

AWEX NATIONAL WOOL DECLARATION - INTEGRITY PROGRAM

The National Wool Declaration

The AWEX National Wool Declaration (NWD) allows wool growers to provide a declaration about their sheep husbandry practices for the use of the potential customers of Australian wool. The declared data on the NWD is used to generate the Mulesing Status and the Merino Dark and Medullated Fibre Risk rating Codes on all eligible lots. These (Mulesing Status and DMFR) Codes are subsequently published in Sale Catalogues and IWTO Test Certificates allowing the data to be transferred along the wool pipeline.

Why have an Integrity Program?

The NWD Integrity Program (NWD-IP) was developed by AWEX, in consultation with industry, to ensure the integrity and accuracy of the NWD thereby providing buyers of Australian wool with confidence in their purchasing decisions.

Who conducts the NWD-IP?

AWEX is undertaking the NWD-IP based on its independence and experience in conducting compliance programs and developing standards. However, the NWD-IP is only possible because AWEX has received joint funding from the Australian Government's Department of Agriculture, Forestry and Fisheries "Promoting Australian Produce" program (Ausproduce).

How does it work?

There are a number of components to the Integrity Program.

From August 2008, AWEX has been conducting independent desktop audit(s) on approximately 5% of (randomly selected) declarations each sale

week. This audit checks the published values against the NWD forms and the woolclasser's specification. Where errors are detected, the Codes are corrected prior to Sale.

From August 2010, on farm inspections will be conducted on a random selection of properties where the Owner/Manager has declared that the wool is from sheep that are non mulesed and/or they have given an affirmative response to Ceased Mulesing. It is expected that between 200 and 250 inspections will be conducted in the first year.

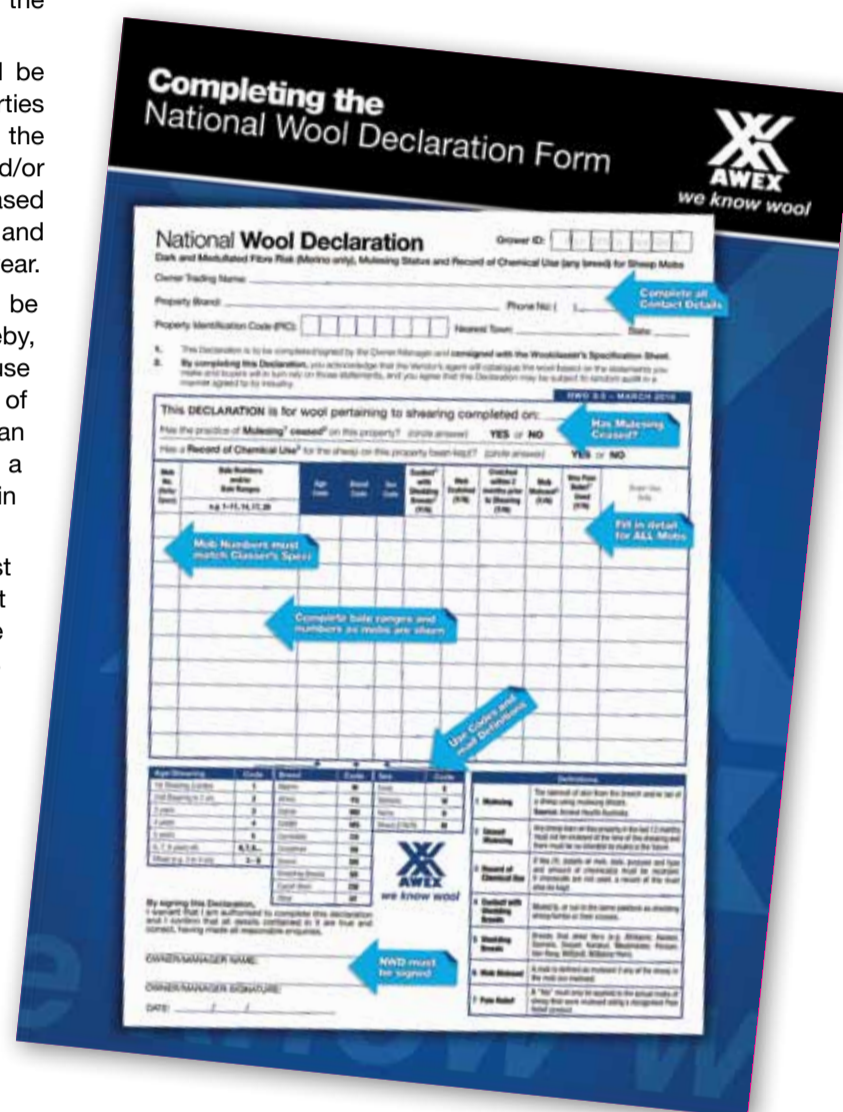
The use of Pain Relief at mulesing will be authenticated by a separate process; whereby, the Owner/Manager supplies evidence of the use of sufficient pain relief product for the number of lambs mulesed (e.g. tax invoice from veterinarian or mulesing contractor). Similar to above, a random sample will be used to check the Pain Relief declarations.

Commencing on 24th May 2010, the first activity of the NWD-IP is the appointment and training of On-Farm Inspector(s). The initial framework for the NWD-IP program was previously developed by an industry Working Group that reported to the AWEX Board. The framework includes all procedures, including the statistical foundations for the on farm inspections, making contact with wool growers, conducting the clinical inspection and reporting the outcomes.

For further information contact:

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Make the Best use of YOUR REGISTERED CLASSING HOUSE!

Classing Houses are often referred to as Rehandle departments, Bulk Class or private wool traders. They fulfil an extremely important role in the wool industry by facilitating the sale of both small lines of wool (1 or 2 bales, often Interlotted) as well as smaller amounts of wool (less than a bale) that do not fit with classed lines in terms of quality or quantity (Bulk Class).

To make sure that wool destined for Rehandle receives the best treatment and achieves the best price, choose a Registered Classing House. You can find out if a Classing House is registered by contacting AWEX or asking the wool representative.

The quality of product from a registered Classing House is considered superior because they undergo a registration and compliance process that is similar to that for a Woolclasser. It has the following components:

- Registered Classing Houses must comply with the Classing House Rules for Registration and Code of Practice.
- Upon registration, they receive their own Classing House stencil.

- Bulk Class product from Classing Houses will be downgraded from a "Q" Certificate type to a "B" Certificate type if it is not prepared by an AWEX Registered Classing House and/or does not meet the AWEX Classing House Code of Practice.
- Similar to a Woolclasser, AWEX routinely audits sale lots offered for sale, with corrective procedures implemented if any breaches become common.
- AWEX conducts site audits periodically during the registration period.

It is also important to remember that Classing Houses are a customer of the Woolclasser.

AWEX recommends Bulk Class as a means of cleaning up the shearing shed. That is, if the Woolclasser has gone to the trouble to class out small portions of wool that are technically different to the clip lines, it SHOULD NOT be filtered back through the clip lines as a way of losing it. Equally, all the small portions SHOULD NOT be blended together as this makes it difficult for a Classing House to allocate the wool into their bins (without compromising their quality).

A new rule for the 2010-2012 Woolclasser registration period is that a Woolclasser should apply their Stencil to Bulk Class bales if four basic principles are applied:

- Bulk Class bales must be under 204 kg
- Paper dividers between segments (use plenty!)
- Document the contents of each BC bale on your speci **and on/in the BC bale itself**
- Best on top, worst on bottom (with respect to Dark and Medullated Fibre).

By fulfilling these requirements, a Woolclasser can meet the needs of one of his/her customers, contribute to the quality of the national woolclip and ultimately, help keep the costs of Bulk Class down.

For more information contact:

David Cother, t. 02 9428 6141 or e. dcother@awex.com.au



AWEX WOOL SERVICES

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info@awex.com.au

AWEX is a national organisation of brokers, growers, exporters, processors and private treaty merchants which, in the best interests of the wool industry, provides: Industry standards (wool packs, wool preparation), Clip inspection services, Woolclasser registration, Independent market reports, Wool description and appraisal, Wool sale rostering and Wool administration.



OBSERVATIONS FROM THE AUDITORS



Phil Jeffries,
Brooklyn



David Williams,
Brooklyn



Dave Aslett,
Fremantle



Robert McKeown,
Yennora

AWEX auditors consider the same elements as the Woolclasser when assessing the lines within a clip on a showfloor; these are:

- Are the technical characteristics of each line uniform and predictable?
- Is the wool free of contamination?
- Do the bale descriptions adequately represent the wool?
- Is the documentation correct?

Notice anything familiar about these points? Have a look at Page 1 of the Code of Practice.

Classing Practices

Woolclassers should only apply their stencil to a bale of wool that they have classed to the Code of Practice. This applies regardless of how the wool will be marketed; for example, private sale or auction.

Lines that are unskirted (except for Black, heavy Cott and Dermo) do not meet the Code; and therefore, must not carry the Woolclasser's stencil. The stencil is the symbol that indicates to the broker, buyer and processor that a qualified person has prepared the bale(s) of wool.

Unskirted wool can be sold at auction; however, because it is not classed to the Code, the Wool Preparation Category will be reassigned from a "P" to a "D" Test Certificate. For "D" Certificate wool, competition may be decreased as some buyers cannot bid on these wools (under instruction from their company or the processors) and price discounts may be applied because of the higher risk associated with unclassified wool.

Bale Descriptions

In general, most Woolclassers are meeting the requirements of the Code of Practice when describing lines. The templates provided in the COP (see Page 41) clearly detail how lines must be described for the various breeds being classed. It is pleasing to see that many classers are now using a Breed Code on all descriptions.

One notable exception is the description of Stained Pieces, with a number of variations observed. A description commonly seen is M STN, which is incorrect because it does not indicate the wool category. The correct description for this example is STN M PCS.

It should be noted that clear and concise descriptions are extremely useful for buyers valuing lots before each sale. Unclear bale descriptions that do not fully represent the sample being inspected do not give the buyer confidence in the wool; and therefore, do not maximise the returns to the wool grower.

Correct Completion of the Classer's Speci

Woolclassers are reminded that the Classer's Specification is the key document for selling the clip and attention to accuracy, legibility and completeness is very important from the shearing shed through to point of sale.

There are two areas on the Specification that Woolclassers should ensure are complete:

- Firstly, the shearing details must be filled in; particularly the date when shearing is completed. If there is a query from AWEX regarding the currency of a stencil, this date is important to confirm that a stencil was registered at the time of classing. If it can't be confirmed, the certificate type for that lot will be altered from a "P" Certificate to a "D" Certificate.
- Secondly, the Woolclasser details should be completed so that your current contact details are available. Remember that the contact details you provide at the time of registration will not be altered unless AWEX is advised otherwise. By completing this section, AWEX is able to quickly contact the Woolclasser, if required.

For more information contact:

David Aslett, Fremantle, WA ph. 08 9434 6999

Robert McKeown, Yennora, NSW ph. 02 9632 6166

Phil Jeffries or David Williams, Brooklyn, VIC ph. 03 9318 0277

BOARDtalk to the BUSH turns 100!

When the June 2010 series of BOARDtalk Seminars in Western Australia have taken place, AWEX staff will have completed over 100 seminars in many diverse wool producing regions around Australia. AWEX hopes that this initiative, which commenced in 2005, has provided an opportunity for Woolclassers to meet and discuss common issues with AWEX as well as receiving updates on recent developments in the industry.

BOARDtalk to the BUSH Seminars for July/August 2010

BOARDtalk to the Bush seminars for Woolclassers, wool growers, selling agents, contractors and shed staff will continue in the months of July and August in Queensland and South Australia. A key focus of this series of BOARDtalk forums will be the recently released 2010-2012 Woolclassers Code of Practice. Other topics to be discussed include:

- National Wool Declaration (including its Integrity Program)
- AWEX Sheep Breed Compendium (breeds in Australia)
- Dark and Medullated Fibre Risk
- AWEX Woolclasser Services

QUEENSLAND:

WINTON	Friday 30th July 2010 – Winton Neighbourhood Centre, 10 am
LONGREACH	Saturday 31st July 2010 – Australian Agricultural College, 10 am
CHARLEVILLE	Monday 2nd August 2010 – Charleville RSL Club, 9 am
ROMA	Tuesday 3rd August 2010 – Roma Cultural Centre, 9 am
TARA	Tuesday 3rd August 2010 – Tara Civic Centre, 4.30 pm
WARWICK	Wednesday 4th August 2010 – Southern Institute of TAFE, 11 am
STANTHORPE	Wednesday 4th August 2010 – Stanthorpe Civic Centre, 4 pm

SOUTH AUSTRALIA:

LOCK	Monday 16th August 2010 – Lock Town Hall, 12 noon
MINNIPA	Tuesday 17th August 2010 – Minnipa Agricultural Centre, 9 am
KIMBA	Tuesday 17th August 2010 – Kimba Council Chambers, 4.30 pm
PORT AUGUSTA	Wednesday 18th August 2010 – Central Augusta Football and Sporting Club, 10 am
MAITLAND	Thursday 19th August 2010 – Maitland Town Hall, 10.30 am
BALAKLAVA	Thursday 19th August 2010 – Balaklava Town Hall, 4.30 pm
MURRAY BRIDGE	Friday 20th August 2010 – Murray Bridge Golf Club, 8.30 am
KANGAROO ISLAND	Friday 20th August 2010 – Kangaroo Island Council Chambers, 5 pm

Invitations to attend the seminars will be sent to Woolclassers in each region closer to the date. Please check the AWEX website www.awex.com.au to confirm the specific date, time and venue for each location or call AWEX Woolclassing on 02 9428 6100.

BOARDtalk to the Bush seminars are **free** with each Seminar lasting approximately 3 hours, including ample opportunity for discussion with AWEX staff. Tea and coffee will be provided.

All industry personnel are urged to attend a Seminar to gain an up-to-date and practical insight into the preparation of Australian wool clips, as well as a variety of associated issues.

When you decide which Seminar you would like to attend, please contact AWEX on 02 9428 6100 to let us know (this is a great help for planning).

THE US TEXTILE INDUSTRIES' POSITION ON MULESING

Below is a statement and position paper released on the 9th June, 2010 by six trade associations and business groups on behalf of US textile and apparel retailers, brands, manufacturers and importers regarding the mulesing of sheep in the Australian wool industry.

The organisations that are co-signatories to this paper are: American Apparel & Footwear Association (AAFA), National Retail Federation (NRF), Outdoor Industry Association (OIA), Retail Industry Leaders Association (RILA), US Association of Importers of Textiles & Apparel (USA-ITA) and the Wool Working Group.

"On behalf of our respective member companies – textile and apparel retailers, brands, manufacturers and importers in the United States – the undersigned trade associations and business groups collectively endorse the attached position paper regarding the continued widespread use of mulesing of sheep in the Australian wool industry.

In the position paper, we call upon all segments of the Australian wool industry – growers, breeders, and brokers – with the support of the Australian federal and state governments, to recommit to the goal of ending mulesing and to dedicate sufficient resources with the objective to achieve this goal by the end of 2013. We also call upon the representative organizations of the Australian wool industry to provide a public report by September 2010 that maps out a strategy with measureable milestones to achieve this goal.

A surgical procedure initially done without the benefit of analgesia, mulesing was first adopted nearly 80 years ago in Australia as a preventative measure against often fatal blow fly strike predominantly affecting Merino sheep. While the procedure was used for many years as an effective means to combat fly strike, the practice is now uniformly opposed by animal welfare groups around the world. In addition, technology and animal husbandry techniques have advanced to a point where viable, more humane, and cost-effective alternatives have been identified and adopted in other wool-producing countries, such as New Zealand, and by a minority of Australian growers and breeders.

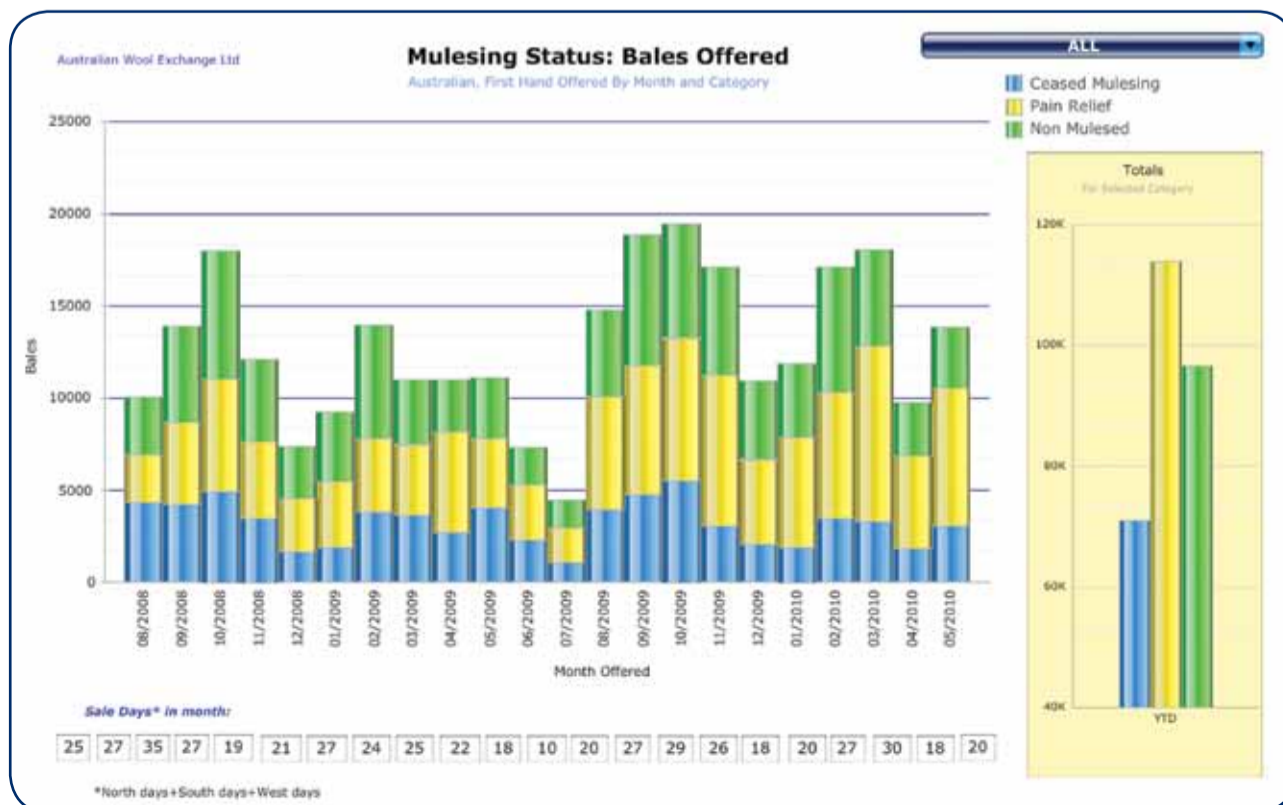
In 2005, Australian Wool Innovation (AWI) on behalf of the Australian wool industry issued a declaration of commitments to develop and adopt alternatives to mulesing by the end of 2010. In 2009, AWI announced the industry would unlikely meet its 2010 deadline. During the past five years, there have been some advances by the Australian industry in addressing this issue, including the development and widespread use of analgesics on mulesed lambs. However, since 2009, there has been little evidence of a concerted or committed effort by the industry to adopt mulesing alternatives within the foreseeable future.

We are convinced that the actions outlined in this Position Paper are essential to ensure that Australia can continue to be a key supplier of wool to the international textile and apparel market. As an increasing number of apparel retailers and brands are initiating policies requiring their suppliers to use non-mulesed wool, we are concerned that a lack of resolution on this issue will become a serious impediment to the promotion of the Australian wool brand."

Position Paper of US Apparel Retailers and Brands on the Practice of Mulesing in the Australian Wool Industry

- As the world's largest supplier of wool, and an essential supplier of finer-gauge wool, the Australian wool industry is a valued partner for U.S. wool apparel retailers and brands.
- An important issue affecting this relationship is the continued use by many in the Australian wool industry of surgical mulesing of sheep as a preventative measure against blow fly strike, an animal-husbandry technique that is uniformly opposed by animal-welfare organizations.
- U.S. wool apparel retailers and brands reaffirm their goal that the Australian wool industry expeditiously identify and adopt viable alternatives to surgical mulesing, with the objective to achieve this goal by the end of 2013.
- In addition, we call upon the representative organizations of the Australian wool industry to provide a public report by September 2010 that maps out a strategy with measureable milestones to achieve this goal.
- As part of this effort, we strongly support ongoing research by the Australian Commonwealth Scientific and Industrial Research Organisation (CSIRO) and other organizations and individuals in Australia.
- This research has identified breech wrinkle, breech cover, dung-coated wool ("dags"), and urine stain as four primary risk factors for fly-strike among Merino sheep, with the establishment of a scoring system to assist wool growers in identifying higher-risk animals.
- We agree that the genetics/breeding programs hold promise as the best alternative to surgical mulesing, particularly with respect to the highest risk factor – breech wrinkle.
- We also support the efforts by a growing number of merino stud breeders in Australia to produce plainer-bodied rams, with progeny that will be more resistant to fly-strike, yet have good fleece weight and lower wool micron size that growers need.
- In order to ensure their success, it is vital that the Australian wool industry actively support genetics and breeding research programs, and the Australian federal and state governments through Australian Wool Innovation (AWI) provide adequate funding and other support.
- With respect to breech cover, another high-risk factor for fly-strike, we urge accelerated research and testing on (depilating) intradermals that have shown promising trial results on efficacy, ease of use, and cost-containment, so that they can be made available on the market as expeditiously as possible.
- We also call upon the Australian Wool Exchange (AWEX), with support from the Australian Government, by the end of 2010 to require all growers selling their wool through AWEX to report on the National Wool Declaration (NWD) their mulesing status - i.e., "mulesed," "mulesed with pain relief," "clips," "ceased-mulesed," and "non-mulesed."
- We expect all growers who continue to mules their sheep, while mulesing alternatives are being developed, to employ effective analgesics and report on the NWD their use of pain relief on mulesed animals.
- Broader participation by wool growers in the NWD will provide better and more accurate market information and supply-chain traceability, which will assist retailers and brands in making informed sourcing decisions, and give wool growers the pricing signals they need.
- In addition to groups representing the Australian wool industry, we also seek to collaborate with animal welfare NGOs, including those in Australia, the Australian federal and state governments, and other stakeholders in assisting the Australian wool industry to identify solutions to the mulesing issue.

Mulesing Statistics – August 2008 to May 2010





AUCTION ACTION

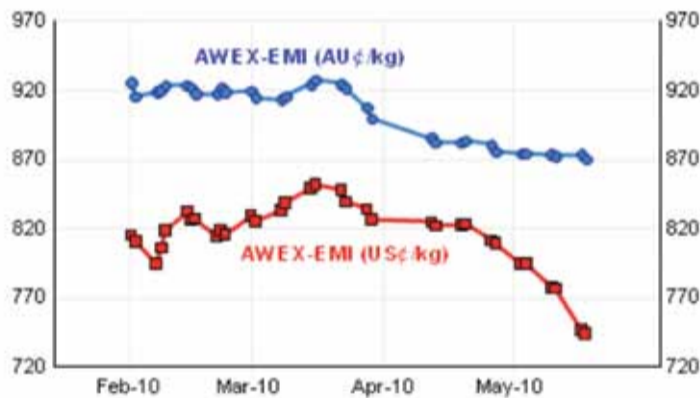
Since our last edition in February, the AWEX EMI (Eastern Market Indicator) has ranged from a high of 928 cents (made in early March) to the present level where it is currently trading between 870 and 885 cents. It has remained in this narrow range since Easter, and represents a fall of approximately 6% since mid April. This is of course in Australian dollars; in reality the majority of wool traded by buyers is in US dollars, which brings forward a different perspective.

To our overseas customers the weakening Australian dollar (relative to the US dollar) has meant that wool has become much cheaper, falling almost 15% over the same period when measured in US dollars. Weak economic conditions in the US and uncertainty in parts of the Eurozone (including Greece and Spain) appear to be having an impact on the global wool market.

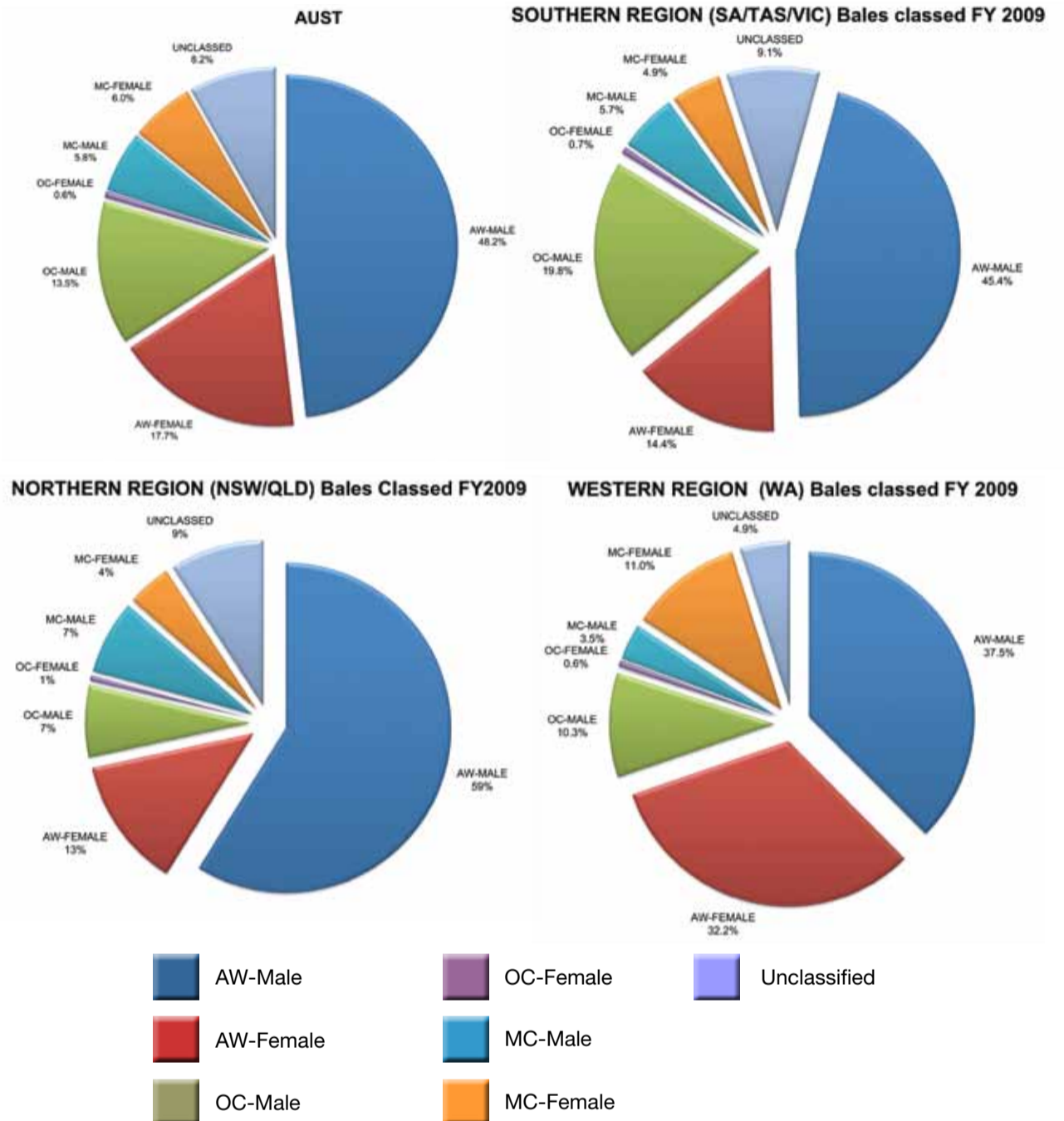
Locally, summer/autumn conditions have impacted on auction offerings and subsequent price signals. An increase in lower styles, high vegetable matter (VM) and tender types have seen buyers seek out the dwindling better types. Buyers are usually required to deliver parcels at contracted specifications and large volumes of a particular type can affect an overall delivery and is often discounted. Lately, the more stylish, low VM and very sound types have enjoyed solid premiums over other lesser types due to their short supply.

The price gap (between better and poorer styles) is expected to remain through to May/June 2010 as limited volumes come onto the market. Woolclasser's should maximise competition by preparing the wool as well as possible and removing any portion of the fleece that may incur discounts.

AWEX-Eastern Market Indicator



Breakdown of Woolclassers



WOOLCLASSER POLO SHIRTS



Woolclassing Polo Shirts are now available in **WOOL** for all registered Woolclassers.

Fabric: 100% WOOL

Colour: Navy Blue

Sizes for Women and Men

Size*	S	M	L	XL	XXL
Chest	95cm	100cm	105cm	110cm	115cm
Number Required					

*Sizing is full chest measurement in centimetres

One Polo Shirt:
\$45 incl. GST + \$3.00 postage = \$48.00

Two Polo Shirts:
\$85 incl. GST + \$6.00 postage = \$91.00

Payment: Please make cheque/money order payable to the Australian Wool Exchange Ltd OR complete your credit card details below and forward this form to AWEX:

Credit Card: Visa Mastercard (place a **X** in one of the boxes) Expiry Date: ___/___

Cardholder Name: _____

Card No:

Amount: _____ (incl. postage)

Signed: _____

Stencil Number _____

Delivery Address: _____

State: _____ Code: _____

Forward payment to:
Australian Wool Exchange Ltd
PO Box 649
Lane Cove NSW 1595
or Fax: 02 9420 9633
Please allow 3 weeks for delivery.

Use Woolsearch.com.au to find qualified Woolclassers, Shearers and Shed Hands.

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