

MEETING OF THE WOOL INDUSTRY CONSULTATION PANEL (WICP)

Date: Thursday 12th November 2020

Venue: AWI headquarters and Zoom (recorded)

WICP

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.

Chatham House Rule and Pecuniary Interests

- The Chairman reiterated that Chatham House Rule applies to every meeting. If confidential information is raised during meetings, all members must adhere to these rules to ensure full transparency and build confidence between all parties.
- Members who have pecuniary interests can be asked to leave the meeting if required.

WOOL POLL REVIEW

- It was confirmed that the WoolPoll Review with stakeholder feedback and implementation responsibilities will be shared when DAWE finalises the recommendations from the WoolPoll review.
- The WICP's responsibility will be to monitor the adoption of the 2020 WoolPoll review recommendations, as WICP is the established consultation forum for the industry it will have an oversight role to ensure that the recommendations are completed.
- AWI and the 2021 WoolPoll Panel will adopt all non-regulatory measures as part of the 2021 WoolPoll. This refers to recommendations 1,2,3,9, and 10.
- AWI and Meat and Livestock Australia (MLA) will be focusing on implementing a recommendation relating to the alignment of strategic cycles to MLA.

PRESCRIBED INDUSTRY BODY (PIB)

- The Minister of Agriculture, Water and the Environment David Littleproud requested for DAWE to consult WICP regarding WPA being declared as the PIB in legislation.

- There was no support for a PIB model (except for WPA) for the wool industry among the panel, with some members requesting time for further consultation with members.
- DAWE confirmed they are happy to receive comments out of session to allow for WICP members to go back to their organisations and receive feedback by no later than **1 December 2020**.

ELECTION CYCLE FOR DIRECTORS

- The director election cycle (Review of Performance recommendation 1.9.1) was thoroughly discussed in August, and no motion was put forward to AWI's AGM. As a result, AWI saw this recommendation as completed.
- Panel members acknowledged that while WICP did not reach consensus on an alternate proposal, the intent of acknowledging the time based independence of board members was still important.
- AWI's company Secretary confirmed the board looks to best governance with ASX corporate governance principles standards relating to tenure matters. This information has been provided to WICP members previously. This consensus on tenure was unanimously decided at the t WICP meeting on May 27.
- DAWE's view on this recommendation is consistent with the Minister's expectation for AWI to complete all EY's recommendations from the 2018 ROP.
- DAWE advised that nothing further was required from the WICP. The outcomes of the meeting with AWI will be shared with the WICP.

BOARD NOMINATION COMMITTEE

- WICP members are allowed to put forward nominations to the executive search company directly for the next BNC Chair position.
- Heidrick and Struggles will potentially be the search firm again that will assist in the BNC process, as they have sound knowledge of the industry and the process that will need to be undertaken. However, this is subject to approval from the BNC independent Chair (government representative).

DIGITAL LEVY UPDATE

- WPA representative Ed Storey provided a verbal update regarding the digital levy progress
 - Collaboration between AWI, Private Treaty Wool Merchants Australia, National Council of Wool Selling Brokers and DAWE.
 - Six-month delay in implementation for which circulated papers have highlighted.
 - The system will be operational on 1 January 2021 and will allow long term savings for AWI.

WOOL 2030 LAUNCH

- The Wool 2030 document is scheduled to be launched in the week of the 14 December 2020.
- A panel member raised concerns on the Wool 2030 Strategic Plan document regarding information on animal health and welfare, mulesing, climate change and risk mitigation strategy to China, advising the latter particularly is not prominent enough in the strategic plan.
- The WCG meeting on Monday 16 November allowed members a final opportunity to provide further feedback to the Wool 2030 draft Strategic document and discuss the implementation options of the document.

CONCERNS REGARDING CHINA

- AWI's CEO Stuart McCullough provided an update to members regarding their concerns on China. AWI continues to communicate with the Australian Government and Beijing ambassador agriculture attaché regarding wool and concerns on materials not being accepted into China at this time. From a Board and Company view AWI are taking counsel on these matters and the advice provided is to bolster industry to industry partnerships where change can be effected. AWI's 50-year exporting partnerships with China are good at this time.
- Members were advised that non-tariff barriers have been placed on scoured wool, which does not seem to affect Australia at this time. The Chinese government are banning immediate consumables with short supply chain processes e.g. meat, wine and barley, however wool has not been affected as of yet.
- Regarding AWI's emerging market strategies. AWI continues to support Vietnam's knitwear processing, however China's efficiency on converting greasy wool mills is exponential. 45% of the Australian wool clip is consumed domestically in China and China's macro economy has come back from COVID19 with positive GDP.
- DAWE has advised members that no further updates have been provided to the government regarding China's tariffs, however this will continue to be monitored.

SUMMARY AND CLOSE

- The WICP Chair advised all members that a survey will be circulated to members requesting for feedback on AWI consultation efforts and requested for all members to contribute to this survey.
- WCG meeting will be held on Monday 16 November to provide final feedback to consultants Scott Williams and Russell Pattinson on the Wool 2030 strategy.
- The next WICP meeting will be held on 4 March 2021, followed by May 27, 2021.