

# final report

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# Pastures Australia REVIEW



A collaboration between AWI, GRDC, MLA, RIRDC & Dairy Australia

# Report To The Pastures Australia Board of Management

December 2009

(Revised January 2010)

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#### 1.0 Disclaimer

The information provided in this report is presented as a record of information, provided or reported to the review panel and SGA Solutions Pty Ltd in good faith. The contents reflect the review panels best judgment based on the information reviewed at the time of writing and therefore the review panel can accept no responsibility if the information is used for other purposes.

In preparation of this report the review panel has obtained data and information from Pastures Australia (PA) personnel, board members of PA (current and past) and personal representing pasture industry stakeholder organizations.

This review and report has been funded by the Rural Industries Research and Development Corporation (RIRDC) on behalf of Pastures Australia Board of Management.

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### 2.0 Executive Summary

As Pastures Australia (PA) enters the final year of its first cycle (2006 – 2010) the Pastures Australia partners sought to undertake a review of the programs progress and performance and to assess and identify if there was a need for change and if so what would that change look like.

The review was underpinned by: i) Background PA documents; ii) Interviews with RDC stakeholders (8), iii) Interviews with industry representatives (4) and, a Pasture industry stakeholder survey (54).

The review was undertaken within the context of an industry which lacks agreement by its participants as to what the pasture industry represents. Currently, it is an array of industry sectors which are characterized as being diverse in terms of their geographical distribution, production activities, products and markets.

The only sector which clearly identifies that the pasture industry exists are those supply chain participants which are directly engaged in plant breeding, seed production, processing and marketing, and participants engaged in pasture management systems (e.g. fertilizer and machinery). Even within this sector there are competing principles (e.g. commercial drivers versus public good) which causes divergence and a lack of continuity. Many of the participants outside of the pasture sector identified themselves more as participants undertaking activities associated within 'silo's" namely sheep, beef, dairy and fodder production.

The review identified that this dichotomy of views failed to recognize that the primary driver for all participants is the pasture and hence the various participants and sectors were all part of the one industry driving outcomes from a common base.

It became evident to the review panel during the collection, collation and review of inputs to the PA review that of the objectives established for the review panel the most significant in terms of delivering a meaningful outcome to the PA investors would be to focus on what changes would be required to make PA successful going forward in terms of delivering value to the pasture industry. Given that the majority of information contributed to the review by participants acknowledged that PA had a significant role in the pasture industry going forward, however change was required to occur in PA if this support was to be harnessed.

The review identified that PA's major strength was associated with its role in providing a central focus for the supply chain participants and stakeholders within the pasture industry to communicate and coordinate pasture related R, D & E activities. Conversely, the review established that PA's major weakness was associated with it its inability to execute a strategy which delivered on its key strength.

In terms of the value generated from PA's investment into various activities undertaken to date, the review identified that while it had invested in a diverse range of R, D & E related projects the investments were still to generate value to the industry from the majority of these projects. This is primarily due to the poor execution of the "Extension" component of the overall PA R, D & E strategy for delivering value to pasture industry stakeholders.

As a result the review identified that PA has been unable to achieve all its stated objectives to date and is unlikely to deliver on either its 2010 or 2015 objectives unless there is an increased focus on the delivery of these project outcomes. For example, in relation to future RDC and PA investment in R, D & E the review identified that the key areas of investment focus should be as follows:

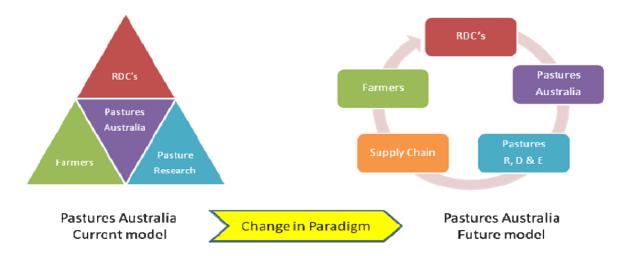
- a. Climate Change.
- b. Improved Value of Pastures.
- c. Increased Adoption of Pasture Improvement Strategies.
- d. Re-establishing the role of Legumes in Permanent Pastures and Crop Rotations.
- e. Sustainable Pasture Management Systems for Mixed Farming Enterprises.

The review established that there is a fundamental difference in alignment between the pasture industry stakeholders and RDC's interpretation and perception of why PA was established. Despite the high level of awareness and the positive outcomes identified by the review, in general PA's performance has been perceived as not being very effective because of its lack of execution and delivery on its initial objectives.

Despite the range of views regarding the viability or not of the current PA model it was agreed by the review panel that there is nevertheless, surprising and overwhelming support and good will from pasture industry stakeholders and the RDC's towards Pastures Australia. As an industry they fully support continuance of PA albeit that it needs some critical adjustments.

The review panel identified that without change, the current static PA model will not be well placed to deliver on its current objectives or those of its RDC and pasture industry stakeholders. Therefore, for PA to be successful, it will need a change in paradigm and realign its charter/objectives.

PA will need to transition into a future model which can facilitate and execute on delivering its objectives in a more proactive "whole of industry" approach which incorporates supply chain participants who represent a key part of the information and knowledge transfer process in the adoption of pasture improvement technologies and practices.



The review panel identified three potential roles which will enable PA to deliver on its objectives, these are: i) Coordination of Pasture Research; ii) Peak Industry Body Coordination, and iii) Development and Implementation of a National Pasture Strategy.

In consideration of these roles and the need to deliver on PA's objectives the review panel identified five different model options into which PA would have the option to transition and give meaning to the roles identified. These models are not necessarily mutually exclusive rather they may be sequential. Hence, the review panel is of the view that the RDC's should consider splitting the second cycle of PA funding into two rounds of investment: Phase One (2010 – 2012) and Phase Two (2013 – 2015).

#### The PA model options considered were:

- 1. Pastures Australia II: Retain the current model with improvements funded by RDC's.
- 2. <u>Clearing House:</u> Focus on being the "champion" of the National Pasture Strategy developed for and by the pasture industry.
- 3. <u>Peak Industry Body (1):</u> Represent the common interests of all pasture industry participants and promote the development, expansion and improvement of Australian pasture production.
- 4. <u>Peak Industry Body (2):</u> In addition to the role outlined in model 3 focus on maximizing the long term return on investment to stakeholders and providing services to industry.
- 5. <u>RDC "ad hoc" Collaboration Model (Pre Pastures Australia):</u> This approach would see the current RDC's agree to disband Pastures Australia and agree to resume their previous approach of operating and investing in pastures in their own right and from time to time make "ad hoc" arrangements for collaboration with either other RDC's or industry groups.

It is the view of the review panel that the adoption of the "Clearing House" model for PA would be considered the most appropriate option for the RDC's in the near term (2010 - 2012) as it will deliver the following incremental benefits to the RDC and pasture industry stakeholders:

An increased across supply chain collaboration in the generation of pasture improvement R,
 D & E and the flow on commitment to the promotion and adoption of these outcomes.

- 2. A process for the effective planning and prioritization of R, D & E required for pasture improvement.
- 3. A coordinated across industry approach to industry investment in pasture improvement R, D & E.
- 4. A mechanism which can deliver increased efficiency in the use of industry R, D & E resources and capacity through the integration of across sector R, D & E priorities.
- 5. The systematic consolidation of information from isolated silo's into a centralized information distribution network.

The strength of the "Clearing House" option for PA is that its key focus is on being a proactive contributor and participant on behalf of the RDC's and the industry to the decision making process both within and external to the industry in relation to R, D & E strategy, investment and delivery of outcomes related to pasture improvement.

Therefore the role of PA transitions from being a manager of research projects to one where it provides advice and direction to organizations (e.g. RDC's) as to their investment in projects which are consistent with a national approach to pasture improvement.

At the same time it has an active role in establishing and providing a pathway for disseminating the outcomes of the industries R, D & E investments (i.e. a clearing house) to pasture industry stakeholders across the supply chain, thus driving the rate of adoption pasture improvement strategies by livestock producers in Australia.

The value of this approach is that it allows the RDC's to retain flexibility and control over their respective investments in R, D & E while at the same time supporting a platform where the focus of their investments is aligned with a national coordinated approach to pasture improvement. The benefit of the increased alignment of pasture related R, D & E is that it is more likely to achieve a much faster rate of adoption and impact for the RDC's due to the breaking down of information silo's and the establishment of structured networks of communication.

In summary, although there has been criticism of PA's performance to date, there has been a clear view held and expressed by the majority of contributors to the review that there is a continued need for a body such as PA. It is the view of the review panel that RDC's continued investment in Pastures Australia is an essential corner stone of underpinning pasture improvement R, D & E in Australia as PA will provide the platform on which the current divergent array of industry sectors and silo's can consolidate into one pasture industry. Consolidation of the pasture industry platform will provide PA with a very efficient, effective and an economic pathway to generate and deliver value by way of the various RDC investments in R, D & E which are coordinated and delivered by PA.

A rejuvenated PA will drive the continued evolution and adoption of pasture practices that will:

- Sustainably increase and improve livestock productivity and position our pasture-based industries to capture quickly, expanding export markets, especially for meat, dairy produce, fodder and seed, and
- 2. Enhance, especially for the grain industry, soil health and biological fixation of atmospheric nitrogen.

The following recommendations prepared and submitted by the PA review panel for consideration of the PA Board of management and the respective RDC investors represent a "blue print" of activities and actions which when adopted and implemented will bring about the changes required for PA to move forward and to deliver value based on PA's current and future objectives those of its RDC investor's and industry stakeholders.

#### 3.0 Recommendations

It is the view of the review panel and that of the contributors to the review that Pastures Australia has established a significant base of good will and confidence amongst stakeholders. The review confirmed that PA has the capacity to influence the adoption of pasture improvement strategies nationally and in so doing drive significant pasture and livestock productivity gains. Therefore the review panel, proposes the following recommendation for consideration and adoption by the PA Board of Management:

#### **Recommendation One:**

That Pastures Australia continues to exist based on clearly identified needs articulated by the supply chain and that <u>all RDC</u>'s concerned with pasture based industries support the role of Pastures Australia through investment and resourcing to the end of the next cycle which concludes in 2015 (albeit recognizing that the role of PA may evolve during this period).

The review panel was in agreement that the cornerstone to the future success of PA is the need to address the barriers which inhibited its previous success. The key to addressing these barriers is the need to ensure that all the RDC's agree to participate and that their objectives and expectations for engagement in PA are aligned. Therefore, the review panel proposes, the following recommendation for consideration and adoption by the PA Board of Management:

#### **Recommendation Two:**

That the Board of Pastures Australia initiates an internal review of the current PA charter which governs PA's strategy and the alignment of RDC stakeholder expectations and commitment.

It is proposed that the review of the charter incorporate the following elements:

- Scope of PA's vision and outcomes (e.g. Objectives, Goals and Milestones)
- Scope of individual RDC engagement (i.e. passive contribution to strategy only or active contribution to investment and strategy)
- Scope of PA's constituency (e.g. RDC stakeholders, pasture industry supply chain)
- Scope of PA's engagement (e.g. pastures, soil plants, plants-animals, fodder)
- Scope of PA's role (e.g. Industry strategy management, R, D & E project management)

In recognition of the need for the RDC's to retain flexibility while staying engaged in the PA process the review panel is of the view that the RDC's should consider splitting the second cycle of PA into two rounds of investment: Phase One (2010 – 2012) and Phase Two (2013 – 2015). Such an approach will allow PA to consolidate its role and focus on delivering value to the RDC's and the pasture industry. This approach will also allow the RDC's to retain flexibility while staying engaged in the PA process. Following consideration of the model options which would contribute value to the RDC stakeholders and the pasture industry the review panel, proposes the following recommendation for consideration and adoption by the PA Board of Management.

#### **Recommendation Three:**

That the Board of Pastures Australia agree to the adoption of a strategy model which is focused on the development, delivery and coordination of an agreed National Pasture Strategy, and the effective communication and dissemination of pasture improvement information to pasture industry stakeholders("Clearing House" Model).

The review panel is of the view that the "Clearing House" strategy based model supported by the RDC's will see the role of PA transition from being a manager of research projects to one where it provides advice and direction to organizations (e.g. RDC's) as to their investment in R, D & E projects which are consistent with a national approach to pasture improvement. In addition it will see PA undertake an active role in establishing and providing a pathway for disseminating the outcomes of the industries R, D & E investments (i.e. a clearing house) to pasture industry stakeholders across the supply chain. Following consideration of the requirements for the adoption of a strategy based model for PA, the review panel proposes the following recommendation for consideration and adoption by the PA Board of Management:

#### **Recommendation Four:**

That the Board of Pastures Australia, commission the development of a Business Plan for the Clearing House PA model for the 2010 – 2012 period encompassing the following elements:

- 2. The re-establishment of PA's role and identity within the pasture industry by way of:
  - a. The appointment of an independent chairperson to the PA board,

- b. The appointment of a full time CEO (as distinct from Coordinator),
- c. The establishment of a Operating Plan, Infrastructure Plan, Financial Plan, Communication Plan and Milestones for PA,
- d. The establishment of a communication platform (i.e. clearing house) for the consolidation of current pasture improvement information (i.e. consolidate the silo's) and delivery of outcomes from the various projects and activities undertaken by pasture industry stakeholders,
- e. The establishment of a Pasture Industry Reference Group (PIRG) with membership from across the supply chain including peak industry bodies and with specialist expertise provided by invited participants, and
- 3. The coordination, development and implementation of a National Pasture Strategy which embraces the goals and objectives of all stakeholders in relation to pasture improvement and productivity. The strategy will include but not be limited to the initiation of investment into R, D & E which has a focus on the following
  - a. Climate Change.
  - b. Improved Value of Pastures.
  - c. Increased Adoption of Pasture Improvement Strategies.
  - d. Re-establishing the role of Legumes in Permanent Pastures and Crop Rotations.
  - e. Sustainable Pasture Management Systems for Mixed Farming Enterprises.
- 4. The development of a plan for the RDC stakeholders to consider and evaluate as whether PA having achieved its short term objectives (2010 2012) should evolve into:
  - a. a peak industry body representing stakeholders within the current and future pasture industry, or
  - b. maintain and strengthen its role of coordinating and delivering on a pasture improvement strategy for the pasture industry, or alternatively.
  - c. assess if PA should be wound down and the RDC's revert to self management of pasture related R, D & E investments.

It was recognized by the review panel that the pasture industry comprises a diverse fragmented amalgamation of private and public sector organizations, often operating in isolation or in isolated collaborations such as PA or Grasslands Societies etc. The

pasture industry currently is akin to a ship without a rudder to steer the ship. The review panel identified that PA within its proposed new model will be well positioned to take leadership and provide the "rudder" for the pasture industry. This can be achieved by initiating the development of a National Pasture Strategy. The strategy when completed and signed onto by the pasture industry would ensure that public (e.g. RDC) and private sector investments and resources committed to pasture improvement are complementary, not competitive are focused on an agreed outcome and that they meet industry needs. Therefore the review panel proposes the following recommendation for consideration and adoption by the PA Board of Management:

#### **Recommendation Five:**

That the Board of Pastures Australia following the re-establishment of PA's charter and model for the second cycle concluding in 2015, commission the development of a National Pasture Strategy which encompasses both the private and public sectors stakeholders and includes a clear definition as to: what constitutes the pasture industry; its role and who its stakeholders are.

The objective of the process will be to

- identify the current pasture industry stakeholder base and the drivers for participation,
- indentify and quantify the current pasture resource base and corresponding capacity,
- identify the current pasture industry structures and relationships,
- consolidate and align these elements and identify the priorities for the pasture industry, including R, D & E priorities
- communicate the strategy and confirm "buy in" by all relevant internal and external stakeholders, and to
- present the R, D & E strategy, including priorities to PISC for its endorsement and incorporation into the national R, D & S strategy for agriculture.

Upon completion it is recommended that PA be responsible for representing and promoting the strategy when and where appropriate, as well as assuming responsibility for initiating a regular review of its direction and performance, and if required update the strategy.

## 4.0 Background

Pastures Australia was established in 2006 as an unincorporated joint venture between five research organizations; Australian Wool Innovation (AWI), Dairy Australia (DA), Grains Research and Development Corporation (GRDC), Meat and Livestock Australia (MLA) and Rural Industries Research and Development Corporation (RIRDC).

Pastures Australia was established with the aim of creating one body which could better direct the combined pasture resources of the RDC's and through an industry coordinator better engage with all participants of the industry rather than the current independent R, D & E process undertaken by the respective RDC's.

Pastures Australia was established as an industry-wide effort to create the most efficient vehicle for future investment in;

- genetic improvement of perennial and annual legumes, grasses, herbs and forages
- · development of new agronomy and management knowledge for pasture species, and
- communication and extension of new knowledge to farmers.

The purpose of PA is to capture increased value for farmers from research, development and extension of improved pastures. PA's first priority is to facilitate the development of a more informed market place. This will be achieved by improved flow and quality of information and ensuring that decisions are based on objective and complete data. Further development of skills and capabilities in the industry will be required in addition to the provision of new processes, products and tools.

<u>The Vision for PA</u> is that by 2015 farmers would be able to select with confidence pasture plants that are tested in their environment. They would be able to establish and manage pastures that deliver on their enterprise objectives, while managing risks.

<u>The Objective for PA</u> is to strive to deliver a minimum 5:1 ROI from total funds invested in pastures by PA and its partners, through the implementation of the following strategies.

Provide a focus for industry leadership and coordination

- Develop new tools and systems for independently benchmarking the performance of pasture plant genetics
- Develop improved agronomy and management information
- Invest in extension tools and communication for farmers and their advisors
- Undertake pasture plant breeding where market failure and a clear industry demand exist
- Invest in skills, knowledge development and capacity
- Undertake investment analysis and review

<u>The role of PA</u> is to manage and coordinate future investments in pasture improvement and drive increased returns from pastures in Australian farming systems.

As part of this role PA was to provide a platform for increasing communication and cooperation along the value chain for pastures: from breeder to commercial seed company to producer.

Pastures Australia focus is to make strategic investments to increase the efficiency of the industry value chain, but not to invest in activities that would compete with the private sector.

It was intended that Pastures Australia be the vehicle for future investment in annual and perennial grasses and legumes, shrubs and herbs. Early stage investments were to be focused on increasing the adoption of new pasture varieties in farming systems by:

- Increasing knowledge and understanding of the agronomy and management requirements of new pastures species
- Providing a "one stop shop" website where producers can source information on pasture varieties, their adaptation and performance under different environmental conditions.

As Pastures Australia enters the final year of its first cycle (2006 – 2010) of activities the Pastures Australia partners are seeking to undertake a review of the programs progress. The objectives of the review are:

- 1. To assess the progress of Pastures Australia activities and investments against its original objectives, and
- 2. If as a result of the review, assess what options should be considered in order to realign its objectives and activities to meet current and future needs of pasture industry stakeholders for the 2010 2015 period.

Pastures Australia has commissioned an independent panel with the responsibility for collating feedback from pasture industry stakeholders and preparing a report with recommendations for consideration by the Pastures Australia Board of Management.

Pastures Australia engaged Mr. David Hudson (Managing Director, SGA Solutions Pty. Ltd.) to chair and facilitate the review process. In consultation with the PA Board of Management the following review panel was appointed:

• Dr. Kevin Reed (Reed Pasture Science)

- Dr. Kevin Smith (formerly Vic. Dept. of Primary Industries)
- Prof. John Irwin (University of Queensland)
- Mr. Jim Shovelton (Mike Stephens & Associates )
- Mr. Mike Gout (Productive Pastures Pty. Ltd.)
- Mr. John Madden (Arche Consulting Pty. Ltd.)

#### The review incorporated four components:

- 1. Review of background documents supplied by PA.
- 2. Interviews with representatives from each of the current PA RDC stakeholders and PA's coordinator.
- 3. Interviews with representatives from across the pasture industry supply chain.
- 4. Collation of results from a questionnaire completed by participants from across the pasture industry supply chain.

Due to the diversity and size of the pasture industry supply chain the instrument selected to obtain the input required was an email based survey questionnaire (see attached).

The survey questionnaire was structured by SGA Solutions in consultation with the PA Board of Management to address the following elements:

- a) Background Information of your organizations involvement with pasture related activities.
- b) Assessment of the current role and contribution of Pastures Australia.
- c) Assessment of the future impact of Pastures Australia on your organizations pasture related activities, investments and resource allocation?
- d) Pasture Improvement Current Position.
- e) Barriers to the Adoption of Pasture Improvement.
- f) Pasture Improvement Information Sources.

The pasture industry questionnaire was sent together with a PA backgrounder for completion between mid October and mid November 2009. Results were collated and forwarded to the review panel and PA Board of Management.

The industry questionnaire provided a significant pool of information contributions from participants actively engaged in pastures improvement activities primarily in the pre farm gate and on farm gate sectors of the industry. Pasture industry stakeholders (173) were drawn from the current PA database and were allocated into the following industry sectors:

- Consultants/ Advisors (23)
- State DPI's (40)
- Input providers (19)

- Seed Companies (28)
- Distribution/ Resellers (20)
- Research providers (13)
- Communication / Education / Farmer Organizations (20)
- PA stakeholders (10)

Completed surveys were received from 54 industry stakeholders which represented a response rate of 31.2% with a completion rate within sectors ranging from 25% - 40%. Of the respondents 92% we aware of PA primarily from attendance at either attending industry forums and conferences (27.6%) or attending PA's industry workshop in April 2009 (25.3%). The detailed results from the questionnaire are presented in Appendix One with key results being incorporated into the discussion and summary.

The review panel completed the review of the background documentation by early November which was followed by a meeting of panel on the  $16^{th} - 18^{th}$  November during which time the interviews with PA stakeholders and supply chain representatives were completed.

Interviews were completed with representatives from the following organizations:

#### 1) Pastures Australia Stakeholders

- Mr. Rory Coffey (PA Coordinator)
- Mr. Cameron Allan (Meat Livestock Australia)
- Mr. David Nation & Mr. Dave Henry (Dairy Australia)
- Dr. John De Majnik (RIRDC)
- Dr. Martin Blumenthal (GRDC)
- Ms. Renelle Jeffrey & Ms. Lu Hogan (Aust. Wool Innovation)

#### 2) Pasture Industry Representatives

- Mr. Mark Sweetingham (DAFWA)
- Ms. Georgina Gubbins (Grasslands Society of Southern Australia)
- Mr. Colin Peace (Australian Fodder Industry Association)
- Dr. San Jolly (Animal Nutrition Consultant, Member of PA Industry Strategy Group)

### 5.0 Pastures Australia Review – Scope and Terms of Reference (TOR's)

While a specific Terms of Reference (TOR's) was not provided by the PA Board of Management, it provided a series of related questions which it wanted the review panel to address in its deliberations. In conducting the review the panel consolidated the various questions posed by the PA board into the following TOR framework for the review of Pastures Australia.

#### Terms of Reference One (Page 17 – 29):

Assess the impact and performance of Pastures Australia during its initial cycle (2006 – 2010) and in so doing assess whether PA has met its 2010 objectives and the expectations of the RDC stakeholders and the broader pasture industry?

- A SWOT analysis of PA
- The success of PA in meeting the expectations of its investors.
- The conduct and performance of the program against its 2010 outputs.
- Has PA identified and reacted to areas of market failure?
- The "value" that the program has delivered to its investment partners and industry stakeholders.
- How the Pastures Australia initiatives / processes compare with the traditional model / approach in the supply chain?

#### Terms of Reference Two (Page 35 – 37):

Provide an indication as to whether PA is well positioned to achieve its 2015 objectives and if not, should PA continue to operate within its current model?

- The likelihood that the program will deliver against its 2015 objective.
- What could be the impact of the change in adoption curve & speed of adoption impact on the Benefit: Cost Ratio (Predicted & Potential Impact)? Document the impediments/ opportunities.
- What could be the impacts / benefits of the PA actions to reducing the research, development to delivery interval?
- Can PA stimulate a different "culture" in the supply chain, change of practice?

#### Terms of Reference Three (Page 39 – 60):

What is the future role for Pastures Australia, and what model options should be considered in order to achieve success for Pastures Australia, the RDC's and Pasture Industry stakeholders?

- Will the proposed future process being implemented by PA improve information flow through the supply chain and result in improved delivery and support for adoption of improved pasture technologies?
- How do the needs of project management / coordination differ in the PA model, compared with a more traditional approach?
- Recommendations for the conduct of the program in its final year
- Provide guidance on gaps in the investment portfolio
- Perception on the effectiveness of the approaches.

#### 6.0 Results

#### 6.1 Context of the PA Review Results

During the Pastures Australia review it became apparent to the review panel that there is a fundamental difference in alignment between the pasture industry stakeholders interpretation and perception of why PA was established and the actual reasons why the RDC's established PA. The outcome of this difference in perception relating to the role of PA essentially established a diversity of the views expressed both in the industry questionnaire and in the discussions held by the review panel.

In essence the RDC's indicated that Pastures Australia was established by the RDC's to deliver research directed outcomes for the RDC's and their respective farmer (levy paying) constituencies. Within this context however, the expectations of each RDC varied both in terms of the breadth of its activities and the focus of its outcomes. For example one RDC representative viewed PA as being a "common interest" forum where RDC's could share information with no further expectation of participation and delivery; conversely another RDC saw PA acting on its behalf in the coordinator and management of all its pasture related research.

By contrast non RDC stakeholders expressed a view that they were part of a broad based "pasture industry" which viewed PA as being an RDC sponsored research based resource for stakeholders in the pasture industry. These participants considered PA's role would be to facilitate and contribute R, D & E outcomes driven by industry input for not only farmers but also supply chain participants. For example, with a constituency being drawn from across the supply chain (including farmers) DAFWA, AFIA and the Grasslands Society of Southern Australia see their focus as being the "pasture" - its management and improvement. Hence these organizations had very high expectations of PA's contribution to pasture related R, D & E which would be delivered to their respective constituencies via the respective organizations.

The lack of alignment between the RDC's and the pasture industry in terms of why PA was established and the role it would full fill also reflected the lack of clarity identified by the review panel as to what was the charter for PA and the flow on strategic and operational boundaries of PA's activities i.e. what was within the scope for PA and what was to be excluded and remain within the private and public sectors?

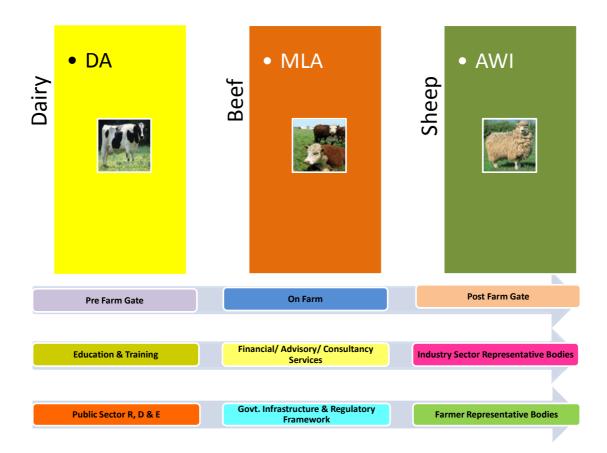
This disconnect reflects the broader issue for the industry which is the lack of common ground and understanding between the RDC's and the public and private sector stakeholders as to: what constitutes the pasture industry; its role and who its stakeholders are.

As to the existence of this disconnect within the Australian pasture industry and the reasons why, Gout & Jones (March 2006), in comments relating to future pasture research investment identified the following reasons for the lack of industry alignment.

"Market understanding and valuation of the pasture industry is lacking due to the pasture seed industries history (still present) of <u>lack of trust between stakeholders</u> and <u>low barriers to market entry</u>. This <u>lack of good marketing data</u> impacts on developing a national strategy to which stakeholders are committed. "

During the Pastures Australia review this disconnect was identified as being still the case and was expressed in a number of ways by participants. For example one of the views expressed by the non RDC contributors to the review suggested that it is not a matter of generating new research via PA, rather it is a case of breaking down the aura of "silos" created by RDC's (Diagram One). An additional representative view suggested that PA's role is to access and share (i.e. D & E) the current base of information across the supply chain (e.g. via AFIA and Grasslands Society of Southern Australia) in order that all stakeholders can benefit from its delivery.

**Diagram One:** The Australian pasture industry RDC "silos" of information.



The review identified that although there had been some progress in alignment of various pasture stakeholders via Pastures Australia and various initiatives by the RDC's and organizations such as the Grasslands Societies the lack of trust between stakeholders was still a major hurdle to obtaining a common stakeholder understanding of what the pasture industry represents.

For the purpose of the review, the panel agreed to a broad definition of the "pasture industry" and correspondingly "pasture industry stakeholders" as being either a public or a private sector organization or individual who undertakes a role which contributes to the governance, development, adoption or extraction of value in the pre farm gate, on farm, and post farm gate sectors of the pasture related supply industry chain (Diagram Two).

#### **Diagram Two:** The Australia Pasture Industry Supply Chain.

## Australian Pasture Industry Supply Chain



#### 6.2 Terms of Reference One:

Assess the impact and performance of Pastures Australia during its initial cycle (2006 – 2010) and in so doing assess whether PA has met its 2010 objectives and the expectations of the RDC stakeholders and the broader pasture industry?

Since the commencement of PA in 2006 survey respondents indicated that in general their investment and activities relating to pasture improvement had either increased or had remained the same. Respondents commented that there had been some decline in R & D investment and activity, however this was somewhat countered by there being an increase in "Extension" related activities.

The review identified that since Pastures Australia was established there had been a significant level of awareness created within the pasture industry with 93% of all survey participants being aware of PA.

The level of awareness was qualified in that many respondents suggested that this awareness was more related to the activities initially undertaken to establish PA and that in later years there had been little, if any contact other than the Pasture Improvement Strategy workshops held within industry in early 2009.

The review identified that Pastures Australia's strengths were in providing:

- an independent and centralized role in pasture related coordination, engagement and communication, albeit that the communication was perceived to be very narrow in the audience being engaged.
- a platform and interface for the pasture industry,
- a multi-disciplinary R, D & E investment with focus on targeting gaps in "public good" / "market failure" investment,
- a conduit for the pasture industry to communicate with the RDC's,

Conversely, the review identified that the weakness of Pasture's Australia's current "modus operandi" were as follows:

- the awareness of different priorities, agendas and commitment of the participant RDC's which led to a lack of clarity as to what Pastures Australia was tryin to achieve.
- its lack of transparency and ability to effectively engage the pasture industry,
- it was perceived t be too ambitious in what it was trying to achieve while at the same time lacking the infrastructure and investment base to achieve a basic level outcomes,
- disenfranchised stakeholders in Northern Australia, RDC's are not committed, mixed and inconsistent messages,

 long on rhetoric but short on meaningful delivery, PA was perceived to be responsible for the overall reduction in pasture related R,D & E, investment – particularly in Northern Australia.

The review identified that PA had delivered a number of positive outcomes for the RDC stakeholders and the broader pasture industry, these include:

- PA provided a forum for all public and private stakeholders engaged in pasture related activities.
- PA highlighted the need for a "whole of industry" approach to pasture related R, D & E.
- In principle (versus execution) PA represented a further step forward in trying to consolidate a nationally coordinated approach to pastures research; previous attempts had been sustained for some years and then abandoned.
- The establishment of PA held the promise of achieving of long held needs of the industry:
  - Coordination of pasture R, D & E related activities by RDC's.
  - o Consolidation of RDC's pasture investment (move away from the silo approach).
  - o Consolidation of market knowledge in terms of the value it contributes to the economy on a regional livestock, fodder and cropping basis.
  - o Enhancement of public and private sector collaboration.
  - A process for accessing previously generated research held within the RDC "silos".
  - o A process for driving the outcomes of R, D & E maximizing impact!
  - Expanding extension potential through sharing of R & D outcomes to a wider stakeholder base.
- The existence of PA provides:
  - o A shell for future use brand name and foot print.
  - o A platform and process for industry interface and interaction.
  - o A vehicle for strategy development and implementation.
  - Access to independent expertise for use by stakeholders (e.g. DAFWA WA Pasture Review)

However despite the high level of awareness and the positive outcomes identified by the review, in general PA's performance has been perceived as not being very effective to neutral across a range of performance criteria (Chart One).

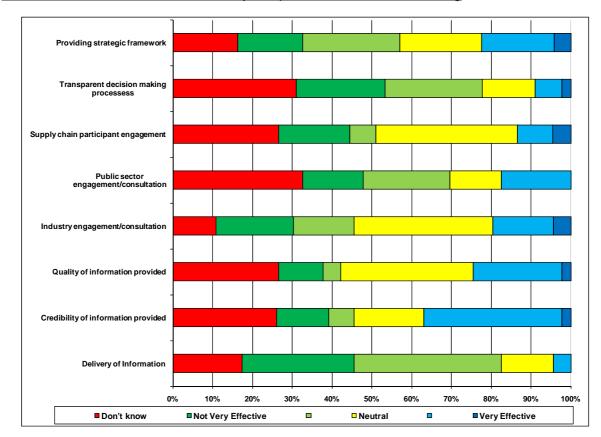


Chart One: Pastures Australia Industry Respondent Performance Rating

A number of respondents indicated that they had been negatively impacted by the creation of PA due to the loss of investment in pasture related R, D & E. In particular, investment related to plant breeding and pasture related activities in northern Australia – the loss of investment and recognition has led to a negative perception of PA in this region.

RDC stakeholders concurred that PA to date achieved limited impact on the pasture industry, suggesting that the lack of impact and effectiveness had been due to one or more of the following:

- Lack of a shared vision by the RDC stakeholders for how PA was going to deliver on its objectives.
- Lack of a shared vision by the RDC stakeholders and the pasture industry stakeholders as to the role of PA, who were its constituents and how it was going to deliver on its objectives.
- Poor execution of PA's charter due to a lack of focus in its activities.
- Lack of commitment to demonstrate collegiate behavior by RDC stakeholders (i.e. Shareholder Agreement)

- PA has been slow to respond to changes in its operating environment (internal and external).
- Lack of structure and process for decision making and priority setting.
- Lack of discussion and a regular review of PA objectives.
- Lack of continuity in the allocation of resources to support delivery of PA objectives.

The essence of the RDC perspective on why PA has had limited impact is summarized in the following quotes from RDC representatives addressing the review panel:

"Currently, the PA value proposition is work in progress, for example the generation of pasture performance data and how it benefits farmers. PA has not yet nailed the value proposition and what it means to the farmer."

"Resourcing for PA is continually competing internally for resources which we want to spend on internal pasture related projects."

"The PA Board of Management tried to focus on identifying research related synergies, whereas the PA coordinator tried to focus on relationship synergies."

"On its performance to date I would give PA a score of 4/10 due to a lack of execution."

"PA only became relevant when there was work undertaken by Dr. X (Researcher) under the banner of PA. It was the only real reason for our interest."

"We spend \$ Xm on pasture related activities annually, yet we only spend \$ Yk with PA – the PA charter is not relevant."

"Disappointed that there has not been a collaborative approach to investment by the RDC's."

"The narrow boundaries around PA set by MLA and AWI has stymied sharing of information."

"There was major angst at the start of PA due to the threat to dismantle national pasture breeding programs. This issue clouded people's opinion of PA."

"There still exists differences in RDC members – there is a lack of consistency and therefore continuity in PA."

#### 6.2.1 PA Industry Engagement

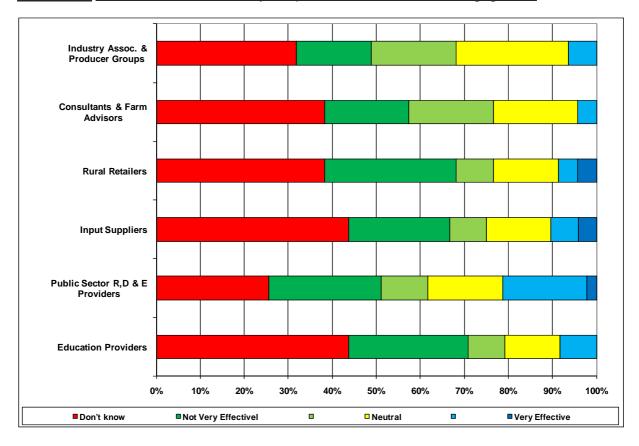
There was a notable disconnect in the views expressed by the RDC's , the PA coordinator and the broader industry respondents in terms of who each identified as the key focus for PA's engagement.

The RDC's in general believed the focus of PA should be on establishing and delivering on research priorities back to the RDC's and their farmer (levy paying) constituencies. Therefore according to the RDC's the majority of PA's engagement should be focused at the research sector. This view was also held by the public sector research respondents who agreed that, that was where PA had placed its focus albeit to the benefit of some and not other stakeholders.

Conversely the PA coordinator and the majority of the non research based respondents would have preferred that PA's engagement across a range of R, D & E activities be focused across the participants within each sector.

A key reason for the poor performance rating of PA by industry respondents can be correlated to the relatively low level of effective engagement recorded between PA and industry respondents from across the various sectors (Chart Two).

Chart Two: Pastures Australia Industry Respondent Effectiveness of Engagement



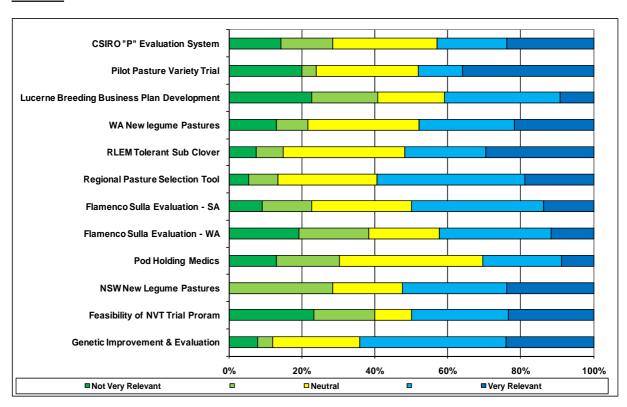
It was perceived by respondents that despite PA creating a high level of initial awareness within the industry prior to and following its launch, the lack of follow up communication and delivery of outcomes on its initial commitments had caused a loss of credibility and identity within the pasture industry.

An example of this issue is demonstrated by the lack of industry participant awareness of the current PA project portfolio where only two projects achieved greater than 50% recognition.

By contrast, the majority of respondents indicated that when they became aware of the project portfolio (via the questionnaire); they considered that the majority of the projects were relevant to very relevant to the various participants (Chart Three).

The response's would suggest that the selection of research projects invested in by PA were more driven by the perceived needs of the individual PA stakeholders than by the identification of where "market failure" had occurred or where there was a need for a collaborative approach via PA to address identified "gaps" in pasture related R, D & E.

<u>Chart Three:</u> Pasture Industry Respondent Assessment of the Relevance of PA Project Portfolio



<u>In terms of assessing the value of the PA investment strategy to date the review panel identified</u> the following:

- Many of the projects are relevant to both pastures and fodder there needs to be a coordinate approach which engages both parts of the pasture industry.
- The projects are not linked under a strategic framework for pastures that provides industry direction or feedback.
- The projects appear to be very legume focused and fail to incorporate
  Mediterranean, sub tropical or tropical grasses. As are native species which
  represent a significant part of livestock feed in Australia.
- The current projects appear to be too focused on plant breeding and do not include projects which will lead to improved utilization of current pastures or how to improve current pastures without the need for pasture replacement with new varieties.
- The limited budget for PA has led to a range of narrow focused projects which in the
  majority are "piggy backs" on previous project investments by the RDC"s rather than
  the establishment of new cross sector projects which was the purported objective of
  PA.
- There has been very poor consultation and communication in relation to the PA project portfolio, its objectives and the application of the expected outcomes.

The review concluded that in terms of value delivered to the investment partners from their investment in PA to date as measured by the range and scope of projects which were established and by the comments from respective PA investors it would be regarded as being a moderate success. However, this assessment is tempered by the commentary from the recipients of the information generated, in that while the projects were as a whole were seen as being of value - the PA investment broke down because of PA's either lack of, or poor execution of an effective pasture industry communication strategy both pre and post the research undertaken.

The review noted that more recently PA had in fact recognized this weakness and had implemented a number of initiatives which would engage the industry and deliver the outcomes of the research undertaken to the broader pasture industry.

#### 6.2.2 PA's Achievement of 2010 Objectives

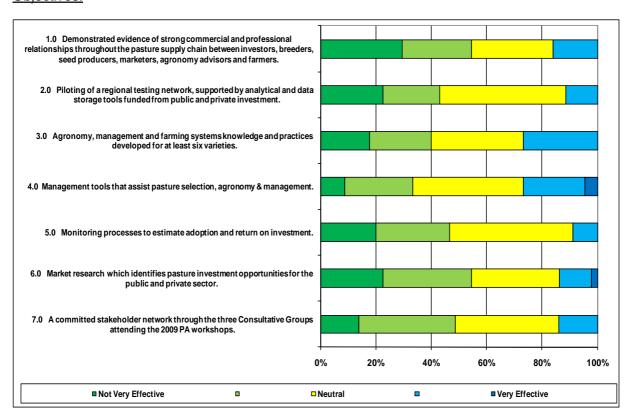
The pasture industries negative assessment of PA's performance and PA's level of engagement were further reflected when participants were asked to assess whether or not PA would be effective in achieving its 2010 objectives. The majority of respondents indicated that they were unaware of PA's 2010 objectives for a range of reasons including:

- the relatively poor communication of PA's charter,
- the lack of definition as to PA's engagement and deliverables to the broader pasture industry, and

 the relatively poor articulation as to what was to be included within the scope of PA and what was to be excluded and remain in the public/private sector domain.

The overwhelming majority of respondents assessed that PA would not be effective in the delivery of its 2010 objectives primarily due to the scope of its current activities being perceived as relatively narrow and of "self interest" to RDC stakeholders rather than of benefit to the broader pasture industry (Chart Four).

# <u>Chart Four:</u> Pastures Australia Industry Respondent Assessment of PA Achieving 2010 Objectives.



For the purpose of context the following provides an overview of respondent's commentary on PA's 2010 objectives:

"PA must demonstrate through its objectives it has a longer term plan if it is to be relevant to the industry."

"The loss of pasture related investment in Northern Australia either by the RDC"s or by PA has led to a significant decline and reduction in capacity. If PA was to achieve its objectives this would provide a base on which to argue for a re-instalment and potential increase in investment."

"Linkages to a "successful" national peak body would assist in the leveraging of resources and investment in pasture related activity. Unfortunately to date PA has failed to fulfil this role despite early indications of its potential."

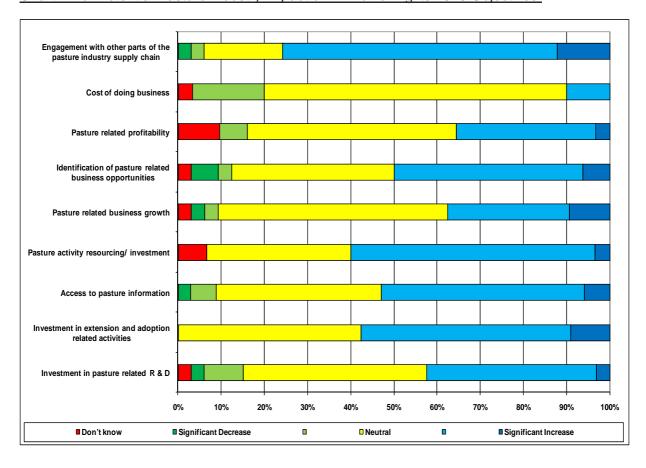
"Pastures are seen as the poor relation to cropping due to the lack of awareness of the value contribution pastures deliver to the economy and at the local business level – PA has to drive the communication of this message if we are drive investment in pastures."

"In the majority of situations investment in pasture related R,D & E is based on public and private sector co-investment – the PA objectives and the lack of success in achieving these objectives does not appear to provide a platform on which to drive the engagement process."

"We may have been too bullish in setting objectives – we underestimated the size of the task."

Despite the poor assessment on the effectiveness of PA achieving its 2010 objectives, the majority of respondents indicated that if PA was able to deliver on these objectives it would lead to an increase in the adoption of pasture improvement strategies by farmers (65%) and there would be a corresponding increase in the level of investment (60%) and activity by the various industry sectors in extension and adoption (57%) (Chart Five).

### Chart Five: Potential Pasture Industry Impact of PA Achieving its 2010 Objectives.



# 6.2.3 Why has PA been unable to meet the expectations of the RDC stakeholders and the broader pasture industry?

Pastures Australia was established with the aim of creating one body which could better direct the combined pasture resources of the RDC's and through an industry coordinator better engage with all participants of the industry rather than the current independent R, D & E process undertaken by the respective RDC's.

Albeit that there is some level of dissatisfaction regarding PA's overall effectiveness to date there exists within the RDC's and the broader pasture industry an overwhelming amount of good will towards the role of Pastures Australia and its future capacity to deliver value to the pasture industry.

The majority of contributors to the review support the generally held belief that while PA has been unable to deliver on its original stated aims and the expectations of both its direct RDC stakeholders and the broader pasture industry stakeholders, if it is repackaged and resourced accordingly it has a significant role to play across the pasture industry.

In summarizing the key reasons why PA has been unable to meet the expectations of its stakeholders it is worth articulating the original charter against which PA was established and positioned against for both its RDC stakeholders and the broader pasture industry. The charter of PA encompassed the following elements:

The purpose of PA is to capture increased value for farmers from research, development and extension of improved pastures. PA's first priority is to facilitate the development of a more informed market place. This will be achieved by improved flow and quality of information and ensuring that decisions are based on objective and complete data. Further development of skills and capabilities in the industry will be required in addition to the provision of new processes, products and tools.

<u>The Vision for PA</u> is that by 2015 farmers would be able to select with confidence pasture plants that are tested in their environment. They would be able to establish and manage pastures that deliver on their enterprise objectives, while managing risks.

<u>The Objective for PA</u> is to strive to deliver a minimum 5:1 ROI from total funds invested in pastures by PA and its partners, through the implementation of the following strategies.

- Provide a focus for industry leadership and coordination
- Develop new tools and systems for independently benchmarking the performance of pasture plant genetics
- Develop improved agronomy and management information
- Invest in extension tools and communication for farmers and their advisors
- Undertake pasture plant breeding where market failure and a clear industry demand exist
- Invest in skills, knowledge development and capacity
- Undertake investment analysis and review

<u>The role of PA</u> is to manage and coordinate future investments in pasture improvement and drive increased returns from pastures in Australian farming systems.

Based on the contributions provided to the review, the panel identified six factors which impacted on PA and its ability to deliver on its original charter.

- I. Commitment of the RDC stakeholders.
- II. Scope of the PA activities and outputs.
- **III.** Strategy that governed the delivery of the outputs.
- IV. Operational structure of how PA would achieve its outcomes.
- V. Alignment within and external of PA.
- VI. Communication within and external to PA.

The following provides a detailed assessment of the impact of each of these factors on the performance of Pastures Australia. For the purpose of context a range of quotes from industry respondents to the questionnaire and the interviews held with the review panel are provided within the text of the discussion.

#### I. Commitment of the RDC stakeholders.

The evidence presented to the review suggests that despite the declaration of common intent by the original RDC stakeholders at the time of PA's establishment (i.e. shareholder agreement), each of the stakeholders have participated in PA with very different sets of drivers and expectations as to the role and outcomes which PA would deliver.

"AWI and GRDC wanted to drive the adoption of NAPLIP outcomes. MLA was not interested in plant breeding but in plant breeding technologies. PA did not really get both drivers together."

"All parties need to be committed to the process; if PA is to work it needs to include a broader charter."

This is especially evident in the lack of commitment by a number of the RDC's to contribute their various pasture related research activities into the PA umbrella. The range in commitment varied from at one level where GRDC committed its entire pasture research program (albeit that the projects were established outside of the PA umbrella), onto select participation by MLA and AWI through to virtually no participation or commitment by either RIRDC or DA.

Apart from the original commitment of projects to PA there has been a notable lack of follow up commitment of new projects to the PA umbrella; rather, any "new" projects appear to be extensions of original projects.

"Some projects were put up but there were no funds because they had already been committed to established projects."

Therefore internally there is a level of discontent due to the variance in commitment not only to the original charter of PA but also because of the varying commitment and resources over time from a number of the RDC stakeholders.

"It is disappointing that partners did not commit to the charter."

"It took two years to get (the RDC's) around the same space....... Unfortunately when it did happen it coincided with AWI downgrading its engagement in PA."

As an outcome the PA Board of Management appears to be dysfunctional due to:

- differing levels of research project commitment
- differing levels of investment,
- · differing drivers for each participant, and
- the variance in expectations towards the outcomes that PA would deliver to each participant.

More recently, the increased commitment and role of RIRDC within PA has been regarded with a breath of fresh air by not only internal PA stakeholders but also by external pasture industry participants.

#### II. Scope of the PA activities and outputs.

There are mixed messages from RDC stakeholders as to whether PA was established as an interim project focused on managing inherited research projects or whether it was established for a long term role in the pasture industry and the pasture R, D & E landscape.

This uncertainty exemplifies the lack of clarity within and external to PA as to why it is there and what is in and out of scope for PA's charter. This has resulted in the generation of a commonly held perception that PA failed to clarify, promulgate and adhere to its agreed scope of responsibilities as described in its charter of operation.

"PA may have been too bullish in setting objectives – we may have underestimated the size of the task."

Hence it would appear that the lack of a clearly defined scope for PA has led to a level of difficulty for both the PA coordinator and the broader industry in establishing continuity in PA's activity, communications and its generation of outputs.

#### III. Strategy that governed the delivery of the outputs.

The charter of PA indicated that a major driver for PA's strategy would be its identification of R, D & E priorities including areas of market failure, yet the PA initial 3 year plan appears not to focus on addressing these issues; rather its operational strategy was directed towards projects that each RDC wanted to put into the new vehicle – projects that were in some instances relics of previous industry research initiatives.

"Early work identified these (industry issues) however these were not taken forward and prioritized - PA needs to revisit these. PA's role is to generate market information and collate issues."

There was no clear strategy for investing in projects – it was evident that the majority of projects introduced into PA were championed by an RDC and projects were allocated priority and funding according to the contribution of the RDC.

"Why has there has not been a PA strategy document produced to date? – It should have been driven by the RDC's however it was a time and capacity issue."

"PA does not appear to have a clear strategic plan in that it does not have a clear focus or priorities identified."

There was a general view held by the industry that PA had a small budget which led to the perception that there had been an overall reduction in R, D & E expenditure on behalf of the RDC's. This contrasted to the original industry perception that PA was there to coordinate and facilitate RDC investments in projects by driving cross sector synergies.

"As a research provider it (i.e. PA) is critical as it is interested in pastures. However as a co funder and providing direction on R & D investment it is not that successful."

PA projects are seen by the pasture industry as being near term in their outcomes rather than long term. Hence many of the current projects are seen as static rather than dynamic in their outcomes.

There was also a perception that PA funding was unevenly distributed across Australia especially so in the case of investment for pastures in northern Australia. This may have been due to its initial focus on completing existing projects (e.g. NAPLIP) prior to investing in new projects across regions of Australia.

The lack of pasture related investment not only by PA but also perceived to be by the RDC's in northern Australia has disenfranchised industry stakeholders in this region. Without a national strategy under which regional initiatives can be fostered this perception is likely to remain.

#### IV. Operational structure of how PA would achieve its outcomes.

"Structure follows function – this will determine who needs to be involved and what resources are required."

There was little evidence of PA having an operational structure which encompassed the key elements of how PA would deliver on its objectives both in the short (2010) and long term (2015) i.e. Business Plan, Operational Plan or Milestones.

The recent establishment of the Industry Strategy Group (ISG) in May 2009 is an example of where there appears to have been a poorly structured approach to the establishment of what is viewed by its members and the review respondents as a very valuable resource and contributor to the development of PA's strategy.

The establishment of the current ISG lacked clear direction in terms of its role, level of responsibility and its relationship with the PA Board of Management. Hence current members of the ISG expressed some confusion as to why they were participating and the outcomes which they were trying to achieve.

It was proposed to use the regional workshop groups as ISG's meeting annually to provide direction and review of PA. This did not occur and was not picked up again until the regional groups were replaced by sector based groups in the Melbourne workshop. The intent to have such a group was there, but not delivered upon.

ISG nominees were sought at the April 2009 workshops to represent all sectors and to steer and seek funds for the proposed "pasture improvement strategy" project. By July, that particular project seemed to have been abandoned and the group was now portrayed as a steering group for all of PA's activity. Such a giant step needs careful planning and consideration of both make-up and responsibility. To engage senior executives from the private sector and maintain their obvious enthusiasm (as expressed at the PA industry workshops in early 2009), especially if they are to volunteer their services, PA needs to have an agreed, clearly defined set of objectives for the ISG and its participants.

#### V. Alignment of PA internal and external environment.

In the initial six to twelve months of operations PA struggled to establish its identity due to the RDC's at the same time driving an agenda of pulling back on investment into public sector plant breeding. This led to confusion within the pasture industry as to why PA was established and what was its charter. As a result the two activities became merged and impacted on PA gaining an industry accepted identity and role. In hindsight these activities should have been undertaken sequentially rather than in parallel.

There is a clear disconnect/misunderstanding between the PA Board of Management and the PA coordinator in terms of direction, strategy, operational tactics and level of engagement required to achieve its objectives. This has led to both internal and external frustration towards PA.

#### VI. Communication within and external to PA.

The continual changing level of commitment and inputs by the RDC's into PA from its inception impacted on its continuity of decision making and communication to external stakeholders, thus leading to a loss of opportunity to establish a long term identity for PA.

Contributors to the review held a view that the communication from PA to industry stakeholders during the last two years failed to match the intent of PA which had been communicated during the PA establishment phase.

The review identified that a major concern is the lack of communication from PA to the pasture industry especially during the previous six months as there had been an expectation following the PA industry workshops in April that PA was taking a proactive approach to engagement with the pasture industry. The industry workshops generated a significant level of awareness for PA and good will from participants towards the role of PA; unfortunately the current circumstances of PA have left a void in the industry.

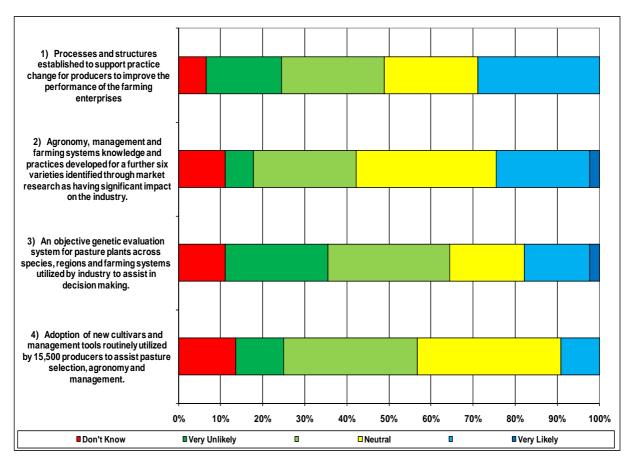
#### 6.3 Terms of Reference Two:

Provide an indication as to whether PA is well positioned to achieve its 2015 objectives and if not, should PA continue to operate within its current model?

## 6.3.1 PA's achievement of its 2015 Objectives

Pasture industry respondents were in general skeptical in their assessment of whether PA would achieve its 2015 objectives (Chart Six).





The skepticism of the respondents was reflected in the following comments provided by respondents.

"It is all about supporting practice change strategies – this requires investment which is not apparent in PA."

"The poor buy-in to date by various participants in the public and private sectors will seriously impact on PA's ability to deliver on its 2010 and 2015 objectives."

"If PA is to be successful on delivering on its objectives it has to be appropriately funded and/or resourced and it must have industry wide support and engagement which will be achieved through strong leadership at the board and operational levels."

"PA needs to identify the key issues and get the right people on board to assist in the planning to achieve the outcome required."

"While PA demonstrates it has the will and the intent, there is a lack of resourcing (funding) and/or programs to allow it to deliver on its 2010 and 2015 objectives."

"The ability of PA to deliver on its 2015 objectives will be primarily dependant on it receiving continued funding from the RDCs and a high level of support from within those RDCs."

"One of the problems for pastures is the current funding model. The RDCs wax and wane in their commitment to pastures despite the fact that productive pastures are fundamental to the livestock and cropping sectors."

"The lack of communication and extension from PA to date means that these objectives are meaningless."

"Where do the 15,500 farmers come from and what does it relate too? The ambiguity of this objective reflects the lack of industry engagement in the PA process."

"The lack of impact to date suggests it will have limited if any impact going forward – is it the right model to achieve and deliver on its objectives. PA properly resourced has the potential to have a major impact on the pasture supply chain and its public and private sector participants – it is up to the RDC's and industry to come together and get it right."

Industry respondents identified that if PA is to continue in its current format and contribute to the enhancement of the pasture industry the key areas of its focus between 2010 and 2015 should be on the following:

- Responding to/breeding for/management strategies to cope with Climate Change .
- Improving the Value of Pastures.
- Increased Adoption of Pasture Improvement Strategies.
- Re-establishing the role of Legumes in Permanent Pastures and Crop Rotations.
- Sustainable Pasture Management Systems for Mixed Farming Enterprises.
- Enhanced Plant Breeding (GM and Non GM Technology) for Australia's Mediterranean, Temperate, Sub-Tropical and Tropical Feed Bases.

In addition to these specific R, D & E related topics respondents suggested that PA needs to be more transparent and build its identity within the pasture industry supply chain through proactive communication and engagement in industry related activities such as membership of the Grasslands Societies.

### 6.3.2 Should Pastures Australia continue to operate within its current model?

The current PA model was seen by respondents to the review as the right model in terms of coordinating RDC investment in pasture R, D & E; however its weakness has been in its implementation and execution of the original objectives.

Industry stakeholders identified that if PA is to continue within the current model there are a number of adjustments which when implemented would allow PA to achieve its objectives. These include:

- It needs to be given the authority, commitment and resource's (by the RDC's) to full fill the role it was originally established to undertake.
- The key to its future success is the need to establish a management structure with personnel who can interact across the public and private sector participants within the supply chain and is more strategic in managing the direction and activities of PA.
- Its greatest strength is its ability to create networks, avoid duplication and communication – however it requires the financial resources to deliver on its potential strengths.
- PA needs to re-establish its identity within the industry by generating and gaining engagement to a shared vision for the pasture industry.
- PA needs the RDC's to demonstrate leadership in supporting the current model the RDC's need to publically reconfirm their commitment and be seen to be acting and delivering on their commitment (I.e. Redirecting pasture investment through PA rather than running parallel and often competing programs).
- PA needs to develop clear and achievable objectives, not the current "motherhood" objectives.
- Incorporate a whole of Australia approach to pastures which includes Northern Australia and Tasmania.
- Invest in achieving its outcomes less rhetoric and more focus on delivery.
- Clearly define the role and objectives of the ISG and then seek participants with appropriate skill and sector representation.
- Establish sector working groups which can feed into the representatives on the ISG.

The current RDC's stakeholders were in general agreement that they also supported the continuance of the current PA model. There was however a range of views between the RDC stakeholders as to the future role of PA.

"The model for PA going forward needs to be a balance between operational and strategic – it should focus on the gaps in R & D – as well as extension. Where ever possible it should try and leverage development initiatives."

"The future value of PA will be in it being a "one stop shop" – driven by a collective approach where the public (via RDC's) and the private sectors invest and have ownership of the infrastructure. The key will be to take a "Team Australia" approach which needs to focus on achievable outcomes rather than being too thinly spread."

"PA in the future needs to expand its activities across pastures and incorporate more of the D & E within a public and private sector model facilitated by PA."

Of the industry stakeholders who regarded the current PA model as being the wrong model presented the following main reasons for this assessment:

- The majority of PA's current activities are being undertaken by the RDC's and/or the private sector – why duplicate and add another layer of bureaucracy?
- It would appear that independent collaboration between PA partners is more effective and outcome driven e.g. GRDC and AWI.
- There is inconsistency and confusion being caused in relation to access to pasture related funding for R, D & E – there is a lack of clear direction and definition as to what is in the scope of PA and what is not and conversely, what is in the and out of scope for the RDC's.
- PA should not endeavour to be an investor in research as the RDC's still control the PA investment rather PA should focus its efforts on investing in D, E & Adoption. If this approach is adopted a new model for PA is required which takes into account representation from across the broader pasture industry supply chain. This would provide definition and clarity to the role of the ISG.
- PA has alienated itself to the industry mainly because of the lack of delivery on its original objectives due to the poor level of support from the RDC's.
- The original set of projects which would have established the credibility that PA requires are seen as not being well focused – PA was seen to be established as home for NAPLIP projects rather than creating a standalone investor in innovative nationally generated R,D & E projects.

Despite the range of views regarding the viability or not of the current PA model it was agreed by the review panel that there is nevertheless, surprising and overwhelming support and good will from pasture industry stakeholders and the RDC's towards Pastures Australia. As an industry they fully support continuance of PA albeit that it needs some critical adjustments.

"PA is very relevant to the pasture industry – it is seen as a shining light."

Despite the indication by the RDC's and the industry stakeholders to the review of their support for PA going forward it was agreed by the review panel that the current Pastures Australia model in terms of its position, operations and activities is not acceptable as without changes it will not meet the needs expressed by industry stakeholders nor will it meet the needs of the RDC's.

#### 6.4 Terms of Reference Three:

What is the future role for Pastures Australia, and what model options should be considered in order to achieve success for Pastures Australia, the RDC's and Pasture Industry stakeholders?

#### 6.4.1 What is the future role of Pastures Australia?

There are a number of possible roles – one of which is to abandon PA. This option was not canvassed by participants and the following discussion looks at the possible roles and functions where there is a future for PA. However in the analysis of options, the "no PA option" has been included for comparative purposes

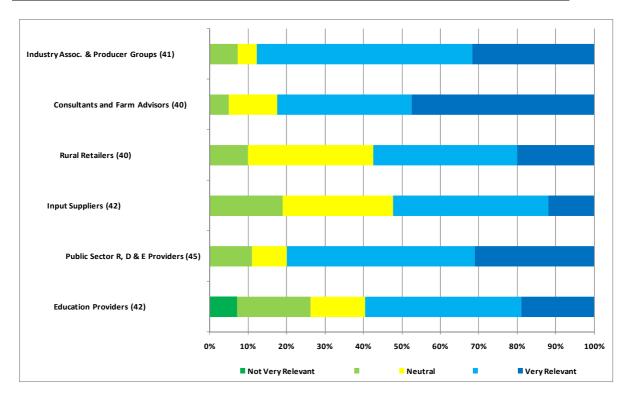
In developing a view of the future Pastures Australia, the review panel assumed that the common driver for pasture industry stakeholders is the need to focus on the continuous development and adoption of pasture improvement strategies. Where pasture improvement strategies cover a wide scope of activities and inputs including plant breeding, species and variety selection, fertilizer and pesticide use, grazing management, education and training, industry representation etc.

In determining the scope of Pastures Australia's future role, the RDC's and the pasture industry contributors to the review identified that a major consideration is the need to identify who are the audience or the customers of Pastures Australia outcomes.

As previously stated the RDC's were of the original view that the audience for PA's outcomes would be their respective farmer (levy paying) constituents. However, RDC representatives indicated to the review that they were now of the view that the PA and RDC's audience also includes broader supply chain.

This view is consistent with the views expressed by industry representatives when responding to questions relating to the future effectiveness of PA in delivery of its outcomes. As a group the respondents indicated that the broader pasture industry stakeholders would be PA's audience – this audience includes those organizations which represent farmers interests such as the RDC's, state farmer organizations and sector specific organizations (e.g. AFIA, Grasslands Society)- (Chart Seven).

## <u>Chart Seven:</u> An assessment of the future role of Pastures Australia in the coordination and delivery of pasture R, D & E to the various sectors within the Australian pasture industry.



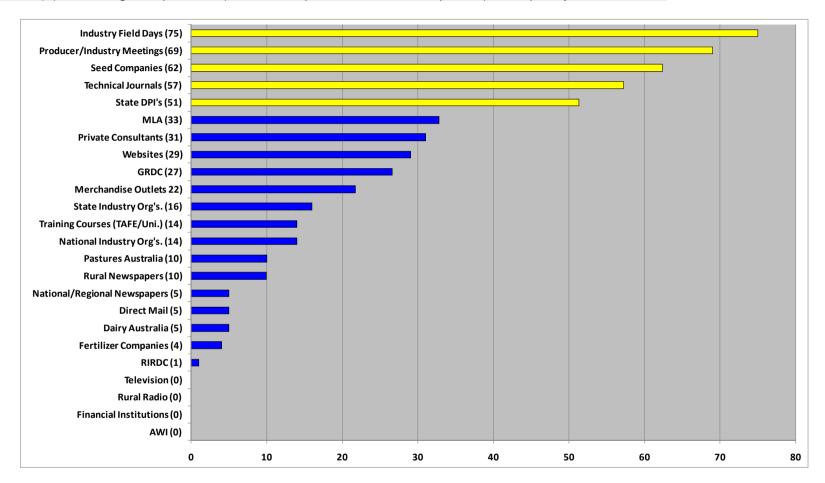
The major reason for the importance placed on the broad range of organizations represented by the various sectors is the recognition of the influence that each has on the decision making process of farmers.

Farmers will seek out and prioritize a number of sources for information prior to committing to the adoption of a new strategy, technology or product. Hence, it is seen that a key role for PA is to collaborate and communicate pasture improvement related information across all sectors (Chart Eight).

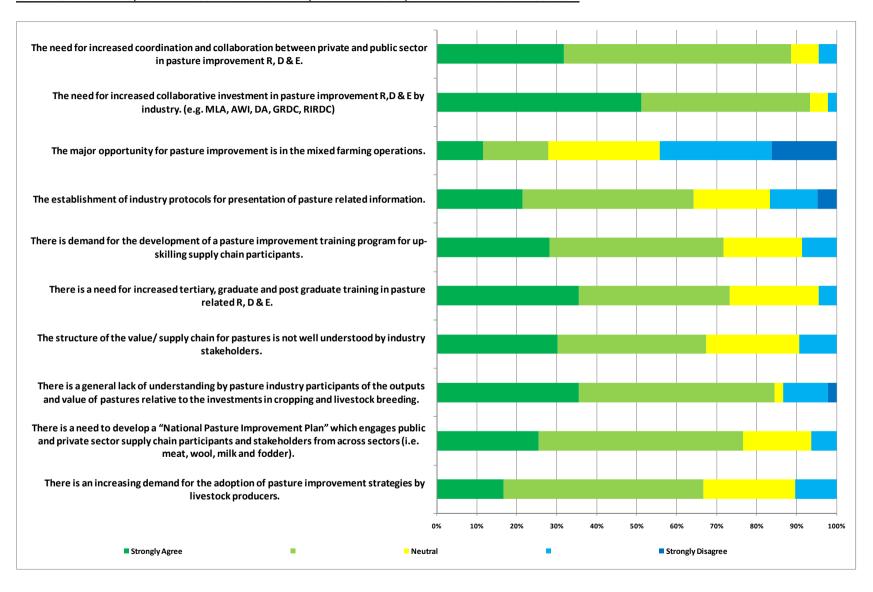
The process applied for defining the future role of Pastures Australia is based on prioritizing what pasture industry stakeholders identify as being required to drive (needs) the adoption of pasture improvement strategies (Chart Nine & Chart Ten) and collating this outcome with the barriers that stakeholders identify as inhibiting the adoption of pasture improvement strategies (Chart Eleven). The outcomes from the analysis were then collated with the inputs received during the interviews with the RDC and pasture industry representatives.

## Chart Eight: Pasture Industry Information Sources for Pasture Improvement.

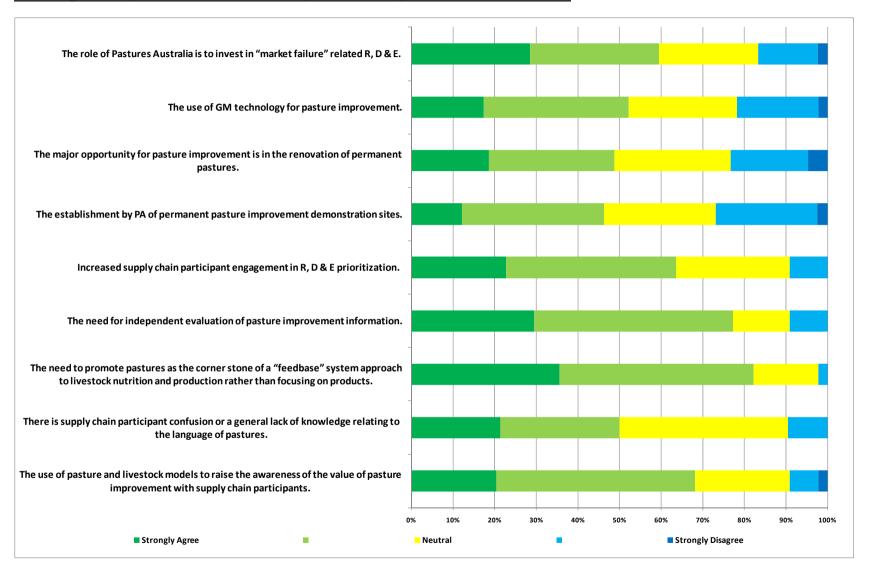
Score (X) = Ranking of Importance (0 = Least important -5 = Most important) x Frequency of Nomination.



#### Chart Seven: Respondent assessment of the pasture industry future "needs and issues".

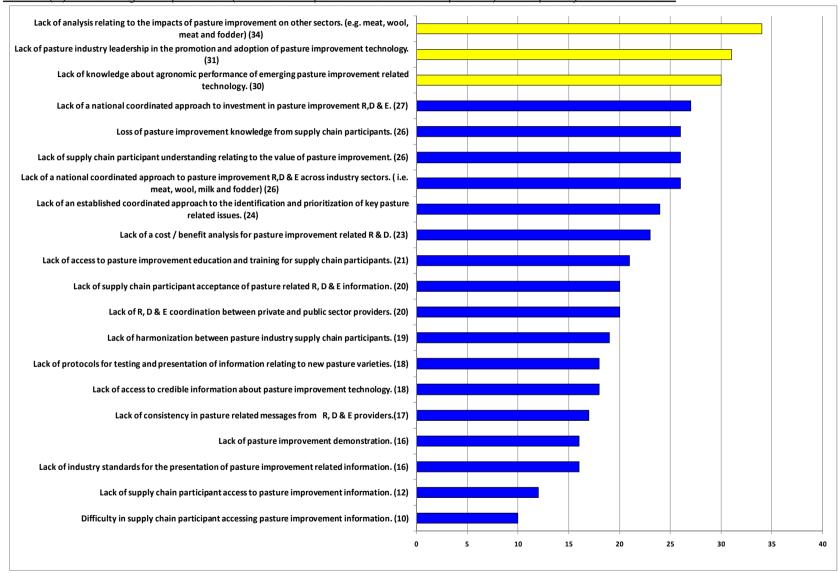


## Chart Eight: Respondent assessment of the pasture industry future "needs and issues"



## Chart Nine: Barriers to the Adoption of Pasture Improvement Strategies.

Score (X) = Ranking of Importance (0 = Least important -5 = Most important) x Frequency of Nomination.



Based on the assessment process undertaken there were three key roles identified by the review panel for PA going forward, these are:

#### a) Coordination of Pasture Research

It was identified that PA should proactively coordinate the generation of integrated pasture and livestock research incorporating pasture improvement strategies that generate value and benefits at the micro(supply chain participant) and macro (economy) industry level.

The research priorities for PA should be generated by industry stakeholders via their representation and participation in a group such as the current ISG. PA's role is to coordinate the process and then facilitate its outcomes either through direct investment or by being proactively engaged in the development of research plans within organizations such as the RDC's and other key public and private sector research groups.

The research priorities identified by the review panel for future investment by Pastures Australia are as follows:

- Climate Change:
  - Sustainable pasture management systems and species adaptation to a range of agro-ecological environments.
  - Improved species resilience to climate change impacts and grazing requirements.
  - Develop management systems and varieties that reduce livestock carbon emissions.
- Improved Value of Pastures:
  - Introduce industry wide tools to demonstrate value of improved pastures at both the farm gate and to the broader economy.
  - Link pasture and livestock productivity to profit.
  - Link pasture to being the corner stone of the livestock sector feedbase expand the scope of PA's activities to include the relationships that exist between the different feedbase components that contribute to livestock productivity and profitability.
- Increased Adoption of Pasture Improvement Strategies:
  - Focus on developing and communicating the management strategies which can address pasture improvement and utilization for native, annual pastures, semi permanent improved pastures and long term permanent pastures.

- Develop and support pasture improvement education packages across the supply chain commencing at the tertiary level and through to the end user.
- Develop and adopt a "common" pasture improvement language which forms the basic communication package across the supply chain, with emphasis on the communication of value within and external to the supply chain.
- Introduce industry wide tools which assist in the recognition and assessment of when a pasture requires improvement strategies to be applied.
- Re-establishing the role of Legumes in Permanent Pastures and Crop Rotations:
  - Following long term pasture decline due to abiotic and biotic stress demonstrate role and farming systems benefit of pasture legumes.
  - Increase the emphasis on the development of grass/legume pasture swards rather than monoculture approach adopted in recent years.
- Sustainable Pasture Management Systems for Mixed Farming Enterprises:
  - Introduce industry wide tools which assist in the planning for optimal pasture/cropping mixes based on economic, agronomic and environmental benefits.
  - Develop management systems which will allow pastures to persist across a crop rotation. – regain the balance between crops and livestock based on productivity and economic returns across the farming enterprise.
  - Facilitate increased investment in multidisciplinary (pastures, crops & livestock)
     R, D & E which is driven by identifying the "right" pasture mixture.

## b) Peak Industry Body Coordination

It was identified that there is a lack of coordination within the pasture industry with participants often acting in isolation or in duplication. PA should act as a national peak industry body which encompasses the current breadth of stakeholders. PA would achieve this by providing leadership of a "common interest" platform for pasture industry stakeholders (e.g. RDC's, supply chain participants, industry organizations etc) who can contribute to and influence the development and adoption of these strategies by livestock producers.

PA has a strategic role to promote and elevate the importance of pastures as the corner stone of the national feedbase. In so doing it must develop a much needed profile for pastures within and external to the pasture industry. An outcome of which will be the development of new opportunities to promote the value and benefits of pastures within the industry, the broader economy and with governments.

#### c) Development and Implementation of a National Pasture Strategy

There is overwhelming recognition of the need for PA to coordinate the development and implementation of a national strategy for the pasture industry. The strategy would clearly articulate the scope of what is required to develop a research and extension strategy that identifies research priorities and actively seeks investment in those priorities etc.

The benefits of a National Pasture Strategy will deliver a cohesive industry working towards a common goal across a range of key elements.

- United by its vision for the development and adoption of pasture improvement strategies that will drive livestock productivity, the pasture industries representation will be multiplied with Federal and State governments, industry bodies and industry participants and aid in encouraging their contribution to issues that are important to the pasture industries development and growth.
- The strategy will be strongly focused on knowledge generation and innovation in pasture improvement as a means to increasing industry value.
- A major thrust critical to competitiveness will be improving production performance across the entire value chain.
- A thorough understanding of the demands and requirements of the pasture industry customers (i.e. livestock producers), and ensuring the supply chain is aligned to these demands, will substantially improve total value and profitability.
- The strategy will anticipate that the pasture industries future is in moving from a commodity to product-driven focus and underlines the necessity for a larger and more sustainable production base (I.e. pasture improvement) to underpin growth.
- Improved pasture and livestock production at farm level will drive increased investment in R, D & E related activities and enhance the industries value and contribution to the micro and macro levels of the national economy.

The Primary Industries Steering Committee (PISC) is currently overseeing the development of National R, D & E plans for all of the major agricultural industries (egg beef, wool, sheep meat, dairy) and some across industry issues (egg climate change, animal welfare). These plans are aim to increase co-operation and collaboration between Federal and State agencies, RDCs and CSIRO and universities with a view to increasing the efficiency of resource allocation and arrest declining investment in agricultural RD&E.

PISC have been alerted by various government agencies (e.g. DAFWA) to the fact that pasture has not been included in the process and that there is a significant risk of pastures falling off the investment agenda with the various industries.

According to representatives of industries currently preparing inputs (e.g. AWI) there may be an opportunity to rectify this in the near future and that approval for a National Pasture Improvement R, D & E Plan could be given next year.

This review of Pastures Australia is very timely and could provide an important input to the development of a National R, D & E Plan for pastures. If this were to happen it would be also an opportunity to establish PA as the mechanism for ensuring private/public sector collaboration and integration through the supply chain. This would be a very important aspect of any national plan.

PA has the potential to provide the information and "glue" if you like to ensure that public and private investments in pastures are complementary, not competitive and that they meet market needs.

The review panel agreed that Pastures Australia could be well positioned to initiate and coordinate an R, D & E strategy applicable to the current PIMC/PISC process which can be presented for endorsement and adoption in 2010.

#### 6.4.2 What are the elements for a new Pastures Australia model?

If PA is to fulfill all or some of the roles stated the next critical step is to identify the relevant elements of a model that will deliver on the role (s) outlined. These characteristics can then be applied as a set of framework to assess the various model options for PA in the future.

The respondents to the pasture industry questionnaire, together with the RDC and non RDC industry representative interviewed, identified a range of elements which should be applied to a future model for PA. These elements include the following:

#### • Clear Goals:

- To act as an effective advocate of the benefits of pasture improvement.
- Definition of specific achievable goals.
- Goals established based on a shared industry vision for the role and value of pastures.
- The PA goals must be communicated to the industry by a committed (passionate) leader of PA.

#### Focus:

- PA should exist to support collaboration and coordination between stakeholders.
- Provide a critical focus on the broader feedbase and the role of pastures as a corner stone.
- Must be national if it is to be credible.
- Focus of whole of supply chain participation and engagement.
- Focus on pasture improvement this will encapsulate the many components that can lead to increased productivity.

## • Improved Relationships/Communication:

- Need to genuinely and regularly consult with industry stakeholders identify the tangible benefits to all stakeholders for being part of the PA vision for pastures.
- The concept of the ISG role is right for PA engagement however it should have been established at the start of PA not in its 3<sup>rd</sup> year of operation. PA needs to replace the current ISG with the establishment of a Pasture Industry Reference Group (PIRG). The role of the PIRG would be very much aligned with that of PA in that it would be focused on contributing to and reviewing on a regular basis the relevance of the National Pasture Strategy and identifying the priorities and opportunities for PA to engage and influence investment and delivery of pasture related R, D & E.
- PA needs to effectively communicate across the supply chain including education institutions and State DPI's.
- To be seen <sup>a</sup>s credible by the industry PA requires pasture industry stakeholder representation at the Board level.
- PA should consider itself as a facilitator for a pasture industry forum where the participants engaged are representatives from across the pasture industry supply chain.

## Funding /Investment:

- PA must be adequately resourced to achieve its objectives otherwise it should not engage.
- PA should be funded from a diverse stakeholder base rather than being concentrated on the RDC's – the RDC's should aim to contribute matching funding on an agreed pro-rata basis.
- PA requires a greater level of integration and investment from the RDC's strategic plans within the context of a national R, D & E framework for pastures.
- Funding should be based on a 5 year horizon if it is to be meaningful and focussed on outcomes.

### Accountability/Commitment:

- There needs to be a commitment to capacity building within the pasture industry as there is currently a 20 year gap in skill and expertise.
- The process for project selection and delivery needs to have greater transparency and accountability. For this to be achieved there needs to be greater engagement of pasture industry stakeholders in the planning and assessment process.

#### People and Structure:

- The PA Board of Management needs to be independent with agreed support from collaborating bodies and personnel.
- Executive officer needs to be fully responsible for budgets, outcomes of objectives and developing the tools that will deliver the objectives.
- PA management board should be expanded to include broader industry stakeholder representation (e.g. Grasslands Society) – adjunct to the Board of

- Management would be the proposed Pasture Industry Reference Group (PIRG) which provides an advisory role to the board.
- PA requires state or regional based coordinators to manage projects and communication with respective industry bodies.
- A stakeholder steering committee should be established to manage the transition process from the current PA to a new PA model – with responsibility for establishing terms of reference, objectives, goals and appointment of the board, the chairman and the CEO.

#### Other:

- PA requires a balanced R, D & E portfolio generated by evidence based decisions.
- Critical to the success of PA is its ability to integrate any breeding activities (public & private) with agronomic research and extension activities in order to avoid duplication.
- PA could act as a clearing house for new pasture related initiatives put forward under some defined investment structure and process. PA should broker arrangement between one or more RDC's on a project x project basis.

## 6.4.3 What model options should be assessed by the RDC's when considering the future role of Pastures Australia?

In the development of various model options for PA going forward the review panel agreed that there are a primary set of functions and tasks for PA which will be common to the majority of the model options. The proposed scope of PA's functions may include but are not limited to the following:

- Administration.
- Industry training/education.
- Establish, implement and maintain the national pasture industry strategic plan.
- Identify and, if appropriate invest in R, D & E projects on behalf of stakeholders.
- Increase industry awareness of innovations and potential opportunities.
- Responsible for the generation and collation of information, including pasture statistics, descriptions and trends for communication to/amongst the key stakeholder groups.
- Promote the value of pasture improvement and the value (including environmental benefits) of well managed pasture.
- Advise and lobby for pasture related R, D & E with government, industry investor's, RDC's and R, D & E providers.
- Promote environmentally responsible and sustainable practices within the pasture industry.
- Complete and maintain an audit of pasture industry R, D & E capacity and capability

To complete this task the RDC's will be required to clearly articulate and align their individual needs into an agreed platform representing their respective farmer constituencies. The RDC's would then cross reference these to the needs of the broader pasture industry stakeholders.

The outcome of this process will be a framework upon which the PA Board of Management can evaluate and prioritize the various models proposed by the review panel.

In consideration of the various model elements identified by the review, the panel has identified five different model options. Each of these model options together with comments relating to the benefits of each model to the current RDC stakeholders in PA are presented in the following discussion.

# 6.4.3.1 Model Option One: Pastures Australia II (Retain the current model with improvements.)

The first model option is retention of the current PA model however it will require some realignment of its charter if it is to be sustainable and deliver on the expectations of the RDC's and the broader industry stakeholders.

PA will be required to realign its original charter with input from across the pasture industry so as to ensure "buy in" from all stakeholders to the revised role of PA. Following the development of the charter the RDC's will need to reassert individual investor commitment to participate in a collegiate manner.

It is proposed that the board of directors would comprise representatives from the respective RDC's and would be chaired by an independent chairperson.

A key element of the process will require the development of a "strategy" which delivers on the charter as this was key element absent from the original PA model. The strategy will need to include a Business Plan including achievable Objectives, an Operational Plan including an infrastructure and resource plan and milestones against which PA's performance can be measured on an annual basis.

The current partners would re-engage based on a new management agreement aligned with the new PA charter. It would be an expectation that the RDC partners would resource PA to a commensurate level which would ensure that PA's capacity allowed it to deliver on its objectives.

PA would replace the current Industry Strategy Group (ISG) with a Pasture Industry Reference Group (PIRG) which would operate under a charter which would see representation from peak industry body's and industry specialists from across the pre-farm gate, on farm and post farm gate sectors of the pasture industry.

The number of participants on the PIRG would be determined by the PA Board of Management following consultation with industry stakeholders. Participants would be either nominated by various industry groups (e.g. AFIA, Grasslands Societies, RRDC Small Seeds Group) or, by way of invitation to participants with specialist skills.

The role of the PIRG would be upgraded to include the ability to identify and nominate R, D & E investment opportunities for consideration by the PA Board of Management as well as reviewing proposed investments generated from the RDC's. The PIRG would have an increased ability to

engage with the PA Board of Management by way of providing reports and arranging regular meetings with the PA Board of Management.

A key to repositioning PA in the proposed revised model would be to identify R, D & E projects which were "low hanging fruit", possibly projects likely to attract attention and co-funding from the private sector. The delivery of which would re-establish PA's identity and credibility in the pasture industry and with the Federal and State governments.

The review panel identified that such a project would be the Pasture Improvement Project established PA in early 2009. The first (industry workshops and modeling) and second phase (pilot case study assessment) of the project have been completed and have generated significant interest and response from the pasture industry. As such the panel would recommend that the project be utilized as a "flagship" for PA moving forward.

Apart from the ongoing management of the National Pasture Strategy the primary responsibility for PA would remain the coordination, investment and delivery of RDC sponsored R, D & E activities that had been identified and prioritized in collaboration with the ISG and were within its revised charter.

Pastures Australia would derive its income from the RDC's, and that would include the funds allocated to the respective RDC pasture R, D & E portfolio's which would be transferred into PA under its revised charter.

#### What's in it for the RDC's?

- Increased adoption of pasture improvement strategies leading to increased livestock, grain and fodder industry productivity.
- Provides strategy and structure to achieve "realistic" objectives.
- Consolidation of R, D & E activities by RDC's which are aligned with pasture industry needs
- Provides continuity across the RDC's and the broader industry sectors in planning and delivery.
- Pasture industry supply chain re-engagement which will provide increased impetus for collaboration and co-investment by the private sector.
- Focus on common interest outcomes for RDC's and supply chain stakeholders.
- Synergy and efficiency in investment via collaboration between the RDC's.
- Increased adoption rate of pasture improvement activities due to ownership of outcomes by the broader supply chain.

## 6.4.3.2 Model Option Two: Clearing House (Strategy Focus)

The second proposed model option is the establishment of a new organization which would be primarily focused on being the "champion" of the National Pasture Strategy developed for and by the pasture industry.

PA would focus on the implementation, communication and renewal of the National Pasture Strategy and communication of its R, D & E outcomes to industry stakeholders.

It is proposed that the board of directors would comprise representatives from the respective RDC's together with a nominated number of directors representing the PIRG and other associated bodies (e.g. Grasslands Societies). It is proposed that the board would be chaired by an independent chairperson.

The National Pasture Strategy would provide PA the platform and authority to act as a leader and facilitator by:

- providing direction to the industry,
- improving communication and linkages between the industry stakeholders, and
- catalyzing the industry to work together for the betterment of the industry.

PA's charter would require it to respond to issues on behalf of the industry by providing an independent and credible voice for the industry. PA would promote the productivity and sustainability of Australia's pastures by providing direction to research providers and facilitating RDC investment into R, D & E which focused on pasture improvement.

PA's role would extend to assisting stakeholder's in the implementation of innovative pasture improvement strategies through its activities, including representation on RDC's research committees, representation on committees of industry organizations such as AFIA and Grassland Societies, attendance at conferences, forums and through submissions to government on key matters affecting the pasture industry across Australia.

In executing this role PA would:

- Provide input into policy formulation which impacts on profitability, viability and sustainability of the pasture industry and its participants.
- Develop strategies that address key issues confronting the pasture industry.
- Review/comment on proposals for RDC and pasture industry stakeholder R, D & E investment.
- Represent and promote the pasture industry at all levels of Federal and State governments.
- Work with governments and related industries and other stakeholders to achieve mutually beneficial outcomes from R, D & E investment and activities.

 Provide a communication delivery platform for delivery of the outcomes from the R, D & E projects undertaken within the scope of the National Pasture Strategy.

This "Clearing House" role is primarily achieved by PA disengaging in "Research" related activities and becoming fully engaged / embedded as a strategy service provider within the different sectors of the pasture industry. Thus it allows individual participants and organizations within each pasture sector to continue to operate while providing an overarching framework within which the National Pasture Strategy for Pastures can be developed, implemented and reviewed on a regular basis.

The Board of Management would replace the current Industry Strategy Group (ISG) with a Pasture Industry Reference Group (PIRG) which would operate under a charter which would see representation from peak industry body's and industry specialists from across the pre-farm gate, on farm and post farm gate sectors of the pasture industry.

The number of participants on the PIRG would be determined by the PA Board of Management following consultation with industry stakeholders. Participants would be either nominated by various industry groups (e.g. AFIA, Grasslands Societies, RIRDC Small Seeds Group) or, by way of invitation to participants with specialist skills.

The role of the PIRG would be upgraded to include the ability to identify and nominate R, D & E investment opportunities for consideration by the PA Board of Management as well as reviewing proposed investments generated from the RDC's. The PIRG would have an increased ability to engage with the PA Board of Management by way of providing reports and arranging regular meetings with the PA Board of Management.

A key to repositioning PA in the proposed revised model would be to identify R, D & E projects which were "low hanging fruit", possibly projects likely to attract attention and co-funding from the private sector. The delivery of which would re-establish PA's identity and credibility in the pasture industry and with the Federal and State governments.

The review panel identified that such a project would be the Pasture Improvement Project established PA in early 2009. The first (industry workshops and modeling) and second phase (pilot case study assessment) of the project have been completed and have generated significant interest and response from the pasture industry. As such the panel would recommend that the project be utilized as a "flagship" for PA moving forward.

Pastures Australia would derive its revenue from a special project fund established by the RDC's. The funds provided would be utilized for the operations and infrastructure of PA.

#### What's in it for the RDC's?

- Delivery of a consistent message and direction across all industry sectors in relation to pasture improvement R, D & E investments and activities.
- Provides continuity across the RDC's and the broader industry sectors in planning and delivery.

- Builds closer linkage within and between public and private sector pasture industry stakeholders.
- RDC's retain control of "Research" related investment and activities.
- Ensures consistency in outcomes delivered to the respective sectors across the pasture, livestock, grain and fodder industries.
- Low cost input and infrastructure.

## 6.4.3.3 Model Option Three: Peak Industry Body Model (1)

The third model option represents the potential transition over time from the previous model option for Pastures Australia into a whole of industry umbrella organization which consolidates the various sectors into an industry peak body.

PA would be a peak industry body that represents all sectors of the pasture industry in Australia, from growers and agronomists through to researchers, merchants, traders and exporters. Pastures Australia would represent the common interests of all pasture industry participants and promote the development, expansion and improvement of Australian pasture production.

It would be unique in that it would be an independent, non-political and whole of industry organization, which acts as a catalyst for the development of the pasture industry.

It is proposed that the board of directors would be nominated from across the industry to participate by providing direction and vision for PA. The directors would bring skills and knowledge from many areas of interest including farming, research, plant breeding, merchandising, marketing and exporting. The RDC's would be able to nominate two directors to the board. It is proposed that the chairperson of the board would be elected by the board of directors

PA's vision would be to create a professional, high quality, sustainable and profitable pasture industry (within an overall contribution to the feedbase which farmers utilize as part of their animal production strategy.

PA's mission would to provide leadership to the Australian pasture industry and coordinate activities that will achieve improved profitability for all sectors of that industry.

PA would have three main functions as a peak industry body:

a) **Pasture Production Support:** Provide the coordination and delivery of pasture improvement related information to industry representative organizations and supply chain participants to ensure confidence, sustainability and consistency in the

- management of current pastures and the future adoption of pasture improvement strategies.
- b) Industry Support: Create and support essential linkages and communication along the value chain which can be utilized to influence the adoption of pasture improvement strategies by farmers.
- c) **Market Support:** Providing a single voice for industry in the areas of R, D & E, and market development, negotiating with Federal and State governments and other industry bodies both domestically and internationally.

PA would represent stakeholders across the pasture industries private and public sector supply chain including:

- Consultants/ Advisors / Education and training providers
- Input Providers (e.g. seed, seed treatments, fertilizer/lime/gypsum, machinery, irrigation. agricultural pesticides, fencing, watering systems)
- Distribution/ Resellers
- R, D & E Providers (e.g. MLA, AWI, RIRDC, GRDC, DA)
- Communication /Education (e.g. Regional producer groups such as BCG, Southern Farming Systems, Kojunup group) Universities
- Farmer Organizations (e.g. NFF, Grassland Societies (3), AFIA)

The Board of Management of PA would replace the current Industry Strategy Group (ISG) with a Pasture Industry Reference Group (PIRG) which would operate under a charter which would see representation from peak industry body's and industry specialists from across the pre-farm gate, on farm and post farm gate sectors of the pasture industry.

The number of participants on the PIRG would be determined by the PA Board of Management following consultation with industry stakeholders. Participants would be either nominated by various industry groups (e.g. AFIA, Grasslands Society, RRDC Small Seeds Group) or, by way of invitation to participants with specialist skills.

The role of the PIRG would be to identify and nominate R, D & E investment opportunities for consideration by the PA Board of Management as well as reviewing proposed investments generated from the RDC's. The PIRG would have an increased ability to engage with the PA Board of Management by way of providing reports and arranging regular meetings with the PA Board of Management.

As with the previous models, the proposed Peak Industry Model 1 option allows individual sectors to continue to operate and invest in R, D & E while PA provides the overarching framework within which the national R, D & E strategy for pastures can be developed, implemented and reviewed on a regular basis. However, one strategic difference is that within its charter PA would have the ability to initiate and invest in pasture related , R, D & E where there were "gaps" within the current portfolio's of the RDC's and third party research providers.

Pastures Australia would derive its income from a combination of special project funding from the RDC's , fixed income support (i.e. annual subscriptions) from major industry players – especially the pasture industry bodies for example the Grassland's Societies, ASF and AFIA, membership income from independent supply chain participants, industry sponsors and other voluntary contributors.

#### What's in it for the RDC's?

- Operates within a national strategy framework for pasture which incorporates a whole of industry approach and takes into account the external and internal dynamics of the pasture industry and its stakeholders.
- Collates broad industry strategy and issues related to pastures with the R, D & E strategies of the RDC's and other service providers.
- RDC's retain their role as primary providers of R, D & E within each sector- from time to time PA may initiate project collaboration where cross sector needs have been identified. In addition, the RDCs' R, D & E projects may be supplemented by strategic "gap" projects which PA may invest in from time to time.
- Provides continuity across the RDC's and the broader industry sectors in planning and delivery of R, D & E activities that have been prioritized by a whole industry approach.
- Effective positioning of the industry for competitive advantage.
- Sound understanding of the needs of pasture industry stakeholders.
- Ability to be flexible and responsive.
- Provides a forum which takes into account the needs of livestock, grain and fodder producers and supply chain participants.
- Ensures accountability and good corporate governance.

## 6.4.3.4 Model Option Four: Peak Industry Body Model (2)

This is a model where the focus of PA is on the supply chain being profitable, innovative, growing and working in cooperation with a focus on pasture, livestock and fodder productivity. Hence, PA's charter would be broader than the Peak Industry Model (1); however as with previous proposed model PA's role would be governed by the development and adoption of a National Pasture Strategy.

Within this context the primary focus for PA would be to:

- Maximize the long term return on investment in the pasture industry to its supply chain stakeholders.
- Provide a powerful information, analysis and knowledge offer to stakeholders.

- Establish clearly defined and understood partnerships with industry.
- Enhance the reputation of the pasture industry with the community and government.

It is proposed that the board of directors would be nominated from across the industry and provides direction and vision. The directors would bring skills and knowledge from many areas of interest including farming, research, plant breeding, merchandising, marketing and exporting. It is proposed that the chairperson of the board would be elected by the board of directors.

PA would be focused on the growth of the pasture industry by way of:

- Supporting development of farmers pasture improvement capacity through improved and new pasture varieties, pasture protection, management practices and extension activities, to secure the industry's long term position in domestic livestock production and export fodder markets.
- Fostering the ongoing uptake of pasture improvement innovation across the industry, investment in product development and ensure the industry has access to all appropriate technologies and management strategies.
- Improving the image, availability and position of Australian pastures and products derived from pastures (livestock, pasture seed and fodder) among domestic and export consumers, as well as Federal and State governments.
- Fostering both the private and public sector value chain participants to increase their knowledge, resources and investment in pasture improvement activities.
- Developing a stronger industry voice which engages with internal and external stakeholders on the basis of its commitment and delivery of a National Pasture Strategy.

PA would work in partnership with the pasture industry to invest on its behalf in R, D & E as well as marketing and education programs that provide benefit to the pasture industry and the wider community.

PA would invest annually in programs designed to align with the strategic investment priorities of the National Pasture Strategy.

The following provides an overview of the proposed Industry Peak Model 2:

- PA would be established under Corporations Law and would be a not-for-profit as defined in its company constitution;
- PA would work in partnership with industry within a strategy framework developed and prioritized by the pasture industry (i.e. National Pasture Strategy) and would incorporate pasture related R, D & E strategies currently in development by the meat, wool and dairy industries for the PISC National R, D & E Framework.
- PA would be owned by industry (industry representative bodies ISGs) with an elected board from representatives of the peak industry bodies.

- PA would be supported by contribution of levies from the current pasture industry sector RDC's together with investment from the private sector and allocation of special project grants from the Federal and State governments.
- PA would incorporate the current R, D & E programs from the RDC's and develop a new program driven by industry priorities.
- Review/comment on/select proposals for investment.
- PA would capture synergies between industries and between R, D & E activities across the supply chain.
- PA would initiate and be a corner stone partner in the development of a bid for a <u>CRC</u> for <u>Pasture Improvement</u> which would encompass the diversity of Australia's agroecological environments in which pasture's from part of the livestock production feedbase.

The CRC proposal would draw on support from various pasture industry supply chain stakeholders, the majority of which do not have ties with current CRC's or are not affiliates to current CRC's.

The proposed CRC would initiate industry directed R, D & E and would engage with and consolidate various research activities within a number of CRC's engaged in sector or topic specific pasture related research (e.g. Dairy Futures CRC, CRC for Sheep Industry Innovation, CRC for Beef Genetic Technologies, Future Farm Industries CRC, CRC for Australian Weed Management, CRC for Irrigation Futures, CRC for Tropical Savannas Management)

 Where appropriate PA would invest industry funds to create commercial opportunities for individual sectors.

PA would receive recommendations on investment from supply chain based (i.e. Pre Farm gate, On Farm, Post Farm Gate) Pasture Industry Reference Groups (PIRG) which would incorporate industry experience and expertise from both the public and private sectors, including the RDC's.

The proposed Pasture Industry Reference Groups (PIRG) would be a subcommittee's of the PA Board and would be managed by the CEO in collaboration with PA project managers. Membership could be either recommended to PA by the various peak industry bodies for each industry sector (e.g. MLA, GRDC, Grasslands Societies, AFIA etc) or alternatively it could be achieved through nomination by interested stakeholders.

Hence, an industry group such as Dairy Australia or AWI or Grasslands Societies may have more than one representative as they may provide a representative for each respective PIRG. The respective peak industry bodies would be responsible for ensuring the skills required on a PIRG are met by the persons they recommend.

#### What's in it for the RDC's?

- Consolidation of current RDC's R, D & E programs into a structure administered by one corporate entity.
- Provides continuity across the RDC's and the broader industry sectors in planning and delivery of R, D & E activities that have been prioritized by a whole industry approach.
- Builds closer linkage within and between public and private sector pasture industry stakeholders.
- Allows the RDC's to reduce investment in the infrastructure required to support R, D & E investment and activities
- Loss of control in relation to direction of pasture related R, D & E investments and activities.
- Corporate structure within which governance of activities is highly managed and scrutinized for the return on investment generated.

# 6.4.3.5 Model Option Five: RDC "ad hoc" Collaboration Model (Pre Pastures Australia)

This approach would see the current RDC's agree to disband Pastures Australia and agree to resume their previous approach of operating and investing in pastures in their own right and from time to time make "ad hoc" arrangements for collaboration with either other RDC's or industry groups.

The outcome of this approach would further support and reinforce the current industry view that the RDC's operate in silos and independent of pasture industry stakeholders from across the supply chain.

This approach would lead to a number of outcomes which are seen to be detrimental to the pasture industry these include but are not limited to the following:

- Pasture, grain, fodder and livestock industries productivity would continue to lag behind that of agricultural industries where consolidation of resources under a national R, D & E strategy has led to productivity gains which have arisen as a result of an:
  - Increase in efficiency and economies of scale in the use of resources for R, D &
     E.
  - Increase in synergy across sectors as a result of identifying common platforms for R, D & E investment,

- o Increase in industry coordination of industry activities, and
- o Increase in representation and presentation of industry strategies and issue's.
- Supports the current industry view that pasture related information exists in RDC "silos" and that the information generated is only delivered to the "top 20% of farmers" rather than the broader pasture industry supply chain which has significant influence across all sectors.
- Increases the risk of duplication in pasture related R, D & E investment as these are undertaken independently of each other this may be alleviated by the introduction by the RDC's of an annual Pastures R & D Forum.
- Continued lack of focus on pasture improvement, on the great potential of much poorly developed "pasture" land and the value that pastures generate for the livestock and fodder industries.
- Further loss of capacity and capability in pasture related R, D & E due to lack of resourcing from both Governments, and from RDC's via PA since 2007.
- There is a risk in assuming that the private sector will pick up the investment in R, D & E and support any "gaps" in pasture related R, D & E due to the loss of a public sector support network and infrastructure. The flow on from this outcome is that there is an additional risk that without coordination what limited investment is available will either be misdirected or could potentially duplicate that of the RDC's.
- Limits the opportunity to access new opportunities (e.g. breeding technologies) where the combined size of the pasture industry presents a "larger pie" compared to the small to moderate size of each of the current sectors (i.e. meat, milk, wool, grain, fodder)

#### What's in it for the RDC's?

- Retain control of individual R, D & E programs.
- Arrange collaboration when and if required?

#### 7.0 Discussion

## 7.1 What has PA achieved to date and has it delivered on its Objectives?

PA has established a significant base of good will and confidence amongst all stakeholders that it has the capacity to influence the adoption of pasture improvement strategies nationally and in so doing drive significant pasture and livestock productivity gains.

The establishment of PA by the RDC's has provided a solid platform on which change can occur within the pasture industry, for example the current PA model has delivered:

- Project outcomes which are of value to RDC and industry stakeholders.
- A shell for future use brand name and foot print.
- A platform and process for industry interface and interaction.
- A vehicle for strategy development and implementation.
- Identification of the various pasture industry stakeholders.
- Access to independent expertise for use by stakeholders.

Hence, there is a genuine view held by all contributors to the review that Pastures Australia has potentially a very valuable role and contribution to make to the pasture industry. A contribution that if mastered will stimulate and drive cultural change across the supply chain and lead to an increase in the adoption of pasture improvement strategies and pasture productivity – if one succeeds all will succeed.

The review established that despite there being a relatively high level of awareness of Pastures Australia there was a relatively low level of satisfaction expressed in terms of PA's performance and effectiveness in delivering on its objectives during its first cycle of operations. This was a view expressed by both RDC and non RDC contributors to the review.

Although there were a number of views expressed as to why this was the case it was apparent that the major barrier to the creation and delivery of PA value is the presence of a fundamental disconnect between what the RDC's viewed as the role of PA as against that of the broader pasture industry. This disconnect has been reinforced by the inability of PA to effectively implement and execute a communication and extension program focused on delivery of outcomes from current research investments.

Essentially the RDC's have the reasonable view given they are the investors in PA that it exists to fulfill a key role for the RDC's by coordinating and managing research projects – the outcomes of which would be for RDC farmer stakeholders. The pasture industry however has formed a different view in that PA's establishment by the RDC's was on behalf of the RDC's and the pasture industry. Therefore, the industry is of the view that its focus would be on contributing outcomes to the pasture industry which included all supply chain participants rather than being solely focused on farmers.

The diversity of views permeated throughout the assessment of Pastures Australia and is reflected in responses to many of the questions within the questionnaire and comments provided within the interviews.

For example the current project portfolio has a relatively low level of awareness within the whole of the pasture industry which supports the perception that PA was established for the benefit of the RDC's rather than the broader industry. A review of the content of the current portfolio also supports the notion held that the projects are a reflection of previous pasture industry research attempts by the RDC's rather than being innovative and responding to market needs or market failure.

Some of the projects selected for support appeared to be inconsistent with the priorities delivered by the five regional workshops held in April and May 2006.

The review established that the majority of respondents and interview participants agreed that if PA was able to achieve its stated objectives for 2010 and 2015 it would make a significant, meaningful and valuable contribution to the RDC's and the pasture industry.

However, it was regarded that PA is not well placed to deliver on either its 2010 nor its 2015 objectives due to the existence of various barriers that will inhibit successful execution of the activities required to achieve these objectives. The barriers exist as a result of a combination of the following:

- the lack of a clear charter which identified what was within the scope of PA and what was to remain within the domain of the public and private sector;
- the objectives for PA not being aligned with industry expectations;
- the lack of a platform strategy on which PA could operate and formulate its Business Plan, Operational Plan, Communication Plan and its milestones;
- the lack of resources to support the achievement of PA's objectives;
- the lack of RDC stakeholder commitment to adhere to PA's original charter;
- the lack of an annual review process to assess PA performance, the outcomes of which may have led to changes in strategy; and
- the poor continuity of communication and information flow within and external to PA.
- unrealistic expectations for genetic gain in pasture species which reflect wide differences in genetics and breeding schemes.
- no recognition of pasture improvement issues related to northern Australia.

The review considers that for PA to be successful the RDC stakeholders will need to address these barriers either within its current model or change to a new PA model as without change the current model is unsustainable.

## 7.2 The opportunity for Pastures Australia going forward.

In establishing a view on the conduct of PA during its remaining second cycle of activities to 2015 the review has taken into consideration the current barriers that exist and the needs expressed by RDC and non RDC participants. These are summarized as follows:

- 1. The need for increased collaborative investment in pasture improvement R, D & E by industry. (e.g. MLA, AWI, DA, GRDC, RIRDC)
- 2. The need for increased coordination and collaboration between private and public sector in pasture improvement R, D & E.
- 3. There is a need to increase the understanding of the outputs and value of pastures relative to investments in cropping and livestock breeding.
- 4. The need to promote pastures as the corner stone of a "feedbase" system approach to livestock nutrition and production rather than focusing on products.
- 5. There is a need to develop a "National Pasture Strategy" which engages public and private sector supply chain participants (i.e. pre farm gate, on farm and post farm gate) and stakeholders from across sectors (i.e. meat, wool, milk and fodder) and includes northern Australia.

A summary of the options considered by the review panel and the differences between each model based on a range of criteria selected are presented in Table One and Table Two.

It needs to be noted that a number of the options are not mutually exclusive. D depending on the view of the RDC's as to the role that PA may undertake with the pasture industry beyond their current tenure the models may be evolutionary and that PA may transition between one or more of the options.

It was agreed by the review panel that prior to making any changes to the current PA model the RDC stakeholders need to reassess the current charter of PA and establish its relevance and if upon agreement to an aligned charter it is in the best interest s of the RDC's to recommit and reaffirm their support of PA. The renewed commitment should include providing the appropriate level of resources to support the achievement of PA's objectives.

Table One: Summary of Pastures Australia Model Options (1)

	Option One	Option Two	Option Three	Option Four	Option Five
Proposed Model	Pastures Australia II	Strategy Focus	Industry Peak Body (1)	Industry Peak Body (2)	RDC "ad hoc" Collaboration
Examples		Aust. Seeds Federation, Grain Trade Australia	Pulse Australia, Healthy Soils Australia, Pulse Australia	Irrigation Australia, The Australian Oilseeds Federation	Pre Pastures Australia
Objective	Facilitate the represent the investors (inc. 2. Focus on act engagement.)				
Charter	Provide direction and administer RDC investment in pasture R, D & E under the National Pasture Strategy.	Providing direction to the pasture industry on R, D & E priorities, improve communication and linkages between the industry participants and catalyze the industry to work together.	Consolidate industry representation into a peak body, while maintaining individual industry organizations. Strategically invest in R, D & E "gaps" and coordinate delivery of the outcomes.	Consolidate industry representation into a peak body, while maintaining individual industry organizations. Facilitate PA investment in the establishment of a CRC for Pasture Improvement with a national responsibility for R, D & E delivery. Facilitate the provision of services to stakeholders including education & training.	Collaborate on an "ad hoc" basis when cross sector interests and outcomes are required.

## Table Two: Summary of Pastures Australia Model Options (2)

	Option One	Option Two	Option Three	Option Four	Option Five
PA Board Structure (RDC % representation)	RDC representatives + PIRG representative + independent chairperson	RDC representatives + PIRG representatives + independent chairperson	RDC representatives plus pasture industry stakeholders + elected chairperson	Pasture industry stakeholders + elected chairperson	N/A
Board Support Structure	Pasture Industry Reference Group	Pasture Industry Reference Group including RDC representation.	Pasture Industry Reference Group including RDC representation.	Pre Farm Gate, On Farm & Post Farm Gate advisory committees (Dairy, Beef, Sheep, Fodder, Recreational – horses etc.)	Current RDC "ad hoc" process supported by annual Pasture Research Forums.
Annual Operating Budget (est. only)	\$X	\$0.5 X	\$ 1.25X	\$1.5X	\$ 0
Funding Source	RDC's	RDC's	RDC's plus industry stakeholder co-investment	Pasture industry stakeholders plus matching RDC co- investment	N/A
Infrastructure (Staff)	CEO + Project Officer (1)	CEO + Admin (1)	CEO + Admin.(1) + Project Officers (2)	CEO + Admin.(2) + Research Manager(1) Project Managers (3)	N/A (0)
Administration	RIRDC	RIRDC	PA	PA	N/A
Development & Management of Pasture Industry Strategic Plan	PA + pasture industry stakeholders	PA + pasture industry stakeholders	PA + pasture industry stakeholders	PA + pasture industry stakeholders	Individual industry sectors.
Execution of Pasture Industry Strategic Plan	Pasture industry stakeholders	PA + Pasture industry stakeholders	PA + pasture industry stakeholders	PA + pasture industry stakeholders	
Investment in R & D	PA	RDC's + pasture industry stakeholders	PA + pasture industry stakeholders	PA + pasture industry stakeholders	RDC's, Individual industry participants.
Management and extension (delivery) of R & D outcomes.	PA + RDC's	PA/ RDC's + pasture industry stakeholders	PA+ pasture industry stakeholders	PA+ pasture industry stakeholders	RDC's, Individual public & private participants.

## 7.3 What is the role for PA in the future?

In assessing the various options the review panel considered, what were the strengths and weaknesses of each model together with an assessment of what benefits each model would deliver to the RDC's?

It is view of the review panel that based on an assessment of the objectives of the RDC's and pastures industry contributors to the review the adoption of the "Clearing House" model (Strategy Role) would be considered the most appropriate option for the RDC's to consider supporting in the near term (2010 - 2012).

The "Clearing House" model provides the RDC's and the broader pasture industry stakeholders a level of certainty and a sense of continuity as it will focus PA's energies on developing, delivering and coordinating an agreed national industry strategy for pasture improvement.

The selection of the "Clearing House" model in preference to model one by the review panel recognizes that for the foreseeable future the various RDC's albeit that there would be an agreed charter will not be in a position to contribute equitably to PA if it was to continue to be responsible on behalf of the RDC's to manage research projects.

At the same time the panel recognizes that one of the benefits of adopting the "Clearing House" model is that because of the relatively low cost of operations it would provide the RDC's the opportunity to contribute equitably and to remain engaged in the development and implementation of pasture improvement strategy.

While there was a significant level of support from pasture industry stakeholders for PA to move almost immediately to either model three or four (i.e. peak industry body) the review panel chose the "Clearing House" model in preference because of the lag time it would take to align the industry under these models and the issue of developing an approach where there would be an equitable contribution scheme of funding from across the industry.

It was noted by the review panel that there is scope in the future for PA to transition into either model three or four. Hence, the review panel is of the view that the RDC's should consider splitting the second cycle of PA into two rounds of investment: Phase One (2010 - 2012) and Phase Two (2013 - 2015). Such an approach will allow PA to consolidate its role and focus on delivering value to the RDC's and the pasture industry. This approach will also allow the RDC's to retain flexibility while staying engaged in the PA process.

It would be anticipated that during Phase One of the "Clearing House" model PA would focus its efforts on three key objectives:

- 1. Re-establishment of PA's role and identity within the pasture industry by way of:
  - a. The appointment of an independent chairperson to the PA board,
  - b. The appointment of a full time CEO (as distinct from Coordinator),

- c. The establishment of a Business Plan, Operating Plan, Communication Plan and Milestones for PA,
- d. The establishment of a Pasture Industry Reference Group (PIRG) with membership from across the supply chain including peak industry bodies and with specialist expertise provided by invited participants,
- e. The establishment of a communication platform (i.e. clearing house) for the consolidation of current pasture improvement information (i.e. consolidate the silo's) and delivery of outcomes from the various projects and activities undertaken by pasture industry stakeholders,) under the National Pasture Strategy, and
- f. Contribute (non monetary) and where possible assist in coordinating (i.e. to avoid duplication) the initiation of new portfolio of pasture improvement related R, D & E projects by various public and private sector organizations.
- 2. Coordination, development and implementation of a National Pasture Strategy which embraces the goals and objectives of all stakeholders in relation to pasture improvement and productivity.
- 3. The development of a plan for the RDC stakeholders to consider and evaluate as whether PA having achieved its short term objectives (2010 2012) should evolve into:
  - a. a peak industry body representing stakeholders within the current and future pasture industry, or
  - b. to maintain and strengthen its role of coordinating and delivering on a pasture improvement strategy for the pasture industry, or alternatively.
  - c. assess if PA should be wound down and the RDC's revert to self management of pasture related R, D & E investments.

The strength of the "Clearing House" model is that its key focus is on being a proactive contributor and participant on behalf of the RDC's and the industry to the decision making process both within and external to the industry in relation to R, D & E strategy, investment and delivery of outcomes related to pasture improvement.

Therefore the role of PA transitions from being a manager of research projects to one where it provides advice and direction to organizations (e.g. RDC's) as to their investment in projects which are consistent with a national approach to pasture improvement.

Conversely, PA also has an active role in establishing and providing a pathway for disseminating the outcomes of the industries R, D & E investments (i.e. a "Clearing House") to pasture industry stakeholders across the supply chain, thus driving the rate of adoption pasture improvement strategies by livestock producers in Australia.

The value of this approach is that it allows the RDC's to retain flexibility and control over their respective investments in R, D & E while at the same time supporting a platform where the focus of their investments is aligned with a national coordinated approach to pasture improvement.

The benefit of the increased alignment of pasture related R, D & E is that it is more likely to achieve a much faster rate of adoption and impact for the RDC's due to the breaking down of information silo's and the establishment of structured networks of communication.

The contribution of the RDC's to the establishment of the "Clearing House" model is to provide the seed funding for the infrastructure and resources required to support the operations of the model. A key benefit to the RDC's in adopting the "Clearing House" model, is the retention of flexibility to opt in or out of future PA developments beyond 2012 of time.

It would be anticipated that based on the success of similar models within the agricultural industry the ROI for the RDC's investment in adopting the proposed "Clearing House" model would be significantly increased relative to the current levels achieved.

For PA to fulfill this role within the "Clearing House" model there are three key elements which the RDC stakeholders need to consider, these are:

- The appointment of an independent chairperson to the board of PA in order to provide the independence and governance which would be viewed by industry stakeholders as a move away from the current industry perception of PA being governed by and for the vested interests of the RDC's.
  - Consistent with this change would be the need to change the structure of the PA board to include additional representation of the broader pasture industry stakeholder base in order to provide increased scope and expertise to its decision making processes.
- 2) The establishment of a Pasture Industry Reference Group (PIRG) to replace the current ISG. The role of the PIRG would be very much aligned with that of PA in that it would be focused on contributing to and reviewing on a regular basis the relevance of the National Pasture Strategy and identifying the priorities and opportunities for PA to engage and influence investment and delivery of pasture related R, D & E.
- 3) The establishment of a communication platform (i.e. clearing house) for the consolidation of current pasture improvement information (i.e. consolidate the silo's) and delivery of outcomes from the various projects and activities undertaken by pasture industry stakeholders under the National Pasture Strategy umbrella.

In summary, although there was criticism of the performance of PA to date, there has been a clear view held and expressed by the majority of contributors to the review that there is a continued need for a body such as Pastures Australia, albeit there was a divergence in opinion as to the role and scope of activities that it may deliver on.

The RDC's have the flexibility to choose an option which would see retention of the current PA model and its focus on research generation and delivery; or alternatively the RDC's may choose to support a transition of PA into an industry "Clearing House" focused on the generation and delivery of an industry strategy which underpins R, D & E investment and its outcomes.

In either case it was viewed by the panel and the contributors to the review that the RDC's are an essential corner stone to the pasture industry due to their representation of the "farmer" and their support of R, D & E which underpins pasture improvement and livestock productivity in Australia.

## 8.0 Conclusion

The current review has provided a comprehensive "stake in the ground" assessment of the status of Pastures Australia in terms of whether it has been effective in meeting the expectations of the RDC stakeholders and the broader pasture industry and whether it is likely or not to achieve its stated objectives for 2010 and 2015.

The answer to which is that PA is unlikely to achieve these objective primarily because of the lack of consistency and continuity in the commitment of its stakeholders to the original PA charter. This has led to poor governance, communication and management of a relatively benign research project portfolio. The current PA model is not delivering and is unable to justify the continued support of its current RDC stakeholders.

The outcomes of the review would suggest that the RDC stakeholders are at a cross road in relation to the future role of Pastures Australia, as stakeholders they must make a choice with regard to its future role in the pasture industry. The choice is simple and can be summarized in the following questions:

Q1: Are the RDC's on behalf of their farmer and government/public investors prepared to let current and future investment in pasture R, D & E activities slip away?

Q2: Are the RDC's on behalf of their farmer and government/public investors prepared to let current and future pasture and livestock productivity innovation slip away? Or,

Q3: Can the RDC's on behalf of their farmer and government/public investors create an environment for Pastures Australia whose charter is based on the development and introduction of pasture improvement strategies which will generate value for farmers, supply chain stakeholders and Australia?

Q4: Can the RDC's on behalf of their farmer and government/public investors create an environment for Pastures Australia that has comprehensive engagement between the RDC's and supply chain stakeholders. The parameters for engagement being based on a National Pasture Strategy which encompasses a shared vision for the value and benefits pastures can contribute at the micro and macro levels of the pasture industry and the economy.

If the RDC's choice is to say "yes" to the first two questions then there is no role for Pastures Australia within the Australian pasture industry and it should be closed down.

Alternatively if the RDC's choice is to say "yes" to questions 3 and 4, which is a position which the review panel would support, then the RDC's must take leadership in identifying the future role of Pastures Australia and the appropriate model in which it should be housed.

In so doing the RDC's will provide a sustainable platform for Pastures Australia on which pasture industry stakeholders can rally and focus on developing a pathway forward for the sustainable adoption and use of pasture improvement strategies which deliver value and benefits to the Australian pasture industry.

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David Hudson
Chair
Pastures Australia Review
December, 2009

10.0 Appendix One: Pasture Industry Stakeholder Questionnaire – Result Summary	S