

SAAFE Limited In-Kind Contributions Policy

1. Scope

This policy applies to all employees, officers and contractors of SAAFE Limited (**SAAFE Ltd.**) involved in the assessment and/or reporting of participant (Partner or Third Party) non-cash resources contributed to a project or research activity of the CRC (**In-Kind Contributions**).

2. Purpose and Objective

This policy is intended to establish a clear and standardised framework for assessing, valuing, and reporting In-Kind Contributions provided by participants in support of projects or research activities under the CRC Program. This will ensure that contributions are realistically and justifiably valued, proportionally allocated to project use, and consistently reported in line with CRC guidelines, in order to maintain accurate financial reporting, effective resource utilisation, and overall compliance with Commonwealth funding requirements.

3. Definitions

The following terms are used throughout this policy:

| Definition | Meaning |
|----------------------------------|--|
| Cash Contribution | Partner or third-party cash contributions to a project or research activity. |
| In-Kind Contribution | Non-cash resources contributed by a participant to conduct the activities of the CRC. They may be staff or non-staff resources. |
| Staff In-Kind | Human resources dedicated to a project or activity |
| Non-staff In-Kind | Non-human resources dedicated to a project or activity (e.g. specialist equipment use, laboratory hire) |
| Project In-Kind | The In-Kind Contributions dedicated to a project by project participants or third parties. This includes both Staff In-Kind (the human resource) and Non-Staff In-Kind (e.g. Specialist laboratory use, equipment etc) |
| Non-Project In-Kind | The In-Kind Contributions dedicated to non-project program activities (e.g. SAAFE Ltd.'s workspace (office premises) or contributions to the education and training program) by participants. |
| Third-Party Contributions | Contributions of cash or in-kind from third-party organisations (that is, those not listed in either the relevant Project or Partner agreements as a Partner). Any third-party contributions will not count towards the eligible grant project value for the purpose of matching contributions to grant funds. |
| Partner Agreement | A partnership agreement between SAAFE and another party that includes all of the terms required by the CRC Program to deem a party a partner under the Commonwealth Funding Agreement. |

4. In-Kind as a Key Commitment of Resources

In-Kind Contributions are a significant commitment of resources to a CRC such as SAAFE Ltd. For the CRC Program, In-Kind Contributions from Partners and Third Parties are considered when determining the maximum amount of CRC Program funding that is to be made available to the CRC.

For this reason, it is important for SAAFE Ltd. to ensure that In-Kind Contributions made to the CRC are captured, reconciled and reported thoroughly and accurately in line with the requirements of the CRC Program.

5. Third Party Contributions

Third-Party In-Kind can be contributed to both Project and Non-Project research activities. These contributions should be budgeted and reported in the same manner as other In-Kind, but are to be categorised as 'Third-Party', which means the contributions are made by a party that is either not a party to the relevant project agreement (for Project In-Kind) or a signatory to a relevant Partner Agreement.

6. Capturing In-Kind Contributions

In-Kind Contributions are primarily identified and/or reported at the following key stages in the CRC's activities:

- *Partner Engagement*

At the point of engaging a new SAAFE Partner, the SAAFE Ltd. team, and in particular the Head of Collaboration, will identify and report any Non-Project In-Kind that the new Partner may contribute.

- *Project Planning and Negotiation*

During the Project planning and negotiation phase, the SAAFE Ltd. team will identify and report In-Kind Contributions pledged from Project Partners. These contributions should then be outlined in the project budget and included in the application submission.

For individual projects, SAAFE Ltd. has a target ratio of 1:2 when measuring Cash Contributions against In-Kind Contributions.

- *Project Life*

Throughout the life of each Project, all In-Kind Contributions made towards the Project must be monitored and accurately reported by the SAAFE Ltd. team, with assistance from the Project Leads, on a quarterly basis. Reporting is done through SAAFE Ltd.'s online reporting system.

In-Kind Budgeting and Reporting

SAAFE Ltd. maintains In-Kind budgets in order to measure and forecast the annual amounts of In-Kind Contributions associated with its research activities.

The two types of budgets are:

1. *Project In-Kind Budget*

- This budget is completed at the time of Project planning and measures the annual In-Kind amounts associated with a particular Project.

- These annual figures are split into their quarterly value and tracked by SAAFE Ltd. Example: Annual cost of project researcher = \$180,000, therefore, quarterly cost included against each quarter = \$45,000.

2. *Non-Project In-Kind Budget*

- This is a partner-level assessment by SAAFE Ltd. which records the value of all Non-Project In-Kind contributed by partners, including Third Party Contributions.

Reporting of In-Kind Contributions involves comparing actually-recorded figures to pre-established budget values. Where there is discrepancy between those two values of equal or to or greater than 10% variation, the internal reporting system has been programmed to notify the SAAFE team, prompting investigation and rectification as required.

In-Kind Valuation and Materiality

Each In-Kind Contribution must be realistically and justifiably valued in proportion to its use within or towards the Project in accordance with the In-Kind Valuation Principles attached to Partners Agreements and this policy (as Attachment 2).

For example, Non-Staff In-Kind (such as equipment or facilities) will be valued based on usage and depreciation, while Staff In-Kind is to be valued by reference to salaries and allowances. Attachment 1 to this policy (which may be updated and/or revised from time to time as necessary) sets out some specific examples of various categories of In-Kind Contributions and methods for valuation.

Items of Individually Significant Materiality

Where SAAFE Ltd. considers a contribution to be of 'individually significant materiality', it may request further supporting evidence in order to justify the reported value of the contribution. Such items may include:

- a) Project In-Kind: Individual Non-Staff In-Kind Contributions exceeding \$50,000 per annum in value; and/or
- b) Project In-Kind: Staff In-Kind Contributions exceeding \$250,000 per annum in value; and/or
- c) Non-Project In-Kind: Non-Project In-Kind contributions exceeding \$50,000 per annum in value.

For individually significant items, supporting evidence may include timesheets, calculations, and detailed reports. For items not meeting this threshold, the valuation is based on the the Valuation Principles and agreed as fair by the partners without the need for documenting specific evidence (although such evidence may be filed where it was relied upon for an accurate estimate).

Attachment 1 – Examples of In-Kind Contribution Valuations

This schedule includes a number of examples of in-kind calculations and will be updated from time to time to ensure this policy provides relevant and up to date examples to partners and project participants.

- ***Labour In-Kind Contributions:***

- Valued using the salary plus an additional (maximum) 30% allowance for on-costs and indirect overheads. For instance, a person with a salary of \$120,000 per annum working on the project at 0.2 FTE for 3 years may be valued at $(\$120,000 \times 0.2 \times 3) \times 1.3 = \$93,600$.

- ***Farm Running Costs:***

- Based on historical data, the running costs for a trout farm were estimated at \$10,000 in 1990, indexed to \$22,000 for the 2023/24 FY. For 10 farms, the total In-Kind Contribution would be $10 \times \$22,000 = \$220,000$. For a project using one whole pond for a year, the In-Kind Contribution is AUD \$22,000.

- ***Stock Value:***

- Using USDA data, one acre produces around 4500 kg of trout annually. With a market price between \$20 and \$25 per kg, the In-Kind Contribution for 10 farms is $10 \times 4500 \times \$25 = \$1,125,000$. If vaccinating 1000 pounds (450 kg) for the project, the In-Kind Contribution is AUD \$11,250.

- ***Laboratory Hire at a University:***

- The use of a specialised laboratory at a University valued at \$1,000 per day, utilised for 60 days per year, would result in an In-Kind Contribution of $60 \times \$1,000 = \$60,000$. Supporting evidence includes the university's fee schedule and the project's usage logs.

- ***Provision of Specialist Computing Hardware:***

- Valued using annual depreciation/amortisation based on useful life x CRC SAAFE % use, or market rental/leasing rates if appropriate. Evidence includes the cost base, useful life from the participant, and an estimate of CRC SAAFE usage %.

- ***Software Licences:***

- Valued at commercial/market value per annum, with evidence in writing from the partner.

- ***Training Services:***

- Valued at market rates per day, reasonably charged to third parties, with evidence in writing from the partner and reasonableness reviewed by CRC SAAFE.

- ***Provision of Specialist Computing Facilities/Infrastructure:***

- Valued at market rates, proportionally to the project usage, based on running costs and depreciation. Evidence in writing from the partner and reasonableness reviewed by CRC SAAFE.

- **Facilities, Large Capital Items, Specialist Equipment:**
 - Valued at market rates, proportionally to project usage, based on running costs and depreciation. Evidence in writing from the partner and reasonableness reviewed by CRC SAAFE.
- **Other Contributions:**
 - Valued at market value wherever possible, with evidence in writing from the partner and reasonableness reviewed by CRC SAAFE.
- **Use of Agricultural Machinery:**
 - The provision of a tractor for a project, valued at \$200 per day, used for 45 days per year, results in an in-kind contribution of $45 \times \$200 = \$9,000$. Supporting evidence includes rental agreements and usage logs.
- **Provision of Water Treatment System for a Project:**
 - A third-party company provides a specialised water treatment system to a project. The system is valued at AUD \$50,000 based on its purchase price. The system has a useful life of 10 years, and it will be used by the project for 2 years at 40% capacity. The in-kind contribution would be valued as:
 - Annual depreciation = $\$50,000 / 10 = \$5,000$ per year
 - Project usage = $\$5,000 \times 40\% = \$2,000$ per year
 - Total in-kind contribution over 2 years = $\$2,000 \times 2 = \text{AUD } \$4,000$

Supporting evidence could include purchase documents, depreciation schedules, and usage logs.
- **Third Party Non-Project In-Kind Contributions:**
 - A federal government department is unable to satisfy all of requirements of CRC Program in the Partnership Agreement, but have nevertheless agreed to support SAAFE's Research Program
 - Representatives from department actively participate in advisory committees for the research program as well as several specific projects.
 - In-Kind Contributions for the third party are valued by:
 - Assessing the number of attendees participating in workshops and advisory committee meetings (for example, five people attended four workshops and / or advisory meetings)
 - Valuing the participation in line with advice from the relevant government department regarding sitting fees (e.g. \$430 per day)
 - In-Kind Valuation:
 - $5 \text{ people} \times 4 \text{ workshops} \times \$430 \text{ sitting fee} = \$8,600$

This in-kind contribution is added to the Non-Project In-Kind Budget for SAAFE along with the relevant calculations and, where the In-Kind Contribution is sufficiently material, any relevant supporting documentation.