

Pre-Budget Submissions
The Treasury
Langton Crescent
Parkes ACT 2600

Via email: PreBudgetSubmissions@treasury.gov.au

24 January, 2024

To whom it may concern,

WoolProducers Australia welcomes the opportunity to provide a pre-budget submission for 2024-25 to the Treasury. As the peak industry body representing Australia's 60,000 woolgrowers, who generate an average \$3 billion in exports each year, 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 works with relevant state and federal government agencies and other stakeholders 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.

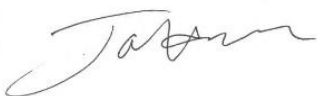
The recommendations in this submission have been made in alignment with our current policy positions relative to the Australia wool industry.

As a proud member of the National Farmers Federation we strongly endorse and support the recommendations outlined in their submission.

These recommendations are presented with the view of assisting Australian woolgrowers and to a broader extent, regional Australia.

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

Kind regards



Jo Hall
Chief Executive Officer

WoolProducers Australia Investment Recommendations

1. \$2 million over three years to establish the Wool Trade Policy program.
2. \$30 million over four years to ensure the continuation of the highly successful Agricultural Trade and Market Access Cooperation (ATMAC) program.
3. \$27.7 million annually to pay the Commonwealth's proportionate share of the roll-out of mandatory eIDs for sheep and goats.
4. \$110 million annually through the establishment and imposition of a container levy/surcharge on imports.
5. \$175 million over four years for a 'farmworker accommodation stimulus package' of taxation concessions and incentives to accelerate the construction and upkeep of farmworker accommodation.
6. \$3 million over two years to extend the Productivity Education and Training Fund to specifically support the farmers and the farming sector with more active advice and consultation roles on current and future workplace relations law and reforms.

Expanding Market Access through Sustainable Trade Policy

Approximately 98% of Australia's wool is exported, with around 95% of this exported in its raw (unprocessed) form and of this, around 80% is exported to a single market. Such export market concentration leaves the Australian wool industry exposed to significant trade risk. While we have very well established and mutually beneficial existing trade relations within the global wool supply chain, it is incumbent on the Australian Government to support and invest in market diversification and expansion opportunities, both domestically and internationally in order to retain the prosperity of the Australian wool industry and retain the associated economic benefits, particularly in rural areas.

In recent years, through the highly successful Agricultural Trade and Market Access Cooperation (ATMAC) program, WoolProducers has been investigating market expansion and diversification as a means to mitigate such trade risks. This work has been undertaken in 2 phases of work, titled 'Ensuring a sustainable Australian Wool Industry through market diversification and risk mitigation'. This first phase of this work identified that diversification of trade of 50% of Australia's wool production could deliver up to \$1.1 billion in trade risk mitigation.

WoolProducers were also successful in securing a Wool Industry Representative for 12 months under the AusHub project being led by the Australian Chamber of commerce in Vietnam. This industry representative has enabled the Australian wool industry to engage the services of an in-country resource to identify opportunities and barriers to establish bilateral trade and investment opportunities.

The ATMAC and AusHub programmes have allowed the Australian wool industry to identify and built momentum on a number of trade expansion and diversification opportunities to enable de-risking measures to help grow and safeguard the Australian wool industry, particularly in relation to Vietnam, India and Bangladesh. This work must be supported and sustained by trade policy activities in the near-term years to ensure that the opportunities identified materialise into tangible actions that deliver the identified de-risking outcomes. Trade policy development is not currently undertaken in any consistent manner within the Australian wool industry, urgent government investment is required to ensure that this de-risking potential can be realised and the significant momentum that has been achieved over the past 24-months is not lost.

The outcomes of these initiatives are consistent with a number of existing Government programs including the Agri-Business Expansion Initiative (including the ATMAC program) and the Export Market Development Grants. Along with support objectives under trade agreements including the Australia-Vietnam Enhanced Economic Engagement Strategy (EEES), Southeast Asia Economic Strategy to 2040 and the Australia-India Economic Cooperation and Trade Agreement (ECTA).

In order for this to occur WoolProducers are requesting the establishment of a 3-year Wool Trade Policy program to support the Australian wool industry's endeavours, including implementing and building on the work initiated under the ATMAC and AusHub initiatives.

This three-year program would consist of a 0.6 FTE based in Vietnam and 1 FTE based in India to cover both India and Bangladesh, along with appropriate travel and associated costs.

These in-country resources would be managed by a domestically based Trade Policy Manager to coordinate within industry, both domestically and internationally to manage the interdependence issues, barriers and opportunities within the current and evolving supply chain. The Trade Policy Manager would also coordinate collaboration with government agencies, such as DAFF, DFAT and Austrade.

This Trade Policy Program could be considered as a pilot project that could be replicated in other industries.

This proposed program would complement and leverage existing industry investment conducted by the wool industries Research and Development Corporation, Australian Wool Innovation (AWI) in these emerging markets of Vietnam, India and Bangladesh. The work currently undertaken by AWI is focused on demand creation through marketing and education, which would be underpinned and enhanced by robust trade policy.

WoolProducers' Recommendations:

1. \$2 million over three years to establish the Wool Trade Policy program.
2. \$30 million over four years to ensure the continuation of the highly successful Agricultural Trade and Market Access Cooperation (ATMAC) program.

Biosecurity – Everybody's Responsibility

Australia's clean, green, sustainable and safe reputation must be safeguarded at all costs to ensure a viable economy which is so reliant on our export sector.

In recognition of the shared responsibility of biosecurity approach, WoolProducers believes that it is imperative that both state/territory and federal governments must commit proportionate funding across the biosecurity spectrum, including prevention, control and eradication costs of pests and animal diseases.

Industry already contributes considerably to this system through existing national subscriptions, national and state levies and private investment. Industry also contributes towards biosecurity system policy development and determination, particularly through Peak Industry Councils, such as WoolProducers.

Another example of producers contributing to national biosecurity outcomes is the 2022 decision the Federal, State and Territory Governments to enforce sheep producers and woolgrowers to implement the mandatory individual electronic identification (eID) system. The cost of implementing this system across the supply chain is estimated to cost an additional \$830.8 million over 10-years.

Based on shared responsibilities it is not unreasonable to assume that the financial contribution to this system enhancement is for costs to be shared on a tripartite (third/third/third) basis between the Commonwealth, State and Territory governments and industry, meaning that the Commonwealth needs to contribute \$27.7m per annum for this roll-out.

Risk creators need to start proportionately contributing to the biosecurity system in a more holistic manner, acknowledging that there has been a recent increase in fees paid by importers in real terms. The proposed "increases" to fees and charges associated with import clearance activities are merely to recover costs associated directly with those activities.

WoolProducers again call for the imposition of an importation or container levy, as has been introduced by New Zealand with no negative impacts to trade relations.

WoolProducers' Recommendations:

3. \$27.7 million annually over the next 10 years to pay the Commonwealth's proportionate share of the roll-out of mandatory eIDs for sheep and goats.
4. \$110 million annually through the establishment and imposition of a container levy/surcharge on imports

A Thriving Wool Industry Equals Thriving Rural Economies

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 crucial for the industry to maintain current production outputs and expand.

Whilst every sector is currently facing a worker shortage, the wool industry has faced a sustained shortage of shearers and wool harvesting staff in general. As shearing is a skilled profession with very specific skill set, it is imperative that specific policy settings and arrangements, including applicable visas are made to address the shearer shortage in the short-term, which can only be achieved through the utilisation of overseas labour who are job ready coupled with adequate infrastructure such as adequate housing to

The flow-on effect of a populated wool industry workforce is thriving and vibrant regional economies.

Recent changes to federal Industrial Relations legislation have also increased regulatory burden on woolgrowers, whilst also requiring skills and knowledge to ensure adherence to these reforms. Producers must be educated on how these changes relate to their businesses.

WoolProducers' Recommendations:

5. \$175 million over four years for a 'farmworker accommodation stimulus package' of taxation concessions and incentives to accelerate the construction and upkeep of farmworker accommodation.
6. \$3 million over two years to extend the Productivity Education and Training Fund to specifically support the farmers and the farming sector with more active advice and consultation roles on current and future workplace relations law and reforms.