

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 145

Division/Agency: Meat & Livestock Australia

Topic: Service Agreement

Proof Hansard page: 114 (28/05/2014)

Senator O'SULLIVAN asked:

Senator O'SULLIVAN: Can you just put some historical context into perhaps when that started, what it is about, what the quantum of the arrangement is, what the terms are, when it might expire or whether it is open ended?

Ms Gilbertson: Certainly. We currently have a service agreement, as it is called, with the Cattle Council of Australia. That service agreement ran from May last year and expires at the end of this week. It was in the order of \$450,000. The agreement was struck pursuant to our consultation obligations with the Cattle Council. Under the service agreement, they are obliged to provide consultation services to MLA to meet its commitment to respond to the broader constituents. The Cattle Council proposed that, in their capacity as a peak industry body, they had unique access to consultation with grassroots, grass-fed levy payers in particular.

A service agreement was struck. It comprises a quantum for what you might regard as out-of-pocket expenses. Part of their provision of service is to run a number of beef forums with levy payers directly, to conduct meeting forums amongst constituents and to inform the R&D and marketing processes of MLA. A component of that is for out-pocket costs; that is, meeting room costs, travel and the like. There is another component then to cover the professional fees of people involved.

That agreement, as I said, expires literally on 31 May this year. The Cattle Council approached MLA to renew that agreement when I took over this role. I have come off the MLA board as a non-executive director and assumed this role, post Scott Hansen's resignation. I have sat in this chair since the start of March. In that capacity, I reviewed our statutory funding agreement, which is quite explicit around the capacity of MLA to pay funds to its peak industry councils. I read those to say that we had very particular opportunities to pay funds across to peak industry councils. It is quite clear that we can pay for consultation. By that, I take it to mean travel and accommodation costs, but not sitting fees for council members.

It clearly says that on an arm's-length, contestable basis—on a value-for-money proposition for levy payers—we can contract with peak industry bodies, if they are providing an arm's-length service that we would otherwise put to the market and pay market rates for. In that light, I have then said to the Cattle Council and the Sheepmeat Council, for that matter, that I was prepared to renegotiate a service agreement only until the end of December. In their case, that is for seven months under those parameters. We are rewriting the service agreements, strictly adhering to those parameters. Post-December, I have made no provision in our annual operating plan for a continuance of that.

Question: 145 (continued)

I have written to them advising them that, during the ensuing seven months, it is our intention to explore with them the range of consultation mechanisms that MLA needs to engage in and to encourage all parties to participate in that on a fully contestable basis. The current arrangement is that we will enter into a new agreement with them from 1 June until 31 December.

Senator O'SULLIVAN: I probably know the answer to my question. You do not have a copy of the service agreement here to table this evening?

Ms Gilbertson: I do not, but we can take that on notice.

Answer:

The agreement is attached.

AGREEMENT

BETWEEN

MEAT & LIVESTOCK AUSTRALIA LIMITED

ABN 39 081 678 364

AND

CATTLE COUNCIL OF AUSTRALIA

ABN 35 561 267 326

PROJECT NO.E.CCA.2013

Consultancy Service Agreement

CONSULTANCY AGREEMENT

THIS AGREEMENT IS MADE ON

8th May

2013

PARTIES

MEAT & LIVESTOCK AUSTRALIA LIMITED ABN 39 081 678 364 of Level 1, 165 Walker Street, North Sydney, New South Wales (**MLA**)

CATTLE COUNCIL OF AUSTRALIA ABN 35 561 267 326 of 14-16 Brisbane Avenue, Barton, Australian Capital Territory (**Consultant**)

BACKGROUND

MLA has agreed to engage the Consultant to provide the Services and the Consultant has agreed to accept the engagement on the terms, set out in this agreement.

AGREEMENTS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

1.1.1 Where commencing with a capital letter:

Contract Material means all material and information brought into existence for the purpose of providing the Services;

Intellectual Property means all patents, trade marks, designs and plant breeder's rights (whether registered or not), copyright, know-how, trade secrets and EL rights subsisting in the Contract Material or arising out of the provision of the Services;

MLA Material means all material and information provided by MLA to the Consultant for the purpose of this agreement;

Nominated Persons means the persons named in the schedule and such other persons approved in writing by MLA to perform the work in respect of the Services on behalf of the Consultant; and

Services means the services to be provided by the Consultant specified in the schedule.

1.1.2 Where a word or phrase is given a defined meaning another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

1.2 Presumptions of interpretation

Unless the context otherwise requires a word which denotes:

- (a) the singular denotes the plural and vice versa; and
- (b) a person includes an individual, a body corporate and a government.

1.3 Successors and assigns

A person includes the trustee, executor, administrator, successor in title and assign of that person. This clause must not be construed as permitting a party to assign any right under this agreement.

2. APPOINTMENT OF THE CONSULTANT

2.1 Appointment

MLA appoints the Consultant to provide the Services in accordance with the timetable set out in the schedule on the terms set out in this agreement, and the Consultant accepts the appointment.

2.2 Nominated Persons

The Consultant:

- (a) must, subject to the terms of this agreement, cause only the Nominated Persons to perform the work in respect of the Services on behalf of the Consultant;
- (b) undertakes that the Nominated Persons will perform this work to the best of their skill and ability; and
- (c) must provide each Nominated Person with a copy of this agreement and take all reasonable steps to explain it to them.

3. OBLIGATIONS OF THE CONSULTANT

3.1 Liaison

The Consultant must:

- (a) liaise with MLA in providing the Services; and
- (b) if requested by MLA, provide reasonable details of the Consultant's proposed course of action and strategies,

for the purpose of enabling MLA to review the performance of the Consultant's obligations under this agreement.

3.2 Directions

The Consultant must comply with all reasonable and lawful directions of MLA from time to time concerning the Services.

3.3 Comply with all laws

The Consultant must comply with all relevant laws and regulations when performing the Consultant's obligations under this agreement.

3.4 Insurance

3.4.1 The Consultant must at all times maintain:

- (a) adequate workers' compensation insurance as required by law for its employees;
- (b) professional indemnity insurance for an amount of at least \$2 million; and
- (c) public and product liability insurance for an amount of at least \$5 million.

- 3.4.2 The Consultant must, on request by MLA, produce evidence of the currency of the insurance policies referred to in clause 3.4.1.

4. FEES AND EXPENSES

4.1 Fees

MLA must pay the Consultant for providing the Services the fee specified in the schedule, provided that Services to which each payment relates are completed to the reasonable satisfaction of MLA.

4.2 Expenses

Unless otherwise specified in the schedule, MLA must reimburse the Consultant for all reasonable travel and telecommunication expenses incurred by the Consultant in providing the Services to the maximum amount if any, specified in the schedule, provided that the Consultant:

- (a) obtains MLA's prior written consent before incurring any travel or accommodation expenses not specified in the schedule; and
- (b) gives MLA:
 - (i) details of the expenses incurred, together with evidence acceptable to MLA on reasonable grounds of the incurring of those expenses, including receipts for expenses over \$20; and
 - (ii) all assistance reasonably required by MLA to verify the expenses incurred.

4.3 Payment

Unless otherwise specified in the schedule, MLA must, subject to this clause 4, pay the fees and expenses referred to in clauses 4.1 and 4.2 in the following manner:

- (a) the Consultant must after the end of each period or milestone specified in the schedule provide to MLA an invoice setting out details of:
 - (i) the Services provided, time worked and fees payable; and
 - (ii) expenses incurred,in that period; and
- (b) MLA must pay the invoice within 1 month after receipt of it.

5. CONFIDENTIALITY

5.1 Consultant to maintain

The Consultant must not during or after the term of this agreement:

- (a) except in the proper course of performance of this agreement, disclose to any person without the previous consent in writing of MLA the terms of this agreement or any MLA Material or Contract Material; or
- (b) use or attempt to use any MLA Material or Contract Material in any manner which may cause injury or loss to MLA or in any manner other than that contemplated by this agreement.

5.2 Third party disclosure

The Consultant must take all such reasonable precautions as are necessary to maintain the confidentiality of the MLA Material and the Contract Material and must:

- (a) prevent its disclosure directly or indirectly to any person other than in accordance with this agreement; and
- (b) prior to disclosure to any person of any MLA Material or Contract Material in accordance with this agreement, obtain a written undertaking of confidentiality from that person in the same terms as this clause 5.

6. INTELLECTUAL PROPERTY

6.1 Assignment

6.1.1 The Consultant assigns all Intellectual Property to MLA as and when it is created, whether existing as at the date of this agreement or created afterwards.

6.1.2 Where the Consultant engages an agent or contractor to provide any of the Services, the Consultant must ensure that the agent or contractor assigns to MLA all Intellectual Property as and when it is created, whether existing as at the date of this agreement or created afterwards.

6.2 Licence to the Consultant

MLA grants the Consultant a royalty free licence to use the Intellectual Property and the intellectual property rights in the MLA Material for the purpose of enabling the Consultant to provide the Services.

7. WARRANTY

The Consultant warrants that:

- (a) the provision of the Services will not infringe any other person's intellectual property rights and that MLA will be entitled to use the Contract Material without the consent of any other person;
- (b) it, its officers and employees, the Nominated Persons and all agents and contractors have the necessary experience, skill and ability to properly provide the Services on the terms set out in this agreement; and
- (c) the Services will be provided in a professional manner and conform to a standard of competence equal to that normally employed by consultants of good standing for services of a magnitude and nature similar to the Services.

8. MATERIAL

8.1 MLA Material

The MLA Material remains the property of MLA and, on termination of this agreement, the Consultant must immediately return the MLA Material and all copies of it to MLA and permanently delete from all computer systems under the control of the Consultant all MLA Material which is in electronic form.

8.2 Contract Material

On termination of this agreement, the Consultant must immediately deliver the Contract Material and all copies of it to MLA and permanently delete from all computer systems under the control of the Consultant all Contract Material, which is in electronic form.

8.3 Safekeeping

The Consultant is responsible for the safekeeping and maintenance of the MLA Material and the Contract Material and must ensure that the MLA Material and the Contract Material are used, copied, supplied or reproduced only for the purposes of this agreement.

9. RELATIONSHIP OF THE PARTIES

9.1 No partnership

Nothing in this agreement creates an agency, partnership, joint venture or employment relationship between MLA and the Consultant or any of their respective employees, agents or contractors.

9.2 No holding out

Neither the Consultant nor any person acting on behalf of the Consultant may hold itself out as being entitled to contract or accept payment in the name of or on account of MLA.

9.3 Exclusion

MLA's only liability is as expressly stated in this agreement. To the extent permitted by law, all other liability is excluded.

10. SUBCONTRACTORS

10.1 Consent

The Consultant must not without the prior written consent of MLA engage agents or contractors to assist the Consultant in providing the Services.

10.2 Terms

If the Consultant engages an agent or a contractor to assist the Consultant in providing the Services, the terms of engagement must be approved by MLA and contain terms requiring the agent or contractor to:

- (a) undertake obligations of confidentiality in substantially the same terms as clause 5;
- (b) assign to MLA the intellectual property in any materials created under the engagement; and
- (c) maintain such insurance in such amounts as MLA may specify.

11. CONFLICT OF INTEREST

The Consultant must not, during the term of this agreement:

- (a) act as a consultant to any person who carries on or is involved in any capacity in an activity or business; or
- (b) carry on or be involved in any capacity in an activity or business,

which is competitive with or detrimental to any business or activity carried on by MLA or in which MLA is involved.

12. INDEMNITY

The Consultant indemnifies MLA against all damages, losses, costs and expenses incurred by MLA arising out of:

- (a) any breach by the Consultant of this agreement; or
- (b) any act or omission of the Consultant, its employees, the Nominated Persons and all agents and contractors in connection with this agreement.

13. TERMINATION

13.1 Notice

MLA may, on 1 month's notice to the Consultant, terminate this agreement.

13.2 Default

If the Consultant:

- (a) goes into liquidation, has a receiver or receiver and manager appointed to it or any part of its assets, enters into a scheme of arrangement with creditors or suffers any other form of external administration;
- (b) fails, within 7 days after receipt of notice, to remedy any breach of its obligations under this agreement which is capable of remedy;
- (c) breaches any provision of this agreement which is not capable of remedy; or
- (d) persistently breaches its obligations under this agreement,

MLA may, by notice to the Consultant, terminate this agreement and recover from the Consultant all damages, losses, costs and expenses suffered by MLA.

14. DISPUTE RESOLUTION

14.1 Dealing with disputes

14.1.1 The parties must, without delay and in good faith, attempt to resolve any dispute which arises out of or in connection with this agreement prior to commencing any proceedings.

14.1.2 If a party requires resolution of a dispute it must do so in accordance with the provisions of this clause 14 and the parties acknowledge that compliance with these provisions is a condition precedent to any entitlement to claim relief or remedy, whether by way of proceedings in a court of law or otherwise in respect of such disputes, except in the case of applications for urgent interlocutory relief or a breach by the other party of this clause 14.

14.2 Resolution by management

14.2.1 If a party requires resolution of a dispute it must immediately submit full details of the dispute to the chief executive officer of the other party.

14.2.2 If the dispute is not resolved within 1 month of submission of the dispute to them, or such other time as they agree, the provisions of clause 14.3 will apply.

14.3 Conciliation

14.3.1 Disputes must be submitted to conciliation in accordance with and subject to the Institute of Arbitrators Australia Rules for the Conduct of Commercial Conciliations.

14.3.2 A party may not commence proceedings in respect of the dispute unless the dispute is not settled by conciliation within 1 month of submission to conciliation, or such other time as the parties agree.

15. GST

In relation to any goods and services tax (**GST**) payable for a taxable supply (as defined under GST law) by a party under this agreement, the recipient of the supply must pay the GST subject to the supplier providing a tax invoice (as defined under GST law).

16. MISCELLANEOUS

16.1 Notices

16.1.1 A notice under this agreement must be in writing and may be given to the addressee by:

- (a) delivering it to the address of the addressee;
- (b) sending it by pre-paid registered post to the address of the addressee; or
- (c) sending it by facsimile to the facsimile number of the addressee,

specified in the schedule and the notice will be deemed to have been received by the addressee on receipt.

16.1.2 A facsimile is deemed to have been received on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the addressee.

16.2 Amendment

This agreement may only be varied by the written agreement of the parties.

16.3 Assignment

16.3.1 The Consultant may only assign a right under this agreement with the prior written consent of MLA.

16.3.2 For the purposes of clause 16.3.1 the Consultant is deemed to have assigned its rights under this agreement if the management or control of the Consultant is transferred to any person other than those persons who manage or control the Consultant as at the date of this agreement.

16.4 Entire agreement

16.4.1 This agreement embodies the entire understanding and agreement between the parties as to its subject matter.

16.4.2 All previous negotiations, understandings, representations, warranties, memoranda or commitments in relation to, or in any way affecting, the subject matter of this agreement are merged in and superseded by this agreement.

16.5 Further assurance

Each party must promptly execute all documents and do all things that the other party from time to time reasonably requests to effect, perfect or complete this agreement and all transactions incidental to it.

16.6 Governing law and jurisdiction

16.6.1 This agreement is governed by and must be construed in accordance with the laws of New South Wales.

16.6.2 Each party:

- (a) irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and all courts which have jurisdiction to hear appeals from those courts; and
- (b) waives any right to object to proceedings being brought in those courts for any reason.

16.7 Legal costs

The parties must each pay their own legal and other expenses relating directly or indirectly to the negotiation, preparation and signing of this agreement and all documents incidental to it.

SCHEDULE

Consultant

Name	Cattle Council Of Australia
ABN	35 561 267 326
Street Address	14-16 Brisbane Avenue, Barton ACT 2604
Postal Address	PO Box E10 Kingston ACT 2604
Project Leader:	
Name	Jed Matz
Phone	0407 124 479
E-mail	jmatz@cattlecouncil.com.au
Administration Contact:	
Name	Debbie Frater
Phone	02 6269 5600
E-mail	cca@cattlecouncil.com.au

MLA

Meat & Livestock Australia Limited	ABN 39 081 678 364
Street Address	Level 1, 165 Walker Street North Sydney NSW 2060
Postal Address	Locked Bag 991 North Sydney NSW 2059
Technical Details:	
Name	Karen Hellwig
Phone	02 9463 9259
E-mail	khellwig@mla.com.au
Administration Contact:	
Name	Claire Hull
Phone	02 9463 9214
E-mail	chull@mla.com.au

Project

Project No.	E.CCA.2013
Project Title	Consultancy Service Agreement
Start date	01-Apr-2013
Completion date	30-Apr-2014

Purpose and description

For the provision of strategic policy advice and direction, and consultative services to Meat & Livestock Australia on behalf of grassfed beef producers.

Objectives

The Consultant will achieve the following objective(s) to MLA's reasonable satisfaction:

To complement MLA's planning processes, CCA will form and maintain a number of grassfed beef producer consultative processes that:

- a) Provide strategic input to assist MLA to develop its long-term business plans for the performance of functions necessary to achieve the vision and strategic imperatives of Meat Industry Strategic Plan, and more specifically the imperatives of the grassfed beef sector;
- b) Provide strategic input to assist MLA to develop its annual operating plan (including financial projections) setting out the activities MLA proposes to undertake consistent with its long-term business plans;
- c) Provide policy advice, direction and communication mechanisms to ensure grassfed beef producers are engaged with MLA's market access, marketing and RD&E programs, with specific reference to MLA's identified key focus areas (15 by 15);
- d) Foster relations with like bodies in international customer and competitor countries to complement MLA's market access and market intelligence objectives.

Additional details

Objective	Activity and outcomes
<p>To complement MLA's planning processes, CCA will form and maintain a number of grassfed beef producer consultative processes that:</p> <p>a) Provide strategic input to assist MLA to develop its long-term business plans for the performance of functions necessary to achieve the vision and strategic imperatives of Meat Industry Strategic</p>	<ol style="list-style-type: none"> 1. CCA to develop a workplan setting out its detailed approach to achieve the objectives of this Consultancy Service Agreement. 2. CCA to maintain a robust structure of consultative committees relevant to MLA marketing and RD&E programs. The consultative committees will: <ol style="list-style-type: none"> a) Meet via teleconference regularly; b) Hold face-to-face meetings; c) Undertake producer consultative forums in regional

<p>Plan, and more specifically the imperatives of the grassfed beef sector;</p> <p>b) Provide strategic input to assist MLA to develop its annual operating plan (including financial projections) setting out the activities MLA proposes to undertake consistent with its long-term business plans;</p> <p>c) Provide policy advice, direction and communication mechanisms to ensure grassfed beef producers are engaged with MLA's market access, marketing and RD&E programs, with specific reference to MLA's identified key focus areas (15 by 15);</p> <p>d) Foster relations with like bodies in international customer and competitor countries to complement MLA's market access and market intelligence objectives</p>	<p>locations to ensure all producers have the opportunity to discuss and have input into MLA's marketing and RD&E programs;</p> <p>d) have an open process that engages all grassfed beef producers (not just members of CCA state members);</p> <p>e) provide a facility for all grassfed beef producers to be involved and provide input e.g. forums and online;</p> <p>f) Have a strong focus on engagement and communication regarding MLA's key focus areas (15 by 15).</p> <p>3. CCA to coordinate a national forum to provide an opportunity for producers to discuss the grassfed producer sector's position on key issues.</p> <p>4. CCA to lead delegations to key existing and emerging markets, actively participate in the Five Nations Beef Alliance, and support in-market access discussions, including forging relationships with domestic producer organisations in customer and competitor countries.</p> <p>MLA to provide background papers, presentations and progress reports to consultative committee and the Council as required assisting to deliver on these activities in an effective manner.</p> <p>MLA will also utilise its skills and producer database where appropriate to assist Cattle Council organise and promote regional consultative forums and the national policy forum.</p>
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Agents or subcontractors

Subject to the obligations relating to agents and subcontractors, MLA consents to the engagement of the following agents or subcontractors

Nil

Nominated Person(s)

Contact Name: Jed Matz
Phone: 0407 124 479
Fax: 02 6273 3688
Email: jmatz@cattlecouncil.com.au

Contact Name: Mark Harvey-Sutton
Phone: 02 6269 5600
Fax: 02 6273 3688
Email: TBA

Contact Name: Debbie Frater
Phone: 02 6269 5600
Fax: 02 6273 3688
Email: cca@cattlecouncil.com.au

Contact Name: Policy Officer TBA
Phone: 02 6269 5600
Fax: 02 6273 3688
Email: TBA

Contact Name: Mary Johnson
Phone: 02 6269 5600
Fax: 02 6273 3688
Email: mjohnson@cattlecouncil.com.au

Contact Name: Justin Toohey
Phone: 02 6684 7798
Fax: 02 6684 7796
Email: justin@j2e.com.au

Communications

Subject to the confidentiality obligations, the Project will be communicated by the Consultant:

Activity	Key Message
Requests or feedback to MLA following CCA Board meetings	Any requests or feedback to MLA on relevant issues resolved at CCA Board meetings, or consultative committees is to be provided to MLA within (14 or 21) days of the meeting.
Quarterly reporting	Report provided to MLA, and an agreed version made publicly available, quarterly on activity undertaken against the agreed service outcomes.
Annual Review	At the conclusion of the agreement a consolidated report would be prepared for MLA detailing the outcomes delivered under the agreement.
International delegation reports	At the completion of any international delegations, a report in an agreed format will be provided to MLA, identifying actions taken and any recommendations for MLA program activities.

Milestones

Achievement Criteria		Due Date
1	CCA to develop a workplan setting out its detailed approach to achieve the objectives of this Consultancy Service Agreement. The milestones contained in this Consultancy Service Agreement should be reflected in the workplan.	30-Apr-2013
2	<p>CCA to maintain a robust structure of consultative committees relevant to MLA marketing and RD&E programs. The consultative committees will:</p> <ul style="list-style-type: none"> a) Meet via teleconference regularly; b) Hold face-to-face meetings; c) Undertake producer consultative forums in regional locations to ensure all producers have the opportunity to discuss and have input into MLA's marketing and RD&E programs; d) have an open process that engages all grassfed beef producers (not just members of CCA state members); e) provide a facility for all grassfed beef producers to be involved and provide input e.g. forums and online; f) Have a strong focus on engagement and communication regarding MLA's key focus areas (15 by 15). 	<p>Quarterly reports of activity due on:</p> <p>15-Jun-2013 15-Sep-2013 15-Dec-2013 15-Mar-2014</p>

Achievement Criteria		Due Date
3	CCA to coordinate a national forum to provide an opportunity for producers to discuss the grassfed producer sector's position on key issues.	Forum to be held prior to 30-Nov-2013 Outcomes of forum included in 15-Dec-2013 Report
4	CCA to lead delegations to key existing and emerging markets, actively participate in the Five Nations Beef Alliance, and support in-market access discussions, including forging relationships with domestic producer organisations in customer and competitor countries.	Reports on specific delegations to be provided to MLA as undertaken.

A milestone is not achieved unless it is completed to MLA's reasonable satisfaction

Fees and payment (exclusive of GST)

Milestones	Description	Details	Fee Type	#	Unit	Total
1	CCA develops a workplan setting out its detailed approach to achieve the objectives of this Consultancy Service Agreement. The milestones contained in this Consultancy Service Agreement are reflected in the workplan.	Professional costs	P	2	\$700	\$1,400
				2	\$900	\$1,800
2	CCA maintains sub-committee for Marketing, Market Access and Trade (MAT) with responsibility for strategic input into relevant MLA programs, with specific reference to MLA's identified key focus areas. CCA to provide representatives to MLA marketing taskforce forums	Teleconferences	E	5	\$250	\$1,250
		Meeting venue & travel costs	E	3	\$8,000	\$24,000
		Professional costs	P	5	\$700	\$3,500
	CCA maintains sub-committee for Industry Systems & Food Safety with responsibility for strategic input into relevant MLA programs, with specific reference to MLA's identified key focus areas	Teleconferences	E	5	\$250	\$1,250
		Meeting venue & travel costs	E	3	\$8,000	\$24,000
		Professional costs	P	5	\$700	\$3,500
	CCA maintains sub-committee for Research, Development, Extension and Integrity with responsibility for strategic input into relevant MLA programs, with specific reference to MLA's identified key focus areas. CCA to provide representatives to MLA RD&E taskforce forums	Teleconferences	E	5	\$250	\$1,250
		Meeting venue & travel costs	E	3	\$8,000	\$24,000
		Professional costs	P	5	\$700	\$3,500
	CCA maintains sub-committee for Animal Health, Welfare and Biosecurity with responsibility for strategic input into relevant MLA programs, with specific reference to MLA's identified key focus areas	Teleconferences	E	5	\$250	\$1,250
		Meeting venue & travel costs	E	3	\$8,000	\$24,000
		Professional costs	P	5	\$700	\$3,500
	CCA maintains sub-committee for developing leadership skills within young beef producers.	Teleconferences	E	5	\$250	\$1,250
		Meeting venue & travel costs	E	2	\$5,000	\$10,000
Professional costs		P	28	\$700	\$19,600	
CCA undertakes a number of producer consultative forums in regional locations to ensure all producers have the opportunity to discuss and have input into issues the sub-committees are managing.	Meeting venue & travel costs	E	6	\$10,000	\$60,000	
	Professional costs	P	18	\$700	\$12,600	
CCA develop and maintain a sophisticated online presence that engages producers in policy development and industry direction.	Website build	E	1	\$40,000	\$40,000	
	Web maintenance	E	1	\$18,000	\$18,000	
	Professional costs	P	12	\$900	\$10,800	

3	CCA holds an open national consultative forum bringing together all committees and other producers to discuss issues, review the strategies and vision for the grassfed producer sector	Meeting venue & travel costs	E	1	\$30,000	\$30,000
		Professional costs	P	10	\$700	\$7,000
				10	\$900	\$9,000

4	CCA to lead delegations to key existing and emerging markets, actively participate in the Five Nations Beef Alliance, and support in-market access discussions	Five Nations Beef Alliance				
		Conference	E	1	\$8,000	\$8,000
		Accommodation	E	5	\$300	\$1,500
		Conference fees	E	1	\$2,000	\$2,000
		Lead delegations to key existing and emerging markets (2 trips)				
		Flights	E	2	\$8,000	\$16,000
		Accommodation	E	14	\$300	\$4,200
Sub totals		Professional Fees (P)				\$192,300
		Expenses (E)				\$291,950
Total						\$484,250 (GST exclusive)

Notes to the above table:

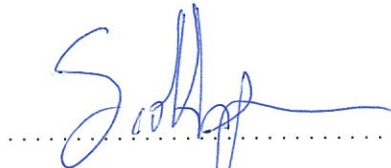
- All payments for professional costs will be made on the receipt of satisfactory quarterly reports
- Professional costs are based on:
 - \$700 per day for coordination work
 - \$900 per day for strategic consultation and expertise.
- All days listed for professional costs are estimates. Any variations to these estimates will be assessed on a quarterly basis on receipt of reports, and changes may be made to the contract with the agreement of both parties.
- All payments for expenses will be made based on quarterly reports or on the provision of invoices.
- Costs for teleconferences, flights and meeting costs are also estimates. Any variations to these estimates will be assessed on a quarterly basis on receipt of reports, and changes may be made to the contract with the agreement of both parties.

SIGNED AS AN AGREEMENT

Signed for and on behalf of
Meat & Livestock Australia Limited
in the presence of:



Signature of witness



Scott Hansen
Managing Director

KAREN HOLLWIG

Name of witness (print)

Signed for and on behalf of
Cattle Council Of Australia
in the presence of:



Signature of witness



Signature of authorised person

Andrew Ogilvie

Name of witness (print)

JEP MATZ

Name of authorised person (print)

CEO

Office held

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 146

Division/Agency: Meat & Livestock Australia

Topic: Strata

Proof Hansard page: 114-115 (28/05/2014)

Senator OSULLIVAN asked:

Senator O'SULLIVAN: You do not have governance guidelines that where a tender or services are put out to a particular quantum that they have to go to tender, or do you have to get more than one price?

Ms Gilbertson: Yes, we do.

Senator O'SULLIVAN: Do you have some independent knowledge of what strata is?

Ms Gilbertson: I don't.

Dr Barnard: There are various strata. We can take that on notice. There is always the provision within our guidelines not to put a particular contract out to tender if there are cogent reasons not to put it out to tender. Management and the board formed the view that the services being provided by the Cattle Council in terms of advice and input to MLA on its programs and activities both in R&D and marketing were unique services that the Cattle Council was in a unique position to provide. That is the reason. Normally for a contract of that size, yes, it would go out to tender; but, if there are cogent reasons not to put it out to tender, it is always open.

Answer:

Refer to the response to Question on Notice 147 from Budget Estimates.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 147

Division/Agency: Meat & Livestock Australia

Topic: Governance guidelines

Proof Hansard page: 115 (28/05/2014)

Senator O'SULLIVAN asked:

Senator O'SULLIVAN: Would you take on notice to provide the committee with any written material that sets out the governance guidelines with respect to the tendering process, particularly including reference to this discretionary provision that allows them to step away from going to contestability with services like this.

Dr Barnard: Yes. Sure.

Answer:

Meat & Livestock Australia (MLA) has a policy determining when a project should be submitted to tender. The extent of the tender process depends on the dollar value of the contracts. The minimum tender requirements are as follows:

Cost	Tender requirements
<\$25 000	At least one written quote must be obtained, with selection criteria placed on file
\$25 001 - \$150 000	At least two written quotes must be obtained, with selection criteria and reasons for selecting the vendor placed on file
\$150 000 - \$400 000	At least three written quotes must be obtained, with selection criteria and reasons for selecting the vendor placed on file
>\$400 000	Full tendering process or an advertised call process undertaken

Question: 147 (continued)

If a preferred supplier is nominated or an application call process is used then an evidence trail is necessary to ensure the quoted cost is in line with acceptable benchmarks.

It is the responsibility of the relevant General Manager to ensure that the tender process is followed and if not, to ensure that there are sound business reasons for not doing so.

If the tender process is not followed, it must be noted in SAP (MLA's financial operations management system) and approved by the relevant General Manager.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 148

Division/Agency: Meat & Livestock Australia

Topic: Economics on the American beef industry

Proof Hansard page: 117 (28/05/2014)

Senator GALLACHER asked:

Senator GALLACHER: But on a per capita basis, given the size of the American beef industry—are you able to do the economics on that?

Dr Barnard: They would be more than our costs on a per capita basis.

Senator GALLACHER: Ten times more?

Dr Barnard: I could get you those figures, if you like. You raise the issue of transparency. It is hard to work out how much the USDA is actually spending on market reporting, but we have some figures on it that lead us to the conclusion that it is significantly more than we are spending on it.

Answer:

The comparison between the cost of Australia's market reporting service and the US is very close. Australia's voluntary system operates on an annual budget of \$2 million, which on a per head (using the latest ABS numbers of 29.2 million head as at June 30 2013) basis is approximately 6.8c per head. For the US, the mandatory pricing system operates on an annual budget of \$7 million (Steiner), which given a herd of 88 million head, is approximately 7.9c per head. (NOTE; the Australia results also report lambs, sheep and goats, while the US system has swine and lambs).

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 149

Division/Agency: Meat & Livestock Australia

Topic: Attribution figure

Proof Hansard page: 117 (28/05/2014)

Senator RHIANNON asked:

Senator RHIANNON: When you say 'felt regionally', we often see this figure about the attribution of \$600 million losses directly to that trade. Do you agree with that figure, and then would you say that it is greater in certain areas?

Dr Barnard: I think the figure is about right. I am happy to take the figure on notice, but I think about right. Certainly, without a shadow of doubt, that figure is felt hardest by those in northern Australia and in the Kimberley in terms of the cattle trade.

Senator RHIANNON: If you could take it on notice, just to check, because it is obviously interesting and it keeps on coming up for us. You have mentioned the severe impact on the Northern Territory and the Kimberley. Are there any plans to make farming more sustainable for those areas by building more abattoirs?

Answer:

At the time of the Indonesia market suspension in June 2011, Meat & Livestock Australia (MLA) did undertake some analysis of the possible cost to the industry of this government decision.

Specifically, MLA analysed the impact of two scenarios:

- The first based on 324 000 cattle that would have otherwise gone to Indonesia being displaced into other markets.
- The second based on 206 000 cattle being displaced into other markets.

In both cases the assumption made was that cattle would be displaced into the domestic market.

Headline figures for the model results were:

- The impact on farm gate GVP of those selling into the live trade ranges from losses of \$153 million (about 30 per cent) to losses of \$240 million (almost 50 per cent).
- The losses were attributable to a number of identifiable factors:

Question: 149 (continued)

- substantial additional transport costs incurred by northern producers in sending cattle south, rather than to Indonesia;
 - northern Brahman cattle receiving lower prices in southern markets than in live export markets;
 - price reductions received for live cattle into other markets; and
 - lower domestic cattle prices generally because of the increased supplies.
- In live export areas farm gate cattle prices may drop by as much as 64c/kg live weight.

MLA did not undertake subsequent work on how many cattle were actually displaced by the Indonesian market closure. If 2011, 2012 and 2013 shipments are compared to 2010 it might be argued that about 420 000 head were displaced, far greater than the 324 000 head assumed, placing GVP losses at over \$300 million.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 150

Division/Agency: Meat & Livestock Australia

Topic: Troja slaughter boxes

Proof Hansard page: 119 (28/05/2014)

Senator STERLE asked:

Senator STERLE: I know. I read that. That is smart thinking. Can you tell me about the Troja slaughter box? It is fair to say that MLA did not cover themselves in glory a couple of years ago when we had that unfortunate situation up there in Indonesia. But that is not you. You were not there. You were not the face of MLA. We are hearing so many different figures. Can you tell me how much the Troja slaughter boxes cost?

Dr Barnard: Can I just make a couple of comments on that before I go to the cost?

Senator STERLE: But you can tell me the cost?

Dr Barnard: I will be able to tell you on notice an exact figure. I will give you an approximate figure today.

Senator STERLE: Go for it.

Dr Barnard: I know this has been a point of criticism. Let me take you back to the events of 2011.

Senator STERLE: With the greatest respect, Dr Barnard, we were all very well aware. You can, but I really want to know the cost of the box.

Dr Barnard: It is about \$350,000, I think. But I will take that on notice and get you an absolutely exact figure.

Answer:

The expenditure for the Troja slaughter box project was \$306 291.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 151

Division/Agency: Meat & Livestock Australia

Topic: Statutory funding agreement

Proof Hansard page: 120 (28/05/2014)

Senator STERLE asked:

Ms Gilbertson: Under our statutory funding agreement we are required to have an external independent review of our five-yearly performance?

Senator STERLE: So they came, started in 2006 and finished—they have only done the one?

Ms Gilbertson: They did that review. Every five years we are obliged to have that review, so we are due for another one in 18 months time. That is an obligation under our statutory funding agreement for an independent to come and review MLA's operations and the efficacy of its operations.

Senator STERLE: When did they put out the review?

Ms Gilbertson: I would have to take that date on notice.

Answer:

Under the terms of the Statutory Funding Agreement with the Australian Government Meat & Livestock Australia (MLA) is required to complete an independent performance review at least six months prior to the conclusion of the four year Deed of Agreement.

The performance review must involve engagement of an independent consultant to report on terms of reference agreed between MLA and the Department.

This takes into account the performance of MLA in meeting its obligations under the Deed, MLA's development of its strategic, operating, risk management, fraud control and intellectual property plans, and delivery of benefits to the industry foreshadowed by MLA's strategic and operating plans.

The last independent review of MLA's performance was conducted in 2010 and found the company has delivered value to stakeholders and maintained high standards of corporate governance, evaluation and planning processes.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2014

Agriculture

Question: 152

Division/Agency: Meat & Livestock Australia

Topic: Independent commissioned report

Proof Hansard page: 120 (28/05/2014)

Senator STERLE asked:

Senator STERLE: So you can tell the committee it was absolutely independent, there was no input, MLA never saw it and there was no suggestion of changing anything in it? What you saw was the final report that went out?

Ms Gilbertson: I was not—

Senator STERLE: Not you, but MLA?

Ms Gilbertson: All I no is it was an externally commissioned report and they are a professional consulting organisation that delivered that report.

Senator STERLE: Because I have to tell you—you know how things work around the bush; things move pretty quickly—there was some conversation that it was not independent, that there were different, varying changes to the report before it finally got let out. So take it on notice, please. Just come back to me and absolutely prove to me, because there are people out there listening, that it was truly independent, with no influence from MLA or others.

Ms Gilbertson: Certainly, we will take it on notice. Sure.

Answer:

The review process was outlined by the independent reviewers, Arche Consulting, and included ongoing requests for information and documents from Meat & Livestock Australia (MLA) staff, to ensure they had as much factual information as possible on which to base their assessment and recommendations.

MLA provided this information as requested, and sought to ensure the report was factually accurate, however as a professional, independent organisation, Arche remained firmly in control of their final report and recommendations.