

BEEF 2015 & BEYOND

Cattle Council of Australia

National Strategies for Australia's Grassfed Beef Sector



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President's Foreword

Cattle Council of Australia (CCA) is the peak industry body responsible for representing and advancing the interests of Australia's grassfed beef producers. The Council's Board and membership comprises Australian grassfed beef producers who contribute their time and experience with the aim of fostering a sustainable and profitable grassfed beef sector.

The development of National Strategies for the Grassfed Beef Sector is a key responsibility for CCA, and provides a framework for defining and focusing the priorities of the sector, and the broader beef industry through the Beef Industry Strategic Plan (BISP). The National Strategies will also assist in directing and mobilizing appropriate resources through the Council and industry service body, Meat and Livestock Australia Ltd (MLA).

The National Strategies for the Grassfed Beef Sector has been developed for beef producers and is built on extensive consultation with grassfed levy payers and other key industry stakeholders. Importantly, it will concurrently underpin and contribute to BISP3 relevant components of the wider Meat Industry Strategic Plan (MISP).

In developing this strategy, a number of key priorities have been identified as critical to the grassfed production sector, and the wider beef industry. These include the need for enhanced co-ordination in achieving greater market access for Australian beef and live cattle, a stronger effort to reduce impediments placed on the industry through legislation, addressing a lack of suitable infrastructure to support industry competitiveness,

and a need to reinvigorate our research, development and extension capacity.

As we look to 2015 and beyond, the long-term fundamentals for the beef industry long-term remain positive. Global beef demand is forecast to grow, and significant opportunities will exist for Australian beef to gain greater access to existing and emerging export markets.

It is now up the grassfed beef producers of Australia, and the organisations that represent and service them, to take ownership of the priorities they have identified, and work together to deliver on this strategy. Cattle Council of Australia is proud and enthusiastic to take the lead. 🐮

*Andrew Ogilvie
President
Cattle Council of Australia*



Summary

Beef producers reasonably expect an influential, adequately-resourced, professional and unified voice representing them in the public arena, with government and within the broader red meat and livestock industry. It is the objective of the National Strategies for the Grassfed Beef Sector to help deliver on this expectation.

The drivers of change on the Australian grass fed beef industry are shifting and more change and uncertainty lies ahead. Overseas competitors are challenging Australia's export markets with offering competitive products and alternate forms of protein such as chicken and pork are increasing market share domestically. Further, consumers and interest groups are influencing governments and value chain firms on their policies for ethical and sustainable production of beef.

Throughout the consultation process to develop the National Strategies for the Grassfed Beef Sector, producers expressed general optimism with regard to the beef industry's long-term prosperity. There was a clear recognition of the absolute need for better access to export markets, coupled with the need to enhance productivity and dilute production costs through quality research that delivers new and better technologies and has a practical application at an enterprise level. Levy payers noted throughout the consultation phase that any further consolidation of the meat processing and retail sector had the potential to restrict competition at a time when producer margins are increasingly under threat.

Industry participants in the strategy development process had a strong focus on industry structures, and called for a higher quality and co-ordination of resources and results associated with policy analysis and advocacy on behalf of the grassfed beef sector. They also expressed an expectation for improved return on investment from R&D investment and marketing services provided by levy-funded industry service bodies.

Key messages delivered throughout the consultation process clearly stated that the grassfed beef sector must be equipped to better-deliver on those core functions that accurately reflect the interests of the industry.

It must be capable of achieving:

- > Well-researched policy advice to key industry organisations, relevant federal government departments and other bodies regarding issues of national and international significance to the grassfed beef sector;
- > A depth of capacity to analyse and assess the performance of industry service providers;
- > The formulation of effective and timely industry policies;
- > The development and monitoring of strategic imperatives;
- > A new representative structure that directly engages with producers and facilitates wide and ongoing consultation;
- > Appropriate direction of levy expenditure with knowledge and conviction; and
- > Active representation of grassfed beef producer interests with industry, government and the community on areas including trade and market access; consumer marketing; research and development; animal health and welfare; and economics and infrastructure planning

Introduction

Australia is one of the world's largest producers of cattle, directly contributing approximately 1% of Australia's gross domestic product. The farm gate gross value of cattle and calf production in Australia is estimated at A\$8.1 billion per annum. The Australian beef industry is vast and extremely diverse covering 48% of Australia's landmass and comprising more than 40 different cattle breeds.

Australia's national cattle herd is around 27 million head on over 59,000 properties. This represents 49% of all properties with agricultural activity. The industry employs approximately 173,500 workers across farm, processing and retail. In 2011-12, Australia produced around 2.1 million tonnes of beef and veal with grain fed cattle accounting for approximately one third of all adult cattle slaughtered. The off-farm meat value of Australia's beef industry is A\$11.9 billion.

Australia is the world's largest exporter of beef. In 2011-12, Australia exported \$4.7 billion worth of beef (65% of production) to more than 100 countries, contributing 15% of Australia's total farm exports (DAFF). Australian live cattle exports were valued at \$650 million.

Domestic expenditure on beef was estimated at A\$6.2 billion (MLA).

The beef industry today is an extremely diverse business. The industry today is far less exposed to market changes than it once was; this is largely due to levy dollars spent by producers to ensure market diversification. The diversity and scale of the industry was reflected in the approach adopted to develop this strategy.

Cattle producers as well as other key stakeholders from all over Australia were engaged directly to contribute ideas and input for the designing of the strategy, which aims to unite grassfed producers with a single vision for their future.



The Strategies

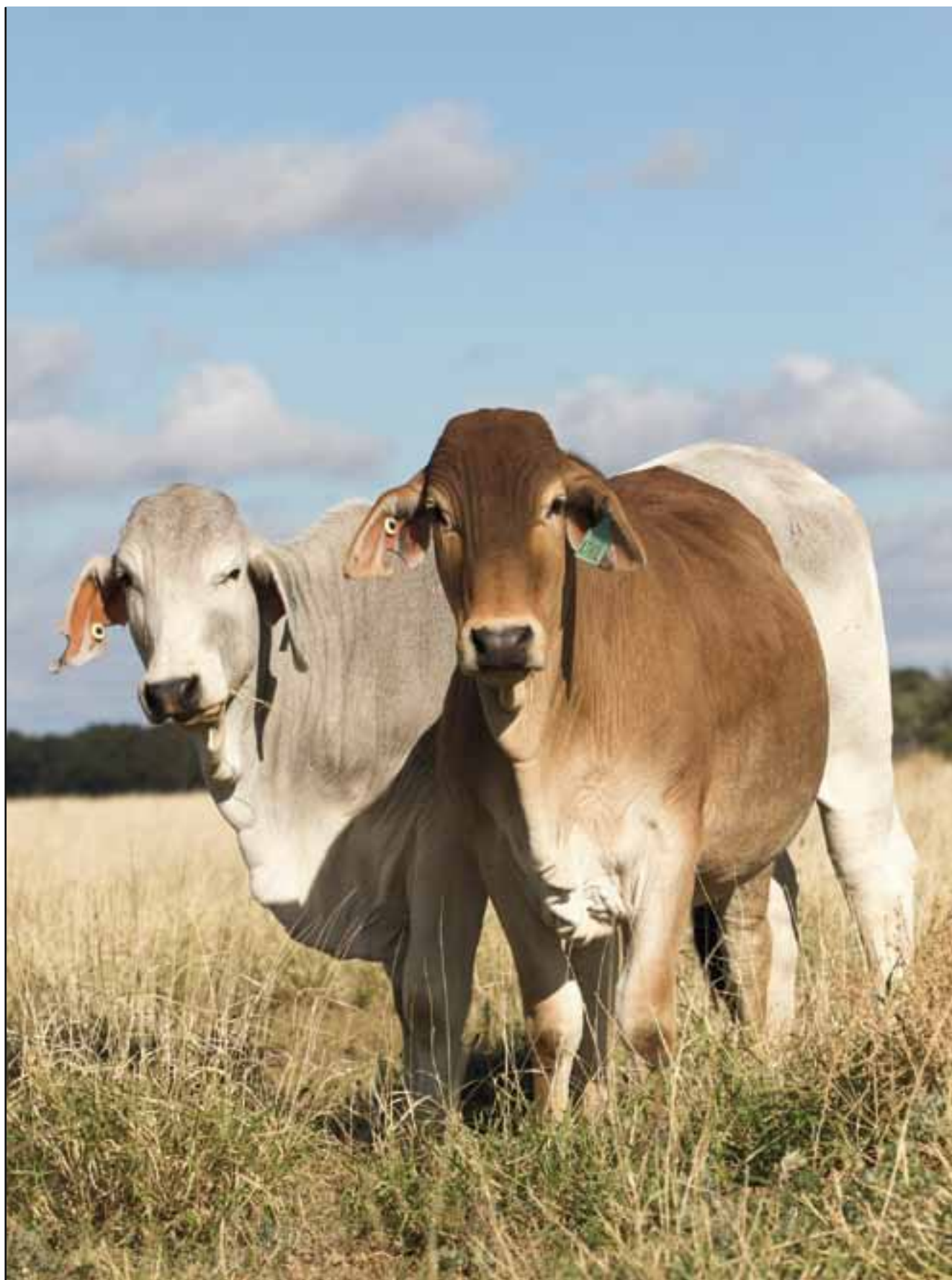
The Meat Industry Strategic Plan 2010–2015 (MISP3) frames a holistic view of the strategic imperatives targeted by the Australian red meat and livestock industry across the production, processing and live export sectors. The integration of MISP3 in developing the National Strategies for the Grassfed Beef Sector is an important concept: the two frameworks provide a ‘tops-down’ and ‘bottoms-up’ approach to delivering on their respective priorities, thereby retaining a high level of ownership and definition of the specific needs of the grassfed beef sector while delivering on the broader priorities of the beef and red meat and livestock industry in the BISP and MISP, respectively.

Throughout the development of the National Strategies for the Grassfed Beef Sector, a high priority was placed on producing a plan that cattle producers valued, and for which they have a high-level of ownership of its construction and content.

The strategy was developed in three phases:

1. Development of project objectives, measures of success, identification of stakeholders and compilation of all existing relevant information – informing the development of the overall project plan, and a broad communication strategy to raise awareness and encourage input and participation
2. Strategy development, including a review and analysis of existing information, reports and plans, and consultation with key stakeholders (in each state and nationally), concluding with the synthesis and distillation of all information and finalisation of the strategy based on feedback.
3. Consideration of various industry structures that would best support the strategy’s delivery (initially running in parallel with phase two), the outputs of which were derived from stakeholder consultation.





Key elements of the strategies

VISION

The overall vision for the industry is to be a trusted and respected grassfed beef sector that achieves long-term resilience and profitability.

The National Strategies for the Grassfed Beef Sector has three strategic themes that provide the focus for industry effort, along with two core activities that enable and underpin each theme.

The three strategic themes are:

1. Knowledge and innovation
2. Market access and development
3. Best management practices (BMP)

The two core activities that are necessary to the successful delivery of each strategic theme and underpin each element of the plan are:

1. Leadership and capacity
2. Communication and engagement



LEADERSHIP AND CAPACITY

Key feedback themes:

- > Efforts in the past for all industry sectors to work together with one voice have fallen short of the expectations of grassfed beef producers. The fragmentation that exists within the industry, and through the supply chain, is considered as one of its greatest limiting factors for the industry to influence its own future.
- > Industry must reinvent its representative structure, delivering a more inclusive, suitably resourced and accountable model for grassfed beef producers. The new structure must better enable two-way communication with grassfed beef producers on all issues associated with their industry, including trade, consumer marketing, research and development, animal health and welfare, economics, planning and corporate affairs.
- > Industry must re-prioritise more of its resources towards increasing its capacity to undertake economic and policy analysis, policy and stakeholder communication, and industry administration.
- > Industry must support the increased delivery of agriculture courses in schools and universities and promote beef production (and agriculture generally) as an attractive industry and career especially to young people. Industry acknowledges that this needs to be an all-of-agriculture approach, with the grassfed beef sector as an active contributor.
- > Considerable concern exists within grassfed beef producers about the declining industry-support capacity of Government and how that may affect industry. The industry needs to act to ensure that producers have access to high quality services into the future.

Strategic imperatives

1. Examine the performance of peak industry councils, RMAC and service companies		
• Triennial review of the accountabilities and responsibilities of the relevant organisations	External consultant	2013 then every three years
• Assess KPIs against agreed monitoring and evaluation performance criteria for each relevant organisation	CCA/RMAC/external advice	June 2013 then every two years
2. Develop and implement a new representative model that is powerful, co-ordinated and can deliver a suitably-funded advocacy strategy is developed to influence Government, the community and the value chain		
	CCA/industry/government	June 2013
3. Invest to attract and develop talented leadership and skilled personnel		
• Work to improve the profile or agricultural careers	DAFF/RMAC/MLA	Dec 2013
• Provide incentive and leadership training for industry participants	CCA	August 2013
4. Build a comprehensive, autonomous policy analysis capacity within the production sector's representative organisation		
	CCA	June 2013

COMMUNICATION AND ENGAGEMENT STRATEGY

Key feedback themes:

- > Regularly review the National Strategies for the Grassfed Beef Sector and Beef Industry Strategic Plan, which set the vision and strategic imperatives, and guide resource deployment, for the grassfed beef sector and industry respectively.
- > The grassfed beef sector must work closely with the rest of industry to ensure a suitable, well-funded and nimble response strategy in place in the event of future industry crises, including but not limited to trade disruptions, disease incursions and food safety incidents.
- > Provide a mechanism for direct communication and engagement with grass fed levy payers in the development and implementation of sector policy
- > Success of a renewed representative structure will be dependent on its ability to demonstrate to all audiences, from beef producers, State Farming Organisations, industry groups, politicians, the media and the general public, that the beef cattle industry is sustainable, responsible and is continuing to develop strong demand for its products
- > Considerable concern exists within grassfed beef producers about the declining industry-support capacity of Government and how that may affect industry. The industry needs to act to ensure that producers have access to high quality services into the future.

Strategic imperatives

5. Develop and implement a mechanisms to allow levy payers to participate in policy development

- Plan for an Annual Policy Conference, regional meetings and an online policy feedback capability

CCA

September 2013

6. Develop and implement a sector-specific communications and crisis management plan

CCA/MLA/ RMAC

June 2013



MARKET ACCESS AND TRADE DEVELOPMENT

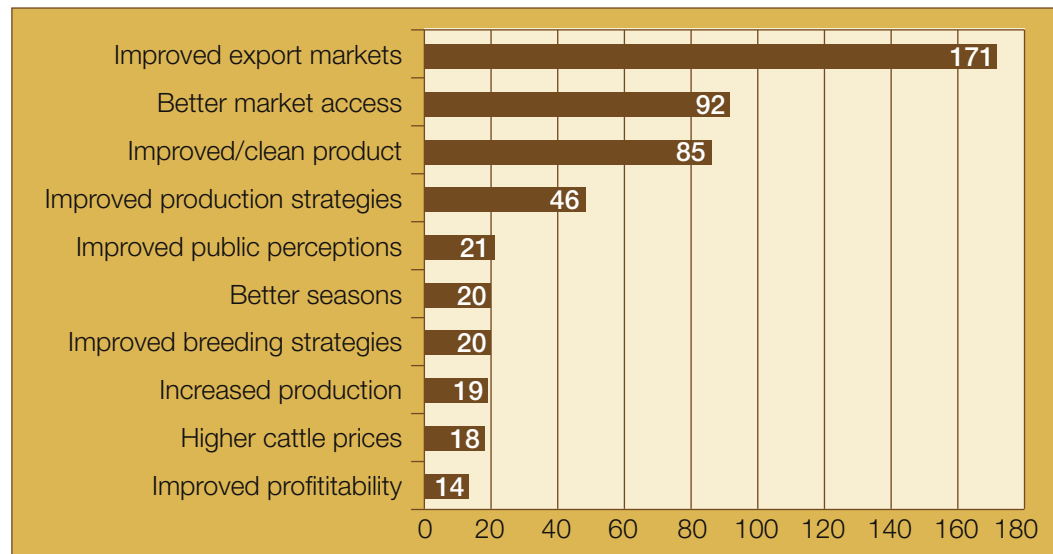
Linked to MISP themes ‘Market access’ and ‘Marketing and promotion’

Key feedback themes:

- > Industry must place significant emphasis on achieving improved market access outcomes in the short-to-medium term (five years). This includes significantly strengthening the push for trade reform through multilateral, bilateral and regional agreements.
- > The grassfed beef industry operates in an environment of intense competition from other protein sources such as chicken, pork and lamb, shifting patterns of consumer demand and ever-strengthening competition in export markets. If the industry is to compete, it needs to better promote the key attributes of beef, including the unique properties of beef finished exclusively on grass, as part of a healthy and balanced diet for domestic and international consumers. There is also relatively untapped opportunity to innovate and develop a more extensive and desirable range of retail beef products. This will all require a continued, relentless focus on building consumer demand for Australian beef.
- > Generic beef promotion must deliver greater returns for beef producers. MLA must develop the capability to effectively and transparently measure, monitor and report on the extent to which marketing investments improve producer profitability.
- > The AUS-MEAT language must be modernised and updated so that carcass specification measures are relevant and are aligned with established parameters around eating quality. This is especially critical in avoiding confusion in developing markets, in removing the paradigms of domestic beef retailers and in ensuring high quality beef isn't penalised by inappropriate or irrelevant carcass descriptors. its products
- > The entire beef supply chain must work closely with Government to address the declining capacity of Government support services relating to our export systems, market maintenance and the facilitation of trade through improved market access. Equally, the grassfed beef sector must work with its upstream supply chain participants to improve the industry's response capacity to ongoing, single-market disruptions.



Industry research indicated that improving export markets and market access arrangements were seen as the two biggest opportunities for beef producers



Strategic imperatives

7. Protect and advance market share in our most significant, established markets for grass fed beef (domestic, Japan, US and Korea)

- Assess the effectiveness of the overall industry, levy-funded marketing spend on the four main markets

CCA

August 2013

8. Stimulate domestic demand for beef (and/or grassfed beef specifically) and reverse the long-term decline in domestic consumption of beef

MLA

Now

9. Confirm which developing markets offer the highest value to Australian grassfed cattle and beef producers, and focus on improving access and increasing market share by working with the Australian government and the value chain

CCA/MLA/
Government

March 2013

10. Conduct biennial, independent assessments of marketing and promotion investments in domestic/export markets and report progress against agreed KPIs

CCA/MLA

September 2013
then every two
years

11. Construct a comprehensive market access strategy that analyses bilateral, plurilateral and multilateral opportunities in existing and emerging markets for grassfed beef and cattle exports

- Develop a work program with the Australian Government that addresses declining support services in export markets

CCA/MLA/ DFAT

July 2013

BEST MANAGEMENT PRACTICE

Linked to MISP theme ‘Environment and ethics’

Key feedback themes:

- > Expectations of the industry to demonstrate its ‘good corporate citizenship’ will continue to grow over time. This must be addressed through a mature debate that continually looks at and reviews practices at farm-level while concurrently building a better community understanding of the challenges and realities of farming and food production.
- > On-farm best management practice (BMP) systems with a science-/evidence-based approach must be prioritised. These systems should provide producers with a voluntary, user-friendly vehicle, facilitating where appropriate changes in management practice, to demonstrate the sector’s credentials at an on-farm level. Industry must develop innovative ways of accurately measuring and communicating the positive work being undertaken.
- > The industry must ensure the consumer is well informed of the extent to which grassfed beef producers are addressing concerns and how the industry performs relative to overseas competitors.
- > The Australian beef industry’s environmental and ethical credentials as perceived by government, the community and its customers are of immediate and future importance. Industry will work collaboratively on a whole of industry strategy, which delivers on community and industry expectations for standards for welfare and the environment. This will entail a review of the scope and budget allocation of industry’s community engagement programs with a view to increase/improve promotion of ethical and responsible custodianship of the environment, animals and resources used in the production of beef.
- > Communication/extension efforts should also be targeted to provide producers with information on the economic benefits of management practices which improve environmental outcomes and on-farm profitability. The development of product diversification schemes which give producers a market premium in recognition of their environmental and ethical production systems is also important aspect of delivering on-farm adoption of BMP systems.

Strategic imperatives

12. Gather baseline information on how industry is performing and perceived		
	CCA/MLA	September 2013
13. Monitor, analyse and assess international drivers of sustainable agriculture		
	CCA	December 2013
14. Define and drive implementation of a best management practice program that delivers suitable practice change		
	CCA/the value chain	Dec 2013



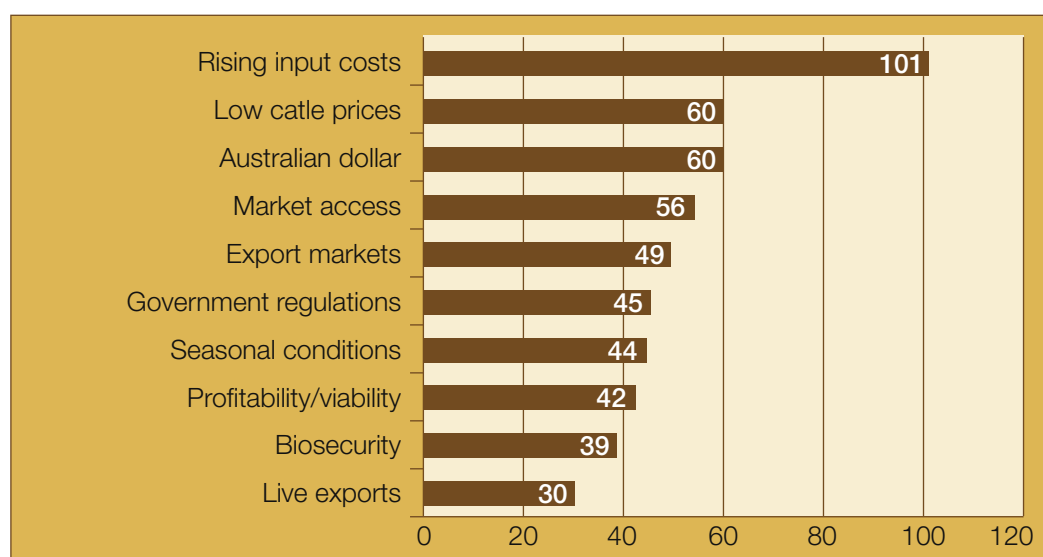
KNOWLEDGE AND INNOVATION

Linked to MISP themes ‘Economics and infrastructure’ and ‘Innovation’

Key feedback themes:

- > Transport, industry image, quarantine/biosecurity and unfair market power were identified as the biggest issues that industry must address. Reducing input costs and improving productivity and quality through innovative research, development and extension was identified as a significant opportunity for the grassfed beef sector
- > The Australian grassfed beef sector must increase its engagement with state and federal governments to encourage the investment in infrastructure that is vital to the long-term success of the industry. The industry must increase its efforts in policy research, analysis and advocacy to foster economic reform and infrastructure investment to enhance the capabilities of our industry. Priority areas include transport, industry’s image, quarantine/biosecurity, and market powers (anti-trust laws).
- > The decline in infrastructure is a significant concern; transport costs are an increasingly significant business cost to producers. It is also critical to deliver technological advancements in communication and property management so that industry can innovate.
- > Industry is demanding access to world class R&D; that investments are well targeted to meet current and emerging needs and that valuable research outcomes are rapidly translated into action by beef industry businesses.
- > A strategy must be developed to manage the shift in provider mix of RD&E services as the traditional role of State agencies is declining and private providers are increasingly delivering commercial service. Industry must increase its activity in ensuring the Governments continued investment in innovation.
- > Government decline in resources allocated towards Biosecurity is now a critical issue. Producers supported the need for industry to play a more active role in biosecurity management in future. Government’s role must be clearly defined and delivered.
- > Market distortion associated with retail, processing consolidation, foreign ownership and the producer share of the retail dollar must be researched by industry to identify possible actions.
- > The sector must ensure that the Government’s long-term investment in innovation continues as there is a genuine, significant decline in Australia’s research and development capacity. Continued innovation is critical to industry’s success, with a greater emphasis towards blue-sky research.
- > Lack of adoption is a major limiting factor for the industry and extension services continue to decline. Producers acknowledge that there is a role for their industry funds to be used in making R&D accessible to producers and for validating R&D. New technologies must be ‘packaged’ appropriately for the market using multiple mediums and modern innovative delivery methods.
- > Greater coordination and collaboration between producers (local producer groups), industry, research organisations and government departments and funding agencies. Engaging producers in the early stages of research is a critical aspect of on-farm adoption. This could be driven through the development of a coordinated network of local producers groups which feed into the current NABRC and SAMRC structures.

Rising input costs were rated as the biggest issue facing beef producers



Strategic imperatives

15. Increase advocacy efforts for continued Government support and funding in innovation		
<ul style="list-style-type: none"> Coordinate an all-of-industry approach to ensure that matching R&D investment dollars are retained in all future Government 	RMAC	May 2013
16. Build capacity to deliver improved development and extension services, utilising connections with commercial users		
<ul style="list-style-type: none"> Develop a network where both not-for-profit and commercial extension/adoption providers are connected to an ongoing information service 	CCA	December 2013
17. Modernise the process that (i) determines the sector's R&D priorities, and (ii) that directs and clarifies the role of industry service providers in R&D adoption models		
	CCA/NABRC/ SAMRC	June 2013
18. Develop a strategy that encourages the young, early career researchers to develop their profession in Australia and in the beef industry		
<ul style="list-style-type: none"> Ensure that 'discovery science' opportunities are increasingly made available to the beef production sector 	RMAC/MLA/ NABRC/ SAMRC	August 2013
19. Establish a Livestock Biosecurity Network to assist with on-farm biosecurity awareness with beef producers		
	CCA	December 2012
20. Identify and prosecute the ideal infrastructure improvements for the beef industry		
<ul style="list-style-type: none"> Work with Infrastructure Australia to develop a first-class strategy to support the future development of the beef industry 	CCA/NFF/RMAC	June 2014
21. Identify and prosecute government and industry red and green tape that that is unnecessarily hampering the profitability and productivity of the beef industry		
<ul style="list-style-type: none"> Conduct a follow up to the earlier MLA-commissioned investigation into red tape costs, widening the terms of reference to include industry and green tape 	CCA	November 2013

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