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Wool Growers Butt heads with industry body



Relations in the country's already fraught wool industry have taken a turn for the worse, with one farmers' group threatening the main industry body with a freedom of information request if it fails to release details of a recent vote on a levy farmers have to pay.

The stoush is all about how much money wool farmers in Australia – which produces a quarter of the world's wool and two-thirds of global exports – should pay Australian Wool Innovation, the statutory body owned by wool growers that is in charge of research and marketing. But it also cuts to the heart of an ongoing debate about how to manage and exploit wool resources as the industry breaks with its highly regulated past.

In a letter to AWI chairman Wal Merriman on December 17, his second after getting no response to one the previous month asking about the poll, Australian Wool Growers Association president Shane Edwards raised the possibility of taking steps to compel the body to provide the information.

"If this information is not available to growers from AWI, must it be pursued through other channels ie. Freedom of Information Act?" he wrote.

Edwards says a levy of 2 per cent of farmers' gross income – agreed upon in November – is unnecessarily high, given AWI's cash reserves last financial year of \$103 million. But he also says AWI is likely to be reluctant to reveal details of



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woolgrowers' votes in the poll because it would reveal a wider level of unhappiness among members than it is willing to admit.

AWI said through a spokeswoman on Tuesday that no one was available to comment. In November, outlining results for the poll, which set the wool growers' levy for three years from July 1, AWI chief executive Stuart McCullough said unhappiness among farmers in Western Australian showed in the vote.

"Western Australia was disappointing," McCullough said. "If they were aiming to send us a message, they've sent us that message. It's heard, understood and we're very disappointed. We think we've got some soul-searching to do in Western Australia."

Edwards, however, says a state-by-state breakdown of the figures that showed a 53.4 per cent support of votes cast for the 2 per cent figure, would show that unhappiness was not just in WA.

"I've got no doubt if we go to the numbers WA will lead the pack in votes [for a levy] other than 2 per cent or above," he says. "But what we may find, if we can get access to that information, the shift of votes away from 2 per cent to below 2 per cent, may have been just as great in this wool poll on a percentage base in some states as in other states of Australia."

In his AGM address in November, McCullough said the vote for a zero levy decreased from the last poll in 2009, while the vote for a 1 per cent levy increased. He gave no further details.

An AWI board meeting later this month may respond to the issue. Growers hope the pressure on AWI will lead to reforms to the voting process ahead of the next poll in 2015, as well as greater transparency by the industry body in which they are shareholders. One issue that irritates some growers is a recent cut in research and development and an increase in marketing spend that AWI decided without consulting growers first.

"I know a lot growers are quite happy with having a compulsory levy as long as the money is spent wisely and it makes a difference to the bottom line," says Martin Oppenheimer, a sheep farmer in Walcha, south of Armidale, NSW, and former



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chairman of the Australian Wool Growers Association. "I'm not seeing a lift in demand to justify the level of investment we're putting into marketing."

The wool industry in Australia has been struggling since the collapse in 1991 of the ill-fated reserve price scheme that sought to buoy prices for wool growers and in so doing built up a stockpile of 4.75 billion bales that was only cleared in 2001. In 1988 the industry set the reserve price at 870¢ a kilogram. By 1993, after the collapse of the scheme, the market price had fallen to 380¢.

The industry has shrunk dramatically since then. At the end of June, the national sheep flock was 72.5 million animals, almost half the 138 million that existed in 1993.

http://brw.com.au/p/sections/fyi/wool_growers_butt_heads_with_industry_Nrj1uw5jwkPSXFbxhirDsK