

# Australian Pork Limited

AUSTRALIAN  
Pork™

Statutory Funding Agreement  
Performance Principle Guidelines and  
Key Performance Indicators



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## Statutory Funding Agreement Performance Principle Guidelines and Key Performance Indicators

The Commonwealth Government has executed a Statutory Funding Agreement (SFA) with Australian Pork Limited (APL). The SFA includes five performance principles: stakeholder engagement; research, development and extension (RD&E) activities; collaboration; governance; and monitoring and evaluation.

The Department of Agriculture, Fisheries and Forestry has provided APL with guidelines which complement the SFA and assist APL to deliver the five principles-based outcomes described in the SFA.

The performance principles require APL to focus on five areas of activity: stakeholder engagement, maintaining a balanced innovation portfolio, cross-sectoral collaboration, best practice governance and demonstrating outcomes. Each area of activity is directed toward delivery of defined outcomes. Measurement of achievement of the defined outcomes is determined by specific Key Performance Indicators which demonstrate compliance with the principles.

Following is an outline of APL's approach to compliance with the Performance Principles. The outline includes an overview of how each of these principles are actioned and how compliance is demonstrated.

In addition to conformance with the guidelines, the SFA also requires APL to consider sector-wide research and align its priorities to leverage collaboration opportunities and where practicable, avoid duplication. Sector-wide research includes the Australian Government's Rural Research, Development and Extension Priorities and the Australian Government's Science and Research Priorities. The guidelines align with and are supported by APL's Strategic Plan, Annual Operating Plan and Governance Framework.

## Performance Principles

### Stakeholder Engagement

APL engages with stakeholders to identify research, development and extension (RD&E) priorities and activities that provide benefits to industry. This engagement includes stakeholder consultation which supports opportunities for levy payers, industry and government to contribute to setting and delivering RD&E priorities and activities.

APL recognises that the significant contribution of levy payers and the taxpayers provided to APL through Australian Government matched funding creates an obligation for APL to undertake reciprocal and transparent engagement with levy payers and industry about our key objectives, performance, activities, investments, and governance. Therefore, to support effective achievement of valuable stakeholder engagement outcomes, APL has developed a Best Practise Guide to Stakeholder Engagement.

The Best Practise Guide to Stakeholder Engagement includes principles of being transparent, considered and fit-for-purpose. APL acknowledges that there are competing interests across the Australian pork industry which must be balanced for the benefit of the Australian pork industry as a whole.

Outcome	Key Performance Indicators	Approach
<p>Engage stakeholders to identify research, development and extension (RD&amp;E) priorities and activities that provide benefits to portfolio industries</p>	<p>Strategy prioritisation and development processes include appropriate consultation plans, based on the <i>Best practice guide to stakeholder consultation</i>.</p>	<p>When developing the current APL Strategic Plan (2020-25), APL consulted with:</p> <ul style="list-style-type: none"> <li>• the Commonwealth,</li> <li>• Levy Payers,</li> <li>• Industry Representative Bodies,</li> <li>• other RDCs as appropriate, and</li> <li>• various value chain stakeholders.</li> </ul> <p>The Board reviews the strategic objectives and key priorities annually. The review is supported by learnings from continuous engagement and consultation with various stakeholders including supply chain partners, Policy reference groups and State pork organisations. Producers in particular are encouraged to continually submit research ideas via the 'always open system'. The review of strategic objectives is also informed by intelligence and recommendations.</p> <p>In addition to the annual review of the Strategic plan objectives and key priorities, the Board also reviews and approves an annual plan, a forecast in December and again in March. These three annual touch points are planned opportunities for Management and the Board to discuss new RD&amp;E</p>

opportunities and if appropriate, re-prioritise RD&E activities.

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

APL spreads its investment in RD&E [and marketing] activities that are diverse, incorporate risk assessments, and target both short-term and long-term returns on investment. The mix of RD&E [and marketing] investment activities are included in a balanced portfolio aligned with levy payer and government priorities which also:

- balance current and future industry needs;
- spread investments between long-term and short-term outcomes;
- includes low-risk investments with predictable returns balanced by higher-risk investments with potentially high impact outcomes; and
- and strategic and adaptive research
- RD&E activities address Levy Payer and government priorities.

The balanced portfolio is designed and maintained to delivering impact improves efficiency, productivity, competitiveness, and innovation for levy payers and along the supply chain, and at the same time provide public benefit for the Australian community.

When planning and executing RD&E [and marketing] activities, APL also seek to achieve outcomes that:

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

When reviewing and revising APL’s balanced portfolio, APL identifies and assesses objectives, analyses risk and develops appropriate controls to mitigate those risks to acceptable levels.

Outcome	Key Performance Indicators	Approach
<p>Ensure RD&amp;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.</p>	<p>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.</p>	<p>Business cases for potential investments can only progress to one of three APL Committees for evaluation only after the proposal document can demonstrate the following:</p> <ul style="list-style-type: none"> <li>• The investment aligns with one of the five strategic objectives in the 2020-25 Strategic Plan;</li> <li>• The value proposition to the industry is articulated and can measured against competing investments; and</li> </ul> <p>Where relevant, potential commercialisation opportunities are described</p>

	<p>Levy payers who participate in RDC supported extension and adoption programs:</p> <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>	<p>Incremental levy payer productivity, competitiveness and preparedness is measured with producer surveys and individual producer contact.</p> <p>The percentage of producers intending to adopt changes to existing practises are measured with producer surveys and individual producer contact.</p>
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## 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, eight Innovation Hubs across Australia, the evokeAG online platform and event and growAG platform where relevant.

APL actively engage with partners who support investments of small to large scale, are cross industry and cross-sectorial. and small scale and deliver transformational outcomes. This is achieved through RDC cross-industry collaboration and through cross sectoral collaborations through Agricultural Innovation Australia (AIA).

APL also engages with cross industry and cross sectorial partners through the growAG platform utilising the 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.

In addition to engaging with potential partners through AIA and growAg, APL participated in the Emerging National Rural Issues (ENRI) forum and has connections into the eight Innovation Hubs to connect with researchers and experts. Connections into the eight innovation hubs significantly extends APL's reach to potential partners.

Outcome	Key Performance Indicators	Approach
<p>Undertake strategic and sustained cross- industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors</p>	<p>Completed, current and future R&amp;D including commercialisation opportunities is accessible through the growAG platform.</p>	<p>APL has made R&amp;D which has potential commercialisation opportunities available on the GrowAg platform.</p> <p>As R&amp;D which is in progress is completed, the project outcome is evaluated for potential commercialisation opportunities and where relevant, made available on the GrowAg platform.</p> <p>Similar to R&amp;D projects currently in progress, once future R&amp;D projects are completed, they will be evaluated for commercialisation opportunities and if considered appropriate, made available on the GrowAg platform.</p>
	<p>Number and quantum of cross-industry and cross-sector RD&amp;E investments available.</p>	<p>APL engages universities and consultants who have experience with cross industry and cross sectorial projects. Engaging with entities with cross industry and cross sectorial experience enables APL to extend its RD &amp; E reach into industries and sectors other than pork production. Also, APL invests in projects co-ordinated by AIA. Investment in AIA projects enable APL to learn from shared challenges and draw on experience from other sectors.</p> <p>APL captures and is able to report which of its RD &amp; E investments are cross-industry and / or cross-sectorial.</p> <p>In addition to APL's investments in cross industry and cross sectorial projects, APL makes APL R&amp;D available for other entities to invest in in cross industry and cross sectorial projects by publishing R&amp;D which can be commercialised with GrowAg, so the R&amp;D is available to cross industry and cross sectorial interests.</p>

## 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.

The APL Board exercises best-practise governance and reporting by ensuring structures exist to ensure APL adds value, acts ethically and responsibly, and provides leadership to the Australian pork industry. The Board does this through a governance framework which include policies, procedures, committees and reporting to the Board.

The APL governance framework supports APL to operate effectively, performs its roles and responsibilities, manages funds appropriately and delivers outcomes aligned to the strategic priorities.

The APL governance framework aligns with legislative and contractual requirements. Examples of conformance with relevant legislation and the SFA include annual reporting, making audited financial statements available, and reporting achievement of objectives set out in the 2020-25 Strategic Plan inter alia.

Outcome	Key Performance Indicators	Approach
<p>Governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.</p>	<p>Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.</p>	<p>APL maintains an investment policy which is reviewed annually by the Audit, Risk and Corporate Governance Committee (ARCGC) annually. The Board is required to consider and if thought appropriate, approve, proposed variations to the policy.</p> <p>The Investments are reported to the Board each meeting as a standing agenda item.</p> <p>The ARCGC reviews investments at a detailed level bi-annually.</p>
	<p>Demonstrated management of financial and non- financial risk.</p>	<p>Management is responsible for avoiding and / or managing risks.</p> <p>APL maintains a risk and risk mitigation register to support / guide management.</p> <p>The register is reviewed by the Audit, Risk and Corporate Governance Committee bi-annually and endorsed by the Board annually. The risk and risk mitigation register includes both financial and non- financial risk.</p>



Outcome	Key Performance Indicators	Approach
<p>Governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.</p>	<p>Relevant policies and procedures adopted and implemented (e.g., privacy etc).</p>	<p>Management is responsible for ensuring policies and procedures are adhered to.</p> <p>APL maintains a policy and procedure manual which is made available to all staff and the Board.</p> <p>The manual is reviewed by the Audit, Risk and Corporate Governance Committee annually and material variations are endorsed by the Board as required.</p>
	<p>Non-financial resources implemented effectively (Human resources, IT, IP etc).</p>	<p>Deployment and utilisation of non-financial resources are reported to the relevant committee including the Audit, Risk and Corporate Governance Committee or the People and Culture Committee. Where required, deployment and utilisation of non-financial assets are reported to the Board.</p> <p>Where guidance and direction is sought, and or prior approval is required, the relevant committee and / or the Board is consulted before proceeding with implementation or deployment of non-financial resources.</p>

## 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.

APL acknowledges its role as a steward of levy payer funds, Government matching contributions and voluntary contributions. APL manages these stewardship responsibilities through its governance framework and APL undertakes regular impartial reviews of organisational and project performance. These reviews identify and inform improvement opportunities.

Organisational performance reviews are performed by independent consultants. The independent reviews are complemented by internal self-evaluations.

The project selection and approval process include internal pre-investment analysis, comparative analysis and reviews by the APL team. Independent evaluation of project performance is performed by independent consultants for a number of completed projects. The post completion evaluation is compared to the re-evaluation report to inform learnings.

Outcome	Key Performance Indicators	Approach
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.	Impact (cost - benefit) assessment of a broad cross-section of RD&E [and marketing] investments undertaken annually.	Cost benefit analysis of RD&E activities is performed annually by an independent consultant.  Cost benefit analysis of Marketing activities is performed throughout each financial year using in-house models and where required, reports from external consultants.
	Demonstrated consideration of and response to outcomes of monitoring and evaluation processes.	Consultants reports are reviewed by the Investment Committee and where relevant, the Board.  All impact assessments ( <i>including internal as well as external</i> ) are reported to the Board. Learnings and next steps are reported to the Investment Committee and where relevant., the Board.
	Transparent communication to stakeholders (including government) on the impacts and benefits of the RD&E [and marketing] activities.	More than industry KRAs and Organisational KPIs are reported to the Board as a standing agenda item for each Board meeting.  Industry KRAs are reported to Delegates bi-annually and to industry more generally using various APL communications



## **Continuous evaluation and improvement**

The APL Board reviews at least annually how baseline data will be used, how changes are to be measured, and how improvements will be implemented in response to monitoring and evaluation of the achievement of the KPIs.

APL meets with the Department annually to communicate and demonstrate our achievement of the KPIs. While there is a contractual obligation to meet with the Department for performance meetings annually, APL and the Department communicate on operational matters regularly and meet with the Department on industry matters as appropriate.



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