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AWI board must come clean on financials... says AWGA.

The recently released Australian Wool Innovation Strategic plan is not just a wish list, as some board members now state. A strategic plan is by most commercial standards, the most important and fundamental document in any company, providing a concrete blueprint for direction.

According to the Australian Wool Growers Association, the Strategic Plan is a legislated reporting mechanism, part of the Statutory Funding Arrangement with the Federal Government, and as such must be accurate and the board accountable for its accuracy. Recently, AWGA uncovered worrying revenue deficits in the Australian Wool Innovation updated strategic plan. In 2006, the current board will spend \$90 million dollars, and collect only \$50 million. They will fund this shortfall in 2006 by drawing upon \$40 million from cash reserves. It is most worrying to think that almost half of our cash reserves of \$90 million will be spent next year, states Chick Olsson, Chairman of AWGA.

Under their plan, Australian Wool Innovation will spend all of the available cash reserves by 2009.

I believe Australian Wool Innovation has some heavy obligations which it will struggle to meet if wool prices continue to slide, states Chick Olsson.

With recent predictions of further wool price falls by Woolmark Chief economist, Chris Wilcox, the predicted revenue streams just won't be there to meet many of these projects. Any conservative businessman would be alarmed says Olsson.

Sadly, under Australian Wool Innovation's strategic plan, there will be little money available for marketing of wool.

This board has committed everything we have, levy's and reserves, to many programs that unfortunately, have had little impact on the demand for wool. Make no mistake, AWI is now duty bound to sit down with wool leaders, to put in place mechanisms to cover anticipated shortfalls in funding. This will be necessary to restore some confidence and protect some of the valuable projects being currently funded states Chick Olsson.

It seems obvious that the only way that such huge expenditure can continue, is for this board to rely on a wool levy increase by another 1 or 2%.

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