

23th March 2017

Senator Barry O'Sullivan
Chair
Senate Rural & Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 260



Dear Senator O'Sullivan

Having reviewed the proof Hansard of the Senate Estimates conducted on 28 February 2017, AWI wish to make several factual corrections to the information provided.

During the discussion with Senators some inaccurate statements were inadvertently made to the committee and there were discussions with the Committee which used incorrect figures. This letter updates the Committee with information to assist its consideration of the issues discussed.

1. There was a discussion of whether the AWI Chair had a discussion with the Minister or his office about relocation out of Sydney (page 6). Mr Merriman responded that he had a discussion. AWI advises that the discussion was in passing, during other discussions and should not be taken to be a meeting solely to discuss the topic of relocation.
2. There was a discussion about the figure of \$660,000, how many woolgrowers are eligible to vote and a calculation of the cost of the WoolPoll per eligible vote (pages 8 and 9). There are approximately 40,000 woolgrowers who are eligible to vote. The figures discussed on the day and the correct figures are shown in table 1 below.

Table 1. WoolPoll levy payers, eligible voters and AWI members

Figures discussed during the hearing*		Updated figures*
No of woolgrowers who pay a levy	55,000	55,000
No of levy payers who are eligible to vote at a WoolPoll	43,000	40,000
No of levy payers who are also AWI members and eligible to vote at the Annual General Meeting	27,000	24,000

*All figures quoted are approximate figures. For example, there are 39,918 levy payers eligible to vote. This has been rounded to 40,000 in the table above.

3. There was a discussion of what are the drivers of cost for the WoolPoll (pages 7 and 8). Mr McCullough said, 'We try to bring the cost down. But there are x amount things –publishing-and requirements of the statutory funding agreement that men that we have to do a certain amount of things.' Mr McCullough was referring to the Wool Poll Regulations, when he mentioned the Statutory Funding Agreement, that set out requirements for the conduct of the poll. Further, Mr McCullough estimated, 'two thirds of those costs are probably regulatory requirements'. AWI advises the committee that on further consideration it estimates half to two thirds of those costs are probably regulatory requirements.

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4. There was a discussion of the Industry Consultative Committee and its consideration of the cost of the WoolPoll (page 9). Mr Merriman stated, 'We have a group called the Industry Consultative Committee. The cost of WoolPoll has been discussed there for the last 12 months or so.' AWI advises that the cost of the WoolPoll has been discussed at each meeting in 12 months or so around the WoolPoll.
5. There was a discussion about the number of employees and costs involved in the internal restructure of AWI in 2016 (page 9). Mr McCullough stated, "...Nine employees were retrenched...". AWI wishes to clarify that the number involved was seven employees. Mr McCullough was asked to give an approximate cost of the restructure stating "...It is about \$1.5 million." AWI would like to clarify that the cost was \$1.6 million.
6. There was a discussion relating to how the remuneration and ex gratia figures were presented in AWI's 2015/16 Annual Report (page 11). AWI wishes to clarify that the total termination benefits (including the ex gratia payments) are listed in the Annual Report, but the number of employees in receipt of these termination payments is not listed. As a matter of course the detailed executive figures, including termination benefits, are provided in confidence to the Minister each year.
7. There was a discussion of the remuneration information relating to employees who were retrenched as part of an AWI restructure (page 12). Mr McCullough stated, '...But the breakdown of those figures has been provided to the Minister only...'. AWI would like to clarify that it initially provided information on the remuneration costs to the Minister's office only. The Minister's office had a number of questions on the remuneration that it asked the department to discuss with AWI. AWI provided all information requested to the department and understands the department then passed this to the Minister's office.
8. There was a discussion relating to the total and component amounts of the termination payments of Employee A and Employee B (page 12-14). The figures discussed during the hearing were not an accurate reflection of the termination payments. Table 2 sets out the figures discussed and provides the correct figures.

Table 1. Remuneration figures

Component	Figures discussed during the hearing		Updated figures*	
	Employee A	Employee B	Employee A	Employee B
Termination Payment to each staff *	\$280,000	\$531,371	\$233,966	\$330,709

* Includes accrued long service leave, payment in lieu of notice, redundancy severance, ex gratia payment

9. There was discussion relating to AWI's engagement and consultation with representative organisations (page 14). Mr Merriman stated, ".....It is a good question. At an inquiry here before they said that they represent two-thirds of the wool industry. They do not represent me. I would beg to differ...". AWI wishes to clarify that it cannot answer accurately the membership levels of Wool Producers' Australia (WPA), but AWI notes WPA provided evidence to this Committee at a Senate Inquiry into levies in February 2015 estimating their membership was one third of growers, indirectly through the state farm organisations.
10. There was discussion relating to the wool industry's organisations, and whether WPA represented all growers (page 14) Mr Merriman stated, "...They are deemed by government to be the peak body. But out there in grower land I think there are people who contest that." AWI wishes to clarify that AWI does not

have a defined Industry Representative Body (IRB) in its statutory funding agreement like other RDCs. No one organisation is seen by the majority of woolgrowers to represent their interests. As a result, AWI has established the AWI Industry Consultative Committee where all woolgrower representative groups are consulted formally three times a year. These meetings compliment the on-ground engagement AWI undertakes each year at approximately 50 regional events.

We thank you for the opportunity to review and correct the proof Hansard from estimates on 28 February. If you or your Committee have any further please contact myself or Peta Slack-Smith, Group Manager - Corporate Affairs & International Market Access on

Yours sincerely

Stuart McCullough
Chief Executive Officer