

Pre-budget submission 2021-22

WOOLPRODUCERS
AUSTRALIA

Letter of transmittal

Pre-Budget Submissions
The Treasury
Langton Crescent
Parkes ACT 2600

Via email: prebudgetsubs@treasury.gov.au

22 January, 2021

To Whom It May Concern,

WoolProducers Australia welcomes the opportunity to provide a pre-budget submission for 2021-22 to the Treasury. As the peak industry body representing Australia's 60,000 woolgrowers, who generate an average \$3.5 billion in exports each year, our submission is focussed on ensuring the needs of the wool industry are represented in the Treasury's pre-budget consultation.

Our membership is comprised of the industry's commercial, superfine and stud breeding sectors. WoolProducers is nationally representative through our State Farming Organisation members and three democratically elected Independent Directors.

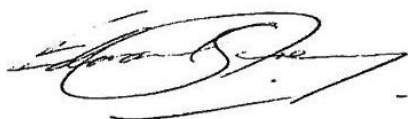
WoolProducers works with relevant state and federal government agencies and other stakeholders on key issues such as animal health and welfare, biosecurity, pest management control, natural resource management, drought preparedness, emergency animal disease outbreak preparedness, and industry development, including research and trade.

The recommendations in this submission have been made after consultation with our State Farm Organisations and are presented with the view of assisting Australian woolgrowers and to a broader extent, regional Australia.

The recommendations are organised by key priorities for the wool industry as relevant to the five pillars of the *'2030 Roadmap – Australian Agriculture's Plan of a \$100 Billion Industry'*.

Should you wish to discuss our submission further, please contact WoolProducers Australia CEO, Ms Jo Hall on 0488 554 811, or via email (jhall@woolproducers.com.au).

Yours Sincerely,



Edward Storey
President
WoolProducers Australia

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List of recommendations

Pillar One Recommendations: Customers and the Value Chain

Recommendation 1: The Australian Government immediately fulfills recommendations 13 and 14 of the Joint Standing Committee on Trade and Investment Growth inquiry into *Trade Transformation: Supporting Australia's export and investment opportunities*.

Recommendation 2: The Australian Government adequately resources the Modern Manufacturing Strategy and expands the criteria to include provision for non-food related agricultural manufacturing such as fibre.

Recommendation 3: The Australian Government commits to conducting/funding a feasibility study into domestic first stage wool processing.

Recommendation 4: The Australian Government engages with the Chinese Government, to ensure that the strong Australia-China wool trade relationship and market access for Australian wool is maintained.

Recommendation 5: The Australian Government maintains and strengthens existing trade relationships and builds new trade relationships that will enhance export market opportunities for Australian wool.

Recommendation 6: The Australian Government implements all 21 recommendations from the 2020 Overseas Posts Network Review.

Recommendation 7: The Australian Government expands the Overseas Post Network through an additional 10 Agricultural Counsellors to advance industry's access into key markets.

Recommendation 8: The Australian Government commits to establish and fund an Agricultural Trade Advisory Council.

Recommendation 9: The Australian Government increases support for industry-led market access initiatives, such as trade delegations, including 'virtual' delegations/forums to counter COVID-19 travel restrictions that foster strengthened industry-to-industry partnerships

Recommendation 10: The Australian Government secures Australia-EU and Australia-UK FTAs that continues beneficial market access for Australian wool and does not impose new or different regulatory or other standards on Australian farmers.

Recommendation 11: The Australian Government works constructively with India to achieve advantageous market access for Australian wool through a bilateral trade agreement.

Recommendation 12: The Australian Government funds the NFF's initiative to lead a whole-of-industry strategy to establish collaborative and capacity building relationships that support stronger commercial ties between Australia and India.

Recommendation 13: The Australian Government commits to ensuring adequate long-term funding for the national biosecurity system, through prompt implementation of new sustainable funding arrangements that target risk-creating activities and increased appropriation funding.

Recommendation 14: The Australian Government acts promptly to implement all 42 recommendations of the *Priorities for Australia's biosecurity system* report.

Recommendation 15: The Australian Government reports progress of implementation of the 42 recommendations of the *Priorities for Australia's biosecurity system* report.

Recommendation 16: The Australian Government commits to funding increased maintenance of existing freight infrastructure, upgrading freight infrastructure identified as a priority from supply-chain modelling, and allocate funding to build new infrastructure that will ultimately decrease freight costs for woolgrowers.

Pillar Two Recommendations: Growing Sustainably

Recommendation 17: The Australian Government commits to establish a Biodiversity Stewardship Fund with an initial investment of \$1 billion to incentivise best practice stewardship on farms.

Recommendation 18: The Australian Government commits to adequately resource and support the establishment and implementation of the *National Feral Pig Action Plan*.

Recommendation 19: The Australian Government allocates funding for continued contribution to the maintenance and erection of wild dog exclusion/barrier fences.

Recommendation 20: That the Australian Government allocates funding to provide systems to sustainably manage kangaroos.

Pillar Three Recommendations: Unlocking Innovation

Recommendation 21: That the Australian Government allocates funding or facilitates other incentives to promote the adoption of X-Tech innovation to enhance productivity.

Recommendation 22: The Australian Government commits funding from general revenue or an established a Rural, Regional and Remote Telecommunications Fund for further rounds of the Mobile Black Spot Program and that this is done in an expedited manner.

Recommendation 23: That the Australian Government promptly acts to implement all ten recommendations from the 2018 Regional Telecommunications Review.

Recommendation 24: That the Australian Government commits to implementing the priorities and associated asks of the Regional, Rural and Remote Communications Coalition's *Priorities for action* by establishing a Regional, Rural and Remote Communications Fund.

Pillar Four Recommendations: People and Communities

Recommendation 25: The Australian Government commits \$1.5 million per annum to give substance to its commitment to develop a National Agriculture Workforce Strategy.

Recommendation 26: The Australian Government commits funding to ensure the longevity of training programmes that provide a skilled workforce suitable for positions in all sectors of the wool industry.

Recommendation 27: The Australian Government establishes a specific Ag Visa to access overseas labour.

Recommendation 28: The Australian Government establishes a Visa Exchange program with the UK and South Africa for wool harvesting.

Recommendation 29: The Australian Government commits to establishing an incentivised Gap Year Program to attract young people into the wool industry, with consideration being given to HECS/HELP subsidies.

Recommendation 30: The Australian Government provides assistance for purchasing equipment for learner shearers.

Recommendation 31: That the Australian Government provides funding to campaigns and organisations that focus on promoting occupational health and safety in the agriculture industry.

Pillar Five Recommendations: Capital and Risk Management

Recommendation 32: The Australian Government provides seed funding for the establishment of a National Livestock Industries Resilience Policy and Agreement

Recommendation 33: The Australian Government continue funding for FarmHub to ensure Australian producers can access information and resources that increase their resilience to drought and natural disasters.

Recommendation 34: That the Australian Government commits to making the small business instant asset write-off permanent and retains the specific accelerated depreciation arrangements for primary producers.

Recommendation 35: That the Australian Government allows direct access to Farm Management Deposits to companies and agribusiness trusts.

Introduction

The wool industry is a significant commodity in Australian agriculture and makes a substantial contribution to the national economy. The industry employs approximately 200,000 workers and over the last 5 years has contributed an average of \$3.5 billion in gross value of production (GVP) annually¹. Australia is the world's biggest producer of raw wool, which makes up 1.2 per cent of the global apparel market by volume but 8 per cent by value² and accounts for 80% of the world's superfine wool³. The map below indicates the main wool production areas in Australia, many of which are in regional and remote areas⁴.

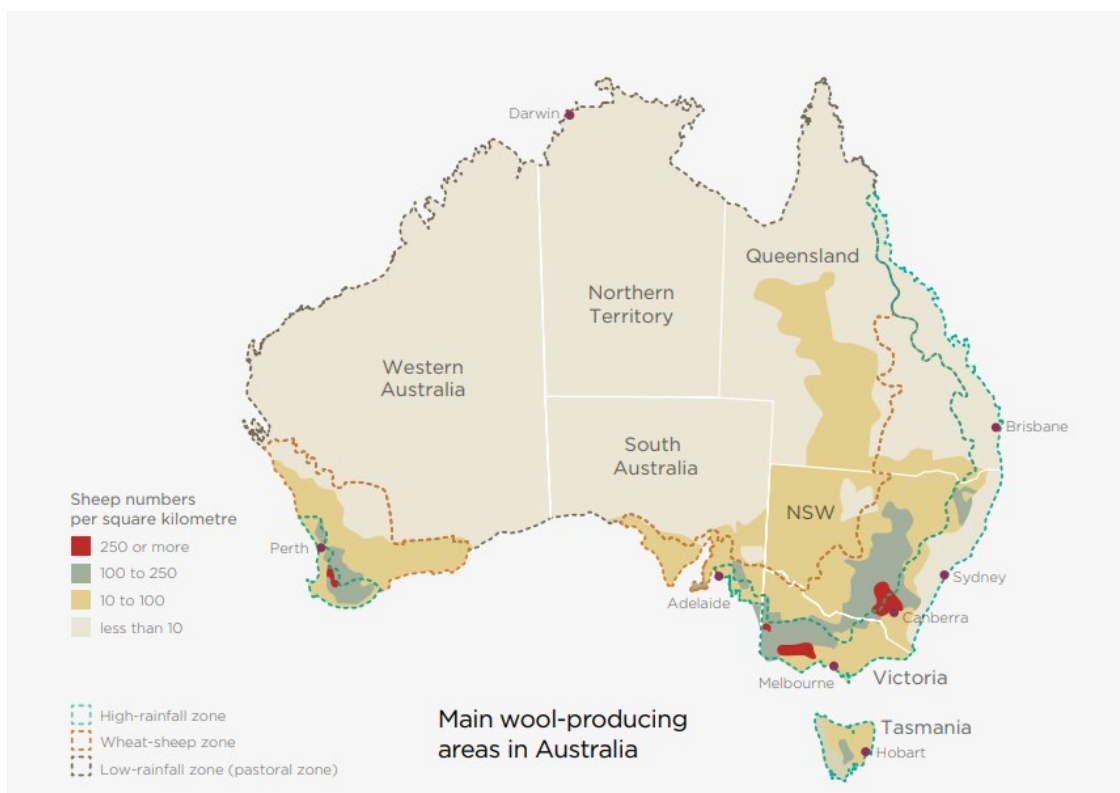


Figure 1 Main wool producing areas in Australia

WoolProducers is supportive of the National Farmers' Federation's (NFF) vision for Australian agriculture to become a \$100 billion industry by 2030. Opportunities for the industry to benefit from its reputation for producing safe, high quality food and fibre will enable agriculture to work towards achieving this vision. But to do so, the industry must be supported by regulatory and public policy settings that support the industry to grow.

As a commodity, wool has great potential to contribute to Australian agriculture achieving the NFF's \$100 billion vision. Opportunities for the Australian Government to assist the wool industry contribute to this vision include maintaining and expanding export market opportunities, investing in infrastructure that supports farm businesses and reduces supply chain costs, providing improved connectivity in regional and remote areas, and encouraging the next generation of workforce in the wool industry will all contribute to enabling profitable wool growing businesses. In doing so, wool's contribution to the \$100 billion vision of the NFF will be considerable.

¹ Australian Wool Innovation, www.wool.com

² National Council of Wool Selling Brokers and Agents, www.woolbrokers.org

³ Australian Wool Innovation, www.wool.com

⁴ Adapted from www.learnaboutwool.com

The recommendations in this submission are organised by key priorities for the wool industry as relevant to the five pillars of the '2030 Roadmap – Australian Agriculture's Plan of a \$100 Billion Industry'.

- Pillar One: Customers and the Value Chain
- Pillar Two: Growing Sustainably
- Pillar Three: Unlocking Innovation
- Pillar Four: People and Communities
- Pillar Five: Capital and Risk Management

WoolProducers also supports the NFF's pre-budget submission 2021-22. Together, the recommendations made in these submissions will benefit not only the wool industry and the agricultural sector, but all Australians through the significant contribution wool, and the whole of agriculture, delivers to our nation.

Pillar One: Customers and the Value Chain

In the ABARES 2020-21 forecast, the national sheep flock is predicted to be 68.4million head with total greasy wool production of 287 million kilograms (mkgs)⁵, which is up 1.1% from 2019-20. It is therefore vital for industry to sustain and or grow sheep numbers and that the Australian Government support the maintenance and growth of market opportunities for wool to achieve an increased national sheep flock.

Unlike other wool producing countries who generally undertake some form of processing of raw wool, the Australian wool industry is reliant on export markets with 98 per cent of our raw wool exported, making up three quarters of the world's greasy wool exports, with Australian wool being exported to 33 countries in 2020⁶. However, it is worth noting the dominance that China has in terms of the Australian trade:

- China (81 per cent volume, \$2,166 million value);
- European Union (7 per cent volume, \$258 million value), and
- India (4 per cent volume, \$137 million value).⁷

It is important that existing trade relationships are maintained, and trade relations with India in particular, are strengthened so that the Australian wool industry maintains market access and can benefit from future market opportunities.

The COVID-19 pandemic and escalating trade tensions between Australian and China has highlighted the exposure of the Australian wool industry in terms of reliance on a singular market.

The final report of the Joint Standing Committee on Trade and Investment Growth inquiry into *Trade Transformation: Supporting Australia's export and investment opportunities*⁸, released in May, 2020, recommended a number of measures of which relevant recommendations were supported by WoolProducers.

Specifically, WoolProducers requests recommendation 13 and 14 of this report are fulfilled immediately.

⁵ Wool Production Forecasting Committee, December 2020

⁶ AWI, www.wool.com

⁷ ABARES, Agricultural Commodity Statistics, 2020

⁸Parliament of Australia, 2020, www.aph.gov.au

Recommendation 13: *The Committee recommends that the Australian Government conduct an assessment of Australian export industries that are over-exposed to a single market and work with industry towards diversification.*

Recommendation 14: *The Committee recommends the Department of Agriculture, Water and the Environment, in collaboration with state and territory governments, conduct an audit of the regulatory arrangements for agricultural exports (including seafood) and identify and implement actions in order to:*

- *Harmonise export regulation across local, state and federal jurisdictions, with an aim of achieving a best-practice outcome;*
- *Increase competitiveness for the agricultural industry, including assessing whether cost-recovery arrangements and export registration costs are deterring exports, and a comparison between Australia and its international competitors; and*
- *Assess the impact of red and green tape (at the state and federal levels) on the ability of the sector to reach its goal of growing Australian agriculture to \$100 billion by 2030.*

Recommendation 1: The Australian Government immediately fulfills recommendations 13 and 14 of the Joint Standing Committee on Trade and Investment Growth inquiry into *Trade Transformation: Supporting Australia's export and investment opportunities.*

COVID-19 has also renewed interest in the reestablishment of general domestic processing and while WoolProducers applauds the Australian Government's Modernising Manufacturing Strategy and association Fund, WoolProducers would like to see an expansion of the criteria of this programme and bolstering of this Fund.

Recommendation 2: The Australian Government adequately resources the Modern Manufacturing Strategy and expands the criteria to include provision for non-food related agricultural manufacturing such as fibre.

Up until 30 years ago Australia had a moderate domestic first stage wool processing industry, however, currently only has capacity to conduct first stage processing for around 2% of the national clip, with 98% of the raw product being exported for value adding.

The reinvigoration of domestic first stage processing of wool, if feasible, would have many positives to industry and the national economy, in terms of increased employment, market diversification and supply chain risk mitigation in both trade and emergency animal disease response scenarios.

With the capacity to process wool comes the ability to export not just an animal by-product but a 'fibre', which automatically expands market access opportunities. Additionally, by developing a first stage processing sector of wool this could lead to the establishment of next stage downstream processing enterprises (e.g., spinning, knitting, weaving, etc) to further value add in the future.

Due to declining global wool production, much of the primary stage processing infrastructure for wool is between 20-30 years old. Preliminary discussions with industry partners indicate that there have been significant innovations with regards to primary stage wool processing technology in recent years, with many of these innovations yet to be adopted commercially. This innovation coupled with developments in renewable energy, water harvesting and effluent treatment could position Australia as a world leader in efficiency of processing the world's most sustainable fibre.

The establishment of a domestic wool processing sector would also see the creation of job opportunities in regional and rural Australia, including during the construction phase as well as ongoing jobs in the processing, logistics and ancillary sectors once established.

Recommendation 3: The Australian Government commits to conducting/funding a feasibility study into domestic first stage wool processing.

China is the largest importer and processor of Australian wool. Market access for wool is currently satisfactory, however the effects of the eroding relationship between Australian and China, COVID-19 and the falling national sheep flock have contributed to Chinese buyers' confidence deteriorating. This reduced confidence has caused market volatility and negatively impacted prices received by Australian woolgrowers. It is important that the Australian Government continues engagement with the Chinese Government that supports market access for Australian wool and maintains the strong Australia-China wool trade.

Recommendation 4: The Australian Government engages with the Chinese Government, to ensure that the strong Australia-China wool trade relationship and market access for Australian wool is maintained.

The Australian Government should also continue to further develop opportunities that will generate access to new markets and increase wool trade.

Recommendation 5: The Australian Government maintains and strengthens existing trade relationships and builds new trade relationships that will enhance export market opportunities for Australian wool.

A number of initiatives could be undertaken by the Australian Government to support the wool industry in strengthening existing and building relationships in emerging markets.

The Department of Agriculture, Water and the Environment (DAWE) Overseas Network comprising of Counsellors in key global agricultural trade locations should be further utilised and expanded to establish trade relationships and opportunities.

WoolProducers supports a number of key recommendations made in the 2020 Overseas Posts Network Review⁹ and believes that the Network would be more efficient if these recommendations are implemented.

Recommendation 6: The Australian Government implements all 21 recommendations from the 2020 Overseas Posts Network Review.

Recommendation 7: The Australian Government expands the Overseas Post Network through an additional 10 Agricultural Counsellors to advance industry's access into key markets.

In terms of other initiatives to support industry, WoolProducers would like to see the establishment of an Agricultural Trade Advisory Council to support a joint industry-government strategy to diversify and expand Australia's agricultural exports into emerging and existing markets.

⁹ Department of Agriculture, Water and the Environment, Overseas Posts Network Review, 2020

Recommendation 8: The Australian Government commits to establish and fund an Agricultural Trade Advisory Council.

Recommendation 9: The Australian Government increases support for industry-led market access initiatives, such as trade delegations, including ‘virtual’ delegations/forums to counter COVID-19 travel restrictions that foster strengthened industry-to-industry partnerships

WoolProducers have been keenly engaged in the EU and UK FTA negotiations and have been seeking the Australian Government to secure these trade agreements. However, have made it clear that we are opposed to any provisions in any FTAs that impose new or different regulatory or other standards on Australian farmers as a condition of concluding the agreement. Australia has some of the highest animal health, welfare and biosecurity standards and regulations in the world that are upheld by farmers and others working in the livestock sector, including veterinarians, livestock contractors and husbandry specialists.

Australia also has effective steps in place to prevent and manage antimicrobial resistance in food producing animals, which have seen our food animals not become resistant to fluoroquinolones, colistin and fourth generation cephalosporins¹⁰. Responsible antimicrobial stewardship is important to the wool industry as sheep used in wool production enter the red meat supply chain. Ensuring high standards of antimicrobial use are achieved occurs through good producer – veterinarian relationships and antimicrobial stewardship.

Australian wool exports to the United Kingdom in 2019-20 were worth \$8.8million¹¹. Australian wool, including wool that is processed in other countries, is also used by UK manufacturers and the market is an important one to the industry. Traditionally, the relationship for Australian wool with UK counterparts has been strong with wool used to manufacture fine apparel and interior products. The Australia-UK FTA should seek to secure duty-free, quota-free market access for Australian wool products and it will be important that Australian wool processed in countries outside of the UK is not affected by other FTAs or trade impositions that may affect access to this market.

Recommendation 10: The Australian Government secures Australia-EU and Australia-UK FTAs that continues beneficial market access for Australian wool and does not impose new or different regulatory or other standards on Australian farmers.

The report, *An India economic strategy to 2025: Navigating from potential to delivery*, identifies the opportunities that exist for Australian wool in India. Advantageously, Australian fine merino wool does not compete with Indian wool or cotton, India has an established textile industry that has large capacity to process wool, and wool operates outside of the food self-sufficiency paradigm.

Opportunities exist for the Australian Government to achieve advantageous outcomes for the wool industry through strengthened trade, investment and service provision. Services that enhance India’s processing and manufacturing capabilities for wool should be priorities. Also, with the recent finalisation of a recent veterinary health protocol between the Australian Department of Agriculture and the Indian Department of Animal Husbandry and Dairying¹², opportunity exists for the wool industry to provide services that enhance animal husbandry, health, welfare and wool production in India.

¹⁰ Australian Government, date unknown, ‘Antimicrobial Resistance’, www.amr.gov.au

¹¹ ABARES, Agricultural Commodity Statistics, 2020

¹² Australian Trade and Investment Commission, July 2019, <https://www.austrade.gov.au/local-sites/india/news/australia-india-finalise-new-veterinary-protocol-for-export-of-australian-breeder-sheep>

WoolProducers seeks commitment from the Australian Government to work constructively with India to achieve advantageous market access for Australian wool through a bilateral trade agreement.

Recommendation 11: The Australian Government works constructively with India to achieve advantageous market access for Australian wool through a bilateral trade agreement.

Recommendation 12: The Australian Government funds the NFF's initiative to lead a whole-of-industry strategy to establish collaborative and capacity building relationships that support stronger commercial ties between Australia and India.

Australian wool is sourced by export markets for its high quality and because of our disease-free status for many livestock diseases that cause significant losses in other countries. These diseases include Foot and Mouth Disease (FMD). An outbreak of an emergency animal disease such as FMD would have an enormous impact on the Australian wool industry, with export markets closing imports of wool for a minimum of six to 12 months. Studies have reported a major outbreak of FMD in Australia would potentially cost up to \$50 billion over ten years¹³.

Strengthening existing biosecurity practices that protect Australia from the entry of pests, weeds, invasive species and diseases is necessary for ongoing export market access for wool. The concept of shared responsibility is being promoted more and increased community awareness of biosecurity is vital for maintaining biosecurity compliance and prevention of incursions.

Preventative strategies have been identified as providing the highest rate of return for biosecurity spending, and WoolProducers supports practices that are based on preventative measures. With only one third of state and territory government biosecurity investment being spent on implementing preventative biosecurity measures, it is important that the Australian Government encourages jurisdictions to implement increased biosecurity prevention actions.

Recommendation 13: The Australian Government commits to ensuring adequate long-term funding for the national biosecurity system, through prompt implementation of new sustainable funding arrangements that target risk-creating activities and increased appropriation funding.

WoolProducers supports the Australian Government's response to the Intergovernmental Agreement on Biosecurity report, *Priorities for Australia's biosecurity system*¹⁴ and acknowledges progress made to implementing some of the recommendations but seeks further efforts to implement all recommendations in full. Further, we request improved reporting of the implementation of the recommendations to improve communication to stakeholders of the Government's progress.

Recommendation 14: The Australian Government acts promptly to implement all 42 recommendations of the *Priorities for Australia's biosecurity system* report.

Recommendation 15: The Australian Government reports progress of implementation of the 42 recommendations of the *Priorities for Australia's biosecurity system* report.

¹³ Buetre, H. et al., 2013, *Potential socio-economic impacts of an outbreak of foot-and-mouth disease in Australia*, ABARES Research Report 13.11.

¹⁴ Craik, W, Palmer, D & Sheldrake, R, 2017, *Priorities for Australia's biosecurity system: An independent review of the capacity of the national biosecurity system and its underpinning Intergovernmental Agreement*, Commonwealth of Australia, Canberra.

Post-farm gate expenses are one of the highest costs to agricultural businesses, with logistics the largest expense for many commodities. The *Inquiry into national freight and supply chain priorities, Report March 2018*¹⁵ (the Inquiry) identified that significant freight issues exist for farmers, particularly costs in transporting products to markets or export ports.

Investment in road, rail, air and sea freight that enables efficiency gains are likely to lower transport costs for agricultural goods. The flow on effects will see goods such as wool better able to compete in international markets. Transport infrastructure projects that will lower freight costs will benefit woolgrowers. An example is access for B-triple vehicles on key roads so that increased capacity to haul wool bales is made possible on routes where B-triple access is prohibited.

Transport infrastructure projects are particularly important with the finding in the Inquiry that there is concern for state-based infrastructure where competing demands for discretionary state funding could result in decreased functionality without consideration of impacts on Australia's international trade competitiveness.

From the report, other risks to freight supply chains in wool growing areas of Australia include:

- Extensive damage to rail and road networks caused by adverse climatic events, which have increased in frequency over the past 20 years;
- Low freight volumes increasing the costs regional communities pay for freight services;
- Transport automation unable to deliver expected supply chain cost savings as in other parts of the economy;
- Access to telecommunications services is inadequate across parts of key transport routes in regional and remote areas, which impedes important safety and economic benefits, and
- Long lead times for return on investment combined with the dual utility freight networks play in social outcomes within communities, mean that different approaches to regional and remote infrastructure are needed to those used in cities. Governments must take the lead to develop freight networks when private investment is non-existent.

With the freight task projected to double in the next 20 years (even with additional investment) the Inquiry panel foresees Australian transport infrastructure will have difficulty serving this demand. The panel stated that "productivity improvements will need to be obtained through a national approach of coordinated investment and reforms". The integrated approach, as well as measuring freight performance, planning for future and current needs, and acting to deliver the priorities were all identified as critical action areas.

WoolProducers calls on the Australian Government to direct funding that will increase the maintenance of existing infrastructure and use strategic planning for freight routes by employing supply-chain modelling tools (such as CSIRO's Transport Network Strategic Investment Tool (TraNSIT)) to identify priority areas for maintenance, upgrading or building of new infrastructure.

Recommendation 16: The Australian Government commits to funding increased maintenance of existing freight infrastructure, upgrading freight infrastructure identified as a priority from supply-chain modelling, and allocate funding to build new infrastructure that will ultimately decrease freight costs for woolgrowers.

¹⁵ Commonwealth of Australia, 2018, *Inquiry into national freight and supply chain priorities, Report March 2018*, Canberra.

Pillar Two: Growing Sustainably

Australian farmers are custodians of 58% of Australia's land use¹⁶, with this comes a responsibility to manage this land sustainably. As responsible land managers, Australian woolgrowers provide lasting benefits to not only themselves and their industry but also to the environment, government and the broader community.

The ability to integrate on-farm productivity, sustainability and biodiversity should not only be encouraged but rewarded by non-agricultural beneficiaries.

Recommendation 17: The Australian Government commits to establish a Biodiversity Stewardship Fund with an initial investment of \$1 billion to incentivise best practice stewardship on farms.

Management of invasive species, particularly wild dogs and feral pigs is a critical priority for Australian woolgrowers who are environmental stewards for more than 85 million hectares of Australia's landmass¹⁷. WoolProducers Australia works on programmes such as the important *National Wild Dog Action Plan* (initiated by WoolProducers in 2013) and its offshoot projects, which deliver improved outcomes for farmers against wild dogs. The *National Wild Dog Action Plan* is an example of positive outcomes that can be achieved against threats to sustainable agriculture by collaborative efforts between government and industry.

With the success of the *National Wild Dog Action Plan* in delivering positive outcomes for livestock producers, WoolProducers has worked with Australian Pork Limited, the National Farmers' Federation and Animal Health Australia to develop a *National Feral Pig Action Plan*. The plan seeks to replicate the structure and projects of the *National Wild Dog Action Plan* to combat the negative impacts of feral pigs on Australian agriculture.

Feral pigs are listed as an established pest of national significance and it is estimated feral pigs inhabit approximately 40 per cent of Australia¹⁸. Feral pigs negatively impact on the environment, cause adverse animal health and welfare outcomes and reduced cropping yields. The results of this damage to the agricultural industry are estimated at \$100 million each year¹⁹. Feral pigs pose a significant biosecurity threat as they can transmit and spread exotic diseases (should they become established in Australia) such as Foot and Mouth Disease and African Swine Fever. Whilst feral pigs cause significant impacts to agriculture, they are also the focus for activities such as hunting and harvesting for export to the EU that bring other economic benefit to Australia through those activities.

WoolProducers seeks ongoing commitment from the Australian Government to invest, with industry and state governments, in the implementation of the *National Feral Pig Action Plan* to combat this significant pest. WoolProducers commends the Minister for Agriculture on announcing the appointment of a National Feral Pig Coordinator and funding commitment of \$1.4million over three years but assurance of ongoing resourcing (and subsequent funding) will be essential to the establishment of the *National Feral Pig Action Plan*.

Recommendation 18: The Australian Government commits to adequately resource and support the establishment and implementation of the *National Feral Pig Action Plan*.

¹⁶ ABARES, Snapshot of Australian Agriculture 2020

¹⁷ Wool Production in Australia, 2017, *Wool production in Australia*, Learn about wool, www.learnaboutwool.com.au

¹⁸ Feral pig, PestSmart Connect, www.pestsmart.org.au (accessed 16 April 2019)

¹⁹ Feral pig factsheet, 2011, PestSmart Connect, www.pestsmart.org.au

Controlling wild dogs with exclusion or barrier fencing is a priority for woolgrowers. Significant declines in the national sheep flock have been attributed to wild dogs due to both predation and producers' decisions to move away from sheep production due to the costs associated with the management of wild dogs on and around their farms. Many graziers have been forced to quit the industry due to sheep losses, with one producer estimating stock losses, time, trappers, shooters and helicopter hire for dog control costs their business a million dollars a year⁶. In addition, significant impacts are reported on regional economies and environmental parameters.

It was estimated in 2016 that wild dogs cost Australian agriculture \$89 million a year²⁰. Figures from Queensland show sheep numbers have decreased by 70 per cent in the state over the past five years²¹ and that in 2008/09, approximately 91 per cent of the state's flock was subject to dog predation⁶. A report from Kondinin Group in 2016 stated that some New South Wales graziers have seen their lambing percentages increase from 10 per cent to as much as 95 per cent once dog exclusion fences have been erected²². This is a significant, positive outcome achieved from erecting dog fences, given that losses from wild dogs in New South Wales were costed at \$17 million annually, with 67 per cent of losses being borne by sheep producers⁶.

The President of Livestock SA has described the issue of wild dogs as causing more stress to pastoralists than the current drought in South Australia, with dogs coming through the state's dog fence (due to its poor condition) and travelling south in large numbers²³. The South Australian Wild Dog Strategic Plan²⁴ reports that wild dogs are now being found on pastoral and agricultural properties hundreds of kilometres from the dog fence.

In Western Australia, Agriculture and Food Minister Alannah MacTiernan said in 2017 that wild dogs were estimated to cause losses of \$25 million per year and limit employment opportunities in pastoral regions of the state²⁵. In Victoria, wild dogs are estimated to cost the livestock industry \$13-18 million per year²⁶.

WoolProducers recognises the contribution that the Australian Government has provided to wild dog fences in relevant jurisdictions. WoolProducers asks that the Australian Government continue co-investment with these jurisdictions to maintain and build new dog exclusion fences to protect sheep from wild dogs.

Recommendation 19: The Australian Government allocates funding for continued contribution to the maintenance and erection of wild dog exclusion/barrier fences.

Kangaroos pose a significant problem to woolgrowers, and most livestock and grain producers for that matter, in that they rapidly decrease the amount of pasture available for livestock to graze, they

²⁰ eSYS Development Pty Ltd, 2016, *Cost of pest animals in NSW and Australia, 2013-14*, www.pestsmart.org.au

²¹ Landline, 20 November 2018, *New predator-proof fences bring hope to Queensland graziers crippled by wild dogs*, ABC News, www.abc.net.au

²² NSW Farmers' Association, 2018, *100km exclusion fence line opens the gate to new business*, www.nswfarmers.org.au

²³ Keynes, J. (personal communication), January 2019.

²⁴ South Australian Wild Dog Advisory Group, 2016, *South Australian wild dog strategic plan: A plan to protect the livestock industries and public safety whilst maintaining the integrity of the dingo as a wildlife species*, Government of South Australia.

²⁵ Kondinin Group, 13 September 2017, *Record amount to control wild dogs in WA*, www.farminahead.com.au

²⁶ Marsden Jacob Associates, 2016, *Department of Economic Development, Jobs, Transport and Resources review of the Victorian Wild Dog management program and recommendations for future approaches*, www.agriculture.vic.gov.au

compete with livestock for feed and water resources, and they can decimate crops. The Department of the Environment and Energy published a report by Pople & Grigg (1999)²⁷ on their website that states the pest status of kangaroos is due to reasons including:

- Kangaroos damage rangeland and crops;
- Kangaroos damage fences;
- Kangaroos compete with stock for drinking water in droughts, and
- Kangaroos cause damage and injury when they are involved in collisions with vehicles.

Management of kangaroos in the current drought has been identified as one of the more demanding tasks livestock producers have had to carry out, given the competition for grass and water. Kangaroos cause significant economic impact on farm businesses as they diminish the amount of available feed rapidly. They are also a disease risk and degrade valuable farming land.

WoolProducers is calling for the Australian Government to allocate funding to kangaroo management programmes that will manage sustainable populations whilst reducing damage from kangaroos on farms across Australia. Managing kangaroos enhances animal health and welfare outcomes and also provides employment opportunities in harvesting, processing and export sectors of the industry.

Consideration could be given to the expansion of the kangaroo meat industry and commercialisation of other kangaroo products, such as skins. The establishment of markets, both domestic and international, for kangaroo products will lead to more effective management of kangaroos, whilst also boosting employment in rural and regional areas.

Recommendation 20: That the Australian Government allocates funding to provide systems to sustainably manage kangaroos.

Pillar Three: Unlocking Innovation

FinTech, RegTech and AgTech provide substantial opportunities for Australia's wool industry through digital and financial innovations that could lead to transformational efficiencies for businesses throughout the wool industry pipeline. These opportunities may require standalone developments in any of the three aforementioned 'X-Tech' categories, or collaborative developments across X-Tech categories that lead to new ways of conducting business for the wool industry.

WoolProducers supports the opportunities to prepare for and take advantage of potential benefits that can be achieved through opportunistic approaches to development of these technologies. These opportunities may be either incremental or transformational in nature, and will require sufficient support so that industry can reap the rewards of positive innovation in X-Tech. Opportunities as outlined in the issues paper include:

- Enhanced customer and consumer value;
- Increased productivity;
- Creation of jobs, and
- Creation of export opportunities.

The Australian Government has a great opportunity to help agriculture reap the benefits of X-Tech innovations. Agricultural industries must also play their part. To do so, WoolProducers believes that:

- FinTech and RegTech regulations and government policies should be conducive to attracting investment and the operation of technology companies and start-ups in Australia;
- Tax regulations should incentivise and attract investment in Australian X-Tech;

²⁷ Pople, T and Grigg, G., 1999, *Commercial harvesting of Kangaroos in Australia*, The Department of the Environment and Energy, www.environment.gov.au

- Rural Research and Development Corporations (RDCs) should prioritise X-Tech research and development, and through extension and/or commercialisation, be able to demonstrate greater community benefit from adoption of Ag-Technologies;
- Rural RDCs should seek private investment and collaboration to accelerate advancements in Ag-Tech that will benefit farmers, who are their compulsory levy payers, as well as the broader community whose tax dollars are co-contributed by the Australian Government to Rural RDCs;
- Free Trade Agreements should encourage the exchange of X-Tech research, development and services;
- Access to skills and talent should continue to be facilitated by the provision of the Temporary Skills Shortage visa, the Global Talent Scheme and Entrepreneur visas (soon to be introduced), and
- Ag-Tech start-up hubs should be encouraged to establish in regional Australia.

Recommendation 21: That the Australian Government allocates funding or facilitates other incentives to promote the adoption of X-Tech innovation to enhance productivity.

Many woolgrowers live and work in parts of Australia that suffer poor connectivity and provision of telecommunications services. Issues include mobile blackspots, internet and NBN connection dropouts, lack of service providers and increased costs associated with telecommunications. Reliable and affordable telecommunications is important for farmers and their families so that they can access the digital economy for their business, education, health and social needs.

The *Accelerating precision agriculture to decision agriculture* report²⁸ estimates that digital agriculture being fully implemented in Australia would boost the value of agricultural production by 25 per cent, or \$20.3 billion to the gross value of agricultural production. The flow-on effect to other parts of the Australian economy would be \$24.6 billion. The report quantifies the impact of unconstrained decision agriculture to the Australian economy from the wool sector alone would equate to a \$452 million increase in GDP (18 per cent) and the potential benefit to the economy would be an increase in GDP of \$1,128 million. This exceeds the estimated contribution that commodities such as beef, sheep meat, pork and dairy would make to the economy. However, these significant contributions to the national economy, and to the businesses of farmers throughout Australia, can only be achieved through investment by the Australian Government to improve telecommunications services in rural, regional and remote Australia.

Further, many industry systems are transitioning towards digital means for product integrity. It is simply unfeasible for 100% transition/reliance on digital industry systems to be foisted on producers until there is reliable connectivity and coverage.

Recommendation 22: The Australian Government commits funding from general revenue or an established a Rural, Regional and Remote Telecommunications Fund for further rounds of the Mobile Black Spot Program and that this is done in an expedited manner.

Results from the 2018 *National Farmers' Federation Telecommunications Survey*²⁹ highlighted stark results for Australia's rural telecommunications services. Of the 614 respondents who answered their occupation was a farmer, 70 per cent identified they operated a sheep enterprise. It is therefore vital that telecommunications services are improved in regional Australia for the benefit of sheep and wool producers. Regional telecommunications services are essential for woolgrowers to run profitable farm

²⁸ Cotton Research and Development Corporation, 2017, *Accelerating precision agriculture to decision agriculture: Enabling digital agriculture in Australia*, <http://farminstitute.org.au/p2dproject>

²⁹ Results can be accessed at <https://www.nff.org.au/get/submissions/6119.pdf>

businesses. The *2018 Regional Telecommunications Review: Getting it right out there*³⁰ found that gaps in communication infrastructure exist in terms of coverage, data speeds and competition between telecommunication providers. The ten recommendations put forwards from the review address the issues faced by many Australians living in regional and remote Australia, and WoolProducers calls on the Australian Government to act to implement all ten recommendations.

Recommendation 23: That the Australian Government promptly acts to implement all ten recommendations from the 2018 Regional Telecommunications Review.

The Regional, Rural and Remote Communications Coalition (RRRCC) have outlined five goals with key asks to achieve greater communications in the bush³¹. WoolProducers supports the RRRCC's priorities and seeks commitment from the Australian Government to support achievement of these through the establishment of a Regional, Rural and Remote Communications Fund.

Recommendation 24: That the Australian Government commits to implementing the priorities and associated asks of the Regional, Rural and Remote Communications Coalition's *Priorities for action* by establishing a Regional, Rural and Remote Communications Fund.

Pillar Four: People and Communities

The national sheep and wool industries are a significant employer in regional areas, however there are continuing issues with sourcing both skilled and un-skilled labour.

A populated workforce is essential for Australia's wool industry to continue to operate efficiently and profitably. Access to skilled labour throughout the supply chain, from farmhands to shearers, wool classers to traders, is important for the industry to grow. However, it is increasingly more difficult for woolgrowers to source labour in some roles, such as shearers.

Reasons for this continuing labour gap include an ageing workforce, the rate of new entrants not keeping pace with the attrition of the current workforce, competition for labour from other sectors, remoteness, seasonality of work and in some cases workplace conditions.

The COVID-19 pandemic has highlighted this shortfall and industry is currently experiencing delays to wool harvesting which in turn is having ramifications on accessing labour, productivity, animal welfare and labour costs.

WoolProducers coordinated an industrywide submission into the 2020 consultation on the National Agricultural Workforce Strategy, outlining many of the challenges facing industry in terms of accessing labour. WoolProducers would like to see the National Workforce Strategy adequately funded on an ongoing basis.

Recommendation 25: The Australian Government commits \$1.5 million per annum to give substance to its commitment to develop a National Agriculture Workforce Strategy.

Attracting young Australians to take-up careers in the wool industry is vital to the industry's workforce succession. Promotion of careers in wool and concurrent accessibility to training (whether through secondary schooling, agricultural colleges, TAFE or university courses) will provide avenues for youth to enter the industry.

³⁰ Commonwealth of Australia, 2018, *2018 Regional Telecommunications Review: Getting it right out there*, Commonwealth of Australia, Australia.

³¹ RRRCC, 2019, *Better comms for the bush: RRRCC priorities for action*.

Scholarships and similar incentives, beginning in secondary schools, provide another avenue to attract young people to the wool industry and facilitate industry succession. To assist industry workforce succession, WoolProducers Australia requests the Australian Government continue to provide funding to programmes that will see skilled workers available within the wool industry. This includes, for example, shearers training, and animal husbandry and science courses at tertiary institutions.

Recommendation 26: The Australian Government commits funding to ensure the longevity of training programmes that provide a skilled workforce suitable for positions in all sectors of the wool industry.

Whilst the preference is to always utilise domestic labour to fill labour gaps, the reality is this is simply not an option in the foreseeable future. While farm labour can be sourced from overseas work programs for other agricultural industries, which would greatly assist the wool industry, particularly in the wool harvesting sector. The current Seasonal Workers Program and Pacific Workers Program, as they are currently defined, do not assist the wool harvest sector.

Therefore, WoolProducers calls on the government to commit to the establishment of a specific Ag Visa, as outlined by the NFF, which will provide the required flexibility for the wool harvest sector to access overseas labour. The visa should provide access for skilled workers of all occupations, including such as mechanics, boilermakers, machinists and husbandry technicians, whose services support farm businesses. The visa would require flexibility to attract and retain these workers with a pathway to permanent residency also incorporated in its structure.

Recommendation 27: The Australian Government establishes a specific Ag Visa to access overseas labour.

Alternatively, consideration could be given to a Visa Exchange. There is a high demand currently for shearers and many contractors are having difficulty finding enough staff to undertake all the work, particularly during peak periods.

Traditionally our workforce is supplemented by shearers from New Zealand. However last year the New Zealand Contractors Association significantly increased their base rate of pay to shearers to retain their shearers as they were also encountering shortages of shearers. This has resulted in reducing the number of NZ shearers coming to Australia placing further pressure on our available workforce.

Currently the UK provides temporary three-month working visas for shearers to work in the UK that can be obtained as often as required over multiple years.³²

Many Australian shearers take advantage of this to provide continuity of employment as the peak season periods in the UK and Australia are at different periods. New Zealand already allows shearers to enter from the UK year on year with many Welsh shearers among the best in the world in competition shearing.

There is no similar visa offered in Australia.

WoolProducers are advocating for the creation of a similar three-month working visa as a reciprocal arrangement with UK shearers for our busy period of August-October and January-March. This would significantly assist demand without detracting at all from local employment. The visa would cover the very busy times when additional workers are needed.

³² <https://www.gov.uk/government/publications/concession-for-temporary-employment-as-sheep-shearers-wrk26/concession-for-temporary-employment-as-sheep-shearers-wrk26--2>

This could also be extended to South Africa where there are many shearers looking for work. The South Africans are world champions at blade shearing and also excel at machine shearing so there is a ready-made workforce available.

Recommendation 28: The Australian Government establishes a Visa Exchange program with the UK and South Africa for wool harvesting.

Other agricultural industries have recently called for the establishment of 'Gap Year' initiatives to attract people into industries. WoolProducers also called for this to be established in the National Agriculture Workforce Strategy submission.

The purpose of the Gap Year initiative is to provide an opportunity to young people to experience working in the sheep and wool industries, between completion of secondary schooling and the commencement of tertiary studies.

It has been proposed that this could be facilitated by a website that allowed interested people to be matched with suitable agribusinesses across Australia.

This could be a good way of exposing those that have not had an opportunity to experience the sheep and wool industries, such as those from urban areas.

This could be further incentivised by HECS/HELP subsidies for participants.

Recommendation 29: The Australian Government commits to establishing an incentivised Gap Year Program to attract young people into the wool industry, with consideration being given to HECS/HELP subsidies.

As shearing is a seasonal, piece-rate industry, current trainees/apprenticeship assistance measures are not applicable to this trade. As this is a specialised industry, one of the biggest hinderances to people participating in shearing is the initial start-up costs required for equipment, which cost around \$5,000 per person.

WoolProducers believes that assistance measures such as a tool allowance, should be made available to learner shearers to encourage young people into the industry. Consideration could be made to a HECS/HELP type loan arrangement for required gear or a proportional contribution to eligible industry entrants.

Recommendation 30: The Australian Government provides assistance for purchasing equipment for learner shearers.

Occupational Health and Safety (OH&S) has been a key priority for WoolProducers, with our work in this space focussed on contractors and employees who are based in shearing sheds. General occupational safety information, as well as drug and alcohol campaigns, have succeeded in addressing workplace issues encountered by some involved in the wool harvesting industry.

WoolProducers acknowledges OH&S work carried out by other commodities and the national not-for-profit organisation, Farmsafe Australia. Farmsafe Australia conducts the annual 'Farm Safety Week' which sees many commodities and the National Farmers' Federation campaign to reduce the number of injuries and fatalities on farms throughout the country. The Australian Government should provide funding that supports agricultural commodities in delivering OH&S campaigns.

Recommendation 31: That the Australian Government provides funding to campaigns and organisations that focus on promoting occupational health and safety in the agriculture industry.

Pillar Five: Capital and Risk Management

Post- Emergency Animal Disease and natural disaster (or other adverse event) responses by industry and government have historically been reactive, ad hoc, and sometimes excluded some primary producers who require assistance from being able to access recovery funding and aid. Differences in application of funding arrangements has been evidenced in previous responses, with a recent example being differences in drought support measures for farmers. While policies exist such as the *Disaster Recovery Funding Arrangements*, the *Australian Emergency Management Handbook*, and the *Emergency Animal Disease Response Agreement*, recovery processes and funding are not clearly understood.

WoolProducers believes that Emergency Animal Disease outbreaks (after Emergency Animal Disease Response arrangements cease) and natural disasters are the main situations under which industry will be seeking support from state and Commonwealth governments to assist recovery efforts. Other situations such as industry transition will also require this support, but it is envisaged that these situations would have lead time in which primary producers could prepare to manage through a transition.

As such, WoolProducers seek support from government to strengthen this understanding and by doing so, build a resilient agricultural industry. To do so, it is important that industry organisations and Australian governments are prepared for post-response activities that enable our livestock commodities and regional communities to recover and rebuild efficiently and effectively. Setting in place clear policies that prepare industry and Australia's governments for this recovery and are appropriate to assist recovery efforts, will provide assurance and understanding of predetermined arrangements, agreed to by industry and government, so that recovery can be initiated.

Doing so will enable farmers to better prepare and demonstrate their preparedness and instil confidence in producers, supply chain stakeholders (including financial institutions and investors) and regional communities of Australia's preparedness to rebuild livestock industries following a devastating event.

The National Livestock Industries Resilience Policy and Agreement be developed with objectives which:

- Describe the relationship between industry bodies, the Australian Government and state/territory governments in working to assist livestock industries recover after an EAD or other phenomena response concludes;
- Outline how a recovery response will be coordinated, managed and implemented by these parties;
- Provide clearer, agreed funding arrangements between governments and industry for recovery responses that are sufficient to assist industry recover from adverse events and emergency animal diseases, and
- Provide the ability of the policy / agreement to be enacted for a single livestock commodity, or multiple livestock commodities.

Recommendation 32: The Australian Government provides seed funding for the establishment of a National Livestock Industries Resilience Policy and Agreement

During the COVID-19 pandemic, WoolProducers undertook a survey of woolgrowers to understand the impacts that response measures were having on their businesses. A strong theme of this feedback was the inability to access information on support measures that were available.

This is an ongoing issue during other times of hardship such as drought and floods. FarmHub aims to provide relevant information and resources for farmers in times of hardship.

Recommendation 33: The Australian Government continue funding for FarmHub to ensure Australian producers can access information and resources that increase their resilience to drought and natural disasters.

Instant asset write-offs have proven popular, enabling farm businesses to build resilience by incentivising investment in farm equipment and machinery valued at \$150,000 or less. This write-off complements accelerated depreciation measures allowing farmers to claim costs expended on fodder storage after one year as opposed to three. Instant asset write-offs also enable woolgrowers to update equipment which improves Occupational Health and Safety outcomes on-farm. Further benefit is derived by local businesses where money is spent to purchase these assets. WoolProducers seeks commitment from the Australian Government to make the small business instant asset write-off permanent, and to retain the specific accelerated depreciation arrangements for primary producers.

Recommendation 34: That the Australian Government commits to making the small business instant asset write-off permanent and retains the specific accelerated depreciation arrangements for primary producers.

Farm Management Deposits (FMDs) are a useful tool for wool growing businesses, who are exposed to a volatile market, for example during 2020, at one stage there was nearly a 50% decline of the Eastern Market Indicator from the start of the year.

As of 30 November 2020, there were 3,604 Farm Management Deposits (FMDs) held solely by sheep enterprises, with the balance increasing by more than \$100 million over the past five years to a current value of \$ 344,270,000³³

WoolProducers recommends that direct access to FMDs should be extended so that agribusiness trusts and companies can be provided with a broader range of interest offset facilities for farm debt. FMDs allow increased financial certainty and resilience.

Recommendation 35: That the Australian Government allows direct access to Farm Management Deposits to companies and agribusiness trusts.

Conclusion

WoolProducers Australia is committed to working with industry stakeholders and the Australian Government to grow a prosperous, viable wool industry that makes a significant contribution to the nation's economy.

The 35 recommendations made in WoolProducers' submission, as well as the recommendations made in the National Farmers' Federation pre-budget submission, will enable wool and agriculture to deliver significant economic, social and environmental policies that benefit not only our sector, but every Australian. Achieving a \$100 billion industry by 2030 is a significant undertaking, but with the support

³³ Department of Agriculture and Water Resources, 2020, *Farm Management Deposit Statistics*, www.agriculture.gov.au

of the Australian Government, we look forward to achieving this vision of which the rewards will benefit all Australians.

