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30 April 2018

Mr David Armstrong
Head of Corporate Research
E.Y. Sweeney

Dear David,

Thank you for your invitation to submit a submission for the AWI Review being handled by yourselves.

T. A Field Estates Pty Ltd is one of the largest family woolgrowers in Australia, producing over 2,500 bales of Merino wool from 3 large wool producing properties in NSW ranging from under 14 micron at Congi Station, Woolbrook to 20 micron from Wyvern Station, Carrathool. In the 2016/17 financial year we had \$91,421.00 wool levies deducted from our wool proceeds.

As has been raised by many others, we are extremely concerned with the upper management of AWI, and the direction taken by the Chairman and CEO of AWI. However to us, of more importance is the corporate governance performance of each of the chair and CEO, and what little rectification appears to be happening within the company. I personally believe the entire board of the company should hang their collective heads in shame for allowing the senior management to behave in the way they have. Our concerns have obviously been matched by the Minister as he has agreed to hold this review. We need change for the betterment of the industry. AWI has some excellent and hardworking staff performing for the organisation, and we do not want our submission to have an impact on them, although in saying that, there is always some "deadwood" to be trimmed out of any organisation.

For the chairman of AWI to swear at an ABC reporter, as happened last year, and not apologise within a 24 hour period is disgraceful. Inappropriate comments can be made in the heat of the moment, but apologies must be given in a timely manner. The man behind the glass mirror incident is another appalling incident that occurred last year. The media have reported this extensively, but what they have not reported is that another event occurred that afternoon. I was asked, as a client of Hazeldean, by Jim Litchfield, to attend a commercial meeting at the same venue with about a dozen other woolgrowers from throughout Australia. We were told that our meeting was being videoed by a representative of AWI from behind a one way glass mirror, but the interviewer would not tell us who it was. Again what have been the outcomes of these secretive meetings. It appears no action has been taken against the chairman and CEO of AWI for secretly monitoring these meetings.

As woolgrowers we have a say through wool poll, held every three years, to the amount of levy we are prepared to have deducted from our gross proceeds. However we have no say in how that levy is spent. We strongly disagree how the current levy is split 60/40 to marketing and promotion as opposed to

Research, Development and Extension. Modern sciences are at our fingertips, and it is a well proven fact that woolgrowers can be far more profitable by continuing to produce more wool of lower micron from animal given area of land sustainably, thereby lowering their cost of production per kilo of wool produced, and this flows straight to their bottom line. Whilst promotion is important, woolgrowers are better off to continually concentrate on lowering their costs of production by increasing the productivity of their flocks. In other words concentrating on what they can control. It is very hard to measure the success of promotion, due to the complexity of the apparel supply chain. Wool is a luxury fibre, and must be “pulled” through the pipeline, it cannot be pushed as otherwise blockages occur.

The corporate governance issues also go back 2-3 years, when some senior staff were made redundant by AWI. These staff were naturally due their full entitlements, and maybe a farewell gift such as a good bottle of wine, or a dinner hosted in their honour, but not be paid out tens of thousands of dollars as was reported to have occurred.

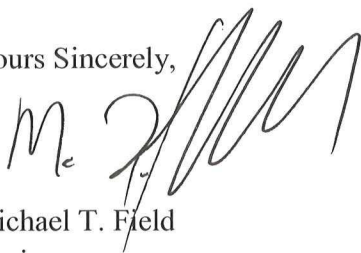
Woolgrowers can vote for new directors or current directors every 2 years as 30% of the board of AWI has the opportunity to step down, or be re-elected to the board by woolgrower shareholders of AWI. It is meant to be a skills based board with a selection panel interviewing potential directors for AWI. After speaking to some potential candidates there are questions about this process, with some not gaining interviews at all. Of far more concern is the ability of the chairman of AWI to obtain information of the current status of the vote as it is occurring, and for him to direct his proxy votes to either oust current AWI directors he does not want, or to put them towards himself when his election is due, or to influence other new directors as they become eligible. Minister Joyce, when minister for Primary Industry, flagged this as a major concern, and raised it with the current chairman, Mr Wal Merriman, but nothing has changed. Therefore he will continue to have an outside influence on membership of the board of AWI.

AWI have grower consultation meetings which I have attended, and at these meetings the chairman has sometimes been present, but in the main the CEO of the organisation, Mr Stuart McCulloch, has given the presentation. At these meetings, there is little opportunity for attendees to voice their opinions, and mostly it is AWI who are telling those in attendance what they have decided is best for woolgrowers. This appears to allow the organisation to tick its consultative box for its reporting card.

Nearly two years ago AWI decided to hold a wool selling systems review to supposedly make it more transparent for woolgrowers in terms of forward pricing method and actual prices for greasy wool. We made a submission, but did not receive any reply. Subsequent to the review, AWI decided to set up their own wool selling portal which is now called WoolQ. We and many others are extremely concerned about this as our levy money is being spent developing a system that is already in place by the various wool brokers throughout Australia. Already AWI's system is not electronically talking to other systems used by brokers. No one can tell us the cost of putting this WoolQ system in place, nor the expected benefits to wool growers. Who will own the intellectual property of this portal? The information required has to be supplied by the wool brokers, and AWEX, and this appears to be breaching current privacy standards. Of most concern to us is the business case put forward where by AWI's attitude is “we'll develop this new system, then make a business case around it.” Surely this very poor project management process comes back to poor decision making by the board, reflecting the poor corporate governance practiced by the board of AWI.

We very much look forward to the outcome of this review, and hope it is for the betterment of such a great industry. I can be contacted by email if you need further clarification of our submission.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'M. T. Field', written over a horizontal line.

Michael T. Field

Chairman

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