

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2008

Agriculture, Fisheries and Forestry

Question: AWI 01

Division/Agency: Australian Wool Innovation

Topic: AWI research, development and innovation expenditure; results of expenditure

Hansard Page: 46 (26/05/08)

Senator Heffernan asked:

Senator HEFFERNAN—So how much money has actually been spent on research out of your annual budget, on average? Can you make that available? You may not be able to today.

Dr Abell—I can give you a general view. In excess of \$20 million per year is actually spent on contracted research.

Senator HEFFERNAN—What is the most spectacular result you have had out of that expenditure? The suit business in Japan is very good. You can have a woollen suit, wash it and hang it up and wear it the next day. I commend you. How much did that research cost?

Dr Abell—I am happy to take these on notice. You are asking for some detail that I may not have at my fingertips.

Senator HEFFERNAN—It was a small amount of money, wasn't it?

Dr Abell—A moderately small amount.

Senator HEFFERNAN—\$50,000?

Dr Abell—Something like that, I suggest.

Senator Sherry—Rather than speculate about whether it is small or large, the officer—

Senator HEFFERNAN—It was \$50,000. You do not ask a question if you do not know the answer.

Senator Sherry—Hang on. If the officer does not know the figure and agrees to take it on notice, we will take it on notice and we will get you the accurate figure, Senator.

Answer:

Australian Wool Innovation (AWI) research, development and innovation expenditure:

Year	(\$'000s)
2006-2007	63,853
2005-2006	70,421
2004-2005	65,721

Source: AWI 2006-07 and AWI 2004-05 annual reports

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A full list of AWI's projects is provided as part of AWI's Annual Report. The results are measured independently in a three yearly 'Review of Performance' which is made available to all wool levy payers.

The Shower Suit product cost \$80,000 to develop, however, it is based on separately funded, earlier research and development of three separate technologies.

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Question: AWI 02

Division/Agency: Australian Wool Innovation

Topic: Expenditure with Wilkinson Media and PLMR

Hansard Page: 47 (26/05/2008)

Senator Heffernan asked:

Senator Heffernan—No, I know you were not. But these other two were. How much have you spent on Wilkinson Media? How much did you pay the bloke that allegedly, even though it is very much a point of conjecture, was on the payroll in London for a couple of years? What to God was he on the payroll for?

Dr Abell—We can provide you with Wilkinson Media expenditure. It is to do with the defence in the courts and other activities against PETA, the animal rights group. We can provide that, Senator.

Answer:

Public Relations Consultant Expenditure – Wilkinson Media 2003/04 – 2007/08

Financial Year	Amount
2003/04	\$4,200
2004/05	\$513,106
2005/06	\$354,933
2006/07	\$164,184
2007/08*	\$360,532
Total	\$1,396,954

* 2007/08 expenditure is to end April 2008.

Public Relations Consultant Expenditure – PLMR/Pozitiv Communications (“the London Consultant”) 2004/05 – 2007/08

FY	Company	Amount	Reason
2004/05	Pozitiv Communications	\$191,019	Start of PETA activity
2005/06	Pozitiv Communications	\$206,962	Benetton issue and UK meetings
	PLMR	\$19,985	
2006/07	PLMR	\$57,350	Ongoing retailer activities
2007/08**	PLMR	\$73,592	Industry renegeing on commitment
	Total	\$548,908	

**2007/08 expenditure is to end April 2008.

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Question: AWI 03

Division/Agency: Australian Wool Innovation

Topic: Breakdown of PETA related activities, including the Taskforce

Hansard Page: 47-48 (26/05/2008)

Senator Heffernan asked:

Mr Welsh—The taskforce expenditure figures that I have cover the period of time from 2004 through to 2008. The total sum of that is \$3.6 million.

Senator HEFFERNAN—So could you provide to this estimates committee the breakdown of that expenditure and what it was spent on?

Mr Welsh—Yes.

Senator HEFFERNAN—Thank you.

Senator Sherry—The officer is taking it on notice.

Answer:

A summary of Australian Wool and Sheep Industry Taskforce related activity expenditure is **attached**.

[AWI 03 attachment]

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Question: AWI 04

Division/Agency: Australian Wool Innovation

Topic: Cox Inall Communications

Hansard Page: 48 (26/05/2008)

Senator Heffernan asked:

Mr Welsh—Oxinal?

Senator HEFFERNAN—Yes. How much do you pay them a year?

Mr Welsh—I do not have that figure in front of me.

Senator HEFFERNAN—Who would know?

Mr Welsh—Matthew would know.

Senator HEFFERNAN—What is their job? Something Matthew is not capable of doing?

Senator Sherry—Do you want us to take on notice that figure to attempt to obtain it for you?

Senator HEFFERNAN—Okay.

Answer:

Cox Inall Communications is a strategic public relations consultancy. Australian Wool Innovation (AWI) has not specifically used Cox Inall for People for the Ethical Treatment of Animals (PETA) related activities.

AWI has utilised the Cox Inall's services to engage with key domestic stakeholders, media and shareholders to achieve a number of different communications objectives for specific AWI Wool Production Research and Development and Corporate Affairs projects. This includes communications associated with Research and Development into breach clips as an alternative to mulesing.

AWI expenditure with Cox Inall Communications for the last three financial years is as follows:

Financial Year	Amount
2005/06	\$229,972
2006/07	\$91,653
2007/08*	\$135,298
Total	\$456,923

*2007/08 expenditure is to April 2008.

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Question: AWI 05

Division/Agency: Australian Wool Innovation

Topic: AWI media message expenditure

Hansard Page: 48 (26/05/2008)

Senator Heffernan asked:

Senator Heffernan—But you could take that on notice, the break-up of your media message expenditure and what it was spent on?

Dr Abell—I believe we have.

Answer:

In 2007/08 shareholders and stakeholders were kept informed on the outcomes of AWI Research Development and Innovation and marketing projects and activities, and other relevant matters or issues impacting on the industry including through the following:

Project	2007/08 Budget
'Beyond the Bale'	\$570,000
Online Communications	\$285,000
AWI Events and Industry Conferences	\$137,000
AWI Annual General Meeting Forum	\$105,000

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Question: AWI 06

Division/Agency: Australian Wool Innovation

Topic: November 2004 Industry Stakeholder Forum

Hansard Page: 53 (26/05/2008)

Senator McGauran asked:

Senator McGauran—Can you find out for us how this landmark decision was made?

Senator Heffernan—I think it is important that we do not send the wrong message.

Senator Sherry—Do you want that taken on notice? You have asked us to try and find out, so we will take that on notice.

Mr Targ—We can take that on notice. All the representative bodies were at that meeting.

Answer:

Australian sheep and wool industry leaders, at a meeting in Sydney on 8 November 2004, expressed their commitment to the phasing out of the current practice of mulesing by 2010. The industry was briefed on the actions to date and the strategy going forward.

The list of representatives that attended the meeting follows:

- Mr Ian Ashman, Australian Wool Testing Authority
- Ms Mark Grave, Australian Wool Exchange
- Mr Walter McLean, AgForce
- Mr Don Hamblin, Wool Industry – New South Wales Farmers Federation
- Mr Barry Court, Pastoral and Graziers Association
- Mr Ben Mumford, South Australian Farmers Federation
- Mr Geoff Power, South Australian Farmers Federation
- Mr Frank O'Connor, Tasmanian Farmers and Graziers Association
- Mr Rod Thirkell-Johnston, Tasmanian Farmers and Graziers Association
- Mr Simon Ramsay, Victorian Farmers Federation
- Mr David Nancarrow, Australian Wool Council for Wool Exporters
- Mr Mile Norton, Australian Wool Council for Wool Exporters
- Mr Charles (Chick) Olsson, Australian Wool Growers Association
- Mr John Lewis, Australian Wool Processors Council
- Mr Alen Harris, National Council Wool Selling Brokers
- Mr Jim Kennedy, WoolProducers Australia
- Mr Ian McIvor, Australian Livestock Exporters Council
- Mr Will Roberts, Australian Stud Merino Breeders Association
- Mr Marty Moses, New South Wales Inland Brokers
- Mr Peter Thornber, Department of Agriculture, Fisheries and Forestry
- Mr Ian Feldtmann, Sheepmeat Council of Australia
- Mr Mike Hayward, Meat and Livestock Australia

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- Mr Kevin Shiell, LiveCorp
- Dr Peter Morgan, Australian Wool Industries Secretariat
- Mr Peter Wilkinson, Woolmark
- Mr Peter Wilkinson, Wilkinson Media
- Dr Scott Williams, Australian Wool Innovation
- Mr Matthew Flugge, Australia Wool Innovation
- Mr Robert Pietsch, WoolProducers Australia
- Ms Sharon Turner, WoolProducers Australia
- Mr Scott Turner, National Farmers Federation
- Ms Fiona Chisholm, Australian Wool Innovation
- Mr Len Stephens, Australian Wool Innovation
- Mr Gavin Atkins, LiveCorp
- Ms Lucy Broad (Facilitator)
- Ms Eleni Tsougranis (Project Coordinator)

A copy of the Australian Sheep and Wool Industry Taskforce Stakeholder Forum Agenda and Meeting Summary, and the joint press statement released by the representative organisations attending the meeting is **attached**

[AWI 06 attachment].

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Question: AWI 07

Division/Agency: Australian Wool Innovation

Topic: Retailer Workshops

Hansard Page: 56 (26/05/08)

Senator Nash asked:

Mr Welsh—I think they have all said that they have a preference to support clips ahead of existing surgical mulesing—

Senator Nash—Okay. In what forums was that information provided?

Mr Welsh—We have done a number of retail workshops in North America, Europe and Scandinavia and that is the collective feedback from them.

Senator Nash—Is that feedback something that is public? I imagine there would be some kind of reporting mechanism or some kind of summary—

Mr Welsh—If you are looking for substantive proof, then we could send some information on that—

Senator Nash—of their views. If that could come to the committee, that would be great.

Answer:

The following seminars have been held for retailers and brands in the United States of America and Sweden in April and May 2008:

Location	Date	No Retailer/Brands
New York (USA)	28 April 2008	17
San Francisco (USA)	30 April 2008	7
Seattle (USA)	1 May 2008	6
Gothenberg (Sweden)	29 May 2008	26

There has been very positive feedback on the seminars from personnel from the retailers and brands that have attended.

The main feedback received from these meetings was as follows:

- Some retailers expressed concern that there is inadequate progress to meeting the end 2010 deadline for the phase out of mulesing
- Most retailers reinforced their requirement that the Australian wool industry honour its commitment to phase mulesing out by the end of 2010 as per the commitments previously made by the industry to those retailers
- Some retailers are not prepared to wait until the end of 2010 to source wool from non-mulesed sheep or properties that have ceased mulesing.

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- On the other hand, some retailers are prepared to wait until the end of 2010 before insisting on sourcing wool from unmulesed sheep or wool from properties that have ceased mulesing
- A small minority of retailers have not signaled what they will do beyond 2010.
- No retailer stated they will accept wool from properties that continue to mules after 2010
- All retailers met supported the use of pain relief in the interim.
- Most retailers expressed their support for a mechanism for identifying wool from non-mulesed sheep and from properties that have ceased mulesing through the supply chain.
- Generally, retailers are satisfied with the proposed National Wool Declaration.
- Most retailers accept clips as an appropriate alternative to mulesing once they have been properly briefed.

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Question: AWI 08

Division/Agency: Australian Wool Innovation

Topic: Hugo Boss Statement

Hansard Page: 57 (26/05/08)

Senator McGauran asked:

Senator McGauran—What is the last comment Hugo Boss made in relation to this situation?

Mr Welsh—Without quoting verbatim, it was something along the lines of that they will continue to support Australian wool and source non-mulesed wool where possible.

Senator McGauran—This is a great statement. Can we have a copy of that?

Mr Welsh—I have got it on my Blackberry. I can turn it—

Senator McGauran—Could I have it on notice? Let us just put PETA where they ought to be: in their place. They are a shocking organisation.

Answer:

Australian Wool Innovation (AWI) received the following statement (**attached**) from Hugo Boss after contacting the company immediately after the media release issued by People for the Ethical Treatment of Animals (PETA) referencing information on the Hugo Boss position.

[AWI 08 attachment]

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Question: AWI 09

Division/Agency: Australian Wool Innovation

Topic: Biological Blowfly Control

Hansard Page: 60 (26/05/08)

Senator Adams asked:

Senator Adams—This is an article that appeared in the *Farm Weekly* in Western Australia on 22 May to do with bacterial blowfly control. A South Australian geologist, Barry Hayes, holds the patent for using the bacteria to short-circuit the blowfly's lifecycle, but AWI refused to trial it. Do you know anything about this?

Mr Targ—No, we will take that on notice.

Senator Adams—Could you take that on notice, then?

Dr Abell—I think the fact of the matter is that, yes, we will take it on notice, but, as I understand it, there have been no applications for support from AWI from that particular inventor or that holder of that IP.

Answer:

In May 2008, Mr Barry Hayes went to press regarding his patent and potential blowfly control technology. At that time Australian Wool Innovation (AWI) did not have any project applications from Mr Hayes on file. The only document on file was a Non Disclosure Agreement executed on 7 April 2006. AWI called for two third-party opinions, neither of which indicated that what AWI had received merited future investigation.

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Question: AWI 10

Division/Agency: Australian Wool Innovation

Topic: AWI research, development and innovation expenditure

Hansard Page: 60 (26/05/08)

Senator Heffernan asked:

Senator Heffernan—As a question on notice, could you provide this committee with all monies expended on research on both sides of those equations in the last three years?

Mr Welsh—Sure.

Answer:

AWI portfolio	2006-2007 (\$'000s)	2005-2006 (\$'000s)	2004-2005 (\$'000s)
Product Development and Product Marketing (Off-Farm)	32,197	33,470	18,463
Wool Production (On-Farm)	24,637	29,599	37,858
Integration (Off-Farm)	807	240	-
Corporate Affairs (including costs associated with defending against actions by animal rights groups) (Both)	6,212	7,112	9,400

Source: AWI 2006-07 and AWI 2004-05 annual reports

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Question: AWI 11

Division/Agency: Australian Wool Innovation

Topic: Proportion of AWI's annual budget that is spent on salaries

Hansard Page: 61 (26/05/08)

Senator Nash asked:

Senator Nash—I apologise that I did not ask this earlier. What percentage of the budget goes to salary? Did he ask for a breakdown of employees and salaries?

Mr Targ—I think that is on notice.

Answer:

	AWI		Woolmark	
	Actual	Projected	Actual	Projected
	2006/7	2007/8	2006/7	2007/8
Base Salaries	8,179,895	8,418,840	9,537,204	7,174,167
Annual Leave	229,801			
Super	725,707	654,451	893,161	735,107
	9,135,403	9,073,291	10,430,364	7,909,274
Workers Comp	51,993	51,261	15,431	26,445
Payroll tax	663,334	666,115	446,098	296,793
FBT	75,328	56,760	32,434	19,985
	790,655	774,136	493,962	343,223
	9,926,058	9,847,427	10,924,326	8,252,497
Total of expenses and project investments	75,125,006	75,991,736	20,060,077	15,997,393
Base Salaries	10.9%	11.1%	47.5%	44.8%
With Super	12.2%	11.9%	52.0%	49.4%
With On costs	13.2%	13.0%	54.5%	51.6%

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Question: AWI 12

Division/Agency: Australian Wool Innovation

Topic: Appointment of PR agencies

Hansard Page: 62 (26/05/08)

Senator Heffernan asked:

Senator Heffernan—But I mean if they appointed this bloke in London who was subject to the allegations. I hope you blokes are not spending more money taking someone to court to sue them, including the ABC. You don't even know the background of the bloke. You just said to Wilkinsons, 'She'll be right, mate.'

Mr Welsh—I am sure it went through the appropriate level of due diligence—

Senator Heffernan—But what is that? Your board does not know about it and you do not know about, so who does?

Mr Welsh—That was before my time so—

Senator Heffernan—That is a great way out of it. Can you take that on notice and tell us who ticked them off?

Mr Welsh—Yes.

Answer:

It was agreed by the Chairs Group of the Taskforce that public relations capacity and expertise would be needed in the United States and the United Kingdom to effectively manage the threat from People for the Ethical Treatment of Animals (PETA).

The Chairs Group appointed Wilkinson Media and invited it to manage the brief, preliminary interviews and selection of public relations agencies with a global capacity in these two regions.

Wilkinson Media undertook this work and provided a recommendation and budget for review. This included company background information; key requirements and capabilities of the agencies; capacity and relevant experience; a list of relevant clients and campaigns.

Australian Wool Innovation (AWI), Meat and Livestock Australia, and the Woolmark Company, as the contributing funders of the public relations activities, reviewed the recommendations put forward by Wilkinson Media following consultation with industry organisations. Following the review, the Chairs Group resolved to appoint Golin Harris in the United States, and Pozitiv Communications in the United Kingdom to undertake public relations work required in these regions.

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Question: AWI 13

Division/Agency: Australian Wool Innovation

Topic: AWI Decision Process

Hansard Page: 64 (26/05/08)

Senator Heffernan asked:

Senator Heffernan—Could you provide to the committee the details of those programs—I think I asked for that earlier—and how you make the decision? Who makes the decision that we will give Billy Bloggs money for that fescue development there? Does a group of people sit down and go through it, and who are they?

Dr Abell—Largely, the decision making is broken from programs into projects. Programs are generally agreed. The highest level program agreed is that 40 per cent of the R&D funds should go on-farm, 60 per cent off farm. That's the highest level program. From that, it will go down to general strategic direction set by the board for certain programs. For example, the animal health program has an allocation of funds in general terms and then that is broken into projects within that program, some of which would be under the CEO's delegation and some of which come to the board for clearance.

Senator Heffernan—Does Mr Welsh have delegation for these decisions?

Dr Abell—Yes, in projects within programs.

Senator Heffernan—Mr Welsh, how do you decide to give this particular person money for pasture development and not that person?

Mr Welsh—It is based on a recommendation from the program managers or the divisional heads.

Senator Heffernan—Who are they?

Mr Welsh—It depends on the division.

Senator Heffernan—Is this all part of your 160 internal employees, or are they external consultants?

Mr Welsh—They are all internal.

Senator Heffernan—Could you provide us with the paper trail of how a decision is made, who the decision makers are and what their expertise is in making that decision.

Mr Welsh—Sure.

Answer:

Australian Wool Innovation (AWI) has a project management manual, a structured set of financial authorities and a checklist that is required to be completed at every stage of the approval process. The financial authorities and pro-forma checklist are **attached**, as well as a schematic diagram of the processing process.

The Board has established funding criteria or selection criteria for selecting projects. If a project (whether solicited or unsolicited) satisfies the criteria it can be signed.

[AWI 13 attachment]

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Question: AWI 14

Division/Agency: Australian Wool Innovation

Topic: Mr Flugge salary, Wilkinson Media expenditure, Cox Inall Communications Expenditure

Hansard Page: 65-66 (26/05/08)

Senator Heffernan asked:

Senator HEFFERNAN—How much money does Mr Flugge earn? Is it 240 or 280?

Mr Welsh—I do not know the answer off the top of my head.

Senator HEFFERNAN—Who does know?

Mr Welsh—Our HR department.

Senator HEFFERNAN—Could you give us the answer on notice of what his package is?

Mr Welsh—Yes.

Senator HEFFERNAN—Could you also take on notice what money has been paid out to Wilkinson and Inall in the last three years?

Mr Welsh—Yes.

Senator HEFFERNAN—Who else has contributed funds to the task force besides AWI?

Mr Targ—In the first period, both MLA and AWS, which is Australian Wool Services, which owned the Woolmark company, contributed amounts, but the overwhelming funding has been by AWI.

Senator HEFFERNAN—Could you provide us with the details of that?

Mr Targ—Yes.

Answer:

Mr Matthew Flugge is paid a total salary package that fits in a band between \$240,000 and \$280,000 per annum.

Expenditure with regards to Wilkinson Media has been covered under question AWI02.

Expenditure with regards to Cox Inall Communications has been covered under question AWI04.

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Question: AWI 15

Division/Agency: Australian Wool Innovation

Topic: AWI Directors' contact with international retailers

Hansard Page: 68 (26/05/08)

Senator Heffernan asked:

Senator Heffernan—How many directors have talked directly to international retailers?

Mr Targ—Sorry?

Senator Heffernan—How many directors of the board have actually been out there and talked directly to the retailers that have got all these concerns? Has a delegation of the board talked to any of these people?

Mr Targ—A delegation of the board has not. Individual directors have in their various roles.

Senator Heffernan—Could you give us the details of those discussions?

Dr Abell—We can ask various directors to tell us.

Answer:

Australian Wool Innovation's (AWI's) Directors are all non-executive Directors and it would therefore be unusual for any of them to undertake operational duties on behalf of the Company.

With this in mind, AWI's former Chairman, The Hon. Ian McLachlan AO, met with retailers and discussed mulesing between 2005 and 2007.

Mr McLachlan's meetings included the following retailers:

- GAP
- LL Bean
- Brooks Brothers
- Federated (includes Macys, Bloomingdales)
- Jones Apparel Group
- Ann Taylor
- Benetton
- Marks & Spencer
- David Jones
- Liz Claiborne
- US National Retail Federation

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Two other non-executive Directors have identified contact they have had with retailers on the mulesing subject while being Directors, although not in any official AWI capacity:

- Mr Walter Merriman has met with Ermenegildo Zegna
- Mr Charles “Chick” Olsson has met with:
 - Ermenegildo Zegna
 - Woolworths (South Africa)\
 - Marks & Spencer
 - RMB of Sweden
 - US National Retail Federation

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Question: AWI 16

Division/Agency: Australian Wool Innovation

Topic: Superwash, scouring and downstream

Hansard Page: 68 (26/05/08)

Senator Heffernan asked:

Senator Heffernan—We are off that now. Have you blokes done any research into superwash, the scouring, and the downstream?

Dr Abell—I cannot give you any exact detail on that but part of the KIM process that Mr Welsh spoke about is where we go to processors of wool and manufacturers who use wool and make sure that they are aware of all the technology that is possible to potentially increase the pull through of wool through their processors and their manufacturing. Superwash is fairly old technology. I think it is CSIRO based, I believe—

Senator Heffernan—Vaseline and chlorine based, is it?

Dr Abell—I cannot give you detail of what we are doing at the moment on it, but I can take it on notice.

Answer:

Superwash

‘Superwash’ is a well established technology (nearly 50 years since it was first commercialized) and Australian Wool Innovation continues to conduct and fund research and development work into alternate technologies.

The main issue today confronting ‘Superwash’, is that Chlorine in various forms is predominantly used in the pretreatment (First stage) of the process. The issue is not so much to do with the use of Chlorine itself, but when Chlorine reacts with organic material such as wool, many new chemical compounds are formed. These are known generically as ‘AOX’ compounds and some of these (not all) compounds are thought to be toxic to certain types of fish life when discharged from the effluent.

The challenge with developing/finding an alternative to Chlorine is that Chlorine is a very effective and inexpensive shrink proofing agent.

AWI has funded and continues to fund projects aimed at developing a successful and commercially acceptable ‘Superwash’ process that does not use Chlorine and does not generate an AOX compound. Alternatives being studied involve Plasma, Permonosulphuric acid (Produces oxygen), and the use of hydrogel technology. The latter, for example, is a new project commissioned by AWI for Deakin University to research.

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Scouring

Scouring is as old as the wool industry, and in the 1970/1980's a lot of work was conducted to improve the efficiency of machines and the process, and the development of modern effluent treatments. Today the issues confronting scouring tend to relate to increased costs.

AWI has a program called CEW (Chemicals, Energy and Water) where we look to offset and minimize these issues. An example is a project funded with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) aimed at developing a special detergent which is effective at low temperatures, which could bring about a tremendous saving in heating costs.

Downstream

AWI continuously works and funds projects to develop new processes downstream in spinning, dyeing and finishing, which lead to new product opportunities. Last season, AWI developed more than 20 new innovations, introducing and transferring the technology to both the retail and manufacturing sectors.

Vaseline or Chlorine based?

Vaseline is not used in Superwash or any other process for wool. As referenced above most Superwash processes use Chlorine in some form.

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Question: AWI 17

Division/Agency: Australian Wool Innovation

Topic: Superwash in Australia

Hansard Page: 68 (26/05/08)

Senator Heffernan asked:

Senator Heffernan—Do we still use superwash in Australia?

Dr Abell—I think that is a question you would have to ask the scourers, but we can find out.

Answer:

Superwash wool is still used in Australia for those manufactured products which need to be machine washable (Washed in a domestic washing machine) such as school jumpers, socks, underwear, and sports/active wear.

Today there is only one major company in Australia, (GH Michell, Adelaide) which actually carries out the process, but many knitters import yarns where the Superwash treatment has already been carried out on the wool prior to the spinning process.

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Question: AWI 18

Division/Agency: Australian Wool Innovation

Topic: Appointment of Mr Christopher Abell

Hansard Page: Written question

Senator Heffernan asked:

In a question to Dr Abell about the appointment of Mr Christopher Chapman as Company Secretary and Legal Counsel, Dr Abell admitted that the Board and he knew about Mr Chapman's past criminal record before he was appointed (page 45), yet in a Press Release (*The Land*, 27 May 2008) and an email from Mr Chapman dated 30 May 2008, the email states: "*I joined AWI in October 2003. In early 2004, an individual AWI Board member asked that these matters from nearly 20 years earlier be examined by the Board*". (Copy of email submitted to Committee).

1. Would AWI please clarify this anomaly to the Committee?
2. In light of Mr Chapman's appointment, does AWI run criminal and background checks on new employees?

Answer:

Mr Chapman was appointed to Australian Wool Innovation (AWI) in October 2003. After interview, Mr Chapman's references were checked by AWI. The key advice given to AWI by referees was that Mr Chapman was a man of integrity who carried out his duties as Company Secretary in full compliance with the law.

AWI first became aware of the issue raised in the Senate Estimates Hearing in April 2004. The matter was then referred to the AWI Board and Mr Chapman provided an explanation. Mr Chapman had maintained his solicitor's practicing certificate and the Board resolved that Mr Chapman could continue as AWI Legal Counsel and Company Secretary. Mr Chapman continues to have the full support of the AWI Board.

AWI does conduct background checks as appropriate on its staff but does not conduct criminal checks. The matter will be taken up by the Board's Remuneration and Appointments Committee.