



Secretariat C/- Bluesee | PO Box 668, Denmark 6333 Western Australia | esther@bluese.com.au

The WA Sheep Industry Implementation Plan 2017-2022

1. **A nimble, independent new entity with that fills (in the first instance) two current market place gaps:**
 - A continuum of independent development and coordination of technical content for major Research and Extension proposals that address industry needs throughout the supply chain;
 - The provision of a whole-of-sheep-RD&E communication effort, supporting the endeavours of all providers and deliverers;

2. **A rationalised, appropriately-funded industry leadership structure that merges the administration and activities of Sheep Alliance, WALRC and (ultimately) the WA Beef Council so that it has:**
 - A governing role in the performance of the new entity;
 - A leadership position in setting industry strategy for sustainable growth and addressing critical industry issues;
 - A strong support role in nurturing a collaborative, world-class livestock systems research community in Western Australia.

3. **An RD&E project effort that focuses on lifting productivity and best-practice throughout the supply chain, with a foundation principle that says ‘only businesses with optimised productivity are best-positioned to profit in favourable market conditions. These are the circumstances that will facilitate industry growth’.**

This plan is considered *part* of the solution to arresting the decline in the WA sheep population and creating a more sustainable WA sheep industry – which is the primary purpose of the Sheep Alliance

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Members of the Sheep Alliance of WA endorsed this plan in-principle at its meeting on February 17, 2017 and have asked the directors to progress with a view to seeking the necessary funding for this to be implemented.

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Proposal

The Sheep Alliance of WA has been tasked through the Royalties for Regions-funded SIBI project, to prepare a 5-year industry plan. The work builds on the Sheep Industry Strategic Plan developed by SILC (the predecessor to The Alliance) in conjunction with DAFWA in 2013, which identifies the priority theme areas for attention.

The Alliance members (which comprise 50 entities from throughout the WA sheep supply chain) have informed the implementation plan process and approached the task by identifying market place 'gaps' that have hindered sustainable growth and focused its energies only on areas in which it has genuine capacity to influence and change.

The Alliance is now seeking funding for a three-pronged set of actions it considers will bring positive change to the WA Sheep (and ultimately livestock) industry:

1. **The establishment of a nimble, independent new entity with that fills (in the first instance) two current market place gaps:**
 - Gap 1 addressed by a continuum of independent project development and coordination of technical content for major Research and Extension proposals that address industry needs throughout the supply chain;
 - Gap 2 addressed by the provision of a whole-of-sheep (livestock) RD&E communication effort, supporting the endeavours of all providers and deliverers;

Gap 1 Rationale: The WA livestock industry through WALRC and The Sheep's Back (AWI), currently undertakes effective priority setting amidst producer and researcher stakeholder consultation (although it is of note that the process has not previously involved the full supply chain - meat processors, meat and wool exporters in particular). The much more difficult task after priority setting however, lies in designing and rigorously testing the resulting project methodologies with the target adopters.

Under the current RD&E framework, the task of project design is compromised by a lack of time and independent resources as well as the primary need from the project proponents (authors) to design projects that will retain staff. The consequence is that project design is rarely done in genuine and considered consultation with those whom the project seeks to benefit. Project design and relevance is compromised and project adoption rates are not optimised due to the lack of engagement with the target adopters.

The Alliance proposes a correction to the RD&E pathway and with it, suggests we will be much better placed to address the opportunity for adopting the necessary systems to drive productivity gains, if the task of *initial* project design and stakeholder testing, is de-coupled from project deliverers, in order to build greater rigour, relevance and independence into the process.

Gap 2 Rationale: The Alliance undertook a review of WA-based sheep RD&E in WA funded for the period 2016-2019. The process identified a minimum of 75 sheep-related projects being undertaken by 15 different entities, all of which are highly competitive for funding. The aggregation of their effort is remarkable, but no single entity is charged with the task of amalgamating the outcomes and communicating the key messages to underpin strategies for productivity gain, as a single voice.

The power of an independent entity being charged with this task, is that it removes commercial sensitivities from the communication effort and provides a much louder, clearer and more appealing message, especially if the messenger is independent/industry governed rather than being institutionalised.

The outcome of independent, rigorous project design supported by whole of sheep RD&E communication effort will be:

- Retaining and protecting a core group of RD&E expertise over a range of disciplines through an entity that will grow and advance RD&E acumen;
- More targeted RD&E with a set of drivers that are 100% geared to providing benefit to the end user (producer, exporter, processor) rather than designing projects intended to find jobs for end-of-contract RD&E project staff;
- A greater capacity for the state to respond to project calls with quality projects in a coordinated fashion, resulting in quality projects being awarded to the suite of WA RD&E deliverers;
- An increased participation/adoption of project findings;
- More efficient use of funds and a greater return on investment for project funders; and
- A stronger, more resilient industry, benefiting by the adoption of best-practice.

Proposed Action for funding: A not-for-profit independent entity is established via start-up funds (initially) from the State Government, to employ a small team of RD&E and communication professionals (with expertise that reflect the priority RD&E theme areas). Employees to be given 'career certainty' for an initial 5-year period, where their salaries are considered 'core funding' and not linked to project grants.

Estimated 5-year commitment: \$6m

See more detail pages 13-20

2. A rationalised, appropriately-funded industry leadership structure that merges the administration and activities of Sheep Alliance, WALRC and (ultimately) the WA Beef Council so that it has:

- Function 1: A governing role (equal to that of the funders) in the performance of the new entity;
- Function 2: A leadership position in prioritising and setting industry strategy for sustainable growth and addressing critical industry issues incorporating all sectors of the supply chain;
- Function 3: A strong support role in nurturing a collaborative, world-class livestock systems research community in Western Australia.

Rationale: There is currently three incorporated bodies in WA that fulfil a livestock industry leadership function: WALRC (funded by MLA with a small contribution from WA RD&E deliverers); Sheep Alliance (funded by Royalties for Regions until June 18); and WA Beef Council (funded by Royalties for Regions to 2018). The entities themselves are clear about their specific purpose and roles, but industry generally sees duplication of resources. Leadership that is linked to a single funder and with contractual obligations that guarantee benefit to a single

funder, can compromise independence of leadership. Yet, it has been made clear to the Alliance that there is no appetite for alternative models to fund a more independent leadership roles (through membership); or to bolster resources (through industry sponsorship, which immediately generates commercial conflict). The lack of leadership funding through membership is linked to:

- Industry's view that it already pays meat and wool levies, together with state taxes for leadership; and
- Lack of capacity to demonstrate to individual producers the value in leadership (attitude/culture).

Yet there is a general recognition amongst Alliance members that without leadership, there will be no coordinated effort to drive sustainable growth.

Industry has a poor record of providing appropriate financial remuneration that recognises the time, skills and resources that are required for effective leadership, yet the demands on directors of all three entities referred to, are considerable. Directors on the farm lobby groups report a similar frustration around lack of capacity to remunerate directors appropriately.

Proposed Action for funding: An expanded leadership funding model that combines State Government funds with contributions from MLA and AWI, to facilitate a merger/s of Sheep Alliance and WALRC in a manner that enables appropriate remuneration for a skills-based board, dedicated sector sub-committees and associated secretariat costs, that are charged primarily with undertaking functions 1-3 above.

Estimated 5-year commitment: \$1.5m

See more detail page 21-24

- 3. An RD&E project effort that focuses on lifting productivity and best-practice throughout the supply chain,** with a foundation principle that says *'only businesses with optimised productivity are best-positioned to profit in favourable market conditions. These are the circumstances that will facilitate industry growth'*.

Rationale: The Alliance seeks to refine the RD&E project effort to areas that can be demonstrated as making a contribution to increasing the productivity and best-practise (particularly welfare, environment, biosecurity and OH&S). Under the plan, this underlying principle will be embedded into the project design and coordination efforts of the RD&E team within the new entity; and embedded into the leadership group's constitution.

See more detail page 28.

Estimated 5-year commitment: No specific funds requested for this action

For clarity, it is also important to identify what this plan does *not* attempt to address:

- The perceived or actual advantages of grain production systems over sheep (labour, technology)
- Commercial business relationships between end-customer, meat or wool processors, live exporters and producers;
- Specific targets for sheep population numbers – leaving market forces to determine that.

Indicators of Success

1. Preparedness of RD&E funders to provide on-going core funding to the independent entity at the completion of the 5-year start-up, once funders have applied their own evaluation metrics to WA RD&E projects;
2. Quantified participation and adoption rates of project outcomes, with a target evidence of 30% of WA sheep businesses participating in some fashion;
3. Independent stakeholder tracking at year 1, 3 and 5 to determine awareness x value scores of the RD&E effort including a measure of attitude towards management system best practise across a range of disciplines (key productivity measures such as returns per DSE; sheep returns per HA; plus participation in animal welfare and best practise biosecurity measures);
4. A halt in WA sheep population decline by 2022; and
5. Number of sheep (livestock) RD&E professionals funded in WA from 2017 to 2022.

The centrepiece of the Alliance plan for actions is a proposal for the creation of an independent RD&E entity.

“We maintain that a small team of technically proficient people who are independently funded, who have the capacity to collaborate with the RD&E community and the sheep supply chain stakeholders and whose primary responsibility is rigorous research and extension project design, will significantly increase the calibre of works delivered and the likelihood of greater adoption rates.”

Dr Craig Heggaton
Chair
Sheep Alliance of WA

The business case for the formation of the entity and the tasks it would undertake, emerged from the 2016 desk-top study that conservatively estimated 75 sheep RD&E projects are underway in WA that have attracted cash funding from state, federal and industry RD&E bodies of circa \$30m, where the responsibility for delivery is shared between 15 different entities.

In response to that study, the Alliance poses that:

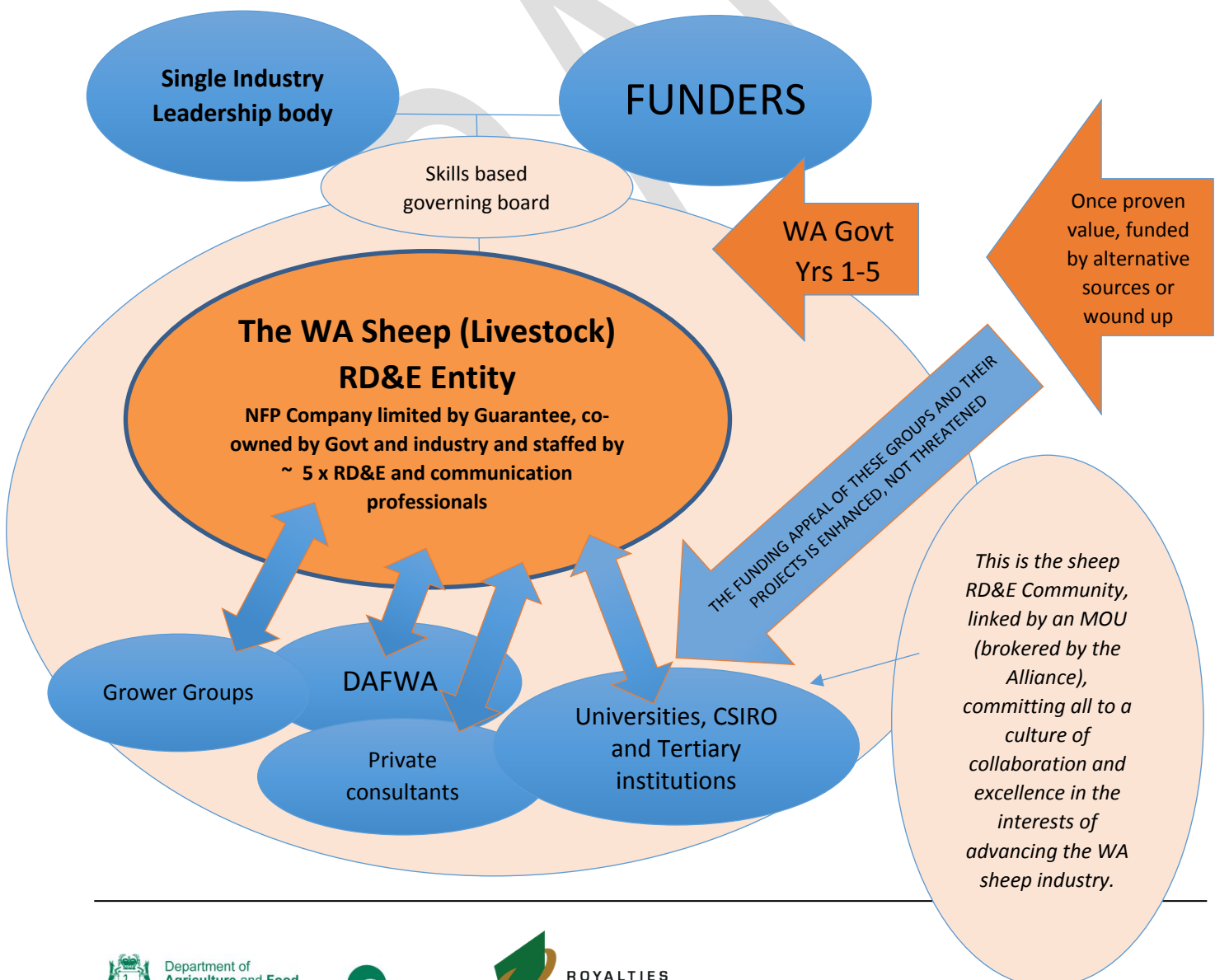
If WA sheep RD&E was operating at optimal effectiveness and in manner commensurate to the level of investment in projects being undertaken, then WA sheep businesses would have more readily adopted the outputs from these projects and as a consequence, been in a better position to profit when market signals are in their favour.

DAFWA Analysis, ABARE and MLA/AWI surveys show the WA sheep population remains in decline despite ongoing positive market signals. It suggests that there is a force greater than top line supply/demand economics at play. The case this Plan mounts is that the lack of adoption of management systems and technologies that are known to contribute to increased profit, is the cause. And, a key part of the solution package is to improve the way current WA sheep (and livestock) RD&E is overseen, designed and executed.

The primary charter of the Alliance is to help arrest the rate of sheep population decline in order to inject economic and social sustainability into the sector of the sector and so the proposal to establish an intervention to the current RD&E business-as-usual approach, is a key goal of the group.

It is important to recognise the plan is for an Entity to operate in RD&E across all sheep businesses in the industry, designing and coordinating RD&E for the specific benefit of WA sheep industry stakeholders. Its existence will complement and indeed strengthen the capacity of the current suite of RD&E service providers to respond to funding opportunities and to do so in a manner where the priority needs of the stakeholder override the needs of the individual institutions or organisations competing for funds. The structure is illustrated below in Figure 1.

Figure 1: Structure of an independent RD&E entity



Key elements of this plan

Key Element #1: A new way of doing Sheep (and ultimately livestock systems) RD&E business in WA can be achieved through an independent entity where control and governance is shared equally between Government and the WA sheep (livestock) supply chain. This shared ownership and control is an imperative to achieve genuine independence and quality of project design, industry engagement and adoption of the deliverables. This is the key point of differentiation from the current 'RD&E business as usual approach'.

Key Element # 2: Well-resourced and inclusive industry leadership that holds a governance role in the Entity is a critical aspect to ensure relevance and optimise engagement.

Key Element # 3: While the new entity's primary task will be to provide the necessary technical development and engagement. However, it will also perform a key communication role that turns into a single voice, the activities of all RD&E providers.

Key Element # 4: The lack of independence, time and resources to comprehensively develop, test and engage all stakeholders in research and extension project design methodology, in a manner that supports time/resource-poor RD&E deliverers, is the primary market place gap that this proposal addresses.

This plan acknowledges a resource gap in responding to funding calls. The current modus operandi of rapid-fire (often less than 6 weeks) calls to design RD&E project proposals in response to state, federal and RDC funding rounds, drives a culture of rushed, poorly consulted and under-resourced development and collaboration of technical project design and delivery. And, if a quality R&D deliverer is 'too busy' to respond to a funding call, then the risk is a potentially valuable project is not designed, the funds are not contested and the state's sheep (livestock) businesses are the loser. The Alliance has witnessed and the industry has suffered from this response pattern throughout 2013-16, which has repeatedly resulted in either:

- Project proposals not being submitted due to lack of skills, time and industry consultation;
- Project proposals designed to meet the specific skill set of the current staff of the applicant organisation/s rather than the specific needs of industry;
- Under developed project proposals and/or missed collaborative opportunities.

Figures 2 and 3 over page provides a graphical illustration of our current (incomplete) pathway to adoption and the potential, improved pathway that is offered by the creation of the purpose-specific entity.

Figure 2: **Current** timeline graphic from point of priority setting to project proposal development, research, extension and adoption

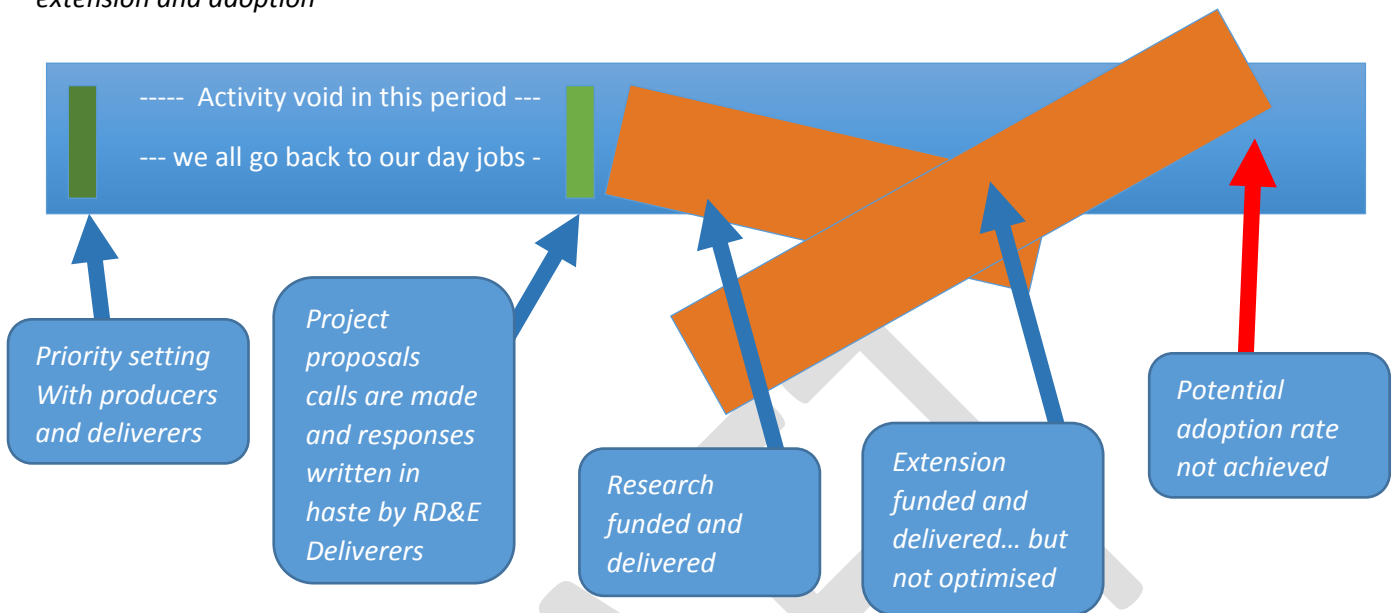
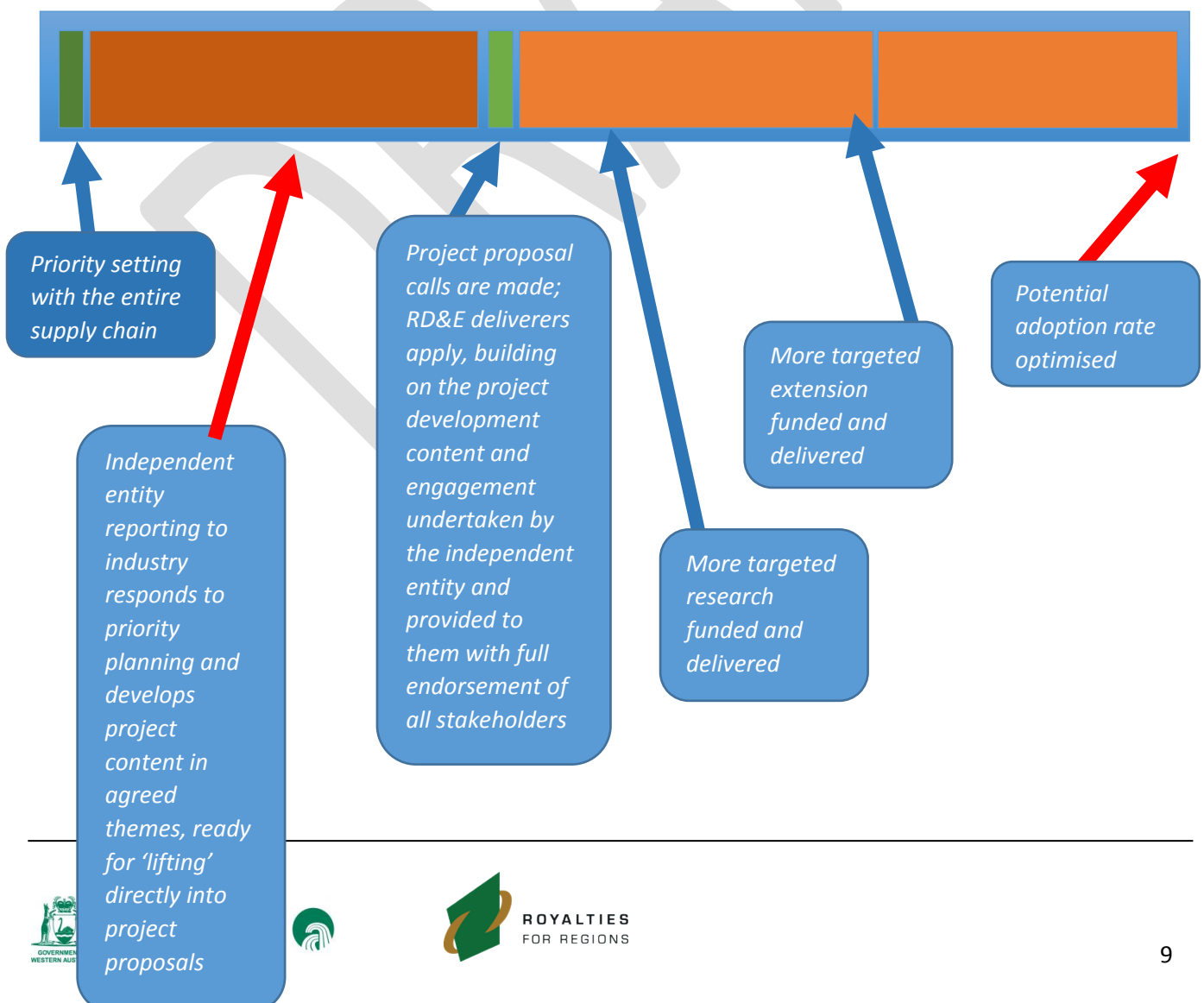


Figure 3: **Potential** timeline graphic from point of priority setting to project proposal development, research, extension and adoption, where project development is independently funded.



A message from the chairman

Craig Heggaton

Chair, Sheep Alliance of WA

The WA sheep industry proposes a dedicated and collaborative effort to demonstrating and reporting sheep business profitability as a pathway to doubling the sector's value and increasing the Industry's contribution to state GDP. The plan describes how to achieve this through excellence in the coordination, design and delivery of sheep RD&E, together with a best-practice communication effort.

The WA Sheep population has been in steady decline since 1990 and is expected to drop below 13 million head in 2016¹. In economic terms, the impact of the decline has been counteracted to some degree by a substantial increase in value of both wool and sheep meat in recent years, enhanced by a lower Australian dollar.

Despite the value increase and a period of pricing significantly above the medium-term average (currently the sheep enterprise is generating gross margins in the range of \$35-45/dse compared to the medium-term average of \$25/dse)², the rate of attrition from sheep in a mixed farming enterprise is continuing in WA, to a point where predicted flock scenarios may force rationalisation in processing and the provision of sheep industry support services.

What is most curious though, is the unusual scenario whereby an extended period of tight supply and high values has not generated a corresponding increase in sheep numbers. This suggests that there is a force greater than economics that is driving the attrition and it is this scenario that has brought WA sheep supply chain together to prepare a response strategy.

Central to this plan is that The Sheep Alliance of WA does *not* seek to intervene in the laws of supply and demand and acknowledges that commercial forces will ultimately drive value, processor and live exporter rationalisation and flock population. What it *does* seek to do however, is drive greater opportunity to capture profit in WA sheep businesses through productivity and efficiency gains, motivated by a whole-of-supply-chain desire to deliver a sustainable and well-regarded sheep industry in this state. We are in a great position to capitalise on a world-wide demand for quality-assured, sustainably and ethically produced Australian sheep meat and wool.

This document makes the case for a transformation in the way in which Research, Development and Extension (RD&E) is conducted, in order to drive increased productivity. Overwhelmingly it calls for a change in structure and culture to achieve that.

The plan goes on to describe strategies in the themes of production, value-adding/marketing and industry communication/governance, all of which link to WALRC (MLA) and AWI priorities, as its roadmap to achieving the desired productivity gains and reported profits from sheep businesses. It poses that a core function of a new entity will be to provide the foundation of the technical content and project plans that address these themes.

¹ DAFWA, Kate Pritchett, May 2016

² Ashley Herbert, Agrarian Management

The language consistently aligns the proposed activity to providing a greater opportunity for the businesses throughout the sheep supply chain to optimise profit. This is done so on the basis that there has been a gap between initial collaboration and project design and delivery with the sheep RD&E effort to date. We pose that improvement in this space will be the trigger for the quantum of productivity improvements, that will in turn drive profit, investment and growth in value. Renovated supply chains together with the energy, confidence and motivation to develop new markets and business investments models will be a natural outcome, not the activities.

The Alliance aspires to a transformation from the current piece-meal approach of state government agencies, universities, secondary and tertiary institutions and service providers working independently to address individual aspects of a sheep business, to the establishment of a coordinating state sheep RD&E Entity (with capacity to transfer to livestock systems) that enables the delivery of messages and strategies that reach the target audience, conveyed by respected professionals who are well-connected with the needs of sheep businesses. This function has the capacity to transform the WA sheep RD&E community into a national (and indeed international) hot spot of sheep/livestock systems RD&E excellence.

Whilst the mechanisms are currently in place for the process to commence with a sheep focus, evolution into a centre of excellence for livestock systems embracing beef cattle and pastures, is a logical next step.

At a general meeting of Alliance members (a list of which is available at www.sheepalliance.com.au) on February 17, members endorsed the principles proposed in this document. This agreement underlines the value of the Alliance membership model and enables us to go to potential funders with confidence of the support of the WA sheep supply chain.

We invite government and industry to come with us on this journey.

Approach to task

This Plan provides:

1. The four targets set by The Alliance that will deliver its charter to arrest the decline in the WA sheep population, the number 1 target of which is to establish a Sheep (livestock) RD&E “Incubation and Communication” entity;
2. Consideration of future leadership structure and funding that will provide the necessary governance;
3. A description of the four pillars of productivity across the value chain that the Alliance is recommending for super project proposals, developed by the RD&E entity; and
4. Justification as to why the Alliance commitment to assist in arresting sheep population decline is so vital to the state’s GDP.

1. The Sheep Alliance targets for the WA Sheep Industry

The proposal seeks funds for these steps

Our <i>current</i> scenario	Our future targets 2017-2022
<p>1. Structure: Sheep research, development and extension activity being undertaken by a range of government and private providers in a highly competitive environment, forced to respond to funding calls with less than optimal time, resources and collaboration, motivated primarily by entity funding needs over broader industry needs.</p>	<p>1. Structure: An independent, collaborative sheep (livestock) entity co-owned by government and industry, staffed by respected professionals with technical and sheep business expertise, developing, designing and providing stakeholder endorsement for project proposals with a reputation for excellence. This entity carries with it a responsibility for the whole of RD&E communication effort.</p>
<p>2. Leadership: A fledgling leadership body funded by State Govt (the Sheep Alliance) with a 50-strong membership representative of the entire supply chain; and WALRC charged with identifying red meat research priorities in WA, funded by MLA.</p>	<p>2. Leadership: A merged and appropriately funded sheep (livestock) industry leadership body that is valued and making a demonstrated contribution to the sector's growth, sustainability, social license and confidence.</p>
<p>3. Productivity: WA sheep businesses have sub-optimal reported sheep profits per ha or DSE, due to a generally poor adoption of production and genetic efficiencies, tools and business management systems.</p>	<p>3. Increased Productivity: WA sheep businesses adopting optimal production and business management systems based on sound research and advice, positioning them to take best advantage of market forces to maximise profit.</p>
<p>4. Sheep population: A declining trend in sheep numbers threatening critical mass of processors, live exporters and industry service providers.</p>	<p>5. Sheep population: A stabilised sheep population in WA, driven by a strong business case for re-investment in sheep, made possible through the increased productivity of the sector.</p>

2. The proposed Sheep RD&E Entity Structure

A nimble, independent new entity with that fills (in the first instance) two current market place gaps:

- A continuum of independent development and coordination of technical content for major Research and Extension proposals that address industry needs throughout the supply chain;
- The provision of a whole-of-sheep-RD&E communication effort, supporting the endeavours of all providers and deliverers;

Proposed Action for funding: A not-for-profit independent entity is established via start-up funds (initially) from the State Government, to employ a small team of RD&E and communication professionals (with expertise that reflect the priority RD&E theme areas). Employees to be given ‘career certainty’ for an initial 5-year period, where their salaries are considered ‘core funding’ and not linked to project grants.

Estimated 5-year commitment: \$6m

5 x professional salaries x 5 years

Operational Costs

Governance/establishment costs

The current funding environment for RD&E activities generates a culture of competition rather than cooperation. WA’s chief scientist Professor Peter Klinken has called for a “Team WA” approach in order to optimise the impact of our RD&E effort, as well as the need for security of tenure for long-term R&D funding.

This Plan acknowledges and supports the report “Future Direction for the Department of Agriculture and Food” (August 2016) and in particular its two principles:

- Science and innovation underpin DAFWA’s capacity to develop and defend Western Australian agriculture and food; and
- All activities will be done in partnership with industry.

It is the second principle that this plan explores in detail as it seeks to develop the mechanism that will drive genuine partnership and collaboration between industry, government and academia that will be the ultimate driver of future productivity. It is of note that the Future Directions report also called for Government to undertake a ‘bold program of re-engaging with industry, consumers and the community’. This plan echoes that call.

To explore the proposed structure for optimal RD&E, first we must consider the current environment and the impediments to excellence they bring. We currently have multi practitioners working the sheep RD&E space:

- Department of Agriculture and Food WA (DAFWA) (through its Sheep Industry Business Innovation program, predominantly exploring lamb survival, genetics, technologies, supply chain, industry capacity)

- RIST (delivering the Life Time Ewe Management workshops)
- Murdoch University (meat science, reproduction, nutrition, parasites, biosecurity, welfare, live export, pastures, Fed Well, Bred Well workshops)
- University of WA (methane, pastures, reproduction, welfare)
- CSIRO (pastures)
- Muresk (facilities)
- Numerous grower groups throughout the state operating research, trials and extension independently of others;
- Various competing commercial service providers delivering research (business modelling) and extension activities.

Between these 15 entities, over 75 different projects are funded between 2016 and 2019, at a conservative estimated value of \$30M. Many are also involved in competing for a range of current funding calls that if successful will further grow the total investment pool over this period.

On a regular basis, funders such as Australian Wool Innovation (AWI), Meat and Livestock Australia (MLA), Royalties for Regions via DAFWA, Australian Research Councils and the Federal Department of Agriculture, call for sheep research and extension proposals at both a state and national level.

The state response often involves numerous competing entities preparing proposals that while linked to agreed high-level priorities are geared more closely to the skills of their staff and contractors and their entity's ongoing survival.

Whether or not they respond to a funding call is more often dictated by the time and resource availability of the team members, than the specific needs of the industry at that time. And, when they do, due to their current workload, the response can be frantic and time-poor, reducing by necessity the depth of relevant consultation on methodology and delivery mechanisms. This does not deliver a platform for the optimal delivery of the work for greatest industry relevance and impact.

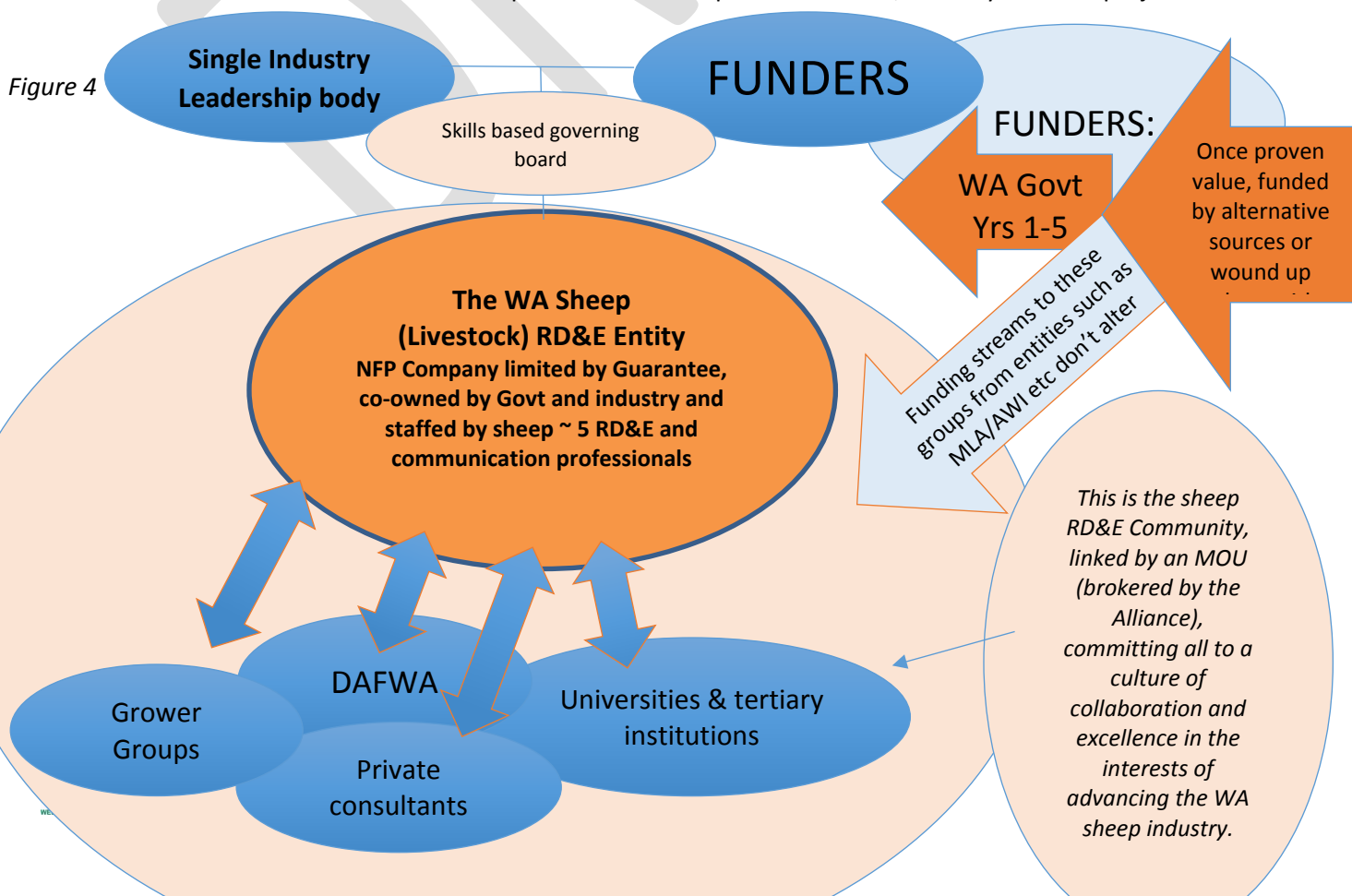
The competitive environment means limited content is shared and the project development is done individually. However, neither the number of projects or the number of bodies competing for them is the problem. Rather, it is the lack of collaboration and industry partnerships, together in some cases with a lack of appropriate technical skills to develop relevant project content. There is currently no mechanism to test that content with the target audience and that is causing the greatest impediment to productivity gains and overall industry value.

2.1 Structure Fundamentals

To address DAFWA’s required ‘bold plan’ for engagement with industry, a dedicated WA Sheep RD&E Entity is proposed (fig 4 below) in a structure that has capacity to evolve into WA livestock systems (sheep, beef and pastures). This will drive collaboration, reduce administrative overheads and most of all, guarantee excellence in project design and delivery-relevance to the end user. The result will be that sheep RD&E in this state is energised and optimised.

The fundamentals of this structure are:

- An entity built on a joint ownership and governance model between government and industry, to reflect the Future Directions recommendation for *genuine* partnerships, and branded in a way that makes its identity and role in industry obvious;
- An entity that will be staffed ~ five FTEs with demonstrated expertise in sheep (livestock) RD&E. Security of tenure is not linked to the lifespan of funded projects and staff will report to a governing board where industry and government have equal representation and decision making powers;
- A culture of trust and commercial in confidence established between the entity and the RD&E deliverers by way of an MOU, together with the capability for the entity to expand in a way that is commensurate to availability of relevant project funding, in order to deliver excellence in WA sheep RD&E; and
- A commitment made with the backing of the Sheep Alliance membership, for the Entity to be the link between all relevant deliverers of RD&E (the RD&E Community) and to filling skills gaps that exist within the smaller deliverers in order to optimise the development of robust, industry-relevant projects.



2.2 Core functions of the Sheep RD&E Entity

The Entity will fill gaps in the current impediments to optimal RD&E in WA and in effect, becomes a “**Project Incubation Hub**”. Its formation will address:

- The lack of technical resources and time at the point of calls for RD&E funding,
- The current culture of designing projects to reflect existing skill-sets over and above industry needs;
- The lack of industry ownership and therefore adoption of RD&E; and
- The lack of productivity gains and opportunities to seize and report sheep profit when market opportunities present.

To achieve this, its functions will be:

- To lead the collaboration and contribute robust technical content to the design of WA-based RD&E “super project proposals”. This to be done in a manner that not only reflects the industry-agreed priorities developed by MLA (through WALRC) and AWI, but is tested and approved by WA sheep industry stakeholders throughout the project design process for its SMART goals and capability to help drive productivity gains. Critically, the fundamentals of project design and consultation **is prepared well in advance of and independent to project calls.**

Illustration: Super Project Proposal – Feedbase theme



The Hub team designs (in collaboration with a range of potential future deliverers) a super project with a suite of discrete but linked sub-projects, across the full spectrum of RD&E categories. The design time frame is independent of funding calls. Each sub-project, illustrated above by the light blue boxes, would with refinement, be capable of becoming a project application to suit a discrete funding call, whereby the bulk of the technical design and industry referencing is done well in advance of the project call. Each sub-project is designed within the context of a much bigger project, so as each becomes funded, they link together in a coordinated manner, where the sum effect is optimal impact for WA sheep businesses.

- To optimise new investment into RD&E that address the unique characteristics of the WA sheep industry described in **Chapter 4** of this document;
- Ensure all relevant RD&E professionals are aware of and engaged in the process, whilst fostering and culturing new entrants to the RD&E industry;
- Introduce any viable administrative, delivery and project communication savings by way of the collaboration;
- Host and maintain the WA register of current sheep RD&E activities;

- Responsible for coordinating the state's sheep industry extension and events effort, drawing from the work of every provider operating in the sheep RD&E space to ensure optimal collaboration and value-adding between entities;
- Responsible for communicating the state's sheep RD&E messages; and
- To fill RD&E design and delivery gaps to support the overall state effort.

The key skill sets of the team leading the WA sheep RD&E Hub:

- Respected and connected technical sheep research and project management skills, with particular relevance to industry-agreed priority areas (reproduction, feedbase, technology, business);
- The dual and demonstrated capability and track record of collaborating with both academia and industry;
- Respected and connected sheep extension and sheep industry technical communication skills and profile; and
- Demonstrated ability to secure RD&E investment.

The key attitudes of the team leading the WA sheep RD&E Hub:

- Energy and passion
- A sense of accountability to industry.
- A willingness to introduce and foster change

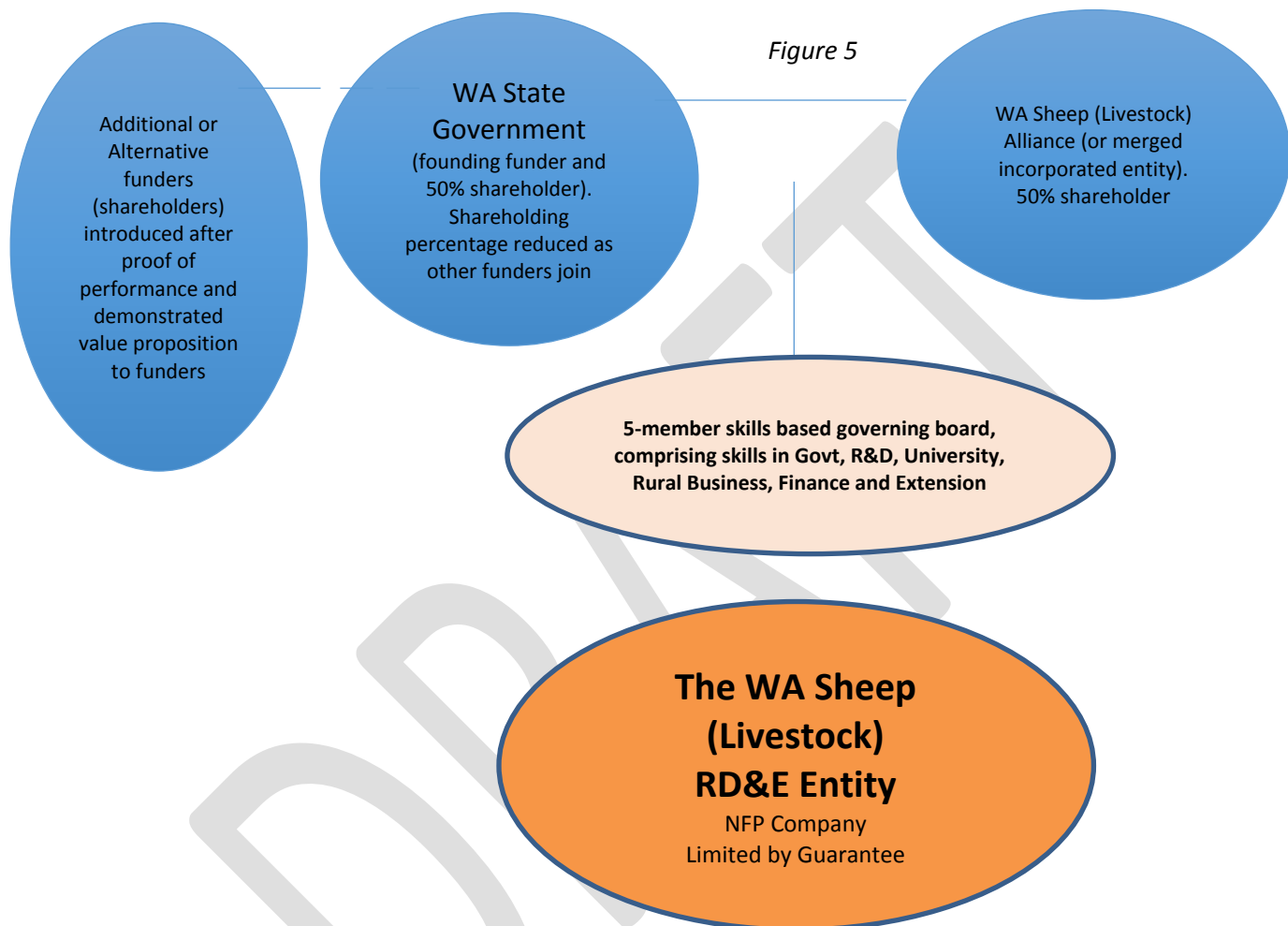
2.3 Governance Fundamentals

The formation of the WA Sheep RD&E Entity is fundamentally reliant on a minimum 5-year commitment from the State Government to provide the core operational funding for its RD&E expertise. In order to overcome the barriers to effectiveness as outlined in the Future Directions report, it will be essential to have:

- A performance target of measurable achievements and efficiencies, reviewed and refined annually so as to be a viable investment model for the relevant RDCs by Year 5;
- A not-for-profit Company structure, limited by Guarantee;
- A board comprising representation from the entity's owners and potential future funders (Government and Industry, RDCs and relevant tertiary research institutions); where industry plays an equal decision-making role in recruitment and governing the design and delivery of the programs;
- Annual independent reviews of performance of both board and staff, matched against the targets set in this plan;
- A responsibility to ensure activities are aligned with the red-meat research priorities developed by the leadership body (currently the role of WALRC and the sheep and wool industry priorities developed in consultation with AWI) and provide the WA-specific elements to the national sheep industry RD&E planning framework;
- A further responsibility to be positioned in order to attract international funding sources through allied works in livestock systems;
- Industry representation on the board will be answerable to the Sheep Alliance of WA membership generally and WALRC specifically, *or the merged single entity*;
- In addition to governance matters, the board will be responsible for endorsing the CEO in developing robust operational RD&E plans, that will require the support of the Sheep Alliance of WA membership (by majority);

The unique element to this picture is the direct linkage between industry and the deliverers of RD&E, a process that will drive a culture of collaboration, relevance, ownership and ultimately adoption.

2.4 Proposed Ownership/Leadership Structure



The Sheep Alliance is proposing an entity with a purpose/role that to the best of its knowledge, is unlike no other in the agricultural research community. The gap this entity fills is one of project design, not project delivery. Most structures operating in the agricultural RD&E space have an educational and project delivery purpose.

Effective delivery of service begins with an appropriate governance structure and it is therefore important to justify the Sheep Alliance preference for a NFP Company limited by Guarantee, as the structure that fills the market place gap of independent project design and all-of-RD&E project communication.

Review of Alternative Structures

To arrive at the recommendation, the Sheep Alliance considered the DAFWA/GRDC-funded report into alternative structures for grains R&D, that was commissioned by the Grains Industry Group. This project provided what the Alliance considered to be a definitive review of the pros and cons and resulting suitability of a range of structures working in the agricultural RD&E space including:

- Commercial for profit companies
- **Not for profit companies**
- Unincorporated Joint Ventures
- University-held contracts;
- Co-investment in large projects; and
- Land Grant University

NFP Companies limited by Guarantee emerged from this review with a clearly identified list of advantages that set this structure apart from the balance. AIGIC, The Sheep CRC (and various other CRCs) and several of the larger grower groups, are working examples of a NFP Company, with the Grains Industry Report citing advantages of this over the other alternatives including:

- The fact that the entity is set up for a specific purpose;
- The existence of a skills-based board representing the shareholders' interests;
- Serves the interest of owners/shareholders without a single focus on profit.

Given a key element of the success of this proposal lies in the power of joint industry ownership in order to drive engagement and adoption, it is imperative to settle on a structure that provides for the opportunity to do this. Only the NFP Company/Shareholder model provides exactly that opportunity.

2.5 Funding Alternatives

The State Government through DAFWA's SIBI Project has asked the Sheep Alliance to investigate funding sources for its proposal. The GIG report highlighted that the one consistent element of all reviewed RD&E structures, was that they each had substantial government funding.

Further, the Alliance has determined that no appetite exists *at present*, for any meaningful operational funding to be procured from sponsorship, an introduction of additional state levies or membership fees. A key goal however, is that by Year 5, AWI and MLA in particular and RD&E service deliverers generally will be able to quantify the benefit the Entity offers their businesses and the industry through its 'independent project incubation and communication tasks' - and at that point be in a position to consider some direct investment into this entity.

It is important to note that failure to demonstrate value and attract alternative additional funds will result in the winding up of the entity.

3. Leadership

A rationalised, appropriately-funded industry leadership structure that merges the administration and activities of Sheep Alliance, WALRC and (ultimately) with the opportunity to bring in the WA Beef Council so that it has:

- Function 1: A governing role in the performance of the new entity;
- Function 2: A leadership position in setting industry strategy for sustainable growth and addressing critical industry issues;
- Function 3: A strong support role in nurturing a collaborative, world-class livestock systems research community in Western Australia.

Proposed Action for funding: An expanded leadership funding model that combines State Government funds with contributions from MLA and AWI, to facilitate a merger of Sheep Alliance and WALRC in a manner that enables appropriate remuneration for a skills-based board, dedicated sector sub-committees and associated secretariat costs, that are charged primarily with undertaking functions 1-3 above.

Estimated 5-year commitment: \$1.5m*

- Professional sitting fees for the merged skills-based board
- Executive officer contract
- An appropriate operations budget to facilitate an appropriate level of communication and engagement costs

** This doubles the current allowance attached to Sheep Alliance leadership in an acknowledgement of the increased responsibility for professional governance skills.*

There are currently three incorporated bodies in WA that fulfil a livestock industry leadership function: WALRC (funded by MLA with a small contribution from WA RD&E deliverers); Sheep Alliance (funded by Royalties for Regions until June 18); and WA Beef Council (funded by Royalties for Regions to **INSERT DATE**). The entities themselves are clear about their specific purpose and roles, but industry generally sees duplication of resources. Leadership that is linked to a single funder and with contractual obligations that guarantee benefit to a single funder, can compromise independence of leadership. Yet, it has been made clear to the Alliance that there is no appetite for alternative models to fund a more independent leadership roles (through membership); or to bolster resources (through industry sponsorship, which immediately generates commercial conflict). The lack of leadership funding through membership is linked to:

- Industry's view that it already pays meat and wool levies, together with state taxes for leadership; and
- Lack of capacity to demonstrate to individual producers the value in leadership (attitude/culture).

Yet there is a general recognition amongst Alliance members that without leadership, there will be no coordinated effort to drive sustainable growth.

Industry has a poor record of providing appropriate financial remuneration that recognises the time, skills and resources that are required for effective leadership, yet the demands on directors of all three entities referred to, are considerable. Directors on the farm lobby groups report a similar frustration around lack of capacity to remunerate directors appropriately.

The core functions of the Leadership body can be broken into three discrete functions.

Function 1: A governing role in the performance of the new RD&E Entity.

The proposed establishment of the Entity that will undertake responsibilities of independent project development (Incubation) and all-of-livestock RD&E communication, is conditional on co-ownership of industry (refer Figure 5, page x).

In order to provide industry ownership by way of a shareholding in the new Entity, a dedicated industry structure (such as The Sheep Alliance of WA which is an incorporated NFP Association) must exist as the conduit to that shareholding. With industry having a shareholding in a NFP Company, this poses an increased governance responsibility on the industry leadership body, over and above the current suite of responsibilities. For example, it will be incumbent on the Industry leadership body to appoint one of its directors to take on the additional directorship role sitting on the board of management representing its shareholding of the Entity (the NFP Company).

This is an *additional* function over and above that which is placed on the Sheep Alliance of WA in the current RD&E framework.

This places a significantly increased responsibility on industry leadership body directors to be inclusive, collaborative and engaged with their members. The Industry leadership body must have an accountable, open and transparent process of membership that:

- (a) Has a clear and united purpose that is relevant for all sectors of the supply chain (for example, the current purpose of the Sheep Alliance of WA is to arrest the decline in Sheep Population);
- (b) Appoints its directors on the basis of skills and demonstrated capacity to engage with and effectively represent the position of its members (the sum total of which is representative of the entire sheep [livestock] supply chain);
- (c) Appoints a director from within the Leadership group that sits on the RD&E Entity's board of management with the responsibility of representing members' interests as per the rights of its shareholding.

Function 2: A leadership position in setting industry strategy for sustainable growth and addressing critical industry issues.

Given the opportunity for a merger between WALRC and Sheep Alliance, the leadership position will include:

- The process of identifying RD&E priorities and communicating those effectively to potential funders and the RD&E Entity; *plus*
- The process of revising and setting industry agreed targets for sustainable growth, expressed in terms of productivity and profit indicators for the supply chain, plus measures of welfare and environmental performance;
- The process of identifying possible threats to industry and providing mitigation strategies to relevant agencies;
- The responsibility of providing industry leadership statements on critical issues that will help advance the industry; and
- The responsibility to take on an advocacy role in communicating industry key messages to consumers where appropriate.

Function 3: A strong support role in nurturing a collaborative, world-class livestock systems research and extension community in Western Australia

- The leadership body will be the conduit that links research and extension with the end-user in a manner that optimises engagement and adoption. It will be incumbent on the leadership body to have a thorough understanding of and support for the purpose and value of all RD&E activities, a process that will be enhanced through industry co-ownership of the RD&E Entity charged with the task of project design and communication.

Supporting Rationale

The quest for bold transformation of the culture at DAFWA calls for equally bold yet consultative industry leadership, featuring new and emerging generation leaders with a vision for a profitable sheep industry and a capability to think beyond current funding restraints to get there.

The time is right for Government to invest and bring government, academia, other RD&E players and industry into a formidable team. A philosophy of building the professional capacity of young leaders and professional sheep industry service providers is essential to the on-going success of this industry.

But the nemesis of industry leadership is the quest of funding it, in order to provide genuine independence.

The grains and dairy sectors do this well through their respective RDCs, empowering their respective regional entities to impose accountability upon the RD&E deliverers for the ultimate outputs of their RD&E programs.

The opportunity to replicate that is somewhat more difficult in livestock, given there are two RDC bodies (AWI and MLA).

The logic suggests that if an industry leadership body is delivering value, then the members of that body would pay sufficient membership to enable it to retain not only independence, but adequate resources to be influential. The reality though, is as nearly every industry Association and farm lobby group reports, member-based organisations are facing a future of shrinking resources and loss of membership³. Even if the sheep industry's Leadership group, the Sheep Alliance of WA, can demonstrate and quantify value, indicators from the membership are that it is unlikely they would prioritise and pay a subscription fee that would generate sufficient income to operate a leadership body with an appropriate level of governance.

A part-solution to this might has been posed by the proposed merger between The Alliance and WALRC. WALRC has secure funding through MLA that provides an in-part solution to the leadership funding dilemma. A merged body that includes the current responsibilities of the Sheep Alliance, would be optimised through a joint funding arrangement between the RDCs and the State Government.

Meanwhile, until the structural changes are complete it continues to fall to the State Government to fill this gap by supporting the evolution of industry leadership programs. The challenge is to provide that support in a manner that supports a culture of continual improvement in culture and governance, but provides sufficient independence so as not to be bound to abiding by government policy of the day.

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³ Australian Farm Institute March 2014

4. Increasing Productivity – with a WA Focus through four pillars of activity

An RD&E project effort that focuses on lifting productivity and best-practice throughout the supply chain, with a foundation principle that says ‘only businesses (that is all businesses in the supply chain) with optimised productivity are best-positioned to profit in favourable market conditions. These are the circumstances that will facilitate industry growth’.

Proposed activity: The Alliance seeks to refine the RD&E project effort to areas that can be demonstrated as making a contribution to increasing the productivity and best-practise (particularly welfare, environment, biosecurity and OH&S). Under the plan, this underlying principle will be embedded into the project design and coordination efforts of the RD&E team within the new entity; and embedded into the leadership group’s constitution. It is important to note that “businesses” in this context include *all* businesses in the sheep supply chain, from producer, to processor, to live exporter, wool exporter and all associated service providers.

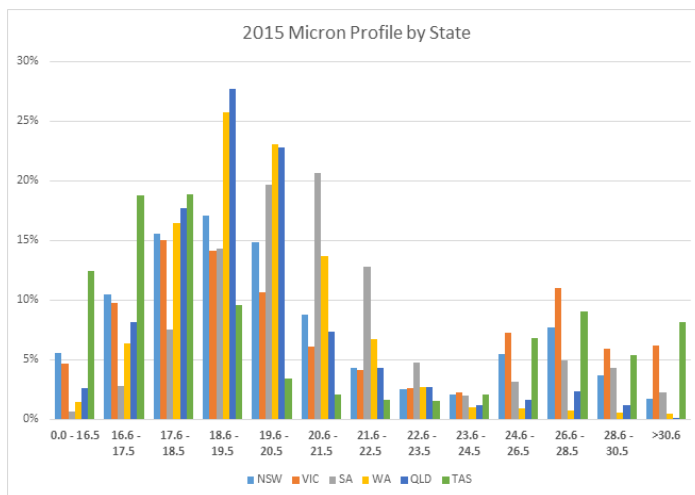
Estimated 5-year commitment: N/A. This activity in the context of this plan, will be funded on the basis of valid project proposals, developed and tested with the target end users by the Entity team and submitted for funding by RD&E project deliverers.

With a structure that genuinely connects research and extension to WA sheep businesses (and by businesses we include all processors, live exporters and service providers), the foundation will be in place to design and develop a program of relevant, targeted projects. These projects will have a recognised capacity to drive productivity improvements within WA sheep businesses, whilst demonstrating their alignment to the priorities identified through state and national priority planning processes.

4.1 The WA-specific Sheep RD&E issues

Some important sectors of the sheep industry nation-wide are criticised for poor record of productivity gains, especially compared to the grains and dairy sector. But in WA, there are a number of factors that are unique to this state and these factors should be the focal point of the Sheep Hub research and extension collaborations:

- The WA Merino ewe breeding base is progressively being overtaken by terminal/cross-bred production system that while necessarily versatile (to best capture the WA market), is slowly eroding the number of breeding ewes available. Other states have a much higher non-Merino maternal ewe base and therefore a more robust self-replacing ewe base;
- The Merino-dominated WA sheep flock has a micron profile that reflects this, compared to the prime-lamb dominated states of Victoria, Tasmania and NSW;



Source: AWTA

- WA has a significant live export sheep industry that has its own set of RD&E and social license requirements;
- WA's performance has been singled out as lagging behind the rest of the country in several key sheep productivity performance areas, but particularly dry ewe percentages;
- WA sheep carcase weights are generally lower than the eastern states (driven to some degree by our <18kg airfreight lamb market) thus restricting access to higher value markets (eg USA).
- The main limitations to carcase weight is the lack of year-in-year-out cost effective feed sources during the long summer. Grain feeding is generally only profitable in years when grain prices are low. Despite this gap, the annual pasture feedbase in the high rainfall zone that is specific to WA's sandy soils, has lacked investment;
- WA is cropping dominant and therefore the interaction between sheep and grain prices is critical in order to optimise productivity. The need therefore for continued focus on activities that recognise and build on the interface between cropping and livestock is particularly high in this state;
- Labour input and scarcity is perceived to be higher for sheep throughout Australia, but in WA specifically (although this trend may change with the mining downturn);
- There has been slow adoption of modern Merino genetic evaluation as a profit driver; a lag in investment in modern sheep handling equipment and associated technologies to offset labour costs and availability; and;
- There are many more farm consultants in WA who specialise in cropping rather than animal production – a phenomenon that delivers a natural bias, which at times extends to lending institutions.

It is proposed that the above points that are somewhat unique to the WA sheep industry, become the focal content for the project development undertaken by the WA Sheep RD&E Entity.

4.2 Production-based strategies to drive productivity on farm and beyond

The Sheep Alliance of WA bases its strategies on the fundamental principle that given the right combination of *personnel, timing and content*, sheep businesses will respond to strategies that are designed to help them become more profitable.

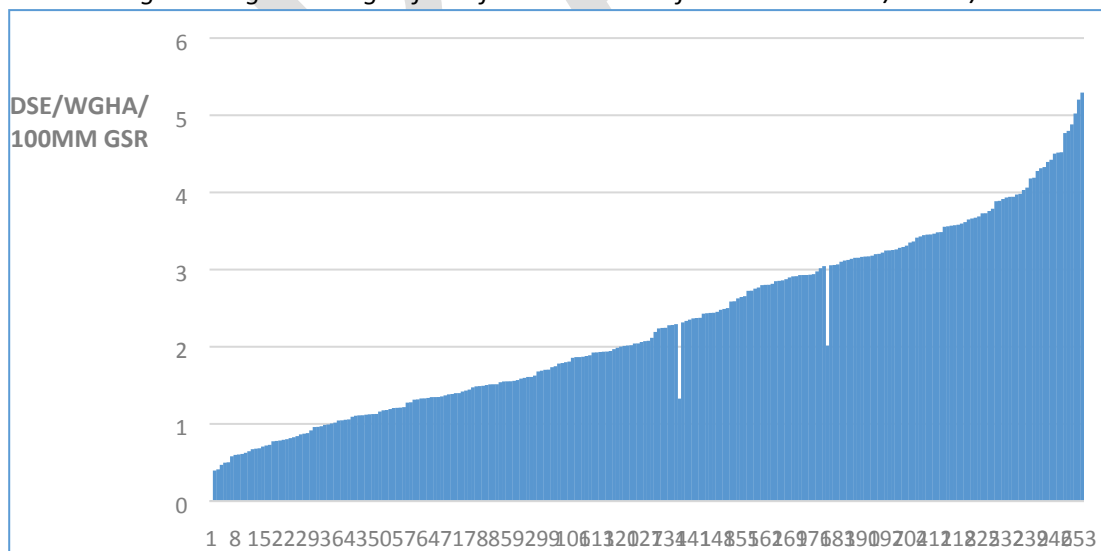
When a sheep business has recorded genuine productivity gains, it is then in a position to optimise profit when pricing is in their favour and minimise losses when pricing is not. Further, it is better placed to capitalise on the opportunities that are created by weather-event impacts to the cropping sector and, in so doing, bring about a significant business loss risk mitigation factor.

With each activity pillar listed over, all of which are aligned to national and state RD&E priorities, there is one constant – and that is the link that each has to an expression of profit as a measure of the impact. The matrix recognises that profitability throughout the supply chain is imperative and a strong industry is one that records profit in every sector of the supply chain.

Our confidence in the benefit of focusing on these farm elements of the pillars, is the almost staggering variation in farm productivity performance, reported by private consulting firms who benchmark their clientele.

The graph below prepared by one consultancy firm featuring 260 sheep businesses, highlights the quantum of opportunity that exists to generate improvements in productivity through a targeted RD&E effort. Imagine the opportunity to lift overall value of sheep returns by targeting the mid-tier performers below and moving them toward the right, through adoption of industry-recommended best-practice.

Fig 3: Chart showing stocking rate range of 260 farm businesses from 0.5 – 5 DSW/WGha/100 GSR.



Source: Icon Agriculture

Central to achieving such productivity gains is the capacity to speak to these farm businesses in a language that reaches them. If the opportunity to increase profit is posed in a manner that represents adjustment rather than business disruption, then the likelihood of the farms that fall into the lower 2/3 of the graph above being prepared to change their management practices to increase margin, is enhanced.



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4.3 The four profit focused activity pillars

This is a Living Chart: It is proposed that the refinement of this matrix below is a continuum and its true value exists once the RD&E entity is formed, as it becomes the foundation workplan for the Entity. Therefore the content below is not considered definitive, rather it provides a framework for review/additions/refinement.

The four ‘profit-focused’ Activity Pillars Document control: V1 0317

Inside the Farm Gate – Production and Business Focus			Beyond Farm Gate - Processor/Exporter
1. Increase \$/ha	2. Increase \$/DSE	3. Improved management	4. Production and Business Focus
<p><i>Under these activity pillars the RD&E entity will play a pivotal role in designing technical content for super project proposals, so technical content is ‘ready to be provided’ to entities applying for funds.</i></p>			
<ul style="list-style-type: none"> Increase yield via increased stocking rates. 	<ul style="list-style-type: none"> Improved reproduction and animal health status of current flocks; improved weaning rates; meat quality and yields and wool cut per head. 	<ul style="list-style-type: none"> Driving management efficiencies to make sheep ‘easy’, whilst embedding a philosophy of best-practise animal welfare and environmental care into all production systems. Increased reported ROI on the sheep business 	<ul style="list-style-type: none"> Increased ROI and business security for sheep-related businesses throughout the supply chain, specifically processors, exporters and supporting service providers.
<ul style="list-style-type: none"> Priority activities: Increasing and extending the overall feedbase (total DM production) whilst improving the resilience 	<ul style="list-style-type: none"> Priority activities: Genetic improvement programs which focus on whole of flock Feed Conversion Efficiency under WA feedbase conditions. 	<ul style="list-style-type: none"> Priority activities: A focus on investing in cropping-style technologies such as automated remote sensing and associated reporting /decision making tools. 	<ul style="list-style-type: none"> Priority areas: Supporting processors and exporters in the pre competitive space to develop systems and technologies that will add value to the supply chain, build robustness and consumer trust.

and costs of pasture-based systems.			
<ul style="list-style-type: none"> Priority activities: Understanding and managing the marginal cost of supplementary feeding. 	<ul style="list-style-type: none"> Priority activities: Animal health technologies, treatments and management tactics matched to WA environment conditions. 	<ul style="list-style-type: none"> Priority activities: Labour use efficiencies that will improve management and handling of sheep. 	<ul style="list-style-type: none"> Priority activities: Supporting the national effort to improve sheep meat eating quality and yield-based payment systems.
<ul style="list-style-type: none"> Priority activities: Grazing management systems to suit and optimise feedbase improvements. 	<ul style="list-style-type: none"> Priority activities: WA focussed reproductive and sheep health extension programs. 	<ul style="list-style-type: none"> Priority activities: Skills to optimise profit in relation to new objective carcase measurement. 	<ul style="list-style-type: none"> Priority activities: Drive a culture of trust and transparency between supplier and processor that will deliver clear market signals so that growth in sheep population is done in tandem with the state's processors.
	<ul style="list-style-type: none"> Priority activities: Predictive management systems linked to season x rainfall x price. 	<ul style="list-style-type: none"> Priority activities: Driving a culture of best-practice animal welfare to build consumer trust in the industry 	<ul style="list-style-type: none">
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Priority activities: Develop management tools that assess risk and identify production systems and flock composition to optimise profit. 	<ul style="list-style-type: none">
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Priority activities: Develop standardised benchmarking system for WA sheep businesses in order to measure productivity and profit gains attributable to the sheep enterprise. 	<ul style="list-style-type: none">
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">



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4.4 The communication plan to underpin this

The Future Directions report called for a bold program of re-engaging with industry, consumers and the community in order to drive innovation. Central to the impact of this plan is the capacity to communicate it.

The formation of the Sheep Alliance of WA provides a unique foundation for the communication program, as the membership, with its shared purpose and vision for industry profitability, provides an avenue for disseminating the information in a manner that will drive consistency of message. The Sheep Hub must provide firstly its members specifically and then the sheep industry population generally, with information that they:

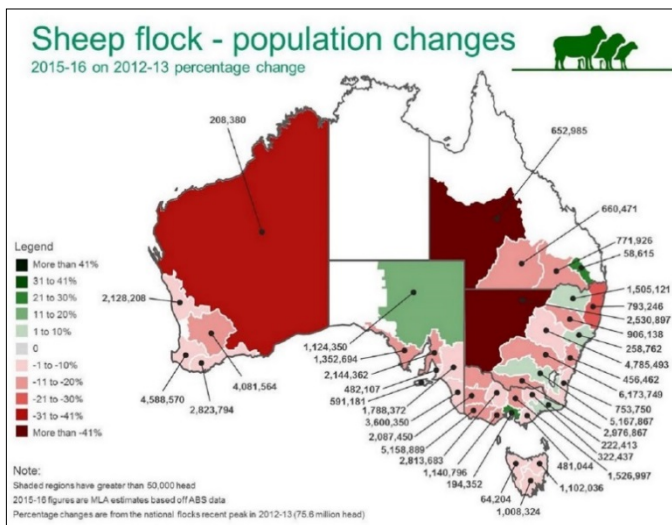
- Believe in and trust (and they will, if they've contributed to its design);
- Will benefit from; and
- Feel satisfied that the messages embedded in the communication effort have the capacity to build confidence within and beyond the sector.

The four targets of communication effort

Alliance members, including RD&E funders & deliverers	The WA Sheep Producers	The WA sheep industry service providers	The general community
Under these activity pillars we plan the following communication focus			
<ul style="list-style-type: none"> • Delivery of major events and regional workshops designed to engage, empower and drive adoption of key messages 			
<ul style="list-style-type: none"> • Regular (monthly) direct communication designed to inform and engage 	<ul style="list-style-type: none"> • Targeted via regular columns in written and electronic media conveying consistent agreed messaging as defined by the funded communication plan 	<ul style="list-style-type: none"> • Indirectly targeted, but secure in the knowledge from coverage in state media that the WA sheep industry is ethical, professional, profitable and worthy of its in-principle support and potential future investment. 	
<ul style="list-style-type: none"> • Provision of standardised, researched key messaging to enable members to effectively disseminate the information that will assist drivers of profit 	<ul style="list-style-type: none"> • Targeted through Sheep Alliance membership conveying consistent agreed messaging as defined by the funded communication plan; • Sustained engagement via multiple channels – newsletters, field days, workshops, on-line channels and iconic national events. 		

5. Arresting the decline in WA Sheep Population

An assumption of this Plan is that the poor productivity gains of the sector in WA and many other states, associated with lower than acceptable profit by way of comparison to cropping, has been a catalyst in the ongoing population decline as per the MLA September 2016 statistics illustrated below.



The consequences of on-going decline are significant, including a threat to viability of the processing, live export, wool export and broking/agent sectors, together with allied companies (eg transport) who service the sheep sector. While the population decline is not unique to WA, the rate of attrition in WA appears more severe.

However, the Alliance is quick to note that there is *'nothing worse than more sheep and less profit'*. Modern industries are moving on from roller coaster that is the supply/demand nemesis to discover a new paradigm of relationships that can offer some degree of buffer to the chase to counteract a falling price as supply grows. Indeed, in parts of Eastern Australia, processor/supplier arrangements are moving to one of increased trust and transparency.

Therefore, the goal of this plan, under its "Better Business" pillar, is to drive the improvements in supplier processor relationships so that growth in sheep population is done in tandem with the state's processors and live exporters. A supply network that is nimble, utilising best-practice management and animal welfare systems, is much more likely to win the respect of its processor/exporter and forge a relationship that delivers sustainable growth and mutual benefit.

6. WA Sheep Industry transformation targets

As with any plan it is vital to be in a position to measure its success. The Sheep Alliance of WA membership will judge the effectiveness of this plan by determining if we have:

- ✓ A collaborative, co-owned structure staffed by professional/s with respected RD&E expertise, whose function is 100% committed to driving collaboration in development of projects and execution of the targeted RD&E effort, by July 2018;
- ✓ An engaged industry organisation with membership across the supply chain, actively involved in communicating the strategies and tactics that will deliver the targets;
- ✓ Demonstrated evidence of increased industry participation in a collaborative extension and events program; and
- ✓ A fully funded, commissioned and resourced communication plan designed by Dec 2017.

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About the Sheep Alliance of WA

The Sheep Alliance of WA is a not for profit incorporated association formed in July 2016 to prepare a whole-of-supply chain response to the decline in WA sheep population, drive sheep business profitability and drive sustainable industry growth. Its operation is funded by Royalties for Regions through the Sheep Industry Business Innovation project.

Membership of the Alliance is open to all entities that are key contributors to the sheep supply chain and/or actively working towards improving the profitability of the WA sheep industry and where membership is the business, not the individual. The membership base is diverse, bringing together growers, sheep exporters, wool exporters, processors, universities and educational institutions, wool and livestock brokers, ag consultants and various other service providers supporting the sheep industry.

The most valuable aspect of the Alliance is the mechanism it provides for all-of-supply-chain collaboration in forming industry strategy and driving the necessary action to achieve its objectives.

The Alliance has prepared this Plan as a roadmap to generating transformational change about the way in which sheep RD&E is conducted in this state, in order to drive productivity and better position the sheep business sector to harness greater profit and in so doing, grow the value that the sheep industry provides to state GDP.

It seeks to shore-up state government's future investment in sheep RD&E by capturing the culture of change that is required to deliver greater value on RD&E invested.

Sheep Alliance of WA Directors

Chair: Craig Heggaton (Processor, reproduction specialist veterinarian and producer)

Vice Chair: Tim Watts (Sheep veterinarian and producer)

Treasurer: Andrew Ritchie (Agricultural Consultant, specialising in sheep business)

John Edwards (Live Export)

Prof David Pethick (Research)

Richard Coole (Producer)

Bindi Murray (Producer)

Wayne Pech (Producer)

Andrew Lindsay (Livestock Agent)

Executive Officer: Esther Jones

www.sheepalliance.com.au

Appendices

What is RD&E?

This Plan often refers to the term “Research, Development and Extension” or RD&E. In the context of this Plan, which acknowledges the national effort but focuses on the specific needs of the WA sheep industry, we offer the following definitions⁴. Note, the Alliance considers that an RD&E effort can and should be applied across all pillars of sheep business activity.

Research (R): An original investigation undertaken to acquire new knowledge that is directed primarily towards a prioritised and agreed practical aim or objective.

Development (D): Application of knowledge gained through applied research to create new or improved materials, products, processes and services, commonly through partnerships with commercial entities in the supply chain. By definition, a significant proportion of D must occur at regional or local level.

Extension (E): A field of communication, where information exchange and promotion of learning occurs in order to build capability and change practice. It includes a wide range of communication and promotion tools and activities, and encompasses the roles of advisory or consultant services, field days, update events and electronic delivery. Extension includes the development of practice change methods required to achieve high levels of adoption of research outcomes and new technologies. It is recognised that these tools and delivery mechanisms will by nature be diverse and vary according to the intended outcome sought, the target segment of the industry and the local situation.

Productivity V Profitability in the context of this document:

Productivity is what you achieve from the resources of capital, labour and raw materials. Improving the efficacy of the use of these three inputs, will improve productivity.

Industry can influence productivity (*and that’s why it should be our focus*) through the provision of quality, relevant, timely and well communicated RD&E.

We consider **Profitability** to be the domain of the manager of the sheep business. If the RD&E community is effective in their delivery, the sheep business manager is then in a position to optimise profit, when market signals and environment permit; and minimise loss, when market signals and environmental conditions are adverse.

⁴ Grains Industry Group – An extract from the report “Alternative structures and models for the delivery of grain farm production research & development”.

How does effective RD&E drive productivity to deliver better industry value?

1. Collaborative, effective, relevant, timely and efficient RD&E activities and tools drive productivity gains in WA sheep businesses

2. This leads to sheep productivity improvement systems being adopted and sheep making a more robust and reported contribution to farm business performance

3. The value chain (processors, live exporters, retailers) respond with clearer market signals and feedback to drive transparency & build confidence. This leads to the innovation that will build higher-value markets

4. Producers respond to clear market signals with a new-found preparedness to meet customer needs with ethical, sustainable, transparent, and traceable best practice

Industry is more robust and so values (and co-funds) the relevant and timely research to generate next round of productivity gains

“Note: This proposal is not about the quantum of RD&E funds invested, rather, it’s about Government helping to optimise the impact of the dollar that is invested.”

Appendices cont

Mounting the case for change in RD&E structure

To mount the case for change, we explore three key assumptions:

- ✓ That the opportunity exists through excellence in collaboration and delivery of message, to substantially increase productivity and therefore profitability of the WA sheep enterprise by addressing the WA-specific barriers to profit (thus providing a viable return for investment in RD&E);
- ✓ That the opportunity exists to substantially improve the effectiveness of WA-led RD&E, in order to achieve the widespread adoption that is necessary if the desired productivity gains are to be achieved; and
- ✓ That on-going decline in sheep population puts industry viability in WA at risk – and by association, so too the viability of this industry in other states of Australia.

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