



10 March 2003

AWTA should get out of its 'comfort zone'

Amended 21 August 2003#

The Australian Wool Testing Authority (AWTA) cannot have a two way bet on the issue of the \$45m capital maintenance fund held in reserve since 1995, the Australian Wool Growers' Association Chairman, Will Crozier, said today.

Mr Crozier was responding to statements by AWTA Executive, Peter Sommerville, on ABC Radio last week, that if operating capital was slashed, the Authority would have to cut research and development programs, borrow money and testing fees would go up.

"AWTA has had this money in a capital maintenance fund since prior to 1995 and cannot claim it is being used as operating capital," Mr Crozier said.

The 2001/02 AWTA Annual Report says "The capital maintenance account represents the financial resources considered by Directors to be required to provide and maintain facilities to service client's requirements for raw wool, textiles and other materials testing; and for computer services, from time-to-time. In determining this sum, Directors have taken the view that the Company should not borrow funds to finance its activities and ongoing development."

"This clearly says that AWTA is using the capital maintenance fund as a comfort zone."

"The annual report also states that AWTA increased its fees in the 2002/03 season to meet the expected fall in wool production and 'ensure the ongoing financial stability of the company.'"

"The AWTA directors might like to explain why the cost of wool testing went up last year while growers were in the grip of the worst drought in history, while the \$45m remained untouched?"

"The company's operating loss in 2001/02 was less than the interest it made on the money in the bank!"

Mr Crozier said AWTA claims it is there to deliver service to growers, yet in reality is using its large cash reserves and privileged tax exempt status to maintain a vice-like grip on the industry and reduce the potential for competition in the marketplace.

Mr Crozier said that it was almost shameful to speak of the millions of dollars lying around in industry funds when the desperate need to rebuild the wool industry became more urgent each day.

"It stands as a matter of principle that the money held in reserve by AWTA belongs to wool growers and should be returned to them to assist rebuild their flocks and ensure the viability of the entire wool pipeline."



AWGA - News Update

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The AWGA received a complaint from former Managing Director of AWTA, Mr David Ward in relation to this media release being published on this website.

As a result any comment in question has been removed and AWGA apologises for any inconvenience.

Related Links

<http://australianwoolgrowers.com.au/>