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Producer Research Support

Breed societies involved in 'best practice' process to define seedstock 'industry'

Australian Registered Cattle Breeders



The project

The Australian beef seedstock industry now has a continuous review process in place as a result of this Producer Research Support project.

Australian Registered Cattle Breeders Association (ARCBA) executive director Arthur Rickards said this Producer Research Support project had a significant impact on the direction of the cattle seedstock industry by allowing the industry to examine itself.

Objectives

1. Develop a progressive forward plan for Australia's cattle seedstock industry; and
2. Enable the beef seedstock industry to define its role in a changing industry and develop mechanisms to enable it to better service its membership.

What was done

Mr Rickards said before this process there were a number of "meritorious initiatives" by individual breeds but the seedstock industry as a whole had done little to define its mission statement, set goals and commit to an information system that recorded progress towards these goals.

"I am quite confident in saying that this project had a significant impact in promoting the importance of forward planning in the cattle seedstock industry," Mr Rickards said.

ARCBA now provided the infrastructure that allowed seedstock cattle breeders to act as an industry, rather than as individuals or small groups.

Mr Rickards said breed societies were now involved with ARCBA in six key areas that included inter-firm comparisons, Seedstock Code of Practice, extension to the commercial industry, strategic planning, monitoring the composition of the commercial herd and BREEDPLAN recording.

What happened?

Inter-firm comparison

Concern had been expressed that societies were too dependent on membership fees, inventory and registrations as their main source of income. But there had been an "encouraging level of diversification".

Gross society income per registering member increased by 20% between 1992 and 1996, although the rate of increase from 1992 to 1994 was much higher than from 1994 to 1996.

This reflects the economic difficulties and drought influences on the beef industry in the latter period.

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Key points

- A continuous review process of Australia's beef seedstock industry was now in place.
- A refined infrastructure allowed seedstock cattle breeders to act as an industry, rather than as individuals or small groups.
- ARCBA/BIA Seedstock Code of Practice was launched in 1997, partly as a result of this Producer Research Support project. The Code is supported by 29 beef breed societies.
- Breeding and marketing strategies for seedstock can now be objectively combined and targeted.

Contact details

Arthur Rickards
University of
New England,
Armidale NSW 2351

The highest gross income had been with societies in the 250–799 member range.

In 1996, the income of the 250–799 members class only included 57% from income in this traditional area.

Societies representing breeds with membership of over 250 had higher incomes per registering member than smaller societies.

Wages represented the largest single cost item for breed societies. These may come through in-house employment of staff of breed societies or by subcontracting secretariat and data handling functions.

Overall the percentage of income outlaid in salaries had decreased from 31.1% in 1992 to 28.5% in 1996. The biggest reduction had been in the societies with 100–249 members which cut their outlays from 39.8% to 30.4%.

Breeds with 100–249 members struggled with profitability in the first two surveys but showed an improved performance in 1996.

Breeds with 249–799 members showed a marked improvement in profitability which was thought to be related, in part, to their diversification of income sources. The over 800 member breeds had some write-offs in 1996 which reduced their profitability.

The 1994 workshop gave close consideration to the issue of what would be an appropriate target of cash surplus as a percentage of income. It felt 5

Code of practice

The number one priority of the stud cattle industry is to produce a high standard of information on the cattle it sells and conform to industry standards in doing this. There were no industry standards in 1994. This Producer Research Support project gave ARCBA a clear message to put a set of standards in place.

ARCBA and the BIA set up a joint working party to discuss this issue and come up with an industry standard. This was done in the ARCBA/BIA Seedstock Code of Practice which was launched in 1997. The Code is supported by 29 beef breed societies.

Discussion

Commercial extension

While it may appear self evident that the stud industry should target its genetics to the "commercial requirements of profitable beef production", this has not always been the aim of a significant number of stud producers. Some traditionalists have directed much of their energy to breeding cattle that would be successful in the show ring and command high prices with other stud breeders.

This 'traditional approach' was changing rapidly, mainly as a result of activities of the new generation of breed executive officers who had been active in developing an interface to the commercial sector.

Mr Rickards said some examples of significant programs of this type were:

Shorthorn

Employs Bob Gahan, an experienced beef cattle officer, on a full time basis to conduct liaison with commercial herds to assist them to select genetics that will accelerate their productivity and targeting of particular markets.

Producer Research Support

MLA Producer Research Support offers support funding of up to \$15,000 over three years for groups of producers keen to be active in on-farm research and demonstration trials.

These activities include:

- Producer Initiated Research and Development
- More Beef from Pastures demonstration trials
- Prime Time Wean More Lambs demonstration trials
- Sustainable and productive grazing grants.

Contact Stephen Feighan - MLA Project Manager, Producer Delivery and Adoption.

Tel (02) 9463 9245 or
sfeighan@mla.com.au

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MLA also recommends

BeefPlan

BeefPlan is a non-traditional approach to learning. Groups of like-minded beef producers, work together as a management team to focus on property management. Importantly the learning agenda is set and controlled by the group.

Contact Steve Banney - Project Coordinator
Tel (07) 4093 9284 or sdb@austarnet.com.au

EDGEnetwork

EDGEnetwork offers practical field-based workshops to improve productivity and profitability for the long-term.

Workshops cover breeding, nutrition, grazing management, marketing and selling.

Call MLA on 1800 993 343 or
www.edgenetwork.com.au

Angus

Employs Bob Dent, an experienced beef cattle officer, on a full time basis as a field extension officer. His work includes education of members in a range of cattle breeding issues, designing breeding programs, running field days on targeting specialist markets and infrastructural liaison work, eg with commercial breeders, feedlots etc.

The program had initiated the development of the branded beef products Certified Australian Angus Beef and AMG Gold jointly with Elders and the Murray Grey Beef Cattle Society to provide commercial members with value-adding opportunities through retained ownership programs and to increase the demand for performance recorded seedstock.

It has also developed a 'faxback' animal listing service to increase the marketing options for commercial and seedstock breeders.

Hereford/Poll Hereford

The Hereford and Poll Hereford societies have combined their resources in two significant areas which involve an outreach to the commercial sector.

The societies jointly underwrite Taurus Technology which is a technical arm formally headed up by Bob Freer, whose career includes being the first national co-ordinator of extension for the National Beef Recording Scheme. Taurus Technology has run in excess of 200 seminars and field days, which have helped commercial breeders to understand what they should be looking for to achieve herd improvement through purchased seedstock.

Likewise, the extension program has helped seedstock producers to understand how they should breed and describe seedstock that will be beneficial to the commercial sector.

These seminars are reinforced by an ongoing technical advisory at an individual-herd level, particularly in the areas of targeting particular markets.

The societies have joined forces and issued a prospectus on Hereford Prime, a quality branded beef which aims to increase beef consumption and also create a value adding opportunity for both seedstock and commercial breeders.

The prospectus has been oversubscribed by beef producers and its organisers are in the process of negotiating other essential aspects of support.

Simmental

This breed has two initiatives which aim to strengthen the links between stud and commercial breeders. These are:

1. a SIMBEEF tag which identifies Simmental crossbred animals and a support program which helps commercial breeders to add value to their progeny; and
2. a stock listing service on the Internet which aims to improve the efficiency of transacting livestock based on specifications.

The selected examples of the commercial extension of activities being conducted by members of ARCBA. The full list would be voluminous.

The total outlay of ARCBA societies in 1996 on technical services was \$1.14 million. This was virtually zero at the start of the decade.

Next steps

Strategic planning

Since the 1994 workshop a number of breeds have taken a more active role in strategic planning.

The Angus Society has now defined its mission as:

"To maximise Australia's exports and domestic consumption of Angus fine quality beef."

The 1996 Angus Annual Report defines its goals as:

1. To increase market demand for the Angus name and Angus fine quality beef.
2. To increase production of Angus fine quality beef.
3. To adapt the Angus breed to target the premium markets whilst improving the efficiency of production through balanced breeding.
4. To raise the skills and knowledge of members and future members.
5. To increase the cost effectiveness and range of member services.

In addition, the society has developed a comprehensive (confidential) business plan detailing strategies and activities directed at achieving the above goals.

Since the November 1994 workshop the Angus Society has conducted a strategic planning workshop each July involving all directors and senior staff.

The result of this was a greater focus on activities directed at providing greater value adding opportunities to members with a shift in emphasis in the society's business plan and budget towards a greater input into marketing strategies such as branded product development (CAAB, AMG Gold), Angus News (information broadsheet targeting the commercial sector) and development of strategic alliances with commercial organisations (eg. Elders Ltd, feedlots).

BREEDPLAN recording

An attitudinal survey of breed society members conducted on an Australia-wide basis by the solutions group as part of this Producer Research Support project showed that these members ranked the two most important services of breed societies as follows:

1. Performance data/BREEDPLAN; and
2. Market requirements and how to breed for them.

Between 1994 and 1998 there was a mild downturn in registration numbers due to the economic/climatic difficulties of the beef industry.

However, the number of calves recorded on BREEDPLAN has continued to increase due to the commitment of ARCOBA member breeds to support and promote performance recording among their members.

A number of other breeds have also had spectacular growth in BREEDPLAN recording to users.

Meat and Livestock Australia

Level 1, 165 Walker Street

North Sydney NSW 2060

Tel (02) 9463 9333

Fax (02) 9463 9393

Free Phone 1800 023 100 (Australia only)

www.mla.com.au