



Independent Performance Review

Meat & Livestock Australia

Final Report
April 2024

→ The Power of Commitment



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→ Executive Summary

GHD Pty Ltd was commissioned to undertake an independent review of Meat & Livestock Australia’s performance over the period 2020-2023 in accordance with the requirements of its Statutory Funding Agreement (SFA) with the Commonwealth. This review evaluates MLA’s continuous improvement and performance against the principles outlined in the SFA relating to: Stakeholder Engagement; Research, Development & Extension (RD&E) and Marketing investment; Collaboration; Governance Arrangements; and Monitoring and Evaluation.

Meat & Livestock Australia Limited (MLA) and its related body corporates Integrity Systems Company Limited (ISC) and MLA Donor Company Limited (MDC) undertake a range of marketing, research and development (R&D) programs for leviable beef, sheepmeat and goatmeat industry participants. It also provides a number of R&D and marketing services to related industry sectors including meat processors and live animal exporters.

MLA is an independent corporate entity with a skills-based board and is one of 10 Industry Owned R&D Companies (IOCs). IOCs are established under the *Corporations Act 2001* and declared by the Minister as an industry service body under industry specific legislation, which for MLA is the *Australian Meat and Live-stock Industry Act 1997* (the Act).

Independent Performance Review

The SFA requires MLA to undertake periodic independent reviews of its performance. The last review was undertaken in 2020.

This review covers the period since the previous review and was undertaken between October 2023 and March 2024. The review was based on a desktop review of documents and consultation with a range of MLA’s internal and external stakeholders.

>2500
Documents received

75
Individuals consulted









The review included an open call for submissions, of which 13 responses were received.

Review conclusions

The review found no instances of non-compliance with the SFA, with MLA demonstrating a strong commitment to operating in line with the five agreed Performance Principles and associated Commonwealth Government Guidelines and Priorities. The recommendations from the 2020 review were fully considered and progress on implementation was publicly communicated. As the industry owned, not-for-profit RDC for Australia’s meat and livestock industry, the company and its subsidiaries are considered to be delivering value for red meat producers and those across the value chain.







The Australian red meat sector

Australia’s red meat and livestock industry is valued at \$20 billion and in 2022-23 accounted for around 20% of Australia’s total gross value of farm, fisheries and forestry production. In 2021, Australia was the fourth largest beef exporter, the largest sheepmeat exporter, and the largest goatmeat exporter (MLA State of the Industry Report 2023).

	Australia’s red meat and livestock industry \$20bn total gross value
	Cattle herd 28.6 million head (Australia 1.5% of global herd)
	Sheep flock 76.5 million (Australia 5% of global flock)
	Top three Export Markets
	Japan (21.5%), South Korea (18.8%), China (18.5%)
	China (26%), USA (22%), Middle East (14%)
	USA (57%), South Korea (17%), Taiwan (10%)
	433,389 people were employed across the Australian red meat and livestock industry value chain, and 187,916 people employed directly.
	74,413 businesses across the red meat and livestock supply chain

The red meat industry’s structural arrangements are set out under the Act with the arrangements underpinned by a Memorandum of Understanding (MoU). These arrangements provide important context for the review, as they outline the agreed roles and responsibilities, funding, planning and service delivery arrangements of the red meat industry’s service providers and Peak Industry Councils (PICs).

Like other agricultural sectors, there have been a range of external trends and drivers relevant to the review period:

	Extreme volatility in livestock markets
	Potential biosecurity and trade threats from incursions of Foot and Mouth Disease (FMD) and Lumpy Skin Disease (LSD)
	Australia – United Kingdom FTA signed
	Suspension of 10 Australian abattoirs from trade with China
	Increased global focus on environmental sustainability and carbon emissions
	Disruptions from COVID-19

Summary of key findings

TOR 1: Performance against the ‘Performance Principles’ outlined in the SFA 2020-2030

Performance Principle 1 – Stakeholder Engagement

- MLA has a comprehensive approach to stakeholder engagement consistent with the *Best Practice Guide to Consultation: Meat and Livestock Australia* and outlined in its *Consultation Summary* (dated June 2023). Both these documents are made publicly available on MLA’s website providing transparency around its approach. The approach provides for input on strategy and planning, as well as on specific RD&E and marketing priorities and activities.
- The breadth of stakeholders and range of matters that MLA needs to engage on means that its approach is necessarily complex, which can make it difficult for stakeholders to navigate.
- MLA has demonstrated a commitment to continuously improving its approach to stakeholder engagement through both formal and informal review and feedback processes.

Performance Principle 2 – RD&E and Marketing

- The review found that MLA maintains a balanced portfolio that is aligned with both government and the industry priorities set out in *Red Meat 2030*.
- MLA has a comprehensive approach to annual planning and reporting against its longer-term strategies, which incorporates MDC and ISC activities. Delivery of MLA’s strategic plan is based on a detailed, rolling 3-year business plan for each of its 16 programs, which scale up to MLA’s publicly available Annual Investment Plan.
- The review found appropriate processes are in place for monitoring performance against plan KPIs and that there is a high level of transparency in performance reporting. The overall achievement of KPIs over the period was >75%, which is consistent with the results in the previous review period, indicating a solid track record of performance.
- MLA’s annual member surveys show that satisfaction levels with MLA’s R&D and marketing activities have remained relatively stable compared to the previous review period. Average overall satisfaction with MLA has grown from 6.6 to 7 (out of ten) from 2019 to 2023.

Performance Principle 3 – Collaboration

- MLA has been active in undertaking cross-industry and cross sectoral collaboration through a range of RD&E activities with industry and RDCs to address common challenges and opportunities.
- MLA collaborates through a mixture of well-established long-term programs as well as individual project opportunities. Despite these efforts many stakeholders cited the rapidly increasing need for cross-sectoral collaboration amongst RDCs particularly in areas of carbon emissions, sustainability, biosecurity, mixed farming systems, market access and trade.

Performance Principle 4 – Governance Arrangements

- GHD has reviewed MLA and its subsidiaries’ governance arrangements for alignment with the eight central principles contained in the *ASX Corporate Governance Principles and Recommendations* as well as relevant guidelines provided by the *Not-for-Profit Governance Principles* published by the Australian Institute of Company Directors.
- The review found that MLA’s governance arrangements strongly align with these principles. MLA’s strength in this area was widely recognised amongst its various stakeholders.

Performance Principle 5 – Monitoring and Evaluation

- MLA has appropriate procedures in place to demonstrate the impact of its investments allowing the outcomes of its RD&E and marketing activities to be used to improve learnings and inform future decisions.
- Through progressive improvements, MLA has made monitoring and evaluation a central function of the organisation, helping to drive accountability and shape the culture of the organisation. Stakeholders commended MLA for its continued improvement in this area.

TOR 2: Performance against the Commonwealth ‘Guidelines’ and ‘other guidelines or priorities’

- MLA has a strong compliance culture and was found to be operating in line with the suite of Guidelines provided by the Commonwealth to support implementation of SFAs.

TOR 3: Implementation of actions from annual reviews of performance undertaken since 2020

- Consistent with the requirements of the SFA, MLA has participated in annual reviews of performance with the Department of Agriculture, Fisheries and Forestry (DAFF). While there is no formal register of actions, DAFF minutes show that actions generally related to minor or procedural matters. Consultation with DAFF confirmed that each of these items were actioned by MLA in a timely manner.
- Establishing a shared register of action items arising from these meetings would aid in future independent review processes.

TOR 4: Implementation of recommendations from the last independent performance review 2020

- MLA issued a formal response and implementation plan to each of the 5 Recommendations from the Independent Performance Review (2020) in line with the requirements of the SFA.
- GHD is satisfied that the recommendations from the previous Independent Performance Review (2020) have been acted upon and that MLA has demonstrated an active and ongoing culture of continuous improvement since the 2020 review.

TOR 5: Identification of any issues arising from the Review for MLA and the Commonwealth, where necessary, to address

- The review has identified seven recommendations for MLA's continuous improvement. These are summarised in the table below.

TOR 6: Collaboration with LiveCorp and AMPC and project co-funding arrangements

- The relationship between MLA and LiveCorp and AMPC appears to have significantly strengthened over the review period, with improved trust and cooperation.
- While the relationship has improved considerably, there are still opportunities to build mutual trust and display greater transparency in the implementation of joint funded programs, which involves collaboration from the Board down to operational levels.





TOR 7: Consultation with levy payers and key stakeholders as part of the review

- The review was informed by targeted consultation with a sample of MLA's stakeholders across the following categories: Board members, MLA Leadership Team and staff, DAFF, PICs, Advisory Committees and Taskforce members, levy payers and members, delivery partners and investors, key supply chain participants. GHD further hosted an open submission process to ensure that any stakeholder who wished to do so was able to provide input to the review.

Continuous improvement

Independent performance reviews provide an opportunity to assess MLA's interim progress, including that of its subsidiaries, against its ten-year agreement with the Commonwealth, providing an external lens to supplement annual performance meetings that are held with DAFF. Consistent with the annual review process, the independent performance review has found that MLA has demonstrated its performance against the five Performance Principles, including achievement of KPIs outlined in the accompanying Commonwealth guidelines for the three-year period 2020-2023.

The review has provided the opportunity to highlight initiatives already underway by MLA in its ongoing efforts for continuous improvement, as well as areas of particular interest to its key stakeholders. The table below provides a summary of recommendations from the review against the respective Performance Principles to assist MLA continue to demonstrate its transparency and accountability to stakeholders.

Performance Principle	Summary of recommendations by Performance Principle	Report Section
 <p>Stakeholder Engagement</p>	<p>Continuation of MLA’s annual process of self-evaluating its consultative and advisory forums is an important systematic approach for MLA to continue to be able to assess and balance the efficiency and effectiveness of its consultation approach. Similarly, publishing terms of references for the various consultative forums MLA convenes will increase stakeholder visibility across the respective forums and assist identify opportunities for cross-collaboration and/or reduce the potential for duplication of effort.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 1. MLA should publish the terms of reference for the consultative and advisory forums it convenes. <p>Implementation of MLA’s Key Account Management framework supported by a dedicated CRM system will be an ongoing process to embed the framework and achieve full benefits of the CRM system’s capabilities. There is likely to be a need to ensure staff are trained and incentivised to use the platform and undertake regular reporting of their activities.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 2. MLA should continue to develop its CRM tool to identify and align key stakeholders within the organisation and ensure staff are trained and incentivised to use the platform and undertake regular reporting of Key Account Manager activities. 	<p>4</p> <p>4.5.2</p>
 <p>RD&E and Marketing</p>	<p>There is an ongoing opportunity to leverage advances in MLA’s approach to monitoring and evaluation to inform its future investment in RD&E and Marketing activities.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 3. MLA should pursue opportunities to continue to improve communication of its evaluation results to internal and external stakeholders, including real-time dashboards and tools to assist in investment planning and decision-making. <p>Delivery of the \$22.5 million NLIS Database Uplift Project scheduled to be completed by June 2026 will be a key measure of success for ISC over the next review period. ISC has commenced communicating and publishing regular updates on the status of the NLIS Uplift Project and should continue to do so throughout the delivery period.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 4. ISC should continue to provide regular status updates and consult with stakeholders to ensure they remain informed and engaged throughout the delivery of the NLIS Uplift Project. 	<p>5.3</p> <p>5.3.2</p>
 <p>Collaboration</p>	<p>In line with the Red Meat industry MoU, MLA is responsible for managing the co-investment of programs jointly funded by MLA, AMPC and LiveCorp. As the manager of joint-funded programs, MLA should continue to work with AMPC and LiveCorp to ensure appropriate oversight of these programs, including representation on program steering committees and consultative forums such as the Industry Corporate Affairs Taskforce.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 5. MLA should continue to work with AMPC and LiveCorp to ensure appropriate oversight of jointly funded programs, including representation on joint funded program steering committees and consultative forums. <p>As one of the largest Rural RDC’s MLA plays an important role in driving cross-sectoral collaboration. Other RDC’s pointed to the strength of MLA’s approach to monitoring and evaluation, and as such, there may be opportunity for MLA to collaborate with other RDCs (including smaller organisations) to share its learnings and IP in the interests of achieving improved monitoring and evaluation methods across the agricultural sector.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 6. MLA should consider, where appropriate, sharing learnings and IP on its monitoring and evaluation approach with other RDCs. 	<p>6</p> <p>6</p>
 <p>Monitoring and Evaluation</p>	<p>As ESG and sustainability reporting continues to increase in prominence focus will need to remain on evaluating the more difficult to quantify environmental and social impacts needed to support both the red meat industry’s overall objectives and MLA’s increasing level of investment in its environmental sustainability program.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 7. MLA should continue its work to establish data collection, collation and reporting for non-economic (environmental and social) impacts in line with the TBL Evaluation Framework. In particular, priority should be given to establishing an improved methodology for evaluating investment in its CN30 (carbon neutrality by 2030) projects. 	<p>8</p>

Glossary

AFRC	Audit, Finance and Risk Committee
AGM	Annual General Meeting
AHA	Animal Health Australia
AIA	Agricultural Innovation Australia
AIP	Annual Investment Plans
ACNC	Australian Charities and Not for Profits Commission
ALEC	Australian Livestock Exporters' Council
AMIC	Australian Meat Industry Council
AMPC	Australian Meat Processor Corporation
CEO	Chief Executive Officer
CRM	Customer relationship management
CRRDC	Council of Rural Research and Development Corporations
DoA	Delegation of Authority
DAFF	Department of Agriculture, Fisheries and Forestry
ESG	Environmental Social Governance
FTA	Free-Trade Agreement
ICAU	Industry Corporate Affairs Unit
IAP	Internal Audit Program
ISC	Integrated Systems Company Limited
IOCs	Industry-Owned Companies
IP	Intellectual Property
IRO	Industry Representative Organisation
KAM	Key Account Manager
LDL	Livestock Data Link
LiveCorp	Australian Livestock Export Corporation
LOD	Line of Defence
LPA	Livestock Production Assurance
MCD	MLA Donor Company Limited
MD	Managing Director
MoU	Memorandum of Understanding
MERI	Monitoring, Evaluation, Reporting and Improvement
MLA	Meat & Livestock Australia
MMAT	Marketing and Market Access Taskforce
MSA	Meat Standards Australia
NABRC	North Australia Beef Research Council
NLIS	National Livestock Identification System

NRS	National Residue Survey
NVD	National Vendor Declaration
PIC	Peak Industry Councils
R&D	Research and Development
RD&A	Research, Development and Adoption
R&DIC	R&D Investments Committee
RDC	Research and Development Corporation
RD&E	Research, Development and Extension
RMAC	Red Meat Advisory Council
RPCC	Remuneration People and Culture Committee
SALRC	Southern Australia Livestock Research Council
SFA	Statutory Funding Agreement
SIAP	Strategic Investment Advisory Panels
SIP	Strategic Investment Plans
TOR	Terms of Reference
WALRC	Western Australia Livestock Research Council

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→ Introduction

1. Introduction

Meat & Livestock Australia Limited (MLA) is an industry services body for the Australian red meat sector, as declared under the *Australian Meat and Live-stock Industry Act 1997*. Together with its related body corporates Integrity Systems Company Limited (ISC) and MLA Donor Company Limited (MDC), MLA undertakes a range of research and development and marketing programs for leviable beef, sheepmeat and goatmeat industry participants. It also provides a number of research and development and marketing services to related industry sectors including meat processors and live animal exporters.

MLA's partnership with the Commonwealth is formalised through a Statutory Funding Agreement (SFA), which sets out expectations for performance, transparency and accountability to levy payers, the Commonwealth and the public. Section 10.6 of the SFA requires MLA to commission an independent review of its performance to measure and evaluate continuous improvement and ensure it is meeting the requirements of the SFA.

GHD Pty Ltd was commissioned to undertake an independent review of MLA's performance over the period 2020-2023. This report outlines the findings and recommendations from the review.

1.1 Terms of Reference

The Terms of Reference (TOR) for the review agreed between MLA and the Commonwealth Department of Agriculture, Fisheries and Forestry (DAFF) are to:

1. Evaluate MLA performance against the Performance Principles outlined at Clause 10.2 (a-e) in the Statutory Funding Agreement 2020-2030
2. Evaluate MLA's performance against the 'Guidelines' and 'other guidelines or priorities' of which the Commonwealth has notified MLA in writing, as defined in the Statutory Funding Agreement 2020-2030
3. Evaluate the implementation of actions to address feedback from the Commonwealth arising from annual reviews of performance undertaken since the delivery of the last independent performance review (2020)
4. Evaluate the implementation of actions to the recommendations in the last independent performance review (2020) and actions in the associated Performance Review Plan
5. Identify any issues arising from the Review to allow the Commonwealth and MLA to, where possible or necessary, in conjunction with each other, or solely by MLA to address any identified issues, within an agreed timeframe
6. Evaluate MLA's collaboration with LiveCorp and AMPC and project co-funding arrangements
7. Consult with levy payers and key stakeholders as part of the review.

1.2 Methodology

The independent review of performance was undertaken between October 2023 and March 2024 and was based on a combination of desktop review and stakeholder consultation. Key steps in our methodology included:

- An inception meeting between MLA and the GHD review team to confirm the approach
- Development of a Review Framework outlining the lines of inquiry and evidence needs to address the TOR
- An introductory meeting with representatives from DAFF
- Desktop review of company material that is made available on MLA's website as well as over 2,500 internal and publicly accessible documents made available to GHD via a secure SharePoint site
- Targeted consultation conducted via telephone or videoconference with approximately 75 individuals representing the following stakeholder categories (noting that many individuals fall into more than one stakeholder category):
 - o Board members
 - o MLA Leadership Team (MLT) and staff

- DAFF
 - Peak Industry Councils (PICs)
 - Advisory Committee and Taskforce members
 - Levy payers and members
 - Delivery partners and investors
 - Key supply chain participants (i.e. processors and exporters)
- An open submission process hosted on GHD's website and distributed through MLA's communication channels to provide access to the review to levy payers, members and other key stakeholders. GHD received 13 written submissions in addition to targeted stakeholder interviews
 - A workshop of preliminary observations and themes with the MLT as an opportunity to validate the accuracy of key findings and observations and seek further evidence where required
 - A draft report was submitted and presented to the MLA Board presenting overall findings and recommendations from the review. Feedback to address any errors of fact or improve document layout was incorporated before finalising the review report for submission to MLA and DAFF.

1.3 Limitations

This report has been prepared by GHD for MLA and may only be used and relied on by MLA for the purpose agreed between GHD and MLA as set out in section 1 of this report.

GHD otherwise disclaims responsibility to any person other than MLA arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report. GHD disclaims liability arising from any of the assumptions being incorrect.

1.4 Structure of the report

This report is structured to present key findings and recommendations against the respective elements of the TOR, and in particular, the Performance Principles set out in the SFA. An outline of the structure of this report and its alignment with the Review TOR is provided below:

- Section 2 provides a summary of MLA's operating environment for the period of the review, i.e. 2020 to 2023
- Section 3 summarises MLA's statutory obligations and provides a summary of GHD's assessment of its performance against Commonwealth issued Guidelines as per TOR 2
- Section 4 addresses MLA's approach to stakeholder engagement as per TORs 1, 2 and 7
- Section 5 addresses MLA's RD&E and Marketing activities as per TORs 1, 2 and 7
- Section 6 addresses MLA's approach to collaboration as per TORs 1, 6 and 7
- Section 7 addresses MLA's governance arrangements as per TORs 1 and 7
- Section 8 addresses MLA's approach to monitoring, evaluation, reporting and improvement (MERI) as per TORs 1, 3, 4 and 7
- Section 9 provides a summary of GHD's overarching conclusions and recommendations from the review in response to TOR 5.

→ Operating context

2. Operating context

2.1 About MLA

MLA is an industry services body for the Australian red meat industry and is responsible for managing and investing the funds received from transaction levies paid on livestock sales, eligible R&D contributions from the Commonwealth and voluntary contributions from industry partners. Processors and livestock exporters also co-invest levies into MLA programs through their service companies – Australian Meat Processor Corporation (AMPC) and Australian Livestock Export Corporation (LiveCorp).

MLA is an industry-owned company, with free and voluntary membership available to all levy-paying grassfed cattle, grainfed cattle, sheep, lamb and goat producers. At the time of release of its most recent Annual Report (2023), MLA was owned by 50,137 members.

MLA owns two operating subsidiary companies:

- MLA Donor Company (MDC) partners with organisations to co-invest in innovation and new technologies which bring value to the red meat industry
- Integrity Systems Company (ISC) is responsible for delivering the red meat industry's on-farm assurance and through-chain traceability programs.

2.1.1 Governance and organisational structure

MLA's status as the declared industry marketing body and the industry research body is contained in sections 60(1) and 60(2) of the *Australian Meat and Live-stock Industry Act 1997*. Its objectives are set out in the *Memorandum and Articles of Association - Meat & Livestock Australia Limited*, with performance obligations and restrictions detailed in the SFA.

MDC was established in 1998 as a wholly owned subsidiary of MLA. The principal activity of MDC is to act as an approved donor under s 61(1) of the *Australian Meat and Live-stock Industry Act 1997* for research and development matching funding purposes. It acts as a funding vehicle to access matching funds, with investment prioritisation, selection, and monitoring subject to MLA's investment processes. Separation as a subsidiary allows for the separation of reporting from MLA's continuing operations.

ISC was established in 2016 following a decision by industry and government through their SAFEMEAT partnership that one company have responsibility for the delivery of a fully integrated industry integrity system. The system comprises the Livestock Production Assurance (LPA) program, National Vendor Declarations (LPA NVD) and the National Livestock Identification System (NLIS). MLA currently provides governance oversight and supports ISC with access to financial systems and MLA's control environment.

Both subsidiaries have separate Boards with some Directors common to the MLA Board, noting that the ISC Board recently introduced two new independent Directors to support the independence of governance.

MLA governance over subsidiaries includes MLA Board review of subsidiary reports, Board minutes and through the common Directors. MLA's processes and financial systems support subsidiary operation, further detailed in section 7.

The MLA Board sets the strategic direction of the company, with strategic objectives guided by the objectives set out in the *Memorandum and Articles of Association* and framed by the performance obligations and restrictions set in the SFA. The MLA Board has established three Board committees that act to guide the company, including the Audit, Finance and Risk Committee (AFRC), the R&D Investments Committee (R&DIC) and the Remuneration People and Culture Committee (RPCC).

The MLA Board delegates responsibility for the management of the company to the Managing Director (MD) with its core activities delivered through five business units and the two subsidiaries. The five business unit heads, CEO of ISC and the MD comprise the MLA Leadership Team (MLT). As at 20 June 2023, MLA had 290 employees, both domestically and internationally.

MLA's leadership was relatively stable over the three-year period of the review. MLA Chair, Alan Beckett, has been a member of MLA's Board of Directors since 2014 and was appointed as Chair in November 2019. The MD role has been filled by Jason Strong, however, it is noted that Mr. Strong announced his resignation in December 2023, stepping down from the role after nearly five years at the helm. MLA Chief Operating Officer, Andrew Ferguson, is currently acting in the MD role until the recruitment process is finalised.

Figure 1 outlines MLA's organisation structure with its dedicated business units and two subsidiaries. MLA has continued to refine its operating structure. During this review period, MLA has centralised its Research and Development into a single group with a focus on MLA's 'fewer, bigger, bolder' principle and established a dedicated Communications and Adoption unit to increase its focus on demonstrating benefits to producers.

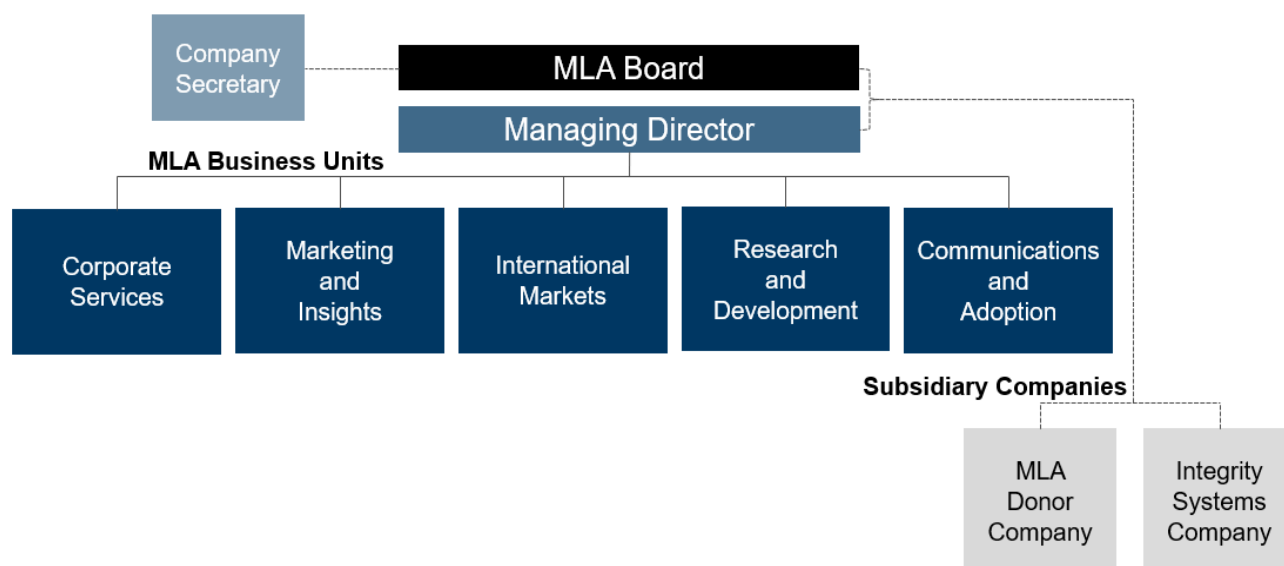


Figure 1 MLA organisation structure

2.1.2 Financial performance and the Investment model

MLA's funds are received from transaction levies paid on livestock sales, eligible R&D contributions from the Commonwealth and voluntary contributions from industry partners.

Cattle, sheep and goat producers pay a transaction levy on the sale of their livestock. The levies are collected by DAFF - Levies and distributed to MLA, Animal Health Australia (AHA) and the National Residue Survey (NRS). Processors, lot feeders and livestock exporters also pay levies. A portion of these levies are invested in MLA-managed R&D and marketing projects that deliver cross-sector benefits beyond the farm gate. Table 1 shows the split of livestock levies. Importantly, MLA cannot vary the levy schedule.

Table 1 Split of livestock levies rate

Commodity	MLA (R&D)	MLA (marketing)	Animal Health Australia	National Residue Survey	Total Levies (per head, per transaction)
Grassfed cattle	\$0.92 (18%)	\$3.66 (73%)	\$0.13 (3%)	\$0.29 (6%)	\$5.00
Grainfed cattle	\$1.50 (30%)	\$3.08 (62%)	\$0.13 (3%)	\$0.29 (6%)	\$5.00
Bobby calves	\$0.16 (18%)	\$0.48 (53%)	-	\$0.26 (29%)	\$0.90
Sheep (where there is a defined sale price of \$5.00 or more)	\$0.08 (38%)	\$0.09 (43%)	\$0.02 (10%)	\$0.02 (10%)	\$0.20
Lambs (where there is a defined sale price of \$5.00 or more)	\$0.37 (25%)	\$0.90 (60%)	\$0.15 (10%)	\$0.08 (5%)	\$1.50
Goats	\$0.17 (44%)	\$0.11 (28%)	\$0.05 (13%)	\$0.06 (15%)	\$0.38

Over the period of the review, MLA has invested \$848.9 million (FY21 to FY23) into continuing operations excluding administrative expenditure. Table 2 shows MLA's comprehensive income statement for the review period compared to the year prior (i.e. FY20).

Table 2 *MLA comprehensive income statement*

	2019/20 \$M	2020/21 \$M	2021/22 \$M	2022/23 \$M
Revenue				
Levies	114.5	101.3	97.8	97.7
R&D Commonwealth matching payments	78.4	85.7	98.8	94.3
R&D unmatched contributions	11.0	6.2	4.8	7.9
Other	65.8	66.7	86.8	88.0
Total revenue	269.7	259.9	288.2	287.9
Expenses				
Continuing operations	256.3	264.6	293.3	291.0
Corporate services	17.4	17.9	17.5	17.2
Total expenses	273.7	282.5	310.8	308.2
Operating result	(3.9)	(22.5)	(22.6)	(20.2)

Source: MLA Annual Reports

Over the past five years retained earnings have decreased indicating operating losses as shown in Table 2 above. The 2023 Annual Report indicates that this is a deliberate drawdown on excess accumulated levy reserve balances. The report also indicates that the deficit predominantly reflects the application of MLA's Levy Reserve Policy, which required an increase in levy investment.

The application of reserves, with the view to smoothing through levy cycles, is governed by Levy Reserve Policies and the forecasting of level inflows and outflows (five-year forecasting). These processes have been in place for a number of years and are subject to quarterly reviews by the AFRC.

The breakdown of MLA's investment over the review period by funding source is shown in Table 3 below. Note that these figures are sourced from MLA's AIPs and reflect planned rather than actual expenditure as shown in the table above.

Table 3 *MLA research, development and marketing investment by funding source*

Program	2020/21	2021/22	2022/23	2023/24
Sheep levies	45.5	40.6	40.4	41.5
Grainfed cattle levies	13.9	13.6	13.8	14.0
Grassfed cattle levies	62.6	63.0	62.4	51.8
Goat levies	0.7	0.5	0.5	0.6
Government	86.4	95.0	103.9	102.9
AMPC	19.9	23.4	34.4	33.4
LiveCorp	1.4	1.4	1.1	1.1
External	63.4	67.5	63.7	82.4
Total	293.8	304.9	320.2	327.8

Source: MLA Annual Investment Plans

2.2 The Australian red meat and livestock industry

Australia's red meat and livestock industry is valued at around \$20 billion and in 2022-23 accounted for approximately 20% of Australia's total gross value of farm, fisheries and forestry production (ABARES 2024). Cattle and calves account for approximately 70% of the industry gross value followed by sheep and lamb production and live export. Exports are a significant part of Australia's red meat and livestock industry. In 2021, Australia was the fourth largest beef exporter, the largest sheepmeat exporter, and the largest goatmeat exporter (MLA State of the Industry Report 2023).

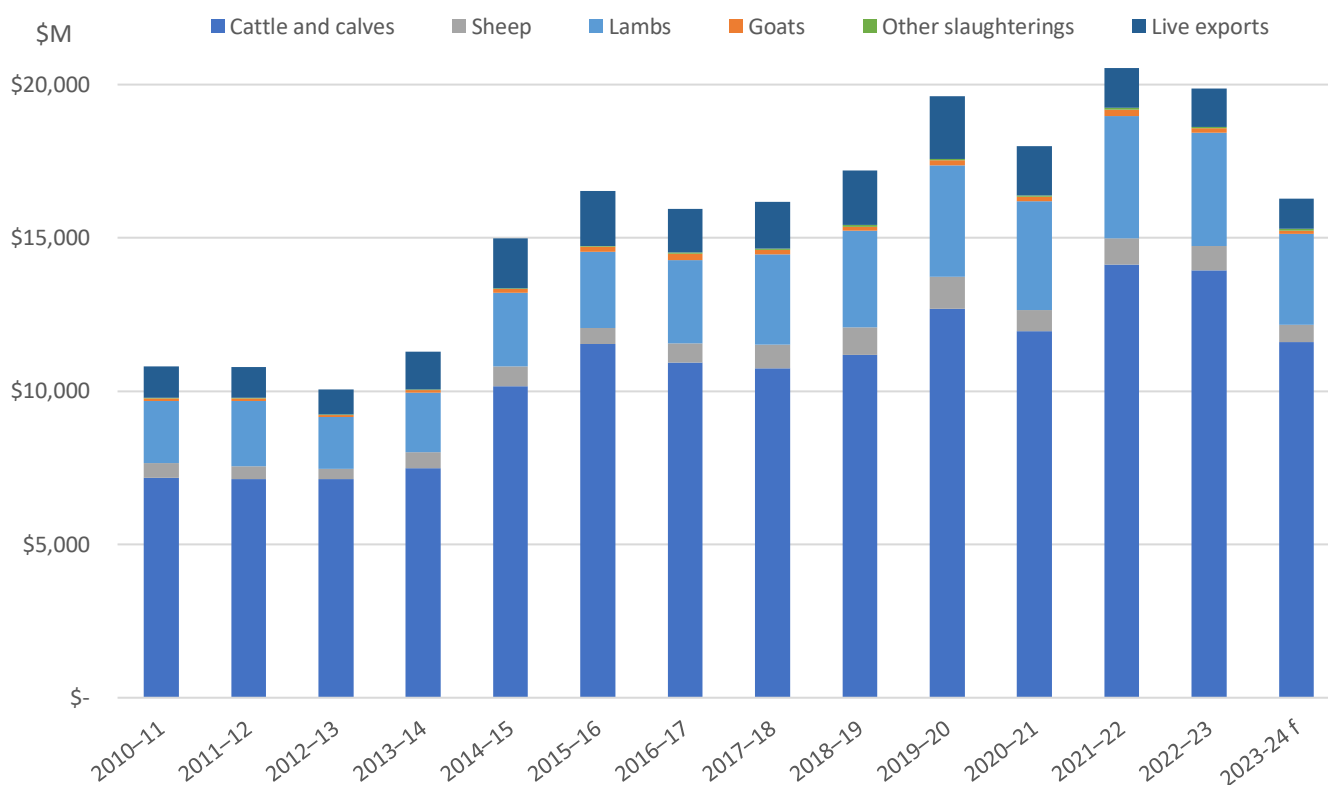


Figure 2 Gross value of Australian red meat and livestock production

Source: ABARES Agricultural Commodities March 2024 f = forecast

The red meat and livestock sector is a significant employer within the Australian labour market. In 2021-22, 433,389 people were employed across the Australian red meat and livestock industry value chain, and 187,916 people employed directly. The Australian red meat and livestock supply chain was comprised of 74,413 businesses (MLA State of the Industry Report 2023).

Key trends and drivers for the industry providing important industry context over the period of the review include:

- Extreme fluctuations in livestock market prices, moving from long term highs in late 2021 – early 2022 to long term lows in late 2023; the latter influenced by a combination of high livestock numbers, fears of drought and trade disruptions
- Cattle slaughter hit a 38-year low in 2023 as an intense rebuild encouraged retention of stock
- Rising lamb slaughter and very high carcass weights led to record-breaking lamb production in 2023
- There was an increase in managed goats which contributed to the national goat slaughter reaching its highest level in six years in 2023
- Landmark Free Trade Agreement signed with the United Kingdom and pursuit of a Free Trade Agreement with the European Union
- Suspension of 10 Australian abattoirs from trade with China

- Potential biosecurity and trade threats from incursions of Foot and Mouth Disease (FMD) and Lumpy Skin Disease (LSD) in Indonesia and surrounding countries
- Increased global focus on environmental sustainability and carbon emissions, with consumers and investors increasingly asking for evidence of ethical and sustainable practices from their food producers
- Disruptions from COVID-19 including to RD&E and marketing activities, supply chain impacts, and staff working from home. Elevated input costs and labour shortages have continued in the post-pandemic period.

2.3 Industry structural arrangements

In undertaking a review of MLA's performance and engaging with its industry stakeholders, it is also important to understand the overarching structural arrangements that guide the roles and responsibilities of key industry organisations. The industry's structural arrangements are set out under the *Australian Meat and Live-stock Industry Act 1997* with the arrangements underpinned by a Memorandum of Understanding (MoU).

2.3.1 Red Meat Advisory Council

The Red Meat Advisory Council (RMAC) is the peak body that represents the collective interests of the Australian red meat industry. RMAC is responsible for the development of the red meat industry's strategic plan (*Red Meat 2030*) which provides the overarching strategic framework that enables the direction, measurement and reporting of overall industry progress to government and industry stakeholders. RMAC members are the prescribed Peak Industry Councils under the *Australian Meat and Live-stock Industry Act 1997*.

2.3.2 Service Providers

As per Section 60 of the *Australian Meat and Live-stock Industry Act 1997*, there are three service providers for R&D, marketing and integrity services to the red meat industry and these have been empowered by the Commonwealth Government to receive statutory levies. These service providers are:

- Meat & Livestock Australia (including ISC and MDC)
- Australian Livestock Export Corporation (LiveCorp)
- Australian Meat Processors Corporation (AMPC).

These three service providers receive most of their funding from statutory R&D and marketing levies collected at different parts of the supply chain. MLA is primarily funded by transaction levies paid on livestock sales by red meat producers. The Commonwealth Government also contributes a dollar for each levy dollar MLA invests in research, development and adoption.

The obligations for each of these service providers are set out under their respective SFAs with the Commonwealth, which specifically precludes them from undertaking agri-political activities. Decisions on levy investments, across all levy streams, are never made in isolation and MLA consults regularly with the Peak Industry Councils (PICs) on strategy, budget allocations and key performance indicators.

2.3.3 Peak Industry Councils

Livestock producers influence the investment of their levies through several industry consultation mechanisms and can do so through their PIC or state farm organisation. There are six PICs prescribed under the *Australian Meat and Live-stock Industry Act 1997*, of which MLA closely works with the following four production PICs:

- Australian Lot Feeders' Association (ALFA)
- Cattle Australia (CA)
- Sheep Producers Australia (SCA); and
- Goat Industry Council of Australia (GICA).

There are also two industry PICs who represent the livestock export and post-farmgate sector, these include:

- Australian Livestock Exporters' Council (ALEC)
- Australian Meat Industry Council (AMIC).

The above PICs are represented on the RMAC which exists to:

- Provide cross-sector advice to the Commonwealth Government
- Provide a forum for the resolution of cross-sector issues
- Act as trustee of the red meat industry fund
- Review and assist the effective workings of the MOU and industry strategic plan, *Red Meat 2030*.

The PICs provide policy direction on behalf of the red meat industry and rely on income from membership, their own services (including contracted services from MLA) and a Trust established under the Red Meat MoU. MLA meet with Peak Industry Councils on a quarterly basis to discuss progress against their respective strategic plans, and the overarching *Red Meat 2030* plan. MLA consults regularly with the PICs on strategy, budget allocations and key performance indicators such that decisions on levy investments across all streams are not made in isolation.

Figure 3 below broadly describes the organisational structure and responsibilities within the Australian red meat industry.

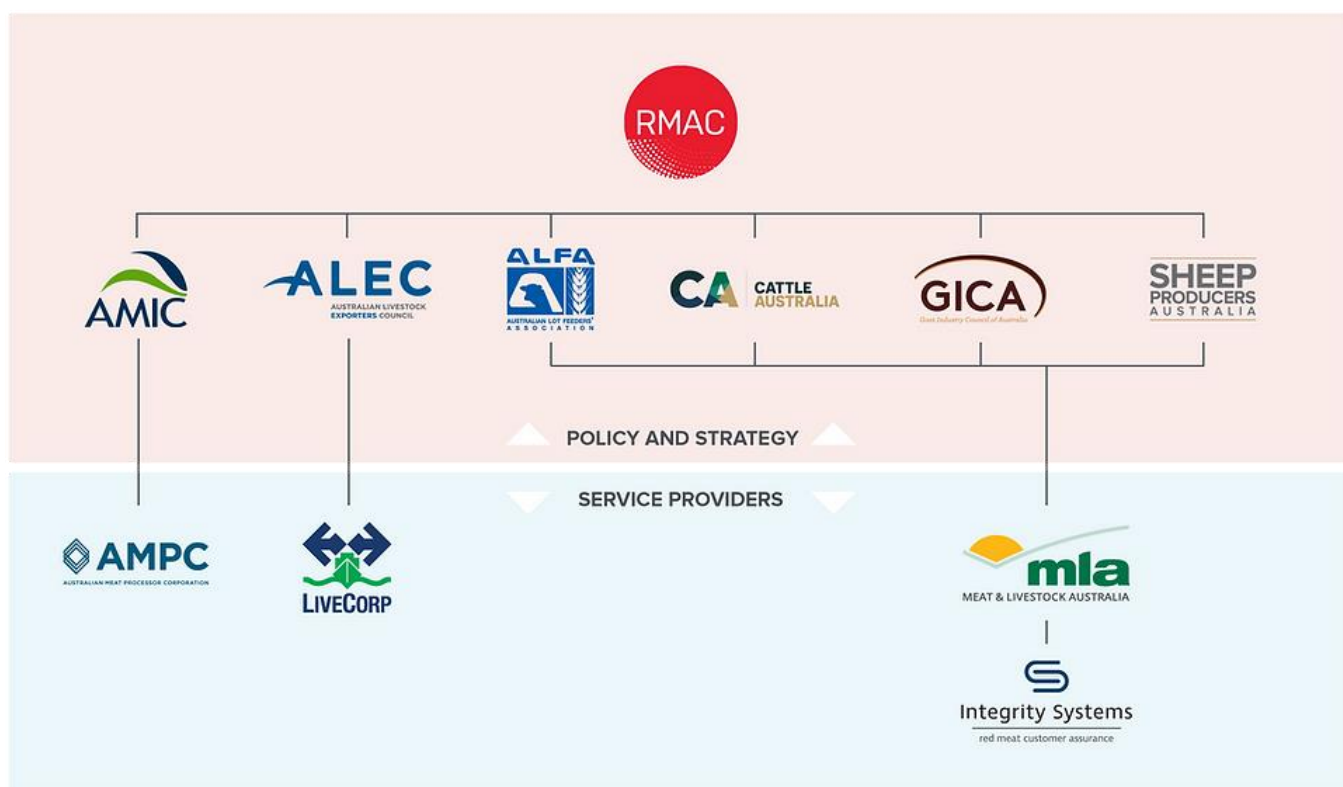


Figure 3 Australian red meat industry organisational structure

Source: RMAC Red Meat 2030

2.4 RD&E environment

MLA operates within a collaborative and also competitive RD&E market, investing in services and outcomes typically delivered by external providers, including universities, government agencies, cooperative research centres, producer groups, consultants and other private service providers.

Australian agricultural R&D is increasingly reliant on private sector investment (including levy contributions). The contribution of private sector funding for Australian agricultural R&D has grown at an average annual rate of 5.63% from 2005-06 to 2021-22, exceeding the 2.02% annual growth rate of public sector investment, with a notable decline in funding from state and territory governments (Figure 4).

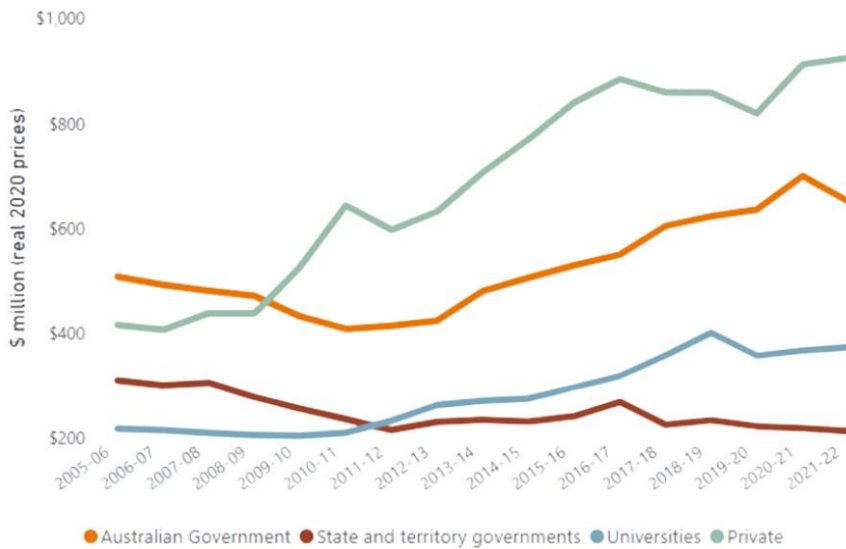


Figure 4 Total value of agricultural R&D expenditure¹

Agricultural R&D continues to yield high returns, with estimates indicating that each additional \$1 of R&D investment could generate a return for farmers of \$7.82¹. However, there are concerns the increasing private sector involvement may be leading to a greater proportion of applied and experimental R&D and a lower proportion of pure basic research (Chancellor 2023).

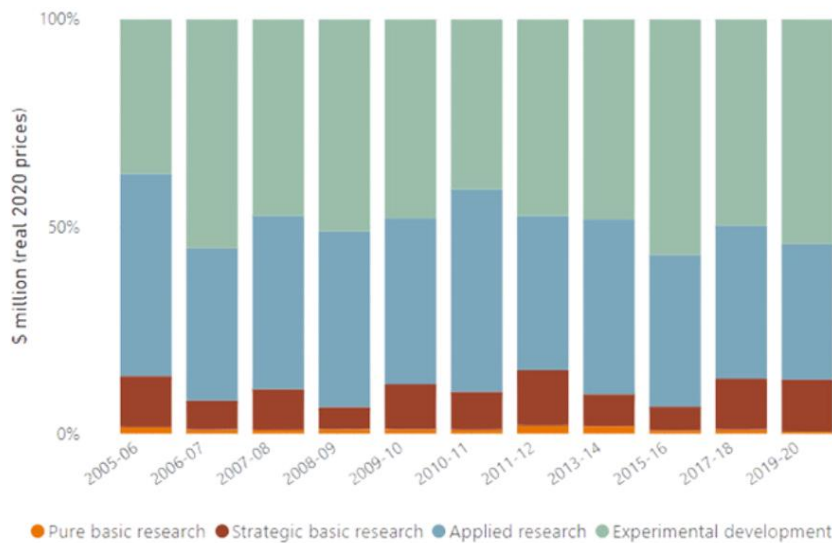


Figure 5 Private expenditure on agricultural R&D by type of activity¹

¹ Chancellor, W. 2023, Agricultural research and development investment in Australia, ABARES research report, Canberra, March. CC BY 4.0. <https://doi.org/10.25814/2d90-zk45>

→ **Statutory obligations and guidelines**

3. Statutory obligations and guidelines

This section provides a summary of MLA's key obligations contained in its respective governing legislation as well as an overview of how the Company monitors and reports on its compliance obligations. In response to TOR 2, a summary of MLA's performance against the 'Guidelines' and 'other guidelines or priorities' of which the Commonwealth has notified MLA in writing is also provided. A more detailed evaluation of MLA's performance in respect to the individual Performance Principles contained in the SFA, i.e. TOR 1, is provided in sections 4 to 8.

3.1 Australian Meat and Live-stock Industry Act 1997

The *Australian Meat and Live-stock Industry Act 1997* provides for the establishment of an industry body (Marketing, Research, Live-stock Marketing and Research, Meat Producer Marketing and Research).

The Act places limitations on how payments made by the Commonwealth to the industry body can be expended. In summary this includes requirements that the expenditure must be:

- For R&D and marketing related expenses and activities
- Applied to the industry
- In line with the SFA.

GHD has undertaken consultation with both MLA and DAFF and concludes that MLA is meeting its obligations in this respect.

3.2 Corporations Act 2001

The requirements and obligations under the *Corporations Act 2001* are numerous, including a range of requirements for companies limited by guarantee:

- Company formation and registration
- Ongoing operations and notification of changes
- Directors' and members' meetings
- Directors' duties
- Financial reporting
- Winding up and deregistration.

Key sources of evidence demonstrating MLA's compliance with these obligations includes the annual Directors Reports and Independent Audit Reports contained in the company Annual Reports for the period. Each of these report compliance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*. Further discussion on MLA's approach to company reporting is provided in section 7.

3.3 Statutory Funding Agreement 2020-2030

The key performance and accountability framework for both industry-owned and statutory RDCs is set out in their funding agreements with the Commonwealth. In 2019, the RDC funding agreements with all RDCs were renewed using a principles-based approach and to cover a 10-year period.

In addition to the Performance Principles outlined in the SFA, Part 2 of the SFA sets out the following requirements in summary:

- Must maintain, implement and regularly review a framework of good corporate governance to ensure proper use and management of the Funds and the Voluntary Contributions. In maintaining the governance framework, MLA should draw on best practice guidance as appropriate (refer section 7)
- Must maintain a Skills Based Board of Directors with the necessary skills and experience to effectively govern MLA (refer section 7)
- Should not engage in Agri-Political Activities

- Must not, at any time, act as an Industry Representative Organisation (IRO)
- Maintain process to monitor and evaluate its performance against the performance principles outlined in Clause 10.2 of the SFA (refer sections 7 and 8 for further detail)
- Maintain an approved Strategic Plan (refer sections 4 and 5)
- Must develop, implement and maintain an appropriate Balanced Portfolio (refer section 5)
- Obtain an independent view on MLA's performance against the performance principles, at least every three years, or as directed by the Commonwealth (i.e. this review).

Based on stakeholder consultation and supporting evidence provided by MLA, GHD is satisfied that MLA is meeting its administrative and reporting obligations as per the SFA. Further assessment of MLA's performance against the five Performance Principles contained within the SFA is provided in sections 4 to 8.

3.4 Compliance monitoring and reporting

MLA certifies its compliance with its obligations under the SFA and the *Australian Meat and Live-stock Industry Act 1997* on an annual basis through preparation of a Certification Report signed by the Chair and Managing Director. The Compliance Certificate also confirms that MLA's Audit, Finance and Risk Committee has carried out all of its functions in accordance with its charter, and notes that the Certification Report will be relied upon by the Commonwealth. The annual Certification Report is underpinned by a Compliance Matrix, which provides a listing of the respective obligations under the SFA, the internal position of responsibility, any actions required and by when, and the status for the current year.

MLA provided GHD with Certification Reports and corresponding compliance matrices for the 2019/20, 2020/21, 2021/22 and 2022/23 financial years confirming it is meeting its obligations.

3.5 Commonwealth Guidelines

In 2021, the Commonwealth developed a suite of guidelines to support the work of RDCs in implementing their respective SFAs. These include:

- *Guidelines for Statutory Funding Agreements* which outlines key performance indicators for each of the five Performance Principles
- *Best Practice Guide to Stakeholder Consultation* which provides a set of guiding principles that apply to all RDCs; each RDC provided their own individualised guide
- *RDC Knowledge Transfer and Commercialisation Guide* which provides guidance for the management of technology commercialisation to assist driving commercialisation out of the RDCs and bring in extra funding from private sources.

The review found that MLA is operating in line with the suite of supporting guidelines provided by the Commonwealth, and indeed took a leadership position in developing the *RDC Knowledge Transfer and Commercialisation Guide*. An outline of GHD's assessment against specific elements of the respective guidelines is provided in Appendix A.

→ Stakeholder engagement

4. Stakeholder engagement

PP1: To engage stakeholders to identify RD&E priorities and activities that provide benefits to the industry

MLA's stakeholders include red meat and livestock producers, DAFF, PICs, red meat R&D corporations, research partners, commercial participants and major pastoral groups. MLA has a comprehensive approach to stakeholder engagement consistent with the *Best Practice Guide to Consultation: Meat and Livestock Australia* and outlined in its Consultation Summary (dated June 2023). Both these documents are made publicly available on MLA's website providing transparency around its approach.

That being said, the breadth of stakeholders and range of matters that MLA needs to engage on means that its approach is necessarily complex and at times, difficult for stakeholders to navigate. This is something that MLA is aware of, and the review found evidence of ongoing efforts by MLA to continue to improve its approach to engagement. Key initiatives have included an internal audit and follow-up reporting of MLA's approach to stakeholder management, including implementation of a Key Account Management system, a more recent audit of stakeholder engagement in international markets, and consolidation of more than 70 program and project consultative committees to a new Taskforce model.

It is likely that there may be further opportunities to streamline consultative forums in the future with the aim of reducing duplication and increasing operational efficiency and effectiveness. This process will be aided over time by regular self-evaluations of committees as was recommended and implemented following the 2020 Independent Review of Performance. GHD notes that the recommendation from the previous review to publish the terms of reference for all the consultative forums it convenes was not completed and considers that doing so would increase the line-of-sight across the respective forums, potentially assisting to identify areas of duplication and/or opportunities for cross-collaboration.

Recommendation



1. MLA should publish the terms of reference for the consultative and advisory forums it convenes.

A further challenge that MLA faces, and important context when seeking stakeholder feedback on MLA's engagement approach, is stakeholder awareness and understanding of its role as an industry services body, and requirements of it as outlined in the industry MoU and the SFA. In particular, that MLA does not set industry policy and cannot engage in agri-political activity. This is an issue common across RDCs and requires RDCs to have effective relationships with their respective industry representative bodies to ensure well-functioning industry structures. In its recent audit of Australian Wool Innovation, the Australian National Audit Office highlighted three key messages that it considered relevant to RDCs and indeed other Commonwealth entities, one being:

For research and development organisations... clearly communicating the scope of its role to stakeholders is important to manage expectations, ensure productive engagement and consultation, and provide clarity in its strategic direction. Limitations on its role should be clearly articulated in its key policy documents.

Within this context, this section gives further consideration to particular aspects of MLA's engagement in line with the Performance Principle, including consultation to inform strategy development, and stakeholder input on RD&E and marketing activities.

4.1 Planning and whole of red meat industry priorities

The following section explores how industry is consulted in relation to planning and whole of red meat industry priorities. MLA use the industry's *Red Meat 2030* 10-year strategic plan as the foundation for their five-year *Strategic Plan 2025* with *Annual Investment Plans* used each financial year to guide implementation of the long-term investment priorities (refer to Figure 6). The development of a five-year business plan and annual operating plan in consultation with the PICs is a requirement of the red meat industry MoU.

4.1.1 Red Meat 2030

Red Meat 2030 is the red meat industry's overarching strategy and provides MLA with the 10-year shared vision and direction of the industry. It sets out six priorities to guide activities for whole of industry benefit and to monitor progress. *Red Meat 2030* was developed over a 10-month period using a design-led thinking approach and informed through extensive consultation with approximately 300 stakeholders, including producers, representatives from prescribed industry bodies, state farming and representative organisations, customers and community members. RMAC has responsibility for the development of *Red Meat 2030* with MLA's five-year strategic plan cascading out of this overarching industry strategy.

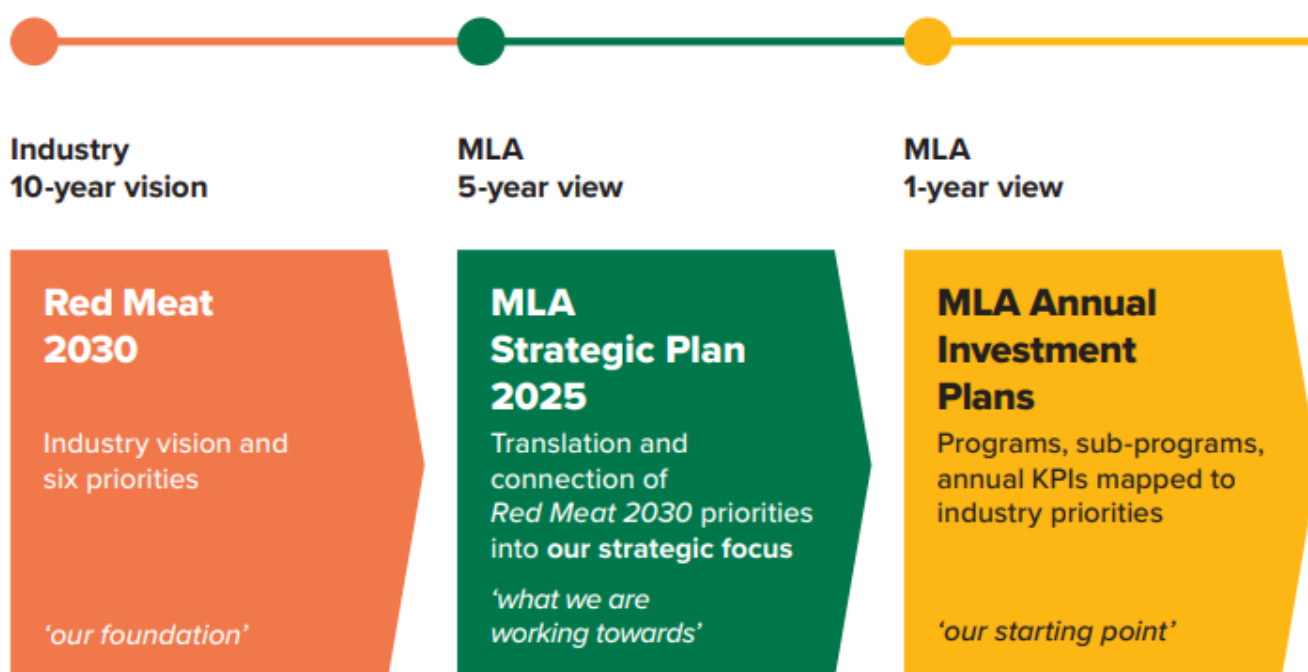


Figure 6 MLA's planning framework and alignment with industry priorities

4.1.2 Strategic Plan 2025

Implemented in July 2020, consultation with stakeholders was a critical component in the development of the MLA *Strategic Plan 2025*. The MLA *Strategic Plan 2025* was developed through a whole-of-supply chain approach with the focus being to define what challenges need to be addressed, where to focus effort and how to measure success. In developing the plan, MLA used co-design workshops, one-on-one meetings and discussions with representatives from across the cattle, sheep and goat industry supply chains to explore their priorities and gather input into the MLA strategy. This whole of supply chain approach to the strategic planning used MLA's own data and insights, considered the current and future operating environment, consultation with stakeholders and input from a number of key sources.

Development of the MLA *Strategic Plan 2025* was shared with levy payers, producers and other stakeholders via MLA's online communication channels and feedback was invited on the emerging themes. The MLA *Strategic Plan 2025* used the *Red Meat 2030* 10-year strategic plan as its foundation and also reflects Commonwealth national rural R&D priorities. Stakeholders consulted in the development of the plan included red meat and livestock

producers, the then Department of Agriculture, Water and the Environment, PICs, red meat research and development corporations, research partners, commercial participants and major pastoral groups. Feedback was provided that the timing of the development of both *Red Meat 2030* and the *MLA Strategic Plan 2025* provided some challenges in undertaking targeted consultation. Planning is already underway to ensure the next MLA Strategic Plan (2026-2030) is more coordinated with LiveCorp and AMPC and the refreshed *Red Meat 2030* to ensure alignment of priorities, responsibilities and success measures.

The priorities, issues and outcomes arising from consultations were considered in relation to MLA's purpose and formed a key input into the development of the *MLA Strategic Plan 2025*. MLA's five-year strategic plan is translated into annual investment plans that define MLA's marketing and research and development programs.

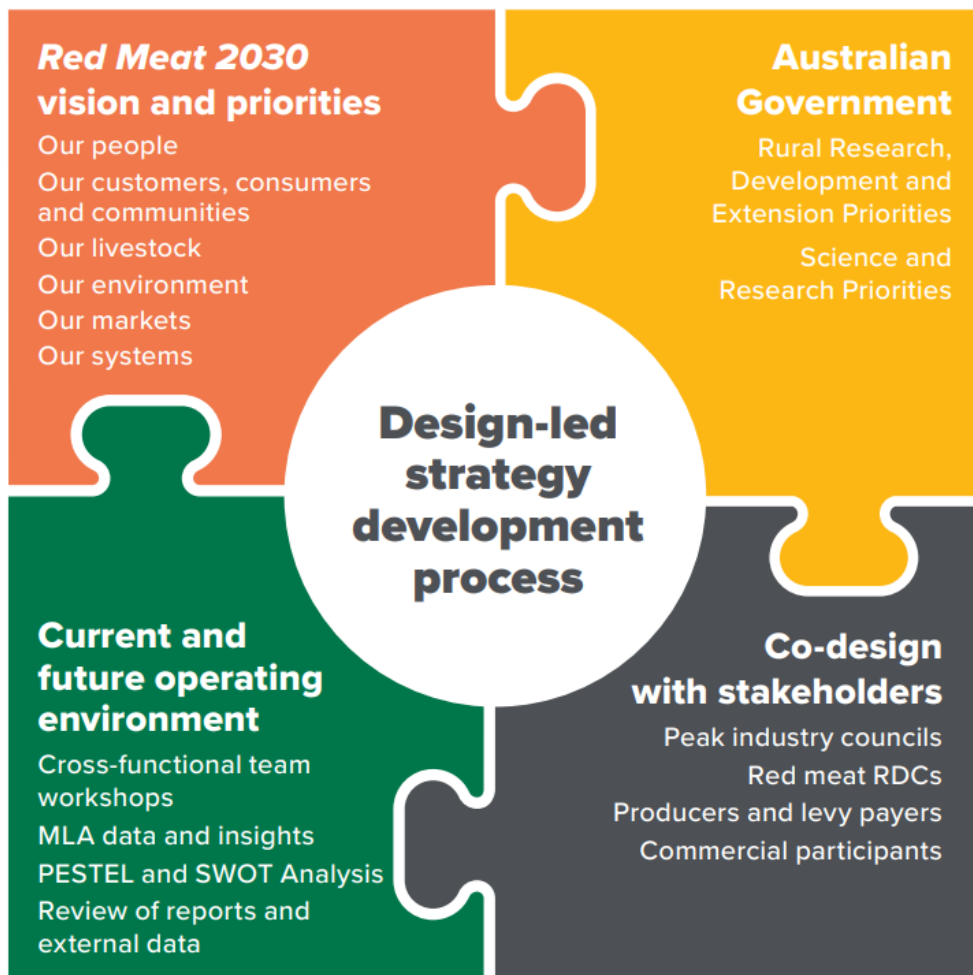


Figure 7 Development of the *MLA Strategic Plan 2025*

4.1.3 Annual Investment Plans

MLA prepares an Annual Investment Plan (AIP) each financial year to guide the practical delivery of MLA long-term investment priorities and outcomes which are set out in MLA's *Strategic Plan 2025*. These investment priorities and outcomes also align with the Commonwealth Government's science and research priorities, and its rural research, development and extension priorities. Annual planning for MLA's subsidiaries, MDC and ISC, are incorporated in this process.

The AIPs provide the one-year program-level view and are developed to inform levy payers, PICs, the Commonwealth and the wider industry about MLA's planned work during the respective financial year. Successful delivery of the AIP is an important step in achieving the *MLA Strategic Plan 2025*.

The AIPs are prepared in consultation with the PICs and through regular meetings they are able to discuss progress against the priorities in the AIP (refer to Section 4.3), however there could be further opportunities to engage with other R&D partners in the development of the AIPs.

4.2 Engagement with PICs

The PICs are bodies prescribed by the Commonwealth and provide policy direction on behalf of the red meat and livestock industry. During the review period, MLA implemented an engagement framework with the four production PICs which provides the basis and support for PICs to consult with levy payers on industry needs and priorities for the sector. This information, as provided to MLA, in quarterly written reports and meetings and through other channels, informs MLA's investments across research, development, adoption and marketing. PICs are also asked to communicate MLA priorities and key activities back to their industry.

MLA has typically held quarterly meetings with the six red meat PICs (the four production PICs, AMIC and ALEC), AMPC and LiveCorp to present on MLA's quarterly performance and key activities, upcoming budgets and provided a platform for PICs to present updates on the priorities and emerging issues for their sector. MLA's finance team also meet individually with each PIC to discuss budgets for each levy stream. PICs provided feedback that they greatly valued this interaction with the finance team and their receptiveness to take on board future forecasting and willingness to share information.

MLA also instigated regular communication and updates through weekly emails from MLA to inform the production PICs as well as AMIC, AMPC, ALEC, LiveCorp and RMAC on MLA activities and outcomes, including providing content to inform their members of MLA priorities.

In late 2023, following feedback received from PICs, MLA proposed the following changes to the quarterly consultation process with the PICs. The joint PIC quarterly consultation process has been replaced by the MLA quarterly update and in addition there will also be new face to face quarterly consultation meetings held with the individual production PICs. These changes permit broader whole of MLA updates and also allow for greater focus on specific consultation related to issues between MLA and the production PICs.

The MLA quarterly update which replaces the joint PIC quarterly consultation will have as a focus:

- All PICS, service providers and RMAC invited to attend an online session each quarter via Teams
- Reviewing and providing updates on how MLA is tracking against key areas of *Red Meat 2030*, the *MLA Strategic Plan 2025* and a high-level update on budget vs AIP (including subprogram reports).

The face-to-face consultation meetings will be held quarterly with individual production PICs and attended by the MLA Leadership Team with the intention to meet with the Chair and CEO of each PIC. These meetings will be in addition to the quarterly meetings with the production PICs on the Service Level Agreements and commodity specific activities.

Through consultation conducted as part of this review stakeholders have noted that the relationship between MLA and the PICs has matured over time, although there can be instances of poor communication from both sides. The change of the PIC engagement framework is intended to provide the opportunity to focus on key issues and priorities specific to each production area while not losing the opportunity for individual PICs to provide input to the broader industry. The new MLA Quarterly Update should also allow for the PICs to provide input as an industry and co-leverage opportunities to identify priorities and emerging issues for their sector and together with MLA to demonstrate the shared behaviours that are central to the PIC engagement framework. PICs also commented on the strength of the relationship with existing MLA technical staff to enable them to pursue RD&E priorities, particularly where there has been consistency in roles. Others have found it challenging in instances where there has been a turnover or lack of dedicated industry staff.

A further idea floated by PICs is to explore opportunities for the co-branding of industry presentations or communications that might address both policy and RD&E or marketing issues. This would allow the PIC to take responsibility for addressing industry policy matters, while MLA is able to provide information relating to RD&E or marketing functions, assisting to avoid the confusion and misunderstanding around the various roles of the industry bodies while ensuring all of producer questions and potential issues are able to be addressed.

4.3 On research and development

MLA has a number of formal consultation mechanisms to consult on R&D and these include:

- Research, development and adoption investment priorities
- The regional consultation model (NABRC, SALRC, WALRC)

- Beef and Sheep Genetics Technical Committee
- BREEDPLAN Advisory Committee
- MSA Pathways
- National Livestock Genetics Consortium
- Producer Adoption Reference Group
- Sheep Genetics Advisory
- Supply Chain Taskforce.

The below section provides an overview of the key features of these consultation processes and incorporates aspects of stakeholder feedback received as part of this review.

4.3.1 Regional consultation model (NABRC, SALRC, WALRC)

MLA utilises a network of 19 regional consultation committees, operating under three Regional Advisory Councils (RACs), to identify RD&E priorities specific to different regions (see Figure 8). RACs and regional consultation committees are composed of both producer representatives, as well as members of livestock research organisations (AWI, universities, private consultants, state departments of agriculture). MLA typically requests RD&E priorities from RACs and regional consultation committees every 2 years. MLA's regional consultation model allows beef and sheepmeat producers to directly influence on-farm research, development and adoption activities their levies are invested in. The three independent, producer driven committees are: the North Australia Beef Research Council (NABRC), the Southern Australia Livestock Research Council (SALRC) and the Western Australia Livestock Research Council (WALRC). The regional consultation is overseen by the Red Meat Panel which includes an independent chair, the chairs of the respective RACs, producer members, and members from 2 of the production PICs and an MLA representative.

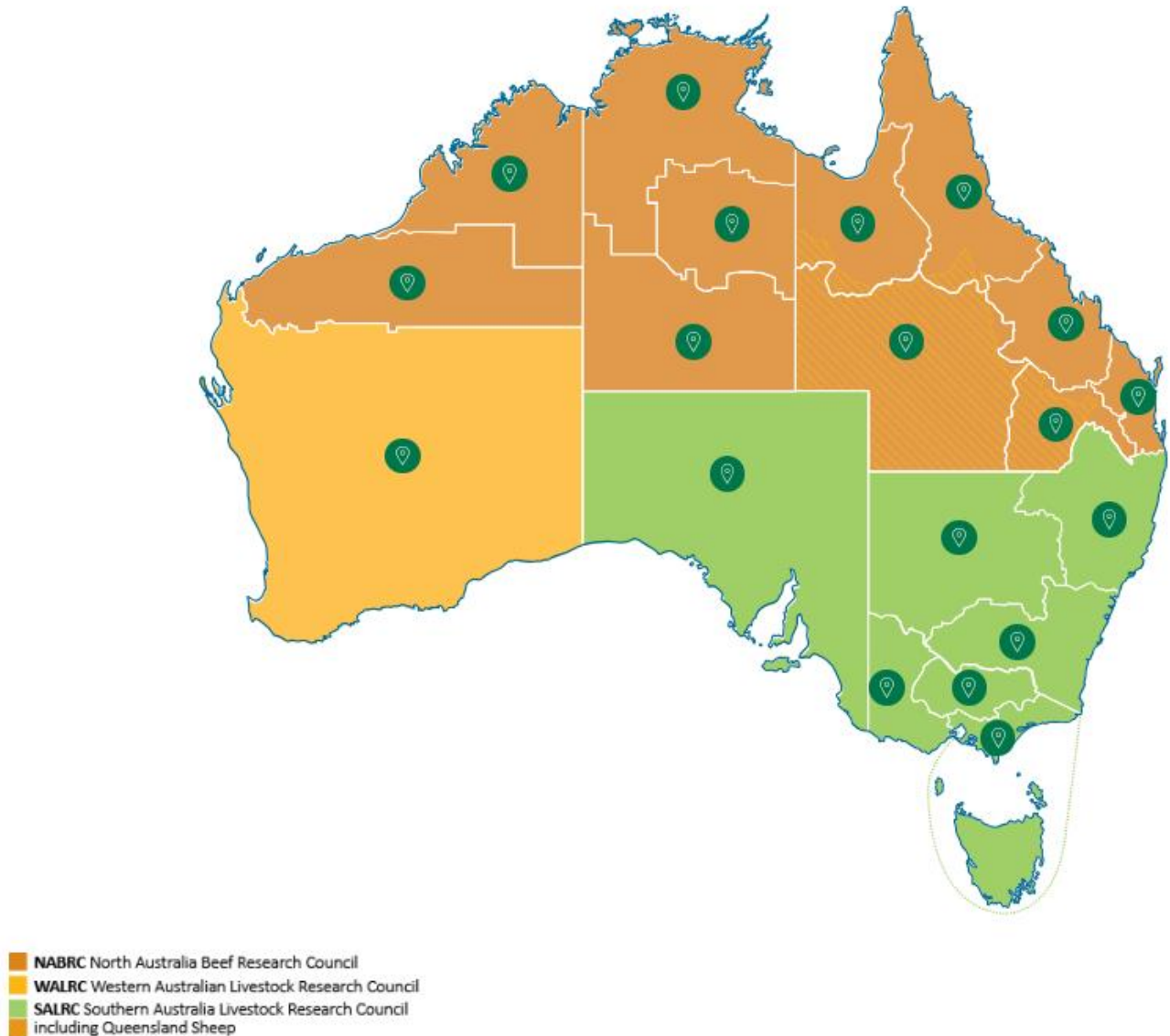


Figure 8 Regional Advisory Councils and consultation committees

Consultation with the three RACs as part of this review generally returned positive feedback regarding the level of consultation and engagement with MLA. In recent years this engagement process appears to have evolved from being a mostly one-way process of RACs communicating R&D priorities upwards to MLA. The process now involves RACs receiving feedback from relevant MLA portfolio managers on their identified priorities, discussing the R&D opportunities and seeking clarification on issues.

While this change is appreciated, RACs believe there are opportunities for MLA to better utilise their network during the subsequent project delivery and adoption phases. RACs would like to see the results of their input into MLA priority setting, having input, providing assistance and being informed as projects progress towards completion, and using their network to drive early adoption (without necessarily waiting for project completion).

The regional consultation framework allows producers to have direct input into MLA's research and development priorities through submitting ideas to the RAC for approval by MLA if they align with their strategic priorities. Consultation undertaken as part of this review, suggested that the regional consultation framework could be made more interactive with MLA R&D Managers reporting back to the RACs after priorities have been submitted to explain what is happening rather than just explain what could have happened. In addition, stakeholders raised that RACs could also be more involved in MLA project delivery and adoption through using this consultation model to host demonstration sites, run field days and drive adoption. RACs felt they could utilise their own networks to promote findings and initiate adoption rather than just setting regional research and development priorities.

4.3.2 Supply Chain Taskforce

Established in 2021, the Supply Chain Taskforce was set up by MLA and ISC to provide advice in relation to the strategic direction and technical operations of a wide range of programs including: Meat Standards Australia (MSA), Beef, Sheep & Goat Productivity, Animal Wellbeing, Nutrition, Sustainability and the red meat industry integrity system programs (including but not limited to, the Livestock Production Assurance (LPA) program, National Livestock Identification System (NLIS), Livestock Data Link (LDL), and National Vendor Declarations (NVD's and eNVD's)). This Taskforce is formalised through a Terms of Reference and its membership comprises production PICs, an independent processor and producer, and MLA staff in an advisory capacity. Stakeholders consulted believed this new approach was working well and allowing PICs to bring concepts and ideas forward.

4.4 On marketing and corporate affairs

Two taskforces have also been established to provide input to industry corporate affairs and marketing, as detailed below.

4.4.1 Industry Corporate Affairs Taskforce

During the Review period, MLA introduced a new Industry Corporate Affairs Taskforce (established May 2021) with the purpose of providing direct capacity-building support to the red meat and livestock supply chain in the areas of communications, issues and stakeholder management and crisis response. The particular focus of the Taskforce will be the Industry Corporate Affairs Unit (ICAU), which is a joint program between MLA, AMPC and LiveCorp.

The ICAU is staffed by an MLA funded Corporate Affairs Advisor based in Canberra (due to proximity to the various red meat industry PICs and RMAC) and collaborates closely with RMAC and PICs to support them in technical, strategic and operational aspects of corporate communications, media and issues management. This falls in line with the objectives of the red meat industry's *Strategic Plan 2025, Red Meat 2030*, and the broader challenges being faced by industry in areas like animal welfare, environmental footprint including methane, alternative proteins and related issues.

The ICAU does not set policy or policy priorities or engage in agri-political activities but was established to improve efficiency in dealing with strategy and policy issues, avoid duplication and provide clearer responsibility for actions and communication. The Industry Corporate Affairs Taskforce has a Terms of Reference in place which sets out the terms of the Taskforce, its role, members' responsibilities, and the overall governance of the Taskforce. The taskforce has continued to meet quarterly with detailed agendas, presentation and minutes provided for each meeting.

Stakeholders were supportive of this new structure and considered it offered good value in providing capacity building in issues and crisis management, and also in identifying research that is able to support policy development. Members interviewed were cognisant of the role of this Taskforce and the importance of not being drawn on agri-political activities.

When the Industry Corporate Affairs Taskforce was established, it was to inform the workplan for the ICAU as needed from the PIC perspective. AMPC and Livecorp have been invited to attend as guests, however there is potential to formalise their participation going forward.

4.4.2 Marketing and Market Access Taskforce

MLA continues to lead the Marketing and Market Access Taskforce (MMAT) to set strategic and investment priorities to support red meat market access initiatives. The MMAT is the most formal engagement forum for MLA to guide and drive improvements in beef, sheepmeat and goatmeat market access into both the UK and EU. Over the review period, initiatives of the MMAT have focused on supporting the China working group, Halal working group and EU and UK FTA Taskforce, while MLA have developed region-specific global marketing and market access strategies for beef, sheepmeat and goatmeat across various markets (Australia, Japan, Korea, North America, Middle East, Europe/Russia, Indonesia, China and South Asia).

On market access, during the review period, MLA pursued two major trade initiatives, the negotiation of the A-EU FTA and the A-UK FTA. Taskforces for both FTAs were established resulting in regular engagement with the

Commonwealth Government and in particular the Department of Foreign Affairs and Trade, Austrade and the respective state governments. MLA's advocacy of the UK Market Access Taskforce involved working closely with the Australian High Commission in London to provide evidence to support the UK parliamentary scrutiny process and in partnership with the Australian High Commission. MLA hosted a barbeque in London in June 2022 to celebrate the progress of the FTA negotiations. Subsequently the UK FTA came into force on 31 May 2023.

Negotiations with the European Union to secure the EU FTA continued through this Review period, however negotiations broke down after the Australian Government held firm on the need for substantial access. Stakeholders interviewed commented on the coordinated and unified approach by the MLA led Taskforce in response to the EU FTA negotiations particularly around the involvement of, and contribution by, the PICs and their members.

While the MMAT has provided a more strategic focus on domestic and international marketing and markets, some stakeholders considered that MLA could further broaden communication to those processors and exporters who are not currently members of the Taskforce to share with them the respective strategies and priorities and allow for the sharing of ideas and initiatives. There was considered to be a good level of engagement with MLA international offices (particularly among processors and exporters) and there is an opportunity to ensure the Key Account Manager program (refer to Section 4.5.2) is effectively utilised to engage with key exporters and international customers including interactions with international government representatives.

4.5 Other engagement activities

4.5.1 Engagement with the Department

MLA maintains a strong relationship with DAFF, working with various units within the Department across a wide range of issues. Specific feedback was received in relation to engagement with the Biosecurity Animal Division, which works on animal disease prevention, preparedness and response, and animal and animal product import policy, highlighting that MLA has worked collaboratively with DAFF across the following areas:

- Biosecurity Animal Division on targeted and predominantly issue-specific topics relating to animal disease preparedness and import risk assessments
- MLA were identified as stakeholders and contributed to the development of the National Lumpy Skin Disease (LSD) Action Plan including input on other related projects e.g. Indonesia Biosecurity Support project which is being subcontracted through Ausvet
- Interactions in regard to the mRNA vaccine work being conducted at the Elizabeth Macarthur Agricultural Institute with updates regularly sought for the National LSD Action Plan Progress Reports
- MLA executive receives the regular external updates from the Department on the LSD and Foot and Mouth Disease (FMD) situation and as a member of the National LSD Action Plan's Industry Advisory Group
- Input on disease preparedness activity between the First Assistant Secretary and the MLA Managing Director
- Engagement has also occurred with MLA as a member of a key external stakeholder group on the progress of key risk assessment work on the import of fresh beef.

Further information on MLA's engagement with DAFF is outlined in the governance arrangements section (refer Section 7) and a summary of their three Annual Performance Meetings with the Commonwealth (i.e. DAFF) as required by the SFA is outlined in Section 8.5.

4.5.2 Stakeholder Management


Commenced in 2019, MLA integrated all of its stakeholder engagement through a Key Account Management (KAM) strategy and framework to improve performance and meet MLA's strategic pillar in relation to stakeholder management. MLA has implemented the recommendation from the previous Independent Performance Review to:

Actively pursue the successful implementation of a Key Account Management strategy and framework (Project Auto) to form the narrative for how MLA will work with stakeholders to improve engagement and service delivery with associated reporting.

In 2020, MLA commissioned an internal audit of their stakeholder management system with the audit finding that MLA had no formal overarching stakeholder engagement plan across the organisation and relied on a number of informal or inconsistent engagement approaches. MLA subsequently commissioned a follow-up to the internal audit findings and recommended management actions, which found that all findings relating to the stakeholder management internal audit had been resolved.

During this review period, MLA has been proactive in implementing a Key Account Management framework and a dedicated CRM tool. MLA started with their top 50 partners and have continued to expand the program more widely. Assigned Key Account Managers are accountable for monitoring, tracking and recording stakeholder attitudes, sentiments, perceptions and relationships overall, and on a per issue basis. These are then reported to Senior Leadership Team, General Managers, Program Managers and others as required. All key interactions are recorded in the CRM and reported monthly.

While this approach to stakeholder management is still in its early stages, feedback received from stakeholders during this review noted that the KAM framework is an incredibly valuable tool, however, has been highly variable in its execution. Those who are engaged, found it very useful in engaging with a senior MLA person on a quarterly basis which has improved engagement, however further work could be undertaken to expand the stakeholder mapping to provide the KAM with key client information such as levy contribution. As the CRM and KAM system continues to expand and evolve, there will be further work to ensure that MLA continues to identify and align key stakeholders within the organisation and ensure staff are trained and incentivised to use the platform, ensuring a centralised approach to stakeholder management is adopted and embedded across MLA and its business hubs.

Recommendation	
	<p>2. MLA should continue to develop its CRM tool to identify and align key stakeholders within the organisation and ensure staff are trained and incentivised to use the platform and undertake regular reporting of Key Account Manager activities.</p>

4.5.3 Regional forums

MLA runs and participates in numerous industry engagement activities each year. During the review period, many of these events were run as virtual forums (i.e. during the covid pandemic) and more recently returned to face-to-face delivery. These forums have included, but are not limited to, MLA hosted stakeholder events such as BeefUp and MeatUp forums, MSA Awards, MLA's AGM in regional locations, beef industry breakfasts, cattle projections and sheep projections meetings. Producers and industry appreciate the opportunity to meet directly with MLA staff at regional forums and industry-led events. Stakeholders recognised the challenges MLA faced in trying to cover such a large geographic area and appreciated that MLA does try and make an effort to host and attend events across Australia.

4.5.4 MyMLA

Launched in July 2021, MyMLA allows red meat producers and stakeholders to access a range of MLA products and services including eNVDs, NVDs, NLIS, MSA, LPA accreditation and subscriptions to Sheep Genetics. The platform provides a single sign on facility for a user to access all their MLA related accounts and can be customised for each user so that they receive market and other information based on their pre-determined preferences.

While it was recognised there were some challenges in the implementation of MyMLA, which was partly due to the sheer volume of users, products and services to upload, stakeholders interviewed for this review were generally very complimentary of the efforts MLA has gone to in order to ensure that producers can access crucial products and services that enhance producer adoption and build industry prosperity. Feedback from stakeholders included:

“MyMLA has improved and has some excellent stuff on the portal including Feedback Monitor.”

“The sheer volume of products and reports from MLA is impressive including Feedback magazine and MyMLA portal.”

“MyMLA dashboard is good, particularly the Australian Feedbase Monitor.”

“MyMLA is an improvement and all in one place.”

“MyMLA is pretty good and I need to put time into it to get information out of it.”

MLA will need to continue to ensure that support and training are provided around MyMLA and that systems are in place to continue to support those who are not as technologically advanced in use of these platforms.

→ RD&E and Marketing activities

5. RD&E and Marketing activities

PP2: To ensure RD&E priorities and activities (and Marketing activities) are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio

This section considers MLA's performance against Performance Principle 2 as well as Section 10.2 of the SFA, which states that MLA must develop, implement and maintain an appropriate Balanced Portfolio. The SFA defines a 'Balanced Portfolio' as one that incorporates an appropriate blend of issues of national importance based on government and levy payer priorities that seeks to balance short, medium and long term, high and low risk, and strategic and adaptive research needs including consideration of regional variations and needs.

GHD's assessment of MLA's performance in this area has considered relevant investment strategies and plans, alignment with government and industry priorities, performance against plans over the period of the review, and key supporting business systems, policies and processes. The review found that MLA maintains a balanced portfolio that is aligned with both government and industry priorities.

The extent to which MLA's activities are collaborative is further considered in Section 6. RDCs are also required to ensure that their RD&E and marketing investments deliver impact. MLA's approach to evaluation and assessing impacts is outlined in Section 8.

5.1 Overview of MLA's investment strategy

MLA's investment priorities for the period of the review are outlined in the *MLA Strategic Plan 2025*. The strategic plan is a five-year document that provides a view on the strategic direction of MLA investments over this period, including how they contribute toward the whole of industry vision and priorities contained in *Red Meat 2030*.

The importance of balance in MLA's investment portfolio is recognised in the introductory sections of the *MLA Strategic Plan 2025*. MLA Chair, Alan Beckett's, opening statement highlights:

In this highly dynamic and complex operating environment, it is more important than ever to strike a balance between managing and responding to short-term issues and planning around long-term strategic priorities.

That 'balance' is reflected in this plan, which focuses on both strengthening the core activities that underpin the success and competitiveness of our industry – such as integrity systems, market access and global marketing – and on addressing the more complex challenges including productivity and climate variability.

The *MLA Strategic Plan 2025* also identifies "fewer, bigger, bolder" as one of the organisations guiding principles, with the intent being that the organisation focuses on fewer things, is more ambitious about what is expected and investments are driven by the potential they have to deliver impact. "Fewer, bigger, bolder" is considered a hallmark of Managing Director, Jason Strong's, tenure with the principle being widely recognised in stakeholder consultation. Feedback from consultation indicated that stakeholders were generally supportive of the principle, however, many noted that its intent was yet to be fully achieved. In reality, the requirement for the 'Balanced Portfolio' to include consideration of regional variations and needs, and to reflect the priorities of its various levy categories, may at times be at odds with the "fewer, bigger, bolder" objective.

It is clear from the strategic planning document itself, review of MLA's investment processes and consultation with the MLA Board and Leadership Team, that detailed consideration is given to its portfolio breakdown by program and revenue source. More recently, MLA has also sought to map its R&D investment using a horizon approach to ensure its portfolio is balanced across Horizon 1 – adoption, Horizon 2 – applied and Horizon 3 – blue-sky research. This is intended to ensure that pipeline is not forgotten in the pursuit to increase adoption.

The *MLA Strategic Plan 2025* contains revenue projections for the period of the plan by source, i.e. levy category, government matching, and other anticipated funding, as well as a breakdown of its forecast funding allocation to

both research, development and adoption, and marketing, market access and insights activities for each of MLA's 16 program areas. A summary of the forecast funding allocation by program contained in the *MLA Strategic Plan 2025* is provided in Table 4.

Table 4 Forecasted investment by MLA program as outlined in the *MLA Strategic Plan 2025*

Strategic funding allocation by program	Amount (\$'000,000s)						
	FY21	FY22	FY23	FY24	FY25	Total of FY21, 22, 23, 24, 25	Total (%)
Animal wellbeing	9.2	7.7	6.0	5.1	4.6	48.2	3%
Domestic market	23.4	25.6	24.3	23.7	23.4	171.7	9%
International markets	47.7	45.3	42.1	40.7	40.0	323.4	17%
Eating quality	7.5	7.5	8.0	8.0	8.0	-25.5	3%
Environmental sustainability	19.5	17.9	14.1	13.9	13.7	390.8	6%
Feedlot	9.2	8.8	7.6	7.5	7.8	-18.6	3%
Integrity systems	27.2	25.6	25.2	24.5	24.2	179.1	10%
Objective measurement	18	18.6	12.5	11.3	11.2	-63.6	6%
Producer adoption	12.7	16.3	18.8	18.2	19.4	121.4	7%
Product and packaging innovation	4.6	4.8	4.4	5.1	5.1	-64.8	2%
Value chain information and efficiency	7.1	8	8.3	8.1	7.7	30.4	3%
Productivity (off-farm)	9.4	10.4	9.4	8.4	8.3	575.9	4%
Productivity (on-farm)	40	34.4	29.7	26.1	25.0	269.6	12%
Capability building	15.5	14.7	11.8	9.6	9.5	426.4	5%
Communication	8.9	9.5	9.0	8.8	8.7	83.9	4%
Corporate services	17.7	18.1	18.3	18.6	18.8	127.9	7%
Total	278	273.2	249.6	237.7	235.3	1,930.9	100%

Source: Adapted from *MLA Strategic Plan 2025*

Compared to its previous strategic plan, the *MLA Strategic Plan 2025* has prioritised an increased level of investment in extension and adoption, and in its environmental sustainability program. These increases were made in line with *Red Meat 2030* priorities and the industry's commitment to reach carbon neutrality by 2030 (CN30).

The funding allocations in the *MLA Strategic Plan 2025* also reflected an increased level of investment in integrity systems, highlighting the importance of strengthening existing systems in support of biosecurity, food safety and traceability. It is noted that this increased investment went some way to addressing Recommendation 1 in the 2020 Independent Performance Review to "provide a clear direction and funding for the next 3-5 years so that ISC can better support its commitments to Australia's red meat integrity system".

While the priorities and budget allocations for both of MLA's subsidiaries are incorporated in the *MLA Strategic Plan 2025* and annual business planning process, ISC does have a stand-alone 'plan-on-a-page' strategy to 2025 that was refreshed over the 2021-22 financial year outlining how it will measure and achieve its mandate to:

- Address the known problems with its products and services so the integrity system operates as expected
- Transform the way it delivers products and services to create a seamless and integrated experience for customers
- Work collaboratively across MLA to identify ways in which the integrity system of tomorrow can help to solve industry's big complex challenges.

5.2 Alignment with government and industry priorities

The review found that MLA's investment priorities are clearly aligned with the industry's *Red Meat 2030* strategy and Commonwealth priorities. The *MLA Strategic Plan 2025* lists both *Red Meat 2030* and the Commonwealth priorities for Science and Research and Rural RD&E as key inputs to the development of the plan, and outlines in detail the work it will undertake, including the MLA programs that are major contributors to the six industry priorities contained in *Red Meat 2030*.

Alignment to government and industry priorities is also demonstrated in both the annual investment planning and annual reporting processes. These documents include mapping of MLA's priorities and level of investment in Commonwealth and industry priorities, examples of which are provided below.

5.2.1 Government research priorities

At the time of developing the *MLA Strategic Plan 2025*, the Commonwealth's priorities for RDCs were outlined in the *Rural Research, Development and Extension Priorities* that were published in the 2015 *Agricultural Competitiveness White Paper*, as well as in the Australian Research Council's *Science and Research Priorities*. Alignment with these priorities was considered in the development of the strategic plan and is reported on in MLA's Annual Reports.

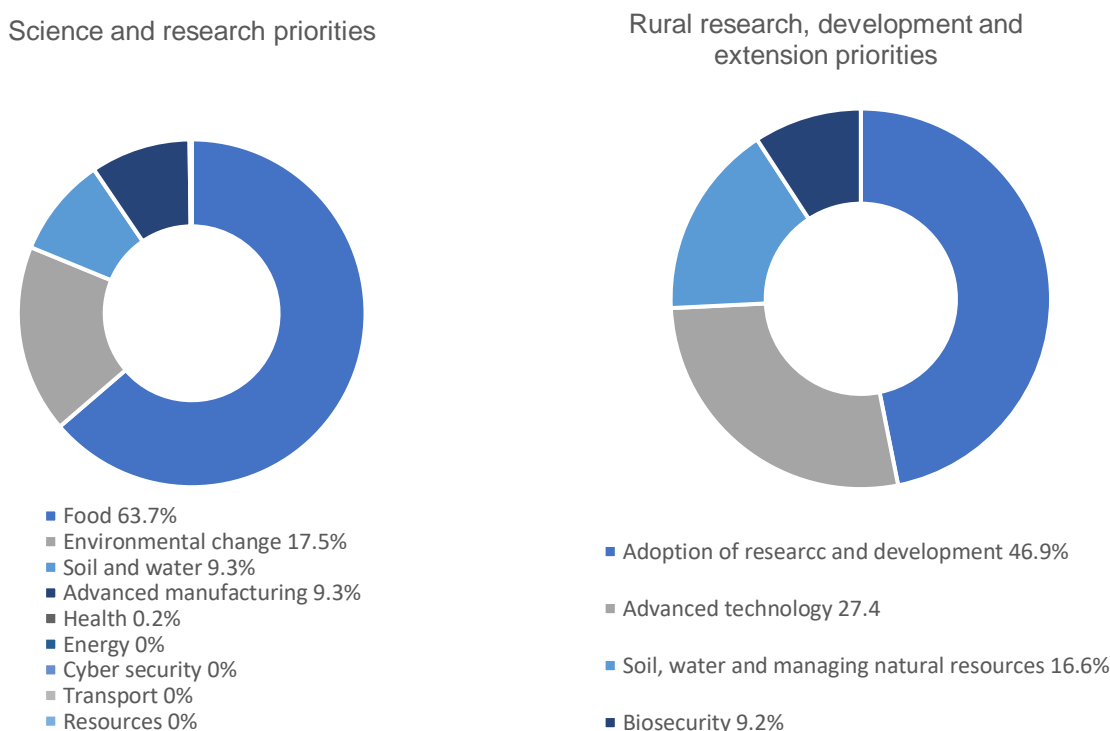


Figure 9 Alignment of MLA investment with Commonwealth government priorities

Source: MLA Annual Report 2022/23

Following his appointment as the Federal Agricultural Minister in mid-2022, Senator the Hon Murray Watt issued correspondence to RDCs advising them of the priorities of the new Government, being:

- Biosecurity
- Sustainability and climate change
- Trade
- Indigenous engagement
- Workforce.

There is clear alignment between the first three of these priorities and MLA's existing priorities and activities, however, Indigenous engagement and Workforce are likely to require further consideration. The review found

evidence of efforts underway in this regard, including a recent Board decision to commence the development of a Reconciliation Action Plan for the organisation.

While there is evidence of MLA presenting its progress against these priorities in its annual performance discussions with DAFF, DAFF has not yet formalised its preferred approach for RDCs to demonstrate their alignment with these objectives.

5.2.2 Red Meat 2030

Figure 10 shows the proportion of MLA's expenditure against the industry priorities identified in *Red Meat 2030* for the three years of the review period as reported in MLA's Annual Reports.

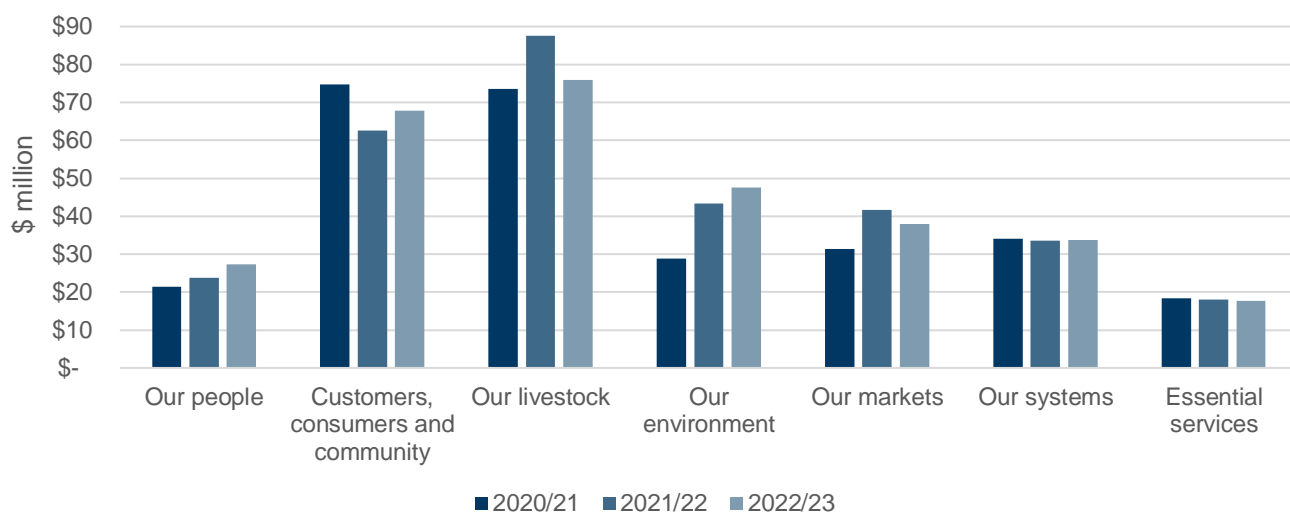


Figure 10 *MLA expenditure by industry priority*

Source: MLA Annual Reports

MLA's AIPs contain further detail on the alignment of its program areas to the industry priorities as well as breaking down the source of funding contributing to investment against each industry priority.

It is noted that *Red Meat 2030* has been updated since it was first launched in 2019. A refreshed strategy was released in 2023 and while MLA continues to refine its planning and reporting processes to ensure linkages between its own KPIs and the Success Factors outlined in *Red Meat 2030*, it is recognised that the next iteration of MLA's strategic plan, i.e. 2026-2030, will need to reflect the most up-to-date version of *Red Meat 2030*.

5.3 Performance against investment plans

MLA has a comprehensive approach to annual planning and reporting against its longer-term strategies, which it continues to improve over time. Delivery of MLA's strategic plan is based on a detailed, rolling 3-year business plan for each of its 16 programs, which scale up to MLA's publicly available AIP.

Figure 11 shows MLA's actual expenditure by program area for the five-year period ending 2022/23. This figure shows that MLA has increased its level of investment in producer adoption, environmental sustainability and integrity systems programs in line with its strategic plan. The figure also shows a drop off in expenditure in off-farm productivity programs in 2022/23 as AMPC has increased its own investment in this area (refer section 6 for further discussion).

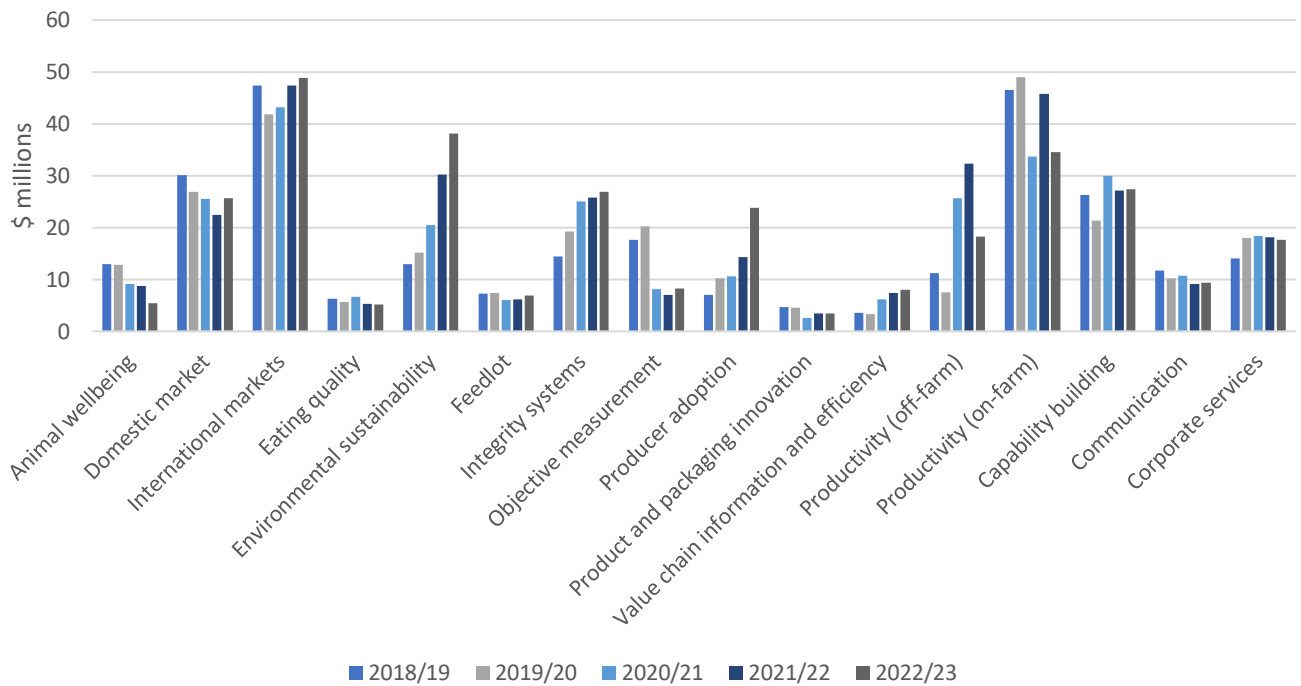


Figure 11 MLA annual investment by program

(Source: MLA Annual Reports)

A key feature of MLA’s planning processes is its Key Performance Indicators (KPIs). Detailed KPIs are established and regularly reported upon for the *MLA Strategic Plan 2025* as well as for its AIP. KPIs are developed in line with MLA’s ‘*Path2Impact*’ approach (further discussed in Section 8) to ensure that they are focused on adoption and impact. The KPIs allow for alignment and reporting from the industry level *Red Meat 2030*, MLA’s strategic plan, annual investment and business plans, through to individual staff performance plans.

The *MLA Strategic Plan 2025* includes 20 KPIs across its six focus areas. The number of KPIs in the AIP varies from year to year, with 123 KPIs in the FY21 AIP, and 111 in both the FY22 and FY23 AIP. Figure 12 and Figure 13 summarise MLA’s performance against these KPIs over the review period.

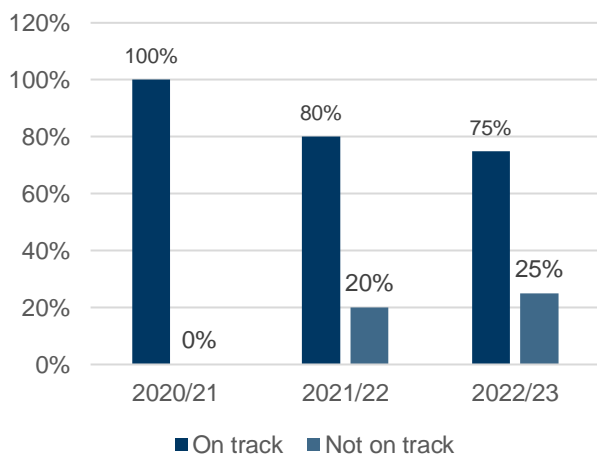


Figure 12 Achievement of KPIs in MLA’s Strategic Plan

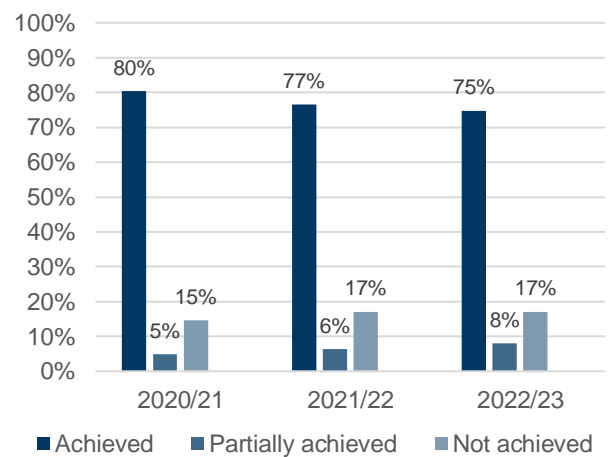



Figure 13 Achievement of KPIs in AIP

The review found appropriate processes are in place for monitoring performance against KPIs and that there is a high level of transparency in performance reporting. Along with regular progress reporting to internal stakeholders and PICs, both summary information and more detailed commentary is provided on MLA’s performance against

KPIs in its Annual Reports. The overall achievement of KPIs over the period of >75% is consistent with the results in the previous review period, indicating a solid track record of performance.

MLA's Triple Bottom Line evaluation framework and impact assessment processes provide a range of information to incorporate into performance reporting and importantly, inform future investment decisions. Despite the level of sophistication, it is important that the information available can be easily communicated to internal and external stakeholders involved in investment planning and decision making, as well as more broadly to demonstrate and communicate impact. This is a challenge across all RDCs as it is for MLA.

Recommendation	
	3. MLA should pursue opportunities to continue to improve communication of its evaluation results to internal and external stakeholders, including real-time dashboards and tools to assist in investment planning and decision-making.

MLA's annual member surveys provide insight to member satisfaction with MLA's activities in R&D and marketing. The results for the past five years are summarised in Table 5 and show that satisfaction levels have remained relatively stable compared to the previous review period. Member value ratings are highest (7.4) for MLA's livestock reporting and market information, and lowest (6.6) for International market insights. Overall satisfaction with MLA products and services has improved to 7.0 out of 10 in both 2022 and 2023 up from 6.6 in 2019. This is the best satisfaction score achieved since 2015, when this result was matched.

Table 5 Satisfaction and value ratings from member surveys of MLA's activities in R&D, marketing, reporting and market information, and consumer/marketing insights

	2019	2020	2021	2022	2023
Average overall satisfaction with MLA (out of 10)	6.6	6.8	6.8	7	7
Average overall satisfaction with MLA's activities in R&D (out of 10)	6.9	6.8	6.9	7	7
Average overall satisfaction with MLA's marketing activities (out of 10)	7.2	7.2	7.3	7.3	7.3
Average value rating of MLA's livestock reporting and market information (out of 10)	7.5	7.3	7.3	7.5	7.4
Average value of consumer/marketing insights – Australian market (out of 10)	6.8	6.6	6.7	6.8	6.8
Average value of consumer/marketing insights – International market (out of 10)	6.9	6.7	6.5	6.6	6.6

These member survey results generally reflect the sentiment obtained from consultation with a range of MLA's external stakeholders as part of this review. On balance, feedback was positive in relation to MLA's investment in its core activities, with stakeholders able to provide examples of specific projects or program areas that they consider to have delivered value for the industry. That being said, there were some examples provided of dissatisfaction with MLA investment activities, which often related to outcomes of a particular project or experience with particular MLA personnel, rather than MLA's performance overall. MLA can also be subject to criticism where it changes its program focus, shifting away from previously funded activities. For example, some stakeholders were critical of changes to the International Market program which has significantly reduced the number of projects it funds in favour of 'fewer, bigger' project investments. While stakeholders acknowledged the intent of these changes, they felt that MLA had not widely consulted on or communicated this with all of its key stakeholders.

GHD also sought feedback from stakeholders on the performance of MLA's subsidiaries MDC and ISC. Common areas of feedback provided are outlined in the subsections below.

5.3.1 MLA Donor Company

Feedback from stakeholders on MDC was generally positive, acknowledging that it is an important vehicle for maximising the Commonwealth's contribution to eligible R&D investment. That being said, there was often a lack of understanding of how MDC is incorporated in MLA's investment decision framework and some suggestion that MLA could be more transparent in its reporting of MDC investment. In its review of documents, GHD considers that MLA provides an appropriate and regular level of reporting of MDC investment in total and by program area, including publicly reporting MDC contribution in both its AIPs and Annual Reports.

The MDC program is self-funded and is not supported by industry levy funds. The co-funded model allows the industry to benefit from providers who are best placed to understand technology capability, opportunity, and risk. MDC funds can only be accessed if sufficient funding is raised within program to support the management, administration and delivery of MDC activities. For this reason, a project access fee is applied to all MDC supported initiatives.

Some research and development service providers cited concerns with a recent decision by MLA to increase the ratio of external funding up to 60:40, an increase from up to 50:50, as well as increases to its access fee. While it is acknowledged that this is an attempt to further leverage the Commonwealth funding eligible for R&D investment, as well as ensuring MLA's own transaction fees are covered, delivery partners have flagged that it may in fact impact the provision of external funding in the future.

5.3.2 Integrity Systems Company

Stakeholder feedback on the operation of ISC tended to be focused on whether ISC is appropriately placed as a subsidiary of MLA. While this is a longstanding issue, and ultimately a matter for the PICs and the SAFEMEAT partnership stakeholders, the review found that the matter continues to cloud perceptions of ISC performance.

The review found that MLA/ISC have addressed the recommendation from the 2020 Independent Performance Review that it *'provide a clear direction and secure funding for the next 3-5 years so that ISC can better support its commitments to Australia's red meat integrity system'*. The review further found that ISC achieved 76% of its KPIs over the review period, consistent with MLA's broader program level achievements.

As a subsidiary of MLA, ISC benefits from a secure funding source, as well as governance oversight which supports ISC with access to financial systems and MLA's control environment. This is considered particularly important as an imperative for ISC is delivery of the NLIS Uplift Project, which is a three-year multi-stage project to deliver a new national system with improved traceability, optimised real-time data flow, and a seamless user experience. The Uplift Project is being supported by a \$22.5 million grant from the Australian Government. IT projects of this nature are inherently risky, and stakeholders have expressed cynicism as to whether the project will be delivered to schedule. ISC has a number of touchpoints for engaging with industry on the roll-out of the project and has commenced publishing project status updates. Continuing this level of communication and engagement with industry will be essential in building stakeholder confidence in ISC's ability to deliver the NLIS Uplift Project by its scheduled delivery date of July 2026.

Recommendation



4. ISC should continue to provide regular status updates and consult with stakeholders to ensure they remain informed and engaged throughout the delivery of the NLIS Uplift Project.

5.4 Supporting business systems and processes

5.4.1 Investment decisions

Following completion of the 'Path2Impact' project in 2017, MLA has continued to refine its planning and evaluation processes with the main objective of being to provide regular feedback to management about the performance of MLA's investments and inform future investment decision making.

MLA's investment decision framework is summarised in Figure 14. Importantly, the framework facilitates a balanced portfolio that aligns with MLA's strategic priorities, as well as consideration of outputs-outcomes-impacts across the Triple Bottom Line. The framework is used across all of MLA's funding sources, including MDC and external grants, to assist achieve the desired portfolio balance.

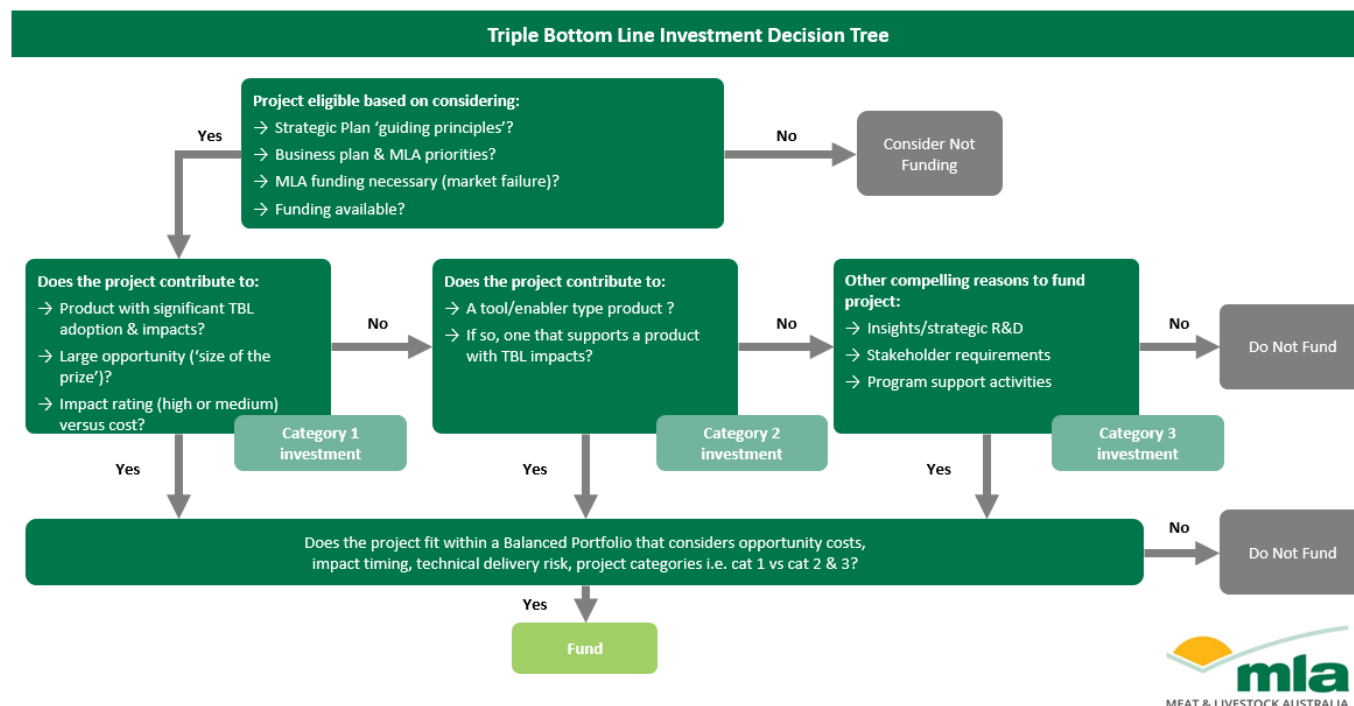


Figure 14 MLA's Investment Decision Tree

The review found that the investment decision framework is supported by appropriate program approval and management processes, including delegations of authority.

5.4.2 Contracting and project management

Similarly with the organisation entering into and managing a large number of contracts and projects, ongoing efforts have been made to improve the effectiveness and efficiency of MLA's supporting business systems and processes. Stakeholders in previous reviews have been critical of the efficiency of MLA's contracting and contract management processes, however, like any organisation, MLA has to balance process efficiency with its compliance obligations and risk management approach.

Key initiatives in this area have been in standardising legal processes through the development of standard contract templates, systemising the project approval process, as well as the development and implementation of Project Hub. Project Hub provides for end-to-end oversight of the contract management process, which includes dashboard reporting capability and integration with MLA's finance and CRM systems.



Figure 15 MLA Project Hub

Contract management was included in MLA’s internal audit program in 2022, with the findings indicating that the processes and controls to initiate, monitor and manage contracts are appropriately designed and generally well embedded with the business.

Consultation with a sample of MLA’s delivery partners found that while most are familiar with MLA’s contracting and management processes, providing for smooth implementation, a number still reported delays in contracting, particularly for MDC projects. It is noted that while systemising the project approval process has seen an overall improvement in contracting times, there are still some areas where a system is unable to facilitate a reduction in contracting time. These may include the need for personnel to complete necessary steps/approvals in a timely manner, as well as the need to factor in the internal approval processes and other needs of the supplier.

5.4.3 Intellectual property management

MLA’s *Intellectual Property Management Plan* outlines the organisation’s approach to the identification, use and management of intellectual property (IP) acquired, created, licensed, disseminated and commercialised by the company. This IP Management Plan is reviewed on an annual basis and the content aligns with the *RDC Knowledge Transfer and Commercialisation Guide* (Rural R&D Corporations 2021), as reviewed in Appendix A.

A review of MLA Annual Reports over the review period found the organisation did not generate any royalties from held IP.

→ Collaboration

6. Collaboration

PP3 To undertake strategic and sustained cross-industry and cross sectoral collaboration that addresses shared challenges and draws on experience from other sectors

MLA has been active in undertaking cross-industry and cross sectoral collaboration through undertaking a range of RD&E activities with industry and other RDCs to address common challenges and opportunities. MLA collaborates through a mixture of well-established long-term programs as well as individual project opportunities. Despite these efforts many stakeholders cited the rapidly increasing need for cross-sectoral collaboration amongst RDCs particularly in areas of carbon emissions, sustainability, biosecurity, mixed farming systems, market access and trade.

Table 6 below provides a summary of the cross-industry or cross-sector investments that MLA has made in the respective financial years with other RDCs and sectors.

Table 6 Multi industry projects contracted in each year (total investment)

Financial Year	Cross RDC Collaborative Investments		Collaborative Investments that are not cross RDC	
	Number of Projects	MLA Investment (\$)	Number of Projects	MLA Investment (\$)
2021	55	\$112,935,046	72	\$126,008,596
2022	75	\$131,430,865	80	\$145,810,222
2023	42	\$81,932,892	59	\$138,137,510

Source: MLA (2024)

MLA naturally collaborates most closely with LiveCorp and AMPC to deliver against objectives within the Meat Industry Strategic Plan (MISP), i.e. *Red Meat 2030*.

Over the review period MLA has continued a collaborative relationship with LiveCorp, through the Live Export Research and Development Program (~\$2.4m annual investment) and the Live Export Marketing Program (~\$1.5m annual investment). Consultation suggests live export industry stakeholders are generally satisfied with the management and performance of these programs, although identified that there can be challenges balancing the needs of the live export industry given LiveCorp is just one source of funding to respective program areas.

The relationship between MLA and AMPC appears to have strengthened considerably over the review period, with improved trust and cooperation. The improved relationship has been observed through:

- MLA making a strategic decision to cease investment into the 'post farm gate productivity' portfolio area, avoiding potential duplication with AMPC investments
- Scheduled monthly meetings between the MLA Managing Director and AMPC CEO, along with similar meetings amongst other managers
- The processes for project approval including determining the eligibility for matched funding has improved, along with more expedient transfer of funding
- The establishment of an agreement that for jointly funded projects, each RDC will have oversight via steering committees or similar.

While the relationship has improved considerably, there can be a tendency for these organisations to be naturally cautious about allocating significant R&D and marketing funds to another RDC. There are still opportunities for MLA to continue to build mutual trust with AMPC and LiveCorp, and display greater transparency and cooperation from the Board down to operational levels.

Recommendation



5. MLA should continue to work with AMPC and LiveCorp to ensure appropriate oversight of jointly funded programs, including representation on joint funded program steering committees and consultative forums.

Over the review period MLA appears to have also increased collaboration with GRDC particularly in areas of crop and pasture rotation and utilisation, biosecurity and plant genetics, following the successful Grain and Graze Program. MLA has also been sharing its approach to investment monitoring and evaluation with GRDC. Stakeholders cited further opportunities for MLA and GRDC to collaborate through producer engagement and extension (e.g. joint grower updates and events, and collaboration between the GRDC Regional Grower Networks and MLA's Regional Advisory Committees), and through sharing of office spaces or co-location of staff.

MLA has also collaborated with various other RDCs, in particular AWI, Dairy Australia, Hort Innovation as well as smaller RDCs such as FRDC. Other examples of cross-sector collaborations in which MLA takes an active or leading role include:

- Engagement with AgriFutures Emerging Rural Issues Program
- Engaging with the AgriFutures Australia's GrowAg platform by submitting research reports, opportunities and stories
- Funding of cross-sectoral initiatives delivered by Agricultural Innovation Australia (AIA)
- Participation and support of the Drought Resilience Adoption and Innovation Hubs
- Participation in the Australian Food & Wine Collaboration with rural RDCs across five sectors, leveraging industry-government partnerships with DAFF, Austrade, and the Department of Foreign Affairs and Trade
- Regular and active participation in the Council of Rural Research and Development Corporations meetings
- MLA has also supported other RDCs through facilitating co-location including for AgriFutures and Hort Innovation in Brisbane as well as LiveCorp in Sydney.

As one of the largest Rural RDCs, MLA plays an important role in driving cross-sectoral collaboration not just in relation to joint program and project investments, but in information sharing and learning around processes, systems and governance through its CRRDC participation. Other RDCs pointed to MLA's strengths in the areas of governance and monitoring and evaluation, representing opportunities to learn from them in these areas.

Recommendation



6. MLA should consider, where appropriate, sharing learnings and IP on its monitoring and evaluation approach with other RDCs.

MLA also collaborates with a range of global R&D partners, including across the following projects:

- New Zealand: Lamb and beef automation, probe/camera, food technology innovations
- United States of America: x-ray chamber, GPS smart Ag sensors, flavour extract technology, food technology start up and value-added goat USA
- Hong Kong: Shelf stable technology
- Scotland: MSA network
- Switzerland: MSA network and sustainable feed additive for animal food.

GHD received a range of feedback from MLA's delivery partners in relation to its approach to collaboration. While stakeholders greatly valued the opportunity to partner with MLA, some of the more common feedback included:

- Some research partners and service providers found MLA's approach to IP management to be somewhat inflexible, particularly for MDC investments, providing a barrier to collaboration and contracting
- Some stakeholders also suggested that MLA has difficulty engaging in genuine cross-industry collaboration, as opposed to simply participating in project co-funding, which involves relinquishing some control of project design and outputs
- Changes to MDC funding split (60%/40%) and increased management fee (8% to 12%) may prove a barrier to future collaboration.

Some of this sentiment is consistent with that found by Acil Allen in the two previous reviews, who reported that stakeholders had suggested that there can be a 'my way or the highway mentality' displayed by MLA when negotiating joint investments and research projects. While there is evidence that MLA has worked hard to address these perceptions, including through improvements to its contracting and contract management systems (refer section 5.4.2), it should remain an ongoing watchpoint for MLA. With many stakeholders pointing directly to the strength of their relationship with MD Jason Strong, ensuring a strong collaborative culture should remain a continued focus of the Board in recruiting a new MD.

→ Governance arrangements

7. Governance arrangements

PP4: For governance arrangements and practices to fulfill legislative requirements and align with contemporary Australian best practice for open, transparent and proper use and management of Funds

7.1 Overview of MLA's governance arrangements

Governance functions direct the operation of an organisation, framed by legislative obligations they are responsible for developing and monitoring the control framework and management systems that will support achievement of strategic objectives. Governance responsibilities rest with the Board, but governance functions are typically embedded across the organisation where higher risks are present.

MLA's overarching legislation was outlined in section 3. Organisational objectives, restrictions and compliance obligations within its statutory framework are appropriately reflected in the following:

- Memorandum and Articles of Association - Meat & Livestock Australia Limited
- MLA Donor Company Limited Constitution
- Integrity Systems Company Limited Constitution.

As detailed in section 2.1.1 the MLA Board has established three Board committees that act to guide the company, including the R&DIC, AFRC and the RPCC. Such a governance structure is typical to RDCs.

These committees operate under separate charters with the following objectives:

- AFRC – Aligned with other Audit and Risk Committees covering statutory reporting, internal control integrity, risk and compliance management.
- R&DIC – Assists the Board to ensure that MLA achieves its RD&A strategies and priorities within the framework of RD&A investments.
- RPCC – Resource competency, remuneration, succession planning and HR policies and practices.

MLA has also established the following subsidiaries:

- MDC partners with organisations to co-invest in innovation and new technologies which bring value to the red meat industry. MDC is a funding vehicle to access matching funds. It operates under MLA's governance framework, with investment decisions and monitoring incorporated into MLA's existing processes. Procedurally, MDC matters are discussed separately from broader MLA matters at MLA Board meetings to ensure there is sufficient consideration given to MDC relevant matters at those meetings.
- ISC which is responsible for delivering the red meat industry's on-farm assurance and through-chain traceability programs. While the ISC is a subsidiary of MLA, it operates on behalf of and in partnership with the sector and government. The need for integrity systems is well understood by the red meat supply chain and funding by industry levies and government through RDCs is widely supported. As such, the ISC is a mechanism for delivering a collaborative whole of industry approach to integrity, which draws on MLA's significant capabilities as the largest industry services body.

Both subsidiaries have separate Boards with some directors common to the MLA Board. MLA governance over subsidiaries includes MLA Board review of subsidiary reports, Board minutes and through the common directors. MLA provides operational support in terms of systems, processes and policies.

The strength of MLA's governance arrangements was widely acknowledged in stakeholder consultation. That being said, consultation indicated that stakeholders continue to raise the independence of the ISC as an issue of concern. It is noted that in 2023 the ISC Board introduced two new independent directors to support the independence of governance. As indicated in section 2.1.1, there are currently barriers to full independence of ISC due to the non-mandatory nature of the program and issues associated with the legislative responsibilities between the Commonwealth and State governments.

7.2 Assessment against good governance principles

Numerous sources provide guidance on governance. The Australian Public Service Commission has made the following insightful observations about the effectiveness of governance:

There is no 'one size fits all' approach to governance. While there are common elements, themes and models, agencies need to develop systems that meet their specific circumstances and be prepared to adapt and evolve their governance arrangements to meet changing needs.

Governance can only work if it is part and parcel of the culture of the organisation—it needs to be actively upheld and implemented by every person in the organisation. Everyone must know and act on their responsibilities.

Common elements of good governance are expressed by the eight central principles contained in the ASX Corporate Governance Principles and Recommendations. Other guidance includes the *Not-for-Profit Governance Principles* published by the Australian Institute of Company Directors.

Section 8 of the SFA details that “MLA must maintain, implement and regularly review a framework of good corporate governance to ensure proper use and management of the Funds and the Voluntary Contributions. In maintaining the governance framework, MLA should draw on best practice guidance as appropriate”².

For these purposes MLA has used the eight principles set out in the ASX Corporate Governance Council – Corporate Governance Principles and Recommendations. To create transparency, which is a key governance principle, MLA publishes their assessment in their Annual Reports. This analysis considers each of the ASX Corporate Governance Council recommendations and details the attributes held that supports alignment.

Rather than replicate this analysis, GHD has considered each of the governance principles from both an attribute and performance perspective. This includes an additional consideration against the Not-For-Profit Good Governance Principles issued by the Australian Institute of Company Directors detailed in the following table.

Table 7 Assessment against good governance principles

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
<p>Lay solid foundations for management and oversight</p>	<p>Purpose and strategy <i>The organisation has a clear purpose and a strategy which aligns its activities to its purpose</i></p> <p>Roles and responsibilities <i>There is clarity about the roles, responsibilities and relationships of the board</i></p> <p>Performance <i>The organisation uses its resources appropriately and evaluates its performance</i></p>	<p>Lay solid foundations for management and oversight</p> <p>In terms of laying solid foundation for management and oversight, the Board is responsible for the development and oversight of MLA’s control environment. This includes the adoption of a Board Charter that reflects the objects of the Memorandum and Articles of Association, and which sets out the roles and responsibility of the Board.</p> <p>MLA’s control environment consists of the following elements which are typical to supporting good governance:</p> <ul style="list-style-type: none"> – Memorandum and Articles of Association that sets out the organisation’s objectives with the SFA including performance expectations and restrictions – Board Charter that sets out the roles and responsibilities of the Board – The mix of skills that Board members should collectively exhibit – Board committees which perform functions to help the Board fulfil its responsibilities covering key risk areas and include the AFRC, R&DIC and the RPCC – The governance support provided by assurance functions such as internal audit. As detailed below MLA has an established Internal Audit Plan (IAP) and conducts audits on key business processes on a cyclic basis annually – Risk management processes that analyse operational and sectorial risks to inform decision making and support the development of strategic initiatives – The Delegation of Authority (DOA) which sets out tiered delegations based upon financial thresholds which are also supported by limits set within purchase order configuration within SAP. Specific delegations, such as those required in Treasury Functions are outlined in separate policies – A range of policies and procedures that are considered suitable for MLA’s role including elements of an anti-fraud and corruption framework

² SFA Page 14

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
		<ul style="list-style-type: none"> - The setting of strategy, framed by the <i>Red Meat 2023 Plan</i>, 5-year Strategic Plan and Annual Investment Plan - Management reporting including reporting against key priorities, further detailed in section 8 with transparency representing a particularly strong governance element - Performance Reporting to the Department further detailed in section 8 - External Audit - The conduct of the Annual General Meeting (AGM). <p>To support the Board in fulfilling its responsibilities the AFRC, R&DIC and the RPCC committees perform functions in areas of higher risk.</p> <p>The AFRC meets at least four times per year and its Charter is consistent with other Audit and Risk Committees. The AFRC is supported by external and internal audit coverage and regularly reviews sector risks, further detailed below.</p> <p>The R&DIC has only been operational since 2021 and its purpose is to assist the Board to ensure that MLA achieves its RD&A strategies and priorities within the framework of RD&A investments. Findings from GHD's interviews with Board and the MLT indicate that the focus of the R&DIC needs to be reviewed to better focus upon:</p> <ul style="list-style-type: none"> - Strategic alignment - The balanced portfolio and the mix between R&D, Adoption and Marketing - Ensuring projects incorporate appropriate front end loading consideration of ESG and cross sector activities and investment opportunities. <p>The RPCC is discussed below.</p> <p>All of the above evidence supports the demonstration the MLA has established appropriate foundations for management and oversight.</p> <p>Purpose and strategy</p> <p>MLA's purpose is framed by the objectives set out in the Memorandum and Articles of Association, performance expectations and activity restrictions set out in the SFA. MLA has also formally expressed its purpose, vision and mission on its corporate web site.</p> <p>MLA's strategy is informed by <i>Red Meat 2030</i>, risk assessment and through stakeholder engagement processes set out in section 4. This is supported by the Annual Investment Plan, MLA Strategic Plan 2025, further detailed in section 5. Whilst <i>Red Meat 2030</i> covers the sector, as does MLA's risk assessment, MLA's strategy is limited to those activities permitted by the SFA primarily RD&A activities.</p> <p>Roles and responsibilities</p> <p>The Board is directed by its Charter that provides an appropriate outline of Board, Managing Director, the Board Chair and Company Secretary responsibilities. For the Board and its committees this includes an extensive list of requirements that range from setting organisational values, risk management, performance management, strategic direction, control environments and management systems and compliance. These are aligned with the common elements of good governance discussed above.</p> <p>Reviewing the Board Charter against other Charters for large organisations it was noted that the Board Charter does not prohibit the Chair of the Board also holding the Chair of the AFRC, although this is included in the AFRC Charter itself.</p> <p>Performance</p> <p>MLA's performance is monitored through a range of processes which creates transparency, representing a key governance attribute. These processes include:</p> <ul style="list-style-type: none"> - The conduct of the AGM - Annual Report - Strategic and Annual Investment Plan publication - MERI approach as further detailed in section 8 - Departmental performance review (requirement of the SFA) - Corporate communications and events.
Structure the board to be	Board composition	<p>Board composition</p> <p>Board members are identified through a Selection Committee process whose membership consists of Producers, Peak Council representatives and MLA Directors</p>

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
<p>effective and add value</p>	<p><i>There is clarity about the roles, responsibilities and relationships of the board</i></p> <p>Board effectiveness</p> <p><i>The board is run effectively and its performance is periodically evaluated</i></p>	<p>who are in the minority. Candidates are shortlisted by reference to the selection criteria that act as terms of reference for the committee to ensure there is an appropriate mix of skills in the candidates nominated for election. The required skills mix is considered by the MLA Board and the Selection Committee.</p> <p>The RPCC is governed by a Committee Charter that directs that the membership should consist of at least three independent MLA Board members. The RPCC Charter includes assessment of the Managing Director's (MD) performance remuneration and incentive framework for senior executives and all staff including the MD and Directors.</p> <p>As outlined in the 2023 Annual Report, the Selection Committee considers diversity of education, the nature of the businesses and business functions in which candidates have gained experience and the roles held, as well as the more obvious aspects of diversity such as gender, age, ethnicity and cultural background.</p> <p>Board effectiveness</p> <p>The Board evaluates its performance through a cyclic performance review, which is facilitated by an external specialist.</p> <p>As outlined in the 2023 Annual Report, as part of the Board's review process in 2022–23 it completed the Australian Institute of Company Directors Board Review Tool survey and reviewed this as part of the annual review.</p> <p>Board effectiveness is also indirectly transparent through the range of MLA performance reporting detailed above.</p> <p>Board effectiveness is also supported by an annual schedule which sets out the issues that need to be addressed at each meeting. This is consistent with other organisations.</p>
<p>Instil a culture of acting lawfully, ethically and responsibly</p>	<p>Conduct and compliance</p> <p><i>The expectations of behaviour for the people involved in the organisation are clear and understood</i></p> <p>Culture</p> <p><i>The board models and works to instil a culture that supports the organisation's purpose and strategy</i></p>	<p>Directors must exercise their powers and discharge their duties in good faith in the best interests of the organisation, and for a proper purpose. They also have fiduciary obligations to act honestly and in good faith and avoid conflicts of interest.</p> <p>MLA's RPCC monitors corporate culture through surveys, turnover and exit surveys. MLA has a Code of Business Conduct and Ethics and has policy elements typically present in an anti-fraud and corruption framework including:</p> <ul style="list-style-type: none"> - Anti Bribery and Corruption Policy - Whistleblower Policy. <p>Other policies that can assist in shaping culture include:</p> <ul style="list-style-type: none"> - Conflict of interest Policy - Independence of Directors Policy. <p>Interview and internal staff survey results indicate a positive culture towards MLA and its mission.</p>
<p>Safeguard the integrity of corporate reports</p>		<p>This corporate good governance principle relates to demonstration of appropriate processes to verify the integrity of reporting. MLA's Annual Reports are subject to external audit and a range of independent reviews in a number of key areas have been conducted that supports evidence of good governance.</p>
<p>Make timely and balanced disclosure</p>	<p>Accountability and transparency</p> <p><i>The board demonstrates accountability by providing information to stakeholders about the organisation and its performance</i></p>	<p>For corporates this relates to the timely release of material information to the market. This principle relates to transparency which is a key attribute of good governance. This can include the publication of materials such as the Annual Report / Performance Reporting and events such as the Annual General Meeting (AGM). MLA demonstrates a strong commitment to accountability and transparency with respect to its range of reports and communication materials.</p>

The ASX good governance principles	The not-for-profit good governance principles	GHD assessment
Respect the rights of security holders	Stakeholder engagement <i>There is meaningful engagement of stakeholders and their interests are understood and considered by the board</i>	<p>With respect to this element of good governance, the not-for-profit governance principles are more applicable. MLA's Performance Principles as outlined in the SFA include:</p> <ul style="list-style-type: none"> - To engage stakeholders to identify RD&E priorities and activities that provide benefits to the industry - To ensure RD&E priorities and activities (and Marketing activities) are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a Balanced Portfolio - To undertake strategic and sustained cross-industry and cross sectoral collaboration that addresses shared challenges and draws on experience from other sectors. <p>It also includes the following restrictions:</p> <ul style="list-style-type: none"> - MLA must not engage in Agri-Political Activity - MLA must not, at any time, act as an Industry Representative Organisation or reference or provide information which implies to stakeholders or trading partners that MLA is an Industry Representative Organisation. <p>As such stakeholder engagement must align with the performance principles set and stay with the SFA restrictions. In summary, the stakeholder engagement activities are considered appropriate and have been separately covered in section 4.</p>
Recognise and manage risk	Risk management <i>Board decision making is informed by an understanding of risk and how it is managed</i>	<p>MLA has a high level of Risk Management Maturity (RMM). MLA takes a top-down / bottom-up approach to risk and has adopted the three Line of Defence (LOD) risk management model. Under the model, the 1st LOD represented by the Function Owners hold responsibility for the management of risks. The 2nd LOD represented by the Group Risk and Compliance Manager holds responsibility for the effectiveness of the risk framework and the 3rd represented by Internal Audit provides independent assurance over effectiveness.</p> <p>From review of the MLA Risk Management Plan, the risk governance roles are well defined and the role of risk in informing decision making, understanding operational and sector risk to frame strategic initiatives is clearly expressed. Review of the underpinning risk registers indicates a comprehensive understanding of sector risks and action plans, which some exposures indicating low controllability due to the influence of external factors.</p> <p>The AFRC reviews the risk profile on an ongoing basis to ensure it remains current. The risk profile covers the sector and links to strategic initiatives where MLA can add value or mitigate impacts.</p> <p>MLA has clearly expressed risk appetite statements. Figure 16 has been extracted from the MLA Risk Management Plan as it presents a good summary of risk exposures and risk appetite.</p> <p>MLA also has an active Internal Audit Function based upon outsourced service provision by one of the Big 4 Chartered Accounting Firms. Review of past reports indicates that this function focuses upon key business processes such as procure to pay, stakeholder management, project governance, contract management and international office operation.</p> <p>The IAP appears to be effective, targeting key area and conducting follow up reviews where there are opportunities for improvement.</p> <p>The Internal Audit Function reports to the AFRC.</p>
Remunerate fairly and responsibly		<p>This is a common corporate governance perspective with the RPCC also performing the role of a remuneration committee as is detailed above.</p>

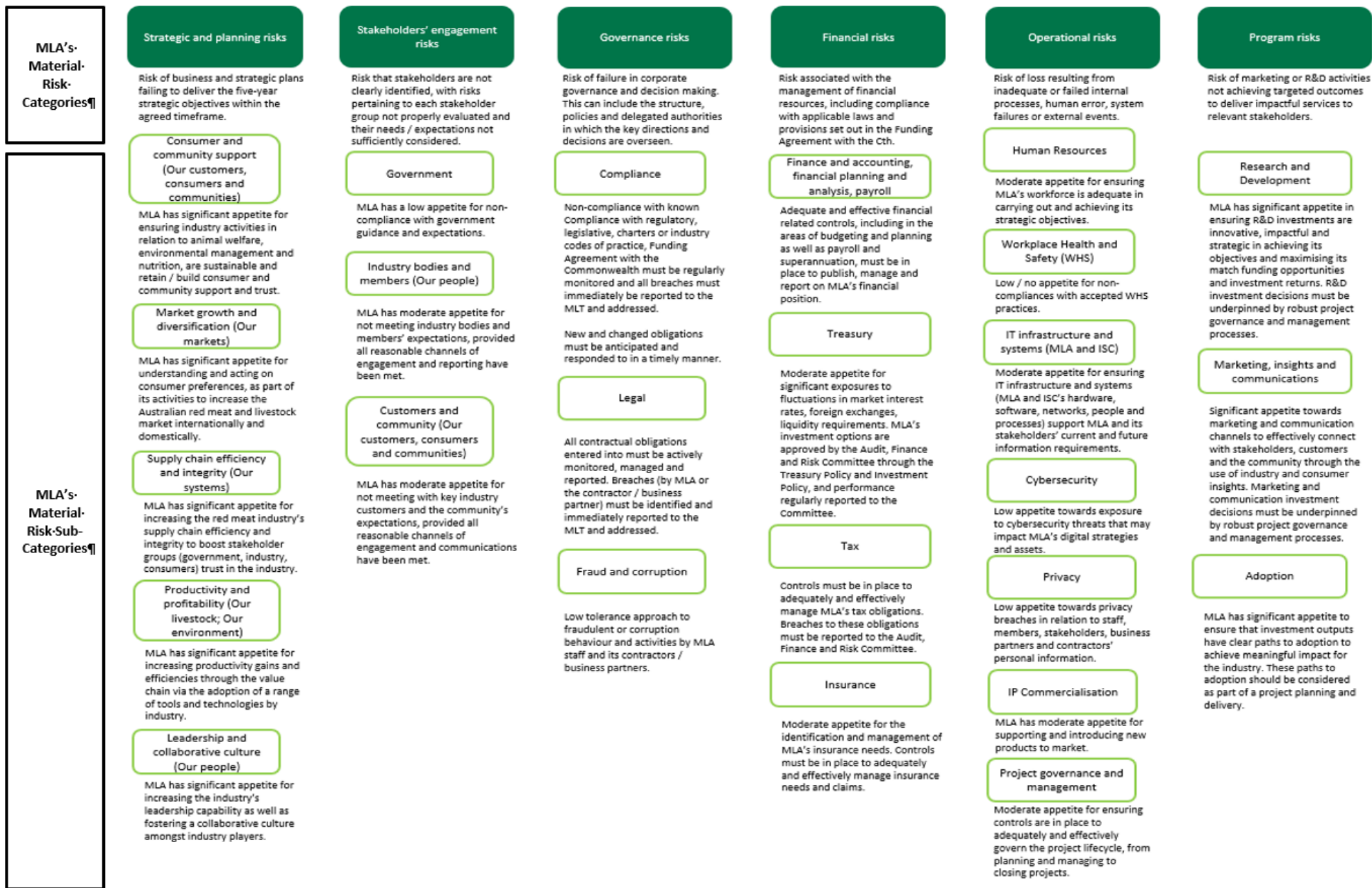


Figure 16 MLA risk summary and risk appetite

**→ Monitoring,
evaluation, reporting
and improvement**

8. Monitoring, evaluation, reporting and improvement

PP5: To demonstrate positive outcomes and delivery of RD&E and marketing benefits to Levy Payers and the Australian community in general, and show continuous improvement in governance and administrative efficiency.

It is a requirement of the SFA that MLA has appropriate procedures in place to demonstrate the impact of its investments and to ensure that the outcomes of all RD&E and marketing activities are used to improve learnings and inform future decisions regardless of whether the investment itself led to an increase in productivity or profitability.

Over several years MLA has sought to continually improve its approach to evaluating investments, by proactively responding to recommendations from past performance reviews and seeking advice from independent specialists. Table 8 summarises the evolution of MLA's evaluation approach.

Table 8 Evolution of MLA's evaluation framework

Year	
Pre-2015	MLA evaluates investment in accordance with the <u>2005 MLA Program Evaluation Framework</u>
2015	MLA commission an independent assessment of impacts Strategic Plan 2010-11 to 2014-15 <u>MLA 2010-15 Impact Assessment - Final Report</u> (CIE)
2016	2010-15 Performance Review (Acil Allen) recommends changes to the evaluation framework and approach
2017	MLA respond to the above recommendations by initiating the 'Path2Impact' project, which aims to rebuild and enhance the organisations evaluation framework and processes with the main objective being to provide regular feedback to management about the returns of MLA's investment portfolio and as a tool to use in making investment decisions
2018	MLA obtain further independent advice to build an improved, internally managed evaluation framework (CIE 2018)
2020	2016-20 Independent Performance Review (Acil Allen) includes an estimate of impact from R&D investments from FY16 to FY20, and makes recommendation for improvements evaluation, KPI's and business planning
2021	MLA commission KPMG to complete an independent audit of R&D product return on investment, considering the organisations monitoring and evaluation approach and governance controls
2022	MLA and KPMG develop a new TBL Evaluation Framework and integrate into the MLA <i>Path2Impact</i> business initiatives
2023	Transitioning from MS Excel based evaluation approach to a more sophisticated ORACLE PBCS database approach

MLAs approach to evaluation is somewhat unique amongst RDCs for the following reasons:

- Project investments are categorised into three groupings depending on their contribution to attributable 'products' that can be adopted to deliver impact:
 - Category 1 investments: Directly contribute to a product with attributable outcomes (supply, demand, or adoption changes)
 - Category 2 investments: deliver a tool/enabler that contributes to or is essential for a product that in turn delivers impact
 - Category 3 investments: Strategic research, insight and support activities (not product focussed)
- Evaluation is carried out at the 'product' rather than individual project level
- Rather than evaluating a sample of investments, MLA seeks to evaluate the impact of all 'products' delivered by the organisation
- MLA's evaluation framework is integrated into the organisation's planning, reporting and staff performance processes. The evaluation framework tracks progress against KPIs which align with *Red Meat 2030*, MLA's Strategic Plan, AIP, business plans and cascade down to individual staff performance plans

- The evaluation approach is used to ensure a balanced portfolio of investments is maintained within different investment areas
- The TBL Evaluation Framework enables the evaluation of investments across an investment program’s entire lifecycle as well as for any other period. When calculating impact for a certain period, this ensures that impacts are not double counted and that investment costs taken up in previous fiscal year reporting periods are not accounted for in the current period.

Through progressive improvements, MLA has made monitoring and evaluation a central function of the organisation, helping to drive accountability and shaping the culture of the organisation. Stakeholders commended MLA for its continued improvement in this area. MLA is currently finalising the implementation of an Oracle Planning and Budgeting Cloud Service, which will help to streamline data flow for real-time tracking of triple bottom line impacts and investment ROI across the organisation.

A particular area of focus will need to remain on evaluating the more difficult to quantify environmental and social impacts needed to support both the industry objectives and MLA’s increasing level of investment in its environmental sustainability program.

Recommendation:



7. MLA should continue its work to establish data collection, collation and reporting for non-economic (environmental and social) impacts in line with the TBL Evaluation Framework. In particular, priority should be given to establishing an improved methodology for evaluating investments in its CN30 (carbon neutrality by 2030) projects.

8.1 Impact assessments

MLA completes a companywide impact assessment of all R&D and marketing investments every 5 years in alignment with MLA’s strategic planning cycle. As such, the last full impact assessment was completed in 2020 (prior to the last independent performance review), and the next will be completed in 2025. Table 9 outlines the results from the 2020 evaluation, showing an overall return on investment of 4.44:1.

Table 9 2020 Evaluation results

Evaluation Group	BCR As assessed in 2020
Animal Health Productivity	1.0
Animal Welfare Productivity	0.6
Domestic Market (Beef)	1.9
Domestic Market (Sheep)	7.9
Feedlot	7.0
Innovation Capability Building	na
Integrity Systems	7.0
International Markets	7.6
Livestock Export	1.8
Livestock Genetics	1.6
Market Access	5.1
Market Access Science	15.2
Objective Measurement	3.0
Value Chain Information & Efficiency	na
Product & Packaging Innovation	8.0
Productivity (Off Farm)	5.3

Evaluation Group	BCR As assessed in 2020
Productivity (On Farm) R&D	0.7
Producer Adoption	2.0
Sustainability (Off Farm) Productivity	2.3
Sustainability (On Farm) Productivity	0.7
Total	4.44

Note: The 2020 BCRs are based on the impacts delivered up to 2040.

It is MLA's intention to evaluate all investment areas on a 'rolling' basis between 2020 and 2025, and at the time of this review the organisation was mid-way through this process. Table 10 below presents the schedule of completed and planned evaluations.

Table 10 Completed and planned evaluations

Year	Evaluations complete or planned
2021	0
2022	3
2023	6
2024	7 (planned)
2025	1 (planned)
Other	2 not requiring further evaluation as the investment area is being transferred to AMPC

Decisions on when to evaluate different investment areas is based on the following criteria:

- The timing and order of evaluations significant changes in risk, adoption or impacts since 2020 e.g. increased risk of exotic disease outbreaks
- Where evaluation will assist or is needed in a strategic review of that sub-program area e.g. CN30 GHG interventions
- Impact and adoption data collection cycles e.g. annual producer adoption updates
- Availability of funding and resources for evaluation
- Quantum of MLA investments e.g. some areas have had great increased funding, while other evaluation areas are being would down or divested.

All impact assessments were completed by external consultants and appear to have correctly applied the *Rural R&D Corporation's Cross-RDC Impact Assessment Program: Guidelines* (2018) and *Management Procedures* (2018a). MLA has clearly surpassed the agreed RDC benchmark of evaluating no less than 10% of total RD&E expenditure for a given project population.

8.2 Communicating benefits to stakeholders

An important component of Performance Principle 5 is to communicate the results of the impact and benefits of RD&E activities and investments to its stakeholders. MLA communicates its evaluation impacts and benefits measured via a wide variety of channels. These include individual published reports on the MLA web site, annual reports, case studies and direct communication to producers e.g., Friday Feedback Magazine, Annual Reports on extension or MSA benefits. MLA also communicates results directly to peak industry bodies and government.

As outlined in section 5.3, MLA's annual member surveys provides insight to member satisfaction with MLA's activities in R&D and marketing. In addition, the member surveys also provide information on members satisfaction and preferences for MLA's communications. The average overall satisfaction levels with MLA communications are summarised in Table 11 showing ratings have improved over the review period from 6.9 to 7.4. The 2023 rating is the highest rating ever recorded. Member values for printed communications also reached a record high of 7.9 in 2022 and dropped back slightly to 7.7 in 2023, the second highest on record. Satisfaction remained relatively stable across all producer groups with the exception of goat producers whose satisfaction increased form 7.2 in 2022 to 8.0 in 2023. During the review period, member satisfaction with MLA's digital or online communications

achieved a high of 8.1 in 2022 and dropped back to 7.6 in 2023. This level of satisfaction was still higher than every other year since it was first recorded in 2017.

Table 11 Satisfaction ratings from member surveys of MLA's communication including printed and digital communication materials

	2019	2020	2021	2022	2023
Average overall satisfaction with MLA communications (out of 10)	6.9	6.9	6.9	7.1	7.4
Average overall satisfaction with MLA's printed communications (out of 10)	7.5	7.4	7.5	7.9	7.7
Average overall satisfaction with MLA's digital or online communications (out of 10)	7.2	7.2	7.1	8.1	7.6

These member survey results generally reflect the sentiment obtained from consultation undertaken with a range of MLA's external stakeholders as part of this review. Many stakeholders noted the increased level of communications and MLA's willingness to maintain and continue to invest in both printed and digital communications. During this review period, there has been a shift of the printed Feedback Magazine being the main source of information for producers to find out about activities with an increased shift towards The Weekly e-newsletter (combined Friday Feedback and Prices and Markets). Awareness of MyMLA continued to grow during the review period reaching 78%, the highest level of awareness recorded to date. There is recognition within MLA that its website can also be challenging to navigate and there will be a broader project in the future looking to revamp the website to improve the user interface and overall functionality.

Despite MLA's efforts in communications, and generally positive sentiment amongst its members, it was widely recognised that adoption remains a key challenge for the industry and a key area of focus for MLA (having ramped up its investment in this area as outlined in section 5.1. Indeed some stakeholders levelled criticism at MLA's communication of research outcomes, including suggesting that communication of benefits tended toward 'campaign' style promotion, rather than true communication of lessons learned to inform producer adoption and decision making. MLA is alive to this issue and has recently combined the communications and adoption teams in the organisational structure in an attempt to better integrate the two.

8.3 Administrative efficiency

The analysis in Table 12 below suggests corporate services (overheads) have accounted for around 6% of total expenses over the review period. Given the complexity of MLA's operations this level of corporate overhead is not considered excessive.

Table 12 Corporate overhead expenditure (\$'000)

	2018/19	2019/20	2020/21	2021/22	2022/23
R&D, marketing expenditure	260,860	\$256,272	\$264,560	\$293,234	\$290,836
Corporate Services	\$13,522	\$17,382	\$17,891	\$17,527	\$17,180
Total Expenses	274,383	\$273,654	\$282,451	\$310,761	308,016
Corporate Services (% of total)	5%	6%	6%	6%	6%

Source: derived from the Statement of Comprehensive Income within MLA Annual Reports (2018/19 to 2021/22).

Table 13 below provides a benchmarked comparison with a selection of other RDCs managing both R&D and marketing activities, noting that organisations vary in their definition and accounting of overhead items.

Table 13 Overhead benchmarking to other RDCs (\$'000)

Component	Hort Innovation		Dairy Australia		AWI	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
R&D, marketing expenditure	\$121,733	\$125,932	\$55,543	\$52,688	\$66,426	\$52,476
Corporate Overheads	\$19,749	\$20,135	\$8,466	\$9,613	\$9,756	\$8,308
Total Expenses	\$141,482	\$146,067	\$64,009	\$62,301	\$76,182	\$60,784
Corporate Overheads (% of total)	14%	14%	13%	15%	13%	14%

Source: Derived from the Statement of Comprehensive Income within 2021/22 Annual Reports for respective organisations. Some definitions of expenditure items vary between reports.

8.4 Recommendations from the previous review

MLA issued a formal response and implementation plan to each of the five Recommendations from the Independent Performance Review (2020) in line with the requirements of the SFA. This review has found that MLA has demonstrated an active and ongoing culture of continuous improvement since the 2020 review. GHD is satisfied that the recommendations from the previous Independent Performance Review (2020) have been acted upon, with further detail on our assessment provided in the table below.

Table 14 Recommendations from the 2018 Review of Performance

2020 recommendations	MLA reported progress	2023 assessment
1: Provide a clear direction and secure funding for the next 3-5 years so that ISC can better support its commitments to Australia's red meat integrity system.	The IS2025 Strategy was reviewed and refined in FY21 to ensure ISC's investments in the integrity system are based on insights and are targeted across areas that will deliver the greatest impact to ISC's customers and the broader industry. ISC's funding basis has been well established and on-going annual budget reviews are conducted as a part of the annual MLA budgeting and consultation cycle.	Complete Noting that while MLA provides funding certainty to ISC, there is still some debate across the industry as to whether ISC should be independent from MLA.
2: MLA should actively pursue the successful implementation of a Key Account Management strategy and framework (Project Auto) to form the narrative for how MLA will work with stakeholders to improve engagement and service delivery with associated reporting.	Key account management system is now a core business activity. All key accounts have been identified and have a senior MLA manager allocated. All KAM engagements recorded in the CRM and monthly MLA update. MLA PIC consultation system has been set up and recently reviewed. Quarterly PIC group consultation meetings now occur providing a review of the AIP budget and deliverables. Face to face individual quarterly meetings are now held to complement the group meetings. Individual PIC meetings cover sector specific budget expenditure and any relevant issues. Weekly email briefs are provided to the PICs, SFOs and DAFF.	Complete While the key account management system has been implemented, there is further scope to embed its operation within the organisation and utilise the full functionality of the system.
3: MLA should maintain the practice of linking KPIs to the MISP. Stretch stakeholder satisfaction KPIs should be expanded in line with the Key Account Management strategy.	MLA 2025 Strategic Plan mapped to Red Meat 2030 (RM2030) priorities and indicators (page 50). Note that the RM2030 Success Factors were updated end 2022, and hence mapping will need further updating in next revision of MLA's Strategic Plan.	Complete MLA recognises the need to incorporate updated <i>Red Meat 2030</i> Success Factors in its next Strategic Plan.

2020 recommendations	MLA reported progress	2023 assessment
4: MLA should implement a rolling schedule of facilitated self-assessment of all committees it convenes and funds. MLA should publish the findings along with the terms of reference and its service level agreement for each of the committees. Such an extension will propel MLA's engagement function to the next level of maturity.	Stocktake and rationalisation of committees and taskforces completed, with new TORs developed. Engagement effectiveness framework and supporting implementation plan developed.	Mostly complete GHD found that while all committees have terms of reference and undertake self-evaluations, these have not been published. As outlined in section 4, GHD sees merit in publishing the terms of reference for its consultative committees and taskforces.
5: MLA should supplement its current evaluation model with more evaluation of issues that are difficult to analyse and do not fit well with a standard economic evaluation framework.	Updated Triple bottom line (TBL) framework developed and implemented. 'Path2Impact' investment approach implemented, including annual review of investment portfolios, linked to upgraded systems and processes focussed on delivering impact. ISC benefits now evaluated within overall TBL framework	Complete New TBL framework capable of qualitative and quantitative evaluation of all investments.

8.5 Actions from Annual Performance Meetings

Since the last Independent Review of Performance (Acil Allen 2020), MLA has participated in three Annual Performance Meetings with the Commonwealth (DAFF), as required by the SFA.

A review of the meeting minutes identified seven action items which were assigned by DAFF to MLA, generally related to minor or procedural matters. Consultation with DAFF confirmed that each of these items were actioned by MLA in a timely manner, however GHD notes that there is no register of action items from these meetings, showing when and how items were addressed. To aid in future performance reviews, it is suggested that MLA and DAFF establish a shared register of action items from Annual Performance Meetings showing how and when items were addressed.



→ **Conclusions and recommendations**



9. Conclusions and recommendations

Independent performance reviews provide an opportunity to assess MLA’s interim progress, including that of its subsidiaries, against its ten-year agreement with the Commonwealth, providing an external lens to supplement annual performance meetings that are held with DAFF. Consistent with the annual review process, the independent performance review has found that MLA has demonstrated its performance against the five Performance Principles, including achievement of KPIs outlined in the accompanying Commonwealth guidelines for the three-year period 2020-2023.

The review has provided the opportunity to highlight initiatives already underway by MLA in its ongoing efforts for continuous improvement, as well as areas of particular interest to its key stakeholders. Table 15 below provides a summary of recommendations from the review against the respective Performance Principles to assist MLA continue to demonstrate its transparency and accountability to stakeholders.

Table 15 Summary of recommendations by Performance Principle

Performance Principle	Summary of recommendations by Performance Principle	Report Section
 <p>Stakeholder Engagement</p>	<p>Continuation of MLA’s annual process of self-evaluating its consultative and advisory forums is an important systematic approach for MLA to continue to be able to assess and balance the efficiency and effectiveness of its consultation approach. Similarly, publishing terms of references for the various consultative forums MLA convenes will increase stakeholder visibility across the respective forums and assist identify opportunities for cross-collaboration and/or reduce the potential for duplication of effort.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 1. MLA should publish the terms of reference for the consultative and advisory forums it convenes. 	4
	<p>Implementation of MLA’s Key Account Management framework supported by a dedicated CRM system will be an ongoing process to embed the framework and achieve full benefits of the CRM system’s capabilities. There is likely to be a need to ensure staff are trained and incentivised to use the platform and undertake regular reporting of their activities.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 2. MLA should continue to develop its CRM tool to identify and align key stakeholders within the organisation and ensure staff are trained and incentivised to use the platform and undertake regular reporting of Key Account Manager activities. 	4.5.2
 <p>RD&E and Marketing</p>	<p>There is an ongoing opportunity to leverage advances in MLA’s approach to monitoring and evaluation to inform its future investment in RD&E and Marketing activities.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 3. MLA should pursue opportunities to continue to improve communication of its evaluation results to internal and external stakeholders, including real-time dashboards and tools to assist in investment planning and decision-making. 	5.3
	<p>Delivery of the \$22.5 million NLIS Database Uplift Project scheduled to be completed by June 2026 will be a key measure of success for ISC over the next review period. ISC has commenced communicating and publishing regular updates on the status of the NLIS Uplift Project and should continue to do so throughout the delivery period.</p> <p>Recommendation:</p> <ol style="list-style-type: none"> 4. ISC should continue to provide regular status updates and consult with stakeholders to ensure they remain informed and engaged throughout the delivery of the NLIS Uplift Project 	5.3.2

Performance Principle	Summary of recommendations by Performance Principle	Report Section
 <p>Collaboration</p>	<p>In line with the Red Meat industry MoU, MLA is responsible for managing the co-investment of programs jointly funded by MLA, AMPC and LiveCorp. As the manager of joint-funded programs, MLA should continue to work with AMPC and LiveCorp to ensure appropriate oversight of these programs, including representation on program steering committees and consultative forums such as the Industry Corporate Affairs Taskforce.</p> <p>Recommendation:</p> <p>5. MLA should continue to work with AMPC and LiveCorp to ensure appropriate oversight of jointly funded programs, including representation on joint funded program steering committees and consultative forums.</p> <p>As one of the largest Rural RDC's MLA plays an important role in driving cross-sectoral collaboration. Other RDC's pointed to the strength of MLA's approach to monitoring and evaluation, and as such, there may be opportunity for MLA to collaborate with other RDCs (including smaller organisations) to share its learnings and IP in the interests of achieving improved monitoring and evaluation methods across the agricultural sector.</p> <p>Recommendation:</p> <p>6. MLA should consider, where appropriate, sharing learnings and IP on its monitoring and evaluation approach with other RDCs.</p>	<p>6</p> <p>6</p>
 <p>Monitoring and Evaluation</p>	<p>As ESG and sustainability reporting continues to increase in prominence focus will need to remain on evaluating the more difficult to quantify environmental and social impacts needed to support both the red meat industry's overall objectives and MLA's increasing level of investment in its environmental sustainability program.</p> <p>Recommendation:</p> <p>7. MLA should continue its work to establish data collection, collation and reporting for non-economic (environmental and social) impacts in line with the TBL Evaluation Framework. In particular, priority should be given to establishing an improved methodology for evaluating investment in its CN30 (carbon neutrality by 2030) projects.</p>	<p>8</p>

→ Appendices

Appendix A

**Evaluation of performance against the
'Guidelines'**

A-1 Guidelines for Statutory Funding Agreements

The *Guidelines for Statutory Funding Agreements* outline key performance indicators for each of the five Performance Principles. Below is a summary of GHD's assessment of MLA's progress against these KPIs.

Table 16 Assessment of MLA's performance against the Guidelines for Statutory Funding Agreements

Key Performance Indicator	Assessment
Performance Principle 1: Stakeholder Engagement	
KPI 1.1: Strategy prioritisation and development processes include appropriate consultation plans, based on the <i>Best practice guide to stakeholder consultation</i>	Met
KPI 1.2: Demonstrated industry stakeholder engagement in the identification of RD&E priorities and activities consistent with the consultation plan in 1.1.	Met with ongoing improvements
KPI 1.3: Demonstrated incorporation of industry stakeholder feedback on RD&E priorities and activities. Where incorporation is not possible, demonstration of feedback to a stakeholder/s on why incorporation was not possible.	Met with ongoing improvements
Performance Principle 2: RD&E and Marketing Activities	
KPI 2.1: RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, access to new markets.	Met
KPI 2.2: Levy payers who participate in RDC supported extension and adoption programs: <ul style="list-style-type: none"> – Gain new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness – Intend to make or have made changes to existing practices by adopting the outcomes of R&D. 	Met – noting adoption remains a focus
Performance Principle 3: Collaboration	
KPI 3.1: Completed, current and future R&D including commercialisation opportunities is accessible through the growAG platform.	Met
KPI 3.2: Number and quantum of cross-industry and cross-sector RD&E investments available.	Met – could be published to improve transparency
Performance Principle 4: Governance	
KPI 4.1: Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.	Met
KPI 4.2: Demonstrated management of financial and non-financial risk.	Met
KPI 4.3: Relevant policies and procedures adopted and implemented (e.g. privacy, etc).	Met
KPI 4.4: Non-financial resources implemented effectively (Human resources, IT, IP, etc).	Met
Performance Principle 4: Monitoring and Evaluation	
KPI 5.1: Impact (cost-benefit) assessment of a broad cross-section of RD&E and marketing investments undertaken annually.	Met
KPI 5.2: Demonstrated consideration of and response to outcomes of monitoring and evaluation processes.	Met
KPI 5.3: Transparent communication to stakeholders (including government) on the impacts and benefits of the RD&E and marketing activities.	Met with ongoing improvements

A-2 Best Practice Guide to Stakeholder Consultation

The Best Practice Guide to Stakeholder Consultation, Meat & Livestock Australia (DAWE 2021) provides a set of guiding principles for MLA engagement with levy payers and other stakeholders.

Table 17 Assessment of MLA performance against the Best Practice Guide to Stakeholder Consultation

Principle	Assessment
Guiding Principles for all RDCs	
Transparent: RDCs must be transparent about their operations and expenditure, and the setting and implementation of research, development and extension (RD&E) [and marketing] priorities and activities. RDCs have a responsibility to be accountable to their stakeholders and an obligation to make any information related to performance available to their stakeholders.	Met
Accessible: RDCs should ensure information is provided in a format that is easy for stakeholders to understand, through a variety of means that enables them to consult in the easiest and most appropriate way to suit their needs.	Met
Straightforward: RDCs should consider the needs and competing priorities of their stakeholders to ensure that they are able to consult in the most appropriate and simplest way.	Met
Well planned: RDCs should plan well ahead, and give stakeholders advance notice about how they will be consulted and provide adequate time for them to prepare feedback and advice, to achieve meaningful input.	Met
Fit for purpose: RDCs are expected to balance the long-term, short-term, high and low risk RD&E [and marketing] activities. Industries have a diverse range of stakeholders and there will inevitably be different needs and expectations to be managed.	Met
Responsive: As part of their SFAs, RDCs are required to undertake monitoring and evaluation. This includes a commitment to communicate and demonstrate the results of RD&E [and marketing] activities and investments to stakeholders.	Met
Industry specific information	
Process and Activities	
A national forum with levy payers face to face at least once a year to identify R&D issues, priorities and proposed projects and allow for a two-way, informed conversation.	Some impacts from COVID-19
Collaborating with LiveCorp through the Livestock Export Program.	Met
MLA's Regional Consultation Framework empowers grassroot grassfed beef and sheepmeat producers to directly identify influence the on-farm research, development and adoption activities their levies are invested in. <ul style="list-style-type: none"> - 18 independent, producer-driven committees that determine region specific R&D and adoption priorities - sees priorities fed into three representative regional councils (North Australia Beef Research Council, Southern Australia Livestock Research Council, and Western Australia Livestock Research Council) which make recommendations to the national Red Meat Panel - sees the national Red Meat Panel make decisions on investment recommendations and inform Meat and Livestock Australia. 	Met
Taskforces aligned to 6 priorities in Red Meat 2030	Met
Quarterly Consultation updates with Peak Industry Councils and Research and Development Corporations	Met
Numerous industry engagement activities, including BeefAustralia, BeefUp and MeatUp forums, MSA awards, annual conferences	Met
Hosting regular design-led workshops or agreed Committees to inform direction of a wide range of investments, to understand progress and outcomes of projects.	Met
Continued consultation to inform the industry-owned Australian Beef Sustainability Framework and Sheep Sustainability Framework and provide support.	Met
Independently conducted annual member survey to review performance against key performance indicators.	Met

Principle	Assessment
Publications and Communications	
Annual “report back” events.	Met
Monday Updates – Meat and Livestock Australia’s weekly stakeholder updates to inform the Department of Agriculture, the Environment and Water and PICs on MLA activities and outcomes, and provide content to inform their members of MLA priorities.	Met
Semi-regular updates to levy payers through emails/ newsletters regarding implementation of the strategic plan – Red Meat 2030.	Met
Project progress reports - includes the outcomes against KPIs, reviews and evaluations of projects on a quarterly basis.	Met
Updates via Feedback magazine (quarterly), website, media releases and social media.	Met
Recently established Levy Payer Register for communication.	Met

A-3 RDC Knowledge Transfer and Commercialisation Guide

The below *RDC Knowledge Transfer and Commercialisation Guide* provides guidance for the management of technology commercialisation to assist driving commercialisation out of the RDCs and bring in extra funding from private sources.

Table 18 Assessment of MLA performance against the RDC Knowledge Transfer and Commercialisation Guide

Principle	Assessment
Invest in impactful innovation	
1. RDCs invest in a balanced portfolio of projects focused on industry impact and adoption, primarily to ensure the maximum benefit is accrued by levy holders. Investment in commercialisation should focus on the most efficient and sustainable pathway to primarily enable technology access by levy payers.	Met See Strategic Plan, TBL Framework and Path2Impact Project
2. Research investment should consider knowledge transfer pathways to adoption and impact early, to ensure that R&D outputs are consistent with the primary objectives and optimal pathways for adoption.	Met Adoption pathway routinely considered in funding decisions
3. The RDC should ensure that appropriate knowledge transfer and commercialisation resources (qualified and experienced staff, external expertise and/or funding) and systems including intellectual property (IP) management plans, policies and organisational support, are in place to protect IP and manage knowledge transfer, particularly the commercialisation pathway for adoption.	Met The IP Management Plan, outlines staff responsibility, training and systems for managing IP and knowledge transfer
Intellectual property	
4. Intellectual property ownership and rights of project outputs should be covered off contractually and generally structured to primarily support adoption by levy payers towards achieving maximum industry impact, whilst mitigating risks to the industry, the RDCs and Australia	Met Addressed within IP Management Plan
5. IP registration should only be considered when it is required to assist with leveraging adoption, as a defensive measure, as required to maintain quality control of the outcomes, or when brand protection is considered valuable or necessary. A central, pro-actively managed register of registered IP should be maintained.	Met Addressed within IP Management Plan
Dissemination of published works	
6. Publications from research funding are encouraged to be made available via open access. This enables learned outcomes to be utilised and built upon by others. Creative Commons licensing facilitates the use and adaption of copyrighted material by others.	Met See IP Management Plan (section 6.15)

Principle	Assessment
7. Copyrighted material should acknowledge authors and creators (when known) in a clear and reasonably prominent manner. Moral Rights waivers for copyrighted material are often incorporated into contracts, which assists RDC's to fulfill their obligations under their Commonwealth Statutory Funding Agreement.	Met See IP Management Plan (section 6.4) Publications clearly acknowledge authors and creators
Commercialisation path to market	
8. Commercialisation of technologies should primarily focus on providing the strongest benefits and impact to Australia and the industry served, rather than royalty income.	Met See IP Management Plan (section 7.5)
9. RDCs will encourage private sector investment and collaboration in the commercialisation of project outputs wherever appropriate.	Met See IP Management Plan (section 6.5)
10. RDCs should seek to accelerate the adoption of novel technologies and services by selecting the most appropriate commercialisation pathway, which could include a collaboration, licence, assignment, joint venture or start-up company. Where IP is licensed, minimum performance requirements/targets will be included to ensure that commercial delivery obligations are established and met.	Met See IP Management Plan (section 6.12)
11. Australian public commercialisation marketplaces and innovation platforms such as growAG and evokeAG will be supported and leveraged for amplification of innovation and identification of collaborative and commercial partners. These platforms, hubs and marketplaces can also be used to validate and/or develop ideation and approaches to R&D	Met See IP Management Plan (section 6.13). Participation in GrowAg and EvokeAg.
Partnering for commercialisation success	
12. As applicable, the value propositions to multiple organisations, touch points and actors along the delivery pipeline, as well as the end user, should be understood. Pitches for support, should be structured to create interesting, insightful, persuasive short stories, that can be easily comprehended and translated by the receiver to match their value proposition requirements.	Meeting but some need for improvement identified
13. When negotiating project participation and commercial terms of engagement, RDCs should seek to build sustainable collaborative partnerships with commercial partners, both to assist with the strong adoption of the IP and to assist in creating an ongoing relationship for the commercialisation for future technology opportunities.	Meeting but some need for improvement identified
14. When applicable, RDCs should utilise uncomplicated commercialisation models and straightforward agreements commensurate to the technology and market, to facilitate the smooth and efficient commercialisation of IP and new technologies.	Met See IP Management Plan (section 6.12)
15. Often RDCs will implement systems to ensure due diligence and risk management principles are applied to commercialisation activities, in accordance with the RDCs' risk appetite.	Met See IP Management Plan (section 8.5)
16. Appropriate exit strategies are determined as soon as a RDCs' ongoing involvement is no longer desirable or required to maintain industry benefit.	Met See IP Management Plan (section 6.17)
17. Where RDCs generate a commercial return on exploitation of intellectual property (via licensing, royalties, divestment, equity vehicles and other commercial arrangements) this will not be to the detriment of ensuring industry benefits and advantages are maintained.	Met See IP Management Plan (section 6.19)
18. Income generated from commercialisation should be expended on projects or activities that are consistent with the objectives of RDCs as defined by their Constitution.	Met See IP Management Plan (section 6.19)
Commercialising overseas	
19. Consideration may be given to commercialisation of intellectual property outside of Australia when: <ul style="list-style-type: none"> - no major disadvantage to the Australian industry is evident; and 	Met See IP Management Plan (section 6.18)

Principle	Assessment
<ul style="list-style-type: none"> - it may enhance the industry's competitive position; and/or - global benefits from the international collaboration or commercialisation are evident; and/or - it is necessary to underpin the capability and viability of the commercialisation or RDC strategy. 	
Risk Management	
20. Often systems are implemented to ensure due diligence and risk management principles can be applied to establish basic freedom to operate in relation to IP creation, management and commercialisation activities undertaken.	Met See IP Management Plan (section 6.7)
Impact	
21. What will success look like? RDCs should consider the potential impact from research outputs and consider ways to measure actual impact from adoption by including reporting requirements on adoption figures in contracts and referencing in published materials	Met See KPIs, TBL Framework and Path2Impact Project



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