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Agricultural Competitiveness Task Force  
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P O Box 6500  
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### **Submission to Agricultural Competitiveness White Paper**

**The National Herd Improvement Association of Australia Inc. is the peak body representing the bovine reproductive material and herd improvement industry in Australia.**

The term, herd improvement, collectively applies to organizations which provide cattle farmers (dairy and beef) with the products and services required for the Artificial Insemination (AI) and Embryo Transfer (ET) of cattle as well as the herd testing capability to measure and assess the performance of the progeny, thereby contributing to genetic evaluation/sire summaries which, in turn, lead to significant genetic progress.

#### **1. Ensuring food security in Australia and globally**

Genetic improvement delivered via artificial insemination (AI) and embryo transfer (ET) has played – and continues to play – a key role in the productivity of the dairy and beef industries. Research estimates that some 30-40% of the very substantial gains in individual cow milk production made in the past 20 years have come about through genetic improvement. The competitiveness of the Australian dairy and beef industries are reliant upon the continued delivery of AI and ET for genetic progress.

The technology around cattle breeding and genetic evaluation is constantly evolving and Australian research has played a leading role in this, for example, the use of genomics. It is vital for continued development in this area that agricultural research in Australia is funded appropriately.

The supply of bovine semen and embryos representing superior genetics for breeding is a global industry. The next generation of cattle, irrespective of breed, must be bred from the best genetics available and this quest for the best means that Australia is, at present, a net importer of reproductive material. There is, however, considerable scope for the expansion

of exports of reproductive material and it is vital that appropriate policies are put in place that will encourage this trade.

## **2. Farmer Decisions for improving farm gate returns**

The science is irrefutable that genetic gain is a vital ingredient in improving the productivity of cattle operations.

As productivity gains become harder to harness, the effect of genetics will become one of the most important ways to improve this.

Breeding through AI and ET require a high degree of technical skill and there is a clear need to focus policy around the area of skills and training to enable primary producers to acquire these skills. At the present time rural skills training programs such as AI training are difficult to source as well as expensive to offer for the training providers.

If Australia is to harness the full extent of the productivity gains available through improved genetics in cattle, then policy and resources must be applied to rural industry skills training.

## **3. Enhancing access to finance**

No comment.

## **4. Increasing the competitiveness of the agricultural sector and its value chains**

As mentioned previously, the trade in bovine reproductive material (semen and embryos) is global in nature.

Specifically, the biggest players in this field are United States of America, Canada, New Zealand, the European Union and Australia. Presently in this trade, Australia features more as an importer than an exporter. There is, however, in terms of the quality of our livestock, no reason why Australia should not become a much bigger player in the global trade but at the moment we are struggling to achieve much in exports.

One reason why exports are struggling is that, unlike our major competitors, there is very little on offer in the way of Government support for the export of reproductive materials. In the USA and Canada, for example, there is significant funding support for export promotion activities.

In addition, there is considerable scope for Australia to be more strategic and targeted when it comes to foreign aid programs. The Canadians have historically used their foreign aid budget to act as a “shop window” for Canadian businesses. There are plenty of Asia/Pacific nations that want to access Australian cattle genetics but do not have the financial means to do so and we believe that there should be consideration given to targeted aid programs offering semen, embryos and reproductive training/expertise. Essentially, Australia’s foreign aid budget should be an enhancement to trade within the region.

## **5. Enhancing agriculture's contribution to regional communities**

Any policy which promotes AI and ET skills and trade, will be of benefit for the regional communities in which the primary producers and service providers are based.

## **6. Improving the competitiveness of inputs to the supply chain**

Improving the numbers of skilled AI practitioners would be the first step to making AI and ET more widely available to primary producers, thereby allowing them to benefit from improved breeding and genetic gain in their cattle.

Widening the base of primary producers using AI and ET would allow the AI industry to achieve greater economies of scale in the domestic industry. This, in turn, will assist in having more reproductive material products available for export. At the moment, one of the reasons why Australia might be regarded as a high cost exporter of genetics is because owners of stud bulls have to pay a lot of money to collect semen from a bull but there is only a very limited domestic market, especially for beef semen. If more semen was used domestically, this would assist bull owners with cost and risk management issues.

## **7. Reducing ineffective regulations**

The AI industry within Australia is largely de-regulated so domestically this is less of an issue.

However, the export of reproductive material is highly regulated owing to biosecurity concerns. In some cases, there can be tension in this area between the Competent Authority (the Department of Agriculture) and the State Veterinary Authorities. In some cases for example, exporters are told by the Competent Authority that they must obtain a duplicate certification from the State Chief Veterinary Office that Foot-And-Mouth Disease (FMD) has not occurred on the property. Both Federal and State Authorities provide duplicate certification that the property is free from FMD and both charge for this service. The costs of certification in Australia are often higher than our competitors owing to Federal/State duplication which is frustrating for exporters.

## **8. Enhancing agricultural exports**

Considering the quality of Australian cattle genetics as well as our enviable disease status, we should be performing much better within global trade.

There are a number of reasons for this under-performance, specifically;

- Australia is a high cost producer of reproductive material mainly owing to high labour costs, high transport costs, a small domestic market that struggles to have the economies of scale to mitigate the costs and risks of export semen and embryo collection as well as high costs of export certification by DOA.
- Lack of Government funding and support for export market promotion, unlike our most direct competitors (USA and Canada).

- A problem with adequate resourcing for DOA to negotiate favourable animal health protocols. From a semen and embryo exporter/importer's perspective, there is a clear sense of frustration that the current under-resourcing of DOA has placed severe pressure on the system. This under-resourcing has led to delays in obtaining permits or answers to queries. The staff at DOA are hard-working and perform to the best of their ability with the resources they are given. The issue is that there does not appear to be enough of them to carry out all the required tasks in a timely manner.

NHIA represents the industry in working with DOA staff to set priorities for reproductive material and has done so since 2009 as the co-ordinator of the Ruminant Genetics Trade Advisory Group (RGTAG). This has led to a substantial improvement in communication between Government and industry. However, during this time it has become noticeable to us how resources are progressively being stripped out of DOA, leaving them less effective in this area, especially if crises arise (as they continuously appear to do) within the Live Export sector. Staff are continuously being asked to do more with less and the strain is definitely beginning to show.

As an example, procuring bovine embryos via a new technique called in-vitro fertilization (IVF) has become popular in recent times. Because this is a new technique, DOA needs to arrive at a policy position as to how it wishes this IVF technique to be applied in both import and export animal health protocols. But this is not happening because staff are hard pressed to keep up with their current work-load, let alone have the time to re-examine most of the existing protocols in order to allow for IVF embryos.

Following on from the Beale Review five years ago, DOA committed to an ambitious modernisation program that would, in theory, result in a number of efficiencies. Whilst there has been progress in this direction, it has been disappointingly slow. For example, when exporters submit a Notice of Intention (NOI) to DOA, the documentation frequently has to be split into several emails because departmental in-boxes are unable to cope with the volume of data required. It is almost as though DOA have not been given the means or resources to make themselves more efficient. Another example, the co-ordination of audits could be far more efficiently organised in order to minimize costs to exporters.

## **9. Assessing the effectiveness of incentives for investment and job creation**

Australia needs to target its foreign aid budget to more effectively to benefit Australian trade and business interests.

There is, in addition, a need within this sector for greater Government involvement in export promotion – either through Austrade or more directly. The US Dept. Of Agriculture has far more effective programs in this area than anyone else.

### **Summary**

The breeding of cattle through AI has become a global phenomenon that has substantially changed the productivity levels of both the dairy and beef industries in Australia during the

past two decades. The export of both dairy and beef products – our very competitiveness in a global sense - is dependent on the maximisation of genetic progress delivered through AI.

It is vital that DOA is adequately resourced to take its place in the lead of this important area.

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