

AWI PERFORMANCE REVIEW

Submission from Dr Michelle Humphries, "Brookvale" Jerilderie NSW 2716

1. Obligations under the Statutory Funding Agreement (SFA)– I do not have any concerns that Australian Wool Innovation (AWI) is not meeting its obligations under the SFA 2016-2020 with the Commonwealth and the Wool Services Privatisation Act 2000. PricewaterhouseCoopers have provided a report which is contained in Appendix 1 of the AWI Annual Report 2016/17 which states that AWI has complied with the SFA. Therefore I am confident that the woolgrower levy funds and Australian Government fund contributions are expended prudently by AWI and in line with levy payer and Australian Government expectations.
2. Governance arrangements – I think that the current governance arrangements are effective in running AWI and delivering benefits. The AWI Board operates according to the accountability as set out in various acts, regulations and guidelines. Board sub-committees assist the Board to enforce appropriate corporate governance. AWI corporate governance documentation is available for inspection by levy payers on the AWI website. These include the AWI Constitution, Board Charter, Board Nomination Committee Charter, Code of Conduct and Business Ethics, Corporate Governance Policy and others. I am confident that the Board is committed to governance systems that enhance the performance of AWI.
3. Planned outcomes – It is my opinion that AWI is meeting industry expectations in contributing to a vibrant, profitable and sustainable Australian wool industry. Levy payers can see evidence that AWI is investing in research, development and extension, skills training, marketing and business services. They can also see the increased woolgrower profitability that has resulted from these investments, particularly the increased demand and market access for Australian wool. I consider that AWI is on track to meet its planned outcomes and targets outlined in the Strategic Plan 2016/17 to 2018/19. The progress achieved in achieving these targets is outlined in detail in the AWI Annual Report 2016/17 pp10-51. Most targets set for the three-year period of the current strategic plan are reported as being "on target" for 2016/17.
4. Benefits – AWI delivers for me the thing that is core to my business, and that is profitability. This is achieved by the strategically targeted investments in research, development and most importantly, marketing. A more profitable enterprise is also a more sustainable enterprise, both in terms of enterprise longevity and environmental outcomes. Robust prices for wool have enabled me to allocate money to natural resource management on my farm. The delivery of AWI projects such as Lifetime Ewe Management groups, webinars and sheep-dog training schools have increased the productivity of my enterprise. I have found no barriers to receiving the benefits that AWI delivers.
5. Engagement approach – In my opinion, AWI is effective in its engagement, consultation and communication with levy payers. AWI has a very comprehensive web site, provides documents such as the Strategic Plan, Annual Report, media publications such as Beyond The Bale and The Yarn, and social media communication via Twitter. In addition, AWI staff and directors are usually present at major sheep events such as ram sales and shows and welcome discussion on any issues. The AGM provides an excellent opportunity for levy payers to engage and communicate with

AWI. In addition, there is the opportunity for levy payers to have their views heard through their state farming organisation via the ICC. If any levy payer thinks that they cannot have their views heard by AWI they are not giving enough effort to their cause. As an industry we are very fortunate to have both a CEO and Board Chairman who are accessible and welcoming to the views and ideas of levy payers.

6. Implementing recommendations – The 2012-2015 performance review report contained eight recommendations. The AWI website outlines AWI's Response and Implementation Plan with milestones for delivery for each recommendation. I have not seen an update on the achievements of these milestones.
7. Collaboration with Research Development Corporations – There is evidence of collaboration of AWI with other RDCs. I have participated in webinars and a sheep-dog training school jointly provided by AWI and MLA. I am also aware of collaboration between AWI and AgriFutures in providing leadership scholarships such as the Horizon Scholarship. Other joint projects with MLA that I am aware of are Making More from Sheep, Bestwool/Bestlamb, and the sheep production forecast surveys. It is important that AWI co-invests in specific projects with RDCs with common interests.
8. Corporations Act 2001 – The matter governing of internal management of AWI by provisions of the Corporations Act 2001 (replaceable rules) or its constitution or a combination of both is outside my area of expertise so I have no comment to make.
9. Australian Wool Innovation employment practices – From my observations, AWI's employment practices, including the engagement of former staff as contractors, are appropriate. Staff who have worked on a project or in a particular area of the company can have expertise beyond persons external to AWI. If a person is no longer employed by AWI in a full-time capacity, it would be prudent to employ them as a contractor to facilitate the implementation of a project in which they have superior knowledge or experience. Employing as a contractor should usually be a cost saving to AWI. This would be consistent with normal practice in private business operations.