

Wool grower bodies unite on AWI levy oversight after staff payment shock



AWI CEO Stuart McCullough

AUSTRALIA'S wool grower bodies have aligned behind the need for more industry oversight over levy expenditure after Australian Wool Innovation disclosed high ex-gratia staff severance payments at a Senate estimates hearing.

At a hearing before the Rural and Regional Affairs and Transport Committee yesterday, ex-gratia payments AWI paid to terminated staff of \$73,000 to almost \$100,000 were described by Nationals Senator John Williams as generous 'sorry' payments and a disgrace.

AWI chief executive officer Stuart McCullough said the severance payouts had 'human element' amounts added to accrued leave and notice period payments, and AWI chairman Wal Merriman defended the payments as

commercial decisions. But wool grower anger over the payment disclosures has erupted into calls for additional independent industry insight over wool levy expenditure, including restructuring AWI's own Industry Consultative Committee to undertake such a role.

Senior vice-president of the peak body WoolProducers Australia, Ed Storey, said he doubted that the AWI staff payments would pass AWI's own wool grower test.

In its 2016/17-18/19 Strategic Plan, AWI stated that all staff were reminded of the 'woolgrower test', which according to AWI 'underpins the day-to-day operations of all AWI staff across the globe – 'Would this action be acceptable to woolgrowers?'



AWGA - News Update

Mr McCullough reiterated the 'pub test' policy at the 2016 annual general meeting.

"Upon hearing details of how these redundancies have been dealt with, particularly in comparison to woolgrower's income, I doubt that these payouts would pass the woolgrower test." Mr Storey said.

Industry would benefit from prescribed oversight

WPA chief executive officer Jo Hall said WoolProducers Australia believed the wool industry would greatly benefit from arm's length oversight from a prescribed industry body.

"WoolProducers has long been saying that the consultative arrangements that occur between AWI and industry need to be more transparent and robust to ensure that levy expenditure is meeting the needs of growers who are funding them.

"While wool growers get to vote on the directors who sit on the AWI board, that means a lot of responsibility is entrusted in those directors to be meeting industry needs," she said.

"By having a prescribed body this would ensure that levy expenditure is meeting grower needs across a range of issues.

"As this is grower money it is incumbent that every dollar is spent in the best interest of growers."

Ms Hall said wool growers needed to be supportive of such an oversight mechanism being established.

"At the end of the day this is their industry and their money that is being expended, so growers will need to make their views known on if they want a more transparent process and more direct input in how levies are spent."



AWGA - News Update

AWGA wants ICC under independent chairman



Australian Wool Growers Association president Robert McBride described the ex gratia payments as “golden handshakes” and a deplorable misallocation of AWI resources.

“We do need due diligence to be undertaken on them.”

He said AWGA supported the establishment of an independent oversight mechanism. AWI’s Industry Consultative Committee, currently chaired by Mr Merriman, could fulfil that role of such a body if it was independently chaired, Mr McBride said.

“This body, given independent status, would be able to provide worthwhile oversight.”

Mr McBride said the current ICC structure was flawed with AWI setting the agenda for the committee members.

“They lay down the foundations and effectively they don’t provide feedback – we make suggestions to the ICC, but they predominantly fall on deaf ears.

“Unless Wal likes it and thinks it is his idea it just falls by the way side,” he said.

“The only thing that is holding AWI together now is the wool prices are exceptionally high, but this year we will report less people in our wool industry.

“So we are continually putting more and more pressure on people to stay in our industry and support this misappropriation of funds.”



Ex-gratia payments above industry standards

Woolproducers Australia said that under questioning yesterday, AWI reported that ex-gratia payments made to former staff were well above both the National Employment Standards and the Australian Public Service. These payments are additional to the obligatory accrued leave and notice periods required.

The Senate estimates hearing revealed that one employee who was employed on a full-time basis for five years receiving a salary of \$311,000 (and six years' prior as a consultant to AWI), was then granted an additional ex-gratia payment of nearly \$100,000 when made redundant.

Mr Storey said while understanding and happily accepting that every employee is required to be paid any outstanding entitlements, these payments are plainly excessive.

"The confidential payments made to former AWI staff was provided to the Department of Agriculture and the Agriculture Ministers office in confidence.

An AWI spokesman said the correct ex-gratia figure paid to the highly experienced staff when their positions in Australia were made redundant was \$170,873.

"Other figures quoted under parliamentary privilege have been stated out of context and cannot be reconciled with actual severance payments made by AWI.

"These payments were made in a commercial environment, reflecting the value they contributed to the research, development and marketing of the Australian wool industry over a long period of time," the spokesman said.