

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 01

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

Senator HEFFERNAN – and how many expressions of interest did you get?

Mr Targ – For the clips? Not many.

Senator HEFFERNAN – How many?

Mr Targ – I cannot recall, Senator.

Senator HEFFERNAN – Well, could you present that information to this committee?

Mr Targ – We can.

Answer:

Four.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 02

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 32 (20/10/2008)

Senator Heffernan asked:

Senator HEFFERNAN—So what about the Inall mob? Are they finished?

Mr van Rooyen—Well, obviously in respect of any roles in relation to the task force roles, yes, because we brought that in-house. I do not know if they perform any other functions for the company.

Senator HEFFERNAN—Mr Welsh, do they?

Mr van Rooyen—I would rather take that on notice, Senator.

Senator HEFFERNAN—Well, he could easily—

Mr Targ—I can clarify that, Senator. Just to clarify, Cox Inall did not play any role in the task force activities. They were retained for other activities.

Senator HEFFERNAN—But is it fair to say they are finished up?

Mr van Rooyen—I will take that on notice, Senator.

Answer:

Cox Inall is an Australian strategic communications company. AWI currently utilises Cox Inall's services through one contract. Cox Inall is contracted to undertake media release writing to support the Senior Media Manager.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 03

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 33 (20/10/2008)

Senator Heffernan asked:

Senator HEFFERNAN—When was the income last at \$18 million?

Mr Welsh—I am guessing it is close to eight years ago.

Senator HEFFERNAN—And what is it now?

Mr Welsh—This year it is going to be \$10 million or \$11 million.

...

Mr van Rooyen—Chairman, can I suggest that we take that on notice and provide the actual detail We are dealing with assumptions here.

Answer:

As per AWS Management Accounts, revenue was last over A\$18m in 2006-07.

Woolmark revenue from all sources in A\$ terms is estimated at A\$11.4m in 2008-09.

Woolmark Revenue		
Year	Actual/Budget	Revenue (‘000)
2002-03	Actual	37,941
2003-04	Actual	23,763
2004-05	Actual	21,004
2005-06	Actual	18,960
2006-07	Actual	18,288
2007-08	Actual	13,597
2008-09	Budget	11,450

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 04

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 48 (20/10/2008)

Senator Milne asked:

Senator MILNE—How much of that 60 per cent are you spending on research and development? Can you give me a figure of how much you are spending on research and development and how much you are spending on promotion?

Mr van Rooyen—Can I take that on notice, Senator?

Answer:

The 60 per cent off-farm expenditure in 2007/08 was \$26.6m. Of this, \$6.9m was spent on research and development; the balance was spent on marketing.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 05

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 49/50 (20/10/2008)

Senator Milne asked:

Senator MILNE—I understand that three million fine wool Merinos in New Zealand have been selectively bred to have bare breeches in an attempt for New Zealand to make way in the global markets on the mulesing issue. What are we doing in Australia in terms of that selective breeding? Are we part of that work in New Zealand or are we doing that as part of our effort as well?

Mr van Rooyen—There is significant work being undertaken within Australia. If you want some more details, I can ask Dr Bell to give you more information or would you like that provided out of session?

Senator MILNE—It is probably as well to table it if you might because we only have 10 minutes and

Senator Colbeck wanted to ask some questions. But I would like to know what we are doing in terms of selective breeding.

CHAIR—You are taking it on notice?

Senator MILNE—Yes.

Mr Targ—Just on that, Senator, there are quite a number of programs and we are making progress.

Senator MILNE—If we could have a written response, I would appreciate that, thank you.

Answer:

Australian growers on their own initiative have been breeding to reduce wrinkle for over 15 years, however the push to lower wrinkle in the last 5 years has increased significantly. Once getting wrinkle low, breeders in both countries are then selecting for barer breeches which is easier to do in the medium and strong wool lines than fine wool lines due to the type of sheep used to create these lines over the last 150 years.

A reasonable number of Australian sheep classers also class in New Zealand. Semen is sold both ways across the Tasman.

AWI does not fund any joint breeding projects in New Zealand.

AWI is funding a Breeding for Breech Strike Resistance Project based in Armidale NSW to cover the summer rainfall areas and fine wool lines, and in Mt Barker WA to cover the winter rainfall areas and medium wool lines. This project is looking at all

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 05 (continued)

the breech strike indicator traits including wrinkle, bare breech, dags and stain, and their relationship with important economic traits, heritability and variation.

AWI is co funding with MLA “Sheep Genetics” a service which provides Australian Sheep Breeding Values for a range of economic production traits that can, when used well, increase genetic progress in any breeding direction chosen by the individual breeder.

AWI also assists with funding to the Australian Merino Sire Evaluation Association which, for 19 years, has tested rams progeny on a common site for a range of measured production traits as well as a broad range of visual traits, such as wrinkle.

AWI funds the collation of data from wether and ewe trials across Australia that compare bloodlines for lifetime fleece and carcass value.

AWI recognises that woolgrowers will decide which sheep they choose to breed, and that AWI will provide technologies that support and assist them in this endeavour.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 06

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 52 (20/10/2008)

Senator Colbeck asked:

Senator COLBECK—I would like to continue with questions I was asking before lunch. You might have to take this on notice. How much are you spending on extension as part of your R&D?

Mr van Rooyen—I will have to take that on notice.

Answer:

Over the last three years, an average of 30% of the on-farm R&D budget has been invested in the extension of AWI innovations to industry. This equates to \$6m of the 2008/09 budget.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 07

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 53 (20/10/2008)

Senator Colbeck asked:

Senator COLBECK—Would those documents demonstrate joint projects that you do with the likes of Land and Water Australia and some of those other RDCs or perhaps even with the MLA, so that you are combining issues of interest into joint funding? Can you give me an idea of how you are spending in that region as well?

Mr van Rooyen—Yes, I will do that. The documents do reflect that. We do a large number of joint projects with the likes of MLA and others as well.

Senator COLBECK—Has it grown over recent years?

Mr van Rooyen—I would suggest that it has possibly reduced, because the focus of expenditure has now moved from a fifty-fifty split, which it was in the prior wool poll, to forty-sixty, so there is less money now being spent on farm. My intuition tells me that it has probably reduced, but I will take that on notice as well.

Answer:

75% of on-farm R&D projects involve co-investment with other organisations such as other RDCs, CSIRO, universities, state agencies and catchment management authorities. The level of co-investment in on-farm R&D will be maintained as industry works to address sheep industry and farming system issues and problems in a cost effective and efficient manner.

These co-investments and collaborative activities are undertaken through large scale projects such as:

- Sheep CRC
- Grain and Graze
- Making More From Sheep
- Land Water Wool (completed)
- Sheep Genetics.

As well as smaller scale projects targeted at specific issues such as

- Raising the Baa
- Cost of Production Calculator.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 08

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 54 (20/10/2008)

Senator Colbeck asked:

Senator COLBECK—Mr van Rooyen, you said earlier that you considered all options for mulesing, which was articulated with questions from Senator Siewert and Senator Milne about the perception of the industry's decision. Effectively, whether the industry has made a decision to end mulesing by 2010 or not, everyone else thinks they have, so the argument is effectively gone. It is the perception versus reality thing, and everyone else out there thinks that you have made that decision, so that is what they are all saying. I am not sure where you sit with the argument, but that is one of the tensions within the board. You said that you considered all options for mulesing, but one of the initial issues that has brought us to where we are today with respect to the board is the fact that the board was not prepared to consider pain relief back in 2004-05 as an option at that point in time. I had the misfortune or displeasure to be at a board meeting and just wanting to ask some questions about that. I found that very difficult to deal with, because at the time, having responsibility for the operation of the organisations, I left it feeling quite jaded. To be frank, I am not sure whether I am asking a question or making a comment, but it is probably the latter.

One of the questions that I was wanting to ask at that point in time was why the board would not consider the pain relief, because at that point in time 2010 was five or six years away. While it may well be an interim product to deal with the effects of mulesing during that period of time, it certainly was something that I felt was worth consideration at the time, but really did not get two bobs' worth when I went to the meeting with the board.

...

Mr van Rooyen—I will take that on notice

Answer:

AWI has been supportive of using pain relief with mulesing, and in 2004/05, commissioned CSIRO to undertake studies to identify possible anaesthetic or analgesic pain relief for use with mulesing. No long acting pain relief option was identified.

In 2005, Animal Ethics Pty Ltd announced that it had developed its pain relief product, Tri-Solfen. Until 2008, Animal Ethics had not made any formal proposal to AWI to help fund the product's development, so the Board did not formally discuss

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 08 (continued)

providing any funding. The use of pain relief as an interim measure by the Australian wool industry was included in the Declaration and Compact signed by AWI and The Wool and Sheep Industry Taskforce (represented by WoolProducers Australia President Robert Pietsch), and the peak organisations representing US and British Retailers.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 09

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 59 (20/10/2008)

Senator Heffernan asked:

Senator HEFFERNAN—I will put these on notice. I have a couple of questions that I want to ask about cheques...that were processed to Ian McLachlan and a couple of others in the amount of \$50,000. Also, what is the process for tabling minutes of meetings? Are they public documents?

CHAIR—You can take that on notice.

Answer:

Board minutes are not public documents and they are managed on a confidential and strict need to know basis.

The minutes taken during a Board meeting are provided to the Board by the Company Secretary as draft for comment. There is then a discussion at the Board about the minutes and any amendments to the draft are made. The Board then passes a resolution to accept the minutes as true and correct.

The only process by which minutes can be made public are in legal or parliamentary proceedings where there is a power of subpoena, or when the Board passes a resolution to make them public.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 10

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: 59 (20/10/2008)

Senator Adams asked:

Senator ADAMS—My last question, on notice, is in reference to this ad. Was it correct that there was \$120 million in funding for this?

Mr van Rooyen—The marketing program that has just been released is planned to be funded to the tune of \$120 million over the next three years.

Senator ADAMS—On notice, as to the statement ‘natural, biodegradable, sustainable, ethical, soft, luxurious and fashionable’, would you be able to give outline the process or the system behind that that is going to guarantee that people who buy that wool are getting a quality product?

Answer:

The quality control system to ensure Woolmark branded garments are quality products is part of the Woolmark certification program for licensees and is specifically dealt with in Woolmark Brand Manual Volume 2 titled Quality Management.

There are three main components to this quality control system:

1) Specifications

A comprehensive set of product specifications exist for all Woolmark products. These are designed to ensure that Woolmark branded garments produced are quality products.

2) Acceptance testing

This ensures that applicants for a Woolmark/Woolmark Blend/Wool Blend licence can manufacture products which meet the appropriate Woolmark /Woolmark Blend/Wool Blend specifications.

3) Control Procedures

These include inspection visits to manufacturers, issuing of tickets and labeling controls and final product sample testing.

In addition to the above AWI is developing a traceability, process accreditation and CSR (Corporate Social Responsibility) program to support the natural, biodegradable and sustainable marketing goal. This is a three year project which will commence

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 10 (continued)

with a pilot program in early 2009 designed to evaluate the proposed methodology, ascertain cost implications and guide future development in this area.

The AWI Board has endorsed the company's marketing and three year strategic plans.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 11

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Williams asked:

1. What will be the effect of the Emissions Trading Scheme on the Wool Industry and what will be the impact of getting rid of a third of the sheep flock and replacing them with kangaroos?
2. Have they done any research into shearing kangaroos?

Answer:

1. Preliminary Australian Farm Institute data indicates that the introduction of the CPRS in 2010 (with agriculture as an uncovered sector) will result in a reduction in farm cash margins of between 3% and 9%, as a result of increased input costs such as fertiliser and chemicals.

No research has been done on estimating the impact of reducing the sheep flock by 30% and replacing them with kangaroos.

2. No research has been done on shearing kangaroos.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 12

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Williams asked:

1. What is the board's opinion about the recent purchase of Toorale Station and the impact of purchasing iconic properties like this would have on the wool industry?
2. Does the board approve of buying properties like this?

Answer:

1. The Board has not discussed the matter.
2. The Board has not discussed the matter.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 13

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Williams asked:

1. What do the think about increasing the National Park Reserve by 25% or 25 million hectares by the Rudd Government?
2. What impact will this have on the wool industry?

Answer:

1. The Board has not discussed the matter.
2. The Board has not discussed the matter.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 14

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Williams asked:

What is the wool industry worth?

Answer:

Value of Wool Exports:

2006/07 - \$2.8 billion

2007/08 - \$2.4 billion (forecast)

Source: ABARE

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 15

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Williams asked:

1. Is the board aware about the new wool suit that you can wash in the shower and will be dry the next day?
2. When will the fabric be available in Australia?

Answer:

1. Yes, AWI developed the technology and has retained the intellectual property for this technology.
2. Following our global launch in September 2008, the "shower suit" has created significant interest worldwide, including Australia. AWI is now in discussion with a number of Australian retailers and companies, both in the fashion and corporate sectors of the market.

AWI expects that some of these companies will take up the technology, however, each company will make this decision based on performance, price and whether it adds value to their business. Should these companies take up the technology, AWI predicts that the earliest such suits would go on sale would be at the start of the Australian Autumn/Winter retail selling season (March/April 2009).

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 16

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

AWI - Board members and Board expenses

1. Could AWI detail the cheques (name of Board recipient and amount) that have been made to Board Directors and/or their legal entities over the last 3 years?
2. Were these payments made with the authority of the Board?
3. If so, please list the payments known to Board Directors.
4. Were these payments made with the delegated authority of the CEO and the Deputy CEO?
5. If so, please list the payments made solely by CEO and Deputy CEO.
6. Which payments were made with the authority of the Board and which payments were made without the authority of the Board?

Answer:

1. All payments to Directors are declared in the Annual Report and are audited by PriceWaterhouseCoopers. Only expenses properly authorised and in line with company policy have been reimbursed.

Attached is a list of cheques that have been made to Directors over the last 3 years.

2. All payments made to the Directors are made within the company's financial delegations.

Directors' fees and Committee fees are paid to Directors each month in accordance with the schedule of approved fees; payments are as outlined in the Annual Report. Pursuant to the Director Travel Policy, approved by the Board, AWI will pay Directors' reasonable living expenses while travelling on company business. AWI does not pay a travel allowance.

3. These payments appear in AWI's Annual Report each year.
4. No, refer to question 2.
5. Not applicable.
6.
 - Directors fees are paid in line with the approved fees set by the Board.
 - Expense claims are paid in accordance with the Director Travel Policy which was approved by the Board.
 - All claims for Directors' expenses are approved by the Chairman, or in the case of the Chairman by the Chairman of the FAC or Deputy Chairman as applicable.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 17

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

AWI - Experimentation on dead sheep

1. Can AWI explain how this new development came about?
2. Who were the people (names please) involved in the development of this project?
3. Who was aware of this development?, ie. Board?
4. How was this development funded?
5. How much did the development cost?
6. How was the cost determined?
7. Who approved the payment of the funds and did it go through the usual procedures of management working up a project plan, management looking at the processes, the strict assessment of funding under the SFA as we were told about in 2003 by Mr Targ? Please detail who AWI went through this process for the two new products.
8. How much has it cost up until last month, which would no doubt be covered in AWI board meeting last week for the development of FST1 and FST2?
9. It has been covered in the media that Dr Abel said the trials of these new chemicals have been done on dead sheep. Is that the case?
10. Can AWI explain to me the process for obtaining the dead sheep?
11. Where did they come from? Who supplied them?
12. Where were the tests done?
13. How long were the sheep dead before the tests were done?
14. How did AWI store the dead sheep so AWI could measure the test effects over 1 week, 2 weeks, 4 weeks, 6 weeks?
15. How did AWI differentiate between the effects of rigor mortis and the effects of FST 1 & 2?
16. How did AWI establish the baseline for the dead sheep?
17. How many dead sheep did AWI need to use to establish the baseline?
18. How did AWI select the sheep to be killed and tested, how did AWI establish the parameters for consistency in the sheep AWI killed?
19. How were the sheep killed? Were they all killed the same way?
20. Did AWI know it is a criminal offence to do tests on sheep without the appropriate permits?
21. Did AWI know it is a criminal offence to supply sheep to be tested without permits? How many woolgrowers supplied sheep for these tests, I believe there were hundreds of sheep tested? Is this true?
22. Jack Coffee, he helped with the \$9m on clips, how is he involved with the new products?

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 17 (continued)

Answer:

1. At the Hearing held on 20 October 2008, Dr Abell answered this question as follows:

Dr Abell—Let us correct a couple of things for a start. Firstly, I am not the brains behind it. I am a contributor along with others. Secondly, this is a mountain being made out of a molehill. In a public forum when I was describing the formation of the gel, which is important in keeping whatever we put under the skin of a sheep in place, I was asked how we knew that the gel formed in the presence of body fluids of sheep. The answer, which has subsequently been taken miles out of context—and which you are using here—is that I tested in on a dead lamb. Where did the dead lambs come from? I was doing quite a lot of experiments on the rheology of the gel, for which you need the two constituent chemicals in two different syringes. I was doing that on glass plates to try to test the rheology and the viscosity of the gel. We were lamb marking at the time and there were a couple of lambs with broken legs that had to be euthanized, and I took advantage of those carcasses to do some tests. In answer to that question in a public forum I said, ‘Yes, I confirmed the presence of the gel in the presence of body fluids by using dead lambs.’ That is the extent of it and it has been blown up from that.

Source: Senate Hansard – RRA&T pages 56 – 57 – Monday, 20 October 2008

2. Dr Abell advised the Committee that he conducted the experiment by himself.

Source: Senate Hansard – RRA&T page 57 – Monday, 20 October 2008.

3. No – as it was not part of any AWI contract.
4. AWI did not fund the trial on the dead sheep.
5. The trial on the dead sheep did not cost AWI anything.
6. Not applicable.
7. Not applicable – the trial on dead sheep was not conducted under an AWI contract.
8. The trial on dead sheep did not cost AWI anything, as the trial on dead sheep was not conducted under an AWI contract.
The total cumulative cost of the development work on what are now called FSP-1 and FSP-2 to the end of October 2008 was \$110,923.44.
9. Answered by Dr Abell at the Senate Estimates proceedings on 20 October 2008 – Refer to Senate Hansard, RRA&T Pages 56 – 57, 20 October 2008.
10. Answered by Dr Abell at the Senate Estimates proceedings on 20 October 2008 – Refer to Senate Hansard, RRA&T Pages 56 – 57, 20 October 2008.

This was not an activity that AWI was involved in.

11. Answered by Dr Abell at the Senate Estimates proceedings on 20 October 2008 – Refer to Senate Hansard, RRA&T Pages 56 – 57, 20 October 2008.
This was not an activity that AWI was involved in.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 17 (continued)

12. Answered by Dr Abell at the Senate Estimates proceedings on 20 October 2008 – Refer to Senate Hansard, RRA&T Pages 56 – 57, 20 October 2008.

This was not an activity that AWI was involved in.

13. Dr Abell has advised less than 3 minutes.
14. . AWI did not store the dead sheep – they were never AWI's sheep nor was the trial on dead sheep conducted under an AWI contract.
15. Not applicable as the trial on dead sheep was not carried out under an AWI contract.
16. Not applicable as the trial on dead sheep was not carried out under an AWI contract.
17. Not applicable as the trial on dead sheep was not carried out under an AWI contract.
18. Not applicable as the trial on dead sheep was not carried out under an AWI contract.
19. Dr Abell provided the following response during the Senate Estimates proceedings:

“We were lamb marking at the time and there were a couple of lambs with broken legs that had to be euthanized.”

Refer to Senate Hansard, RRA&T Pages 56 – 57, 20 October 2008.

20. AWI did not conduct experiments on sheep without the proper approvals.
21. AWI did not supply sheep to be tested without permits. Prior to the current SARDI trials, only a small quantity of sheep were tested. These ranging studies are covered by an Animal Ethics Committee approval. AWI has reimbursed the researcher for the purchase of 20 sheep.
22. Clips have not cost \$9million.

Dr Coffey was contracted to conduct an evaluation of as many possible flystrike prevention technologies as he could identify from available literature and previous studies, from which he identified the chemicals known as FSP-1 and FSP-2. He conducted some small scale ranging studies on these. He carried out the treatments as part of the SARDI trials conducted in October 2008 but is now involved only as a technical advisor.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 18

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

AWI - Legal Settlement with PETA:

1. As I understand, AWI didn't need to bring a court case against PETA, why did they?
2. On who's advice?
3. Is this all recorded in Board minutes?
4. How can AWI state in its Media Release dated 30 June 2007, "*This is a great win for Australian woolgrowers and for international retailers*"? - this was a great victory for lawyers NOT woolgrowers.
5. How can woolgrowers be convinced and assured that their funds will be spent wisely and cautiously in the future?

Answer:

1. AWI brought the action against PETA because PETA was intimidating and harassing retailers into boycotting Australian wool. AWI sought legal advice from law firm Watson Mangioni. The advice was that AWI had a reasonable case.

The case was brought in November 2004. The background was that international retailers, including Abercrombie & Fitch and J. Crew, had made highly publicised statements that they were implementing a boycott on products made from Australian wool. Other retailers were threatening to do likewise. PETA's activities went further than exercising an opinion, as was evidenced by its campaign against Benetton.

PETA publicly stated that its goal was to destroy the Australian wool industry. It was planning demonstrations against major Australian retailers. PETA also refused to hold off on its activities until 2010 to give the industry time to develop and adopt alternatives.

The legal action did see a moderation to PETA's tactics.

2. The legal advice was provided by Watson Mangioni and Senior Counsel (Stuart Littlemore QC, Tony Bannon SC and Tom Hughes QC) associated with the case.
3. The decision to take legal action is recorded in the Board minutes.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 18 (continued)

4. The settlement with PETA achieved what the court case was intended to achieve, without having to wait for trial and judgment and without incurring the associated costs of the trial itself. Under the agreement, PETA committed not to intimidate and harass individual retailers and AWI has no evidence that PETA is not honouring this commitment. AWI's international staff advised us that retailers were very happy that the matter had been settled and the trade in Australian wool could continue unhindered.
5. The Board at the time weighed up the risk, cost and benefit of running the legal case and decided it was the correct course of action to take. AWI and its one hundred woolgrower co-applicants thereby ensured that woolgrowers had unfettered market access as a result of this action for several years, with little negative activity by PETA.

AWI only spends funds in accordance with its Statutory Funding Agreement with Government and in the context of its Strategic Plan. The Strategic Plan is based on the results of WoolPoll, in which all eligible woolgrower levy payers have the opportunity to vote.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2008

Agriculture, Fisheries and Forestry

Question: AWI 19

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

AWI - SFA and re-election of Directors:

1. The SFA says that funds must be spent by AWI efficiently, effectively and ethically. Is testing on dead and live sheep without the permits ethical and within the AWI's charter?
2. I understand the Chairman is planning to meet the McBride family in South Australia before the AGM. Who will paying for his trip - is it AWI or will it be paid for personally by the Chair?
3. What is the purpose of this trip?
4. I understand AWI has spent considerable funds for the Chair and other directors to meet and fly around the country meeting woolgrowers prior to the re-election of directors for the forthcoming AGM. Could AWI supply a list of names of directors as well as list of travel and accommodation costs for the last 3 months? (August, September and October 2008)

Answer:

1. AWI did not conduct the trial on dead sheep and, given Dr Abell's explanation as to his trial, no unethical conduct is evident.

AWI requires that all animal trials are conducted with the appropriate approval. Contracts under which researchers are required to conduct animal experiments include a clause appropriate to the State or Territory in which the research will be undertaken. For example the clause relating to NSW is as follows:

The researcher warrants to comply with the relevant provisions of the Animal Research Act 1985 (NSW), Animal Research Regulation 2005 (NSW), Australian Code of Practice for the care and use of animals for scientific purposes 7th edition, 2004.

2. The former Chairman advised that he did not meet with the McBride family in South Australia.
3. Not applicable.
4. The AWI Chairman and Directors meet with many woolgrowers during the normal course of business. The Chairman and the Directors have participated in a variety of meetings which have included the Road to 2010 industry seminars, brand relaunch strategy meetings and regional industry association meetings.

These costs and travel are approved under normal Board financial delegations.

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Question: AWI 19 (continued)

AWI Project costs

Road to 2010 (July 2008 onwards)	\$202,000
Woolmark Brand Relaunch	\$40,800

A list of travel costs for Directors for the last 3 months is attached; note that this includes all travel for Board Meetings.

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Question: AWI 20

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

AWI - Clips and R&D:

1. How much funding has been spent on the clips during the last 3 years?
2. Who (name of company) has received payment for the clips research?
3. How much funding has been spent on overall research & development during the last 3 years?
4. Please detail the recipients of the R&D funding during the last 3 years.
5. How many growers (and please provide names/details) have received payment for research on their properties during the last 3 years?
6. How much has Dr Abell or any other directors received for research carried out on their property/properties in way of compensation payments?
7. Who is the recipient of this payment?
8. AWI is undertaking large scale trials of the new FSP technologies in South Australia through South Australian Research & Development Institute (SARDI) and expects to undertake similar trials across other states in the next few months. Could AWI outline these trials with names & locations?
9. How much money has been spent on the recently announced these two new chemical alternatives to mulesing, known as FSP-1 and FSP-2?
10. When do AWI expect to see some results of this test (time line)?

Answer:

1. This was answered at the Hearing on 20 October 2008. The amount was \$5.95million.
2. A variety of companies have been involved. The principal ones have been:
 - Applidyne Pty Ltd
 - Veterinary Health Research Pty Ltd.
3. The total spend on research, development and innovation projects are per the AWI Annual Reports for those years was:

2007/8	\$58.989m
2006/7	\$63.853m
2005/6	\$70.421m

The last three Annual Reports are enclosed for reference.
4. Please refer to the last three annual reports (enclosed).

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Question: AWI 20 (continued)

5. AWI contracts individual research and development organisations to carry out research. Where this research involves trials on individual grower properties, any payments to those growers for the use of their property or livestock are made by the research organisation.

In relation to clips, the research organisation Veterinary Health Research (VHR) was contracted to run clip trials over the last 3 years. VHR made arrangements directly with growers participating in the trials to reimburse them for costs associated with running the trials, primarily labour for mustering and yard work .

To date VHR has made payments to growers for trials conducted on their properties as follows:

- Mirani Pty Ltd, Walcha NSW 2354 \$800. This company is owned by Mr H. Nivison, formerly a Director of AWI.
- T Overton, Europambela Grazing Company Europambela', Walcha NSW 2354, \$480
- A Yenken, Nangandie Past Co, Braemar, Manilla NSW \$550
- Vic Kay, Murdinga', Murlong Rd, Murlong SA \$850
- R Plush, Kersville Pastoral Co Edenhope Rd, Coleraine VIC 3315, \$1,360
- Walkenhurst,BB & JA, 4579 Hamilton Hwy, Penshurst VIC \$1,400
- Schaefer, HM, JA & TJ, Mt Oak, Guyra NSW 2365 \$500
- Merryville Stud, PO Box 103, BOOROWA NSW 2586 \$1,000. This company is owned by Mr W. Merriman, the current Chairman of AWI.

VHR intended to pay Tupra Pastoral Company, Tupra Station, via OXLEY NSW 2711 a total of \$1,290 for trials conducted on that property. This company is owned by The Hon. I. McLachlan AO, former Chairman of AWI, who refused to accept any payment.

6. Dr Abell has received no payments for research conducted on his property. One former and one current Director received payments for research conducted on their properties. This is detailed in the answer to question 5 above.
7. As per question 5 above.
8. The only trials contracted to date have been at SARDI where pen trials are being undertaken on FSP-1 and FSP-2, and where larger scale trials will likely follow.

Other trials will be commissioned in accordance with ongoing trial and registration needs, keeping in mind the need to test on a variety of sheep types and in a variety of conditions.

9. The total cumulative cost of the development work on FSP-1 and FSP-2 to the end of October 2008 was \$110,923.44.
10. AWI expects some preliminary results to be available in early 2009.

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Question: AWI 21

Division/Agency: Australian Wool Innovation

Topic: Australian Wool Innovation

Hansard Page: written

Senator Heffernan asked:

AWI - Taskforce meeting - 8 November 2004

The Taskforce meeting summary concludes with "the meeting agreed in principle that the Australian sheep and wool industry is committed to ending the current practice of mulesing by 2010."

1. Did someone propose a motion?
2. Was there a seconder?
3. If not, why not?
4. It appears that this meeting was a talkfest - surely if an important decision like the ending of mulesing by 2010, a motion and seconder should have been noted as well as record of the vote?
5. Would AWI agree this "summary" and decision/outcome breaches meeting and corporate governance procedures?

Answer:

1. The meeting summary referred to above has been previously provided to the Committee. No formal motion was proposed (see comments under 3 below for the reason).

An extract from Australian Sheep and Wool Industry Taskforce, Stakeholder Forum, 8 November 2004, Meeting Summary (previously provided to the Committee), reads:

The meeting chair initiated discussion on surgical mulesing in the context of international concerns about the practice and action the industry may need to take. The meeting considered the following:

- *Phasing out of the practice.*
- *Fast tracking current R&D activities on mulesing*
- *Pain relief*

Following the discussion the meeting agreed in principle that:

- *That the Australian sheep and wool industry is committed to ending the current practice of mulesing by 2010.*
- *The industry expands the current mulesing operator accreditation program Australia wide.*
- *That the industry continues to investigate a broad range of pain relief options targeted at mulesing*

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Question: AWI 21 (continued)

It was agreed that a press release would be issued that summarised the decisions of the workshop.

2. Not Applicable (see 1 above).
3. The meeting was a stakeholder forum and was conducted in the manner of a workshop. As it was not a meeting of a formally constituted body or group the meeting procedures being referred to, were not relevant. The decision was taken in the context of how such decisions are usually taken at workshop style meetings.

There was a presentation made on mulesing Research & Development activities. This was followed by further discussion on People for Ethical Treatment of Animals (PETA) activities on live exports and mulesing and the impact of PETA on retailers.

Importantly the commitment to phase out mulesing was reinforced by both WoolProducers and the Australian Wool Growers Association (AWGA) in 2005. In July/August 2005 AWGA, through their Chairman at the time, Charles (Chick) Olsson, independently reinforced the phase out of mulesing in an in principle agreement reached between AWGA and PETA. In that agreement AWGA agreed to a staged phase out of mulesing with no properties mulesing at all by the end of 2009. In October 2005 the Wool and Sheep Industry Taskforce, through the then Chairman of the Operations Group, Robert Pietsch, reinforced this commitment to phase out mulesing in the agreement with the National Retail Federation (NRF), which represents retailers in the US. Robert Pietsch was also President of WoolProducers at the time. This agreement with the NRF included a phase out of mulesing by end 2010, and unlike the AWGA agreement with PETA, did not specify a staged reduction in terms of specific targets at the end of each intervening year. AWGA endorsed this agreement.

4. Please see 3 above.
5. Please see 3 above.