



ANNUAL REVIEW 2006

WOOLPRODUCERS AUSTRALIA



WoolProducers Australia is the peak national body for the wool growing industry, representing over 14,000 farmers across Australia and advocating their interests both nationally and internationally.

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

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

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VISION

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

OBJECTIVES

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

To promote and progress those activities necessary or advisable for the benefit and advancement of Australian woolgrowers social and economic well being.

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

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.

WoolProducers Australia

14 – 16 Brisbane Avenue,
Barton ACT 2600
PO Box E10, Kingston ACT 2604
Tel: (02) 6273 2531
Fax: (02) 6273 1120

woolproducers@nff.org.au
www.woolproducers.com.au



Proudly supported by the
Australian Wool Testing
Authority Ltd.

Cover and interior on-farm
photography courtesy of
Australian Wool Innovation.

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

The inclusion of independent members gives any grower the opportunity to be a part of the leadership team, validating the organisation as the voice of all Australian wool growers.

WoolProducers also 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

Robert Pietsch

Senior Vice President

James Kennedy

Treasurer

Don Hamblin

Committee

Geoff Fiskin
 Stephen Tully
 Charles Merriman
 Geoff Power
 Rosemary Stobart
 Max Watts

Executive Director

Greg Weller

Policy and Research Officer

– Animal Health and Welfare

Alexandra Owens

Research and Administration Officer

Lauren Wallace



Standing: (left to right) Geoff Power, Don Hamblin, Geoff Fiskin, Michael Stalley (NSWFA), James Kennedy, Max Watts and Charles Merriman.

Seated: (left to right) Lauren Wallace, Alexandra Owens, Stephen Tully, Robert Pietsch, Greg Weller, Jo Hall (AgForce Queensland) and Rosemary Stobart.



The past 12 months has seen an escalating drought over much of Australia, with the latest acknowledgement that this drought could be the worst since records have been kept. This along with very unsatisfactory wool prices, especially in the finer end, has made this past year an extremely emotionally challenging time for wool growers.

ROBERT PIETSCH
 President
 WoolProducers Australia

Early in January we saw some promising price rises for the wool market, which sadly were not sustained. However in the final quarter of this year we have seen the market move upward, and with strong northern hemisphere economies, wool production projected to fall to 421 million kilos, and with the drought increasing the sales of sheep, we would all hope that this upward trend is the sustainable recovery that the wool industry so desperately needs.

In response to the stalling of integration talks between the boards of Australian Wool Innovation (AWI) and Australian Wool Services (AWS), WoolProducers Australia acted in late 2005 to facilitate negotiations for a possible merger between the two companies.

For the first half of 2006 there was little progress in these talks, primarily due to the AWS pension fund liability which stood at approximately a AUD\$27 million unfunded commitment, which was most frustrating for us and the industry.

In a positive step, a Memorandum of Understanding was signed between AWI and AWS to progress integration in July, however this is still subject to a suitable resolution of AWS' exposure to the UK pension fund.

For the benefit of the whole Australian wool industry, let us hope that these talks continue to progress.

WoolProducers Australia has made extensive representations to both Minister McGauran and other parliamentarians over the past year in relation to this issue, and continue to maintain a strong expectation the Federal government will play a role in resolving the impasse created by the pension fund.

The past year has seen the further decline of AWS' financial position, a problem which was first highlighted by WoolProducers Australia at the AWS AGM in 2003 and at subsequent AGM meetings. This continuing financial decline is unsustainable and a resolution needs to take place in the immediate future. At the 2006 AGM, WoolProducers Australia sought answers from the board of AWS as to what contingencies were in place should the merger not proceed, and despite the lack of a detailed response it seems clear the future would involve the sale of assets.

On a more positive note, the Woolmark Company, as manager of the Test Marketing Program (TMP), continues to gather information so the Australian industry can consider potential ways to implement strategies to increase demand.

Whilst WoolProducers Australia expressed some strong views concerning the process in the infancy of this program, in particular the collection of matching funding, I believe that the program has had a positive impact within the wool pipeline.

As we progress to the reporting stage of the program, following the highly successful launches at SAKS and Dillards in the USA, it will be important to evaluate the results to see if it has achieved the expected sales from the expenditure incurred.

Australian growers have funded a large proportion of the campaign, including our contribution to the \$1.50 per bale levy, which was achieved three months ahead of schedule. However, WoolProducers Australia has a very firm policy that in the future, Australian growers' method for collecting levies for both R&D and marketing should only be through the WoolPoll process.

WoolProducers Australia has continued to work with AWI with the objective of delivering positive outcomes for members in areas across R&D and marketing.

WoolProducers Australia has continually requested AWI to help progress the development of the "Australian Wool Industry Strategic Plan". This would progress the main objective identified in last year's *Industry Partnership Program* workshops, which were attended by all sectors of the industry, and clearly demonstrated the need for a whole of industry approach.

To our frustration AWI has still not agreed to this process, which WoolProducers Australia finds hard to believe and simply unacceptable.

Another key area of concern is the lack of formal consultation between AWI and its shareholders. The shareholders of AWI overwhelmingly chose to voice their concerns and priorities for investment of levy funds through their state farming organisations and their peak body yet the lack of acknowledgement by the AWI board and formal engagement with WoolProducers Australia limits the company's ability to perform to its optimum.

Both of these issues will be vigorously progressed in coming year.

This past year has seen the third triennial WoolPoll being conducted, with WoolProducers Australia being heavily involved in the WoolPoll Panel along with a number of our state members.

The poll progressed very satisfactorily, and WoolProducers Australia welcomed the results which confirmed that Australian woolgrowers support the continuation of the current 2% compulsory grower levy.

However, with the contracting Australian wool clip, the challenge is there for the AWI board to meet grower's expectations across both R&D and demand creation portfolios.

The results of the two supplementary questions in the WoolPoll were also significant.

Woolgrowers were asked whether the Statutory Funding Agreement should be amended to give AWI more flexibility to address emerging issues, so long as it is for the benefit of Australian woolgrowers, and 80% of votes were in favour of this.

In response to the second question, woolgrowers overwhelmingly endorsed the extension on the current levy to wool harvested by alternative methods such as biological harvesting and fellmongering.

It is outdated and simply unfair that some parts of the industry don't pay the levy, yet continue to reap the benefits of the innovation and promotion activities of Australian Wool Innovation.

It has been estimated that removing this inconsistency could bring in up to four million dollars in potential marketing or innovation funds that everyone would benefit from.

It is now up to the AWI board to make a recommendation to the Federal Government and Minister McGauran must decide how to use these results, but the industry has sent a very clear message to both AWI and the Minister that it believes it is overdue to level the playing field.

The past year saw the successful launch of the National Mulesing Assurance Program (NMAP). The management committee for the NMAP is chaired by WoolProducers Australia, and also includes two members of the WoolProducers Australia Executive.

This program fulfils one of the industry's commitments made to international retailers last year and is a key part of our initiative to ensure that an international market for our product remains. WoolProducers Australia has been successful in securing a subsidy from Animal Health Australia of \$110 for producers who undertake this training, which is hoped will help increase further uptake. Over 600 operators have been trained to date and we remain well on track to pass 1,000 in 2007.

Alternatives continue to progress well with the clips and intradermal injection now in extensive field trials and with still four years to the 2010 deadline, nothing has been demonstrated that it will not be met.

Whilst higher profile issues such as mulesing attract the headlines, WoolProducers Australia continues to invest significant resources on addressing the equally important issues of exotic and endemic disease preparedness and control.

An important issue during 2006 has been the on going management of OJD following the cessation to the current national management plan in June. WoolProducers Australia, Sheepmeat Council of Australia and Animal Health Australia (AHA) have been working co-operatively to put in place a management structure post 2006, to address ongoing management of abattoir surveillance, prevalence areas and the ABC system.

WoolProducers Australia also continues to work with other signatories of the Emergency Animal Disease Response Agreement (EADRA) to continually review and improve the agreement where appropriate.

This agreement represents one of the most important partnerships entered into between Australian livestock producers and government, promoting a high standard of preparedness to protect growers against potential disease incursions.

The wool industry is continues to be an active contributor to an important industry, government and community initiative in the form of the *Australian Animal Welfare Strategy*. Over the last year, we have seen the development of an implementation plan for this strategy and we will continue to focus our efforts on this program, ensuring a high standard of welfare in the Australian wool industry.

The *Wool and Sheep Industry Taskforce* has had a remarkably quiet year in comparison to the previous year, however it continues to operate in managing issues as they arise. We must remain ever vigilant as animal rights groups continue to promote mistruths and disregard mainstream community support of farming, in pursuit of their ideological agendas.

WoolProducers Australia recently submitted its response to the Australian Pesticide and Veterinary Medicines Authority (APVMA) inquiry into the on going use of diazinon and other ectoparasiticides.

Woolgrowers will have a nervous wait into the new year, concerned about the future of these key inputs into wool production, particularly diazinon. If this product is lost to the industry, woolgrowers may yet lament the lack of urgency shown by AWI in undertaking the required investment to provide a sustainable future for diazinon.

On a more positive note, AWI has supported the reforming of the *Wool Residue Committee* which has been in recess for five years after AWRAP was disbanded. WoolProducers Australia has lobbied continually over this period for the reformation of this committee, which has responsibility in managing residue levels in the Australian wool clip.

This year saw the introduction of NLIS for sheep, which has generally progressed well from an implementation perspective. The lack of engagement with woolgrowers in the decision making processes has been the major concern for our organisation, however despite this, WoolProducers Australia were successful in applying pressure to save growers from being prematurely locked into an electronic ID platform.

WoolProducers Australia will be a member of the new Sheep and Wool CRC following the announcement that the rebid was successful only days before Christmas. The approval by the Commonwealth for funding for another seven years is a great boost to the industry and a credit to those involved in the rebid process.

We have lobbied extensively for a strong wool growing expertise on the Board of the new company and with the appointment of a WoolProducers Australia representative to the board selection committee on behalf of all sheep producers, we believe that the new company will be well placed to have strong production expertise at the highest level for meat and wool.

A successful Free Trade Agreement (FTA) continues to be a key objective for the Australian wool industry if we are to gain the full benefit of trade with China, who are taking over 60% of the Australian wool clip. WoolProducers Australia continues to meet with government representatives and bureaucrats to ensure that the negotiations are supportive with our objectives and policies.

WoolProducers Australia and AWI will also need to continue to engage with both the Chinese Government and its wool growing industry to allay any fears that Australian wool will compete with their locally produced wool types, and also to promote our strong view that Australian wool complements their product.

WoolProducers Australia maintains a strong relationship with NFF, and is actively involved on the NFF Policy Council and other policy forming committees.

With the ever increasing challenges facing farming, agricultural representative bodies will need to ensure that the issues managed have a strong unity of purpose to achieve the results expected from their membership. This makes it all the more important that the national body representing Australian agriculture must have representation from all sectors and all states.

WoolProducers Australia continues to represent wool growers as the peak industry body in a range of forums and organisations, which includes; the Federation of Australian Wool Organisations (FAWO), Australian Wool Testing Authority (AWTA), Australian Wool Exchange (AWEX), and Animal Health Australia (AHA).

All these industry bodies have an important role in delivering positive outcomes for our membership, and we remain committed to achieving our objectives through involvement with them.

I would like to offer the appreciation and thanks on behalf of WoolProducers Australia members to Greg (Executive Director), Lauren (Research and Administration Officer) and Alex (Policy and Research Officer for Animal Health and Welfare).

Their dedication and commitment to their various roles working on behalf of wool growers has delivered many positive outcomes for our industry.

The last year has seen the retirement of Walter McLean from our Executive due to ill health and WoolProducers Australia thanks Walter for his many years of tireless service in representing Queensland wool growers.

I would like to thank our Vice-President, Jim Kennedy and Vice-President/Treasurer, Don Hamblin for their valued advice and support in my role as President.

Finally, I would also like to express my appreciation to, and thank, my Executive members Rosemary Stobart, Geoff Fiskin, Geoff Power, Stephen Tully, Max Watts and Charles Merriman for their untiring efforts working on behalf of WoolProducers Australia members, in their various roles representing woolgrowers.

ROBERT PIETSCH

President

WoolProducers Australia



Welcome to the second successive WoolProducers Australia Annual Review and the first to incorporate our new name and corporate branding.

The past year was one of significant work undertaken and goals reached on behalf of growers by WoolProducers Australia and its state members.

GREG WELLER
Executive Director
WoolProducers Australia

With even larger challenges looming in the twelve months ahead, it is essential that we maintain a solid base of trained and committed staff, with appropriate management practices and planning, and adequate resources to achieve our goals.

Early this year WoolProducers Australia made a significant decision to employ a dedicated animal health and welfare policy officer to address an area of growing demand on our resources nationally.

This new role was filled by Alex Owens who has proved a valuable contributor to our policy development and implementation in sheep health and welfare. Funding for the role has been primarily sourced from wool industry reserves being managed by Animal Health Australia, and we thank Ralph Hood and his team at AHA for facilitating this.

During the past year WoolProducers Australia undertook a process to review its short and long term priorities and existing core business statement, resulting in the development of a new strategic plan to guide the organisation over the next five years.

This living document retains our focus on advancing the social and economic interests of Australian woolgrowers and providing the best possible outcomes to our members by maintaining WoolProducers Australia as the recognised peak body for our industry.

A key goal remains our membership of the National Farmers Federation as we are committed to providing woolgrowers with a voice across all aspects of agricultural policy development.

Financially 2006 was again a stable period for organisation, which is particularly satisfying against the backdrop of continually mounting financial pressures on all farmer representative bodies and the lack of a dedicated industry based funding source for WoolProducers Australia.

Given the ongoing financial uncertainty the organisation faces each year, the WoolProducers Australia Executive approved a budget deficit for the year, so it was therefore pleasing to see a surplus to members again achieved.

This excellent result was possible primarily through continued economising within the organisation and additional receipts from externally funded activities.

The 2007 year is expected to again post significant challenges to the WoolProducers Australia financial position, with a breakeven result forecast.

Member's funds are supplemented by the corporate sector and I would like to thank all the team at the Australian Wool Testing Authority who has again been a major supporter of WoolProducers Australia during the past twelve months and in particular with this annual publication. I would also like to acknowledge Australian Wool Innovation, AWEX and Elders for their assistance with its production as well.

On two occasions during the year I was fortunate enough to have the opportunity to travel to China, where over 60% (and growing) of the Australian wool clip is now exported, and must again acknowledge the Australian Wool Testing Authority, the Australian Wool Education Trust and Australian Wool Innovation for their support in making this educational and relationship building exchange a reality.

It was a wonderful opportunity to help our organisation and Australian growers better understand the issues impacting on our fibre once it leaves our shores and also get feedback from processors as to what we can do to improve our product further.

Finally I would like to recognise the support of WoolProducers Australia from all of the Executive and our member state farmer organisation wool policy staff, and also thank our Canberra team of Lauren Wallace and Alex Owens for their commitment and dedication during the year.

We look forward to another exciting and challenging time in our great industry, and all hope for improved climatic conditions in rural Australia and continued improvement in prices for the year ahead.

GREG WELLER
Executive Director
WoolProducers Australia

Where do customers search
for Merino apparel in Australia?

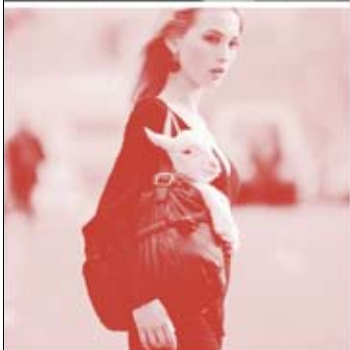
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NEW SOUTH WALES FARMERS ASSOCIATION



I am pleased to be able to present this report on behalf of the New South Wales Farmers Association Wool Committee.

In 2007 the priority issues that the Wool Committee will be concentrating on include; a strategic plan for the wool industry, control and accountability of grower funds, animal welfare, extension/industry education and the availability of wool handling staff.

DON HAMLIN
Chair
NSWFA Wool Committee

The Federal Government's *Industry Partnership Program* report has been published which examined the current and future roles and charters of the various wool industry companies and covered issues such as the rationalisation and changing face of the wool industry supply chain. One of the findings of the report was the need to resolve the future structure of Australian Wool Innovation (AWI) and Australian Wool Services (AWS).

The members of both AWI and AWS Boards have recently agreed to start integration negotiations. The Chairmen of AWI and AWS signed a Memorandum of Understanding in July setting out the process for integration. Both boards were unanimous in their resolve to investigate the legal and financial implications to allow the integration of the two companies to occur, for the benefit of their woolgrower shareholders. This continues to be an important issue for the Wool Committee and we will be monitoring the progress of this integration with interest as it will impact greatly on the future of the industry.

Additionally, the structure of AWEX board has been modified and there are now seven members instead of ten. The operations of AWEX concerning issues such as wool pack registration, electronic labelling, wool classer's code of practise and selling centres will need to be examined.

The Wool Committee is keenly anticipating the result of the Test Marketing Campaign which has been launched in the USA for the northern hemisphere winter season. The second part of the campaign was recently launched through the 'Dillard's' chain of stores in the Southern states of the USA.

The committee will continue to monitor the program and maintains the view that we will not support the continuation of the buyer service levy that helped fund the program after its completion. Therefore another means of allowing (and managing) the financial contribution of the early stage processing sector will need to be investigated.

The National Mulesing Assurance Program (NMAP) has recently been rolled out with the first accreditation courses to be run around the state soon, and the Wool Committee and WoolProducers Australia will continue to monitor and manage this issue to ensure what is delivered is what industry requires.

The Wool Committee is continuing to fight the premature push towards Radio Frequency Identification (RFID) NLS for sheep. The Committee feels there needs to be greater research into the technologies to be used and more evidence of the perceived benefits before the industry move towards RFID.

During the year, the Wool Committee held a forum and dinner in Wagga Wagga to discuss a variety of issues, including strategic visions for the wool industry, sheep genetics, the Test Marketing Campaign, on-farm productivity improvements and shearing education and technologies. The aim of the forum was to provide growers with the opportunity to have input and open discussion with industry representatives and to assist the committee's policy development.

From all the feedback that we have received the forum was seen as highly beneficial. We are hoping that this will become a regular event and play a key role in disseminating information to producers on the valuable research, marketing and innovation activities that are occurring within the industry. The committee has started planning for next year's forum and is looking forward to another successful event.

The Shearer/Shedhand training program continues to be progressed with plenty of interest. Wool Committee members on both the National and State level Producer Advisory Panels are continuing to monitor the funding and progress of the programs. The committee is hoping to aid AWI's promotional efforts of the Upright Shearing Platform in the year ahead.

DON HAMBLIN

Chair
NSWFA Wool Committee

VICTORIAN FARMERS FEDERATION



GEOFF FISKIN
Chair
VFF Wool Committee

Like everybody in the wool industry, Victorian wool producers had wanted to see an end to the drawn out negotiations surrounding the proposed merger of the research oriented Australian Wool Innovation and the marketing organisation, Australian Wool Services during this past year.

It is fair to say that the wool industry's experiment with having separate entities for R&D and marketing has not lived up to expectations.

Bringing the two organisations together has occupied much of our time this year, with the Wool Committee agonising over ideal structures and board composition. To the frustration of everyone, an AWS liability to a UK pension fund remains the critical sticking point.

The VFF was deeply involved in canvassing and organising for both the AWI elections and WoolPoll 2006. Wool growers voted to keep the existing board members and the 2% wool levy and this decision will see a continuation of vital research, together with a new emphasis on marketing.

The National OJD Management agreement discussions received Victorian input. VFF Livestock has made submissions about the future use of abattoir surveillance, points for vaccination programs and different prevalence areas. It also decided not to support the use of industry funds to pay for MAP producer audits. As more becomes known about the disease's management and prevention, the VFF's general direction is more towards risk-based trading and disease management, with less reliance on government intervention.

In 2005 we successfully negotiated an agreement with the South Australians to suspend their OJD downgrades policy (which drops the ABC score of flocks receiving lower score Victorian sheep) for six OJD free shires along the border. It was hoped to add three more similar shires this year, but this has been held over pending the outcomes of any changes to the National Agreement for the Management of OJD.

The wool industry has demonstrated leadership and tenacity to limit the impact of campaigns by animal rights groups, and is making good progress to develop alternatives to surgical mulesing. In the meantime the excellent National Mulesing Assurance Program is available for contractors and producers who wish to continue mulesing until it is phased out in 2010.

The VFF made a submission to the review of the use of diazinon and ectoparasitocides. For diazinon, the review recommended that it be deregistered for jetting, shower and plunge dipping. We opposed this and argued strongly for an investigation into worker exposure of the 'cage dip' system which is widely believed to be a safer method of application. The regulator has not announced its final decision and it is our understanding that this is because a study of the 'cage dip' method is being undertaken. The review's recommendations for ectoparasitocides were essentially in anticipation of more stringent environmental regulations in the EU and other importing countries. It has been an important catalyst for the establishment of the Australian Wool Residue Management Council.

Drier winters in Victoria have suppressed the incidence of clinical footrot, however, we are very conscious that this remains a significant animal health problem for many producers. We are fortunate that one of the few research teams in the world working on this problem is based in Melbourne. This team is doing important work that may lead to the development of a footrot vaccine. The VFF has convinced AWI to have a closer look at this research and to give consideration to adding it to the suite of footrot projects AWI funds. Australia has the most to gain from finding an effective footrot control and so it is in our interests to try to maintain access to the potential research outcomes by investing in Australian research.

The VFF lent strong support to the Shearer and Wool Handler training project through representation on the State and Federal Project Advisory Committee. This project has attracted enthusiastic support from the many stakeholders and won accolades from training providers for the quality of the teaching resources it has developed. Funding for the current program ends in June 2007 but a new program for 2007 – 2010 is being planned. A crucial development has been increasing willingness among State Government education departments to contribute funding.

The AWEX Review of the Code of Practice for preparation of wool clips has progressed smoothly. Our concern now is how best to ensure the Code finds its way into the hands of the majority of wool growers. Whether or not they do their own classing, they have a critical role to play in lifting the standard of clip preparation.

The Victorian Department of Primary Industries has stated clearly that the wool industry does not rate highly on its list of priorities for future investment. Our most immediate concern is what this means for the future of extension in the wool industry, DPI having been a significant investor in Bestwool/Bestlamb. This will be a catalyst for the Wool Committee to take a close look at future wool industry extension, and in particular, what role we would like the State Government to play.

The above issues are all important, but have been overtaken in the minds of many by the worst drought since records began. Concern at the lack of worthwhile autumn break turned to end of winter alarm and now to resignation, as most make the best they can of it. In the main, growers have conducted an orderly dispersal of surplus stock and have sourced feed to see the rest through.

An avalanche of saleyard numbers later in the season seems to have been avoided, and the dreaded disposal pits seem less likely than even a month ago. Nonetheless, we hold great concern for cash-strapped members' long term viability. Even the most prudent wool producer will take a hit this year.

In a way, we are fortunate that the drought coincides with state and federal elections. Politicians of all persuasions are more receptive to the lobbying efforts of the VFF for assistance packages such as reductions on local government rates and interest bills for Exceptional Circumstance declared areas. We can all take heart from this and signs of a revival in wool prices as we head into 2007.

GEOFF FISKEN

Chair
VFF Wool Committee

AGFORCE QUEENSLAND



STEPHEN TULLY
President
AgForce Sheep & Wool

It has again been a tough year in many ways for the wool industry in Queensland, as with the rest of the country. The drop in the Queensland flock has continued due to the ongoing drought, wild dog predation and a generally depressed wool market

However the kick in the market towards the end of the year has added some optimism to Queensland producers.

As I commence my first term as AgForce Sheep and Wool President, I would like to take this opportunity to acknowledge my predecessor Walter McLean and his contribution to the Queensland sheep industry during his term. I speak on behalf of everybody involved in the wool industry in Queensland when I say that it is great to see Walter back on deck and wish him well in the future.

AgForce Sheep and Wool has faced many issues in 2006 and looks forward to representing our membership again in 2007.

AgForce Sheep and Wool hosted the successful Sheep and Wool Future Forum at Goondiwindi in March this year. The forum saw industry leaders speak on the future and innovation of wool, as well as showcasing the latest industry technologies.

Exotic sheep breeds have posed problems with many Queensland wool producers, with containment, cross breeding and contamination issues. AgForce will commence working with the Queensland Department of Primary Industries and Fisheries early next year to develop a best practice guide for the running of exotic sheep.

AgForce has lobbied hard over the year to gain a unified rollout of NUIS. Queensland will implement NUIS next year with some exemptions in place for sheep going direct to works. Interstate trade still pose some problems for the Queensland industry.

The Leading Sheep project is now entering its final triennium, with key stakeholders AgForce, AWI and the Queensland Department of Primary Industries and Fisheries achieving the set objectives of this project, which includes increased productivity for the sheep industry in Queensland. This has been done by focusing on 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.

Hundreds of city based children have been enlightened about the sheep and wool industry through AgForce's involvement in AgEd Days held throughout South East Queensland. These days provide 'city kids' the opportunity to learn about where their food and fibre comes from and also ties in well with AgForce's 'Every Family Needs a Farmer' campaign.

AgForce, in conjunction with the University of Queensland, Australian Agricultural College and Sommerville House, secured \$15,000 from the Sheep CRC funding to develop Queensland senior science curriculum based around the science behind wool. The money was used for a two day professional development workshop for science teachers at the University of Queensland Gatton campus.

STEPHEN TULLY
President
AgForce Sheep & Wool

SOUTH AUSTRALIAN FARMERS FEDERATION



The past year has been a challenging and interesting time for the Australia wool industry and the South Australian Farmers Federation (SAFF) has been actively involved in addressing many issues on behalf of South Australian woolgrowers.

As with most of Australia, our state has also been battling drought, and this has seen crop forecasts plummet and forced selling of livestock.

GEOFF POWER
South Australian
Farmers Federation

Although wool prices have lifted, the market is still coring at a low base and it is hoped that increased demand will sustain a price that is acceptable to wool growers.

The SAFF Livestock Committee continues to be frustrated at the slow progress of integration between AWI and AWS. State growers realise that the main stumbling block is the UK Pension Fund but urge an acceleration of talks so that the wool industry can eliminate duplication and confusion and get on with the job of increased marketing and R&D.

The SAFF through its Wool Committee urged South Australian wool growers to have their say and vote at the 2006 WoolPoll. The Committee recommended to growers that a 2% levy or more was necessary to maintain R&D programs, and also to include a component of demand creation. SAFF was pleased when the poll results confirmed a continuation of the 2% levy.

With limited resources the SAFF Livestock Committee, together with other states and WoolProducers Australia have worked tirelessly to develop the National Mulesing Assurance Program. With rebates that are now available, the cost has been reduced from \$700 to approximately \$250. This makes the program more cost effective and hopefully growers will take up the challenge and become accredited.

AWI have successfully run trials in South Australia using the mulesing alternative 'clip' system and are also currently developing the injectable procedure, both which are being watched with interest by our growers.

The Shearer and Wool Handling Training program was once again supported by SAFF with plenty of opportunities for trainees to receive tuition through TAFE. While there seems to be plenty of focus put on trainees, the challenge is to retain shearers and shedhands which are dwindling at an alarming rate.

SAFF is looking forward to continuing to work on behalf of growers in 2007 with hopes held for a break in the drought and a continuation of higher wool prices.

GEOFF POWER

South Australian Farmers Federation

TASMANIAN FARMERS & GRAZIERS ASSOCIATION



I am pleased to be given the opportunity to report to our interstate colleagues on the achievements of the Tasmanian Farmers & Graziers Association (TFGA) this year.

Tasmanian wool growers have seen some challenges in 2006, none more so than the drought currently effecting farming enterprises right across Australia.

ROSEMARY STOBART
Tasmanian Farmers
& Graziers Association

The big dry that continues right across the state has affected most woolgrowers with the lack of feed and water and the severe frosts we encountered in early spring. Woolgrowers continue to de-stock and supplementary feed their remaining breeding stock.

The past year has been a challenging year for woolgrowers and we look forward to a new year with the hope of rain.

The TFGA Wool Council held its annual cocktail party to coincide with the Launceston wool sale week in mid February this year, with the highlight of the function being a speech by Mr Phil Endersbee, the Managing Director of Wilderness Wear, who made a brief presentation on his company and what he had to offer the Australian wool grower.

The cocktail party, held at the "Leighlands" property at Perth, allowed one hundred and twenty guests, including wool growers, brokers, exporters, international guests and Government representatives, to meet in an informal atmosphere at the conclusion of the sales.

The 2006 *Working in Wool* program saw another very keen group of ten students undertaking the three and a half program with great enthusiasm. The program provides the rural youth of Tasmania an opportunity to obtain an extensive knowledge of the wool industry. Stakeholders, industry leaders and farming enterprises are all involved and without their help the program would not be possible.

The experience and networking opportunities are invaluable to the students. Bursaries were awarded to three successful students and work placements were achieved for all the participants.

Tasmania was fortunate to have TFGA Wool Council Chairman, Marcus McShane, represent our state's growers at the International Wool Textile Organisation conference in Egypt earlier in the year, which proved an excellent opportunity for networking within the international wool community.

In good news for our industry, the State Government has provided \$56 million over ten years to fund the eradication of foxes in Tasmania, an initiative which is fully supported by the TFGA Wool Council.

In April the TFGA supported a workshop was held at Campbell Town Showgrounds, which included a demonstration of upright posture shearing platforms. Other sessions in the workshop included shearing techniques, OH&S, ram sedation, cost drivers in shearing and the results of the Tasmanian wool clip analysis.

In 2006 Tasmania saw laws regarding existing mechanisms governing the Protection of Native Vegetation amended to also govern the clearing and conversion of non-forest plant communities and complement existing voluntary programs.

The State Government acknowledged the significant efforts of the TFGA to ensure that the framework was not burdensome on primary producers and that farmers were widely consulted before final decisions were made.

Phase 2 of the 8 x 5 Program is now being funded in Tasmania for three years by Australian Wool Innovation. A future challenge for the program will be maintaining resources as AWI moves further into off farm expenditure, with other funding sources being sought by our industry from the corporate sector.

The WoolPoll Roadshow descended upon Campbell Town in September, where the forum was attended by over thirty growers, and was chaired by TFGA Wool Council Chairman Marcus McShane, with the panel consisting of Dr John Keniry, Ian McLachlan, Len Stephens and Val Merriman.

Like the rest of the Australia, the drought will remain a key focus in the year ahead.

ROSEMARY STOBART
Tasmanian Farmers & Graziers Association

AUSTRALIAN WOOL TESTING AUTHORITY

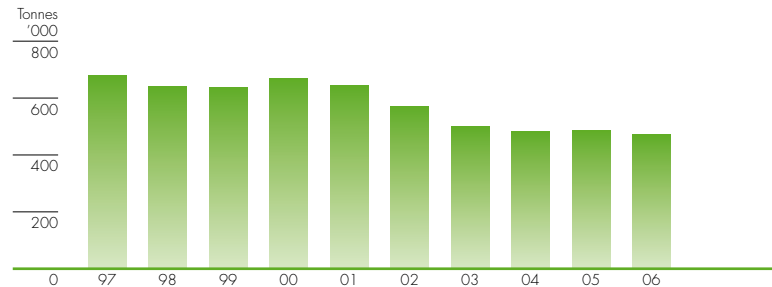


Wool production once again fell during 2005/06, following a slight increase in 2004/05. Hopes that production had stabilised after declining to its lowest level in 50 years proved unfounded. This led to a 2.2% reduction in AWTA Ltd's revenue during 2005/06.

MICHAEL JACKSON
Managing Director, AWTA

In this challenging environment, the Company has continued to focus on cost control to avoid fee increases, realising that the industry is under considerable financial pressure. AWTA Ltd management and staff have been successful in delivering further significant productivity gains that have enabled fees to remain unchanged for the fourth successive year.

VOLUME OF AUSTRALIAN WOOL TESTED (TONNES)



The net loss for the year, at \$1.485 million is within a range that provides continuing financial stability for the Company while continuing the deliberate strategy of minimising the fees AWTA Ltd charges its customers. It was particularly pleasing to be able to once again hold raw wool testing fees at current levels for the 2006/07 season.

Future wool production levels are far from certain, with the continued sell-off of sheep in many areas and drought conditions in widespread areas of wool growing Australia. A key challenge for AWTA Ltd is to adapt quickly to possible future changes in wool production. The Company has altered its strategic planning process to anticipate a number of possible scenarios. The process has highlighted the need for AWTA Ltd to develop a broader revenue base and significant progress has been made in this regard during 2005/06 with:

- finalisation of the complete acquisition of NZWTA early 2006/07;
- further growth in research services contracted to AWI and the Sheep CRC; and
- continuing revenue growth in AWTA Textile Testing.

AWTA Ltd's Corporate Objectives, simply stated, relate to its financial, technical and service performance. The Company measures and monitors its performance in all of these areas as summarised in the following sections and this review will briefly describe the activities undertaken during the year to achieve these objectives.

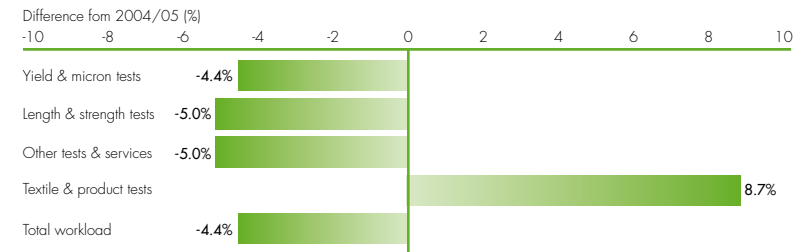
FINANCIAL PERFORMANCE

REVENUE & WORKLOAD

Given AWTA Ltd's commitment to minimum costs, financial performance is highly dependent on workload and small shifts from budgeted workload can readily swing performance between profit and loss. The financial year 2005/06 saw a small contraction in the company's raw wool testing business but strong growth in its Textile and Product Testing business.

During 2005/06, the total presale bales sampled decreased by 3.3%, while the average number of bales in each presale test increased marginally from 5.96 in 2004/05 to 6.02 bales. The effect of these changes was a decrease of 4.4% in the number of lots sampled and tested.

WORKLOAD (% CHANGE OF 2004/05)



OTHER RAW WOOL TESTING OPERATIONS

New Zealand Wool Testing Authority Ltd (NZWTA)

In April 2004, AWTA Ltd and Wool Equities Ltd (a New Zealand farmer-owned investment company) jointly purchased all of the shareholding in the New Zealand Wool Testing Authority Ltd (NZWTA). In early 2006/07, Wool Equities sold its 50% share in NZWTA to AWTA Ltd. Management on both sides of the Tasman are now beginning to realise the synergies that 100% ownership allows, while ensuring that New Zealand clients continue to receive localised service, tailored to their particular environment and needs.

PROFIT AND LOSS

AVTA Ltd recorded a Net Loss of \$1.485 million compared with a Net Loss of \$0.366 million in 2004/05. This loss during 2005/06 is consistent with the company's long standing policy of providing its services to wool industry customers at minimum cost. AVTA Ltd's structure as a Public Company Limited by Guarantee provides it with the unique ability to utilise its unappropriated profits for this purpose.

TECHNICAL PERFORMANCE

The testing procedures and equipment that are used to certify the key wool attributes for selling wool are specified in the International Wool Testing Organisation (IWTO) Standards and Regulations. The three AVTA Ltd Raw Wool Testing Laboratories are independently audited against these Standards and Regulations for compliance by NATA.

An important tool used to monitor technical performance is the use of round trials where 'blind' samples of the same wool are tested by different laboratories around the world. In the case of greasy wool the Independent Laboratories Round Trial (ILRT) provides the benchmark for Yield, Diameter and additional measurements such as Staple Length, Staple Strength and Colour. The results of the trials are reported to commercial delegates at each IWTO Conference. Performance over the last twelve months has demonstrated good control of a stable system.

External queries from clients also serve as an indicator of technical performance. In 2005/06, some 2,483 results (0.23% of all tests) were queried by customers. Of these, 411 were reissued representing 0.039% of the 1,062,663 tests certified.

SERVICE PERFORMANCE

AVTA Ltd is committed to providing timely sampling, testing, data processing and certification.

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 2005/06 for greasy wool testing services is shown in the table.

Test Type	Statistic	Normal	Fast	Express
Yield & Micron	Average (days)	2.9	1.9	1.3
	%Total Tests within Service Target	99.7	96.7	98.8
Length & Strength	Average (days)	3.3	2.1	1.4
	%Total Tests within Service Target	98.8	95.8	98.4

LOOKING FORWARD

1. China Product Testing

As the manufacturing industry in Australia continues to move off-shore, it is increasingly difficult for the Textile Testing Division to maintain and grow its traditional markets. Consequently, the Board has approved the establishment of a limited scale joint venture testing laboratory in China. The new laboratory will be able to provide testing to validate the fibre content and performance criteria of products made from Australian wool, supporting current marketing initiatives of Australian Wool Innovation and The Woolmark Company. In addition, the joint venture will market independent testing of textiles and other associated materials to the Chinese industry.

2. Working with Processors – TEAM-3 and Topmark

One of the clear benefits that mills participating in TEAM-3 processing trial received was the ability to benchmark their performance against an internationally representative group of combing mills on a confidential basis. In response to request from TEAM-3 participants and others, AVTA Ltd initiated an ongoing benchmarking service during 2005/06. The program, known as Topmark, is very simple for the participating mills and free of charge. As well as providing the participants with valuable benchmarking reports issued every six months, it is developing an ongoing database that can be used to evaluate worldwide changes in processing performance and allow the ready evaluation of the relevance of new measurements to commercial practice.

3. Staple Measurement Premiums

Despite clear premiums for wool sold with staple length & strength tests, many wool growers still choose not to conduct staple length & strength testing on all appropriate fleece and skirting lines. An analysis of national wool auction sale results reported by The Woolmark Company found that the average premium for Merino fleece wool that had been tested for Staple Length & Strength was 66¢/kg clean, increasing from 62¢/kg in the previous season. Skirting wool received a 39¢/kg clean premium, increasing from 25¢/kg. The analysis compared tested wool with identical but untested wool that was sold at the same time and in the same location. AVTA Ltd will strive to increase the uptake of this test by promoting the results of this independent analysis.

4. Wool Research & Development

Utilisation of AWTA Ltd R&D resources either for or in partnership with other wool industry organisations is a great way to leverage resources and AWTA Ltd was actively involved in projects with funding partners Australian Wool Innovation (AWI) and the Sheep CRC, while research partners included CSIRO, SARDI, DAFWA and the Centre for Materials and Fibre Innovation of Deakin University.

Key projects are focussing on the area of dark & medullated fibre and include:

- Commercialisation of Dark & Medullated Fibre (DMF) test instrumentation;
- Determination of the threshold detection level for contaminant medullated fibres;
- Relationship between greasy and processed DMF contamination;
- Consulting services to AWI for co-ordination of the DMF research programme.

5. Wool Appraisal Trial

AWTA Ltd is currently involved in a trial with major southern region wool sellers to investigate a new way to sell wool. Known as the Wool Appraisal Trial, display samples for sale lots are appraised by two AWTA Ltd Wool Appraisers (experienced in wool buying) and this AWTA Ltd guaranteed appraisal of AWEX-ID is used to sell the wool, without the need for a display sample on a show floor. The aim is to provide wool growers, sellers, buyers and processors with improved flexibility and to reduce selling costs.

MICHAEL JACKSON

Managing Director, AWTA



ALEXANDRA OWENS
Policy and Research Officer – Animal
Health and Welfare
WoolProducers Australia

In early 2006 I was appointed to the newly created role of Policy and Research Officer – Animal Health and Welfare with WoolProducers Australia. I feel privileged to be given the opportunity to fulfill this new and challenging role, which is a reflection of the continued commitment of the Australian sheep industry to high animal health and welfare standards.

In June this year the Australian sheep and wool industry saw the end of the National Approach to Ovine Johnes Disease (OJD) as well as the withdrawal of government funding for abattoir surveillance. This has provided industry with the opportunity to drive the future implementation of the national OJD management program.

Currently, WoolProducers Australia is working with Animal Health Australia (AHA) and Sheepmeat Council of Australia (SCA) to finalise the new implementation program which is planned to be in effect by early 2007.

WoolProducers Australia has actively participated on behalf of the wool industry in many exotic disease awareness, preparedness and monitoring programs managed by AHA. Some of these programs include: Screw Worm Fly, Transmissible Spongiform Encephalopathy Freedom Assurance Program, National Arbovirus Monitoring Program and Emergency Animal Disease Response Agreement workshops.

The first joint WoolProducers Australia and SCA animal health committee meeting was held in September 2006 and a number of issues were debated, including the future management of OJD and increasing the number of trained Industry Liaison Officers (ILO). The committee will continue to meet on a needs basis when matters arise affecting the wool and sheep meat sectors.

WoolProducers Australia continues to be an active participant in the Australian Animal Welfare Strategy (AAWS), which brings together six sectoral working groups in the areas of: livestock/production animals; animals used for work, sport, recreation or on display; companion animals; animals in the wild; aquatic animals; and animals used in research and teaching to work towards an enhanced national approach to animal welfare.

Under the auspices of the AAWS it was agreed that the existing Model Codes of Practice for the welfare of animals would be reviewed and reformatted to incorporate both the national animal welfare standards and the industry best practice guidelines for each species. The first code of practice to be reviewed and reformatted is the Australian Standards and Guidelines for the Land Transport of Livestock which will include sheep, cattle, pigs and horses. WoolProducers Australia participated in the Standards Reference Group held at the end of November and will have an ongoing role in the development of this code.

During the year WoolProducers Australia completed Version 3 of the National Animal Health Performance Standards, which have been developed to establish bench marks against which, the capability of Australia's animal health services can be assessed.

Our role as a livestock member of AHA was to identify risks within the wool industry in the areas of trade and market access, disease surveillance, endemic disease management, emergency preparedness and response, and livestock welfare. Currently we are awaiting feedback on our risk assessment, and look forward to completing this program in the expectation it will provide a key risk management tool when fulfilling our national animal health and welfare responsibilities.

Increasing the number of trained producers to act in the role of ILOs at a local disease control centre in the event of an emergency disease outbreak continues to be a challenge for the Australian sheep industry. WoolProducers Australia, along with SCA, AHA and state farmer organisations will continue to work collectively to increase the number of trained ILO sheep producers.

Animal health and welfare will continue to be a growth area in the activities undertaken by national organisations such as WoolProducers Australia. As growers strive to improve even further on our existing world leading welfare management practices, and as consumer's focus shifts further onto demanding products that are environmentally sustainable and ethically produced, our product is ideally placed to benefit.

ALEXANDRA OWENS

Policy and Research Officer – Animal Health and Welfare
WoolProducers Australia

Q&AWEX

Q. Who makes processors confident to use Australian wool?

AWEX: There's no substitute for commitment to quality.

AWEX is committed to ensuring the integrity of the wool industry by delivering:

- Independent and accurate market information
- Woolclasser registration and education
- Internationally recognised standards and compliance programs



we know wool

This is why processors around the world use Australian wool with confidence.



When we tell visitors from industry and governments overseas that Animal Health Australia gets multiple industries and multiple governments to all work together on the management and preparedness for emergency animal diseases and a number of national animal disease programs, they often look back at us in disbelief.

RALPH HOOD
Chief Executive Officer
Animal Health Australia

Yet that is what Animal Health Australia does, and we've been doing it now for ten years. As a private company and slightly removed from the political machinations of both government and industry, we are able to effectively implement systems and strategies that ensure our livestock remains free of emergency animal disease.

Our portfolio has steadily grown to manage over 50 programs as members recognised the value of the company in delivering agreed outcomes. The range of programs managed at Animal Health Australia is now extremely diverse, ranging from the management of Australia's foot and mouth antigen stocks in the United Kingdom and an anthrax vaccine bank in Australia, to the Australian Veterinary Reserve, to specific national disease management programs and special training programs.

The challenge of brokering agreements on these difficult and diverse issues is not easy. It is sometimes slow and can be very frustrating. The structure of Animal Health Australia provides a unique forum for cooperation and progress on a range of issues. It ensures producers, including wool producers, have a seat at the table, and do not get left out of the decision making process.

Everything at Animal Health Australia is about getting things done through effective partnerships. For example, the National TSE Surveillance Program, jointly funded by industry and all governments, has been established to ensure Australia is free from BSE and scrapie. This year the World Organisation for Animal Health (OIE) recognised Australia as one of only four countries in the world to be BSE free – a great outcome achieved through partnership.

In the decade since Animal Health Australia was formally incorporated, one of our greatest achievements has been the Emergency Animal Disease Response Agreement (EADRA). The EADRA is on face value, a cost sharing agreement. In reality, the EADRA is what makes our unique and invaluable defence system for emergency animal diseases possible. Instead of fighting about the money, industry and government can just get on and do what needs to be done.

You would have to say that Ovine Johne's disease is one of the more difficult issues. This was the first program referred to Animal Health Australia in 1996. Through the goodwill of all members we have seen the successful completion of a national program that explored the unknowns of this emerging endemic disease and has led to the development of innovative disease controls in use today.

In March 2006 Animal Health Australia convened a national stakeholder meeting to consider the future management of Ovine Johne's disease. A number of differing views were presented by stakeholders but sufficient common ground was established during the meeting to confirm the long term objectives of the national sheep industry in managing Ovine Johne's disease.

We are confident that through partnership we can deliver on our mission – to ensure that Australia's national animal health system delivers competitive advantage and market access for Australia's livestock industries and minimises risks to human health. We look forward to working with WoolProducers Australia and their members throughout 2007 and beyond to achieve healthier animals and better products for everyone's benefit.

RALPH HOOD
Chief Executive Officer
Animal Health Australia



BEN FARGHER
Chief Executive Officer
National Farmers' Federation

It was a big and challenging year, not just for the National Farmers' Federation (NFF) but also for all agricultural sectors across Australia.

Agriculture featured prominently in many of the headline issues and national debates of 2006, with NFF determined to be on the front foot in addressing all issues that impact on the viability and sustainability of the Australian farm sector.

NFF ensured a strong, united voice was heard at the national level to deliver vital and tangible outcomes for farmers in drought relief, Natural Resource Management (NRM), industrial relations, economics, small business, quarantine and communications, to list just a few.

At the beginning of 2006, NFF Policy Council signed off on a comprehensive new Strategic Plan, designed to focus on core activities for NFF over 2006 – 09. This provided the NFF secretariat with clear direction and purpose to achieve crucial wins for Australian farmers.

Under the NFF's 2006 – 09 Strategic Plan, four core goals were identified:

1. Maintain and improve competitiveness.
2. Secure and grow domestic and international markets.
3. Sustainability.
4. Increase community perception and awareness of Australian agriculture (and NFF).

As part of this overview, in March, NFF embarked upon a new Communication Strategy. Informed by in-depth qualitative and quantitative market research, this strategy has seen the development of new communications tools and imperatives to push an agreed agenda, especially into metropolitan Australia.

NFF has deliberately expressed farming issues in terms that reflect, and have relevance to a mainstream audience, promoting contemporary messages that resonate and are reinforced. This has built upon the positive perceptions of agriculture and its contribution, while also wearing down ingrained misconceptions about the sector.

NFF's overarching strategy is underpinned by the principles, and desired outcomes, of 'social marketing', namely:

1. Proactively raise the positive profile of farming issues and the innovative practices involved in modern, dynamic, competitive and sustainable farming practices;
2. In doing so, build awareness of farming, its role, contribution and value to the broader community and stakeholder groups;
3. Thereby, establish confidence, trust and credibility in the information, services, expertise and endeavours of the farming community, bringing the broader community and stakeholder groups along on relevant issues and focusing community and stakeholder attention accordingly; and ultimately
4. Influence community and stakeholder attitudes, behaviours, decisions and choices.

Less than a year in operation, this strategy is already exceeding expectations and is achieving greater and more prominent mainstream media coverage for the NFF's agenda, better informed media commentary, focusing on consistent and evidence based messages, and influencing opinion leading stakeholders to reposition the sector, and the NFF as a worthwhile 'go to' organisation for comment.

This profile development has also helped NFF bolster the effectiveness of its lobbying efforts, playing a key role in securing NFF wins throughout the year.

Without doubt the backdrop to the year has been dominated by the devastating drought, regarded by many to be the worse in 100 years if not on record, extending across much of the nation

NFF and its member organisations understand the pressure so many farming families and their communities are under, through no fault of their own and outside their control and so, putting 'first things first', NFF informed and guided the Australian Government's drought response to ensure Exceptional Circumstances (EC) remained in place for farm families, with the Prime Minister announcing a \$350 million extension of EC until mid 2008.

Further, NFF steered the Government's move to make EC more flexible and accessible to more farm families, with the announcement of another \$560 million to expand coverage to 44 farming regions and several changes to eligibility rules. The NFF also supported the announcement of assistance for contractors working in EC-declared areas, who derive over 70% of their income from farms and whose expertise and resources are essential to farmers being able to recover from drought.

Earlier in 2006, the NFF influenced the Federal Budget to the point NFF proclaimed it the "best budget Treasurer Costello has handed down", with the Government adopting all three of the NFF's key priorities, winning government funding on tax reform, the environment and transport infrastructure.

Looking forward, a more strategic and long term vision for drought management is necessary and should be geared towards drought management and recovery, and future drought preparedness. This will be a major component of the NFF's sustainability agenda for the 2007 Federal Budget.

The NFF's 2007 Pre-Budget Submission, which called for a "generational shift in thinking", focused on five pillars to lay solid foundations for maximising the sustainability of Australian agriculture through: the environment, capacity building (including drought management), supply chain efficiency, labour force issues and biosecurity.

In their own right, each of these five pillars is vital in underpinning the sustainability of Australian agriculture. A significant investment in these five areas, as part of a sustainable strategy, will not only strengthen the farm sector but also serve the economic, environmental and social assets of the nation into the future.

Pleasingly, the Government has already endorsed the NFF's Environmental Stewardship initiative, designed to recognise farmers in their NRM work and moving from a regulatory based system to an incentive driven system. The NFF will continue to work closely with the Government in 2007 to deliver this revolutionary program for Australian farmers.

As part of the NFF's push to change the way Australia looks at NRM issues in the context of farming, in 2006 the NFF announced its decision to join with the Australian Business Roundtable on Climate Change in calling for early action on climate change.

This affirmed the sector's need to be fully engaged in addressing climate change, including emissions trading, making sure farmers have data to make long term decisions, and research and new technologies that reduce emissions from agriculture.

The NFF has reinforced with Government the significant and independently recognised contribution primary industries already make to emission reductions, down a massive 40% over the past 15 years.

The NFF declared that "climate change may be the greatest threat confronting Australian farmers and their productive capacity – now and in the future", and as such will ensure agriculture has a seat and a voice at the table on the debate.

Other key issues NFF championed this year include delivery of the much-anticipated mandatory Code of Conduct for Horticulture. Following ongoing, relentless and savvy lobbying by the NFF, in partnership with the Horticulture Australia Council, industry wore down Government reluctance to honour its 2004 election commitment.

The Code will be legislated and implemented early in the first half of 2007.

The NFF also played a pivotal part in reforming the Trade Practices Act to make it easier and cheaper for farmers to collectively bargain, contributing to redressing the market power imbalance many farmers experience at the hand of the big end of town.

The costs for farmers to collectively bargain have been reduced by 85%. While it previously cost \$7,500 to gain authorisation to collectively negotiate, the new streamlined notification process will now cost around \$1,000.

In another important area of work, under the new workplace relations arrangements, the NFF effectively lobbied the Government for changes to WorkChoices to meet farmers' needs, in particular, relating to hours of work record-keeping. As a result, these changes mean that hours of work records now only apply for employees paid overtime, as opposed to all employees earning less than \$55,000 a year.

The NFF also won a tender to run two rounds of WorkChoices seminars across Australia. These were delivered in conjunction with the NFF's state farming organisation members, and were extremely well received by farmers across the nation.

The NFF completed a great deal of work on quarantine and biosecurity over the past year and delivered much needed reforms. The NFF hosted an Industry and Government Forum attended by 40 industry representatives to raise issues and concerns about Australia's quarantine and biosecurity system.

This forum and the NFF's industry-wide consultations saw the peak farming organisation make key recommendations to Government on improving domestic and international confidence in Australia's quarantine system. The NFF welcomed the adoption by the Government of the NFF's proposed changes to the Import Risk Analysis process and the NFF will closely scrutinise outcomes from the changes to make sure Government commitments are delivered upon.

In addition to the work in these areas, 2006 also saw the NFF drive quality and affordable telecommunications services in rural Australia, protect and strengthen the rural research and development model, ensure on going access to farm chemicals, advance farmers' interests in trade negotiations and pressure Governments to deliver full implementation of the National Water Initiative.

Throughout 2006, while tackling all of these issues, the NFF has been steadfast in positively positioning agriculture and its proud and significant contribution to modern Australia.

The NFF's policy of credibility, advocacy and communications is winning back the confidence and respect of all mainstream Australians in what is such an important industry, and taking decision makers forward on the same journey.

BEN FARGHER

Chief Executive Officer
National Farmers' Federation

Elders the complete wool service



Elders integrated wool service covers every aspect of wool production, sales, marketing and business development.

- Weekly Auctions
- Online Global Auction
- Elders Exchange Desk
- 'Wooltrade' Electronic Offerboard
- Premier Wool Service
- Elders Risk Management
- Portfolio Management
- Cash Flow Relief

For further information please contact your local Elders District Wool Manager or Elders branch.



WOOLPRODUCERS
AUSTRALIA



Australia's national wool grower body has launched its new logo in this year's Annual Review. The new look endeavours to convey a distinctive and memorable style that captures essential elements of the Australian wool industry.

The new logo is also being launched in conjunction with the organisation updating its name to WoolProducers Australia (from WoolProducers), reflecting our role as the nation's peak woolgrower body.

Key aspects of the new branding include an abstract rams head incorporated into the typeface as recognition of the Australian merino, while the introduction of the colour green reflects wools unique qualities as an ethical, environmental, renewable fibre of the future.

The image is an investment for the future of the organisation according to Executive Director Greg Weller.

"This new logo gives WoolProducers Australia a sleek, contemporary, corporate image for years to come." said Mr Weller.

"This new look refreshes our image and reflects that we are the producers of a fibre that is as relevant on the catwalks of the international fashion world as it is on the farms of Australia."

Australian wool production in 2005/06	461 million kilograms
Forecast wool production in 2006/07	421 million kilograms
Number of sheep in Australia	103.1 million
Value of wool exports to Australia in 2005/06	\$2.5 billion
Closing price for wool in 2006 (Eastern Market Indicator)	839¢/kilo clean

Wool was Australia's fourth largest agricultural exporter in 2005/06 behind beef, wine and wheat, making up around 9% of exports.

Australia is the world's highest wool producer and has the second largest sheep flock behind China.

Australia ships wool to 52 countries with the biggest being China, which takes over 60% of the national clip.

Australian wool accounts for over 50% of total used in global woollen apparel.

The Australian flock comprises of approximately 85% merino, 11% crossbred and 4% other breeds.

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



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



Fleece Measurement

70 Robertson Street
Kensington Victoria 3031 Australia
PO Box 240
North Melbourne Vic 3051 Australia
Telephone: +61 3 9371 4100
Facsimile: +61 3 9371 4191
Email: awtainfo@awta.com.au

