

MEETING OF THE WOOL INDUSTRY CONSULTATIVE PANEL (WICP)

Date: Wednesday 12th August 2020

Venue: AWI, Level 6, 68 Harrington Street, Sydney NSW 2000 and Zoom (recorded)

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.

AWI UPDATE FOR WICP MEMBERS - NIGEL GOSSE, GM OPERATIONS

- Current market
 - EMI wool price is low ~\$10.00.
 - Autumn/winter selling season in the Northern hemisphere
 - AWI will analyse qualitative and quantitative data from this retail sector
 - China's marketing and processing sectors of greasy wool are managing to continue in the current market environment.
- Responding to market downturn
 - AWI's human resources is estimated to be reduced from 175 employees to 155 employees by the 2020 AGM. The company will review human resources on an ongoing basis with regard to operational circumstances.
 - AWI R&D projects have not been as affected by the current market and projects will continue in both on-farm and off-farm R&D.
 - Education extension resources continue to be digitalised as part of an on-going strategy, now accentuated by Covid-19 to ensure efficiency and accessibility.
 - AWI is currently working with Amazon to market wool products.

WICP MEMBERS REPORT ON R&D AND MARKETING FEEDBACK FOR AWI

Representatives provided an opportunity to identify key R&D and marketing priorities and comment on existing activity as summarised in the table below.

ORGANISATION	MEMBERS' R&D AND MARKETING PRIORITIES FOR AWI
Australian Association of Stud Merino Breeders	<ul style="list-style-type: none"> ● Sought indications on prices of premiums paid on non-mulesed wool, available on AWEX database unless via forward contracts ● Sought price indication for 16-21-micron wool ● Sought update on NSW mulesing bill ● Sought update on Flystrike protection and Genome projects
Australian Superfine Wool Growers Association	<ul style="list-style-type: none"> ● Sought update on Flystrike protection and Genome projects ● Sought update on development of shearing industry ● Highlighted the need for industry to remain positive on animal welfare progress by growers
Australian Wool Growers Association	<ul style="list-style-type: none"> ● Sought update on AWI handling of shearing and shed hand training given covid restrictions ● Sought update on initiatives to encourage new innovations in wool industry ● Sought update on WoolQ and transparency of data on platform
Broad wool representative	<ul style="list-style-type: none"> ● Raised concerns on shearer availability ● Suggested a greater focus on marketing lifecycle of wool, in light of media focus on microplastics ● Suggested a targeted social media campaign capitalising on knitting update in recent months
Commercial Merino Ewe Competition Association	<ul style="list-style-type: none"> ● Sought update on approach towards rebuilding the Merino flock ● Expressed concern about the stockpiling of wool
Pastoralists and Graziers of WA	<ul style="list-style-type: none"> ● Queries and concerns covered by previous speakers
WoolProducers Australia	<ul style="list-style-type: none"> ● Sought update on the progress of shearing robotics

UPDATE FROM DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT - NICHOLAS DOWIE and CHRISTIE RENTON

- WoolPoll review process guiding principles include transparency in the system process; making the system more predictable; remove politics from discussions; simplify the process and balancing the need of recommendations with the AWI Board
- WoolPoll review process was outlined including targeted consultation meetings with industry; 17 meetings have been completed with industry groups, individual levy payers, AWI and other RDC's.
- The final report will be completed in September.

SHEARER SHORTAGE

- AWI has been working around border closure and shearing shortages in many states.
- AWI has also been working with the SA government and DAWE on the potential to have NZ shearers operate from a SA base.
- It was reiterated that shearing is seen as an essential service by the government as well as for the animal welfare of the sheep.
- A panel advisory working group, which includes NSW Farmers and WPA, continues to look at labour shortage issues.

ELECTION CYCLE FOR AWI DIRECTORS

- The Review of Performance recommendation relating to director tenure has been discussed by the WICP over the past 18 months.
- WICP debated a board paper relating to election cycles for AWI directors and an alternate two-year tenure proposed by WPA.
- After the benefits and drawbacks of both models were discussed, consensus was not achieved.
- AWI noted that shareholders have a democratic right to put motions to an AGM in their own right
- Regarding the 8-year tenure for a Chairman, it was noted that AWI had implemented the changes it had committed to.

ECONOMICS OF MULESING REPORT

- Humane Society International (HSI) and Four Paws have recently commissioned a report regarding mulesing – parts of the methodology and a number of the findings were found by AWI and WPA to be flawed including unrealistic time frames for non-mulesed operations.
- As a result of this report and the current environment, Animal Welfare Groups advised that the 2022 deadline to practice non-mulesed wool was unrealistic.

FOOTROT VACCINE PERMIT UPDATE

- AWI and other grower groups have recently sent APVMA a letter of support regarding the bivalent vaccine and request grower groups who wish to provide support to do so. AWI has a letter drafted to this end.

GENOME BLOWFLY AND FLYSTRIKE VACCINE

- AWI, University of Melbourne and CSIRO are investigating the development of the flystrike vaccine.
- AWI has also helped fund development of a gene modification for the blowfly called CRISPA which has led to further project involvement which will ultimately reduce flystrike risks.

WOOL LEVY COLLECTION

- AWI, DAWE, WPA and broker representatives met in August to discuss the transition from the main database to the new digital payment system, streamlining the current process and reducing costs.
- Concerns regarding the brokers transition and capturing personal information from smaller sales were discussed. It was reiterated that personal information is tightly legislated and deferred to the department's remit.

MERINO SELECT PLATFORM

- Concerns were raised regarding MLA's Merino Select platform, namely search functionality.

SUMMARY AND CLOSE

- AWI's AGM date has been set for Friday 20th November 2020 but due to the current COVID19 environment this meeting will likely be held virtually, however this will be confirmed in the coming weeks.
- The next WCG meeting will be held on Thursday 12th November 2020.