



Western Sheep & Beef Producers

Bulletin – 6 August 2014

AWI Industry Consultative Committee (ICC) report

PGA Executive and Livestock Committee member Mr Clinton Ayers attended the most recent meeting of the consultative committee held in late May. Two issues of note were the frequency of Wool Poll and funding a high level report into an Analysis of Selling Systems.

With respect to Wool Poll AWI chairman of the board of directors, Mr Wal Merriman sought the ICC's feedback about Wool Poll frequency, seeking to reach a position by the end of July.

As Wool Poll has returned the same result for some time (2% levy), and in an effort to further reduce costs, it was suggested reducing the frequency of polls to once every 4 or 5 years.

The Chairman noted that this could lead to a situation where levy payers would only have their say twice in a decade.

The request was thoroughly discussed by the committee and the decision was reached to continue to support the current arrangement of Wool Poll every three years.

At the next meeting of the AWI Board, it will consider funding an 'Analysis of Selling Systems'.

It is expected that such an analysis would cost approximately \$800,000.

This amount of money is required as AWI want to employ respected professionals completely outside the wool industry, such as the Boston Consulting Group or McKinsey & Company.

The proposal is still in the planning stages, but it is understood to be in response to credit issues out of China and the capacity of large wool traders and processors in China to influence auction prices. The ability to access AWEX online auction results instantly and globally allows them to move in and out of the market as price and volumes change. Their current dominance in the market lets them have enough impact to affect price movements.

The Chairman says that a return to any form of market support or manipulation will not be supported by the PGA.

MUCHEA LIVESTOCK CENTRE

In breaking news, Chris Patmore, who represents the PGA on the centre's user group, reports that Expressions of Interest have been called by the WA Meat Industry Authority (WAMIA) for appropriate parties to take over all aspects of the running of the operation of the centre. WAMIA would retain ownership and effectively become the landlord (lessor).

Some of the issues that would need to be addressed in the expression of interest are;

- Improvement of existing services and development of new services,
- On-going maintenance of the centre and future capital improvements,
- User fees, and
- The size of any annual fee payable to WAMIA.

UPCOMING MEETINGS – 2014

PGA Convention – 15 August

Executive Committee – 25 September

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