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AWGA slams AWI spending



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AUSTRALIAN Wool Growers Association (AWGA) has released its scorecard of Australian Wool Innovation's (AWI) performance for the year ahead of the annual general meeting to be held in Sydney today.

AWGA was less than impressed by AWI's "excessive internal expenditure".

AWGA chairman Robert McBride said AWI's internal costs of \$30.3 million, as reported in its 2013-14 annual, now accounted for almost 70 per cent of the collected wool grower levy, which totalled \$43.3m.

"This excessive expenditure on internal cost must be reduced significantly as a matter of urgency. This reduction in internal expenditure must be accompanied by greater transparency in regard to expenditure on staffing and marketing campaigns," he said.

AWGA also slammed AWI's "No Finer Feeling" marketing campaign as an expensive failure in stimulating fine wool demand.

"Demand for fine wool has significantly dropped in recent year and all funding to the No Finer Feeling campaign should cease," Mr McBride said.

AWGA would also like to see the return of AWI support for the Bred Well Fed Well program and co-funded genetic research with Meat and Livestock Australia (MLA), which Mr McBride said was now at odds with the AWI board.

"The AWI board must ensure that all potential conflicts of interest are removed from this project," Mr McBride said.



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AWGA also called for AWI to be more publicly proactive in protecting the reputation and image of Australian wool, particularly in regards to flystrike and shearing, which Mr McBride said should be addressed as a matter of urgency.

"The AWI board is remiss in protecting the industry's social capital and strengthening its social licence," Mr McBride said.

The Association also asked for AWI to give greater value to the recommendations of the AWI Woolgrower Industry Consultative Committee, which AWGA serves on.

On the positive side, Mr McBride praised AWI for its investment in the Campaign for Wool, saying the campaign had demonstrated consistently high returns and should receive continued support.

He said investment in sports and outdoor wear was levy money well spent and further funds allocated to this market sector would be welcomed by AWGA as it would increase demand for fine Merino wool.

AWGA viewed AWI's investment into wild dog control as a success and urged AWI to direct more effort to further research into the ongoing issue.

Mr McBride said the ongoing research by AWI research general manager, Dr Paul Swan, into the value of the life cycle of wool was highly welcomed by AWGA.

However, Mr McBride said AWI must step up its effort to actively and meaningfully engage with wool growers.

"Some achievements have been made in the last 12 months, however, AWI continues to fail in addressing the key issues which threaten our industry," he said.

WoolProducers Australia (WPA) president Geoff Fiskén said growers had good reason to question AWI's return on investment from its marketing campaigns.

"On-farm and off-farm research spending can show a return, but there has been a lot of money spent by AWI on marketing," Mr Fiskén said.

"And if the share price is the market indicator then that return from investment is disappointing as it has stagnated and gone backwards in the last 12 months.

"I know it is very hard for growers to directly link marketing to farmgate returns; but many growers expected, given the massive investment by AWI in marketing, better prices for their wool.

"Some growers would be disappointed in their investment - particularly fine wool growers, which make the majority of the clip."

Mr Fiskén said WPA does not blame AWI directly for current wool prices but questions needed to be asked as to why the money growers were investing was not returning at the farmgate level.

"WoolPoll next year is an opportunity for growers to have their say, they need to question the 60:40 funding split between marketing and research and development, as well as the levy rate," he said.



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Mr Fisker said there needed to be greater focus from AWI on on-farm productivity.

"The board needs to look at where the money is being spent with more focus on on-farm productivity with a long term view, it's not something that can be fixed in a month."

Western Australian Pastoralists and Graziers Association (PGA) livestock chairman, Digby Stretch, said PGA's perennial issue with AWI's substantial spending of levy funds on marketing and promotion remained.

"We have had a major exodus of producers from the wool industry in WA, but given the strong of ram sales this year it would indicate this has bottomed out, but those who do remain would like to have received a couple more dollars a kilogram return for their efforts," Mr Stretch said.

Mr Stretch said it would be some time before the market development work by AWI in places, such as Vietnam, would pay off.

"When and if we get an increase in demand and price we won't know if it was from the work that AWI did or not," he said.

<http://www.farmonline.com.au/news/agriculture/sheep/wool/awga-slams-awi-spending/2717688.aspx?storypage=0>