



National Farmers' Federation

AWI Submission

Prepared by National Farmers' Federation

9 May 2018

NFF Member Organisations





The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

9 May 2018

Dear Sir/Madam

The National Farmers' Federation (NFF) is the peak national body representing farmers and, more broadly, agriculture across Australia. It is one of Australia's foremost and respected advocacy organisations.

Since its inception in 1979, the NFF has earned a reputation as a leader in the identification, development and achievement of policy outcomes that champion issues affecting farmers and are dedicated to the advancement of agriculture. Wool producers Australia is an NFF member and we have consulted with WPA on the development of this brief submission.

We believe the Research and Development Corporation (RDC) framework is vital for advancing the sector's productivity. However, when considering policy regarding this framework, it is critical to remember that RDCs are funded through a partnership between industry and the Australian Government through producer levies. Given RDCs are custodians of this industry investment, appropriate governance and levy-payer oversight is necessary.

Acknowledging that there are varying governance and oversight models adopted across different RDCs which provide adequate consultation and direction from levy payers, unlike similar RDCs who operate under the *Primary Industries Research and Development Act 1989 (PIRD Act)* or the *Australian Meat and Livestock Industry Act 1997 (AMLI Act)*, AWI operate under the *Wool Services Privatisation Act 2000*, and is an industry owned company.

The current wool industry structure is not optimal for managing a compulsory levy and tax payer dollars. The authority of the AWI Board is disproportionately large and there is inadequate accountability or transparency to monitor this control.

There is a genuine lack of understanding of the ability or capacity for levy payers to influence the direction of AWI. Similarly, there is not enough opportunity for shareholders to provide direction of their company and very little

recourse for them to take action. Accordingly there is increased capacity for industry to provide an oversight of AWI.

There would be benefit resulting from a strengthening of corporate governance practices by AWI to better reflect the semi-statutory nature of the organisation.

There appears to be a lack of confidence in the current governance arrangements employed by AWI which is demonstrated through the lack of transparency and accountability across a range of important activities that AWI engage in.

Whilst there are well documented governance frameworks, including the constitution, Statutory Funding Agreement, internal policies and procedures, these are reportedly rarely applied and enforced internally or externally and if accurate, to a large extent these regimes appear less than what is required by grassroots farmers.

The Statutory Funding Agreement (SFA) broadly sets out the roles, responsibilities and management of levies of AWI. While the document is high-level, there is a view that there has been very little enforcement of the requirements by the government, particularly in the areas of potential breaches of clauses covering agri-political activities and industry consultation.

To this end we support the submission of our members WoolProducers Australia.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tony Mahar', with a stylized, cursive script.

TONY MAHAR
Chief Executive Officer