Goatmeat and Livestock Industry

Strategic Plan 2020

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This strategic plan guides investment into the development of the Australian goatmeat and livestock industry through to 2020. It has been developed in consultation with the Goat Industry Council of Australia (GICA) which, as the industry's representative, has carriage of this plan. Various industry service providers and stakeholders have also been consulted in the development of this plan.

This strategic plan addresses the Meat Industry Strategic Plan (MISP 2020), developed by the Red Meat Advisory Council (RMAC) which provides the overarching strategy for the red meat industry of Australia. This strategic plan also serves to inform the development of the various annual investment and activity plans for the primary service providers to the goat industry including, LiveCorp, Meat & Livestock Australia (MLA), Australian Meat Processor Corporation (AMPC), National Residue Survey (NRS), Animal Health Australia (AHA), Department of Agriculture (DA) and other government service departments.

A midterm and full-term review of deliverables against the objectives outlined in this plan will be undertaken by GICA to track progress and report back to industry.

Industry background

Goatmeat enviably harbours no religious restrictions and is a popular component of diets, particularly in parts of Asia and the Middle East, North Africa (MENA) as well as Hispanic populations across the United States of America.

In 2010 total goatmeat production across the world was approximately 5.1 million tonnes carcase weight (cwt) and approximately 1% of this was traded on the export market (United Nations Food and Agriculture Organisation (FAO) statistics). Most countries with large goat populations consume those animals domestically. Australia is the world's largest goatmeat exporter with approximately 95% of production exported, to the value of $241.8 million in 2014 (MLA 2015).

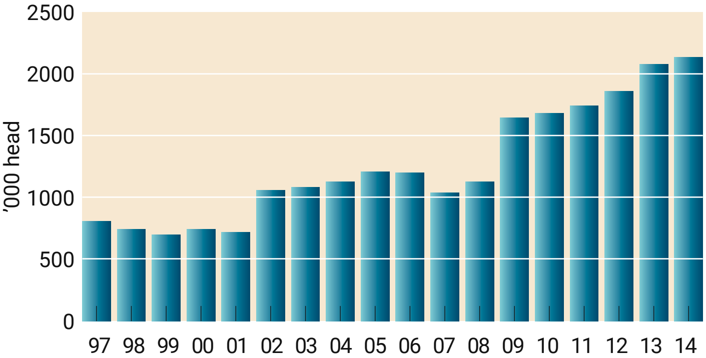
Figure 1: Value (AU$) of goatmeat exports by destination in 2014

Source: Meat & Livestock Australia

From 2003 to 2014 goat slaughter in Australia doubled to 2.129 million head (MLA 2015), see Figure 2. This was underpinned by strong demand from export markets and the sale of rangeland goats derived from extensive production systems. Rangeland goats account for approximately 90% of total animals slaughtered (Stokes 2009). Farmed meat breeds account for the remaining 10%.

The total Australian goat herd has been estimated by various sources to be between 1.9 to 6 million head, with BCS Agribusiness in 2011 indicating the most likely range was 3 to 4.4 million. In 2013, it was estimated that 3.38 million rangeland goats inhabited western New South Wales (NSW) alone, based on aerial surveys (McLeod, Fleming, Waters 2014). Without a systematic survey process and data analysis, estimates of the unmanaged rangeland goat population are extremely difficult to quantify. They are nomadic, often occupy difficult to survey terrain and their natural population fluctuates with good and bad seasons. Much remains unknown about the unmanaged rangeland goat population.

Figure 2: Australian goat slaughter



Source: ABS

Managed herd numbers in 2011/12 had reached more than 500,000 head [Australian Bureau of Statistics (ABS)] and anecdotally this number is said to be increasing as more producers recognise the value of goats. This number includes both managed rangeland goats in extensive environments and more intensively farmed meat breeds as well as fibre and dairy breeds. The farmed meat breed herds predominately supply the fledgling Australian domestic market.

The Australian goat industry also supports a small live-export trade and in 2014 88,530 head were exported, primarily to Malaysia for immediate slaughter, to the value of $8.6 million (ABS, DA). Air-freight is used for the majority of live-exports which are primarily rangeland goats.

A compulsory transaction levy of 37.7 cents per head is collected at each point of sale and the levy is split up thus:

Table 1: Levy types and amounts

Type of levy	Rate (cents)	Approx. annual income[1]
MLA marketing	10.5	$210,000
MLA research and development	16.7[2]	$334,000 (matched $668,000)
Animal Health Australia (AHA)	4.5	$90,000
National Residue Survey (NRS)	6	$120,000

In addition, processors pay a levy of 10 cents per head which is payable on slaughter of livestock for human consumption. AMPC manages this levy and it is split between research and development (7 cents) and marketing (3 cents). Further, all goats sent for live-export incur a 50 cent levy, of which 40 cents is for marketing and 10 cents is for research and development. LiveCorp manages this levy.

Opportunities and Challenges

The Australian goatmeat industry enjoys strong demand from export markets as the worldwide demand for protein increases, as exemplified by the progressively increasing volumes exported. There are many information gaps regarding market potential and demand which need clarification. Markets, both existing and potential, are diverse and dynamic, and goat products may be overtly or covertly substituted for mutton.

1 Based on 2 million head slaughtered annually

2 This rate is matched with Australian Federal Government funds

Numerous challenges lie ahead in building a sustainable supply base while juggling environmental and regulatory responsibilities. Improved business practices, making data based decisions and managing costs of production are high priorities in what is a commodity priced market with many export markets being extremely price sensitive.

MISP 2020 identified that:

- *"The capability and profitability of our industry are intrinsically linked. We must continue to build a performance culture and business skills throughout our industry. This includes providing and packaging information and training to support informed and business-oriented decision-making by all participants, especially in the production sectors".*
- *"We must provide and package information in a way that readily conveys the commercial benefits of adoption. This includes transferring supply chain information to enable timely and accurate decision making across all sectors, and – in particular – improving business skills in the production sector".*
- *"We must continue to enhance and ensure the veracity of, our whole-of-supply-chain quality and integrity systems and aggressively promote these virtues to our customers. The success of these systems requires a co-ordinated, whole-of-supply chain approach".*
- *"We must acknowledge that the biggest non-economic challenge facing our industry is cultural change. Our enterprises, supply chains and industry as a whole must engender, support and reward a business and customer focus".*
- *"A range of strategic investment changes are recommended, including: re-focussed investment specifically to improve the decision making in farm businesses to support better farm business performance."*

These challenges certainly apply to the goatmeat and livestock industry, cultural change in particular. In order to continue to grow and stabilise the goatmeat and livestock supply base, increased numbers of producers are needed who choose to add goats as an enterprise within their business, rather than those who view them as a pest or an opportunistic harvesting option. This evolution and cultural change will assist in managing the issue of inconsistent supply which is currently virtually impossible to forecast and is seriously impeding industry development and growth. There is opportunity to increase the numbers of managed herds and for further integration of goats into mixed grazing enterprises and this will need to be a data based decision for each business. It will require clear demonstration of 'proof of profit' and a shift in mindset for many producers and service providers. This process requires a whole of business and supply chain approach with consideration of best practice and total grazing pressure to ensure sustainability and responsible management of the environment.

In summary there are many opportunities for the goat industry and this Plan provides guidance on the investment priorities through to 2020.

Industry's intent/vision

The Australian goatmeat and livestock industry will have a secure future as an innovative, profitable and resilient world leader in goat production.

KPIs

1. By 2017, novel and cost-effective solutions identified to assist producers in increasing business skills and capacity to profitably and practically apply new research and development
2. 40% of producers who have participated in programs to improve their business practices have demonstrated their intent to change and the impact measured
3. On-farm production systems understood and benchmarking undertaken at an industry level
4. By 2020, achieve productivity growth above baseline levels of 0.5%
5. A tightening of monthly year-on-year slaughter variance [3]
6. By 2018, best potential market opportunities identified and actioned

Critical success factors

There are a number of factors to be carefully managed if the industry is to grow and prosper and individual businesses are to develop profitable, productive and sustainable business systems. The various tactics and activities outlined in this plan are designed to assist in managing the following:

- Effective, visionary industry leadership supporting cultural change
- Stabilisation of the supply base
- Development of strong, efficient supply chains
- Maintaining and improving market access

3 Since 2009 monthly year-on-year slaughter variance has ranged from +113% to -38% (MLA 2015)

Product positioning

Markets in which goatmeat and livestock may be sold.	• United States of America, Caribbean, South Korea, Taiwan, China, India, Middle East, European Union, Malaysia, Singapore, Brunei • Australian niche markets • Supermarkets, wet markets, wholesale and retail butchers, restaurants
The range of **products** produced and sold.	• Frozen and fresh whole carcases and six-way cuts • Value-added products: 'browned', cubed, skin-on • Skins, offal, feet, heads • Fresh and frozen pre-packaged higher-value cuts and products • Live animals for breeding or slaughter
Defining **strengths** and **characteristics** which set Australian goatmeat and livestock apart from competitors.	• 'Free-range' rangeland animals and products from low-cost production systems • Natural, healthy products • National product integrity systems • Products and animals which align with consumers' religious and cultural values • Leaders in animal welfare practices
Activities by which industry will compete for market share.	• Addressing the industry's priorities as outlined through the strategies of this Plan • Development of strategic co-marketing alliances with key stakeholders to pursue market opportunities • Differentiation of Australian goatmeat profiling True Aussie Goat globally • Leverage across industry funding to ensure value for money investments

Industry's priorities

The below tactics and activities are designed to address the above listed critical success factors (CSF), resulting in sustainable growth and prosperity of the industry while balancing industry's responsibilities to the environment, consumers and stakeholders. Activities have been given a priority rating of 1–3 (with 1 being the highest priority) given the limited levy funding available. The various areas of work have been grouped to align with the MISP 2020 strategy themes.

1: On-farm Productivity and Profitability					
CSF and KPI	Tactic	Due	Who	Activity/deliverable	Priority
CSF: Stabilisation of the supply base **KPI 3:** On-farm production systems understood and benchmarking undertaken at an industry level **KPI 4:** By 2020, productivity growth above baseline levels of 0.5%	1.1 Collation of industry data for benchmarking	2017 2017	MLA MLA	1.1.1 Collation and tracking of industry data including population, managed herd numbers, producers, depots and production by state to track performance 1.1.2 Implementation of a producer cost of production benchmarking program	1 2
CSF: Stabilisation of the supply base **KPI 1:** By 2017, novel and cost-effective solutions identified to assist producers in increasing business skills and capacity to profitably and practically apply new research and development **KPI 2:** 40% of producers who have participated in programs to improve their business practices have demonstrated their intent to change and the impact measured **KPI 4:** By 2020, productivity growth above baseline levels of 0.5% **KPI 5:** A tightening of monthly year-on-year slaughter variance	1.2 Tools to grow managed, mixed production systems and the known production base	2016 2020 2018 2018	MLA MLA MLA MLA	1.2.1 Identification of gaps within best practice resources and review of existing materials and tools which could be modified for the goat industry with prioritisation of activities 1.2.2 Provision of an increased range of on-label treatment options for endemic disease, pest and parasite management 1.2.3 Demonstration of the value of genetic evaluation through KIDPLAN, trials, 'proof of profit' demonstration sites and case studies 1.2.4 Improved understanding of growth rates and associated management practices for young rangeland animals	1 1 2 1

1: On-farm Productivity and Profitability					
CSF and KPI	**Tactic**	**Due**	**Who**	**Activity/deliverable**	**Priority**
CSF: Stabilisation of the supply base **KPI 1:** By 2017 novel and cost-effective solutions identified to assist producers in increasing business skills and capacity to profitably and practically apply new research and development **KPI 2:** 40% of producers who have participated in programs to improve their business practices have demonstrated their intent to change and the measurable impact **KPI 4:** By 2020, productivity growth above baseline levels of 0.5% **KPI 5:** A tightening of monthly year-on-year slaughter variance	1.3 Accelerate adoption of new research and development	2017	MLA	1.3.1 Delivery of an adoption program targeting key business profit drivers, data based decision making and supported practical on-farm implementation with a culture of monitor and measure	1
		Ongoing	MLA	1.3.2 Improved linkages with across industry networks, research and development programs, projects and funding for maximum extension and communication efficiency	1
		2016	MLA	1.3.3 Identification of barriers to producer entry and commitment to industry and development of activities and strategies to manage these	2
		2017	MLA	1.3.4 Fostering of positive PR for and about industry and development of industry champions	1
		2018	MLA	1.3.5 Building of capacity within industry's network of service providers	3
		2019	MLA	1.3.6 Provision of accessible communication channels and tools for all to communicate key information including transformation of the *Going into Goats* guide into an online, interactive format	1

1: On-farm Productivity and Profitability					
CSF and KPI	**Tactic**	**Due**	**Who**	**Activity/deliverable**	**Priority**
CSF: Development of strong, efficient supply chains **KPI 1:** By 2017 novel and cost-effective solutions identified to assist producers in increasing business skills and capacity to profitably and practically apply new research and development **KPI 2:** 40% of producers who have participated in programs to improve their business practices have demonstrated their intent to change and the measurable impact **KPI 4:** By 2020, productivity growth above baseline levels of 0.5% **KPI 5:** A tightening of monthly year-on-year slaughter variance	1.4 Improve animal health and wellbeing standards across the supply chain	Ongoing	MLA	1.4.1 Collaboration with key stakeholders to drive strategic investment and action for improved predation management	1
		2016	MLA, LiveCorp	1.4.2 Delivery of Live Export Stockman's manual for air freight	1
		2020	MLA	1.4.3 Establishment of mortality benchmarks and management options within depot operations	1
		Ongoing	AHA	14.4 Preparedness plans and risk assessments for emergency disease outbreaks are maintained and regularly tested including communications readiness	1
		2017	AHA	1.4.5 Development of goat industry welfare standards and guidelines in partnership with fibre and milk producers	1
		2018	AHA, MLA, RIRDC, GICA	1.4.6 Communication of goat industry welfare standards and guidelines to producers and other stakeholders	1

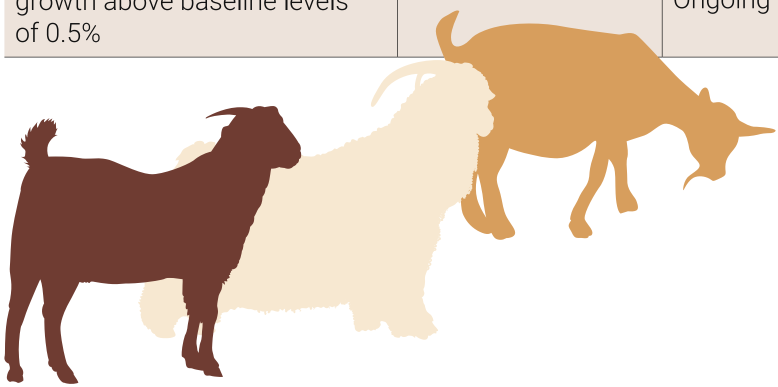
2: Processing Productivity					
CSF and KPI	Tactic	Due	Who	Activity/deliverable	Priority
CSF: Development of strong, efficient supply chains **KPI 5:** A tightening of monthly year-on-year slaughter variance	2.1 Processing innovations and efficiency gains identified and remedial actions initiated	Ongoing	AMPC, AMIC	2.1.1 GICA and MLA working with the processing sector to identify and investigate constraints and opportunities for operational, business and environmental efficiency gains. Innovations in pathology prevalence and intervention technologies should be a focus	1
		Ongoing	RDCs	2.1.2 Development of stronger linkages with 'across industry' networks, programs and funding for maximum efficiency	1

3: Market Growth, Diversification and Supply Chain Integrity					
CSF and KPI	Tactic	Due	Who	Activity/deliverable	Priority
CSF: Development of strong, efficient supply chains **KPI 1:** By 2017, novel and cost-effective solutions identified to assist producers in increasing business skills and capacity to profitably and practically apply new research and development **KPI 3:** On-farm production systems understood and benchmarking undertaken at an industry level **KPI 4:** By 2020, productivity growth above baseline levels of 0.5%	3.1 National product integrity systems	Ongoing	NLIS, GICA	3.1.1 Improved producer and depot compliance with NLIS and NVD systems to underpin the integrity of the industry	1
		2020	GICA	3.1.2 Transition of all integrity systems to be electronically based by 2020	1
		Ongoing	NRS	3.1.3 Residue risks proactively managed through property audits and residue monitoring programs with appropriate communication back to producers	1
		Ongoing	NRS	3.1.4 Residue monitoring programs continue to meet overseas and domestic market requirements	1
		Ongoing	AHA	3.1.5 Implementation of farm biosecurity tools supported by appropriate communication back to producers to support industry integrity	1
		2020	AHA	3.1.6 Increased producer awareness of endemic diseases, potential impacts, and opportunity for improved product values through on-farm biosecurity plans	1
		As needed	AHA, GICA	3.1.7 Initiation and support of animal health surveillance projects to assure animal health status for market access	1
CSF: Maintaining and improving market access **KPI 6:** By 2018, best potential market opportunities identified and actioned	3.2 Market access limitations understood and priority areas for improvement identified	2018	MLA, AMPC	3.2.1 Monitor and improve market access conditions including import tariffs, quotas, import/biosecurity regulations and technical barriers to trade and prioritise action items ensuring stakeholders are satisfied with the contribution of Service Providers	1
		Ongoing	MLA	3.2.2 Continued collation of specific market intelligence to address the chronic data vacuum	1

CSF: Development of strong, efficient supply chains **KPI 6:** By 2018, best potential market opportunities identified and actioned **KPI 4:** By 2020, productivity growth above baseline levels of 0.5%	3.3 Implementation of strategic marketing programs to capitalise on identified opportunities	2018	MLA	3.3.1 Delivery of a comprehensive market strategy based on objective market evaluations to assist industry in targeting high value growth opportunities for goat products in key markets	1
		2018	MLA	3.3.2 Implementation of targeted brand building activities through showcasing of True Aussie Goat as Australia's global positioning for goatmeat	1
		2018	MLA	3.3.3 Implementation of targeted business development partnerships with key influencers to boost consumption, improve product knowledge and menu penetration	1
		2018	MLA	3.3.4 Australian exporters highly supportive of industry marketing activities as revealed by surveys	1
		2018	MLA	3.3.5 Demonstrated independent evidence of industry marketing efforts and results in developing and established markets are providing a return to Australian producers	1

4: Leadership and Collaborative Culture

CSF and KPI	Tactic	Due	Who	Activity/deliverable	Priority
CSF: Effective, visionary industry leadership supporting cultural change **KPI 2:** 40% of producers who have participated in programs to improve their business practices have demonstrated their intent to change and the impact measured **KPI 4:** By 2020, productivity growth above baseline levels of 0.5%	4.1 Sustainable financial resourcing in place for key programs and roles	Ongoing	RDCs, GICA	4.1.1 Establishment of annual investment plans with sufficient funding to action the highest priories as identified by this Plan	1
		2020	GICA	4.1.2 Assessment of industry's appetite for a review of the levy process and rates	1
		Ongoing	GICA, RDCs	4.1.3 Increase producer awareness of how the levy collection process operates	1
		Ongoing	GICA, RDCs	4.1.4 Financially viable industry representative organisations providing effective representation of sector interests and ongoing value to members	1
		Ongoing	GICA, RDCs	4.1.5 Agreed and upfront co-funding models developed and implemented for joint industry/government programs	1



4: Leadership and Collaborative Culture

CSF and KPI	Tactic	Due	Who	Activity/deliverable	Priority
CSF: Effective, visionary industry leadership supporting cultural change **KPI 2:** 40% of producers who have participated in programs to improve their business practices have demonstrated their intent to change and the impact measured	4.2 Strong and effective industry leadership with improved stakeholder communication and reporting	2018	GICA	4.2.1 Active engagement with relevant stakeholders and policy makers to streamline legislation, set reasonable producer compliance expectations, reduce regulation and improve understanding of the industry by external stakeholders	1
		2016	GICA	4.2.2 Industry leadership skills strengthened with formal governance training for GICA representatives	1
		2018	GICA, RDCs	4.2.3 Strengthening of industry's collaborative culture with strong, grassroots linkages to GICA and RDCs through establishment of state goat committees, regional forums and active consultation across the supply chain	1
		2016	GICA	4.2.4 System in place to retain corporate knowledge and manage succession planning within GICA	1
		2020	GICA, RDCs	4.2.5 Ongoing monitoring and reporting of GICA and RDC's performance against the deliverables identified in this Plan with major reviews completed midway through the Plan and at its conclusion. Annual progress reports communicated to industry with improved stakeholder support	1
		2018	GICA, RDCs	4.2.6 Align with existing programs to implement a whole-of-industry approach to identifying and developing new and emerging industry leaders, in both representative and executive capacities	2
		2018	GICA, RDCs	4.2.7 Industry and individual sectors are well prepared to avoid, or mitigate the impact of any crisis through formalisation of an Industry Issues Management and Communication Plan	1

SWOT Analysis

Strengths	Opportunities
Strong and growing overseas demand. Goatmeat is a natural part of many culture's diets	Development of markets for all parts of the carcase
Rangeland production systems are generally low-cost and align with Australia's clean and green image	Development of targeted strategies for different market types and market segments
Less reliable rainfall patterns may result in higher supply as goats are ideally suited to hot, dry environments	Promotion of integrated grazing and mixed farming systems that include goats as an integral component, for weed control, forage utilisation rough country grazing, parasite management etc.
Wide variety of genetic material within Australia both in Boer goats and via cross-breeding with rangeland goats	Capitalise on changing perceptions within industry regarding goats as a resource not a pest and greater value being placed on the animals
Strengthening, expanding supply chains with more processors taking goats as demand increases	Providing 'proof of concept' stories regarding the environmental sustainability and profitability of rangeland goat production
Depot networks continue to develop to provide effective means of aggregating large numbers of animals for the supply chain	Improve goat production systems and herd management (and producer knowledge of these)
Rangeland goats are well adapted to their environment and when appropriately managed have a positive impact on the environment	Improved extension and communication; development of industry champions, a producer support network and fostering of information channels
Communication can be easier to implement in a smaller industry	Many cultures consume goatmeat - no religious restrictions for the product
Strong domestic demand	Production gains through genetic improvement
Low fat, healthy product	Industry driving collaborative RD&E
	Global demand for low cost proteins is likely to remain strong and goatmeat pricing will dictate demand

Weaknesses	Threats
Insufficient knowledge of rangeland goat ecology and data such as sustainable population numbers	Insufficient and/or unreliable supply and quality may hinder market development, especially domestically
Negative perceptions and preconceived ideas held by potential producers and consumers	Increased domestic demand may result in more goats in high rainfall areas and therefore increased risk of animal welfare or chemical residue issues
Limited producer knowledge and understanding of markets and market and consumer requirements	Fluctuating Australian dollar
Lack of understanding of goatmeat amongst butchers, chefs, domestic cooks and non-traditional consumers	Environmental concerns about 'feral pests' may limit the industry's growth and/or impose controls upon producers
Inconsistent product supply and quality	Price competition from other proteins
Traceability	Predation
Lack of producer confidence and knowledge of goat sale options	Animal welfare issues relating to stock management, depots and transport
Unwillingness by some processors to process goats due to perceived issues (e.g. contamination) and limited kill space at some times of the year	The lack of approved veterinary chemicals for managed herds increases the risk of off-label use and the loss of markets through residue detection
Lack of a meat quality assurance system for goatmeat and of differentiation amongst goatmeat types	Inappropriate total grazing pressure management resulting in negative environmental impacts
Reliance on small number of key markets for live exports	Inconsistent legislation and regulation regarding pest status and NLIS requirements impacting producer profitability
Long distances to slaughter; stress and welfare issues	Vulnerability to seasonal conditions
Insufficient herd management knowledge	Biosecurity risks
	Price sensitivity of product in most international markets Extension services decreasing through traditional channels

Abbreviations

ABS	Australian Bureau of Statistics
AHA	Animal Health Australia
AMIC	Australian Meat Industry Council
AMPC	Australian Meat Processor Corporation
CSF	Critical Success Factor
DA	Department of Agriculture
FAO	Food and Agriculture Organization
GICA	Goat Industry Council of Australia
KPI	Key Performance Indicators
LPA	Livestock Production Assurance program
MISP 2020	Meat Industry Strategic Plan 2020
MENA	Middle East, North Africa
MISP	Meat Industry Strategic Plan
MLA	Meat & Livestock Australia
NLIS	National Livestock Identification Service
NRS	National Residue Survey
NSW	New South Wales
NVD	National Vendor Declaration
RDC	Research and Development Corporation
RD&E	Research, development and extension
RIRDC	Rural Industries Research and Development Corporation
RMAC	Red Meat Advisory Council

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References

The sources listed below are duly acknowledged for the provision of statistical, analytical and forecast information used in this document.

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