarce. This thesis highlights the innumerable inquiries throughout the 20th century and continuing to this day. Although there have been many inquiries into Kerin’s RRDC reforms, it is salient that to this date his system remains largely intact. The political background to many of the reviews are often not clearly articulated but many attempts can be seen as attempts to reduce government’s (taxpayers) contribution to rural research and development. Greater recognition of the public benefits of rural research and development is needed to face down future attempts to reduce the government’s share in rural research and development.
It also records the increased concerns in the farm industries and the scientific community about the slow adoption of research results caused in part by the reduction in state government funded educational or extension programs. They were originally aimed at helping farm businesses to adopt research results and so maintain or improve productivity. The withdrawal of public funding was meant to be compensated by an increase in private investment in extension. While this policy has occurred to an extent, there is some concern that farmers no longer receive quality, unbiased advice to the extent they used to.

John Kerin was at the forefront of the wide-ranging research thrust of the Hawke Government. Even though he has been a private citizen since leaving Parliament in 1993, he has maintained and even extended his focus on scientific research as Chairman of Meat and Livestock Australia, six Co-Operative Research Centres, as a board member of CSIRO and Chairman of the internationally focussed research body, the Crawford Fund.

This thesis establishes a narrative around John Kerin emphasising his historic reforms that have had, and continue to have, long term benefits for the natural resource industries. The study also outlines the development of Kerin as a person and a politician, and the factors and the people that moulded his values, attitudes, philosophies, actions and achievements as a policy maker.
The structure of thesis encompasses the following elements:

CHAPTER 1: Characteristics of Australian Agriculture

The variable climate in Australia and the government policy of exposing Australian farmers to world commodity markets with minimum government support, places a premium on efficiency and competitiveness in Australian agriculture. John Kerin’s reforms harnessed the potential for research to drive innovation in Australia’s rural industries to increase their productivity and sustainability for demanding global markets. For example, Australian farmers are better placed to exploit emerging Asian markets because of Kerin’s reforms.

CHAPTER 2: Farm Boy Branching into Politics

John Kerin started joining local and farm industry organisation in his late teens including local government and sporting bodies. He developed an early interest in issues spurred by an influential and politically active aunt and concerns about Australia’s involvement in the Vietnam war. Opposed to that commitment Kerin joined the Labor Party and helped to boost local branch numbers. From a very early age Kerin demonstrated keen interest in and great energy for the wider political world.

CHAPTER 3: Politics and Rural Policy

The Country Party emerged as a major influence on farm policy in the 1920s with its focus on two major policies: government price support for major commodities and cutting up large properties into small blocks which were generally too small to be profitable. New professionals: agricultural economists started to influence farm policy and John Kerin had early lessons in the limitations of farm policy when he was an officer of the Bureau of Agricultural Economics. Previously long term protectionist policies favoured by conservative political parties like the reserve price scheme for wool encouraged inefficient farm practices. As the Australian economy was deregulated and modernised in the 1980s it became impossible to continue with protectionist policies. Kerin inherited a largely rural policy environment and so the scene was set for a period of reform.
CHAPTER 4: Political and Economic Context

The protectionist policies of the conservative parties were unravelled during the time of the Labor Government from 1983 to 1996 and Kerin started to dismantle decades old statutory marketing bodies. Science was the basis of his policy making and led him to introduce legislation to put research and development programmes into a corporate structure and paid for by levies on producers with matching funds provided by the Federal Government (taxpayer’s funds). Kerin combined the politics of the day, his increasing knowledge of agricultural economics and his personal qualities to introduce far reaching and long lasting reforms in many areas especially in research and development. Although rural policy was viewed then, and still today, as the natural preserve of the National Party, it was the Labor Party, through John Kerin, that conceived and implemented major reforms. It might be argued that the ALP was the only political party sufficiently distant from vested interests to be able to push through radical reforms.

CHAPTER 5: Research and Development

This chapter examines the increasing involvement by the national government in farm research through the establishment by Kerin of the Bureau of Rural Sciences and the research and development corporations. As Minister John Kerin made three major statements on rural research and persuaded producers of a range of farm commodities to be levied to contribute to research. Additionally he encouraged sustainable practices in land and water management as well as in the country’s forests and fisheries. A remarkable, but little appreciated, feature of his RRDC reforms was the public private partnership represented by the government’s commitment to match dollar for dollar levies raised by farmers.

CHAPTER 6: What did the 1989 Primary Industry and Energy Research & Development Act do?

Despite major enquiries as to the effectiveness and the value of the research and development corporations, the fact is they still exist 26 years after their establishment with on going support from both the major political parties. Two government farm related policy documents produced by the dominant political parties in the second decade of the 21st century as well as by the dominant lobby
group, the National Farmer’s Federation which represents levy payers support on going research through the corporate structures established by Kerin. However, several reviews have recommended a reduction on the government contribution, and the future of Kerin’s unique RRDC scheme is no means assured. Greater appreciation of the public benefits of rural research and development would go some way to countering calls for reduced government involvement.

CHAPTER 7: Conclusion. Kerin: Labor Man of Strong Policy 215
Kerin’s focus on policy and science along with his personal qualities has guaranteed him place in the history of Australia’s rural industries in the long list of major contributors to the health of Australia’s farm industries. John Kerin will be remembered for his commitment to the development and explanation of rural policy and the introduction of legislation that established the Rural Research and Development Corporations. He will also be remembered for his humanity and sense of humour.

This thesis sets out to raise awareness and recognition of the life and work of John Kerin. In doing so, the research focusses on John Kerin’s reforms of Australia’s rural research and development system, just one of the policy areas that attracted Kerin’s focus. These reforms have direct implications for all Australians, but curiously, apart from those directly involved in rural research, there is little awareness or appreciation of the value of Kerin’s reforms. This thesis hopefully goes some way towards addressing this anomaly.
CHAPTER 1:
CHARACTERISTICS OF AUSTRALIAN AGRICULTURE THAT SHAPED JOHN KERIN’S APPROACH TO RURAL RESEARCH AND DEVELOPMENT

1.1 Introduction

The major factor controlling the viability and productivity of Australia’s agriculture is its highly variable rainfall. The unpredictable climate pattern, known as El Nino, brings low rainfall, mainly to the eastern States of the continent. In June 2014, ABARES, wrote the impact of an El Nino event on crop production is not uniform and is difficult to predict. While reduced rainfall is often, but not always, associated with El Nino, the timing of rainfall strongly influences crop production. Climate in Australia, therefore, limits the expansion of agriculture, its productivity and its profitability.

Australia, has a comparative advantage, however, with its low input, rain fed cropping systems, mainly wheat. Another comparative advantage lies in the nation’s ability to efficiently produce pasture fed beef, mutton and lamb, and wool. It is also a world leader in exporting live sheep and is one of the largest exporters of live cattle and goats.

ABARES (2014) stated that, because of a relative abundance of land, the country also has a comparative advantage in extensive, broad acre agriculture, essentially from non-irrigated crops, cattle and sheep grazing. Much of this land comprises vast arid and semi-arid rangelands, mostly suited to livestock grazing on native vegetation.

John Kerin sought, through his focus on research and development programs, to lift the resilience and profitability of Australian farmers in the face of extreme climate variability and climate change.
1.2 Economic Value

In the first half of the 20th century Australia’s wealth and export income was predominately earned from wool, other agricultural products and gold. Agriculture provided 25% of the nation’s gross domestic product, before declining to its present level of 4-6%. In those early years, the farming industries also provided 20% of employment and 70 to 80% of exports (ABARES 2013).

In the latter decades of the 20th century, tourism, international education and service industries joined mining and agriculture as major exports. In gross terms the agricultural industries continued to grow, albeit at a much slower rate than mining and the emerging export industries of tourism and international education (ABS, 2013).

ABARES (2015) forecast a 3.1% increase in the gross value of farm production to around $53.7 billion in the 2015-2016 financial year: the highest level ever in nominal terms. The organisation said the lift in value reflects an expected rise of 5.2% in the gross value of livestock production to $27.2 billion. (www.agriculture.gov.au)

So today (2015) agriculture represents a small but important part of Australia’s economy. The federal government’s white paper on agricultural competitiveness published in July 2015 records the value of farm production in Australia as $51 billion in the financial year 2013-14 and that employment in the sector in the same year was 270,000 people. The sector makes a contribution to export revenue around five times its share of gross domestic product (GDP).

1.3 Export Returns

Australian agriculture has always had a strong export focus. Some 60% of the gross value of farm production is typically exported, although the share was closer to 75% in 2011–12.
In recent decades, Asia has increased in importance as a destination for Australia’s farm production. Asian markets accounted for over 60% of the value of agricultural exports in 2011–12 (ABARES 2012). The main importers were Japan, China, Indonesia, and the Republic of Korea. At the same time, exports to Europe have generally declined while those to the United States have increased.

Since 2010, Australia’s trade focus is firmly with the members of the Asia Pacific Economic Cooperation forum (APEC). Nine of the country’s 10 major trading partners are members of APEC. It is a forum for 21 Pacific Rim member economies that seeks to promote free trade and economic co-operation. In November 2013, Australia secured a free trade agreement with the Republic of South Korea. In early 2014, this move was followed by free trade agreements with Japan and China.

These countries belong to the Southeast Asian Group (ASEAN) and constitute a market of $6.46 billion, according to ABARES. This is in food, beverage and agribusiness making up nearly 20% of Australia’s total food and beverage exports. Those exports to the ASEAN countries have increased by nearly 48% since 2009.

In the list of Australia’s trading partners in 2015, the United Kingdom ranks only sixth. This contrasts with much of the 20th century when Britain was the main market for Australian farm goods.

In the closing decades of the 20th century, according to Food and Fibre (2014), published by the Australian Academy of Technological Science and Engineering (ATSE), agricultural exports were confronted by difficult terms of trade and a general global food surplus, as a result of the ‘green revolution’. This was the technologically driven revolution in the late 1960s which increased agricultural production worldwide, particularly in the developing world. During this period, exports declined from 70 - 80% of national agricultural production to the current level of approximately 65%.
John Kerin policies in the 1980s were focussed on slowly removing the extensive protectionism of Australian agricultural industries in line with the Hawke Government’s overall freeing up of the Australian economy and exposing all its industries to the global market place. Hand in hand with those policies was Kerin’s emphasis on research and development programs was aimed at increasing productivity and stabilising or reducing production costs so farmers were better able to exploit international trade opportunities.

1.4 Domestic Returns

ABARES (2014) says: broad acre (grazing animals and grains) farms contribute 54% of the gross value of agricultural production and make up around 53% of agricultural businesses. High value horticultural industries also contribute significantly, accounting for 16% in 2011–12 based on the Australian Bureau of Statistics research (ABS, 2012).

Some high value industries primarily supply the domestic market. For example, in 2010–11, the horticulture industries exported only 15% of the value of production. In contrast, the broad acre industries were strongly export focused. Wheat exports accounted for 67% of the value of production in 2010–11 and almost all wool production was exported (ABS, 2012b).

Australian farmers have more than adequately fed the nation’s growing population for more than 220 years as well as millions of other people in the global market place. Importantly these foodstuffs have always been affordable for the bulk of the population. In short, they with the support of scientists in public and private organisations have ensured that agriculture is sustainable and contributing to food security. This was the bottom line of John Kerin’s policies … long term sustainability of food supplies.
1.5 Food Imports

Over the last 25 years, food imports have grown at nearly twice the rate of Australia’s exports (ABARES, 2012). In 2010–11, the value of imported food products was over $11 billion. They were mostly semi-processed and manufactured products, including seafood, fruit and vegetables, and beverage and malt products.

Australia imports more food products from New Zealand than any other country (nearly 20% of all food imports in 2011–12), followed by the United States (around 10% in the same year) (ABARES, 2012).

The reality of food imports was reluctantly accepted by Australian farmers as a result of the Hawke Government’s elimination of protectionism and trade barriers. Hand in hand with that policy John Kerin always sought to remove protectionism and to improve the competitiveness of Australian farmers so they were better placed to exploit international trade opportunities.

In October, 2013 a food and beverage study by the Australian Workforce and Productivity Agency (AWPA) showed that the agriculture and food processing industries employ more than half a million people, and account for around 4% of the nation’s gross domestic product (GDP). AWPA is an independent statutory body within the Australian Government’s Department of Industry.

1.6 Industry Structure

In its benchmark 2015 report focussing on the re-allocation of resources, ABARES pointed out that within Australian agriculture, considerable structural change has occurred, with industry production becoming increasingly concentrated.

From 1978 to 2010 the number of Australian broad acre agriculture farms decreased by one quarter, while average farm size (measured by the gross value of output per farm in real terms) nearly doubled. Moreover, the top 20% of farms now account for
more than half of total output, as market share and input use shifted towards fewer, larger farms (Sheng et al. 2014).

Both of these changes reflect technological progress that has occurred since the ‘green revolution’ of the 1960s, but in different ways. With respect to productivity growth, the continuous invention of new technologies and management practices has led to wide-spread, within-farm innovation. For example, the adoption of minimum-till practices, combined with the use of new crop varieties, increased yields on Australian cropping farms throughout the 1990s (Llewellyn and D’Emden. 2010).

With respect to industry structure, the uneven pace of technology adoption across farms has created differences in farm size and productivity. Indeed, differences in the size and productivity performance of the best and worst-performing Australian farms have been growing (Nossal et al. 2008).

John Kerin foresaw the need for continuous innovation and accepted that while some farmers would survive without government protection, others would not and inevitably leave the industry.

1.7 Subsidies

According to Fact Check (www.stats, published by the Australian Broadcasting Corporation, 14 February 2014), Australian agriculture has, what the Organisation for Economic Co-Operation and Development (OECD) calls ‘a producer support estimate’ of 3%. This means that Australia has the second lowest level of farm subsidies in the OECD. The producer support estimate measures the total subsidies farmers receive from government as a percentage of farm revenue. The only OECD country with lower subsidies is New Zealand.

When John Kerin became Minister for Primary Industry in 1983 the agricultural industries enjoyed a long list of government subsidies and support programs most of which were withdrawn by John Kerin as a member of the Hawke Government in its quest for Australia become a leader in the free trade movement.
1.8 Politics of the Farm Industries in Australia

The importance of the farming industries to the wealth of Australia led to the formation in the early 1920s of a political party called the Country Party (later renamed the National Party). It was dominant in farm policy for the first seven decades of the 20th century. Originally, the party represented mainly farming interests. In 2015, the National Party still has a strong influence in federal and state policy making but its focus is now wider, encompassing all rural issues, not just farming.

In the first 30 years of the 20th century the political domination of the farm industries influenced national governments to hold six Royal Commissions or rigorous inquiries, all related to agriculture. These were Royal Commissions into butter, stripper harvesters and seed drills, sugar, fruit, the meat export trade, and wheat, flour, and bread.

The foremost economic advisory group to government in Australia has been known by various names: the Tariff Board, Industries Assistance Commission, the Industry Commission, and, now in 2015, the Productivity Commission. It has conducted innumerable inquiries into the farm industries that called for government assistance through subsidies or tariff protection. Today, requests for assistance have diminished significantly.

In the past 69 years, the Australian Government has set up six official enquiries into farm policy and into the farm industries. The National Farmers’ Federation (NFF) produced five policy statements in the years following its formation in 1983.

In his policy making John Kerin was not a protectionist. But he was pro free trade, pro the environment and pro public and private investment in rural research and development. He and his fellow cabinet members were committed to research and development programs in all industries.
1.9 Technology

Daly et al (2015) highlight the fact that Australian agriculture has a long history of innovation, resilience and adaptability. Most empirical work suggests, these authors write, that Australian farmers are operating close to the limits of technical efficiency.

There have been major changes in broad acre cropping technology in Australia in the last thirty years resulting in a sharp reduction in the number of people involved in grain sowing and harvesting operations. Former President of the NFF, Ian McLachlan, (Inall, 2010, personal communication) said in a recorded interview:

You can sow 1,000 or 2,000 or I don’t know how many thousand acres in a day with one chap and a whole lot of computers. You don’t need many people. People are expensive, not only to pay, but to service them.

Advances in technology in the 21st century mean that fewer and fewer people are required to manage operations in most plant and animal industries in Australia. Increasingly, those people need to be knowledgeable and highly skilled.

John Kerin was and still is very supportive of innovation and technology. He saw the relentless pursuit of efficiency as the only way for farmers to stay in a highly competitive global agricultural market. And so fought for more investment in research and development in the natural resource industries: fishing, farming and forestry.

1.10 Productivity

Compared with other Australian industry sectors Australian agriculture has high levels of productivity growth (Daly et al, 2015). ABARES re-enforced that finding when in 2014 it wrote that over the past three decades, a key feature of Australia’s approach to improving productivity has been to deregulate agriculture and reduce
distorting producer support. It said that historically, Governments employed a range of support measures to maintain and stabilise farm returns. But recognising the sectoral and economy-wide costs of such assistance, successive Australian Governments since the 1980s have withdrawn from such interventions.

Notwithstanding decades of growth, recent studies comparing productivity growth rates over the past 15 years with growth rates over earlier periods suggest that productivity growth has slowed in Australia’s broad acre industries. This is particularly in the cropping and mixed crop livestock industries (Hughes et al. 2011; Sheng et al. 2011b), and in the agriculture sector more broadly (Nossal & Sheng 2013).

Daly et al (2015) strongly support the Kerin credo the relationship between productivity and total factor productivity when they assert:

Future increase in total factor productivity will require significant new investments in research and development from both the public and private sectors. Greater investment in basic and applied research are needed to overcome low farm profitability and prospective climate change impacts. Further increases in public expenditure will stimulate private investment in research and development.

John Kerin (Inall, 2014, personal communication) said agriculture’s declining terms of trade require a productivity increase of approximately 2% a year, hence the importance of research, development, and extension in Australian agriculture.

In his policy making efforts, John Kerin was always aware of the place of Australian farmers in the country’s history and what needed to be done in a policy sense to ensure that they along with foresters and fishers had a future in a globalised world.
1.11 Conclusion

Given the extreme variability of rainfall and Australia’s fragile resource base, research and development programs are essential to find new ways to extract maximum production and financial returns in agriculture. The industry needs to continually innovate. It has demonstrated this again and again through its adoption of technologies like minimum tillage, genetically modified crops, digital farming technologies, electronic livestock identification, advanced livestock breeding and genetics, disease resistant plant varieties, and precision irrigation systems.

John Kerin was a prime mover in this process. He believed that farmers need an annual 2% lift in productivity to stay in business. Hence his commitment to research and development with funding from growers and government. But the process, he believed, did not stop there. Farmers need to continually adopt relevant research findings to stay ahead in the game. The wider community also benefitted through the continuous availability of safe and nutritious foodstuffs and the sustainability of natural resources that underpinned the production of plants and livestock.
CHAPTER 2:
FARM BOY BRANCHING INTO POLITICS

2.1 Introduction

John Charles Kerin was born on 21 November 1937 in Bowral in the southern highlands of NSW. He became Australia’s second longest serving Minister for Agriculture/Primary Industries.

His parents were poultry producers at Yerrinbool, south of Sydney, near Picton. Although the family had the fundamentals of life like a house, food, a wood stove, beds and an outside lavatory, they struggled, as many other farmers did at that time. There was no electricity, no refrigerator, no telephone. Mail was the main form of communication with the outside world, and Kerin’s father used to ride a bike to the Yerrinbool Post Office cum store for letters and groceries.

This was a humble background for a young man destined to make major reforms to farm policy in Australia especially in the corporate structures and funding for national research and development programs.

2.2 Australia in the 1930s

What was the larger world like into which he was born? John Kerin’s childhood was similar to that of most farm kids who were born just before World War Two. At that time Australia was emerging slowly from the Great Depression. Europe was facing an imminent war. In the 1940s, Australia was involved in battles in Africa and Europe and later in Asia and Papua-New Guinea.

After the war in 1945, food and petrol rationing ended in stages; governments fostered new farmland settlement schemes as well as expanding irrigation in NSW, Victoria and South Australia. Wool was the dominant farm product. The nation was
still strongly tied to the United Kingdom; immigration programs encouraged thousands of settlers from Britain and the southern European countries.

There were strikes on the wharves, mines, shearing sheds and transport systems. Other than alcohol and nicotine, there were few drugs. There were few or no privileges. And there was no alcohol in his home. There was no contraceptive pill and, from the end of the war, there was a baby boom.

The Australian Broadcasting Commission started rural radio programs, and the “Country Hour” at noon each weekday was obligatory listening in the Kerin house and many other farm homes. There was no television. Poultry was kept mainly for eggs and not meat. The church was pre-eminent in the lives of many. The Snowy Mountains Hydro Electricity Scheme became a major national project. Broadcasts of test cricket matches between England and Australia were almost compulsory listening.

Country Australia was suspicious of the Labor Party. While some young urban people joined the Communist Party most people were supportive of the Liberal Party leader, Robert Gordon Menzies and the Country Party leader, Arthur Fadden. The era saw the arrival of swing music with Bing Crosby and Frank Sinatra.

2.3 Early Years

Kerin’s first nickname was ’Dids’: he was always doing something. That characteristic stayed with him throughout his life as a farmer, research economist, politician, community leader and concerned citizen. He was always doing something. He is still doing something.

Even before his teens, Kerin was an explorer. He would follow gullies so as not to get lost and grew to love the bush. But along with other children of his generation, Kerin had to contribute to the farm and to the household. Tasks had to be done before and after school: feed the chooks; collect eggs; feed the dogs; cut wood chips for the bath water heater; bring in wood for the kitchen stove and the fireplace; dry dishes and set the table. Milking one or two cows was also part of the daily routine.
Kerin would separate the milk and put the milk through a hand driven machine, a Lister separator, which divided the cream from the whole or full cream milk. The family made its own butter. From that time, Kerin formed an enduring respect for dairy farmers; theirs was an occupation of daily toil. It was an experience to stand him in good stead years later when he started to change national dairy marketing policies.

Vivid in Kerin’s memory is the Second World War. Like many other families in those years, the Kerins discussed how to manage ration cards for tea, meat, butter, and sugar, and whether the family could afford war bonds or not. The Watt girls, Margaret, Ida and Barbara, close friends of Mrs Kerin, escaped Sydney to live on the Kerin farm, after the Japanese had shelled the city from a mother submarine following the midget-submarine entry to Sydney Harbour. Like everyone else in the Sydney region, the Kerin family lived constantly with the fear of invasion.

2.4 The Farm at Yerrinbool

Politics was not discussed in the Kerin house and there was little religion. Because of the influence of two aunts who had raised him, John Kerin’s father, Joseph (Joe) Sydney Kerin had a lifelong antipathy to religion. One aunt was a fanatical supporter of the Plymouth Brethren who required Joe to attend church every day, and was convinced that the devil lived at the bottom of the backyard.

In an interview recorded with the author (Inall, 2010, personal communication) for the National Library of Australia, John Kerin described his father Joe as being a classic, depression-haunted, small farmer.

Kerin’s mother, known as Molly, was a gentle Methodist and certainly had anti Catholic views. She was not a strong supporter of organised religion, but she encouraged Kerin and his brothers, Richard and Michael, in the basic life rules: to be honest, do unto others as you would have done unto you; and love one’s neighbours even if they are from another part of the world. These principles obviously stuck with Kerin.
This researcher has never found anyone to suggest that John Kerin was anything other than honest; indeed, disarmingly so. Today Kerin says that “obviously Mankind requires some form of belief in the unknown or unknowable. Personally, I’m happy to go along with the phrase that ‘nature is my God’”. (Inall, 2010, personal communication)

Yet Kerin has always relished stating that he has the initials JC, and that his parents were Mary and Joseph.

The farm at Yerrinbool was mainly a poultry business. But in 1948, Joe Kerin gave up poultry in an attempt to spell the sheds and yards in order to break the cycle of a disease known then as Leucosis, now Marek’s disease.

Joe started a firewood business and bought a Chevrolet, three ton truck, and a Hargan, portable, circular saw. He became a contractor with the saw, and moved into forestry operations such as fence posts, pulp wood and the odd mill log. The only enterprise on the farm at that time was cash crops of vegetables. Before they were able to buy a truck, the Kerin family had only a horse named Gypsy, and a two wheel carriage to go to town.

Yerrinbool was a railway village. The town was home to a number of fettlers (rail maintenance workers) and their families. At times there were extra gangs of fettlers camped beside the railway line with their wives and children.

Most of the men in or near the Kerins’ home town of Yerrinbool worked in physical jobs. They were mainly farmers, railway fettlers, service providers and retirees. Farming operations were usually poultry, vegetables and fruit. Kerin’s role models were people who undertook hard physical work - the fettlers and other farmers.

Kerin and some of his mates used to sell native waratah flowers to travellers on the Hume Highway. The price of three shillings a bunch provided a lot of pocket money. There were always plenty of waratahs in the bushland in the late spring, especially after bushfires.
2.5 Off to School

Joe Kerin was active in community organisations. He became President of the Parents and Citizens’ Association and was also a member of the Progress Association, the bushfire brigade and later the Associated Poultry Farmers of Australia. It was a model for young John who later became a member of many district and industry bodies. He describes himself as a born joiner.

At the age of six, Kerin started school. He could already read. Yerrinbool was a one teacher school and, at that time, slates were giving way to paper and to ink wells. Kerin does not remember any class he was in having more than two or three students.

“I guess I was always top of my class because the other kids must have been even dopier than I was” he told me. “Every kid at the school got a prize as there was so few of us and the P&C (Parents and Citizens Association) provided the funds”.

(Inall, 2010, personal communication). Kerin was nine when he won his first prize at Yerrinbool: *The Last of the Mohicans*.

The fettler’s kids at Yerrinbool Primary went without shoes. They walked to school in bare feet. But Kerin and other farm kids did have boots. There was a major distinction between the fettlers’ children and those from farms by way of school lunches. Farm children had egg, salad or mutton sandwiches which they swapped with the fettlers’ vegemite, chutney, or tomato sandwiches.

When Molly Kerin’s father died, he left the farm to his two daughters and so Aunt Ruth had a propriety interest in the farm and Joe was paying Ruth off. She would often go to the farm at weekends.

Aunt Ruth, gave John Kerin and his brothers many books and magazines. Indeed she read “the riot act” out to their father, Joe Kerin about the boys’ need to read and study widely. Joe did not encourage John to study. But, as a youngster, Kerin was fascinated by books, and when he was nine, his parents gave him a Pears’ Encyclopaedia.
Ruth gave the boys books on birds and wildlife, *Walkabout* magazine and a book *On the Edge of the Primeval Forest*. Ruth was a significant influence in John’s life: she gave him a love of reading, learning and the environment. She strongly opposed any suggestion that, as the eldest boy, John should necessarily become a farmer.

### 2.6 High School

Just before he turned 12 and completed 6th class, Kerin sat for the entrance exam to Hurlstone Agricultural High School at Glenfield on the outskirts of Sydney. For more than a century, that school has produced many farmers and university trained agriculturalists. Hurlstone is a public school and nowadays is selective. Then it was a boys only school with a reputation for being tough. In 1950, Kerin started at Hurlstone, another step in him being involved in agriculture and its politics.

Kerin did well at Hurlstone. At the end of his first year he came fourth out of the total 132 boys. Apart from standard lessons, John had his first experience of farm snobbery: he saw the disdain metered out to boys from dairy and poultry farms. Kerin told me that wheat farm boys were okay so long as they had sheep! The year 1950 saw the wool price boom, an outcome of the Korean War, which helped turn wool growing paupers into princes almost overnight. Boys from those merino sheep farming families had much more pocket money to spend at the Hurlstone tuckshop after school each day than any boy from a poultry, dairy or fruit place.

Bullying was rife. The Principal believed it was part of a toughening up process. Kerin says the bullying and later having to deal with his father’s fierce temper and nagging, left him with a lifelong opposition to being bullied and to authoritarianism.
The Hurlstone experience was, therefore, not a happy one for Kerin. He did not enjoy being bashed or the subjects being taught. In addition, more and more financial demands were being put on parents of boarders. Kerin’s Hurlstone experience finished at the end of his first year there, 1950. The following year he went to Bowral to the High School. He earned the Intermediate Certificate just before he turned 15 and then left school. That was custom of the times for many farm kids.

The year 1951 gave Kerin his first hard lesson in the business of farming. In that spring, he planted 3,000 tomato plants, and also looked after the house vegetable garden. But tomato prices crashed at the Sydney markets and the tomatoes were weapons for a massive fight between Kerin and the town kids. This was lesson number one in farm surpluses.

2.7 A Hint of Politics

Kerin’s first hint of politics in the family was in 1946. His father put two placards up on the farm’s two big, front gate posts for the local ALP member, Bert Lazzarini. The fettlers were pleased as they generally voted Labor. Lazzarini was standing for what later became Gough Whitlam’s seat of Werriwa, followed later by John Kerin.

It was not until Kerin left Bowral High that he learnt that his Aunt Ruth was a member of the Australian Communist Party. He acknowledges that this might well have been the reason why politics was not discussed in the Kerin household. His mother was embarrassed by Ruth’s radical political activities.

From 1952, Kerin and his father set about re-establishing the poultry farm: intensive shedding for layer hens, increased the flock size, and the orchard was re-invigorated with peaches and apples. By the time John was 19, he had 17 acres under fruit trees.

From 1957-58, so as to gain additional funds for the farming venture, Kerin also worked in a dry cleaning business and at the Bowral Brickyards as a brick-setter. This was before the poultry enterprise began to make money. 1957 was a drought year and the following February most of the apples dropped off the trees.
2.8   Following Father’s Example

For many people living and working in rural Australia, there is an intuitive need to be involved in local sporting and community organizations. For some, it’s an obligation, a belief that you have to make an effort to enrich your own life and the lives of others, and so help a community become vibrant. Individual contributions can vary widely; being a member of a cricket club, a welfare agency, a shire council, a church body, a dramatic society, or Rotary or the Masonic Lodge. Joe Kerin set an example to his son John in joining community organisations.

As his curriculum vitae attests, Kerin has been a consistent joiner throughout his life. John Kerin started going to meetings. At first, he attended village meetings. He insists that he was just an observer not sufficiently courageous to move motions or to debate. In the early 1960s, he developed into what he calls something of a ‘compulsory joiner’ (Inall, 2010, personal communication).

By the time he was 20, he was very busy playing competition tennis, hockey, basketball and euchre. He learned to dance, play the piano and to farm. There was no suggestion of politics. There were several organisations: the Bushfire Brigade and the Australian Poultry Farmers’ Association (AFPA) and the Ratepayer’s Association.

He also took part in euchre (a card game) competitions to raise funds for the Yerrinbool School. Kerin’s compulsion to join almost any organization has continued throughout his life, like re-joining the ALP in Canberra in 2012, being a Board Member of Birds Australia, the NSW National Parks Association, and becoming the National Chair of the Crawford Fund.
2.9 A Love of Farming

On most days, Kerin was working long hours. He was expanding the poultry operation especially when the family moved into freshly dressed (slaughtered) poultry. Twice a week, the family delivered birds to Mittagong, Bowral and Moss Vale on the Southern Highlands. They sold the farm’s eggs and fruit in the nearby towns too.

As the eldest of three boys, it was assumed that Kerin would become a farmer and farming was deep in his being.

Kerin (Inall, 2012, personal communication) said in an interview recorded for the National Library of Australia:

I loved growing fruit and vegetable crops. The scale at which we were growing ‘catch as catch can,’ cash crops in the late 1940s to early 1960s would be absolutely laughable now; three quarters of an acre or so at a time, maximum! Once the poultry enterprise expanded, the growing of vegetables other than for the home garden ceased. The main activity on the farm was poultry, and it took too much time for me to work as much as I would have liked in the orchard. I fell behind in pruning. However, I ended up with something like 17 acres of orchard: apples, peaches and plums. I believe there is no better lifestyle and, possibly, a way to make a living than in deciduous tree and vine orcharding. There is a seasonal rhythm to management that is so rewarding. In winter, trees and vines are pruned and one can shape the trees and vines for easier care. In spring, there is the glory of the blossoming and the fruit set, then the harvest in summer. There is nothing better to look at than a peach or apple tree, or grape vine with fruit ready to pick. In autumn, the leaves change colour sometimes with glows of red and gold. I could not escape from having an emotional affinity with horticulturalists.
Obviously that emotional affinity with the seasons and horticulture stayed with John Kerin. Through his political and post-political life, in the numerous roles he accepted as the leader or board member of a range of scientific organisations, from the CSIRO Board to the role as Chairman of NSW State Forests, he felt that bond.

2.10 Studying Again

When he was 18, despite his heavy work load, Kerin was keen to study again. This was the beginning of his need to know more, and, not necessarily about agriculture or rural affairs.

Kerin began subscribing to many journals such as the influential British publications, the *Statesman* and the *Spectator*. By his late teens he had already read books by eminent authors, Bertrand Russell and Aldous Huxley on philosophy.

In March 1962, Kerin enrolled at the Picton Evening College. He went there three nights a week and did the Leaving Certificate at the end of that year. He then enrolled as an external student at the University of New England at Armidale in NSW in a Bachelor of Arts course. So apart from Apex (a vibrant, young men’s community organisation at that time in Australia) it was the University that opened up his mind. Consequently he became very interested in issues and the Apex organisation set him off. With Apex, he took part in debating competitions.

Whilst studying geography, part of it was reading the history of South-East Asia. Kerin came to believe that the Australian federal government, then led by Robert Gordon Menzies, was lying to the electorate by accepting the domino theory. It meant that every country, south of mainland China, would fall under the influence of Communism. Kerin understood that Communism could be a threat to world peace, but he believed the war in Vietnam in the 1960s was really a civil war between North and South Vietnam (Inall, interview recorded with Kerin for the National Library of Australia, 2010).
The political climate at that time in Australia in the early 1960s, was strongly under the threat of ‘reds under the beds.’ It was implied by the conservative political parties that the Opposition Australian Labor Party, was Communist or was sympathetic to Communist ideals. There were strong fears in the Australian community, fanned by the Liberal and Country parties, that Australia was likely to be over taken by Communist hordes from Asia…the yellow peril.

However John Kerin was not swayed by the government’s fears. A farming background might have prompted him and his family to vote for the conservative parties. Both Kerin and his father respected Jack McEwen, the Leader of the Country Party. They also admired Sir Henry Bolte, the Liberal Party leader in Victoria but gave up on him when he authorised the 1967 hanging of Robert Ryan, an accused criminal.

### 2.11 Aunt Ruth’s Influence on Kerin’s Political Leanings

Why, therefore, did the young Kerin change his political thinking in the 1960s? The answer is family influence and Australia’s involvement in the Vietnam War.

Kerin’s school teacher aunt, Ruth Fuller (John’s Mother’s sister) often went to the farm. She lived in Phillip Street in Sydney and she taught around Surry Hills in working class schools such as Plunkett Street and Cleveland Street. Eventually she became a Principal. John says: “You know she was into all these political causes and there were political discussions in my late teens.”

Ruth Fuller had a lot of influence on John’s learning. Kerin described his Aunt to me as being a wild sort of person compared with his parents: a nature lover and bush walker who was into many political causes as a member of the Communist Party. But after Russia invaded Hungary in 1956, Ruth quickly cancelled her Communist Party membership. According to Kerin, Ruth felt terribly let down by the Communist Party.
Joe Kerin was reacting at the same time to what he described as propaganda about the Royal family especially the Princesses, Margaret and Elizabeth. He objected to the monarchy and Great Britain. And John Kerin was finding that more and more people were becoming anti-Menzies, the long-time Prime Minister in Australia. John Kerin believed the Coalition government had become sleepy.

Why, therefore, did Kerin join the Labor Party? He says it was the result of being a geography student at the University of New England. He could understand what the Communists were referring to in Australia; he came to know several through the Associated Poultry Farmers of Australia of which he was a member. He also understood that Communism was a threat to world peace. But Vietnam, he says, was really a civil war. Kerin remembers the reasons being advanced were the domino theory, with China supposedly wanting to dominate all South East and move down to Australia. That theory and the government’s use of it in sending Australian troops to fight in Vietnam triggered Kerin to act.

In October 1965, at the height of the Vietnam War, Kerin joined the Labor Party (ALP). He had difficulty finding a branch locally. His home town of Bowral was very conservative with Mittagong and Moss Vale marginally less so.

Kerin says that the leader of the Labor Party at the time, Gough Whitlam, made an enormous difference to his views of the party. Nevertheless he retained misgivings about the ALP. He described the Australian Labor Party to me as “a pretty bloody awful political party” but he could not think of another one to join.

Kerin eventually found a branch of the Labor Party which met at a hotel in Mittagong on a Friday afternoon and was attended by a maximum of six people. All men.

In 1966-67, John Kerin was President of the Labor Party’s Mittagong Branch. He learnt early on, that if you wanted to progress in the Labor Party, you had to become Secretary of a branch. He assumed that role in 1968. He tried to bring together the branches in the Moss Vale, Bowral and Mittagong area which would never be described as being a low socio-economic area. Kerin persuaded high school teachers
and architects to join the branch, in part because the older working class people were exhausted. Eventually Kerin increased membership to about 65 people.

Kerin formed the Southern Highlands Branch of the Labor Party from the Mittagong and Moss Vale branches. In a personal note, he told me the Southern Highlands branch was still thriving at the end of 2014.

Kerin was elected in 1969 to the Mittagong Shire Council and remained there until 1972. In 1969 too, Kerin became a delegate to the State and Federal Electoral Councils of the Labor Party.

In his own words he was getting a fair bit of social mobility. As a result, on 13 February 1971, he ran as a Labor candidate against a former NSW Premier, Tom Lewis, in a state election. Kerin lost.

In his own words he “was getting a fair bit of social mobility”. Then something happened that help set young Kerin on a journey to become the local Federal member. At the time Gough Whitlam and the National Secretary of the Australian Labor Party, Cyril Wyndham, were trying to boost the party’s National Secretariat. They wanted to recruit candidates with some academic background rather than just traditional trade union candidates. Bob Whan was one of those people. He had been picked to have a run – a dry run - for the seat of Macarthur at the 1969 election. The idea was he would then become the logical candidate for the seat of Eden Monaro in NSW.

2.12 Life Changing Encounter

At that time, Bob Whan was a senior officer within the highly regarded, Bureau of Agricultural Economics (BAE) in Canberra. So, Whan dropped in at the Kerin farm, which was run by the then Secretary of the Southern Highlands branch of the Labor Party, John Kerin. Little did John know at the time that Whan’s visit would mark a major change in his life.
Kerin promised Whan that day, if he could not find anyone else to run Whan’s campaign in the federal electorate of Macarthur, Kerin would do it for him. Six weeks later Whan returned to the farm and told Kerin he could not find anyone else.

In 2012, Bob Whan said in a recorded interview (Inall, 2012, personal communication) about his first encounter with John Kerin:

So I came up to Yerrinbool where they (the Kerin family) had this little farm. It was, in terms of future prospects, hopeless. I mean, the only future prospects that farm would have had would be for subdivision. I needed somebody on the ground that knew the area. And I had to take the advice of the party and the local branch. Anyhow, it was fantastic advice because John and I got on extremely well.

I pride myself being able to pick these winners, and I picked him because after that election, I came back to Canberra and said to Stewart Harris, (then Executive Director of the BAE): “This chap is just wasted on this farm. He’s not gonna get anywhere there. How about we talk to him and see if we can have him in, in the borough?” And so John Kerin was at Stuart Harris’ home the next night.

Subsequently, John Kerin joined the Bureau of Agricultural Economics as an Economic Research Officer in the Australian Objective Measurement Project which was part of the Wool Marketing Division in Bob Whan’s Division.

2.13 More Change for Kerin

This was the beginning of John Kerin’s unplanned run to become a Member of Parliament. He was also courted by the Liberal party. But when he asked the Liberal Party members what their policies were, their response was “to keep Labor out”. They did not impress Kerin and so he asked “How will you do that?” The answer
was “If we can destroy the unions, we can destroy Labor”. And again he felt this approach was biased and unproductive.

In December 1972, Kerin won Macarthur at the Federal Election and won it again following the double dissolution election in 1974. But then the Whitlam Government was defeated in December 1975 and Kerin lost his seat. The following year, he went back to the BAE eventually becoming a Principal Research Officer, but yearning to return to politics. He did not have to wait long. In 1978, Gough Whitlam resigned from Parliament and the seat of Werriwa. Kerin knew the seat well, gained pre-selection, and won it in a by-election that year.

At that 1978 by-election, 59,897 votes were recorded. John Kerin received 40,272 of them. The next highest went to the Liberal Party’s candidate, who gained 14,566 votes and the Socialist Worker’s Party received 1,081 votes.

The Labor Party’s leader at the time. Bill Hayden, appointed Kerin as opposition spokesman for Primary Industry, a position he held from 1980 to 1983. No doubt, his time on the Mittagong Electorate Council along with his time in the Bureau of Agricultural Economics gave Kerin a fundamental philosophy that research ought to underpin any policy pronouncements.

Just before the 1983 federal election, The Land newspaper, never regarded as a supporter of Labor candidates or policies, recorded in an editorial 10 February 1983:

   Australians are being asked to vote on personalities. Fraser versus Hawke, substance versus sympathy. But Mr Kerin who has been a sensible and sensitive spokesman on agriculture would need to be retained in that role and elevated to Cabinet.

This was a ringing endorsement for Kerin by this publication.
2.14 Strong Pressures on the Young Farmer

It is obvious that the BAE and its senior officers had a strong impact on the thinking of John Kerin. The Bureau was, and still is, an organization with the focus of collecting economic facts about farming incomes and the factors affecting those incomes. In addition, there is a focus on analysing proposed policy innovations and the effect of existing policies on the economic viability of farming industries. For example, BAE’s analysis of the profitability or otherwise of small dairy farms in Australia in the 1960s, and no doubt its advice to policy makers, led to the establishment by the Coalition Government at the time to implement the Marginal Dairy Farms Reconstruction Scheme.

The Bureau of Agricultural Economics was led over those years at that time by intellectual giants like Dr Stuart Harris, and, later, Dr Geoff Miller and Dr Andrew Stoeckel.

In December 1993, Kerin resigned from Parliament. He took up positions in three government sponsored organisations: Chairman of the French and Australian Industrial Research Committee, Chairman of the Food Quality Advisory Committee, and Chairman of the Government’s Committee on International Environment Issues. In addition, Kerin became Chairman of Technoport Pty Ltd, a private firm involved with the transfer of Japanese technology to Australian agriculture.

2.15 Conclusion

It was indeed a journey for the young farm man. His formal education started at the one-teacher Yerrinbool Public School, followed by Hurlstone Agricultural High School, Bowral High School, Picton Night School, then the University of New England and the Australian National University. It was his Aunt Ruth, a school Principal and the former Communist Party member, who strongly influenced John into a love of learning.
However, later in life, John Kerin was awarded honorary doctorates from the following universities: University of Tasmania, University of New England and the University of Western Sydney.

If John Kerin has consciously had a credo through his life it has been to seek knowledge by researching, asking, listening, reading, observing and studying. Also a deep sense of fairness or as Australians term it ‘a fair go’. He always showed compassion for others and was against privilege and bullying.
CHAPTER 3: 
POLITICS AND RURAL POLICY

3.1 Introduction

In the first half of the 20th century, the main contributors to the fundamental health of the Australian economy were agricultural products. Indeed agriculture provided 25% of the country’s gross domestic product, 20% of employment and 70-80% of exports. Australia could, as a result, import goods and capital to increase the standard of living particularly during the period of strong immigration, post World War Two.

It was not until 1942, during the second World War, that the word “agriculture” was used in the name of an Australian government ministry. Previous ministries associated with agriculture had been with the Trade and Customs Department. Under the Australian constitution, the management of all matters relating to farming are the responsibility of state governments. Each state managed its natural resources: the land and water within its boundaries including agriculture and research programs related to it. Even before Federation in 1901, state governments established agricultural research or experiment stations and agricultural colleges such as the Hawkesbury Agricultural College now part of the University of Western Sydney.

The purpose of this chapter is to paint the conservative culture and policies that confronted John Kerin as Minister in the mid-1980s. His predecessors in the role of minister may have wanted to reduce the industry’s dependence on government largesse but were reluctant to take action because of a potential backlash by the National Party.

The time frame covers Kerin’s role as Shadow Minister for Primary Industry and later as Minister for Primary Industry and Energy from 1983 to 1991. He was focussed on policy development believing that it should be based on scientific and economic research followed by policy implementation and monitoring its outcomes.
John Kerin was adamant that policy-making in the natural resource industries: fishing, agriculture and forestry, without strong evidence from scientific and economic research, was next to useless.

As a result, Kerin and his staff routinely consulted researchers in the Bureau of Rural Science (BRS) and the Bureau of Agricultural Economics (BAE). At the same time, Kerin regularly moved around his rural constituents to gain their views, on old, proposed or new policies.

John Kerin (personal communication, 2013) provided a practical approach:

All Australian governments come to office extolling the virtues of and their adherence to ‘evidence based policy’. Without being too cynical about it, this does not last long in practice due to the nature of the polity, adversarial politics in a federal system and external shocks.

This chapter also highlights the evolution in the first half of the 20th century, of strong bi-partisan political support in Australia for a plethora of programs to try and lift financial returns for farm commodities or at least maintain them. Reforms by John Kerin and the Hawke Government saw the disappearance of most of these programs.

However, decades before Kerin’s arrival on the political landscape, science policy relating to agriculture was evolving at the national and the state levels. That led to the first attempt to co-ordinate all State farm research programs through the establishment of the Australian Agricultural Council (AAC). The Council was to include all State and Territory ministers responsible for agriculture with the national government as overall co-ordinator.

3.2 **Major Policy Imperative – Produce More**

In the 25th Joseph Fisher lecture delivered at the University of Adelaide on 15 October 1952, John Crawford, the foundation Executive Director of the BAE and the then doyen of Australian agricultural and trade policies, said:

> It is tempting to assert that the most striking thing about Australian agricultural policy is that there isn't one. So many decisions of government affect agriculture that in this sense of the word there must, willy nilly, be policies. What is far more open to question is whether the innumerable activities of Commonwealth and State authorities conform to a consistent set of policy objectives.

Clear and complete statements on agricultural policy have not been a marked characteristic of any political party in Australia. Political platforms, as printed and uttered, are prone to mix policy ends and means with cheerful abandon.

Here was a reality check from a top level public servant well versed in untangling and costing the utterances of his political masters. Many senior public servants were and still are haunted by impractical policy statements that are made without sufficient research to underwrite their political leader’s election promises.

Crawford went on that night to quote highly significant words from the then Australian Minister for Commerce and Agriculture, John McEwen. In February 1952, McEwen said in a press statement that the federal government had decided to pursue a Commonwealth wide program of agricultural expansion. This was, not only to meet defence requirements, but also to provide food for the growing population and to maintain Australia’s capacity to import.
McEwen highlighted the importance of that policy when he added that activities directly related to agricultural production were to be classified at the same high level as defense and coal.

With that statement McEwen, then Deputy Leader of the Australian Country Party, (the name was changed from ‘Country’ to National’ on 16 October 1982) left no doubt as to the priority he and the Prime Minister, Robert Menzies (leader of the Liberal Party) placed on the farm industries. In the early 1950s they were at top level.

The production of food and fibre, especially for export to the United Kingdom was a pre-eminent task. Because of the Korean war (1950-1953), food for defence purposes ranked on the same level of importance and there was a perception at that time that communist hordes would invade Australia after the possible conquering of Vietnam.

### 3.3 The Emergence of the Country Party

In his autobiography the founder and first leader of the Country Party, Earle Page (1963) wrote:

> Discontent about prices among farmers and state farming groups grew. On the 17 April 1917 the first meeting of the council of the Australian Farmers’ Federal Organisation (AFFO) was held. It affirmed the right of every producer to convey and dispose of his produce in any part of Australia without restriction.

Page went on with this surprising assertion: “the advent of the AFFO maintained that natural resources were being used to buttress the strength of the cities to the detriment of the country”.

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This is the first reference this researcher can find, of any interest by a political party in Australia, to the possible exploitation of natural resources to produce wealth for the benefit of urban Australians. It is a highly significant statement by the Country Party leader but did not generate any action regarding soil or any other type of conservation at the time. No doubt it would have been a difficult concept to sell when producing more of everything was the mantra of the times to help expand exports and support farm incomes.

And so the founder and first leader of the Country Party highlighted fundamental differences between city and country which still exist today but in a much more muted form. The environment in which each group works and lives is entirely different from the other.

In January 1920, Earle Page joined 10 other farmer members of the AFFO to form the federal Country Party with the slogan or policy of “Production First”. He was immediately elected Party Whip. On 5 April 1921, Page became Leader of the party and stayed in that role until 1939.

The priority was to increase production of farm goods, not just to feed Australia’s increasing population, but also increase income from exports. The United Kingdom was the main market for Australia’s farm products in the first 60 years of the 20th century before Britain joined the European Economic Community (EEC) in 1973.

The new party’s policy of ‘Production First’ was the mantra of all political parties involved in Australian agriculture for the next 60 years. In the 1980s, when he was Minister for Primary Industry and Energy, John Kerin expanded this policy by adding protection for the resource base of land, water and vegetation as well as putting a policy regarding research and development at the top of his agenda.
He asserted his view on policy (Inall, 2013, personal communication):

Agricultural policy, like any policy in a democracy, is initiated and developed as an inter-play between political parties, officials, producers and institutions, taking into account, the economic, environmental and social circumstances of the time.

Farm lobby groups like the newly formed Country Party in 1920 felt that despite all the political encouragement to produce goods, they were losers. Wage earners, they said, were regularly rewarded with increased salaries. The farmer’s protests were despite the government sponsored price support schemes.

At the 1922 federal election, Earle Page’s policy speech promised the establishment of co-operative marketing systems for the meat, wheat, wool, sugar, dairying, fruit and other primary industries by placing them in the hands of tribunals on which producers would have majority representation. This was the beginning of the Country Party dominating the farm and broader rural policy agenda in Australian political life for the next 50 years.

In 1922, Page also proposed the creation of a Federal Department of Agriculture. Consequently, in 1925, a Department of Markets was established under the control of a Country Party minister. Its scope was widened by later governments. Its name changed numerous times and in October 2013 it became the Department of Agriculture again with a newly appointed NP Minister, Barnaby Joyce.

3.4 Co-ordinating the States for National Farm Policy

In October 1933, Earle Page as Leader of the Country Party and Minister for Commerce, made proposals for the effective organization of Australian agriculture. He focussed on the creation of an Australian Agricultural Council (AAC) based on the partnership principle of the Australian Loan Council, which was comprised of federal and state representatives. They would become, in effect, a board of directors
for Australian agriculture, determining general policy and securing co-ordination of agricultural and pastoral policy and development. Page proposed that a Federal Department of Agriculture be the vehicle that would give agriculture its proper place in national life and make Australia realise its value and importance.

The AAC would ensure that specific areas would concentrate on the production of those products for which they were most suited, thereby eliminating cut throat competition between regions and between States. (Hefford, 1985)

This particular proposal could only be described as quaint. Some people would argue that the move would be seen as Socialism or Communism. But it did not ever take place.

The first meeting of the AAC was held on 28 May 1935. Hefford (1985) says:

Its purpose was co-ordinating farm policies between the States but made little progress in that direction.

However, according to Page (1963):

The Council would elevate Australian marketing legislation.

There was no development of a policy regarding scientific research and development although there was no objection by the Country Party to the establishment of CSIR-the infant CSIRO in 1926.
In November 1963, the federal government took a major step in science policy when
the Prime Minister Robert Menzies delivered the Coalition’s (i.e. the Liberal and
Country Party) policy for the election scheduled for the 30th of that month. Part of it,
only 78 words, focussed on education and science. Menzies (1963) said:

There is a special need for improved science teaching in secondary
schools if we are to keep in step with the march of science. As
some recognition of this need we will make available £5 million
for the provision of building and equipment facilities for science
teaching in secondary schools. The amount will be distributed on a
school population basis and will be available to all secondary
schools, government or independent, without discrimination.

This was another move by the federal government into the affairs of the states, in
this case funding the teaching of science. Hitherto, the federal government had given
no money to independent or private schools. This announcement led to permanent
federal government funding of those schools. It was authorised in 1964 when the
States Grants (Science Laboratories and Technical Training Act 1964) was passed.
This Act provided grants for science laboratories and equipment in government and
non-government secondary schools. This was another move by federal government
into the realm of science. Federal funding continues to be a contentious issue in
2015.

Thirty years later the Commonwealth Government gradually became more involved
in providing more funds for scientific research not only through the CSIRO but the
rural Research and Development Corporations of which John Kerin was the key
driver.
3.5 **Dominance of the Country Party in Farm Policy**

### 3.5.1 Protectionism

John McEwen, as Leader of the Australian Country Party and Deputy Prime Minister for 13 years (1958-1971), was famous for stating that his party would implement policies which farmers and their organisations said were necessary. A basic requirement was that farmers had a majority control of commodity marketing boards. Prominent agricultural economists along with John Kerin believed farmer dominance of marketing organisations led to inefficiencies.

Ellis (1963) highlights the Country Party’s dominance in protectionism. He noted:

> A policy of protection of secondary industry was strongly advocated by John McEwen, when Minister for Trade (1958-1971). This was a strange decision by the Leader of what was at the time the farmer’s political party. Protection of manufacturing was strongly opposed by many members of the Country Party, the Liberal Party and the influential NSW Grazier’s Association. Their opposition was based on the fact that protection of secondary industry raised costs to farmers. Those bodies claimed they received overseas prices while the manufacturer received local prices.

> With declining incomes, primary producers were no longer able to buy the high priced products of protected secondary industries.

Some prominent Liberal Party politicians like the late Bert Kelly, a farmer, former member for the SA federal seat of Wakefield and a long time campaigner against tariff protection, said the real solution was to make Australian production competitive and reduce the cost of production in every way.
But opposition to tariff protection on manufacturing goods from farmer’s organisations obviously did not register with McEwen.

Gallagher (2006)) in *Faith and Duty* wrote:

> Trade had been like a control room for ‘Black Jack’ McEwen when party Leader. As Trade Minister, McEwen had used tariffs and subsidies to exercise real power.

In the early 1980s, the infant National Farmers’ Federation (NFF) in Australia campaigned against tariffs, so did numerous agricultural economists. Two agricultural economists held senior positions in the NFF in the 1980s. They were David Trebeck, Deputy Director from 1979-1983 and Andrew Robb, Executive Director from 1985-1988 and Minister for Trade and Investment in the conservative Abbott Government in 2015.

Both Trebeck and Robb had a strong distaste for protection of both primary and secondary industries. No doubt they were instrumental in developing the NFF’s free trade agenda and its efforts to reduce tariff protection in Australia. At the same time the Country Party’s official line was support of tariffs mainly because of the powerful influence of Sir John McEwen who dismissed the official focus of the central council of his party, which was against tariffs.

A strong voice of objection to the tariff policies of the Country Party came from the former President of the National Farmer’s Federation, Ian McLachlan who later became Minister for Defence from 1996 to 1998 in the conservative Howard Government.
In 2010, McLachlan said in a recorded interview with me for the National Library of Australia:

The Country Party had become the NFF’s enemy. The Country Party, under Black Jack McEwen and the boys was to look after you from the cradle to the grave. So we’ll have subsidies for the growers and tariffs for the importers and for the manufacturers. It doesn’t work. It just promotes inefficiency.

Earlier and much to everyone’s surprise, Labor Prime Minister Gough Whitlam cut tariffs on imported goods by 25% in 1973. In the late 1970s, the conservative Prime Minister Malcolm Fraser re-instated some but Robert Hawke as Prime Minister reduced them almost entirely in the 1980s.

At that time, the Country Party, by now re-named the National Party, could not adjust to the challenge by the NFF of its long held belief that the National Party set rural policy in Australia.

3.6 Two Major Policy Issues

3.6.1 The Policy of Farm Price Supports

The dominating factor in farm policy formulation in the first 60 years of the 20th century was sharply fluctuating prices for farm goods on both domestic and international markets. In the 1920s, Australian farmers developed schemes with the help of governments to try and stabilise farm incomes.

This was the fundamental reason for the establishment of the Country Party in the early 1920s. At that time, policy by the two major political parties was focused on farm price underwriting or subsidies. Price support schemes started to be formulated in the early 1920s well before the 1930’s Depression.

A number of writers including Page (1963) and Davey (2010) detailed what they see as the reasons for the formation of the Country Party in Australia. The first, as mentioned earlier, was the need to obtain and maintain higher prices for farm goods.
Many farmers believed they were entitled to reliable or consistent returns for their labours just as people on wages in cities and country towns sought and mostly obtained. The rigours of the Australian climate and the global marketplace also meant financial returns for farm products were not and are still are not consistent. They never will be due to the vagaries of the global marketplace and global climate.

Personal research in rural areas has highlighted a strong sense of antipathy between farming people and country town people and city people. Various authors like Dyrenfurth and Bongiorno (2011) highlight sharp divisions between farmers and members of trade unions based initially on the shearer’s strikes in the state of Queensland in the 1890s and later strikes by wharf labourers, abattoir workers and shearsers. Those divisions still exist in 2015 but certainly not to the same extent as in the second half of the 20th century. Machinery has replaced hundreds of manual workers in rural industries in the last half of the 20th century and continues to do so. Similarly technology is replacing many white collar jobs.


Just as John Kerin was dominant in formulating farm policy for the Labor Government in the 1980s, four men stood out as leaders of the National Party from the 1920s to the 1980s. They were the party’s founder and first leader Earle Page, followed by Arthur Fadden, John McEwen and Doug Anthony. They saw their main task of trying to stabilise farm prices through price underwriting legislation.

Privately, leaders like Anthony and his successor Ian Sinclair may not have liked the system but showed no obvious sign of trying to change policy at the time. John McEwen constantly re-iterated that his party only did what farmers said they wanted from governments.

It is easy to understand why the Country Party so strongly endorsed the concept of government financial support for farmers to try and even out the impacts of price
variations caused by extreme seasonal variations and the rigors of the international marketplace. Added to that was the subsidisation of rural infrastructure: railways, grain storage, the postal and telephone service, and water storages for irrigation. Three writers Brett (2011) Massy (2011) and Graham (1966) have highlighted these support measures.

Opinions are still sharply divided in 2015 whether the farm industries deserved these support measures or not. Page’s philosophy and policies were dominant from the 1920s through to the 1970s, despite the Country Party being the junior in the Coalition political parties. In those years the Country Party dominated national policy making even though the Liberal Party was the senior party in the national government.

And so the question must be asked. Was Robert Gordon Menzies really the ‘God like’ dominant policy maker as he is popularly painted? The answer must be ‘no’ given the dominance of Earle Page (who eventually forced Menzies out of his Prime Ministerial role in 1941), Arthur Fadden (CP leader 1941-1958), then John McEwen (CP leader 1958-1971) and the strong trio of Douglas Anthony, Ian Sinclair and Peter Nixon in the late 1960s, 70s and early 80s. It was they who dominated agricultural, trade and wider rural policy in the 1950s, 1960s and 1970s.

Sir Earle Page remained committed, as did Sir John McEwen, to involving governments in the marketing of farm goods. In his autobiography Page (1963) wrote:

Being unable under its constitutional authority to fix prices, pay consumer subsidies, or regulate interstate trade, the commonwealth government must rely on co-operation from the states to achieve an over-all marketing organization.

In practice this meant that that in order to provide a home consumption price for various products, in excess of the export price, the government found it was necessary to rigidly control the quantity of farm products marketed in Australia. The balance was sold at world prices. Returns from all markets were then pooled and
distributed to producers on an equal basis.

**Judith Brett (2011)** in her benchmark study writes:

Under the influence of all political parties in the 1920s, 30s, 40s, 50s and 60s there were various devices to support agricultural producers, small farmers in particular. Sugar, fruit and dairy were protected by tariffs and import quotas. And statutory marketing boards were established from the 1920s onwards across a range of agricultural sector products: wheat, dairy, dried fruits, sugar and so on. The idea was simple: a combination of producers would be able to get a better price, providing a countervailing power to the big purchasers and eliminating middlemen.

Just as with the Labor movement, for farmers, too, unity was strength and they sought protection from market forces through state regulation. Country Party socialism again.

**Farmer and academic Charles Massy (2011)** wrote that deep in the philosophy behind the formation of the Country Party lay a belief in its members (originally mostly farmers) as being special. In his meticulous study *Breaking the sheep's back*, he calls this:

An agrarian tradition. (or ‘rural myth’) as being a symbolic belief embracing a powerful mythology of the Australian (or American) countryside, where agrarian and rural communities develop a feeling of specialness or uniqueness that seeks to assert their values and the perceived virtues of an agrarian way of life. From this came an argument for special political and social power, and a belief that the rest of society owed them a living.

Graham (1966) in his book *The formation of the Australian Country Parties* underscores the Massy assertion:

Agrarian radicals have demanded state intervention to improve the trading position of rural interests in a free enterprise economy. Even this intervention meant public control of the railways, grain handling agencies and banks, and they have been prepared, in achieving their objects, to form alliances with trade unions or socialist parties. But such alliances have seldom, if ever, marked the acceptance of socialist doctrines or working class causes by the farmers concerned.

Brett contends there was strong opposition to the moves for orderly or underwritten marketing schemes. There were two interrelated reasons:

First, statutory marketing threatened the entrenched the position of powerful factions of capital and these factions of capital were very effective at casting their interests as those of the entire bourgeoisie.

Merchants and processors gained handsomely from the free market in agriculture, and statutory marketing, especially compulsory pooling under grower control, threatened their position.

The second reason for the bourgeoisie’s opposition to statutory marketing, Brett says:

It was the perception that statutory marketing threatened the bourgeoisie as a whole, because it legitimised state action in the interests of a subordinate class.

This researcher’s experience as a jackeroo in rural Australia when wool was the dominant commodity in the 1950s and 1960s was that social class
distinction was very much in evidence. Most, but not all woolgrowers saw themselves as being in a higher class on their own. Those who did the practical work: jackeroos, burr cutters and station hands were lesser people. The bosses generally voted for the conservative political parties and the practical workers generally voted Labor.

Ulrich Ellis (1963) in the *History of the Australian Country Party* wrote that by 1911:

> Unions of farmers had been formed for self-protection and unions of employees gained strength. There occurred a hardening of opinion against the Labor Party, which proposed land taxes, opposed freehold land tenure and talked of land nationalisation as a prelude to complete nationalisation. The feeling increased that the Liberals, who evolved from the post-federation alignment of parties, were dominated by city interests who stood in the way of the achievement of country aims.

### 3.6.1.1 Price Support for Wool and Wheat

The Country Party established a reserve price scheme for wool, set up by the conservative parties on 1 January 1971 and lasted until February 1991. In the end, the scheme and its managers forced prices too high thereby, destroying the wool industry and hundreds of businesses, which depended on it. Today the industry is a shadow of its former self.

In his definitive study, Massy (2011) a NSW woolgrower recorded the disastrous outcome of the reserve price scheme in his book *Breaking the Sheep’s Back*:

> Government intervention in the Australian wool industry proved to be against the best interests of the nation and its constituents. Such intervention has an extremely high failure rate and has consistently been proven to make matters worse than the perceived problem.
A salutary lesson for anyone who tries in the future to establish price support schemes through legislation. John Kerin strongly opposed all forms of price support while he was Minister for Primary Industry. Ironically he inherited the floor price for wool scheme and when it collapsed in 1991 he had to manage the difficult financial outcomes.

Wheat price underwriting became a ‘cause celebre’ through the years from the 1920s to the 1970s in Australia. It was loved by some, hated by others.

In 1939, Page secured the agreement of the AAC to establish a home consumption price for wheat and to institute a compulsory system of marketing.

The Labor Party was also very supportive of guaranteed wheat prices. Hallam (1983) wrote in *The untold story*:

> Labor won the 1941 federal election (after the Country Party unseated Robert Menzies from his position as Prime Minister) and guaranteed the price of wheat.

Years later, Paul Davey (2008) asserted:

> The Wheat Stabilisation Act had helped cause overproduction of wheat with a guaranteed price that was excessive. It encouraged increased plantings, particularly by big growers to the point where yields well exceeded the capacity of the grain storage facilities.

> The United States Government decided to underwrite farm prices during the depression through the Agricultural Production Act of 1933 and it still does today in 2015.
Cochrane and Runge (1992) advocated fundamental reforms to the US farm price support policies in their study *Reforming Farm Policy: Toward a National Agenda.*

We seek to wean the largest farmers from their current reliance on government price and income support.

These authors followed up by advocating two major policy planks: 1) nature resource conservation and 2) ongoing public funding of agricultural research.

Fundamentally their proposals were not different to the policies put in place in the 1980s by John Kerin as Minister for Primary Industries in Australia.

Cochrane and Runge advocated a substantially expanded programme of resource conservation and environmental protection. These authors went further in proposing a considerable increase in government funded research, education and extension aimed at improving the competitiveness of agriculture and reducing the negative impacts of modern agricultural practices. Their environmental plans had been strongly advocated in policies almost a decade earlier in Australia by John Kerin.

In the early 1980s, New Zealand and then Australia decided to reduce or abolish farm price support. These two southern hemisphere countries led the world in following the policy advice advocated by the American agricultural economists, Paarlberg and Runge in 1980 in their study *Farm and Food Policy: Issues of the 1980s.*

Research of the literature demonstrates that the two major political parties in Australia in the first half of the 20th century, Conservative and Labor, supported the concept of underwriting of farm prices.

Hefford (1985) wrote in *Farm Policy in Australia* the case for government intervention in markets for farm products in Australia and in other basically market oriented economies rests mainly on two arguments:
Left to the market, farm product prices fluctuate more widely than prices received by imperfectly competitive industries which, by collusion and exercise of market power, are to some extent able to set their own prices.

The notion that farmers are entitled to fair prices for their product. “Fair” in relation to production costs or non-farm prices or, in a broader sense, prices sufficient to ensure rewards to most producers in some way comparable with non-farm incomes.

In the early years of the 20th century Liberal Party members in Australia were often accused of favouring urban interests, while in the 1920s, 30s and 40s the Labor Party (contrary to popular opinion) had considerable support in rural areas. After then, support for Labor waned until the party regained power federally in 1972.

Subsequently, support fell again and the party was dismissed from government in November 1975. It was voted into power again in March 1983 and Prime Minister Hawke appointed John Kerin as Minister for Primary Industry.

The National Party’s protectionist policies were strongly criticised by NSW woolgrower, Charles Massy in his (2011) book *Breaking the Sheep’s Back*. He wrote:

> Beginning in the 1920s and consolidated in the 1930s, there occurred the harnessing of the twin steeds in the protectionist carriage: the conservative federal country party and disaffected, radicalised and organised agrarian-socialist agri-politicians and their constituents. Out of this came an obsessive focus on collectivist marketing and ever mounting pressure for market protection, subsidies, price stabilisation and in the wool industry, a reserve price scheme.
By the late 1960s, John McEwen had not resiled from his long developed policy of tariffs and temporary protection for secondary industry and a compensating variety of price stabilisation or support schemes for primary producers. He did not invent protectionism, a long established buttress of fortress Australia since national federation in 1901, but he further entrenched the policy and its politicisation.

By the end of the McEwen’s reign (1971) the influence of the Country Party Cabinet ministers over agro-politics had become very much entrenched and remained largely hidden from view.

Another strong critic of the Country Party’s statutory marketing policies was the Melbourne based journalist, the late Ronald Anderson. In *Crisis on the Land* published in 1972, Anderson wrote:

The Country Party’s delightful ‘We’ll do what the farmers want’ approach to rural policymaking has been demonstrated to be both naïve and ineffective. The harsh fact remains that few farmers are in a position to judge their needs effectively. They have neither the talents, the training, nor the necessary information. As a result, the policies they support tend to be ad hoc short palliatives born out of emotionalism and based on historic developments, rather than likely future trends and requirements.

Anderson was referring to Sir John McEwen’s oft-repeated statement that the Country Party would always implement whatever policy proposals farmer organisations asked for. It was shrewd policy because the organisations were rarely in agreement for example, the long running differences between the Australian Woolgrowers’ and Graziers’ Council (AWGC) which mainly represented the large pastoral operators and the Australian Wool and Meat Producers Federation (AWMPF) which represented the smaller producers.
Anderson’s thinking and writing was very much in concert with prominent young agricultural economists of the day. He published a weekly newsletter, *Primary Industry Newsletter (PIN)* that examined farm policy and business trends and was compulsory reading for industry leaders. Anderson’s writings had a strong influence on upcoming senior policy advisers and academics. At the time, the late 1960s and 1970s, academics spoke out, often critically examining farm policies. No doubt John Kerin, the young farm recruit at the Bureau of Agricultural Economics, absorbed their words. Today (2015) agricultural economists rarely speak out publicly about anything at all. It is hard to fathom why. Perhaps they feel that all the policy reforms they had been advocating for decades had been enacted by John Kerin. For example, the National Agricultural Outlook Conference which is staged by the ABARES annually in Canberra is no longer televised nationally. The live broadcasts from 1974 to 1984 were fertile grounds for agricultural economists to broadcast their research findings and their views.

A cautionary point regarding criticism of McEwen’s tariff policy was sounded by author Peter Golding (1996). He wrote that:

In the 1950s, the policy of ‘all round protection’ for which McEwen has been so roundly abused was not just McEwen’s policy. Protection was a neutral zone. It was universally accepted as being the right policy for Australia, on both sides of the House and in the community at large. If there were critics, they were few and mainly silent.

Another exception was highlighted by Golding (1996) when he surprisingly wrote:

The Federal Country Party itself, whose policy for many years was unequivocal in its opposition to protection. Year after year annual CP conferences called for the abolition or lowering of tariff barriers. Nothing happened until the decision in 1975 by the Whitlam Government to drop tariffs by 25%. Subsequently the NFF consistently applied pressure to further reduction in tariff protection. The Hawke government complied in the 1980s.
Since the 1970s and the retirement of Sir John McEwen, competition has been gradually introduced into most farm industries where compulsory agricultural marketing arrangements had governed processes between the farm and (either or both) domestic and export markets.

Please refer to the appendix on page 259 for a table of the extensive changes to agricultural marketing arrangements in Australia since the 1970s.

### 3.6.2 Soldier and Closer Settlement

Apart from having one of the world’s most unpredictable climates, Australian agriculture had another dominating feature in the 20th century. There were many farms that were unprofitable because they were too small in size. That is apart from the 1950s when wool prices were at record levels mainly because of the Korean War when woollen garments were essential in its freezing weather.

The fact that there were too many small farms was largely the result of government action in the first 60 years of the 20th century. Schemes designed to settle soldiers returning from both world wars as well as so called ‘closer’ settlement schemes were generally disastrous especially those in regions of low and highly variable rainfall and poor soils like the mallee lands of south-western NSW and western Victoria. The definition of “closer” was cutting up larger grazing and farming properties into smaller blocks to establish more owners. The Labor Party was a keen advocate, not only to “reward” returning soldiers, but to reduce the extensive private land holdings of the grazing class. In short, cut them down to size.

Lack of scale for a profitable farm enterprise was not appreciated in the first half of the 20th century. This situation was highlighted by local horticulturist, Andy Murdoch in a speech at the Coomealla Soldier’s Club in NSW on 6 June 2015. He said that in 1980 there were 250 fruit producing properties in the region but in 2015 only about 75 were left.
Eventually governments, strongly influenced by agricultural economists, were forced to help many small operators to leave their farms. In short, governments had to untangle programs they had designed and which were economically disastrous as well as placing extreme social pressures on farming families and the businesses that served them.

3.7 Senior Economist Pinpoints Poor Policy Outcomes

This situation was publicly highlighted in February 1967 by the then Executive Director of the BAE, Doug McKay (1963 to 1968). In his presidential address to the 11th annual conference of the Australian Agricultural Economics Society (AAES) McKay presented the first detailed analysis of the small farm problem in Australia. In doing so, he laid the foundations for debate in government and university circles about the implications for the welfare of farming families and the need for structural adjustment. McKay’s analysis showed that many farm incomes were too low to either sustain a family, or allow for reinvestment in their farms. It was a result of occasional poor seasons or periods of low prices or both. It was systemic, reflecting in various proportions inadequate farm size, marginal land, limited managerial ability and lack of capital.

McKay also recognised that prospects on many of these farms to improve productivity were limited:

While ever costs continue to increase at a faster rate than the prices…general measures (devaluation, international commodity agreements, input and output subsidies) can do no more than slow down the rate at which farms may fall into the low income category.
McKay’s address also raised an issue that continued to influence agricultural policy over many decades: should structural adjustment be left to economic forces or if steps would be required to ease the process of change? BAE research provided a firm basis for governments to establish farm re-construction programs. In short, this was reversing government policies which had held prominence for decades.

The situation was subsequently publicly aired by the rural division of the ABC. In 1969, it broadcast a series of radio reports in its national Country Hour programs under the title of “Small farmers in trouble”. They were edited by John Barnett.

The situation was also highlighted in a major television documentary program in 1972 called “Someone Must Care” also produced by the Corporation.

Almost at the same time there was similar optimism in the endless south western plains country of the United States. Hundreds of men fired with the desire to own land, took their families to their dream farms and settled in states like Texas. It wasn’t long before those farms were a dust bowl. The outcome, according to writer Robert A Caro (1982) was:

It required an end to illusions, to dreams, to flights into the imagination - to all the escapes from reality that comfort men - for in a land so merciless, the faintest romantic tinge might result not just in hardship but in doom.

In Perth, Western Australia, on 8 December 1977 the then Executive Director of the BAE, Geoff Miller, reiterated the issue of unprofitable farms in Australia in an address to the Rural Press Club of Western Australia. He called one section: “Long-Run Farm Problems”.

During the past year or so the Bureau has repeatedly emphasized the likelihood of continuing strong cost price pressures on farmers.
Our studies indicate that these pressures are likely to result in the viability of substantial numbers of farms becoming questionable in the next five to eight years. At least 30% of wheat/sheep zone properties and 25% of farms in the high rainfall zone are either non-viable now or are likely to become non-viable in the next five to eight years.

Substantial numbers of people are involved, both on farms and in rural regions. It is important that farm adjustment keeps pace with the pressures farmers face.

Most of our farm production then, comes from farms that are efficient and moderately profitable. It is important that the research and extension effort continue to be directed at stimulating the productivity of these farms, as well as focusing on those facing adjustment problems. Similarly dual thrust is needed in farm policy.

Miller’s words about ‘the research and extension effort….’ are prophetic in that later he would strongly influence the efforts of Minister Kerin in placing those efforts under a corporate structure.

Miller like McKay, before him, laid out the bare bones of the farm adjustment problem in Australia. These views were rarely aired within the industry partly because most farmers were sceptical about any forecasts and reports from the BAE and they were hidden by banks and farm supply organisations. Naturally farmer bodies and the rural media did not want the industry to be seen in a negative light.

Nevertheless in the late 1960s, Australian farmers took the unprecedented move to protest publicly about low financial returns. They held marches through the streets of capital cities of Australia followed by rallies calling for further government measures to support them. In 1985, 40,000 farmers and their supporters held a rally against the Federal Labor Government outside ‘old’ Parliament House in Canberra.
Subsequently, Conservative and Labor Governments in Australia supported schemes to assist or encourage owners of unprofitable farms to either increase the size of their businesses or sell their farms and leave the industry. This was done through the Marginal Dairy Farms Reconstruction scheme and later the all-embracing rural reconstruction schemes funded by the Commonwealth and State governments. The word ‘re-construction’ was later softened to ‘adjustment’.

The need for expanded grain growing farms was eventually recognized because of the revolution in technology: cultivating machinery, sowing machinery and harvesting and grain storage equipment. It must, however, be emphasized, that many farms in Australia in those years were profitable because of their large size, minimal debt and clever management.

Prominent former CSIRO scientist Dr Ted Henzell underlined the small farm problem in his book *Australian Agriculture –its history and challenges* published in 2007. He asserted the political justification for closer settlement was reasonably obvious but the social and economic effects were questionable. Henzell highlighted the false optimism of the day when he asserted:

There was near universal tendency to go too far; to make the blocks too small to make a decent living. An honest assessment of the limitations of the native pastures in northern Australia (an area Henzell knows intimately) would have required Australians to face up to deficiencies in natural resources of a large part of the continent. The early part of the 20th century was an era of proud and sometimes narrow-minded nationalism during which any such admission was often seen as downright disloyalty.
Don Watson (2014), a prominent Australian author, highlighted the pain that many returned soldiers and their families endured in his book *The Bush* published in October 2014:

Trouble was, much of the land would have tested the strongest men, many of them were not strong, and many were damaged. What began as a fixation of creating a yeoman class had become an effort to dispose of our unemployment nuisance in hillbilly settlements.

It was Country Party’s Leader, John Douglas (Doug) Anthony when Minister for Primary Industry (1967-71) who very reluctantly took the lead in tackling the problem. Author Paul Davey (2010) in his *90 not out* says Anthony:

Continually warned that the structure of family farms would have to change. Holdings would have to get bigger so producers could take advantage of the new technology, maintain competitiveness and enjoy a reasonable standard of living.

Anthony was criticised by the media, by farmers and the Labor Party for wanting to destroy the fabric of family farms.

Doug Anthony later became Leader of the National (Country) Party (1971-1984) and Deputy Prime Minister. He was obviously aware of the outcomes of research by the BAE about the developing unprofitable small farm problem in Australia.

In 1967, John Kerin was also working long hours on the small family farm with his father trying to eke out a living just as hundreds of other small farmers were ‘trying’. As highlighted in Chapter 2, the Kerins were active in horticulture and poultry and in off farm ventures.
Broadly contrasting the philosophies between Labor and the National Party, John Kerin spoke on 19 July 2011 to the NSW Weed Society’s annual conference at Coffs Harbour in NSW. He said:

Two political beliefs or directions: one was the constant parroting by the conservative political parties of ‘states rights’ until well into the 1980s and (the other) the ‘protection all round’ policies until the early 1970s, which were directed to commodity production at the expense of other growing concerns, such as environmental impact and neglect of the natural resource base.

Kerin overturned the policies of ongoing price support policies in the second half of the 1980s. There was minimal opposition from the conservative parties. They had access to the research by agricultural economists in the BAE and the Universities as well as outspoken Liberal Party members like Bert Kelly, the Federal member for Wakefield in South Australia who continually campaigned against tariff protection.

3.8 Numerous Enquiries into Rural Policy

In Black Jack McEwen …Political Gladiator, Peter Golding (1996) asserts McEwen’s first policy, when he became Minister for Commerce and Agriculture in 1949, was to rejuvenate Australia’s primary industries which, McEwen claimed, were very run down. He said primary producers needed government assistance because they operated in an economy where wage earners were protected by arbitration and manufacturers were protected by tariffs. Some equivalent of protection for primary industry was needed to ensure that efficient operation carried with it a reasonable prospect of profit. This was a strong statement of policy by a man destined to become Deputy Prime Minister and leader of a party which ruled in coalition with the Liberals for 23 years.
Hefford (1984) is sceptical about governments delivering statements about their farm policy objectives. He wrote that objectives had been developed on an ad hoc basis with changes signalled in annual budgets or in occasional ministerial statements or occasionally by the heads of Commonwealth departments concerned.

When he became Minister in March 1983, history provided John Kerin with a strong advantage. Three enquiries on rural policy had been held and their findings published. The first two were for Labor Governments: the Curtin Government during World War Two and the second while Gough Whitlam was Prime Minister 1973-75. The third was instigated by the Fraser Government in September 1981.

Ben Chifley, as Treasurer and Minister for Post War Reconstruction in the Curtin Government, announced in February 1943, a commission of inquiry with a focus on the organisation of the Australian rural economy, including:

- The efficient methods of production and marketing of primary products and the conservation and maintenance of the natural resources of Australia.
- The re-organisation and rehabilitation of the Australian rural economy during the post war period through a Rural Reconstruction Commission. In 1945, a Commission was established as part of the Department of Post War Reconstruction.

Boadle and Whitford (2012) In Learning from Past Mistakes: the Rural Reconstruction Commission’s use of history in Australian public policy making during the 1940s, record the following on the rural society internet site: www.tandfonline.com/doi/abs/10.5172/rsj.2012.21.3.210#abstract

The Commission undertook the most comprehensive inquiry ever conducted in Australia’s rural sector up until that time, publishing 10 reports containing 330 recommendations on rural production and resource management and rural commodity marketing.
In its 1944 report, *A general rural survey: first report to the Treasurer, Ben Chifley*, the Rural Reconstruction Commission made a number of observations which are still pertinent today in the second decade of the 21st century:

Page 77: The need for upgrading of educational opportunities in rural areas. The report highlighted the wide gaps between available knowledge and current farming practices.

Page 78: Reference was made to subsidies paid to wheat and fruit producers as well as government involvement in fixing home consumption prices for wheat, butter, cheese and dried fruits during the 1930s. The Commission’s attitude to these measures was clear and sobering:

The fact that many other countries have adopted similar devices does not alter the fact that they are both politically troublesome and financially awkward to the governments concerned. At the same time, this state of affairs, when long continued, has the psychological effect of discouraging efforts to improve efficiency and remedy faults in the cost structure.

A timely but unheeded warning especially when 40 years later, the costly failure of the reserve price for wool, is considered. In 1991, John Kerin had to deal with the fall out from the collapse of the reserve price for wool no doubt reinforcing his belief in market solutions not schemes that tried to prop up prices.
3.9 Warnings in 1944 about Subsidised Prices and Closer Settlement

Turning to land settlement schemes, the report to Ben Chifley continued on Page 78:

It will be a major blunder if Australian governments launch schemes of agricultural expansion (Soldier and Closer Settlement Schemes) at the end of the present war without a realistic view of the chances which the new production, so induced, has of finding a place on the markets of the world.

Another strong warning, which was ignored in subsequent policy development by governments of the left and the right.

Brett (2011) highlighted the financial folly of most land settlement schemes: The cutting up of large pastoral properties into smaller blocks to encourage what was described as closer settlement was costly:

Settling new farmers on the land, however, required massive government spending. From the 1890s existing owners had to be compensated for land acquired and the new farmers lent money for stock, fencing, machinery and housing. Then the new communities had to be provided with infrastructure and services: roads and railways to transport the goods to the ports and towns; irrigation schemes; power and telecommunications; schools and hospitals. The cost to the public purse was huge.

Looking back, Hefford (1985) says that in a rare statement of policy objectives in 1946, Ben Chifley (who by then had become Prime Minister following John Curtin’s death on 5 July 1945) said the aims of his government with regard to farm industries were, ‘inter alia’:
To raise and make more secure the levels of living enjoyed by those engaged in and dependent upon the primary industries; to secure a volume of production adequate to meet domestic food requirements, to provide the raw materials for our developing secondary industries, and to enable an expanding volume of exports to pay for necessary imports, to encourage efficient production at prices which are fair to the consumer and which provide an adequate return to the producer.

A lofty, positive and practical statement.

The Board of Enquiry instigated by Chifley, according to Hallam, (1983) was ahead of its time in warning that steps would have to be taken to preserve prime agricultural land against clumsy and hasty exploitive development. The importance of this statement is borne out in weak and confused government responses to the development of coal seam gas fields in 2014 in southern Queensland and northern NSW - home of the very few top quality soils in Australia.

According to Hefford’s book (1985) *Farm Policy in Australia, the shaping of farm policy*, it was the NSW Labor leader William McKell who launched the states’ first rural policy statement at West Wyalong in central western NSW in autumn 1941.

McKell and the Labor Party won the 15 May 1941 election allowing McKell to become Premier of NSW from 1941 to 1947. He was also a farmer near Goulburn in NSW and later became Governor-General of Australia. Hallam (1983) wrote in *the Untold Story-Labor in rural NSW*:

The party’s first step on assuming office was to conduct a survey of the State’s agricultural potential. An agricultural economics research bureau was to be set up to carry out the survey and provide the government with basic information.
This survey was significant because it led to the first formal acknowledgement of the profession of agricultural economics in Australia. This is the earliest hint in the literature of an interest by the Labor Party (or any other party) in agricultural economics and led eventually to the establishment, according to Hallam, (1983) of the division of marketing and agricultural economics within the then NSW Department of Agriculture in the mid-1940s. The first of its type in Australia.

McKell made it clear he saw water conservation as the keystone to a progressive rural policy. Labor would establish a 20 year construction programme of dams on all the major rivers.

It is significant that a Labor Government in NSW (with funds from the National and State governments) started building major water storages in the southern mountain ranges of NSW in 1949. They became the famous Snowy Mountains Scheme, an extraordinary development which led to providing water for irrigation in inland areas developments in NSW, Victoria and South Australia as well as providing electricity supplies to a rapidly expanding urban population in south eastern Australia.

3.10 Labour Sets Up Another Rural Policy Enquiry

In 1974, the Federal Labor government led by Edward Gough Whitlam established an enquiry into rural policy in Australia. It was undertaken by a group of four prominent agricultural economists. Their chairman was Dr Stuart Harris, then Executive Director of the BAE. Later Harris became the Secretary of two government departments both involved in agricultural matters: Trade, and Foreign Affairs and Trade (DFAT). The others in the advisory group were Sir John Crawford, the Foundation Director of the BAE who later became Secretary of the Department of Trade and still later Chancellor of the Australian National University (ANU); Professor Fred Gruen of the ANU and Mr Noel Honan, who later became Executive Director of the BAE. The fact that these men were all economists underlines the increasing influence in the
second half of the 20th century of economists and particularly agricultural economists within Canberra’s group of power brokers.

Their report was entitled *Rural Policy in Australia* but their comments on the economics of agriculture were relatively restrained. However their insights on environmental matters highlighted potential problems.

The authors said in their concluding comments in Chapter 10:

Irrigation, even used carefully, can lead to raised water tables and salting. Where excessive pumping from rivers occurs, river flow can be significantly reduced and an excessive nutrient and salt load may result. Irrigation can result in major salinity problems as on the River Murray.

Salting is a problem in other areas in particular Western Australia where cultivation and clearing of forests have increased substantially the salinity levels of the run off in catchment areas.

The authors described salinity as one of the biggest pollution problems facing Australia.

This was a timely warning in 1974 but extensive clearing of vegetation continued for another decade especially in Western Australia whereby dryland salting became a major problem. The document raised the matter of soil conservation and recorded that the Australian Government was presently examining a proposal that financial assistance be provided to the States for soil conservation works.

This proposal was not implemented until 19 years later in the first budget of the Hawke Government when funds were allocated for soil conservation works in the states.
It had not happened before but the authors of the Green Paper acknowledged the importance of consumers when they recorded: “The position of the consumer is properly being given greater consideration than in the past.”

Regrettably this was wishful thinking by these authors. Forty years on consumers are still given only limited consideration in rural policy making and the fact they are a vital part of the food chain is not adequately acknowledged (however, the *National Food Plan* produced by the Gillard Government in 2013 adequately addressed the matter of food and consumers.)

Subsequently the conservative government of Malcolm Fraser established a similar rural enquiry in September 1981 which was chaired by the prominent businessman Sir James Balderstone, with the secretary of DPI, Lindsay Duthie and the South Australian agricultural economist and academic, Frank Jarrett as co-authors. Their report was entitled: *Agricultural Policy: Issues and Options for the 1980s*. In Chapter 6 the committee highlighted concerns about the high level of protection of some farm industries: a matter which received only cursory attention in the Green Paper on rural policy in 1974.

The industries which are currently afforded a relatively high degree of protection (effective) are market milk, eggs, tobacco and citrus. The group considers this protection excessive and should be gradually reduced to a level comparable with the remainder of the sector.

The authors highlighted products that received price underwriting. These were wool, wheat, dairy products, dried vine fruits, apples and pears.
They listed the federal government’s considerable assistance which reduced farm input costs:

Fertilizer costs, agricultural tractor bounty assistance, those affecting energy prices and availability, rural credit - credit for farmers, credit for statutory marketing authorities, other tax concessions; income stability - overcoming tax inequity; fluctuating incomes and income equalisation deposits; funds for rural adjustment, promotion of rural products, export inspection services and meat processing.

The Fraser Government took no action regarding the price support or the other forms of government assistance. It was electorally too difficult for a coalition government to take any action on the Balderstone Report and it was left to John Kerin and the Hawke government to bring about change.

None of the enquiries including the 1942 Chifley enquiry produced initiatives which shook the foundations of agricultural policy making in Australia then or since. However, John Kerin as mentioned earlier, did find funds for soil conservation works in the states and raised to the top of the agenda practices relating to sustainability.

Today (2015), biosecurity should be of greater importance than any other policy factor. As a huge island continent Australia has some natural protection from animal and plant diseases and pests, for example foot and mouth disease in ruminants, blue tongue disease and rabies. Until now Australia has managed to avoid major biosecurity issues through its tight quarantine controls, but increasingly globalisation and international trade and travel inevitably raises the risks of serious outbreaks.
3.11 Policy Papers by the National Farmers’ Federation

After the establishment of the NFF in 1979, three policy documents were developed and promulgated over the ensuing years. In January 1982, *Farm Focus: the 80s* was published. In February 1993 the Federation’s next policy document was called *New Horizons: a strategy for agrifood industries*. NFF chairman at that time, Graham Blight said:

> Australia is living on the edge of rapidly expanding markets in Asia. *New Horizons* presents a strategy to ensure the potential for Asian markets is realised by our food and fibre industries.

The significance of Blight’s words is only now being realized by Australian farmers and federal and state politicians in the second decade of the 21st century.

In June 1996 the organisation presented what it described as, a directions paper *Innovation in agriculture: a national strategy for innovation in Australian agriculture*. In July 2014, a new NFF policy document known as *the Blueprint for Agriculture* was in an extended development phase.

A timely warning about the number of enquiries into rural policy with minimal action was sounded by former NFF President, (2002-2006) Peter Corish on 12 March 2014. Speaking on ABC Rural Radio News that day, Corish, said:

> Agricultural policy had not progressed in the past decade and that policy discussion was going around in circles. A lot of the issues that we dealt with in 2005 are all the same and unfortunately we have not seen a great deal of progress.

Corish is the only rural leader to raise the question of over indulgence in reports by governments and the NFF. As mentioned above a very different policy called the National Food Plan developed by the Gillard Government was released in 2013. It is a detailed, forward-looking policy document which highlights food as well as agriculture. Regrettably it has been ignored by all relevant media, all political parties, farmer organisations, RRDCs and CRCs.

No previous federal government policy document had mentioned the word “food”. The impetus for the National Food Plan was a Prime Minister’s Science, Engineering and Innovation Council, (PMSEIC), (2010) report entitled *Australia and Food Security in a changing world: Can we feed ourselves and help feed the rest of the world in the future?* It is available at internet website: www.chiefscientist.gov.au/wp-content/uploads/FoodSecurity-web.pdf

### 3.12 Other Government Policies Supporting Rural Australia

Apart from supporting soldier settlement schemes and the expansion of irrigation areas after the two world wars, federal governments in Australia, both Conservative and Labor provided a considerable range of assistance to farmers and rural communities.
It was not only the policies of underwriting prices, aimed to help farming families at that time, Judith Brett (2011) argues there were others:

Railways and irrigation schemes, established in part to support closer settlement on the land, made huge losses that disappeared into the consolidated accounts. The extent of these subsidies was apparent by the 1920s and 1930s. But there was interest not only of the political clout of rural interests but also of the widely held belief that supporting the country was worth the price.

State-owned enterprises subsidised the country in another way: they provided tens of thousands of jobs and contributed to the viability of many towns, the old PMG (the Postmaster General’s Department) which employed postmen, mail sorters, linesmen, telephonists and technicians right across the country and was Australia’s largest employer. The power companies and water utilities similarly provided thousands of skilled and semi-skilled jobs.

Brett could have added the hundreds of jobs provided through the Australian Wheat Board and the grain handling and storage authorities in most States. Today these bodies are mostly privately owned.

Hefford (1985) in his book *Farm Policy in Australia* adds the following facts which were in place before the 1980s in Australia:

The provision of ‘beef roads’ in northern Australia, subsidies on inputs (particularly fertilizers and petroleum products), farm extension services and natural disaster relief. Arrangements under which home consumption prices have been held at levels in excess of going world prices have resulted in costs to Australian consumers.
The ‘farm extension services’ mentioned above highlight the fact that the Commonwealth Government provided funds to the States for extension services: advisory/education services to farm businesses. The programme was known as CESG: Commonwealth Extension Services Grants. They had started in 1948 and coincided with the time of planned agricultural expansion and production in Australia.

Long time academic, policy maker and policy analyst, Linda Botterill of the University in Canberra in Wheat Marketing and Transition wrote in 2012:

A notable feature of rural policy in Australia has been the small circle of interest groups and government agencies, which are engaged in the debate over policy settings. The broader public, the media and the wider public sector generally do not regard rural policy as a priority area for attention.

This assessment by Botterill would not be disputed by this researcher.

Botterill’s writings (2012) are in concert with Brett (2011) and Massy (2011):

In common with other developed nations, Australian culture and identity is influenced by a deeply held, but largely unacknowledged agrarian romanticism which is reflected in: popular culture, in a broad sympathy for farmers and the hardships they face and generally in a relaxed disregard for the intricacies of rural policy.

John Kerin developed a number of social policies to assist farming families. For example the introduction of the rural financial counselling service which still exists today as well grants for farm women to attend business management courses. In effect he bought rural policy more into mainstream debate. He could do this because his reforms about promoting public good policies like soil conservation and reduction a reduction in over fishing. Contributing to the concept and practise of sustainability: sustainability of soils, the forests and
fishing stocks. This was different to the conservative parties’ focus on protecting the incomes of farmers. There was little public discussion of the latter.

### 3.13 Agricultural Economists: Turning Farm Policies Upside Down

The 1970s and 1980s saw policy moves, inspired by the increasing influence of agricultural economists, to reform or even disband statutory marketing organisations.

Author Hefford (1985) records the fact that government assistance to Australian agriculture started to be wound back when Gough Whitlam was Prime Minister (1972-1975). The annual subsidy to the dairy industry started to be phased out, the bounty for the use of phosphatic fertilizers was withdrawn and the concessional allowances for tax purposes was reduced or eliminated.

Significantly when the conservative coalition parties returned to power in December 1975. Under the Prime Minister (and woolgrower) Malcolm Fraser, they did not restore the farm policy benefits taken away by the Whitlam government.

Labor prime ministers, Gough Whitlam (1973-1995) and Robert Hawke (1983-1991) were strongly influenced in developing their policies by economists. Among them were Professor Ross Garnaut of the ANU and agricultural economists like Geoff Miller, executive director of the BAE at the time, the former director, Stuart Harris and Professor Fred Gruen of the ANU.
Another former executive director of ABARE (the former Bureau of Agricultural Economics BAE) Brian Fisher said in a recorded interview (Inall, 2010, personal communication):

I think there was a tradition in the late 60s and 70s of agricultural economists being involved in policy - particularly agricultural economists writing a lot and saying a lot, both in journals and to the media, about all sorts of relevant policy issues and being quite outspoken. That history was quite important. And that sort of approach I think rubbed off on the public service.

There were other outspoken agricultural economists like Alan Lloyd (University of Melbourne, agricultural economics) as well as Keith Campbell, the foundation professor of agricultural economics at the University of Sydney, Jack Lewis, foundation professor of agricultural economics at the UNE. Dr Bruce Davidson of the University of Sydney, John White, CEO of the NSW Grazier’s Association and Jed Chislett, economist with the Australian Woolgrowers and Graziers Council (AWGC) who influenced the thinking of policy makers within the Australian public service and some conservative rural industry lobby groups, like the AWGC. A number of others were commissioners of the Industries Assistance Commission (IAC), James McColl, Roger Mauldon and Hilda Rolfe. Later, agricultural economists employed by the NFF strongly influenced policy makers.

Fisher (2010) continued:

So you had the BAE at the time particularly with Geoff Miller in charge, basically driving the policy process hard internally, who I think was the key driving force in the bureaucracy. I think the BAE experience rubbed off on Kerin pretty firmly. I mean his training and the BAE experience basically made him like an economist.
Referring specifically to the basis for farm product marketing reforms Fisher added:

The dead hand of regulation was dragging everybody down. People didn’t have the right to think about selling their own crops. The statutory corporations had no incentive to reduce costs. They had all become comfortable bureaucracies. No innovation. Everything was being done as it had been done in the thirties. No thought as to the sorts of products that the international market wanted. Just bloody hopeless basically.

According to Brian Fisher, Miller had an enormous influence on the reform process:

Geoff started a process in about 1978. He wrote these papers about marketing, agricultural marketing and statutory marketing corporations and what a disaster they were. The whole process and the notion that these things needed to be reformed was a boiling pot around in the bureaucracy waiting for a point when you could get the right political environment to get the reform going.

In a national competition among his peers in 1978, Miller won the prestigious Man of the Year in Australian Agriculture award. In 1986, he was appointed as Secretary of the DPI, then secretary of DPIE from 1988 to 1993. And so in all those years Miller was a major influence on John Kerin’s thinking and policy formulation.

Miller’s power within the Hawke Government could be compared with that of the first Director (1945-1950) of the BAE, Sir John Crawford who later became Secretary of the Department of Trade and Vice-Chancellor of the Australian National University. Miller flourished in the time of the Hawke Government. The Prime Minister appointed him as the first Executive Director of the Economic Planning and Advisory Council (EPAC) from 1983 to 1986. Then he became Secretary of the DPI in 1986 to 1987, followed by Secretary of the DPIE from 1988 to 1993. Miller was Chair from 2000 to 2003 of the Board of the International Food Policy Research Institute which is based in Washington DC (www.ifpri.org).
On 7 September 1994, Miller delivered a keynote address ‘Towards a national strategy for sustainable rural development’ to the Australian Landcare conference in Hobart, Tasmania. He highlighted the changes to rural policy in Australia in the last 30 years of the 20th century:

The transformation of Australian rural policy actually began with the first Marginal Dairy Farms Reconstruction Scheme. It was followed by the Fruit growing Reconstruction Scheme and a program of debt reconstruction and farm adjustment for the wool industry.

Over the same period, agricultural markets have been progressively deregulated. However many new programs have been added. These include the rural Rural Research and Development Corporations and of course, Landcare.

The cornerstone of the transformation of rural policy is not level playing fields or perfect world commodity prices. It is the promotion of human self-reliance.

Thus I submit to you that the broad approach to increasing the level of self-reliance among rural Australians is the right one. We would do poorly if we returned our farmers to the bondage of government patronage.

A profound statement especially its focus on self-reliance. Many farmers and graziers had always held that belief and practised it, while others felt that urban people had better services along with regular pay and holidays. They believed that, through governments, society should support them through any possible means.

The opportunity for farmers to become “more personally responsible” as advocated in Miller’s speech, has been assisted in large measure by much better access to market information. Initially through radio from the late 1940s and more recently through the internet.
Miller was a key influence on Kerin and the Hawke Government in the issue of farm subsidies in many advanced economies most notably the United States, the EU and Japan. They distorted global farm trade and still do. In 1986 the Hawke Government took a leadership role in drawing together the Cairns Group of 19 agricultural exporting nations in moves to reduce subsidies paid to farmers in the countries mentioned above. In the second decade of the 21st century regrettably very little is heard of the Cairns Group’s activities anymore.

In 2015, Australian farmers are the second lowest government assisted farmers in the world and now have to work within a policy of self reliance while many of their competitors, for example, the USA, still subsidise their country’s farmers.

That development has led to innovation in the marketing of farm produce. It has enabled farmers — generally speaking—to profitably market their own produce whether that be meat, specialty wines, or fruit and vegetables through farmers’ markets.

### 3.14 Bob Hawke and his Policy Reform Government

The election the Hawke Government in 1983 changed all that had gone before in farm policy in Australia.

Judith Brett (2011) has been a lone voice in recording those radical changes:

> Under the Hawke/Keating Government (1983-1991) Australian agriculture would be made more competitive. Tariffs and quotas on produce were abolished or reduced, statutory marketing authorities dismantled and industry regulations simplified.
The Hawke-Keating policies of neo-liberalism treated farms as businesses, and farmers as business owners and entrepreneurs. Farmers were told that they were personally responsible for their farm’s viability and consequently for its failure.

The plan was for governments to get out of the way and let markets pick winners and restore prosperity. This was neo-liberalism, and it posed a fundamental challenge to the large role government regulation played in Australia’s highly regulated and relatively protected economy.

This policy was almost a somersault from the governments of Curtin, Chifley, Menzies, McMahon and Fraser some of which had dominating Country Party (CP) leaders like Page, McEwen, Anthony and Sinclair, dictating farm policy without strong disagreement from the dominant and senior government partner, the Liberal party and without much disagreement from the Labor Party.

When the conservative parties regained power in Australia in 1996, they did not resurrect any of the hard fought for price support policies instigated by or continued by previous National Party (NP) leaders: Page, Fadden, McEwen, Anthony and Sinclair. John Kerin eliminated them all.


The Howard Government’s expenditure review committee (ERC) - on which John Anderson, Leader of the National Party was the only representative of that party - made a preliminary ruling that dollar for dollar research and development grants should be moth balled. They were a benefit to farmers that could no longer be justified, according to “liberal” rhetoric.

The push was on to cut (farm) research and development dollar for dollar grants and make the inefficient Australian Quarantine and Inspection Service a full user pays service.
In the end, the Howard government retreated from these proposals but it did eliminate the Energy Research and Development Corporation, which was established by the Labor Government in 1993. It had funded renewable energy research and development. This decision was short-sighted given the surge in development of renewable energy sources and concern about greenhouse causing climate change.

The Howard Government also encouraged farm research and development bodies to join forces with marketing bodies. Some examples: the amalgamation of the Meat Research Corporation and the Australian Meat and Livestock Corporation and the Horticultural Research Corporation joining forces with the Australian Horticultural Corporation.

This move is a return to the traditional model of combining research and marketing functions in a single organisation. There are sharp divisions of philosophy about the value of stand alone organisations for each function. At the centre of the debate is the likely reduction in overall costs in a combined body.

3.15 New Policies by the Gillard Labor Government

In the 2010 federal election campaign, the ruling Labor Party announced that it would develop a National Food Policy. Not long before that election the Prime Minister, Julia Gillard, had received a report from her Science, Engineering and Innovation Council (PMSEIC) “Australia and Food Security in a Changing World...Can we feed ourselves and help feed the world in the future?” (www.chiefscientist.gov.au/wp-content/uploads.Foodsecurity-web.pdf)

Subsequently in June 2011 the Gillard Government announced it was pursuing the development of a National Food Plan and called for submissions for it. The plan was released to the public on 25 May 2013. It fills a gap in previous farm policies as it takes a much wider view of agriculture than focussing solely on agriculture but rather the whole food chain. This had not happened previously.
In October 2013, the NFF announced its intention to produce a blueprint for Australian agriculture. Yet another move to develop a national farm policy. The Federation declared:

The blueprint will provide the opportunity for farmers, agribusinesses, rural communities and the wider food and fibre supply chain to shape the future of Australia’s agricultural sector by raising the issues and challenges facing the industry, and opportunities critical to its continued success.

From the 1970s the development of farm policies became almost an endless pastime for farm organisations and governments. It was the Labor Governments of Gough Whitlam and Robert Hawke which made sweeping policy changes. They eliminated years of price underwriting schemes but attempted to lock in research and development programs for the long term as well policies to ensure the long term sustainability of farm production and protection of the resource base. This was driven by Australia’s second longest serving Minister for Agriculture, Fisheries and Forestry, John Kerin. In 2014 the policy setting process was underway again. Apart from the NFF reinvigorating his policy focus the newly Abbott Government set about developing a farm competitiveness white paper in 2014.

3.16 Strong Influence on Kerin: Miller and the BAE

There were a number of important influences on John Kerin that made him passionate about economic rationalism and formulating rural policy. He grew up on a small farm, he worked with rural people, he was a member of rural community organisations and then, unexpectedly, became a staff member of the BAE in Australia’s national capital of Canberra. This was a life and career changing development.

The Bureau was founded in 1945 by the Chifley Government. The group's stated mission (according to its internet web site www.agriculture.gov.au/abares) is "To provide high quality economic policy analysis and forecasts to enhance the
competitiveness of Australia’s agricultural, fishing, forestry, energy and minerals industries and the quality of the Australian environment.” It has received funding from business and industry groups as well as governments.

In 1971 and 1972, Kerin was a research economist at the Bureau. It was because of his two terms as an officer of the BAE that Kerin, when he became Minister for Primary Industry in 1983, was painted by the agricultural press and industry lobbyists as an agricultural economist which fundamentally he was not academically qualified to claim.

But he had learnt a lot about economics during his two terms at the BAE and was no doubt reminded about it by his close advisers during his time as Minister.

Apart from the Geoff Miller, Bob Whan and other compatriots at the BAE in influencing Kerin’s thinking on the value of research based policy formulation there were politicians on both sides of the political spectrum who would have influenced Kerin’s economic rationalist thinking like Australia’s first Nuffield Farming Scholar, Bert Kelly who was the Liberal member for South Australian seat of Wakefield in the House of Representatives from 1958 to 1977. He was a warrior against tariff protection of secondary industry in Australia. (Colebatch, 2012)

Kerin was, therefore, at the centre of one of Australia’s economic research power houses. The BAE’s role was as an independent researcher and publisher of its findings. In the 60s and 70s economists and especially agricultural economists were viewed with a considerable scepticism by the rural community. They regarded them as academics with no practical farm experience.

So when he first became a Minister in the Hawke Government in March 1983, John Kerin had seen the effects of the 25% reduction in tariff protection by his former Prime Minister, Gough Whitlam and had had long contact with fellow officers at the BAE.
3.17  **Policy Making Principles of John Kerin**

Kerin promulgated three major statements on rural policy, initially with his Prime Minister and later with the then Minister for Resources, Peter Cook. Each of them had a central theme of research and development based on scientific discovery. Those policy statements are detailed in Chapter 5 of this thesis entitled Research and Development.

Kerin’s (Inall, 2012, personal communication) approach to policy, its development and implementation was different to that of previous Primary Industry ministers. This is demonstrated in his words:

“Most of my life I have tried, amateurishly, to synthesise various relevant disciplines (mainly science and economics) to the problems at hand to construct policy frameworks, actual policies or prescriptions and structures. I’ve tried to do this in the fields of all primary industries and natural resource management so that such policies can be resilient and also possible in terms of real conditions, including political reality at the time” (Kerin, 2010, personal communication.)

Kerin believed there were three other essential steps after policy was formulated.

a) It must be agreed when legislation is required;

b) It must be communicated widely to all interested parties; and

c) It must be implemented and monitored.

He expressed a strong distaste and distrust in what he would call bush mythology, hear-say and rumour as a basis for policy making.

It was and still is a fact that few farmers vote for the ALP. The party does not project as its central policy concern for the farm and rural sector, so when I was Minister I was able to proceed with the task of change, if not reform, little concerned by clashing with party ‘doctrine’ or losing votes. However, I hasten to add that I did manage to lose farmer votes, but during the time of the Hawke Government, the ALP became the largest rural and provincial party in the Parliament.

A disengaged and uninformed electorate is always the guilty victim of those who can manipulate the truth by playing on ignorance or by appeal to such issues as greed usually beating need, and fear beating hope, which thereby leads to the use of threats and bribes. Racism and patriotism are always there to be exploited.

The dominant mind sets, consensus and attitudes of the time often survive for long periods and can also hinder strategic decision making. The constant iteration by politicians of popular myths and ideology often becomes entrenched. Our colonial (agricultural) commodity production policy mindset carried on for many years beyond its appropriateness. It was perpetuated by the National Party which was basically economically populist and socially reactive in its policy approaches.

No other primary industry minister had ever delivered such a comprehensive statement on the background to policy making and the steps in developing it. It is because it is so significant that it is repeated in full below.
At that annual conference of agricultural economists in 2008, Kerin gave the economists advice, based on his ministerial experience, which this researcher believes had never been said publicly before. He said:

While governments would have you believe that they can create the economic and physical times we are in, they can’t. Australian governments cannot control all the domestic and external economic events, overseas or other external events. Governments can’t control the weather. We live in a globalised economy.

There is always a lag in policy making that is also evinced in the time it takes for the broader electorate to endorse the need for change. We are a very conservative society.

As far as the rural industries are concerned each of them needs a different approach. And sometimes a range of approaches is available.

We need to remember that Ministers are lied to continually by vested interests - that misleading campaigns are waged in our kind of democracy and that departmental advice will always be conservative in the sense that it is careful so that the Minister is not made vulnerable.

One of the first things an agriculture/primary industry minister has to understand are the basic facts of an exporting, primary industry sector, subject to climate variability at least twice greater than that of any other developed country, that the capacity for adjustment is large and that farm structure and production patterns are constantly changing.

This is essential advice for any new primary industries/agricultural minister as well as other ministers to follow - no matter their portfolio.
Kerin went on:

Policy makers have to formulate policy on the basis of many considerations. Not just economics or other specialised disciplines. It is important for commentators and specialists in each discipline to understand this.

The entire process from policy making through to implementation is very complex.

Politics is a reality and power is very important in politics. Governments need to deal with many interest groups, many perceptions and the outright power that is sometimes brought to bear on public policy by players in the policy process.

Economics is very useful in considering policy. This should not be doubted. For industry policy, macroeconomics is especially important. But the latter can sometimes fail to focus sufficiently on the special circumstances of particular industries.

A detailed knowledge of the characteristics of each industry, and allowance for these characteristics is a key part of industry knowledge.

To make enduring resilient policies requires that they be negotiated, sold and then administered. I was doubly fortunate when I was minister as there was a clear economic consensus on what needed to be done in many areas of Australian agricultural policy particularly with respect to the self-defeating policies of subsidisation and protection.

Accepting that one had to embrace or be aware of many intellectual disciplines in policy making, my idealistic rules for policy making included and include the following:
a) While in government aim to govern for all and the “common good”.

b) Emphasise evidence based policy ahead of ideology and blind prejudice. Sound analyses always beats the divining of chicken entrails and the wearing of elephant hair amulets. Unfortunately, one has to accept that compromise may be inevitable and that often one is having to promote the second or 27th best solution to gain progress.

c) Try to maintain a consistent policy direction or philosophy based on a narrative or, preferably well thought through policy, requiring analysis of the options.

d) While coherence with consistent policy is difficult with changing circumstances, try to maintain some ‘vision’ of the industry, issue or sector.

e) Always try to examine the history and political economy of an industry (rarely done because too much time is involved, which is why departments need to have corporate knowledge).

f) Gather as many facts and analyses as is possible, hopefully to be provided by the Department or relevant outside sources.

g) Form a judgment on the forces and parties at work, be they economic, scientific, institutional, political, administrative or social.
h) Try to gain an idea of ideologies or motivation of the groups and key individuals involved with and affected in the industry in question.

i) Prepare the ground in advance if controversial change or reform is envisaged. This often requires massive but never satisfactory enough consultation in the eyes of those affected. In the case of the changed dairy arrangements being advanced in 1986-87, 105 meetings were held and required Cabinet discussions on 17 occasions.

j) Try to educate the media on the intricacies of the issue involved.

Once a policy position has been satisfactorily arrived at (and there is never enough time to get it absolutely right) the more purely political task of gaining approval by one’s party, the cabinet, the parliament (and in my case the senate, which the government did not control) and possibly the states and territories requires negotiation as well as consultation. Note well being part of a Cabinet requires that a broader range of perspectives has to be taken into account.

Research has demonstrated that this statement about formulating policy is a rarity. In detailing the policy making process Kerin has produced a document which is a model for many aspiring parliamentary backbenchers and would be politicians. Indeed this model should be used by all stakeholders wishing to influence policy including scientists.

It was significant that three major statements relating to rural policy were made to the Australian Federal Parliament by the Hawke Government after 1983. Details are contained in Chapter 6 of this thesis. A major feature of those statements was policy related to research and development reform.
Referring specifically to the natural resource base, Hawke and Kerin highlight the establishment of a national soil conservation program at a cost of $5 million in 1985-86. On top of that was provision of income tax incentives to encourage soil conservation, land desalinisation, improved soil structure and fertility as well as regeneration of vegetation.

Kerin’s approach to policy making and indeed that of the Hawke Government was strongly supported by Don Watson (2002) who was Paul Keating’s biographer and speech writer when Keating was Prime Minister.

Writing about policy making in *Recollections of a bleeding heart—a portrait of Paul Keating, PM*, Watson (2002) said:

I see it as a process of national character building’. Labor had been re-elected every time on policy. Voters expected policy and governments had a duty to produce it. And in so far as the country had prospered and had a future, it was because Labor had done more than listen—it had done policy. Those statements did more than meet the interests of those sectors of the economy and the population which they addressed. Policy was a process of national re-invigoration.

It is understandable that Watson, with a political leaning towards the Labor Party, wrote the above words. Nevertheless the Hawke Government’s rural policy was thoroughly researched and regularly communicated.
3.18 Conclusion

Botterill (2012) asserts in *Wheat Marketing in transition*:

In spite of their pervasiveness in popular culture, rural issues are generally poorly reported in the mainstream media and, when they are, stories tend to resort to stereotypes. A consequence of this superficial engagement with rural issues is that rural policy has been dominated, as it is elsewhere, by a closed policy community which operates largely independently and is based around an agreed set of values which translate into a common understanding of the nature of the policy problem and ‘acceptable’ policy solutions.

Kerin’s farm policy reforms were generally accepted and produced little or no discord with the conservative parties which had previously determined very different rural policies. Opposition spokesmen like Ralph Hunt, the former member for the agriculturally dominant seat of Gwydir, and Senator Peter McGauran from Victoria’s Gippsland region, were generally supportive of the Kerin reforms. And there were no objections from the National Farmers’ Federation. This researcher would contend that John Kerin had an ability to develop new policies and deliver them in a non aggressive or hectoring manner. The strength of John Kerin’s policies was their basis in economic and scientific evidence. Therefore, opposition to it was difficult without being exposed as pandering to some vested interest.

Labor Party supporters and students of rural affairs might debate whether John Kerin developed rural policy for the Hawke Government in isolation from his fellow members of the Labor caucus. Some commentators contend that National Party members had previously wanted to introduce many of the changes Kerin introduced but party policy and vested interests held them back from taking action.
Kerin developed policy in accord mostly with his agricultural economist associates and he was strongly influenced by them. Subsequently they received the stamp of approval from his Cabinet colleagues, some of who were interested in rural policy reform because it fitted well with the reformist policies of the Hawke Government. No doubt some of his colleagues had little knowledge of rural affairs and were too busy with other matters to care about rural policies.
CHAPTER 4:
POLITICAL AND ECONOMIC CONTEXT

4.1 Introduction

This chapter describes the political background to John Kerin’s career. The aim is to outline the forces that shaped his political development and the historic setting for his wide-ranging reforms to rural policy. Emphasis is placed on the role of rural research and development programs with a focus on the Kerin reforms in this policy sense.

After Federation in Australia in 1901, there was increasing political involvement by the National government in the farm industries. That involvement was led from the 1920s by the Country Party. Its focus and also that of the Labor Party was on government subsidies for farm prices and schemes to encourage more people to live and work in rural Australia mainly through land settlement schemes. The mantra was to produce more food and wool mainly for export. That was the pattern from 1920-1960 and into the 1970s. The policies started to change in the early 1970s during the time of the Whitlam Government but there was much greater change with the arrival of the Hawke Government in 1983.

It was the strong reformist zeal of the Hawke Labor Government that allowed John Kerin, as Minister for Primary Industry and later Minister for Primary Industries and Energy, to introduce policy changes to farm statutory marketing authorities, to rural research and development programs, and natural resource management policies.
4.2 Endorsement

This assertion is supported by the former NSW Agriculture Minister, Jack Hallam (1983):

The economic reforms of the Hawke Government after the 1983 election laid the foundation for John Kerin to develop his rural policy changes. It is safe to say they would not have happened without those economic reforms.

Former long term Director of ABARE (The Bureau of Agricultural and Resource Economics) Brian Fisher, said in a recorded interview (Inall, 2012, personal communication):

I think the key legacy (of Kerin) is leading primary industry through a period when there was strong reform going on in the whole economy. And keeping some sort of sensible balance in that reform process so that agriculture was basically doing its bit and things were being changed, and you know, big changes were being made.

There is a widely held but undocumented view among political aficionados that by keeping agriculture near the top of the political agenda, Kerin helped Prime Minister Hawke to gain and retain rural electorates in four Federal elections. The Labor Party held 18 regional seats...a record number in some of those years.

Former Kerin staffer, Gordon Gregory said in a recorded interview (Inall, 2010, personal communication):

How much if anything then did John Kerin contribute to the Labor Party’s success? Or was it Bob Hawke and his government’s policies that attracted regional voters or the Prime Minister’s personal charisma? Any answers will only be guesses.
It was reality that for decades rural Australians, especially farming families, did not vote for the ALP however, that was not true for all rural Australians. The reasons were that they did not trust Labor to look after their business interests because Labor, they said, was controlled by the trade unions, communist controlled, trade unions. It was the Country Party that had established a pattern in the 1920s and 1930s of supporting rural people, particularly farmers.

On 8 February 2008, Kerin told the annual conference of the Australian Agricultural and Resource Economics Society:

> It was and still is a fact that few farmers vote for the ALP. The party does not project as its central policy concern for the farm and rural sector so when I was Minister I was able to proceed with the task of change, if not reform, little concerned by clashing with party ‘doctrine’ or losing votes. However, I hasten to add that I did manage to lose farmer votes, but during the time of the Hawke Government, the ALP became the largest rural and provincial party in the Parliament.

Bob Hawke obviously valued the rural support and put his regional members in what he called the Country Task Force. Kerin’s office provided the Secretariat. Gordon Gregory (Inall, 2010, personal communication) again:

> Bob Hawke initiated it and of course again his name was on it. This was at the time when we had a lot of backbenchers from regional and rural areas and we had Barry Cunningham, David Simmons, Neil O’Keefe, Lloyd O’Neill from Whyalla, Wendy Fatin from the seat of Brand, Western Australia, John Gayler from seat of Leichhardt, Cairns, and Bob Hulls from the north of Queensland. And so the Prime Minister’s Country Task Force was established and it was quite a big thing for three or four years. This was the forerunner to the country cabinet meetings.
4.3 What was Australia like before 1983?

Ian McLachlan was against both Labor and the National Party. He was a forceful president of the National Farmers Federation, (1984-1988). In a recorded interview for the National Library of Australia (Inall, 2010, personal communication) that Australia was in poor shape industrially and economically before the 1983 Federal election at which the conservative Fraser Government was defeated, McLachlan said:

Australia was getting out of control. We were non-deliverers. We were a basket case. It was difficult to know which was the worst Britain or Australia. The AMIEU was always on strike. Total control by unions. (Inall, 2010, personal communication).

McLachlan added:

Keating (Federal Treasurer from 1983-1991) and Hawke all through the 70s were the opposition…totally opposed to reforming the industrial relations system. Defied logic. It is absolute rubbish that Hawke and Keating changed the efficiency of this country.

McLachlan believed unions had their attitude because their forebears had been treated pretty roughly in earlier times. He added, “You can’t imagine what it was like in 1880 living in a bark hut.” It was an unexpected statement.

McLachlan continued:

We wanted to finish the industrial relations job ... wanted to continue with protectionism reduction. We started to have some wins early on. The National Party (NP) became our enemies. The National Farmers’ Federation (NFF) doesn’t make rural policy, the National Party said.
Long time political observer and distinguished commentator Paul Kelly (1992) highlighted the situation:

The Nationals (National Party) were a relic of agrarian socialism; even when sufficiently embarrassed by this philosophy they had no substitute. The Nationals misread the times, perceiving the threat too slowly and failing to devise an adequate response. Once the dry philosophy took control of the Liberals the NFF gravitated towards the Liberal Party joining forces with the radical Liberals.

Kelly continued:

The rise of the NFF symbolised a cultural resurgence within rural Australia—an assertion of individuality and rural pride against the agrarian socialism of organised parties.

The landmark in the NFF’s rise was McLachlan’s speech to the 25 October 1985 meeting of the National Party’s federal council. McLachlan became a usurper, a more powerful farm leader than anybody within the National Party, whose own leaders he humiliated. McLachlan’s speech deserves a special place in the history of the National Party’s decline.

Kelly reported that McLachlan told that meeting of the federal council of the National Party:

There is great dissatisfaction with your performance in the bush. Your credibility has been diminished because your policy research is inadequate. You have not provided new directions but have relied on the same, tired rhetoric we have heard thousands of times before.
The National Party had been the dictator of farm policy in the national sphere from the time of the formation of the party in 1922 up until the 1983 Federal election. Now it was being challenged, not just by the Labor Party, but by its conservative allies the Liberal Party, of which both McLachlan and Bert Kelly (former Liberal Party member for Wakefield, farmer and a strong critic of the Fraser Government’s protectionist policies) were members.

4.4 National Party and McEwenism

At the 1922 Federal election, Earl Page’s policy speech on behalf of the Country Party promised the establishment of co-operative marketing systems for the meat, wheat, wool, sugar, dairying, fruit and other primary industries by placing them in the hands of tribunals on which producers would have majority representation. These policies fostered by Page were supported in the years that followed especially by John McEwen, who was Leader of the National Party from 1958 to 1971. His strong influence was reinforced in an interview I recorded with Dr Geoff Miller, former executive director of the Bureau of Agricultural Economics (BAE) and Secretary of the Federal Department of Primary Industries (DPI). Miller said in a recorded interview (Inall, 2007, personal communication):

> Jack McEwen designed it brilliantly as a political machine. Statutory marketing and a number of other government policies were all designed by McEwen and his supporters and sold to the farmers. The farmers were given a period to go away and get a consensus (from farmers and their organisations) and then make strong representations back to the government, which they did.
Miller added:

So what you actually had was Black Jack McEwen getting from the grass roots level of the local Country Party branches those aspiring to go from the local branch to the state, to the state CP organisation and from there to the federal Country Party organisation. But along the way a lot of them were able to be side tracked into key roles in statutory authorities. So the whole structure was built on the principle of political patronage of National Party grass roots members. And so the people got into top positions…Chairman of the Wheat Board or whatever…they were chosen primarily for their linkings to the Country Party and second for their other qualities. The National Party tends to appoint too many of their old cranks at the expense of more professional people.

In his biography of McEwen, author Peter Golding records that McEwen’s first priority as Minister for Commerce and Agriculture (1949-1956) was to rejuvenate Australia’s primary industries. He argued that primary producers needed government assistance because they operated in an economy where wage earners were protected by arbitration and manufacturers were protected by tariffs. McEwen often re-iterated the CP’s policy that farmers as producers, owners and sellers of a commodity were the best judges as to how that product might subsequently be treated. Golding quoted McEwen:

> It is the function of my party to see that the will of those who produce and own the product is carried into legislative and administrative effect.

Some would argue that the Menzies-McEwen era was one of protection all round. It was universally accepted on both sides of the Federal Parliament and the community at large as being the right policy. In those years, there were only a few loud critics such as the Australian Woolgrowers and Graziers’ Council (AWGC).
The protection of secondary industry received a jolt in 1975 when Gough Whitlam, no doubt, strongly influenced by the air of economic rationalism which was starting to rise in Canberra, suddenly announced a cut in tariff protection of 25%. That was halted and in some industries reinstated when Malcolm Fraser became Prime Minister in 1975. The winds of economic change were nevertheless starting to blow strongly. They became a tornado when the Hawke Government was elected in 1983.

Maddox (1989) wrote in the Hawke government and Labor tradition:

When it faced the 1983 election the Labor Party saw the twin evils of unemployment and inflation as unquestionably the most serious issues it would have to confront in office.

John Edwards (1996) wrote in his book *Keating...The Inside Story*:

Prime Minister Hawke held a national Economic Summit during the week of April 14, 1983, six weeks after he was elected Prime Minister. John Kerin and the NFF (National Farmers’ Federation in Australia) asked for a freeze on tariffs (which were protecting secondary industry) to assist an expected recovery in rural industry.

D’Alpuget (2010) said Hawke wrote of the summit:

A minimum measure of the Summit’s success should be…first a heightened appreciation of the need to work constructively together to meet the great challenges facing our country; and second an increased likelihood of all participants tailoring their expectations and claims upon the community’s resources to the capacity of the economy.

The establishment by Hawke of an historic prices and incomes accord was a fundamental to the success of the first three years of his government. The agreement was between the government and the Australian Council of Trade Unions (ACTU) and established limits to wage rises and consumer price increases.
Maddox again:

The great triumph of the new administration was the national economic summit promised in the campaign speech and held in Parliament House in April 1983. This event was at once the chief vehicle and symbol of national consensus.

Author Shaun Carney (1988) recorded in his book *Australia in accord ...Politics and industrial relations under the Hawke Government* that

The national economic summit was the first of its type in the history of Australia and all the princes of industry and business were invited.

Carney went on:

The dreaded unions, for so long the bane of both Labor and Conservative Governments were now one half of a partnership in the economic management of the country. They found themselves expressing a form of grudging satisfaction—a sort of relief—that the near-recklessness of the Fraser (the previous Prime Minister) days was over. Now at least strikes would recede, even if the price was high. Now companies could plan ahead and not wait to be picked off as unions pursued an industry by industry pay round or tried for a wages ‘top-up’ as they had under the old indexation system.

These were historic moves and represented a radical departure from ALP traditions: a watershed in Australia’s political economy. The Chief Economist for HSBC at the time, John Edwards, believes the period of Labor government from 1983 to 1996 in Australia was the most dramatic period of economic reform since the World War 2, Curtin Government, and it fundamentally changed the framework of the Australian economy.
And Brett (2011):

This was neo-liberalism, and it posed a fundamental challenge to the large role government regulation played in Australia’s highly regulated and relatively protected economy.

4.5 Ross Garnaut Recalls

Prominent economist and academic Dr Ross Garnaut became Hawke’s chief economic adviser before being appointed Australia’s Ambassador to China from 1985 to 1988.

Garnaut re-called the economic and political climate of the 1980s when delivering the 2010 Harmer Oration at the University of Melbourne on Thursday 5 August 2010. At that time he was a Vice-Chancellor’s Fellow and Professorial Fellow in Economics at the University of Melbourne.

The new political culture, involved a commitment to applying analysis and knowledge to define optimal policies to meet objectives; to communicating on proposed policies and the reason for them with affected interests and the community. Also to educating the community over the main issues, so as to provide an electoral buffer against the disinformation of sectoral interests and to avoiding unnecessary surprises and disruption by planning for engagement to be gradual where this did not defeat the purpose of the policy.
Garnaut added:

From 1983 there was a comprehensive change in the way in which policy was made in Australia, away from the dominance of discrete rent seeking pressures from business and its relations with government towards transparent analysis and discussion in the national interest

This is exactly the approach that John Kerin pursued. Analysis and knowledge replacing vested interest and privilege as the basis of rural policy making.

In her analysis of the effect of the economic changes on agriculture the Melbourne based academic, Judith Brett (2011) asserted that:

Under Hawke/Keating Australian agriculture would be made more competitive. A key argument was that there were too many farms.

Too be more exact there were too many farms but more specifically too many small, economically unviable farms.

Coalition governments had already acknowledged this fact, without publicly saying so, in the late 60s and early 70s with the establishment of the marginal dairy farms reconstruction scheme and the wider rural reconstruction scheme.

This was a complete turnaround of policy from the land settlement schemes after the two world wars and the optimism in the late 1950s/early 60s of extended irrigation schemes like Coleambally in southern NSW. Its development was permanently curtailed after commodity prices stagnated at that time.

Brett continued:

Neo liberalism, treated farms as businesses, and farmers were told they were personally responsible for their farm’s viability, and consequently for their failure.
Many farmers, especially those with large land holdings had generally accepted the principle Brett outlines, although there has been expectation of financial support from governments during severe drought. That is still the case in 2015. There are sharp divisions of opinion as to what constitutes long term rainfall deficiency as opposed to regular dry times.

Brett continued:

Government stepped back to allow market forces and technological change to redistribute resources in the interests of economic efficiency, and made little specific commitment to country Australia beyond helping individuals and communities to “adjust”, although the welfare state did remain as a safety net for the worst affected.

Other commentators have written extensively about the Hawke-Keating watershed economic reforms: writers like former politics professor Don Aitkin. In his book What was it all for ... the reshaping of Australia, Aitkin (2005):

In the late 1970s and early 1980s, the Labor leadership group began to accept that whatever else it might want to achieve for Australia, good economic management would be central.

Before the end of 1983, the Labor Government had decided to deregulate the financial system and to float the Australian dollar, allowing it to find its true or unprotected level. Exchange controls would disappear, allowing Australian corporations to operate overseas. Australia would be part of the world economy, and affected for the better by greater opportunities and competitiveness.
Exposure to the world economy quite quickly affected every industry, every profession and indeed every aspect of Australian life.

Significantly D’Alpuget claims that at the end of 1983, conversation centred on the importance of change, including science, technological innovation, education, and trade as part of the economic structural reform story. The significance lies in the Hawke Government’s innovations in science policy.

It was against this background of strong economic reform and evidence based policy formulation that John Kerin was able to develop and implement major changes to the functioning of key farm policies in particular research and development.

Kerin was able to confidently push for corporate structures for the rural research and development corporations knowing the Hawke Government was actively supporting science. It conducted enquiries in to the Bureau of Meteorology and accepted the proposal for the establishment of the Co-operative Research Centres as a result of an enquiry by Professor Ralph Slatyer. The government also agreed to John Kerin’s move to establish the Bureau of Rural Science within the Federal Department of Primary Industry and Energy. A new national science position was initiated by the Hawke Government and Ralph Slatyer accepted the appointment as Chief Scientist.
4.6 Commonwealth’s Early Involvement in Science

It was early in the 20th century that the Commonwealth Government made its first moves into science and science policy with the establishment of an advisory council of science and industry by Prime Minister Hughes in 1916.

In his autobiography (1963) Country Party founder, Earle Page wrote that Hughes (Prime Minister 1915-1923) had developed the concept further when in 1920 an Institute of Science and Industry was established. Its first director was the Commonwealth Statistician of the day Sir George Knibbs. But it wasn’t just at a bureaucratic level that there were moves nationally about science. Earle Page wrote:

In March 1922, the Australian Farmers’ Federation Organisation (AFFO) held a conference in Sydney and a policy of national development was defined. The basic plank advocated scientific investigation, complete survey and tabulation of the resources’ of Australia, to be followed by the formulation of comprehensive plans to mobilize resources, eliminate waste in primary and secondary production and evaluate skills in workmanship. In particular the AFFO sought the encouragement of more scientific methods of marketing through co-operation between producer and consumer. The platform repeated the 1919 plank proposing that producers’ representatives should be elected by relevant industries to all boards and commissions deemed necessary to deal with their interests.

Today it seems odd that the national government in Australia played a minimum role in rural policy making in the first two decades of the 20th century. That role was left entirely to the states, but the situation changed slowly after Earle Page was elected leader of the Country Party on 5 April 1921.
In his autobiography published in 1939, he wrote:

That in 1933, as pressing problems had arisen between the British and Australian Governments over primary exports, some permanent form of continuous co-operation and consultation between the States and Commonwealth on agricultural policy were now imperative. I recommend that steps be taken immediately to call a Council of Australian Governments of Australia to discuss the question.

The Cabinet readily endorsed the plan, and a conference of State Ministers of Agriculture was called for 3 December 1934.

There was a significant move at this meeting regarding agricultural research. A report of the meeting recommended the establishment of a permanent technical committee, the standing committee on agriculture to secure co-operation and co-ordination in agricultural research throughout the Commonwealth and to seek co-operation both in the states and with the Commonwealth on quarantine affecting pests and diseases of plants and animals.

We at once determined that an advance in scientific co-operation between the Commonwealth and the States must be achieved before we could hope to touch more than the fringe of research possibilities and benefits, and that more funds must be supplied and a system of permanent endowment initiated.

Subsequent legislation empowered the Council to act as a clearing house of information on scientific matters affecting the country’s industries, to advise the government on scientific aspects of policy, and to serve as the principal and official channel of scientific liaison between Australia and the governments of the British Empire.
This move by Page highlighted the importance of science to the farming industries and provided an extra stage in the involvement of the Commonwealth Government in coordinating and funding farm research.

Prime Minister Billy Hughes’ Advisory Council for Science and Industry (1916-1920) was replaced by the Institute of Science and Industry in 1920. In turn it was replaced in 1926 by the Commonwealth’s Council for Scientific and Industrial Research (CSIR). Page (1938) wrote in his autobiography that:

After the charter was given in 1926, the Council for Scientific and Industrial Research (now the CSIRO) had been of extraordinary benefit to Australia. Proving its worth, the organization has continued to expand and to concern itself with an ever widening field. Today its annual expenditure exceeds $5 million. In recent times the impressive results from its activities have been seen in the spread of myxomatosis (a virus disease) which by making gigantic inroads upon the rabbit plague, has enabled millions more sheep to be pastured at a time when wool prices were soaring.

In another major move a decade earlier Page proposed the creation of a Federal Department of Agriculture. It was surprising because under the Federal Constitution responsibility for agriculture lay with the States. A Department of Markets was established early in 1925, under the control of a Country Party Minister. Its scope was widened by later governments.

Page perceived the need for co-operation between the Commonwealth and the States to secure co-ordination of agricultural and pastoral policy and development. His Federal Department of Agriculture was intended to be the vehicle, and he made the novel suggestion that it should be jointly financed by the Commonwealth and the States.

Slowly the Commonwealth Government was moving itself further and further into all farming policy. This involvement would continue to grow.
4.7 Big Changes Proposed by Earle Page

In October 1933 Page made concrete proposals for the effective organization of Australian agriculture in particular, the creation of an ‘Australian Agricultural Council’ on a partnership principle of the Australian Loan Council which comprised Federal and State representatives.

It would ensure that specific areas would concentrate on the production of those products for which they were most suited, thereby eliminating cut throat competition between regions and between States. A curious proposition, which never eventuated. The Council would, in effect, be a board of directors for Australian agriculture, determining general policy only and leaving with the States the responsibility of implementation.

In his 1984 book The untold story: Labor in rural NSW, Jack Hallam (NSW Minister for Agriculture, Fisheries and Forests 1980-1988) wrote about the value of government involvement with agriculture:

\[
\text{Government finance, research and extension services have been absolutely crucial in building productivity throughout this century. Without the input of new techniques right across the board - in seeds, soil conservation, disease prevention and treatment, planting techniques, marketing and a number of other areas - we would still be in the 19th century.}
\]

Hallam asserted Australia needs innovation not only in agriculture but also in animal and fibre production. He quoted from the Balderstone report of September 1982 entitled Agricultural policy: Issues and options for the 1980s:
Individual farms are too small to carry out advanced agricultural research since the expenditure threshold for scientists and equipment is beyond the capacity of the individual farm. The community, by taking a longer term and sometimes different perspective on potential research benefits, is often prepared to fund research activities which would not be considered ‘economic’ by private firms.

Hallam asserted:

Externalities justify public funding. That is, publicly funded research is needed in the areas of health, safety and quality of life where private firms do not bear the costs associated with injuries or death through imperfect screening of chemicals, noisy or unsafe farm equipment and tractors or pollution of air and water.

Strong endorsement, not only by a former State Labor Minister, but also by the Balderstone committee (two members of which were agricultural economists Frank Jarrett and Jim McColl) on the need for and justification of partial government support of rural research.

4.8 Agricultural Economics Arrives

It could be claimed that in the latter third of the 20th century Australia had become a more economically literate nation partly because of the introduction of agricultural economics courses at a number of universities and the contribution to the national debate by graduates from those courses.

The first inkling of agricultural economics as a profession was mentioned at the launch in April 1941 of the Labor Party’s rural policy at West Wyalong in NSW by its leader, William McKell.
He told those farmers and townspeople that if elected, the party promised:

Its first step on assuming office would be to conduct a survey of the State’s agricultural potential. An agricultural economics research bureau would be set up to carry out the survey and provide the government with basic information.

This was a bold proposal which culminated in the setting up of a Division of Marketing and Agricultural Economics within the NSW Department of Agriculture in 1945 under the leadership initially of a veterinarian, Charles King. One of the staff members was John Crawford who later moved to Canberra to establish the BAE.

Subsequently there was a mini boom in the agricultural economics profession in Australia: new faculties, numerous graduates and increasing influence on policy makers. John Crawford went to the top of the Canberra bureaucracy as Secretary of the Department of Trade and later Vice-Chancellor of the ANU.

The prominent agricultural economist Fred Gruen (1988) confirmed the rapid growth of the profession when writing in the publication in _A quarter of a century of Australian agricultural economics: Some personal reflections_, Discussion paper No. 135, from the Australian National University:

By mid-1946 two governmental agricultural economic research organisations had been established—the Bureau of Agricultural Economics in Canberra and a Division of Agricultural Economics and Marketing within the NSW Department of Agriculture. JG Crawford, who was connected with its establishment, had moved to Canberra as the first head of the Bureau of Agricultural Economics (BAE) and Keith Campbell, who was a distinguished graduate in agricultural science from Sydney University, became its first Professor of Agricultural Economics.
Not long afterwards the University of New England set up a Faculty of Agricultural Economics under leadership of Professor Jack Lewis. Gruen says:

The BAE has become a respected professional research organisation within government … and has become the prototype for no less than three other research bureaus (based in the national capital)—the Bureau of Transport Economics, the Bureau of Industry Economics and the Bureau of Labor Market Research.

The growing sophistication both of research and agricultural policy making, is evident as one casts one’s mind back to the pre-agricultural Outlook Conference (annual conferences established by the BAE in 1973) crude partisan assertion and rural anti-intellectualism were often the order of the day in rural policy discussion. One also detects a growing professionalism on the part of farm organisations—a professionalism which compares very favourably with the quality of the arguments advanced by some other pressure groups within the community.

It was against this background and his personal experience as an officer of the Bureau of Agricultural Economics that John Kerin started to develop his policy reforms.

Lees (2010) says in *From 100 years of world changing agriculture* that the Foundation Professor of Agricultural Economics at the University of Sydney, Keith Campbell, argued for the reform of agricultural protection policies in the media. He considered the policies were not in the public’s interest.

In the late 1960s/early 1970s the voices of a number of agricultural economists in universities (and more cautiously from the Bureau of Agricultural Economics) were getting louder at conferences and in the media calling for the elimination of statutory controls in the marketing of Australian farm goods.
Independent writer and highly respected commentator, Ronald Anderson (1972) and a group of agricultural economists were actively preaching a philosophy of take the shackles off outdated farm marketing systems in Australia.

No doubt some of this new thinking from Ronald Anderson rubbed onto John Kerin and so too did that from Kerin’s associates in the Bureau of Agricultural Economics.

Dr Geoff Miller, former head of Economic Planning and Advisory Council from 1983 to 1986 (established by the Hawke Government) In a recorded interview (Inall, 2007, personal communication) Miller said the biggest single watershed was the 1986 economic and rural policy statement by the Hawke Government. He claimed that it laid a blueprint for changing what he called “a lot of things”.

Agricultural economists would also have been behind the scene in influencing the initiative by Australia, announced by Prime Minister Hawke in Bangkok in late 1983, to cut agricultural protection through the General Agreement on Trade and Tariffs (GATT).

4.9 Conclusion

Bob Hawke as Prime Minister; Paul Keating as Treasurer along with Prime Ministerial advisers Ross Garnaut and Geoff Miller built a platform for major economic reforms in the Australian economy. Kerin had developed and published the Labor Party’s rural policy before the 1983 election. So it was against this background that he proceeded to dismantle the rural policy he inherited when he became Minister in 1983. In the case of the research and development policy there was a base that needed reconstruction and adequate funding. It took until 1989 to complete that reformation. All the way there was minimal opposition to his policies from the National Party which had been so dominant in farm policy since the 1920s.
CHAPTER 5: RESEARCH AND DEVELOPMENT

5.1 Introduction

This chapter highlights the fact that during the second half of the 20th century majority of farmers in Australia agreed to pay levies for research and development programs with the national government matching those funds. As stated earlier sugar growers in Queensland were the first group of farmers to propose to levy themselves to provide funds along with the state government of Queensland to fund research in their industry. Decades later in the 1930s, wool growers decided that they would use production levies not only for research but also to promote their unique product.

ABARES (2014) refers to this unique situation:

Australia’s rural research and development system contrasts strongly with those in the other OECD (Organisation for Economic Co-Operation) countries in that government is the main source of rural research and development funding in Australia. Most of this comes through the Australian Government’s levy matching funding (in tandem with farmer contributions) of the RRDCs and as core funding for the CSIRO.

Funding to universities and other Australian Government programs is also significant (Productivity Commission 2011b).

The chapter also provides the reasons why in the early 1980s, John Kerin decided that the farm research and development programs which he inherited were unsatisfactory. Subsequently, so as to deliver more effective programs, he convinced his Labor Party colleagues and the Australian Parliament to adopt a corporate model for research and development. It was an historic move. The framework that Kerin established was unique and the basic model still exists today in 2015.
Kerin was determined to enact legislation to give sharper focus and accountability to existing and new research programs. And he was the key player in obtaining sharply increased government funding for research. His commitment to research and securing monies for it have continued since he left parliament. This has been through his leadership of six Co-operative Research Centres, as a board member of Commonwealth Scientific and Industrial research organisation and his continued advocacy for research through numerous public speeches.

During his time as Minister for Primary Industries/Energy, Kerin was co-author of three major policy statements on rural research. The statements provide a strong example of the commitment of John Kerin and the Hawke Government to communicate with key stakeholders, especially levy payers, and the wider community.

The chapter also provides evidence, during the years of the Hawke Government, of its increasing financial and administrative role, in scientific research. Regrettably governments and farm organisations have failed to highlight the importance and value of farm research for the continual production of high quality, safe, nutritious and affordable foodstuffs as well as high quality fibre products. In a worst case scenario that deficiency could lead to the end of public investment matching farmer levies for farm research so ending Australia’s globally unique system.

5.2 Why Pursue Farm Research?

Farming in Australia is not easy. The continent has an extremely erratic climate - after Antarctica it is the driest continent on the planet; its soils are very old and low in essential elements like nitrogen and phosphorus. Therefore, when dealing with complex farming issues, research and development programs have been essential in helping solve ongoing and new farm problems.
The country’s farmers have always been innovators. They have continually made adjustments to their businesses as a result of their own experience and their neighbour’s experience. They have acted on advice based on the results of research, from state government advisers and private consultants.

Pardey et al in their 2010 report “US agricultural research in a global food setting” say:

A range of social benefits from publicly funded research may arise through the application of rural research and development outputs beyond the broad acre sector and/or incidental effects on environmental quality or human health and safety. To the extent that public investment in agricultural RD&E activities benefit society more broadly (that is, beyond broad acre farmers), accounting for such social benefits would translate into higher internal rates of return to public investments in agricultural Research, Development & Extension than those estimated.

More evidence of the beneficial outcomes of rural research and development come from the independent Council of Rural Research and Development Corporations which was established by the Rudd government in January 2009. In its submission to the Productivity Commission enquiry into the Corporations, Impact of investment in research and development by the Rural Research and Development Corporations in June 2010, the Council said:

The results from the latest evaluation of a sample of 59 rural research projects indicated that for every $1.00 invested by the RRDCs here was an average return of $2.36 after 5 years, $5.56 after 10 years and $10.51 after 25 years.
It is obvious that John Kerin saw scientific research as being invaluable in providing a basis for policy making. (Inall, 2013, personal communication).

I became increasingly aware of how scientific research could assist in the making of industry policy and that it was sometimes in conflict ... for example biological research used in fisheries management never keeps up with scientific advances in fishing technology.

Science can help in nearly every production or industry problem but you have to pay attention to institutional and social impediments and work practices. (Inall, 2013, personal communication.)

Kerin believed that when policy makers are dealing with complex questions like forest management, soil management and water management issues, they need to get the science right first.

Speaking at Melbourne University on 5 May 2010, on the subject of “What policy framework would I now establish for agricultural research, development and extension if I were still Minister for Agriculture, Fisheries and Forestry” John Kerin emphasised how research needs to help increase productivity:

To just keep farm profitability stationary we need to increase productivity, no matter how measured, by about 2% per annum. It is absolutely essential to understand that unless productivity increases can be maintained and innovations introduced, the farm sector will go backwards. Unless productivity increases by about 2% each year, you don’t survive in world markets particularly when world markets are corrupted.
The benefits of research come in developing new products, cutting costs, raising productivity, maintaining and possibly enhancing the resource base and increasing efficiency often on the basis of economic analysis. The benefits aren’t always gained by the farmers but often by middle-men further along the food and fibre chains. However, there is often overall benefit to the economy with consumers benefitting, or to the environment with the wider citizenry and future generations benefitting.

Ministers responsible for funding farm research seldom, if ever, emphasise or even spread the kernel of John Kerin’s words above. That is, the benefits are not always gained by farmers but often by others further along the food and fibre chains. It is a regrettable omission.

In his 2010 speech in Melbourne, Kerin gave more reasons to justify research. He asserted it should be used to inform policy in an ongoing fashion. This statement highlights again Kerin’s commitment in developing farm policy was based on the results of research:

However, all beneficial research for the farm sector is not in the scientific/technological area. Economic research often enables scientific and technological advances to be optimised if not maximised. Much research is in a variety of disciplines and at the forefront of thinking, in keeping with the changing nature of primary production. Agriculture is not and never will be a ‘sunset’ industry.
The Productivity Commission’s 2011 report into rural research and development added its voice to justify funding it:

Investment in farm research, development and extension (RD&E) is an important means of developing new technologies and management methods. In turn, facilitating industry adoption of such innovations serves to improve long term agricultural productivity growth. In recent decades there has also been a focus on developing technologies that are both profitable for farmers and deliver better environmental and human health outcomes.

Core (2009) provided a practical description of productivity as follows:

“Productivity is measuring how well operators combine inputs to produce output. Growth in productivity reflects increases in the efficiency of the production process which, in turn, occur as a result of improvements in technology or knowledge.”

Forty years ago, Harris, Gruen, Crawford and Honan (1974) wrote in their report, known as the Green paper on rural policy in Australia: a report to the Prime Minister in May 1974:

That total productivity in the Australian agricultural sector is estimated to have increased by about 2% a year over the period 1948-49 to 1967-68.

These authors continued:

In other words, approximately half of the 4% growth in output over this period was due to better ways of doing things including technical growth; the other half was due to increases in the total volume of inputs employed in the agricultural sector.
The authors do not expand on the words ‘technical growth’ or ‘total volume of inputs’ but new crop varieties, new grain sowing and harvesting machines, fertilizers, weedicides and insecticides would have been a large part of the inputs. And that was prior to the revolution in minimum tillage techniques in the late 1970s and early 80s.

The implications of ‘big data’ in lifting productivity by Australia farmers is highlighted http://www.farminstitute.org.au newsletter/2015/May/May_2015_Inthepipeline.html

The development of farming machinery and technology that utilises global positioning systems (GPS) information combined with other objective data and digitised imagery to generate objective information about the status of soil, water, crops and pasture—are quickly changing the ways that farm businesses can be managed in Australia.

The latest developments in this area include harvesting equipment that is constantly connected to the internet and which can relay crop yield and machinery performance information in real time via the internet, and variable planting technology that can modify planting ‘recipes’ and fertilizer application rates on a sub-paddock basis. We can only try to imagine future technological developments in agriculture. Innovations like robotics, genetic modification, supply chain innovations will continue to require research and farmer inventiveness.
5.3 History of Farm Research in Australia

In January 2013, Professor Mark Dodgson, Professor and Director of the Technology Innovation Management Centre at UQ spoke on the ABC’s Science Show on its radio national network. He highlighted how:

The 19th century also saw us becoming increasingly innovative in agriculture, stimulated by the conditions in Australia that were unsuitable for European commercial plants. And so experiments or research in the paddock by both farmers and scientists has delivered greater efficiencies.

Dodgson recalled John Ridley's 1842 grain stripper. With it, four men could in one day, do the work of two during the whole harvesting season. Add to that McKay’s invention of the combine harvester, which could strip, thresh and clean grain in one continuous operation. This led to the creation of Australia's largest farm machinery manufacturer (Sunshine Harvester Works).

It was sugar growers in Queensland, who at the start of the 20th century set the example for all farmers to levy themselves to fund research programs. This encouraged governments to also contribute financially. Sugar cane is one of Australia’s most important export crops worth up to $2 billion a year to the Australian economy (ABARES 2014).

In the document entitled Fifty years of scientific progress, King (1950) wrote: “the 1900 Act provided for the levying of every ton of sugar cane received at a sugar works and borne by the owner of the sugar works and the grower of the cane in equal proportions. The Act also made provision for the establishment, by the Queensland Treasury, of the sugar fund out of which all expenses were paid”.

This was followed by the development of sugar research stations through the coastal regions of Queensland by the Bureau of Sugar Experiment Stations (BSES). It should be emphasised that this levy only applied to sugar growers in one state, Queensland.
King wrote:

BSES, on behalf of growers, has a long history of applying good science to problems facing sugarcane production, and developing effective solutions that benefit the whole industry. Today, we work with Australian sugar cane growers, millers, harvest contractors and government to find ways to make sugarcane production more profitable and environmentally sustainable. BSES Limited was the principal provider of research, development and technology transfer to the Australian sugar industry.

In April 2013, sugar cane growers and millers voted overwhelmingly to establish a new research organisation to be called Sugar Research Australia. According to its internet website, www.bses.org.au, it is an industry owned company funded by a statutory levy paid by growers and milling businesses with matching funding from the Australian government and grants from the Queensland government.

History shows too, that in the 19th century, farmers and State governments started to become involved in farm research. The national government started to become firmly involved in 1926 with the introduction of CSIR (Commonwealth Scientific and Industrial Research).

Alston et al (1999) assert that government involvement in the Australian system of agricultural research actually began in the 1850s when the Victorian Board of agriculture took over the first experiment farm that had been established by a farmer’s committee.

From the late 1880s, all state governments in Australia were funding agricultural research. They developed chains of research stations in different climatic regions as well as for specific industries. They included the Mt Barker and Merredin Research Stations in Western Australia; Kybybolite Research Station, Minnipa, Turretfield and Roseworthy in South Australia; the Mallee Research Station at Walpeup in Victoria;
and in New South Wales, the former Viticultural Research Station at Griffith, crop
and livestock research at stations like Condobolin, Nyngan and Cowra and the
horticultural research station at Dareton.

Core (2009) a former senior executive of the Federal Department of Agriculture,
Fisheries and Forestry and later Executive Director of the Australian Centre for
International Agricultural Research (ACIAR) explains that:

Australian agriculture has been built on innovation. One of the
drivers has been a strong commitment starting in the late 1800s by
state governments to provide research funding and by the Federal
Government starting in the 1920s.

Writing about the national government’s financial commitment to farm research,
Core highlights the policy rationale for that support:

- the sector (rural) is characterised by many industries with a large
  number of producers. Unable to capture sufficient benefits from
  research and development they would fund as individuals,
  potentially leads to under investment.

- the collection of compulsory levies (see later) avoids free-riding
  by some on research and development provided by others: and

- there are spill over benefits to the wider community that are not
  captured by the immediate industry.

Knowledge about community benefits is mostly unknown and this is the result
of the national farming bodies, governments and national research
organisations not expounding the value of research to the wider community.
This situation needs to addressed. Failure to do so will make it easy for
governments to quietly withdraw public funding of rural research and
development.
McLean (1982) highlighted developments in rural research and development in Australia:

In the history of Australian agriculture, significant development in government intervention dating from the 19th century, was the public provision of agricultural research, education and experimentation. This failure of the market to provide the desired flow of research and education services led to political action by individuals motivated by a concern for the ‘public interest.’

Government assistance to Australian agriculture dates from the late 18th century attempts to secure food supplies for the first settlers. Given the importance of agriculture in colonial economic development, the demand for government action arose when the process of rural settlement was threatened by problems of poor management, climate variability, pests and out migration encouraging politicians to cast around for a solution. The agricultural colleges and experiment farms were established to serve the agricultural industry rather than the rural sector in general.

There was no nationwide farm levy as distinct from the sugar industry in Queensland until the advent in 1936 of the Wool Publicity and Research Act. The levy was placed on all woolgrowers. Its aim was to improve the production of wool in Australia and extend, by publicity, research or any other means, the use of wool throughout the world. This was when, despite the ‘great depression’, wool was Australia’s pre-eminent farm industry.

In 1955, a policy was adopted by the Menzies’ Government to encourage farmers to contribute to agricultural research through compulsory levies. Only the Commonwealth Government has the constitutional power to levy producers. By 1967 there were five industry research funds: wool, wheat, dairying, meat and tobacco. By 1982, 13 commodities were obligated to provide funds for research. Today in 2015, nearly all the major natural resource industries in Australia have levies on producers thereby raising revenue for research.
5.4 Why Involve Governments in Farm Research

John Kerin (Inall, 2012, personal communication) wrote:

It is absolutely obvious, or at least seemingly obvious, that farmers, fishers and foresters would under-invest in agricultural research if they had to fund it individually. Most primary producers, working within a diverse atomistic industry structure, do not have the capacity to invest in research relevant to their enterprise and industry needs, at an effective level. Nor can they directly administer and manage researchers and research institutions. However, public investment in agricultural research is generally set aside as a special case, because of the spill over benefits to the rest of the community or as economists would describe it ‘leakage’.

The NSW Minister for Agriculture from 1980 to 1988, Jack Hallam (1984) asserted:

Government finance for research and extension services has been absolutely crucial in building (farm) productivity throughout this (20th) century. Without the input of new techniques right across the board—in seeds, soil conservation, disease prevention and treatment, planting techniques, marketing and a number of other areas, we would still be in the 19th century.

He used the Balderstone report Rural Policy Issues and Options for the 1980s, commissioned by the Fraser Government and released in September 1982 to further justify public funding of research:

The community, by taking a longer term and sometimes different perspective on potential research benefits, is often prepared to fund research activities which would not be considered ‘economic’ by private firms.
Hallam asserted that externalities in the form of clean, safe and generally tasty foodstuffs justify public funding. That is publicly funded research is needed. He asserted, in the areas of health, safety and quality of life where private firms do not bear the costs associated with injuries or death through imperfect screening of chemicals, noisy or unsafe farm equipment and tractors or pollution of air and water.

5.5 Federal Government takes Small Steps into Scientific Research

In a personal communication in 2013, John Kerin wrote:

The states were the largest investors in agricultural research and provided much of the infrastructure to carry out research whether it was laboratories or research or experiment stations. Most of this addressed state challenges.

The national government in Australia, as distinct from state governments, was not involved in science programs until the years of the First World War. In 1916, the government of Prime Minister Hughes established the Advisory Council of Science and Industry as the first step towards a national laboratory. Ten years later, on 22 June 1926, a report on how to organise Australian science led to the formation by the conservative Bruce/Page government of the Council for Scientific and Industrial Research. The organisation’s remit lay with scientific support for primary industries nationwide, especially improving crop yields in agriculture as well as animal and plant pest and disease control. After the 1930s depression, the council placed additional attention on emerging manufacturing industries as a future source of jobs.

Core (2009) detailed the history of CSIR:

CSIR’s initial purpose was to respond to national challenges such as pests, weeds and diseases which were affecting agricultural exports. Those exports were fundamental to the health of the Australian economy at that time.
The establishment of CSIR was the beginning of financial and management involvement in farm related science matters across the whole country by the national government. Personal experience of this writer is that the states did not welcome interference by the national government unless Canberra provided them with finance.

The Country Party’s dynamic founder and leader, Earle Page (1921-1938) was disturbed by the lack of focus and the lack of co-ordination between the states in agricultural research. He wrote in his autobiography *Truant Surgeon*, published in 1963 that a conference of State Ministers of Agriculture was called for 3 December 1934. He had convinced the Federal Cabinet of the need to co-ordinate farm policies in Australia.

Significantly that meeting sought the establishment of a permanent technical committee. Page (1963) wrote: “Apart from the establishment of CSIR, this was another move by the Commonwealth government to become involved in farm research.”

In 1946, Prime Minister Chifley issued a statement entitled. “A rural policy for post-war Australia”. He emphasised two main policy objectives: i) the need for stabilisation of farm incomes and ii) improvement in the economic efficiency of farms. Chifley’s statement went on to say that:

Additional funds were to be placed at the disposal of CSR for the development of insecticides such as DDT and for research on animal dips, weed control and trace elements. Previously the RRDC had recommended greater expenditure on scientific research.

The concept of the federal government’s commitment to funding agricultural research was therefore embedded at the national level.
On 17 February 1949, the Minister for Commerce and Agriculture, Reginald Pollard, when speaking on rural production in the House of Representatives underlined the Commonwealth’s commitment to science:

Applied science, mechanisation and some sub-division (of farms) will step up production. Viewed from all angles the conclusion is inescapable that the breaking up of large holdings coupled with applied scientific and technical knowledge are the keys to future food requirements.

Under the chairmanship of Ian Clunies-Ross, 19 May 1949 saw the name of the CSIR changed to the Commonwealth Scientific and Industrial Research Organisation (CSIRO). It became an independent statutory body charged with performing a wide range of activities in accordance with the Science and Industry Research Act passed that year.

According to LR Humphrey’s biography (1998) entitled Clunies-Ross: Australian visionary, he was advocating for graziers to contribute to the cost of research: “this would also create a feeling of ownership of research results amongst the landholders.”

This is idealistic reasoning but regrettably in 2015 has not been widely fulfilled. There is no public acknowledgement by woolgrowers or their advisers that they have an ongoing commitment to paying their research levies and that they own the results of research. Woolgrowers have not always embraced the results of research particularly genetic research. It was ignored by most but not all woolgrowers in the 20th century in Australia but attitudes to it are slowly changing in the 21st century with some woolgrowers adopting genetic evaluation to choose proven sires (www.merinosuperiorsires.com.au).

In the 1930s, Clunies-Ross had begun influencing a number of sheep graziers to consider a national levy to support wool research, seemingly without raising resentment among growers. That influence, led to the Wool Publicity and Research Act of 1936, as mentioned earlier. Through it graziers paid a levy for wool
promotion and research with funds matched by the Commonwealth government. This was an historic step which later led to all natural resource industries taking action to levy themselves for research with the bonus of matching financial support by the national government in the following decades. In his role in an expanding CSIRO and through his continual communication with audiences of all kinds, Clunies-Ross raised science to the top of the national agenda. Eventually CSIRO established farm research stations at inland centres like Cunnamulla in Queensland and Deniliquin and Griffith in NSW. It also had facilities at some state experiment stations like Trangie in NSW where it established the National Plague Locust Research Laboratories.

5.6 The Hawke Culture of Research

John Kerin was on solid ground in adopting a reformist role in shaking up farm research in Australia. As discussed in the previous chapter the Hawke Government’s early years were all about reform of the Australian economy. John Kerin said (Inall, 2012, personal communication) the Hawke Government had decided:

Against short term band aids by deciding on moves to improve efficiency and international competitiveness by re-structuring and deregulating the banking sector, cutting secondary industry protection and pushing for freer or fairer agricultural trade through the Cairns Group of free trading nations.

The Australian Government of 1983-96 was strongly influenced by two prominent economists, Professor Ross Garnaut of the ANU at the time and the late Dr Geoff Miller, then executive director of the BAE. Prime Minister Hawke chose Miller to be the Executive Director of the government’s Economic Planning and Advisory Council (EPAC) (1983-1986).

Many farm industry politicians like Noel Hogan, former rice grower and Chairman of the NSW Rice Marketing Board, were sceptical about economists in the 1970s and 1980s. But they gradually accepted the wide ranging economic reforms
introduced by Prime Minister Hawke and Treasurer Keating. Botterill (2012) describes the trend towards the removal of government support for agriculture which had started in the 1970s and accelerated through the 1980s. These provided Kerin with an ideal context for major policy changes for the rural industries, in particular research and development, natural resource management and statutory marketing reform. Botterill (2012) wrote:

The Industries Assistance Commission (IAC) established by the Whitlam Government in 1975 was already examining all forms of government assistance to industry. That body was later re-named the Industry Commission (IC) and still later the Productivity Commission (PC). Its role since 1975 has been providing independent research and to act as an advisory body to the federal government on a range of economic, social and environmental issues.

Through the late 1960s and into the 1970s professional agricultural economists had developed a consensus with respect to the necessity of specific policy changes. John Kerin said (Inall, 2011, personal communication):

The Industries Assistance Commission had built up a large store of advice that gave a sound basis for policy change and which had been ignored by the Conservative Government (1975-83) in many instances due to vested interest farmer pressure.

Add to that mix a new, young keen minister for Primary Industry who had two separate terms 1971 to 1972 and later 1976 to 1978 as a research officer with the BAE when it was led by Dr Stuart Harris and by the late Dr Geoff Miller. Indeed Kerin says that all his achievements as Minister he attributes to Miller (Inall, 2012, personal communication).

In 1983 Prime Minister Hawke appointed as his Minister for Science, Barry Jones, the Labor member for the Victorian seat of Lalor. Jones was a leading scientific thinker in Australia at this time. Early in the role of Minister, Jones received a report
initiated by the previous government to examine the capital needs of small innovative companies.

Early in 1984, the federal government announced it would introduce a 150% tax concession for private research and development. Ten years later the Industry Commission (IC) concluded that the concession had brought net benefits to the Australian economy. The Commission’s endorsement of the value of the tax concession again highlights the Hawke Government’s emphasis on the value of research.

It is possible that the combination of John Kerin’s penchant for scientific research and that Barry Jones was Minister for Science may have influenced Prime Minister Hawke to invite Professor Ralph Slatyer to advise the government on making scientific research more efficient in Australia. After all there were numerous Federal and State funded organisations (including universities) carrying out research. At that time. Slatyer was Chair of the Australian Scientific Technological and Engineering Council (ASTEC). This body was set up by the Fraser government in 1978. It was a government sponsored think tank on science and technology. In Slatyer’s five years as chair, ASTEC was instrumental in lobbying for tax concessions for research and development and conducting a review of the CSIRO. In 1989, Slatyer was made the first Chief Scientist of Australia by Prime Minister Hawke.

Subsequently Hawke, acting on recommendations from Slatyer, adopted his concept for making Australian scientific research more efficient, through the establishment of cooperative research centres (CRCs). Slatyer’s aim was to reduce duplication of research and foster co-operation between different bodies. When delivering the Ralph Slatyer address on science and society at the annual conference of the Co-Operative Research Centres Association in Perth on 20 May 2014, Hawke said:

Ralph came up with the brilliant concept of the Co-operative Research Centres—bring together the research facilities of government, the Universities and at my particular initiative, the business sector-primary, secondary services.
The federal government’s response to Slatyer’s recommendation was contained in a Prime Ministerial statement by Hawke to the House of Representatives on 12 March 1991:

During the last election campaign, I said Australia needed to become a clever country. The centrepiece of my commitment to that goal was the creation of a network of CRCs (Co-operative Research Centres). I said that these would draw together outstanding research groups to provide new drive to our national research effort. Today I am announcing that the government has selected the first 15 CRCs. They will focus their research efforts on projects in the following key areas: resource based industries, manufacturing and information industries, the environment and medical.

Since the legislation putting the concept of CRCs into place was passed by the Federal Parliament in 1991 a total of 168 CRCs have been established. Some had a long life, some short and many have survived with different names but still focussed on particular farm industries. (www.business.gov.au)
In 2014 there were 16 CRCs committed to research on food products from the land and the sea:

- Aquafin CRC (CRC for Sustainable Aquaculture of Finfish)
- Australian Biosecurity CRC for Emerging Infectious Disease
- Cotton Catchment Communities CRC
- CRC for an Internationally Competitive Pork Industry
- CRC for Beef Genetic Technologies
- CRC for Forestry
- CRC for Innovative Dairy Products
- CRC for National Plant Biosecurity
- CRC for Sheep Industry Innovation
- CRC for Sugar Industry Innovation through Biotechnology
- CRC for Sustainable Rice Production
- CRC for Sustainable Sugar Production
- CRC for Tropical Plant Protection
- CRC for Value Added Wheat
- CRC for Viticulture
- Poultry CRC

Hawke’s endorsement of CRCs must have provided further assurance to Kerin in his pursuit of farm research and development reform. It created a positive culture of strong support for innovation, for research, for development and the implementation of the results of research.

Federal governments, both Labor and Conservative, led by John Howard, Kevin Rudd and Julia Gillard followed the Hawke example. They continued to fund a wide range of rural research projects through the CSIRO, the RRDCs and also through its CRCs, BRS, BAE, and the BOM. However, in 2014 the new conservative government led by Tony Abbott said it will reduce research funding to the CSIRO and CRCs. It was initially decided, for the first time in over 40 years to have no minister in his Cabinet solely responsible for science. Significantly, a reduction in funding of the RRDCs was recommended by the Abbott Government’s Commission of Audit in its February 2014 report. But that recommendation was not acted on by
the government to date. This was due, no doubt, to pressure from the National Party which is the partner in the coalition government and had promised an extra $100 million for rural research and development in the 2013 national election campaign. The commission’s report *Towards responsible government* is available at www.ncoa.gov.au

### 5.7 Kerin Puts Science at the Top of his Value Chain

Kerin (Inall, 2013, personal communication) believes that when policy makers are dealing with complex questions like forest management, soil management and water management issues, they need to get the science right first:

> Ask pertinent questions and try and get scientists to answer them for you … get the facts. Find out what we know now and from that deduce what we don’t know. Put the later into a hierarchy with the most urgent, the most fundamental at the top and relentlessly pursue those. I never see any issue as being able to be dealt with exclusively on its own. The relationship between land, water, food, fibre, extension and education is all part of a continuum.

Eighteen years after leaving Federal Parliament, John Kerin (Inall, 2014, personal communication) reflected:

> The BAE experience taught me a great lesson—how the application of science and applied research can enhance economic and financial gain for all in the product chain.

The ethos, concept and culture of scientific research was deeply embedded in John Kerin before he became Minister for Primary Industry and has been retained in his numerous leadership roles ever since.
In 1955, a policy was adopted by the Menzies conservative government to encourage farmers to contribute to research. This was achieved by placing compulsory levies on production with national government funds supplementing the monies raised. By 1967 there were industry research funds for wool, wheat, dairying, meat and tobacco.

John Kerin was the Opposition’s Shadow Minister for Agriculture for the three years before the 1983 federal election at which he was elected to the seat of Werriwa in the state of NSW. The Labor Party’s policy released before that event said it was committed to increasing the federal government’s involvement in agricultural research. The document added the party was committed to reviewing industry funding arrangements and ensuring research was on a secure basis.

This was a strong commitment which would have been treated with some scepticism by many in the industry who did not trust the Labor Party or its Shadow Ministers. The policy document added that Labor was committed to restoring Commonwealth involvement in extension, the long standing communication process aimed at helping farmers adopt research findings.

The party’s 1983 policy document did not detail how or when the “funding arrangements” would be reviewed or when “research funding would be put on a secure basis”. The commitment to “restore Commonwealth involvement in extension” never eventuated although some research and development corporations have been very active players. For example, the Cotton and the Grains R&D Corporation and Dairy Australia. Previously state governments jealously guarded their traditional role in extension but their involvement has been declining in the 21st century. It is hard to point to the reasons other than budgetary problems and the strong moves in a growing culture of neo-liberalism by private firms into the extension system. This trend conveniently saves government based on the premise that the private sector can provide public goods.
Significantly, the 1983 Labor election policy document drew attention to “a recent Senate committee report “ in which “an all party committee had been alarmed to find the Fraser coalition government’s financial support for agricultural research was declining in real terms”. That particular report, by the Senate Standing Committee on Finance and Government Operations, was released in September the previous year, 1982. It was the fifth in a series. The first was published in 1979.

The fifth report (retrieved from http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F1982-09-16%2F0041%22) suggested:

“guidelines for the establishment, composition and administration of finance and government operations including research institutions, taking into consideration the views of academics, affected interests, other bodies and individuals who had long expressed views on the nature of such joint government/farmer financed institutions”. A wide ranging statement which advocated methods for improvement.

Referring to that report, the Federal Labor Member for the seat of Eden Monaro, Jim Snow told the House of Representatives on 7 May 1985:

It (the Senate Committee) was alarmed to find that despite the continuing need for research, support was declining in real terms. The money available to rural industry research funds had fallen under the previous Liberal/National government by a staggering $10.1 million between 1975 and 1980 (Hansard).
On 23 May 2012, Kerin used a speech to Horticulture Australia to recall steps he had taken in the process of reforming the rural research and development process in Australia:

In the policy document I took to the 1983 election I had it in mind that we needed a greater research effort, that existing research structures had to be separated from statutory marketing organisations, that there be more competition among research providers and that, above all, funding be on a predictable assured basis—nothing more than that. I had formed the view that research priorities were determined more by history and politics than by science and economics. Existing boards always resisted reform to become a more corporate, objective, professionally skilled body. People on the research committees were opposed to change. If one examined the Commonwealth’s role in agricultural research funding since the 1920s, four themes were clear. They were to ensure the farm industries had adequate research and development resources to sustain and improve the sector, to stimulate those in the community who benefit from the research expenditure, to provide an adequate share of what has been invested, to ensure resources are used effectively and to support areas of agricultural research and development in the National interest.

John Kerin has been publicly critical of his predecessors’ attention to rural research. He has highlighted, what he claimed, were some very unpromising research projects using robotic shearing of sheep as an example. His own research had convinced him that Australia’s research and development structures had been very piecemeal and that policies were rarely implemented due to a plethora of administrative bodies involved.
Kerin has described the former Country Party as being:

The most successful, unashamedly interest-based party of the three main interest based political parties in Australia. I include Labor and Liberal, of course, in that.

One of the NP ministers in the 70s, after Whitlam, wanted to get more expertise-based people on some of the (research) boards. And that was resisted fiercely. The farm organisations wanted not only to control the agenda. Now to my mind that’s wrong.

That agenda was only about production of farm goods with nothing directed at beyond the farm gate.

They (the NP) had a stranglehold on agriculture, transport and trade. And I was thinking while ever they had that stranglehold that you wouldn’t get much advance in policy. I think the problem was that they were too close to the farm organisations.

Coalition governments will always tend to stack agricultural marketing and research and development corporations with farmers.

And so the people got into top positions … Chairman of the Wheat Board or whatever…they were chosen primarily for their links to the NP/CP and second for their other qualities.

In that 2012 speech to Horticulture Australia, Kerin then referred to the past focus of research. He underlined his belief that apart from research into farming techniques, the research and development system needed to be extended to include those fundamentals of soil and water that underpinned farming practices as well as the entire food chain. This would be a very different approach as soil and water can be argued as public goods.
There was another important factor: finance. In his speech on 5 May 2010, at the University of Melbourne, Kerin highlighted the decline in funding for rural research under the Fraser Government:

The amount being spent on agricultural research by the commonwealth government was only $42 million in 1982-83, this being far less than it had been in 1976-77.

Earlier than that, in 1973-74, agricultural expenditure was $64 million with up to 80% of the funds available from public sources. Most of the funds were going to established industries but topics such as the natural resource base and for example, agricultural engineering, cross cutting, cross-sectoral, farm issues, etc, were still largely ignored.

5.9 Policy Change Begins after the 1983 Election

By 1983, just before Kerin became Minister for Primary Industry, the financial arrangements in the various rural industry research funds (RIRF’s) had become inconsistent. The farm commodity groups were generally opposed to any change. Change was to be introduced, first by reforming the statutory marketing arrangements of the commodity concerned. They would be required to adopt a corporate model with the responsibility of picking their senior staff and having an AGM where the producer levy was decided for referral to the Minister for decision. Then, establish separate research and development corporations with their own board of directors. Statutory selection procedures were to be used, requiring certain relevant skills to be in place on both the marketing and research organisations with panels of industry members set up to recommend people within specified categories for ministerial signature. Industry policy councils were to be established for some industries to give advice on contested decisions.
(Inall, 2012, personal communication) Kerin said:

Some of these were useful but the membership of them became disgruntled unless all recommendations were adopted. The corporations did not involve the Minister in their ongoing work unless a crisis arose, for example, the Australian Meat and Livestock Corporation’s problem of minute levels of organochlorines in meat exports. Bidding for research funding became more competitive under these arrangements.

The Commonwealth Government’s matching funding arrangement was set at 0.5% gross value of production (GVP). Its funding was greatly expanded as the new corporations came into being. Industries could levy themselves more if they wished, but this additional funding would be unmatched by government.

5.10 Bureau of Rural Sciences (BRS)

On 18 January 1984, John Kerin took his focus on scientific research as the basis for policy formulation further when he announced a committee of enquiry into his department. It was to determine whether it needed more and better scientific and resource management support. He was concerned that the department did not seem to have the same level of expertise and inputs related to resource and technical areas as it did in economics and administration. Specifically, the committee was to examine the department’s requirements for improved scientific and technical data particularly related to the development of management policies for Australia’s forestry, fishing and land resources. The committee was to be chaired by Dr FM Day, a former Chief of Forest Research within CSIRO and two senior officers of the Department of Primary Industries (DPI), Noel Fitzpatrick and Peter Core. The enquiry led to the establishment in 1986 of the BRS. This was similar in purpose to the long established BAE. BRS was within the Department but not able to publish its findings independently while BAE and CSIRO could publish their findings independently.
The BRS became the scientific bureau within the Department and was the interface between science and policy. It was an essential part of the government's capacity for integrated, evidence-based policy development.

BRS provided scientific advice to Government in support of more profitable, competitive and sustainable Australian agriculture, food, fisheries and forestry industries and enhancing the natural resource base to achieve greater national wealth and stronger rural and regional communities. The Bureau was one of the strengths of the Department given that bio-security, natural resource management (NRM) and social concerns are vital issues for agricultural policy. (Kerin, 2011, personal written communication).

Kerin’s plans to expand and consolidate the Commonwealth’s role in rural research could only be described as adventurous. After all, the states had instigated research back in the mid-late 1800s and they had a large number of research stations across varying geographical landscapes. Although it was never stated publicly the States would have resented the Commonwealth’s move into to what was traditionally their territory.

BRS was joined to the BAE in 2010 to become ABARES (the Australian Bureau of Agricultural and Resource Economics and Sciences). It is likely that hard core economists and scientists argued then and argue today whether the union was a positive policy move or not. Similar debates surround the RRDCs and their marriages with the farm marketing bodies.

5.11 Pushing Ahead with the Reform Process

Kerin was aware before he was appointed as Minister, the Department of Primary Industry had been advocating reform in statutory marketing to the outgoing NP minister. He soon found that a joint management review of research schemes in the Primary Industry portfolio had started in the previous month. It was being
undertaken by the office of the Commonwealth PSB in association with the Melbourne based consulting company, Urwick International Pty Ltd.

According to the Productivity Commission’s 2011 report into the rural industries’ research and development programs, concerns about committees administering rural research and development funds had emerged in the early 1980s. This was particularly the failure of committees to consider expected rates of return when allocating funds to projects (PSB, 1983). More generally, the government considered that the committees needed to focus more on conducting research into high priority areas.

The purposes of this review were to examine the operation of the administration of rural research schemes within the Primary Industry portfolio and to make recommendations for improvement.

Urwick and the PSB reported in May 1983, shortly after Kerin’s appointment as Minister. The general findings of the review were that:

The current arrangements made for a passive approach to research, in that committees selected projects from grantee’s submissions, or to suit research providers, rather than any attempt to define what should be researched. Also, value for money considerations were lacking in the selection of projects.

There were four pages of observations. Many were critical for example, little concept of strategic objectives.

Recommendations included:

A more commercial attitude to be adopted towards the use of research fund monies. The department should seek to quantify what tangible benefits primary industry was actually getting in exchange for an annual spend of $42 million.

The department should divest itself of scheme administration by passing the task to appropriate industry bodies.
The criticisms and recommendations provided an irrefutable base for Kerin to start to reform process. Added to that were the findings of two Senate Committee reports as well as the Labor Party’s policy on farm research and development.

Kerin set about reforming the various farm research committees (Inall, 2010, personal communication. He believed:

That under previous governments, the committees were unfocussed, seldom seeking answers to fundamental questions. And it was possible they knew little or nothing about scientific research and the inherent principles and practises in that research.

The situation I inherited, on becoming Minister, was one of conservative, politically dominated, centralised research councils directing research into commodities having statutory marketing arrangements.

Kerin was keen to see deep reforms to both marketing and research arrangements as he put it in a personal communication (Inall, 2010, personal communication):

Some Boards were inappropriate for the challenges ahead, some were too settled, some tended to be autocratic, some were too captive to agri-political groups and very few producers actually knew what was going on.

In his view the Country Party in the era of Fadden, McEwen, Sinclair and Anthony (all former NP leaders) did nothing about conservation at all, be it fisheries or forests or the land. Nothing about sustainability: the challenge of increasing productivity while protecting the natural resource base for future generations.

His determination to change the amount of funding for research was realised with this press statement on 27 August 1984. It was headed ‘Rural research spending up 80%’. 
It announced an 80% increase in funding for the Commonwealth’s special research grants programme. The Minister said the $500,000 was on top of the $300,000 contribution by industry. The research was designed “to reduce costs to farmers, improve yields and minimise the effects of disease.”

The statement did not miss the chance to highlight the previous (Conservative) government’s smaller contribution:

For years, the conservative government kept funds for research in these areas at the same level effectively devaluing their commitment to research over that time.

### 5.12 Three Ministerial Statements on Research & Development

A major feature of the rural policy reform years (1983-1991) were three statements (as mentioned earlier) focussed on the Hawke Government’s policies for rural research and development.

The first was in April 1986 when Prime Minister Hawke joined John Kerin in authoring a document called Economic and Rural Policy which was published by the Australian Government.

The authors wrote:

Shortly after coming to office the government determined that fundamental reforms were needed to both the organisation and the funding of rural research conducted through the primary industry portfolio.
The section entitled overall summary re-endorsed Kerin’s commitment in the 1983 election campaign:

The government has reaffirmed its commitment to increased rural productivity and to reducing costs on a longer term basis through its approach to industry research and development. Comprehensive reform of research and development arrangements is already underway. The government has almost doubled expenditure on research and development through the primary industry portfolio.

The government’s research reforms are aimed at strengthening industry involvement in and influence over the direction of rural research. The principal objective of the reforms is to increase the commercial returns to the industries concerned through research and development in a broader range of areas than has been covered in the past. These include improvements in processing, storage, transport and marketing of agricultural products as well as in their production.

This involvement of wide industry representation in deciding the direction of research is unique. Its importance cannot be over-emphasised. It means that people actually involved in the day to day business of producing and processing foodstuffs and fibres were to be part of the decision making about research investments that could affect their business operations. What is more they represented all levy payers and they could play a continuing role of informing them about the progress or otherwise of research projects. In short, industry was made more integral to both research and development.
5.13 Getting the Changes into Law

The first Act, the Rural Industries Research Act of 1985, highlighted the reforms in rural research and development policy in Australia.

A second Act of 1989 known as PIERD Act, was developed after the 1988 review of the Department of Primary Industry’s policies and operation.

5.13.1 Press statement, 3 February 1985

On 3 February 1985, the Minister’s office released a press statement *Rural Research Upgraded* which highlighted the process of reform to rural research and development. In it John Kerin announced what he called a “major upgrading of arrangements for rural research. It was the first significant revision in 30 years and was based on several public reports”. (No doubt these included the reports of Senate Select Committees and Urwick International referred to earlier) about the direction and organisation of rural research in Australia.

The statement announced an increase…”a substantial increase” for rural industry research under the rural industry research trust funds. Over five years the federal government would increase its contribution to 0.5% of the annual gross value of production from the current 0.25%.

The new arrangements would embody the following objectives:

- Each research body (for each commodity) to be as autonomous as possible.
- Each research body to be made up of highly skilled people with relevant skills and expertise.
- Each research body to have clearly defined goals which followed an extensive review of primary industry and extension funding arrangements.
5.13.2 Press Statement 28 February 1985

This statement highlighted the policy imperative established by John Kerin and the Hawke Government for a funding target for rural research. It was another major step in the reform process. The statement was headed Funding Objective set for Rural Research.

It stated:

The government had made a decision to substantially increase the maximum level of federal government contributions for rural industry research under the rural industry research trust funds (RIRFs).

Over five years the federal government would increase its contribution to 0.5% of the annual gross value of production from the current 0.25. It added that a funding objective had been set. Those goals were to be encompassed in a strategic plan developed in consultation with the industry and approved by the Minister.

These two moves will allow rural research in Australia to enter a new era of stability and effectiveness.

In part, the statement re-affirmed the government’s commitment to rural research and said it would streamline funding arrangements and provide an additional $7.9 million for rural research in 1988-89.

This statement underlined the Hawke Government’s commitment to this “new era of stability and effectiveness” for farmers and the research industry. It is a key feature of John Kerin’s legacy.
Kerin authored the second of the major policy statements in association with the late Peter Cook who became Minister for Resources in 1988. The policy statement released in May 1988 was entitled *Primary Industries and Resources … Policies for Growth.*

In the foreword, the Ministers said the document builds on the work of the federal government’s Economic and Rural Policy statement, *Policies for Growth* which was delivered in the House of Representatives on 15 April 1986. Kerin and Cook wrote:

> As ministers responsible for primary industries, resources and energy, our chief concern is with productivity and competitiveness in those industries and the maintenance of our resources, including our skill base.

This document highlighted again the Hawke Government’s focus in its early years on policy reform and communicating that culture.

The ministers emphasised policies for the longer term. These included reform of global trading of farm products through the General Agreement on Tariffs and Trade (GATT) and through the Cairns Group of 11 free trading farm nations. Australia was the initial Chair of the Cairns group under the then trade minister, John Dawkins.

On page 26 of the document the ministers Kerin and Cook point to the government’s key goals for agricultural research:

> Raising the productivity of the agricultural sector while maintaining a sustainable resource base and protecting the interests of consumers and protecting the environment; to identify buyer’s requirements so that new markets can be developed.

It must be noted that while they included the words “…’protecting the interests of consumers’” as a policy goal this has never been communicated very well and indeed consumers and the community generally would not be unaware of it. This is regrettable and needs to be redressed with a specific awareness raising campaign.
On 21 August 1988, following this statement, John Kerin announced another major review of the rural research and development policy as promised in the ALP’s rural policy statement during the previous year’s election campaign. The review was to be undertaken by a senior officer of the Department of Agriculture, Fisheries and Forestry, Alan Newton.

The aim was to see how the policies could be improved and ensure that government funded research and development programs would continue to produce results relevant to industry requirements.

In May 1989, Kerin and Cook released the federal government’s third statement entitled *Research, innovation and competitiveness…policies for reshaping Australia’s primary industries and energy portfolio, research and development.*

The document provides the fundamentals for ensuring that the RRDCs operated as efficiently as possible:

The statement sets out to identify ways to improve the funding, organisation and administration for Commonwealth involvement in research and development for the primary and energy industries.

In it we set out government research and development policies and programs that will enhance the capacity of the primary industry and energy sectors to innovate and adapt.

We intend the statement to be used as a guide for primary industries and energy research and development policies over the next three to five years.

The statement is essentially our blueprint for managing primary industries and energy research and development, and an explanation of why it is done and how it relates to other research organisations, to the economy and to the prosperity of all Australians.
The Ministers flagged a major change in direction of research and development in Australia. Kerin and Cook were referring to long standing research which focussed on increasing production of a particular farm commodity be it wool, milk, oil seeds, barley or rice. These authors said the need will continue for this research, but added an important new dimension. They said increasingly, there will be a requirement for additional research and development into post-production issues such as improved market access and better ways of storing, handling and distributing products.

Their document emphasised:

The need for efficiency of research and development and the need for the boards of RRDCs to be established on a corporate basis rather than one of members representing various organisations. They should be made up of people with the requisite skills in science and technology, industry production, finance and commerce. And they are to be fully accountable to industry.

The external benefits that accrue to society underlie the government’s commitment to match industry funding through the RIRFs (Rural Industry Research Trust Funds).

Expenditure on research and development in the primary industries in 1986-1987 was $841 million of which governments contributed $645 million.

These amounts were well above those (of $42 million) made available by the previous coalition government.

Finally the Ministers said that while government expenditure on research and development compared favourably with that of other nations, business sector spending did not. They said Australian business, spent a comparatively small amount on research and development and continued to rely on imported technology.
The authors re-called that the federal government established the Rural Industries Research Act 1985 and substantially increased funding through the rural industry research funds.

That Act provided legislative cover for the operation of the 15 rural industry Research Councils. These were:

- barley
- chicken
- meat
- cotton
- dairying
- dried fruits
- grape and wine
- grain legume
- honey
- oilseed
- pig
- egg
- sugar
- tobacco
- wheat

The Ministers added:

Strategic plans of the RRDCs must be developed interactively with the research community. They must be sufficiently flexible to accommodate lateral thinking and innovative proposals.
A highlight of the Minister’s statement was that Corporations would be set up under Commonwealth legislation with high degrees of commercial freedom and flexibility. They would closely relate to their industry sectors and would facilitate a more pro-active, rather than passive approach to research. They would be able to establish networks that link industry, researchers and commercial agencies.

Corporations could borrow funds, enter into joint ventures and take out patents in their own right. The corporate form was to provide greater flexibility and capacity for joint ventures with research conducted by contracted experts.

The authors proposed a new organisation, the Natural Resources Research & Development Corporation to administer research into environmental aspects of forestry management, soil conservation and water quality. This proposed body did not eventuate. However, the Land and Water Research and Development Corporation fulfilled some of these roles during the 19 years of its existence before being closed down by the Rudd Government.

In a benchmark statement about the process to establish rural research and development workings in Australia, John Kerin concluded his speech at the University of Melbourne on 5 May 2012, with these significant words:

With encouragement and support from the DPI and with great opposition from the Treasury and the Departments of Finance and Prime Minister and Cabinet, I established the RRDCs and was able, to some extent, break farmer’s research bodies’ boards away from their prejudices and emphasis on band wagon marketing research issues.
What was needed was a change in the incentives in the system to encourage the development of a dynamic and outward looking rural research and development industry, better linked to farmers who as investors were investing 30-40% of the funds in the RRDC’s. This was difficult. We needed incentives for institutions to collaborate, some to merge, and some to compete with each other. Farmers needed a sense of ‘ownership’ of strategic research decisions, so that they would convince other farmers to dig deeper to pay for it.

Kerin believes there is a fundamental lesson in all this as highlighted in his speech at the University of Melbourne.

Essentially research is opposed by major parts of the Australian government bureaucracy and Cabinets and politicians are suckers for rationality, particularly if they endorse macro-economics as substituting for all other disciplines and believe the ideological argument that available funds should be in the hands of private individuals to exercise choice and that taxes should always be lower.

Not that I ever mentioned it, but governments have to be aware of consumers. I think I only convinced a few agri-politicians of the need to have a corporate, not representational approach to Board membership.

While Kerin mentioned, “Governments have to be aware of consumers”, since then there has been little evidence of RRDCs saying they are focussing on the needs of consumers as part of their work. The RRDCs need to highlight this focus and should encourage retail businesses, like the two major supermarket chains in Australia (Coles and Woolworths), to contribute funds to help underwrite this research. At the moment they have little or no direct involvement.
On 3 February 1985, Kerin introduced the Rural Industries Research Bill to the House of Representatives. In subsequent debate the Minister said according to Hansard:

It is necessary that rural research is organised in a way which will ensure that there is adequate research investment, that the greatest possible returns are achieved from each dollar spent and that those who administer and undertake research, are fully accountable to the provider of funds.

Rural research is and will continue to be high priority for this government. In November last year, the Prime Minister announced that the government would increase its financial contribution to rural research and in February 1985, I provided details of that commitment. I also announced a major upgrading of the organisation and administration of rural research. It will apply to 11 major industries commencing on 1 January 1986.

In 1984-85 the government will provide $32.6 million for rural research. The principal purpose of the bill is to increase the commercial returns to the industries concerned and that research and development is in a broader range of areas than previously covered. The chairperson and the government member of each council will be appointed by the minister.

Another milestone in activating the commitment to reform of rural industry and research occurred on 6 August 1985 when the annual Federal Budget appropriated an additional $11 million to the Department of Primary Industry for research.

Speaking on the bill three months earlier in the House of Representatives on 5 May 1985, Kerin said:

The government has conducted the first major review of agricultural research in this country in 30 years. In the last two years in terms of funds disbursed from my portfolio, the amount going to rural research has gone up 33%.
In response, the Opposition parties were supportive of the rural industries research bill. Speaking in the House of Representatives on 7 May 1985, the National Party’s deputy leader, the late Ralph Hunt (then the federal member for the NSW seat of Gwydir) said:

I think the Minister is on the right track. He is trying to reduce the number of acts and trying to consolidate a lot of legislation that should have been consolidated years ago. I give him some credit.

In relation to the five year plans to be introduced the opposition is concerned to ensure this time span does not compromise the flexibility of research programs. We fully support the objective to increase commercial returns to the industries concerned through research and development of the production, processing etc of agricultural commodities.

Speaking further in support for the Bill, Mr Hunt added that the Opposition agreed with the government’s proposal that Research Corporations develop five year strategic plans for projects:

It also makes much sense in having just one Act for administering rural industry research funds.

No doubt John Kerin was encouraged by this support. He had another breakthrough on 3 October 1985 when he said:

I beat Finance and Treasury and the Cabinet agreed to the Rural Industries Research Act (RIR Act) with matching funding of research up to 0.5% of the GVP of each commodity.

The RIR Act of 1985 was enacted on the same day. In it accountability, competitiveness and profitability were goals that had not previously been associated with rural research and development.

By 1986-87 the real growth in agricultural research and development was 2.6% annually (the range by industry being 2.2% to 3.6%) with a total of $478.2 million being spent nationwide (Inall, 2013, personal communication).
5.14 After the 1985 Bill

5.14.1 Press Statement on 11 October 1985

New rural industry research legislation and levy rates.

Essentially this statement acknowledged the Minister’s commitment made in February 1985 to incorporate his plans for reforms to research councils into legislation. It was named the Rural Industry Research Bill 1985. Two writers followed the reform trail:

Pardey et al (2010) wrote:

The 1985 reforms were the first part of the federal Labor Government’s major attempt to restructure the funding system for rural research and development. The Rural Industries Research Act of 1985 was designed to be enabling legislation. It would provide for the establishment of a research fund for any industry willing to impose a research levy on its producers, with dollar for dollar matching of such funds by the government up to a limit of 0.5% of the gross value of production in that industry.

Lovett (1997) hailed the Act, writing:

The real coup of 1985, however, lay in the decision by the Commonwealth Government to apply a single policy across all commodities for research and development monies. Funds for rural research were to be based upon the Commonwealth Government commitment to provide research monies dollar for dollar up the level of 0.5% of the gross value of production of leviable commodities.
John Kerin (Inall, 2013, personal communication) highlighted the theory behind his moves. It proved to be the crucial element in having an intellectual argument sound enough to convince a sceptical cabinet of the necessary structure and funding. It runs as follows:

The basic preliminaries of what kind of society we live in have to be taken into account. The causal link between structure, conduct and performance has been long established in economics and underlies corporation law, competition policy, ASX regulations, the memoranda and articles of companies and the public advocacy of high corporate governance standards by organisations representing investors.

This link also implicitly underlies the principles of public administration as they are applied to the delegation of government and ministerial powers to statutory corporations. But it does not exactly apply to research bodies in the same way as applying to companies.

Geoff Miller convinced me that a corporate model was the best way to go. The fact is that these public bodies, such as HAL (Horticulture Australia Ltd now known as Horticulture Innovation Australia Ltd) only exist due to the relevant act of Parliament, that there is therefore a public interest in performance, governance etc and, importantly, ministerial responsibility, which underlies the conduct and performance of statutory corporations, councils, committees, boards, what have you. The government was investing up to 50% of the cost of the eventual RRDCs via taxpayer’s funds. This was and always has been a tough theory to get through to farmers who wish to control the organisations governments establish. In any industry, stakeholder interests go well beyond those of the producers, even if not spelled out.
The challenge was to establish priorities and even though we had and have a, now diminishing, core of highly qualified agricultural scientists, there is no way that they, or any individual, or representative farmer group, were going to arrive at determining an optimum set of priorities. The only way Miller/we/I could see around this was by improving the process of making and revealing practical priority decisions, i.e. the theory of revealed preference; capable of building a network of all the RRDC’s into an interlocking whole system approach. In Australian agriculture the processes of determining research priorities are ultimately capable of infinite improvement. They can be improved both within institutions and between them.

The implication of this for those responsible for managing the system, those at the centre, had to be, need to be, as competent and professional in their job as the scientists who perform within it. A part of that professionalism is knowing their own limitations. If the Board and managers believe that the organisation is making the wrong choices, they should scrutinise themselves and the incentives that they have provided, rather than substituting their own subjective judgments.

But even before the enactment of the 1989 PIERD Act in November 1989, the responsible ministers underlined their belief in publicly funded rural research and development. John Kerin and Peter Cook used their 1989 statement “Research, innovation & competitiveness … policies for re-shaping Australia’s primary industries and energy portfolio research and development” to justify government funded research when they said:

Past assessments of the benefits relative to the costs of research and development in the primary industry and energy sector indicate that substantial returns do exist. Significant proportions, in some cases, almost half of the benefits of rural research, are passed onto other sectors of the economy.
Governments manage natural resources such as fisheries, forests and water resources for the community as a whole and to undertake this task effectively research in the natural resources and environmental areas is needed. Government has important information needs to achieve national policy objectives.

If the model does not deliver public benefits, such as protection of the resource base, development of new renewable energy options for agriculture, parameters for an intelligent carbon market, food that meets the needs and expectations of discerning consumer markets, then it will become harder to defend it against competing claims on the public purse.

Government support for research and development becomes essential to maximise the return on natural resources. The output of research is new knowledge.

And its new knowledge that is fundamental to the conservation, use and management of Australia’s unique natural resources. These resources, the lands, the waters and the oceans are the basis of the farming, forestry and fishing industries … the primary industries.

5.15 Submission of the Draft 1989 Bill to Other Departments

The steps in the reform process were that on 30 March 1989 the Department of Primary Industries and Energy sent a submission (Reference 03601) “for the endorsement by the Minister for Primary Industry and Energy and the Minister for Resources.” The purpose, it stated, “was to seek your endorsement for the lodgement of the attached”.

A scanned electronic version of the document may be found in the Appendices to this thesis (Appendix E, page 276).
It was a draft statement and a Cabinet submission. It put forward a number of strongly argued mechanisms for improving the focus of research and development activities and raising the profile in the portfolio. The basis was turning the research councils and rural industry research funds into corporations…a major step in increasing the stewardship and accountability of rural industry research bodies.

On 2 April 1989, Kerin signed his agreement.

The document puts forward the case for corporatisation of the administration structures that “can bring increases in research and development efficiency and effectiveness.”

It goes on to canvass a means for industry involvement:

To ensure industry involvement and accountability, separate industry committees could be established with the RIRDCs and separately audited accounts maintained for each levy fund.

In May 1989, the Federal Cabinet considered the government statement prepared by John Kerin and Senator Peter Cook.

Attachment B1 (page 267) to the Cabinet submission records comments as a result of consultation with various government and related bodies about the policy statement.

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1 Attachment B: “Consultation Comments for Cabinet Submission” found following Appendix C in this thesis’ appendices.
The Australian Science and Technology Council (ASTC) was the most positive. It said:

It regards the policy statement as an important step forward in developing a better understanding and better management of the portfolio’s research and development responsibilities.

We support the principles set out in the draft statement for the establishment of research and development corporations for the administration of portfolio research and development monies.

The Department of Treasury expressed agreement with the general thrust of the submission, but:

Has concerns about several of the recommendations. It sees no justification for increased portfolio resources.

The Department of the Arts, Sports, the Environment, Tourism and Territories agreed with the proposed statement that:

Government support of research and development is justified to enable the government to manage natural resources effectively and efficiently and to facilitate the achievement of the government’s national interest objectives.

But it added:

To meet these tests, and recognise user pays principles, a relatively greater share of the costs should be borne by benefitting industries.

The user pays principle should be included in the Key Policy principles (Chapter 3 of the Kerin-Cook policy statement) and fully reflected throughout the proposed policy statement.
Predictably the Department of Finance was sceptical of a number of points stating:

The policy statement committing the government to encourage all rural industries to move to research funding levels of 0.5% of gross value of production noting not all rural industries wish to increase contributions to this level; industry bodies are best placed to assess their own priorities, the appropriateness of the 0.5% target to all cases is questionable. Moreover the current arrangements mean an open ended and potentially highly variable commonwealth commitment.

Given industry is the primary beneficiary of activity financed by rural industry research funds and corporations, finance considers that the current funding arrangements whereby the Commonwealth matches the expenditure should be revised.

It argued that industry should contribute $2 not $1.

The Department of Prime Minister and Cabinet expressed support for the thrust of the Minister’s recommendations.

John Kerin shared this cautionary note (Inall, 2013, personal communication):

The key co-ordinating departments of government are the Treasury, Department of Finance and the Department of Prime Minister and Cabinet, all of which in major or lesser degree were/are opposed to large research expenditure. They were the main believers that Australia could and should buy its research from overseas and because the Australian economy was and is so relatively small, and that much of our manufacturing industry is derived, the multinational companies would rapidly take over our intellectual property. Ministers as a rule discussed research proposals and were not stridently opposed to research expenditure.
Subsequently in November 1989 the PIERD and Development bill was introduced into the Australian Parliament.

On 2 and 3 November 1989, it was debated in the House of Representatives. Amendments were proposed by the Shadow Minister for Agriculture, Bruce Lloyd (NP member for the seat of Indi in Victoria) and the Victorian NP Senator Peter McGauran. Their opposition was minimal (according to Hansard), basically proposing small amendments to clauses. Lloyd summed up the situation:

We support the major purpose of this bill because research and development is very important for the competitiveness of agriculture. One of the great things about Australian agriculture is that it is research oriented. That is one of the reasons, along with its capital intensity and the fact that it has to face international competition every day, why it is one of the most efficient industries and is the one that is sustaining our export drive.

In general terms the Opposition supports this legislation

On 24 November 1989, the necessary eight bills were introduced into the senate and passed. From this came 13 research corporations and five research councils.

Three of the RRDC’s, Land and Water; Energy; and the Rural Industries Research & Development Corporation (RIRDC), were totally funded by government but were able to leverage, contract and take on additional funds. Subsequently, the current RRDC model was put in place by the Primary Industries and Energy Research and Development Act 1989.
Fundamentally, the RRDC model was intended to provide best value for money for the government, industry and broader community in pursuing the objectives of:

- increasing economic, environmental and social benefits;
- achieving sustainable use and management of natural resources;
- making more effective use of human resources and skills; and
- improving sustainability for expenditure.

It became the Act that set the model in place to be used as a template for other agricultural industries if they could take advantage of having research carried out this way.

The 1989 act was designed to administer research, development and extension to benefit the respective industries and the wider Australian community. The word ‘administer’ is pivotal. The Act stipulates strict management criteria for the direction of the RRDCs and their accountability to their shareholders i.e. the Commonwealth Government and farmers.

It has six parts covering establishment, functions and powers of RRDCs, annual operational plans, accountability, finance and selection committees.

Most of the Rural Research and Development Corporations were established in 1990-91 as statutory, single industry focussed RRDCs.

5.15.1 Press release, 16 July 1990

*Establishment of new Primary Industry Research and Development bodies.*

This document announced the membership of five new Research and Development bodies which followed an extensive review of primary industry and energy funding arrangements.
Most of the RRDCs were established in 1990-91 as statutory, single-industry-focused RRDCs with the intention of improving the performance of the national research and development effort for rural industries. Commonwealth funding for rural research in 2010 was allocated mainly to the 15 RRDCs and industry owned companies. These funds, matched with industry contributions, mean that the combined expenditure by those RRDCs is now around $500 million a year. But others such as core funding to the universities, CSIRO and the CRC programme are also vital.

The key to contextualizing these RRDCs is their governance which was designed for significant industry input and oversight with around 50% of their funds coming from industry and around 50% from government.

Pardey et al (2010) record the fact that the 1989 Primary Industry and Energy Act (the PIERD Act) replaced the 1985 legislation. As a result, the major research and development councils were to become corporations, which meant in practice, a greater degree of independence from government.

5.16 Levies

Some levies are volume based and some are value based.

Core (2009) wrote:

Since the 1930s, there has been strong public support for federal government funding of rural research. Up until 1955, though there was little direct contribution by producers to agricultural research. In that year a policy was adopted (by the Menzies Coalition Government) to encourage farmers to contribute by levying them.

Following wool’s example of producer levies, by 1967 there were five commodity based research funds at national level - wool, wheat, dairying, meat and tobacco. The relevant research committees were dominated by farmers, or mainly the elected and executives of farmer organisations or ‘agri-politicians’.
Today (2015) all the major farm industries in Australia have levies on producers of farm goods to raise revenue to support research. These industry funds are matched by general taxpayer revenue. Initially productivity improvement was the mantra for that support. In recent decades there has also been a focus on developing technologies that are both profitable for farmers and deliver better environmental and human health outcomes.


The levies are collected from growers by the Levies Revenue Service (LRS) which is an agency responsible for what is the “effective collection and administration of levies and charges” within the federal Department of Agriculture. Its name changed from Agriculture, Fisheries and Forestry in September 2013.

According to the website, LRS collects levies and charges from levy payers in more than 60 industries. The monies are then paid to the levy and charge recipient bodies to fund activities for the levy paying industries. The recipient bodies are accountable to levy and charge payers and to the Australian government. They are also required to table annual reports in Parliament complete with audited financial statements and to hold annual general meetings.

The LRS reports annually to industry representative bodies and to levy recipient bodies on its collection and administration bodies.

The same website explains the levy principles and guidelines to help primary industry bodies to prepare “a sound case for a levy or charge to be considered by industry members.”

The Department of Agriculture assesses each proposal against the levy principles and guidelines.
Eighteen years ago in January 1997, the Coalition Government in Australia introduced what is called “levy principles”. These included:

- The proposed levy must relate to a function for which there is market failure.
- A request for a levy must be supported by industry bodies.
- The initiator of a levy proposal shall provide an assessment of the extent, the nature and the source of any opposition to the levy.
- The initiator is responsible to provide an estimate of the amount of the levy to be raised to fulfill its proposed function with a clear plan of how the levy will be utilised including an assessment of how the plan will benefit the levy payers in an equitable manner.
- The levy imposition must be equitable between levy payers.
- The levy collection system must be efficient and practical. It must impose the lowest possible ‘red tape’ impact on business.

5.17 What Happened after the Kerin Bills?

It is over a quarter of a century since the PIERD Act was passed by the Australian Parliament in November 1989. In 2015 none of the original RRDCs exist as single separate research and development entities. That is apart from the GRDC and the Cotton R&D Corporation. Most have merged with farm marketing organisations, both statutory and corporate.

And so the pure ‘research only’ model established by Kerin separating research and development bodies from those undertaking a marketing role, has largely gone. That move was based on a disconnect about the original philosophy that underpinned the Research and Development corporations and the separate statutory farm marketing authorities. Indeed some industry players can be passionate for or against the original Kerin model. But a number of RRDCs and farm marketing organisations have been combined in the past quarter century in part to help reduce costs. Some policy
makers believe research and marketing were strongly related to one another: fellow passengers.

For example, the Meat Research Corporation and its functions were originally in one single, stand alone, research body. But its functions were absorbed into the former marketing group known as the Australian Meat and Livestock Corporation, now Meat and Livestock Australia. Some meat producers and scientists were satisfied with the change and the possible reduction in operating costs. Some meat producers and scientists regretted the change. A number of other research and development and marketing bodies followed suit and joined forces in one body.

The Energy R&D Corporation was abolished by the Howard Government in 1996. Then in May 2009, after 19 years of research work, the Labor Government of Prime Minister Kevin Rudd decided to cease funding for the corporation known as Land & Water Australia. It had been fully government funded. In my view, both these decisions were short sighted decisions given the importance of energy, water and land to Australia.

The 25 years since PIERD Act was passed has seen a decline in state government funding of research and development. Their research entities have increasingly relied on the RRDCs and the CRCs for funding. Or they ceased functioning altogether. Universities have also come to rely on federal funds from the RRDCs and the CRCs apart from specific research grants mainly from the Australian Research Council for university research.
5.18 State Governments Retreat from Research and Development Investment

The following graph highlights the decline in state government funding of farm research in Australia.

![Graph showing decline in state government funding of farm research in Australia](image)

*Figure 1: Decline in state government funding of farm research in Australia*

The main outcome from the Kerin Research and Development Bill of 1989 is that corporations with even a partial focus on research and development still exist.

The Labor Government led by Prime Minister, Julia Gillard, had the chance to reduce government funding of rural research and development in Australia when the Productivity Commission (PC) recommended a slow reduction in the government’s financial commitment in its 2011 report on funding of rural research and development. The Commission had been asked on 15 February 2010 by the then Assistant Treasurer, Senator Nick Sherry, to examine the Rural Research and Development Corporations (RRDCs) and the rationale for government investment in them.

In early 2011, the Commission recommended a slow reduction of that support. But this advice was rejected by Prime Minister, Julia Gillard’s Government as demonstrated in the following press statement entitled Government support for rural research and development set to continue by her new Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig on 15 June 2011:

The government has committed to maintaining government matching contributions to rural research and development corporations (RRDCs). The decision to continue contributions had been made as part of the government’s preliminary response to the Productivity Commission’s (PC) inquiry report on RRDCs tabled in Parliament this afternoon.

Last February (2010) the government asked the Productivity Commission to conduct an inquiry into RRDCs which included an examination of the rationale for Australian Government investment in rural research and development and the effectiveness of the model overall.
That inquiry found that current funding arrangements, as well as the high level of industry engagement and support offered by all sectors, made our RRDC model unique amongst others around the world.

The inquiry also found a need to increase private investment in rural research and development – a need the PC sought to address by recommending we lower the cap on government contributions to encourage industry to contribute their own funding.

While I fully support the need to increase private investment in rural research and development, I do not believe cutting government contributions is the appropriate method to achieve greater industry investment.

Research and development plays a vital role in supporting the sustainability, competitiveness and productivity growth of Australia’s rural industries and the government’s matching contributions are a key factor in leveraging industry funding.

I do, however, see a need to explore how to optimise outcomes for industry and the wider community within the current funding arrangements.

The Australian government still matches eligible research and development expenditure on a dollar-by-dollar basis up to 0.5% of an industry’s gross value of production. Since the Hawke Government started the RRDCs in 1989, RRDC spending on RD&E has more than tripled and Australian Government funding to them has more than doubled.

A strong endorsement.
Although recommending a reduction in government financing the report of the Productivity Commission (Inquiry Report N52 released on 10 February 2011, into RRDCs) was supportive of their work:

While some of the research has contributed to better social and environmental outcomes, most of the reported benefits have taken the form of savings in producers’ input costs or other sources of productivity such as higher yields or more efficient farming practises.

The Commission provides no details of the savings. No doubt doing so would be a very long and complicated task the results of which could be strongly challenged.

The Commission added:

Productivity growth in Australian agriculture averaged 3% per year over the 16 years to 2010-2011. Time series data were used to examine the relationship between public investment in research and development and extension and productivity growth in Australian broad acre agriculture. The results show that public research and development investment has significantly promoted productivity growth in Australia's broad acre sector over the past five decades.

The report lists industry benefits:

- Lower costs and improved varieties for producers.
- Enhanced supply chain knowledge, management and efficiency.
- Reduced impacts from disease.
- Consumers and wider community can also benefit through such things as better standards of living through cheaper and better quality foodstuffs.
In terms of improved environmental outcomes the PC highlights investments by the CRDC in integrated pest management leading to reduced pesticide use.

That same PC report said in its summing up, under the heading “the bottom line”:

There remains considerable empirical uncertainties to the link between research and development investment and productivity growth in Australia’s rural sector. Nonetheless the empirical work collectively suggests there have been significant benefits to Australia from investing in rural research and development, and that the rates of return to such investment have not declined over time.

John Kerin’s policy of government financial support of rural research through corporate administrative structures has, therefore, had on-going support from subsequent governments. These have been the conservative government of John Howard, the Labor governments of Prime Ministers, Rudd and Gillard and the conservative government led by Tony Abbott from 2013 to the present day in 2015. A remarkable bipartisan policy achievement in an era dominated by partisan politics.

5.19 Communication of Policy

One of the significant characteristics of the Kerin ministry was that it communicated and communicated often with its constituents and the wider community. In his statements, Kerin demonstrated his belief in policy and ensuring that the rural community knew about those policies. In particular, he wanted the rural community to understand the new policy directions. During the time he was in the agricultural portfolio John Kerin issued 1735 press statements and he delivered 427 speeches.
Communication with the widely scattered rural and farm community in Australia was paramount. This action was well before the digitisation of media in the country’s vast rural areas. Voters regularly complain about a lack of transparency in government policy making. The documents quoted above demonstrate how the Hawke Government regularly communicated with its constituency.

However, this researcher regrets that the benefits are seldom recognised, certainly not publicly nor within the Federal and State political systems and herein lies a danger that the RRDCs and their programs are always under threat of funding reductions or elimination.

5.20 Conclusion

There was nothing simple in establishing corporations to undertake farm research and development programs in Australia. Earle Page set out to draw the states together in technical matters in 1933 and John Kerin achieved what seemed impossible in 1989.

I stress ‘seemed impossible’ because the task of getting producers of any commodity to agree to be levied for any purpose is no mean task. This is partly because of the extraordinary geographic spread of farming/grazing enterprises across Australia, the often fractious nature of relationships between the states and the government in Canberra and the previous fractious relationship between the major political farm organisations. But after six years of developing the concept of putting the management and funding of research under a corporate umbrella John Kerin achieved that in 1989.

The Australian States, the initiators of farm research in Australia in the late 1800s and for most of the 20th century are winding down their commitment and increasingly relying on funds for research from the national research and development corporations, the CRCs, the CSIRO, universities and some collaboration with private operators.
In summary, both sides of politics supported price support mechanisms for most farm commodities in the first 75 years of the 20th century. All of those mechanisms were eliminated by the Hawke Government in the 1980s. Both sides of politics supported the concept of producer levies to help fund research with matching contributions by governments. Despite review after review of this system its fundamentals are still in place. Essentially Kerin’s radical reforms have attracted bipartisan support for the past 20 years, despite numerous high level assessments that have questioned, in particular, the justification for ongoing taxpayer investment in rural research and development.
CHAPTER 6: WHAT DID THE 1989 PIERD DO?

6.1 Introduction

This chapter examines the consequences following the establishment of the rural research and development corporations (RRDCs) through the PIERD Act of 1989. It was introduced to the Federal Parliament by John Kerin in November 1989 when he was Minister for the department for Agriculture, Fisheries and Forestry.

The legislation is regarded globally as unique. It provided the framework for the establishment of the 15 RRDCs in Australia with tight guidelines for their functions and administration and for funding them by the national government and levy payers … farmers, foresters and fishers.

In the past 20 years the appropriateness of the government’s investment in RRDCs has been rigorously examined by numerous private and government bodies as well as the rural and regional affairs committee of the Australian Senate. The outcome has been that the two main political parties continue to provide government financial support. The National Farmers’ Federation often voices its support for the corporations and their work but continues to lobby for increased government funding for them. It never suggests that levy payers should increase their contributions or that other groups along the food chain should also be financially involved. The NFF’s advocacy, for research and development is nevertheless, a major feature in its 2013 policy document called Blueprint for Agriculture.

6.2 Change, change, change but …

In May 2015 the RRDC model is a mix of statutory and independent corporate entities. A sharp change from the original structures. There are 15 rural research and development corporations and industry owned companies (RRDCs). Five statutory RRDCs and 10 industry-owned RRDCs. The latter are independent entities with
expertise based boards. They were formed in response to an industry (producer) desire to have more control over their affairs, increased flexibility, industry representation and to foster market driven research and development that will be widely adopted by industry. These corporations provide a mechanism for the farming industries to invest collectively in research and development and, in the case of most of the industry-owned RRDCs, invest in both marketing and research. (www.ruralrdc.com.au/Pahe/Home.aspx)

No other structure exists anywhere else in the world for rural research and development institutions funded partly by the national government with matching monies paid by thousands of individual businesses. There are always critics of the structures and operations of the RRDCs in Australia. But research has not revealed any farm political organisation, State or Federal producer group, that asserts the system has no value and should be dismantled. Nor is there open criticism from any major political party group. But all farming organisations voice proposals that government funding for research ought to be increased. That is a continuing call.

The unique feature of the system is that in the quarter of a century since the establishment of the corporations, Australian businesses continue to pay their research and development levies. Some individual farmers and their commodity focussed organisations occasionally object to making those payments or to the way their funds are invested. For example, the producers of grass fed cattle sparked a senate enquiry into the MLA’s investment in research and development in 2014.

In the final analysis, food consumers and fibre users are the main beneficiaries of the research and development. This is through lower prices and quality assurance but this fact is rarely highlighted by scientific or farmer or retail advocacy organisations. It is a curious and regrettable omission. Addressing this public good feature may go some way to allaying concerns over taxpayers investment in rural research and development.
In a press statement on 15 May 2015 *Decentralising agencies to boost regional employment and investment* the federal government announced proposals to move some RRDCs out of Canberra and relocate them in some regional areas and Hobart, Tasmania’s capital city:

The Australian Government has reaffirmed its commitment to relocating three research and development corporations (RRDCs) and the Australian Pesticides and Veterinary Medicines Authority (APVMA) from Canberra to regional Australia.

Minister Joyce said:

“The Australian Government is committed to boosting jobs growth and strengthening communities across Australia. Locating the agencies in agricultural communities or close to related institutes is part of this commitment.”

We’re exploring locations that will allow these agencies to sit within and have better access to the communities and industries they serve.

The preferred locations being considered by the government include:

- The APVMA (Australian pesticides and veterinary medical authority to Armidale (NSW) or Toowoomba (Queensland).
- The Grains Research and Development Corporation (GRDC) to Wagga Wagga (NSW).
- The Rural Industries Research and Development Corporation (RIRDC) to Albury-Wodonga.
- The Fisheries Research and Development Corporation (FRDC) to Hobart.
Australia’s agricultural productivity is underpinned by hardworking communities from all corners of the nation, which is why the government would like these agencies to move closer to the industries they serve."

Minister Joyce said the cost of relocations was an investment that would bring long term benefits to Australian rural industries and their communities by forging closer connections between research, regulation and industry.

“Moving the three RRDCs would contribute about $13 million a year to local economies, while moving the APVMA would contribute about $16 million a year to the local economy,” Minister Joyce said.

The response to the proposal from the Opposition’s spokesman Joel Fitzgibbon claimed that:

“Agriculture is about to lose significant talent and expertise in the crucial areas of research & development and chemicals regulation. It's a devastating blow from a political party which promised to boost research & development. This move will do just the opposite.”

6.3 Major Changes to Rural Research and Development Corporation (RRDC) Structures

In the quarter of century since John Kerin developed and introduced the PIERD act to the Federal Parliament in 1989, there have been a considerable number of official enquiries into funding the corporations.

Taxpayer funding of any institutions or systems is always under threat. This certainly applies to the RRDCs. They could be further amalgamated or eliminated and so supporters of the current system need many safeguards against those possibilities. It is significant that no private corporations have paid significant funds to any RRDCs for single or multiple research programs in the past 25 years.
The Productivity Commission, previously known as the Industries Assistance Commission and the Industry Commission has examined the RRDCs three times, most recently in 2010-2011.

The Commission is one of Australia’s most highly respected policy bodies. Its website www.pc.gov.au says that an enquiry entitled financing rural research was conducted by the IAC in 1976, 13 years before the Kerin reforms. In May 1994, five years after the establishment of the RRDCs, the then newly named PC reported on its enquiry into rural research and development in Australia. In June 2011, the PC published the outcomes of on its most recent enquiry.

### 6.4 Labor Party’s Continuing Support

John Kerin (Inall, 2013, personal communication) says:

> The changes put in place by the 1983-1996 Labor Party government have survived, but not intact. As far as agricultural research governance is concerned, there has been some return to populism in board selection due to the succeeding conservative, coalition Howard Government.

During the years of the Rudd/Gillard/Rudd Labor Governments (2007-2013) there were a number of steps to fine-tune the management, accountability and operation of the Corporations. Critics may well argue that they added more and more red tape and bureaucracy to the management of them. Some observers may be surprised that the Labor Governments of Paul Keating, Kevin Rudd and Julia Gillard continued to support the RRDC’s framework and provided funds for it. This surprise reflects the common misplaced perception that the Labor Party has little interest in the natural resource industries. The opposite is closer to the truth. Because the National Party generally and legitimately takes its political support for granted it is less inclined to fight for reforms intended to benefit rural people.
However, the rural and development corporation known as Land and Water Australia was eliminated by the Rudd Government. It had been solely funded by the federal government. A regrettable decision.

6.5 Then Labor Calls for Another Enquiry into Research and Development Corporations

On 15 February 2010, the then Labor Party’s Assistant Federal Treasurer, Senator Nick Sherry announced that the government had referred the RRDCs to the pre-eminent economic analysis body, the Productivity Commission (PC). Its task was to review and examine the economic and policy rationale for Commonwealth Government investment in rural research and development.

In February 2011, the PC’s report was released recommending a slow reduction in the government’s financial support to rural research and development. The advice was rejected by the Gillard Government and significantly both political parties still support Commonwealth funding. Indeed as detailed later the conservative government led by Tony Abbott (elected in September 2013) decided to increase funding to the Corporations after the National Party promised that an extra $100 million would be made available to the RRDCs if the Conservatives won that election. Despite the subsequent breaking of many election promises the government honoured this particular commitment. However, funding for the CSIRO and Co-Operative Research Centres was reduced.

Labor Governments led by Kevin Rudd and Julia Gillard (2007-2013) also took significant steps to fine tune the management, accountability and operation of the RRDCs. They included public statements of support by two Ministers for Agriculture, Fisheries and Forestry: Tony Burke and Senator Joe Ludwig. They highlighted the on going need for the work of the RRDCs; the establishment of a Rural Research and Development Council to advise the government on rural research and development strategies and to give them more focus; establish a new national strategic rural research and development investment plan based on an agreed list of national priorities for profitable, globally competitive, sustainable,
innovative and adaptable primary industries. The statements can be found on the website www.daff.gov.au

In essence, Ministers Burke and Ludwig reiterated the words of Ministers Kerin and Cook in their 1989 statement. But Burke added that rural industries now face a confluence of significant new challenges including:

- a need to adapt to, and mitigate, the impact of climate change;
- increasing pressure on global food security;
- declining productivity growth in some industries;
- a highly competitive international trade environment;
- labour and skills; and
- shortages.

The Gillard Government also refreshed the rural research and development priorities which were established in 1994, reviewed in 2007 and again reviewed in 2013.

The priorities are described, together with complementary research activities of critical importance over the next 5 to 10 years in the priorities booklet. Website: www.daff.gov.au/media/documents/ag-food/innovation2/priorities_booklet_final.pdf.

The Gillard Government also established a permanent council, formed by the Chairs of each of the 15 RRDCs. The aim of the Council is to lead, communicate and champion rural research and development in Australia. Regrettably the Council has made only minor moves since its establishment to fulfil the aims of communicating or championing rural research and development in Australia.
6.6 Research Goals in Labor’s National Food Plan

It was not until the publication of a report by PMSEIC (the Prime Minister’s Science, Engineering and Innovation Council) in October 2010 entitled *Australia and Food Security in a changing World*, that the Gillard Government decided to develop a national food plan. All previous enquiries/reports had been focussed on agriculture and the production of food and fibre. And that is where they stopped: at production. Seldom any mention of the essential activities in food beyond the farm gate.

After wide consultations a green paper or draft plan was developed and a final plan was released on 24 May 2013 and is known as the Department of Agriculture’s (2013) *National Food Plan: Our Food Future*. ISBN 978-1-76003-000-1 Canberra. ACT. Australia.

On 24 May 2013, the document was officially launched at the Rocklea markets in Brisbane by the then Minister for DAFF, Senator Joe Ludwig. It sets out goals strongly connected to Research and Development towards 2025 for the food industry. The aim is to increase agricultural productivity by 30% by that year with farmers growing more food using fewer inputs.

No doubt some industry commentators and observers would deride the aim of a 30% increase in farm productivity in Australia by 2025. But it is an aim and for an industry with few official stated aims this is a brave statement.

Senator Ludwig said:

> We will continue to support innovation along the food supply chain investing in our world leading research and development system—currently around $700 million annually.
Productivity has long been a success story of Australian agriculture growing at almost 2% a year between the late 1970s and the 1990s; but agricultural productivity has grown little since (ABARES 2013) due in part to widespread drought conditions over the last decade. Returning to positive rates of productivity growth will be central to maintaining the sector’s long term international competitiveness.

We will continue looking for ways to increase the overall investment in rural RD&E including from the private sector.

We support rural research and development through investments worth about $700 million annually including the RRDCs and programs run by the CSIRO, universities, Co-Operative Research Centres and other Australian Government agencies (it should be noted that as a result of the 2014 Federal Budget, funding for CRC’s has been reduced).

RRDCs commission and manage targeted investment in research, innovation, knowledge creation and transfer. In 2011-12 total expenditure on RRDCs on research and development was about $459 million.

Australia is sharing information and collaborating internationally by working with the OECD. The OECD has recently developed a draft framework to help governments inform each other about their efforts to improve agricultural productivity. Australia is participating in early tests of the framework alongside Brazil and Canada.

A significant development.
The National Food Plan published in July 2013 is a unique document and needs to be endorsed and pursued by all players along the food and fibre chain in Australia, as well as all governments … national and state.

According to the Department of Agriculture’s website the plan was archived on 19 July 2013. The content of the plan’s former website is available on the National Library of Australia’s trove web archive.

Significantly the Coalition parties never commented positively or negatively about the National Food Plan. They ignored it and proceeded to develop a green paper on agricultural competitiveness after their election in September 2013.

6.7 Conservatives Support Research and Development Framework with Adjustments

When he became Prime Minister after the 1996 national election, the Conservative parties’ leader, John Howard, was determined to repair the federal budget. That decision could have affected all the RRDCs. His expenditure review committee was keen to eliminate funding for all RRDCs but that proposal was not agreed to. John Anderson, the former leader of the National Party and Deputy Prime Minister, was against any reduction in funding of the RRDCs, let alone their elimination. He drafted a letter of resignation to the Prime Minister but it was never submitted. (Inall, 2011, personal communication, in an interview for the oral history section of the National Library of Australia).

Nevertheless, the Energy R&D Corporation was eliminated by the Howard Government. That decision, this researcher believes, was a major mistake given the importance of energy exports let alone, the rising energy needs of domestic consumers and the direct links between energy use and climate change which directly affect agriculture.
John Kerin has always supported the idea of ongoing examination of RRDCs and indeed had an expectation of that happening. In a speech at the Gold Coast Convention Centre in Queensland to the Poultry Information Exchange (PIX) on 21 May 2012, he endorsed the value of constant evaluation of the RRDCs and their operations.

His statement followed changes to the structure, administration and focus of most corporations in the 25 years since he established them. As mentioned in the introduction to this chapter, Kerin’s ‘pure’ research model was abandoned by the Howard Government in favour of a model combining research and marketing.

Kerin’s original model had separated research and development bodies from those undertaking a marketing role. That move was based on a disconnect regarding the original philosophy that underpinned the research and development bodies and statutory farm marketing authorities. Kerin kept them separate.

Partly to help reduce costs in the past quarter century, a number RRDCs and marketing organisations have been combined. This was because some policy makers believed research and marketing were strongly related to one another and so should be fellow passengers on the same train.

For example the Meat Research Corporation and its functions were originally in one single research body. But its operations were absorbed into the marketing group previously known as the Australian Meat and Livestock Corporation, now Meat and Livestock Australia (MLA).

The Horticultural R&D Corporation has been a cause celebre especially given the number of different fruit and vegetable products grown across Australia. As a result of another enquiry a new body known as Horticulture Innovation Australia Ltd came into being on 4 November 2014.
John Kerin was, and still is, a fervent advocate of keeping research and development bodies apart from those responsible for marketing. Kerin (Inall, 2014, personal communication) wrote:

I strongly believe that a combined statutorily based marketing and research body will always tend to favour marketing and production research only and that research boards (RRDCs) need to be composed of specialists who know something about the relevant sciences and disciplines and research administration as well as production and simple commodity marketing (John Kerin, 2013, personal communication).

The three general forms of the agricultural research and development ‘mish mash’ now is that there are those in the original form like the GRDC; there are those who have been taken back into the Statutory Marketing Authorities (SMAs) and those who are industry owned. One of the problems of this is the ‘siloing’ which gives even less chance for cross-sectoral and cross commodity research.

6.8 Coalition’s White Paper on Agriculture’s Competitiveness

On 22 October 2014 at the NFF’s congress in Canberra, the federal Minister for Agriculture, Barnaby Joyce launched the Australian Government’s green paper² on agricultural competitiveness.

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² In a political context the definition of a green paper is a draft that might/might not raise policy options that, depending on political decisions, could become firmly fixed policies. These government policies are normally published in what is known as a white paper.
In part it raises questions about:

- updating the rural RD&E priorities to better align with community needs.
- advanced technology, to enhance innovation through technologies such as robotics, digitisation, ‘big data’, genetics and precision agriculture;
- adoption of research and development, with a focus over time on increasing private delivery of extension services;
- establishing a new body, or tasking existing research bodies, to coordinate cross-sector research—a new or existing body could be tasked with promoting agricultural research;
- enhancing access to the research and development tax incentive—stakeholders expressed interest in enhancing access to the government’s research and development tax incentive for the agriculture sector; and
- promoting the development of extension services. Many stakeholders said they wanted to ensure that RD&E was effectively delivered to farmers to get the maximum value from levy expenditure.

These are perennial questions and the answers may not be new answers.

The NFF reacted two days later on 4 September 2014 stating it is a strong supporter of Australia's levy system. It is a system that delivers pooled funds for valuable industry research and development, marketing and biosecurity preparedness measures that would otherwise be unaffordable for the majority of farmers.
6.9 Farmers Acquiesce

Given farmers on-going scepticism about government regulations and taxes it is surprising that farmer levy payers have remained (generally speaking) compliant with the collection of levy funds for the research and development system. In short, most levy payers have trusted it. Few have said that monies spent by the RRDCs are wasted.

However, some cattle producers have claimed, for example, that grass fed beef production has been pushed into the background in the allocation of funds for research. Barnaby Joyce, the new Minister for Agriculture in the Abbott Government, suggested to the Australian Senate’s Rural and Regional Affairs References Committee that it might investigate this issue. The Committee’s report *Industry structures and systems governing levies on grass-fed cattle* was released in September 2014 and is available at the internet website: www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Beef_levies

It is significant and surprising that there has been no official examination by state based farmer organisations or by the NFF of the operation or working of the PIERD Act. As mentioned earlier those bodies regularly call for increased funding by governments for research but there is no offer of increased levy payments. Farmer organisations rarely complain about how their levy payments are used. Advocacy and advocacy skills by Australian farm organisations has been examined by the privately funded Australian Farm Institute (AFI). Its benchmark report *Opportunities to improve the effectiveness of Australian Advocacy groups ... a comparative approach* published in Sydney in March 2014. The authors, G Potard and M Keogh wrote:

Farmer representation and advocacy organisations in Australia are facing considerable difficulties at the moment, exemplified by declining membership, fragmentation and perceived ineffectiveness.
It says the contributing factors include:

The deregulation of the agricultural sector, which has reduced the direct roles of farm lobby groups in formulating legislation and the gradual centralisation of major issues affecting agriculture towards the Australian Government and away from state governments, which has changed the roles and influence of state based farming organisations.

These words strongly indicate that issues like price support and protection against the import of farm goods which farming organisations and the NP have traditionally fought for, have largely disappeared. This is not to say these organisations are irrelevant especially in lobbying about issues like coal mining in areas with high quality soils like the Liverpool Plains in NSW. But state farming groups, national commodity groups and the national farmer’s body are reticent advocates for research and development programs. Their voices for this cause are seldom heard.

6.10 Criticism of the Research and Development System – The Commodity Focus Issue

Apart from the merging of most rural marketing and research and development corporations there have been other subtle changes in research and development policy and practices. Keogh & Potard (2011), wrote in *Private Sector Investment in Agricultural Research and Development in Australia*:

In Australia, the nature of the agricultural research, development & extension (RD&E) portfolio and how it is changing over time can only be surmised, but it is fair to say that there is less funding of basic research, and more funding of applied research and experimental development. The end result is that the RRDCs have become more important sources of external funding for government research agencies, as have private-sector companies.
John Kerin added to some of the AFI’s concerns in 2012 (Inall, 2012, personal communication):

A current problem with the RRDCs is that they do not interact with each other when pooling of resources that may help in addressing some shared challenges, for example, weed research.

As a result of the extra push for accountability, the CSIRO like its economic research counterpart ABARES, has to raise up to half of its working funds, division by division. As a result, scientists spend a lot of time chasing potential benefactors or partners. That means the scientists spend a lot of time writing submissions rather than doing research.

“It’s the modern way”, Kerin says. “The problem is if 50% of funds are not raised externally, the organisation loses researchers and priority setting becomes chaotic. He says that at the same time, a counter argument if you like: there has been a growth in the number of private sector consulting firms with specialised expertise who ensure that project selection is competitive. This allows research and development corporations to think of them as valuable and independent providers particularly in economic and broader areas.”

He went on:

“There is also a need to retain research capacity so that we understand what research being carried out overseas is relevant to us. As science becomes more collaborative, global, cross/multi/inter-disciplinary and data-rich we will not earn a seat at the table if our research standing is not world class. As part of an international trading community and a middle power we need to understand research strategies are going to be partially identified in terms of mega trends.”
As a former Director of the Commonwealth Scientific and Industrial Research Organisation, Kerin added:

The Organisation sees a world of limited resources, the personalisation of goods and services, divergent demographics, increased mobility and universal digitisation implying more device connectivity and mobility.

Research funding and to a lesser extent extension, need to be insulated from the worst excesses of shortsighted agri-politics. The strength of the Australian Research and Development model is the balance between private and public investment to achieve a balance of public and private benefits.

The situation of minimal private contribution to research in Australia reflects much lower private business intensity whereas the public contribution has maintained its level. The aim of policy makers for the private sector to contribute more (in Australia) has not been successful. A lot of our secondary industries are multinational and therefore derived innovations can be introduced slowly. We don’t have large economies of scale and there can be much free loading by many industries on the publicly funded research infrastructure.

The economic pressure on the farm sector in Australia still engenders agricultural organisations to optimise their position and ‘farm the government’. While production and productivity have risen over the last 30 years (but declined or flattened out in the first decade of the 21st century) net farm income has declined or at least flattened out.
Dr Cameron Archer, Principal of Tocal Agricultural College, in the Hunter Valley of NSW. (Inall, 2013, personal communication) says:

The current RRDC structure has a number of shortcomings:

- First there are too many RRDCs and they are industry specific. It seems that the industries compete against each other and not for the good of agriculture. There is little collaboration. They give the impression they are collaborating but they are not.

- Then the structure and the philosophy of the RRDCs take the very narrow view of what research and development is about. They pay lip service to the development and it’s all about perpetuating research. They pay lip service to extension and education. Modern thinking in this area is about innovation and there is a whole chain of innovation, part of which is research and not just for research sake.

There is no collaboration on generic issues such as soils even though they say there is. Soil research has got a very poor record in this country since state governments and the CSIRO extracted themselves from such activities.

Another significant critic of the current management of RRDCs is Dr Andrew Campbell, the former CEO of Land & Water Australia, now Director of the Research Institute for Environment and Livelihoods at Charles Darwin University in the Northern Territory.

Writing for the Australian Universities’ website The Conversation (www.theconversation.com.au) on 3 September 2012, Campbell highlighted cross-sectoral issues like climate, water, energy, food and biosecurity as being complex and involving a multitude of players. He says what is needed is to bring national co-ordination, strategic direction and intelligent research investment and management to big, complex, intersecting issues and that they should have a mandate beyond agriculture.
I believe that rural sociology, farm economics and rural health could be added to Campbell’s list.

Despite the endorsement by government, bureaucratic, farmer and senior scientific level groups for Australia’s research, development and extension systems (www.science.org.au), one Australia’s pre-eminent scientific organisations, the Australian Academy of Technological Sciences and Engineering (ATSE) believes the national rural research and development system is in urgent need of repair. The organisation (www.atse.org.au) regularly supports research and development through its publications but it has no strong official advocate or spokesman. The organisation appears to operate only through the printed word.


In the document ATSE says Australia’s:

Agrifood and fibre innovation system has undergone significant change over the past two decades including governance changes within the RRDCs, shifting focus and reduced levels of resourcing within the state and Commonwealth departments of primary industries. As a whole, the agrifood and fibre innovation system requires refocusing, reconnecting and better coordination to reinvigorate agricultural innovation in Australia.
The report continues:

This will only be achieved if Australia develops a long-term strategy and vision for its agricultural sector to remain competitive and relevant for the future. To be globally competitive, Australia must stay ahead of the pack in innovation. This means the agricultural innovation system must be focused, co-ordinated and well resourced to enable Australia’s world class research to be translated into innovative Australian agribusiness with a focus on value-add.

The ATSE report recommends that action be taken to:

Significantly increase agricultural and agri-food based research, development and advisory programs by industry and governments, including investment in substantial international partnerships, to provide a platform for Australia to achieve continued increases in productivity necessary to remain competitive and develop emerging export opportunities.

Encourage cooperation between industry, governments and research providers to better coordinate, connect and translate research, as well as identify future research needs.

It is disappointing that ATSE does not go further by providing a step-by-step program to implement its recommendation. It is also of concern that no spokesman from ATSE has continued to publicly advocate the changes it believes are required. Nor has Australia’s Chief Scientist publicly taken up the cause. There is no Ian Clunies-Ross, Earle Page or John Kerin to be a constant advocate for the RD&E system and for increased funding for it.
6.11 Getting More Co-operation

Ministers often call for greater co-operation between the research and development corporations. This was a regular theme of Minister Senator Joe Ludwig in 2013:

Among other things we want to improve is priority setting and co-ordination across the whole RD&E system and keep increasing cross-sectoral research to meet broad challenges such as improving soils.

This followed the constant calls for RRDCs to get together. They should share research facilities, research staff, and funding on particular projects. For decades there have been barriers to this happening because of the costs involved, because of inter-state rivalries, research organisation rivalries, professional rivalries and scientific rivalries.

Another reason advanced for the lack of co-operation, I believe, is because of Australia’s size. It is very hard to draw people together in Australia for projects in their common interest. The process can be very expensive if professional people have to be hundreds of kilometres away from their professional base for weeks/months to contribute to a particular project. There are many participants in the rural RD&E system. Therefore, co-operation and co-ordination are essential. The geographic problem of getting scientists together to discuss projects is now (2015) much easier and cheaper with the use of the various and well-established means of electronic communication.
6.12 RRDCs 2015

John Kerin (Inall, 2013, personal communication) believes that establishing the RRDCs was the best thing he ever did but:

He is nervous about the future of the RRDCs. They are steadily being eaten away … expertise based boards have gone and they are moving back to being parts of marketing corporations and as they are, necessarily, constructively criticised and reviewed and as farmers inexorably move to control them totally, the ‘econocrats’ will eventually convince a cabinet to wipe them out.

He expresses further concerns:

A major issue for the RRDCs is that funds are specifically commodity based in most cases. This runs in the face of the fact that most of Australia’s commercial farms are engaged in mixed livestock and cropping and possibly other niche production.

As previously mentioned, a current problem with the RRDCs is that they do not work together in the pooling of resources which may help in addressing some mutual challenges for example, weed research.

As a former chairman of the CRC for Australian Weed Research, Kerin is well aware of this deficiency in Australia’s agricultural research thrust.

Whichever way future policy develops it would seem that there is little alternative to continue to use producer levies unless the national government decides to fund all the research on budget, which is not likely.
What would he want to do if he was in power again? John Kerin says he:

Would restore the energy, land and water research and development corporations but combine them into one RRDC. I would replace the National Water Commission with a national natural resource management commission with research backing from the water, energy and land research and development corporations.

(Note: In May 2015, the National Water Commission (NWC) established by the Howard Government in 2004 was integrated into the Productivity Commission.)

Keogh (2012) highlights the challenge of achieving an appropriate mix of projects that range from basic research right through to market-ready products and systems. He believes whether the Australian agricultural RD&E system has that balance right is an open question. The indicators suggest that there has been a drift towards short-term applied research activities, and a drift away from long-term basic research activities.

Keogh says the fact that Australian agricultural RD&E is a set of activities carried out semi-autonomously by a range of different government, industry and private-sector organisations makes it very difficult to obtain a comprehensive overall picture of the complete Australian agricultural RD&E portfolio. It is fair to say that there is less funding of basic research, and more funding of applied research and experimental development.
6.13 Making the Research and Development System More Flexible

Forty years ago, as mentioned in Chapter 5, the four eminent agricultural economists (Harris, Gruen, Honan & Crawford) who delivered the Green Paper on rural policy to the Whitlam Government in Australia wrote:

Encouragement should be given to reduce the inflexibility of industry research funds such that research relevant to all farm resources, whole farm systems and economic and social problems are made easier to accommodate from industry fund financing.

This may be an easy point to make but, as 40 years of experience demonstrates, it is not an easy one to achieve.

Keogh (2013) too questions whether the Australian agricultural RD&E system has that balance right. He claims the indicators suggest a drift towards short-term applied research activities, and a drift away from long-term basic research activities.

His words highlight a long term problem for rural research institutions and rural researchers. Can quick solutions be found to long term problems in a way to satisfy funders?

The push for greater accountability by some farmers (for example, some cattle producers) of individual commodities forces administrators of research funds to distribute them over a necessarily narrow range of projects directly related to the investment by growers. This is an outcome of the commodity focus of the research and development system.
6.14 Research and Development and Extension

An increasing difficulty for the research/development/extension model, as originally established by Kerin, has been the gradual withdrawal of state government funding for extension of the findings by Research and Development Corporations. When established in 1989, it was assumed by all parties that State agencies would continue to play the major role in extension. In the 1960s private farm management advisory services had started mainly in NSW and Western Australia and they had taken over some of the extension role of the state governments. In its *Blueprint for Australian agriculture 2013-2020* published in 2013, National Farmers’ Federation asserts:

> Extension is essential to applying research and development outcomes and suggests re-invigorating extension through building on successful private models. Success would be measured by a strong focus on the adoption of research outcomes.

In its June 2014 report, *Drivers of Practice change in Land Management in Australian Agriculture*, ABARES highlights a number of truisms, which extension practitioners have known for decades but without backup research. In part, the ABARES points to the value of farmers learning in groups: hearing and discussing the results of research:

> Farm managers who are more likely to adopt are those who are members of a group, have participated in an Australian government program, and have participated in extension and learning activities, with some variation between practices. Farmers who were members of a group were more likely to adopt more sustainable farming practices than those who were not.

For some reasons, group membership is particularly important as both a catalyst for change and a measure of engagement in sustainable farming practises.
Consultants are important in providing the farm management advice on sustainable cropping practice, and state governments provide weed management support. Landcare and production groups support all activities.

ABARES findings endorse a long term practice in the farming industry where individual farmers learn in groups like those members of the agricultural bureaux in South Australia and NSW, NSW and WA farm management groups in the 60s and 70s, and Topcrop\(^3\) groups. There is nothing new in concerns about communicating the outcomes of research to levy payers, to farmers. Research and development corporations have endeavoured to highlight their findings in printed annual reports and through traditional communication channels for example, television programs, CDs and DVDs. But there is no culture among levy payers, the wider food and fibre industry or the wider Australian community that nurtures, fosters and honours research and the implementation of research findings.

Some research and development corporations have conducted their own extension programs. They have used field days such as the numerous ‘Meat For Profit’ field days managed by the former Meat Research Corporation. There have been regular grower updates and Topcrop field days for decades in many regional centres by the Grains Research and Development Corporation (GRDC). It has continued to communicate with its levy payers and other interested parties through its user friendly print publication *Ground Cover*, specialist supplements and its regular DVDs about research in progress or research results.

These are examples of the creeping inevitable takeover by national authorities of the research/development/extension model in Australian agriculture filling the void left by the States.

\(^3\) Topcrop was an on-farm demonstration program conducted by the Grains Research and Development Corporation (GRDC). It no longer exists.
6.15 States Bail Out of Extension

The decline in focus on extension by state departments of Agriculture has led to the increasing involvement of agri-business companies giving advice to farmers. For example, the agri-chemical, fertilizer/seed companies and private agricultural advisory services.

Importantly this question has to be posed. In the digital age, will most farmers receive the results of scientific research programs, which they have partly funded, through global/national/state and regional, digital extension services? It is not unusual for some Australian producers to easily access USA and European data and adapt to their operations. At the BAE Conference in 2014, Mick Keogh said:

It is worth noting that effective extension services (either public or private) are an important lever in ensuring that any innovations are more readily adopted by Australian farm businesses. This leaves extension—specifically improving the effectiveness of agricultural extension—as the main short term lever available to resuscitate agricultural productivity in Australia. The challenge for research providers in Australia is that there are no well-structured information supply chains that can be used to reliably communicate the outcomes of research to farmers through their advisers.
This graph highlights the flattening out of state government investment in extension.

Keogh’s assertion of the need for a single national information network focussed on delivering the results of the RRDC research programs should be vigorously pursued. The structure would need to respond to questions quickly and without any barriers. It is possible that the ABC could provide this service through the internet.
A number of farmer groups are doing their own research and extension with private industry finance and some government help. The outstanding example is the Birchip Cropping Group (www.bcg.org.au) in the Mallee lands of western Victoria. Others like AMPS (Agricultural Marketing and Production Systems) (www.ampsagribusiness.com.au) based at Tamworth in NSW is a mirror of Birchip with an agribusiness focus added.

6.16 Communications of Research and Development

Daly et al (2015) highlight the ongoing need to extension in their paper *Australia’s Agriculture Future*:

> Applied research outcomes need to be disseminated, demonstrated and commercialised appropriately to increase the speed of uptake.

In the *Weekly Alert No: 14/2015* newsletter of the Australian Institute of Agricultural Science and Technology (AIAST) dated 7 April 2015 the National President David Hamilton highlighted a CSIRO report into *Community attitudes to science and technology in Australia*. It is available from the CSIRO’s research publications repository. Retrieved from https://publications.csiro.au/rpr/pub?pid=csiro:EP145330

They found four key segments of the population that view science in very different ways:

**Fan Boys and Fan Girls.** This group is about 23% of the population and they are very enthusiastic about science and technology. Science is a big part of their lives and they think everyone should all take an interest in it.

**The Cautiously Keen** makes up about 28% of the public. They are interested in science and technology, but can be a little wary of it. They tend to believe that the benefits of science must be greater than any harmful effects.
The Risk Averse represents about 23% of the population. They are much more concerned about the risks of science and technology, including issues such as equality of access. Most of their values about science are framed in terms of risk.

The Concerned and Disengaged makes up 20% of the population. They are the least enthusiastic and least interested in science and technology. Many of them don’t trust it. They believe the pace of science and technology is too fast to keep up with and that science and technology create more problems than they solve.

This report highlights the challenges that face research organisations in encouraging the general public to absorb the results of scientific research and consequently support those bodies and their work.

One of the significant characteristics of the Kerin ministry was that it communicated and communicated often with its constituents and the wider community. In his statements, Kerin demonstrated his belief in policy and ensuring that the rural community knew about those policies. In particular, he wanted to ensure the rural community understood the new policy directions.

Communication with the widely scattered rural and farm community in Australia was paramount and this action was certainly before the digitisation of media in the country.

However, this researcher believes the benefits are seldom recognised, certainly not publicly nor within the federal and state political systems. Herein lies a danger that the research and development corporations and their programs are always under threat of funding reductions or elimination, particularly as governments need to demonstrate ‘public good’ outcomes like improvements in the environment, health and rural community strength.
Some Australian farmers are accessing the results of overseas research. Mullen and Cox (1995) claim that:

Research conducted interstate or overseas can be a source of spill over productivity gains, whether as ideas gained from the research of others or through foreign technology adapted to suit local conditions. The small number of studies that have considered foreign spill overs have found that foreign research and development is as important, if not more so, as domestic research and development.

Alston (2010) adds to that assessment when he wrote:

Moreover, foreign research and development is likely to be especially important for small, open economies such as Australia.

### 6.17 Getting the Research Message to the Masses

Mainstream media largely ignores rural research, development and extension. Scientific research results are seldom highlighted as an important issue to the general community: let alone primary producers, let alone consumers of primary products.

Those research results are hard to convey to urban audiences but they need to be if the fundamentals of the Kerin reforms to the research and development framework are followed. We need, therefore, ongoing communication projects to demonstrate to farmers, advisers and consumers, the benefits of particular research programs such as: the availability of a special new variety of tomatoes; reduced toughness of beef; as well as tastier chicken raised on specialised diets.

Farmers and food retailers could add the other positives like the use of more sustainable farming practises, less water use and less greenhouse gas emissions as well as the development of innovative farm products which have improved nutritional values and taste to consumers.
Australian farmers are fortunate that their national publicly funded radio, television and internet organisation, the ABC is a trusted provider of information. It could fill the role Keogh has suggested but it would need staff with an insatiable hunger to discover the results of scientific research and how and where that information might be applied.

Why don’t other media organisations report more frequently on rural research? The fact is that farm research stories are regarded as dull and even very dull if the reporter believes they are dull. In a highly urbanised country like Australia, farm research has very limited appeal even to a majority of farmers who have paid levies for that research.

Keogh in *Farm Institute Insights* Vol. 11 No 2, May 2014, discusses fully the ‘E’ of the original RIDE model. He wrote:

> The challenge for research providers in Australia is that there are no well-structured information supply chains that can be used to reliably communicate the outcomes of research to farmers and their advisers.

Unfortunately, it is a fact that every state government research agency seems intent on developing their own internet presence, which leaves farmers and their advisers with a confusing array of different information sources that are inefficient to search from a user’s perspective.

Keogh’s assertion about the need for a well structured information supply chain for Australian agriculture requires strong support from farm political organisations, the Australian Institute of Agricultural Scientists (AIAS), consultant’s organisations and the Australian Agricultural Council (AAC).
The need to involve the wider community in rural research and development was endorsed by Tobias Marchand, Chairman of the international agribusiness company, Bayer ANZ, when he addressed the Youth Agricultural Summit in Canberra on 27 August 2015. He said:

“There must be significant investment in research and development to ensure we have the technology to intensify production. It’s vital that the public is taken with the industry on that journey. As an industry, agriculture must build trust among the public and drive understanding of the innovation that is so acutely needed”.

6.18 From Extension to Innovation


Innovation only occurs when the results of research and development are put into practice. To gain more benefits from our research and development investment, we asked RRDCs to formally plan for extension and adoption of research results.

We will focus on ensuring that new technologies and methods are communicated well to our food industry to increase the levels of adoption. The private sector will keep providing extension services where commercial opportunities exist. The government will focus its extension investments where significant public investments exist, such as improved natural resource management.
The problem of communicating the positive outcomes of research including public health and ensuring they are adopted was recognised by ATSE in the October 2013 edition, Number 180 of the organisation’s regular publication, *Focus*.

The author, Richard Head of the University of South Australia, highlighted the situation when he wrote Australian research organisations contribute some of the most critical assets for productivity in Australia:

> Success relies not only on excellent research and education, but on our ability to listen and to work collaboratively with industry and society to respond to their needs and challenges.

The above truism applies equally to agricultural extension and needs to be repeated often. Just as importantly, industry engagement improves the relevance of research questions to the needs of industry.

In the same publication Max Lu of the University of Queensland wrote:

> Universities need to think strategically to engage and work with external partners. These can take many forms but, whatever their shape, these partnerships have a multitude of beneficiaries because they help ensure that great research results are utilised locally, nationally and internationally.

This is again a truism that applies equally to agricultural extension and needs to be repeated often.

ATSE (2013) issued an eight-page position paper entitled *Rethinking linkages: translating research into economic benefits for Australia*. 


It emphasises:

Collaboration between business and publicly funded research organisations is crucial to improving the translation of research into productivity. Experience shows that effective collaboration between business and publicly funded research organisations can benefit from what it calls “independent facilitation to build trust and establish momentum between parties.”

The document lists a number of recommendations including:

The Commonwealth Government should put in place measures to overcome the barriers and disincentives to collaboration between Publicly Funded Research Organisations (PFRO) and business and establish new measures to encourage collaboration particularly for the benefit of small and medium enterprises (SMEs).

The above proposal, if followed, would require expertise in the management and communications sectors committed to overcoming the barriers and disincentives to collaboration between PFRO and business. This is not different to the calls for greater collaboration between the RRDCs as highlighted earlier.

The ATSE document supports the use of voucher schemes which provide an appropriate mechanism for an SME to collaborate with a university, placing control of the collaboration with the SME. It says voucher schemes span the funding gap, spread risk and generally do not require matching funds.

It highlights the Victorian Government’s technology voucher program as an example of a successful scheme. Over 500 vouchers have been used over a three-year period to allow them (SMEs) to work with Publicly Funded Research Organisations (PFROs). Regrettably the document does not provide any evidence of how success will be measured.
It seems essential that the council of the RRDCs adopt a policy of encouraging all its members to build on the model proposed by ATSE for universities to work with business operators from the start of research programs. But it is vital that RRDCs and CRCs are added to that model.

Another move worth examining is the place of “not for profit” organisations in the farm research and extension process. That is already happening with organisations like the Birchip Cropping Group (BCG) and southern farming systems group. Both are based in Victoria and both are farmer-supported organisations on which farmers are among the directors.

6.19  A Reality Check

However, Hughes (2011) recorded this important warning about research adoption:

Even taking recent droughts into account, broad acre productivity growth has slowed. Beyond drought, slow growth in average on-farm productivity also reflects a widening gap between the productivity of the ‘best-performing’ farms and ‘average’ farms, notably in the cropping and mixed crop–livestock industries. While farms are generally improving overall, average farms have not been improving at the same rate as the best-performing farms. This widening gap has acted as a drag on productivity growth.

One reason may be that some farmers are not undertaking sufficient innovation to maintain past rates of on-farm productivity growth. Innovation depends on farmers having the capacity to adopt and implement innovations and being willing to do so. In this respect, important questions are whether there are characteristics specific to lagging farms or the farm operating environment, or external factors such as the regulatory environment, underlying poor innovation rates.
A key constraint on ‘capacity’ for farmer innovation is low profitability. Added to that is physical and mental exhaustion for many older farmers. In short they reach an age where trying something new again is beyond their ‘capacity’: financial and age capacity especially if there are no younger family members on the farm to add support.

A report by ABARES (2014), *Drivers of practice change in land management in Australia* (www.daff.gov.au/abares), highlights a practical assessment which shows some farms are lagging behind in adopting some results of research. This assessment provides grounds for a research project or research projects to try and discover, as ABARE asserts, why some:

“farmers do not have the capacity to adopt and implement innovations” or perhaps not “being willing to do so”.

6.20 Levies

As stated in earlier chapters, the Kerin legislation requires Australian farmers to pay levies to help fund research. Their political lobby organisations are mostly agreeable although there are occasional outbursts of discontent. Many farmers paid research levies for 25 years or more before the Kerin legislation was enacted. The base assessment is that they and their organisations accepted the levies and paid up.

Kerin (Inall, 2013,personal communication) said:

I have met and still know farmers who cannot understand why they should pay levies for research, which they believe will never be of any specific use to them. In many cases they are right. It is the reverse side of the of the ‘free rider’ phenomenon. However, with the digital means now available to us to access information, I find it hard to believe that methodical enquiry cannot but bring some benefit or cause thinking.
What would happen if the government decided that farmers should increase their contribution as recommended by the Productivity Commission in its last report on the RRDCs?

Mullen in his paper in the *Australian Farm Journal* in 2012 on page 18 asserts:

> Farmers may not receive any benefits in their working life but more likely because they do not appreciate their contribution to their present farming system of past research efforts nor foresee how present research efforts may change farming systems decades hence.

The Productivity Commission has also argued for a stronger culture of impact assessment within research institutions so that stakeholders could be persuaded of the benefits from their investments and research funds is allocated to higher returning activities.

There has, however, been further resentment by some farmers and pastoralists who doubted the value of research to their individual businesses and to their industries.

Observations over 50 years of involvement in the rural industries has convinced this researcher that the resentment is partly a result of a misunderstanding or ignorance of the purpose of various research organisations. What’s more, the research and development bodies individually and collectively have done little to ensure that taxpayers and levy payers are aware of their operations or the outcomes of their research and the application of their results.
6.21 Future of the RRDCs Shaky

The 2013 National Food Plan states in the section called *Boosting agricultural productivity growth* that the federal government now provides in the order of $700 million each year for rural research and development through the RRDCs, CRCs, the Australian Research Council, CSIRO and universities.

In October 2013, the newly elected Abbott Government established what it called a National Commission of Audit to examine the scope and efficiency of the Commonwealth Government, to comment on the state of its finances and to advise on steps to ensure Australia’s long-term fiscal strategy is responsible and sustainable (www.ncoa.gov.au).

The Commission reported in February 2014 among its recommendations (number 34) on government expenditure on RRDC expenditure:

Changes to the current funding model, consistent with PC recommendations, would reduce the amount of government funding and better reflect the mix of private and public benefits. In particular, the current cap on dollar for dollar matching of industry contributions by government (currently set at 0.5% of gross value of production) should be halved over a 10 year period. A new uncapped subsidy at the rate of 20 cents in the dollar should be introduced for industry contributions above the level that attracts dollar for dollar matching.

The report added “The commission recommends the government take a more strategic, whole of government approach to the funding of research and development, by:

- abolishing sector-specific research and development programs;
- reducing government support for RRDC to better reflect the mix of private and public benefits; and
Surprisingly, in its first budget in May 2014 (generally regarded as a “horror budget”) the Abbott Government announced it would provide an additional $100 million for the RRDCs. This decision was contrary to the commission of audit recommendations and was in sharp contrast to the government’s decision to reduce funding to the CSIRO and the CRCs. The conclusion then is that there is still bi-partisan support for the research and development framework established under John Kerin’s framework 25 years ago.

Apart from its commitment to research through the above bodies, the federal government has had a strong involvement with the sciences through its Department of Agriculture, formerly known as DAFF.

On the 13 August 2013, Andrew Metcalf, the then Secretary of DAFF, announced a science strategy for the department. He said it provided a high-level framework for the development of the Department’s science capability over the next five years to 2018.

In his role as Minister for Agriculture from September 2013, Barnaby Joyce added his support for research, like his eight ministerial predecessors Labor’s John Kerin, Simon Crean, the late Senator Bob Collins, Tony Burke and Senator Joe Ludwig along with the conservative party Ministers, John Anderson, Mark Vaile, Peter McGauran and Warren Truss.

In a press statement released on 28 July 2014 Minister Joyce said:

Research is a priority for me. We know there is a strong link between research and development and growth and recognising research is a key driver to industry and farm gate profitability.
Perhaps surprisingly, especially given the adversarial nature of Australian politics there has been consistent support from the two major political parties for rural research and development through the corporate structures established by John Kerin in 1989.

### 6.22 Another Review of the RRDCs

On 2 September 2014, the Australian Senate moved that the industry structures and systems governing the imposition of and disbursement of marketing and research and development levies in the agricultural sector be referred for inquiry.

That analysis was in the hands of the Senate’s Rural and Regional Affairs and Transport References Committee which initially was to report by 24 November 2014. However, on the 2 October 2014, the Senate granted an extension of time for reporting to 30 June 2015.

As highlighted earlier in this document, the RRDCs have been reviewed by the IAC, the PC and the Commission of Audit and while the Howard Government permitted changes to the original framework, the fundamental structures established by John Kerin in 1989 have survived and have been retained by both Conservative and Labor Governments over the past 26 years.

Even if major changes or even abolition of the RRDCs was recommended it seems unlikely that the Abbot government would accept that advice. (Press statement by Barnaby Joyce, Minister for Agriculture, 15 May 2015).

### 6.23 Call for Greater Evidence of Impact and Benefits

Apart from focussing on high quality research, development and extension, an overriding concern was raised by the Productivity Commission in its 2011 report on the RRDCs. It argued for a stronger culture of impact assessment within research institutions so that stakeholders could be persuaded of the benefits from their investments and research funds.
This raises questions as to whether it is easier to develop that sort of culture in industries which are relatively close together geographically for example, the rice industry in southern NSW and the cotton industry of southern Queensland and northern NSW.

The question of culture goes further to leadership or lack of it in the rural research and development sector. The Executive Director of the Australian Farm Institute, Mick Keogh (2013) asserted:

Australian agriculture has a lot of work to do, to improve the performance of its innovation system, and it is of concern that at this stage there is no obvious leader driving the necessary changes.

Australia does not have an Ian Clunies-Ross, former chief of CSIRO, anymore and the wide remit of the Chief Scientist means that he is not focussed on agriculture. As recorded earlier, Clunies-Ross constantly spoke in public forums about the value of research. But that was in a different time when the health of the sheep and wool industries was paramount.

It could be said that in the second decade of the 21st century that research and development in for Australian agriculture needs a cloned John Kerin to lead it for the next 40 years.

Kerin (Inall, 2014, personal communication) took a more practical approach when he said:

“I would see sense in the establishment of an advanced institute of agricultural policy research in one of our major universities. It is very hard for our primary producers to see themselves in the broader scheme of things”.

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Keogh (2013) says:

“The key findings from the analyses and data from ABARES is that the Australian agricultural innovation system is no longer producing the benefits that it has in the past, and that change is needed if the desire of industry and government is to encourage the sector to grow and take advantage of accelerating global food demand.

It’s a fact that many immediately point to the static and declining levels of public investment in agricultural RIDE (mostly by state governments) since the 1970s as the most likely cause of current productivity trends.”

Pointing to other factors that might be contributing to low productivity growth, Keogh raises the possibility that Australia has reached the limit of its available good land and water resources, or that the sector is yet to fully recover from the extended drought that started in 2002.

Carberry (2010) supported examination of the ‘possibility’ raised by Keogh that perhaps Australia (generally speaking) has reached the full extent of productivity growth in agriculture. Obviously this generalisation does not apply to all industries but in the major industries like grains and meat production. Wool and horticulture would be exceptions.

The other limiting and uncontrollable factor is always the nation’s unreliable climate. Past experience has told Australians again and again of the dangers in over estimating the potential of Australian agriculture to produce more and more.
6.24 Conclusion

It is a truism that few Australian farmers vote for the Australian Labor Party. They certainly do not vote on the basis of the party’s rural policies. While John Kerin was Minister for Primary Industry and Energy, 40,000 rural supporters heeded the call of the NFF its outspoken president Ian McLachlan to rally against the Hawke Labor government in Canberra.

Interest rates were high, the protectionist policies of the EU, Japan and the USA were making farm trade difficult and there had been a number of strikes by the AMIEU about live sheep exports and in meatworks for example, the Mudginberri meatworks in the NT. None of this anger was directed at John Kerin personally except that he was a minister in the Hawke Government.

It was against this background and despite this background that John Kerin made his many reforms to rural policy. The establishment of the RRDCs and the fact that they still exist, albeit with many changes, is very significant. And so an overall assessment of research and development programs in agriculture in Australia is that they have provided invaluable benefits to farmers, agribusiness people and consumers. But the evidence is confusing with some authors claiming increased productivity in the late 1990s while others saying it has flattened out or dropped away.
CHAPTER 7: CONCLUSION

KERIN: LABOR MAN OF STRONG POLICY

1. Long period of conservative dominance of farm policy with Labor support.
2. The reforming Hawke Government.
3. Greater pressures on farmers after moves to freer international trade.
4. The rise of farm economists and their influence on government policy.

The coalition Liberal and Country political parties pursued every form of agricultural protection, assistance and subsidisation in the decades between the 1920s and the early 1980s. The value of this assistance was capitalised into land values, thereby hindering adjustment and adoption of new technologies with the potential of productivity gains. The outcome was complacency and a dependency on government support. In general terms, the Labor Party had long supported these policies as well. The Hawke Government arrived in March 1983 along with its new Minister for Primary Industry, John Kerin. Because he was from the Labor Party, he did have to bow to vested interests. John Kerin was on a campaign to reform national rural policy. As he has often said, he could hardly avoid losing a few National Party votes. He introduced an act to establish research and development corporations. They were to be financed through a unique process through which farmers paid production levies and the federal government guaranteed to match those funds.

When Kerin was appointed as Minister, he inherited the findings of inquiries by committees by the Australian Senate, by the Commonwealth Public Service Board and the private consultancy Urwick, into the operations of existing farm product research committees. Their findings were negative: the research programs had a limited focus and the funds were loosely managed. Indeed, total government funding for farm research was lower in real terms than eight years earlier. Kerin’s Prime Minister, Bob Hawke led a reformist government which reduced most forms of protection with the ultimate aim of abolition thereby exposing Australia’s economy,
including the farm industries, to the uncertainties of the international marketplace. Farmers were on their own following more than half a century of government price support. The 1980s were not a time for complacency.

As Shadow Minister for Primary Industry, John Kerin was aware of the findings from the various inquiries and pledged the Labor Party’s support for re-focussed farm research and increased funding in the agricultural policy document released just before the 1983 election.

Kerin was adamant that the best policy for the farm industries was focussing on increased productivity through research and development programs. It would hopefully help farmers to stay ahead financially. His aim was to make the research more focussed and accountable to its funders: the Commonwealth Government and the producer levy payers, through corporate research and development structures for each commodity.

Kerin demonstrated his focus on research in his first year as Minister, when he established an inquiry into the adequacy of his department’s scientific resources. It led to the setting up of the Bureau of Rural Sciences (BRS) within the department. Today BRS is incorporated with the Bureau of Agricultural and Resource Economics and Science.

Another key factor in Kerin’s research and development campaign was that the Hawke Government was aiming to eliminate all trade barriers or duties which meant that Australia had to consistently deliver high quality and safe farm products to domestic and world markets. That situation added to the need for continual improvement in the quality of food products at lowest prices. The only way to achieve these aims was for the government and growers to increase funding and improve the management of farm research and development programs.
7.1 The values and characteristics of John Kerin

When John Kerin took up the Primary Industry portfolio in 1983 he had been Opposition Shadow spokesman for three years. He also had previous parliamentary experience as a member of the Whitlam Government from 1972 to 1975.

He lost his parliamentary seat in 1975 and so knew about the ‘school of hard political knocks’; he also knew about developing policy and sticking to it through ‘thick and thin’. As a farm boy Kerin had learnt from the economic restraints imposed by the Depression and the Second World War with food rationing. He left school at the earliest possible age and soon experienced the daily rigors of farming with the dumping of excessive fruit production and the closing of the family’s poultry operation due to the wasting disease, leucosis. John Kerin subsequently became an accomplished axe man and also worked in town at the dry cleaners and brickworks. He was strongly influenced by his aunt, a school teacher, to extend his formal learning and completed high school studies at night and subsequently gained a university arts degree by correspondence. He joined the Labor Party and developed on-the-ground organizing skills as he re-invigorated the local branches in a region not recognized for its allegiance to Labor. He accumulated a lot of experience in establishing and fostering human relationships in all sorts of bodies: regional, farm, sporting and political. As a result he learned the importance of hard work, communication, taking on leadership roles while building empathy for other producers and understanding of how difficult farming can be.

As a staff member of the Bureau of Agricultural Economics, John Kerin was strongly influenced by its research findings and by many of its senior officers like the late Bob Whan and a number of its executive directors, in particular, the late Geoff Miller. Kerin says that all he achieved as Minister was because of Miller’s input and influence.

John Kerin entered the Hawke Ministry with a reputation for hard work and experience of local government, Labor Party and parliamentary politics and became responsible for the economic health of Australia’s oldest and most widely scattered
industries. He was ideally qualified to embark on reform of the country’s farm policies, with a basis in science, over the next nine years as Minister. As well, John Kerin developed a reputation for a disarming sense of humour, a skill he put to good use when dealing with a sceptical public as well. A valuable commodity for a radical reformer.

John Kerin, the Labor man. A rare person. A leader with a unique combination of a humble farming background, grassroots political experience, a high regard for education and research, a passion to improve the circumstances for farmers and a willingness and ability to question the status quo. All this combined into a formidable force for reform, just as Australia’s rural industries were about to be exposed to market forces to a much higher degree than historically.

7.2 The PIERD Act

Sticking to his research focus, John Kerin delivered three important research and development policy documents while he was Minister between 1983 and 1991. One was co-authored with his Prime Minister, Robert Hawke. They announced, in a major economic and rural policy statement, that reforms were needed to both the organisation and funding of rural research. The key was the government’s commitment to increased rural productivity and reduced costs with the objective of increasing commercial returns in a wide range of business activities, including processing, storage, transport of farm products as well as commodity production. By the time this statement was made in April 1986, the new government had almost doubled funding for rural research. There was no doubt that Kerin and Hawke were sincere in their intentions and prepared to invest resources to implement their policy.

The Kerin reforms to rural research and development were unique. He introduced the Primary Industry and Energy Research and Development (PIERD) legislation which placed individual commodities under a corporate structure with the unique funding arrangement via levies paid by farmers which are matched with government funds. The act directs the corporations to focus on research programs with strict guidelines for accountability and transparency of management and financial outcomes.
Directors can come from a wide range of business, scientific and farming backgrounds and are appointed by the Minister following the recommendations of selection committees. No positions are guaranteed beforehand. Under the 1989 PIERD Act, the corporations have to produce annual operational plans and five year research plans. Each corporation delivers an annual report which is tabled in Federal Parliament. There is an annual statutory meeting of levy payers.

What makes the act so unique is the government-levy payer funding arrangement. The other unique feature is the strong involvement of farmers at several stages in the governance stricture; assuring research is relevant to farmer’s needs. All its requirements are directed at the key goal of increasing competitiveness so farmers can continue to be profitable or more profitable in local and world markets. In essence, Kerin’s aim was to provide greater transparency in the use of research funds, managed with less involvement of vested interests and with increased accountability for the expenditure of public and grower funds.

The objectives of the 1989 Primary Industry and Energy Research and Development Act that Kerin introduced to parliament, are clear and simple. The first is to make provision for the funding and administration of research and development with “the aim of increasing the economic, environmental and social benefits to members of the primary industries and to the community”. Previous aims had never mentioned any post farm activity. Also Kerin makes clear that the community is also a direct beneficiary of rural research and development. This emphasis is often lost in debates on the desirability of government funds being used for rural research and development. An intentionally wide remit.

Another important factor was added. Achieving more effective use of the resources and skills of the community and the scientific community in particular, and most importantly, improving accountability for expenditure on research and development activities in relation to primary industries.

The last aim detailed in the PIERD act is developing the adoptive capacity of primary producers. In short, encouraging farmers and others in the food chain to implement the findings of research. The act does not say how this might be achieved
but mentions that one of the functions of the corporations is to “facilitate the dissemination, adoption and commercialisation of the results of research and development.” In 2015 implementing this function is difficult given the significant wind back in extension services by state governments. But may be renewed under the new Turnbull Government’s new emphasis on innovation in late 2015.

Through his proposals for the 1989 Act, Kerin overcame the objections of the pre-eminent government departments like Finance and Prime Ministers’ and convinced the parliamentary opposition to support the establishment of the research and development corporations. A remarkable achievement of bureaucratic and political consensus forming, and a measure of how effective John Kerin was in articulating and then implementing his vision. A true indicator of leadership.

The aims and mission of the PIERD Act have been fulfilled over the past 26 years. It would be hard to find any stronger endorsement than that of the Productivity Commission. In its 2011 report on the Rural Research and Development Corporations, it asserted that through the RRDCs, consumers and the wider community benefit with better standards of living through cheaper and better quality foodstuffs. The Commission went even further: “with the current funding arrangements as well as the high level of industry engagement and support by all sectors, Australia’s model of research and development is globally unique”. A strong and unqualified endorsement that includes reference to community benefits.

The other major legacy of John Kerin’s ministry was his commitment to, the then relatively new concept in the 1980s, of sustainability. It is defined as the capacity to endure; to give biological and other systems the capacity to survive without needing major repairs. In short, reducing pressure on the nation’s soils, landscape, forests and oceans. Kerin strongly supported the community based Landcare movement and instigated policies to restrict overfishing of threatened species.

Kerin’s moves were bold and innovative. But he was supported with his reforms because the Hawke government was committed to scientific research. Apart from delivering increased funding for farm research and development it invested taxpayer
funds in the newly created Co-Operative Research Centres and established the important and influential, national position of Chief Scientist.

Since the passing of the PIERD Act in 1989, numerous inquiries have been held into their validity by Australia’s premier economic policy research body - the Productivity Commission, the Parliament and private organisations. In 2015, Kerin’s reforms are still supported by all political parties and the National Farmers’ Federation. But the continued existence of the research and development corporations cannot be taken for granted. Future governments will always be attracted to cutting costs to what is seen, mistakenly by many, as a small niche activity with benefits mainly constrained to the private sector, specifically farm enterprises.

Kerin’s basic research and development framework is still intact despite six changes of government since 1989 and numerous inquiries. It has the support of all major political parties: Labor, the Nationals and the Liberals. Over the years there has been specific criticisms of Kerin’s reforms. One of the criticisms is that the commodity focus results in inadequate attention being paid to cross commodity themes: for example, soil science or rural sociology. Solutions have been proposed, most commonly new ‘integration’ bodies, but none have succeeded to date. One of the keys is to the persistence of Kerin’s reforms is the openness and acceptance of the need for periodic review and reform. The research scene situation is constantly changing.

The question must be asked whether, in the face of government cost cutting measures, will the research and development corporations survive, especially as agriculture represents only 3% of Australia’s gross domestic product?

Backers of the RDC system need to regularly re-iterate the return the public receives for its 50% investment in the system. Critics ask why should the government (taxpayer) contribute to rural research? In their mistaken view, the benefits of rural research are largely captured by private stakeholders, like farmers and agribusiness, so why should taxpayers contribute? The response to this requires greater focus, including quantitative analysis of the public goods and services including
environmental benefits (including land, water and biotic resources), social benefits (rural communities and rural jobs arising as a result of rising productivity increases) public health benefits (provision of safe, affordable, nutritious and diverse foods to support healthy eating) and food security in Australia and internationally.

As revealed in the original PIERD Act, John Kerin always anticipated the need to defend public investment in rural research and development by emphasising the community benefits.

The fundamental strength of John Kerin’s research and development reforms’ focus is borne out by the fact that the framework of the research and development corporations has survived for 26 years so far. Two governments, those of Howard and Rudd, eliminated two of the corporations, which were totally government funded: Howard, the Energy RDC and Rudd, Land and Water Australia. No doubt the key factor which weighed heavily in the decisions to retain 15 research and development corporations is that growers of a range of commodities fund half the cost of running those bodies through their producer levies.

The Productivity Commission endorsed the value of the corporations’ work in its 2011 report on the research and development corporations. It described the benefits not only to farmers, but also to consumers and the wider community, through such things as better standards of living through cheaper and better quality foodstuffs.

7.3 John Kerin’s legacy

The research and development corporations established through the PIERD Act of 1989 are John Kerin’s greatest legacy. Those corporations guarantee their two funding partners: the federal government and the farmer levy payers that research and development programs are undertaken to increase the productivity of their crops and livestock. Kerin gained increased funding for rural research and introduced greater accountability in managing research funds. He ensured that chosen research projects were relevant to farmer needs with farmer participation on research boards
and advisory committees. This encouraged farmer adoption of research results because of the greater relevance [of research] to needs.

Kerin says (personal communication, Inall, 2011) that establishing the research and development corporations was the best thing he ever did. It would be hard to dispute his assertion.

Kerin seldom adds his other achievements like establishing the Bureau of Rural Sciences in his Department; introducing Plant Variety Rights for plant breeders; establishing the rural consulting service for farm families struggling with the demands of financiers; launching the Innovative Agricultural Marketing Scheme for firms and individuals, trialling risky but new ways to market farm products; providing grants to rural women who were encouraging others to form community learning and action groups and providing strong support for the Landcare movement which was designed to turn around the exhaustion and deterioration of the Australian landscape.

Now more than ever, with the world’s population forecast to increase from 7.5 billion to 9.5 billion by 2050, and with finite land and water resources under ever increasing pressure, Australian society needs to retain John Kerin’s system of funding and governance of rural research and development. Indeed many developing countries faced with food security and resource degradation challenges, would benefit greatly from close study of John Kerin’s rural research funding and management models. The wider international adoption of John Kerin’s principles would be a fitting tribute.
EPILOGUE

On 17 April 2015, in typically open style, John Kerin advised numerous friends and associates that medical specialists had advised him that he has lymphoma. He was about to undergo treatment.
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APPENDIX A.

THE HONOURABLE JOHN CHARLES KERIN, AM

Academic Background and Awards

1967: Bachelor of Arts, University of New England (UNE)

1977: Bachelor of Economics, Australian National University, (ANU)

2000: Centenary Medal

2008: Distinguished Life Member of the Australian Agricultural and Resource Economics Society

2010-Present: Chair, Crawford Fund (national)

2013-Present: Adjunct Professor, Australian National University, (ANU)

Australian National University, Canberra,

Honorary Doctorates in Agricultural Science, Letters and Science from the University of New England (UNE), NSW, Australia, the University of Western Sydney (UWS) NSW, Australia and the University of Tasmania (UTAS), Tasmania, Australia.

Honorary Fellow, Australian Academy of Technological Sciences and Engineering

Honorary Fellow, Australian Institute of Agricultural Science and Technology

Honorary Fellow, Australian Rural Leadership Foundation

Order of Australia, AM

Australian Agricultural Medal

Honorary Member, Australian Veterinary Association
Occupational Record

1953-1971: Axeman/forestry worker, brick-setter, farmer and businessman

1971-1972: Economist in the Bureau of Agricultural Economics, Canberra, working on the Australian Objective Management Project on wool marketing

1972-1975: Member for Macarthur in the House of Representatives, Canberra; member of three Statutory Committees and three Government Committees; Leader of Delegation to East Timor

1974: Member of Parliamentary Delegation to Papua New Guinea

Sept 1975: Member, Parliamentary Delegation to Inter-Parliamentary Union

1976-1978: Research Economist in the Bureau of Agricultural Economics, working in Divisions of Dairy, Horticulture and Grains; Principal Research Economist, Bureau of Agricultural Economics

1978-1993: Member for Werriwa in the House of Representatives, Canberra,


1983-1987: Minister for Primary Industry, Australian Government

1987-1991: Minister for Primary Industries and Energy Australian Government

1991: Treasurer of the Commonwealth of Australia

1991: Minister for Transport and Communications, Australian Government

1994-1997: Chairman of the Australian Meat and Livestock Corporation, Sydney

1994-1999: Chairman of the French and Australian Industrial Research Committee
Chairman of the Food Quality Advisory Committee
Chairman of the Government’s Committee on International Environment Issues
Chairman of the Board of Technoport Pty Ltd; Chairman of the Board of Biologic Pty Ltd
Chairman of the Board of Corporate Investment Australia Funds Management

1994-2001: Chair of Audit Committee and Health and Safety Committee of each coal entity as name changed.

1995: Chair, Australian Weed Management

1995-1999: Chairman of the Boards of Co-Operative Research Centres for Soil and Land Management

1995-2001: Chairman, Queensland Reef Fisheries Management Advisory Committee

1995-2005: Chair, Sustainable Production Forestry

1995-2008: Chair, Sustainable Development of Tropical Savannas

1996-1998: Chairman, Biologic International

1996-2004: Chairman of the NSW Water Advisory Council

1996-2005: Chair, Sensor Signal and Information Processing
1997-2008: Chairman of the Board of Coal Mines Australia Ltd
Deputy Chairman of Ingwe Coal Pty Ltd
Board member Billiton Coal Pty Ltd

1998: Member of Independent Advisory Committee on Socio-Economic Analysis (water reform)

1998-2000: Commissioner, NSW Western Lands Review

1999-2000: Chairman of Midfield Livestock Management Pty Ltd, Australia

1999-2001: Chairman, Board of the Queensland Fisheries Management Authority

1999-2001: Chairman, Queensland Trawl Management Advisory Committee

2001-2004: Chairman NSW State Forests

2002-2004: Member, NSW Advisory Committee, Safe Foods Production

2003-2005: Chairman, CSIRO Stored Grains Research Laboratory

2003-2005: Councillor of Birds Australia

2004: Chair, NSW State Forests and NSW Forestry Commissioner

2004-2006: Chairman, National Ovine Johne’s Disease Programme, Advisory Committee,

2004-2007: President of the ACT Branch of the Australian Agricultural and Resource Economics Society
2004-2012: Member of the Board of the Southern Rivers Catchment Management Authority

2007-2012: Member of the Clunies Ross Foundation

2008-2011 Board Member, Commonwealth Scientific and Industrial Research Organisation (CSIRO)

2008-2012: Chair, Interim Advisory Committee to the Australian Weed Research Centre

2011-Present: Poultry CRC

2012-Present: Chairman, National Committee, Crawford Fund

Publications and Reports

- Research, Innovation and Competitiveness, 1983
- Economic and Rural Policy Statement, 1987
- Primary Industries and Resources: Policies for Growth, 1988
- The Hawke Government, (chapter), 2003
- NSW Western Lands Review, 2000
- Report of the Premier’s Taskforce on Sustainable Resource Management and Farm Economic Viability
- Funding Review for Safe Food Production Authority and also Section 73 Review - three reports in all.
- Mid-term Review Ovine Johne’s Disease Programme 2006 (part)
- The Whitlam Legacy, (chapter), edited by 2013,
- Innumerable speeches, some of which published
Honorary Positions

1994-2000: Chairman of the Macarthur Council of University of Western Sydney

1999-2008: Member of the Board of UNICEF Australia Committee

2000-2003: Deputy Chancellor of the University of Western Sydney

2001-2003: Member, Whitlam Institute

2002-2004: Chairman of the Marine Stewardship Council

2003-2005: Member of the Council of Birds Australia

2004-2007: President of the ACT Branch of the Australian Agricultural and Economics Society

2006-2008: Deputy President, Board of UNICEF Australia Committee

2007-2008: President of the ACT Bush Capital Club

2008-2012: Member, Crawford Fund Board of Governors and Chair of NSW and ACT Committees

2009-2011: Member of Clunies Ross Foundation Board

2012-Present: Chair of the Board of Governors, Crawford Fund
Member, Council of Volunteers Abroad

2012-Present: Chairman, Living Landscapes, Bundanoon Trust

2014-Present: International Ambassador of goodwill for the International Crops Research Institute for the semi-arid tropics
Memberships

- Australian Agricultural and Resource Economics Society
- Australian Institute of Agricultural Science and Technology
- Academy of Technological Sciences and Engineering.
- Australian Conservation Foundation.
- NSW National Parks Association.
- World Wildlife Fund (Governor)

Personal

Date of Birth: 21 November 1937, Bowral, NSW, Australia
Married to Dr June Raye Verrier
## APPENDIX B.

### OTHER POLICIES SUPPORTING RURAL AUSTRALIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>Rural reconstruction Commission inquiry</td>
</tr>
<tr>
<td>1945</td>
<td>Rural Reconstruction Commission</td>
</tr>
<tr>
<td>1946</td>
<td>Rural Policy for Post War Australia: Commonwealth Government</td>
</tr>
<tr>
<td>1974</td>
<td>Green Paper on Rural Policy</td>
</tr>
<tr>
<td>1982</td>
<td>Balderstone Report on Rural Policy</td>
</tr>
<tr>
<td>1986</td>
<td>Economic and Rural Policy by the Hawke Government</td>
</tr>
<tr>
<td>1989</td>
<td>Research, Innovation and Competitiveness—Policies for re-shaping Australia’s Primary Industry and Energy, Research and Development: the Hawke Government</td>
</tr>
<tr>
<td>2006</td>
<td>Creating our future: agriculture and food policy for the next generation.</td>
</tr>
<tr>
<td>2013</td>
<td>Australian Government: National Food Plan by the Gillard Government</td>
</tr>
<tr>
<td>2014</td>
<td>ATSE Food and Fibre: Australia’s Opportunities.</td>
</tr>
<tr>
<td>2014</td>
<td>Agricultural Competitiveness Green Paper</td>
</tr>
<tr>
<td>2015</td>
<td>Agricultural Competitiveness White Paper</td>
</tr>
</tbody>
</table>
Policy Documents of the National Farmers’ Federation

1993  New Horizons, a strategy for Australia’s Agrifood Industries

2012  Blueprint for Agriculture
APPENDIX C.
AGRICULTURAL MARKETING ARRANGEMENTS

Since the 1970s, competition has been gradually introduced into most agriculture industries where compulsory agricultural marketing arrangements had governed processes between the farm and (either or both) domestic and export markets. Key reforms include:

<table>
<thead>
<tr>
<th>Decade</th>
<th>Commodity</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970s</td>
<td>Wheat</td>
<td>Move from guaranteed to stabilised prices; provision for ‘grower to buyer’ sales outside the pooling arrangements; home consumption price limited to wheat for human consumption and determined by a formula to take account of export prices</td>
</tr>
<tr>
<td>1980s</td>
<td>Dried vine fruits</td>
<td>End of price stabilisation arrangements in 1980</td>
</tr>
<tr>
<td></td>
<td>Citrus</td>
<td>Decade-long phase down of tariffs from 30 to 8 per cent, beginning in 1986; state marketing boards amalgamated, reducing geographical barriers to competition</td>
</tr>
<tr>
<td></td>
<td>Cotton</td>
<td>Queensland Cotton Board deregulated in 1989</td>
</tr>
<tr>
<td></td>
<td>Eggs</td>
<td>State-based production and pricing controls progressively withdrawn from 1989</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
<td>Domestic administered price arrangements and export controls terminated by the Commonwealth in the late 1980s</td>
</tr>
<tr>
<td></td>
<td>Wheat</td>
<td>Domestic market deregulated in 1989; grower levy fund introduced to replace the Commonwealth guarantee of Australian Wheat Board borrowing</td>
</tr>
<tr>
<td>1990s</td>
<td>Barley</td>
<td>Competition gradually introduced into domestic feed and malting barley marketing in South Australia and Victoria from 1998</td>
</tr>
<tr>
<td>Dairy</td>
<td></td>
<td>Phased reductions in market support payments on export of dairy products</td>
</tr>
<tr>
<td></td>
<td>Dried vine fruits</td>
<td>Commonwealth price equalisation levy and statutory equalisation of domestic sales removed in the early 1990s, as was the industry’s exemption from section 45 of the Trade Practices Act (which reduced the scope for collusive price discrimination)</td>
</tr>
<tr>
<td>Horticulture</td>
<td>Underwriting scheme for apples and pears terminated in 1990</td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td>Local Leaf Content Scheme and the Tobacco Industry Stabilisation plan ceased in 1995; withdrawal of vesting powers in 1995</td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td>Import tariffs and domestic price supports removed in mid 1997</td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>Australian Wheat Board converted from statutory authority to a grower-owned company in 1999</td>
<td></td>
</tr>
<tr>
<td>Wool</td>
<td></td>
<td>Reserve Price Scheme ceased in 1991</td>
</tr>
<tr>
<td>2000s</td>
<td>Dairy</td>
<td>State-based controls over sourcing and pricing of market milk ceased in 2000; 9-year Dairy Industry Adjustment Package (DIAP) concluded in 2009</td>
</tr>
<tr>
<td></td>
<td>Barley</td>
<td>South Australian single-desk arrangements terminated in 2007; Western Australian market deregulated in 2009 (allowing any number of licensed entities to export barley)</td>
</tr>
<tr>
<td></td>
<td>Canola</td>
<td>Exports of canola and lupine deregulated in Western Australia in 2009 (traders no longer required to apply for licenses to export)</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
<td>Queensland Sugar Limited lost its compulsory acquisition powers in 2006 and lost exemption from the Trade Practices Act in 2009</td>
</tr>
<tr>
<td></td>
<td>Wheat</td>
<td>Bulk exports deregulated in 2008, meaning proposals to export bulk wheat no longer needed approval from the single-desk seller (Australian Wheat Board)</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Rice</td>
<td>NSW Rice Marketing Board still retains powers to vest, process and market all rice produced in NSW (around 99 per cent of Australian rice is produced in NSW)</td>
</tr>
<tr>
<td></td>
<td>Potatoes</td>
<td>Western Australian Potato Marketing Corporation still controls the supply of fresh table potatoes in that state</td>
</tr>
</tbody>
</table>

Key reforms include:

1970s  Wheat  • Moved from guaranteed to stabilised prices; provision for ‘grower to buyer’ sales outside the pooling arrangements; home consumption price limited to wheat for human consumption and determined by a formula to take account of export prices.

1989  Wheat  • Domestic market deregulated in 1989; grower levy fund introduced to replace the Commonwealth guarantee of Australian Wheat Board borrowing.

1999  Wheat  • Australian Wheat Board converted from statutory authority to a grower-owned company.

1980s  Dried vine fruits  • End of price stabilisation arrangements.

1986  Citrus  • Decade-long phase down of tariffs from 30 to 5%, beginning; state marketing boards amalgamated, reducing geographical barriers to competition.

1989  Cotton  • Queensland Cotton Board deregulated.


1980s  Sugar  • Domestic administered price arrangements and export controls terminated by the Commonwealth in the late 1980s. Sugar Import tariffs and domestic price supports removed in mid 1997.
<table>
<thead>
<tr>
<th>Year</th>
<th>Industry</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990s</td>
<td>Barley</td>
<td>Competition gradually introduced into domestic feed and malting barley marketing in South Australia and Victoria from 1998. Barley South Australian single-desk arrangements terminated in 2007; Western Australian market deregulated in 2009 (allowing any number of licensed entities to export barley).</td>
</tr>
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<td>Dairy</td>
<td>Phased reductions in market support payments on export of dairy products.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State-based controls over sourcing and pricing of market milk ceased in 2000.</td>
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<tr>
<td>1991</td>
<td>Wool</td>
<td>Reserve Price Scheme ceased.</td>
</tr>
<tr>
<td>1995</td>
<td>Tobacco</td>
<td>Tobacco… Local Leaf Content Scheme and the Tobacco Industry Stabilisation plan ceased.</td>
</tr>
</tbody>
</table>
2008 Wheat  
- Bulk exports deregulated, meaning proposals to export bulk wheat no longer needed approval from the single-desk seller (Australian Wheat Board).

2009 Canola  
- Exports of canola and lupins deregulated in Western Australia in traders no longer required to apply for licenses to export.

Ongoing Rice NSW Rice Marketing Board still retains powers to vest, process and market all rice produced in NSW (around 99% of Australian rice is produced in NSW)

Potatoes Western Australian Potato Marketing Corporation still controls the supply of fresh table potatoes in that state

At the same time there has also been a decline in requests by various farm industries for Government assistance to various Federal Ministers. They have referred those requests to the Industries Assistance Commission (established by the Whitlam Government) later re-named the Industry Commission and the Productivity Commission

The following list demonstrates the gradual decline in requests for assistance and enquiries as to their validity:

1975  
- TB and brucellosis slaughter  
- New land farms in Western Australia  
- Rural income fluctuations  
- Superphosphate bounty  
- Nitrogen fertilizer  
- Short term assistance to beef producers  
- Dairy Industry  
- Fruit Reconstruction
1976
- Rural Reconstruction
- Fruit in South Australia
- Agricultural tractors
- Financing Rural Research
- Financing promotion of rural products
- Animal foods
- Pharmaceutical and veterinary products
- Dairy Industry marketing
- Financing rural products
- Assistance for the consumption of phosphatic fertilizers
- Australian olives

1977
- Orange juice
- Agricultural wheeled tractors

1978
- Rural income fluctuations
- Australian citrus industry
- Short term assistance to brandy producers
- Wheat stabilisation
- Vegetable oils, animal oil and fats

1979
- Sugar
- Spirituous beverages
- Grapes and wine

1980
- Apples and pears

1981
- Canned ham
- Manufactured tobacco
- Ginger and ginger products
- Fruit and fruit products
• Polyunsaturated margarine

1982
• TB and brucellosis eradication
• Phosphatic and nitrogenous fertilizers
• Canning fruit
• Oranges and tangerines
• Tobacco industry

1983
• Sugar
• Abattoir and meat processing
• Rural adjustment
• Dairy—extension of underwriting
• Wheat industry
• Sugar
• Dairy

1984
• Dried vine fruits
• Nitrogenous fertilizers
• Rural adjustment
• Honey
• Agricultural wheeled tractors
• Southern blue fin tuna
• Dried vine fruits

1985
• Vegetables and vegetable products
• Assistance for phosphate production and consumption
• Apples and Pears
• Biological control of echium
• Fertilizers
• Grain harvesters
1986
- Vegetables and vegetable products
- Cultivation machinery
- Crop and rainfall insurance
- Citrus fruit
- Rice
- Canned fruit

1987
- Rice

1988
- Fresh fruit
- Wheat industry

1989
- Government regulation of packaging and labelling of processed foods and beverage industries
- Dried vine fruits
- Underwriting of apples and pears

1991
- Dairy industry

1992
- Sugar
  - Australian Horticultural Corporation - effectiveness in increasing international competitiveness
- Water resources and waste water disposal

1993
- Horticulture

1994
- Meat processing
- Tobacco growing and processing

1995
- Rural research and development

1998
- Ecologically sustainable land management
- Pigmeat and pig industries
<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
</table>
| 1999 | • Implementation of ecologically sustainable development by the Commonwealth Government and its agencies  
      • Pig and pigmeat industries—safeguard action against imports |
| 2001 | • Citrus growing and processing |
| 2002 | • Impact of foot and mouth disease in Australia  
      • Citrus growing and processing |
| 2004 | • Impact of native vegetation and biodiversity regulations |
| 2005 | • Australian pig meat industry |
| 2008 | • Wheat exporting marketing arrangements  
      • Wheat exporting accreditation scheme |
| 2013 | • Processed fruit imports  
      • Processed tomato imports |
APPENDIX D.
ATTACHMENT B: CONSULTATION COMMENTS
APPENDIX E.
A CABINET SUBMISSION

Department Primary Industries & Energy Portfolio
A Research and Development Policy Statement, 30th March 1989