



2007

ANNUAL REVIEW

WOOLPRODUCERS
AUSTRALIA

WOOLPRODUCERS AUSTRALIA

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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.

WOOLPRODUCERS AUSTRALIA VISION

An Australian wool growing industry that is financially, socially, ethically and environmentally sustainable.

WOOLPRODUCERS AUSTRALIA OBJECTIVES

To represent all Australian wool growers by providing them with a unified policy forum on national wool issues.

To promote and carry on those activities necessary or advisable for the benefit and advancement of Australian wool growers social and economic well-being.

To maintain WoolProducers Australia as the recognised peak national body for the Australian wool growing industry.

WOOLPRODUCERS AUSTRALIA STRATEGIC PRIORITIES

Ensuring efficient and accountable expenditure of compulsory levies or fees paid by wool growers and to seek constructive and profitable returns on these investments.

Representation of wool growers in respect to national animal health and welfare priorities.

Membership of the National Farmers' Federation (NFF) on behalf of wool growers.

Developing policy and making recommendations to government on domestic and international trade issues that may affect the profitability and trading opportunities for our wool growing members.

Participation in national training and educational activities that support and promote on-farm business and profitability.

Efficient, effective and professional management of WoolProducers Australia, and maintaining a high profile as Australia's peak wool grower body.



EXECUTIVE AND STAFF



Standing left to right: Lauren Wallace, Greg Weller, Geoff Fiskin, Darren Keating (VFF), Max Watts, Michael Stalley (NSWFA), Brent Finlay, Charles Merriman, Alix Turner, James Kennedy.

Sitting left to right: Graham Pratt (SAFF), Geoff Power, Don Hamblin, Jo Hall (AgForce Queensland), Rosemary Stobart.

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

Geoff Power

Treasurer

Geoff Fiskin

Committee

Brent Finlay
James Kennedy
Charles Merriman
Rosemary Stobart
Alix Turner
Max Watts

Executive Director

Greg Weller

Policy and Research Officer – Animal Health and Welfare

Alexandra Owens

Research and Administration Officer

Lauren Wallace

PRESIDENT'S REPORT



Don Hamblin
President
WoolProducers Australia

Significant restructures of industry companies, high level negotiations over both quality and market access with our dominant customer, ongoing welfare issues, improved prices and possibly an end in sight for the drought made for a roller coaster ride for growers over the past twelve months.

It was also a great privilege to be elected President of the national wool industry representative body during the year and I look forward to meeting the challenges and responsibilities ahead during my term.

2007 was only four days old when an open letter to growers from a group of Chinese processors arrived, raising concerns about contamination and classing standards of Australian wool. This would in some ways set the tone for the year ahead, as trade would become a far bigger issue than anyone could have reasonably expected back then.

WPA responded on behalf of growers by recognising the challenges we face, but also defending the well-earned reputation of Australian growers as the leading producer of white wool. Soon afterwards a high level delegation, including WPA, met with the processors and agreed to form a working group, which subsequently introduced a number of communication and education initiatives throughout the year.

Also in the headlines last summer was mulesing, with the singer Pink the latest celebrity to line up for PETA in their campaign against Australian growers.

Whilst some were surprised at the intensity with which the Australian media, public and our federal leaders responded with overwhelming support of growers, to those that have been close to the work of the Wool & Sheep Industry Taskforce, which is chaired by WPA, this important result had been building for some time. The endless hours preparing, refining strategies and engaging with stakeholders with a co-operative approach has delivered results of which the industry should be satisfied.

In February, and in part due to the representations from the wool industry, the Federal Treasurer announced amendments to the Trade Practices Act, to allow the ACCC to take representative actions on behalf of parties that are victims of a secondary boycott. WPA was vocal in support of this measure throughout the year, which to some degree vindicated the decision of the industry to pursue PETA under similar sections of the Act.

WPA successfully secured support from the former agriculture Minister Peter McGauran to form a working group into the issue of lice control – in particular in response to the decision to phase out the use of diazinon – which met during February and March. This resulted in the publication of a federally funded guide for growers to assist in the transition to alternative lice control measures, which was completed with technical assistance from AWI and released through *Beyond the Bale*.

A key role of WPA is the mandate our members give us for the accountability of grower's funds, and obviously this is particularly relevant to the activities of AWI. This involves almost daily contact between our organisations and while it is a times somewhat adversarial, it is also constructive and I have no doubt adds value to the company's programs.

WPA again met with senior management of AWI as part of the Industry Information Exchange in March, which continues to provide a worthwhile forum for interaction between AWI and the industry's peak body.

During April WPA was again hosted by AWI for a presentation on the company's strategic plan, and while WPA retains the policy of seeking more formal mechanisms to prescribe these consultation arrangements, we also recognise where we have achieved improvements such as these events.

The other major issue of accountability that has dominated WPA efforts over the past year was of course Australian Wool Services (AWS). During the year the financial position of the company became progressively more critical. Following extensive representations from WPA and other key stakeholders, former Minister McGauran announced during April that the Commonwealth would provide \$15 million to help facilitate the integration of AWS and AWI, ensuring that important assets such as the Woolmark brand remained in the hands of Australian growers.

In May representatives of WPA attended the annual International Wool Textile Organisation (IWTO) congress. With questions being asked about the future role, structure and funding of IWTO, ensuring the voices of growers are heard in this forum remains essential. To this end, WPA was integral in the formation of an international growers forum, with South Africa being the other founding member.

At IWTO the results of the much anticipated Test Marketing Program were also released, leaving a legacy of valuable intellectual property such as staff training modules and providing an endorsement of existing AWI programs such as the B2B model.



As the financial year drew to a close in June, increasingly more of the resources of WPA were directed at getting the new Sheep CRC up and running. From the participant's agreement to the appointment of directors, considering the disparate group of organisations that joined as members it was a credit to those involved that the new organisation commenced on 1 July.

As mentioned earlier, trade with China was to prove one of the most crucial issues of the year, and on 17 July, the Ministry of Commerce posted a notice on its website detailing that the entire quota to import wool into China had now been allocated.

Working through the industry trade committee and with our contacts in Canberra WPA made a significant contribution towards this crisis.

The complexities and challenges of trading with a country whose modus operandi is so different from ours cannot be underestimated, but I believe the announcements concerning a reallocation of unused quota in September and new protocols for trade in 2008 give a glimmer of hope that our voices are being heard.

It is our role to work closely with our trade officials and give the appropriate level of assistance, and also to ensure they do not lose sight of the position of wool as our second biggest export to this major trading partner.

August saw the outbreak of Foot and Mouth Disease in the United Kingdom and while this is literally a hemisphere away, it was a stark reminder of the real threat of this disease. Like the later outbreak of Equine Influenza (EI) in Australia, it also reminds us of the importance of WPA membership of Animal Health Australia (AHA), and programs to which we contribute.

It was therefore timely that during the year WPA contributed to a review of the Emergency Animal Disease Response Agreement.

The Executive met with then shadow spokesman for agriculture, Senator Kerry O'Brien, to discuss key industry issues, including the future of live exports. WPA is a member of the Live Export Animal Welfare Group (LEAWG), and will continue to ensure that the wool industry's voice is heard in respect of this important market.

August also saw the launch of the M200 program in Australia, celebrating the birth of Australian wool exporting industry. M200 has proved an immense success on many levels, from which WPA has taken particular satisfaction given our efforts to engender support from AWI and the industry to commemorate this milestone.

As a result of enquiries earlier in the year from groups such as the RSPCA and the Australian Veterinary Association concerning welfare implications related to sheep housed for ultrafine wool production, WPA became concerned that the wool industry does not have the appropriate information to respond adequately to a campaign against the sector.



As such, WPA has developed an extensive database of all ultra fine wool producers, collected statistics on the industry and formed a reference group to develop future policy. The result has been a draft national code of practice for the housing of sheep, which was distributed to the housed sheep industry during September.

Wool growers made changes to their industry R&D company in November, with two new directors voted onto the AWI board. WPA welcomes these new directors and looks forward to working with them and the rest of to the board in 2008.

The Annual General Meeting of AWS was also held in November marking the end of an era, with the company changing its name to Graziers Investment Company Ltd (GIC) in recognition of the sale of its key wool assets to AWI.

The *Kondinin Workboot Series* of books are well known publications that take an educational and entertaining look at modern Australian farming, which despite the wool edition being one of the most popular books produced, was last printed in 1993.

In response to this lack of educational material on the wool industry, WPA commenced a project to re-launch the series for wool, including development of a school teacher's resource manual. Writing of the new book subsequently commenced in December.

As the only wool grower organisation with membership of the National Farmers' Federation, throughout the year we again continued to provide policy advice on behalf of the wool sector to Australia's peak farm body, including environmental laws and regulations, industrial relations, taxation, international trade issues, economics and training.

Following are some of the issues which will be crucial to the industry in the coming year.

As previously noted, we have seen some positive signals from China in terms of the new protocols for quota allocation for next year. The unknown will be how these measures are enforced.

Production levels and a reduced volume of wool in storage may provide a circuit breaker in 2008, but the current situation is unsustainable. Relief in terms of the quota system in the short term, it's complete dismantling management of through a Free Trade Agreement in the longer term is essential. It is vital that WPA ensures that our industry's position is protected and that we are not excluded from an FTA due to domestic Chinese pressures.

In 2007 we again witnessed the spectacle that is the AWI board election, and again WPA has been drawn into fray to the detriment of our other policy imperatives. Likewise, all that is achieved at AWI is that resources are diverted away from the real business of innovation and demand creation, as it legitimately defends itself and our investments against those that would tear it down to enhance their chance of success.



It will be our aim in 2008 to generate debate amongst growers about how we can improve this process. We must take the politics out and all get back to delivering outcomes to growers.

Now that the key assets of GIC such as the Woolmark brand are with AWI, there is a temptation for the company to be 'out sight and out of mind'. However, WPA does not intend resile from our responsibility to its shareholders, and given its financial decline over recent years we must remain vigilant.

As noted earlier, the level of public backing that we have received in the face of PETA has been outstanding and for this we should be both grateful and proud. However the industry must not take this support for granted.

When media personalities and political leaders alike have stood between us and our detractors, their comments have almost always carried the proviso that 'mulesing will be gone by 2010'. If we renege on this promise we will see the support dry up.

Our problem is not PETA or their activities; it is the image of a mulesed lamb. No amount of explanations about the need to mules, no matter how valid, or excuses about pain relief will change this picture in the minds of customers and voters.

As we reflect on these challenges and their degree of difficulty, it is clear that there is one challenge above all that we must conquer to have success at the rest. That is to approach them with unity of purpose. The challenge to growers and the organisations to which they belong is to put aside politics, historical disagreements and vested interests and look towards the bigger picture.

Consider the policy successes over the past year where industry worked together and contrast this with where we did not. Then consider how much more we could achieve.

To implore unity amongst wool growers is hardly a novel call, but it is nonetheless the right one.

I would like to take this opportunity to acknowledge our immediate past President Robert Pietsch, who retired from the organisation in September 2007. Robert dedicated the last four years working tirelessly on behalf of growers in the presidency role.

Thanks also to the Executive and staff of WPA for their support and contributions to the organisation throughout 2007, and I look forward to working with them in the coming year ahead.

Don Hamblin
President
WoolProducers Australia

EXECUTIVE DIRECTOR'S REPORT



Greg Weller
Executive Director
WoolProducers Australia

In 1807 the first bale of wool sailed from Australia to England, making wool one of our first exports and marking the beginning of an industry that would build a nation. Two centuries later this milestone was celebrated in 2007 as the industry reflects on how far we have come.



Soon after the first British settlement was made in NSW in 1788, sheep quickly multiplied with profits initially coming from meat. However, the merino was soon introduced, first from South Africa and then from the royal flocks in Britain.

Meanwhile in England the industrial revolution – especially in regard to textiles – was slowly gathering pace with wool an important commodity. The possibility of importing wool from Australia became more attractive when the Napoleonic Wars dislocated the traditional source of Spain.

There will always be some uncertainty and controversy about the rise of Australia's wool exports, with a number of important events occurring, and more than one player, such as the likes of John Macarthur and Rev. Samuel Marsden, making contributions that would enshrine them as true pioneers for their role in our history.

In February 1807 with his wife and young children, Rev. Marsden set out from Sydney in HMS Buffalo for England. Aboard he had a large cask of wool, shorn from his own sheep.

Marsden was a native of Yorkshire, which was to be a crucial contact for Australia's wool industry, as the region was becoming one of the world's great woollen manufacturing hubs. Here the firm of Jeremiah and William Thompson operated the Park Mill, which subsequently made and dyed a piece of black cloth using Marsden's wool.

From this new Thompson cloth, Samuel Marsden had a suit made for himself, that he wore when introduced to George III, and also presented the King with a length of the material.

Two hundred years later this important meeting was recognised in 2007 with a similar presentation of merino cloth to the Australian High Commissioner in London, which was just one of the many events held to recognise the industry's birthday during the year.

At home there was also the release of an updated version of the iconic Charles Massey book, *The Australian Merino*, fashion parades, the *Wool to the World* photographic competition and a national launch of the 200 year anniversary at Parliament House in Canberra.

Despite the challenges faced by wool growers of drought, poor prices and pressure from alternative commodities in recent times, fittingly 2007 was the year that wool again demonstrated just how important it remains for Australian agriculture.

The year ended with the Eastern Market Indicator exceeding the 1,000c/kg barrier, and wool moved into second place on the list of Australia's agricultural exports.

According to the 2007 ABARE *Australian Commodity Statistics*, the total exports of wool for the fiscal year were \$3.07 billion, overtaking wine, dairy and wheat. This represents an increase of \$525 million from the previous year, defying both the drought and the high Australian dollar.

The 200 year anniversary of wool exports is a testament to the quality and endurance of our fibre, but it should also act as a reminder of the innovation and continual progress that has occurred over this time to bring us to where we are today.

It is therefore a warning that we must continue to move forwards and adapt to a changing world and consumer preferences if we are not to be left behind.

Our Northern Hemisphere customers have a growing awareness of climate change and are conscious of purchasing ethical, natural and environmentally sustainable products. Australian wool is ideally placed to meet this market, being renewable, biodegradable and with performance attributes that still cannot be replicated by our synthetic rivals.

As the national flock begins to rebuild after years of drought, the challenge for the industry will be to meet the demand with a product that meets these criteria.

There is much to be positive about the Australian wool and the clear message for growers is that there is still value in merinos. WPA looks forward to the exciting future ahead for all involved in the wool industry.

Greg Weller
Executive Director
WoolProducers Australia

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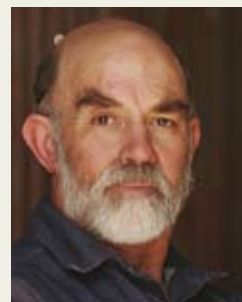


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NSW FARMERS ASSOCIATION



Alix Turner
NSWFA Wool Committee Chair

While taking this opportunity to reflect on the achievements made and challenges addressed in 2007, the NSW Farmers Association (NSWFA) Wool Committee is also looking ahead to the key areas that will be tackled in 2008 on behalf of our wool growing members.

Primarily these key areas are the development of a strategic plan for the wool industry, ensuring there is control and accountability of grower funds, ongoing increases in animal welfare, monitoring the extension services provided to the industry, planning for ways to improve the availability of shearers and wool handling staff and monitoring the development of quality assurance systems for the Australian clip.

The basis for developing any new industry strategic plan has been significantly altered by various developments that occurred in 2007. These include the consolidation of industry assets under one organisation, the redefining of our principal product as Australian merino wool, and the new product marketing ethos established within AWI and elsewhere.

For the Wool Committee, the challenge lays not so much in formulating a consumer orientated industry strategic plan as in ensuring that the plan, once formulated, is effectively implemented.

With AWI's acquisition of the core business assets of AWS, including the Woolmark Company, the Woolmark logo and AWS' market intelligence arm, the Committee is keen to ensure that wool producer's investment in the new venture is being best served by the course of action the boards of both AWI and AWS decide upon.

This continues to be an important issue for the Wool Committee and we will be monitoring the role out of the new integrated arms of AWI with interest to ensure producer's funds are working for them to increase farm gate prices.

The future of AWS, once the UK liability and property issues are resolved, is also a major issue for the Committee to keep a close eye on. The make up of the board, their entitlements and skills will all need to be reviewed in the future.

The National Mulesing Assurance Program (NMAP) has been rolled out with accreditation courses being run around the state. The Wool Committee and WPA will continue to monitor and manage this issue to ensure what is delivered is what industry requires and desires. As 2010 approaches the Committee will continue to provide producers with the information required to make educated management decisions about what alternative will work best for them.

NSWFA plans to continue to lobby industry bodies to ensure more research is undertaken before any move is made towards voluntary use of Radio Frequency Identification (RFID) technology for National Livestock Identification System (NLIS) sheep. The Committee feels that there needs to be greater research into the technologies to be used and more evidence of the perceived benefits before the industry moves towards RFID.

Continuing on from the successful 2007 Wool Forum and Dinner, held in Dubbo, the Wool Committee is planning to hold another forum and dinner in April 2008. The aim of the forum is to provide growers with the opportunity to have input and open discussion with industry representatives, and to assist the Committee's policy development. Planning has started for next year's forum to ensure that it is another educational and interesting event for producers.

The Shearer/Shedhand training program continues to be progressed with plenty of interest. This one of the few AWI project to not have its budget reduced and the Committee is extremely pleased with this decision.

The NSWFA Wool Committee is keen to see the differentiation of Australian Merino wool underpinned not only by the establishment of the Verified Australian Merino (VAM) warranty, but also by mainstream adoption of independent through chain data management. This is along with the holistic testing and preparation procedures required to confirm minimum ingredient standards, and facilitate efficient product processing.

The focus for NSWFA Wool Committee in 2008 will be to continue to progress the challenges and issues mentioned in this report and hopefully this, along with good rain and continuation of strong prices will make 2008 a success for all members.

Alix Turner
NSWFA Wool Committee Chair



AGFORCE QUEENSLAND



Brent Finlay
AgForce Sheep and Wool Committee

My appointment to the WPA Executive occurred in mid 2007 upon the resignation of Stephen Tully and I would like to acknowledge the tremendous work of Stephen during his term as Sheep and Wool President. It is a privilege to join a team of men and women who are passionate about representing all wool grower interests, whether it is at a local, state or national level.

The AgForce Sheep and Wool committee had another busy year in 2007, and I will touch on a few of the main issues we responded to on behalf of our Queensland wool growers.

Building awareness and putting systems in place for wild dog control continued to be at the forefront of AgForce's challenges in 2007. The impact of wild dogs on our broadacre livestock industries is a challenge we are striving to meet.

Queensland has been the first state to fully implement NLIS in the sheep industry, and after some initial problems, mainly from interstate trade, producers are fulfilling their requirements.

The resolution of the China Wool tariff is one of the major issues the AgForce Sheep & Wool board wants to see resolved as soon as possible, and we will continue to work closely with WPA to progress this towards a positive conclusion.

The extensive introduction of fibre shedding sheep into the state continues to be a challenge. However the welcome increase in wool prices against the strong Australian dollar hopefully will see a renewed interest in merino as a truly versatile breed with a promising future for growers.

AgForce continues to support the 'Leading Sheep' project as it commences another three year funding cycle. Along with project partners AWI and the QLD Department of Primary Industries, AgForce is committed to helping the project achieve its objective of increased productivity for sheep and wool in Queensland. This is being done by focusing on the five outcomes that have been identified as the key constraints on productivity and profitability for the wool industry. The outcomes are: reduced predation, higher reproduction rates, increased value of wool and meat, more effective parasite control and improved resource management.

The new AWEX Code of Practice has been released, and the new bale branding descriptions caused much debate and discussion throughout QLD shearing sheds. Development of the next code is sure to receive more input from the industry.

The recent integration of assets from AWS, including the Woolmark Company, into AWI was welcomed by the AgForce Sheep and Wool Committee. This means AWI now has 26 offices around the world with up to 100 staff based in key market locations, including Europe, China, Japan and the US, giving our Australian industry a truly global focus. For the first time in years, we have one organisation dealing with both local research and development and international markets, and we must make the most of this.

Like a good deal of the rest of Australia, Queensland has continued to battle drought, and this has again impacted on sheep numbers, and the quality and size of our wool clip. However, it has been pleasing to note the numbers of positive comments from wool exporters regarding the high quality of many clips coming out of Queensland.

Along with the rest of the AgForce Wool Committee, I look forward to continuing to work with WPA in 2008, and to being the representative voice for Queensland wool growers.

Brent Finlay
AgForce Sheep and Wool Committee



VICTORIAN FARMERS FEDERATION



Geoff Fiskin
VFF Wool Committee Chair

For most of 2007 Victoria, like the rest of Australia, wasn't the easiest place to be a wool grower. However, putting the season and the earlier market prices aside, the Victorian Farmers Federation wool committee has been working hard and kicking goals for the wool industry.

In the past few years we have been vocal in supporting the merger of AWI and AWS. Our hard work and lobbying on this issue was rewarded in August when an overwhelming majority of Victorian shareholders voted in favour of the merger. While it may take some time for this new unified company to find its feet we are confident that by working as one company they can provide better results to growers.

We continue to lend strong support to the Shearer and Wool Handler training through representation on the State and Federal Project Advisory Committee's. Given the importance of having well trained staff for wool harvesting we see this as being an important task for the VFF wool committee and one we will continue to support.

Another program we are strongly in support of is the NMAP. While the VFF Wool Committee strongly supports AWI's research and development work in the search for an alternative to surgical mulesing, we feel that providing training and accreditation through NMAP is equally important. Following the positive feedback from NMAP participants the VFF Wool Committee will continue to endorse this program.

Getting closer to your customer is often talked about as being a good thing to do in the wool industry. In October AWEX and the VFF wool committee held a joint forum in Ballarat where over 100 wool growers were given the opportunity to spend a day looking at their product through the eyes of their customers. The day covered clip preparation to garment design and was extremely well received by all who attended. The VFF thanks AWEX for their time and effort in putting on this event.

This time last year we voiced our concern over the state of wool extension in Victoria. DPI has maintained the stance that investment in the wool industry is not high on their list of priorities. Due to the importance of the wool industry to many Victorian communities we are lobbying for this to change.

The Victorian Bestwool/Bestlamb project is at a cross roads with both the future structure and funding of the project being reviewed. While we recognise the value this project has given to wool producers in the past we feel it needs to be refocused so that it can deliver to the wool grower of today. Time will tell how the reborn Bestwool/Bestlamb performs, but we will continue to support investment by government and industry in programs that deliver real value to wool growers.

Following the 2007 AWI director elections we feel that the process for selecting candidates for the board in future years needs to be reviewed. While at the end of the day the choice of who runs our grower owned company should remain in grower's hands, the process should be driven by the skills rather than the popularity of the potential board members.

In summing up 2007, the cloud of drought is still hovering over parts of the state. However there are a few silver lining's that have stood out from a wool growers perspective. The two most obvious ones were the late rains that saw some parts of the state enjoying an excellent finish to the year, and wool prices that were defying the dollar which helped to provide fair returns to growers. Let's hope these positive aspects are just the tip of the iceberg for the good things to come for wool growers in 2008.

Geoff Fiskien

VFF Wool Committee Chair



SOUTH AUSTRALIAN FARMERS FEDERATION



Geoff Power

South Australian Farmers Federation

Animal welfare featured strongly during the year in South Australia as the industry dealt with the continuing development of new transport standards, the review of state legislation, and the future of OJD related producer levies.

South Australia has a sheep transaction levy that is supported by state legislation. This levy is collected in the Sheep Industry Fund (SIF) and is managed by the Minister for Agriculture, Food and Fisheries. In 2002 the levy was raised from 20 cents to 40 cents, primarily to pay off the debt accumulated by the industry in the initial response to OJD.

2007 marked the point at which this debt was cleared and the local *Ministerial Sheep Advisory Group* has conducted a review of the use of that levy.

The South Australian Farmers Federation (SAFF) has lobbied for a reduction in the levy to 30 cents. This recognises that the Sheep Industry Fund (SIF) continues to provide value to producers but that with the old debt now cleared there is no need to maintain the fund at such a high level. A levy rate of 30 cents will allow the Fund to continue all the projects currently underway and will allow it to support new programs should they be able to prove the benefit to the industry.

The 2007 SAFF AGM was held in Port Augusta, following our successful AGM held in the Coonawarra in the state's south east the previous year.

The morning session featured a 'Road to 2010' seminar on alternatives to mulesing, which was attended by over seventy producers. Presentations were made by then WPA president and chair of the Wool and Sheep Industry Taskforce, Robert Pietsch, and the AWI manager of blowfly control Jules Dorian. Growers certainly appreciated the presentation on the development of alternatives and the opportunity to have their many questions answered. Much work still needs to be done on the development of the alternatives and on reminding producers of the importance of the mulesing phase out.

In December 2006 the state government released draft amendments to the Prevention of Cruelty to Animals Act 1985 for public consultation, and the resulting Bill has been a considerable issue for SAFF in the past year. A detailed response was submitted highlighting concerns such as: the need for the removal of private prosecutions under the Act: inspectors to have specific training/experience; and, a requirement for inspectors to comply with relevant biosecurity procedures. The Bill is currently being considered by parliament.

Meanwhile, SAFF is also working to achieve changes to the government's approach to *Model Codes of Practice for Animal Welfare*. Currently most national codes are automatically adopted in South Australia once the Primary Industries Ministerial Council (PIMC) endorse it at a national level.

SAFF is attempting to bring the state into line with the rest of the nation prior to the formalisation of the new transport standards to ensure the new standards have a uniform implementation across Australia.

As with the wool industry in the rest of the country, this year South Australian producers have finally breathed a sign of relief with the integration of AVI and AVS. It has taken considerable time and energy by many within the industry to reach this positive result.

While reflecting on these issues tackled in 2007, SAFF is also looking forward to 2008 and continuing to work for South Australian wool growers.

Geoff Power

South Australian Farmers Federation



TASMANIAN FARMERS & GRAZIERS ASSOCIATION



Rosemary Stobart

Tasmanian Farmers & Graziers Association

The past year has once again proved challenging for Tasmanian wool growers as they battle on through the continuing drought, destocking and balancing the short supply and high price of grain to feed their remaining stock. The TFGA Wool Council has addressed many issues through out this last year.

September saw the announcement of formal federal Exceptional Circumstances (EC) assistance for the North East/Flinders and Midlands drought declared areas, plus an announcement of interim EC for the balance of the State. TFGA is continuing to discuss and press the State Drought Taskforce to review and better coordinate other support programs required by farmers.

The dry conditions throughout the major sheep growing regions continue in Tasmania. The Wool Council is looking at ways to assist farmers for the ongoing drought conditions, which include:

- TFGA has secured funding to assist farmers set-up drought lots on their properties
- The TFGA State Government Budget Submission proposes a package of new State budget initiatives for the medium term target these are;
- Capitalising on Tasmania's Water Advantage; water infrastructure development, including:
 - a) Capital works funding for priority water development projects;
 - b) Extending the SMART Farming Water Initiative by 3-years until 2011/12 for the Water Development Initiative, Irrigation Partnerships and Farm Water Development Plan Programs;
 - c) \$1 million over 4-years to extend cloud seeding operations to agricultural areas;
- Sustaining Farming Families; a pilot Midlands Alive and Well Project.

The TFGA Drought Lot project is seeking to establish drought lots on 30 properties in drought-affected parts of Tasmania. Grants will be available to eligible graziers for the building of infrastructure to support drought management strategies. Specific project objectives include incentive payments of up to \$5000 per drought lot; training workshops; and field days.

The TFGA Wool Council was influential in developing the Exotic Sheep Breeds Code of Practice which was agreed to in September 2004, with the purpose of protecting the integrity of the Tasmanian wool clip by reducing the risk of contamination from exotic breeds of sheep.

The state government has now announced a review of the code, and we will be requesting that the review terms of reference must include specific parts relating to the efficacy of the existing code, an audit compliance component and consideration of how the government is managing the implementation of the code to date.

An ongoing issue that TFGA is trying to tackle is the labour shortages in the shearing industry relating to shearers, wool classers and wool handlers. The strategy TFGA Wool Council is taking is through a sub-committee that is specifically studying some of the factors behind the industry image and recruitment issues. The industry image and recruitment issues include training opportunities for new recruits, uptake of trainees by contractors and farmers, sourcing and retaining skilled operators, image issue with shearing, conditions in shearing sheds – work conditions; travel and cost, hours of work etc, level of pay – using a grading system and age and demographics

The Professional Sheep & Wool Handling workshop was held with over 100 wool growers, shearers and wool handlers, and those associated with the wool industry in attendance. These attendees heard from a number of speakers on a range of topics including Ram Sedation, New Shearing Technology, Mulesing Alternatives and Innovations in Sheep Breeding.

Agricultural Careers Week has been designed to incorporate the previously successful industry induction programs facilitated by TFGA; Working in Wool, Cropping a Career, Taste for Dairying and the new Meating the Challenge.

Participants met with industry people working in a variety of value adding operations such as Tasman Meats, Lactos cheese factory, Simplot potato processing plant, Woolworths distribution centre, Roberts Wool Store, Waverley Woollen Mills, Tasmania Feedlot and Harvest Moon. Students also enjoyed the opportunity to visit two midlands farming properties, "Connorville" and "Leighlands" as well as Dornaufs Rotorflow Dairy.

The past year has certainly been very challenging for wool growers and we hope for a wet start to 2008 and beyond.

Rosemary Stobart

Tasmanian Farmers & Graziers Association

AUSTRALIAN WOOL TESTING AUTHORITY

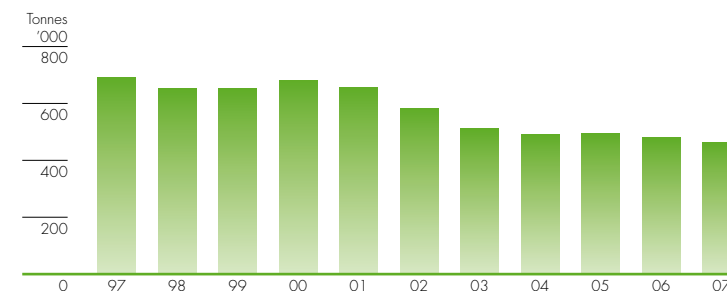


Michael Jackson
Managing Director, AWTA

Wool production fell again during 2006/07 as Australia was gripped by yet another drought. Hopes that production had stabilised after declining to its lowest level in 50 years proved unfounded as dry conditions embraced most of the country. This led to a decline of 3% in the volume of wool tested by AWTA Ltd. Ironically, an increase in raw wool prices during 2007 provoked growers into releasing wool stocks held on farm from previous seasons.

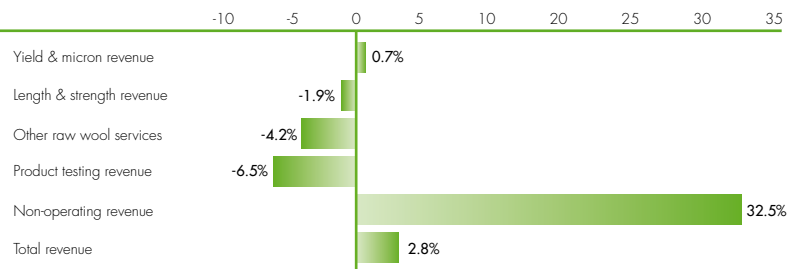
This augmented the volume of fresh wool tested, compensating for the decline in volume due to the drought. The net effect was that AWTA Ltd's revenue from raw wool testing was similar to that for the previous year. The true impact of the reduction in sheep numbers and wool production may be more evident in the volume of wool tested in the forthcoming season.

VOLUME OF AUSTRALIAN WOOL TESTED (TONNES)



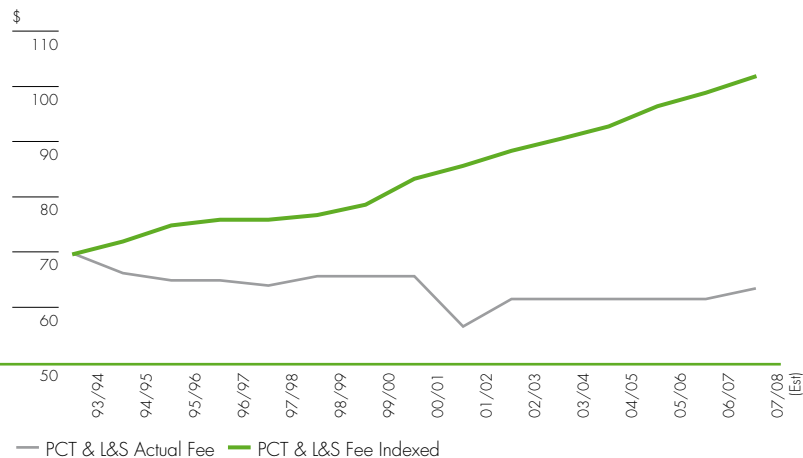
As a company, AWTA Ltd's total revenue increased by 2.8% during 2007 due mainly to a significant increase in non-operating income. The company incurred a net loss for the year of \$1.483 million. This loss is consistent with the company's long standing policy of providing its services to wool industry 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.

REVENUE – % CHANGE FROM 2005/06



In anticipation of further revenue reductions the Board of AWTA Ltd approved a small fee increase of 3% for 2007/08. Despite this increase, the total cost for core and staple testing a 7-bale lot remains 8% lower than it was a over a decade ago, while inflation has increased by 38% 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. During 2007 AWTA Ltd implemented plans to reduce fixed costs by reducing staff levels and restructuring the operation of its Sydney Laboratory. The one-off cost associated with implementing these changes contributed to the net loss incurred during 2007.

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



In recent years the Company has followed a deliberate strategy of investing in R&D projects that automate processes to both improve productivity and reduce the possibility of manual handling injuries. It is pleasing that, during 2007, a major development project was successfully completed with the investment of \$1 million in custom designed machines which automate sample preparation in the laboratory.

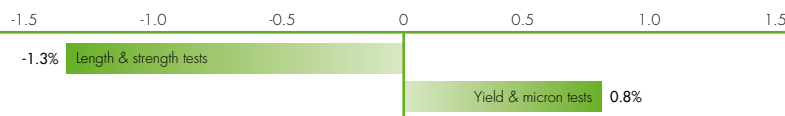
The Company has continued to pursue initiatives to broaden its revenue base and significant progress has been made in this regard during 2007. Two major initiatives undertaken during 2007 include:

- The finalisation of the complete acquisition of NZWTA Ltd. The financial performance of NZWTA Ltd improved considerably during 2007 as a result of increased market share and significant gains in operational efficiency; and
- A new joint venture product testing laboratory in China, JinAo Testing Company Ltd. JinAo commenced commercial operations in late 2007.

WORKLOAD

During 2006/07, the total presale bales sampled decreased by 2.6%, while the average number of bales in each presale test decreased from 6.02 in 2005/06 to 5.82 bales. The effect of these changes was a marginal increase of 0.8% in the number of lots sampled and tested. These changes reflect a decrease in the total weight of wool sampled from 470 million kilograms to 456 million kilograms, a smaller reduction than the estimated fall in production by the AWI Wool Production Forecasting Committee (461 million kilograms in 2005/06 down to 426 million kilograms in 2006/07). Note that, as mentioned earlier, a significant volume of wool tested during 2006/07 was drawn from stocks held on-farm and produced in previous seasons.

WORKLOAD % CHANGE FROM 2005/06





TECHNICAL PERFORMANCE

Testing procedures are specified in Standards and Regulations published by the International Wool Textile Organisation (IWTO). The three Laboratories conduct testing in accordance with these standards. Numerous quality control checks are carried out and the results monitored to ensure equipment is functioning correctly. Operators undergo extensive training by Senior Testing Officers to ensure the highest standards of operator proficiency are maintained throughout the three Laboratories.

Overall technical performance is monitored by the Independent Laboratories Round Trials Group (ILRT), which comprises the three AWTA Ltd Laboratories, the New Zealand Wool Testing Authority Ltd (NZWTA Ltd), the Wool Testing Bureau of South Africa (WTB SA) and Wool Testing Authority Europe Ltd (WTAE). The ILRT Group reports the outcome of the analysis to each participating Laboratory and also reports them to IWTO meetings.

AWTA Ltd's Raw Wool Operations are accredited to ISO 17025 and Certified to ISO 9000. This status has been maintained in 2006/07.

Apart from these Interlaboratory Round Trials AWTA Ltd also conducts internal quality monitoring, particularly of fibre diameter measurement systems. These results are published internally and used to assess if corrective action is required. The results and any actions taken are reviewed by the external auditors from NATA and NCSI.

External queries from clients also serve as an indicator of technical performance. In 2006/07, some 2,488 results (0.24% of all tests) were queried by customers. Of these, 477 were reissued representing less than 0.05% of the 1,015,527 tests certified.

SERVICE PERFORMANCE

AWTA Ltd is committed to providing timely sampling, testing, data processing and certification services as required by customers. In order to meet the business requirements of customers, AWTA Ltd offers three levels of priority for service:

- Normal: Test Certificates are available within 5 days.
- Fast: 95% of test Certificates are available within 3 days, and the remainder the following day.
- Express: 95% of test Certificates are available the following morning, with the remainder the following day.

The service requirements are specified by the customers at the time of sampling and communicated via physical or electronic documents to the receiving laboratory.

The service time performance of the laboratories during 2006/07 for greasy wool testing services are shown in the table below.

Test Type	Statistic	Normal	Fast	Express
Yield & Micron	Average (days)	3.0	1.9	1.4
	% Total Tests within Service Target	99.1	97.6	98.6
Length & Strength	Average (days)	3.5	2.2	1.5
	% Total Tests within Service Target	98.1	95.9	98.1

Michael Jackson
Managing Director, AWTA Ltd.

ANIMAL HEALTH AND WELFARE



Alexandra Owens
Policy and Research Officer
– Animal Health and Welfare
WoolProducers Australia

The implementation of the new National Ovine Johne's Disease (OJD) Management Program and the development of the *Australian Standards and Guidelines for the Land Transport of Animals* were two of the most significant policy issues addressed during the last year, which will both deliver important outcomes to woolgrowers in the future.

WPA co-operated extensively with the Sheepmeat Council of Australia (SCA), AHA and State Departments of Primary Industry to finalise the 2007-2012 OJD Management Plan. In late November, following widespread consultation with stakeholders, the changes to the national management of OJD were endorsed and into the New Year WPA will be working with all stakeholders to ensure its successful implementation on 31 March 2007.

In conjunction with the commencement of the new OJD management plan, WPA is working towards the launch of a new a nationally consistent Sheep Health Statement. The implementation of a national statement has been the policy of WPA for some time, so it is satisfying to see such good progress being made towards this outcome.

A national Sheep Health Statement will make trading sheep across state boundaries a much simpler process for producers and their agents and should be welcomed by industry.

Following extensive consultation with our members, WPA has agreed to jointly fund further research into OJD with MLA and SCA. The projects being undertaken are: OJD application of basic research on enhanced diagnosis and prevention, and the evaluation of the effectiveness of Gudair vaccination for the control of OJD in flocks vaccinating for at least 5 years. The MLA Commonwealth Donor Company will match the National Sheep Industry's contribution dollar for dollar.

The development of the *Australian Standards and Guidelines for the Land Transport of Livestock* has continued to be a challenge for the wool industry throughout 2007. With membership of the Standards Reference Group made up of a vast number of stakeholders consensus on the standards in particular, has been very difficult to reach. It is not expected that public consultation will begin until at least February 2008.

WPA has also been working closely with the housed sheep sector of the wool industry to develop the Voluntary Code of Practice for the Welfare of Sheep Housed for Wool Production.

The aim is to have an industry agreed code that will eventually be used to expand the intensive housing of sheep chapter of the *Model Code of Practice for the Welfare of Animals – The Sheep (1991)* when it is reviewed over the next couple of years.

Throughout 2007 the National Sheep Industry Animal Health and Welfare Working Group working group continued to meet, with the future management of OJD always being high on the agenda.

WPA as always, worked closely with AHA on a range of core and special programs affecting the Australian wool industry. Some of which include the National Arbovirus Monitoring Program, TSE Freedom Assurance Program, Emergency Animal Disease Preparedness and the National Animal Health Performance Standards.

The Australian wool industry continues to dedicate significant time and resources into improving the health and welfare of the national sheep flock, to ensure that wool maintains its reputation as the ethically and environmentally sustainable fibre choice for the world. I look forward to 2008 and the exciting challenges it will bring.

Alexandra Owens
Policy and Research Officer
– Animal Health and Welfare
WoolProducers Australia



THE SHEEP CRC



Professor James Rowe
Chief Executive Officer
Sheep CRC

The Cooperative Research Centre for Sheep Industry Innovation (Sheep CRC), the successor to the Australian Sheep Industry CRC, will transform wool and meat products and the sheep that produce them with new research and development to 2014.

The Sheep CRC aims to provide much more than just the background research for this to occur – the team is squarely focused on delivering the research to wool growers and prime lamb producers in a form ready to be adopted on-farm.

It is widely acknowledged that other agricultural industries have made very significant productivity gains in recent years through the adoption of new materials, methods and technologies. The gains made in the grains, beef and dairy sectors are well-told.

It is the Sheep CRC's belief that a new wave of technology can be delivered for producers to see productivity rises of 4% per annum. These techniques address the many key and long-term production issues faced by wool and sheepmeat producers. It is equally as important that producers can increase the demand for their products in high-value markets by meeting the changing needs of consumers.

For this reason the Sheep CRC's suite of research programs also addresses key marketing issues.

This approach will enable producers to take commercial advantage of improved productivity and delivering improved product quality.

THE NEXT GENERATION WOOL QUALITY PROGRAM

A key program of the Sheep CRC is the Next Generation Wool Quality program, targeting barriers facing the Australian sheep industry in developing new markets for apparel wool: guaranteed next-to-skin comfort, consistent handle, and improved whiteness and photo-stability.

While Australia is the dominant producer of fine Merino wool suited to production of lightweight apparel there is still some inconsistency in product quality:

- 2 in 5 consumers associate the word 'wool' with 'prickle and itch';
- retailers and garment manufacturers lack a quality assurance system for ensuring next-to-skin comfort and handle for lightweight knitted wool fabrics; and
- the inability to produce photostable products in bright white and pastel shades affects wool's ability to compete effectively with other fibres in some major textile markets, especially the current growth areas of casual and trans-seasonal fashion knitwear, sportswear and leisurewear.

Provided garment manufacturers can access Australian Merino fabric of sufficient whiteness, photostability, and suitable next-to-skin comfort and handle, wool's natural moisture and thermal management properties will confer substantial technical and aesthetic advantages in these high value emergent markets.

TIMELY DELIVERABLES

The Sheep CRC Wool Program will deliver:

- practical, low-cost fabric measurement technology that will provide garment manufacturers with the ability to measure the handle and skin comfort attributes of knitted wool fabrics; and
- naturally whiter and more photostable Australian Merino wool fibres that can be used to produce garments with colours that suit key emerging markets.

These achievements will address major existing critical constraints to building long-term demand for Australian Merino wool. The Sheep CRC's Next Generation Wool Quality Program Leader, Dr Paul Swan, is well-known in the Australian wool industry for his knowledge and linkages throughout the textile research, manufacturing and marketing sectors, and is well advanced with the key phases of the program.

STRONG COLLABORATIONS

The leading research institutions in these fields are participating, including Australian Wool Testing Authority, CSIRO, Department of Agriculture and Food Western Australia, and the South Australian Research and Development Institute. AVI Limited is a critical commercial partner in the Program, contributing \$3.5 million over 7 years and providing access to its global network of business partners.

OTHER ENDEAVOURS

In accord with our charter – ‘transforming wool, meat and the sheep that produce them’ – many of the Sheep CRC’s other programs and projects are advancing. Producers can look forward to the release of a number of tools and initiatives in the near future, a few of which include:

- a Ram Value calculator;
- a Feedlot calculator;
- a Haemonchus ‘dipstick’ paddock test for worm presence;
- a search for the ‘whitest wool’;
- identification of rams with genes for improved wool quantity, quality and robustness; and
- new ASBV’s for enhanced nutritional properties in sheepmeat.

The Sheep CRC acknowledges the support of WPA as we work together to manage and deliver the research that will underpin Australia’s sheep industry into the future.

The Sheep CRC’s partners include: AWI, CSIRO, AWTA, DAFWA, MLA, Murdoch University, NSW DPI, SARDI, UNE, Allflex, AMPC, JRL Hall & Co, Holmes Sackett, Mike Stephens & Assocs., Sheepmeat Council of Australia, DPI&F Qld, DPI VIC, University of Tasmania, University of WA and WPA.

Professor James Rowe
Chief Executive Officer
Sheep CRC



AUSTRALIAN WOOL EXCHANGE



Mark Grave
Chief Executive Officer, AWEX

The reputation of the Australian wool industry rides on the back of the dedication, professionalism and skill of our wool growers and our 22,000 trained woolclassers and now the wool industry is recognising these skills with new changes to wool Test Certification.

At the IWTO Edinburgh Congress in May 2007 significant changes were made to the definition of Test Certificates which included the introduction of a new Test Certificate category.

Test Certificates on wool indicate whether the wool has been sourced from a grower or from a bulk class operation. Now IWTO has approved that test certificates will distinguish between wool from wool growers which meets the national standard of preparation (“P” Certificate) and those which do not (“D” Certificate – new category).

Buyers seek “P” certificate wool because it is well prepared by a woolclasser, consistent and provides minimal issues when processing. Buyers around the world have confidence in Australian “P” certificate wool.

The Australian wool industry has been in lengthy discussions on how this change to test certification should be implemented in Australia and the Federation of Australian Wool Organisations (FAWO), the Australian member of IWTO, has determined that the recognised national standard of preparation is the AWEX Code of Practice.

This is good news for wool growers and woolclassers.

All woolclassers are trained to prepare wool to the standards detailed in the Code of Practice (COP). Wool growers who use registered woolclassers expect that this will always be the case but in recent years there has been a trend in certain types of wool for wool growers to “cut costs” on shearing staff and in some cases avoid using a woolclasser. AWEX in monitoring wool preparation has found that more than twice the number of problems with wool which is “inspected” by agents rather than “prepared” by a registered woolclasser in the shed.

The woolclasser's stencil is a buyers assurance that the contents of each bale has been prepared by a trained and registered wool professional.

Only wool which has been prepared by a registered woolclasser is eligible for a "P" test certificate. Equally, wool which does not meet the national standard will be changed from a "P" to a "D" certificate.

The new arrangements for these important changes to test certification started on January 1.

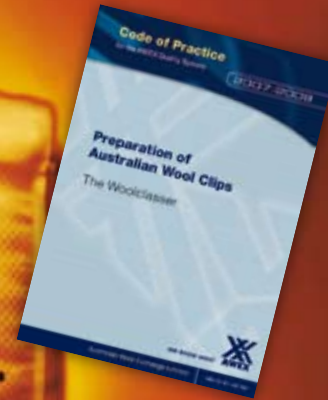
The global wool market is very competitive and Australia's excellent reputation has been built on the professional attitude and approach to breeding and preparing wool. Australia continues to lead the way and these changes will only enhance our reputation.

To find out more about these changes contact AWEX or your Wool Broker.

Mark Grave
Chief Executive Officer
AWEX



Code of Practice



The world's best practice
just got better

Contact us

Telephone: **02 9428 6100**
www.awex.com.au

ANIMAL HEALTH AUSTRALIA



Ralph Hood
Chief Executive Officer,
Animal Health Australia

The national animal health system has been dominated by two things in 2007 – the impacts of the continuing drought and the equine influenza outbreak in August.

Equine influenza has provided the national animal health system with its first real test of the emergency plans and procedures which have been developed over a number of years – the Emergency Animal Disease Response Agreement (EADRA), Australian Veterinary Emergency Plan (AUSVETPLAN), the state and territory emergency response plans and the involvement of industry in all these arrangements.

More than anything, the equine influenza outbreak has tested the strength of the working relationship between governments and industry – a partnership which has been built up through AHA (AHA) over the last eleven years.

Equine influenza has been a very unusual emergency animal disease. It is highly contagious, probably more so than foot and mouth disease, and as such it has fully tested our containment planning and procedures. The lessons learnt from this outbreak by states and territories, the horse industries and AHA, will strengthen the system and our national preparedness for any future EAD incursions.

Ultimately Australian wool producers will be better protected against the impacts of a potential EAD incursion as a result of the lessons learnt from the equine influenza outbreak and response.

Based on the scientific evidence from New South Wales and Queensland, the nationally agreed containment and eradication strategy, for equine influenza is working. The number of new infected properties continues to drop and attention is moving to returning the horse industries to 'normal business'.

As well as a heavy involvement in the equine influenza response, it has been another busy year for AHA, as the company manages over 50 national programs and projects on behalf of its Members – the Australian governments and the livestock industries.

Some of the highlights for 2007 include:

Emergency Animal Disease Preparedness

The Emergency Animal Disease Response Agreement (EADRA) is acknowledged as one of AHA's most important achievements. The recently completed five-year review of the EADRA showed that the signatories continue to regard this as a very valuable instrument that should be retained with minimal change.

The AUSVETPLAN series of manuals is the cornerstone of our national disease response strategies, and is now used by various overseas countries in their contingency planning. With the continued input from all jurisdictions and additional resources provided by the Australian Government, the review and updating of material has proceeded. The AUSVETPLAN Disease Strategy manual for Equine Influenza has been invaluable in guiding the development of state Emergency Animal Disease Response Plans.

Disease Risk Mitigation

AHA has been working with various stakeholders to develop industry and jurisdictional biosecurity statements, and also encouraging individual producers to develop and implement property biosecurity plans. WPA was involved in the Extensive Industries Biosecurity Workshop which has led to the development of a draft Extensive Industries Biosecurity Plan.

The risk mitigation activities also have included a wide range of collaborative activities including the establishment of arrangements for the emergency importation of vaccines, and management plans for specific diseases. When approved by the national technical group, Animal Health Committee, these plans are incorporated into the relevant sections of AUSVETPLAN.

Endemic Disease Management

During the Company's 2006 strategic planning workshop and subsequently endorsed by Members, it was recognised that endemic animal diseases represent an on-going threat to our livestock industries, and a source of significant economic loss. As a consequence a new position, Manager Endemic Disease, has been created within the company. Building on the earlier work and experience in managing conditions such as Johne's disease, AHA has facilitated discussions with the Australian Quarantine and Inspection Service and Meat and Livestock Australia, to investigate the feasibility of a national abattoir disease surveillance scheme. To date abattoirs in Victoria, NSW, Queensland, Tasmania and South Australia have agreed to participate in the abattoir surveillance program for ovine Johne's disease, and it has the support of producers in WA.

WPA and the Sheepmeat Council of Australia have been working closely with AHA and other stakeholders in the development of the OJD management Plan 2007-2012. As a result of information obtained through abattoir monitoring over the last two years, this plan will see a reduction in the number of prevalence areas to reduce the impact on trade and a revised point scheme to better reflect the true risk of the revised prevalence areas. The plan will commence on 31 March 2008. There will also be an increasing emphasis on sheep health statements as a risk management tool.

Disease Surveillance

The maintenance and enhancement of effective animal disease surveillance is a crucial element of the national animal health system. Its importance relates not only to trade and market access, but also to the early diagnosis of emergency animal diseases. Future surveillance planning now falls under the National Animal Health Surveillance Strategy; implementation and management of this major task has been entrusted to AHA.

The quality of surveillance relies on the validity of disease information, including the diagnosis, identification of animals, and the ability to accurately trace those animals in a timely manner. During the year AHA played a key role in a large-scale exercise to test the National Livestock Identification Scheme (NLIS) for cattle, and the further development of the NLIS for cattle, sheep, goats and pigs.

There have been significant improvements made to the National Animal Health Information System, particularly the database which is the central repository for disease information provided from jurisdictions and other sources. With improved collaboration, there is now greater efficiency in the analysis of data and production of reports.

Livestock Welfare

During the past 12 months, the Company has played a significant role in strengthening the contribution of our livestock industries and agriculture agencies to animal welfare in Australia. In particular, the task of converting the existing Model Welfare Codes of Practice to new Australian Standards and Guidelines has proved to be both complex and challenging. AHA has managed the extensive stakeholder consultation process, involving WPA, in developing draft standards and the associated Regulation Impact Statement and public consultation arrangements. It is anticipated that the new standards will be incorporated into the respective welfare legislation of each jurisdiction.

Ralph Hood

Chief Executive Officer
AHA

NATIONAL FARMERS' FEDERATION



David Crombie
President
National Farmers' Federation

By 2020, half of the world's population will be living on Australia's northern doorstep. An estimated four billion people – an increase of 500 million – across Asia, with economic growth of 7% per annum, presents unparalleled opportunities for Australia's economy, especially our farm sector.

It is in this context that the NFF unashamedly pushed its key nation-building plans to both sides of politics throughout the 2007 federal election campaign.

The new Government now faces the absolute necessity to meet the challenges the NFF and our members have identified and capitalise on future possibilities.

Australia, unlike any other nation, is uniquely positioned to reap the rewards of Asia's population boom and increased purchasing power, with Australian farmers in the vanguard.

Those expanding Asian societies will need food and fibre like never before. And, due to their growing affluence, they will demand produce of the highest quality – clean, natural and to the safest standards. Here, Australia is second to none.

That's why the NFF's 2007 Federal Election Policy Platform, against which we have critiqued Labor and Coalition policies, was deliberately geared to tying the new Australian Government to a strategic plan for this country's future prosperity.

The NFF steadfastly drilled both political camps for the detail necessary to make sense of what the next Government will actually do. Despite a glacially slow start on rural issues, both major parties made key and binding announcements that are vital to farmers, their families and rural communities.

On key issues, such as our national skills base, global trade, water security, transport infrastructure and quarantine, both parties made positive commitments, taking onboard the NFF's platform.

However, on others, namely climate change, we saw key acknowledgement afforded to agriculture from Labor, but scant detail from either side.

Bipartisan support for ongoing drought relief was vital. However, neither party possessed the vision to embrace a drought management and preparedness

strategy to future-proof Australia. In the face of a changing climate, we will continue to lobby for this strategic imperative.

Labor has provided a nod in the right direction, with various policy announcements that go some way to intersecting with this strategic climate challenge. We will be building on this positive start in the months ahead.

Australian farmers have already made a huge, and often unrecognised, contribution to reducing Australia's net greenhouse emissions – primary industry emissions have plummeted 40% over the past 15 years.

In fact, that Australia is on track to meet its Kyoto commitments is overwhelmingly due to our farmers changing their land use practices. But the existing international greenhouse accounting rules ignore the carbon cycle of agricultural systems – that is, taking account of not only emissions, but also sequestration.

That's a key message we took to the UN Climate Change Conference in Bali.

Unlike any other emitting sectors, farming sees a natural 'life cycle' at work. For instance, while it is true agriculture is responsible for around 17% of Australia's total carbon emissions, no account is taken of the carbon being sequestered in soil, crops and trees in this assessment.

'Life Cycle Assessments' must be undertaken to ensure we have rules that reflect a better-informed and more accurate understanding of the complete carbon profile across the vast array of Australian farming systems.

A farm, being a biological system, is not like a power station and must not be treated like one. Indeed, people are less concerned about agriculture's emissions – given food and fibre is so vital – than other sectors looking to use international rules to simply trade-off their emissions, rather than making any genuine attempt at reducing them.

The last thing the world needs at this time of global food shortage is for food production to be traded-off as a perverse outcome of carbon policies – after all, people can't eat carbon credits.

At a time of increased competition for global food supplies, Government policy should not artificially drive down agricultural output. Instead, policies should be geared towards encouraging increased production from low emission farm systems, like those in Australia. This would better serve the interests of the world community, in its efforts to reduce total global emissions.

Given appropriate and equitable policy settings, Australian farmers can make a genuine difference in overcoming the challenges presented by climate change – aided by their unsurpassed ability to adapt, achieving leading productivity growth (3.8% per year over the past 20 years) at the same time as pioneering new environmentally-sustainable farm systems.

Farmers are willing to do their fair share in the future, too. But it's about time farming was given the credit and recognition it deserves.

As a trade-exposed sector with a very sensitive cost base, the implications, if the policy settings to reduce emissions are disproportionately skewed against the farm

sector, will be dire. At present, the existing international greenhouse accounting rules are heavily skewed against agriculture – something that must be taken up by the Australian Government.

ABARE's December 2007 dire predictions for Australia if we fail to proactively deal with a changing climate underscore what we've said for years... there must be appropriate and equitable action to reduce the risks associated with increased climatic variability or adverse climatic changes. This is in farmers' interests and the national interest.

The bottom line is that in order to maximise the opportunities and minimise the risks for farmers from a changing climate, agriculture must be directly involved in both the international rules for a post-Kyoto agreement and the design of any Australian Emissions Trading Scheme.

A key issue for all rural Australians will be telecommunications. The NFF remains perplexed over Labor's ransacking of the \$2 billion Communications Fund, which guarantees future telecommunication upgrades for phones and broadband across rural Australia, to bankroll a broadband plan that alienates 87% of the country.

We will be engaging with the new Communications Minister, Senator Stephen Conroy, at the first opportunity to find out what, if anything, the new Government will do to future-proof telecommunications in the bush.

The Government is also looking to scrap the strategically-focused and highly successful FarmBis program – an education investment that provides 150,000 farm businesses with training, re-training and up-skilling on modern business management and environmentally-sustainable practices.

Here we believe the program can be salvaged, and are already in talks with the new Government to retrieve this key initiative.

The NFF's role is to aggressively push the issues of importance to the future of farming and rural Australia. Indeed, these are interwoven with the national interest.

The NFF and our members have a vision for a modern, profitable and sustainable Australian agricultural sector – one that can meet the challenges head-on and make the most of the opportunities to come.

In spite of Australia's prolonged and devastating drought, Australian farming remains a huge contributor to the nation's economy and the delivery of environmental outcomes. The NFF expects the Australian Government to work in partnership with farmers for the good of the nation.

In this charter, we commit ourselves to the next three years and beyond. We will work with, and pursue, the Australian Government on the road to national prosperity.

David Crombie
President
National Farmers' Federation

AUSTRALIAN WOOL STATISTICS



Australian wool production (shorn) in 2006/07	426 million kilograms
Forecast wool production (shorn) in 2007/08	395 million kilograms
Number of sheep in Australia	92.7 million
Value of wool exports to Australia in 2006/07	\$3.07 billion
Closing price for wool in 2007 (Eastern Market Indicator)	1,005 c/kg

Wool was Australia's second largest agricultural export in 2006/2007 behind beef, making up around 11% of total farm exports.

Australia's largest customer is China, which takes 66% of the national clip.

The Australian flock comprises of approximately 88% merino, 9% crossbred and 3% other breeds.

Sheep graze over 85 million hectares of Australia's land mass, averaging 2 acres of land per sheep.

(Sources: Australian Wool Production Forecasting Committee, Australian Wool Innovation, Australian Wool Industries Secretariat and ABARE)

Images courtesy of Animal Health Australia.

Individual photos by:

Cover Philip Down; inside cover Barb Woolford (left) & Judith Deener (right); 1. Joan Gates; 4. Marie Bright; 5. Bronwyn Hall; 6. Shirley Foster; 8. Rob Smith; 12. Katrina Mclean; 14. Karen White; 16. Philip Down; 18. Mardi Remond; 24. Bronwyn Hall; 27. Mardi Remond; 30. Bronwyn Hall; 40. Megan Banks (left) & Bronwyn Hall (right).

"This is the ultimate online wool auction."

David Miles, Wool Grower



David Miles was just one of many woolgrowers who achieved good results from an Elders Online Global Wool Auction. Here's what he said:

"I've always believed in the auction system and this initiative from Elders is the ultimate auction - it's bigger than an auction. It makes perfect sense to offer your clip to the world's wool buyers and in doing so receive animated bidding and a successful sale.

It means I don't have to worry whether or not there might be another buyer out there!

"My Elders District Wool Manager worked with me and did a good job. All of a sudden I'm able to let the world see what I've been doing. After all I've put my heart and soul into my business so it's only fair I should get a world price for my wool."

- Regular monthly sales • Proven electronic format • Woolgrower controls reserve price

For more information on Elders Online Global Wool Auction please contact your Elders District Wool Manager or visit www.eldersglobalwool.com.au





The Australian Test House Servicing the Wool Industry

- Core and Grab Sampling Supervision
- Presale & Postsale Certification for:
 - Yield
 - Vegetable Matter
 - Mean Fibre Diameter
 - Coefficient of Variation of Diameter
 - Staple Length
 - Staple Strength
 - Colour (Average Yellowness)
- Scoured Wool Certification
- Fleece Sample Testing for:
 - Washing Yield
 - Mean Fibre Diameter
 - Coefficient of Variation of Diameter
 - Mean Fibre Curvature



Vegetable Matter Content



European Fibre Diameter



Scouring - Yield



ATLAS - Length & Strength



Mechanical Tuft Sampling



Supervision of Bale Sampling & Weighing



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