

21-11-2014

AWI defends marketing budget



AUSTRALIAN Wool Innovation (AWI) chief executive Stuart McCullough has defended the company's commitment of levy payers money to marketing the fibre globally.

For the 2013-14 financial year AWI committed 60 per cent of funds - \$34.5 million - to marketing, and to help fit that bill it drew down \$14 million on its reserves, a plan that will be followed again for 2014-15 when \$12 million is drawn down from reserves.

Wool Producers Australia president Geoff Fiskien called for Mr McCullough to justify AWI's marketing spend given there had been no pay off in farmgate prices from the \$43 million paid to AWI through the grower levies for 2013-14.

Mr Fiskien pushed the point the 23 micron indicator was at 1193 cents a kilogram at this time last year was now at 1135c/kg and the 17 micron indicator was at 1355c/kg at the same time last year and was now 1283c/kg.

But Mr McCullough told growers at the AWI annual general meeting in Sydney on November 21 they should get used to seeing figures in the red as they continued drawing down on reserves under the company's three-year strategic plan.

He said growers needed to allow time for marketing campaigns to work before they judged if they their value in impacting farmgate prices for their wool.

"People can't expect a marketing campaign to be launched one month and for there to be a pay-off in the wool price the next month," he said.

However, Mr McCullough would like to see the [Eastern Market Indicator \(EMI\)](#) lift and stay consistently above the 1100 cents a kilogram mark.



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He recognised the fine wool market was quite "desperate", and generally growers were exiting the industry at rates below 1100c/kg.

AWI chairman Wal Merriman said the role of the AWI board was to set the strategic direction of the company's wool research and development and marketing.

"Our aim is to improve the profitability of growing wool for shareholders, increase consumer demand of the fibre, revitalise the Woolmark brand and extend market access," he said.

Mr Merriman said the ratio of the funding split - 60pc to marketing and 40pc to research and development - was decided by growers at the 2012 WoolPoll.

"It is important that growers realise while the ratio of money committed to R and D has dropped, but the expenditure has increased by drawing down \$14 million on the company's reserves."

Mr Merriman said it had been a very busy 12 months with the growth company's global marketing campaign.

"There has been a greater awareness and appreciation for wool in our key consumer markets."

AWI's global marketing campaigns include Woolmark Gold, Cool Wool, No Finer Feeling, International Woolmark Prize and Campaign for Wool.

In terms of on-farm research and development, Mr Merriman said AWI had been working hard for growers to improve the profitability of their enterprise.

"Our priorities, which growers have told us are most important to them, include flystrike, combating wild dogs, genetic and genomic research, and shearer and wool handler training."

In terms of spending AWI is looking to reel in their hefty internal operating costs by cutting 20 staff in 2015-2016.

AWI were [criticised this week by Australian Wool Growers' Association chairman Robert McBride](#) for the company spending \$30 million on internal operating costs.

AWI currently has 165 employees; 60pc female and 40pc male with an average age of 39.5 years-old.

An update of the AWI commissioned wool systems review was also given with a statement of issues to be delivered to the industry next month, which growers can respond to via submissions.

Mr Merriman also underlined the measurement of performance at AWI. Cost-benefit reviews of key projects in on-farm, off-farm and marketing can be found at www.wool.com/measuringperformance.

<http://www.farmonline.com.au/news/agriculture/sheep/wool/awi-defends-marketing-budget/2717967.aspx?storypage=0>