

# **Pre-budget submission 2019-20**

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WOOLPRODUCERS  
AUSTRALIA

## Letter of transmittal

Senator the Hon. Zed Seselja  
Assistant Minister for Treasury and Finance  
Parliament House  
Canberra ACT 2600

1 February 2019

Dear Senator,

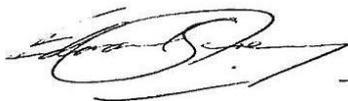
WoolProducers Australia welcomes the opportunity to provide a pre-budget submission for 2019-20 to the Treasury. As the peak industry council representing Australia's 60,000 woolgrowers, our submission is focussed on ensuring the needs of the wool industry are represented in the Treasury's pre-budget 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' work includes the provision of advice to Animal Health Australia and State and Federal Governments on behalf of the wool industry on a day-to-day basis through representation on national animal health and welfare committees. WoolProducers works closely with the Department of Agriculture and Water Resources 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.

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

Yours Sincerely,



Edward Storey  
*President*  
WoolProducers Australia

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## List of recommendations

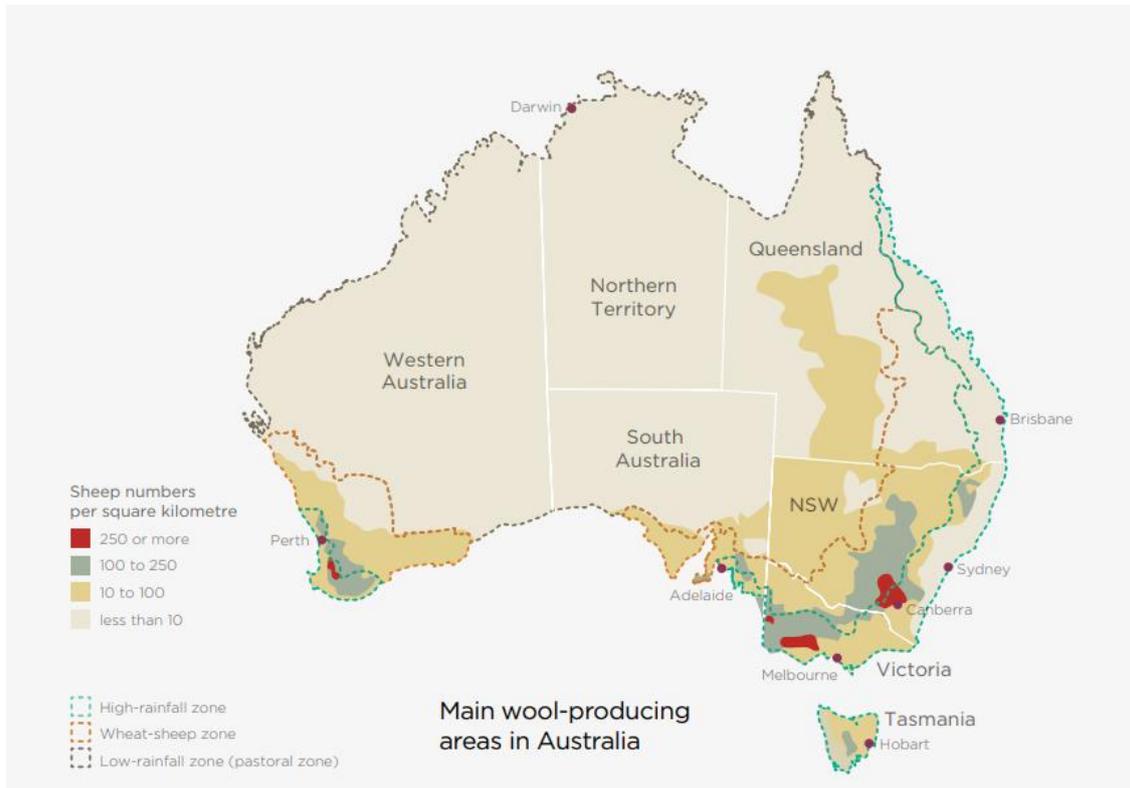
WoolProducers Australia recommends that the Australian Government:

1. Maintains and strengthens existing trade relationships and builds new trade relationships that will enhance export market opportunities for Australian wool;
2. Prioritises the EU-FTA and commits to ensuring that the agreement enhances market access for wool;
3. Acts promptly to implement all 42 recommendations of the *Priorities for Australia's biosecurity system* report;
4. Commits to fund the Centre for Invasive Species Solutions for \$20 million per year from 2021 for ten years to broker and manage strategic, large-scale and collaborative invasive species RD&E;
5. Allocates funding for continued contribution to the maintenance and erection of wild dog exclusion/barrier fences;
6. Allocates funding to provide systems to sustainably manage kangaroos;
7. 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;
8. Promptly acts to implement all ten recommendations from the 2018 Regional Telecommunications Review;
9. Allows direct access to Farm Management Deposits to companies and agribusiness trusts;
10. Commits to retaining the current provisions around taxation of trust income;
11. Commits to extending the current small business instant asset write-off and retains accelerated depreciation arrangements for primary producers in perpetuity;
12. Makes Rural Financial Counsellors available to assist farmers in applying for drought aid, in preparing for and recovering from drought events, and to teach business and financial skills that build viable, profitable farm businesses;
13. Develops a national drought policy;
14. Reduces rural land rates for primary producers during times of drought so that producers are able to manage financially through drought events;
15. Commits funding to ensure the longevity of training programmes that provide a skilled workforce suitable for positions in all sectors of the wool industry;
16. Provides funding to campaigns and organisations that focus on promoting occupational health and safety in the agriculture industry, and

17. Maintains the Rural Research and Development Corporation model and commits to continued contributions matching industry R&D levies.

## 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 contributes more than \$4.3 billion to Australian exports each year. 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 value. The map below indicates the main wool production areas in Australia, many of which are in regional and remote areas<sup>1</sup>.



**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.

The recommendations in this submission are organised by key priorities for the wool industry. WoolProducers also supports the NFF's pre-budget submission 2019-20. Together, the

<sup>1</sup> Adapted from [www.learnaboutwool.com](http://www.learnaboutwool.com)

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, can deliver to our nation.

## Maintaining and growing export market opportunities

The Australian wool industry is reliant on export markets with 98 per cent of our raw wool exported. Wool exports contribute more than \$4.3 billion to our economy<sup>1</sup>. The main export countries are:

- China (74 per cent);
- European Union (8 per cent), and
- India (5 per cent).

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

Expansion of the TPP-11 and improving existing free trade agreements (relative to wool) will strengthen our multilateral trade system and provide ongoing and new markets for Australian wool. Wool exports to TPP-11 members totalled \$35 million in 2017<sup>2</sup> and the agreement will generate increased demand for Australian wool in partnering countries because of the rules of origin for textiles in the agreement.

**Recommendation 1:** The Australian Government maintains and strengthens existing trade relationships and builds new trade relationships that will enhance export market opportunities for Australian wool.

Wool has been identified as an important product in the Australia-EU FTA, with opportunity for the agreement to improve market access for wool in the EU. In 2018, our wool exports to the EU were valued at \$333 million<sup>3</sup>. WoolProducers encourages the Australian Government to prioritise this free trade agreement.

**Recommendation 2:** That the Australian Government prioritises the EU-FTA and commits to ensuring that the agreement enhances market access for wool.

## Strengthening Australia's biosecurity system

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.

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.

<sup>2</sup> Australian Government Department of Foreign Affairs and Trade, 2018, *TPP-11 outcomes: Goods market access*, [www.dfat.gov.au](http://www.dfat.gov.au)

<sup>3</sup> Media Release, *Negotiations launched for Australia-EU FTA*, Minister Littleproud, 17 June 2018

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.

WoolProducers supports the Australian Government's response to the Intergovernmental Agreement on Biosecurity report, *Priorities for Australia's biosecurity system*<sup>4</sup> and encourages the immediate implementation of all recommendations of the report.

**Recommendation 3:** That the Australian Government acts promptly to implement all 42 recommendations of the *Priorities for Australia's biosecurity system* report.

Management of invasive species, particularly wild dogs, is a critical priority for Australian woolgrowers who are environmental stewards for more than 85 million hectares of Australia's landmass<sup>5</sup>. WoolProducers asks for the Australian Government's ongoing support for the only national biosecurity RD&E organisation, the Centre for Invasive Species Solutions (CISS). CISS was established by the Commonwealth and State Governments, Meat and Livestock Australia, and CSIRO and replaces the four previous biosecurity Cooperative Research Centres.

CISS provides key mitigation tools for woolgrowers to manage pests on their land, leading to beneficial pest, weed and disease outcomes for the environment and animal welfare. These tools enable the Australian wool industry to remain viable and productive. WoolProducers Australia works with CISS 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.

CISS has funding up to the year 2022. However, commitment from the Australian Government to secure, long-term funding is required to ensure the development of new vertebrate pest and weed solutions beyond the current R&D for Profit programme.

**Recommendation 4:** The Australian Government commits to fund the Centre for Invasive Species Solutions for \$20 million per year from 2021 for ten years to broker and manage strategic, large-scale and collaborative invasive species RD&E.

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 year<sup>6</sup>. In addition, significant impacts are reported on regional economies and environmental parameters.

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<sup>4</sup> 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.

<sup>5</sup> Wool Production in Australia, 2017, *Wool production in Australia*, Learn about wool, [www.learnaboutwool.com.au](http://www.learnaboutwool.com.au)

It was estimated in 2016 that wild dogs cost Australian agriculture \$89 million a year<sup>6</sup>. Figures from Queensland show sheep numbers have decreased by 70 per cent in the state over the past five years<sup>7</sup> and that in 2008/09, approximately 91 per cent of the state's flock was subject to dog predation<sup>6</sup>. 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 erected<sup>8</sup>. 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 producers<sup>6</sup>.

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 numbers<sup>9</sup>. The South Australian Wild Dog Strategic Plan<sup>10</sup> 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 state<sup>11</sup>. In Victoria, wild dogs are estimated to cost the livestock industry \$13-18 million per year<sup>12</sup>.

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 5:** That the Australian Government allocates funding for continued contribution to the maintenance and erection of wild dog exclusion/barrier fences.

## Enabling environmental stewardship through pest management

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, compete for feed and water resources, and can decimate crops. The Department of the Environment and Energy published a report by Pople & Grigg (1999)<sup>13</sup> on their website that states the pest status of kangaroos is due to reasons including:

- Kangaroos damage rangeland and crops;
- Kangaroos damage fences;

<sup>6</sup> eSYS Development Pty Ltd, 2016, *Cost of pest animals in NSW and Australia, 2013-14*, [www.pestsmart.org.au](http://www.pestsmart.org.au)

<sup>7</sup> Landline, 20 November 2018, *New predator-proof fences bring hope to Queensland graziers crippled by wild dogs*, ABC News, [www.abc.net.au](http://www.abc.net.au)

<sup>8</sup> NSW Farmers' Association, 2018, *100km exclusion fence line opens the gate to new business*, [www.nswfarmers.org.au](http://www.nswfarmers.org.au)

<sup>9</sup> Keynes, J. (personal communication), January 2019.

<sup>10</sup> 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.

<sup>11</sup> Kondinin Group, 13 September 2017, *Record amount to control wild dogs in WA*, [www.farminahead.com.au](http://www.farminahead.com.au)

<sup>12</sup> 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](http://www.agriculture.vic.gov.au)

<sup>13</sup> Pople, T and Grigg, G., 1999, *Commercial harvesting of Kangaroos in Australia*, The Department of the Environment and Energy, [www.environment.gov.au](http://www.environment.gov.au)

- 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.

**Recommendation 6:** That the Australian Government allocates funding to provide systems to sustainably manage kangaroos.

## Investing in freight and transport infrastructure

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*<sup>14</sup> (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<sup>5</sup>;
- 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

<sup>14</sup> Commonwealth of Australia, 2018, *Inquiry into national freight and supply chain priorities, Report March 2018*, Canberra.

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 7:** That 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.

## Improving telecommunications in rural, regional and remote Australia

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 drop-outs, 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* report<sup>15</sup> 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 GVP (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.

Results from the 2018 *National Farmers' Federation Telecommunications Survey*<sup>16</sup> 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 businesses. The *2018 Regional Telecommunications Review: Getting it right out there*<sup>17</sup> 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.

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<sup>15</sup> Cotton Research and Development Corporation, 2017, *Accelerating precision agriculture to decision agriculture: Enabling digital agriculture in Australia*, <http://farminstitute.org.au/p2dproject>

<sup>16</sup> Results can be accessed at <https://www.nff.org.au/get/submissions/6119.pdf>

<sup>17</sup> Commonwealth of Australia, 2018, *2018 Regional Telecommunications Review: Getting it right out there*, Commonwealth of Australia, Australia.

**Recommendation 8:** That the Australian Government promptly acts to implement all ten recommendations from the 2018 Regional Telecommunications Review.

## Enabling profitable farm businesses

The wool industry is expected to reach the highest level of farm cash income in 20 years, with a 35 per cent increase than the average cash income for the 2017-18 financial year<sup>18</sup>. This increase is predicted by ABARES projections to remain high over the coming couple of years, unless exceptional circumstances or drought continues across wool growing areas. At 31 October 2018, there were 3,583 Farm Management Deposits (FMDs) held solely by sheep enterprises, with the balance increasing by more than \$100 million over the past four years to a current value of \$318,288,000<sup>19</sup>.

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

**Recommendation 9:** That the Australian Government allows direct access to Farm Management Deposits to companies and agribusiness trusts.

A large proportion of farm businesses are operated in a trust business structure. The trust structure allows costs to be offset in good years so that unprofitable years can be managed through financially. Succession planning is also managed through the trust structure as it allows assets to be owned across generations. WoolProducers advocates that current taxation arrangements for farms in trust structures should continue.

**Recommendation 10:** That the Australian Government commits to retaining the current provisions around taxation of trust income.

Instant asset write-offs have proven popular, enabling farm businesses to build resilience by incentivising investment in farm equipment and machinery valued at \$20,000 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 at times improves Occupational Health and Safety outcomes on-farm. Further benefit is derived by local businesses where money is spent to purchase these assets.

**Recommendation 11:** That the Australian Government commits to extending the current small business instant asset write-off and retains accelerated depreciation arrangements for primary producers in perpetuity.

Financial management in a volatile, high risk industry such as farming is vital to ensuring businesses are able to manage and recover from adverse events, such as drought. WoolProducers strongly supports the National Farmers' Federation drought policy which targets preparedness, enhances resilience and reduces the impact of drought on the profitability and viability of farm businesses.

Currently, there is confusion surrounding eligibility for drought assistance and application processes can be difficult to complete. Rural Financial Counsellors (RFCs) should continue to be made available to assist farmers in completing drought assistance applications so that more farmers are able to access

<sup>18</sup> Rural Bank, 2018, *Australian Wool Annual Review*, [www.ruralbank.com.au](http://www.ruralbank.com.au)

<sup>19</sup> Department of Agriculture and Water Resources, 2018, *Farm Management Deposit Statistics*, [www.agriculture.gov.au](http://www.agriculture.gov.au)

aid. RFCs' work could extend to helping farmers prepare for and recover from droughts as well. Outside of drought events, Rural Financial Counsellors could be made available to assist farmers in improving their general business acumen and financial literacy so that they can run viable, profitable farm businesses.

**Recommendation 12:** That the Australian Government makes Rural Financial Counsellors available to assist farmers in applying for drought aid, in preparing for and recovering from drought events, and to teach business and financial skills that build viable, profitable farm businesses.

A consistent approach to drought policy is required nationally, founded upon a strong national drought policy. The policy should include provisions for a reduction in rural land rates during drought so that producers are able to direct money to manage through drought circumstances. Given the current drought gripping large tracks of land across many states, this must be prioritised so that there is firm policy in place to manage future droughts.

**Recommendation 13:** That the Australian Government develops a national drought policy.

**Recommendation 14:** That the Australian Government reduces rural land rates for primary producers during times of drought so that producers are able to manage financially through drought events.

## Building a strong workforce for the wool industry

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.

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 agricultural colleges, TAFE or university courses) will provide avenues for youth to enter the industry. 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, shearer training, and animal husbandry and science courses at tertiary institutions.

**Recommendation 15:** That 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.

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

## Commitment to Rural Research and Development Corporations

Woolgrowers have long recognised the importance of investing in research and development, with the commodity being the first to introduce a levy for R&D in 1936<sup>1</sup>. Every three years, Australian wool levy-payers vote to set the levy they will pay for R&D, administered by the industry's Research and Development Corporation (RDC), Australian Wool Innovation (AWI). By voting to set the levy, woolgrowers demonstrate their desire to continue investing in research and development that will benefit their industry. The levy monies raised are also used by AWI for marketing and promotion of our wool.

RDCs provide significant innovation and solutions to farmers through research, development and extension activities. The RDCs are responsible for most of the rural R&D in Australia. This R&D is funded through industry levies and matched Government contributions for research and development activities. The Council of Rural Research and Development Corporations Chairs reported that for every \$1 invested in rural R&D, \$10.51 is returned after 25 years<sup>20</sup>.

R&D outcomes assist farmers through improvements in farming technology and practices which ultimately assist in enabling farm businesses to be more profitable. Extension services link the research to farmers, encouraging uptake and adoption of the R&D outcomes.

WoolProducers seeks a commitment from the Australian Government to continue matching industry levy contributions, so that the benefits of RDC work can continue to assist farmers and benefit the Australian economy more broadly.

**Recommendation 17:** That the Australian Government maintains the Rural Research and Development Corporation model and commits to continued contributions matching industry R&D levies.

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

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<sup>20</sup> Council of Rural Research and Development Corporation Chairs, 2010, *Impact of investment in research and development by the rural research and development corporations*, [www.ruralrdc.com.au](http://www.ruralrdc.com.au)

