

Hans H Huebner

"Honsberg", Long Point (via Orange) 2800
Phone/Fax (02) 6366 0150

25 June 2003

Faxed to 02 6366 0150

Sender: Huebner, "Honsberg", Long Point (via Orange) AU-2800

Senate Rural and Regional Affairs and Transport Committee

Room SG.62, Parliament House
Canberra 2600



Re Inquiry into AWI operations

Dear Sir/Madam

I welcome this outside inquiry into AWI operations and I hope that the following will assist the Committee in their questioning and findings. As a common "shareholder" of AWI I can rely in my judgement of the affairs only on the publications of AWI. I hope that the Committee will not only concentrate on the failures of the old AWI board but will look at the current situation with the same scrutiny.

1. I understand that the funding agreement requires that AWI expenditure must be efficient and I would think this includes the meaning that the costs of any R&D project should not be greater than the present value of expected future benefits. Therefore this value for each project needs to be estimated at planning stage. Otherwise a judgement on efficiency is impossible. I could not get any figures from AWI. Would the Senate be able to obtain them so that it could be established whether or not AWI uses all funds efficiently?
2. AWI acquired and operates the "Wool Innovation Show Case" which "is a great vehicle for us to take our message to our shareholders and the rural community at large" ("Beyond the Bale", March 2003, Page 12). The Show Case and the publication "Beyond the Bale" advertise the wonderful ways in which AWI spends its funds. There is nothing informative on the results from R&D projects, i.e. on how to increase efficiency or decrease costs for wool producers. The truck and the newspaper are purely public relations exercises to influence the opinion of shareholders and others in favour of AWI. I thought AWI is not allowed to use funds for agripolitical purposes. Sorry that I could not resist to include the following picture and its subtitle:



All eyes will be on the Wool Innovation Showcase as it makes its way around the country in 2003.

3. Another recent publication of the AWI is the "Drought Manager". It publishes on page 2 rules for financing loss of income and costs caused by drought. The suggestion to obtain loans to cover loss of income or increased costs caused by drought is almost a criminal offence. It is as preposterous as the recommendation to finance the rent for business premises for Sundays when the business is closed. Apart from severe concerns about this and other contents, the publication contains nothing but recycled university notes and articles previously published and available from other sources. There is no R&D and there is no efficiency.
4. I pay wool tax for twenty years now and I don't know when wool tax was originally introduced. Not a single outcome of an R&D project which I could apply to my business came to my attention. I recently asked AWI for a list of R&D projects finalised during that period and applicable to wool growing. I did not receive a reply. Would the Senate have an influence to get such a list published? What is the point of R&D when one does not get access to the results?
5. AWI sponsored agritourism to Spain ("Beyond the Bale", January 2002, Page 10). The result: "The Spanish were very impressed by the softness and length of the (Australian) wool. I believe they should be aiming for a dual purpose sheep and improving the structure they have in place to sell wool". What is the rationale of paying for and receiving advice on wool production in Spain? One could fill pages and pages with this sort of "information".
6. From the latest letter to shareholders (5/6/03) I learn that PricewaterhouseCoopers and Minter Ellison (advisers to the government and AWI, with no conflict of interest and no mambo jambo advice, so characterised by a Senator?) are now engaged to finalise the fight between the old and the new AWI board. This goes clearly in favour of the new board and helps them to handle formalities a little better, but there is no change in substance

7. I hear now (letter to shareholders 5/6/03) that the "Shear Express" project is ambitious and high risk and requires extra funding of 20 to 30 % above the original budget. I also learn that a separate board exists for addressing the issues. Nothing is published about the quantum of expected benefits. How likely is it that such a board could come to a decision if warranted to abandon the project and thereby itself? I always wondered how many wool growers exist without shearing sheds or appropriate arrangements to benefit from a Shear Express.

If funding for AWI has to continue then the Funding agreements should in my opinion clearly stipulate:

1. A board of no more than 3 members
2. A staff of no more than 15 members to seek out and monitor R&D projects.
3. A fixed amount of overhead costs.
4. Funding only of R&D projects and these with clearly defined projected outcomes, budgets and present value figures of expected future benefits.
5. Publication of R&D project outcomes for practicable implementation.
6. No more funding for self indulgent public relation, agritourism, leadership sponsoring or anything other than R&D projects.

Regards

Klaus Hübner