

**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE**

INDEX OF TABLED DOCUMENTS

**Inquiry into industry structures and systems governing the imposition of and
disbursement of marketing and research and development (R&D) levies in
the agricultural sector**

**Thursday, 5 February 2015
Committee Room 2S3 - Parliament House
Canberra, ACT**

LODGED BY	TITLE/SUBJECT	PAGES
Ms Peta Slack-Smith, Group Manager, Corporate Affairs and International Market Access, Australian Wool Innovation	Copy of brochure titled <i>WoolPoll 2012: Voter Information Memorandum</i> , published by Australian Wool Innovation	25

A man in a light-colored shirt and apron is holding up a large, fluffy ball of wool. The background is a dimly lit wool mill with other workers and machinery visible.

WoolPoll 2012

Voter Information Memorandum

Poll closes
5pm AEDST
Friday 2
November 2012

Vote for Your Future

AWI Board levy
recommendation
page 5

Levy options
page 24

www.woolpoll.com.au
HELP LINE 1800 209 118

WoolPoll 2012 Panel



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AgForce Queensland



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WoolProducers Australia;
South Australian Farmers Federation



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CONTENTS

Part 1. Introduction to WoolPoll

- 3. WoolPoll Panel Chairman's Message
- 4. Quick Points on WoolPoll
- 5. AWI Board Recommendation
- 6. Overview of AWI
- 10. Overview of WoolPoll

Part 2. AWI's Outcomes & Strategic Direction

- 13. AWI's Investment Outcomes
2010/11 to 2012/13
- 14. AWI's Organisational Performance
- 15. AWI Business Environment
2013/14 to 2015/16
- 20. Identifying Industry's Future
RD&M Needs 2013/14 to 2015/16

Part 3. Levy Rate Options

- 24. Business Case:
3%, 2.5%, 2%, 1%, 0%
- 25. Voting Return Process

Panel Chairman's Message

Woolgrowers of Australia

WoolPoll is woolgrowers' chance to determine future investment in the productivity, profitability and sustainability of our industry. It is a three-yearly opportunity to vote on what percentage of your wool income will be used to fund future Research, Development and Marketing (RD&M) investments undertaken on the industry's behalf by Australian Wool Innovation (AWI).

This year, the WoolPoll Panel - made up of woolgrower representatives from across Australia - serves two important roles in the WoolPoll process. The first is to ensure this Voter Information Memorandum provides all the information you need to make your levy rate decision, in a concise and easy-to-read way. The second is to encourage all eligible woolgrowers across Australia to participate in the levy poll.

As Chair of the Panel, I am committed to ensuring the Panel and poll process retains its independence and integrity.

Fully independent of AWI, the WoolPoll Panel is not asking you to vote a certain way - just that you use this opportunity to cast your vote and help to shape the future funding of our RD&M organisation - AWI.

The wool levy is a substantial investment by woolgrowers in the future of our industry. Please take the time to read this information and make an informed decision on the levy rate you believe will best meet the future needs of our industry (see pg 24).

We are all busy growing the world's best wool - but 15 minutes of your time is all it takes to participate and shape the future of your industry.

Vote today!

Mr Will Roberts

Chair

WoolPoll 2012 Panel

September 2012

Quick Points on WoolPoll 2012

What?

Three-yearly poll to determine the rate of levy paid to Australian Wool Innovation (AWI) for industry research, development and marketing activities

Why?

Gives all eligible wool levy payers the opportunity to have a say in the future of their industry – by voting for their preferred levy rate to apply for the next three years (2013/14, 2014/15, 2015/16)

How?

Consider the levy rates proposed by AWI on page 24 (3, 2.5, 2, 1 and 0%) and lodge your vote by:

- Post to The Returning Officer, WoolPoll 2012, Reply Paid 1524, Sydney South NSW 1234
- Toll-free fax 1800 211 736
- Online www.woolpoll.com.au

When?

Voting opens 21 September and closes 5pm AEDST Friday 2 November 2012

AWI's Recommendation to Woolgrowers

2% levy

Diagram 1

Marketing

60%

Research & Development*

40%

On-Farm

Off-Farm

*The R&D budget will be split 25% on On-Farm and 15% on Off-Farm R&D activities.

“We need stable investment to level out the ups and downs of global markets, and deliver RD&M that positions us to capitalise on the many opportunities for Australian wool”

Wal Merriman, AWI Chairman

The Board of Australian Wool Innovation (AWI) recommends Australian woolgrowers vote for a 2% levy for Research, Development & Marketing (RD&M).

The last three years have demonstrated the inherently cyclical nature of global wool markets. Price fluctuations were directly reflected in AWI's balance sheet and subsequent RD&M investments – which included an almost 42% decrease in project spend in 2009/2010, but a near doubling in 2011/12.

Through this period the AWI Board has retained the integrity of its funding and investment strategy, evidenced by prudent financial management over the last three years with a focus on delivering quality projects that meet woolgrowers' strategic intent and deliver value for money (pg 12-13). AWI has ensured that industry was informed on the company's financial position at all points throughout this period.

For the next three years (2013/14 to 2015/16) the AWI Board recommends woolgrowers vote to insulate their RD&M investments against the cyclical nature of the industry, by stabilising investment levels at 2%. This will ensure AWI can continue delivering effective, value-for-money projects that meet woolgrower priorities; reduce the need to dramatically cut or increase investments in response to a changing EMI as has

been necessary in recent years; while optimising investments for the industry (pg 20-23).

AWI will invest 60% of levy funds in marketing activities and 40% in R&D activities that help maintain the productivity, profitability and sustainability of Australian wool. **This represents a change from the current 50/50 RD&M split, but one which the AWI Board strongly believes is required to ensure an ongoing upward trend in demand for Australian wool. Importantly the Board's aim is to increase the expenditure on R&D in dollar terms.**

In line with the Board's reserves policy (pg 9) as at 30 June 2012 AWI requires \$37.4M to maintain its minimum operating requirements. **The AWI Board aims to draw down on reserves over the strategic period 2013/14 to 2015/16** proportional and in line with the ratios identified in Diagram 1 above, to ensure strategic investment in RD&M activities that benefit woolgrowers (pg 20-23).

The next three years offer many opportunities and challenges for the industry (pg 18-19). Your vote in support of the Board's recommendation will ensure AWI can continue investing in RD&M activities that maintain our industry's position as a global leader in the production of the world's best premium, natural, renewable fibre.

1. Introduction to WoolPoll

“*The woolgrower test underpins the day-to-day operations of all AWI staff across the globe - ‘would this action be acceptable to woolgrowers’*”

Stuart McCullough, AWI CEO

Overview of AWI

Australian Wool Innovation (AWI) is the wool industry’s Research, Development and Marketing (RD&M) organisation. AWI is fully owned by around 29,000 wool levy payers who have registered as AWI shareholders.

AWI’s business is regulated by the Australian Government through legislation (the *Wool Services Privatisation Act 2000*), relevant regulations and a Statutory Funding Agreement which governs the payment of funds and ensures funds are invested in accordance with the outcome of the WoolPoll, AWI’s strategic plans and other related guidelines.

While a global organisation, AWI’s 120 staff in 14 countries are led by its head office in Sydney, with all staff accountable to Australian woolgrowers.

AWI’s Role

AWI invests in RD&M activities to:

- Enhance the profitability, international competitiveness and sustainability of the Australian wool industry; and
- Increase demand and market access for Australian wool.

AWI invests along the global supply-chain - from woolgrower to retailer - to build demand for Australian wool.

“AWI is working for Australian woolgrowers at every point along the supply-chain to ultimately build demand for Australian wool”

Stuart McCullough, AWI CEO

AWI's Activities

AWI's core activities are:

On-Farm

- Research and Development

Off-Farm

- Research and Development
- Marketing
- Global Network
- International Trade and Market Access

The business is supported by service functions including Corporate Affairs, Human Resources, Finance and Information Technology, and Legal and Company Secretariat.

AWI is a fully-integrated global “fibre to fashion” organisation - with all RD&M programs aligned to the current Strategic Plan and its common goal of building demand for Australian wool. This integrated business model covers AWI's investments along the supply-chain from woolgrowers to retailers.

Underpinning this integrated business model is AWI's goal to support the profitability, productivity and sustainability of woolgrowers and the industry. Central to this outcome is AWI's philosophy of 'research-based marketing'.

Income Sources

AWI is funded by income from the wool levy and a matching contribution from the Australian Government for eligible R&D activities (capped at 0.5% of the gross value of national wool production).

Wool levies are collected by the Australian Government and transferred to AWI - together with the Government contribution for eligible R&D - for investment in RD&M activities.

The sale of Woolmark licences contributes a further income source for AWI.



Financial Snapshot

“This three year period has been one of major financial volatility for the world textile market. Importantly, the integrity of AWI’s funding and investment strategy has not been compromised during this period”

Fluctuations in AWI’s Income, Expenditure & Reserves

The current three year period, 2010/11 to 2012/13, was preceded by a 42% drop in AWI’s expenditure, as a result of a dramatic 32% fall in income. As the majority of AWI’s income is dependent on the wool levy, this volatility was directly reflected in AWI’s balance sheet – and its 50/50 investment in RD&M activities.

An equally significant increase in the EMI in 2010/11 led to AWI almost doubling its RD&M project spend in 2011/12.

AWI has been focused on managing this challenging operating environment with prudent financial management and a focus on delivering quality projects that meet woolgrowers’ strategic intent and provide value for money. Importantly, the integrity of AWI’s funding and investment strategy has not been compromised during this period. AWI ensured that industry was fully briefed on the company’s financial position and planned expenditure throughout this period.

The last three years were on the whole positive for the Australian wool market. Globally, a world shortage of wool led to higher wool prices across most micron profiles, resulting in an increase in wool levies paid to AWI for industry RD&M activities.

Dealing with Market Volatility

As the RD&M organisation, AWI’s role is to invest in and deliver outcomes for the benefit of woolgrowers. While the AWI Board will maintain its policy of drawing down on reserves to invest in appropriate RD&M investments, the reserves have provided a buffer against the cyclical nature of the industry - witnessed in the last three years.

AWI has identified the industry’s future RD&M needs over the next strategic investment period - 2013/14 to 2015/16 (see pages 20-23). This includes an explanation of how AWI intends to maximise the investments in key areas, while drawing down on reserves to optimise the return on investment to woolgrowers.

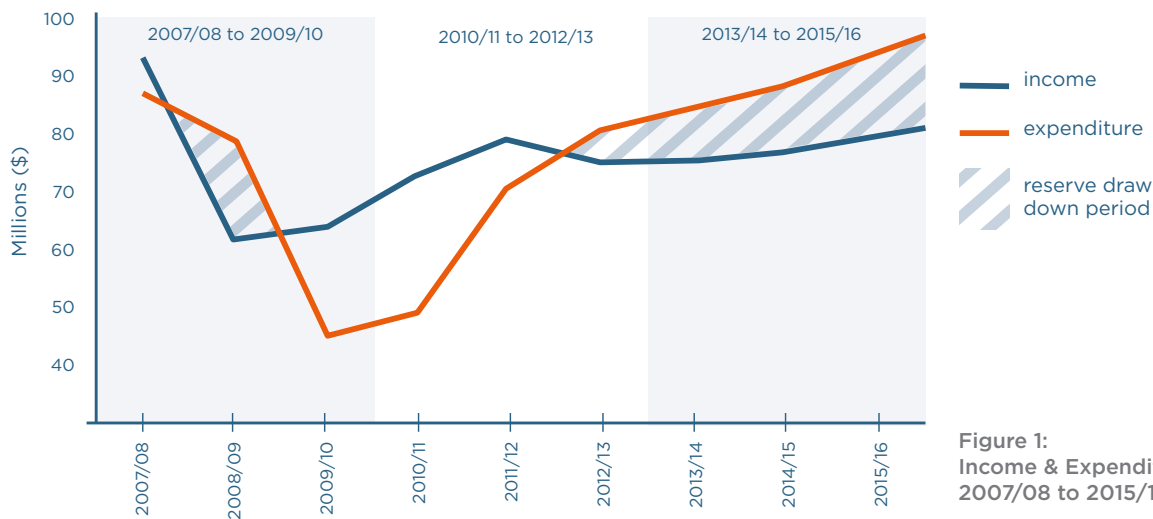


Figure 1: Income & Expenditure 2007/08 to 2015/16

The wool market is expected to stabilise in the next three years, providing a strong platform for stable investment in RD&M activities for the benefit of industry.

AWI Reserves

AWI's reserves (Equity) are made up of three main components:

1. **Required Reserves** - reflecting the Board Reserves Policy to maintain its forward contract commitments (\$13.7M*); nine months of annual operating costs (\$18.7M*); and \$5M for emergency animal disease response
2. **Intangible value of the Woolmark brand**- accounting valuation at merger of AWI and The Woolmark Company (\$10M).
3. **Total Reserves (Equity)** - the value of the business at 30 June of each financial year. Movements are impacted by fluctuations in the EMI and production

The "Available Reserves" (outlined in Figure 2) are the component from which the AWI Board can draw from to supplement investment in AWI's RD&M activities.

The Board's aim to draw down on these reserves over the 2013/14 to 2015/2016 period is explained in its recommendation (pg 5).

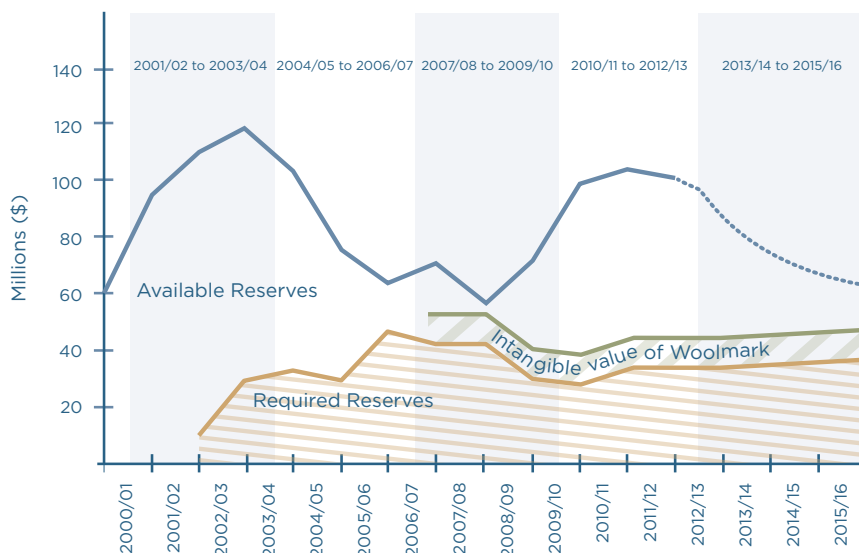


Figure 2: Available Reserves

*Figures current as at 30 June 2012

Overview of WoolPoll

“Your decision now will play an instrumental part in shaping future investment by your RD&M organisation - AWI”

What is WoolPoll?

Every three years AWI conducts a poll, asking levy payers to determine the levy rate to be paid for industry R&D and marketing (RD&M) activities for the next three years.

The poll is run in accordance with the *Wool Services Privatisation (Wool Levy Poll) Regulations 2003*.

AWI's operations and activities for the next three years are driven by the WoolPoll outcome, which will be reflected in AWI's 2013/14 to 2015/16 Strategic Plan.

AWI's WoolPoll Responsibilities

AWI's statutory responsibilities for conducting WoolPoll include:

- determining levy rates to be included for your consideration in the poll (pg 24);
- forecasting future revenue at each proposed levy rate (pg 24);
- defining industry's future investment needs and explaining how AWI plans to invest to meet those needs (pgs 20-23);
- recommending the levy rate it considers will best meet industry's future needs (pgs 5);
- recommending to the Australian Government the levy rate preferred by growers at WoolPoll.



Why vote?

As the starting point in AWI's three-year business cycle, WoolPoll is levy payers' opportunity to shape the future funding – and strategic direction – of your industry RD&M organisation.

Your voting entitlement

Every Australian woolgrower who has paid wool levies totalling \$100 in the past three financial years is eligible to vote.

Your voting entitlement is shown on the Voting Paper included in this Voter Information Kit.

Your entitlement was determined from records of wool levies paid in the past three financial years.

If you operate more than one woolgrowing enterprise, unless you have consolidated these into one holding, you should receive more than one Voting Paper.

If you receive more than one Voting Paper please complete and return them all to take advantage of your full entitlement.

What are the rates?

Woolgrowers are asked to consider five levy rate options at WoolPoll 2012:

3% 2.5% 2% 1% 0%

That is the maximum number allowed under the Regulations, which require a 0% option to be presented. See **page 24** for further information on the levy rate options.

How do I vote?

Voting is by mail, fax or online only.

A Voting Paper and reply-paid envelope is included in this Voter Information Kit.

If you have any questions about the voting process, call the voter helpline on 1800 209 118.

When can I vote?

Voting opens 21 September 2012. The poll closes at 5pm (AEDST) Friday 2 November 2012.

2. AWI's Outcomes & Strategic Direction

For the 2010/11 to 2012/13 period, woolgrowers set AWI the following priorities:

On-Farm R&D

Help build a sustainable industry through improving productivity and profitability.

Off-Farm R&D

Help increase demand for Australian wool by recognising and addressing product and process barriers to supply-chain consumption through consumer-driven, targeted R&D.

Marketing

Help increase demand for Australian wool by recognising and addressing barriers to demand, and educating consumers, retailers and the supply-chain of the benefits of wool.

Global Network

Review the role and value of the Woolmark brand, revitalise it and, where markets and partners permit, maximise the presence and income streams of the brand.

International Trade & Market Access

Define challenges and opportunities facing the wool industry, and build strategies and programs to ensure market access, sustainable production and improved trading environment across the supply chain.

To meet these objectives and maximise returns for levy payers, since 2009 AWI has increasingly adopted an integrated approach to its business, underpinned by research-based marketing: marketing programs based on R&D outcomes, and R&D programs informed by consumer needs and trends.

What AWI has delivered for growers



AWI's On-Farm R&D portfolio delivered targeted tools, skills and knowledge to help woolgrowers manage priority issues affecting productivity and profitability (eg. Bred Well Fed Well)



AWI's Off-Farm R&D portfolio adopted a category approach to product development and marketing, based on research and innovations showing the benefits of wool (eg. Sports & Outdoor and Nurture by Nature categories).



AWI's Marketing portfolio collaborated with more than 300 leading global partners in major campaigns to position wool as a premium natural fibre and build demand for new product categories (eg. No Finer Feeling, Campaign for Wool and Gold Woolmark).



AWI's Global Network evolved from a focus on selling Woolmark licenses, to the frontline resource of technical RD&M staff in 26 key markets. Their primary focus is building demand for Australian wool by presenting to retailers and supply-chain partners an integrated product offering based on the outcomes of AWI's product development and marketing investments.



AWI's International Trade and Market Access portfolio introduced a strategic approach to facilitate access to world markets, support the development of new manufacturing centres and consumption markets for wool, and ultimately build demand for Australian wool.

AWI's investment outcomes under the 2010/11 to 2012/13 Strategic Plan are summarised in the *AWI: Delivering results for growers* brochure, available at www.woolpoll.com.au

AWI's Organisational Performance

The period 2009/10 to 2011/12 reflected the highly cyclical nature of the industry - a period which saw:

- significant fluctuations in wool prices
- low demand in traditional markets, then a rebuilding and creation of demand in new markets and product segments
- persistent drought and low national flock numbers, followed by improved seasonal conditions in some areas which encouraged a rebuilding of the national flock

Operational Performance

AWI implemented significant operational change in the last three years to align with Government and woolgrower expectations, and meet these industry and market changes.

Two successive one-year Independent Reviews of Performance (2009/10 and 2010/11) were conducted to assess AWI's progress. These reviews are available at www.wool.com/corporate

2009/10 to 2011/12 Independent Review of Performance

AWI's performance, outcomes and general operations for the three years since WoolPoll 2009 were independently assessed in the 2009/10 to 2011/12 Independent Review of Performance.

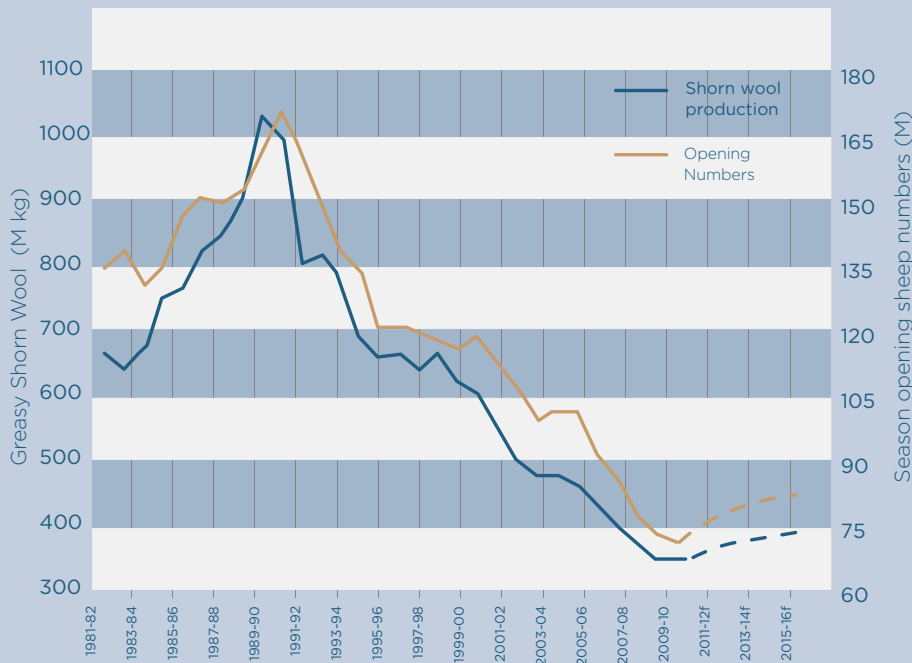
A summary report from this review is included in this Voter Information Kit to assist levy payers in making your levy rate decision at WoolPoll.

The full report is available at www.woolpoll.com.au



AWI's Business Environment 2013/14 to 2015/16

Production Forecast



Australian sheep numbers are expected to increase by an average of 1.9% per year to reach 82.2 million in 2015/16, primarily driven by reduced turnoff of older sheep, and increased retention of ewe lambs for breeding.

Australian wool production is expected to increase by 39Mkg to around 389Mkg in 2015/16.

Global wool volumes are expected to remain low, with Australia the only major wool producing country forecast to increase production in the next five years.

Driven by both high sheepmeat and to some extent high wool prices, woolgrowers are expected to continue trending toward sheep capable of high reproductive performance - dual purpose Merino sheep types and broad wool breeds. As a result, the decade-long trend toward fining-up of the clip will tend to reverse.



“Australian wool production is expected to increase by 39Mkg to around 389Mkg in 2015/16”

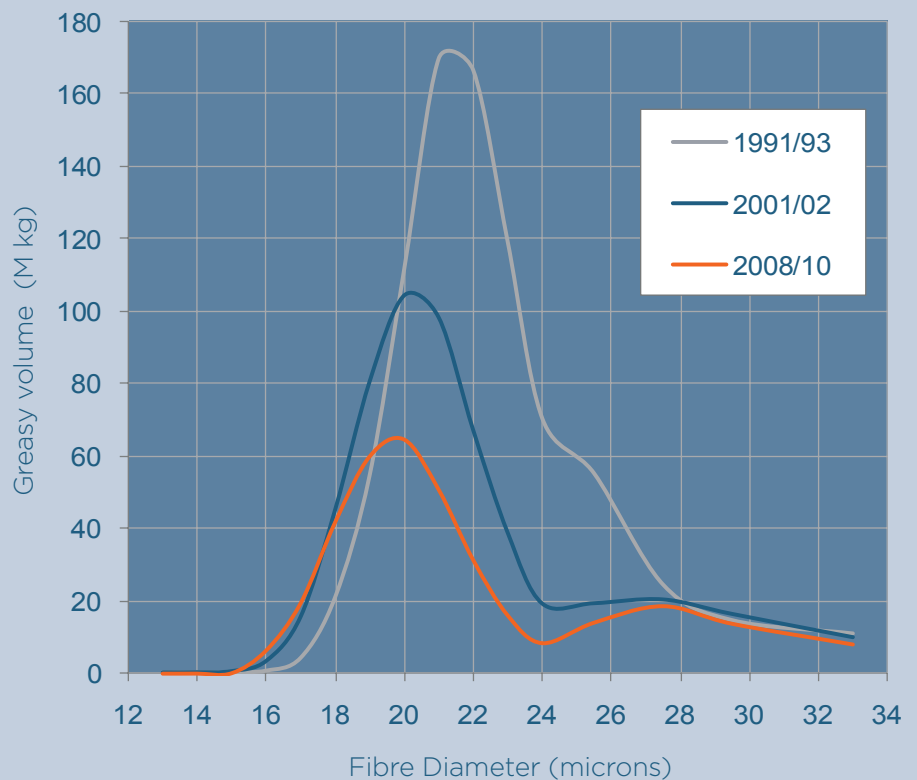
Dr. Paul Swan, AWI Market Analyst

Production Forecast

Over the past 20 years the national clip has changed dramatically, effectively splitting in two - with an apparel and non-apparel clip. During this period, 250Mkg in the 21-25 µm range was lost to the market as more woolgrowers switched to prime lamb and cropping enterprises with better returns; while an additional 60Mkgs under 20 µm came into the market as finer woolgrowers chased the 'Italian market'.

As a result, over the past 20 years, the average diameter of the clip dropped. However this trend is not expected to continue, with significant growth in the non-apparel wool types forecasted.

This trend will have a significant impact on AWI's investments in the coming three year period.



Market Forecast

“Prices since Feb 2010 have been higher than the long term trend and are expected to remain there over the next three years”

Dr. Paul Swan, AWI Market Analyst

Since the acquittal of the wool stockpile in 2002, there has been an upward trend in \$US wool prices - reflecting the emergence of new affluent consumer markets, preferences for natural fibres, and reduced global sheep numbers.

Reduced Eurozone demand as a result of uncertainty and demographic change will be compensated by growth in Asian-Pacific markets which are emerging to rapidly fill the gaps left by traditional consumer markets for wool. Global economies are entering the “Asia-Pacific century” where the increase in real wages across key nations is expected to lead to strong growth in demand for luxury products - including wool.

As the key player in this Asia-Pacific century, China - which purchases 70-75% of the Australian wool clip - will strengthen its position as a leading luxury market in addition to retaining dominance of world processing capacity.



The forecast minor decline in price from present levels reflects uncertainty in traditional key markets (US, Japan and the Eurozone) being partly offset by demand growth elsewhere and a forecast increase in Australian production.

For the 2013/14-2015/16 period AWI will continue to capture market share in China through retail and brand relationships established through its Gold Woolmark and other market development campaigns.

Opportunities for the Wool Industry

Australian and global market conditions provide strong opportunities for Australian woolgrowers for the next three-year period:

- Driving productivity improvements on farm through modern management practices and applying a consumer-driven approach to production (eg. Making More From Sheep)
- Commercialisation of product development and innovation technologies to create demand for wool in new categories (eg. Nurture by Nature)
- Capturing a share of the lucrative sports and performance apparel market – based on wool’s benefits in moisture control, hygiene, temperature regulation and compression (eg. MerinoPerform)
- **Improving opportunities in China and other emerging markets for wool based on rapidly expanding numbers of affluent consumers in those markets (eg. Gold Woolmark)**
- Building demand for wool in new high value categories (eg. Urban, Sports & Outdoor, Fashion, Interiors & Apparel Care).
- Building on the success gained by revitalising the Woolmark brand in key consumer markets, which has given confidence to manufacturers, retailers and brands to use wool in their product ranges (eg. No Finer Feeling)
- Positioning wool as the premium natural, renewable fibre amongst the growing ‘green’ consumer market (eg. Campaign for Wool)
- Capitalising on digital and social media to educate a new generation of consumers (eg. iAds, We Love Wool social media campaign)

Challenges Facing the Wool Industry

Challenges likely to be faced by the industry in the next three-year period include:

On the farm

- Availability and skills of shearers and wool handlers as the wool industry competes with other industries for contract workers
- Optimising income through productivity improvements
- Protecting sheep from disease and pests including flies, lice and wild dogs
- Increased consumer awareness and pressure for woolgrowers to demonstrate improved environmental outcomes on farm

In the market place

- Ongoing economic uncertainty in key traditional markets (USA, Japan and Eurozone)
- Known barriers to wool consumption in traditional markets (e.g. USA, UK, Italy) due to persistent legacy of wool as “hot, itchy or prickly” and difficult to launder
- Ongoing concentration of processing capacity in China, where rising labour costs, improved environmental controls and labour laws have increased manufacturing costs
- Growing focus on animal welfare, sustainability and the environment by consumers and advocacy groups
- Mounting market pressure for “environmentally friendly” products
- Loss of familiarity with wool as a desirable ingredient in high fashion, especially in young designers
- **Increasing “casualisation” of the fashion market**
- Decline of “value” over the last decade for the Woolmark brand in the US market, which accounts for \$1 in every \$4 of global clothing expenditure
- Changing trade and market access and regulatory environments affecting the wool industry

Identifying Industry's Future RD&M Needs 2013/14 to 2015/16

This levy rate decision will be reflected in AWI's 2013/14 to 2015/16 Strategic Plan.

For 2013/14 to 2015/16 AWI will build on current RD&M investment strategies to deliver outcomes that position the industry to manage potential challenges and capitalise on opportunities.

With the support of woolgrowers at WoolPoll 2012, AWI will invest levy funds in the following ratio for 2013/14 to 2015/16:

Marketing

60%

Research & Development*

40%

On-Farm

Off -Farm

*The R&D budget will be split 25% on On-Farm and 15% on Off-Farm R&D activities.

This represents a change from the current funding split of 50% in Marketing and 50% in R&D.

AWI proposes to invest in the following strategic priorities for 2013/14 to 2015/16 to address known challenges and opportunities for the Australian wool industry (identified on page 18-19).

Research & Development priorities

“In dollar terms, AWI aims to increase its expenditure on R&D over the next three years”

On-Farm

Sheep Productivity, Health & Welfare

- Knowledge and innovation to foster sheep productivity and sound animal welfare practices
- **Investments in disease and pest control (lice, flies, dogs, etc) to support growers to continue building productivity and profitability**

Shearing & Clip Quality

- Ongoing availability and skills of shearers and wool handlers
- Knowledge to reduce incidence and impact of clip contamination

Environment, Climate Variability & Carbon

- Knowledge and innovation to support productivity gains through optimal land and resource management
- Assist woolgrowers to participate in carbon mitigation and trading
- Provenance and eco-credentials of wool to protect and build market access

Education & Extension

- Foster industry resilience, confidence and growth through leadership and mentoring
- Provide information and training targeted at productivity and profitability
- Communication with supply-chain stakeholders to enhance industry reputation for productive, profitable and responsible land and animal care



Off-Farm

Quality Assurance, Eco & Carbon Management

- Support continued growth in integrity of the Woolmark brand by investing to review and update test methods, standards and laboratories and increase quality assurance testing at retail level
- Develop sustainable and ecological processing techniques to reduce chemical, energy and water use
- Invest to reduce wool's carbon footprint in laundering of garments

Health & Environmental Attributes/ Benefits of the Wool Fibre

- **Target increasing consumer focus for “wellness” and “renewability” by consolidating and building knowledge about the health and ecological benefits of wool - providing science to support future product category marketing programs (eg. skin and sleep studies to underpin the Nurture by Nature category)**
- Grow market share in the lucrative sports apparel category by investing to develop finishes that boost wool's natural performance properties of odour resistance; thermal regulation; flame retardation; and moisture management

Fibre Quality, Innovation & Textile Development

- Create new demand for woollen products – particularly in the growing “casual” market – by investing to develop new processes and transfer technology for new “Urban” finishing effects (eg. sculptural, vintage, wash-down)
- Create new markets for wool in traditional non-woollen sectors (eg. women's wear)
- Develop specifications for “cool wool” apparel that moves wool to a trans-seasonal fibre

Market Place Extension & Trade and Consumer Education

- Invest in training packages to build retail and supply-chain support for wool by improving awareness of the fibre and its natural benefits

Marketing priorities

Consumer Education

- **Build a global reputation for wool as the premium natural, renewable fibre by informing the growing 'green' consumer market of the benefits of wool**
- Drive demand for wool in apparel and interiors by developing materials, activities and events to communicate the benefits of wool (eg. Campaign for Wool and the International Woolmark Prize for fashion designers)

Consumer Engagement

- Drive demand for wool by capitalising on growth in social and digital media to build communities of consumers, retailers and supply-chain partners

Category Development & Management

- Continue integrated approach to research-based product development and marketing to expand the use of wool in growth categories (eg. Nurture by Nature, Sports & Outdoor, Urban, Apparel Care & Interiors)

Wool Product Promotion

- Work with leading brand partners to increase consumer demand for high value products in high growth markets – creating a 'trickle-down effect' to drive demand in mainstream brands
- Using the Woolmark brand in global campaigns to increase consumer awareness and continue repositioning the brand as a quality mark for luxury products



3. Levy Rate Options

3%

\$101.1M
total income

(includes \$12.9M
Govt contribution)

Significant increase to current investment programs, in addition to investment in new priorities

On-Farm R&D

- Significant increases to current programs plus investment in new priorities
- See pages 18-19 and 21 for more information

Off-Farm R&D

- Significant increases to current programs plus investment in new priorities
- See pages 18-19 and 22 for more information

Marketing

- Significant increases to current programs plus investment in new priorities
- See pages 18-19 and 23 for more information

2.5%

\$88.2M
total income

(includes \$12.9M
Govt contribution)

Moderate increase to current investment programs

On-Farm R&D

- Moderate increases to current programs
- See page 21 for more information

Off-Farm R&D

- Moderate increases to current programs
- See page 22 for more information

Marketing

- Moderate increase to current strategies
- See page 23 for more information

2%

\$75.3M
total income

(includes \$12.9M
Govt contribution)

Maintain current investment programs

On-Farm R&D

- Maintain current programs
- See page 21 for more information

Off-Farm R&D

- Maintain current programs
- See page 22 for more information

Marketing

- Maintain current programs
- See page 23 for more information

1%

\$48.9M
total income

(includes \$12.2M
Govt contribution)

Significant decrease to current investment programs

On-Farm R&D

- Significant decrease across all current programs
- See page 21 for more information

Off-Farm R&D

- Significant decrease across all current programs
- See page 22 for more information

Marketing

- Significant decrease across all current programs
- See page 23 for more information

0%

\$9.5M
total income

Wind up operations
Risk of discontinuation

- Woolmark brand license revenue the sole source of income, expected to decrease significantly over time
- No new contribution from the Australian Government
- No new investments
- Existing contracts maintained if possible and paid out if necessary
- Potential for assets of the company to be sold with Australian Government determining how the proceeds are used for the benefit of Australian woolgrowers

The 60:40 ratio applies to all levy percentage rate options.

*Assumptions for total income are based on AWI Market Intelligence Unit's forecast

Voting Paper Returns

Voting opens 21 September 2012

The poll closes at 5pm (AEDST)
Friday 2 November 2012

Post

The Returning Officer
WoolPoll 2012
Reply Paid 1524
Sydney South NSW 1234

Toll-free fax

1800 211 736

Online

www.woolpoll.com.au

More information

Toll free phone 1800 209 118

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