

**THIRD MEETING OF THE**  
**WOOL INDUSTRY CONSULTATIVE PANEL (WICP)**

**Date:** Wednesday 27<sup>th</sup> May 2020

**Venue:** Webinar (Zoom)

The WICP has been established by AWI as an outcome of the recent Review of Performance undertaken by Ernst Young. Membership comprises representatives of Australian Association of Stud Merino Breeders, Australian Superfine Wool Growers Association, Australian Wool Growers Association, Broad wools, Commercial Merino Ewe Competition Association, Pastoralists and Graziers of WA and WoolProducers Australia. Two AWI Board members and a representative of the Commonwealth Department of Agriculture also attend. The Panel has an independent chairman.

The purpose of this forum is to ensure a clear two-way consultation between AWI and organisational representatives through to growers. The WICP replaces the previous Industry Consultation Committee (ICC).

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 UPDATE TO WICP MEMBERS**

An update was provided to members on relevant topics from AWI CEO Stuart McCullough. The following discussion points were raised:

**AWI business update regarding COVID-19 contingencies**

- AWI's offices were closed in February due to COVID19 and employees continue to work from home at this stage. It is only recently that some AWI international offices have reopened.
- AWI plan to open the Sydney office 1 July.
- Due to COVID19 AWI have reviewed its current marketing projects. If a marketing project will not yield, the project will not go ahead.
- AWI has written to the Secretary of the Department of Agriculture, Water and the Environment Andrew Metcalfe advising AWI will not meet its 60/40 monetary split for 2020. It was also advised that if the marketing portion of this split was to reduce this will mean that the R&D portion will need to be reduced and impact heavily on the current research and development projects.
- Due to the reduction in the marketing project spend, AWI is collating market data via its international network to ensure processes are put in place for when the economy is revitalised.
- China and the USA markets will likely be the most beneficial markets for AWI during this economic recovery period.
- AWI is currently collecting data from mills in regards processing orders in UK, China, and Italy. As a conservative forecast, production is likely to reduce by 50% which will mean the long-term retail market will decrease by 50%.
- AWI will write to the Andrew Metcalfe Secretary Department of Agriculture, Water, and the Environment to inform him that the 2021 budget will include more funds to be allocated to the R&D projects as a result of a reduction in Marketing projects.
- AWI will increase focus on projects on Athleisure, cycling, and transit / communal wear.
- AWI has also considered the likelihood of China imposing new/higher tariffs on Australian wool in line with action on beef and barley. To date the risk has been considered low.

## **Progress on ROP**

- AWI has completed 99% of the 2018 ROP recommendations.
- The four remaining recommendations are at various stages of completion.
- The recommendation relating to 'culture' is difficult to measure in terms of tangible results.
- AWI meets regularly with the Department of Agriculture, Water, and the Environment to update progress.

## **WICP MEMBERS' FEEDBACK TO AWI**

- Questions provided by Wool Producers Australia prior to this meeting were answered during this agenda item. The following responses were provided:

## **WOOLPRODUCERS AUSTRALIA**

### ***Are AWI going to support the MLA report 'Strategic and novel approaches to reducing flystrike in sheep'?***

AWI is currently collaborating with MLA on the above report on flystrike in sheep. A report will be made public in the coming months.

### ***How are AWI going to respond to the two recent open letters sent by the Reda and Loro Piana and Claudio Lacchio?***

Letters were replied to responding to the concerns that were unfairly/inaccurately reported in the media to the above Italian processors.

### ***Where is the process of resolving director tenure, as per the recommendation of the 2018 EY Review of Performance?***

This question was addressed later in the meeting.

### ***Update on the Woolmark Supply Chain Integrity Program***

AWI continue to collate and collect clean data for the digital platform WoolQ which will be integrated within the supply chain in the coming months. This will allow consumers to trace wool from the farm gate to fashion

### ***With the recent decision made by the AWI board to cease marketing spend due to COVID-19, which is supported by WoolProducers, what are the plans for that money? Is it on hold or going to be redirected to other programs?***

Mainly covered in agenda item 2. AWI will review in the coming months its annual operating plan and develop its strategic intent on budget required for the next financial year.

- The following additional questions were raised:

## **AUSTRALIAN ASSOCIATION OF STUD MERINO BREEDERS**

### ***Shearer Training courses***

Shearer training still continues; however, restrictions were imposed on the industry in mid-March as a result of Covid 19. Shearing was designated an essential service. AWI has recently worked with SCAA on 15 promotional training videos focusing on in shed, wool handling and shearer training while still adhering to social distancing rules. To date these videos have been viewed more than 50,000 times. AWI is working with its state grower networks to ensure shearer training occurs. In the coming months, AWI will provide a number of workshops around WA, NSW, and VIC.

### ***Numnuts / analgesia and anaesthesia***

MLA is currently focused on the Numnuts project, however AWI will relay feedback provided during this discussion. AWI has provided a submission to AWEX regarding changes to pain relief classifications.

## **AUSTRALIAN WOOL GROWERS ASSOCIATION**

***Concerns on lack of shearers that will be available in WA, and also not allowing New Zealand shearer into Australia during peak shearing season.***

Industry meetings have been held plus discussion with government including granting New Zealand shearers seasonal sponsorship visas to assist with the peak times of shearing. This has also factored in accommodation, areas to ensure isolation, timing and social distancing is adhered to.

***Further explanations was requested from AWI in regards to industry priorities, project commitments, budget constraints.***

Members were referred to AWI's 2019-2022 Strategic plan. AWI's new Annual Operating Plan will be published late June and will outline AWI's financial priorities and budgeting commitments for Marketing and R&D projects.

## **BROAD WOOL REPRESENTATIVE**

***Online wool classer training – concerned students will not receive sufficient experience before entering the Agriculture industry***

WPA member advised the broad wool member to contact AWEX directly regarding this concern and will ensure practical experience is provided in the coming months.

## **COMMERCIAL MERINO EWE COMPETITION ASSOCIATION**

***Want to ensure sufficient time to review the draft WCG 10-year strategic plan .***

AWI has factored in sufficient time for feedback/edits, etc on the initial draft and this will be highlighted in upcoming WCG meetings.

## **UPDATE FROM DEPARTMENT OF AGRICULTURE, WATER, AND THE ENVIRONMENT (DAWE)**

- DAWE provided an update on the department's WoolPoll review.
- The WoolPoll review was launched 28 April 2020.
- A discussion paper with questions are available and can be found on the department's "Have your Say" website.
- During this consultation period feedback was requested in the following forms:
  - Submission to the department
  - Survey with the questions from the discussion paper
- The department invited the public to have their say and provide their responses by 29 May 2020. The submission date is to be extended to 12 June 2020.
- To date 13 submissions and feedback surveys have been provided to the department; the website has had 300 hits.
- In July, the department will continue its consultation process by holding a number of teleconferences/virtual meetings with key wool industry stakeholders.
- After this consultation process, a draft paper with early findings will be provided to WCG members. This will ensure that these priorities are aligned with 'Wool 2030 – A strategic plan for Australian woolgrowers' that is currently being undertaken by WCG members.
- The department will ensure that this WoolPoll review is completed in time to allow for potentially changed regulations to be enacted, and for organisational priorities to be included prior to the next WoolPoll.
- It was reiterated that grower networks should encourage grower participation, and this WoolPoll review process is to be communicated on all social media platforms.

## **DISCUSSION – WICP CHAIRMAN**

- Members discussed nominations for the 2020 WICP Independent Chair. (AWI Directors and staff and non-members absented themselves from the room to enable a transparent and independent discussion on the next WICP Independent Chair).
- Members recommended Lyndsey Douglas to the AWI Board as the 2020/21 WICP Independent Chair.

## **DISCUSSION – AWI BOARD TENURE**

- Over the past 18 months AWI has endeavoured to reach an industry consensus on ROP recommendation 1.9.1 which relates to AWI's board tenure.
- AWI is now putting forward that there be an 8-year cap on the term of the AWI chairman but no cap on the tenure of Directors.
- A cap on tenure of the AWI Chair could be introduced by a revision to the Board Charter, and would be a matter for the AWI Board, and not require Constitutional change.

## **UPDATE – SHEEP SUSTAINABILITY FRAMEWORK**

- This project is a collaboration project with Sheep Producers Australia (SPA) and WPA, MLA and AWI.
- This project has analysed previous frameworks from other RDC's such as beef, dairy and cotton and incorporated the key features required to make this framework successful.
- The main focus of this framework is to demonstrate that sheep & wool are sustainable products in local and global markets, are produced responsibly and are sustainable as food and fibre.
- Key features of this sheep framework include:
  - Identify opportunities, challenges, and impacts for sheep production.
  - Promote the wool industry
  - Improve priorities and industry involvement
  - Work collaboratively with other RDC's and external stakeholders
  - Report on the industry sustainability performance
- The four key themes of this new framework are Animal care, Profitable businesses, Environment and climate, our people and community.
- Consultation within the industry has recently been undertaken and will continue in the coming months. After this consultation period, a draft framework will be distributed for review. This framework will then likely be launched in September 2020.

## **UPDATE – WOOLQ**

- WoolQ has been trialling and testing with buyers and brokers in the past 6 weeks.
- A number of training modules, educational forums, and testing workshops with buyers and exporters have occurred.
- From the above, AWI has created a more broker-facing platform that allows further interaction and engagement of the current market.
- Key components of the WoolQ platform include:
  - Alternative option to open cry auction
  - Platform flexibility in terms of speed (how rapidly wool can be sold)
  - Exporters and buyers can upload bids before the auction occurs
  - Online bulletin board
  - Selling wool on Tuesday / Wednesday mornings
  - Distribution of catalogues
- So far, 2,450 users, 980 businesses, 509 species and 30,652 bales of wool have been registered on WoolQ.
- Focus in the coming months will be on increasing e-specie totals and showcase industry supply chain by tracing wool from shed to containers.