

Stuart McCullough  
Chief Executive Officer  
Australian Wool Innovation  
Via email: [consultation@wool.com](mailto:consultation@wool.com)

24 May 2019

Dear Stuart,

## **Submission to the draft Australian Wool Innovation Strategic Plan 2019-2022**

WoolProducers Australia (WoolProducers) welcomes the opportunity to provide this submission to the Australian Wool Innovation (AWI) Strategic Plan 2019-2022.

As the peak industry body representing Australian woolgrowers, our feedback seeks to achieve the greatest outcomes for levy payers. The AWI Strategic Plan 2019-2022 will drive woolgrowers' profitability and therefore must work to continually enhance the sector's contribution to the Australian economy through wool exports, which were worth \$3.72 billion in 2017/18.

WoolProducers recognises the current challenges facing the Australian wool industry which include drought, declines in the national flock, increasing demands on production practices by customers, and high farm input costs. As such, it is important that the AWI Strategic Plan 2019-2022 seeks to engage in activities that will drive long-term profitability for growers that extend well beyond 2022. To this end, WoolProducers supports the development of a ten-year strategic plan by AWI and welcomes the opportunity to collaborate on its development.

While conditions are tough, the wool industry is fortunate that our growers remain resilient and continue to produce the world's best wool in trying conditions. The opportunities presenting themselves to our industry are robust, and so the industry must harness these to continue to grow and support the 60,000 woolgrowers and their families, and the 200,000 people employed by our industry. Adapting research, development, extension and marketing activities to succeed on the back of these opportunities is imperative to continued viability and resilience, and the AWI Strategic Plan 2019-2022 must demonstrate the ability to perform for growers through its objectives.

Operationally, WoolProducers acknowledges the work of AWI in implementing the recommendations of the EY Review of Performance. By continuing to implement the recommendations and working with industry to reach consensus on recommendations that remain outstanding in their implementation, AWI is demonstrating its commitment to providing strong leadership to its stakeholders.

Overall, WoolProducers' requests further consultation be undertaken by AWI with levy payers to determine:

- The amount of funding that should be allocated between research, development, extension and marketing activities;
- More specifically, how levy payers want funds invested between AWI activities under the five portfolios of:
  - Sheep production, science and technology;
  - Marketing;
  - Processing innovation and education extension;
  - Traceability, and
  - Consultation;

- The appropriate mix of investment between wool-specific research, and broader agriculture-wide and mixed-enterprise research; and
- Grower insight to prioritization of farm assets that provide the greatest return to their businesses, to provide direction to AWI to invest in activities that provide the greatest return to farm assets managed.

Other feedback regarding the Strategic Plan includes:

- Consultation can be improved by providing a draft plan such as the one received on 15 May to stakeholders earlier on in the consultation process. The ongoing updating of the Progress Documents does not deliver suitable timeframes for industry to provide considered feedback to AWI on the Strategic Plan.
- Consultation can be improved by developing a publicly available consultation document (in parallel to the draft Strategic Plan) that seeks input from stakeholders on how AWI invests levy money and government contributions across the priority areas, their programs and activities. This can be achieved by including questions about the draft strategic plan and its investment areas. It is important appropriate time is provided for responses to be submitted to AWI.

WoolProducers is committed to continued engagement with AWI throughout the consultation process for the Strategic Plan 2019-2022. Should you wish to discuss our submission further, please do not hesitate to contact WoolProducers CEO, Ms. Jo Hall, on 0488 554 811 or via email ([jhall@woolproducers.com.au](mailto:jhall@woolproducers.com.au))

Yours Sincerely



Edward Storey  
President

## Summary of WoolProducers' response to consultation on the AWI Strategic Plan 2019-2022

1. WoolProducers supports increased Return on Farm Assets Managed as the key driver of the AWI Strategic Plan 2019-2022, achieved through investment across the five strategic framework priorities and their associated programs and activities.
2. We encourage AWI to consult with growers on how their levies and the matched Australian government contributions should be invested between RD&E and marketing.
3. AWI should consult with growers to seek more detail on prioritization of investment across the programs and activities outlined in the draft Strategic Plan.
4. AWI should identify (through grower consultation) which farm assets drive the greatest return in their businesses, and investment should be directed towards activities that will support these returns, to enhance Return on Farm Assets Managed.
5. The Strategic Plan should provide more detail on how Return on Farm Assets Managed will be monitored by the Measurement and Evaluation framework and against the four drivers of value (Productivity, Efficiency, Demand, and Price) for each of the priorities, their objectives, programs and activities.
6. WoolProducers requests clarification from AWI that RD&E M&E will be focussed either at the top 20 per cent of producers (i.e. early, effective adopters of RD&E outcomes) or more broadly at all growers, in the Strategic Plan 2019-2022 as an outcome of discussions held at the 30 January grower consultation.
7. The Strategic Plan should improve the identification of opportunities within the Strategic Plan for collaboration with other Research and Development Corporations, government and industry and cross-sector organisations.
8. WoolProducers supports AWI's commitment to increase industry productivity and GVP but the Strategic Plan must better explain how investment against activities under the thirteen programs will deliver these on behalf of industry.
9. WoolProducers supports the five priorities of the AWI Strategic Framework: Sheep production, science and technology; Marketing; Processing innovation and education and extension; Traceability, and Consultation.
10. AWI should consult with levy payers on how they want their levy contributions invested between the five priorities and their strategies and programs.
11. A formalised agreement between WoolProducers and AWI to ensure duplication of levy expenditure does not occur in wool industry emergency animal disease preparedness activities should be agreed to by both parties.
12. WoolProducers and AWI must work together to ensure infrastructure required by woolgrowers is provided by government so the benefits of technology developments can be realised on all Australian farms.
13. WoolProducers would like to see metrics for relevant retention and adoption rates and believes that there should be an increased focus on extension and adoption as it imperative that woolgrowers are utilising the services that they are paying for.
14. WoolProducers would like to see a clear and transparent model of consultation implemented by AWI as current industry consultation outcomes are not clearly demonstrated. Further, there is presently no way of understanding how this consultation influences decisions made by the AWI Board. Under the revised and improved ICC, representative groups that are part of this forum must be genuinely representative of woolgrowers and not groups that could be perceived as single issue or regional in nature.
15. WoolProducers remains unconvinced that WoolQ Market is needed as we are unsure of the potential for a levy funded trading platform stifling privately funded and established trading platforms, and the flow-on effect that this may have for future investment and innovation from the private sector.

## 1. Measurement and Evaluation

WoolProducers supports the Measurement and Evaluation (M&E) framework for the measurement and evaluation of AWI programs, projects and investment. The four drivers of value (Productivity, Efficiency, Demand and Price) are also supported by WoolProducers.

WoolProducers supports Return on Farm Assets Managed (RoFAM) being increased by the AWI activities under the four value drivers, and requests further information be provided on how RoFAM will be used to inform M&E of AWI programs and investment.

The Strategic Plan 2019-2022 does not inform how RoFAM will be increased by activities under the five portfolios of the Strategic Framework. WoolProducers requests that AWI provide this information in a draft Strategic Plan 2019-2022 for further consultation, including how M&E will be used to monitor and evaluate RoFAM against the 13 strategies and 29 programs that sit under the five portfolios. This information will be valuable to peoples' understanding and confidence in AWI's activities to continue to drive profitable farm businesses for Australian woolgrowers and return on investment for both grower levies and matched Australian government contributions to AWI.

Once this detail is provided, WoolProducers requests AWI prepare a consultation strategy for stakeholders and importantly, levy payers to provide feedback regarding AWI's monitoring and evaluation of increased RoFAM. Providing this information will satisfy Clause 30.2(f) of the SFA which requires the strategic plan includes key deliverables and performance indicators that clearly set out how planned outcomes will be achieved.

WoolProducers requests clarification from AWI that RD&E M&E will be focussed either at the top 20 per cent of producers (i.e. early, effective adopters of RD&E outcomes) or more broadly at all growers, in the Strategic Plan 2019-2022 as an outcome of discussions held at the 30 January grower consultation.

## 2. Collaboration

Section 2.5 of the draft Strategic Plan 2019-2022 currently does not address the requirement of Clause 30.2(i) of the SFA, that the strategic plan include planned collaboration with other RDCs on priority research and development issues, and Clause 30.2(j) which requires information on planned contributions to the implementation of relevant industry sector and cross-sectoral strategies under the National Primary Industries RD&E Framework, in sufficient detail. WoolProducers acknowledges further information relevant to satisfying Clause 30.2(j) of the SFA is, however, provided in section 2.7 *Delivery of Government and Industry Priorities* but we believe that this could be improved to more concisely satisfy the requirement of the SFA.

While the draft Strategic Plan 2019-2022 lists relevant stakeholders for collaboration and examples of current projects under Section 2.5, the plan does not provide information on future collaborations over the 2019-2022 period.

WoolProducers suggests that Sections 2.5 and 2.7 could be improved to more concisely convey information about planned collaborative work with relevant industry groups and how planned contributions to relevant industry and cross-sectoral strategies under the National Primary Industries RD&E Framework will be addressed through AWI's activities during 2019-2022.

## 3. Operating Environment

WoolProducers supports AWI's commitment to increase industry productivity and GVP. Improved communication of how the targets of AWI's activities outlined in the draft Strategic Plan 2019-2022 is

sought to inform stakeholders of how achieving these targets will contribute to increasing productivity and industry GVP.

The Western and Eastern regional objectives outlined in the draft Strategic Plan are supported by WoolProducers, but information on how these objectives will be achieved by AWI activities should be included in the Strategic Plan. Information on how RoFAM will also be increased by achieving these objectives could be further explained by the plan, along with how M&E will monitor and evaluate these objectives as they are achieved.

#### **4. Strategic Framework**

WoolProducers supports the five priorities of the AWI Strategic Framework: Sheep production, science and technology; Marketing; Processing innovation and education and extension; Traceability, and Consultation.

It would be remiss of AWI not to seek feedback from levy payers as to how they want their levy contributions allocated against the five priorities and their relevant strategies and programs. Improved communication of how RoFAM M&E will occur to assess achievements will prove beneficial.

Assessing prioritisation of program activities under the five priorities by levy payers will provide understanding of levy payers' appetite to support AWI activities and research initiatives, as well as encourage exploration of partnerships with collaborators within the wool industry and cross-sectorally.

##### **4.1 Strategy: Sheep production, science and technology**

The objective to lower the cost of production of wool on-farm by increasing sheep and land productivity, the efficiency of inputs and resources, while maintaining Australia's reputation for sustainability, is supported by WoolProducers.

Given the current situation of critically low sheep numbers in Australia, which has been largely driven by climatic conditions, WoolProducers would also support a target aimed at increasing sheep numbers to complement the existing target of increased productivity.

##### **4.1.1 Program: Sheep health and welfare**

WoolProducers supports investment being focused across flystrike prevention, pain relief and wool biosecurity. However, it is noted that AWI does not reference investments in on-farm biosecurity and welfare practices outside of pain relief in the investment focus for this program. Although, the target for a 10 per cent increase in adoption of improved welfare practices is included.

WoolProducers recommends AWI provide more detail on the investment focus for the sheep health and welfare program that links to the outlined on-farm targets. We recommend that the target, *Evidence of investigations into novel pain relief options* be further explained and strengthened to achieve a range of products available in the market for producers to use to provide pain relief to their sheep. To this point, the target, *Evidence of successful development of a flystrike vaccine prototype* should be strengthened to state, for example, *Development of a flystrike vaccine prototype*.

The target '*Demonstrate a 20% improved capacity of post-farmgate wool industry preparedness for an EAD*', as the wool industry signatory to the Emergency Animal Disease Response Agreement, WoolProducers are keenly interested in what steps will be implemented to meet this target and how this will be measured. As the primary funder of wool industry EAD preparedness activities, WoolProducers strongly believe that there needs to be a formalised agreement between

WoolProducers and AWI to ensure that duplication of levy expenditure does not occur in this area, as has previously been the case.

Explanation of M&E against the targets should be outlined in the strategic plan in more detail than is provided in the draft, and clearer investment information across the sheep health and welfare program is invited.

#### **4.1.2 Program: Vertebrate pests**

WoolProducers supports investment to negate the effects of rabbits and wild dogs to Australia's wool industry. WoolProducers also support a widening of scope to include feral pig management and control. We support the investment focusses but clarification of M&E against the targets would improve the information provided for the program. Inclusion of collaborative activities with stakeholder groups, including wild dog control groups, the National Wild Dog Action Plan, the Centre for Invasive Species Solutions, and grower groups could be included in the program explanation.

#### **4.1.3 Program: Reproduction and nutrition**

The investment focus and targets outlined in the Reproduction and Nutrition Program are supported by WoolProducers. We request further information on increased RoFAM achieved by the program be provided and how it will be measured using the M&E framework. The opportunity for collaborative work in this program to be identified in the Strategic Plan exists and we request its inclusion.

#### **4.1.4 Program: Genetics**

Genetic gains and improvements in selection for desirable traits is a key driver of improved productivity and resultant profitability for growers. As such, WoolProducers supports investment by AWI in the genetics program. Explanation of extension and adoption activities that will be undertaken to achieve the target that 50 per cent of Merino producers will be using genetic tools by 2022 is required. WoolProducers believes other targets should be included in the Strategic Plan that better relate to the investment focus of cervical artificial insemination with frozen and sex-sorted semen, and higher conception rates, because the sole target identified does not provide a basis for M&E on outcomes achieved by investment in this area.

#### **4.2 Strategy: Agri Technology**

The *Accelerating Precision Agriculture to Decision Agriculture: Enabling digital agriculture in Australia* report overview<sup>1</sup> identifies that the wool sector would receive an increase in GVP of \$452 million (18 per cent) from unconstrained digital technology adoption by industry. Through collaborative approaches with other agricultural commodities, the benefits that could be realized include:

- \$7.4 billion in automation and labour savings;
- \$2.9 billion in genetic gains through objective data;
- \$2.3 billion by tailoring production inputs based on need (e.g. fertilizer, water, seed), and
- \$1 billion to market access and biosecurity.

The AWI objective for Agri Technology will work towards the wool industry reaping the benefits of the digital age and is supported by WoolProducers. It will be essential that cross-sector collaboration at all levels is undertaken to achieve large-scale benefits for not only woolgrowers, but all farmers and their support industries across Australia.

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<https://www.crdc.com.au/sites/default/files/P2D%20Precision%20to%20Decision%20Agriculture%20Final%20Overview%20CRDC.pdf>

WoolProducers supports the investment focuses and targets outlined in the three programs that sit within the Agri Technology Strategy: Hardware and software development, mechatronics, and novel applications. WoolProducers encourages AWI to undertake ambitious projects in this space to help woolgrowers grow their businesses with technology that delivers improved efficiencies, data recording, management decision support, and profitability.

It is important that together, WoolProducers and AWI work to ensure that the infrastructure required by woolgrowers, such as reliable mobile and internet connectivity, is provided by government so that the benefits of technology developments can be experienced on all Australian farms.

The way in which RoFAM achieved by agri technology will be monitored by the M&E framework lacks explanation and WoolProducers requests this information be provided in the Strategic Plan.

#### **4.2 Strategy: Training & Technology Uptake**

WoolProducers strongly supports training and capacity building for wool industry participants and the stated premise and targets outlined in this section of the Strategic Plan, however we would like to see metrics for relevant retention and adoption rates.

Meat and Livestock Australia (MLA) have recently convened a Producer Adoption Reference Group to provide strategic advice to MLA on the issues impacting the uptake of R&D adoption by producers. AWI could consider establishing a similar group or utilising the new Industry Consultative Committee (ICC) to consider this issue.

WoolProducers believes that there should be an increased focus on extension and adoption as it imperative that woolgrowers are utilising the services that they are paying for.

#### **4.3 Consultation**

WoolProducers supports the objective of AWI building trust and transparency across the supply chain to better inform AWI's business model.

##### **4.3.1 Program: Events and Forums**

AWI engages and communicates with woolgrowers very well. However, a concerted effort needs to be made on genuine consultation with other stakeholders throughout the wool industry. WoolProducers would like to see a clear and transparent model of consultation implemented by AWI as current industry consultation outcomes are not clearly demonstrated. Further, there is presently no way of understanding how this consultation influences decisions made by the AWI Board.

##### **4.3.2 Program: Woolgrower Representative Bodies**

While this section in the plan is currently to be confirmed, WoolProducers has provided comment on the draft Terms of Reference for the enhanced Industry Consultative Committee (ICC) model, which we anticipate will be incorporated.

Under the revised and improved ICC, it is important that representative groups that are part of this forum are genuinely representative of woolgrowers and not groups that could be perceived as single issue or regional in nature. As recently as December 2018, there were a number of groups who were co-opted into the ICC who were very small in size (i.e. unrepresentative or regional in nature) and given equal weigh-in on industry decisions equivalent to that of national bodies. This is not acceptable and does not promote goodwill within industry.

#### **4.4 Processing Innovation and Education Extension**

WoolProducers supports the objective of increasing profitability and sustainability of the supply chain and educating current future end-users of the benefits of wool. WoolProducers believe that the strategies and programs underpinning this priority will facilitate the stated objective.

#### **4.5 Marketing**

The objective of building on and creating demand for Australian wool is supported by WoolProducers, as are the strategies, programs and targets of the Marketing priority.

#### **4.6 Traceability**

As traceability, transparency and provenance become increasingly important and expected throughout supply chain, it is imperative that the Australian wool industry is meeting these demands. WoolProducers therefore support the objectives of this priority.

##### **4.6.1 Program: WoolQ**

WoolProducers has previously raised concerns of the potential for a levy funded trading platform stifling privately funded and established trading platforms, and the flow-on effect that this may have for future investment and innovation from the private sector.

It is for this reason that WoolProducers remains unconvinced that WoolQ Market is needed but note that the above concern has been acknowledged and assurances provided that this will not be the case in the Investment Focus.