

The Future Directions Report A scorecard on AWI progress

In July 1999 the Report of the Wool Industry Future Direction Task Force was completed, establishing a clear direction for the key issues confronting the wool industry.

The Task Force saw its fundamental objective as ensuring that wool businesses are given the best possible opportunity to be profitable on a sustainable basis.

Among the many issues considered by the Task Force was the conduct of Research and Promotion (Chapter 6 – Future Direction Task Force Report). This document deals with the conclusions reached by the Task Force and the manner in which Australian Wool Innovation has now implemented this changed approach.

Research and promotion

collective R&D continues to be of vital importance, for which a market failure justification remains valid in many, but not all, circumstances;

AWI response: Agreed and implemented. The AWI strategic plans (2001 and now 2002-5) reflect the fundamental requirement that both the science and commercial activities of the Company must relate to market failure. The most obvious examples are ShearExpress and the Non-woven wools projects.

it is more likely that the benefits of on-farm R&D can be captured by woolgrowers; the further away from the farm, the more likely it is that the benefits will be shared between other market participants, with obvious implications for funding responsibility

AWI response: The new structure of the Company has guaranteed that whilst clear on farm benefits will be seen more easily by shareholders, the commercial relationships and the deliberate maximisation of ownership of IP (linked to substantial licensing and royalty agreements) means that shareholders will directly benefit through everything the Company does, either because of increased revenues through such activity, available for more RDI, or, because ultimately revenues gained will allow a reduction in the size of the levy.

on-farm R&D should be focused in areas, which have whole of industry benefits rather than being regionally based;

AWI response: Agreed and implemented. Once previously AWRAP approved PIRDS have finished AWI will no longer be funding any 'regionally' based RDI.

Examples of projects with a "whole of industry" focus include:

A Preliminary Evaluation of the Current Status of Quality Control in the Australian Wool Industry

ABARE - AAGIS Survey

Australian Wool Production Forecasting Committee

Anthelmintic Investigation

AWI Pilot Revegetation Advisory Support Service

Benchmarking with GrassGro

Dark and Medulated Fibre Contamination

Development of a 13-tooth comb for a Rotary Handpiece

Electronic Identification System Scoping Study

Electronic Sheep ID Systems

Expanding the use of GrassGro

Falkiner Field Station

Harvesting Technology Review

Improved footrot diagnosis

Increased Adoption of Timerite

Making Sensible Fertiliser Decisions¹ - Decision Support Tool

Next - to - Skin Comfort Guarantee

NSW Agriculture Strategic Review

OFFM Market Research Project

OFFM Quality Assurance Project

OFFM World Wide Technology Search Project

On-Farm Measurement Program

Producer Guarantee for Wool Trading

Producing Sheep that are Resistant to Flystrike

Production Extensions on farm fibre measurement

Putative Major Gene for Worm Resistance in Sheep

Satellite Remote Sensing Assessment Technology

ShearExpress


Sheep Coats for Eco-Wool Production

Systematic Fibre Measurement Scoping Study

Worker exposure from hand jetting operations (Diazinon)

a range of off-farm R&D activities, especially those directed at correcting existing deficiencies and enhancing the properties of the wool fibre, is absolutely essential if wool's competitiveness in the textile market is to be enhanced;

AWI response: AWI has developed and had approved at Board level a whole range of programs directly aimed at these issues. They include:



Wool dyeing & finishing technician training course	Direct retail specifications
Short staple blend products	Metal free dyeing
Machine washable tumble dry bedding	Non Wovens Hydro entanglement
Open Ended Spinning	Machine washable wool blankets
Sportwool™ outdoor	Non-woven needle punch (Apparel)
Wool down fill	Pure wool business shirts
Wool stretch pile fabric	Enhanced technology for casual/ leisure wear woven blends
Sportwool™ fleece	High performance linings
Organic/ ecologically friendly wool market study	Total easy care jacketing
Next generation continuous top TEC products	Plasma treatment of wool
Permanent bright shades for wool	Novel wool/cotton apparel
Murata Vortex spinning of fine wool	Murata air-jet spinning of mid micron wool
Intelligent wool products	Fibre modification to enhance skin comfort
Communication of fibre to fabric outcomes	Enhanced wool properties through surface modification
Wrinkle resistant, easycare woven apparel	Contamination survey
Condensed spinning of wool	

it is not realistic for such projects to be funded only by wool processors, given historical relationships and the current state of wool demand;

AWI response: Agreed. Co funding of projects using both cash and in kind in the first 12 months already exceed \$45 million.

in the past, many collectively-funded R&D projects have been poorly conceived and conducted; some have continued well after the prospects for success have been recognised as low; the ownership of intellectual property resulting from the research has not always been clearly established – it should reside with the research funder;

AWI response: Agreed and implemented. 32 projects have been terminated due to the lack of proper commercial or science based process; AWI owns all IP, only sharing where there is a direct commercial advantage to the Company. By Christmas 2002 AWI will have identified, valued and updated every aspect of its IP portfolio.

The implementation/commercialisation of research results has in most cases been poor, lacking commercial acumen, and thus taking far too long;

AWI response: Agreed. This is one thing that certainly cannot be said about the AWI Board, which has in fact been criticised for being "too commercial"! AWI projects (the majority) have maximum time frames of three years.

the administration costs of AWRAP / The Woolmark Company are excessive

AWI response: AWI's administration costs at less than 4% are in the bottom % quartile of costs for Australian RDI facilitators.

it will be inappropriate for a new shareholder-owned wool organisation to part fund industry bodies.

AWI response: AWI's constitution expressly prohibits providing industry bodies with funds.

Conclusions on Promotion

Product marketing is by far the most important marketing responsibility that a new collective organisation should have; its task is to influence decision makers to use wool, in other words to commercialise and implement the innovation brought about by R&D.

AWI response: A key tenant of the business and incorporated into every project.