

## **Co-Contributor & Partnership Producer Demonstration Site Cash-flow Frequently Asked Questions (FAQ)**

MLA's Producer Demonstration Site (PDS) aims to increase the rate of adoption of key management practices and technologies that improve business profitability, productivity and sustainability, through supporting groups of livestock producers pursuing new skills, management practices and in local livestock production systems.

Co-Contributor and Partnership PDS projects require cash contribution/investment in the project, which is matched by the MLA Donor Company (MDC).

MDC is a fully owned subsidiary of Meat & Livestock Australia. MDC accelerates innovation across the value chain so the Australian red meat and livestock industry can remain competitive on the world stage. Through the MDC the Australian Government matches voluntary partner contributions (up to 40%), where eligible projects deliver outcomes that address broader industry and/or government priorities and benefit the entire industry.

The partner may, or may not, be a provider to the project i.e. carry out the work. MDC partners have included breed societies, pastoral companies, processors, value-adders, pharmaceuticals, state departments and technology providers, including some international collaboration.

The model complements levy investment through voluntary contributions and supports some of the more commercial aspects of R&D, benefiting the whole supply chain.

### **For Co-Contributor PDS projects:**

There are 2 funding options for these projects:

#### ***Option 1: Producer cash contribution only***

- 50% Levy
- 30% Producer cash contribution + 8% access fee (calculated on contribution value)
- 20% MDC + 8% access fee (calculated on contribution value)

#### ***Option 2: Producer & third party (non-producer) cash contribution***

- 45% Levy
- 15% Producer cash contribution + 8% access fee (calculated on contribution value)
- 18% Third party cash contribution + 12% access fee (calculated on contribution value)
- 22% MDC + access fee calculated on contribution value (8% on producer contribution value & 12% on third party contribution value)

*A minimum of 15% of the cash contribution must be invested by producers for Co-Contributor PDS projects.*

**For Partnership PDS projects:**

Partnership PDS projects are funded 100% through MDC, with cash contributions matched by MDC on a 60/40 ratio.

The cash contribution can be from any eligible source, there is no minimum producer contribution percentage on a partnership PDS.

This FAQ has been developed to assist producer groups in understanding the mechanics of cash flow with MDC. For more information on cash flow and invoicing, contact Alana McEwan, MLA Project Manager – Producer Demonstration Site program on [amcewan@mla.com.au](mailto:amcewan@mla.com.au) or 07 3620 5227/0417 541 000.

**1. You paying MDC:**

**Q: Why do we pay a project cash contribution to MDC?**

**A:** The statutory funding agreement that MDC has with the Federal Government outlines the order in which payments must occur. This is a non-negotiable process.

**Q: What reference information shall we provide when paying MDC?**

**A:** Please enter the project code (P.PSH.xxxx), MDC invoice number, or customer name in the payment reference field.

**Q: How often will MDC send us invoices to pay?**

**A:** There are two types of MDC invoices – **Cash contribution** invoices and **MDC Access fee** invoices.

MDC will send you **Cash Contribution** invoices on the dates outlined in the *Your Cash Contributions* table in your contract. Cash Contribution invoices usually align with the commencement of each milestone.

MDC will send invoices for your proportion of the **MDC Access fee** on a quarterly basis. Example Cash Contribution and Access fee tables are below

**Cash Contribution table**

Date of Invoice	Milestone	Source of contribution	Contribution amount
01.11.2017	1		
04.11.2017	2		
12.12.2017	3		
17.01.2018	4		

01.09.2018	5		
<b>Total</b>			

**Access fee table**

Date of Invoice	Access fee amount
01.11.2017	\$500.00
01.02.2018	\$500.00
01.05.2018	\$500.00
01.08.2018	\$500.00
<b>Total</b>	<b>\$2,000.00</b>

**Q: Are MDC invoices emailed or posted?**

A: MDC invoices are sent to the email address you have provided us and is listed as the finance contact in your statement of work. If the email address changes, please let us know at [amcewan@mla.com.au](mailto:amcewan@mla.com.au)

**Q: What is the latest I can pay MDC invoices?**

A: Payment is required within 30 days from the date of the invoice. MDC has standard payment terms of 30 days.

**2. MLA/MDC paying you:**

**Q: How do we send MLA/MDC my invoice?**

A: Please send all invoices via email to

To: [invoices@mla.com.au](mailto:invoices@mla.com.au)

CC: [amcewan@mla.com.au](mailto:amcewan@mla.com.au)

Subject: Project Reference Number (This is the P.PSH.XXX code on your contract with MLA/MDC)

**Q: What do we need to put on the invoice?**

A: Please ensure **all the following details** are included on your invoice.

1. The document should be titled 'Tax Invoice'
2. Project Reference Number (This is the P.PSH.XXX code on your contract)
3. Addressed to:
  - Attention: Project Management Office (PMO)
  - MLA/MDC
  - PO Box 1961
  - North Sydney NSW 2059

4. Your name & / or company name
5. Your address
6. Your ABN
7. Your invoice number
8. Your bank details
9. Your business letterhead (if you have one)

**Q: How does the money flow?**

**A:** We will pay your invoice after you pay MDC your cash contribution and MLA has confirmed you have achieved the milestone.

**Q: When do we send MLA/MDC our invoice? How quickly can MLA/MDC pay us?**

**A:** You can send MLA/MDC an invoice for the payment associated with each milestone once:

- MLA/MDC has received your project cash contribution; and
- The milestone deliverable has been received, approved, and confirmed by MLA’s Project Manager - Productivity and Market insights

MLA/MDC has standard payment terms of 30 days. MLA/MDC will process your invoice on a Monday for payment on Friday of the same week. If you include 7-day payment terms on your invoice we will seek to honour those terms.

If MDC has not received your project cash contribution and/or received and approved the milestone deliverable, payment will be delayed.

**Q: Do we need to provide expense receipts and if so what for?**

**A:** Yes, MLA/MDC requires you to provide receipts for all project consumables. MLA/MDC does not require receipts for fees.

The *Milestones, Budget and Payments* table in your contract outlines the maximum amount of fees and expenses you can invoice MLA/MDC for. Fees must be invoiced in the same breakdown as in the payment table. For example, in the table below, fees for milestone 1 cannot exceed \$5,000.00 and the total project fees cannot exceed \$20,000. Expenses must not exceed a total of \$7,500.00 and receipts must be provided to support the claim.

**Milestones, budget, and payments**

Milestones	Provider	Start Date	Completion Date	Fees (\$) ex GST	Operating Expenses (\$) ex GST	Total (\$) ex GST
Milestone 1				5,000.00	2,500.00	7,500.00
Milestone 2				5,000.00	2,500.00	7,500.00

Milestone 3				10,000.00	2,500.00	12,500.00
<b>TOTAL</b>				<b>20,000.00</b>	<b>7,500.00</b>	<b>27,500.00</b>

**Q: Do we send you our expenses as they are incurred?**

**A:** No. Expenses can be claimed at the end of each completed milestone. MLA/MDC is only able to pay on expenses already incurred. Supporting documentation can be copies of your receipts or a printout from your finance system. If providing a printout from your finance system this is on the understanding that you may be asked to provide copies of the relevant receipts at a later date.

**Q: Do we include GST on my invoice?**

**A:** Yes, for items where GST is applicable. The *Milestones, Budget and Payments* table in your contract shows excluding GST (ex GST). However, when you submit your invoice to MLA/MDC for payment, GST should be added to relevant items.

**Q: What if we do not use all the project budget?**

**A:** If you do not spend all your project budget, MDC will return the remaining project Cash Contribution funds in the same proportions they were received in.

**Q: If we have unspent contribution funds after a milestone is completed, when do I get refunded for the unspent contribution funds I have paid to MDC?**

**A:** Unspent funds on a milestone can be rolled over to the next milestone. Any unspent contribution funds will be refunded after the project is completed.

**Q: What if we have overspent?**

**A:** If you think you are likely to overspend, please inform MLA well before the project is overspent. You will need to inform us that you may require additional funds. Additional funds will be allocated on a competitive basis. If you overspend without informing MLA, MLA will not be responsible for any loss incurred.

**3. Other (covering contractual relations, access fee, cash contribution)**

**Q: Can we offset my cash contribution to MDC by purchasing equipment or consumable goods for the project?**

**A:** No, you must pay your cash contribution invoices in full and invoice MDC for your payment after the milestone is completed and confirmed by MLA's Project Manager - Productivity and Market Insights. The statutory funding agreement that MDC has with the Federal Government requires all partner cash contributions to pass through MLA.

**Q: What is the MDC Access fee for?**

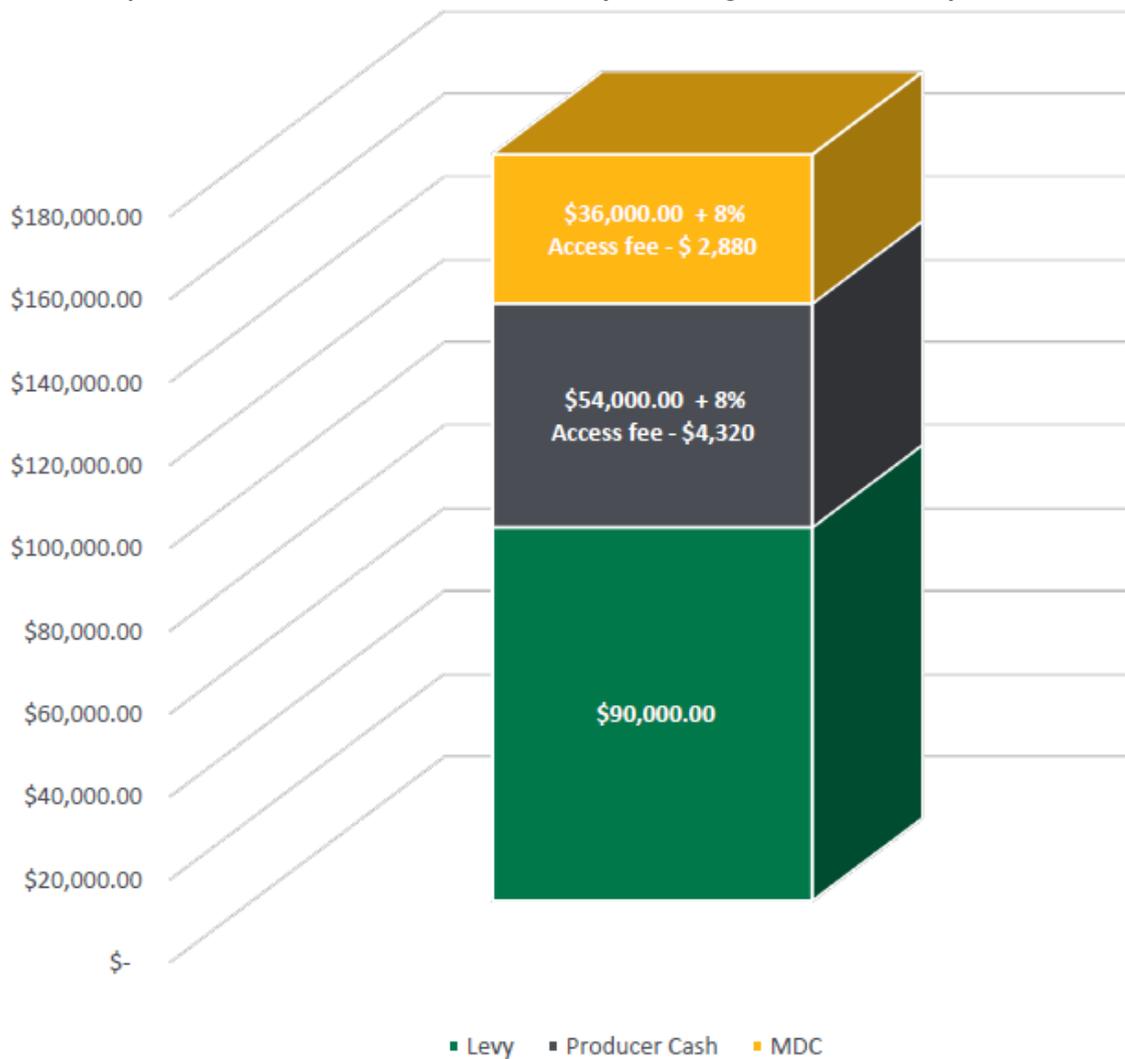
**A:** All MDC projects include an access fee to cover costs associated with providing and operating MDC programs. The Access Fee enables MDC to provide programs like Co-Contributor Producer Demonstration Site projects.

Where the contribution funds originate from levy-paying producers, an 8% access fee applies. The access fee is calculated on the participant's total contribution value per the statement of work.

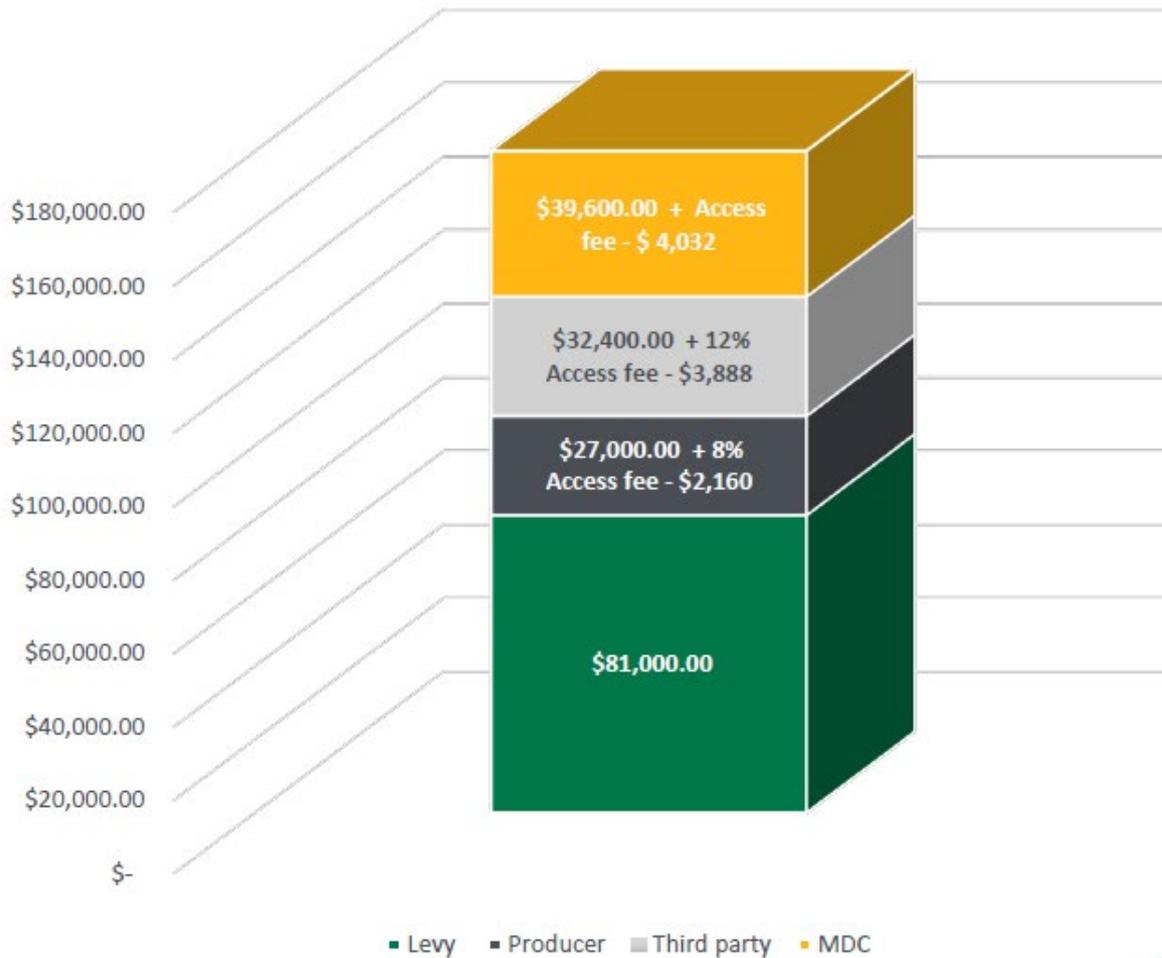
Where the contribution is sourced from a commercial third party, state government, or non-levy paying participant, a 12% access fee applies.

See here an example of the funding structure for Co-Contributor and Partnership PDS Projects, based on a three-year project, requesting maximum budget:

**Co-Contributor Option 1: Producer cash contribution only – Seeking \$180,000 over 3 years**



**Co-Contributor Option 2: Producer & third party (non-producer) cash contribution – seeking \$180,000 over 3 years**



**Partnership PDS – seeking \$300,000 over 3 years**

60% of the project value is required as an eligible cash contribution; MDC covers the remaining 40%.

The access fee is calculated at 8% for contributions from levy payers, or 12% for contributions from other commercial partners. Multiple contributing partners allowed.

