

## WOOL INDUSTRY CONSULTATIVE PANEL (WICP)

**Date:** 2<sup>nd</sup> November 2023

**Venue:** Via Microsoft Teams and AWI, Level 3, 24 York Street, Sydney NSW 2000

The purpose of this forum is to ensure clear, two-way consultation between AWI and organisational representatives, through to growers. The meeting provides an opportunity for the AWI Board to receive and provide feedback on current/important issues and relevant topics from Board meetings.

### AWI Business Unit Update

AWI Chair, CEO and CFO gave the WICP the following updates.

- AWI continues to monitor its expenditure and project investment. The areas of ongoing investment include,
  - Shearing training
  - Bio Harvesting
  - Fly Programs
  - Extension Networks
- During the 23/24 Financial year, the current YTD numbers show a total of 1448 participants have received training around wool harvesting eg shearer trainer, wool handling etc.
- AWI recently held 2 Bio-harvesting field days, with the most recent one at Katanning in WA, hosting more than 200 growers.
- AWI noted that it wants feedback from all members regarding their views on where future investment is required for the industry.
- AWI's marketing activities continue to fall into 2 different areas-
  1. Defending the fibre
  2. Growing sales
- It is noted that obtaining data as to the effectiveness of the various marketing strategies is difficult to obtain. AWI sought feedback as to the preferred split of levy funds between Marketing and Research and Development with the feedback generally in agreement with a 50/50 split, however the split was ultimately a decision for the Board.
- Growers are benefiting from the R & D which was completed 30-40 years ago, so any changes up or down on the investment spend won't be seen in the short term, but we need to be mindful of the longer-term impact.
- The business continues to constrain costs which currently sees operating costs tracking lower than budget. Levée receipts are also lower than what the business was expecting primarily due to the business budgeting on an average EMI of 1280c/kg.

### International Intelligence Briefing

*Jeff Ma – EVP Marketing, Greater China and Developing Markets Asia*

Jeff gave an update on the Chinese market with key messages being,

- The macro-economic position in China continues to demonstrate growth with GDP growing by 4.8% in the last quarter. Imports by China from Australia YOY increased by 8.3% through until September.
- Consumption of Australian wool by the big 4 companies (Tianyu, Jinmeng, Redsun and New Chuwa) ranges between 70-92%.
- China remains committed to wool as a fibre with the trend returning to demand for finer blends, reflecting consumer demands for lightweight products.

### **Summarised feedback from panel to AWI regarding Research & Development and Marketing**

The Panel discussed priorities and issues which were most important to their members as far as investment from AWI was required. The priority list is summarised below,

- 1) Shearing and shearing alternatives
  - Shearer shortages
  - Shearer training
  - Animal health risk
  - Quality/standards
- 2) Health and Welfare
  - Worms
  - Flies
  - Pain relief
  - Biosecurity
  - Traceability
  - Genetics
- 3) Sustainability Credentials
  - Industry being economically sustainable.
  - Traceability
  - Animal Welfare
- 4) Extension and Adoption
  - Tangible benefits for growers
  - Communication/awareness
- 5) Other
  - Emerging Markets
  - Feral animals
  - Classing of Broad wools

Each item needs to be linked back to improving profitability to the grower, either through reduced costs or an improved price.

### **Commonwealth Biosecurity Protection Level update**

A new biosecurity levy will commence on the 1<sup>st</sup> July 2024. It was introduced as part of the Biosecurity Sustainable Funding package in the May 2023 budget with an intention to raise approximately \$50M/year. It needs to be noted that consultation remains ongoing and that the final design of the levy is still to be agreed upon by Government.

### **Marketing Update – Laura Armstrong, General Manager Marketing**

Statistics from the 2022 ‘Wear wool not fossil fuel’ campaign collected from an independent agency from consumers in UK, USA and France is summarised below.

- 80% of consumers agreed that because of this advert I will consider wearing wool more often.
- Between 72-77% of consumers agreed that because of the advert I will consider wearing synthetic clothes less.
- Between 81-84% of consumers considered that wool was good for the environment.

Nick Turner

WICP Independent Chair