



Australian Alpaca
A S S O C I A T I O N

Submission by:

**Australian Alpaca Association Ltd to the
Agricultural Competitiveness Green Paper**

12 December 2014

1. Introduction

The Australian Alpaca Association Limited (**AAAL**) welcomes the release of the Agricultural Competitiveness Green Paper by the Minister for Agriculture, the Hon. Barnaby Joyce MP, and supports a number of the principles identified in the report which was released on 20 October 2014.

This subsequent submission considers the policy ideas that align to our original submission and provides general comment and some further suggestions as to what we believe will work for the Agriculture sector, and importantly the Australian Alpaca industry.

2. Executive Summary

AAAL states its position as follows:

- We fundamentally support all policy ideas of the Green Paper.
- Acknowledge and agree with the specific policy concepts of:
 - o Working with the States and Territories;
 - o Education, skills and training, and labour;
 - o Research, development and extension;
 - o Biosecurity; and
 - o Accessing international markets.
- Strongly recommend the following be reflected in the policy discussions under research, development and extension:
 - o That Associations like the **AAAL** be given access to resources within ABARES to produce world-class economic and scientific research, forecasts, statistics and other analysis on sound and broadly accepted economic and scientific concepts and principles which would enable our industry to have quantitative information for potential investors.
 - o A collaborative partnership between Federal Government, the alpaca industry and alternative agriculture industries occurs, with the Commonwealth jointly subsidizing field trials on alpaca farming with interested partners.

3. Policy Ideas

AAAL acknowledges the policy ideas identified by the Green Paper and provides comment on those five which align to our original submission and what we believe will make a real difference to the ongoing competitiveness of the Agriculture sector and importantly to the Australian Alpaca industry. In particular, we reflect on the following key policy concepts:

- o Working with the States and Territories;
- o Education, skills and training, and labour;
- o Research, development and extension;
- o Biosecurity; and
- o Accessing international markets.

3.1 Working with the States and Territories

“To deliver improved outcomes for Australian agriculture, including by tackling deregulation through the Council of Australian Governments (COAG) agenda.”

The alpaca industry endorses:

“closer working relationships between Federal Government and State and Territory Governments.”

Whilst the **AAAL** understands the difficult challenges for Federal Government, given the Australian Constitution dictates rights and sovereignty between jurisdictions, we support closer working ties with all forms and level of government, recognising that Agriculture and our sector is a national industry and, without consistency, the ability for our members to operate competitively will become threatened.

For example, our original submission supported closer working relationships through:

- *Improved harmonization of State and Territory regulation in respect of biosecurity, and other aspects of animal health and welfare to promote good farm practices and education efforts, therefore ensuring compliance with legislation.*

We do however reiterate some points to reinforce regulation and highlight that not only should governments work closely over deregulation, but also consistent regulation, as we are mindful of the impact that inconsistent regulation will have on our members and industry as a whole.

AAAL generally supports regulatory efforts that aim to improve animal welfare. The Association lauds the efforts of all Australian Governments in developing and implementing uniform national standards for transport of livestock. However, there are some other areas of contention within our industry as well as variations in practice between producers and jurisdictions. The castration of male alpaca and minor dental procedures (eg trimming of overgrown front teeth) are governed by variable State/Territory regulation. Apart from the lack of uniformity between jurisdictions which impedes our education efforts, there is also a lack of research data to support best practice in these areas. In NSW, for example, the law allows that only a vet may castrate an alpaca (even under six months of age). This is a significant production cost for larger, commercial producers but there is only very limited research data addressing the relevant animal health and welfare considerations.

We believe the Commonwealth is best placed to provide leadership in promoting the harmonization of State/Territory regulation where this will aid in reducing production costs and improve the opportunities for commercialization within our industry, as well as ensuring best practice in biosecurity.

AAAL remains attuned that closer working relationships with States and Territories driven by the Commonwealth is critical and we acknowledge that the Green Paper supports this premise of improving harmonisation. While we support deregulation, it would be remiss if the Commonwealth only focuses on deregulation, as a key driver to harmonisation is also to encourage consistent application of regulation.

3.2 Education, skills and training, and labour

“To ensure agriculture is well covered in our education system; making education more accessible for children in remote areas; increasing skills of new and existing workers; enabling access to a flexible workforce; and attracting new entrants into agriculture.”

The Alpaca industry agrees that:

“education, skills and training and labour are key ingredients to the short and long term growth, and ultimately competitiveness to our industry.”

Through increased training and education **AAAL** feels it will lead to an increase in industry based skills and, in turn, opportunities.

AAAL has a close working association with Agri-Food Skills Australia to develop and/or deliver on training packages already available for like industries, and do encourage long term commitment from Government to invest in Agri-Food Skills Australia or similar organisations to enable further development and roll out of training for industries such as ours.

We realize the Government is currently considering new approaches to the development and maintenance of training packages which will be underpinned by the implementation of a contestability framework to ensure employers, the training sector, graduates and the public are provided with the best possible outcomes at the best possible price and quality.

AAAL supports reform, however we note as part of this process a discussion paper proposing to move away from Industry Skills Councils, including Agri-Food Skills Australia, from 30 June 2015 as the exclusive providers of Training Package development, is to occur, and that all proposed approaches bring very significant changes to how Training Package development will be undertaken from 1 July 2015.

We also understand that several State Governments have also withdrawn funding to support delivery of these courses, making them financially unattractive to potential interested parties when compared to other disciplines.

AAAL acknowledges and agrees with the Green Papers policy concept around training and education which supports our conclusions that:

- ***In partnership with Federal Government, the Australian Alpaca industry takes advantage of the unique growth opportunities in commercial alpaca farming by:***
 - ***Funding development of training courses for individuals interested in Alpaca Wool Classing; and***

- ***Supporting continued long term financial investment by Government into Agri-Food Skills Australia and/or similar like organizations, specifically a financial investment, into training in the agriculture sector.***

3.3 Research, development and extension (RD&E)

“Boosting productivity through strategic and coordinated research and development; and making sure that farmers can apply the latest innovations through ensuring effective extension of new knowledge and technology.”

AAAL supports:

“all endeavours to further undertake RD&E and believe for our industry it would assist with the development of manufacturing infrastructure which would lead to job creation in regard to fleece processing.”

Processing of Australian alpaca fleece is conducted in Australia on a very limited, boutique/niche product basis (mini-mills, specialist processors), with only one scouring facility available in Victoria.

Scouring, spinning and weaving/knitting are generally carried out in New Zealand, China and Peru, who are Australia’s major competitors.

In partnership with Government and existing Australian export suppliers to the alpaca industry we are of the view that RD&E, in respect of manufacturing processing services, should occur to assess whether these can be supplied efficiently and cost effectively in Australia.

We do however suggest that:

“As part of the RD&E concept that it be expanded beyond process innovation and that it be directed towards development of intellectual knowledge and embracement of field trials for emerging and developing industries such as the Australian Alpaca.”

For instance **AAAL** and like emerging industries do not have the funds, resources and/or expertise to generate high level economic statements on the current and potential future worth of an emerging Agriculture sector. There is no Gross Value of Production currently established for Australian Alpacas.

AAAL understands the statistical and analytical expertise of the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) which exists within the Department of Agriculture. **AAAL** recognizes ABARES professionally independent research, analysis and advice for Government and private sector decision makers on significant issues affecting Australia’s agriculture, fisheries and forestry industries.

To this end, our industry has found it difficult to promote confidently to external parties locally or internationally on the size, scope and therefore opportunities associated with the Australian Alpaca Industry until credible statistical modelling on the economic value of the industry is available.

We strongly recommend that:

“under the RD&E policy concept that Associations like the AAAL be given access to resources within ABARES to produce world-class economic and scientific research, forecasts, statistics and other analysis on sound and broadly accepted economic and scientific concepts and principles which would enable our industry to have quantitative information for potential investors.”

From a processing viewpoint, **AAAL** believes we can grow the alpaca industry and sustain the agriculture sector if we can encourage farmers to embrace alpacas as an alternative and/or integrate into their current herds, such as sheep, cattle, pigs and the like.

The alpaca provides diversification as an agricultural risk management tool and, for example, offers:

- Integration and use of infrastructure for other livestock;
- Buffering against changes (rise and fall) in commodity pricing for natural fibre, hide and meat; and
- An alternative income stream to compliment current farming enterprises.

The animal is suited to drought related environments, given they are a cousin to the camel, and can be farmed on diverse and even marginal country. They have a:

- Low impact on fragile soils compared with European livestock; and
- Small carbon footprint compared to other traditional livestock.

In partnership with other Federal Government and agriculture industries, for example sheep, trials could be conducted on properties on how to efficiently farm the alpaca. We see the field trials as another form of RD&E for emerging industries to enlighten existing livestock farmers on the benefits of breeding, wool production, meat and hide of alpacas.

We understand the sheep industry has previously undergone such trials, with 'new breeds' assessed in conjunction with university studies.

We strongly recommend that:

A collaborative partnership between Federal Government, the alpaca industry and alternative agriculture industries occurs, with the Commonwealth jointly subsidizing field trials on alpaca farming with interested partners.

3.4 Biosecurity

"Protecting our favourable animal and plant health status to maintain productivity and access to export markets."

The Association strongly supports and promotes:

"good biosecurity practice within the industry and looks to Governments to facilitate this through supportive policies, legislation and programs, as well as assistance with funding of Animal Health Australia to develop practical farm biosecurity tools."

In relation to regulation of our sector, **AAAL** are mindful that much of the regulation impacting on our members and industry has been developed to ensure access to domestic and overseas markets for the larger extensive grazing industries, as well as to protect human health.

Although still a developing industry, **AAAL** reiterates its commitment to being a good corporate citizen through promoting awareness of, and compliance with, relevant legislative and regulatory requirements within our industry, and supports all biosecurity measures to maintain and gain access to export markets.

We believe the Australian community expects Government to take all necessary steps to ensure our food is safe and to provide a regulatory framework that appropriately balances the welfare of farmed animals, environmental concerns and the profitability of farming enterprises.

It is **AAAL's** view that in pursuing Free Trade Agreements with other nations, the Australian Government should not compromise Australia's national interest in relation to biosecurity.

It is imperative that Australia maintains the highest possible standards of biosecurity, but remains persistent in its endeavours to open up further export opportunities. For example, in Australia, there are presently health certification restrictions in place on the live export of alpacas directly to the European Union. Although not restricted to the alpaca, these are due to the animal's perceived susceptibility to the bluetongue virus that is most regularly found in sheep, goat, cattle and deer occupying parts of northern Australia down to the east coast of NSW.

According to an Agriculture, Fisheries and Forestry Budget Estimates paper from the Senate Rural and Regional Affairs and Transportation Legislation Committee from May 2009, the European Commission has yet to formally recognise Australia as a bluetongue free zone.

The Department of Agriculture, Fisheries and Forestry has been seeking recognition of the regionalisation of bluetongue disease in Australia since 1990, which essentially means isolated breeding regions that are recognised as being free of bluetongue disease. Recognition of this regionalisation would allow Australian alpacas (as well as sheep and cattle) to be exported directly from Australia to countries within the Eurozone.

Thus, while we truly support biosecurity measures, we remind Government that assistance to market our endeavours is required to open up new export trade opportunities.

In our view, Australia's "clean and green" image, and ensuring this is a reality not just a perception, provides our livestock industries with a competitive advantage in a range of export markets.

In the biosecurity area, we have not identified any regulations that are disproportionate to the risks they are supposed to address. However, for a developing industry such as ours, harmonization of State/Territory regulation in respect to biosecurity and other aspects of animal health and welfare would greatly assist our Association's efforts to promote good farm practices and education efforts to ensure compliance with relevant legislation. For example, there is variability between jurisdictions in regard to whether compensation might be payable to producers whose animals are destroyed as part of an emergency animal disease response.

AAAL endorses this policy concept as it meets our objectives of:

- ***Continued strong support and promotion of biosecurity practices from Government, through facilitation of supportive policies, legislation and programs.***
- ***In pursuing Free Trade Agreements with other nations, the Australian Government should not compromise Australia's national interest in relation to biosecurity but must remain persistent in achieving outcomes for the agriculture sector.***
- ***Australia's "clean and green" image to be pushed as our competitive advantage in various export markets.***

3.5 Accessing international markets

“giving our exporters the best chance of capturing high-value markets through addressing technical barriers to trade and ensuring trade negotiations deliver real commercial benefits for the sector; and, by doing so, contributing to global food security.”

Regarding exports and new market access, AAAL is aware of:

“the significant opportunities that exist for Australian alpacas but to realise these, agree that barriers must be removed to deliver opportunity, which can in turn result in commercial benefit.”

Australian Alpaca are currently exported to the United Kingdom, Europe, New Zealand, Thailand and Turkey with export protocols now in place for Korea and Taiwan. Protocols with China and Japan are in development.

In September 2014 the world’s largest known shipment of alpaca was exported from Australia to China in a one-off dispensation agreed between governments. A cargo of 525 Australian alpaca flew on a chartered 747 Freighter from Melbourne to Shanxi province to form a quality breeding herd as China develops its alpaca industry.

We recognize the Government’s involvement and acknowledge the policy concept as being critical to enhance further international trade opportunities for our sector.

For example, in Australia, there are presently health certification restrictions in place on the live export of alpacas directly to the European Union. Although not restricted to the alpaca, these are due to the animal’s perceived susceptibility to the bluetongue virus that is most regularly found in sheep, goat, cattle, and deer occupying parts of northern Australia down to the east coast of NSW.

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The AAAL acknowledges that trade issues are contentious and take time to achieve tangible outcomes as per the above example, but understands movement toward change requires direct government involvement, which this policy idea presents and is welcomed by the **AAAL**.

In summary, AAAL fully supports the premise in the green paper for:

- ***Government to continue to be involved and work with industries to enhance further international trade opportunities; and***
- ***Consistency with our view on biosecurity, and support further enhancement of Australia’s “clean and green” image to provide our livestock industries with a competitive advantage in the export market.***

4. Conclusion

AAAL sees the Green Paper and its draft policy ideas as a positive instrument to ensure the long term viability of the Australian Alpaca Industry and in general the Agriculture sector.

As highlighted throughout our submission, we have no major issues with the concepts as presented and fully endorse the following five policy ideas:

- o Working with the States and Territories;
- o Education, skills and training, and labour;
- o Research, development and extension;
- o Biosecurity; and
- o Accessing international markets.

We do however strongly recommend the following be reflected in the policy discussions under research, development and extension:

- o that Associations like the **AAAL** be given access to resources within ABARES to produce world-class economic and scientific research, forecasts, statistics and other analysis on sound and broadly accepted economic and scientific concepts and principles which would enable our industry to have quantitative information for potential investors.
- o A collaborative partnership between Federal Government, the alpaca industry and alternative agriculture industries occurs, with the Commonwealth jointly subsidizing field trials on alpaca farming with interested partners.

We congratulate the Government for undertaking this phase of the exercise, welcome the opportunity to contribute and await the final report with interest.