

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: AWI01

Division/Agency: Australian Wool Innovation Ltd

Topic: Tri-solfen

Hansard Page: 78-79 (26/05/2009)

Senator McGauran asked:

Senator McGAURAN—All right. What I would like to know is whether it is a real or a perceived conflict of interest. Does Dr Shiel have a commercial interest in Tri-Solfen still? I have no objection if she does, by the way, but I would just like to know the ground rules.

Mr Merriman—I will show you the conflicts disclosures.

CHAIR—Mr Merriman, sorry, I just want to come in there. The last time there was information provided to this committee it gave a lot of heartburn and grief to your board. I would ask you just to think about what you are offering. Thank you very much, anyway.

Mr Merriman—Thank you, Mr Chairman.

Senator Sherry—I think that can be taken on notice, because whilst I am all for declarations of conflict, perceived or otherwise, to a board, it does not necessarily have to be made public. There could be some embarrassment to those individuals that is not related to their responsibilities and duties on the board. We will take that on notice. That is not saying no, but we will take it on notice.

Answer:

Yes, Dr Meredith Sheil has a commercial and declared interest in Tri-Solfen.

Yes. Dr Meredith Sheil has a fully open and disclosed interest in Animal Ethics Pty Limited and Trisolfen which is under license to a separate company.

These interests have been disclosed both to the Board and to the public.

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Agriculture, Fisheries and Forestry

Question: AWI02

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI's procedures and processes relating to conflicts of interest of board members

Hansard Page: 79 (26/05/2009)

Senator McGauran asked:

Ms McGahan—I have some additional information that I think may help. I think I hear a concern about governance, and since I joined the company as CEO, I have increased the governance of the business by bringing to the business a very, very experienced company secretary/legal counsel, by the name of Sue Myers. She has an agriculture and government background, 30 years experience as a company secretary and corporate lawyer, and I think that that experience, that depth of experience and that strength, deals with your concerns, Senator. I hope it does.

Senator McGAURAN—Excellent, and it ought to be transparent, would you agree?

Ms McGahan—It is.

Senator McGAURAN—Well, not too transparent at the moment.

Senator Sherry—Given what the witness has just outlined, we can take this on notice. I am sure that the board and the new governance director, who is the company secretary can take on notice what their procedures and processes are in this regard.

Answer:

The procedures and processes of the Australian Wool Innovation Ltd (AWI) Board are overseen by the Company Secretary. These procedures and processes are articulated in three documents that are available on the AWI website. They are:

- Corporate Governance Policy

<http://www.woolinnovation.com.au/mediaLibrary/attachments/Governance/CorporateGovernancePolicy.pdf>

- Board Charter

<http://www.woolinnovation.com.au/mediaLibrary/attachments/Governance/BoardCharter.pdf>

- Code of Conduct (Directors and Officers)

<http://www.woolinnovation.com.au/mediaLibrary/attachments/Governance/CodeofConducttoStakeholders.pdf>

In accordance with appropriate corporate governance practice, all Directors declare their interests.

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Agriculture, Fisheries and Forestry

Question: AWI03

Division/Agency: Australian Wool Innovation Ltd

Topic: Underwriting Bayer

Hansard Page: 80 (26/05/2009)

Senator McGauran asked:

Senator McGAURAN—It was reported: AUSTRALIAN Wool Innovation has committed \$400,000 for the registration of the mulesing pain-relief treatment, Tri-Solfen.

Mr Merriman—N-o.

Senator McGAURAN—The article continues: In a meeting with WoolProducers last week, AWI chairman Wal Merriman said AWI would underwrite the research required for the registration of Bayer's Tri-Solfen and the pre-operative pain-relief chemical, carprofen.

Senator McGAURAN—It was reported that \$400,000 was underwriting Bayer, but, given that you say it is not, what is the budget for this program you are undertaking?

Mr Merriman—My memory is that the two components are about \$400,000 each, but we can take that on notice and get it back to you. The upshot of this is that, if those two chemical compounds get the meat residue level testing done and passed, it opens up the field for every other company now to come in and take up patent of it and therefore lessen the price.

Answer:

Australian Wool Innovation Ltd (AWI) has not provided financial support to any pharmaceutical company to facilitate the wide availability of Tri-Solfen.

AWI has engaged a specialist consultant to work with the Australian Pesticides and Veterinary Medicines Authority (APVMA) to obtain cost estimates to establish the maximum residue limit (MRL) data for basic analgesic medications that have proven to be effective for pain alleviation in sheep, including carprofen, lignocaine, and bupivacaine. Once established, the MRL data may be used by any company seeking registration of products containing these active ingredients.

The specialist consultant is also working for AWI to encourage the APVMA to review some of its guidelines for general animal health product registration. It is hoped that the APVMA will review its guidelines in a manner that will encourage more private sector investment in animal health products. A total sum of \$4,500 has so far been paid to the consultant.

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Agriculture, Fisheries and Forestry

Question: AWI04

Division/Agency: Australian Wool Innovation Ltd

Topic: Woolmark brand

Hansard Page: 82 (26/05/2009)

Senator Adams asked:

Senator ADAMS—Can I just take you back to the Woolmark brand. When you did the survey were people aware that that wool came from Australia? Did you ask any questions around the Woolmark brand as to where the wool came from?

Ms McGahan—I am not aware. We might have to just take that question on notice. I do not know.

Mr Merriman—Yes, Brenda was not there when a lot of the stuff came in. But my recollection is ‘no’ and we would like to take it on notice and bring it back to you.

Senator ADAMS—If you could. I think it is very important because the Woolmark brand does say, ‘Well, this is a woollen garment,’ and whatever else goes with it. But the Woolmark brand was Australian. So that is really what I want to know.

Ms McGahan—I will take the question on notice.

Answer:

The Millward Brown consumer survey of 23,000 consumers predominately in the Northern Hemisphere was prepared for Australian Wool Innovation Ltd (AWI) in late 2006, prior to the merger of AWI and The Woolmark Company. Data gained in relation to the Woolmark brand in this survey is focused around obtaining a clearer consumer perspective on the Woolmark certification program.

The outputs of this study show that Australia was well recognised amongst consumers as a Merino wool producing country, and wool from Australia was considered as ‘appealing’ to ‘very appealing’.

This survey also measured the prompted and unprompted recognition of the Woolmark logo which was extremely favourable.

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Agriculture, Fisheries and Forestry

Question: AWI05

Division/Agency: Australian Wool Innovation Ltd

Topic: Unmulesed and mulesed wool

Hansard Page: 83 (26/05/2009)

Senator Adams asked:

Senator ADAMS—You are not really answering my question. I am asking you about overseas buyers. Are they actually coming out and trying to source unmulesed wool or are they just buying wool whether it is unmulesed or mulesed?

Mr Merriman—I presume they are just buying both, because there is no major uplift in the unmulesed section.

Senator ADAMS—Would you like to take it on notice and just let the Senate know if there has been a demand from countries to—and it does not matter what they paid for it—source unmulesed wool or whether they are still going along with the normal wool?

Mr Merriman—I will take that on notice. Just to make sure I get this right, you want to know the amount of unmulesed wool that has been bought out of Australia compared to the rest?

Senator ADAMS—No, that is not the question. I just want to know if buyers from specific countries are asking for unmulesed wool rather than normal wool.

Mr Merriman—Yes, some are. Yes, some are and some are not.

Senator ADAMS—So would you be able to give me a list of where those demands are coming from?

Mr Merriman—Yes, I will take it on notice; and the company can provide you with a list. There are some companies saying they want unmulesed wool. At the end of the day they may not be buying unmulesed wool.

Answer:

There is no one preference of what customers of Australian wool want. Some are specifically sourcing non-mulesed declared wool, some are sourcing a combination of non-mulesed, ceased-mulesed and pain relief declared wools, and others are more than satisfied to source wool that has not been declared through the National Wool Declaration (NWD).

Australian Wool Innovation Ltd (AWI) does not have information about countries sourcing non-mulesed wool. There are approximately 60 companies in Australia that export wool overseas. Gathering this information would require speaking to each of these companies and collating the information. Given the time and resources that would be required this is not commercially feasible.

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Question: AWI05 (continued)

AWI does monitor through our regional networks the companies that have expressed interest in this topic. Their interest level ranges from “a watching brief” to companies that have made public statements about their sourcing intentions. This list is used by AWI to inform our customers and interested parties on the topic.

An important point to make however, is that the public statements and CSR policies made by some customers do not always reflect their private discussions with AWI, nor do they reflect the purchasing policies.

Most accounts, particularly long standing companies that specialise specifically in the highest quality fine Merino wool apparel, see themselves as an intrinsic part of the industry. However they know as well as we do, that if they make any public comments in support of the industry, they are more likely to attract attention from animals rights groups. This would not make good business sense for them, nor for the Australian wool industry.

In terms of price differentials – since the NWD commenced in August 2008, wool has been declared at every auction. As far as AWI is aware, the Australian Wool Exchange (AWEX) has not observed a significant price premium or discount for unmulesed wool. However, AWEX would be best placed to comment on price trends of wool sold through the auction system.

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Agriculture, Fisheries and Forestry

Question: AWI06

Division/Agency: Australian Wool Innovation Ltd

Topic: Relationship with AWI and Bayer

Hansard Page: 86 (26/05/2009)

Senator McGauran asked:

Senator McGAURAN—In wrapping up, Ms McGahan, what relationship, financial or otherwise, does the AWI have with Bayer, if any at all?

Mr Merriman—None.

Ms McGahan—I will have to take that question on notice, Senator.

Answer:

Australian Wool Innovation Ltd (AWI) does not have a financial relationship with Bayer. Bayer has not received funding from AWI.

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Question: AWI07

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI program involvement

Hansard Page: Written

Senator Williams asked:

Does the AWI have any involvement in the "Warm Coats Warm Hearts" Foundation in the USA? If not why not?

Answer:

The "Warm Coats Warm Hearts" foundation is built on the premise of a "Coat Drive" to collect donated coats around North America. It collects approx 200,000 coats annually and distributes them to the needy.

Australian Wool Innovation Ltd has not been involved with this program as it does not provide an opportunity to grow virgin wool consumption for our Australian woolgrowers.

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Agriculture, Fisheries and Forestry

Question: AWI08

Division/Agency: Australian Wool Innovation Ltd

Topic: Wool or woolblend products

Hansard Page: Written

Senator Williams asked:

Why is it difficult to find a wool or woolblend product in a department store?

Answer:

Wool and woolblend apparel products are widely available through retail stores including Myer, David Jones, Sportscraft, Country Road and Target. We would prefer there to be more woollen apparel products available at retail.

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Agriculture, Fisheries and Forestry

Question: AWI09

Division/Agency: Australian Wool Innovation Ltd

Topic: Woolgrowers

Hansard Page: Written

Senator Williams asked:

Why is it difficult to find a dedicated woolgrower?

Answer:

Most primary producers operate a mixed enterprise. By diversifying their businesses, producers have greater flexibility to adjust their production bases to take advantage of market conditions and trends.

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Agriculture, Fisheries and Forestry

Question: AWI10

Division/Agency: Australian Wool Innovation Ltd

Topic: Wool insulation

Hansard Page: Written

Senator Williams asked:

Has the AWI had any involvement in the use of wool batts in the insulation rebate?

Answer:

The industry has pursued the use of wool in insulation batts for some years. Wool batts are made from coarse micron wool of which Australia produces very little. They are also made from noils (a wool topmaking by-product). Unfortunately, because of wool prices in comparison to man-made fibre, it is seen to be non-price competitive.

Increasing wool use in homes is a focus of Australian Wool Innovation Ltd particularly in the interior textile field. Lobbying efforts for green building codes here and overseas (European Union) is planned as an activity in the 2009-10 financial year.

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Agriculture, Fisheries and Forestry

Question: AWI11

Division/Agency: Australian Wool Innovation Ltd

Topic: Wool profitability

Hansard Page: Written

Senator Williams asked:

Why do you believe wool is no longer profitable?

Answer:

Wool is not profitable for some growers at the moment as a result of drought, low prices and relatively little marketing for 10 years.

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Agriculture, Fisheries and Forestry

Question: AWI12

Division/Agency: Australian Wool Innovation Ltd

Topic: Mulesing clips

Hansard Page: Written

Senator Williams asked:

How does the cost of mulesing clips compare to the traditional mulesing methods?

Answer:

The labour costs associated with clip application and the mulesing procedure are comparable.

Leader Products Pty Ltd has released clips onto market in May 2009 at cost of \$0.80/lamb, and at \$0.70/lamb if the producer buys Leader eartags.

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Agriculture, Fisheries and Forestry

Question: AWI13

Division/Agency: Australian Wool Innovation Ltd

Topic: Mulesing clips

Hansard Page: Written

Senator Williams asked:

When the clips are introduced on a broader scale will there be enough certified clip operators once lambing season begins?

Answer:

The clips became commercially available in May 2009 and are now available through Leader Products and accredited contractors.

Leader Products requires the use of contractors who have been accredited to apply them correctly.

Leader Products is aware that training is an important process for correct clip application and is organising clip training.

Australian Wool Innovation Ltd research indicates that clips may not be effective on all types of sheep - different environments and sheep require different methods.

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Agriculture, Fisheries and Forestry

Question: AWI14

Division/Agency: Australian Wool Innovation Ltd

Topic: Mulesing clips

Hansard Page: Written

Senator Williams asked:

Will the course to become a clipper be widely offered and what will the cost be?

Answer:

Australian Wool Innovation Ltd (AWI) is unable to provide a substantive response to this question as Leader Products have been licensed by AWI to produce and market the clips.

Leader Products is aware that training is an important process for correct clip application and is organising clip training.

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Agriculture, Fisheries and Forestry

Question: AWI15

Division/Agency: Australian Wool Innovation Ltd

Topic: Mulesing clips

Hansard Page: Written

Senator Williams asked:

If the mulesing clips are regarded as inadequate will there be another mulesing deadline set?

Answer:

Australian Wool Innovation Ltd (AWI) cannot answer this because this is a decision made by industry. AWI's role is to fast-track the research and development program to find alternatives for growers and move these technologies into the commercial arena. AWI's search for new commercially viable alternatives continues.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI16

Division/Agency: Australian Wool Innovation Ltd

Topic: Merino garments

Hansard Page: Written

Senator Williams asked:

How will merino fresh garments be marketed to maximise exposure to national and international markets?

Answer:

Merino Fresh Innovation was launched in September 2008 at Premiere Vision, Paris and Intertextile, Shanghai. Since this time, Australian Wool Innovation Ltd (AWI) has transferred the technology to four major manufacturers in Asia, Europe and the US. Along with the technology transfer, AWI is providing partners with access to a host of marketing tools to ensure the effective promotion of the benefits of Merino wool and the Merino Fresh technology.

Korean Merino Fresh partner Cheil, commercialised Merino Fresh garments taking them to consumers in a March 2009 launch. Cheil utilised marketing tools supplied by AWI including brochures, swing tags and videos providing consumers with an educated understanding of the product. The launch was commercially successful with the product selling out within the first season. Both mainstream and trade media covered the Cheil product launch.

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Agriculture, Fisheries and Forestry

Question: AWI17

Division/Agency: Australian Wool Innovation Ltd

Topic: Merino garments

Hansard Page: Written

Senator Williams asked:

Will you be making Merino Fresh garments yourself or will you be selling the fabric to individual designers?

Answer:

No, Australian Wool Innovation Ltd (AWI) does not make garments or sell fabric. AWI develops technologies and will continue to focus on their transfer to large manufacturers with global retail networks.

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Agriculture, Fisheries and Forestry

Question: AWI18

Division/Agency: Australian Wool Innovation Ltd

Topic: Merino garments

Hansard Page: Written

Senator Williams asked:

Do you envisage Merino Fresh boosting wool popularity as a material?

Answer:

Yes. Wool is commonly perceived as a high maintenance fibre. Australian Wool Innovation Ltd believes that the Merino Fresh technology will assist consumers and members of the supply chain in appreciating the versatility that advances in technology has brought to the wool fibre.

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Question: AWI19

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI projects in China

Hansard Page: Written

Senator Fierravanti-Wells asked:

In relation to Question AWI 42 in Additional Estimates February 2009, the answer provided was not sufficient. The question asked for all projects to be listed. The answer simply provided a number. I repeat the question:

Further to the questions asked at the hearing and taken on notice, please list all projects funded by AWI or otherwise undertaken by AWI since 2001 that have been undertaken with, or for the benefit of, Chinese companies, persons or other entities with a Chinese parent company, including those associated with:

- a. genetics or the transfer of genetic material;
- b. intellectual property or the transfer of the same;
- c. product or garment development.

Answer:

Australian Wool Innovation Ltd currently has 17 active projects in China, and over the last near decade (since 2001) has undertaken 93 projects in China or with significant Chinese involvement. Of these, 69 have been completed, 1 has been deferred and 6 have been terminated.

Please find the list of projects below:

Portfolio	Program	Project Status	Project Title	Project Start Date
B2B Asia	China B2B Marketing	APPROVED	China International Trading Fair	28/06/2008
B2B Asia	Others B2B Marketing Asia	APPROVED	Sichuan Earthquake Blankets	28/05/2008
Corporate Affairs	Government Relations	COMPLETE	AWI China FTA Market Access and Trade Negotiations – ITS Global	9/08/2004
Corporate Affairs	Government Relations	COMPLETE	Building sustainable growth in demand for wool.	4/10/2004
Corporate Affairs	Government Relations	COMPLETE	Fit for Purpose Survey of Australian Wool Deliveries to China – 2004	1/11/2004
Corporate Affairs	Government Relations	COMPLETE	AWI Australia / China Wool Alignment Study	29/11/2004

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Question: AWI19 (continued)

Corporate Affairs	Government Relations	COMPLETE	Public Relations Strategy For Australian Wool Innovation In Relation To Australia-China FTA Negotiations	12/07/2005
Corporate Affairs	Government Relations	COMPLETE	China / Australia FTA – Analysing the Impact on Australian Wool of Removing Chinese Trade Barriers	23/05/2005
Corporate Affairs	Government Relations	COMPLETE	AWI Australia / China Wool Alignment Study Communications project	1/07/2005
Corporate Affairs	Government Relations	COMPLETE	China FTA Negotiation	27/07/2006
Corporate Affairs	Government Relations	COMPLETE	Trade Policy Monitoring Service	1/02/2006
Corporate Affairs	Government Relations	COMPLETE	Consultancy for SG Heilbron re China FTA	14/02/2006
Corporate Affairs	Government Relations	COMPLETE	China FTA Strategy – Management of Stage 2 Process	1/04/2006
Global Marketing	Innovation	ACTIVE	Warp knitting fabrics for Casual and Sports wear	1/07/2007
Global Marketing	Innovation	COMPLETE	Wool Chino Trials	8/08/2008
Global Marketing	Innovation	ACTIVE	Sport Yarns	1/04/2008
Global Marketing	Innovation	APPROVED	MERINOfresh™ – Global Product Development and Marketing in a new Business Model	24/04/2008
Global Marketing	Innovation	APPROVED	MERINOfresh™	2/07/2008
Global Marketing	Innovation	ACTIVE	Super T-Shirt û China	24/02/2009
Global Marketing	Innovation	ACTIVE	Product Design 2009 (Woven – MERINOfresh)	17/12/2008
Global Marketing	Innovation	ACTIVE	MERINOfresh – Merino Knit Collection F/W 2010	14/01/2009
Global Marketing	Innovation	ACTIVE	MERINOfresh – Merino Knit Collection F/W 2010	14/01/2009
Global Marketing	Innovation	ACTIVE	MERINOfresh – Merino Knit Collection S/S 2011	14/01/2009
Global Marketing	Innovation	ACTIVE	Machine Washable Woollen Fabric	15/01/2009
Global Marketing	Innovation	ACTIVE	Ceramic Treatment Trials in DHU	4/02/2009
Global Marketing	Innovation	COMPLETE	Shrink-resist treatment of wool	1/09/2004
Global Marketing	Innovation	COMPLETE	Pure Wool Fabrics for Active Wear with Special Moisture Management Properties	1/08/2004
Global Marketing	Innovation	COMPLETE	Innovation and Development of Australian Wool in Fancy Yarn	1/09/2004
Global Marketing	Innovation	COMPLETE	Environmental Friendly Chrome Dyeing of Australian Wool	1/09/2004
Global Marketing	Innovation	COMPLETE	High Fastness and Environmentally Friendly Dyeing of Blends of Australian Wool and Chinese Fibres	1/09/2004
Global Marketing	Innovation	COMPLETE	Development of a scouring technology package	1/11/2003

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Question: AWI19 (continued)

Global Marketing	Innovation	COMPLETE	Business Plan for Producing Treated Knitting Yarns in China – Completed	1/09/2003
Global Marketing	Innovation	COMPLETE	The Development of Improved Top Dyeing Procedures for the Chinese and Indian Wool Processing Industries – completed	1/07/2003
Global Marketing	Innovation	COMPLETE	Total Easy Care, Superfine pure wool fabrics for the Chinese domestic market	25/11/2004
Global Marketing	Innovation	COMPLETE	Consultancy Services in China – Cui Ying (Cindy Cui) – Completed	1/07/2004
Global Marketing	Innovation	TERMINATED	Development & Commercialisation of “Healthy Wool” Products in China	1/01/2005
Global Marketing	Innovation	COMPLETE	Anti Moth Treatment for Wool Apparel – using Nano Tech	30/09/2005
Global Marketing	Innovation	TERMINATED	Spunlaced & Thermobonded Non-Woven Wool Materials	1/07/2005
Global Marketing	Innovation	COMPLETE	Machine Washable Suit : Berkely Apparel Transfer of Technology to Heilan Group – Canal Science & Technology Co., Ltd	21/02/2005
Global Marketing	Innovation	COMPLETE	The New Product R&D of Knitting Clothes with Australian Wool and Bamboo Fibre	1/01/2006
Global Marketing	Innovation	COMPLETE	Merino Fleece Transfer to China and Commercialisation of Merino Active product	16/08/2005
Global Marketing	Innovation	DEFERRED	Spring Wool Knitwear for the China Domestic Market	1/10/2005
Global Marketing	Innovation	TERMINATED	Super Light Worsted fibre blend with well-being fibre for Fashion Wear	20/01/2006
Global Marketing	Innovation	COMPLETE	LAINA / DOWD machine washable fabric	21/09/2005
Global Marketing	Innovation	COMPLETE	MVS Technology Transfer to overseas spinning mills SA05/58	1/08/2005
Global Marketing	Innovation	TERMINATED	Lightweight Knitwear by PVA	23/01/2006
Global Marketing	Innovation	COMPLETE	Oversee Production of Washable Suit Technology	1/11/2005
Global Marketing	Innovation	COMPLETE	Development of Supersoft Knitwear with Erdos	18/11/2005
Global Marketing	Innovation	TERMINATED	Self Cleaning Surface treatment for wool fabrics	15/07/2006
Global Marketing	Innovation	COMPLETE	Stone Washed Australian Merino Apparel / Knitdigo	15/03/2006
Global Marketing	Innovation	COMPLETE	Sports and Active wear Merino (Merino blend with PTT fibre) for the Chinese domestic market	16/02/2006
Global Marketing	Innovation	COMPLETE	Innovative Ladies wear Merino woven Fabrics for the Chinese domestic market Spring/Summer 07	31/01/2006
Global Marketing	Innovation	COMPLETE	Thermolite/Merino wool blend	1/04/2006

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Question: AWI19 (continued)

Global Marketing	Innovation	COMPLETE	Merino Socks for the Chinese Domestic Market	22/05/2006
Global Marketing	Innovation	COMPLETE	To prepare documentation that describes procedures for the production of washable suits SA06/19	6/03/2006
Global Marketing	Innovation	COMPLETE	North Face – Merino range development	21/06/2006
Global Marketing	Innovation	COMPLETE	An assessment of the application of nano particles on wool	1/08/2006
Global Marketing	Innovation	COMPLETE	Innovative Ladies Wear Merino Woven Fabrics for the Chinese Domestic Market Autumn/Winter 07	26/05/2006
Global Marketing	Innovation	COMPLETE	Functional fabrics for corporate wear	20/11/2006
Global Marketing	Innovation	COMPLETE	Innovative Ladies Wear Merino Woven Fabrics for the Chinese Domestic Market	26/05/2006
Global Marketing	Innovation	COMPLETE	Menswear for Spring and Summer with Shangdong Ruyi	30/06/2006
Global Marketing	Innovation	COMPLETE	Fashion Look On Merino (Merino Classic)	16/08/2006
Global Marketing	Innovation	COMPLETE	Technical Seminar in Hong Kong (C2006/9099)	20/10/2006
Global Marketing	Innovation	COMPLETE	Support for the AWI Shanghai Office	7/10/2005
Global Marketing	Knowledge	ACTIVE	China and Hong Kong training 2008	1/05/2008
Global Marketing	Knowledge	ACTIVE	AWTTC 2008	1/05/2008
Global Marketing	Knowledge	TERMINATED	China Australia Wool Innovation Network (CAWIN)	1/08/2003
Global Marketing	Knowledge	COMPLETE	Wool Pipeline Training	1/08/2005
Global Marketing	Knowledge	COMPLETE	Australian Wool Textiles Training Centre	12/10/2005
Global Marketing	Knowledge	COMPLETE	Package Dyeing Project in China	5/09/2005
Global Marketing	Knowledge	COMPLETE	Finishing Consultancy to Jiangsu Sunshine Company Ltd & Erdos	21/09/2005
Global Marketing	Knowledge	COMPLETE	Wool Tour & Biella Master program for year 2006	25/08/2006
Global Marketing	Marketing	ACTIVE	China	5/12/2008
Global Marketing	Marketing	COMPLETE	Mens Business Suits (Merino Travel) for the Chinese Domestic Market	31/01/2006
Global Marketing	Marketing	COMPLETE	Fashion Brands Map	31/07/2006
Global Marketing	Marketing	COMPLETE	Knitwear manufacturing Industry Study in the Pearl Delta Region (PRD) of China	1/07/2005
Global Marketing	Marketing	COMPLETE	Machine Washable Suit Commercialisation	1/10/2005
Global Marketing	Marketing	COMPLETE	SpinExpo Shanghai 2005	5/05/2005
Global Marketing	Marketing	COMPLETE	Intertextile Shanghai – 2005	8/09/2005
Global Marketing	Marketing	COMPLETE	Wool Handbook Project in China	1/11/2005
Global Marketing	Marketing	COMPLETE	China Merino Innovation Net Portal	1/08/2005
Global Marketing	Marketing	COMPLETE	AWI Newsletter Update and Content Sourcing	6/04/2006
Global Marketing	Marketing	COMPLETE	Technical Seminars on Knowledge of Wool Sweater Finishing in China	20/06/2006

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Budget Estimates May 2009

Agriculture, Fisheries and Forestry

Question: AWI19 (continued)

Global Marketing	Marketing	COMPLETE	Product Collections for Fashion & Sportswear SA06/56	10/05/2006
Global Marketing	Marketing	COMPLETE	Spin Expo Autumn / Winter exhibition in Shanghai	10/05/2006
Global Marketing	Marketing	COMPLETE	AWI Support in 2006 Fabric China Creation	25/09/2006
Global Marketing	Marketing	COMPLETE	Trade Fairs 06/07	1/07/2007
Global Marketing	Marketing	COMPLETE	Translation Budget	1/07/2007
Global Marketing	Marketing	COMPLETE	Australian Merino Brand Launch	1/07/2007
Global Marketing	Innovation	COMPLETE	Evaluation of the dyestuffs used in China wool dyeing industry	1/07/2007
Global Marketing	Innovation	COMPLETE	Provision of textile services as requested by AWI	1/07/2007
Global Marketing	Innovation	COMPLETE	Anti-UV Application on Wool (Trials)	31/01/2007
Global Marketing	Innovation	APPROVED	TX Charming Circular Knits Fabric Collection	10/01/2008

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Agriculture, Fisheries and Forestry

Question: AWI20

Division/Agency: Australian Wool Innovation Ltd

Topic:

Hansard Page: Written

Senator Fierravanti-Wells asked:

In addition to the question asked, please also provide the following information in relation to each of the 93 projects referred to.

- a. Outline the specifics of each project including when the project was commenced and when it was concluded.
- b. The decision maker involved in the project and whether any members of the board had any influence or were otherwise involved in making the decision regarding the project.
- c. Any organisation, body or institution involved in delivering or otherwise involved in the project.
- d. The amount of money involved in the project.
- e. Any performance appraisal or other performance indication or evaluation undertaken in relation to each project including at any stage of that project.
- f. Any disclosure of interests regarding any board member involved in any of those projects.
- g. What direct and/or indirect benefit accrued or will accrue to Australian wool growers in relation to each of the 93 projects.

The total cost of all projects delivered to China since 2001.

Answer:

AWI has provided information in relation the start and finish dates of the projects and the actual expenditure - see Attachment 2. To answer this question fully and provide the additional information requested would require significant time and resource allocation.

All projects have been managed, with integrity, in accordance with company policy.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI21

Division/Agency: Australian Wool Innovation Ltd

Topic: Staff vacancies

Hansard Page: Written

Senator Fierravanti-Wells asked:

1. Please outline all positions that have been filled, vacated, abolished or otherwise discontinued since AWI October 2008.
2. In relation to those positions that have been filled, please outline the process that has been undertaken to fill the same including any relationship that the occupant of the position had with AWI prior to October 2008.
3. In relation to positions that have been vacated, abolished or otherwise discontinued since October 2008, please specify what arrangements have been made to undertake the work previously undertaken in those positions.

Answer:

The previous Board started on a cost reduction campaign in mid to late 2008; roles were removed including deputy CEO and Company Secretary. Staff numbers have reduced by more than 25 per cent from 220 in 2007 to 164 currently.

Owing to the Global Financial Crisis (GFC) since late last year, the Company has further reduced its overheads and staff. Since the new Board discovered further substantial revenue shortfalls, the Company has moved quickly to take more costs out of both staff, projects and overheads.

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Question: AWI21 (continued)

Please see below a table of staff changes.

	Position	Change	Process for replacement	Incumbent's previous relationship to AWI	Arrangements for workload
1.	CEO	Vacated and filled	Advertised externally	Former Woolmark Executive	-
2.	Deputy CEO	Abolished	-	-	Work either no longer required or transferred to the CEO.
3.	Senior Legal Counsel/Company Secretary (1)	Abolished	-	-	Undertaken by Company Secretary/Legal Counsel (2)
4.	Company Secretary/Legal Counsel (2)	Vacated and filled	Appointed following interview by CEO, Head of HR and the Board Remuneration and Appointments Committee.	None	-
5.	General Manager Human Resources	Vacated, position revised to 'Human Resources Manager'	Filled internally	-	Work absorbed by the Human Resources Manager
6.	General Manager Marketing	Abolished	-	-	Elements/activities redistributed to Regional Managers and the Marketing team.
7.	General Manager Corporate Affairs	Abolished and replaced by 'Head of Corporate Communications' position	Senior Media Manager appointed to acting Head of Corporate Communications	-	Undertaken by Head of Corporate Communications

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Question: AWI21 (continued)

8.	Senior Media Manager	Discontinued	Incumbent appointed to Acting Head of Corporate Communications	-	Undertaken by Head of Corporate Communications
9.	Head of Corporate Communications	Vacated by Acting Head of Corporate Communications and filled	Role approved by Remunerations and Appointments committee and appointed following interview with CEO	Professional relationship with the company through the Rural Press	-
10.	General Manager Wool Production	Vacated	Position temporarily undertaken by contractor – will be advertised externally	Previous employee and contractor	-
11.	Senior Manager Ethical Production and Trade	Abolished	-	-	Undertaken by Communication Stakeholder Relations Manager
12.	Program Manager - Wool Harvesting	Abolished	-	-	Absorbed by Manager Shareholder Relations and Mulesing Communications
13.	Program Manager - Animal Health & Welfare	Vacated	Internal promotion into an Acting position	-	Absorbed into one role.
14.	Manager Industry Affairs	Abolished	-	-	Distributed across a number of positions.
15.	Executive Assistant to the CEO and Chairman	Abolished, position revised and filled	Position filled internally	-	-

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Question: AWI21 (continued)

16.	Corporate Affairs Business Manager & Executive Assistant to the GM Corporate Affairs	Abolished	-	-	Absorbed by Corporate Communications Team
17.	Manager, Publications	Vacated, temporarily replaced by a contractor	Position temporarily undertaken by a contractor	-	Temporarily undertaken by a contractor.
18.	Accounts Payable Officer	Vacated, position not to be filled	-	-	Absorbed by existing Finance staff.
19.	Accountant	Vacated, filled via internal promotion of Assistant Accountant	-	-	Consolidated into one role and absorbed by Finance staff.

AWI provides this information reluctantly because it can quite easily be correlated with individuals and thus reflect personal situations.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI22

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI director roles

Hansard Page: Written

Senator Fierravanti-Wells asked:

What roles are each director undertaking in the day to day operations of AWI including any positions for which a director is directly responsible or otherwise involved in?

Answer:

Directors are not involved in the day to day operations of Australian Wool Innovation Ltd. Directors take their strategic and stakeholder responsibilities seriously and have increased their presence at industry events.

Directors' roles and responsibilities are outlined below. There are four sub committees of the Board, which have the following membership:

AWI Board of Directors

Mr Wal Merriman (Chairman)

Mr Roger Fletcher (Deputy Chairman)

Mr Chick Olsson

Mr George Falkiner

Mr David Webster

Mr Brian van Rooyen

Mr Laurence Modiano

Dr Meredith Sheil

Dr Kevin Bell

Finance & Audit Committee

Mr Chick Olsson

Mr Roger Fletcher

Mr George Falkiner

Mr David Webster

Senate Rural and Regional Affairs and Transport Legislation Committee

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Agriculture, Fisheries and Forestry

Question: AWI22 (continued)

Remuneration & Appointments Committee

Mr Roger Fletcher

Mr Wal Merriman

Mr Chick Olsson

Mr Brian van Rooyen

Mr David Webster

Marketing & IP Committee

Mr Chick Olsson

Mr George Falkiner

Mr Wal Merriman

Mr Laurence Modiano

Dr Meredith Sheil

Onfarm Scientific & Welfare Committee

Mr George Falkiner

Dr Kevin Bell

Mr Wal Merriman

Dr Meredith Sheil

Details correct as of 9 January 2009. Chairman of each Committee is underlined.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI23

Division/Agency: Australian Wool Innovation Ltd

Topic: Tri-solfen

Hansard Page: Written

Senator Fierravanti-Wells asked:

What conflicts of interest if any, do current directors have in relation to any pain relief, clips or other substance associated with pain relief, eg: Tri-Solfen?

Answer:

Two Directors declared an interest in the pain relief product Tri-Solfen.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI24

Division/Agency: Australian Wool Innovation Ltd

Topic: WoolPoll

Hansard Page: Written

Senator Fierravanti-Wells asked:

Please outline the funding arrangements for the wool poll including:

- a) what funds have been allocated for the conduct of the poll?;
- b) what role will the Board have in relation to those funds?; and
- c) what funds other than those referred to in (a) and (b) does AWI intend to expend in relation to the conduct of wool poll?

Answer:

AWI has provided the following advice.

- a) The Board has approved a total budget for WoolPoll of \$877,365. Much of the cost associated with WoolPoll relates to printing and posting a number of documents to all levy payers, as well as counting of the votes.
- b) The Board approves the budget for WoolPoll. Australian Wool Innovation's (AWI) responsibilities in relation to the WoolPoll process, and the associated budget, are managed by the CEO and relevant senior manager.
- c) As part of AWI's normal ongoing communications activities with woolgrowers — including Beyond the Bale, the company's website, and participation in field days and agricultural shows — AWI will work to ensure that woolgrowers have a firm understanding about the strategic direction of the company, the value that the company returns to producers, what AWI's recommended levy rate option is and that growers are encouraged to vote in WoolPoll. There are no additional specific funds set aside for WoolPoll.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI25

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI director travel

Hansard Page: Written

Senator Fierravanti-Wells asked:

Please provide details of all travel and related expenses incurred by current directors and paid for by AWI, both in this current term and in any previous term they may have served as a director of AWI including dates of travel, reasons for the travel, cost of each trip, destination of each trip.

In relation to each trip referred to above, what direct and/or indirect benefit accrued or will accrue to Australian wool growers in relation to the said trips?

Answer:

Australian Wool Innovation Ltd (AWI) Directors travel domestically to attend AWI Board meetings or to present/speak at or attend rural/wool-related events. When attending these events, Directors speak to growers and provide them with an insight into the strategic direction of the company and its programs. Equally this allows AWI's shareholders and levy payers to ask questions of Directors about wool levy investments in research and development and marketing.

The Board of AWI resolved at the December 2008 meeting to abolish the use of domestic business class fares by executives and board members.

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ANSWERS TO QUESTIONS ON NOTICE

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Question: AWI25 (continued)

A summary of Directors' domestic travel by financial year is provided below.

Australian Wool Innovation Limited

Director - Local Travel Analysis

For the period 1 July 2006 - 31 May 2009

Director	Year	Total
B van Rooyen	2006-07	\$ 44,025
	2007-08	\$ 40,033
	2008-09	\$ 52,723
B van Rooyen Total		\$ 136,782
C Olsson	2007-08	\$ 3,696
	2008-09	\$ 10,661
C Olsson Total		\$ 14,357
D Webster	2008-09	\$ 20,412
D Webster Total		\$ 20,412
G Falkiner	2008-09	\$ 4,647
G Falkiner Total		\$ 4,647
K Bell	2006-07	\$ 49,257
	2007-08	\$ 38,589
	2008-09	\$ 30,752
K Bell Total		\$ 118,598
L Modiano	2008-09	\$ 1,908
L Modiano Total		\$ 1,908
M Sheil	2008-09	\$ 1,116
M Sheil Total		\$ 1,116
R Fletcher	2007-08	\$ 4,339
	2008-09	\$ 10,557
R Fletcher Total		\$ 14,896
W Merriman	2006-07	\$ 22,520
	2007-08	\$ 18,752
	2008-09	\$ 38,346
W Merriman Total		\$ 79,618
Grand Total		\$ 392,333

One AWI Director, Lawrence Modiano, is based overseas. As at 22 June 2009, Mr Modiano has travelled to Australia twice as a Board member, attending the March Board meeting and the May Board meeting. No claim has been made for the May visit at the time this document was produced. Mr Modiano's return airfare to the UK was also reimbursed to him after his election to the Board at the AGM which he attended. Following the AGM a Board meeting was held which Mr Modiano attended.

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Question: AWI25 (continued)

It was deemed that activities in Australia following the AGM and Board meeting in November warranted a percentage of reimbursement for travel of such distance.

In January 2009, Chick Olsson was asked by the Chairman to visit London. The sole reason for this trip was review a marketing proposal from Keep Agency that had been tendered to AWI. He was on a family holiday in Europe at the time and his return to Australia was delayed due to this request.

The previous Chairman, Brian van Rooyen, was required to represent AWI overseas as part of his role as Chairman. Mr van Rooyen was also Chairman of the Australian Wool Industry Free Trade Committee, which is funded by AWI. In this capacity Mr van Rooyen travelled to China from 2006 – 2008 (details provided below) to represent AWI and the wool industry on issues including the Australia – China Free Trade Agreement negotiations and tariff rate quota issue for wool in China.

The current Chairman, Wal Merriman, is required to represent AWI overseas as part of his role as Chairman.

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Question: AWI25 (continued)

Summary details of all current Directors' international travel since 1 July 2006 are provided in the table below:

**Australian Wool Innovation Limited
Director - International Travel Analysis
For the period 1 July 2006 - 31 May 2009**

Director	Year	Total	Travel Comments
B van Rooyen	2006/07	\$ 1,969	Travel re Project TD077 - China FTA negotiation 4 Travel trips re Project CA020 - Australian Wool Industry Free Trade MEL-SHG-BJG-MEL: \$20K Travel to MEL-SIN-PVG-PEK-HKG-MEL: \$9K Travel to MEL-AKL-DEN-LAX-SFO-MEL: \$20K Travel to MEL-SIN-MXP-SIN-MEL: \$12K
	2007/08	\$ 29,043	
	2008/09	\$ 32,176	
B van Rooyen Total		\$ 63,187	
C Olsson	2007/08	\$ 9,131	Travel to IWTO to SYD-PEK-SYD Travel to FCO-LHR-SYD
	2008/09	\$ 10,716	
C Olsson Total		\$ 19,848	
L Modiano	2008/09	\$ 11,224	Attend AWI AGM and Board Meeting in Nov 08 & Feb 09 respectively
L Modiano Total		\$ 11,224	
M Sheil	2008/09	\$ 12,410	Travel to SYD-LHR-SYD
M Sheil Total		\$ 12,410	
R Fletcher	2007/08	\$ 8,484	Travel to SYD-PEK-SYD
R Fletcher Total		\$ 8,484	
W Merriman	2006/07	\$ 3,676	Travel to Italy Office and review projects Travel to SYD-HKG-PVG-HKD-SYD Travel to SYD-LHR-MXP-LHR-SYD
	2007/08	\$ 7,533	
	2008/09	\$ 21,570	
W Merriman Total		\$ 32,778	
Grand Total		\$ 147,931	

Information provided is based on invoices lodged to date.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI26

Division/Agency: Australian Wool Innovation Ltd

Topic: Terminated projects

Hansard Page: Written

Senator Fierravanti-Wells asked:

Please advise what programs, initiatives, etc, have been abolished or terminated since October 2008. In relation to each, please advise:

- a) when the decision to abolish or terminate was made;
- b) who made that decision;
- c) what arrangements or alternative program or initiative will be undertaken in substitution or otherwise of each of those programs;
- d) the reasons for abolishing or terminating each of those programs.

Answer:

Project decisions have been made by management and where required, approval by the relevant Board at the time.

1. Pastures Australia (PA) – Australian Wool Innovation Ltd (AWI) Management commenced the process to exit PA in March 2009, due to realignment of AWI priorities away from investment in this area, where numerous other investors exist.
2. Kondinin Group – In April 2009, AWI Management terminated our contract with Kondinin Group relating to delivery of the National Mulesing Assurance Program (NMAP) training due for contractual reasons. The parties are well advanced in negotiations for a replacement agreement for FY09/10 training.
3. Breech Strike Prevention Communication – In December 2008, approval for this proposed body of work was withdrawn prior to contracts being developed. The original proposal intended investment of \$1.2 m over 3 years by AWI, in partnership with State DPI's and State Extension Networks. The reason for withdrawal of approval was to enable consolidation of extension efforts within AWI and with partners.

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Question: AWI26 (continued)

4. Mulesing Alternatives, Marketing and Communications – In December 2008, Management terminated the consultancy involving Integrated Marketing and Communications (IMC) for management of domestic mass media and relations with key stakeholders on Breech Flystrike Prevention, after expenditure of \$63K. The reason for project termination was to enable consolidation of extension efforts within AWI.
5. On Farm Fibre Measurement (OFFM) Technical Support 05/06 - In January 2009, by agreement with the Sheep CRC, AWI formally terminated this project, which had been on hold since 2007, with no prospects for completion.
6. Sheep Ectoparasite Control with New Isolates of Bacillus Thuringiensis – This project was initiated in July 2004 with CSIRO, and terminated on the 15/04/2009, due to extremely slow progress (originally scheduled for completion in 2005).

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Question: AWI27

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI contingent liabilities

Hansard Page: Written

Senator Fierravanti-Wells asked:

What contingent liabilities does AWI currently have, including any outstanding legal or contractual obligations?

In relation to each, please provide the amount of the contingent liability and the nature of the said obligation.

Answer:

The contingent liabilities disclosed in the Financial Statement at the year end June 2008 related to the settlement of the Completion Accounts on the acquisition of the Woolmark Company. These issues have now been settled. To the best of our knowledge, Australian Wool Innovation Ltd has provided for all its known tax liabilities overseas and any potential claims for pre-acquisition tax issues are covered by GIC tax indemnities. A comprehensive review of all potential contingent liabilities is currently under way and will be completed for year end and disclosed in the June 2009 Financial Statements.

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ANSWERS TO QUESTIONS ON NOTICE

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Question: AWI28

Division/Agency: Australian Wool Innovation Ltd

Topic: AWI terminated projects

Hansard Page: Written

Senator Fierravanti-Wells asked:

In relation to any staff or consultants that have been sacked or terminated since October 2008, please advise if there are any outstanding liabilities or obligations in relation to any of those persons, and if so, please provide details in relation to each liability or obligation.

Answer:

A claim could be made but has not so far been made in relation to the termination of an (one) employee. To provide details could influence a claim against the company. To the best of our knowledge, Australian Wool Innovation Ltd does not have any other outstanding liabilities or obligations in relation to staff or consultants that have been terminated since October 2008.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question: AWI29

Division/Agency: Australian Wool Innovation Ltd

Topic: Terminated projects

Hansard Page: Written

Senator Fierravanti-Wells asked:

Since October 2008, has AWI terminated or chosen not to renew any arrangement or relationship that it may have with any educational or other institution.

Please provide details of the said arrangement or relationship and the reason for the termination or decision not to renew.

Answer:

Refer to project list on question AWI26 for institutions impacted by project change.

At the direction of the Board, the new CEO is reviewing all projects, all expense lines to develop a budget which no longer uses grower reserves to ensure the company lives within its means. Some arrangements with institutions may have been ceased in line with the termination of projects as outlined above.

The Australian Wool Textile Training Centre (AWTTC) Management Agreement between Australian Wool Innovation Ltd (AWI), International Fibre Centre (IFC) and Australian Wool Education Trust (AWET) established a Management Committee to develop and deliver a series of 7 courses to provide training to people employed throughout the wool industry.

The training was intended to be intensive, delivered over a 2-3 week period each year over a two year period.

The program was established as a pilot program to determine if a demand for this type of training existed and whether it should continue to be delivered on a self-sustaining basis.

The Pilot Program was completed in 2007. The Pilot demonstrated to the AWTTC Management Committee that the program was not self-sustaining and would require significant financial subsidisation and project management by AWI as both AWET and IFC did not have project management resources in house.

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Question: AWI29 (continued)

In light of this, the AWET on behalf of the Management Committee has presented AW TTC course material to Deakin University to develop into a registered training course. This is still pending.

In addition, AWI supports Shearer and Wool handling training which is delivered by eight TAFE institutes around Australia. Funding in this area will increase slightly in the 2009/2010 FY. As part of this program revamp, \$400,000.00 in management costs have been removed from the program. With this program and as a company theme, we are keen to ensure that the funds are applied at the coalface and not absorbed on the way through with overheads.

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ANSWERS TO QUESTIONS ON NOTICE

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Question: AWI30

Division/Agency: Australian Wool Innovation Ltd

Topic: Board meetings

Hansard Page: Written

Senator Fierravanti-Wells asked:

In relation to Board meetings since October 2008, have any directors absented themselves from any or any part of a meeting.

If so, what was the reason for that abstention including any related to a conflict or potential conflict of interest?

Answer:

Yes, usually because that Director believes he or she has or could potentially have a conflict of interest in the matter being discussed or decided.

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Question: AWI31

Division/Agency: Australian Wool Innovation Ltd

Topic: Grower meeting in Sydney

Hansard Page: Written

Senator Fierravanti-Wells asked:

In relation to the grower meeting held on 20 May 2009 in Sydney, please list all attendees at that meeting including any organisation they may have represented.

Answer:

The grower day (May 20) and Industry day (brokers, buyers, exporters, June 4) was a communications strategy by the Company to meet requirements under the Statutory Funding Agreement.

30 shareholders, 4 shearing representatives and 25 representatives from the following industry organisations attended the grower day:

- WoolProducers Australia
- Australian Superfine Wool Growers Association
- Australian Wool Growers Association
- NSW Farmers Federation
- South Australian Farmers Federation
- Tasmanian Farmers & Graziers Association
- Victorian Farmers Federation
- WA Farmers Federation
- Australian Association of Stud Merino Breeders
- Victorian Stud Merino Breeders' Association
- NSW Stud Merino Breeders' Association
- Qld Stud Merino Breeders' Association
- Shearer representative