

Driving commercially
focused innovation
for the Australian
red meat industry



MLA Partners in Innovation program



Partners in Innovation



Driving commercially focused innovation for the Australian red meat industry

Background

Meat & Livestock Australia (MLA) is seeking to stimulate commercial investment in innovation by working with companies looking to break new ground in the red meat industry. Already more than 70 companies from all sectors of the industry are collaborating with MLA in our Partners in Innovation program. Jointly funded innovation projects are targeting real business issues and the participating companies are achieving positive outcomes for their own bottom line.

Importantly, projects are facilitated right through the innovation pathway up to and including commercialisation. This greatly enhances the likelihood of a successful outcome and ensures partners, and ultimately industry, achieve real benefit and commercial returns.

Participating companies retain a high degree of control and ownership of their initiative and strict commercial principles apply, including confidentiality of commercially sensitive information and partner exclusivity periods where appropriate.

MLA's vision for the program is to create a culture of success in the red meat industry by providing the resources, skills and environment that develop capability and foster innovation in individual enterprises.

MLA provides direct input into achieving project objectives as required, including:

- Project design and management
- Building and technical innovation skills
- Commercialisation expertise and support
- Intellectual property management

Objectives

The objectives of the Partners in Innovation program include:

1. Assisting individual enterprises within the Australian red meat industry to achieve greater competitiveness through innovation;
2. Increasing the number of successful commercialised innovations available to the red meat industry;
3. Achieving commercial returns and bottom line benefit for partner companies;
4. Building the capacity of companies in the red meat industry to establish innovation as a core business strategy;
5. Demonstrating to the wider industry the commercial benefits achieved from investment in innovation.

Eligibility

MLA invites project submissions from all sectors of the red meat industry, including:

- Producers
- Lotfeeders
- Meat processing companies
- Value adding companies
- Food services operators
- Alliances
- Live exporters
- Retail butchers
- Supermarkets

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

- Packaging companies
- Equipment suppliers
- Technology development companies
- Research and consulting organisations
- Plant breeding companies
- Animal health companies

Partner companies are not limited to Australian enterprises, although the project outcomes must directly benefit the Australian red meat industry.

Types of projects that qualify

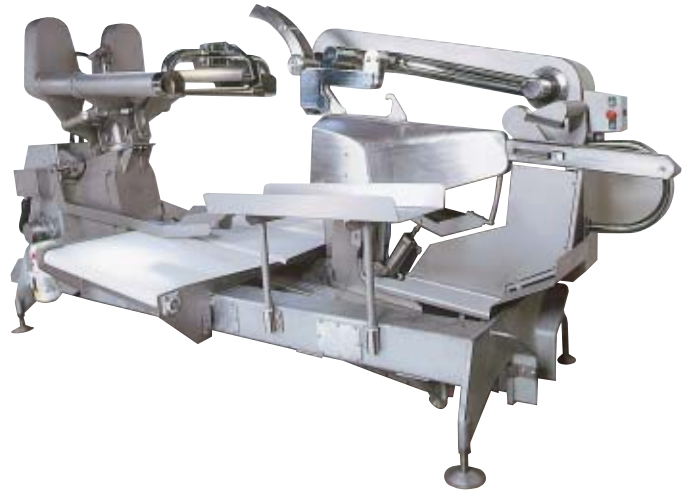
The scope for projects is broad and may cover innovation at any stage of development, in any aspect of the production, processing, storage, transport, retailing and marketing of meat and livestock (and related co-products). Projects may arise from ideas from the proposing company, or MLA may seek expressions of interest to advance the development of innovations arising from our R&D programs. Projects will generally fit into one of the following two categories:

Innovation demonstration projects

These projects include those where a partner company wishes to implement or demonstrate the outcomes of an R&D project or to demonstrate the adoption of new and innovative technologies in the Australian environment. They may involve modifying and adapting the outcomes of previous R&D outcomes to suit their own business needs. As the objective of these projects is to facilitate adoption of innovations across the Australian industry, outcomes will be made available for broader industry dissemination. Examples of projects that fit within this category are:

- Implementation of new best practice approaches and technologies to reduce environmental impacts;
- Application of improved on-farm production methods such as new genetic evaluation procedures;
- Implementation of innovative supply chain management technologies and systems to improve industry competitiveness and consumer confidence;
- Integrating and implementing improved data management and information tools for the management of businesses in the Australian red meat supply chain;

- Development of benchmarking methodologies for improving production and processing efficiency.



Commercial innovation projects

These projects may focus on the development of new technologies, processes, products or concepts that will subsequently become available to the industry via appropriate commercialisation strategies. Where commercially valuable intellectual property is developed, both the partners and MLA share in the commercial returns via royalties, licensing agreements, sale of intellectual property, etc. Examples of projects that fit within this category are:

- Development of new processes for extracting high value co-products for export into the pharmaceutical markets of Europe and USA;
- Breeding new pasture plant varieties to improve the efficiency of livestock production and increase pasture utilisation;
- Developing new tools for the diagnosis and treatment of animal disease;
- Development of frontier processing technologies that will significantly improve efficiency, yield and OH&S in meat processing plants;
- Establish innovative animal management practices to reduce impacts on biodiversity and ensure sustainable use of Australia's natural resources;
- Trialling of new meat retailing concepts and technologies that satisfy changing consumer needs;
- Development of significantly new red meat value-added products, including functional foods to promote and maintain good health.

How does the program work?

(1) Project funding

Generally projects are funded on a 50:50 basis between the partner and MLA (the maximum contribution from MLA is 50%). Partner contributions must be in real dollars and must be deposited with MLA to qualify for the matching funds. An appropriate cash flow for partner contributions is agreed for the life of the project. In kind contributions or prior expenditure generally do not qualify for matching funds.

Contributions from the partner are matched through the MLA donor company and managed by MLA as the agent for the parties. The donor company is a wholly owned subsidiary of MLA, established to provide the mechanism for matching contributions from private companies to undertake R&D projects.

(2) Project budget items

The following project budget items may be approved for joint funding:

- Fees to external consultants, researchers, etc;
- Partner costs: where internal resources are exclusively dedicated to the project and are additional to normal operational costs. Generally this would not include CEO/owner salaries;
- Operating costs: consumables, travel, components for prototype assembly, etc;
- Capital items: generally these should not form a substantial proportion of the overall project budget. To be eligible, it must be demonstrated that the capital item is essential for the project and will be used primarily for the purposes of the project. When no longer required for the project, capital items are to be disposed of either to the partner at written down value (after deducting a normal rate of depreciation) or otherwise sold on an arm's length basis. Net proceeds of disposal are credited to the project and shared between the partner and MLA in proportion to their overall contribution;
- Project dissemination and commercialisation: in some instances, dissemination and commercialisation costs may be included in the project budget;

- MLA project fee: MLA charges an 8–10% project fee. Where additional technical services are to be provided by MLA (as agreed by the partner) these are charged at cost. The MLA charges are shared between the partner and MLA.

All of the above budget items must be agreed by the partner and MLA prior to commencement of the project and may only be varied by mutual agreement.

(3) Intellectual property (IP)

As a general principle, IP (such as patents, copyright material, trademarks etc) developed within the jointly funded project will be jointly owned by MLA and the partner in the same proportion as their respective contributions (ie generally 50:50). However, where there has been substantial background IP developed prior to commencement of the project, or where there is prior ownership of IP, these proportions will be varied and agreed prior to commencement.

(4) Sub-contracting

In many instances, some of or even the entire project may be undertaken by third parties (research or consulting organisations). These arrangements will be formalised via a sub-contractor agreement. Generally, the principal contractor will be MLA although this will be mutually agreed prior to commencement of the project.

(5) Terms and conditions

All projects will be governed by MLA's terms and conditions under formal contractual arrangements. These may include:

- Confidentiality agreements;
- Research agreements;
- Researcher/consultant contracts;
- Commercialisation arrangements, such as licensing agreements;
- Participating site agreements when new technologies are to be tested in a participating site (ie not the partner site);
- Generic contract examples are available on request and will also be provided on receipt of a project application.

(6) Confidentiality

MLA recognises that in many instances, strict observance of confidentiality will be essential to protect the commercial interests of the partner. Appropriate systems are in place within MLA and these arrangements are normally embodied in signed confidentiality agreements (which can be stand alone or a subset of research agreements).

(7) Exclusivity

Where appropriate, MLA negotiates exclusivity arrangements to ensure partners realise commercial benefit from their investment in the project. Exclusivity varies from project to project but may include:

- 1–2 years strict confidentiality prior to release and dissemination of project details and outcomes to the wider industry;
- Exclusive licences to the commercialising partner (subject to achievement of agreed performance parameters) for the life of a patent.

(8) Project management

MLA and the partner manage projects collaboratively. The partner retains a high degree of control and ownership of their initiative throughout the life of the project.

For each project a management group is established with representation from the partner and MLA. The role of the project management group includes:

- Monitoring project progress and budgets;
- Agreeing variations in project milestones, expenditure etc;
- Agreeing selection and appointment of sub-contractors;
- Endorsing project business plans and commercialisation plans;
- Decisions of the project management group must be agreed unanimously. A project leader (from either MLA or the partner) co-ordinates implementation and prepares progress reports for the project management group.



(9) Commercialisation strategy

Where the project outcomes include commercially valuable intellectual property, MLA and the partner will agree on a commercialisation plan. MLA's commercialisation policy and guiding principles will form an integral part of any agreement that MLA enters into, the details of which are available on request and will also be provided on receipt of a project application.

(10) Project evaluation

Projects are evaluated on the basis of:

- Proposed methodology
- Links with industry strategy
- Technical feasibility and risk assessment
- Commercial potential
- Degree of innovation
- Industry benefit

In straightforward cases, the project approval process normally takes 6–8 weeks. However, the process timeline may be extended where the project concept is not yet well developed; where external review is required; or where contractual negotiations are complex.

What is the project approval process?

The following flowchart describes the stages for a project to be approved for joint funding.



How to apply?

Companies wishing to apply may make initial contact and submit a brief (1–2 page) project concept paper.

If the concept is well advanced, a project application form should be completed. The form can be accessed electronically via MLA's website or by emailing a request.

Contact details

For further information on MLA's research programs or for examples of projects already underway in the Partners in Innovation program, go to our website, or contact MLA directly.



MLA Client and Innovation Services
Locked Bag 991, North Sydney NSW 2059
Ph: 02 9463 9124 Fax: 02 9463 9331
Email: partners@mla.com.au
Web: www.mla.com.au/partners