



ANNUAL REVIEW
2008

WOOLPRODUCERS
AUSTRALIA

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EXECUTIVE AND STAFF

WoolProducers Australia is led by a National Executive made up of our state farm organisation members, whilst three independent members are directly elected by wool growers Australia wide.

The provision of independent members gives any grower the opportunity to be a part of the leadership team, setting the organisation apart as the only true voice of all Australian wool growers.

WoolProducers Australia seeks to attract and retain professional staff and create an environment that encourages excellence in the workplace, delivering outcomes on behalf of our members.

President
Don Hamblin

Senior Vice President
Brent Finlay

Treasurer
Geoff Fiskin

Committee
James Kennedy
Charles Merriman
Rosemary Stobart
Alix Turner
Max Watts
Geoff Power

Executive Director
Greg Weller

Policy Advisor – Animal Health and Welfare
Alexandra MacLennan

Office Manager
Shirley O'Brien

Standing left to right: Jo Hall (AgForce Qld), Charlie Merriman, Geoff Power, Jim Kennedy, Alix Turner, Geoff Fiskin, Brent Finlay, Max Watts, Claire Hull (NSWFA)

Seated left to right: Rosemary Stobart, Alex MacLennan, Don Hamblin, Greg Weller, Shirley O'Brien.

WOOLPRODUCERS AUSTRALIA

WoolProducers Australia is the peak national body for the wool growing industry, representing farmers across Australia and advocating their interests both nationally and internationally.

We represent and support the industry on issues as diverse as trade, animal health and welfare, accountability of grower funds, marketing, innovation, training and the environment.

This report provides an outline of our activities and performance during the past year, and also includes contributions from key industry stakeholders and our member organisations.



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PRESIDENT'S REPORT

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DON HAMBLIN
President
WoolProducers Australia

It has indeed been a challenging year just past, but one in which all those involved with WoolProducers Australia can rightly be proud of their efforts and achievements in the face of significant adversity.

In reflecting on the corresponding report from 2007 last year, and my first as President, it was noted that some of the big issues we would likely face in the year ahead were mulesing, trade, industry unity and Australian Wool Innovations director's elections. However, I think no one would have considered that these issues would have materialised to anywhere near the extent that they did.

The tone for the year was set in January and February with the news that a Swedish television program *Kalla Fakta* was preparing a story on the mulesing issue. Furthermore it became clear that activists had made significant inroads into the mindset of European retailers and brands, aided by the pro-mulesing sentiments expressed in conjunction with the AWVI 2007 election.

We now have to accept that activists are part of the landscape, and we know that the media will sometimes get it wrong as some did in reporting the industry response to this threat. However, the way in which some within the industry politicised this issue was disappointing.

For not the first time, it was WoolProducers who had to ensure that government relations with the industry were maintained. While others sought to inflame the crisis, through our advocacy efforts we were able to ensure that Canberra kept confidence in the industry, and avoided reactionary decision making.

There were also positives to be drawn from this episode, as it was instrumental in bringing the National Wool Declaration into being. This document now provides purchasing options for customers in regards to mulesing, and as can be seen from the published AWEX data is growing in acceptance amongst growers.

As we recall the events of earlier this year, it is difficult not to draw the conclusion that as some people chose what action to take, or public comments to make, they already had the annual Australian Wool Innovation director's elections in mind. This event certainly dominated the consciousness of much of the industry during the latter part of the year.

WPA chose to support the incumbent directors as much on the basis of the process through which they were selected, as their individual skills. The fact that an independent search earlier this year delivered three such outstanding candidates is further endorsement of the process. It has long been our policy that the election process should be built on skills rather than personalities and our decision was made with this in mind.



Nonetheless, growers have voted for a new board and that is the environment in which the industry now operates. We will continue to apply the rigorous standards of accountability to this company, as we have before with it and every other recipient of levies or woolgrower generated fees. I have offered my congratulations to the new Chairman and directors and we look forward to working with them in the interests of all growers.

I could not report on this year without addressing such significant issues as these, but at the same time, we must remind ourselves that there is much more to the industry than just mulesing or AWI. Let me now recount some other major issues from the year.

In our role as part of AWEX, WoolProducers participated in discussions concerning the possible integration of the company's activities into AWTA. We have supported this rationalisation but the majority of votes from other members didn't enable the proposal to progress more formally. With the removal of the bale label levy funding for AWEX, quality assurance has to be sourced by other means – which means a model that buyer's sellers and growers can agree on.

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AWTA recently acquired Agrifoods from AWB, again a move we have watched closely and supported. This acquisition enables AWTA to spread overheads across a broader base so as to protect growers from increased testing costs given the downsizing of the industry and reduced testing.

On the international scene, during 2008 WoolProducers took over the chairmanship of the grower's forum at International Wool Textile Organisation (IWTO), a group that we were instrumental in initiating.

Australian wool growers should be proud of the high standards of animal welfare practiced in this country. While our detractors try and try again to have the public believe otherwise, the conclusion of the new Land Transport Standards and the soon to be commenced National Sheep code are evidence that we remain world leaders. WoolProducers plays a significant role in the development of these standards, and has been both a moderate voice that facilitates sensible compromise, as well as a firm advocate for grower's rights when required.

While mulesing might one day be off our radar, it is a reminder that animal welfare is now entrenched as an international trade issue and that we must respond accordingly to issues as they arise, and pre-empt them where possible. That is why WoolProducers took the initiative of co-ordinating the development of a Code of Practice for Housed Sheep in the Ultrafine Wool Industry. The launch of the code in 2008 was the culmination of two years work, and it has been warmly received by that sector and industry stakeholders alike. I would like to acknowledge the efforts of Alex MacLennan in bringing this project to fruition.

2008 saw the launch of the new national plan for the Management of OJD, for which I was fortunate enough to participate in seminars around Australia, designed to educate growers and stakeholders about the new program. In conjunction with the new plan, WoolProducers was pivotal in achieving consensus on a new nationally consistent sheep health statement, through chairing the working group that delivered on this project.

Other initiatives from WoolProducers this year include the release of the Guide for Mitigating the Risk of Exotic Breeds and the introduction of the quarterly National Sheep Health and Welfare report. Both of which can be found on the new WoolProducers website, which was launched this year.

Many of the issues and initiatives I have discussed today contain a strong theme of animal health and welfare, which reflects the high workload and level of responsibility of WoolProducers in these areas. That said, we remain focussed on our other key priorities such as trade, education, accountability and cross commodity policy development through membership of NFF. To see more about what we are doing in these important areas, I would again encourage readers to visit our new site.

None of us are immune from the challenges faced by farmer organisations. It is no secret that there are discussions occurring right now at all levels around the country, considering how we all can achieve the best results for our members and remain viable into the future. I can assure that the WoolProducers Executive is taking this seriously, and reviewing our business model and structure accordingly.

However, in my view one thing that is certain, is that this year has proved the need for strong farmer bodies at the state level or as a national commodity.

Now more than ever we independent organisations that will stand up for grower's interests and do or say what is right, not what is popular or politically expedient.

In conclusion, I would like to thank the Executive and staff of WoolProducers for their support and contributions to the organisation over the year, and I look forward to working with you in 2009.

Thankyou.

DON HAMBLIN
President
WoolProducers Australia

EXECUTIVE DIRECTOR'S REPORT



GREG WELLER
Executive Director
WoolProducers Australia

With the focus often on high profile issues such as mulesing, it is essential that the industry and policy makers don't neglect other big challenges to wool growers. The growing threat of wild dogs is one such problem, which is estimated to cost the industry around \$70 million per annum.

Managing wild dogs is a difficult problem. As well as the many feral dogs, Australia is home to the dingo, which is originally a native of Asia. It is believed to have been introduced to Australia around 4,000 years ago and has since been considered by many as a native and a functional part of the ecological system as the top order predator. However, others contend that as it is a relatively new arrival and it shouldn't be compared to the marsupials that evolved in Australia.

Contrary to popular community beliefs that dingoes are wild native animals, while feral dogs constitute escaped or abandoned domestic pets which are only a peri-urban or agricultural problem, the *Invasive Animals Cooperative Research Centre* (IA CRC) cites research that concludes there are populations of hybridised urban dingoes existing in most cities of Australia. These are wild animals living within urban boundaries, which are known to harbour diseases and are implicated in attacks on people, livestock and domestic animals. Adding to the complexity of the problem, livestock attacks are also known to come from uncontrolled domestic dogs that roam in packs at night.



As a result of wild dogs, many woolgrowers are being forced from the industry, or going into other less profitable enterprises that are more dog resistant. In the absence of dogs, recent economic modelling conducted at Blackall in Queensland showed that a merino enterprise turning off fat lambs was significantly more profitable per DSE than beef cattle weaner production.

Not only are dogs responsible for significant financial losses to growers and rural economies, but there is also an immeasurable social cost from this problem. Combined with growers eventually being forced out of their chosen profession, they have to live with the constant fear for the welfare of their animals and then deal with the heartbreaking tasks that come in the aftermath of a dog attack.

Unfortunately, woolgrowers who have been facing the daily challenge of dogs have not been served well over the years by the lack of a nationally co-ordinated response to wild dogs. There are many committed and talented individuals or groups at the state and local level working hard to tackle this problem, but there has not been a way of ensuring that the shrinking pool of national research dollars are prioritised in a way to get the 'best bang for the buck', or provide these groups with a forum to share ideas.

That is why WPA welcomed the development of the National Wild Dog Management Advisory Group (NWDMAG) during 2008 as part of the IA CRC wild dog program. With the IA CRC funding a national wild dog co-ordinator, it was a natural evolution that the original steering committee for the program grew to the current group. Along with representation by WPA on the NWDMAG, the group is now chaired by AgForce Sheep and Wool President, and Senior Vice President of WPA, Brent Finlay. Brent's presence as Chair ensures that woolgrower's views are front and centre within the group and that the NWDMAG can have a strong public grower voice when required.

While this represents the beginning of a very long road, there is optimism around the group. Since the last meeting in December 2008, the group has generated widespread media coverage to begin to raise the profile of the problem. The NWDMAG has also already got its first runs on the board, by securing funding under the Commonwealth *Australian Pest Animal Management Program* to develop guidelines for the use of guard dogs for the protection of livestock.

This small, yet growing, use of domestic dogs such as the Maremma has proven effective for some growers when given the right support, and is another way that the industry is 'looking outside the square' to tackle the problem of dogs.



Of course, traditional methods for dog control remain essential tools for industry and need our ongoing political support. The lethal toxin 1080 is one such example. However, while the wool industry is dependent on 1080 for aerial baiting, some regulators place question marks over its sustainability due to concerns over welfare, impacts on non-target native species and potential for losses of working dogs and pets. As such, progress by the IA CRC into additional lethal toxins are welcomed and highlight the need for ongoing research.

One agent worth noting is para-aminopropiophenone (PAPP), which is lethal to canids such as dogs and foxes. It has the potential for a more rapid death than 1080, which addresses welfare concerns and has the advantage of having an antidote available for pets or farm dogs.

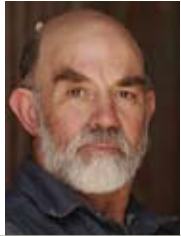
WPA was pleasantly surprised to see the new board of the Australian Wool Innovation announce that one of its key on-farm priorities would be the wild dog problem. While AVI has been an important funder of wild dog programs for some time, the elevation of the issue by the board is a positive signal to the many shareholders grappling with the problem. The challenge for the industry R&D body will now be to ensure that the right programs are supported so that industry has effective and sustainable tools for dog control into the future.

WPA looks forward to working with the IA CRC, AVI and other stakeholders in 2009 on this important issue, in what is expected to be another challenging year for the industry.

GREG WELLER
Executive Director
WoolProducers Australia

NEW SOUTH WALES FARMERS ASSOCIATION

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ALIX TURNER
NSWFA Wool
Committee Chair

During the past year my particular responsibilities within WoolProducers Australia have included representing it on the NFF Industrial (relations) Committee, the ANZ Wool Harvesting Safety Group, the NFF Farm Business & Economic Committee, the Australian Animal Welfare Strategy (AAWS) and the WoolProducers Australia/Sheepmeat Council of Australia Joint Animal Health Committee.

I am also a member of WPA Australia's internal Animal Health Committee. Along with other members of the board of WPA I have appreciated the opportunity to participate in information exchanges with Australian Wool Innovation and bodies.

The Federal Government's decision to enact a process of Award Modernisation has led to the NFF Industrial Committee convening meetings involving both other employer groups and union representatives. These consultations are an attempt to establish the extent of consensus between these groups, which can be used as a basis for making a coordinated approach to the Industrial Relations Commission (IRC). In the final analysis it is the IRC that will determine the detail of the new award structure.

The ANZ Wool Harvesting Safety Group has some overlap with the interests of the Industrial Committee. It includes representatives of unions, parties involved in injuries & workers compensation, shearing contractors and ourselves as employers. As the shearing industry and primary production have comparatively high rates of injury, that are reflected in higher premiums for workers' compensation insurance, it is a useful forum to seek out "win/win" opportunities to reduce this rate of injuries.

Few issues have created more controversy and negative publicity for our industry than the dramatised allegations of the well funded groups of extreme vegans and the degree of support that they have received from more moderate animal welfare groups. This has created a need to both develop new best practice, especially in the area of flystrike protection, and to educate both the Australian and international community as to the quality and extent of animal welfare codes and practices in this country.

In this context the AAWS International Animal Welfare Conference held in early September included a cross section of international speakers and others in which the European nations were well represented. At the same time steady progress is being made in reforming the various codes of practice in animal welfare to achieve an effective level of national uniformity as well as incorporating both compulsory minimum standards and recommended guidelines for best practice.

In terms of information exchanges we have welcomed AWI's acquisition of the relevant assets of The Woolmark Company and particularly welcome the new strategies aimed at separating our quality apparel wools from perceptions of its being itchy, scratchy and only worn only by our grandparents in winter. It will be important to ensure that these new levels of appeal to consumers are underpinned by a level of Total Quality Management within the supply chain that is sufficient to maintain their credibility.

Although the past year has seen the adoption of a more simplified approach to the management of Ovine Johne's Disease research is yet to be conducted as to what preconditions, other than the presence of the bacteria, are required to trigger the onset of clinical disease other than in individual animals that are particularly susceptible. With the disease now recognised as having been introduced "at least as early as the 1950s", some 75% of Australian flocks not exhibiting lesions under abattoir surveillance and the application of Gudair vaccine costing in excess of \$2/head, effective research in this area could yield a very worthwhile cost/benefit outcome.

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GEOFF FISKIN
VFF Wool Committee Chair

VFF Livestock has been very active over the past twelve months addressing issues of importance to the industry in Victoria. Following is a summary of key administrative and policy outcomes from the year and a view of what we have identified as priorities for growers over the coming year.

LIVESTOCK GROUP RESTRUCTURE

The new Livestock group structure came into effect after Livestock Conference July 2008. There were no changes to Livestock Council itself, however the new structure saw the abolishment of the commodity committees. In their place we will have Policy Advisory Group's (PAG's) dealing with specific issues that are most relevant to our members. There will be an increased focus on communicating with and receiving input from members. Part of this will come through the Policy Advisory Groups enabling more members to become directly involved in Livestock group activities.

PAG's are formed by Livestock Council when they feel that an issue needs further work, research, comment or consideration. The PAG's will have a set task and report back to Livestock Council who will then use this information to assist with the setting of policy and decision making. Currently there are two PAGs running, Sheep Lice and Sheep Feedlot.

Sheep Lice PAG

The VFF Livestock Council established a PAG to deal with the growing lice problem in Victoria. This PAG has met via teleconference on a few occasions and made recommendations to Livestock Council in regards to this issue.

Actions to be taken in response to the PAG are as follows:

- Develop a sheep lice resource paper containing valuable information on sheep lice, eradication and control programs and useful websites for members.
- Recommend to WPA to ask AWI that a sheep lice fact sheets be developed and given to wool brokers to make available to wool growers.
- Contacting DPI to ensure that their Agnotes on sheep lice are more informative and beneficial to wool growers and urge them to investigate the possibility of putting signage up at stock exchanges as a way to raise awareness of the issue.

Sheep Feedlot PAG

A Sheep Feedlot PAG was formed by the VFF Livestock Council, chaired by Kate Joseph. This PAG discussed in depth the Lamb Finishing Code of Practice. A submission by this PAG was made on 31 October on productive nutrition. This PAG will continue to keep a watching brief on the development of this code and make submissions where necessary.

LIVESTOCK THEFT

Stock Theft has been a long running issue for the VFF Livestock Group. In the past we have been involved with several projects/working groups that have looked at the issue. While these have delivered benefits to livestock producers stock theft still remains an issue for Victorian livestock producers.

What are VFF Livestock's goals?

- Harsher penalties for stock theft. This may require changes to the relevant Act.
- More police resources
- Options for farmers to protect their property
- Increase assistance from agents/abattoirs (i.e. take some responsibility in trading of stolen goods)

VFF Livestock's actions to date have included a very successful communications campaign to increase awareness, which has received good media coverage on the issue. We have also developed a livestock theft resource paper, containing tips on prevention of livestock theft, protection options and valuable contact details.

VFF LIVESTOCK'S FOCUS FOR THE NEXT 12 MONTHS

The following issues will form the core of VFF Livestock Group's focus in the coming 12 months:

- Continuation of national representation
- Increase in communication with members and non-members of the VFF Livestock Group
- Continue to deal and respond to animal welfare issues and related activists
- Push to get the saleyard code of practice adopted by all Victorian saleyards
- Keep a watching brief on all codes of practice being developed
- Livestock Succession
- Biosecurity (border security, EAD)
- Emission Trading, Water, Market access etc.

In summary the challenges ahead for woolgrowers still remain climate, profitability and production. VFF Livestock will be working hard to improve the outlook for woolgrowers in 2009.

AGFORCE QUEENSLAND

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BRENT FINLAY
AgForce Sheep and Wool
Committee

2008 has been a mixed year for many sheep and wool producers in Queensland, however it can be said that it has generally been more positive than 2007, with many producers experiencing excellent lambings.

Many sheep producing areas have seen periods of good rain and improved conditions, particularly in the south west and south east of the state. However Winton and patches around Longreach are continuing to go without.

A new national approach to Ovine Johnes Disease (OJD) was launched in April this year, which saw a change in zoning and point allocation for the risk based trading scheme. Under this new scheme Queensland was given the same status as other states that have this disease. AgForce Sheep and Wool fought hard on behalf of members to maintain a one point trading buffer and resisted heavy pressure from national bodies to ensure that Queensland remains free of OJD.

In July AgForce Sheep and Wool organised a highly successful field day hosted by Stuart and Pru Barkla, 'Rosscoe Downs', Cunnamulla. Around 130 producers attended the day to hear about and see demonstrations of the latest in machine vision technology, mulesing and shearing technology.

Premier Anna Bligh also attended the day, where it was announced that she would become the sheep and wool ambassador for Queensland. In her speech the Premier acknowledged the importance of the sheep industry in keeping regional centres populated.

Premier Bligh also announced a review into wild dog mitigation in Queensland that would be headed up by immediate past AgForce president Peter Kenny. This review eventuated as a direct result of consistent lobbying by AgForce Sheep and Wool.

The Blueprint for the Bush project 'Localised incentives for wild dog control', sponsored three highly successful field days at Blackall, Isisford and Hughenden, where around 170 sheep and cattle producers learnt about different methods of wild dog control to gain higher lambing and calving percentages over the three days.

AgForce Sheep and Wool has continued to work on the relationship with government and significant headway has been made in this area. The research stations divestment being a good example of this, and while details are still being finalised, AgForce Sheep and Wool are confident that there will be positive results for the industry.

September saw the AWI Mulesing Roadshow come to Longreach, where over 50 interested producers attended the day to hear what work AWI had conducted on mulesing alternatives. While many of the attendees were not convinced with the information provided it is worth noting that there is still another two years to fine tune alternatives.

The global economic crisis had a devastating affect on the Eastern Market Indicator (EMI), with many buyers unable to secure lines of credit, however the EMI has started to climb again over the past few weeks.

There is a bright future for both of the sheep and wool commodities, particularly the sheepmeat component of the industry. There is real potential to develop the sheepmeat industry into a strong, viable enterprise complementing wool production for southern and central livestock producers in Queensland.

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SOUTH AUSTRALIAN FARMERS FEDERATION

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GEOFF POWER
South Australian Farmers
Federation

Once again it has been a challenging year for SA woolgrowers with continuing drought in many areas of the state affecting wool production and sheep numbers.

The South Australian Farmers Federation (SAFF) has been actively involved in negotiations with local and state governments to ensure that growers battling drought are given recognition and that systems are put in place to generate productivity when it eventually rains.

SAFF has represented woolgrowers on the state program advisory panel for shearer and shed hand training. It is of great disappointment that South Australia is the only state that doesn't recognise traineeships, and by not doing this denies students access to the \$800 toolbox allowance scheme provided by the federal government. SAFF will be striving over the next few months in conjunction with TAFE and Rural Skills Australia to rectify this problem.

Mulesing is a subject woolgrowers continue to debate. As has been stated many times the SAFF policy is to support the phase out of mulesing providing there are effective and viable alternatives available. It has been announced that clips will be commercially available in the autumn of 2009, with AWI successfully negotiating with Leader Products as a commercial partner.

South Australia remains at the forefront of working to develop alternatives, with the South Australian Agriculture Research and Development Institute (SARDI), being involved in the trials of the exciting new technologies FSP1 and FSP2 (injectables). It was therefore a great disappointment to growers to learn that the new AWI board have abandoned this important research. However, the other intradermal technology that is being trialled by private company Cobbett, is equally of interest to South Australian growers, and of course there is the genetic approach which many woolgrowers in this state are already embracing.

During the year we have seen Luke Laucke join the SAFF staff as Executive Officer for Livestock Extensive and Intensive Industries. Luke has been a valuable contributor to SAFF's policy development and liaises enthusiastically with our executive.

With the world financial crisis and flow on effects such as recessions likely in most countries, demand for wool and grower sustainability will again be challenged in 2009. South Australian growers hope these impacts will not be long term and that a global recovery will occur quickly and we see a viable industry enabling an upward trend in grower returns.

Like most farmer representative bodies, SAFF is not immune from the financial constraints facing our members, due to prolonged drought and decreasing numbers. SAFF has worked hard to rationalise its business and source other funding means. It is essential that the organisations representing South Australian farmers at a national level are adequately funded, to enable them to maintain full voting rights on behalf of growers from this state.

TASMANIAN FARMERS & GRAZERS ASSOCIATION

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ROSEMARY STOBART
Tasmanian Farmers
& Graziers Association

The challenges continue to grow for Tasmanian woolgrowers as we battle on in one of the worst droughts in history. Suffering in spring with heavy frosts down to -7°C decimating grain and canola crops. At the end of spring a glimmer of hope of more to come as most of the state received some quite good falls of rain.

The TFGA Wool Council has addressed many issues through out this last year including the following.

EXOTIC SHEEP BREEDS REVIEW

The Primary Industries Minister initiated a review of the Animal Farming Regulations 2005 as part of the process for determining whether fibre shedding sheep breeds will remain as prescribed breeds under these regulations. Under the current regulations, keepers of these sheep breeds must adhere to a Code of Practice that specifies how the sheep are managed.

The TFGA Wool Council was instrumental in lobbying for the introduction of the Code of Practice and will continue to pressure the Government to maintain the regulation.

The recommendation from the review is to discontinue the code of practice. TFGA has commented on the review stating our strong opposition and disapproval of the recommendations. The TFGA believes that the best course of action for the Government is to maintain the regulations and undertake a review in 2013.

Undertaking the review in five years will allow enough time to gauge the real affects of the exotic sheep breeds have in Tasmania and mainland Australia. As from industry evidence and anecdotal comments the contamination effect from exotic sheep breeds is only slowly emerging. We are still waiting for the Minister's decision.

TFGA DROUGHT LOT PROJECT

The Project's aim was to establish drought lots on 30 properties in drought-affected parts of Tasmania. Grants were available to eligible graziers for the building of infrastructure to support drought management strategies.

The Project was run by the TFGA with funding from the National Landcare Program from the Department of Agriculture, Fisheries and Forestry. The project successfully received and approved over 30 applications for drought-lots around the State.

MULESING

The TFGA is working with the AWI 8x5 Wool Program and industry representatives on a planned Breech-Strike Management (BSM) Program, which is looking at strategies to significantly reduce the long-term risk of breech-strike in the Tasmanian Merino flock.

LAND TRANSPORT & SHEEP WELFARE CODES

The first Code reviewed was the Model Code of Practice for the Land Transport of Livestock. For the past two years WoolProducers Australia (WPA) has been worked with other industry bodies (including TFGA), welfare groups and government stakeholders to develop workable standards and guidelines for the new Australian Standards and Guidelines for the Welfare of Animals – Land Transport of Livestock.

The next codes to be reviewed are the sheep and cattle codes. WPA is a key stakeholder in the development of the Australian Standards and Guidelines for the Welfare of Animals – the Sheep. TFGA will assist WPA to develop workable standards which demonstrate the wool industry's commitment to improving the welfare of the Australian sheep flock.

TFGA DROUGHT STRATEGY FORUM

The forum was held at TFGA on 14 August which discussed how to prepare short-term and long-term strategies for dealing with the hardships of drought:

- how to prepare for it
- how to manage it
- how to recover from it
- how to forecast the trends of Tasmanian farming under rapidly changing climatic conditions.

Among the organisations that the TFGA invited to the forum were the TIAR, the University of Tasmania, the Bureau of Meteorology, the Rural Financial Counselling Service, stock and station agents and primary producers.

TFGA collated the key points from the forum to advise the State Government on the proposals put forward to manage the affects of this drought (now and into the future).

SHEARER AND WOOL HANDLING TRAINING

The Tasmanian Wool Project Advisory Panel has secured AWI funding for 2008/09 for regional coaches to undertake shearer and wool handling training. The TFGA will be working with the Tasmanian Wool PAP to source the best candidates to undertake the regional coaching for 2008/09.

TFGA was involved with the Malahide Shearing School selection panel for the shearing and wool handling trainers. The 2 week school is funded by AWI as part of the contract with TAFE Tasmania.

CAT LEGISLATION

The TFGA acknowledged the State Government's positive position paper looking at solutions to reduce the amount of unwanted cats in the urban environment; however we questioned the time taken to instigate such a state wide approach to cat management and solutions to eradicate feral cats.

The TFGA has been lobbying the Government to implement a multi-strategy feral cat management program which would lead to a significant decline in numbers.

We support the approach of the government which proposes mandatory de-sexing and microchipping of domestic cats, a register of cat breeders, legislation to underpin this approach and the promotion of responsible cat ownership.

However, further action needs to be undertaken to remove stray and feral cats which pose the biggest problem for farmers and rural landowners. These unwanted cats present specific problems that include; animal health, human health and predation of native vertebrates.

ANIMAL WELFARE AMENDMENT BILL 2008

The TFGA made members aware of the State review of the Animal Welfare Act that has been in progress since 2005. From that review an amendment bill was tabled in parliament. TFGA made comment via the Legislative Council on the following amendments:

- Cruelty to animals – appropriate and sufficient shelter
- Power of officers
- Instructions by offices – reasonable
- Infringement notices
- Power to require information
- Animal welfare standards.

2008 LAUNCESTON WOOL SALE

After uncertainty as to whether this sale would go ahead, it did with over 11,000 bales being sold. The two day sale earned the state woolgrowers just over \$12.6 million. The Launceston Wool Sale does a lot to help promote the Tasmanian brand.

AWI ROAD TO 2010

Around 50 Tasmanian woolgrowers heard the latest information relating to the 2010 phase out of mulesing, and the initiatives in place to achieve it, at the Road to 2010 Forums which were held at Ross in early November.

The Forums gave AWI an opportunity to update woolgrowers on what retailers and the supply chain are saying and the industry progress in relation to achieving the phase out.

INDEPENDENT DIRECTORS REPORTS

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WOOLPRODUCERS AUSTRALIA ANNUAL REVIEW 2008



JIM KENNEDY

Right from the early days of the wool industry, it took vision and perseverance to overcome the many difficulties that were thrown up to halt the advance of wool production in Australia. Yet the intrinsic qualities of wool and the tenacity of growers prevailed, and over time wool production has significantly contributed to today's standard of living.

However, current wool production levels have now dropped to below half that of the former highs and there is limited cause for optimism of an immediate reversal. Particularly with returns to many producers often not covering production costs.

History tells us that it will be the wool growers that discover the solutions to the current problems affecting the wool industry, however, history also tells us there will be some harsh lessons to learn and possibly relearn along the recovery path. Unfortunately, the current depth of division within some sectors of the wool industry appears to be a repeat of past mistakes.

How wool producers reconcile their differences in the future will in my opinion be the key to halting the self-inflicted harm producers seem determined to continue to do to themselves and their fellow producers by being divisive.

The future of our wool industry will be determined by a significant majority of producers being willing to directly contribute in positive ways to their industries future and leadership. To do otherwise will continue see the demise of wool production in this country.

WoolProducers Australia prides itself on being an inclusive organisation that represents the interests and views of Australian wool growers nationally and internationally from an elected executive membership whose primary interests are in wool production.

It has a constitution that allows for direct producer membership and also gives an unencumbered voice to three wool grower executive members that have the desire to contribute to this national and internationally recognised producer body.

We look forward to working with all growers for a united and prosperous wool industry.



MAX WATTS

In 2008 Western Australia welcomed the Executive of WoolProducers Australia, with the WPA Annual General Meeting being held in Perth to coincide with the annual Australian Wool Innovation meeting.

To take full advantage of this trip to the west the Executive and staff toured Wellards' live

sheep export facility at Baldvis. The visit reconfirmed to all attendees the importance of the live sheep trade to WA and the sheep industry as a whole. In WA there is only enough killing space in the state for 45% of production.

Wellards' operate to a very high standard, in the next six months they will launch two brand new boats that can carry 80,000 sheep or 8,000 cattle which will be suitable for shipping livestock anywhere in the world. Wellard's also fund an animal welfare scholarship at Murdoch University, which I feel is a very positive initiative.

In 2008 Western Australian wool growers welcomed the recommencement of abattoir surveillance for OJD which aligned the west with the National OJD Management Program. Industry has been frustrated with the level of activity from the Department of Agriculture and Fisheries WA (DAFWA) in managing OJD since they ceased funding abattoir surveillance in 2006. However, now with the national sheep industry funding abattoir surveillance we hope DAFWA will provide the technical and extension advice they have committed to under the national program.

Since abattoir surveillance recommenced in April 2008 there have been a number of sheep testing positive to OJD over and above the 18 known infected properties in WA. While this has been a positive step in managing the disease in WA there are still a few issues that industry needs to address with DAFWA such as infected properties notifying their neighbours of the disease.

Lice are becoming a major issue for WA wool growers and it is the responsibility of all producers to take the due diligence that is required to help control the problem. The ineffectiveness of some backliners and the lack of notification of neighbours of affected properties are hampering the eradication process. Growers are still awaiting the delivery of AWI's in-shed lice detection kit which will help producers more effectively control lice off-shears and potentially reduce the amount of chemicals used.

Drench resistance is another huge problem for sheep producers, with many growers unaware of their flock's worm burden or drench resistance status. Drench testing can reduce the amount of chemicals used and likelihood of resistance problems occurring. We have done a drench test on our property every two years since 1987 and only drench on the results of a faecal egg count. This has prolonged the life of various drench configurations we can use.

Shearing shed inspections being run by the WA Shearing Contractors Association are being very well supported. The program involves experienced industry personnel analysing shearing sheds and providing feedback where improvements can be made. This has allowed people to upgrade their sheds slowly as funds become available.



CHARLIE MERRIMAN

The new National Management Program for Ovine Johne's Disease (OJD) was implemented on 31 March this year. This was a result of two years of negotiations amongst industry and government stakeholders. The key changes for producers were a reduction in the number of prevalence areas and their associated Assurance Based Credit (ABC) points.

The principles behind WoolProducers' decisions on the management of the new program were to reduce the trade restrictions associated with the disease while still providing producers with the tools to manage the risk of the spread of the disease onto their property.

There are still some areas, namely Queensland which insist that sheep entering the state have an additional point. This has gone against the principle that WoolProducers has applied to all

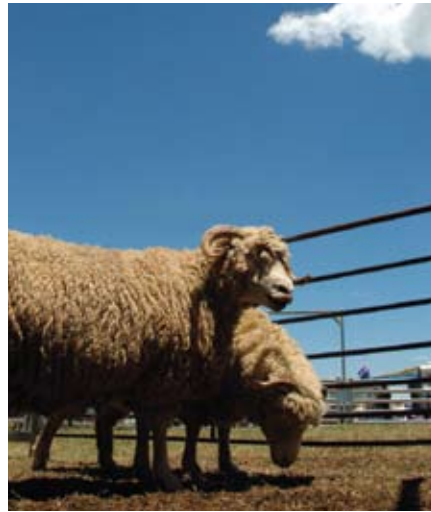
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applications for additional ABC points – that they be based on scientific assessment. WoolProducers have asked Queensland to apply to Animal Health Committee for freedom of disease so that this trade restriction is consistent with WoolProducers' policy. To date this has not been done.

Abattoir monitoring is the long term choice of industry to assess the incidence of OJD in prevalence areas. While there is considerable expense associated with this program and the value to the sheep industry of monitoring other sheep diseases is yet to be determined, if some form of zoning is required then abattoir surveillance is the way to achieve it.

Earlier in the year WPA in conjunction with the Sheepmeat Council of Australia decided not to continue funding Sheep Market Assurance Program (MAP) audits. This was not a decision that was taken lightly but following considerable negotiations it was agreed that producers join the MAP for a marketing advantage and it should be user pays.

The National Sheep Health Statement (SHS) underpins the ABC scheme and ensures consistent information can be passed on when buying and selling sheep. The implementation of a National SHS, which replaced the state based SHS on 31 March has been a positive move for industry. The National SHS not only provides information on OJD but also footrot, ovine brucellosis, lice, and chemical and vaccination treatments.



A major component of the ABC scheme is the Gudair® vaccine which is a one off vaccination to exclude the onset of "clinical" OJD. While science is still investigating the success rate of this vaccine in highly infected flocks (estimated to be 90%) most of the properties who were having high to medium or low infection rates report that they now do not see any physical evidence of OJD on their property.

Most of these producers firmly believe it is due to the vaccine and not just improved management of the disease. These thoughts are slowly shown to be correct by the evidence through abattoir surveillance of the higher infected areas, showing less and less positives as the usage of the Gudair® vaccine becomes more prevalent.

The cost of minimising the impact of the disease from an infected property at approximately \$2 per head is very cost effective when compared to other endemic conditions such as worm resistance in sheep. Properties with barbers' pole worm resistance are drenching every 22 days or sheep deaths will occur and they are running out of new products to use at a rapid rate. Benign or virulent footrot has an even higher cost per head.

SHEEP HEALTH AND WELFARE



ALEX MACLENNAN
Policy Advisor – Animal
Health and Welfare
WoolProducers Australia

The year began with road shows in New South Wales, Victoria and Western Australia to explain the changes to the National Ovine Johne's Disease (OJD) Management Program. The road shows were run in conjunction with the Sheepmeat Council of Australia (SCA) and Animal Health Australia (AHA) with the aim to ensure a smooth transition when the new program commenced on 31 March.

The implementation of the new program coincided with the development of a nationally consistent Sheep Health Statement (SHS) to replace state specific SHS. WPA worked closely with the Australian Livestock and Property Agents, SCA, state governments and AHA to draft the National SHS to ensure its successful launch on 31 March. This was a great result for industry and has made trading sheep across state borders a much simpler process for producers and their agents.

In September the Australian Standards and Guidelines for the Welfare of Animals – Land Transport of Livestock were finalised at a meeting of the Standards Reference Group. This was a result of two years work by AHA in close consultation with WPA and other livestock organisations, animal welfare groups, CSIRO and government representatives. At this stage it is not likely that the standards will be implemented into state and territory legislation until 2010.

Over the past two years WPA has worked with ultra-fine woolgrowers to develop the Code of Practice for the Welfare of Sheep Housed for Wool Production. The Code was finalised in May and is endorsed by WPA, Australian Superfine Wool Growers Association, The Sharlea Sheep Association and the Australian Association of Stud Merino Breeders.

One of the reasons for developing the Code was in preparation for the review of the Model Code of Practice for the Welfare of Animals – the Sheep. With a comprehensive industry agreed document all ready developed drafting the standards will hopefully be more efficient, resulting in a better outcome for growers.

WPA will be closely involved with the review of the Sheep Code as a member of the Standards Writing Group and the Standards Reference Group. Our aim is to develop workable standards which demonstrate the wool industry's commitment to improving animal welfare. The Sheep Code review will no doubt contribute to a significant portion of WPA's workload for 2009 however we look forward to contributing to the review on behalf of growers.

Earlier this year WPA developed a guide for mitigating the risk of shedding fibre sheep to the Australian wool industry as we recognise that exotic sheep breeds present a major fibre quality issue. The guide provides producers with advice on best practice, legal issues associated with straying stock, wool classing and the importance of practising good farm biosecurity.

As an industry member of Animal Health Australia, WPA has continued to be closely involved in core and special programs affecting the wool industry. Some of the programs include the National Arbovirus Monitoring Program, National Johne's Disease Control Program, TSE Freedom Assurance Program, National Animal Health Information System, emergency animal disease preparedness and livestock welfare.

A key priority for the year ahead is to improve communication with growers on sheep health and welfare issues. One initiative to achieve this has been the development of a quarterly Sheep Health and Welfare Update, which was sent to thousands of wool growers across Australia. Other priorities for 2009 include increasing the awareness of farm biosecurity, reviewing the Sheep Code and most importantly improving the wool industry's emergency animal disease response planning.



AUSTRALIAN WOOL TESTING AUTHORITY

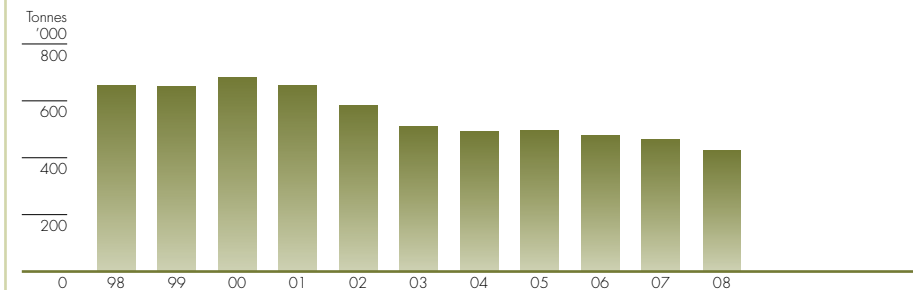


MICHAEL JACKSON
Managing Director, AWTA

AWTA Ltd is proud to be a successful, financially stable, independent company that has facilitated significant benefits to the wool industry in Australia and its many overseas customers. However, in recent years AWTA Ltd has had to adapt to a significant reduction in the amount of wool produced in Australia to ensure that the company remains financially sound. During 2007/08, the downward trend continued with the weight of wool sampled by AWTA Ltd falling a further 7.0%. In this environment, where AWTA Ltd's principal market has been contracting, the Board has continued to encourage management to focus on innovation and cost control measures.

During the 1970's and 80's AWTA Ltd grew as wool testing became more prevalent and the volume of wool produced in Australia increased. The measurement and certification of practically the entire Australian wool clip has, undeniably, resulted in a great many benefits to the industry; better equity for both buyer and seller, more accurate market reporting, a reduction in trade disputes and improved productivity for both wool producer and wool processor. Wool testing has become a service that is now crucial for wool commerce.

FIGURE 1: VOLUME OF AUSTRALIAN WOOL TESTED ANNUALLY SINCE 1998 (TONNES)

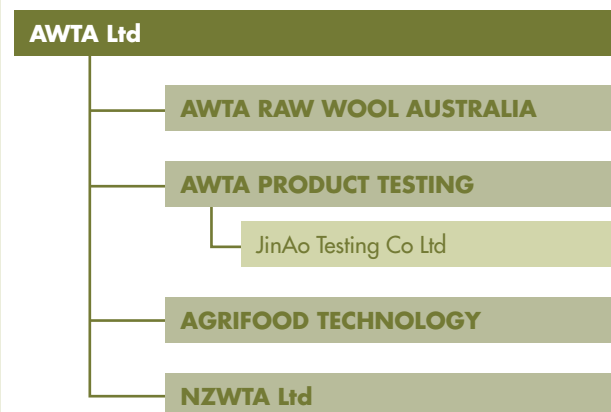


AWTA Ltd has recently adopted a policy to expand its operations through the diversification into related testing markets. This has resulted in the purchase of New Zealand Wool Testing Authority Ltd (NZWTA Ltd), the expansion of the testing capabilities of the Product Testing Division and by the formation of a joint venture testing operation in China, JinAo Testing Co Ltd. This year AWTA Ltd acquired the Victorian based grain and food testing business Agrifood Technology from AVVB Ltd. This purchase is a further example the diversification into related areas where independent, high integrity testing is a necessary part of commercial transactions. With the addition of Agrifood Technology, the AWTA Ltd group is now structured into 4 operating divisions as illustrated below.

The AWTA Ltd Group produced a net loss of \$0.976m for 2007/08 compared to a net loss of \$1.483m during the previous year. This loss is consistent with the company's long standing policy of providing its services to wool industry customers at minimum cost. AWTA Ltd's structure as a Public Company Limited by Guarantee provides it with the unique ability to utilise its unappropriated profits for this purpose.

The Board of AWTA Ltd elected not to increase testing fees for the 2008/09 season and the total cost for core and staple testing a 7-bale lot remains 8% lower than it was 15 years ago, while inflation has increased by 55% over the same period. AWTA Ltd has a long held policy of restraining from increasing fees. In an environment of declining workload this can only be achieved by stringent cost control and the improvement of productivity.

FIGURE 2: CORPORATE STRUCTURE – AWTA LTD GROUP



During 2008 AWTA Ltd corporate overheads were reduced by trimming and restructuring the Executive Management team. Operating costs were reduced when new technology developed by the AWTA Research & Development division that automates the sub-sampling of wool was introduced. In addition, Near Infra Red, or NIR technology, is now used to measure the ash content of wool samples instead of incinerating the wool in a furnace. This technology has provided productivity improvements; lowered energy costs and is safer than previous techniques.

Through its policies of cost control, the development and adoption of new technology and diversification into closely related testing markets, AWTA Ltd is well positioned to cope with whatever direction the Australian wool industry takes.

FIGURE 3: INFLATION ADJUSTED VS ACTUAL FEE INCREASES PRESALE Y&D AND L&S (7-BALE LOT)





PROFESSOR JAMES ROWE
Chief Executive Officer
Sheep CRC

The Co-operative Research Centre for Sheep Industry Innovation has the clear task of transforming wool, meat, and the sheep that produce them over its seven year life (2007 – 2014) through a program of research, development, extension, adoption and education.

Through the collaborative funding arrangements with industry partners, including the substantial contribution from Australian Wool Innovation (AWI), the Sheep CRC is investing \$111 million to advance the productivity and profitability of the Australian sheep industry.

Moving the sheep industry from its recent 0.6% annual gain in productivity to a 3-5% annual gain would see it match and surpass industries such as cropping and cattle production. Much of this can be achieved by the adoption of accelerated genetic gain and related management. The Sheep CRC draws together key scientists and industry specialists from across the country to address select issues within four research program areas. This core research is supported by two other programs integrating delivery, training and education to support adoption of innovation in the industry.

The Sheep CRC has set an ambitious series of targets to accomplish in its seven year life and this report details progress in the first year of its operation. We have made a flying start on many of our objectives and look forward to the industry's ongoing support and increasing use of Sheep CRC products and results.

PROGRAM 1 – TRANSFORMING SHEEP AND THEIR MANAGEMENT

This is a diverse program which addresses key management issues. Our progress includes:

Measurement based management and selection

e-Stud is a software package that helps producers apply precision production principles to Merino selection. It also analyses the benefits associated with different production scenarios. Commercial tests are underway at six sites in Victoria, materials for fine wool producers were distributed in September and it is anticipated that service providers will be using e-Stud on at least ten studs by 30 December 2008.

The Sheep Feedlot Calculator enables producers to establish the viability of finishing lambs under various price and cost structures. It is now available free of charge at www.sheepcrc.org.au. Other key tools, including the Ram Value Calculator and Pedigree Matchmaker, are being readied for adoption.

Reproductive efficiency

A cost/benefit report on pregnancy scanning has been completed and indicates a potential benefit from scanning of \$1-\$3/ewe. Research to identify practical options for improving reproductive efficiency is in progress, with in-depth producer interviews and liaison with pregnancy scanning professionals.

Improved parasite management

Investigations in WA and northern NSW are developing a targeted treatment worm control approach, providing effective treatment and a reduced risk of developing drench resistance. New parasite diagnostic tests have been reviewed with the Haemonchus Dipstick (for Barbers Pole worms) now in commercial evaluation. The WormBoss website is now visited more than 6,000 times/month and email subscriptions are increasing. A FlyBoss website is now being developed.

Greenhouse gas project

New research into greenhouse gas abatement and feed efficiency will result in a technique for measuring sheep emissions as a function of genotype, management practices and environment, to assist the sheep industry to prepare for a comprehensive carbon accounting system.

PROGRAM 2 – NEXT GENERATION WOOL QUALITY

This research program addresses the major constraints facing the wool industry including:

Skin comfort-meter for knitted wool fabrics

A range of technologies have been evaluated for their ability to detect the relative comfort of knitted fabrics with one to be chosen for commercialisation. A survey of consumers in semi-tropical and tropical environments suffering heat rash has been completed with preliminary results suggesting wool has positive properties.

Whiter light-fast wools

A new test method for photo-stability has been developed and analysis is underway to determine the extent of genetic variation in wool produced across Australia. The 'whitest' and 'yellowest' wool producing areas of Australia are identified, as are potential trace element effects. New processing techniques also have significant potential to improve the whiteness of wool.

Desirable, specified handle in merino wool fabrics

New technologies for routine measurement of knitwear handle have been evaluated and there is good progress towards developing objective measurement systems to underpin quality assurance specifications.

PROGRAM 3 – NEXT GENERATION MEAT QUALITY

This extensive research program is on the way to delivering improved lean meat yield and consumer nutrition benefits. Findings to date have been presented at producer workshops in Ballarat Vic, Naracoorte SA and Kojunup WA. Practical Wisdom notes with more information are available at www.sheepcrc.org.au. Research highlights include:

Meat biology

Research is underway to understand the biological mechanisms behind differences between genotypes and environments for traits such as iron, Omega 3 fatty acid content and tenderness.

Lean meat yield and supply chain innovation

Ultra-sound measurement of hot carcasses has shown that good image quality is possible and carcass indicator cuts can be used to better predict boning room lean meat yield to underpin major efficiencies through better carcass sorting.

PROGRAM 4 – INFORMATION NUCLEUS Information Nucleus

The Information Nucleus is a world first innovation for sheep. It consists of 5000 ewes annually mated to ~100 sires that have been carefully selected for genetic diversity and commercial relevance.

Sires and matings represent the major sheep types and enterprises in the industry and the flocks are run on eight sites to account for the full range of sheep production environments.

Progeny are measured for a range of production, reproduction, disease and complex traits to develop new and improved estimates of breeding value. Correlation to existing selection traits and the extent of genotype-by-environment interactions will also be determined.

First year measurements

Of the first progeny drop, nearly 150 different trait measurements were collected for genetic analysis. The data will be added to the Sheep Genetics database to enhance the accuracy of Australian Sheep Breeding Values (ASBVs). Merino lambs were assessed for Visual Sheep Scores, including breech traits. Early results are showing great variation for worm resistance between rams – making breeding for resistance very worthwhile. Data from the slaughter of the 1st and 2nd cross lambs has been used to better predict lean meat yield, meat eating quality and human health attributes as part of the Meat research program.

Information Nucleus flock progeny and their sires will be genotyped using a SNP-chip, which allows testing for 60,000 genetic markers in one test, leading to an industry DNA test to help predict breeding values in young animals for high value traits.

PROGRAM 5 – EDUCATION AND TRAINING

The Sheep CRC is delivering increased numbers of post-graduates to meet industry demand, training opportunities and support for the consulting and advisory sectors.

Post-graduate training

Thirty PhD and ten Masters scholarships are available for sheep industry professionals. Enrolments are encouraged from industry employees.

Industry training

A Graduate Certificate in Agricultural Consulting will be offered in distance mode from Semester 1, 2009. Short courses are in development for various sheep industry segments to help lift productivity.

Sheep industry educational resource materials

Ten education modules covering the industry are now available. Applications to access the materials are available through the Australian Wool Education Trust – www.woolwise.com

Livestock Library

This joint initiative between the Sheep CRC, Beef CRC and AWI makes technical and research information available over the web. It is being increasingly used and negotiations are underway to secure long-term management of the resource.



AUSTRALIAN WOOL EXCHANGE



MARK GRAVE
Chief Executive Officer,
AWEX

WHEN THE MARKET GETS TOUGH – QUALITY COUNTS!
The Australian wool industry's reputation for producing a quality fibre has come under threat in recent years as lower prices have made wool producers question "Is it all worth it?"

Australia has earned its reputation through the commitment of wool producers, the investment and infrastructure of Brokers and Buyers and the training given to the 20,000+ woolclassers who prepare the Australian clip. A key characteristic of the wool industry is the passion and commitment of those within it.

Dry seasons have made producing the same quality of wool a challenge but in today's market conditions and with less wool produced Buyers actively search for the best wool not only in terms of suitable measurements such as micron, length and strength etc. but also the clips that have been well prepared and by registered woolclassers.

In January 2008 the wool industry made a significant change to the way in which wool is classified. On the 1st January 2008 the IWTO certificate types were changed to recognize those clips which were prepared according to the Australian Code of Practice and by a registered woolclasser.

The 'P' certificate is sought by Buyers as it says that this clip has been classed on farm by a registered woolclasser and meets the Australian Code of Practice. All other wool which either does not meet the Code of Practice standards or has not been prepared by a registered woolclasser is given a 'D' certificate.

This is significant for three reasons:

1. It allows Buyers to clearly source wool which has been prepared by trained and registered woolclassers ('P' certificate),
2. It gives Buyers confidence that the 'P' certificate wool they are buying is prepared to a standard and will meet their requirements,
3. It clearly separates those clips who have taken the utmost care in preparation and those who have not.

Buyers have orders that clearly specify the type of wool they need to buy and it includes the technical specifications as well as the certificate type. Buyers prefer 'P' certificate wool.

Even on today's current market 'D' certificate wool can receive discounts of up to \$1.00 per kilogram. With an average bale weight of 175kg it is not hard to see how quality pays.

If you are looking for a woolclasser in your area head to the Woolsearch website on the AWEX website. This website is dedicated to listing professional woolclassers as well as shearers and wool handlers.

www.woolsearch.com.au
or contact AWEX on 02 9428 6100

ANIMAL HEALTH AUSTRALIA



DR MIKE BOND
Chief Executive Officer
Animal Health Australia

For Animal Health Australia (AHA), 2008 proved to be another year full of challenges, not only with the aftermath of the equine influenza (EI) incursion and the various 'after action' reviews, but also with the strengthening of biosecurity arrangements and the development of new animal welfare standards and guidelines.

During the first half of 2008, we saw the notable achievement in eradicating EI, but also took stock of the improvements that could be made to our emergency preparedness and response plans. The EI outbreak put the Emergency Animal Disease Response Plan (EADRA) and AUSVETPLAN to their most severe test. We learnt valuable lessons from this experience and it highlighted changes that should be made to our biosecurity and response arrangements.

The Quarantine and Biosecurity Review conducted by Roger Beale and his panel has been looking at these arrangements and is making a wide-ranging series of recommendations to government. This will provide opportunities for AHA to further contribute to the national animal health system, to reduce biosecurity risks into the future. The outcome from the Beale Review is likely to generate significant change for AHA and its operations.

The EI outbreak identified some deficiencies in the EADRA, particularly in the understanding of the operational role of affected signatories. As the custodian of EADRA, AHA sees this as an opportunity to strengthen and promote the EADRA to all parties, to ensure that each signatory has a clear understanding of their role in an emergency animal disease incident.

The EI emergency also tested the strength of the working relationships between government and industry – a unique partnership that AHA has developed and nurtured over the years. This experience did confirm the serious lack of trained personnel, something which has been recognised for some time and could threaten the capability of the national animal health system.

While the negatives surrounding the EI outbreak were given plenty of prominence by the media, there are many positives that provide a level of reassurance about our preparedness for any future national animal emergency disease outbreaks. We can all agree that valuable lessons have been learnt from this experience to strengthen our EAD preparedness should a future outbreak occur.

AHA provided decisive and rapid action to address particular issues in an emergency situation such as implementing the use of a vaccine bank in EAD, developing EI vaccinations and horse identification policies, as well as procedures and training materials. The company also deployed staff and key resources to the DAFF logistics networks as well as sourcing personnel and deploying staff to New South Wales and Queensland during the response.

The EI outbreak clearly showed the wider, more far-reaching impacts of an animal disease emergency on the wider Australian community, including very significant financial and social impacts. These consequential losses are not covered by the EADRA, but still need to be addressed by governments.

Biosecurity is a term that has been added to everyone's vocabulary in recent years – although, in reality, it is something that knowledgeable producers have been putting into practice for years. The experience gained from the EI incident certainly highlighted the importance of biosecurity planning for both governments and the livestock industries.

The outcomes from the Callinan Inquiry and subsequent Beale Review will most likely lead to a number of changes to organisational and reporting relationships across the biosecurity continuum. There is no doubt that these changes will impact AHA's members, including WoolProducers Australia, and their day to day business operations. Biosecurity planning and its implementation at all levels will continue to be a priority program activity for AHA and all signatories to the EADRA.

Governments and livestock industries are reviewing their biosecurity arrangements and taking a closer look at their preparedness for an outbreak of an emergency animal disease. It is now generally accepted that diseases and pests are not necessarily contained at borders – There is no such thing as 'zero risk'. It is up to all governments and livestock industries to work together to develop workable national biosecurity strategies.

Throughout the review process, there has been a greater recognition of the value of disease surveillance programs and their close linkage to biosecurity and the ability to rapidly and accurately trace the movements of livestock. AHA is working closely with governments and industry to incorporate animal health surveillance in biosecurity planning as well as enhancing surveillance capability. We must remind ourselves that threats posed by diseases such as foot and mouth disease (FMD) and avian influenza (AI) are always there and that the risks and potential impacts have not disappeared.

The establishment of the new National Biosecurity Committee and the continuing development of AusBIOSEC will see further integration of emergency response arrangements across the animal, plant, aquatic and resource management sectors. AHA views this as another opportunity to work closely with Plant Health Australia in developing collaborative approaches to enhance biosecurity and emergency preparedness arrangements. Plant Health Australia and AHA are already working together in the Farm Biosecurity awareness campaign, encouraging the use of good biosecurity practices in routine farm management.

Livestock welfare has also been high on AHA's agenda. The latter part of 2008 saw the finalisation of the Australian Animal Welfare Standards and Guidelines for Land Transport of Livestock. This is an important element of the Australian Animal Welfare Strategy, and has been a significant achievement for, AHA and all those stakeholders who have contributed to the project – including WoolProducers Australia. The draft Standards and Guidelines

document is expected to move through to the legislative process in early 2009, with implementation expected by March 2010.

With the development of these 'prototype' Standards and Guidelines, livestock industry organisations raised concerns relating to the potential inconsistencies or lack of harmonisation between jurisdictions in the implementation of these standards and guidelines. This has introduced another level of complication to the welfare standards development process. AHA is working with the Australian Government (DAFF) and other Members to address this issue.

National arrangements for animal welfare continue to move forward, with several key reviews planned for the coming year. Sheep and cattle welfare Standards and Guidelines development projects have already commenced, and we will continue to work with the key industry groups, such as WoolProducers Australia, to deliver improved national outcomes for animal welfare.

During 2008, AHA welcomed two new members to the Company, the Australian Duck Meat Association and the Australasian Veterinary Deans' Committee. It is pleasing to see the representation of livestock industries continuing to grow, but also our membership expanding to include the veterinary education sector.

The AHA Board is working on further expanding Company membership and strengthening our links to include a broader range of stakeholders involved in the national animal health system.

There are many more challenges ahead of us, particularly in relation to climate change and the inclusion of agriculture in the proposed Carbon Pollution Reduction Scheme. This will no doubt be monitored closely by our livestock industries as the Australian Government develops policies and strategies for dealing with these environmental issues. We must maintain a competitive advantage for our agricultural commodities on world markets, and I am confident that through our strong partnerships with government and industry, we will be able to strengthen the national animal health system for everyone's benefit.

AHA continues to provide a unique forum for co-operation and progress on a range of issues. This inclusive framework ensures that livestock producers have a voice in the decision-making processes that affect so many aspects of their business activities.

We look forward to working closely with WoolProducers Australia and their members in the year ahead.

NATIONAL FARMERS' FEDERATION

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WOOLPRODUCERS AUSTRALIA ANNUAL REVIEW 2008



DAVID CROMBIE
President
National Farmers' Federation

The impact of the on-going drought and the resultant stress and hardship imposed on producers, families and rural communities was and remains the issue of most immediate concern. While some around the country had somewhat of a break, many have not and we feel deeply for those families who have been under such pressure for so long.

For our part, we are working with Government in their commitment to ensure ongoing support for families during this current devastating drought. Looking forward it is clear that drought policy needs to change to be more flexible. Programs need to be accessible to producers whether they are in an EC defined event or not and they need to be designed to assist producers and communities to better manage and prepare for future events.

Away from the season, and in a global context, world demand for food and fibre is strong and growing. The world needs food and fibre and we are good at producing it! The fundamentals for Australian agriculture are positive and despite the drought we are confident of the future of our agricultural industries. It will rain again and we will be ready.

NFF has been in contact with the Government through the current financial crisis. While we believe that agriculture will fare better than most other sectors with strong demand for soft commodities and the more competitive exchange rates there are concerns relating to access to business credit, levels of farm debt, interest rates, and international market failures. Commodity prices have been affected – we understand the impact that the GFC has had on the wool price for example.

On the broad front the business of NFF is to address those issues that concern the farm sector beyond the farm gate. NFF researches national issues that affect all of agriculture, we develop policies and we seek to advocate these policies on behalf of all of agriculture to the Government and to the community. Over the past few years NFF's income, like everyone's, has reduced during this time of drought, so we have had to prioritize and focus on those issues that impact most directly on the business environment of producers.

We have four main aims at NFF:

- To assist producers lower their cost base and remain competitive in the face of declining terms of trade.
- To break down the barriers to trade and secure and open new markets for our products.
- To have good policy in regard to sustainability, which works with not against producers in the areas of land management, emissions trading and water policy; and

- To try and build awareness, understanding and trust in the broader Australian community about agriculture and what we do.

In the past few months we have had some successes working with our members and with Government. There have been positive tangible policy outcomes in the area of labour shortages (Pacific workers pilot scheme), emissions trading (keeping agriculture uncovered), water (maintaining purchases from willing sellers) and continued access to farm chemicals despite heightened security rules and regulations.

NFF staff are also working on climate change adaptation R&D, water pricing and on-farm investment, the EPBC Act, stewardship and the Caring for Our Country package, transport infrastructure, taxation policy, labour shortages policy, workforce participation programs, education and training programs, award modernization, industrial relations legislation, GM, drought policy, biosecurity policy, trade policy, chemical issues and spray drift, grocery prices, fertilizer prices, pension access and succession planning, the fair dismissal code and a range of submissions to Government inquiries.

We have represented the agricultural industry in the public arena on a range of additional issues, including: food prices, global food shortages, financial issues and the banking sector, interest rates, farm debt, skills, telecommunications in regional Australia, a lack of graduates in agricultural courses, drought, input prices, Northern Australia, land use change and forestry and MIS.

We know that animal welfare issues remain a significant issue for the wool industry and we stand ready to assist WoolProducers where we can. We have also been actively engaged in the Beale Review of Australian biosecurity arrangements and we will lobby the Government to put more money into this area in our 2009 budget pitch.

For some of the issues raised above we can deliver tangible wins in the short term, some take years and others help position our sector strategically. All are important. Of course there are many other things we would like to do if we had more resources, like every business.

In regard to NFF itself, on 18 December 2008 NFF members agreed on changes to NFF's structure and governance arrangements following a structural Review.

NFF members made these changes because they wanted wider representation and more clearly defined roles between National, State and industry bodies to avoid duplication. Members want the best possible research to support skills based policy development and there needs to be financial stability for sustained action. The National body needs to better communicate with producers, and there needs to be flexibility to widen membership for more broad based engagement and representation.

As part of this new model strong commodity groups play an important role and NFF values its relationship with WoolProducers. It is also important to note that while we have created flexibility to widen our membership base and engage through the entire supply chain not just at farm gate, farm organisations will at all times and on all issues retain control of the NFF.

We appreciate the on-going engagement with WoolProducers Australia and all of agriculture needs to remain unified in the face of increasing regulatory requirements and community expectations that impact on our competitiveness, all at a time when the drought is creating such difficulties for so many. The NFF is working hard to represent your interests on cross state and cross commodity National issues.

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AUSTRALIAN WOOL STATISTICS

SHORN WOOL 07/08	400 MKG
FORECAST PDN 08/09	370 MKG
NUMBER OF SHEEP IN AUSTRALIA	79.2 M
VALUE OF EXPORTS 07/08	\$2.8 BILLION
CLOSING EMI FOR 2008	764C

Wool was Australia's third largest agricultural export in 2007/08, behind beef and wheat.

Wool accounted for 19% of Australia's livestock exports in 2007/08 and 10% of all farm exports.



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