

13 June 2013

AWI 'won't fund failure'



AUSTRALIAN Wool Innovation won't budge from its decision to pull the plug on a funding extension to the Sheep Co-operative Research Centre (Sheep CRC) saying it won't pay for failure.

AWI chief executive officer Stuart McCullough was questioned at a recent Senate estimates committee hearing into why AWI had controversially turned its back on the Sheep CRC's extension bid.

Mr McCullough initially cited AWI's discontent with the Sheep CRC's administration model but later added the CRC had failed to meet two agreed milestones which AWI still had to fund.

The Sheep CRC had been three years late on meeting milestones on one project but they (AWI) had no option but to pay up, he said.

"If I went to a woolgrower and said, 'They've failed the milestones but we've still got to pay them', then the wool grower would say to me, 'That doesn't seem logical.' So it does not pass the woolgrower test as far as we are concerned," Mr McCullough said.

"They have failed on a post-farm research project. We believe they have failed to meet the agreed milestones. It is not as if we invented these milestones. They were agreed with them. They failed but we had no other option than to pay that money in."

Speaking to Fairfax Agricultural Media following the Senate estimates hearing, Mr McCullough said AWI believed the Sheep CRC did not have proprietary rights over co-operative research.



AWGA - News Update

"Most of our projects are conducted on a co-operative basis and we have enjoyed the co-operative funding but the administration of that particular CRC is something we have clearly communicated we have not enjoyed," Mr McCullough said.

"They (Sheep CRC) have pretty much completely ignored us and now we feel that it is time to move on and try something new," he said.

"When any other research model we are involved with fails to meet an agreed milestone, the money stays in our bank but with this particular Sheep CRC model they get the money one way or another."

Mr McCullough said board members had been unanimous in their decision to cease funding the Sheep CRC due to their problems with its administration model.

He said for the past 2.5 years he had been particularly careful on briefing the AWI board on the Sheep CRC on a monthly basis.

"We are glad we only have another year (of funding) left," Mr McCullough said.

Sheep CRC chief executive James Rowe said Mr McCullough's claim that Sheep CRC was three years behind in meeting milestones on a project was a misrepresentation of the truth.

"There were a few technical problems that set the program back about 12 months. These have now been resolved and we will be back on track this month," Professor Rowe said.

He assumed Mr McCullough was referring to two projects - the comfort meter and the handle meter which are tools to predict next-to-skin comfort and to quantify the handle attributes of lightweight, knitted, wool fabrics.

"We admitted we were behind on these projects in the last quarter and did not invoice," Professor Rowe said.

He said both the new wool measurement tools developed by the CRC had been under commercial testing with the Australian Wool Testing Authority since April.

In response to Mr McCullough's claim the Sheep CRC had ignored AWI's discontent with the administration model, Professor Rowe said AWI was part of the quarterly review process and could stop payment on any project at any of those quarterly meetings.

The Sheep CRC had a formal quarterly review of progress on each project through the project review and research committee which had an independent chair and two independent specialists - one in the area of research the other in adoption of technology.

Professor Rowe said Meat and Livestock Australia and AWI also had representatives on the committee.

"At each quarterly meeting, following discussion on each project, the chair asks: 'given the progress is AWI (or MLA) happy to make their quarterly payment and should the CRC accept invoices from their researchers?' Over the past six years there have been only two quarters when AWI asked that we delay invoicing until the project team completed the agreed work," he said.

"In the first instance there was only a delay in one quarter. The second delay is with respect to two wool projects that were behind schedule at the end of March 2013 but likely to be back on track by June."



AWGA - News Update

Professor Rowe also said AWI had been well represented at each annual planning meeting where programs of work and budgets were discussed.

He said AWI also have a representative on the CRC's executive committee that met monthly.

As AWI had decided not to co-invest in the wool program, basically the comfort and handle meters but was committed to contribute \$10 million over the life of the CRC, the level of investment in genetics and genomics, reproduction and parasite management had been ramped up.

"Sheep CRC's most significant program on genetics and genomics is actually three years ahead of schedule," Professor Rowe said.

He expected a commercial delivery of genomic testing through sheep genetics this year, ahead of the anticipated 2014-2015 delivery.

Looking ahead, Professor Rowe said there was no point in putting pressure on AWI as it has made a decision at board level.

"We don't see any benefit for the sheep industry in having a public disagreement with AWI. We totally accept AWI's decision not to participate in the sheep industry CRC extension application. Their board has made a decision and it's time to move on," he said.

"We believe the extension application for the next five year is a very solid program and we will have at least 15 new participants on board."

There were 21 participants involved in the last Sheep CRC but not all will continue as there is no direct wool program, he said.

"We have a lot of new participants from the meat supply area and a number of breeder groups are joining because they are end users of the research outcomes," he said.

Meanwhile, Mr McCullough said the AWI annual budget for on-farm research was for 16 projects.

"The Sheep CRC is one little part of what we are doing, life will go on after it," he said.

<http://www.farmweekly.com.au/news/agriculture/livestock/sheep-wool/awi-wont-fund-failure/2659703.aspx?storypage=0>