



Annual
Review
2010

WOOLPRODUCERS
AUSTRALIA



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WoolProducers Australia (WPA) 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.

WoolProducers Australia The national voice for wool growers

President's Report



DON HAMBLIN
President
WoolProducers Australia

With the drought now broken in much of Eastern Australia and strong wool prices, there is cause for optimism that the continual decline in sheep numbers may be finally arrested. However, with much of the rebuilding likely to focus on meat and the continued poor seasonal conditions in the West, the wool industry remains at a crossroads.

With strong competition from profitable alternative land uses on-farm and increasingly viable options in manufacturing from natural and man-made fibres, the next generation of potential wool growers need to have confidence that they are part of a dynamic industry that possesses the latest tools to increase productivity on farm, and is continually evolving to supply a product that meets the changing needs of its customers. The industry should not make the mistake of abandoning progress on the basis of the current exceptional wool market.

Of course not all change is necessarily good. We must remain vigilant against those whose extreme environmental and societal agendas are never far below their more moderate and less threatening facade. But we also cannot confuse the views of these minorities with the need to keep an eye on what our customer wants now and where their thinking may be in a decade's time.

Balancing this equation continues to be a problem for the industry with mulesing once again permeating many of the years activities. In June, the National Retail Federation (NRF) wrote to the Australian wool industry stating its current position on mulesing, and seeking a response. Seven long months elapsed before the NRF received a reply – perhaps this said more to our customers than the actual text?

But regardless of the eventual letter to the NRF, it is becoming increasingly clear that the debate will be settled in the marketplace. Neither the many wool organisations within Australia nor the retail bodies in the US can force a commercial outcome on their members and it will be those who manufacture and supply end products to consumers that have the final say.

Possibly the most important tool to emerge in the challenge of meeting customers buying preferences has been the National Wool Declaration (NWD). As the NWD has evolved and the industry consults with our customers on the process, it has become clear that a key component in their eyes is integrity. As such, a program of audits to underpin the NWD commenced in 2010 and is another important step forward for the industry.

It has again been a struggle to get all participants in the industry to recognise the role of AWEX in providing quality assurance to our customers. The value of the NWD cannot be overstated and when quality issues again arise with exports to China, the industry looks to AWEX to solve these problems. This work supports all industry but unfortunately is only paid for by growers whose brokers belong to AWEX.

WPA has continued to be involved in the development of the Standards and Guidelines (S&G) for the Welfare of Sheep over the past year. Ongoing frustration with the manner of engagement by some state governments led to the decision by the Executive of WPA to temporarily suspend our involvement. However, WPA remains supportive of the S&G process and believes the model for the development of the codes remains generally sound.

Along with other national livestock organisations, we are in the process of working with state jurisdictions in an attempt to resolve this impasse. With the Land Transport code long since finished, yet with no movement from the states in regard to implementation, and cracks already appearing in the agreement for national consistency, industry certainly needs clarity on how state jurisdictions will approach the S&G's once the process is complete. As 2011 begins we are heartened by the progress in getting the process back on track.

The Productivity Commission (PC) commenced an inquiry into rural research and development, to which WPA put an extensive submission into. The submission focussed on a number of areas such as improving governance at rural research and development corporations (RDC's) such as Australian Wool Innovation (AWI), through to more efficient models for delivery of R&D and protecting research

assets for the future. WPA also contributed financially to an analysis by the Australian Farm Institute of rural R&D, which provided valuable economic background to the PC.

The interim report from the PC was in some ways disappointing in its failure to provide a clear vision as to best model for delivering R&D into the future – be this through the CRC model, universities and state departments. While there was some acknowledgement of the types of issues WPA and others raised about the existing structures, there was little in the way of forward thinking that would set rural R&D apart as a world leader in coming decades.

Regrettably, much of the primary focus was on investing in a new RDC, to be funded through taking money from existing commodity specific research to fund industry wide programs that have been previously axed by the government.

The indication during the year that the Graziers Investment Company (GIC) – formally Australian Wool Services – will be wound up, has given certainty for growers. The UK Pension Fund Trustees determined that the company must be dissolved which will ensure that no undeclared assets remain, meaning that this long running process will come to an end.

In October I attended the Co-operative Research Centre for Sheep Industry Innovation (Sheep CRC) annual conference, which was a bright light in the challenging times facing the industry. The conference demonstrated cutting edge research into sheep production, with a focus on productivity and delivering the product that customers want as quickly as possible. It was also pleasing to observe the many young people in attendance, which augers well for the industry.

Following changes to the Shearer and Shedhand training program by the AWI board, WPA raised concern at the abandonment of nationwide quality control of shearer training, to be replaced by a laissez faire approach where the market would be charged with detecting a fall in standards. WPA argued strongly that by the time poor standards were evident, that it would be too late to address the issue. It was therefore pleasing to note that the company has now budgeted in the program for national consistency workshops, acknowledging the need for a formal process to ensure standards.

The decision to reclassify OJD Prevalence Areas in Victoria, Western Australia and New South Wales was a significant event in the national sheep health policy area in 2010. The decision was made following extensive consultation with members as well as the Western Australian Farmers' Federation and the Pastoral and Graziers Association of Western Australia.

To make no changes to the Prevalence Areas would have resulted in a national management program worth no more than the paper it was written on, as it would have lacked technical robustness and put producers at a disadvantage when assessing the OJD risk of sheep they were purchasing. The National OJD Management Program will however, be going through a major review in 2011 and what the program will look like in the future remains to be seen.

WPA continues to make a significant investment into OJD research. While a lot is still unknown about the disease, the University of Sydney on behalf of the sheep industry, is working towards developing a safer and hopefully more effective vaccine as well as improved diagnostic tests.

On behalf of wool growers, we continue to work towards improving the industry's capacity to respond to an outbreak of an emergency animal disease if one was ever to occur, with 2010 seeing the roll out of a new model to train state based Industry Liaison Officers (ILO). The ILO play a vital role in assisting state governments and industry respond to a disease outbreak by providing advice on the nature of the local industry; assisting in developing eradication programs and by giving advice to the local industry.

In March this year WPA was able to launch the *Workboot Series – the Story of Wool*, which will provide a wonderful resource for Australian schools and help a lost generation of Australia children reconnect with wool. The launch was held at Old Parliament House in Canberra and received nationwide coverage in the rural media. This was followed by the completion of the associated teacher's kit in the second half of the year. Funding for the project was received from the Commonwealth, AWI, the Australian Wool Education Trust and Animal Health Australia.

In May WPA attended the International Wool Textile Organisation (IWTO) congress in Paris. The event was highlighted by presentations on the HRH Campaign for Wool, which commenced later in the year.

The IWTO has enjoyed some success with the various lobbying projects over the year, but from the WPA perspective continues to struggle to 'find a home' in the 2010 global wool industry. The IWTO was less than flattered by the attempt of its President to engage in 'finger wagging' at the Australian wool growing industry over mulesing during the closing of the conference, when it has been hopelessly behind the game on this issue for some years.



It was interesting to note at the IWTO Grower Forum that without exception, all grower countries expressed concern at the increasing problem of predation of sheep flocks. There were consistent problems for growers across the sheep world, with reduced access to control methods and increased interest in the conservation value of predators all common themes.

Over the past year in Australia, there has been profound change in the approach to the understanding and management of the wild dog problem. The issue now has the prominence in the eyes of decision makers that it once did not enjoy and in recent times, industry has resolved much of internal positioning and politics that has hampered progress to date.

Much of this success is owed to former WPA Senior Vice President Brent Finlay, whose tenacity and diplomacy has helped the industry negotiate the many obstacles thrown up by this complex issue. Unfortunately for WPA Brent has moved on to bigger things as the President of AgForce and we wish him all the best in this new role.

I would like to thank the entire WPA board as well, for their efforts in bringing the views of growers and policy initiatives to the national table and taking a greater understanding back to their constituencies of the issues the industry is confronted with at a national and international level.

Thank you also to the WPA staff Alex and Greg for their support over the past year. After almost five years with WPA, Alex is leaving us to pursue further studies and we offer her heartfelt thanks for dedicated service to both the organisation and industry over this time.

I look forward to another successful year ahead.

Don Hamblin
President

Executive Director's Report



GREG WELLER
Executive Director
WoolProducers Australia

With 2011 being the year which the Commonwealth has determined will be the time when it puts a price on carbon, farmers are now wondering how they might fit into any future trading system. However, despite the release of a consultation paper outlining the proposed Carbon Farming Initiative (CFI), farmers now have even more questions than answers.

In 2010 the federal government released a draft outline of how its scheme might work, to give the opportunity to trade agriculturally based carbon credits under a standardised system. Not unlike perhaps the Woolclasser Code of practice, the CFI is proposed to be a way of underpinning a market with a standard that gives certainty to buyers about what they are paying for.

While WPA supports the general principle of the CFI, we have concern that it will have limited capacity to meet the second principle nominated by the authors, which is 'enabling broad participation'. Put simply, as the CFI draft stands we see little incentive for farmers to participate.

The primary issue is that WPA doesn't accept the logic that activities that improve productivity or profitability, or are used on a widespread basis across the industry should be excluded from eligibility – as is the intention of the current draft.

If an underlying rationale for the CFI is to contribute to a broader program that reduces the amount of atmospheric carbon attributable to Australia, then surely issues such as the motives of the participant to enter into a scheme or the number of other individuals using the same techniques is of very minimal concern.

At present, there are few mechanisms for wool growing enterprises to either increase the sequestration of carbon of their farms or reduce the emissions from livestock. With such a limited range of options, it is difficult to comprehend how a farm could contribute in a meaningful way to the program through a methodology that is suitably unique amongst their peers as to qualify.

WPA considers that the proposed design has the potential to stifle innovation through industry owned corporations or promote perverse outcomes. The nature of the Rural Research and Development Corporations (RDCs) is to pool the resources from a large number of small contributors to conduct and extend research for the greater good that would otherwise be unviable to the individual.

The measure of success of an RDC is not only the development of new tools and practices to meet the goals of its shareholders, but how broadly, efficiently and quickly these innovations are taken up – which would seem at odds with the thrust of the CFI, as it seemingly runs counter to this ideal by promoting individual investment and actions.

The CFI could also be argued to be presenting RDCs with a choice of either ‘profitability’ or ‘CFI compliance’ when considering projects. Such an outcome would seem contrary to the national interest and inconsistent with the need to address dual imperatives of greater food and fibre production and reducing atmospheric carbon.

With the high administrative burden that the CFI presents, there must be appropriate incentives to outweigh these costs. This is not to say that WPA necessarily considers that there shouldn’t be a level of rigour in the CFI. However, an increasing level of integrity and compliance should surely be inversely correlated to the barriers to entry placed on the participants if involvement is to be maximised. At present we don’t consider this balance to be correct.

Were there to be a broader scope for inclusion of activities in eligible schemes or the opportunity to offset the cost of compliance against production gains, there may be greater incentive for participation.

Likewise, if methodologies, reporting and auditing functions were more generic, or based on agreed industry or regional benchmarks, then there would be more encouragement for farmers to make the most of the minimal avenues open to them for involvement.

As a final note, references in the consultation draft to the use of agents acting for farmers to undertake compliance activities such as lodging methodologies, monitoring and reporting did not go unnoticed. Already in some sectors of the farming community an expectation that there will be exceptionally high returns to be generated from the CFI – which is no doubt a perception that those earning fees or commissions from farmers involved in the CFI would have an incentive to perpetuate, to the detriment of some participants. It would not be the first time the shysters and cowboys wreaked havoc in what was an otherwise well intentioned government program.

As such, we have recommended that the government consider this risk seriously and develop a means to ensure propriety, such as standard contracts, accreditation of agents, transparency requirements for fees, cooling off periods and alike.

The idea of developing a framework to provide integrity to the voluntary trading of carbon credits is a good one. Were it to ever become the basis for a mandatory scheme that requires farmers to report on the carbon inputs, outputs and storage on their property, there would no doubt be far less enthusiasm from agriculture.

Closer to home, this year saw WPA farewell Alex MacLennan after five years dedicated service. Over this time Alex has made an immense contribution to the activities of WPA and the Australian Wool Industry. On a personal level, it has been a great pleasure working with Alex over this time and on behalf of the organisation, I wish her every success in the future.

Greg Weller
Executive Director
WoolProducers Australia

New South Wales Farmers' Association



JOHN MANWARING
Chair, NSW Farmers' Association

2010 was my second year serving on the WoolProducers Australia Executive and it has been a busy year for the industry, both at a state and federal level.

At the federal level one of our key challenges as an industry was collaborating on a response to the National Retail Federation on the topic of mulesing. NSW Farmers' Association was involved in this both directly and through WPA. We believe that the response demonstrated a high level of unity and agreement on the substantive issues. It was pleasing to see goodwill and professional collaboration within the industry. We hope to utilise this approach for industry wide issues in the future.

NSWFA has continued its involvement in Australian Wool Innovation's Wool Carbon Alliance. We believe that wool has a future as a sustainable/renewable product and continue to work to ensure this is scientifically justifiable.

A primary concern of the Association continues to be the Animal Welfare Standards and Guidelines for Sheep. The Association continues to hold concerns with the imposition of certain requirements (particularly 'competency') and supports the decision by peak councils to withdraw while these and other issues are resolved.

The end of 2010 saw changes to the OJD Prevalence Areas in NSW. This has been an important issue for the Association and the decision to make the changes has not been made lightly. The changes will be based on the best available information and have been made in close consultation with Industry & Investment NSW. Looking ahead, the current scheme comes to a close in 2012 which will require extensive consultation with members to determine the best path forward.

At a state level we continue to be concerned by the effect sheep lice are having on the NSW wool clip. The Association consulted heavily with its members last year which resulted in policy being passed at our Annual Conference seeking the regulation of lice. Industry & Investment NSW are now in the process of reviewing their lice policy and this is likely to involve the Association well into 2011.

NSW also faces increasing concerns with the transport of wool bales. Despite having identical regulations nationwide, the NSW Government has taken a stricter enforcement strategy which is costing

transporters and exporters dearly and jeopardising the transport altogether. The Association is working closely with the NSW Roads and Traffic Authority to resolve the issue.

It has been a year of above average rainfall for NSW which has resulted in some flooding in areas. This improved season has brought on a lot of extra work associated with flystrike and foot abscesses. Besides these negatives, sheep sale prices and wool prices have been at record highs which I hope will stop the decline in the national flock numbers. Let's hope the prices continue to rise!



Victorian Farmers Federation



GEOFF FISKÉN
VFF Wool Committee Chair

Over the past few years it has become somewhat of a standard to put in a comment on drought or a line asking for more rain, it seems we will have a break from that this year. With the floods that are currently affecting over a third of Victoria as I write, we are still unsure of the final impact on the Victorian Wool Industry other than it will be large. The loss of both livestock and infrastructure, and knock on effects these have to the surrounding communities will be felt for some time.

The VFF will be working to assist members, as well as the rest of the farming community to rebuild and restock following these floods. We are hopeful that the positive market situation we are currently experiencing will be a form of silver lining on the situation and will see producers encouraged to stick with wool.

Mulesing and the search for alternatives continue to be an issue for the wool industry. As previously stated we believe that eventually the market will play a role in helping producers determine the question of to mules or not to mules? The reporting from the National Wool Declaration (NWD) shows that many producers are finding ways to move away

from mulesing and are continuing to use pain relief products. To anyone not using the NWD we encourage you to do so. We are encouraging the many groups and individuals working on other alternatives to mulesing to stick at it.

There has been much discussion in the wool industry on how we communicate to our customers about mulesing. Perhaps a simple way to do so would be to say that it is a difficult problem to solve, but we are working on it. It is also a problem that is being tackled differently by the many wool producing businesses that make up the Australian industry. Finally the best way that the buyers of Australian wool can assist our industry to work on alternatives to mulesing is by continuing to support us (as they have for many years) by buying the product and paying prices that allows our producers to be profitable.

2011 will see the review of the National OJD Management Plan conducted. We look forward to this review being completed as soon as possible. The VFF will continue to push for the review to deliver a new more practical plan that works for Victorian sheep producers and will allow interstate trade of sheep to occur.

On a more positive note, the VFF has had a win from a policy position with the State Government committing to the use of aerial baiting for wild dogs. Currently wild dogs stop producers from running sheep in many areas of Victoria, predominantly in the hard to access high country in the East of the state. We strongly believe that the inclusion of aerial baiting as a part of a strategic wild dog control program will allow sheep back into some of these areas.

Farm animal health, especially for diseases such as lice and foot rot, continue to be an issue for members. Following concerns that DPI has been underfunding research into these types of endemic diseases the VFF has secured funding for staff to work with Victorian producers on these issues. While these diseases are regarded as being a low priority for things such as international trade etc. they can be a major contributor to on-farm profitability.

So while 2011 will offer challenges to the Victorian wool industry, rebuilding for some and changing the way we do business for others, I'll finish up on a positive note, and that is the market situation. Both wool and sheep prices are maintaining a strong position that should allow producers to get on with the job of producing high quality wool.



AgForce Queensland



JIM MCKENZIE
AgForce Sheep and
Wool Committee

The sheep industry in Queensland is enjoying a resurgence – with the 'big sell off' finally coming to a plateau with sheep numbers steady around the 3.6 million mark.

This has been due to better seasonal conditions across sheep producing areas. While there have been massive floods in Queensland causing havoc in vast areas of the state; generally speaking the sheep producing areas have been spared with minimal sheep losses reported. With the summer thunder storm season just starting it has caused some bushfires in our district and further to the East, I suppose this comes with the better season. Our land of contrasts.

While this is an exciting time for sheep producers there are a number of issues, both on a state and national level that AgForce are continuing to monitor and have input into.

Wild dogs continue to be a major issue for sheep producers and AgForce Sheep and Wool has continued to take the lead in managing this issue, however in recognition of the fact that wild dogs are an issue for all livestock producers, the management of wild dogs has been removed from the Sheep & Wool Board after numerous approaches from

cattle producers to have input into the management process of these pests. 2010 also saw the cessation of the successful Wild Dog Project that AgForce has been managing over the previous three years. The aim of the project was to raise the awareness of coordinated wild dog control. With 14 'Predator Control workshops' speaking to over 1,000 land managers, the project effectively disseminated current scientific information as well as information on a wide range of wild dog management methods. It is understood that several other states have now instigated similar projects and a number of local NRM groups have shown interest in replicating the Predator Control Days.

Queensland experienced an extensive fly wave towards the end of 2010 due to optimal seasonal conditions for fly strike. Reports of large proportions of flocks being struck were reported across sheep producing areas. While the problem has eased over the past few months there is now an issue with sourcing effective chemicals to treat fly strike. Worms have also caused problems for producers, especially at present with drenches in short supply, some of this due to road closures caused by flooding.

NLIS continues to be an issue that AgForce is monitoring, at the most recent Queensland NLIS Implementation Committee (QNIC) meeting held at the end of 2010 there was a feeling that the Queensland government is not satisfied with the current paper based system, however the point was made that National Vendor Declaration (NVD) compliance in the state sheep and goat industries is excellent, particularly in comparison to southern states. AgForce will vigorously fight any moves by the Queensland government to implement compulsory electronic identification of sheep, in the event of that happening.

While I am relatively new to the WoolProducers Australia Board, I look forward to ensuring that Queensland is represented at a national level during 2011 and have so far enjoyed my time as a WPA director.



South Australian Farmers Federation



GEOFF POWER
South Australian Farmers
Federation

As always the past year has been challenging for the Australian Wool Industry and the South Australian Farmers Federation (SAFF). However, there is renewed optimism amongst South Australian woolgrowers and let's hope normal seasons are back with us so that we can capitalise on record sheep prices and renewed vigour in the wool market.

As we move forward one of the biggest challenges ahead of us is labour shortages. The SAFF supports shearer and shedhand training and encourages continued funding from AWI.

In the north of our state wild dogs are a growing problem. In South Australia we are at the same stage as Queensland was 20 years ago and in that time we have seen their sheep population plummet to about 3 million. The SAFF is actively lobbying to strategically aerial bait inaccessible areas such as the Northern Flinders. With the South Australian Sheep Advisory Group (SASAG) and Australian Wool Innovation (AWI) funding the South Australia Arid Lands NRM, a program called Biteback has been initiated by a group of landholders to collate dog sightings and activities to then create a cohesive program of baiting followed up by trapping.

From 1 January 2011 Ovine Johnes Disease prevalence areas in NSW, Victoria and Western Australia have changed and regulations for the entry of sheep into South Australia have been amended. Buyers of sheep in South Australia should be aware of these changes and be in contact with PIRSA Animal Health before making purchases.

It is of concern that lice infestations in South Australian flocks are on the increase. With rising wool prices we need to be vigilant so that we can capitalise on increased prices and enjoy maximum production.

Cobbet Industries continue to develop Skintraction as an alternative to mulesing and the SAFF expects that trials will begin in South Australia during 2011. Once trials across Australia are completed it is hoped that a permit will be granted from the Australian Pesticides and Veterinary Medicines Authority so that commercialisation of Skintraction can take place in 2012.

As I said at the beginning of the report the wool industry could be in for an exciting time and to capitalise on this we need to have unity and show the world we are an industry for the 21st century.

Finally, thank you to Anne Artone (SAFF) and Elena Petrenas (SASAG) for their help during the year.

Tasmanian Farmers and Graziers Association



ROSEMARY STOBART
Tasmanian Farmers
and Graziers Association

For Tasmanian wool growers 2010 was a better year with most areas recovering from 3 years of serious drought and with improved prices from the start of the 2010/2011 selling season.

High prices and better returns from lamb and mutton have seen a shift from traditional wool production to a greater emphasis on sheep meat production. Many traditional superfine and fine wool properties have diversified into prime lamb production and this has altered the structure of the Tasmanian wool clip. Production for the July-December period was 1% lower than for the previous year reflecting that recovery from the drought has a long way to go. However superfine wool production was 20% lower indicating the move to sheep meat types is starting to become a reality.

The TFGA wool council has managed a number of issues over the last 12 months some of these were:

LAUNCESTON SALE

Launceston as a selling centre has been finally closed with all Tasmanian wool to be sold in Melbourne. February 2010 saw the final sale with a one day sale held on a Friday. While the drought limited the volume and the quality of the offering,

there was insufficient support to continue in the future as most of Tasmania's clip is sold through Melbourne prior to Christmas. There was a special feature sale of Tasmanian wool on February 15th 2011 in Melbourne. The important issue for Tasmanian growers is that the worldwide reputation that Tasmania reliably produces wool of the highest quality is maintained and the Tasmanian identity preserved.

ENVIROWOOL

An important innovation available for Tasmanian wool growers has been the development of the Sustainable Farms Tasmania Environmental Accreditation Scheme developed by the Envirowool project. The programme was developed by the Roberts Wool Link Grower Reference Group and funded by the Federal 'Caring for our Country' programme. The project worked with 10 volunteer pilot farms to ensure the system would work for the diversity of wool growing operations in Tasmania. To be accredited properties must have in place an approved Property Management Plan subject to independent assessment and certification to obtain Envirowool accreditation.

Tasmanian Farmers and Graziers Association continued

Where properties have more than 30% of their area under native vegetation they are eligible to apply for Native Ecosystem accreditation. The basis of the system was the biodiversity module of the Property Management Planning program the TFGA has developed in association with other agencies.

ANIMAL HEALTH

The TFGA wool council has focussed closely on a number of animal health matters this year including OJD, footrot and lice. The intransigent stand by the Department on the Sheep Standards and Guidelines has stalled the national approach to this important project. The TFGA will continue to focus strongly on animal health and welfare matters in 2011.

PRESCRIBED ('EXOTIC') SHEEP BREEDS

Following a long consultation and negotiation process the TFGA has agreed to an interim code of practice following the Ministers decision to remove prescribed breeds from the Animal Farming (Registration) Act 1994. The TFGA will continue to work with the state's Department of Primary Industries to ensure that Tasmanian wool growers incur minimal impact on the risk of contamination from the changes to prescribed breeds.

NATIVE VEGETATION

Once again native vegetation matters have caused a number of concerns for producers throughout Tasmania. The listing of the lowland native grasslands under the EPBC Act is still an ongoing issue particularly in relation to the 'derived' category. In addition to this at the end of 2009 the state government introduced the Native Forest Estate Policy that places intense restrictions on landowners' capacity to clear vegetation.



Independent Directors' Reports



JIM KENNEDY

Australian wool growers are now benefiting with a reasonable return on investment from their commitment to produce raw wool for the benefit of mankind and the environment. One disappointing aspect

is that the driver of the current prices for raw wool is the consistent decrease in the national Merino flock. Despite assurances by Australian Wool Innovation (AWI) that it is meeting government and shareholder expectations, the wool industry and wool production continues to shrink.

The Federation of Australian Wool Organisations (FAWO) was instrumental in calling a meeting of representatives from all sections of the Australian wool industry to answer concerns expressed in an open letter from American trade associations including the National Retail Federation (NRF), which was addressed to the Australian wool industry. Despite initial enthusiasm to support a writing group to undertake this task, the process soon degenerated into wool politics with entrenched views and taking over half of 2010 to achieve no result at year end. Clearly, an organisation can only respond on behalf of its membership and inviting

outsiders with no commitment to FAWO is fraught with difficulty.

The International Wool Textile Organisation (IWTO) held its 79th Congress 3-5 May 2010 in Paris under the theme *Wool – Change to a Healthier and Safer Environment*. The 2010 IWTO Wool Round Table took place November 15 and 16 in Biella Italy, with the main topics being the IWTO Lobby Projects and the new international marketing activity of the wool industry *Campaign for Wool* supported by HRH Prince Charles. There are emerging issues on IWTO radar such as the 'Draft Code of Practice for Sheep Farming', Chinese quarantine concerns regarding contamination of wool delivered into China, and lobby activity regarding laws such as the new Israeli draft law.

A draft law of the Israeli Parliament has come to IWTO's attention that would prohibit the import of animal fur and textile products deriving from animal hair into Israel. This drafted law would also affect the import of wool and wool products into Israel. IWTO is actively involved in the lobbying debates concerning this issue and will influence the Israeli legislation in favour of the wool industry.

NLIS (Sheep and Goats) continues to present challenges to the industry, as we manage the global trend towards more traceability with the practicality and commercial imperatives of a wool growing operation. WPA supports the current system of visual tagging, with an electronic mob-based movement database. We consider that mob-based movement recording is most appropriate for the sheep industry, as opposed to individual identification. As such, we support the CIE Report 'Option 1', which was released during the year.

WPA remains steadfastly opposed to the introduction of mandatory RFID technology for sheep. While RFID can be a useful tool for on-farm management for some growers, we do not believe that the significant costs that a nationally enforced RFID traceability system would impose is justifiable. We consider that the CIE report understates the cost of RFID tags and doubts that the current Victorian model can be replicated and sustained nationally.

We have supported the option of RFID tags having the capacity to be approved as NLIS compliant under the visual system, on the basis that a grower should not have to apply an additional tag if they choose to trade sheep with a tag that contains an RFID device for on-property management purposes. WPA does not support the reporting requirement to the NLIS database of movements between different PICs where ownership of the sheep does not change and the sheep are returned to the originating property before transfer of ownership occurs. Nor does WPA support an additional levy on producers to fund the database and movement documentation.



MAX WATTS

In the development of the Pastoral Award 2010, it has been pleasing to note that the industry has been able to retain a high level of flexibility for shearing in Western Australia, however, due to the

current transitional provision of the award these are expected to be lost in 2012. The ability to perform weekend work without penalty and to have scope for varying the start and finish times during the day makes much sense and should be defended.

That is why it is pleasing to note that the National Farmers Federation is working towards not only retaining the current flexibility in WA, but also extending these provisions to the rest of the nation. I look forward to participating in these discussions and hope that we can provide access to more flexible shearing arrangements to all wool growers.

On a positive note, any future pay rate changes for shearing will occur on 1 July each year, which in my view is a far better process than in the middle of the season, as has happened in the past.

Shearing shed inspections in WA are being run by the Shearing Contractors Association in WA and funded by Work Safe. This is a great program that helps facilitate improvements in sheds without the 'big stick' approach. I do not mind people criticising a shed as long as they have constructive, affordable suggestions to correct the problems and improve the working environment. The way it works, is that generally 5-8 nearby sheds participate. The 1st shed usually takes a couple of hours with an overview of the industry and the owners/employees responsibilities. The following sheds only require about an

hour, with all participants taking an active role. They set out a work schedule and time frame in conjunction with the owner for the various improvements to be undertaken. This also cultivates new ideas that others have in their sheds.

The inspection is photographed and documented by the Executive Officer of the Association and assisted by an experienced shearer/contractor. In some cases there are photos taken after the improvements have been completed to help promote the program. There are no individual records presented to Work Safe just a broad overview of the situation in the industry.

I am not sure if this program is replicated across Australia – if not then perhaps it should be. I would encourage all growers to get involved, and further discussions on the above subject would be welcomed.

On a final note, with the severe drought in WA and the re-stocking on the back of a very good season on the eastern seaboard, we have rarely before seen such an exodus of livestock from the west. It has been a real credit to the livestock carriers and all those involved in the professionalism that has been demonstrated, in managing this task, particularly at a time when there is increased focus on welfare aspects of transport. This season 1,200,000 sheep and lambs, plus 160,000 cattle have crossed the Nullarbor, with the RSPCA carrying out roadside checks and finding stock to be in good condition. Well done.





CHARLIE MERRIMAN

As a Board member of WoolProducers Australia my key responsibility is to represent wool growers nationally on Ovine Johne's Disease committees. 2010 has been a particularly busy year for me and

all involved in OJD. First and foremost were the changes to prevalence areas in some states.

In early January, the National OJD Management Committee received a report on abattoir surveillance data, which indicated that for two consecutive years a number of prevalence areas had exceeded their cut off for percentage of flocks infected with OJD. This included Western Australia, Victoria and some regions of the NSW Medium Prevalence Area.

Following lengthy consultation with industry, it was agreed in order to maintain the integrity of the program and ensure producers could get accurate information on the OJD status of sheep they were purchasing, affected prevalence areas needed to be amended.

I think it needs to be reinforced that the purpose of the prevalence area changes was not to restrict trade. It was to ensure that the prevalence area points allocated to flocks reflects their level of risk to help producers make decisions when purchasing sheep. Mandating a minimum number of points to move into a state or region is outside of the scope of the national program. These decisions are made by state governments in consultation with the local industry.

WPA and the Sheepmeat Council, through Animal Health Australia, contribute funding to OJD research by the University of Sydney. The sheep industry's funds are matched dollar for dollar by the MLA Commonwealth Donor Company.

2010 saw the conclusion of a four year research funding agreement with Sydney University and the sheep industry had to decide if the project was worth funding for an additional five years. The researchers have stated that the extension of the project will enable the development of a safer vaccine for OJD, new genetic approaches to predict resistance and more accurate diagnostic tools. A safer vaccine alone will be a huge step forward for operator safety.

The current five year National OJD Management Program concludes in 2012. In preparation for this an extensive review has been initiated to look at all aspects of the program. It will include a review of the animal health policies applied to the management and control of the disease in different regions of Australia, a bioeconomic analysis of the program, as well as a social research component and a review of the program management.

The program review is planned to be completed by 30 June 2011. This will allow six months for the sheep industry to discuss the recommendations of the review and make a decision about the future management of OJD.

With most State Governments funding seriously reduced for OJD and other agricultural pursuits, the national review gives the Merino industry an opportunity to have their say on the new program. In July 2011 an options paper will be available for comment and I urge all state farming organisations to consult woolgrowers and hear their views on the future management of OJD.

Sheep and Health Welfare



ALEX MacLENNAN
Policy Advisor – Animal
Health and Welfare

2010 saw WoolProducers Australia's involvement in national sheep health and welfare issues continue to dominate the agenda. Through membership of Animal Health Australia, WPA contributes to a range of programs in the area of emergency disease preparedness, market access, endemic disease management and animal welfare. With this membership comes a significant amount of responsibility to ensure we give sound advice to these programs on behalf of wool growers.

To firstly touch on emergency disease preparedness, the Wool Industry Emergency Animal Disease Response Plan underwent a review in the past 12 months. If Australia ever had an incursion of an emergency animal disease affecting sheep this document has all vital information for wool industry representatives to become involved in the high level response with government. All relevant sheep industry groups were sent a copy of the Response Plan.

WoolProducers is in the early stages of developing of an AUSVETPLAN Enterprise Manual for wool storage and processing. The intention of the manual is to fill a gap in the wool industry's emergency disease planning and give all involved in the wool supply chain as well as government officers an understanding of the risks associated

with the storage, transport and processing of wool during an exotic disease outbreak.

In the event of a disease incursion producers will play many vital roles to eradicate the disease. In 2010, WPA along with the Sheepmeat Council rolled out a new approach to organising Industry Liaison Officer (ILOs) training. ILOs would play a very important role on behalf of their local industry, responsibilities include providing advice to government and the local industry as well as assisting with plans for disease control.

In the past there has been very little follow up contact with producers who have completed ILO training, however this is set to change with annual state meetings with ILOs catch ups to hear the latest on exotic disease preparedness and response in Australia and overseas. Two successful training courses were run in South Australia and Victoria with more planned in Tasmania, Queensland and Western Australia in 2011.

Similar to 2009, the development of the Australian Standards and Guidelines for the Welfare of Sheep has been a major project and involved many hours of staff and Board members' time. Unfortunately, the standards and guidelines are not at the stage that was anticipated at the beginning of the year. This is a result of WPA and Sheepmeat Council putting their

involvement in the development process on hold. This decision was not made in haste and does not mean that the sheep industry is not committed to the continual improvement of sheep welfare. However, there were a number of major issues that arose which left industry with no other option.

Industry's input to the standards and guidelines ends once the development phase is complete. Once the document enters the government approval process there is little, if any consultation with industry. There has been verbal assurance that industry will be consulted if there is a deviation from the nationally agreed standards but industry needs more assurance than this. Even during the development phase where industry and government work closely, the quality of engagement has been inadequate.

WPA is working with the Sheepmeat Council and cattle industry to resolve these issues and reengage in the welfare standards and guidelines as soon as possible.

It must be said, that while the welfare standards development process is not perfect, it is a significant improvement on the level of consultation that occurred with industry when the Model Codes of Practice were developed. The working relationship between industry and government has come a long way and this is owed to those involved in the development of Animal Health Australia. Your foresight has paved the way for enviable collaborations between the livestock industries and government.

This is my final report for the Annual Review as I am leaving WPA in early 2011 after almost five years. I thank Greg Weller for the opportunity as a recent graduate to fulfil the then new role, of Policy Officer – Animal Health and Welfare. I have learnt so much about the wool industry and national animal health system as a whole, and admire wool growers for their determination and passion for their fibre during what has been prolonged drought, often unsustainable wool prices and increasing pressure from animal rights groups.

I hope that the current wool prices continue and wish the Board of WPA and all wool growers many profitable years ahead.

Alexandra MacLennan

Policy Advisor – Animal Health and Welfare

Australian Wool Testing Authority



MICHAEL JACKSON

Managing Director,
AWTA Ltd

AUSTRALIAN WOOL TESTING AUTHORITY LTD

Over the last 53 years, AWTA Ltd has built a highly successful business providing independent test information to its customers, primarily the Australian wool industry. During 2009/10 AWTA Ltd achieved a net profit of \$1.010 million.

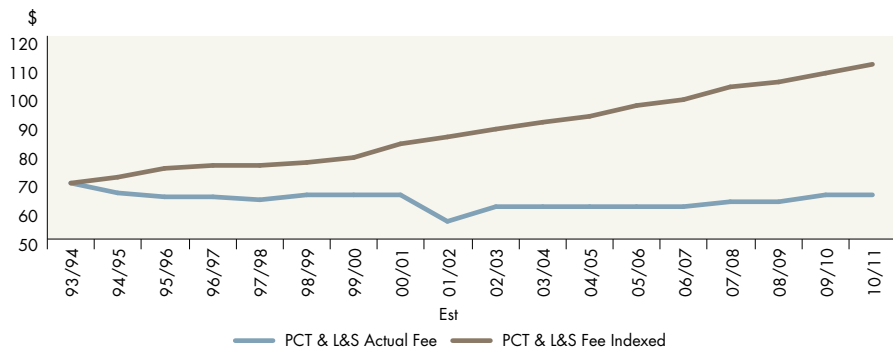
AWTA Ltd has built and maintained a national and international reputation for technical expertise, commercial independence and professional integrity, while its corporate structure facilitates the minimisation of the fees that it charges for its services. During the past two decades wool production in Australia has fallen steadily and significantly, causing a consequent fall in testing volumes

and AWTA Ltd revenue. The company has responded to this situation with the objective of minimising fee increases for its raw wool clients by:

- Reducing costs by improving labour productivity and significantly reducing management overheads; and
- Diversifying into related testing markets to improve profitability by growing revenue from non-wool sources.

This strategy has been effective with the fee for fully testing an average sale lot of wool reducing by 3.6% since June 1994, whilst CPI has increased by approximately 47% over the same period. There was no general increase in wool testing fees for 2010/11.

FIGURE 1: Inflation versus the AWTA Ltd testing fee for a 7 bale lot
Inflation Adjusted vs Actual Fee Increases – Presale Y&D and L&S (7-bale Lot)



AWTA Ltd, as a consolidated group, now comprises 3 operating divisions in Australia (AWTA Raw Wool, AWTA Product Testing and Agrifood Technology), its wholly owned subsidiary NZWTA Ltd and its joint venture, JinAo Testing Co Ltd, which is managed through AWTA Product Testing. The financial performance of each division is separately monitored, with the cash return as a percentage of capital invested being the key measure adopted by the company's Directors. In addition, key performance measures relating to service and technical areas are routinely monitored by the Directors. The review below summarises the operating performance of each section of the company.

AWTA RAW WOOL

The operating environment in Australia remained very difficult during 2009/10. Although seasonal conditions improved, the low relative profitability of wool growing continued to negatively impact wool production in Australia and consequently AWTA Raw Wool revenue. Subsequently, the outlook for 2010/11 is more optimistic with wool prices increasing significantly as supply contracts. The AWI Wool Production Forecasting Committee has predicted a slight decrease of 2.3% in wool production during 2010/11.

The majority of Raw Wool revenue comes from presale testing of greasy wool. The number of core tests conducted by AWTA Raw Wool fell by 4.8% during 2009/10. Staple length and strength testing activity decreased by 5.9% from the previous year due to the reduced number of core tests conducted and a slight fall in the proportion of core tests additionally measured for length and strength.

The Sydney Raw Wool laboratory closed at the end of 2008/09 and during the 2009/10 financial year samples were allocated to the Melbourne or Fremantle laboratories for testing. Due to the Sydney closure and other cost saving initiatives, operating expenditure for the Raw Wool division was 7.1% lower than 2009/10. Operating contribution from the AWTA Raw Wool division increased by 47% during 2009/10.

AWTA PRODUCT TESTING

The Product Testing division revenue increased by 2% from 2008/09 as testing activity partially recovered from the global economic crisis, particularly in the building materials sector. In this environment, cost control initiatives were paramount and expenditure was reduced by 4% from the previous year. As a consequence operating contribution from the Product Testing Division improved significantly on the 2008/09 result.

JinAo Testing Co Ltd grew its revenue base steadily and significantly during 2009/10 to the point where the second half of the financial year was profitable. The majority of JinAo testing was conducted for Australian customers importing Chinese products with a growing base of Chinese processors of Australian wool looking to JinAo to provide specialist testing services.

NZWTA LTD

The operating performance of NZWTA improved considerably during 2009/10. While wool production did not recover significantly, NZWTA operating revenue increased slightly in both the greasy wool and scoured wool testing sectors. In addition, significant cost savings were achieved as a result of changes to the operational structure that were implemented in 2008/09. This enabled NZWTA Ltd to achieve a significantly improved financial result.

AGRIFOOD TECHNOLOGY

AWTA Ltd purchased Agrifood Technology from AWB Ltd on 1 February 2008 and 2009/10 is the second full year that this business has operated under AWTA Ltd ownership. Agrifood Technology has now successfully established its independence within the recently deregulated wheat industry, gaining business from a broad range of bulk handling and export focused companies.

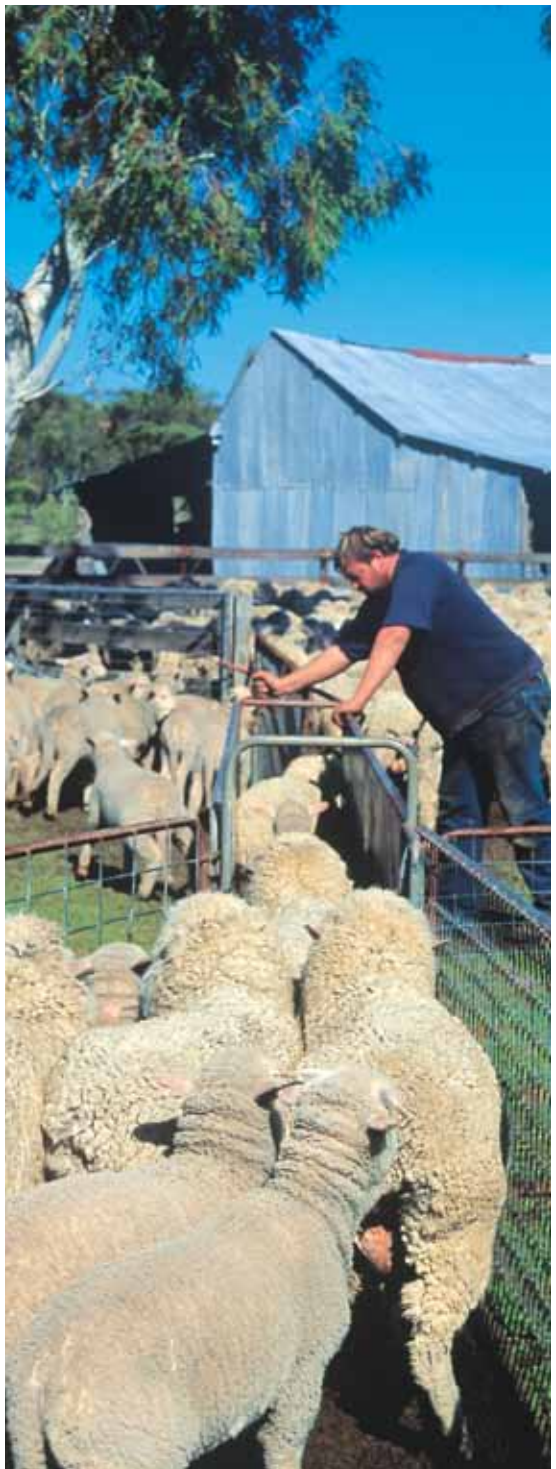
Revenue from non-grain, food safety testing has also continued to grow since acquisition with particularly strong growth in testing of horticultural products during the year under review. During 2009/10 Agrifood Technology expanded its range of testing into the hay and animal feed business having acquiring FeedTest from the Victorian government in September 2009. In June 2010, the acquisition of Inman & Farrell and Agro Nutritional laboratories provided the division with a presence in Western Australia that will generate further growth in future years. During 2009/10, the contribution from Agrifood Technology increased by 79%.

It is noteworthy that total operating income earned from sources other than testing Australian raw wool reached approximately \$9.8 million, or 30% of operating income during 2009/10. In comparison, in 1999/2000 revenue from non-raw wool sources was less than \$2 million or 5% of operating income.

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.

Michael Jackson

Managing Director, AWTA Ltd.



Sheep CRC



PROFESSOR JAMES ROWE

Chief Executive Officer
Sheep CRC

The CRC made good progress during 2010 in developing products and new information for the sheep industry – through improved genetic gain, on-farm programs to improve reproduction efficiency and parasite management and, in the Wool Program, new quality control measurement systems for lightweight next-to-skin knitwear.

Results from the Sheep CRC's Information Nucleus Program are already flowing through to industry and are contributing to genetic improvement in the Merino flock. It is estimated that approximately 35% of Merino rams are bred in studs using Sheep Genetics estimates of breeding values (ASBVs). Data from the Information Nucleus Program contributes directly to development of new ASBVs (eg breech wrinkle, dag score and lambing ease) for these rams and also provides linkages between Information Nucleus rams and other evaluation programs.

The Information Nucleus Program is delivering a number of direct and indirect benefits for genetic improvement via data distributed to industry through Sheep Genetics.

In addition to the benefits through improved genetic parameters the CRC initiated the first Genomic Pilot Project during 2010 in collaboration with MLA. Approximately 75 Merino rams were included in this Pilot Project and breeders contributing to the pilot project have received the first results of genomic predictions for a number of conventional traits including fleece weight, fibre diameter, growth rate and a number of carcase parameters. Both the accuracy of the estimates, and the number of traits for which predictions can be made, are expected to increase in the coming months and further information will be made available to these breeders as soon as results are available. The key benefit of using predictions based on genomic information is that rams with the desired characteristics can be identified, at a young age, and this is particularly valuable for those traits that are expensive or difficult to measure.

An important point for Merino breeders is that the early results indicate that predictions based on genomic data will be particularly useful for the Merino industry due to the range of traits for which there are already accurate predictions. The CRC is planning a second Pilot Project and will be publicising the opportunity around the middle of the year.

In the area of sheep management the FlyBoss, developed by the Sheep CRC, has been very useful for lots of producers, especially those that have stopped mulesing. The Flystrike Management Workshops, based on information available through the FlyBoss website, have been well attended and feedback from these events has been positive.

The Lifetime Ewe Management (LTEM) program has gained momentum during 2011. Approximately 80 new groups have formed throughout Australia. The fact that the Farm Ready program was cut short during the 2011 financial year was a potential set back. However, with support from AWI, DAFWA and the CRC, the majority of groups have been able to go ahead. Early information about the impact of the LTEM program indicates that participants in the program have had real value through increased number of lambs weaned and an improved gross margin per hectare. Running parallel with the LTEM program is a series of Scanner Workshops being coordinated by Chris Shands. Scanners and their clients are finding these workshops most useful in improving management decisions based on scanning information. With many producers aiming to increase sheep numbers, reproductive efficiency is widely recognised as a key area where improvements can be made to improve profitability.

The Wool Program has completed the calibration of the Wool Comfortmeter and the Wool Handlemeter. Plans are underway to move to commercialisation of these two measurement systems and it is anticipated that they will be well received by the supply chain focusing on next-to-skin lightweight knitwear. There has also been good progress in the white wool area where post-farm processing research has identified a pathway to produce much whiter wool fabric. There is also good news on photo-yellowing as preliminary research suggests that there may be new methods for improving photostability.

With recent rises in wool prices combined with strong demand for Merinos, producers are already focusing on how to improve productivity, increase sheep numbers and make best use of genetic gain. We urge all producers to make use of the information and products coming out of the CRC's research and development program. The best starting point is to visit our website (www.sheepcrd.org.au) where there is detailed information about a number of products and how to contact us.

James Rowe
CEO Sheep CRC
February 2011

Australian Wool Exchange



MIKE GRAVE
Chief Executive Officer, AWEX

The Australian wool grower's investment in terms of time and money into developing enviable quality assurance systems over the past 100 years is considerable. These systems serve to add value to the even greater investment of woolgrowers in genetics and management their flocks to ensure that the productivity of the Australian sheep flock and quality of the Australian wool clip continue to improve. Australian woolgrowers understand the need for continuous improvement in light of the relentless competition from other fibres, whether grown or man-made as well as the pressure from other commodities all seeking to gain a bigger foot print in Australian agriculture.

Woolgrowers have demonstrated that they can adapt to changes and trends in the market by making long term decisions based on sound market signals.

In recent times the performance of the Australian wool market has been outstanding. Apart from the general rise in the market itself, the performance of the market in light of an Australian dollar at just above or just below parity with the USD has surprised most in the industry. In February the Eastern Market Indicator reached 1255 c/kg clean or 1268 c/kg

clean in USD, these levels in USD terms are unprecedented. Of course the EMI only provides a guide to market performance and it is not until you interrogate the individual micron price guides do you see that whilst the EMI may be reaching levels not seen since 1988 the individual micron price guides have not reached the same heights.

The recent market surge might be due to a combination of factors not the least of which is the low levels of wool production which are now being realised.

Wool still remains a valuable global fibre. The information which is provided to the market also provides valuable information for both the purchaser and woolgrower. Sound information is the basis of sound business decisions.

In recent years the willingness of retailers, from the United States and the United Kingdom, to engage directly with the Australian wool industry is positive and welcome. For far too long the "length of the wool pipeline" has been the rationale why communication has been lacking. The retailers are willing to engage with the Australian wool industry providing them with the opportunity to raise their concerns and seek the information that they require.

The Australian wool industry, particularly wool growers, has been willing to provide information to satisfy our customer's needs and provide them with confidence in Australian wool. Information is vital in purchasing any product as are the market signals that the information provides which allow wool growers to make informed business decisions.

Information is a two-way street. The difficulty is what comes first the market signals or the information? Clearly, to provide a sustainable system you need both but you will not get market signals unless the information is provided.

The National Wool Declaration (NWD) is about providing information to the market that meets the needs of the customer and importantly provides market signals back to the wool grower. The NWD is a voluntary declaration system which has been in operation since 2008. In 2010 AWEX commenced an on-farm integrity program (NWD-IP) to provide support to the NWD and provide further confidence to the buyers of Australian wool.

The NWD-IP also provides an opportunity for wool growers to discuss and find out more about the National Wool Declaration and why it is important to the Australian wool industry.

To find out more contact AWEX on 02 9428 6100 or visit www.awex.com.au



Animal Health Australia



DR MIKE BOND
Chief Executive Officer
Animal Health Australia

Animal Health Australia is acutely aware of the current business environment in which we operate, particularly the ongoing budgetary pressures faced by each of our members. For several consecutive years funding constraints have increased, especially for government agencies that are competing for the taxpayer's dollar against the tide of shifting priorities. Projecting forward, it is inevitable that these budget pressures, which have already become the new norm, will be exacerbated by the recent natural disasters experienced across Australia and the subsequent need to fund recovery programs.

This will of course also have flow-on effects for industry, and the reality is that it will further change the landscape in which we operate.

During 2010, AHA assessed the environment and mapped out the vision for the company's continuing role in animal health and welfare. The newly developed AHA Strategic Plan 2010-2015 is a significant achievement for the company, providing a clear set of agreed strategic priorities for the next five years, which has been signed off by members. This will particularly assist with allocating limited funds to the most critical areas but is also an important tool in achieving our goals on behalf of members.

With a national focus, the strategic plan emphasises improved national coordination and management of animal health, strengthened emergency animal disease preparedness and response and improved market access for Australian livestock industries. It identifies long term resourcing and governance of animal biosecurity as a top priority. Various initiatives have begun to reflect such a national approach but duplications and inefficiencies will continue while issues are addressed in isolation from each other. There is now a real opportunity to look at the system as a whole. The Animal Biosecurity Research, Development and Extension Strategy is a major project aimed at the planning and long term resourcing in animal biosecurity research. Significant work has been undertaken in the last 12 months and the consultants' report is now being reviewed prior to submission to the Primary Industries Standing Committee.

Another important component of the Australian animal health system is the development of Australian Animal Welfare Standards and Guidelines, being coordinated by AHA. Some concerns as to how a national approach can fully be realised have caused industry to temporarily suspend the Sheep and Cattle Welfare Standards and Guidelines development process so these concerns can be addressed. Industry is determined

to resume these important projects as soon as possible and AHA is working with all stakeholders to assist. We applaud the initiative taken by industry in arranging a series of meetings with respective state ministers and senior officials to achieve an improved level of understanding and communication. Also, the commissioning of a report analysing the consultation mechanisms in each jurisdiction and industry organisation should greatly assist in achieving a better level of understanding and improved communications between governments and industry. At the industry level, AHA is working collaboratively with WPA in key areas of particular relevance to your industry. Ongoing work in animal health areas is addressing market access diseases such as Johne's disease, where recommendations from the review of the Australian Johne's Disease Market Assurance Programs are progressively being implemented and the review of Prevalence Areas has been completed and changes made. In recent times, there has been a significant shift in responsibility for the management and resourcing of such national programs, with industry accepting a stronger leadership role.

Critical emergency preparedness activity is also continuing, with the current review of the foot and mouth disease response plans for Australia. Overseas FMD outbreaks have provided new information regarding response to emergency animal diseases. In light of enhanced international experience of FMD viruses, vaccines and technologies generally, a thorough review of FMD-related policy has been requested by industry and government as a means of updating Australia's approach to FMD.

The review – which will require full engagement from governments and relevant industries alike – will ensure that Australia's FMD response plans are current, reflect international best practice,

and will strengthen our ability to achieve effective eradication with minimum disruption to business continuity.

The crucial importance of continued active industry input into AHA and its various programs cannot be underestimated. Our strategic priorities are based around our understanding of member needs and priorities and effective representation of each sector. A service agreement with WPA allows industry funds to be used to reinforce the industry's capability in animal health and welfare, particularly in ensuring the wool industry has an ongoing voice in matters of national interest. This agreement has allowed the employment of a Policy Advisor – Animal Health and Welfare.

In her time in this role, Alex MacLennan has provided a vital link between AHA and WPA, advising on wool industry priorities and speaking on behalf of the wool industry at the national level. Her work with the AUSVETPLAN Technical Review Group, the National Johne's Disease Control Program and several other forums has been invaluable.

AHA would like to acknowledge Alex's outstanding contribution and wish her all the best as she embraces new challenges in 2011. We look forward to an equally fruitful and harmonious working relationship with the new Policy Advisor at WPA.

Dr Mike Bond
Chief Executive Officer
Animal Health Australia

National Farmers Federation



JOCK LAURIE
President, National Farmers Federation

Let's make 2011 the year of regional development. After a decade of the worst drought on record, broken only by unprecedented floods through six states, followed by cyclone Yasi cutting a swathe through far north Queensland's coastal and inland communities, farmers Australia-wide are in recovery mode and desperate to get back on the front foot.

Belted but unbroken is a situation we know well. Our farmers have copped all that nature can throw at us and still we plan for the next season. We simply have to.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has released its latest Australian crop report, which estimates that the 2010-11 national winter crop will reach 42.1 million tonnes.

Not as good as we'd hoped six months ago, but nowhere near as bad as we feared coming into 2011. Still, that's little consolation to those farmers who copped the brunt of flood and cyclone damage.

Likewise, the best laid plans for this year's Federal Budget are in tatters. Post-election government Budget planning turns to rebuilding and recovery but, equally, it must be geared to the opportunities before us.

Regional Australia has been thrust centre stage of what must be a broader nation-building vision for Australia. The Gillard Government has to recognise and grasp the new possibilities that a dramatically changed landscape affords.

It's more than a massive recovery effort, though it is certainly that. Genuine regional development must now be a priority for 2011 and beyond, not just to rebuild what we've lost but to make it better based on driving long-term economic growth and efficiency, social and economic inclusion of inland Australia and proactive environmental management.

We can, as a nation, finally address Australia's population explosion that see our major cities choking while the regions cry out for people, services, infrastructure, businesses and employees.

Correcting this historic imbalance that sees 97% of the landmass under-developed is now not only possible but essential. With 88% of our total population crammed into and around small coastal recesses covering just 3% of the landmass namely Sydney and Newcastle, Melbourne, Brisbane and the Gold Coast, Adelaide and Perth that's an unsustainable population.

Our immediate priority post-floods and cyclone Yasi is, naturally, focussed on ravaged communities in Queensland, remembering that floods also engulfed vast areas across NSW, Victoria, Tasmania, South Australia and Western Australia. Those immediate needs are paramount.

But it would be remiss not to recognise and seize the once-in-a-generation opportunity that emerges from the carnage... rebuilding better, smarter and for the long haul.

Debate over the sustainability of Australia's population has had scant attention since the 2010 federal election. The Governments Inter-Generational Report, released in February 2010, projected a population of 36 million by 2050. This prediction that is as valid today as when it was a year ago. Nothing has changed.

Mounting congestion in Australian cities will only compound unless governments, at all levels, recognise and act on regional development and the role it can play, and must play, in relieving the stress.

The obvious solution has been neglected for too long build and develop regional Australia as a viable and attractive place to live and do business.

People in our crowded cities are understandably reluctant to grasp the opportunities in regional areas because relocating means putting up with subpar services.

It's time to seriously invest in nation-building endeavours, address the need to develop and populate inland Australia, ensure regional business can meet its productive capacity and provide more Australians with more opportunities and better living standards.

The NFF has proposed a series of solutions including tax breaks, domestic relocation, immigration and infrastructure.

Regional development must not be seen through the limitations of current regional population but the population potential, developing new commercial hubs and alleviating the choking cities

Genuine tax incentives and the commercial opportunities they drive are essential to major businesses setting up substantial and long-standing operations in regional areas. With businesses come more jobs, prosperity and growing communities.

Governments can't make people move to regional areas, but by creating the case for businesses to start-up or relocate operations off the back of innovative and worthwhile tax advantages, people will follow the employment opportunities for themselves and their families.

It's an investment long overdue, but it's also a solution to Australia's unsustainable coastal city-centric population headache, with our major cities already suffocating under the weight of a national population of just 22 million people.

Previously we calculated that over 100,000 jobs 80,000 for skilled labour and 22,000 entry-level positions need to be filled in agriculture for farms to return to full production. Once flood-recovery is fully underway, work needed in regional Australia will see those numbers grow exponentially.

As part of a major shake-up in population strategy, the NFF is calling on government to commit to:

- Domestic relocation the bulk of unemployed Australians are in capital cities, therefore, policies must attract them to regional areas via a combination of carrot and stick approaches.
- Infrastructure both soft and hard upgrades (not mere replacement of what flood waters stripped away) are vital to give people confidence in essential services for themselves and their families.
- Tying migrants to regional locations that is, requiring new migrants to Australia to live and work in regional areas.
- 457 visa rethink the Rudd Government axed the regional concessions for migrants temporarily working in Australia. This move must be reversed.

Australians will not be encouraged to move to regional Australia if there is a view that governments are acting in a way that is counter-productive to regional growth.

That is why, for example, it is critical that the Murray-Darling Basin Plan must be considered in light of social, economic and environmental impacts.

It is why, with regional Australia's infrastructure having languished in disrepair for decades, our basic obligation is to make flood-affected areas accessible once more, and then undertake a national audit of transport and freight infrastructure needs now and into the future involving federal, state and local governments to map out and drive greater efficiencies, growth and prosperity.

Regional Australia is the engine room of the national economy. The farm sector alone generates \$155 billion-a-year in production (12% of GDP) and employs almost 320,000 Australians directly on-farm, with some 1.6 million jobs across our economy hinging on farm production. We export \$32 billion-a-year worth of farm produce and supply 93% of domestic food each day.

Australia is, and always will be, a land of extremes and the resilience of our farmers and rural communities is legendary for a reason. They're tough. Year in, year out they roll up their sleeves and make the best of whatever circumstances they find themselves in.

The bitter irony of 10 years of drought only broken by flooding rains leaving behind drowned and damaged crops across much of three eastern states crops that promised so much just weeks earlier takes a toll not lost on any Australian.

To farm families I say there is a lot to look forward to.

With fresh water again coursing through the Murray-Darling river system, were seeing regional areas blooming once more, species not seen in a decade returning to breeding grounds and dams full or filling.

In no way does that detract from the natural and human disasters affecting so many people right now, but I see a steely resolve buoyed by the knowledge of renewed river flows and dam storage capacity and soil moisture levels at 100%.

Wherever you are across this wide brown land, I hope you can keep your spirits high as you contemplate the future. I hope you can see the great opportunities ahead for the Australian farm sector.





Australian Wool Statistics

Shorn wool 09/10	343 mkg
Forecast pdn 10/11	335 mkg
Number of sheep in Australia	72.5 m
Value of exports 09/10	\$2.3 billion
Closing EMI for 2010	1,031 c

Wool made up 16% of Australia's livestock exports in 2009/010 and 8% of total farm exports.

Wool Is Australia's fourth largest agricultural export behind, beef, wheat and wine.

China accounts for 69.5% of Australian wool exports (by value), with 8.4% going to Italy while 7.9% is exported to India.

Photography courtesy of Kondinin Group



Increased Confidence. World's Best Practice.

In an ever more competitive environment the National Wool Declaration has increased global confidence in the Australian wool industry. To international wool buyers our National Wool Declaration underpins the integrity of the Australian wool industry. Developed by AWEX in 2008, the NWD enables buyers and processors to make the informed choices demanded of them for their customers. AWEX continues to support the Australian wool industry at home and abroad and is proud to support WoolProducers.

For more information visit: www.awex.com.au
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- Length After Carding
- Dark & Medullated Fibre
- Fibre Length

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