

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 01

**Division/Agency:** Australian Wool Innovation

**Topic:** Governance

**Hansard Page:** 100 (25/05/2010)

**Senator McGauran asked:** My colleague raised the matter of the internal report that has been commissioned by the board of AWI relating to conflict-of-interest matters of board members and also to general governance matters I suspect. Will the minister be seeking a copy of the report and will he be acting upon the governance recommendations of that report?

**Senator Sherry**—I will take part of the question on notice. Obviously, I have to refer to the minister for his specific response: (1) whether he has sought or has received a copy of the report and (2) what his response is or would be when and if he receives a copy of that report. Reports of conflicts of interest and governance type matters are certainly a matter of concern but, as I say, I will have to take on notice the minister's specific requests for copies—whether he has requested, will receive or has received—and what his response will be. But they are matters of concern.

**Answer:**

The then Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP, did not seek or receive a copy of the report referred to in the question.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 02

**Division/Agency:** Australian Wool Innovation

**Topic:** Governance

**Hansard Page:** 101-102 (25/05/2010)

**Senator McGauran/Fierravanti Wells asked:**

**Senator McGAURAN**—If the minister were to request the three reports, would you present them to him?

**Mr Merriman**—I would take advice from the board and our legal people. The board are privy to the reports and they are not for everybody else. I do not have the authority to present any of those reports.

**Senator McGAURAN**—Minister, you were listening to that. There are three reports and in some way or fashion they go to the governance problems of AWI.

**Mr Merriman**—Sorry, not governance problems. The Arche report on our performance stated that we should do something to improve our governance, and this is part of that program of improving our governance.

**Senator McGAURAN**—All right, to improve the governance, which has been subject to criticism, Minister. You might be interested to know, following my previous request on notice, that there is extreme reluctance—you might want to pass that on to the minister too—and legal advice would have to be taken first before any of those reports go to the minister. I would ask you to take that on advice, and whether you have any further comments.

**Senator Sherry**—Firstly, I note from Mr Merriman that as a matter of fact there have been three reports carried out. Secondly, they go in part to improved governance, so I think it could be reasonably supposed that they criticise existing governance. I think that would be a reasonable supposition. As to the legal position of declining to make those public, I would have to take that on notice, because I do not know whether that is the correct legal position in terms of whether or not the committee's request should be met.

**Senator McGAURAN**—Yes, to take advice on whether they can be made public would be good. I was really pointing out to you the reluctance of the board, who would take legal advice prior to presenting them to the minister. I am just doing your work, if you like, wanting the reports to at least get onto the minister's table. If they are as damning as is reported, I have enough faith in him to believe he would act upon them. My concern is whether they will even get to the minister's desk.

**Senator Sherry**—I can only take that on notice for the minister.

**Senator McGAURAN**—I point out, though, that the board is resisting already.

**Senator Sherry**—You have asked a reasonable question about the availability of those reports for this committee.

**Senator McGAURAN**—I did not. You have extrapolated that. It was initially just to get them to the minister, but I now add, 'Yeah, why not?'

**Senator Sherry**—I may have misheard you. I thought you actually requested information on them yourself as a member of the committee.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Senator McGAURAN**—No, I had not asked them to be tabled to this committee. I was asking for them to be tabled to the minister. I think the minister is going to have enough problems, without the committee getting them, quite frankly.

**Senator Sherry**—I will take it on notice, but the board will obviously have to consider whether or not to provide them to the minister should the minister request them. I will pass that on to the minister and then he will act as he determines.

**Mr Merriman**—I would like to point out before we leave this topic that this Arche report was over a three-year period, not the one-year period that this board was in power.

**Senator FIERRAVANTI-WELLS**—I know that, Mr Merriman, but it does traverse directors that were previously on the board, so it did look at the performance of AWI over a three-year period, as you correctly said, and it also made a series of recommendations which one would assume that the current board would take on board.

**Mr Merriman**—Which is what they are doing with these three reports.

**Senator FIERRAVANTI-WELLS**—Thank you, Mr Merriman. You are here to answer questions; I am here to ask them. Minister, I think the point that Senator McGauran was making was that, within the purview of the minister's obligations under the agreement that is currently being reviewed—and you were not here previously for that part of the exchange with Mr Grant—it is open to the minister to require AWI to provide, apart from regular briefings to the minister on company performance in performing its functions and in delivery of the government's priorities for research and development, such other matters as the minister may request.

Our question to you is: within the purview of those responsibilities, could you take on notice whether the minister will request those documents? If so, then they can be dealt with accordingly at further estimates or, potentially, their release can be considered within the parameters of the minister's purview.

**Senator Sherry**—Yes, I think that is perfectly reasonable.

**Answer:**

See answer to AWI 01.

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Budget Estimates May 2010  
**Agriculture, Fisheries and Forestry**

**Question:** AWI 03

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Salaries

**Hansard Page:** 159 (25/05/2010)

**Senator Sterle asked:**

**CHAIR**—You can take this question on notice, because I am keen to wind up: it is reported that your predecessor was on \$350,000 per year. You, Mr McCullough, like us, do not do this job for the money; it is for the love. It does say that you are being paid well below your predecessor. If you can let the committee know that, we would appreciate it.

**Mr McCullough**—We are just going through some finalisations of that contract, but it will be very public in the annual report, I am sure.

**CHAIR**—That is fine; take it on notice.

**Answer:**

Australian Wool Innovation (AWI) advises that the previous CEO of AWI's salary package was AUD 446 000 per annum.

AWI advises that Mr McCullough's salary is AUD 300 000, plus 9 per cent superannuation per annum.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 04

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Mulesing

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Given the involvement of Mr Olsson and Dr Sheil with pain relief and mulesing, is there not a conflict of interest or at least a perceived conflict of interest for Mr Olsson to chair the marketing sub-committee and Dr Sheil the On farm Science and welfare committee?
2. Please outline the specific roles of the marketing sub-committee and the On farm Science and welfare committee and the basis for appointment of the respective chairs to these committees, including their expertise in those respective areas.
3. In relation to the marketing committee, please outline its role including a list of its members and their respective qualifications for appointment to the marketing committee.

**Answer:**

AWI has provided the following advice:

1. The AWI Board Marketing and Intellectual Property Committee no longer exists. Marketing issues are now dealt with by the entire board

The Science and Welfare Committee is chaired by Mr George Falkiner, while Dr Sheil is a member of the Science and Welfare Committee.

The AWI Conflicts of Interest policy applies to all activities undertaken by directors, including positions on board committees. Where conflicts of interest are identified they are dealt with in accordance with the policy. **This policy is attached** and may also be found on the AWI website at [www.wool.com](http://www.wool.com).

2. The Marketing and Intellectual Property Committee no longer exists.

The role of the Science and Welfare Committee is set out in its charter (**attached**). This Charter may also be found on the AWI website at [www.wool.com](http://www.wool.com).

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 04 (continued)

Mr George Falkiner is Chair of the Science and Welfare Committee.

Mr Falkiner's brief CV is provided below and is also available on the AWI website at [www.wool.com](http://www.wool.com).

Mr George B S Falkiner BCom, OPM (Harvard Business School) Member of the Finance & Audit Committee, Chairman of the Science and Welfare Committee

Mr Falkiner is the Principal and Managing Director of Haddon Rig P/L, an extensive cropping and grazing property in Central Western NSW, and home to the renowned Peppin Merino Stud. Through Haddon Rig, Mr Falkiner has assisted more than 300 professional woolgrowers in remaining industry-competitive, with a focus on market specifications and efficiency. Mr Falkiner is a member of the NSW Government Agricultural Ministerial Advisory Committee; and a past Board member of Sothebys auction house and George Brown electronics.

3. The Marketing and Intellectual Property Committee no longer exists.

**[Attachment to AWI 04 (1)**

**Attachment to AWI 04 (2)]**

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Budget Estimates May 2010  
**Agriculture, Fisheries and Forestry**

**Question:** AWI 05

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Consultant

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Please outline any engagement or other involvement of Mr Allan Giffard with AWI at anytime in the past 2 years.
2. If he has been involved in any way, please outline:
  - a. the basis of that involvement
  - b. the amount of any payment
  - c. the expertise for which he was engaged or is otherwise involved; and
  - d. any disclosed conflicts of interests pertaining to him.
  - e. details of any overseas travel undertaken by Mr Giffard at AWI's expense.

**Answer:**

AWI has provided the following advice:

1. Mr Giffard was engaged as a consultant in March 2009 to review the process of selling Woolmark licensees and to deliver a recommendation to the board on how it could be improved.

He was re-engaged as a consultant on a four month contract from May 2010 to review specific post farm business units.

- 2a See answer to question 1.
- 2b Mr Giffard was paid \$4000 in consulting fees and expenses of \$505.47 (excl. GST) under his contract with AWI in March 2009. He will be paid \$75 000 under his current four month contract.
- 2c Mr Giffard is a highly qualified business professional with over 20 years experience in the wool and associated agricultural industries. He has developed and trained world class sales teams and has helped create world class brands for national and multi- national companies. He also has vast experience in dealing with international retailers and its supply chain partners.
- 2d Mr Giffard has openly disclosed his business interests to AWI. AWI is not aware of any real or perceived conflict of interest with Mr Giffard in his current role.
- 2e Mr Giffard has not travelled overseas at AWI expense.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 06

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** PETA

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

Since 2005, has AWI or any of its directors, employees or persons engaged on its behalf had any discussion with PETA since 2005? If so, please outline the nature, date and outcome of such discussions.

**Answer:**

AWI has provided the following advice:

During the course of reaching the AWI/ PETA Settlement in 2007, there were discussions between the parties to come to an agreement. As part of the terms of the Settlement, AWI provides PETA with a report conducted by the expert Genetic Panel every six months.

There are no records evidencing any other formal meetings between AWI and PETA.



**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 07

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Staffing

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

Please outline all terminations, redundancies and engagement at AWI in the past 2 years.

**Answer:**

The information below, provided by AWI, is based on the period 1 May 2008 to June 2010.

There have been 98 departures at AWI, across the following categories:

Resignations:	24
Redundancies:	46
Retirement:	9
Contract Cessation:	11
Termination during probation:	4
Termination due to performance:	2
Termination due to misconduct:	1
Termination due to illness:	1

There have been 34 engagements at AWI, as outlined below:

Sydney Head Office

Chief Executive Officer

Executive Assistant to the CEO

Company Secretary & General Counsel

Assistant Company Secretary & Legal Counsel

Human Resources Manager

Human Resources Consultant

Financial Accounting Manager

Management Accountant

Network (IT) Manager

Computer Support Specialist

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 07 (continued)

Corporate Communications Manager  
Communications Project Manager  
Global Public Relations Manager (Sydney)  
Product Marketing Manager  
Brand & Licensing Coordinator  
Project Manager – Animal Health & Welfare  
Project Administrator – Animal Health & Welfare

International Sales Network

Product Development/Technical Support Manager – Japan  
Special Projects Manager – Japan  
Woolmark Advisor – Japan  
Corporate Affairs Manager – Japan  
Woolmark Inspector – Japan  
Woolmark Advisor – Korea  
Receptionist – Hong Kong  
Woolmark Manager - India  
Regional General Manager – Europe  
Executive Assistant to Regional General Manager – Europe  
Key Account Manager – Benelux  
Regional Finance Manager – Germany  
Woolmark Executive – Italy  
Key Account Manager – Spain  
Marketing Assistant – UK  
Public Relations & Marketing Manager – USA  
Administration Assistant – USA

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Budget Estimates May 2010  
**Agriculture, Fisheries and Forestry**

**Question:** AWI 08

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** KEEP

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. How and why did the UK-based agency, KEEP, come to be used and paid for a marketing pitch?
2. Who was responsible for introducing KEEP to AWI, including any director who may have any involvement with the company?

**Answer:**

AWI advises that:

1. Keep Agency was one of 8 companies invited to present to AWI on possible marketing strategies.

The Board of Directors commissioned the Keep Agency in February 2009 to provide a creative concept and present ideas on the type of marketing strategies and techniques that might be used / required to re-invigorate wool and re-engage consumers in the UK / Europe.

2. Keep Agency was recommended by former Director, Laurence Modiano.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 09

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Company relationships

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

Please outline the tender process referred to at the hearing, including the names of the companies involved, any connection or relationship between any of those companies with any member of the board, the cost of the process and the costs paid in relation to any work undertaken by any of those companies.

**Answer:**

AWI has provided the following advice:

AWI has been through an open tender process to seek a marketing service provider for AWI's European marketing strategy involving three stages over a six month period:

1. An original request for information document was circulated to over 20 advertising and marketing services agencies across UK, Europe and Australia. These agencies submitted credential information.
2. Eight of these agencies were selected by the former CEO to participate in a further stage of tendering. This required them to submit creative and strategic recommendations in response to a request for proposal. An independent selection panel consisting of 12 experts (internal regional management, external local and international category experts and local and international professional marketing experts) was established to assess their submissions. This panel is chaired by Mr Rob Langtry, but he did not participate in the selection or short-listing process.

Members of the selection panel are:

- 5 internal management staff :
  - Pascal Senkoff (Japan)
  - Sam Guthrie (PRC)
  - Edwin Nazario (USA)
  - Nagy Bensid (France)
  - Diane Almond (UK).
- 7 external experts:
  - Fabrizio Servente (Italy), former Global Marketing Director of Benetton

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 09 (continued)

- Peter Ackroyd (UK), Chairman of the British Textile Association; Deputy Chairman of Premiere Vision and CEO of HRH The Prince of Wales Campaign for Wool
  - Mark Buckman (AU), Chief Marketing Officer of the Commonwealth Bank and Deputy Chairman of the Advertising Federation of Australia
  - Lisa A Miles (AU), former Marketing and Innovations Director of Dairy Farmers Ltd, and prior to that Goodman Fielder
  - Stuart Ford (USA), Chief Marketing Officer of Gymboree USA, a 600 outlet apparel retail group
  - Simon Hicks (China) Principal of major Agency group Icon in the PRC
  - Kriti Colless (AU), independent brand consultant based in Sydney.
3. The four agencies that were judged by the selection panel as meeting the request for proposal (RFP) criteria were then asked to participate in a final round RFP. Each agency was paid \$AUD20 000 in consideration of the time and effort spent on preparing their submissions. They were:
- a. EURO RSCG
  - b. LOWE
  - c. OGILVY & MATHER
  - d. PUBLICIS MOJO

The same panel was asked to assess all four agencies on a series of five major criteria. Navigare, the independent scrutineer firm, was engaged to oversight this selection procedure to ensure transparency and due process. The results of this assessment were delivered by Navigare to AWI's CEO and Board. The process was subject to a probity audit being conducted by Price Waterhouse Coopers.

The chairman has a daughter who works for Ogilvy & Mather in a junior capacity.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Marketing activities

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Further to questions at the hearing, please provide details of the marketing activities for Autumn Winter 2010/11 including:
  - a. who is overseeing the process
  - b. any agencies involved in the process (please provide full details)
  - c. cost of such activities

**Answer:**

AWI has provided the following information:

- 1a The marketing activities to be undertaken in 2010/2011 are being implemented with the approval of the CEO under delegation to the three regional managers in each of Asia, Europe and the Americas.
- 1b AWI is in the final stages of selecting an international agency to work across its marketing support requirements, with this decision expected to be finalised early in 2010-11.
- 1c Details of the specific activities approved for the Autumn/Winter 2010/2011 programs, and their approved budgets are as follows:

**Marketing-Related Projects 2010/11**

<b>Operating Plan Strategy</b>	<b>Operating Plan Program</b>	<b>Project Name</b>	<b>AUD</b>
Fibre Education	Brand Rationalisation and Refresh	Corporate and product branded collateral	48,000
	<i>Sub-Total Brand Rationalisation and Refresh</i>		<i>48,000</i>
Fibre Education	Consumer Education	Digital Marketing / Retail staff training through e-learning	4,844
Fibre Education	Consumer Education	Digital Marketing / Social media, sms campaigns etc	43,597

**Senate Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10 (continued)

Fibre Education	Consumer Education	e-marketing (B2C) / Woolmark.jp incl. e-learning module	53,612
Fibre Education	Consumer Education	Fashion Institute of Technology	5,221
Fibre Education	Consumer Education	FIBRE STORY - UK Prince of Wales Project	1,000,000
Fibre Education	Consumer Education	GLOBAL FIBRE STORY - CHINA Mens wear Luxury program Image Building / 4-9 high end mens wear brands / Gold Woolmark Program	1,437,215
Fibre Education	Consumer Education	Italian Brand & Processors Seed funding for Marketing Campaign to be defined by FS/NB	500,000
Fibre Education	Consumer Education	Knitwear / DHC / Extra Fine Merino	32,167
Fibre Education	Consumer Education	Peter Ackroyd                      Consultant	114,757
Fibre Education	Consumer Education	Umbrella Campaign Development	800,000
	<i>Sub-Total Consumer Education</i>		<i>3,991,413</i>
Fibre Education	Online Presence	Digital communications	475,200
	<i>Sub-Total Online Presence</i>		<i>475,200</i>
Fibre Education	Public Relations - Fibre	B3C campaigns / Australia Wool FamiliarizationTour /Australian day event/Charities for African children	28,883
Fibre Education	Public Relations - Fibre	Melbourne Fashion Festival	-
Fibre Education	Public Relations - Fibre	Milano Unica 2010                      Italy - Fair/design competition	314,513
Fibre Education	Public Relations - Fibre	PR Europe Focus UK Germany France Italy Spain	149,768
Fibre Education	Public Relations - Fibre	SH EXPO / 5 brands/Austrade	57,489
Fibre Education	Public Relations - Fibre	Sydney Fashion Week	50,000
Fibre Education	Public Relations - Fibre	The Australian Wool Fashion Awards	50,000

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10 (continued)

Fibre Education	Public Relations - Fibre	Visiting Journalist/Buyers Program	50,000
	<i>Sub-Total Public Relations - Fibre</i>		<i>700,653</i>
Fibre Education	Trade Education Tools	All Woolmark Licensees / Woolmark Trade Communication - Trade Ad, Seminars, Workshops,	53,612
Fibre Education	Trade Education Tools	Asset register	100,000
Fibre Education	Trade Education Tools	Digital Retail Education Training	100,000
Fibre Education	Trade Education Tools	Education & Training	100,000
Fibre Education	Trade Education Tools	Global delivery of Training packages	80,000
Fibre Education	Trade Education Tools	Global Sales Team - Travel Costs	120,000
Fibre Education	Trade Education Tools	Industry engagement	10,000
Fibre Education	Trade Education Tools	Knowledge Education and Training Program / B2B partners / Innovations/Trends training/Seminars	95,814
Fibre Education	Trade Education Tools	Technical Transfer	50,000
Fibre Education	Trade Education Tools	Trade Visitors to Australia	40,000
Fibre Education	Trade Education Tools	Woolmark Licensee program / B2B partners / Woolmark Trade Communication - Trade Ad, Seminars, Workshops	95,814
Fibre Education	Trade Education Tools	Workshops in Europe Trends, knit and innovation for Spinners, Knitters and retailers	37,442
	<i>Sub-Total Trade Education Tools</i>		<i>882,682</i>
<b><i>Total - Fibre Education</i></b>			<b><i>6,097,948</i></b>
Partnership Product Promotion	Brand Standards and Quality Control	Global Ticket and Label Supplier	100,000
Partnership Product Promotion	Brand Standards and Quality Control	Laboratory Authorisation Round Trails	50,000



**Senate Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10 (continued)

Partnership Product Promotion	Brand Standards and Quality Control	Post production testing of Woolmark Products Asia 2010	100,000
Partnership Product Promotion	Brand Standards and Quality Control	Technical Support for Woolmark Testing and Specifications	70,000
Partnership Product Promotion	Brand Standards and Quality Control	Trademark Branding	120,000
Partnership Product Promotion	Brand Standards and Quality Control	Woolmark Colour and Trend forecasts	449,304
Partnership Product Promotion	Brand Standards and Quality Control	Woolmark Renewal	100,000
	<i>Sub-Total Brand Standards and Quality Control</i>		<i>989,304</i>
Partnership Product Promotion	Endorsements	Wash machine / LG,Sumsung, Haier,Sanyo,Whirlpool, Little Swan / Wash machine program	157,136
	<i>Sub-Total Endorsements</i>		<i>157,136</i>
Partnership Product Promotion	Public Relations - Product	Sport/Active / Decent, Wacoal, Asics, tec. / MP Sportwear for ex. Tokyo Marathon	53,612
Partnership Product Promotion	Public Relations - Product	Trade PR/Communication (B2B2C) / All Woolmark Licensees / Woolmark Trade Communication - Trade Ad, Seminars, Workshops,	48,138
	<i>Sub-Total Public Relations - Product</i>		<i>101,750</i>
Partnership Product Promotion	Trade and Consumer Promotion	Alexander Wang	104,430
Partnership Product Promotion	Trade and Consumer Promotion	Alexander Wang	-
Partnership Product Promotion	Trade and Consumer Promotion	Americas Fibre Education Campaign	700,000
Partnership Product Promotion	Trade and Consumer Promotion	Brooks Brothers	156,645

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10 (continued)

Partnership Product Promotion	Trade and Consumer Promotion	Collaboration with IT'S International	32,167
Partnership Product Promotion	Trade and Consumer Promotion	Consumer and retail marketing programme of men's Formal and business casual for 2010/12 A/W / Lotte / KMP III	96,275
Partnership Product Promotion	Trade and Consumer Promotion	European Fibre Education	500,000
Partnership Product Promotion	Trade and Consumer Promotion	Fabrizio Servente Consultant	374,420
Partnership Product Promotion	Trade and Consumer Promotion	Image Building / Lacoste / Collaboration	85,779
Partnership Product Promotion	Trade and Consumer Promotion	Image Building / United Arrows / Ladieswear	32,167
Partnership Product Promotion	Trade and Consumer Promotion	Increasing demand and awareness and positioning merino wool / Alpha / Believe in the best - Merino wool	-
Partnership Product Promotion	Trade and Consumer Promotion	Increasing demand and awareness and positioning merino wool / Canterbury / Believe in the best - Merino wool	-
Partnership Product Promotion	Trade and Consumer Promotion	Increasing demand and awareness and positioning merino wool / Monte Carlo / Believe in the best - Merino wool	121,103
Partnership Product Promotion	Trade and Consumer Promotion	Kids wear / Good Baby/BYM / Kids wear	9,581
Partnership Product Promotion	Trade and Consumer Promotion	Kids wear / Les enphants / Kids wear	19,163
Partnership Product Promotion	Trade and Consumer Promotion	Kids wear / Teddy / Kids wear	9,581

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10 (continued)

Partnership Product Promotion	Trade and Consumer Promotion	Knitwear / Five Foxes / Traceability Program	53,612
Partnership Product Promotion	Trade and Consumer Promotion	Knitwear and school uniform / Ivy Club, Elite Basics / Woolrich School uniform	19,255
Partnership Product Promotion	Trade and Consumer Promotion	Knitwear and school uniform / Superior, Morado, SPAO, Benetton Korea, GS Home shopping / Merino casual knitwear	48,138
Partnership Product Promotion	Trade and Consumer Promotion	La Redoute France - Men/Women - Medium segment - Knitwear	299,536
Partnership Product Promotion	Trade and Consumer Promotion	Macy's	261,075
Partnership Product Promotion	Trade and Consumer Promotion	Mango Europe - Women - low price young fashion segment	74,884
Partnership Product Promotion	Trade and Consumer Promotion	Men's/Women's Merino Cool / Flandre / MerinoCool Program	107,224
Partnership Product Promotion	Trade and Consumer Promotion	Men's/Women's MerinoCool / Cheil / Merino Cool	19,255
Partnership Product Promotion	Trade and Consumer Promotion	Men's/Women's MerinoCool / Bossini / Casual wear	95,814
Partnership Product Promotion	Trade and Consumer Promotion	Men's/Women's MerinoCool / Icicle / Eco-Women's wear	47,907
Partnership Product Promotion	Trade and Consumer Promotion	Ormo USA and UK - Young mothers - hand knitting yarn market	29,954
Partnership Product Promotion	Trade and Consumer Promotion	Positioning of luxury merino wool products / Madura / ITC / Merino wool natural story and ultimate luxury	72,662

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 10 (continued)

Partnership Product Promotion	Trade and Consumer Promotion	Rapha UK, cyclists wear	37,442
Partnership Product Promotion	Trade and Consumer Promotion	Sport/Active / K2, Millet Korea, Cheil, Millet Korea, Limits, Kolon Sports / MP Sportwear and Wool Fleece	48,138
Partnership Product Promotion	Trade and Consumer Promotion	Stockman Russia - Men/women - Medium segment - Knitwear	37,442
Partnership Product Promotion	Trade and Consumer Promotion	Uniform / Nikke / School Uniform Program	53,612
Partnership Product Promotion	Trade and Consumer Promotion	Women's Washable Wool / Isetan / Ladieswear MW Suits	53,612
Partnership Product Promotion	Trade and Consumer Promotion	Women's Washable Wool / World / Ladieswear MW Suits	53,612
<i>Sub-Total Trade and Consumer</i>			<i>3,654,485</i>
Partnership Product Promotion	Woven Volume Defence	Consumer and retail marketing programme for men's Formal and business casual for 2010/11 A/W / Cheil / KMP III	96,275
Partnership Product Promotion	Woven Volume Defence	Increasing demand and awareness / Raymond / Suit Carnival	121,103
Partnership Product Promotion	Woven Volume Defence	Men's Formal / Aoyama / Xero CO2 Program Kiwami no Merino TSC	160,835
Partnership Product Promotion	Woven Volume Defence	Men's Formal / Konaka / Power Suits	53,612
Partnership Product Promotion	Woven Volume Defence	Peerless Clothing	156,645
<i>Sub-Total Woven Volume Defence</i>			<i>588,470</i>
<b><i>Total Partnership Product Promotion</i></b>			<b><i>5,491,145</i></b>
Marketing Intelligence	Trade Education Tools	Business Intelligence Data Collection 2009/10	200,000
<i>Sub-Total Business Intelligence</i>			<i>200,000</i>
<b><i>TOTAL FIBRE MARKETING</i></b>			<b><i>11,789,093</i></b>

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 11

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Ogilvy agency

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Does AWI have any relationship with the Ogilvy agency?
2. Does any director or member of his/her immediate family have any relationship with Ogilvy?

**Answer:**

AWI has provided the following advice:

1. The extent of AWI's relationship with Ogilvy & Mather was as one of four agencies paid \$AUD 20 000 to participate in the final request for proposal for a marketing services provider as described in AWI 09.
2. The Chairman has a daughter who works for Ogilvy & Mather in a junior capacity.

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Budget Estimates May 2010  
**Agriculture, Fisheries and Forestry**

**Question:** AWI 12

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Staffing

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Has AWI re-employed Mr Rob Langtry – the former marketing Director at AWI and if so, what was the basis and nature of such employment?
2. Outline Mr Langtry's responsibilities at AWI including:
  - a. Any involvement with marketing plans?
  - b. Were such plans executed and if not executed, why not?
3. Further to evidence at estimates, was any of the companies referred to as part of the tender process formerly associated with Mr Langtry? If so, please provide details of that association.
4. Was there ever an investigation by AWI in relation to Mr Langtry? If so:
  - a. what was the nature of that investigation including when it occurred, the outcome of the investigation?
  - b. provide an documents into the investigation; and
  - c. any legal advice obtained prior to Mr Langtry's re-engagement or re-employment of Mr Langtry
5. Please provide details all amounts paid to Mr Langtry and any company that he was associated with including the date and reason for such payment.

**Answer:**

AWI has provided the following advice:

1. Mr Langtry has never been an employee of AWI. He has been engaged by AWI since 15 March 2010 on a short-term contract to deliver two bodies of work:
  - The AWI 2010/11-2012/13 Strategic Plan and 2010/2011 Operating Plan. The strategic plan includes extensive marketing strategies which were developed by Mr Langtry.
  - Chairing the independent selection committee to coordinate AWI efforts to identify a marketing services provider.

AWI has also engaged Mr Langtry from time to time seeking his expertise in marketing and strategic issues over the last two years.

- 2a See above.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 12 (continued)

- 2b Mr Langtry was contracted to finalise the AWI 2010/11-2012/13 Strategic Plan and 2010/2011 Operating Plan which have been presented to and signed off by the AWI Board.
3. The eight companies included in the second stage of the tender process were selected prior to Mr Langtry's involvement in the process. Mr Langtry has had an involvement with all of the companies selected in various capacities over his 30 plus year career in advertising. Specifically:
- Between 1976 and 1985 he worked for Hill & Knowlton, then for J Walter Thompson. Both companies are owned by WPP which in turn owns Ogilvy & Mather
  - Between 1985 and 1992 he worked for McCann-Erickson, which is owned by Interpublic Group PLC, which is the owner of Lowe.
  - Between 2001 and 2005 he worked for EURO RSCG.
  - Between 2005 and 2010, while never an employee, he worked on specific projects for Publicis Mojo. This included work on AWI projects.
- 4a There has been no investigation in relation to Mr Langtry by AWI. In 2007, in line with best practice, a routine, independent audit on compliance by AWI staff and contractors with AWI governance requirements was undertaken. Mr Langtry was a contractor at the time of the audit. The independent audit found no issues of risk or non-compliance sufficient to warrant further action.
- 4b Not applicable.
- 4c No legal advice was therefore required (or sought) prior to Mr Langtry's re-engagement by AWI.
5. The financial arrangement with Mr Langtry is contractual. The original period of this contract was for 3 months at a value of \$58,000. This contract has been extended until the 31 December at an additional value of \$114,300.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 13

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Superior Merino/Australian Merino

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. What has happened with the brand Superior Merino/Australian Merino?

**Answer:**

AWI has provided the following advice:

The Superior Merino/Australian Merino brands are registered trademarks of AWI and are available for use should any partner choose to do so.



**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 14

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Marketing agency

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

2. Further to the questions at estimates, has the winning marketing agency been announced or contracted?

**Answer:**

AWI has provided the following advice:

As at 28 July 2010 an agency had been recommended and endorsed by the board at the meeting on the 9 July. We are currently negotiating their retainer.

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Budget Estimates May 2010  
**Agriculture, Fisheries and Forestry**

**Question:** AWI 15

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Woolmark

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Further to questions at estimates, please advise how is the marketing program for AWI and the Woolmark going including:
  - a. what is planned for 2010/11 that surely must all be paid for and put in place now?
  - b. If the money has not been allocated how will it impact on sales if the orders for the Autumn Winter 2010/11 are already being met?

**Answer:**

AWI has provided the following advice:

- 1a. Details of the specific activities approved for the Autumn/Winter 2010/2011 programs are outlined in the response to AWI 10.
- 1b. The funds have been allocated. Of the projects approved, each project is at a different stage of implementation.

Work on Northern Hemisphere Autumn/Winter seasons starts around nine months prior to actual retail seasons. AWI works with intended partners well in advance of approving the final project agreements and funding requirements. All projects were discussed with potential partners commencing October 2009 including progressing incremental sales opportunities for Australian Wool apparel.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 16

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** Staff resignations

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Further to questions at estimates, list all staff resignations (including reason for resignation), retirements, redundancies or sackings/removals.

**Answer:**

Refer to the response for AWI 7.

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 17

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** CEO appointment

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Further to answers provided at estimates regarding the appointment of the CEO, please outline:
  - a. the full process undertaken including the number of applicants
  - b. the basis for the selection of Mr McCullough over other candidates
  - c. an outline of Mr McCullough's qualifications and previous experience.

**Answer:**

AWI has provided the following advice:

- 1a) The role of AWI CEO was advertised in the Sydney Morning Herald, the Australian Financial Review and on Seek Executive. Ninety-three applications were received.

Applications were short listed for interview based on assessment against key criteria as follows:

- Quality of application
- Industry or related experience
- General management experience
- Experience working with a board
- Stakeholder engagement and management
- Global/ international perspective
- Leadership of multidisciplinary team
- Change management experience
- Key educational background

Twelve candidates were shortlisted and recommended by Human Resources to the Chairman and Deputy Chairman for interview. Seven candidates participated in a behavioural based interview conducted by the Chairman, Deputy Chairman and HR Manager. Of these, four candidates were selected to progress through to the Board. Reference and background checks were undertaken on the four shortlisted candidates. The Board interviewed the four candidates.

- 1b) Mr McCullough was selected as he demonstrated superior skills and experience against the selection criteria as compared to the other candidates.
- 1 c) Mr McCullough possesses:
  - 9 years experience with AWI

**Senate Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 17 (continued)

- AWI executive management experience
- 21 years experience in the wool industry in a range of capacities along the supply chain

Employment Summary

<b>Australian Wool Innovation Limited</b> July 2001 – Current (8 years)	CEO—Australian Wool Innovation Ltd Current
	General Manager Australia – AWI & Woolmark June 2009 – March 2010 (10 months)
	Strategic Advisor & Shareholder Relations June 2008 – June 2009
	Senior VP, North America Operations May 2005– June 2008 (3 years)
<b>OMNI GROUP LIMITED</b> September 1996 – May 2001 (5 years)	Head of Global Sales & Marketing September 1996– May 2001
	Company Secretary/Operations Manager June 1999-May 2001
<b>HENRY B. SMITH LIMITED</b> March 1995 – September 1996 (1 year plus)	International Sales Manager March 1995 – September 1996 (1 year plus)
<b>H. DAWSON SONS &amp; CO. MELBOURNE</b> Jan 1989 – March 1995	Manager, Trading, Broker and Buyer Jan 1989 – March 1995

**Senate Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2010

**Agriculture, Fisheries and Forestry**

**Question:** AWI 18

**Division/Agency:** Australian Wool Innovation Limited

**Topic:** UK based campaign

**Hansard Page:** Written

**Senator Fierravanti-Wells asked:**

1. Further to evidence at estimates, please provide further details about the UK-based campaign now with HRH Prince Charles including:
  - a. what exactly AWI is contributing
  - b. what is AWI getting in return for this campaign
  - c. where is the mention of Australian or even apparel wool in this campaign so far
  - d. What is the commitment AWI has made to this project?
  - e. How are the funds to be managed?
  - f. What is the structure of managing the funds and this project?
  - g. And who from AWI is managing this project?
  - h. How do we measure the cost/benefit of this program?
  - i. Is this not generic “wool” promotion?
  - j. What are your criteria for this type of project?

**Answer:**

AWI has provided the following advice:

- 1a) AWI has currently approved 100 000 STG for the HRH Prince of Wales Campaign, known as The Campaign For Wool (TCFW).
- 1b) At this stage over 100 retailers have agreed to be participate in the campaign, particularly leading retailers and brands who will promote and stock wool in store.
- 1c) The partners in the TCFW campaign are AWI, British Wool Marketing Board, NZ wool industry and the International Wool Textile Organisation. However key partners in the program, used to promote wool, include apparel and interior brands and retailers. Apparel wool is and will be a main feature of the campaign. The marketing materials are under development but will feature apparel. This apparel is comprised mainly of Australian wool.
- 1d) Refer to response for (1a)
- 1e) A company has been formed called The Campaign For Wool (TCFW). A contract for the 100 000 STG has been drafted between TCFW and AWI. MoUs will form the basis of the contracts between TCFW and the retailers and brands participating.

**Senate Rural and Regional Affairs and Transport Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Budget Estimates May 2010**  
**Agriculture, Fisheries and Forestry**

**Question:** AWI 18 (continued)

- 1f) Refer to response for (e)
- 1g) Nagy Bensid (AWI General Manager Europe), Peter Akeroyd (contractor), Rebecca Sharp (AWI Marketing Assistant), Kara Hurry (consultant)
- 1h) Costs/benefits will be measured by four categories:
- partner financial contribution
  - partner in-kind contribution
  - volume sold by partner
  - media reach
- 1i) No. Every participant has either contributed financially or in-kind to the TCFW campaign.
- 1j) AWI primarily assesses all its marketing activities on the basis of whether projects meet strategic objectives.