



Response and Implementation Plan

Independent Performance Review of the Cotton Research and Development Corporation 2013-2018

January 2019

Background

The Cotton Research and Development Corporation (CRDC) is required to commission an independent review of its performance under Section 12 of the Statutory Funding Agreement between CRDC and the Commonwealth Department of Agriculture and Water Resources (DAWR).

Following a competitive tender process, Forest Hill Consulting was appointed in May 2018 to undertake CRDC's inaugural Independent Performance Review. The Final Report of the Independent Performance Review was accepted by the CRDC Board in November 2018.

A typical review conducted by Forest Hill categorises recommendations as either:

- Critical: should be implemented as a matter of urgency in order for CRDC to meet its legal and regulatory obligations.
- Important: actions that are expected to deliver significant benefits to the company and industry; or
- Best Practice: expected to deliver incremental performance improvements.

CRDC Board response and implementation plan

The Independent Performance Review made 8 recommendations in total. Pleasingly, there were no critical recommendations. Two were defined as important and six defined as best practice.

The Board welcomes the overall findings of the Independent Performance Review as an endorsement of CRDC's high level of organisational performance and values the recommendations as important guidance on areas for continuous improvement. The Board acknowledges the comprehensive stakeholder consultation, review and analysis undertaken by the reviewers in delivering their Final Report.

This document provides the CRDC Board's formal response to the findings and recommendations of the Independent Performance Review Report. It outlines where relevant work is already underway that addresses recommendations as well as where CRDC intends to introduce further improvements to its governance, management, systems and processes to respond to the recommendations.

The Board's response to each of the recommendations of the independent review is detailed below.

RESPONSE	IMPLEMENTATION PLAN		
	Actions	Responsible Executive/s	Milestones for Delivery
<p>Recommendation 1 (Important): <i>CRDC should engage with CA to re-design the RD&E consultative process so that it delivers better advice to CRDC and provides greater satisfaction to industry participants. This may include additional or extended RD&E forums, an independent technical panel, provision of panels with succinct project assessments to assist decision-making and/or more training of panel members.</i></p>			
<p>Background to Recommendation 1: The review identified that RD&E prioritisation owned and driven by the industry representative body is a great asset for CRDC and possibly unique among the rural industries. Other RDCs take a greater leading role in directing the process of RD&E prioritisation for their industries than CRDC does, in varying degrees of collaboration with their respective industry bodies. The review identified that RD&E requires greater prominence with growers and Cotton Australia if CRDC is to gain the quality input it needs to continue to deliver an RD&E program that meets the needs of the industry.</p>			
<p>CRDC has consulted with Cotton Australia and mutually agreed to redesign the RD&E consultative process.</p>	<p>During 2018-19 CRDC and Cotton Australia will refine the consultative RD&E process with industry participants to ensure that the process delivers greater satisfaction, and provides information and assessments better suited to grower panel requirements.</p> <p>The redesign will include the expansion of science partnership forums to enable engagement of industry with researchers, technical experts and commercial parties to review current research and identify opportunities that can be considered in the consultative process.</p>	<p>Executive Director & General Manager R&D Investment</p>	<p>Redesigned and agreed consultation process to be developed and published on CRDC website by May 2020, as part of CRDCs continuous improvement process, with a view to having the redesigned process inform the 21/22 investments.</p>
<p>Recommendation 2 (Important): <i>CRDC should consider whether some rationalisation (fewer, larger projects) and a focus on programs within the RD&E portfolio, to allow certain industry priorities to be more aggressively addressed, would deliver greater net benefit to the industry than is currently being achieved.</i></p>			

RESPONSE	IMPLEMENTATION PLAN		
	Actions	Responsible Executive/s	Milestones for Delivery
<p>Background to Recommendation 2: Views were expressed among some internal and external stakeholders that CRDC has not explicitly identified two or three game changing opportunities and threats confronting the industry over the medium to long term and put in place concerted, well resourced, long horizon (if required) programs of activity to address these. It is noted that such an approach would inevitably mean that certain areas would not receive funding which is in itself a form of risk taking.</p>			
<p>CRDC has been considering alternative portfolio management approaches. CRDC acknowledges that the while the change in focus from projects to programs is subtle but important, the proposed change is also a cultural shift and it is therefore also important to consider the implications of cultural change to the cotton industry.</p>	<p>CRDC will develop and implement a new program structure that will enable industry targets to be better addressed within shorter timeframes. The program structure will likely result in rationalisation of the overall portfolio and deliver increased benefit and impact to industry. The structure though also needs to remain flexible and agile so as to be able to respond to industry needs as they arise.</p>	<p>General Manager R&D Investment</p>	<p>Revised portfolio/program structure to be developed with industry and approved by the CRDC Board. Given the cultural aspects of this change and the need to work with industry to deliver an effective system, CRDC aim to have a refocused portfolio that includes several program areas to address key industry priorities by 1 July 2021. The revised portfolio structure will align with the current 2018-23 RD&E strategic plan.</p>
<p>Recommendation 3 (Best Practice): <i>The CRDC Board should institute a more regular schedule of Board performance reviews, including periodic external reviews.</i></p>			
<p>Background to Recommendation 3: The review noted that Board performance was most recently reviewed in January 2016. There was no review in 2017 due to director rotation and there has been no review conducted in 2018. The review suggested CRDC consider board evaluations at least two out of three years at around the 12 and 24 month marks in the life of a given Board.</p>			
<p>CRDC understands the importance and benefits of Board performance reviews in ensuring effective governance. CRDC has conducted Board performance reviews every second year since 2011. The most recent review was conducted in 2016 and the next review is scheduled for March 2019. The last external review was conducted in 2014.</p>	<p>CRDC will form a policy on Board performance reviews that will be included in the Charter of Corporate Governance.</p>	<p>Chair of Board</p>	<p>A Board Performance Review will be added to the Board calendar in response to the recommendation for March 2019.</p>

RESPONSE	IMPLEMENTATION PLAN		
	Actions	Responsible Executive/s	Milestones for Delivery
The cycle of 3-year Board terms, with incoming directors, limits the utility of annual performance reviews.			
<p>Recommendation 4 (Best Practice): <i>CRDC should develop a register of all of its policies, procedures, plans, registers and other significant documents, showing when each was last reviewed, the approval process for the review and when the next review is due.</i></p> <p>Background to Recommendation 4: In 2017, CRDC consolidated its corporate governance documentation into a series of five handbooks, which significantly simplifies CRDC's governance documentation. Each handbook references the relevant sections of the PIRD Act, PGPA act and PGPA rules. A standing Board item and paper has a register of all the policies. The Board and committees have work plans to review all significant documents. The Independent Performance Review suggested there may be value in having a single register of documents across the Board Committees.</p>			
The CRDC Board and Committees currently use annual work plans and registers of significant governance documents. In addition a governance compliance checklist is completed annually covering relevant statutes and directives.	CRDC will develop a single register of CRDC's governance documents.	General Manager – Business & Finance	<p>Audit Committee to review new register by May 2019.</p> <p>Board to review and approve new register by June 2019.</p>
<p>Recommendation 5 (Best Practice): <i>CRDC should improve its engagement with and delivery of RD&E outcomes to large and corporate growers, which should include consideration of an extension program directly targeted at professional private consultants.</i></p> <p>Background to Recommendation 5: The large cotton corporates generally receive most of their information and therefore decision making advice from private consultants or from in house expertise. They are less likely to be engaged in CottonInfo than smaller growers and they are more interested in outcomes from the larger and more strategic R&D including automation, block chain, big data and satellite telemetry which they have the capacity to implement early.</p>			
CRDC and CottonInfo aim to make research outcomes relevant and available to all growers and consultants, including Crop Consultants Australia (CCA). CCA is a major information source for the large Corporate farms and their advisors.	CRDC has increased engagement with CCA in recent years and will continue to build initiatives across this channel to ensure relevant information is available to and accessible by larger corporate entities.	General Manager R&D Investment, CottonInfo Program Manager & Communications Manager.	CRDC currently has joint RD&E initiatives with CCA and will continue to build upon these initiatives to ensure research outcomes remain relevant to Corporate entities.

RESPONSE	IMPLEMENTATION PLAN		
	Actions	Responsible Executive/s	Milestones for Delivery
<p>Large and corporate growers offer particular opportunities to provide critical mass for engagement and feedback on RD&E prioritisation. Private consultants are a key stakeholder for industry engagement and extension and we will actively look to improve that engagement in the future.</p> <p>CRDC is collaborating with other rural industries in a prospective Rural R&D for Profit grant application to research best practices in working with the private sector, monitoring adoption and the impact of extension.</p>	<p>CRDC and CottonInfo will directly engage with the large corporate farms to better assess and address information needs and expectations.</p> <p>Private consultant involvement in CottonInfo will be increased through CCA representative engagement with the CottonInfo Management Committee and joint participation in annual extension activities.</p>		<p>CRDC and CottonInfo management will directly engage with the large corporates to better define their R&D information requirements and preferred engagement pathway during 2019.</p> <p>CCA representative engagement in quarterly meetings of the CottonInfo Management Committee.</p>
<p>Recommendation 6 (Best Practice): <i>CRDC should consider developing and publishing succinct stand-alone, industry-focussed summaries of the strategic plan, annual operating plan and annual report as well as a short annual performance evaluation report describing achievement against key performance indicators and results from impact assessments, including qualitative, non-measured benefits.</i></p> <p>Background to Recommendation 6: Other than the annual report there is no document provided by the CRDC that summarises its performance, including the results of impact assessments that are conducted. Such a report could include both the economic benefits as well as the delivered benefits which could not be monetarily valued.</p>			
<p>CRDC's communications strategy aims to communicate RD&E investments and outcomes to key audiences utilising innovative communication practices and responsive two-way communication.</p> <p>To assist key audiences to access key CRDC information, succinct, stand-alone, industry-focussed summaries of its key corporate publications will be developed; along with a performance evaluation report.</p>	<p>From 2018-19 onwards, CRDC will develop and publish succinct, stand-alone, industry-focussed summaries of its key corporate publications – the Strategic RD&E Plan 2018-23; and the Annual Report.</p> <p>These reports will be complemented by an annual Performance Evaluation Report, which will provide research highlights and a snapshot of performance achievements.</p>	Communications Manager	<p>Succinct summaries of documents to be published as documents are published.</p> <p>Timeline:</p> <ul style="list-style-type: none"> • Strategic Plan – December 2018; • Annual Report – Nov/Dec 2019, then annually; • Performance. Report – with the Annual Report in

RESPONSE	IMPLEMENTATION PLAN		
	Actions	Responsible Executive/s	Milestones for Delivery
			Nov/Dec 2019, then annually.
<p>Recommendation 7 (Best Practice): CRDC should streamline its reporting of performance against targets across the strategic plan, annual operating plan, annual report and standalone performance reports, and make all relevant documents including detailed impact assessments available on the CRDC website in a separate, clearly identified 'Performance Evaluation' section, in order to improve performance reporting.</p> <p>Background to Recommendation 7: Accessing results of impact assessments on the CRDC website could be improved. While having all the reports available and easier to find would not guarantee that they will be read, it would allow those inclined to access and read the results.</p>			
<p>Under the CRDC Strategic RD&E Plan 2018-23, clear performance indicators, including metrics and targets have been established, to enable improved monitoring, evaluation and reporting by CRDC.</p> <p>As a result, all reporting of performance from 2018-19 onwards – the first year of the new CRDC Strategic Plan – will be in alignment with these performance indicators, enabling a streamlining of performance reporting across all corporate publications.</p>	<p>From 2018-19 onwards, CRDC will streamline performance reporting against the Strategic Plan performance indicators across all corporate publications.</p> <p>These performance reports will be made available on the CRDC website under both the Corporate Publications section, and a new, clearly identified CRDC Performance section.</p>	<p>Communications Manager</p>	<p>Development of Performance Evaluation section on CRDC website – Dec 2018.</p> <p>Streamlined performance reporting timeline:</p> <ul style="list-style-type: none"> • Annual Operational Plan – June 2019, then annually; • Annual Report – Nov/Dec 2019, then annually; • Performance. Report – with the Annual Report in Nov/Dec 2019, then annually.

RESPONSE	IMPLEMENTATION PLAN		
	Actions	Responsible Executive/s	Milestones for Delivery
<p>Recommendation 8 (Best Practice): <i>CRDC should increase the value of its impact assessments by improving the collection of documented evidence on the adoption and impact of projects, as recommended by Agtrans, and by including commentary on the distribution of benefits between regions and/or sectors if practicable.</i></p> <p>Background to Recommendation 8: The methodology used by Agtrans does not permit an assessment of the share of benefits between regions or sectors as a partial equilibrium modelling approach would allow. Agtrans does at times, comment within the individual project reports about a possible share of benefits from a project between sectors. As well some projects are clearly specific to a region and so most if not all of the benefits would accrue to the industry within that region</p>			
CRDC has discussed the additional requirements with Agtrans as these were previously undescribed.	CRDC will include the additional requirements in its arrangements with AgTrans and establish an online team space for improved sharing of documents and information with Agtrans.	General Manager R&D Investment	Team space established for Agtrans – completed. CRDC will review the opportunity, benefit and budget required to undertake partial equilibrium modelling with a suitable party.

Contact

For further information regarding CRDC's Independent Performance Review Report or CRDC's Response and Implementation Plan contact:

Ian Taylor
Acting Executive Director
CRDC
2 Lloyd St, Narrabri NSW 2390
P: 02 6792 4088
E: crdc@crdc.com.au