



Response and Implementation Plan

Independent Performance Review of the
Fisheries Research and Development
Corporation 2015-2018

December 2018

BACKGROUND

The Fisheries Research and Development Corporation (FRDC) is required to commission an independent review of its performance under Section 12 of the [Funding Agreement](#) between FRDC and the Commonwealth Department of Agriculture and Water Resources (DAWR).

FRDC BOARD RESPONSE AND IMPLEMENTATION PLAN

The board intends to fully implement all ten of the recommendations of the Independent Performance Review of FRDC. The final version of the FRDC Response and Implementation Plan will be hyperlinked to the web version of the Performance Review. The board acknowledges the comprehensive stakeholder consultation, review and analysis undertaken by Forest Hill Consulting in delivering its Performance Review Report.

The review concluded that FRDC is compliant with its obligations under the PIRD Act and the Funding Agreement with the Commonwealth. The review has provided a strong endorsement of FRDC's governance, strategic management and research investment programs; albeit, that there are opportunities for further improvement. FRDC's operating environment is complex due to its diverse stakeholder mix, and the need to balance investment across fishing and aquaculture's dependency on accessing and utilising a public resource. This is compounded by the unique income model for FRDC being a mixture of public good Australian Government funds, and Australian Government matching funding for contributions coming from a state or territory government and AFMA, capped by the value of the commercial average gross value of production (AGVP). FRDC leverage for recreational and Indigenous fishers is dependent on its public good funding.

This document provides the FRDC board's response to the findings and recommendations of the independent Performance Review Report. In some cases it outlines enhancements the FRDC was already in the process of making; and how FRDC intends to introduce further improvement to its governance, strategic and investment management systems and processes in response to the recommendations in the report. The implementation of some changes will require resourcing, and will need to be evaluated to ensure they deliver net benefit.

The timing of the review aligns with the planning for FRDC's next Research, Development and Extension Plan 2020-25. The review commissioned by Minister Littleproud to develop a shared vision for the rural innovation system will also inform the development of this new plan.

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

Performance Review Response and Implementation Plan

Performance Review Recommendation			FRDC Implementation Plan			
#	Priority	Recommendation	Response	Actions	Milestones	Responsible
1	Important	<p>Based on a new RD&E plan, future FRDC AOPs should:</p> <ul style="list-style-type: none"> Simplify key targets per area of investment; and Continue the refinement of management / governance targets that are more relevant to organisational performance (e.g. milestones achieved on time, contract turnaround times etc). 	Agree	<p><i>Immediate:</i></p> <ul style="list-style-type: none"> FRDC will address these recommendations in the 2019-20 Annual Operational Plan (AOP) that will be reviewed by the FRDC board in December 2018. <p><i>For the 2020-25 RD&E Plan:</i></p> <ul style="list-style-type: none"> FRDC will review mechanisms to simplify key targets associated with investment that could include establishing a hierarchical series of targets spanning national, jurisdictions, and sectors; and simplifying the metrics for reporting criteria across the new portfolio matrix <p>The FRDC will review and refine its targets and supporting systems to ensure that organisational performance is improved.</p>	<p>Review simplified key targets at 12 Dec 2018 board meeting</p> <p>Review 2020-25 RD&E Plan targets at the Feb 2020 board meeting</p> <p>Finalise at April 2020 board meeting</p> <p>Completion by 30 Jun 2020</p> <p>Review at the Apr 2019 board meeting</p> <p>Completion by Jun 2019</p>	<p>Board</p> <p>FRDC management</p>
2	Important	FRDC should develop, produce and promote to stakeholders a stand-alone performance report that summarises the FRDC's key outputs and impacts relative to targets in its RD&E plan and AOP on an annual basis.	Agree	<ul style="list-style-type: none"> FRDC will produce a performance summary of its Annual Report each year – the first summary will cover 2017-18. 	<p>A copy of 2017-18 performance summary will be provided at the December board Meeting</p> <p>Completion by Feb 2019</p>	<p>Board</p> <p>FRDC management</p>

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				<ul style="list-style-type: none"> Add a dedicated page on performance reporting to the FRDC's website Given that the 2018-19 Annual Operational Plan (AOP) is already approved and active, the same approach will be taken with the 2018-19 Annual Report. 2019-20 Summary Annual Report will be based on the improved 2019-20 AOP targets 	<p>Review draft stand-alone report at Aug 2020 board meeting</p> <p>Completion by Oct 2020</p>	
3	Important	During the development of the next RD&E plan, FRDC should review the way it organises and manages its RD&E program (its investment and evaluation framework) with the aim of simplifying it so that it is easily understood by the average stakeholder.	Agree	<p>The last FRDC board requested that FRDC management:</p> <ul style="list-style-type: none"> commission a review of all FRDC structures and processes including Industry Partnership Agreements (IPAs), Research Advisory Committees (RACs), and infrastructure projects. develop a mechanism to measure collaboration, including between the RACs, IPAs and Subprograms, and report on the outcome. <p>The new board has established the <i>Investment Mechanisms Working Group</i> consisting of three directors to help FRDC management review its current investment processes, and its role in the innovation system. The FRDC will respond to a changing external environment and reposition itself as a catalyst for transformational change within the Australian fishing and aquaculture sector. It will also determine the most effective way to stimulate the level of change that will be required in the context of the 2020-25 RD&E Plan.</p>	<p>Commission RD&E Program Review</p> <p>Agree implementation plan for agreed recommendations at the Jun 2019 board meeting</p> <p>Completion by Jun 2020</p>	<p>Board</p> <p>FRDC management</p>

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4	Better practice	The FRDC Board should consider options to assist it in its role in respect to RD&E, one of which would be the creation of a Research Committee of the Board.	Agree	<p>FRDC will develop mechanisms to improve its ability to measure the value and impact of RD&E investment including:</p> <ul style="list-style-type: none"> • reviewing existing advisory structures and processes with respect to project/program evaluation (and determine if/where a board committee might add value) • reviewing the process for board approving RD&E applications • implementing an updated board RD&E investment policy and procedure • updating the FRDC board dashboard to better reflect a portfolio view of investment • developing appropriate metrics to inform the new <i>Performance Report Card</i> (refer responses to recommendations 1, 2 and 10) 	<p>Discuss at Dec 2018 and Feb 2019 board meetings.</p> <p>Review the Dashboard at the board's Apr 2019 meeting.</p> <p>Review new metrics at the board's Jun 2019 meeting</p> <p>Completion by 30 Jun 2019</p>	<p>Board</p> <p>FRDC management</p>
5	Better practice	The FRDC Board should consider creating a People and Culture Committee of the Board to formalise the succession planning process for all senior management, including the MD, to recommend the remuneration of the MD, and to develop a board skills matrix.	Agree	The FRDC board created the <i>People and Culture Committee</i> at its 20 November 2018 meeting.	<p>Created committee at board's 20 Nov 2018 meeting</p> <p>Review the committee charter at the 12 Dec 2018 meeting.</p> <p>Completion by Dec 2018</p>	Board

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6	Better practice	FRDC should develop a deeper understanding of risk appetite and risk tolerance across the key risk areas in line with new risk policy and ensure that this is monitored regularly by the FARM Committee. Risk appetite should be set by the Board with tolerances agreed between the Board and management.	Agree	<p>In August 2018 the FRDC put in place a new <i>Risk policy</i> and <i>Risk register</i> that put a focus on risk appetite and risk tolerance.</p> <p>Going forward:</p> <ul style="list-style-type: none"> key risk areas will be reviewed by the board to develop a deeper understanding of risk appetite and risk tolerance (including revisiting the FRDC's <i>Risk policy</i> and its appetite and tolerance statements) key risk areas will be reviewed; and controls monitored and revised by the board at each meeting (standing agenda item) key risk areas will be reviewed by the FARM Committee at each meeting (standing agenda item) FRDC's culture and its approach to risk will be reviewed 	<p>Ongoing – risk to be reviewed at every board and FARM Committee meeting</p> <p>In place for 11 Dec 2018 FARM Committee meeting and 12 Dec 2018 board meeting</p> <p>In place for 12 Dec 2018 board meeting</p> <p>(Ongoing)</p> <p>Create a <i>Board People and Culture Committee</i> to continually monitor the relationship between culture and risk</p> <p>Completion by Dec 2018</p>	<p>Board</p> <p>FRDC management</p>
7	Better practice	FRDC should strengthen its approach to extension, possibly by creating a specific position to oversee or coordinate extension across the organisation.	Agree	<ul style="list-style-type: none"> FRDC will undertake a review of its approach to extension and respond to the recommendations of that review, which may include improving transparency on who in FRDC leads extension. FRDC will develop metrics to enable an ongoing annual review of the performance of its extension activities 	<p>Commission the review by Feb 2019</p> <p>Discuss review report at Aug 2019 board meeting</p> <p>Review metrics at Nov 2019 board meeting</p>	<p>FRDC management</p> <p>Board</p>

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					Completion by Dec 2019	
8	Better practice	FRDC should continue to conduct <i>ex-post</i> impact assessments of randomly selected projects as planned. The focus for FRDC should be on communicating the results to stakeholders using clear, simple language, as it did in its Annual Report 2016-17. FRDC could consider preparing and publicly releasing a short performance evaluation report each year, which would include results against its key performance indicators as well as the results from the impact assessments.	Agree	<ul style="list-style-type: none"> FRDC will continue to implement the Council of Rural Research and Development Corporations (CRRDC) impact assessment procedure and guidelines, and any updates to these FRDC will develop for 2018-19 a <i>Performance Report Card</i> that will be informed by the new approach to the AOP and the review at recommendation 1 <p>In developing its new <i>Performance Report Card</i> the FRDC will assess the current Sugar Research Australia (SRA) and Wine Australia report cards as examples of better practice in performance reporting</p> <p>The implementation of this recommendation will be informed by the actions at Recommendation 2.</p>	<p>Ongoing</p> <p>Review draft Performance Report Card at the Aug 2019 board meeting</p> <p>Completion by Nov 2019</p>	FRDC management
9	Better practice	FRDC should explore with its impact assessment provider the feasibility of providing in the impact assessment reports more detailed commentary on the likely distribution of benefits from the project clusters between regions and/or sectors of the Australian fisheries sector.	Agree	FRDC will instruct its external provider to ensure that the 2019 reports provide more detailed commentary on the likely distribution of benefits from the project clusters between regions and/or sectors of Australian fisheries.	<p>Instruct external provider by 31 Dec 2018.</p> <p>Completion by Jun 2019</p>	FRDC management
10	Better practice	FRDC should develop and implement with its impact assessment provider a project to assess willingness-to-pay studies	Agree	FRDC will commission its external provider to develop willingness to pay studies to improve the valuation of non-market values. This will explore benefit transfer approaches. A	Commission external provider by 31 Dec 2018	FRDC management

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		of environmental attributes of fishery resources and externalities arising from aquaculture as input into future assessments of the environmental impacts of FRDC's Environment Program.		separate initiative that may be explored would be to use other data such as bycatch reductions, and the Status of Australian Fish Stocks (SAFS) data and associate them with a special study to elicit community values of movements between statuses for a given stock.	Review the proposed approach at the Apr 2019 board meeting Completion by Feb 2020	