



## Guidelines for Statutory Funding Agreements

For the past four decades the agriculture sector has benefitted from public-private research partnerships, most notably through commodity-based Rural Research and Development Corporations (RDCs).

To ensure the RDCs continue to succeed into the future and demonstrate value to the levy payer and taxpayer, the government is increasing stakeholder transparency, removing duplication and driving commercialisation by putting in place a strengthened accountability framework comprising:

- New Statutory Funding Agreement (in place)
- Guidelines for Statutory Funding Agreements (this Guideline)
- RDC Knowledge Transfer and Commercialisation Guide
- Best Practice Guide to Stakeholder Consultation

The Statutory Funding Agreement (SFA) comprises five interlinked performance principles: stakeholder engagement; research, development and extension (RD&E) activities; collaboration; governance; and monitoring and evaluation. This Guideline outlines the KPIs for these five outcomes (which are mandatory for RDCs to report against) and implementation channels.

This Guideline sits alongside other reforms designed to support innovation, including:

- **Agricultural Innovation Australia (AIA)** a not-for-profit, public company established by RDCs to facilitate new investment and collaboration in cross-industry agricultural issues of national importance. AIA helps identify, develop and invest in strategies that address shared challenges.
- **AgriFutures' Emerging National Rural Issues forum** which brings together representatives from each of the RDCs, the Department of Agriculture, Water and the Environment and the National Farmers' Federation, to explore and progress collaboration opportunities across the whole of the agricultural system.
- R&D outcomes platforms such as AgriFutures' **evokeAG and growAG** which have been established to attract investment and commercialisation, and partners from Australia's private sector and around the world.

- The **8 Innovation Hubs** across Australia to support adoption of new knowledge and technology (generated through R&D) by farmers and other end users.

## Guidelines for statutory funding agreements

This document is a Guideline as defined under the SFA and should be read in conjunction with the SFA. This document replaces the companion. Key Performance Indicators (KPIs) set out in this Guideline do not replace any KPIs already set by RDCs but will operate in addition to any RDC specific KPIs.

To meet the requirements of the SFA, it is mandatory for RDCs to demonstrate how they achieved the KPIs set out in this Guideline. Annual performance discussions with the department will focus on demonstrating progress against the KPIs. The KPIs are the only part of this Guideline which is enforceable. All other parts of the document provide information and guidance and are non-binding.

The RDC members will measure AIA's performance using the AIA KPIs which are closely aligned with the KPIs in this Guideline.

These Guidelines will be subject to review and will remain in force until otherwise specified by the Minister. In line with the SFA, the government can vary the Guidelines. A reasonable period to implement effects of any variation will be provided.

## Performance Principles

### 1. Stakeholder Engagement

**Engage stakeholders to identify research, development and extension (RD&E) priorities and activities that provide benefits to industry.**

Facilitate opportunities for levy payers, industry and government to contribute and collaborate in a meaningful way in setting RD&E priorities and activities. This means being open and transparent about how input and ideas from levy payers is incorporated into strategy design and the reasons for their inclusion or otherwise.

The significant contribution of both levy payers and the taxpayer, through Australian Government matched funding, gives RDCs the obligation to undertake reciprocal and transparent engagement with levy payers and industry about their key objectives, performance, activities, investments and governance. Engagement should be transparent, considered and fit-for-purpose. RDCs should acknowledge that there are competing interests across an industry which need to be balanced for the good of the industry, rather than seeking an absolute outcome in terms of universal stakeholder satisfaction.

RDCs and industry representative organisations have distinct but complementary roles to play when it comes to supporting Australia's agriculture, fisheries and forestry sectors. Establishing and maintaining a positive and cooperative working relationship between RDCs and industry representative organisations is critical. Effective stakeholder engagement processes can come from those that are driven by the industry and stakeholders themselves.



## 1.1 Key Performance Indicators

Outcome	Key Performance Indicators
Engage stakeholders to identify research, development and extension (RD&E) priorities and activities that provide benefits to portfolio industries	1.1 Strategy prioritisation and development processes include appropriate consultation plans, based on the <i>Best practice guide to stakeholder consultation</i> .
	1.2 Demonstrated industry stakeholder engagement in the identification of RD&E priorities and activities consistent with the consultation plan in 1.1.
	1.3 Demonstrated incorporation of industry stakeholder feedback on RD&E priorities and activities. Where incorporation is not possible, demonstration of feedback to a stakeholder/s on why incorporation was not possible.

## 2. Research, Development and Extension (RD&E) Activities

Ensure RD&E [and marketing] priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio.

- Balancing long-term, short-term, high and low risk, and strategic and adaptive research
- RD&E activities address Levy Payer and government priorities
- Delivering impact “on the ground”.

RDCs are required to undertake a diverse range of RD&E [and marketing] activities that incorporate risk assessments, and target both short-term and long-term returns on investment. The mix of RD&E [and marketing] activities should improve efficiency, productivity, competitiveness and innovation for levy payers, producers and along the supply chain, and provide public benefit for the Australian community.

When planning and preparing RD&E [and marketing] activities, RDCs must seek to achieve outcomes that:

- inform strategic industry, cross-industry and cross-sectoral issues
- address present and future industry needs
- develop the capacity of levy payers to identify and adopt R&D activities and results.

A balanced portfolio identifies and assesses objectives, analyses risk and develops appropriate controls to mitigate those risks to acceptable levels.



## 2.1 Key Performance Indicators

Outcome	Key Performance Indicators
Ensure RD&E [and marketing] priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio.	2.1 RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, access to new markets.
	2.2 Levy payers who participate in RDC supported extension and adoption programs: <ul style="list-style-type: none"> <li>• gain new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness.</li> <li>• intend to make or have made changes to existing practices by adopting the outcomes of R&amp;D.</li> </ul>

## 3. Collaboration

### Undertake strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors

- Collaborate across the agricultural innovation system to address common challenges and opportunities, including through active participation with AIA on cross sectoral and transformation outcomes
- The RDCs collaborate with the AgriFutures Emerging Rural Issues forum, 8 Innovation Hubs across Australia, evokeAG online platform and event and growAG platform where relevant.

RDCs must generate connections and partnerships that inspire a united approach to developing both large scale and small scale, targeted, cross-cutting and transformational breakthroughs across the agricultural innovation system. This can be achieved through RDC cross-sectoral collaborations and:

- **Collaborating and engaging with AIA** on large scale national challenges to shift investment toward cross-sectoral and transformational outcomes, increase flexibility of investment across the system and encourage new global partnerships and most importantly attracting new sources of private investment. Engaging with AIA will help address the opportunities and challenges confronting the agriculture sector where individual industry investment is unlikely to be effective.
- Participating in the **Emerging National Rural Issues (ENRI) forum**. Prior to 2021, ENRI Forums have resulted in over 140 projects ideas put forward and more than 60 projects progressed or completed involving RDC collaboration. In 2021 a further 100 collaborative project ideas were identified, and 16 cross-RDC projects have been progressed with a number of additional projects currently being discussed.
- Engaging with the **eight Innovation Hubs** to connect with researchers and experts. The Hubs are in regional areas that reflect the key agricultural and climate zones. Each hub includes nodes throughout their region, including over 40 locations for delivery of support. The Hubs ensure agricultural research is useful and accessible to create greater impact and opportunities to commercialise R&D.



- Collaborating and **seeking private funding** for R&D or commercialisation opportunities, to take the levy payer and taxpayer dollar further.
- Utilising the **AgriFutures’ evokeAG online platform, evoke event and growAG online platform**, to collaborate with other RDCs, AIA, Innovation Hubs, industry, businesses, Australian and international research organisations, entrepreneurs, innovators, government agencies, innovation hubs and farming system groups and showcase their research, technologies and commercialisation with the world.

A *RDC Knowledge Transfer and Commercialisation Guide* has been developed to support RDCs to engage with growAG and accelerate and demonstrate the importance of commercialisation outcomes.

### 3.1 Key Performance Indicators

Outcome	Key Performance Indicators
Undertake strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors	3.1 Completed, current and future R&D including commercialisation opportunities is accessible through the growAG platform.
	3.2 Number and quantum of cross-industry and cross-sector RD&E investments available.

## 4. Governance

**Governance arrangements and practices to fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.**

- Good governance ensures stakeholders are well informed and have visibility of the RDC’s investments, priorities and achievements
- Committee structures and corporate policies enable the RDC to manage day-to-day business activities and fulfil reporting obligations.

RDCs must have transparent governance practices that give assurance to stakeholders that the RDC is operating effectively, undertaking its roles and responsibilities, appropriately managing funds, and delivering outcomes against the strategic priorities.

RDCs have relevant legislation that governs how public resources are used. Requirements in legislation or the statutory funding agreement include annual reporting, financial statements, demonstration of achieving objectives set out in a strategic plan (or R&D Plan), etc.

The RDC Board is expected to exercise best-practice governance and reporting. It is the RDC’s responsibility to have structures in place to add value, act ethically and responsibly, and provide leadership to industry.



#### 4.1 Key Performance Indicators

Outcome	Key Performance Indicators
Governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.	4.1 Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.
	4.2 Demonstrated management of financial and non-financial risk.
	4.3 Relevant policies and procedures adopted and implemented (e.g., privacy etc).
	4.4 Non-financial resources implemented effectively (Human resources, IT, IP etc).

### 5. Monitoring and Evaluation

**Demonstrate positive outcomes and delivery of RD&E [and marketing] benefits to Levy Payers and the Australian community in general, and show continuous improvement in governance and administrative efficiency.**

- Suitable mechanisms and processes in place that enable regular impartial reviews of performance, and identify improvement opportunities
- Demonstrate that investments are striving to achieve meaningful RD&E outcomes and priorities
- Communicate the results of the impact and benefits of RD&E activities and investments to stakeholders and the government.

RDCs must have appropriate procedures in place to demonstrate the impact of investments. Not every RD&E [and marketing] activity will produce results that lead to an increase in productivity or profitability, but research outcomes should be used to improve learnings and develop subsequent meaningful RD&E [and marketing] activities and outcomes.

As responsible stewards of levy payer funds, Government matching contributions and voluntary contributions, RDCs are accountable to levy payers and to the Australian public to demonstrate how they are striving towards positive outcomes and delivery of RD&E [and marketing] benefits for agriculture and society.



## 5.1 Key Performance Indicators

Outcome	Key Performance Indicators
Demonstrate positive outcomes and delivery of RD&E [and marketing] benefits to Levy Payers and the Australian community in general, and continuous improvement in governance and administrative efficiency.	5.1 Impact (cost - benefit) assessment of a broad cross-section of RD&E [and marketing] investments undertaken annually.
	5.2 Demonstrated consideration of and response to outcomes of monitoring and evaluation processes.
	5.3 Transparent communication to stakeholders (including government) on the impacts and benefits of the RD&E [and marketing] activities.

## 6. Implementing these Guidelines

RDCs should decide what baseline data will be used, how changes will be measured, and how improvements will be implemented in response to monitoring and evaluation of the achievement of the KPIs. RDCs may demonstrate their achievement of the KPIs in any format they choose.

The annual performance meeting between the RDC and department will allow each RDC to demonstrate their achievement of the KPIs. Meetings with the department will not be limited to annual performance meetings - with other meetings scheduled as needed. Achievement of the KPIs will also form part of the independent review/s of each RDC's performance.

In accordance with the SFAs, the Minister and department will work with RDCs to manage underperformance or concerns through:

- Annual performance meetings, and additional meetings required
- Independent reviews of performance and then monitoring implementation of the review recommendations.
- Further reviews of RDC performance and compliance with relevant legislation, the Funding Agreement and Guidelines as required.
- Resolution of disputes through mediation.
- Termination of the funding agreement (last resort).