



WAFARMERS

Submission to:

Australian Wool Innovation Limited

AWI Strategic plan Development 2016-17 to 2018-19

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Agriculture in Western Australia

The Western Australian Farmers Federation Inc. (WAFarmers) is the State's largest and most influential member based rural advocacy and service organisation. Founded in 1912, WAFarmers boasts a membership of over 3,300 farmers including grain growers, meat and wool producers, dairy farmers, commercial egg producers and beekeepers. Collectively our members are major contributors to the total gross value of production that agriculture in its various forms contributes annually to Western Australia's economy. Additionally, through differing forms of land tenure, our members own, control and capably manage many millions of hectares of the State's land mass and as such are responsible for maintaining the productive capacity and environmental wellbeing of that land and the animals that graze it.

Introduction

WAFarmers would like to record that AWI representatives have not discuss the strategic plan with us nor did they involve WAFarmers representatives in this consultative process, which is disappointing as we would have liked the opportunity to do so.

Nevertheless we would like to offer the follow comments for consideration.

WAFarmers recommends the strategic plan performances should be assessed by an independent selection panel, not by selected AWI staff members evaluating their own performance.

WAFarmers Comments

The aim of a strategic plan should be to set a game plan for the AWI management team to follow, to meet the challenges posed by competitors. It should predict what and where the best opportunities are for growth by identifying the ideal target customers, the best markets to serve for different types of wool and so on. The plan only provides a diagram snap shot of global industry dynamics.

We believe the strategy plan should have provided quantifiable goals and targets that can later be compared to actual financial results. The AWI strategic plan appears be a similar plan to those that have been presented in the past. The draft plan doesn't address the issues of a declining national sheep flock, or the perceived lack of profitability in wool businesses, nor the changing and emerging trends across different wool types and market opportunities and how to capitalise on these.

The industry has lost approximately 11 million sheep over the last 10 years, so we could question whether current marketing plans are achieving the desired outcomes. For example, the plan does not provide strategies to establish long term contracts with retail outlets to lock in wool supplies for growers.

The plan does not provide strategies on the development of diversification models to encourage arable growers to include wool sheep in their businesses. There is a huge opportunity for this development in Western Australia as referenced in the sheep industry meeting attended by AWI staff in August 2015. Strategies could include leasing and/or share farming arrangements.

The strategic plan doesn't place any emphasis on formulating a long-range vision for building the industry. The portfolios and associated 13 strategies appear to be a series of motherhood (broad and generalised) statements without clear goals and targets. The strategic plan overall lacks detail and focus.

We acknowledge the support and funding AWI contributes to shearer/wool handling training, which should not be included as part of the R&D portfolio, but should be included under wool grower services. The strategic plan does not propose how the industry will rectify rapidly decreasing numbers of wool classers and shearers, particularly considering the age of most wool classers.

Again, WAFarmers acknowledge the contribution AWI has made to the issues of wild dog controls and appreciates continued funding support for this.

Wool processors have told WAFarmers that they are unaware of any key innovative projects to assist the sector in Western Australia. This is not to say projects are not being done, but the strategy plan doesn't clearly specify what is meant by developing fit for purpose products and processes for emerging wool processors. What is meant by emerging wool processors?

AWI has proposed the development of a wool exchange portal, which is not mentioned under the strategy for new up-to-date digital services. WAFarmers has stated in submissions that the portal idea has merit and has asked the AWI wool selling systems review panel to provide a business plan to stakeholders to inform the decision making process. However, a business plan has not been forthcoming and WAFarmers is aware investigations into models are ongoing with these activities being funded by grower levies. We would welcome communications on this.

WAFarmers suggests too much emphasis is being placed on market strategies to support fine and super fine wools and there is an opportunity for strategies to be developed within the plan to identify market opportunities for broader wools, e.g. 19 micron's and broader, given recent trends and market demands.

In terms of the sheep production portfolio, the general statement noted in the strategy defining the concept of 'feed base' was completely out of context with wool grower expectations.

In Conclusion

WAFarmers would welcome the opportunity to engage in a comprehensive consultation with AWI on the strategic plan and hopes AWI will consider the above comments in the good faith they have been offered.