

1. Introduction

1.1 Overview

The Classing House Registration Scheme (“The Scheme”) is managed by the Australian Wool Exchange Ltd (AWEX).

This document contains:

- (a) an explanation of the Scheme;
- (b) the Rules of the Scheme; and
- (c) the administrative procedures for registration and renewal under the Scheme.

1.2 Changes /Additions to Rules

Changes to bale markings post farm (Section 5.3.2)

1.3 Definitions/Terms

In this document the following definitions apply. See also the definitions in the International Wool Textile Organisation’s (IWTO) Core Test Regulations, where appropriate.

AWEX: The Australian Wool Exchange Ltd (ABN 35 061 495 565)

AWEX Management: The Chief Executive Officer of AWEX or his/her nominee(s).

Bulk Classing: The process of aggregating and classing wool from single bales or less into sale lots.

Classing House (“CH”): An organisation operating at a single locality that prepares wool for sale. A Classing House registered with AWEX abides by the Code of Practice for the AWEX Quality System, Classing Houses (“Classing House Code”) and complies with the specific requirements of these Rules.

Corrective Action: Measures taken by a Classing House to rectify an identified breach of the COP or these Rules and to ensure the breach does not re-occur. Corrective Action may include, though is not limited to:

- (i) changes in procedures or practices;
- (ii) staff training;
- (iii) increased inspection of product;
- (iv) site audit.

Deregister: The Classing House's registration is made void on the register.

Interlotted Wool: The combination of individual farm bales into single sale lot. This includes subjective matched interlots (SMI), objectively matched interlots (OMI) and objectively matched lots (OML).

Product Audit: The inspection of the output product of a Classing House (either via grab sample or wool bins) to determine preparation compliance to the Code of Practice.

Reclassing: The process of classing wool from a single source into sale lots.

Rehandled Wool: Wool that has been prepared for sale by bulk classing or reclassing.

Reprimand: A statement from the Registrar outlining the problems and consequences of the identified faults or breach or the repeated contravention of the Code of Practice or these Rules.

Retraining: A requirement that registered Classing House operational staff successfully completes an AWEX approved re-training program based on the course for Woolclasser training or other AWEX approved courses. Retraining is conducted by AWEX or an educational institution approved by AWEX.

Site Audit: The audit of the operational procedures and workflows of a Classing House on site.

Suspension: The record of the Classing House is marked as inoperative on the register. The Classing House must not place their ID number (stamp/stencil) on a bale until Corrective Action has been undertaken and the inoperative mark removed from the Classing House's record on the register.

Technical Officer in Charge (TOIC): A currently registered Australian Woolclasser (AW) or Masterclasser (MC).

2. The Classing House Registration Scheme

2.1 Purpose of The Scheme

Unless otherwise stated or agreed between buyer and seller, all wool sold through AWEX with or without certified data shall be prepared by a Masterclasser (MC), an Australian Woolclasser (AW), Owner Classer (OC) or Classing House in accordance with the Code of Practice for AWEX Quality System - Preparation of Australian Wool Clips – The Woolclasser (the 'Code of Practice' or 'COP') or the AWEX Classing House Code of Practice. Such preparation will be evidenced by the display of a current ID (stamp/stencil) of the registered Woolclasser or Classing House on the bales.

At the time of sale, greasy wool that does not meet industry preparation requirements defined in the applicable Code of Practice shall not carry the ID number (stamp/stencil) of a registered Woolclasser or Classing House.

These rules relate to Classing Houses only, there are separate rules for the registration of Woolclassers.

2.2 Objectives of The Scheme

The objectives of the Classing House Registration Scheme are to:

- acknowledge the functions of Classing Houses in preparing wool for sale;
- provide assurance to purchasers of wool that the Classing House is an organisation possessing the skills, knowledge and systems to perform the classing and rehandling functions to the industry standard;
- provide a means of identifying that the classing or matching of a particular wool lot has been carried out by a registered Classing House;
- provide for a mechanism to ensure that all Classing Houses keep up to date with developments in wool and woolclassing technologies and practices; and
- provide the means to introduce quality management systems into Classing House operations.

2.3 Confidentiality of Information

2.3.1 AWEX regards the information obtained as part of the operation of the Scheme as strictly confidential. All confidential information will be treated in accordance with the AWEX Privacy Policy, which is available upon request.

2.3.2 Details collected from Classing Houses in the course of the conduct of the Scheme will not be disclosed to any third party external to the administration processes described in these Rules unless permission is granted by the Classing House, that permission not to be unreasonably withheld, or the third party is entitled by legislation to access that information.

2.3.3 De-personalised and aggregated information may be released to relevant wool industry entities or the Classing House community to assist performance benchmarking.

2.3.4 Classing House operators should be aware that under various Commonwealth and State laws, AWEX may be required to disclose some or all of this information to government bodies, such as the Australian Taxation Office.

2.4 Corrective Action

2.4.1 Where a wool sale lot carries a currently registered Classing House's ID number (stamp/stencil) and it is identified as not being prepared in accordance with the Code of Practice, or there is a breach of these Rules, contact will be made with the Classing House and, where appropriate, the wool producer from whom the wool originated. The nature of the problem will be identified to the Classing House and they will be required to undertake either Corrective Action or, where appropriate, a suitable Retraining Program to ensure the problem identified does not re-occur.

2.4.2 All costs associated with the Corrective Action will be borne by the Classing House.

2.4.3 The purpose of the Corrective Action and Retraining requirements is to increase industry awareness of the need for quality assurance in the Classing House and to continuously improve industry standards. Refer to Section 2, clause 6 for further information regarding the Corrective Action Program.

3. Administration of The Scheme

3.1 The Australian Wool Exchange Ltd (AWEX)

AWEX is the central body in Australia for:

- the development and management of wool selling policies and practices; and
- the maintenance and improvement of the quality of the Australian wool clip.

In particular, AWEX is responsible for those functions that relate to:

- facilitating the efficient marketing of wool; and
- adopting measures to improve and safeguard the quality of the Australian wool clip.

AWEX will establish bodies and/or committees from time to time to assist in accomplishing these functions.

3.2 The Registrar

3.2.1 The AWEX Board will appoint an entity as the Registrar of Classing Houses ("Registrar") who must:

- (a) maintain a register of Classing Houses;
- (b) issue unique identification to each Registered Classing House for each category of registration;
- (c) investigate complaints and administer the Corrective Action Program; and
- (d) Act a point of contact for enquiries from Classing Houses.

3.2.2 At all times the Registrar is responsible to the AWEX Board and AWEX Management.

3.2.3 The AWEX Board may from time to time establish and vary procedures to be followed for the proper administration of these Rules.

3.3 AWEX Committees

AWEX will from time to time establish specific bodies or committees to act as formal Committees of AWEX. These bodies or committees ('AWEX Committees') will assist AWEX in its interaction with the industry in the management of accreditation schemes, registration schemes and development of other codes and standards supporting wool quality.

AWEX presently has schemes for:

- registration of Woolclassers;
- registration of Classing Houses;
- registration of Showfloors;
- accreditation of Wool Appraisers; and
- wool pack quality.

The role and objectives of these AWEX Committees in relation to the Classing House Registration Scheme include:

- assisting in the formulation of the Rules of the Scheme;
- assist in the formulation of the Code of Practice;
- acting as a review panel for activities relating to the Scheme;
- monitoring clip preparation standards for wool sold;
- hearing and deciding upon complaints from any individual or organisation which may be dissatisfied with any decision taken by the Registrar in relation to the scheme;
- considering matters of education and training that support the Scheme.

3.4 The Registration Review Committee

3.4.1 The Registration Review Committee is an advisory committee established to review industry and/or Registrar complaints made about Classing Houses and to recommend to AWEX Management appropriate (corrective) actions to take in relation to Classing Houses who (repeatedly) breach the Classing House Code of Practice, the Woolclassers Code of Practice or these Rules.

3.4.2 The Registration Review Committee will comprise:

- (a) One member who is a representative from a Registered Training Organisation (voting);
- (b) One member who is an AWEX representative (voting);
- (c) Up to four members who have significant industry experience or qualification in one or more of the following disciplines: wool classing or rehandling, wool producing, wool preparation; wool appraisal; wool buying; wool processing; training or registration processes (voting);
- (d) A Chairman who will be nominated by AWEX. The Chairman may be selected from the members referred to in a), b), or c), or be in addition to these members.

3.5 Decisions of AWEX Committees

Any decision of an AWEX Committee, in relation to Classing House registration issues, shall be taken by majority vote. In the event of equal votes, the Chairperson of the Committee shall have a casting vote as well as a deliberative vote. Any decision of an AWEX Committee shall be deemed a recommendation to the AWEX management and/or AWEX Board as determined by the committee's terms of reference.

4.0 Registration

4.1 Registered Classing Houses

4.1.1 Any organisation wishing to prepare or present wool that will be offered for sale as "classed" wool must be registered under these Rules.

4.1.2 Organisations that are eligible to apply for registration in this category are:

- (i) all current CHs registered with AWEX at 31 December 2015; and
- (ii) organisations applying for registration for the first time that comply with the requirements for registration. Organisations applying for the first time will be required to demonstrate that they have the facilities, skills and operating procedures to perform the functions of a registered Classing House. Guidelines are available from AWEX upon request.

4.1.3 An organisation registered under these Rules as a Classing House is referred to as a Registered Classing House.

4.2 Registration Non-transferable

Classing House registration is non-transferable between organisations or localities.

4.3 Initial Registration

This section applies to organisations seeking registration for the first time as a Classing House.

4.3.1 An organisation seeking registration for the first time as a Classing House must make an application in accordance with these Rules and provide all necessary information as required. AWEX reserves the right not to register any organisation that makes application for registration.

4.3.2 Applicants must complete the appropriate registration form, available from AWEX.

When completing the application form ensure that:

- (a) all details are printed clearly; and
- (b) the form is signed by the applicant.

4.4 Registration Application

When completing the application form the Classing House must:

- (a) provide all required details;
- (b) nominate at least one employee who is a current and registered Masterclasser or Australian Woolclasser. One of the nominated Australian Woolclassers must be in attendance during all activities relating to the preparation of greasy wool for sale, and is designated as the the Technical Officer in Charge (TOIC). The TOIC is responsible for the supervision of all greasy wool preparation, lotting and inspection; and
- (c) nominate the house brand(s) to be registered with AWEX. The house brand must readily identify the Classing House and will include the Classing House trading name, or an abbreviation of this name that is acceptable to AWEX.
- (d) declare whether the main purpose of registration is for
 - (i) rehandling wool; and/or
 - (ii) reclassing of wool prepared on-farm;
- (e) submit the information required to demonstrate that the Classing House has the facilities, skills and operating procedures to perform the functions of a registered Classing House.

The application form must be signed by an authorised officer of the Classing House and sent to the Registrar. The appropriate fees must accompany the application.

4.4.1 The appropriate registration fees, as listed on the application form, must be paid. Payment options are detailed on the application form. ***Please do not send cash.***

4.4.2 The application form, with payment, should be sent to the Registrar of Classing Houses. Refer to Section 8 for address details.

4.4.3 Application for registration can be made at any stage during the registration period. AWEX will seek verification that the organisation can comply with the requirements of registration. A site audit will be performed prior to approving registration. Registrations will not be processed until this verification has been provided.

4.4.4 Upon receipt by AWEX of the registration form, the appropriate registration fees and verification of all information, an ID number, stencil and stamp for the 2016-2018 registration period will be issued to the registering organisation.

4.5 Registration Renewal

4.5.1 If an organisation is currently registered as a Classing House (that is, holds registration that is valid until 31 December 2015) and:

- (a) makes an application in accordance with the registration procedures set out in these rules; and
- (b) pays the appropriate registration fee; the Registrar may register that organisation as a Classing House under these Rules.

AWEX reserves the right not to register any organisation that makes application for renewal of registration.

4.5.2 An organisation registered under these rules as a Classing House is referred to as a Registered Classing House.

4.5.3 To register, complete all details on the registration notice and return it to AWEX with payment of the appropriate fee.

4.5.4 The registration period is from **1 January 2016 to 31 December 2018**.

4.5.5 All Registration fees are non-refundable.

4.5.6 The registration fee (including the first audit fee) is payable upon application.

4.5.7 If the registering organisation has evidence of an annual independent audit as part of its accreditation to ISO9001 or ISO9002, this independent audit information must be supplied with the application. If the independent audits commence during the period of registration the Classing House must notify the Registrar. If the annual audit has already been undertaken by AWEX that year's audit fee will remain payable.

4.5.8 Upon receipt by AWEX of the registration notice and the appropriate registration fees, an ID number and Classing House identification set for the 2016-2018 registration period will be issued to each Classing House.

4.5.9 An organisation that held registration as a Classing House at 31 December 2015, and has made a valid application for registration in the 2016-2018 registration period, may continue to use their ID number (stamp/stencil) issued for the 2013-2015 registration period until they receive the new Classing House identification, or until 31 March 2016, whichever is the sooner.

4.5.10 All stamps/stencils issued for the 2013-2015 registration period become invalid after **31 March 2016** and shall not be used.

4.5.11 Under no circumstances shall invalid ID numbers (stamps/stencils) be used. This action contravenes the Rules of the Scheme and may delay the sale of the wool.

4.6 Changes to Registration Details

It is the responsibility of each Classing House to notify the Registrar of any permanent change to registration details, such as:

- postal address;
- organisation contact;
- nominated Australian Woolclasser; or
- registered house brands.

Failure to do so may result in the Classing House not receiving important correspondence, such as registration notices, which could lead to cancellation of registration.

4.7 Cancellation of Registration

4.7.1 Registration may be cancelled under the following circumstances:

- (a) by the registered CH requesting cancellation, in writing, from the Registrar;
- (b) by the registered CH requesting a replacement Classing House ID set, as per Section 3, clause 3..1.1.
- (c) where the Classing House is deregistered under these Rules.

4.7.2 Registration will also be cancelled where the Classing House fails to renew their registration upon the expiration of a registration period. It is the Classing House's responsibility to ensure that they are registered and have paid the nominated fees. A failure to do so will result in cancellation of registration within 3 months of the expiration of the last registration period.

5. Classing House Identification (ID)

5.1 Classing House ID

5.1.1 At registration each Classing House is issued with a unique registration ID number. This ID number will be used and displayed on all Classing House identification issued by AWEX.

5.1.2 There are two forms of Classing House Identification (ID), which are issued as a set:

- (a) Stamp – issued to CHs
- (b) Stencil – issued to CHs

5.1.3 The Classing House ID (stamp/stencil) remains the property of AWEX at all times.

5.1.4 ID numbers are unique and are assigned to one registered Classing House site (locality). Registration and the associated Classing House identification sets are NOT transferable between organisations or localities.

5.1.5 Classing Houses may purchase duplicate stamp/stencil sets for ease of operation within one locality.

5.1.6 Classing House Identification becomes invalid:

- (a) upon the issue of a new identification set, either as a replacement or for a new registration period; or
- (b) where registration is suspended (the identification set will be re-validated once suspension is lifted); or
- (c) where registration is cancelled in accordance with these Rules (see Section 3, clause 4); or
- (d) upon deregistration of the Classing House holding the identification set.

5.1.7 Under no circumstances shall an invalid identification set be used to mark bales.

5.2 Use of Classing House Identification

5.2.1 In all instances the Classing House assumes responsibility for the standard of preparation through application of their ID number (stamp/stencil).

5.2.2 The nominated TOIC's must inspect and/or prepare and/or supervise the preparation of the wool at the registered site (locality) of the Classing House. Only then can the bales be eligible to carry their ID number (stamp/stencil).

5.2.3 The Classing House number (stamp/stencil) cannot be used away from the registered stencil address and must only be applied to bales at the registered site (locality) of the Classing House.

5.2.4 The Classing House ID (stamp/stencil) must not be applied to greasy wool bales prepared outside Australia or to wool of non-Australian origin.

5.3 Application of Classing House ID

5.3.1 The Classing House ID number (stamp/stencil) may be applied to:

- (a) bales containing bulk classed wool that have been prepared by the Classing House in accordance with the requirements of the Classing House Code of Practice and identified with a house brand of that Classing House registered with AWEX.
- (b) bales containing reclassified wool prepared to the Classing House Code of Practice.
- (c) bales that have been interlotted and still carry the original Woolclasser stamp/stencil applied on farm by the Woolclasser responsible for preparing the bales.

5.3.2 Excepting cases of error correction, if one or more marks (farm brand, bale number, or bale description) on a classed farm lot are changed post farm the stencil applied to each bale in the line shall be deemed invalid and the lot shall no longer be deemed as classed.

5.4 Lost Identification

5.4.1 Registration and the associated Classing House identification are issued in identification sets. If a Classing House's identification has been lost, replacements may be requested from the Registrar. Where one form of Classing House identification has been lost, all must be replaced.

5.4.2 Upon receipt of a request for replacement, all existing registration details and identification will be cancelled and a new ID number and identification set will be issued. Only the new ID number and identification may be used, once a replacement has been issued.

5.4.3 A fee for each new set of replacement Classing House identification shall be charged. The fee includes GST, postage and administration charges.

5.5 Replacement or Additional Identification

5.5.1 If a Classing House's identification is worn out and requires replacement or additional sets of identification are required, these may be requested from the Registrar.

5.6 Payment for replacement ID

5.6.1 All fees include GST, postage and administration charges. Payment is to be by electronic funds transfer (EFT), cheque or Visa/MasterCard for the appropriate fee. Cheques should be made payable to the Australian Wool Exchange Limited. Please do not send cash. Payment shall be accompanied with a covering letter, explaining reasons for seeking the replacement identification, to the Registrar of Classing Houses. Replacement identification will not be forwarded to the Classing House until the appropriate fee has been received.

6.0 Registration Prerequisites, Obligations and Requirements

6.1 Classing Houses

6.1.1 An organisation with Classing House registration must ensure that all greasy wool bales carrying the Classing House Identification (ID) number (stamp/stencil) comply with the requirements contained in the Code of Practice.

6.1.2 All Classing Houses registered with the Scheme must nominate at least one individual who is a current and registered Australian Woolclasser. The nominated Woolclasser/s must be in attendance at all times that wool is being prepared for sale through an AWEX member and accept responsibility for preparation standards being applied in the Registered Classing House.

6.1.3 Classing Houses must register their house brand(s) with AWEX. The house brand will readily identify the Classing House and will include the Classing House trading name or an abbreviation acceptable to AWEX. These registered brands shall be used on all bulk classed wool prepared by the Classing House.

The Classing House must notify the Registrar of any changes or additions to the house brand(s) before they are used to identify bales.

6.1.4 Registration in the Classing House category is available to wool selling brokers, dealers, wool handling entities, private treaty merchants, repackers, education providers, feedlot, sheep export, or meat processing enterprises and other organisations involved in the handling and preparation of wool for sale.

6.1.5 Classing Houses must supply a complete list of all current and registered Australian Woolclassers employed to supervise or handle wool at the single locality and promptly advise the Registrar of any change to the list.

6.1.6 Classing Houses must be able to demonstrate compliance with the Code of Practice.

6.2 Training

6.2.1 Woolclasser Training

To become registered, a Classing House must nominate at least one individual who is a current and registered Masterclasser or Australian Woolclasser with AWEX. A nominated Woolclasser must be in attendance at all times that wool is being prepared for sale through AWEX.

To gain registration as an Australian Woolclasser, a person will be required to successfully complete an approved competency based program conducted by an educational institution approved by AWEX.

If a person has had experience in the wool industry that has given them knowledge and skills required in the woolclassing courses, they may be granted Recognition of Prior Learning/Current Competence by an educational institution.

For information regarding approved AWEX courses contact should be made with an educational institution or the Registrar.

6.2.2 Retraining

As detailed in 7.2 there may be circumstances where AWEX will request Classing House operational staff to undergo training as part of corrective action.

Retraining will involve undertaking a number, or all, of the components from the current course for Woolclasser training or other relevant training. This may require Classing House staff to demonstrate the necessary knowledge and skills in selected unit(s) of competence within the specified course. The time required to fulfil this requirement will vary according to the number of units to be completed and the staff's level of competency. All costs associated with retraining will be borne by the Classing House.

6.2.3 Classing Houses

AWEX may require from time to time throughout the current registration period that Classing House staff undertake training courses. The purpose of this training is to update classers and Classing House staff on the latest trends and requirements of the wool industry and, where necessary, upgrade skills. Classing Houses will be notified of any such requirement.

6.3 Product and/or Site Audit

6.3.1 In addition to the requirements at 6.1, Classing Houses must demonstrate compliance with the Classing House Code of Practice through product and/or site audit(s) undertaken by AWEX (or its nominee).

6.3.2 The site audit frequency for Classing Houses that are not ISO accredited and have not had adequate product audit (<50 lots p.a.) (through the auction) shall be once per registration period. Site audit checklists are available from AWEX.

6.3.3 Site audits on registered Classing Houses that are subject to adequate product audits (e.g. via auction offering) will only be conducted as part of a Corrective Action request.

6.3.4 All costs associated with the Corrective Action will be borne by the Classing House.

6.3.5 Where a Sale Lot has been declared by the Classing House as Reclassed, the product audit may also be in the form of seeking proof of reclass. Where a reclass audit is performed the following documents must be supplied to retain reclassified wool status:

- a) Document(s) detailing original farm source detail including Owner/Trading Name, Farm Brand and Contact details.
- b) Document(s) detailing the original bale numbers, farm brand, bale description(s) and weights.
- c) Documents detailing the reclassified bale numbers, farm brands, bale descriptions and weights.

Failure to supply all documentation will invalidate the reclass status of the wool.

6.4 Preparation Standards

6.4.1 The duties of a registered Classing House must be carried out in accordance with the Classing House Code of Practice. Correct performance of those duties will be demonstrated by the Classing House placing a current ID number (stamp/stencil) on the bale.

6.4.2 Any bales containing wool that has not been prepared in accordance with the standards in the Classing House Code of Practice must not carry a registered Classing House's ID number (stamp/stencil) at the time of sale.

6.4.3 Where a bale carrying a registered Classing House's ID number (stamp/stencil) is not prepared in accordance with the Code of Practice, the Registrar may investigate the registered CH and take action in accordance with the procedures set out in Clause 6 of this Section.

6.4.4 Where a Registered Classing House stencil has been applied to the bales and the vendor is declaring the wool as classed to the AWEX Classing House or Woolclasser Code of Practice, the Stencil Number must be included in all data and documentation supplied to AWEX for audit purposes. A Registered Classing House declaring the wool as classed in either data, document or bales by application of its Classing House Stencil, Stamp or Number shall be deemed as accepting responsibility for the preparation of the wool.

7. Breach of Code of Practice or these Rules

The Registrar shall be responsible for investigating complaints and administering the Corrective Action and Retraining Programs set out in these rules.

7.1 Investigating Complaints

7.1.1 If a complaint is made to or by AWEX, to the Registrar, that a Classing House is in breach of the Classing House Code of Practice or these Rules, the procedures as outlined in this section must be followed.

7.1.2 Upon receipt of a complaint the Registrar shall:

- (a) obtain particulars of the complaint in writing;
- (b) make such other enquiries considered appropriate;
- (c) where necessary, contact the wool producer and/or Classing House from whom the wool subject to the complaint originated;
- (d) decide to take no further action; or
- (e) send such particulars of the complaint to the Classing House as the Registrar deems necessary and ask the Classing House to comment on the complaint within 14 days.

7.1.3 In reply the Classing House may:

- (a) deny the accuracy of the complaint; or
- (b) admit the breach and advise the Registrar of Corrective Action taken.

7.1.4 If the Registrar is not satisfied with the Classing Houses reply and considers further action is required, or the Classing House does not reply within 14 days, the Registrar may:

- (a) issue a request for Corrective Action; or
- (b) refer complaint to the Registration Review Committee, established for the purpose of hearing and deciding on such complaints, and notify the Classing House if the matter is to be so referred, of:
 - (i) particulars of the Code of Practice, Classing House Code or of these Rules, which are alleged to have been breached;
 - (ii) particulars of the complaint on which reliance is placed;
 - (iii) the date on which the complaint will be heard; and
 - (iv) particulars of the actions that may be applied.

7.1.5 If the Registration Review Committee finds a Classing House has breached the Classing House Code of Practice or these Rules, it may recommend to AWEX Management that:

- (a) no further action to be taken;
- (b) the Registrar reprimand the Classing House;
- (c) the Registrar requests the CH undertake appropriate Corrective Action;
- (d) The Registrar places the Registration on probation subject to successful completion of Corrective Action;
- (e) The Registrar suspends the Classing House registration for a specified period or until appropriate Corrective Action has been demonstrated by the Classing House;
- (f) The Registrar suspends the Classing House from applying its stencil to one or more Application types described in 5.6.2 or
- (g) The Registrar deregisters the Classing House.

7.1.6 Before initiating any of the actions at 7.1.5 (c), (d) or (e), the Registrar must:

- (a) notify the registered Classing House in writing of the proposed action and the reasons for it;
- (b) allow the CH to provide a written response, or for an authorised representative of the Classing House to appear before the AWEX committee, within a period of 28 days from the date of the letter of notification; and
- (c) consider any response from the registered Classing House.

7.2 Corrective Action

7.2.1 The Registrar, or AWEX Committee, may require a Classing House to undertake Corrective Action after inspection of sale lots (pre or post sale) bearing a Classing House ID (stamp/stencil) or declared as bearing a Classing House stencil, where a complaint has been forwarded to the Registrar or there is a breach of these Rules. Corrective action may be required for the following reasons.

- (a) Where non-approved wool packs have been used, in contravention of AWEX rules.
- (b) Where lots are subject to AWEX inspection or audit, due to (but not limited to):
 - (i) pigmented wool in white;
 - (ii) stain in fleece wool;
 - (iii) mixed breeds and breed crosses;
 - (iv) mixed categories,

- (v) mixed length, e.g. combing and carding lengths together
 - (vi) mixed quality number;
 - (vii) others - e.g.: incorrect bale marking, the presence of sheep marking substances, etc.
- (c) Where contamination from foreign objects has occurred within a bale that is likely to cause:
- (i) machine damage, eg wood, iron; or
 - (ii) fibre contamination, eg synthetic materials.
- (d) Where a Classing House has not complied with any requirement of the Classing House Code.
- (e) Where there is evidence of practices that result in wool not meeting industry standards, such as bale contents being mis-described.
- (f) Repeated occurrences of failure to comply with the Classing House Code of Practice or these Rules.
- (g) Any other breach of the Code of Practice, the Classing House Code or these Rules.

To maintain registration, Classing Houses will be asked to demonstrate that appropriate corrective action has taken place to address the concerns raised.

Corrective action may include:

- (a) Satisfactory completion of on-site audit(s),
- (b) retraining of operational staff;
- (c) changes in procedures;
- (d) supply of requested documents,
- (e) increased inspection of inward or outward product; and
- (f) any other initiative which is appropriate.

The Registrar may offer advice as how best to achieve and maintain the requirements set out in the Code of Practice, the Classing House Code and these Rules. This may include retraining of operational staff to address the problem(s) identified. The Registrar or AWEX Committee has discretion to determine which the most appropriate action. In so doing, the Registrar or AWEX Committee must follow the procedures for investigating complaints as set out in Section 7 of these rules.

7.2.2 Where a Classing House has successfully completed corrective action, the relevant record of fault will be made void after a period of 3 years.

7.2.3 Where a corrective action requirement is implemented, the Classing House must complete the requirement within 3 months (where no shorter time limit is stipulated as part of the corrective action) of confirmation of the corrective requirement by the Registrar or AWEX Committee.

7.2.4 Where more than one breach occurs in any three year period, the Classing House's registration may be suspended. The Registrar may also issue a reprimand and mark the record of the registered Classing House accordingly.

7.2.5 A Classing House whose registration was suspended under rule 6.2.4 may apply to have the registration reinstated, upon successful completion of a corrective action.

7.2.6 From time to time, the Registrar may require the Classing House and the nominated registered Australian Woolclassers to undertake certain requirements (such as refresher training) as part of the appropriate corrective action to maintain registration.

7.2.7 All costs associated with corrective action or the retraining of operational staff shall be borne by the Classing House.

7.3 Deregistration

7.3.1 If a registered Classing House under this Section:

- (a) fails to undertake Corrective Action, as required;
- (b) repeatedly contravenes the requirements contained in the Code of Practice, the Classing House Code or these Rules;
- (c) misuses the Classing House ID (stamp/stencil) supplied by AWEX by (but not limited to):
 - (i) lending the stamp/stencil to a third party;
 - (ii) placing the stamp/stencil on a bale not prepared by that registered Classing House;
 - (iii) use of a CH stamp/stencil in a standard farm classing environment (excluding shearing sheds associated with feedlot, sheep export or meat processing enterprises).
 - (iv) use of an invalid stamp/stencil; or
- (d) is found to have:
 - (i) falsely packed bales;
 - (ii) misrepresented the contents of a bale without proper excuse; or
 - (iii) applied their stamp/stencil to bales prepared outside Australia or to wool of non-Australian origin;
- (e) Repeatedly fails a site audit; the Classing House will be investigated and may be deregistered under the procedures set out in this clause.

7.3.2 Before initiating any deregistration the Registrar must:

- (a) notify the registered Classing House in writing of the proposed action and the reasons for it;
- (b) allow the CH to provide a written response, or an authorised representative of the Classing House to appear before the AWEX Committee, within a period of 28 days from the date of the letter of notification; and
- (c) consider any response from the registered Classing House.

7.3.3 A Classing House who has been deregistered under these Rules may apply for registration upon demonstrating appropriate Corrective Action has been undertaken. The scope of the corrective action will be determined at the time of deregistration and will be communicated to the Classing House. The application for registration will be treated as an Initial Registration in accordance with these Rules. This clause does not in any way limit the right of AWEX not to re-register a Classing House.

All costs associated with corrective action or the retraining of operational staff shall be borne by the Classing House.

7.3.4 AWEX reserves the right not to register any Classing House that has been deregistered.

7.4 Appeals

7.4.1 If a Classing House is dissatisfied with a decision of the Registrar under these rules, the Classing House may appeal the decision. The appeal must be in writing. The Registrar will provide contact details for such an appeal. An AWEX Committee, formed for the purpose of hearing appeals, must hear the appeal.

7.4.2 If a Classing House is dissatisfied with a decision of any AWEX Committee under these rules, the Classing House may appeal to the Appeals Committee of AWEX in accordance with the Business Rules of AWEX. The Registrar will provide contact information and details of the appeal procedures and protocol for such an appeal.

