Primary Industries and Energy Research and Development Bill 1989

Date Introduced: 4 October 1989
House: House of Representatives
Portfolio: Primary Industries and Energy

Digest of Bill

Purpose
To establish Research and Development (R&D) Corporations and a Rural Industries Research and Development Corporation (RIRDC) to provide for the funding and administration of R&D into agricultural industries.

Background
The Commonwealth supports R&D into agricultural industries through grant schemes, taxation concessions, contributions to research funds, and funding of tertiary education institutions which conduct rural R&D.

The Rural Industries Research Act 1985 controls the organisation and administration of Rural Industry Research Funds (RIRFs). RIRFs provide for government and private sector involvement in financing industry-specific agricultural R&D and for private sector participation in determining the priorities for that expenditure. RIRFs receive income from levies imposed on commodities and from Commonwealth matching contributions. In 1988–89, $123.9 million was allocated to RIRFs and related schemes (e.g. the Fishing Industry Research and Development Trust Fund), of which $65.4 million was provided by the Commonwealth.

Each RIRF is administered by a council which investigates and evaluates the requirements for R&D, develops R&D plans, monitors and reports to Parliament on R&D activities, and approves the payment of money from their RIRF. RIRFs and councils have been established for the barley, chicken meat, cotton, dairying, dried fruits, grape and wine, grain legume, honey, oilseed, pig, egg, sugar, tobacco and wheat industries and also for the Australian Special Rural Research Fund (ASRRF).

The ASRRF provides financial support for scientific, technical and economic R&D into new rural industries and existing rural industries which are too small to justify the establishment of their own RIRF. In 1987–88, 154 R&D projects, spanning horticulture, field crops, animal industries, vegetable crops, multi-national and national interest areas, and forestry farm trees, received $3.1 million in financial assistance. In supporting R&D projects, the Australian Special Rural Research Council (ASRRC) seeks parallel industry

WARNING:
This Digest was prepared for debate and should not be taken as a complete guide to the legislation which may reflect amendments.
funding. Some projects however, are supported without industry contributions, particularly those involving new industries considered to have high growth potential (e.g. coffee). ASRRC is responsible to Parliament and the National Farmers Federation.

In 1987, the Government made an election commitment to develop and publish a policy paper on rural R&D. That paper, titled ‘Research, Innovation & Competitiveness – Policies for Reshaping Australia’s Primary Industries and Energy Portfolio Research and Development’, was released in May 1989. Key policy principles and changes announced include that a case exists for government involvement in R&D in Australia (e.g. to compensate for situations in which market imperfections would result in under investment in R&D if it was left solely to the private sector) and that the Government will continue to encourage the agricultural industry to increase their levy contribution to at least 0.5% of the gross value of production, and will match their contributions to that level. In addition, the Government considered that the R&D corporation was the most appropriate structure for efficiently administering R&D programs; that a new Rural Industries R&D Corporation be established for administering funds under the ASRRCF and existing RIRFs where it is not feasible to establish separate R&D corporations, or where an industry wishes its RIRF to come under the new corporation; and that legislative changes will be made to existing rural R&D corporations to bring them into line with more autonomous operational administrative arrangements proposed for R&D corporations.

Main Provisions
The object of the Bill will be to provide for the funding and administration of R&D into primary industries for a number of purposes, including increasing the economic, environmental or social benefits to members of primary industries and to the community, and improving accountability for expenditure on R&D activities (clause 3).

Clauses 5 and 6 provide for levies to be attached to R&D Corporations or R&D Funds by regulation, and for the redirection/transfer of levies between R&D Corporations or R&D Funds.

Part 2 of the Bill (clauses 8 – 91) deals with the establishment, functions, finances and powers of R&D Corporations and the RIRDC. Clause 8 provides for the establishment of R&D Corporations by regulation. The RIRDC will be established by clause 9. The establishment of the RIRDC will have effect from 1 July 1990 (clause 2).

The functions and powers of R&D Corporations are contained in clauses 11 and 12 and include to investigate and evaluate the requirements for R&D into primary industries; to co-ordinate or fund R&D activities; and to monitor, evaluate and report to Parliament, the Minister and industry organisations on the R&D activities that are co-ordinated or funded by the corporation.

A R&D Corporation is to consist of a Chairperson, a government director, an Executive Director, and between 4 to 6 other directors ('nominated directors') (clause 16). Clause 17 provides that the directors of an R&D Corporation, other
than the Executive Director, will be appointed by the Minister. However, the
Minister is not to appoint a person as government director unless satisfied they
have experience and knowledge in government policy and public administration.
Nominated directors must be appointed from persons nominated by a Selection
Committee.

Clauses 19 - 29 provide standard administrative/accountability requirements
for 5 year R&D plans, annual operational plans, and annual reports.

Division 5 of Part 2 of the Bill (clauses 30 - 46) deals with finance. Clause
30 provides for funds to be paid to R&D Corporations from money received by the
Commonwealth under the Collection Act for each levy attached to an R&D
Corporation. R&D Corporations to which no levies are attached are to be paid
from Parliamentary appropriations. The Commonwealth's matching contribution is
not to exceed a R&D Corporations levy payments, except in relation to the RIRDC
(clause 31). The Commonwealth's matching contribution is not to exceed 0.5% of
the gross value of production of the goods produced by the primary industry to
which a levy relates (clause 33). Clause 34 provides that R&D Corporation funds
may only be spent for certain purposes, including funding R&D activities
specified in an annual operational plan and to pay expenses and liabilities
incurred in the performance of its functions. Clauses 35 and 36 provide for R&D
Corporations to pay the Commonwealth for expenses incurred in collecting and
administering levies and refunding levy money. The Minister for Finance may lend
money to an R&D Corporation (clause 41), while clause 42 provides that an R&D
Corporation may, with the Treasurer’s approval, borrow money both within and
outside Australia. The Treasurer may guarantee the borrowing of a R&D
Corporation (clause 43). Clause 46 provides that a R&D corporation will be
subject to taxation, other than income tax, under Commonwealth laws, but not
State or Territory laws unless specified in the regulations. The remainder of
Part 2 of the Bill deals with procedural matters.

Part 3 of the Bill (clauses 92 - 120) deals with the establishment, functions
and powers of R&D Councils and R&D Funds and will operate from 1 July 1990
(clause 2). Clause 92 provides for the establishment of R&D Councils by
regulation. The functions and powers of a R&D Council are contained in clauses
92 and 93 and include to investigate and evaluate the requirements for R&D into
the primary industry in respect of which it was established; approve the payment
of money from its R&D Fund; and to monitor, evaluate and report to Parliament,
the Minister and its representative organisations on the R&D activities that are
funded by the Council’s R&D Fund. Clause 96 provides the RIRDC with additional
functions, including administering R&D Funds; providing administrative and
clerical services to R&D Councils that have entered such an agreement; and
entering into agreements with persons to carry out R&D activities on behalf of
R&D Councils.

Clauses 97 - 100 deal with the Constitution of R&D Councils. A R&D Council is
to consist of a Chairperson, a government member, and between 3 and 7 other
members ('nominated members') (clause 97). The members of a R&D Council are to
be appointed by the Minister, although nominated members are to be appointed
from nominations of a Selection Committee (clause 98). Clauses 101 – 106 provide standard administrative/accountability requirements for R&D plans, annual operational plans, and annual reports.

Clause 107 provides that where a R&D Council is established, a corresponding R&D Fund will also be established. Clauses 108 – 117 deal with the finances of R&D Funds. The provisions are substantially the same as those that deal with finances of R&D Corporations (see clauses 30 – 36 above).

Part 4 of the Bill (clauses 121 – 140) deals with the establishment, functions and powers of Selection Committees. Selection Committees for R&D Corporations will be appointed by the Minister and comprise a Presiding Member and 3 to 6 persons nominated by industry organisations. The Minister may reject a nomination where not satisfied that a person should be appointed (clause 123). Clause 124 will allow the Minister to appoint up to 6 members for predominantly Commonwealth funded R&D Corporations. Where the Minister appoints less than 6 persons, industry organisations may nominate the remainder. The Minister may reject a nomination where not satisfied that a person should be appointed.

Selection Committees for R&D Councils will be appointed by the Minister and comprise a Presiding Member, a member having knowledge and experience in R&D, scientific matters, or marketing, and 1 to 3 persons nominated by industry organisations. The Minister may reject a nomination where not satisfied that a person should be appointed (clause 125).

The functions and powers of Selection Committees are contained in clauses 126 and 127 and include to nominate, at the Ministers request, persons for appointment as nominated directors of R&D Corporations and nominated members of R&D Councils (clause 126).

A Selection Committee is not to nominate a person for appointment to a R&D Corporation or a R&D Council unless they appear to the Selection Committee to have certain expertise, including administration of R&D; business management; environmental and ecological matters; or the conservation of natural resources (clause 130).

The Minister may give directions to R&D Corporations or R&D Councils on the performance and exercise of its functions and powers. Particulars of any directions are to be included in the annual report of a R&D Corporation or R&D Council, unless the Minister, on the recommendation of the Corporation or Council, considers that disclosure of the direction would be likely to prejudice the commercial activities of the Corporation or Council, or the Minister considers that disclosure of a direction would not be in the public interest (clause 142).

Where a R&D Corporation or R&D Council is established, the Minister may transfer to the Corporation or the RIRDC any assets held by the Commonwealth that the Minister considers appropriate for the performance of their functions and exercise of their powers (clause 143).
References


For further information, if required, contact the Economics and Commerce Group.

12 October 1989

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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