



MLA Donor Company (MDC) background and application guidelines

Background

Meat & Livestock Australia (MLA) is primarily funded by transaction levies paid on livestock sales by red meat producers. The Australian Government matches the amount MLA invests in research and development. Additional funds come from contributions from other Research and Development Corporations, individual processors, wholesalers, foodservice operators and retailers.

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). Individuals within the supply chain can co-invest with MLA on marketing activities. MLA generates additional income via eligible commercial funding contributions which are matched by the Australian Government. This funding is invested in research and development partnerships that benefit the Australian red meat industry through MLA Donor Company (MDC).

The objectives of the MDC are:

- To significantly increase the level of enterprise investment in innovation in the Australian red meat industry.
- To significantly enhance the outcomes of commercially focussed innovation to ensure quantifiable commercial returns to individual enterprises and collectively to the red meat industry.
- To accelerate the commercialisation of research and development (R&D) outputs and innovations available to industry.
- To assist the Australian red meat industry to develop a culture of innovation and capability.

Benefits for industry

The MDC model injects valuable new investment into red meat industry with several benefits:

- Demonstrating improvements in production efficiencies along the entire value chain
- Improved occupational health and safety and workforce engagement
- New value-added products that enable market opportunities and sales growth
- Improved animal health and welfare practices and innovations
- Enhanced supply chain collaboration that creates added value to product and practices
- Increased innovation capability for red meat stakeholders.

Partners in R&D

The Australian Government matches voluntary partner contributions (up to 50%) through the MDC, where eligible projects deliver outcomes that address broader industry and/or government priorities and benefit the entire industry. Project submissions come from all sectors of the red meat industry supply chain, including:

- Producers (individual and corporate), feedlots, breed societies, live exporters
- Meat processing companies
- Value adding companies, food service operators, food wholesale and retailers
- Pharmaceutical, animal health and nutrition companies
- National and international industry organisations

Companies involved in supporting the industry are also eligible to apply. These include:

- Packaging and ingredient companies and equipment suppliers
- Technology development companies, inventors and organisations
- Plant breeding companies
- Private consulting organisations, R&D organizations, institutes and agencies

Benefits to technology providers engaging with MDC

Partnering with MDC is a cost-effective mechanism for organisations to conduct R&D activities in the red meat value chain which have a defined commercialisation opportunity. The co-funded model allows the industry to benefit from providers who are best placed to understand technology capability, opportunity, and risk. The partner can develop commercial opportunities and take advantage of technical and commercial networks and contacts. The MDC pathway offers access to key areas of domain knowledge; trade barriers, export opportunities, food safety, food and packaging innovations, animal health and welfare, consumer and market drivers, state of the art processing techniques.

Funding eligibility

MLA is **not** able to match funds sourced from other Australian Federal Government programs and may only be able to match funds from Australian State Governments under limited circumstances. A statutory declaration must be provided clarifying the source of funds.

Funding sources may include the following:

- Australian or International partners (funding directly provided by partner).
- Levy funds collected by other Research and Development Corporations (e.g. AMPC)
- Commonwealth (funding provided by the Commonwealth can be used in the project though not matched).
- State (funding provided by State governments which may be able to be matched under some conditions).

Project eligibility

Projects are assessed on the following key criteria:

- eligibility for matching R&D funds per the [Commonwealth Matching Payments Operational Compliance & Policy Framework](#) and noting the above section on funding sources
- alignment with government and industry priorities
- benefit to industry
- technical feasibility
- market and commercial risk
- capability of research team/partner
- adoption and commercialisation pathway
- alignment with available government R&D matching funds through MLA business unit/s.

How does the MDC funding mechanism work?

The application form becomes the basis of a contract schedule between your organisation and MLA. The contract will set out a schedule of milestones and contribution payments. MLA will issue invoices to the partner organisation for a minimum of 50% of the cost of the milestone. MLA can only claim the Commonwealth Government's matching contribution for an investment already in its bank account. For this reason, MLA first invoices the partner organisation for their contribution, before the partner organisation can invoice MLA for the full (matched) contracted milestone amount. This will be paid following successful completion of the milestone.

MDC Access fee

This program is self-funded and is not supported by industry levy funds. The program can only be offered 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.

The MDC co-funding access fee is currently 8% or 12% of the net value of the project depending on the type of investment partner. Industry levy payer partner projects incur an 8% fee for their co-funding access. Other partners pay 12%. The access fee is invoiced quarterly.

- Extensions to the contracted timeframe will attract additional administration fees (proportionally applied)
- Increases to the contracted budget amount will attract additional administration fees.

Table 1 below shows how project funding is broken down.

Table 1: Example of MDC project budget

MDC project	
Project budget	\$200,000
12% Access fee	\$24,000
Total	\$224,000
Partner contribution (Cash) *	\$112,000
MDC contribution (government matching)	\$112,000

*in-kind contribution is not counted towards government matching funds

In this example, the partner contributes \$112,000 cash (inclusive of access fee) to undertake a \$200,000 project spend for a total MDC contract of \$224,000.

What isn't eligible for MDC funding

Activities which cannot be funded by the MDC include, but are not limited to

- Investments not aligned with MLA's Strategic Plan
- Investments not complementary to the current MLA Annual Investment Plan
- Investments which do not meet the Commonwealth Government's definition of eligible matching R&D expenditure
- Generation of intellectual property that creates unreasonable competitive advance at the expense of industry benefit
- Conflicts of interest described under Competition and Consumer Law

Application guidelines

Project Objectives

The objective(s) should focus on outputs or outcomes related to a central research question or hypothesis and should not be confused with completion of work phases or milestones. Each objective should be specific, measurable, achievable, realistic and time bound (SMART). You should consider the following:

- Project Outputs (products) - what this project will deliver or will contribute to, such as commercial products, traceability programs or web-based extension tools and calculators to name a few.
- Adoption related outcomes – relates to implications of project learnings/product uptake and impact to industry

Example objectives:

- Design and deliver prototype(s) and test with 50-60 key stakeholders by 1 May
- Validate yields to achieve target 90% compliance rate from 100 units by 1 August at 5 sites
- Cost Benefit Analysis completed including business case recommendations to scale up by 1 Sept

Background and Significance

Define the problem or opportunity that this project is aiming to address. You should cover the following:

- How has the project 'come about'?
- What currently happens and why does it need changing?
- What alternatives have been investigated or are available? What happens in other industries?
- Experimentation/investigation work to date and assumptions defined from key stakeholder perspectives (not only you as research provider/partner) for "what jobs are to be done" to address the key research question(s)
- Value proposition and benefit to the red meat industry - describe the value proposition and benefit of this project to the red meat industry. This description should clearly convey the importance, relevance and feasibility of the proposed work to red meat producers and brand owners. Assumptions should describe the "known unknowns" in terms of product/service – market fit (desirability), technical/key activities (feasibility), and commercial resources (viability). Indicate how these were or will be calculated against a baseline current situation for "size of the prize" pitch.

Is the work novel

Confirm that the R&D is novel, and that similar work has/is not being conducted by MLA or other parties. If this is not the case, justify why this project is to be funded. This should be supported by a comprehensive literature review with peer-reviewed publications on the subject matter. Consider if its new for the world, new to Australia, new to red meat sector.

Note any related R&D projects and explain their relationship to this project. If further projects or investments are required to deliver outputs (products) required for adoption outcomes and/or impact, provide a description, time frame and estimated costs for these.

Adoption (extension) and commercialisation pathways

Applications must define potential adoption and commercialisation pathways for the research.

Consider:

- Who your target market is and what the potential barriers/issues/forces to adoption are?
- Proportion of the target market affected by the issue/problem (what is the opportunity?)
- What measurement and evaluation processes are planned to assess adoption of the project outputs?
- What year would adoption commence? What is the forecast within the next 5 years?
- What evaluation processes are planned to assess the adoption rate and impact of the project outputs?

Method to achieve objectives

Describe the materials, methods, research plan or experimental protocols and design. Consider:

- What data/insights will be captured throughout the project, how will it be analysed and what statistical methods (if relevant) will be used to validate findings?
- What methodology/ technologies and/or measures will be used?
- Required approvals to conduct the activity; animal ethics (if needed), food safety permits, maintaining confidentiality etc
- Where will data be stored and sovereignty during the project and after?
- List what evidence is required to verify your “desirable-viable-feasible” design assumptions and/or pivot your approach; what go/no go decision steps are recommended to “fail fast”
- A proposed timeline of activities corresponding to service provider/s.

Include justification for the proposed approach. All MLA funded experimental projects with human and/or animal subjects must have appropriate approval by animal and/or human ethics committees before any work commences. Suggest this be factored into milestone one of the project if required.

Where appropriate, MLA supports a ‘design led approach’ that demonstrates customer centricity values and potential prototyping activities – namely what is the problem to solve and jobs to be done. Defining sets of hypotheses, tests to verify, metrics to measure and criteria to know when it’s true or false in terms of desirability (product/service market fit), technical feasibility, and commercial viability are fundamental research approaches.

Milestones

Project deliverables and budget are split into a series of milestones within the contract schedule.

Each milestone should define:

- The work that will be completed, in terms of measurable achievement criteria relating to the successful delivery of the milestone (e.g. installation of equipment, completion of a 30-day trial, desktop study completed, training course satisfactorily completed).
- Identify go/no go decisions at project review points throughout the project. These decision points are designed to allow the parties to review a milestone outcome and agree on whether to progress the project to the next stage (e.g. at the completion of initial feasibility studies) as per the prescribed resources and scope.
- Start and finish dates for that milestone. This defines the work to be completed during that time and expected costs.
- Service provider who will undertake these activities. If multiple service providers are involved, each should have an appropriate set of milestones.
- Breakdown of costs for that milestone between salaries, wages, subcontractor fees and expenses or capital items.

- Milestones are used by MLA to monitor the progress of the project towards achieving the project's objectives.
- All milestone reports must be submitted to MLA two - four weeks prior to the listed contracted milestone date to ensure adequate time for MLA to review and approve the milestone, where relevant the partner address any amendments and close out invoicing.
- Payments are linked to the successful completion of milestones and upon receipt of a tax invoice for payment.
- An MLA milestone template should be used, contact your MLA project manager for a copy.
- Avoid milestone submission dates between 15 May and 30 June if possible due to EOFY impost.
- The amount of the final milestone payment on acceptance of a final report should be adequately weighted at 20% or more of the total budget.

Some example milestones are set out below.

Example 1:

Milestones	Provider	Start Date	Completion Date	Fees, Salaries & Wages	Operating Expenses	Capital Assets	Total
1. Commercial feasibility study completed and draft business plan available for MLA feedback.	XX	15 Feb 2020	30 April 2020	\$XX	\$XX	\$0.00	\$XX
2. Meat scan and analysis completed. Summary sent to MLA.	XX	30 April 2020	1 Sept 2020	\$XX	\$XX	\$0.00	\$XX
3.1 Final report submitted to MLA. 3.2 Meta-data provided. 3.3 Financial reconciliation provided	YY	1 Sept 2020	1 Dec 2020	\$XX	\$XX	\$0.00	\$XX

Example 2:

Milestones	Provider	Start Date	Completion Date	Fees, Salaries & Wages	Operating Expenses	Capital Assets	Total
1. Define “where to play” assumptions on what the key problem(s) to solve are. List desirable – feasible – viable criteria from preliminary customer/market analysis and value chain	XX	15 Sept 2020	1 Dec 2020	\$XX	\$XX	\$0.00	\$XX
2. Develop and test Minimum Viable Product (MVP) prototype. Complete and assess interviews to partially validate “value proposition(s)” and business case for the prototype.	XX	1 Dec 2020	1 March 2021	\$XX	\$XX	\$0.00	\$XX
3. Develop a Business Case and Recommendations. Complete Cost Benefit Analysis (CBA). Use Business Model Canvas tool to describe key insights and findings that outline a scale-up plan to advance the prototype in terms of “where to play/how to win”. Define value created and captured for industry from the prototype. If applicable agree to Term Sheet to share data with MLA for future measurement and evaluation metrics	YY	1 March 2021	1 May 2021	\$XX	\$XX	\$0.00	\$XX

Milestones	Provider	Start Date	Completion Date	Fees, Salaries & Wages	Operating Expenses	Capital Assets	Total
attributable to outcomes from the research project.							
4.1 Final report submitted to MLA (confidential and public versions). 4.2 Paper submitted to and accepted by peer reviewed journal. 4.3 Meta-data provided. 4.4 Financial reconciliation provided	XX	1 May 2021	15 July 2021	\$XX	\$XX	\$0.00	\$XX

Final report

A Final Report is required at the end of the project and must follow the MLA style guide – see: <https://www.mla.com.au/research-and-development/project-reporting-templates/> or contact your MLA project leader for a copy of the final reporting template. Should the project outcome(s) contain confidential information, a confidential and non-confidential (accessible through the MLA website) final report must be provided. The duration of the embargo on publication of the confidential version must be stated clearly.

Budget and Justification

Budget detail and GST

The project budget is recorded as GST exclusive in AUD unless stated otherwise. MLA will pay GST, in addition to the budget, on presentation of a tax invoice from the contracted party. The budget planning spreadsheets used to calculate costs must be presented. MLA does not have a preferred template for budget planning but welcomes use of GANNT charts outlining resource allocations against key milestone activities. Within your budget planning spreadsheet:

- provide an explanation of each line item, how this was calculated and how this expenditure relates to achieving the project outcomes.
- note the value of and describe how non-MLA contributions (cash and in-kind) support the proposed project.
- include a breakdown of any institutional overhead charges and their contribution to the project.

MDC assess fees

See above section: *How does the MDC funding mechanism work?*

Personnel (fees)

For competitive applications the inclusion of permanent staff salaries into the funding requested from MLA increases the price, decreases the attractiveness of the project and is not encouraged. Where MLA funds for salaries is requested, the funds may include an on-costs loading including payroll tax, workers' compensation, leave loading, long-service leave, non-contributory and contributory superannuation, excluding items such as extended leave and severance pay. Meaning actual staff costs, **not** charge out rates could be included.

Overheads

Overheads must appear in the in-kind contribution column only and not be combined with salary. The methods used to calculate overheads should be stated and able to stand the scrutiny of an audit. Consumables might for example include water, electricity, room/pilot plant hire, gas, telephone calls, specific consumables for the project, chemicals, meat and packaging used to prepare samples etc.

Expenses related to specific delivery of the MDC project could include:

- Travel – flights, accommodation, meals, hire of vehicles and mileage expense directly related to the project
- Materials – steel, system controllers, cable, and drive motors, sensors etc. If capital items are included, depreciation schedules will be required
- Include both computer hardware (if under \$1,000) and software items in any one year in this category. If relevant; equipment and installation based on the latest prices (excluding GST) obtained from the supplier at the time of submission.
- Subcontractor costs

Note: State usage percentage where these expenses are not 100% for the purpose of the project. For example, an existing staff member is only working on this project for 20% of their time. Or the materials purchased are used 50% of the time for activities outside of the project. Only that percentage of the costs should be charged to the project.

Capital Assets

MLA prefers not to fund the purchase of capital items but will consider leasing of equipment as a legitimate expense. Assets considered essential for undertaking the project are treated as a depreciated capital asset and are sold or bought by the project partner at the completion of the project. The estimated buyback price will be calculated on the Australian Taxation Office (ATO) depreciation rate and time between the milestone linked to the purchase and the completion of the project. Examples of capital items may include (but are not limited to) machinery, software, websites.

Commencing work before contracting

MLA requires a signed agreement before any work supporting the described project is undertaken. When proposing milestone dates and start/end dates for the project, be aware that a signed executed agreement may take 12 weeks or more to obtain from initial project application submission. Costs related to any work undertaken before project execution cannot be retrospectively reimbursed and is undertaken at the partners risk.

Project and Background Intellectual Property

List Intellectual Property (IP) anticipated to arise from the project, and expected ownership of this project IP as a percentage. List any relevant Background IP and its ownership that will be required for the project. Where applicable, an IP register should be reviewed by MLA and the partner at prescribed go no go decision points.

Commercialisation

If the objective for the project is for outputs to be licensed (R&D, extension, teaching purposes), sold or otherwise commercially exploited, please provide details on any initial commercial discussions (if any), the sector/type of commercial partner required and any current obligations over the IP by any commercial interests. MLA has existing Terms sheets and intent to commercialise documents that can be shared during project application development.

Risks

Risk assessments are important to effectively manage issues that may threaten the delivery of the project's anticipated benefits. MLA seeks to identify risk management processes pertaining to each project so that the likelihood of achieving outcomes is increased. Risk management processes may also establish a reliable basis for planning and decision making. Identifying key risks require an understanding of the root cause of the risk and what the impact / consequence of the risk occurring

may be. Once these risks have been identified, they should also be assessed for the consequence and likelihood of occurrence to be able to better evaluate the size of the risk before any mitigation plans are in place (inherent risk). As such, mitigating activities should be formulated to control / manage these risks to an acceptable level. Once mitigation plans have been developed, the risks should be assessed again for the residual risk.

Project proposals should identify the risks that may derail delivery of the outcomes. Risks may be considered in several areas such as:

- *Negative reputational exposure* – e.g. Non-cooperation from industry and community with social research, stakeholder relationships are not managed, work is discredited as being biased or too narrow in sampling
- *Ethical issues* – e.g. Animal welfare concerns, environmental concerns, modern slavery practices
- *WHS issues* – e.g. injuries on farm or processing plants, during MLA organised tours or events
- *Legal or regulatory issues* – e.g. Legal issues in using particular devices or methods in each state, working outside of the boundaries of regulatory areas (i.e. genetic manipulation etc.), conflicts of interest between researcher and potential future commercial partner
- *Privacy or confidentiality breaches* – e.g. collection of personal information or commercially sensitive information are not safely managed, stored or used without consent
- *Intellectual Property (IP) related risks* – e.g. Freedom to operate issues stemming from infringement of IP, unidentified ownership of IP, unmanaged IP interests
- *Technical risks* – e.g. Risk of design, technological, scientific or experimental constraints
- *Adoption or extension failure* – e.g. Lack of buy-in from producers or processors, lack of uptake by the industry, value of the project is not understood, limited capability in the industry to drive adoption or extension services
- *Resource, personnel or facility issues* – e.g. Over-reliance on a small pool of resources, limited facilities to conduct research or limited availability of subject matter experts, conflicts of interest between service provider and MLA decision makers
- *Weather constraints* – e.g. Research is derailed due to variable weather
- *Food safety* – e.g. Breaches to food safety standards, inexpert food handling, food contaminants not identified, high levels of radiation exposure
- *Ineffective communications or engagement with industry or community stakeholders / participants* – e.g. Limited participation from relevant industry or community groups, potential miscommunication of objectives and outcomes to participant groups, mismanaged stakeholder expectations
- *System or technological failure* – e.g. System issues impacting data collection, management, retention and ownership (breach in privacy law) or equipment malfunction and breakdown
- *Financial risks* – e.g. Failure to account for fluctuations in foreign exchange rates, delayed milestones, potential for additional costs

See appendix 1 for more information on risk.

Tip: Considerations for risks should not be limited to those listed above. They should be based on your expertise on the subject matter.

Completed applications and further assistance

Completed applications with any supporting documentation should be sent to either the relevant MLA technical manager or mdc@mla.com.au

Appendix 1: Risk

Example risk assessment table

Risk	Potential Causes	Potential Impacts	Mitigation Plans	Consequence	Likelihood	Residual Risk Rating
e.g. Privacy breaches	Poor management of collected data (personal information or confidential business information)	Breach to legislation, including civil penalties				
e.g. Research results are limited in scope, not representative of the population.	Limited number of samples utilised for research, from a limited area.	Results are skewed, can only be applied to a small population, or is not considered credible / reliable. Results cannot be used in a meaningful way.				
e.g. Poor animal welfare allegations.	Animal ethics or human ethics approval not obtained	Reputation may be compromised; non-adherence to standards				
e.g. Food Safety	New product development and process technologies with unknown applications to red meat inclusion	Prototypes developed that may not address key critical control points food pathogens/spoilage control	Food samples prepared in an accredited food safety facility with a preliminary HACCP plan developed; shelf life lab tests completed on microbial, chemical and organoleptic criteria prior to any food taste testing			

Risk matrix guide

Refer to the consequence and likelihood tables below as a guide to assess and rate risks. Consequence categories are not limited to those in the table below and should consider relevant consequences to your project.

Consequence table

	Consequence				
	1	2	3	4	5
Safety, Health and Welfare	Ailments not requiring medical treatment	Minor injury requiring first aid treatment	1 serious injury causing hospitalisation or multiple minor injuries	1 life threatening injury or multiple serious injuries causing hospitalisation due to MLA's negligence	1 death or multiple life-threatening injuries due to MLA's negligence
Reputation	Adverse national / regional media coverage with negligible impact, resolves through routine management processes	Adverse national / regional media coverage requiring internal reviews	Adverse national / regional media coverage and / or regulator inquiry and / or loss of members or funding less than 1%	Adverse national / regional media coverage and / or regulator investigation, parliamentary inquiry and / or loss of members or funding between 1 – 10%	Adverse international media coverage and / or government investigation and / or loss greater than 10% or members of funding
Financial	< \$50,000*	\$50,001 - \$250,000*	\$250,001 - \$2M*	\$2M - \$10M*	> \$10M*
Organisational Objectives	Minor disruptions to the achievement of objectives; very strong impact made to the industry; majority KPIs met	Would require some adjustments to achieve objectives; strong positive impact made to the industry; most KPIs met	Would require significant adjustments to achieve objectives; average positive impact made to the industry; at least half of the KPIs met	Would threaten the achievement of objectives; small positive impact made to the industry; some KPIs met	Would stop the achievement of objectives; very minimal to no positive impact made to the industry; little or no KPIs met

*per occurrence

Likelihood scale

Likelihood	5	Almost Certain	Expected in most circumstances. Has occurred on an annual basis in the past or circumstances are in train that will cause it to happen.
	4	Likely	Has occurred in the last few years or has occurred recently in other similar organisations or circumstances have occurred that will cause it to happen in the short term.
	3	Possible	Has occurred at least once in our history or is considered to have a 5% chance of occurring in the current planning cycle.
	2	Unlikely	Has never occurred in our past but has occurred infrequently in other similar organisations or is considered to have around a 1% chance of occurring in the current planning cycle.
	1	Rare	Exceptional circumstances only. Is possible but has very much less than a 1% chance of occurring in the current planning cycle.

Based on the results of the assessment, inherent risks but also residual risks (once controls assessment and efficiency have been performed) can be reported using a classic representation under the form of a risk consequence and likelihood matrix (see below).

			Consequence				
			1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	5	Almost Certain					
	4	Likely					
	3	Possible					
	2	Unlikely					
	1	Rare					

Low	Medium	High	Extreme
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