



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

Mr Andrew Metcalfe AO
EY Federal Government Lead Partner
EY Australia

TFGA Submission – Independent Review of Australian Wool Innovation (AWI)

Dear Mr Metcalfe

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

Agriculture is one of the key pillars of the economy and, with the current level of support from government, are well positioned to further capitalise on the stature of Tasmania agriculture.

The TFGA is grateful for the opportunity to make comment to the independent review of Australian Wool Innovation (AWI).

TFGA is a member of the WoolProducers Australia (WPA), and we strongly support the submission they have made with respect to this review.

Our submission is focussed on the issues of concern to Tasmania and is thus complementary to the more detailed submission provided by the WPA. The key issues being:

- Allocation of Funds
- SheepConnect
- Shearer Shedhand Training
- Previous Footrot Project Proposal
- Legislative Change - Representative Organisation

The current allocation of funds, as determined by AWI, is 40% towards research and development and 60% towards marketing activities. The TFGA believe the current market dynamics of wool is that demand is exceeding supply, which sees an opportunity to alter the allocation of funds to have a larger proportion directed towards on ground R&D activities.

If AWI were undertaking suitable consultation with Tasmanian woolgrowers, they would be hearing this loud and clear that on ground funding needs to be increased.

An example of AWI reducing on ground funding is with SheepConnect, which is AWI's key investment in extension for the Tasmanian sheep and wool industries. Antidotally, the previous incarnation of SheepConnect, the 8x5 Wool Profit Program, had more funding to undertake on ground activities for wool growers. If SheepConnect is going to be the key extension arm of AWI to Tasmanian wool growers more funding needs to be provided.

An area that needs attention from AWI is the engagement with industry on the shearer and shed hand training program. The TFGA is very supportive of this program which provides training for novice, improver and professional shearers and wool handlers, however the feedback we are getting from our members is that communication about the numbers that have completed or entering the program are lacking. By involving growers more, there is an opportunity through such programs like the shearer and shed hand training, to gain further traction and provide more positive messaging about AWI to the wider industry.

An example of governance and engagement issues that TFGA has had in the past with AWI was a project that TFGA submitted to AWI in November 2012, for a footrot eradication program that included a steering group made up of representatives from all over Australia, as requested by AWI to compliment a national approach to the Tasmanian based project.

Following many conversations with staff around the project, AWI staff informed TFGA that our project proposal will be put to the AWI Board. Correspondence from TFGA about the project was sent to the AWI Board in May 2013. Shortly after the AWI Chairman telephoned a TFGA staff member (not the President or CEO) stating his opposition to the application and claiming the tip and inspect system was more than adequate for the eradication of footrot in Tasmania.

From a governance point of view, it is inappropriate for a Chair to discuss a project in detail prior to deciding on the project, and then to discuss with a proponent who isn't of similar ranking.

From the inordinate amount of time and effort TFGA put in to develop the AWI project proposal, including revising the proposal multiple times from comments from AWI staff, we were extremely disappointed to see our proposal not only get carved up and provided to other service providers, but AWI took the credit for the initial work undertaken by TFGA to develop the proposal. AWI need to improve their governance framework in relation to project management and how Board members should be engaging with external stakeholders.

From this review there is an opportunity to make changes to make AWI more accountable to the industry through having similar arrangements as other Research and Development Corporations, who operate under the Primary Industries Research and Development (PIRD) Act 1989, and specifically under *Section 7(3) The Minister must, in relation to each R&D Corporation, declare at least one organisation to be a representative organisation.* As documented in WPAs submission, AWI who operate under the Wool Services Privatisation Act 2000, don't have an arrangement for a representative organisation (RO) as per the PIRD Act. The TFGA are advocating for a legislative change to bring AWI in line with other RDC's where a RO is required under law, which would provide further accountability of AWI activities to its stakeholders.

Please contact the TFGA if you require any further information.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish at the end.

Peter Skillern

Chief Executive Officer

4th May 2018