

Investment in Research and Development policy



FRDC

Authorised by board: 17 June 2020

Managing Director’s authorisation:

Effective date: 17 June 2020

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1. PURPOSE

To outline how the FRDC invests in research and development.

2. RESPONSIBILITY

Responsibility for this policy resides with the FRDC board.

3. DEFINITIONS AND ACRONYMS

Definitions - follow link to [Definitions](#)

Acronyms – follow link to [Acronyms and Abbreviations](#)

4. RISK CATEGORY

Compliance	Financial	Governance	ICT	People	Research
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

5. RELEVANT DOCUMENTATION

This section contains links to relevant documents.

Relevant documentation
Primary Industries Research and Development Act (PIRD Act 1989)
Funding Agreement 2020-2030
The FRDC's Research and Development Plan
Intellectual Property Management Policy
Applying for Funding – FRDC Web Site

6. PUBLICATION

FRDC Website	Yes	Directors' website	Yes
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7. BACKGROUND

The Primary Industries Research and Development Act (PIRD Act 1989) sets out the legislative requirements for scope of FRDC's R&D investment. This is described in the PIRD Act objects:

Clause 3 Objects

The objects of this Act are to:

- (a) *make provision for the funding and administration of research and development relating to primary industries with a view to:*
 - (i) *increasing the economic, environmental and social benefits to members of primary industries and to the community in general by improving the production, processing, storage, transport or marketing of the products of primary industries; and*
 - (ii) *achieving the sustainable use and sustainable management of natural resources; and*
 - (iii) *making more effective use of the resources and skills of the community in general and the scientific community in particular; and*
 - (iv) *supporting the development of scientific and technical capacity; and*
 - (v) *developing the adoptive capacity of primary producers; and*

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- (vi) *improving accountability for expenditure on research and development activities in relation to primary industries; and*
- (b) *make provision for the funding and administration of marketing relating to products of primary industries.*

Clause 33B (2) of the PIRD Act requires *“The R&D Corporation must, within 5 years of receiving the payment, spend an equal amount on R&D activities of relevance to the State or Territory”*.

The Funding Agreement between FRDC and the Commonwealth of Australia requires:

13. APPLICATION OF THE FUNDS

13.1 *FRDC may only spend the Funds:*

- (a) *in accordance with the Act, the PGPA Act and this Agreement; and*
- (b) *in a manner that is consistent with the:*
 - (i) *R&D Plan;*
 - (ii) *Performance Principles; and*
 - (iii) *Guidelines.*

13.2 *FRDC may only spend Funds on RD&E activities and Marketing Activities that:*

- (a) *relate to the Industry and are for the benefit of the Industry; or*
- (b) *are for the benefit of the Industry and for the Australian community generally.*

Other restrictions on spending the Funds

13.3 *FRDC must not spend the Funds on payments to Industry Representative Organisations, other than for:*

- (a) *payments of membership fees, if that membership contributes to FRDC pursuing its objects; or*
- (b) *payments to acquire goods or services from those organisations or to otherwise fund RD&E or Marketing Activities.*

13.4 *FRDC must develop, implement and maintain an appropriate Balanced Portfolio.*

13.5 *If FRDC spends the Funds other than in accordance with this Agreement or the Act, the Commonwealth may, by written notice to FRDC, require FRDC to repay all or a part of those misspent Funds to the Commonwealth within the timeframe specified in the notice.*

13.6 *FRDC must contribute to the implementation of relevant Industry sector and cross-sectoral strategies under the National Primary Industries Research, Development and Extension Framework, as appropriate to its national leadership role in relevant Industry strategies and its support role in other relevant strategies and otherwise in a manner consistent with FRDC’s R&D Plan.*

8. POLICY

This policy will ensure:

- compliance with legislation and agreements with the Commonwealth government
- that the RD&E investment will progress the delivery of the FRDC’s R&D Plan 2020-25
- that investment is assessed based on attractiveness and feasibility
- efficiency and effectiveness of service delivery is maximised

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- that investment is conducted in an honest, competitive, fair, ethical and transparent manner and ensures probity, environmental issues and reputation are addressed
- that FRDC invests prospectively (not retrospectively)
- a balanced investment portfolio
- that the FRDC meets the obligations of the National Primary Industries Research, Development and Extension Framework

This policy implementation will be informed by the following principles:

- committed to investing public and private contributions to meet public good and private benefit that results in optimum benefit costs impacts; and does not aim to solely maximise economic benefit
- invest to achieve a balance between the need to foster competition between research partners while also fostering collaboration between research partners, other research and development corporations, investors and end-users
- the FRDC will recover the costs of administration from financial contributions provided to the FRDC as per the PIRD Act or from work orders from government departments
- maximise the use of existing knowledge where available and avoid unnecessary duplication
- investment must demonstrate a pathway to adoption and impact where possible. This should ensure end-users are engaged along the innovation chain from problem definition and ideation to output adoption
- invest through a variety of mechanisms including, but not limited to, competitive calls, select tenders, direct tenders, commissioning, seed and series funding
- be open to flexible and agile investment
- maintains a balance of investments in short term tactical, versus long term strategic research
- encourage the generation of novel and innovative ideas
- maximise opportunities for collaboration and partnerships, including outside of traditional areas
- monitor and evaluate the performance of FRDCs investment against the R&D Plan

The Annual Operational Plan (AOP) outlines the priorities and the estimated value of investment.

Risk setting approach to R&D investment

The FRDC will set its risk appetite so as to deliver a balanced portfolio with a mix of low and high risk investments. The FRDC will undertake a diverse range of RD&E activities that incorporate risk assessments, and target both short-term and long-term returns on investment with the view to improve efficiency, productivity, competitiveness and innovation for financial contributors, producers and along the supply chain, and provide public benefit to the Australian community.

9. ATTACHMENTS

#	Description
1	Not applicable

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