

TECHNOLOGY & INNOVATION MANAGEMENT CENTRE

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Committee Secretary
House of Representatives Standing Committee on Agriculture and Industry
PO Box 6021
Parliament House
Canberra ACT 2600

Re: House of Representatives Inquiry into Agricultural Innovation

Dear Committee Chair and Members

Productivity is about getting more bangs per buck. You can get more bangs by increasing scale, but you get a competitive edge when you get relatively more back from each dollar invested. The only way to do this is through innovation.

Innovation happens when market and technological opportunities are combined. It is a team sport, with many different players contributing along the supply chain, in the case of agriculture from farm to fork.

Just like every other productive sector in Australia, the fundamental issue confronting innovation is how well the various parts of the chain are connected. It is not so much a question of how good our science and technology is, or how efficient our farms are, or the qualities of our retailers, but of how well they all fit together.

In nearly 30 years of studying innovation in Australia, I have seen a number of patterns emerge in discussions on the subject.

First, there is the view that 'my sector is different'. While there may be some specific variations and there are different rhythms to innovation across industries, the majority of innovation challenges are the same across all sectors and firms. The challenge for businesses is always: how do I provide my customer better value? The challenge for government is how to provide conditions where businesses are encouraged to manage the risks of innovating to deliver better value. The implications are that the considerable amount of collective knowledge we have about innovation policy and management in Australia also applies to agriculture, and some of the most important lessons for innovation in agriculture may lie outside of the sector.

Second, every component of the chain thinks they are doing a great job. The research organizations are delivering great supportive science. The farmers are producing well in difficult conditions. Banks offer the right kind of finance, and technology companies the best technologies. Logistics companies are highly efficient. The retailers are providing high quality low cost products to consumers. It is very rare for anyone to step back and question how well are we all performing together. How well are market and technology opportunities connecting to provide consumers with securely supplied, safe and great value food?

Third, we are parochial in our views of the world. We are a 2% economy in our proportion of world GDP, population, and just about everything else. The remaining 98% of the world is not standing still in innovation. Massive investments are being undertaken globally in research in areas such as synthetic biology and data science, into the pressing problems of obesity and hunger, and into the massive issue of food wastage. Giant food companies, such as Nestlé, are developing new strategies for the way they work with other organizations. The only way we can be part of this global effort is to be exceptionally smart in deciding where we are going to focus as a country and being especially well connected domestically and internationally. There are some great Australian companies in agriculture, and there is often talk about international competition, but I don't see a lot of evidence about us being smarter than other nations and we are not well connected. More of us need to get out more and calibrate what we are doing compared to the rest of the world.

Fourth, government in Australia remains ambiguous about its role in supporting innovation. We remain hung up about the dangers of 'picking winners', rather than the opportunities of 'placing some bets'. Policies supporting innovation have been piecemeal and short-term, and even when we have longer-term policies for organizations such as the CSIRO, CRCs and RDCs we can't help but show our discomfort by continually reviewing them (constantly pulling up the roots to see if the plant is still growing). Although it might be thought to be in their commercial interests to pose the question of how well the overall system is working, businesses rarely ask these questions and it is only government that can take this helicopter view. That is the opportunity for your Inquiry.

There will no doubt be some very persuasive and articulate submissions made to the Inquiry. Many will be designed to further the interests of the particular group concerned, often with good cause. From an innovation policy perspective, however, the key questions asked of them in order to decide priorities should be:

1. What are they doing to improve the performance of the overall system of agriculture, to connect market and technological opportunities, and deliver value to customers through innovation? This is a question of how collaborative they are.
2. What is being done to improve innovation skills that improve the ability to select good projects, see them through, and get their results effectively used?

This is a question of how prepared they are to invest in the key defining issue in improving innovation and productivity: management skills.

3. What are your international benchmarks? What are you doing that is distinctive and different? Who are you comparing yourself with, and if they aren't the best in the world why should government be bothered with you? This is a question of ambition and horizons; we have to compete with the best.

Agriculture is a hugely important sector for Australia, and your Inquiry is a timely opportunity to review its innovation performance and stimulate improvements. I wish you every success in your deliberations.

Yours sincerely,

Mark Dodgson
19th October 2015