Australian Wool Innovation Limited

WOOL 2030 – A STRATEGIC PLAN FOR AUSTRALIAN WOOLGROWERS

DISCUSSION PAPER 5: PEOPLE IN THE WOOL INDUSTRY

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CONTENTS

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1. INTRODUCTION

This is the final in a series of papers created to stimulate discussion among Australian woolgrowers in preparation for their input to the development of Wool 2030 – A strategic plan for Australian woolgrowers. This paper considers the industry's most important asset: people.

The strategic plan of every agricultural industry invariably includes a theme or strategy on people. Industries need 'arms and legs', knowledge, capacity and skills. In the absence of any of these aspects of the human resource, the potential for technology and other innovations to grow the industry is constrained. The way people organise themselves collectively, to deliver those services required by an industry, is also important to the industry's success.

This paper explores some (but by no means all) aspects of the need for skilled people by the wool industry over the next 10 years. A series of questions is provided at the end of each section within the paper to facilitate feedback during discussion. The reader is encouraged to consider these and also to develop their own questions about how these opportunities and threats might impact the industry over the next decade, and what might be the implications for Wool 2030.

2. WOOLGROWER DEMOGRAPHICS

The agricultural workforce is old in comparison to the Australian workforce generally. In 2016, the median age of farmers or farm managers was 54 years, and 49 years for agricultural workers overall, compared with a median age of the general Australian workforce of 40. Interestingly, the proportion of all agricultural workers under 35 increased from 21 per cent in 2011 to 24 per cent in 2016.

Twenty-eight per cent of farmers or farm managers were females. The proportion of farmers or farm managers under the age of 35 remained steady from 2011 to 2016 at 13 per cent. The proportion of females in this cohort increased slightly from 20 to 21 per cent.

Agricultural workers have lower educational qualifications than the general Australian workforce, but qualifications are higher in younger agricultural workers (Figure 1).[1]

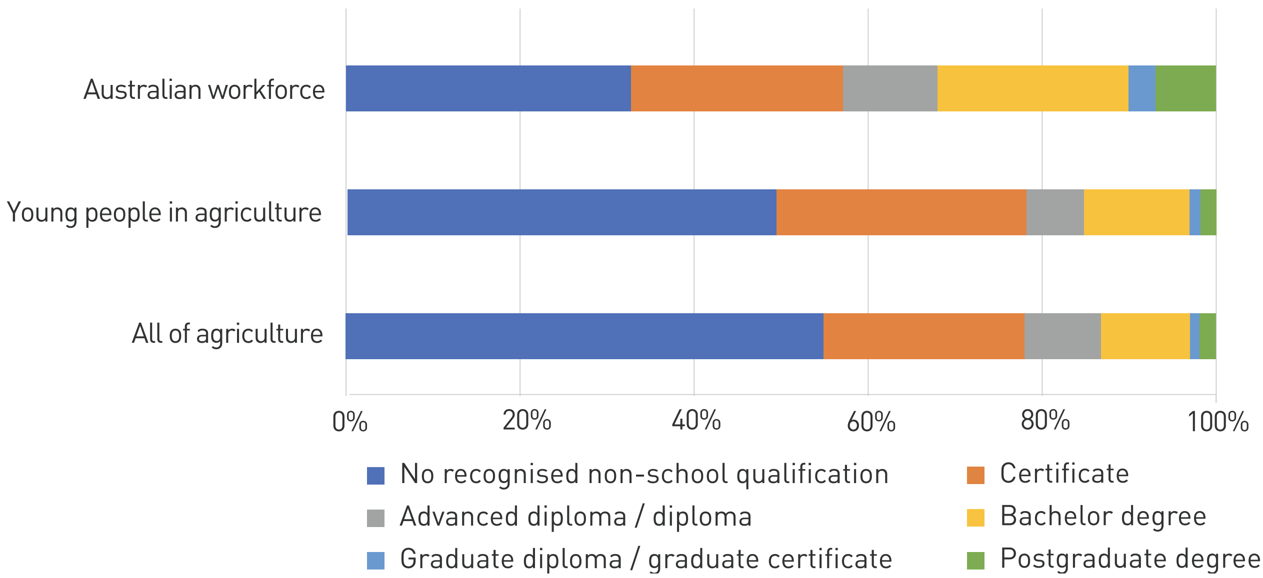

Figure 1: Educational levels in Australian farmers, 2016

Source: ABARES 2018

[1]ABARES 2018, Snapshot of Australia's agricultural workforce

Data on sheep producers specifically are not publicly available, although some piecemeal analyses can be found. The median age of owner-managers in the sheep industry increased from 53 to 58 years from 2001 to 2016. Twenty-eight per cent of the owner-manager cohort was female in 2016.[2]

In Victoria, at least, sheep producers are among the oldest farmer group, and getting older (Figure 2, Figure 3).[3]

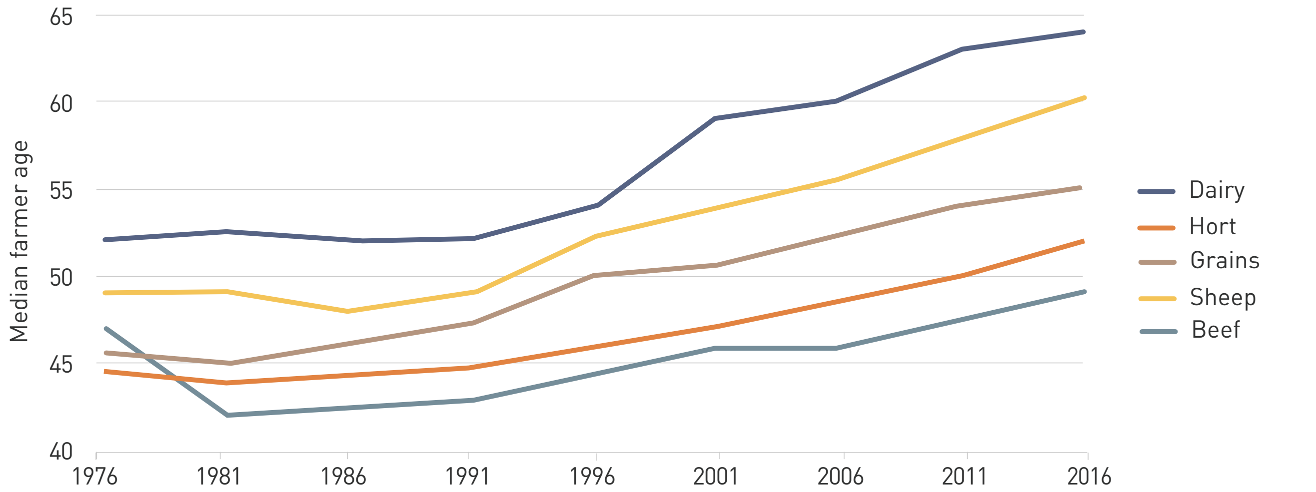

Figure 2: Median Victorian farmer age by industry 1976-2016

Source: Barr 2018

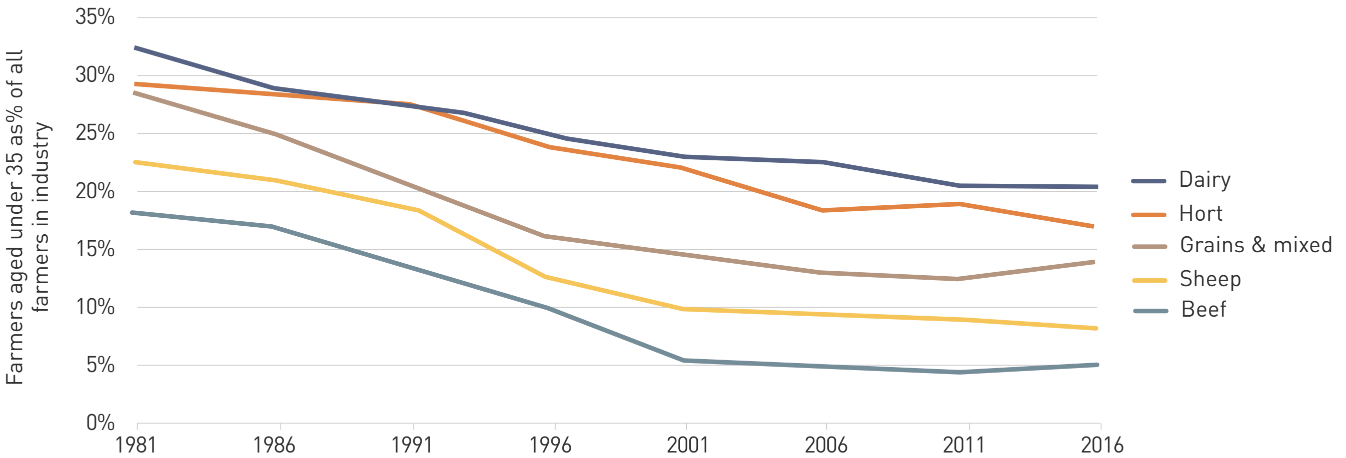

Figure 3: Farmers aged under 35 by industry as a per cent of all farmers in the industry 1981-2016

Source: Barr 2018

[2]CSIRO/Data61 2019, The future of Australia's agricultural workforce

[3]Barr 2018, Demographic structure of the Victorian farm sector: Insights derived from the 2016 and earlier Population and Agricultural Censuses

3. FUTURE SKILLS AND LABOUR NEEDS

The skills required to be a successful woolgrower have changed over the years, and can be expected to evolve further.

Wool producers have always had to possess or buy in a range of skills: agronomy, animal husbandry, sheep classing, wool harvesting, chemical use, mechanics, engineering, accounting and so on. As the world becomes more complex, though, growers require access to an even greater range of skills, including information and communication technology, modern genetics, compliance management, price risk management and marketing, and climate risk monitoring and response. The modern woolgrower spends more time in the office than ever before, making complex decisions based on an array of inputs, and delegating laborious tasks to more efficient contract teams.

This evolution is undoubtedly regretted by some. On the other hand, it provides a great opportunity for older producers to stay active in a woolgrowing enterprise without having to undertake hard manual labour. It also means that woolgrowing is likely to offer a more attractive career to younger, tech-savvy generations. Increasing complexity also increases opportunities for a consultancy sector that provides high-level advice to growers.

To be successful over the next 10 years, the wool industry will need growers who are appropriately skilled, and who have access to advisers in more specialist areas such as remote monitoring of pastures and animals. Some of the skills required have not yet been identified.

A number of challenges present themselves in this area. First, governments have progressively withdrawn from providing extension services to agricultural industries. Research and development corporations (RDCs) such as AWI have filled this gap to varying degrees but they too are facing funding challenges (see below). The private consultancy sector has also grown although it is thought only a minority of woolgrowers pay for consultancy services (in comparison with, say, dairy or cropping).

Scale too is an issue. As wool production has declined since 1990, fewer universities have offered specialist wool courses; less levy revenue has been available to fund research, development and adoption (RD&A) activities; governments have been more inclined to support newer, emerging or growing industries; and private sector companies such as those in animal health have preferentially targeted larger industries in their product development. It has also become increasingly difficult and expensive to access shearers and other contractors.

AWI supports a range of activities in skills training, educational resources and programs, leadership initiatives and practical workshops for woolgrowers and wool industry professionals. These include:

- **The National Merino Challenge (NMC)** – an initiative designed to allow young people to engage with the Merino industry by developing their knowledge, skills and networks. http://www.awinmc.com.au/

- **Breeding Leadership** – a national program for young people which aims to develop the leadership and professional skills of young people involved in the wool industry. https://www.wool.com/people/education-and-leadership/breeding-leadership

- **The Woolmark Learning Centre** – provides training packages aimed at secondary and tertiary design students, agriculture students, or professionals in the supply chain, manufacturing, and fashion. https://www.woolmarklearningcentre.com/

- **Young Farming Champions program** – involves a network of young people who share a passion about teaching others the pivotal role Australian farmers play in feeding and clothing the world. https://www.wool.com/people/education-and-leadership/young-farming-champion-program/

- **AWI Grower Networks** – AWI has a grower network in every state (e.g. Sheep Connect, Bestwool / Bestlamb). https://www.wool.com/people/awi-grower-networks/

- **Woolmark Performance Challenge** – an annual competition for early career creative thinkers to develop innovative, forward-thinking product solutions for the sports and performance market. Partners have so far included adidas and Helly Hansen. https://www.woolmarkchallenge.com

- **Wool4School** (schools across Australia, UK, HK and USA) – an annual student design competition encouraging budding fashion designers to design an outfit using a minimum of 70% wool. https://www.wool4school.com

- **Lifetime Ewe Management (LTEM)** – a training program which quantifies the impacts of nutrition throughout the reproductive cycle on ewe and progeny performance over their lifetime. https://www.wool.com/people/education-and-leadership/lifetime-ewe-management/

- **Shearer and woolhandler training** – providing free training for novice, improver and professional shearers and woolhandlers and promoting best practice in wool harvesting through AWI's regional coaching program and extensive training resources. https://www.wool.com/people/shearing-and-woolhandling/training-resources/

- **Woolgrower workshops** – a variety of them, including:
    - Stockmanship and Merino Visual Classing;
    - Picking Performer Ewes (PPE);
    - Winning with Weaners (WWW);
    - Ramping up Repro (RUR); AND
    - Foundations of sheep and wool production. https://www.wool.com/people/education-and-leadership/practical-workshops/

There are also national leadership programs that AWI supports by sponsoring wool industry next generation leaders.

- **Nuffield Farming Scholarship** – provides an opportunity for a woolgrower to study a particular subject of interest and increase practical farming knowledge and management skills and techniques in the Australian wool industry.
- **Australian Rural Leadership Program (ARLP)** – a 15-month program over five sessions that supports emerging rural leaders. AWI funds the participation of an emerging leader in the program.
- **Science and Innovation Awards for Young People in Agriculture** – supported by the Federal Government, this competitive grant program provides funding for innovative research projects that will benefit Australia's agricultural industries. AWI is a partner of the Award.

Discussion topics:

- What are the biggest skills challenges for wool growing over the next 10 years?
- Where are the main gaps in skills development, if any – in formal tertiary education at a diploma, degree and post-graduate level? In the availability of professional development opportunities? Somewhere else?
- How important will it be to have a thriving private consultancy sector?

4. INDUSTRY SERVICE DELIVERY AND GOVERNANCE

There are a number of functions that agricultural industries generally, but not always, seek to perform as a collective:

- Advocacy;
- Service delivery of various forms;
- Research, development and adoption (RD&A); and
- Marketing.

The wool (and indeed broader sheep) industry is characterised by a large number of **advocacy** bodies. These are at a national level and state level and there is a separate peak body for the sheepmeat sector. There are state-based sheep and wool councils (two in Western Australia). There are state and national organisations for breeders of Merinos and other breeds and bodies representing micron segments of the industry such as superfine producers.

In addition, there are peak bodies for downstream parts of the industry such as brokers, private treaty merchants, processors and exporters. Wool Industries Australia (formerly the Federation of Australian Wool Organisations) is the umbrella body for this part of the supply chain in Australia and the Brussels-based International Wool Textile Organisation (IWTO) is an overarching global body.

Agricultural peak bodies have increasingly struggled to maintain critical levels of membership over the last few decades, due to factors that include:

- Greater diversity of agricultural industries;
- Tightening margins from agriculture;
- Increasing competition for the farmer subscription dollar;
- Many farms being mixed enterprises, covering several commodity bodies; and
- (Arguably) reduced 'unthinking loyalty' to organisations among newer generations, who make greater demands to see a return on their investment.

Discussion topics:

- Does the wool industry still have sufficient scale to support all of these peak bodies?
- Does fragmentation incur a cost on the industry – e.g. through reduced economies of scale, slow or poor decision-making, or lack of a single voice to governments and conflicting voices?
- Given the growing dominance of dual-purpose over specialist sheep enterprises, are separate peak bodies still appropriate?
- Is closer cooperation needed along the value chain?

In service delivery, there are three main organisations in the wool industry:

- The Australian Wool Exchange (AWEX), founded in 1994, which provides the major industry framework for the exchange of ownership of wool in Australia;
- The Australian Wool Testing Authority (AWTA), established as a separate company in 1982, which provides certified wool testing services; and
- Animal Health Australia (AHA), of which WoolProducers Australia is a member, which facilitates partnerships between governments and livestock industries to protect animal health and biosecurity. AHA was formed in 1996.

It is useful to consider what service bodies exist in other industries. For example, several industries have independent, industry-owned breeding / genetics providers – for example, DataGene (dairy), Cotton Seed Distributors (cotton) and Sheep Genetics (sheepmeat – although SG is wholly owned by MLA). The Integrity Systems Company is a subsidiary of MLA and is responsible for delivering the red meat industry's on-farm assurance and through-chain traceability programs.

Discussion topics:

- Are any changes needed to the wool industry's existing service bodies to prepare them for the industry's future needs?
- Are there important services required by the industry, now or in the next ten years, that could be effectively delivered through new service body(ies)?

The industry's **RD&A** and **marketing** body is AWI, funded by a levy on sales of shorn wool. Sheep producers also contribute funding to Meat & Livestock Australia, also an RD&A and marketing company, through the sheep transaction levy. AWI and MLA collaborate to some extent on programs of common interest.

Other industries have comparable bodies to AWI, all of which deliver RD&A. Some also do marketing and some provide other services – for example, Wine Australia has an export regulatory function. Australian Pork Limited is uniquely both the RD&A and marketing service provider and the industry's peak body.

There are 15 RDCs providing services to their respective industries. There is ongoing scrutiny and reporting to government across the RDCs, given one of the main stakeholders/funders is the Federal government. This scrutiny looks at many areas including the extent of value delivered to levy payers, how well R&D is adopted, whether RDCs collaborate sufficiently and whether levy-funded bodies might take on advocacy functions, among other things.

Discussion topic:

- Is it likely that there will be changes to the RDC model over the next 10 years? How will those changes affect the industry's ability to drive collective innovation (e.g. reduced government contribution)? What strategies are needed to mitigate any risks in this respect?

5. QUESTIONS FOR CONSIDERATION

- How important are people, leadership and governance strategies for Wool 2030?
- Are there related issues that have been missed from the discussion above?

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