

## **Terms of Reference**

### **Goat levy, industry and producer performance indicators**

#### **Summary:**

To gauge the effectiveness of investment of goat levy dollars in the industry, Meat & Livestock Australia (MLA) and the Goat Industry Council of Australia (GICA) are seeking expressions of interest from individuals, organisations or project teams with the capability to instigate a system of transparent and robust indicators. The program will assist in determining the return on levy investment and the development and performance of the industry as a whole over time.

#### **Background:**

The targets within the Meat Industry Strategic Plan (MISP) 2020 relevant to the goat industry include:

- Engage at least 2000 producers (across species) in programs that will build knowledge and skills to improve business performance by 5% or more
- Improvement in total factor productivity of 0.5% for goat

MLA and industry need to monitor progress towards these targets and this information will be fed into the 2020 investment evaluation. There are several complicating factors which will need to be managed as a part of this project:

1. The bulk of production is derived from rangeland goats where harvesting is still a significant component of the operation and herd size, weaning rates and mortality rates are largely unknown.
2. Not all people who produce/sell goats believe they are goat producers.
3. In more intensive systems, often fibre, milk and farmed goat meat are the main products produced and limited data is available on these.
4. The goatmeat industry as a whole does not have a good understanding of what it costs to produce a kilogram of product, nor is there industry level data available to assist in undertaking comparative analysis of industry productivity and profitability.
5. The project will need to manage the analysis of farm profitability and productivity results to remove the impact of outside influences such as season and price.

#### **Outcomes from this project**

- MLA and industry will be able to monitor progress towards and success in meeting the goals within the MISP 2020 and Goat Industry Strategic Plan 2020 against a 15/16 data baseline.
- Producers involved will better understand their own cost of production either via involvement in this program or through recruitment into products like BusinessEDGE
- The potential profitability of the industry is better understood and more widely communicated

#### **Project Objectives:**

- a) Collation of long run industry datasets to establish:
  - a. baseline productivity and profitability levels for the 15/16 period to be used as a benchmark for MISP 2020 tracking

- b. total factor productivity targets for the industry as a whole, comprised of separate harvested and farmed systems data
  - c. full industry situational analysis
  - d. aggregated data system built for ongoing use and analysis, with a focus on adoption related outcomes (e.g. from goat extension activities) and productivity based impacts (attributable improvements in goat related productivity investments)
- b) Implementation of a producer cost of production comparative analysis and benchmarking program
- a. an agreed minimum number of goatmeat producers have undertaken a comparative analysis of their businesses and have demonstrated improved understanding of their costs of production
  - b. minimum of 10% of the goatmeat producers involved in the program have been recruited to supported learning programs (can be MLA supported or not)
  - c. 40% of producers who have participated in the program have demonstrated their intent to change and the impact measured
  - d. development and communication of 'proof of profit' stories
  - e. development of goat specific case studies for inclusion in programs such as BusinessEDGE

### **Methodology:**

An annual national aggregated average of the performance of the industry will be reported to MLA, which will be made available to stakeholders.

Expressions of Interest should account for both retrospective and prospective financial years from 2015/2016 to 2019/2020.

At an industry level the project should include data collection and analysis to:

- Identify key profit drivers
- Identify baseline productivity and profitability levels for the 15/16 period for the industry as a whole, and separately for farmed and harvesting systems. Metrics might include total value of (goat) production, number of head, hectares or producers (see Appendix 1).
- Identify changes (impacts) from the above baseline productivity and profitability levels, including whether these are attributable in part or wholly from MLA investments in R&D and/or goat related extension
- A small number of representative producers will be identified who are able/willing to participate in a detailed study to compare baseline to optimum productivity changes from practice change. This should be extrapolated out to the general goat producer population to estimate overall impact and discounted by an agreed attribution percentage to MLA.

At an individual producer level, being involved in this project should add value to their business (as incentive to be involved) and allow them to:

- Undertake a comparative analysis to understand how their businesses is performing and what's possible
- Identify their own key profit drivers and begin to identify opportunities for business improvement
- Better understand how their business is performing vs others in the industry
- Start to develop an ability to evaluate decisions from an economic perspective and use their own data
- Focus on the performance of the entire business and their costs of production

As a part of the producer interaction, the project must provide clear calls to action regarding the next steps, which could be undertaking more detailed benchmarking, completing a BusinessEDGE course or participating in Profitable Grazing Systems (or similar). In this way, the project will act as a feeder activity to these programs.

**Process:**

The Expression of Interest should be submitted using the MLA Full Application form, supplemented with appendices as required, to address any specific requirements. To access the project application template, click [here](#).

In particular, the proposal should:

1. Detail the approach that will be adopted to address the project objectives.
2. Detail the specific work activities proposed and timelines for their achievement.
3. Provide details of the information/data to be collected, collated and assessed and how these activities will be undertaken.
4. Include a detailed and fully costed budget that covers all the resources required to undertake the work, including details of basis for charging (daily fees, number of days, expenses, etc.).
5. Propose a payment schedule, taking account of the following:
  - a. Progress payments may be negotiated against project milestones if the size and timescale of the project warrant this. The proposal should propose milestones and payments if required.
  - b. A minimum of 20% of the project budget must be retained for payment against the final milestone.
  - c. Payment of fees will be upon MLA acceptance of the attainment of the project milestones.

**Selection Criteria:**

Applications will be reviewed by MLA and GICA, and selection of the successful proposal will be based on assessment against the following criteria:

1. Soundness of the method proposed to achieve the project objectives;
2. Demonstration of the applicants knowledge and understanding of the relevant issues;
3. Track record of the applicant and proposed team members; and
4. The project budget, delivery timeline and assessed value for money.

**Reporting Requirements:**

The successful applicant will provide milestone reports (if required) and a final report giving full details of the results of the work. Milestone and final reports will be prepared in line with MLA report guidelines.

In addition to MLA standard reports, and annual industry productivity updates the following will also be provided to MLA at the time of delivery of the Final report:

- a copy of all project data, including meta-data (de-identified)
- the applicant should allow for an annual half-day presentation/meeting with GICA to review progress and results of data collection
- the applicant should allow for two half-day presentations/meetings with MLA staff, one at project inception and one at the stage of delivery of the final report.

**Confidentiality and IP:**

Where further information is available which may assist the successful applicant in meeting the requirements of the project, MLA will provide such information to the successful applicant.

All data and cited references must be acknowledged appropriately in the final publication and it is the sole responsibility of the applicant to ensure copyright laws are not breached.

The successful applicant will be required to enter into a standard agreement with MLA.

This project will be funded with goatmeat levies. Potential applicants must identify any background IP they are bringing to the project.

**Conflict of interest:**

Applicants, research teams or subcontractors with any potential conflicts of interest, should thoroughly outline these in this application, including how they propose to manage them, if applicable.

**Further Information:**

If you have questions regarding this project, contact: Julie Petty, Project Manager Goat Industry on 0411 680 516 or [jpetty@mla.com.au](mailto:jpetty@mla.com.au)

**Project Proposal Submissions:**

Proposals must be lodged electronically as Word document to: [applications@mla.com.au](mailto:applications@mla.com.au)  
Proposals must be received by close of business Monday 13 August 2018.

## Appendix 1 – Possible indicators

Indicator	Effectiveness	Comment
Total numbers slaughtered/exported	Good indicator of possible growth in the industry	Needs to be a rolling average to accommodate seasons and markets Not all goat sales accompanied by NLIS tags Not directly aligned to MLA funds
Average carcase weight	Good indicator of genetic gain and nutritional management	Needs to be a rolling average Information not relevant to harvest operations or to live exports Hard to define levy contribution and which program has had greatest impact
Weaning percentage	Reflects both conception rates and kid loss and ultimately a key profit driver in any breeder operation	Difficult to estimate in harvest operations Calculation of percentages open to interpretation and difficult to standardise ABARE data may be useful to assess data.
Number of goat producers as members of MLA	Not a direct indicator of improvement in productivity or adoption Would need to determine membership apportioned to goats where producers have more than one species	It could be argued that membership is indirectly associated with membership satisfaction and access to tools and information
Survey data on satisfaction by direct questions	Very difficult to analyse data from the goat industry without biasing selection criteria for inclusion in survey	Industry is comprised of huge range of full time and part time producers. For a large number of producers, goats are not their main source of income.
Success of workshops, forums, field days and technical information produced e.g. Going into Goats manual	Provides an accurate indication as to the size and specifics of the annual spend for goat producers	The information can be used to quantify the services There is no direct correlation between amount spent and actual improvement in productivity or adoption
Website hits	Good indicator of apparent worth to general public	Not directly related to producer interest Can be manipulated