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CONSULTING

COTTON RESEARCH AND DEVELOPMENT CORPORATION: INDEPENDENT PERFORMANCE REVIEW

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Executive summary

This report presents the findings of an independent performance review of the Cotton Research and Development Corporation (CRDC). The review has assessed how well CRDC has performed against the Funding Agreement 2015-2019, and the performance principles of the subsequent Statutory Funding Agreement 2020-2030 (SFA), between CRDC and the Australian Government.

The review involved the examination of a large number of relevant documents, including policies and procedures, plans, reports, and evaluations (listed in Appendix 1) and a series of in-depth consultations with stakeholders, conducted face-to-face, by videoconference or by telephone. Thirty-nine stakeholders were interviewed, drawn from the CRDC board and management, cotton growers, peak bodies and regional chairs or presidents of the Cotton Grower Associations, other industry bodies, agronomists and consultants, the Department of Agriculture, Fisheries and Forestry (DAFF), and service providers to CRDC. Some of those interviewed for this review were also interviewed in the previous review in 2018 to provide a longitudinal assessment. A dedicated web page was set up and communicated to stakeholders and an open invitation extended for any interested party to make a submission to the review (although none were received).

The review covered an extraordinary period in Australian cotton production. 2021/22 saw record production of cotton, and almost 11 times that of 2019/20, which was the smallest cotton crop in over 30 years due to severe drought. The global cotton price rose throughout much of the period, reaching a 12-year peak of 170 US c/lb in May 2022, before declining sharply to around 100 US c/lb, still above the prices seen for much of the period between 2012 and 2021. CRDC has successfully navigated the huge production fluctuations in this period and the knock-on effects of this variability on levy revenue.

CRDC is a high-performing research and development corporation (RDC). Its governance processes are very sound and attention to compliance and risk is strong. Planning and reporting processes are excellent, and the organisation is about to embark upon a bold and far-sighted new strategic plan. The project procurement process has evolved to a mix of open call and direct targeted investment, and this brings a number of advantages over the previous approach employing open call only. The move towards a more program-oriented R&D portfolio is commended.

Management is very well regarded by cotton growers and RD&E providers, with many of the latter believing that CRDC is the best of the RDCs to work with. The culture at CRDC has improved since the last performance review in 2018 and is highly constructive. Collaboration with other industry participants and other RDCs, particularly GRDC, is a feature of CRDC's approach and appreciated by levy payers. CRDC is well engaged with and highly supported by the cotton industry and has delivered demonstrable benefits to its stakeholders.

There is no evidence of CRDC having failed to fulfil, or being at risk of not fulfilling, its strict obligations under the SFA.

The main challenge for CRDC now will be the effective implementation of the new strategic plan. We especially note the need to effectively deploy the resources of an apparently stretched R&D Investment team to deliver on

the ambitions of the plan, and to ensure the R&D prioritisation process with Cotton Australia remains fit for purpose. There are opportunities too to upgrade the monitoring and evaluation framework and the methodology applied to the impact assessments undertaken to quantify the benefits delivered by CRDC investments.

Eight recommendations are made as a result of the review. These are listed below, and each is rated either:

- ⊕ Critical: should be implemented as a matter of urgency in order for CRDC to meet its legal and regulatory obligations (0).
- ⊕ Important: actions that are expected to deliver significant benefits to the organisation and industry (2).
- ⊕ Better practice: expected to deliver incremental performance improvements (6).

No recommendations are rated as 'critical', while two are rated 'important' and six rated as 'better practice'.

RECOMMENDATION		SECTION	RATING
1	CRDC should consider the application of <i>ex-ante</i> benefit-cost evaluations to ensure appropriate allocation of investments across the RD&E portfolio and within investment plans for each theme	6.1	Better practice
2	CRDC should actively communicate to all R&D partners the move towards investment plans and a focus on larger, longer-term programs of activity within the RD&E portfolio	6.1	Better practice
3	CRDC should engage with Cotton Australia and other key stakeholders to re-design the RD&E consultative process to ensure it is fit for purpose as CRDC implements the new strategic plan	6.2	Important
4	CRDC should critically review its current capacity and capability in R&D management and develop a staffing plan to allow it to deliver on the ambitions of the new strategic plan	6.3	Important
5	CRDC should include greater detail in the monitoring and evaluation framework to accompany the new strategic plan, for example to clarify how it will track progress towards outcomes	6.8	Better practice
6	CRDC should consider the revitalisation of the Cotton Innovation Network, with a focus on building multiparty investment programs of RD&E	7.4	Better practice
7	CRDC should ask its impact assessment researchers to provide more detailed commentary on the likely distribution of benefits from projects / clusters between sectors of the Australian cotton industry, notably between cotton growers, ginners, merchants, and shippers	8.4	Better practice
8	CRDC should consider a project to conduct a literature review of non-market valuation studies of environmental and social attributes of the Australian cotton industry as input into future assessments of the environmental and social impacts of CRDC-funded projects	8.5	Better practice