



AgForce Queensland Farmers Limited

ABN 57 611 736 700

Second Floor, 110 Mary Street, Brisbane, Qld, 4000
PO Box 13186, North Bank Plaza, cnr Ann & George Sts, Brisbane Qld 4003

Ph: (07) 3236 3100
Fax: (07) 3236 3077
Email: agforce@agforceqld.org.au
Web: www.agforceqld.org.au

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Agriculture Innovation Section
Department of Agriculture
GPO Box 858
CANBERRA ACT 2601
email: animalproducts@awe.gov.au

To Whom It May Concern,

RE: WoolPoll Review

AgForce Queensland Farmers Limited (AgForce) is the peak rural group representing beef, sheep & wool and grain producers in Queensland. The broadacre beef, sheep and grains industries in Queensland generated around \$6.2 billion in gross farm-gate value of production in 2017-18. AgForce's purpose is to Advance Sustainable Agribusiness and facilitate the long-term growth, viability, competitiveness and profitability of these industries. The producers who support AgForce provide high-quality food and fibre to Australian and overseas consumers, manage around 40 per cent of the Queensland agricultural landscape and contribute significantly to the social fabric of rural and remote communities.

The AgForce Sheep & Wool Board appreciates the opportunity to provide comment into the Department of Agriculture, Water and the Environment's review of WoolPoll.

Please find following, answers and comments to the eleven (11) questions posed in the Discussion Paper.

Should you wish to discuss our submission further, please contact Sheep & Wool Policy Director Michael Allpass on 0427 250 045, or via email (allpassm@agforceqld.org.au).

Warm regards,

Alan Rae
President, AgForce Sheep & Wool Board

Frequency and flexibility

1) In your view, what is the main purpose of WoolPoll? Why is it important?

WoolPoll provides Australian woolgrowers the opportunity to decide, via an anonymous vote, how much of a percentage levy they are prepared to pay toward Research and Development and Marketing of Australia's wool clip.

It is important because it gives ownership to Australia's woolgrowers on how much funding is needed to market their woolclip and how much is required for ongoing research and development.

It also provides woolgrowers with the opportunity to critique the performance of Australian Wool Innovation, where the percentage levy voted on as the majority, demonstrates industry's confidence in their Research and Development Corporation's efforts.

a) What would happen if there was no WoolPoll?

This is a very obscure question, where WoolPoll exists purely as a voting mechanism for woolgrowers to set the percentage levy that they are prepared to accept/ pay on their total wool clip sales.

If WoolPoll did not exist, then industry would somehow collectively accept what that percentage levy would be or; the percentage levy would be nil, meaning there would be no levy funds available for research and development, nor marketing.

Would it be that a perfect world exists where Industry Peak Bodies, in collaboration with the Commonwealth Government, would set a pre-determined value??

Under a model that sets a pre-determined percentage levy basis however, where Australian Wool Innovation's Board maintains the right to make all decisions on woolgrowers' behalf, industry would no longer have the WoolPoll vote to demonstrate its confidence on how well Australian Wool Innovation is performing. Australian woolgrowers would only have the annual Australian Wool Innovation Annual General Meeting and biennial Director election process to voice any concerns with the level of confidence in the Research and Development Corporation's operations.

2) How often should WoolPoll occur? For example, should it occur every 3 years (current frequency); every 5 years; another timeframe; only as needed?

AgForce Sheep & Wool Board is of the opinion that WoolPoll should occur every five (5) years.

a) If the frequency should change, why?

The Discussion Paper states that the cost to facilitate WoolPoll is approximately \$0.5 million per poll, therefore a move away from every three (3) years to five (5) would be a saving to industry.

In addition, a five (5) year poll would provide greater funding certainty to Australian Wool Innovation, encouraging longer-term investments in research and development projects.

b) If only as needed, how should a poll be triggered?

In the current economic and political climate, not having WoolPoll is not a viable option; and there would need to be substantial changes to processes and protocols in order for an “only as needed” model to be an option.

The possibility of an “only as needed” model may be appropriate, but only if woolgrowers themselves deemed it absolutely necessary due to an extraordinary circumstance(s).

To establish such a model, however, would require rigorous discussion and debate to lay the foundations for strict governance, processes and protocols to ensure a thorough and clear understanding of what constituted an “extraordinary circumstance” that necessitates a vote and/or a change.

The AgForce Sheep & Wool Board believe that at this point in time, an “only as needed” model is not feasible.

3) Should WoolPoll be aligned with other RDC strategic planning cycles or external events?

AgForce Sheep & Wool Board is of the opinion that WoolPoll should align with the strategic planning cycles of other Research and Development Corporations.

a) If yes, what should it be aligned with and why? Should this involve a WoolPoll being brought forward or delayed?

AgForce Sheep & Wool Board recommends that Research and Development Corporation Strategic Planning cycles should be aligned to ensure maximum collaboration and return on investment for levy payers.

Many producers invest levies into any combination of Australian Wool Innovation, Meat and Livestock Australia and Grains Research and Development, however the planning, prioritisation and consultation cycles rarely align between each Research and Development Corporation.

The benefits of strategic alignment between Australian Wool Innovation and Meat and Livestock Australia would be enormous and provide value and efficiencies to wool/sheep producers.

A move to a five-year WoolPoll cycle would allow the wool industry to align with the established five-year cycle of Meat and Livestock Australia.

Given Meat and Livestock Australia have just started in their five-year strategic cycle in 2020/21, there would be a need for a realignment of WoolPoll to fit in either with this current period or the next in 2025/26.

Roles and responsibilities

4) The EY review outlines principles of genuine stakeholder consultation, transparency, strong governance and strategic planning. Do the roles of different parties involved in WoolPoll support these principles?

a) Would you suggest any changes to current roles?

It is considered that the WoolPoll Panel is too small a group to adequately represent all of Australian's woolgrowers; and there is a question mark over the WoolPoll Panel's independence, which therefore brings into question its value and purpose.

AgForce Sheep & Wool Board are of the opinion that current legislation should be reviewed to streamline and modernise the wool levy system, with consideration to include WoolProducers Australia as the overseeing body of WoolPoll.

5) Is the WoolPoll Panel an important feature of WoolPoll?

AgForce Sheep & Wool Board questions the level of independence of the WoolPoll Panel and also its authority. It is a costly process to facilitate if the WoolPoll Panel is only charged with ensuring appropriate marketing and promotional material. To continue to be run as is the current system/ process, WoolPoll Panel should be tasked with determining the range of levy rates to be voted on; and, Australian Wool Innovation should be required to perform actions the WoolPoll Panel request.

As it is currently established, the Australian Wool Innovation Board can alter or disregard any recommendation of the WoolPoll Panel, which brings into question the value of the WoolPoll Panel.

a) If yes, how does it provide value?

b) If no, what should the role of the WoolPoll Panel be?

The WoolPoll Panel itself should have greater authority in general and be responsible for deciding on the percentage levy rate options that are to be put to levy payers, not the Australian Wool Innovation Board.

Under current regulations, Australian Wool Innovation are not obligated to accept what the WoolPoll Panel say, suggest or recommend, therefore what value does the WoolPoll Panel provide other than oversight of the marketing strategy for the election process?

Industry should stipulate specific roles and responsibilities of the WoolPoll Panel so that the WoolPoll Panel are dictating to Australian Wool Innovation, rather than the other way around.

6) There are a number of activities that happen in the lead up to WoolPoll, including the roadshow. What are your views on these activities? Do you have any suggestions for how these activities might be improved?

Roadshows are proven to be expensive and do not obtain a viable number of woolgrowers; and where they are used more so by Australian Wool Innovation to describe their performance rather than promote the need for all woolgrowers to vote at WoolPoll.

Roadshows are a good opportunity to physically present to woolgrowers, but they should be well-planned and organised. Typically, Australian Wool Innovation leave planning of Roadshows too late and then call upon State Farming Organisations to help spread the word.

Given inadequate performance in planning such events, industry should be given responsibility with organising opportunities for the WoolPoll Panel itself to promote any WoolPoll.

Similarly, AgForce Sheep & Wool Board suggest implementing the use of technology in place of physical forums, or in conjunction with physical forums, which are proven to be both cost effective and far reaching.

7) Are the eligibility requirements for levy payers to vote appropriate?

The AgForce Sheep & Wool Board are of the opinion that a woolgrower's eligibility and voting entitlements, which is based on the amount of wool produced and sold, and meaning greater number of vote entitlements based on the overall contribution of wool levy, is considered appropriate and acceptable.

Voting documents and procedures

8) Is the current requirement for WoolPoll to present levy payers with 3 to 5 levy rate options, including a zero rate, appropriate?

a) If no, how should this requirement change?

Whilst the AgForce Sheep & Wool Board recognises that it is a regulatory requirement to include a 0% levy rate option, it is considered that this is purely a protest vote where the value of such an option is questionable.

Woolgrowers should not want to see the winding up of their Research and Development Corporation; where other credible options should exist for a woolgrower to demonstrate his/her lack of confidence in the performance of Australian Wool Innovation, such as greater opportunity at an Annual General Meeting.

9) Do the voting instructions clearly explain the preferential process?

a) If no, what doesn't make sense?

No. There was no reference to the preferential voting system in the Voter Information Memorandum. It was only stated on the Voting Slip.

10) Is the AWI recommendation of a particular levy rate to woolgrowers useful? Why or why not?

Whilst it is recognised that under existing regulations Australian Wool Innovation must recommend a particular levy rate, with reasoning; like other levied industries, the relevant Research and Development Corporation, in this case Australian Wool Innovation, should not have a role in recommending a particular rate to levy payers. Rather, Australian Wool Innovation should provide factual advice on the scale and nature of the research and development or marketing programs that could be supported by the various amounts of levy revenue raised.

The purpose of WoolPoll is to enable levy payers to determine the amount of levy they wish to pay; this decision should be independent of influence of the Board of Australian Wool Innovation.

a) Should the recommendation be included in the Voter Information Memorandum or provided separately?

The AgForce Sheep & Wool Board are of the opinion that no recommendation should be provided at all.

11) What do you see as the benefits and costs of the current wool general services levy model, including how the investment split between R&D and marketing is determined?

Common woolgrower feedback, including from the AgForce Sheep & Wool Board (refer *EY Review of Performance* letter dated 04/05/18) has been that wool levy payers want to have a greater say over how much levy is invested for each purpose.

Woolgrowers should have more influence on the split of levy funding between research and development and marketing, where the levy split should be included as an additional question in WoolPoll.

As Australian Wool Innovation is a grower owned company, without a prescribed industry representative body, there could be merit in investigating a move away from the general services levy model to give levy payers more say in the direction of their levy expenditure.