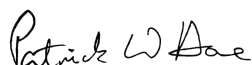


Investment in Research Development and Extension

Managing Director's Authorisation

Effective Date

Patrick Hone



28 November 2024

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frdc.com.au
Locked Bag 222, Deakin West ACT 2600
+61 2 6122 2100
ABN 74 311 094 913

1. PURPOSE

To guide FRDC's investment in research development and extension

2. RESPONSIBILITY

Responsibility for this policy resides with the FRDC Board.

3. DEFINITIONS, ACRONYMS AND ABBREVIATIONS

Definitions link [Definitions](#)

Acronyms Link [Acronyms and Abbreviations](#)

4. RISK CATEGORY

This policy covers the following risk categories.

Strategic	Governance	Service Delivery	Reputational	Financial	Operational	People
☒	☒	☒	☒	☒	☒	☒

5. RELEVANT DOCUMENTATION

This section contains links to internally and externally facing documents – access to internally facing documents is restricted to FRDC employees.

Relevant documentation
Internal
Statutory Funding Agreement
The FRDC's Research Development and Extension Plan (RD&E Plan)
Annual Operational Plan
Intellectual Property Management Policy
Applying for Funding – FRDC Web Site
External
Primary Industries Research and Development Act (PIRD Act 1989)
Primary Industries Levies and Charges Disbursement Act 2024

6. TRAINING

The training for the Policy will be undertaken through staff meetings.

7. DOCUMENT MANAGEMENT

If any material resulting from this policy is to be filed to Nemo, refer to [Nemo Scenarios](#) or General Manager if unsure which metadata to use:

8. PUBLICATION

This policy is to be made available on the FRDC website.

This policy is to be made available on the directors' site.

9. BACKGROUND

The Primary Industries Research and Development Act (PIRD Act 1989) sets out the legislative requirements for scope of FRDC's research and development investment.

This is described in the PIRD Act objects:

Section 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
 - (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.

Section 4 Definitions

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 research and development activities of relevance to the State or Territory"*.

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

Refer Section 15. APPLICATION OF THE FUNDS AND VOLUNTARY CONTRIBUTIONS

15.1 FRDC may only spend the Funds and the Voluntary Contributions:

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

15.2 Where FRDC spends Voluntary Contributions on Research and Development Activities or Marketing Activities, that expenditure must be for the benefit of the Industry or the Australian community.

Other restrictions

15.3 FRDC must not spend the Funds or Voluntary Contributions 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 Research and Development Activities, Marketing Activities or any other matters that FRDC can spend Levy or Charge Payments on under the Disbursement Rules.

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

15.5 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.

10. POLICY

This policy will ensure:

- compliance with legislation and agreements with the Commonwealth Government
- RD&E investment will progress the delivery of the FRDC's RD&E Plan
- investments will be made based on submission of a request through a process relevant to the investment activity
- investment is assessed based on attractiveness and feasibility
- efficiency and effectiveness of investment processes are maximised
- investment is assessed and conducted in an ethical manner aiming to deliver the following probity principles for the procurement of all investments:
 - fairness and impartiality;
 - consistency, accountability and transparency of process;
 - delivering value for money;
 - security and confidentiality of information;
 - identification and resolution of conflicts of interest; adherence to legislative obligations and applicable government policy; and
- consideration of risks and FRDC's Risk Management Framework
- FRDC invests prospectively (not retrospectively) based on approved applications
- all Directors are provided with the opportunity to review all exercises of delegations reported in the Managing Director (MD) weekly report, with Directors having four business days (unless early consideration is requested as outlined in the MD report in which case it

will be two business days) to request the approval be put on hold and discussed either out of session or at the next Board meeting

- a balanced investment portfolio incorporating an appropriate blend of issues of national importance based on government and contribution payer priorities that seeks to balance short, medium and long term, high and low-risk, and strategic and adaptive research needs including consideration of regional variations and needs
- that within 5 years of receiving the contribution, return the contribution through investing in research and development activities of relevance to the State or Territory
- 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 cost impacts; whilst not solely maximising, economic benefit
- invest to achieve a balance between the need to foster competition between research partners while also fostering collaboration between them, other research and development corporations, investors and end-users
- maximise opportunities for collaboration and partnerships, including outside of traditional areas
- cost recovery of administration from financial contributions provided to FRDC as per the PIRD Act and Primary Industries Levies and Charges Disbursement Act 2024, or from grant funding from government and state departments
- maximise the use of existing knowledge where available and avoid unnecessary duplication
- prioritisation and 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 and be open to flexible and agile investment
- maintain a mix of tactical versus strategic research
- be open to investments in the developmental side of research and development including through investment in novel technologies and capital as a demonstration vehicle to other stakeholders
- encourage the generation of innovative ideas and invest in them
- monitor and evaluate the performance of FRDCs investment against the RD&E Plan

The Annual Operational Plan (AOP) outlines the focus areas for investment and the estimated value of that investment.

Risk setting approach to RD&E investment

The FRDC will set its risk appetite so as to deliver a balanced portfolio with a mix of low and high-risk investments including the potential for investment failure. The FRDC will undertake a diverse range of research development and extension activities and target returns on investment with the view to improve efficiency, productivity, competitiveness and innovation for financial contributors, producers,

along the supply chain and other stakeholders and provide public benefit to the Australian community.

11. ATTACHMENTS

#	Description
1	Not applicable

Board Investment in Research Development and Extension policy

Final Audit Report

2024-12-04

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