**MARCH 2022 MEETING COMMUNIQUÉ**

**WOOL INDUSTRY CONSULTATIVE PANEL (WICP)**

**Date:** 3 March 2022

Venue: AWI (68 Harrington Street, Sydney) and Microsoft Teams

The purpose of this forum is to ensure clear two-way consultation between AWI and organisational representatives through to growers. The meeting provides an opportunity for the AWI Board to receive and provide feedback on current/important issues and relevant topics from Board meetings.

**LABOUR SHORTAGES**The impact of labour shortages on the industry was discussed at length, noting that there is a shortage of farm labourers across all sectors brought on by border closures prohibiting overseas labour from travelling, with drought further diluting the number of shed hands as other industries offer regularity of work. Panel members commented that AWI shearing schools are being populated by those who actually do not want to continue on with shearing as a career and that it would be useful to conduct a study to see how many participants from shearing schools remain in the industry after twelve months. While AWI reported that 70pc remain in the industry, WA representatives advised those numbers are not reflected in their state and that AWI should specifically survey students with the question “are you still shearing?.

Members commented that, to address the shortage, “out of the box” innovative thinking is required. It was suggested that contract labour from overseas could be used, particularly the Pacific region. An  apprenticeship agreement with built-in capacity for families to join the apprentice scheme should be an option, and Government incentives to attract skilled labour is required. Another potential solution is drawing on the pool of shearers in South America, who would be happy to accept Australian wages, with the main hurdle being the distance and the process for obtaining approval to travel to Australia. Additionally, members commented that for NZ contracted shearers the lack of a pathway to residency is a deterrent.

AWI reported that key issues impacting shearer shortage include the seasonality of work, conditions in sheds, the cost of equipment for novices, and contractors having to pay minimum wage when novices are only shearing 20-50 sheep a day. AWI has put in place a ‘breaking down the barriers’ campaign – which provides novices with equipment valued at approximately $2,000 along with ongoing trainer mentoring. The campaign started in July last year and now has 150 trainees involved.

The Department’s position is that there is no single solution to the labour shortage issue. Government needs to set the right pay and conditions. The Pacific Island Scheme is not administered by the Department of  Agriculture, and instead fits under the remit of the Department of Foreign Affairs and Trade (DFAT). A member stated that shearing should be on the National Skills List with visa preferences being given for those with relevant skills. He further commented that as the Award has not changed – that it is a minimum standard – rates are unlikely to change in the foreseeable future which is a barrier to making the industry attractive.

**BUSINESS INTELLIGENCE - EUROPE**AWI’s Global Strategic Advisor, Peter Ackroyd, provided insights into recent research in the European market. He reported the sector has been in the doldrums with sales at less than 70pc of pre-COVID levels.  Currently there is cautious optimism with retail and a dramatic improvement in the seasonal business with customers returning to markets.  He noted that price pressures in retail are causing ‘watering of the gin’ in the UK and that the buoyancy of the market in China is currently sustaining the industry. Regarding Product Environmental Footprint, he outlined the goal for Australian wool to be seen a ‘paragons of virtue’ and score high on sustainability.

**BUSINESS INTELLIGENCE - JAPAN**AWI’s Product, Education Extension and Licensing Manager in Japan, Tomohiro Nishizawa, is focused on creating new wool business in Japan by supporting new designers and brands. The successful *Naturally Inspiring* seminars, first launched in 2014, are aimed at providing design students with knowledge and connections to Australian Wool.  The seminar tells of Australian wool’s development and the importance of sustainability in the industry, giving exclusive insights into the world of fashion from experts in the field of fibre, textile and garment design.

**BUSINESS INTELLIGENCE - CHINA**AWI’s Jeff Ma reported that the Chinese economy continues to recover. Presently, consumption is making a greater contribution to economic growth with the sale of consumer goods: retail  at 4 trillion RNB.  Online consumption continues to be vibrant, rising 15pc to reach 11 trillion RNB for the January to November period. There have been 244 tonnes of greasy wool imported from January to December 2021; a 30.7pc increase year on year with Australian wool occupying 70pc of all imports.  Australian imports rose 35.8pc.  In total the export value was $320 million USD, an increase of 8.7pc year on year.  It is noteworthy that exports to Japan fell by 27pc.

**INTERNATIONAL TRADE**AWI’s Trade Consultant Scott Carmondy advised that the wool price is holding around 1400 EMI with 50,000 bales sold each week while logistics issues are challenging with the industry. Regarding global inflation rates, the Reda Group from Italy has advised a rebound or honeymoon period with an overall increase in sales, and stock selling out immediately. Concerningly, wool stores in the Australian bush are full with exporters of wool, rather than growers wool.  There has been demand for Australian wool from China and India in the last six months and whilst there have been good seasonal conditions, there is a lack of finer wool to meet the demands of supply. He noted that there has been a slight lift in demand for broader wool with Australia accounting for 8-10pc of the global market; currently exporters are holding the crossbred wool they own which has halved in value.

**MOISTURE MEASUREMENT**WoolProducer Australia’s put forward a proposal arising from a policy recommendation by Tasmaninan Farmers and Graziers that aims to lend clarity around whether sheep are wet or dry. It is thought that the development of a pre-shearing moisture measurement/assessment tool would be useful in reducing disputes. The outcome sought from the proposal is for WICP to recommend AWI provide support by investing research and development funds in the proposed assessment tool. Panel members expressed a view that the idea has merit though it would need to be supported by the shearing industry, as ultimately the wet or dry decision is one for the contractor.

**CHEMICAL RESISTANCE**Members advised that fly resistance is a serious issue exacerbated by recent rain and shearer shortages. The development of a new solution is challenging as costs associated with developing new products are high and developing a product that will be sustainable for sheep is a low priority for chemical companies. There will be discussion held at an AWI Board level around solutions and research is being undertaken around the optimum way for companies to work with the industry for research and development. This includes the consideration of genetic medication for barber’s pole worm.

**WOOL 2030 UPDATE**It was decided that the WCG should meet twice a year in the future and that the WCG  would be the body responsible for overseeing Wool 2030 and driving the strategy forward. AWI staff member George Lehmann will be responsible for collating data and reporting on industry progress benchmarked against the targets outlined in Wool 2030 to the WICP and WCG periodically.

**OTHER UPDATES**AWI provided updates on WoolQ, the SafeSheds initiative, the appointment of a CEO, the development of a 2025 Strategic Plan, and fielded questions on AGM notifications to growers amongst other topics.

Lyndsey Douglas
WICP Independent Chair