

The Australian Wagyu Association



Draft Five Year Strategic Plan

2011 – 2015

Our business is

To be the official voice of the Wagyu breed in Australia, representing the AWA membership.

Mission statement and purpose

Our mission is to add value to the Australian Wagyu industry by finding opportunities for facilitating collaboration between members and specifically by:

- Maintaining a rigorous, comprehensive breed registry with clear rules for inclusion and DNA records.
- Undertaking Advocacy on behalf of the industry, eg, relations with Governments, industry, and the media.
- Consolidating truth in labeling for Wagyu product in the market place and protecting and building the reputation of the Wagyu brand with the consumer.
- Developing genetic tools and knowledge improving the breed, e.g. EBV's, progeny testing and recessive gene disease analysis.
- Promoting and evaluating science with respect to the Wagyu industry.
- Educating and promoting the next generation of Wagyu industry leaders.
- Developing, maintaining and disseminating the knowledge base for the industry.
- The point of contact for all international inquiry into the Wagyu industry in Australia and worldwide.

Who are our members and what do they want from us?

Our members include growers of Wagyu and Wagyu infused cattle both in Australia and overseas, processors and downstream distributors of Wagyu product.

The principle objective of the association is to add value to its members and their business. This will be achieved by a number of focused strategies.

Current Status and Strategic Environment

The AWA currently has an expanding membership base of over 300. It is financially sound with a solid cash position. The revenue generated from administering the herd book and the annual conference is approximately equal to the expense base.

It has high prominence with a low market share.

In recent years we have attempted to introduce the concept of certification of Wagyu beef but have not been able to find overwhelming support from the membership.

The industry is expected to join approximately 13,000 Fullblood animals, 13,000 Purebred (94%) and 68,000 F1 to F3 animals this year.

The association is a not for profit company limited by guarantee.

Threats

The following threats to the AWA can be identified.

- Continued distribution of Wagyu branded product without differentiation or quality control can lead to a significant diminution in the value of the brand.
- Japanese authorities may launch action to stop the use of the term “Wagyu” in the market place.
- Environmentalists may target the core process of long feeding for cattle. This can also emerge as it did in 2009 from a global increase in grain prices making the production system more expensive.
- Animal welfare activists can be expected to target various aspects of the production system including feedlots and dehorning.
- Outbreak of a disease which affects the public perception of the beef industry could jeopardise the export market.
- Dissident members of the association may launch a competitive organization.

Financials

The AWA will operate with a positive cash flow. Cash and reserves will be targeted to be held to cover 12 months expenses.

The following turnover is predicted:

Year	2011	2012	2013	2014	2015
Income	\$495,495	\$534,610	\$568,535	\$643,322	\$706,378
Expenditure	\$476,780	\$523,214	\$546,839	\$572,902	\$622,422
Profit	\$18,715	\$11,396	\$21,696	\$70,420	\$83,956
Equity	\$708,177	\$719,573	\$741,269	\$811,689	\$895,645

Wages have increased for two reasons:

- A fulltime EO has been appointed so there was increase from 3.5 to 5 days a week for 6 months in 2011, and there will be an increase for the whole year through 2012 forward.
- Wages for administration have doubled every two years so efficiencies are required to automate more processes for registration and DNA parent verification through the implementation of ILR2 in early 2012. A significant increase in the number of registrations must be accompanied by a decrease in costs as a surge in registration flowed from a moratorium in fees in 2011.

Genomic advances are expected to increase revenue significantly from 2012 as a result of joint collaboration with the University of Queensland.

Market

23,417,000 kilogram is supplied to the domestic and international market from Wagyu and Wagyu-infused carcasses. Demand exceeds supply at present but growth of 10% in the Wagyu industry is expected to meet market requirements in the future. 85% of production is exported.

In addition, Wagyu and Wagyu crosses are shipped to Japan for finishing but the numbers have been restricted over recent years by limits of space in quarantine facilities.

Strategies for the AWA 2011-2015

1. Enhance the value of the Herdbook

The AWA is a breed society, responsible for the registration of Wagyu and keeping of the official Wagyu herd book in Australia. Its main role is to record and maintain the purity of the breed through the accurate checking (Parent Verification) and recording of applicants for acceptance into the herd book.

It is the accuracy of the herd book that determines the integrity of the breed in Australia. Association members rely on the issue of a registration certificate as a guarantee of the authenticity of the animal, as do buyers of registered Wagyu stock when purchasing either bulls or breeding females. The only way that vendors selling cattle under the Wagyu banner are able to prove Wagyu breeding in that product is by referring back to registered Wagyu in one or more of the parents.

Recognition by industry that the Fullblood and Purebred Wagyu is a superior meat quality animal has led to the large crossbred influence we see today. A single cross of Wagyu increases meat quality immediately.

It should be the AWA's focus to ensure the continued importance of the Fullblood and Purebred Wagyu through breed integrity so Wagyu sires are the ongoing choice for commercial crossbreeding.

The Association is largely funded by the Fullblood registration process, whilst commercial crossbreds utilize the advantage of the Wagyu breed to influence their product. Present figures show low numbers of registered crossbreds as there were 3,767 Fullblood registrations in 2010. 419 Crossbreds and 358 Purebreds were also registered.

Without registration there is no guarantee of product being genuine Wagyu. The premium being paid today for Wagyu product is a consequence of its world-wide recognition and the high regard that the AWA registration system provides. Whilst there are currently many forms of Wagyu product in the marketplace, the bottom line is that this market is underpinned by an acceptance that there is a breed society in place accurately monitoring and recording Wagyu in Australia.

2. Enhance the value of the Brand

The AWA is currently perceived as having legal rights of ownership over the brand Wagyu in Australia. This is reinforced by the name and the logo.

The AWA will act to reinforce those rights through registration and protection of the intellectual property in the brand. Further it will become vigilant in protecting the brand and the logo from incorrect or unauthorized use

In a first step the Council will take steps to properly define Wagyu and to obtain broad support across the membership for this definition. The single, most important asset that the Wagyu Association owns is the brand “Wagyu”. Everything else pales into insignificance. The Association’s main accountability is to promote and protect this brand. Without preservation and enhancement of the brand, the product will not retain its premium marketing position.

Development of a Wagyu certification scheme will continue to strengthen and enhance the brand. One of our major brand values has to be the integrity of the product. This can be achieved through the Herd book register, but also through certifying the end product.

The application for a certification trade mark is to be made to the Registrar of Trade Marks. A set of rules on how to use the scheme must be filed with the registrar along with the application or as soon as possible thereafter. If the application complies with general trade mark requirements, the registrar sends it to the ACCC for consideration. This will either complete the registration or otherwise the process for a challenge will be followed.

Completion of these rigors will ensure that the Wagyu certification scheme will meet the growing trend of truth in labeling and assure the customer they are receiving what they thought they were buying.

3. Assist members to identify superior genetics

Major areas of focus will be on:

- Identification of superior genetics through progeny testing.
- Develop specific Wagyu traits and \$ indexes in BREEDPLAN.
- The numbers of animals that are published with EBVs increased when the reportability of EBVs was reduced back to the 50% level
- Research in genomics.
- Testing for undesirable recessive conditions.
- Disseminate information as it becomes available.

4. Undertake Research and Development

Key areas will be:

- Digital image analysis.
- Animal health – scouring of calves.
- Meat quality and fatty acid composition.
- General industry
- Animal welfare

5. Knowledge and Education

Aspects to be covered:

- Technical reports for download from the website on bloodlines and other items for new members, including general interest.
- Planned activities through SBTS and access to Webinar.

6. Promotion

The AWA needs to identify ways to become more visible in the market place and with stakeholders. This requires a vigorous strategy to find opportunities to position the Association in the minds of Stakeholders including government and other industry bodies such as the MLA.

Activities to be covered are:

- The role out of the Wagyu certification scheme.
- Regular use of the website with topical information.
- Cattle which are advertised on the website for sale need to be fully registered.
- General breed events must be communicated to the media – such as results from carcass competitions.

7. Governance

The AWA will develop strategies to improve the governance of the association in accordance with the current market place. This will include a review of the Constitution. The review will look specifically at the definition of Wagyu and the definition of Members.

The Australian Wagyu Association



APPENDIX

Action Plan

2011 – 2012

Actions to be taken by the Association:

The activities for membership need to be maximized by the Association. The specific areas of focus are:

- **Herdbook register**

Maintenance of the integrity of herd book data must be retained during the migration to ILR2.

Action: Executive Officer to review processes and design efficiencies for automated transfer of data. To be completed by December 2011.

An incentive to increase the numbers of registrations could be to reduce the fees for younger animals. Fullbloods and Purebreds younger than 12 months will cost \$20.00, 12 to 36 months \$30.00, and above 3 years will cost \$55.00.

For the first six months a moratorium to be offered for herd book registrations for \$15.00 a head.

Action: Executive Officer to implement the price reduction from May 1, 2011 and the Moratorium to be run from May 1, 2011 to October 31, 2011.

Action: When the moratorium is in place, members who are not registering will be targeted.

- **Brand**

The brand will be established through the development of the Wagyu certification scheme. The definition of the brand is “100% Wagyu with parent verification”. A descriptor of “Wagyu infused cattle” is required which will be compliant with truth in labeling. F1 comprise 50% or higher Wagyu content.

- **Genetic improvements**

Genetic tools and knowledge must be developed to ensure continual improvements of the Wagyu breed. BREEDPLAN is used for genetic evaluation so that estimates of the breeding value of economic characteristics can be identified and selection made of superior individuals. Refinements are required to make BREEDPLAN more relevant to the Wagyu breed and records need to be collected of carcass data. More producers need to become involved in the generation of records in BREEDPLAN and to achieve this close working relationship is fostered with SBTS/ABRI.

Action: A conference aimed at driving genetic improvement of the Wagyu Breed was held in Armidale on 30 April and 1 May, 2011. The complexity of BMS grading and its financial importance suggest the need for the development of specific Wagyu EBVs not used by any other breed. Carcass traits which make up the greater proportion of target trait importance are presently not included in Wagyu BREEDPLAN. \$ Indexes need to be finalized in 2011/2012 and promoted to the membership. SBTS technical support is available to attend groups and key producers and to present the webinar. The EO is to liaise with SBTS/ABRI and the target is to sign up 30 new BREEDPLAN contributors before the end of 2011. The EO will follow up in assisting members to prepare to take records at key dates for BREEDPLAN and to co-ordinate contemporary slaughtering.

BREEDPLAN allows estimates to be made of relative breeding value of contemporary animals, but progeny testing has greater accuracy.

Action: Genetics subcommittee is to establish benchmarking of the “top ten” influential sires in Australia through a national progeny test, and to make all the results available to AWA members through BREEDPLAN.

Increase the number of animals that will have an EBV displayed in BREEDPLAN.

Action: Reportability was reduced to 50% for animals in BREEDPLAN herds or from AI Approved Sires.

- **Research and Development**

Official grading systems do not give repeatable data from carcass measurements rendering comparisons for genetic improvement to be of limited value. The establishment of a repeatable and objective grading system for practical measurement of carcass qualities which are of economic importance to Wagyu is required. Value from digital image analysis needs to be demonstrated.

Action: Present preliminary results of digital image analysis against ultrasound scanning at the annual conference. Protocol needs to be drawn up for use of digital image analysis equipment by membership.

Disseminate results from research carried out on scouring by Wagyu.

Action: Inform membership through email/website/newsletter.

Confirm health aspects of Wagyu beef in fatty acid and composition analysis.

Action: Explore avenues for research

Initiate Genomic Research using SNP (Single Nucleo-peptide) Array technology to utilize cutting edge DNA technology to develop a multi-purpose Test specific to Wagyu.

Action: Partner with University of Queensland Animal Genetics Laboratory looking specifically at developing tests on SNP array platform for Wagyu Breed Content, Recessive disease status, parentage and genomic inbreeding co-efficient.

- **Knowledge & Education**

The association needs to be proactive with stakeholders across the industry, and in communication with the membership. The AWA website needs to be regularly updated with topical information as it happens so that membership looks to it for news. The newsletter and annual conference provided valuable points of contact and fresh topics must continually be presented.

Action: The EO is to summarize published articles of topical interest, prepare Technical notes with input provided by Council for reference by new members, and publish Links to articles of interest on the Internet. The number of hits on the site must increase by 30% by the end of 2011.

- **Promotion**

Promotion of the attributes of Wagyu must be maximized through media exposure and advertorials so that the Wagyu name is regularly exposed in public. Launch of the Wagyu Certification Scheme will be a key milestone for all aspects of media exploitation by the Executive.

Action: Exploitation of advertorial opportunities for optimum effect. An increase in printed and spoken media must be observed during 2011.

Breed Standards

The Wagyu breed standard must represent ideal conformation for Australia and be available for reference.

Action: Dom Bayard, Scott Hughes and Frank Whitford will review the standards in the Company Bylaws. David Blackmore will assist.

- **Animal Welfare**

The AWA accepts that maintaining the health and welfare of livestock is the responsibility of everyone in the industry.

Welfare standards and guidelines – Australian Animal Welfare Standards and Guidelines – Land Transport of Livestock have been prepared under the auspices of the Australian Animal Welfare Strategy. Livestock Production Assurance is an on farm safety certification program. The National Feedlot Accreditation Scheme is an industry self-regulatory quality assurance scheme which applies to key issues of animal welfare, the environment, meat quality and food safety.

Action: Compliance with standards and guidelines pertaining to animal welfare by AWA members through whole of chain is strongly encouraged.

- **Training the younger generation**

Education and communication with the younger generation is essential for the ongoing vibrance of the association. Younger members may be co-opted onto subcommittees.