
1 Executive Summary

1.1 Review Terms of Reference

WalterTurnbull has undertaken the three year performance review of Australian Pork Limited (APL) required under the terms of APL's Funding Agreement with the Commonwealth.

The Terms of Reference of the Performance Review were to assess:

- The performance of the Company in meeting its obligations under the Agreement with the Commonwealth
- The Company's implementation of its strategic and operating plans and the company's effectiveness in meeting its priorities, targets and budgets set out in these plans
- The efficiency with which the Company carried out those plans, and
- The delivery of benefits to industry and government (where applicable) foreshadowed by the strategic and operating plans.

1.2 Review Conclusions

Meeting Obligations under the Agreement with the Commonwealth

- APL has complied with the Terms of the Agreement with the Commonwealth and has earned high regard from DAFF for its work in meeting related obligations.

Effective Implementation of Strategic and Operating Plans

- In terms of overall structure and process, the APL strategic and annual operational planning and budgeting framework is sound
- There has been widespread and effective consultation on and stakeholder engagement in compiling the Draft Industry Restructure Plan
- A number of industry submissions to the Productivity Commission *Inquiry into the Australian Pigmeat Industry* express strong support for key APL initiatives and directions expressed in the Draft Industry Restructure Plan, and
- APL has effectively implemented its Strategic and Annual Operating Plans though an assessment of its full achievements is constrained by limitations in performance measurement.

Efficiency of Implementation of Plans

- APL has in place a strong corporate governance framework providing sound assurance on the delivery of strategies and plans although some aspects of its documentation require development or updating
- Over the past three years APL has successfully integrated the previously separate activities of its predecessor organisations,

providing a sound and more efficient foundation for pursuing industry goals and strategies expressed in the Industry Restructure Plan, and

- APL is seen by a number of stakeholders as a model for effectively representing agricultural industry interests by integrating research, policy and marketing activities
- Overall APL is operating an efficient business model, enabling significant resources to focus on APL core business
- APL is continuing to refine the manner in which it manages and deploys its resources in pursuit of greater efficiency and effectiveness, and
- There would be value in a detailed review of APL organisation structure and staffing to ensure best support for the implementation of the Industry Restructure Plan.

Delivery of Benefits to Industry and Government

- APL has made strong contributions both to industry and to Government rural R&D priorities
- APL achievements to date and current APL strategic directions, particularly through the Industry Restructure Plan, are strongly supported by industry, and
- The establishment of the Pork CRC is seen as a major win for the industry and reflects well also on APL.

Supplementary detailed findings included in the body of the Report identify areas where there is scope for performance improvement. These underpin the following recommendations.

1.3 Review Recommendations

- APL work with DAFF to establish a more structured approach to scheduling and agendas for the standard six monthly meetings with the Minister, to be co-ordinated with six monthly and annual APL reporting
- Use current strategic planning activity (incorporating programs to implement the Industry Restructure Plan) to ensure a close alignment of program and project activity with strategic industry goals and priorities
- More closely integrate risk management and strategic planning activities in the selection of programs and projects and related risk mitigation activities
- As part of the current strategic planning activity, refine performance measures to better support Board review through use of:
 - A limited number of key, high level indicators of strategic progress towards industry goals and achievement of key milestones, and
 - Reports against key measures of APL performance in implementing agreed programs and projects
- Update and strengthen APL governance documentation including:

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- Board Charter
 - Risk and Fraud Management Plan
 - IT and Information Management Strategic Plan, and
 - Disaster Recovery and Business Continuity Plan
 - Consider implementation of a document retrieval system
 - Conduct an organisation review to consider future staffing and organisation structure requirements in the light of Industry Restructure Plan directions including options for wider application of resource pooling and use of project teams, and
 - Strengthen the role of the General Manager, Corporate and Financial, or, subject to re-appointment processes, another senior executive position, in the central budget planning and allocation process to provide assurance to the Board on whether budget bids are fully consistent with Board-determined strategic priorities.