1. **ARCBA’s Strategic Focus for the Cattle Seedstock Industry**

In 2003 and 2004 ARCBA undertook a strategic review of the cattle seedstock industry with the aim of identifying opportunities and threats that faced its members and actions that would improve the viability of industry.

Out of this strategic review, the following statement of Mission, Vision and Goals emerged.

**ARCBA’s Mission is:**

“To provide leadership and support to Australia’s cattle seedstock industry to produce and market cattle genetics which improve their viability as seedstock producers and the profitability of commercial cattle production.”

**VISION:**

By 2013 the cattle genetics produced by Australia’s registered cattle industry will be:

- The most reliable and highest performing genetics in all the economic traits impacting sustainable commercial cattle production for a range of production/marketing environments.
- Quality assured in terms of pedigree, performance and structural soundness, and health status.
- Preferred by international markets.

**GOALS:**

1. Improve the quality and economic performance of Australian cattle genetics.
2. Maximise the use of registered pedigree and superior performance-analysed Australian cattle seedstock.
3. Maintain and enhance the disease free status of our beef and dairy herds.
4. Develop export marketing strategies.
5. Improve the management and viability of ARCBA member organisations.

Some of the key issues raised in the final workshop in August 2004 were:

1. The Southern beef industry needed a collaborative technical extension service like the Tropical Beef Technology Services project in Northern Australia,
2. Australia had an opportunity to be the world leader in export of bovine genetics and related services but had a lot of work to do to achieve this status,
3. The development of molecular genetics was a threat to traditional breed societies as this technology may be marketed directly to cattle breeders by genomics companies who bypass breed societies. It would also be an
opportunity if breed societies are able to develop a close liaison with the Beef and Dairy CRC’s which are a focal point for the developments.

4. Labour is the highest cost of breed societies and is likely to increase over time at slightly above the rate of inflation. Therefore breed societies need to find ways of pooling resources with other organisations (including other breed societies) to achieve economies of scale in labour use.

While there were other issues identified, the four mentioned above have significant influences on the viability of breed societies and ARCBA has taken a number of initiatives in these areas to assist in creating a more favourable technical and economic environment for its members.

2. How ARCBA has been assisting its members with the big issues

2.1 Technical Extension

ARCBA took up the request from the August 2004 Strategic Planning Workshop for technical extension resources in Southern Australia and by early 2005 it had brokered a $1.13M project called Southern Beef Technology Services (SBTS) involving ABRI, MLA and 14 breed societies (all of which are ARCBA members). The TBTS will run for 5 years from early in 2005 and it is meeting or exceeding its milestones. The Tropical Beef Technology Services (TBTS) project in Northern Australia has just been extended for 3 years from July, 2008 as an MLA donor company. It is subscribed to by 8 breed societies, all members of ARCBA.

There is close collaboration and resource sharing between SBTS and TBTS.

The two projects are seen as creating the opportunity to provide a national beef breeding extension service (focussed around breed society members) at a time when Departments of Agriculture/Primary Industries are withdrawing from beef breeding extension.

2.2 Genetic Exports

Cattle registrations in beef and dairy cattle have been on a long-term downwards trend.

ARCBA believes that this trend could be permanently reversed by Australia becoming actively involved in providing quality-assured exports of breeding cattle, semen, embryos and related technical/management services.

It is proving to be a huge task to put together the resources to see the seedstock industry start to benefit in a tangible way from genetic export opportunities. ARCBA has made significant contributions to these developments including:

- Hosted two genetic export seminars at Beef 2006,
- Wrote and distributed an ARCBA Newsletter promoting genetic exports,
- Attended 2006 workshop on genetic exports hosted by DAFF,
- Met separately with the Chairman of MLA and the Chairman of LiveCorp to brief them on ARCBA’s position on genetic exports,
- Made presentations on the need for the Export Agency to the Minister of Agriculture, Fisheries and Forestry,
• In consultation with industry, wrote the case for establishing the Australian Cattle Genetics Export Agency (ACGEA),
• Met with the Boards of Holstein Australia, the Jersey Society about genetic export opportunities,
• Met with the Executive Director of the Australian Dairy Farmers Ltd (ADF) to brief ADF on ARCBA’s position on development of ACGEA,
• Met with Executive representatives from LiveCorp, ALEC and the Cattle Council of Australia to brief them on the ACGEA case,
• Presented the ACGEA case to a Council Meeting of CCA and received CCA’s support of the case (November 2006),
• Attended the Annual General Meeting of Meat & Livestock Australia (MLA) in 2006 and took the opportunity of briefing key MLA Executives and Directors on the need for ACGEA,
• Communicated with DAFF about a number of issues they had with the outcome of the workshop on genetic exports,
• Participated (Mr Peter Speers) in an ILRIC delegation to Russia to follow up a report which recommended that Russia use large-scale imports of cattle genetics from Australia to rebuild its cattle industry,
• Met (2007) with key players (some 23) in industry about the case for ACGEA,
• Participated in a small Working Group to further develop the case for ACGEA,
• Provided material assistance in writing the successful ILRIC application for Action Grant funds ($550,000) to provide various quality-assurance functions under ACGEA (July-August, 2007),
• Held a Seminar in Brisbane (August, 2007) to explain to industry the opportunities for cattle genetic exports,
• Elected Mr Peter Vincent to join a Steering Committee for the Action Grant project on genetic exports,
• Arranged for Mr Warren Clark to join an Austrade mission to Russia in May, 2008 to represent Australia’s cattle seedstock sector in this rapidly growing market.

It should be noted that dairy heifers going into a number of markets have from 2006 been receiving official export certificates produced by Holstein Australia.

In 2007, certification of the breeding and true-to-type status of beef heifers exported to Russia was provided for the first time and the ARCBA registration statistics show that 3,133 category 1C heifers were recorded in 2007. This number is expected to grow exponentially as more breeds and more countries join the program.

ARCBA’s main professional input in 2006 and 2007 was in assisting to get this genetic exporting program on a firm footing. Orders of 11,000 beef heifers that meet 1C of the Export Standards (i.e. pedigree on the sire side) are expected from Russia before the end of 3rd Quarter 2008.

2.3 Developments in Genomics

At a workshop on the Commercialisation of Gene Markers (March 10-11, 2008) the following comments were made:
Use of gene markers will provide the biggest change in cattle breeding since the introduction of EBVs around two decades ago (this is a reasonable comment that should be heeded by all ARCBA members).

If the DNA technology works, within 15 years breed societies will have little relevance. Cattle breeders could simply send off a hair sample at birth of a calf and the DNA markers will indicate the value of the animal for breeding across a range of traits.

In future, dairy farmers could just send off hair samples of promising bull calves and they could find that they have bred a high performance sire from which they would collect semen. (Progeny testing will become unnecessary).

Clearly, scientific opinion is that the emergence of gene marker technology will threaten the role of breed societies.

The provision of gene marker tests is becoming an activity for multi-national companies. For example, Merial has been active in this area for some time and Australia’s Catapult Genetics has recently been acquired by Pfizer Animal Health.

Whether these companies will work closely with breed societies or market directly to producers as a service that encourages them to reduce their use of registered genetics remains to be seen. ARCBA plans to engage with these multi-national companies to encourage them to work closely with breed societies.

ARCBA’s position is to encourage the combination of molecular genetics with quantitative genetics to produce marker-assisted breeding values which can be offered through breed societies. To this end, in August 2006 ARCBA conducted a major workshop in Brisbane on the Smart-Gene for Beef project. The first marker-assisted EBVs from this project are scheduled to be available in 3rd quarter, 2008.

ARCBA has much work to do to position the registered cattle industry in a way that it will benefit from the roll out of gene marker technology.

2.4 Rationalising Labour Use

ARCBA has provided an environment in which breed societies, which compete vigorously with each other for market share can still work constructively together to achieve common objectives including the efficient use of labour resources.

ARCBA has alerted its members to the need to create economies in labour use. Many societies are now addressing this issue with minimal or no direct participation from ARCBA. This is a desirable approach as ARCBA does not seek to impose itself in the administrative processes of its members unless invited.

The development of technical services for the Southern Beef industry is an example of ARCBA taking the early initiative at the specific request of its members. Now 14 breeds share in a service provided by two full-time equivalent technical officers and the administration of the project (TBTS) has been taken over by the participants without further involvement of ARCBA.
Collaborative action is also providing both labour economies and industry-wide outcomes in the case of developing Australia’s beef cattle genetics export standards.

Other examples of how labour economies are being achieved without any direct involvement of ARCBA include:

- The formation of Herefords Australia Ltd to undertake the administration and marketing for Herefords and Poll Herefords.
- The recent restructure of administrative services for both the Murray Grey and Simmental breeds.
- The sharing of Executive Officer services by a number of the small breeds eg Lowline, South Devon, Blonde d’Aquitaine and Salers are all serviced by one member of ABRI’s professional staff.

3. Focus for 2008

3.1 Genomics

The main focus for ARCBA’s professional representation during 2008 will be in the area of gene marker technology. This has already commenced by ARCBA’s strong presence at the March, 2008 CRC Workshop on Commercialisation of gene markers. ARCBA will continue with representations to the Working Group that is being established to develop a plan for commercialisation of gene markers in the beef industry. Parallel activity needs to take place in the dairy industry. ARCBA plans to hold a workshop on August 6, 2008 for Executive Officers and Directors of breed societies so that they can understand the threats posed by gene marker commercialisation and develop appropriate strategies for converting these threats into opportunities.

3.2 Genetic Exports

The infrastructure to develop standards for export of beef cattle for breeding purposes has been funded by DAFF and this should now proceed at ILRIC with little input from the ARCBA Secretariat.

However, the dairy members of ARCBA may require ARCBA’s assistance with standards and procedures for live exports for breeding – as the ADF insisted that dairy be excluded from the submission to DAFF for resources.

The development of standards for exports of semen and embryos has been scoped but was not funded in the DAFF grant of October, 2007. ARCBA is on standby to provide professional time to assist ILRIC in developing a separate submission for the standards for semen/embryos and the representation of this to the relevant authorities.

Warren Clark will represent ARCBA in an Austrade mission to Russia in May 2008 to promote Australian seedstock cattle into this rapidly growing market.

3.3 Ad hoc issues

During the year there will be unforeseen issues that arise that require ARCBA’s prompt action.
Of the focus issues, genomic developments pose the greatest threat that breed societies have faced in several decades whereas genetic exports represent the greatest opportunity.

Clearly ARCBA needs to provide high level guidance to its members on both issues.

4. Post 2008 issues

ARCBA has identified other issues of strategic importance to the cattle seedstock industry that it intends to address.

- Revisit financial benchmarking by way of providing an objective assessment of the anecdotal reports of a substantial upturn in financial performance of many breed societies which have adopted some or many of the recommendations of ARCBA’s strategic review,
- Member education in trends coming out of the series of financial benchmarking studies,
- If the proposed submission to Commonwealth by ILRIC for funds for quality assurance and promotion of Australian semen and embryos is successful, there may be a significant role for ARCBA in the infrastructure that is put in place (ARCBA is already the issuing organisation for semen to Japan),
- The MLA has developed a Beef Genetics Strategic Plan 2007-2011 which could only be described as an unremarkable document. ARCBA needs to engage with MLA to enhance this plan.
- Dairy breed societies are at risk of losing business from a number of developments including:
  - genomics
  - dairy farms getting bigger and some producers opting out of registering cattle because of the perceived time involved
  - automated milk recording equipment may substitute for traditional breed society services.

These issues are being addressed in various ways by individual dairy breeds. It is likely that some of the threats emanating from advances in technology may be capable of being turned into opportunities. The societies involved may seek ARCBA’s assistance in finding advantageous solutions and making representations at an industry level.

- Further discussions about recording data for crossbred seedstock on breed society databases and data sharing possibilities between breeds.
- Investigate the perceptions held by some sections of industry that breed societies are not as effective as they could be and recommend ways of overcoming these perceptions.
- Depending on the outcome of the August, 2008 Seminar on DNA technology consider holding additional strategic planning in this area to assist breed societies in their planning.

While these are activities that are in the strategic vision of ABRI, resource limitations mean that they cannot reasonably be progressed in any significant way in 2008.
5. Human Resources

The Executive recognises that the total income for ARCBA is under $50,000 pa and so these limited resources have to be applied to a small number of projects at any one time to achieve the best outcome. The following Human Resource (HR) strategies will be used:

- President – to be paid on honorarium of up to $2,000 pa.
- Executive Director – will be provided by the ABRI Managing Director at a charge-out rate of $108/hour (a 66% discount on normal industry rates for a principal consultant). The ED’s time will be utilised as indicated in the section below.
- Support – will be provided by ABRI staff at a charge-out rate of $32.24/hour for administration, $60/hour for graphic design and high level accounting and liaison with the auditor and other consultants as-required based on recovery of salary costs.
- Special projects – will be outsourced to contract personnel skilled in the project matter.
- Representation – ARCBA members will provide representation on the many industry bodies in which ARCBA has official committee membership or a Directorship. This includes:
  - Meetings of the Board of the Agricultural Business Research Institute.
  - Meetings of the National Beef Recording Scheme Sub-committee.
  - Meetings of the Australian Dairy Herd Improvement Scheme.
  - Meetings of the Board of the International Livestock Resources and Information Centre.
  - Meetings of the NSW Beef Committee.
  - Meetings of the Steering Committee of the National Cattle Genetic Export Standard.

All HR invoices are to be presented to a designated Vice President for endorsement.

It is proposed that the Executive Director’s time be deployed under the following guidelines:

| 1. Meetings | Extensive email communication with the Executive Committee, briefing up to 4 meetings of the Executive, attending meetings, minutes and follow up, development of material for AGM, attendance, minutes and follow up. | $6,000 |
| 2. Genomics | Research into the threats posed by gene markers, briefing the ARCBA Executive and meeting with them, representations to the Beef CRC and facilitator of the Workshop on commercialisation of gene markers, representation to or participation in the Working Group, closely monitor the outcome of the Smart-gene for Beef Project and the development of marker assisted EBVs, liaison with Genomics companies to encourage them to work with breed societies, | $14,256 |
setting up a National Seminar in August, 2008 to provide education on gene marker technology for the executive officers and directors of breed societies.

3. Genetic Exports
   Liaison with IRLIC on the development of standards for export of cattle for breeding purposes, assistance with strategies for industry education, assistance in writing grant for funding to develop standards for exports of semen and embryos, representation in regard to the grant application, preparation of material to promote Australia’s cattle seedstock industry in an Austrade mission to Russia. $4,320

4. Executive Management
   Attention to industry issues, press comment. $2,000

| TOTAL | $26,576 |

The distribution of time by main tasks follows:

Indicative Distribution of $26,576 of Executive Director’s Time – 2008

This budget for use of time has been developed using the information available at the time – March 2008. However, apart from ongoing administrative servicing of the registered cattle industry, ARCBA acts as the watch dog for the registered cattle industry. This means that in any year unexpected events may occur (e.g., unfavourable legislation) which require an immediate response that could change the expected deployment of professional time.


<table>
<thead>
<tr>
<th>Income</th>
<th>Budget ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members subscriptions (including associates and commercial members)#.</td>
<td>46,346</td>
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<tr>
<td>Interest</td>
<td>3,200</td>
</tr>
<tr>
<td>Total Income</td>
<td><strong>$49,546</strong></td>
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</tbody>
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2008 Business Plan for ARCBA
### Cost

- Audit & Accounting: 2,000
- Bad & Doubtful debts: 500
- Bank charges: 100
- Cattle Council Associate Membership: 2,000
- Consultancies (eg. Graphic Design, production of beef statistics): 2,500
- Filing fees: 50
- Meeting expenses & workshops: 2,000
- Postal and photocopy: 2,200
- Presidents Honorarium: 2,000
- Secretariat – Executive Director time plus $3K administration support: 29,576
- Telephone, fax and printing: 2,000
- Travel and Accommodation: 5,500
- Sundries: 500

**Total:** 50,926

**Loss:** (1,380)

**Predicted reserves at 31/12/2008:** $80,949

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The membership fee for Herefords Australia will be capped at $5,000 which is less than the combined fees of the Hereford and Poll Hereford Societies prior to amalgamation. The budget includes ILRRC taking out corporate membership of ARCBA (a new member) at $1,250 pa. The Budget assumes member fees stay unchanged at $4.25 full member to a maximum of $5,000 per Society.

The ARCBA Executive will consider the commissioning of a Financial Benchmarking study of ARCBA members early in 2009 in order to assist member societies in measuring their financial progress against both previous and current industry benchmarks.

The proposed overall allocation of funds in 2008 is shown below.

**DEPLOYMENT OF FUNDS – 2008**

- **Executive Director:** 52.2%
- **Administration:** 24.9%
- **ARCBA President:** 3.9%
- **CCA:** 3.9%
- **Meeting Expenses:** 4.3%
- **Travel & Accom.:** 10.8%

*Administration* includes Audit, bookkeeping and accounting to audit, bad debts, bank fees, filing corporate returns, postage, photocopy, printing, phone, fax, graphic design,
time to generate registration statistics, clerical/administration time including updating of the National Travel Plan.

Compiled by:
Dr P.A. Rickards OAM
Executive Director
18/04/2008