

# **Pre-budget submission 2020-21**

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WOOLPRODUCERS  
AUSTRALIA

## Letter of transmittal

Pre-Budget Submissions  
The Treasury  
Langton Crescent  
Parkes ACT 2600

Via email: [prebudgetsubs@treasury.gov.au](mailto:prebudgetsubs@treasury.gov.au)

20 December 2019

To Whom It May Concern,

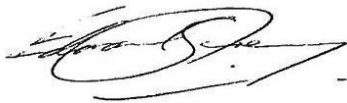
WoolProducers Australia welcomes the opportunity to provide a pre-budget submission for 2020-21 to the Treasury. As the peak industry council representing Australia's 60,000 woolgrowers, our submission is focussed on ensuring the needs of the wool industry are represented in the Treasury's pre-budget 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

**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.

**Recommendation 2:** The Australian Government continues to engage with the Chinese Government, ensuring that the strong Australia-China wool trade relationship and market access for Australian wool maintained.

**Recommendation 3:** The Australian Government works with TPP-11 members to expand membership of the TPP-11 to include countries that have the capacity to process Australian wool.

**Recommendation 4:** That the Australian Government secures an Australia-EU FTA that continues beneficial market access for Australian wool and does not impose new or different regulatory or other standards on Australian farmers.

**Recommendation 5:** That the Australian Government commits to promptly negotiating a FTA with the UK, should it be positioned to negotiation a FTA, that secures duty-free, quota-free market access for Australian wool products regardless of their origin.

**Recommendation 6:** That the Australian Government works constructively with India to achieve advantageous market access for Australian wool through either a bilateral trade agreement and/or the Regional Comprehensive Economic Partnership.

**Recommendation 7:** That the Australian Government works to achieve build market access for Australian wool through the Regional Comprehensive Economic Partnership.

**Recommendation 8:** The Australian Government works with industry, community groups, local government and state/territory governments to develop a national drought policy.

**Recommendation 9:** That the Australian Government assists to reduce rural land rates for primary producers during times of drought so that producers can best manage financially through drought events.

**Recommendation 10:** That the Australian Government acts promptly to implement all 42 recommendations of the *Priorities for Australia's biosecurity system* report.

**Recommendation 11:** That the Australian Government reports progress of implementation of the 42 recommendations of the *Priorities for Australia's biosecurity system* report.

**Recommendation 12:** The Australian Government commits to adequately resource and support the establishment of the *National Feral Pig Action Plan*.

**Recommendation 13:** That the Australian Government allocates funding for continued contribution to the maintenance and erection of wild dog exclusion/barrier fences.

**Recommendation 14:** That the Australian Government allocates funding to provide systems to sustainably manage kangaroos.

**Recommendation 15:** 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.

**Recommendation 16:** That the Australian Government promptly acts to implement all ten recommendations from the 2018 Regional Telecommunications Review.

**Recommendation 17:** 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.

**Recommendation 18:** 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 19:** That the Australian Government makes assistance from Rural Financial Counsellors and private providers available to farmers to assist with 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.

**Recommendation 20:** That the Australian Government makes Rural Financial Counsellors and private education and training providers available to assist non-farm rural businesses in times of hardship to prepare and recover during times of drought, and to teach business owners/managers business and financial skills to build viable, resilient, profitable businesses.

**Recommendation 21:** 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.

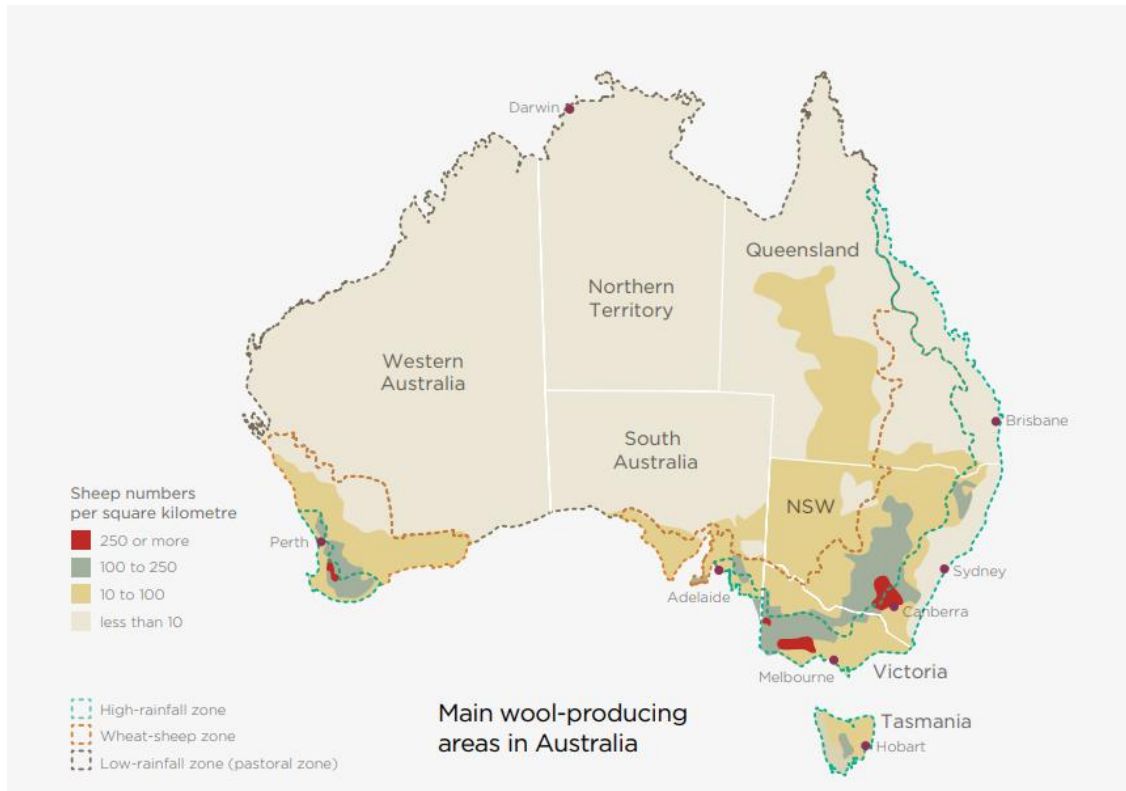
**Recommendation 22:** That the Australian Government establishes a specific Ag Visa to access overseas labour.

**Recommendation 23:** That the Australian Government provides funding to campaigns and organisations that focus on promoting occupational health and safety in the agriculture industry.

**Recommendation 24:** That the Australian Government commits to reforming the Rural Research and Development Corporations in line with both WoolProducers' and the National Farmers' Federation's submissions to the *Modernising the RDC System* consultation.

## 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 billion to Australian exports each year<sup>1</sup>. 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<sup>1</sup>. The map below indicates the main wool production areas in Australia, many of which are in regional and remote areas<sup>2</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.

<sup>1</sup> AWI, 2018, [www.wool.com](http://www.wool.com)

<sup>2</sup> Adapted from [www.learnaboutwool.com](http://www.learnaboutwool.com)

The recommendations in this submission are organised by key priorities for the wool industry. WoolProducers also supports the NFF's pre-budget submission 2020-21. 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.

## Maintaining and growing export market opportunities

In 2017-18, the national sheep flock was recorded at 69.6 million head with total greasy wool production at 422 kilotonnes<sup>3</sup>. Ongoing drought conditions and market volatility have seen the national flock decrease to 65.26 million head as at June 30, 2019<sup>4</sup>. It is therefore vital for industry to sustain sheep numbers in these conditions and that the Australian Government support the maintenance and growth of export market opportunities for wool to achieve a stable, if not increased, national sheep flock.

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<sup>5</sup>. Wool exports contribute more than \$4.3 billion to our economy<sup>1</sup>. The main export countries are:

- China (74 per cent volume, \$3,339 million value);
- European Union (8 per cent volume, \$454 million value), and
- India (5 per cent volume, \$247 million value).

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.

**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.

China is the largest importer and third stage processor of Australian wool. Market access for wool is currently satisfactory, however the effects of the US-China Trade War, drought conditions in Australia 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 2:** The Australian Government continues to engage with the Chinese Government, ensuring that the strong Australia-China wool trade relationship and market access for Australian wool maintained.

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>6</sup> and the agreement will generate

<sup>3</sup> ABARES, 2019, *Summary of Australian statistics for wool*.

<sup>4</sup> MLA, 2019, *Industry projections 2019 – sheep*, [www.mla.com.au](http://www.mla.com.au)

<sup>5</sup> AWI, 2017, *Australian wool*, [www.wool.com](http://www.wool.com)

<sup>6</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)

increased demand for Australian wool in partnering countries because of the rules of origin for textiles in the agreement.

**Recommendation 3:** The Australian Government works with TPP-11 members to expand membership of the TPP-11 to include countries that have the capacity to process 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>7</sup>. WoolProducers ask the Australian Government to secure this trade agreement but is opposed to any provisions in the FTA 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, 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 cephalosporins<sup>8</sup>. 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.

**Recommendation 4:** That the Australian Government secures an Australia-EU FTA that continues beneficial market access for Australian wool and does not impose new or different regulatory or other standards on Australian farmers.

Australian wool exports to the United Kingdom in 2017-18 were worth \$14.2million<sup>9</sup>. Australian wool, including wool that is third stage 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. WoolProducers seeks a commitment from the Australian Government that should the UK be positioned to negotiate a FTA, that these negotiations will commence promptly and efficaciously. The 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 5:** That the Australian Government commits to promptly negotiating a FTA with the UK, should it be positioned to negotiation a FTA, that secures duty-free, quota-free market access for Australian wool products regardless of their origin.

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

<sup>7</sup> Media Release, *Negotiations launched for Australia-EU FTA*, Minister Littleproud, 17 June 2018

<sup>8</sup> Australian Government, date unknown, 'Antimicrobial Resistance', [www.amr.gov.au](http://www.amr.gov.au)

<sup>9</sup> ABARES, 2019, *Summary of Australian statistics for wool*.



processing and manufacturing capabilities for wool should be priorities. Also, with the recent finalisation of a new veterinary health protocol between the Australian Department of Agriculture and the Indian Department of Animal Husbandry and Dairying<sup>10</sup>, opportunity exists for the wool industry to provide services that enhance animal husbandry, health, welfare and wool production in India.

WoolProducers seeks commitment from the Australian Government to work constructively with India to achieve advantageous market access for Australian wool through either a bilateral trade agreement and/or the Regional Comprehensive Economic Partnership (RCEP).

**Recommendation 6:** That the Australian Government works constructively with India to achieve advantageous market access for Australian wool through either a bilateral trade agreement and/or the Regional Comprehensive Economic Partnership.

RCEP can deliver great outcomes for the Australian wool industry. Of the countries involved in RCEP, key markets for Australian wool exports include<sup>11</sup>:

- China (74 per cent volume, \$3,339 million value);
- India (5 per cent volume, \$247 million value);
- Japan (0.42 per cent volume, \$18 million value);
- Republic of Korea (2.58 per cent volume, \$115 million value);
- Thailand (0.58 per cent volume, \$37.4 million value), and
- Malaysia (0.59 per cent volume, \$28.7 million value).

Opportunities exist to further develop the processing capacity of countries involved in RCEP, including India, Vietnam (which produced 17 per cent of world apparel exports in 2017, worth USD \$31.1 billion<sup>12</sup>), and Indonesia, where there is opportunity to establish wool processing plants and explore opportunities for diversification of cotton processing plants into wool processing.

WoolProducers encourages the Australian Government to continue to seek to conclude RCEP negotiations as soon as possible.

**Recommendation 7:** That the Australian Government works to achieve build market access for Australian wool through the Regional Comprehensive Economic Partnership.

## Supporting Australia's agricultural industries through drought

The current drought is referred to as one of the worst in Australia's post-European settlement history. WoolProducers has constructively engaged in the National Farmers' Federation Drought Working Group, which assisted in the development of the NFF Drought Policy. The policy sets a framework for cooperation between industry, community and government to ensure drought preparation and in-drought measures effectively assist farmers manage through drought conditions. The policy also assists farmers and communities impacted by drought to prepare in advance for drought.

WoolProducers supports the National Farmers' Federation recommendation that the Australian Government work with industry, community groups and local, state and territory governments to agree on a national drought policy that achieves the objectives of the NFF Drought Policy. The NFF Drought Policy provides a foundation for a national drought policy to be built upon. WoolProducers

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<sup>10</sup> 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>

<sup>11</sup> ABARES, Australian wool exports, by destination, recorded trade basis, 2017-2018

<sup>12</sup> Australian Wool Innovation, 28 June 2018

strongly supports the National Drought Policy including provisions for a reduction in rural land rates during drought so that producers can re-direct this money to manage through drought.

**Recommendation 8:** The Australian Government works with industry, community groups, local government and state/territory governments to develop a national drought policy.

**Recommendation 9:** That the Australian Government assists to reduce rural land rates for primary producers during times of drought so that producers can best manage financially through drought events.

## 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. Studies have reported a major outbreak of FMD in Australia would potentially cost up to \$50 billion over ten years<sup>13</sup>.

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.

WoolProducers supports the Australian Government's response to the Intergovernmental Agreement on Biosecurity report, *Priorities for Australia's biosecurity system*<sup>14</sup> 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 10:** That the Australian Government acts promptly to implement all 42 recommendations of the *Priorities for Australia's biosecurity system* report.

**Recommendation 11:** That the Australian Government reports progress of implementation of the 42 recommendations of the *Priorities for Australia's biosecurity system* report.

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

<sup>14</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.

## Enabling environmental stewardship through pest management

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 landmass<sup>15</sup>. 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 Australia<sup>16</sup>. 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 year<sup>17</sup>. 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 *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 but assurance of ongoing resourcing (and subsequent funding) will be essential to the establishment of the *National Feral Pig Action Plan*.

**Recommendation 12:** The Australian Government commits to adequately resource and support the establishment of the *National Feral Pig Action Plan*.

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.

<sup>15</sup> Wool Production in Australia, 2017, *Wool production in Australia*, Learn about wool, [www.learnaboutwool.com.au](http://www.learnaboutwool.com.au)

<sup>16</sup> Feral pig, PestSmart Connect, [www.pestsmart.org.au](http://www.pestsmart.org.au) (accessed 16 April 2019)

<sup>17</sup> Feral pig factsheet, 2011, PestSmart Connect, [www.pestsmart.org.au](http://www.pestsmart.org.au)

It was estimated in 2016 that wild dogs cost Australian agriculture \$89 million a year<sup>18</sup>. Figures from Queensland show sheep numbers have decreased by 70 per cent in the state over the past five years<sup>19</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>20</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>21</sup>. The South Australian Wild Dog Strategic Plan<sup>22</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>23</sup>. In Victoria, wild dogs are estimated to cost the livestock industry \$13-18 million per year<sup>24</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 13:** That 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 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)<sup>25</sup> 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

<sup>18</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>19</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>20</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>21</sup> Keynes, J. (personal communication), January 2019.

<sup>22</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>23</sup> Kondinin Group, 13 September 2017, *Record amount to control wild dogs in WA*, [www.farminahead.com.au](http://www.farminahead.com.au)

<sup>24</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>25</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 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.

**Recommendation 14:** 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>26</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>26</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 15:** 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>27</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>28</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>29</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>27</sup> Cotton Research and Development Corporation, 2017, *Accelerating precision agriculture to decision agriculture: Enabling digital agriculture in Australia*, <http://farminstitute.org.au/p2dproject>

<sup>28</sup> Results can be accessed at <https://www.nff.org.au/get/submissions/6119.pdf>

<sup>29</sup> Commonwealth of Australia, 2018, *2018 Regional Telecommunications Review: Getting it right out there*, Commonwealth of Australia, Australia.



**Recommendation 16:** 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 bush<sup>30</sup>. 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 17:** 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.

## Enabling profitable farm businesses

Instant asset write-offs have proven popular, enabling farm businesses to build resilience by incentivising investment in farm equipment and machinery valued at \$30,000 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 18:** 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.

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 aid. RFCs' work could extend to helping farmers prepare for and recover from droughts as well. Outside of drought events, RFCs 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.

The Australian Government should also support private providers with appropriate qualifications to, assist farmers and others in rural industries to with the delivery of business and financial literacy education and training.

**Recommendation 19:** That the Australian Government makes assistance from Rural Financial Counsellors and private providers available to farmers to assist with 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.

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<sup>30</sup> RRRCC, 2019, *Better comms for the bush: RRRCC priorities for action*.

WoolProducers supports the services of RFCs and private providers also being available to support non-farm rural businesses, such as contractors, whose businesses are impacted by adverse events such as drought and can benefit from assistance with business and financial skills in the same way as primary producers.

**Recommendation 20:** That the Australian Government makes Rural Financial Counsellors and private education and training providers available to assist non-farm rural businesses in times of hardship to prepare and recover during times of drought, and to teach business owners/managers business and financial skills to build viable, resilient, profitable businesses.

## 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. 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, shearer training, and animal husbandry and science courses at tertiary institutions.

**Recommendation 21:** 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.

WoolProducers also acknowledges that farm labour can be sourced from overseas work programs, 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 22:** That the Australian Government establishes a specific Ag Visa to access overseas labour.

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

## Commitment to modernise 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>31</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>31</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. The outcomes of RDC research deliver more broadly for the national economy as well.

WoolProducers seeks action from the Australian Government to reform the RDC system, particularly in line with recommendations made in our submission to the consultation. WoolProducers also contributed to the cross-commodity submission to the consultation, led by the National Farmers' Federation, and we ask that the reform be consistent with the recommendations made in this submission.

**Recommendation 24:** That the Australian Government commits to reforming the Rural Research and Development Corporations in line with both WoolProducers' and the National Farmers' Federation's submissions to the *Modernising the RDC System* consultation.

## 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 24 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

<sup>31</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)

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.

