



Your strong and independent
voice for livestock producers

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Review of WoolPoll

Livestock SA was formed in 2013 to represent the interests of beef cattle, sheep and goat producers across South Australia. Currently Livestock SA has over 3,500 members with 2,700 having sheep. It is on their behalf that this submission is made.

We welcome the Review of WoolPoll which is long overdue.

Livestock SA supports the WoolPoll process as it gives growers the opportunity to have input into the size of the levy. However, this process needs to be made more robust to ensure maximum participation. Currently the process lacks clarity, the outcomes and impact are not easily articulated, and a significant number of producers do not participate in the process at all.

At the moment, Australian Wool Innovation (AWI) is responsible for most aspects of WoolPoll. As the key industry service provider, the determination of the size of the levy influences the amount of funds available for the organisation to operate and so AWI has a vested interest in the results. WoolProducers Australia, as the national industry body in the wool industry that works in the interests of all woolgrowers, should be given oversight responsibility for WoolPoll. WoolProducers Australia is well placed to do this, as it is already the sole wool industry member of Animal Health Australia and National Farmers Federation. There is no other industry representative body in the wool industry that has the capacity or objectives to work in the interests of all woolgrowers.

Discussion questions

Livestock SA has circulated the questions listed in the Discussion Paper among members and the responses have been considered by the Livestock SA Board (seven of the 10 Board members run sheep) in determining Livestock SA's position in relation to these questions.

In preparing these responses, disappointment must be expressed about the superficial generality of the discussion paper with very little detail particularly on recent WoolPolls. Part of this may be due to the unnecessary secrecy that has surrounded these, with only scant detail provided to growers by AWI on such aspects including participation rates, specifically at a state level.

Frequency and flexibility

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

Livestock SA supports WoolPoll as it gives the opportunity for growers to have a vote on the amount of levy they pay. It is important for producers to have the chance to have an input.

WoolPoll should be the template to set a funding pattern for research, development and extension (R, D & E) and marketing of Australian wool on behalf of woolgrowers. It is important as it sets out a plan for the life of that WoolPoll.

a. What would happen if there was no WoolPoll?

If there was not WoolPoll, this would mean that currently there would be no mechanism to have a legislated way for the industry to form a levy to fund wool R, D & E, and marketing. If there was not a poll, industry bodies representing growers would not have a say on the direction of how their levies would be spent.

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

a. If the frequency should change, why?

Livestock SA has a policy position that WoolPoll should be extended to five years with the provision for a 500-signature requirement to trigger a levy vote. This policy was determined following WoolPoll 2015.

In determining that policy in 2015, it was felt that:

- with the high cost of WoolPoll, the current three-year requirement needs to be extended to either every five or even every ten years and then only if industry requests;
- there is the need for a provision to allow wool producers to request a poll; and
- there needs to be industry oversight of AWI and WoolPoll, preferably by WoolProducers Australia.

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

Woolgrowers need the mechanism to trigger a vote, outside of the recommended polls.

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

WoolPoll needs to be aligned with other RDC strategic planning cycles so that for the sheep industry there are not separate plans for wool and meat.

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

WoolPoll needs to be closely aligned with the strategic planning cycle for MLA which currently has a five-year cycle. Having WoolPoll every five years could allow this to be a good fit.

Whether to delay or shorten should not make any difference. However, all the requirements in the Ernst and Young (EY) Review of the Performance and Governance of AWI need to be met.

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?

It is probably too soon to answer this question. There is a need to ensure that AWI has done more than pay lip service to the Review and to the Department that is ultimately responsible to enforce the EY recommendations.

a. Would you suggest any changes to current roles?

As the panel members represent a broad number of wool industry bodies who can canvass views, there does not need to be any changes in the roles of the panel members. However, as already indicated, WoolProducers Australia needs to have oversight responsibility for WoolPoll, rather than AWI.

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

a. If yes, how does it provide value?

The WoolPoll Panel should be an important feature of WoolPoll. The Panel can provide value as it represents a cross section of industry. But in its current form, the Panel appears to be a rubber stamp for what the Board of AWI. Livestock SA is aware of instances in the past where the changes the Panel proposed were rejected by the Board with the explanation that WoolPoll and their documents belonged to the Board.

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

The WoolPoll Panel should be totally independent to the AWI Board. While AWI needs to provide information and insight, it is the Panel that needs to be responsible for what voter information is provided to growers.

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?

It is these activities, and in particular the roadshows, where the bulk of the money is spent. Livestock SA believes that the roadshows are of limited value as they are costly, not well promoted and poorly attended. In the past, Livestock SA has tried to promote those held in South Australia and if we had not taken this on, there would have been instances where there would have been no growers present.

A way to improve the roadshows may be to have them coincide with other events such as Field Days and industry functions such as Livestock SA meetings.

WoolPoll 2018 was an improvement as there was not a roadshow, and they piggybacked onto existing activities between July to September.

The cost of the Poll is excessive in the current operating environment. Following on from the introduction of the option of vote on-line, there needs to be consideration to having on-line meetings either instead of any roadshows or as a supplementary way to reach woolgrowers. As a result of COVID-19, many producers have now had experience with Zoom or other video conferencing programs, as well as webinars and podcasts.

What is urgently required is a document that provides clear explanations and options for those eligible to vote.

**7. Are the eligibility requirements for levy payers to vote appropriate?
a. If no, how should they change?**

Yes, the current eligibility requirements are appropriate. These are much better than for other RDCs where growers need to check and chase-up on their entitlements to get the correct number of votes.

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?

There is always debate about levy rates. The last WoolPoll appears to have provided a good range of rates, and growers were able to vote accordingly. While Livestock SA is generally happy with the number of options made available, it appears that usually the format is designed to ensure the chance for change is slim as the options are designed for the status quo to come out on top. In this regard, the results of the most recent WoolPoll were very unusual.

In presenting these options, there needs to be enough detail on the possible outcomes if the various levy rates were chosen, particularly for the lower levy rates.

The zero rate is quoted as necessary so that producers can send a protest vote. The election of the Board is the place to exercise a protest. Livestock SA does not see the zero vote as a viable option and would prefer that it is removed from legislation. Currently the zero rate is compulsory.

It should be the WoolPoll Panel that sets the rates, definitely not AWI.

a. If no, how should this requirement change?

Having a trigger mechanism would allow the current requirement to be changed. Woolgrowers need the mechanism to trigger a vote, outside of the recommended polls.

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

a. If no, what does not make sense?

There is usually a significant lack of clarity around the purpose, and practise of voting. And a significant lack of understanding of results/reward/impact by options.

In hindsight, because there was not a clear explanation, Livestock SA perhaps should have assisted with the last WoolPoll by explaining to our wool producer members how the optional preferential voting worked.

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

It is useful but the reasons for that recommendation need to be clearly explained and should be included in the voter memorandum.

a. Should the recommendation be included in the voter information memorandum or provided separately?

This recommendation can be in the voter pack. However, Livestock SA would like the voter information pack to be split into two parts with AWI information in one document and the levy rate and any other issues that need to be voted on in a separate document. Currently it is confusing, and the levy voting document appears as self-promotion for AWI.

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?

This model gives a clear signal to operations and the income stream for the next period subject to market fluctuations.

The split is another issue. In general terms, Livestock SA supports a 60% marketing, 40% R, D & E split for the simple reason that we need a sustainable viable price for wool to keep growers in the industry and to fund R, D & E which will drive our industry in the 21st century. But again, with the AWI Board trying to control and manipulate, often the options are weighted to get the result they require.

It is noted with concern, that in this Discussion Paper, and particularly by this question, that Extension has been left out of the conversation (alongside Research and Development). This is a significant oversight.