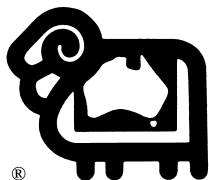


AUSTRALIAN COUNCIL of WOOL EXPORTERS & PROCESSORS INC



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ACWEP-18-054

Submission to the Australian Wool Innovation Performance Review 2018

Thank you for the opportunity to provide a Submission to the above Review.

We note the nine questions asked by Ernst Young. We are not well placed to provide meaningful input to most questions. They are best responded to by wool growers and their representative organisations. However, we consider that the Australian Council of Wool Exporters and Processors (ACWEP) is well placed to contribute to issues under Question 3 (Planned Outcomes) and 5 (Engagement Approach).

Planned Outcomes

From a general approach, we believe AWI is successfully funding some very important projects, both on-farm and off-farm.

While exporters' and processors' role in the wool industry becomes commercially operative once the wool leaves the farm, our Members are very aware of the importance of on-farm activities and projects such aimed at improving animal husbandry and the investment in reducing/eliminating dependence on surgical mulesing for managing the prevention of fly-strike. There are numerous other programs that we do not hear of, either publicly or in our arena.

Some of these projects intertwine with exporter activities, particularly those that are related to animal welfare issues that are becoming increasingly sensitive issues for processors, garment manufacturers and retailers in the western world. We appreciate that it becomes a matter of judgement, but there are many people who would like to see the wool industry take greater public credit for the very good work being done in this area. We are also aware of contracts for wool from non-mulesed sheep being directed away from Australia because of negative connotations associated with mulesing and our perhaps "lack of policy" in Australia.

Engagement Approach

AWI normally arranges to meet with wool buyers, exporters and processors once a year. AWI uses these Meetings to advise buyers etc of progress in matters of mutual interest/relevance. There are usually plenty of questions and discussion can be very robust.

The interaction is always appreciated by ACWEP, even if content from AWI sometimes attracts a critical response.

ACWEP is aware that relationships between AWI and some other Industry Organisations/Associations are rightly or wrongly considered to be less than perfect. We are not in a position to judge, nor will we.

Our Members enjoy and encourage more frequent updates from AWI as to their various projects and research outcomes.

WSSR/WOOLQ

On specific matters, it is important to comment on concerns that Members have with the recent Wool Selling Systems Review (WSSR) and the subsequent processes that led to the establishment of WOOLQ.

The AWI initiative to set up the "Wool Selling Systems Review" (WSSR) in 2014 was widely accepted in the buying/processing and export industries. It was generally acknowledged that [there](#) had been no such review for several years; and that "*An industry that cannot accept being reviewed may have something to hide*". The industry had no fear on this basis, and many companies and organisations made Submissions to one, or both, of the calls for Submissions.

What did surprise industry members was the apparent lack of consideration for the contents of the various Submissions, despite being asked to address a specific range of issues by the WSSR Panel. This came about in two main ways:

- * There was limited discussion on these issues at a WSSR convened Industry Meeting in July 2015.
- * The contents of a Media Release that was distributed following the Meeting emphasised the importance of a Wool Exchange Portal despite there being limited attention to the potential benefits in the Meeting. In the words of one participant, "*I must have been at a different Meeting*".

The subsequent decision to proceed with the establishment of a wool industry portal (now WOOLQ) came as no surprise, as there appeared to be a pre-determined commitment to proceed with one. This was despite the results of an AWI commissioned Cost Benefit Analysis that forecast it would return \$39 million to the industry over a 15 year period. This equates to approximately \$1.50 per bale per annum, which we feel is an insignificant when compared with average value of a bale of wool (currently between \$1,950 and \$2,000 per bale); and is probably within the standard error of the forecast. If we could go back to the WSSR industry submissions and the subsequent findings, they highlighted perhaps far greater potential savings.

Yours sincerely



Matt Hand
President



Peter Morgan
Executive Director