

27-06-2014

Call for AWI levy reform



“ The big problem is AWI are spending far too much money on marketing ”

WOOLGROWERS are calling for greater say in how their compulsory 2 per cent levy is spent by Australian Wool Innovation (AWI).

National and state-based grower advocacy groups are united in their call for AWI to give levy payers more say in how their dollars are spent by the time WoolPoll rolls around next year.

The calls come on the back of the [Fairfax Agricultural Research and Marketing Poll \(FARM\)](#) - a final sample of 652 levy payers - last week revealed 35pc of levy payers rated the performance of the grower-owned company as poor (22pc) and very poor (13pc).

AWI chief executive officer Stuart McCullough offered only this response to the company's underwhelming performance rating in the FARM poll: "AWI remains confident in its strategic intent through thorough consultation process during its evolution and significant (a public) measurement prior, during and at the completion of projects".

Western Australia Farmers Federation (WAFarmers) wool president, Ed Rogister, Albany, said he was definitely not surprised by the underwhelming performance rating WA growers gave AWI - 53pc rated the company as poor (35pc) or very poor (18pc).

"The big problem is AWI are spending far too much money on marketing and not enough on research and development (R&D)," Mr Rogister said.

Mr Rogister said WA growers were disgruntled by AWI's massive marketing spend, which they felt had not positively influenced the wool price.

"Their advertising campaigns are just an absolute waste of money. They can come out with all their wonderful glossies and tell you they are doing a wonderful job but where is the wool price today?" he said.



AWGA - News Update

"AWI spend so much money on marketing on behalf of the rest of the world - no other countries pay money into a wool fund to market their wool, other countries pay money into levy for R&D."

Mr Rogister said until growers can have a say on the management of the company they were wasting their money.

"The WoolPoll voting system has to be changed to the point where grower levy payers strike the makeup - not the board of AWI saying this is what you get."

Mr Rogister said WAFarmers would also like a 1.5pc levy option available to growers at WoolPoll 2015.

WoolProducers Australia president, Geoff Fisken, Buninyong, Victoria, said they would like to see whoever is paid levy money to always do a better job.

"When you have compulsory levies there's a responsibility that goes with them that the money will be well spent," Mr Fisken said.

"Naturally there are always differences of opinion of how people want their money spent."

Mr Fisken said it was fair growers question whether they are getting value for money from AWI's marketing campaigns such as "No Finer Feeling" when the fine end of the wool market was performing badly.

"But there are many things in play that need to be considered, there is a huge supply of fine wool at the moment - sub 18.5 micron is 60pc of the clip now," he said.

"The dynamic of the markets are different than they were 10 years ago. We have shrinking formal wear market for wool, as there has been a casualisation of apparel.

"Technology has also enabled a lot of the medium micron wools perform like fine wools now."

Mr Fisken said ultimately producers want to see value for money, and money well spent by AWI.

"There is no light for fine wool growers over the hills at the moment, so understandably they are particularly critical of how their money is spent," he said.

Mr Fisken said WoolProducers believed growers should be given a choice on what their levy money was spent on, not just a vote for a levy per cent and a funding percentage split at WoolPoll - an idea they have pushed to AWI.

"There is no doubt that people feel that directors should run the company once the levy has been set, but we believe growers should have more equitable say on how their money is proportioned in regards to R&D (on-farm and off-farm) and marketing," he said.

"Growers want to see value for money from their two per cent levy and they want it to be invested wisely, so they can get a return on their investment,"

Mr Fisken said WoolProducers was also pushing for WoolPoll to be held every four to five years.

NSW Farmers wool committee chairman, Ed Story, Yass, said there was no doubt the current wool price reflected growers feelings towards AWI in the survey.

"Given there is a dollar between 17 and 23 micron wool there is certainly frustration among fine wool growers," he said.



AWGA - News Update

"The superfine industry is under a lot of pressure at the moment and there is no doubt that people are getting out of superfine wool."

Mr Storey said AWI struggled with providing measurement on their marketing campaigns.

"AWI will tell us that the hits a campaign had on YouTube or Twitter is a way to measure a campaign's success these days, but I really question that and to me that is meaningless - it's all PR and tells the story of wool but does it improve sales? I'm not sure it does," he said.

Mr Storey said NSW Farmers support WoolProducers in their push for growers to have a greater say in how their money was spent and for WoolPoll to be moved to every four years.

He said there should be a 1.5pc levy option available at WoolPoll.

Livestock SA president, Richard Halliday, Bordertown, said the survey results should be seen as opportunity for AWI.

"It's a bit like a poll for an election, you look at a poll like that and think it's an opportunity to address it on their own terms," he said.

Mr Halliday said generally, woolgrowers in South Australia were satisfied with the performance of AWI - 47pc of levy payers surveyed by FARM rated it as fair.

"Predominately in SA we grow mid-range micron wools which are performing reasonably well," he said.

<http://www.stockjournal.com.au/news/agriculture/sheep/wool/call-for-awi-levy-reform/2703161.aspx?storypage=0>