

Wool Innovation Limited

National Wool Declaration & Integrity Program

Mark Grave Chief Executive Officer Australian Wool Exchange Limited

AWEX commenced development of the NWD in 2007

- Request from Buyers for information,
- Information subjective,
- Traceability and transfer of information is key,
- Threats to loss of competition in the market place.

Initial Customer interest (Europe and USA)

- Corporate and Social Responsibility
- Other industries, not just wool
- Understand mulesing issues
- Short-term, medium and long-term strategies



Key principles of the NWD

- Transparency/Traceability,
- AWEX independent to transaction,
- Customer confidence in the Declarations,
- Customer confidence in AWEX & process,
- Some of the NWD throughout the wool processing pipeline
- NWD to evolve with customer & market interest,
- Regular and open review.



NWD Introduced in August 2008

NWD is voluntary

Calls from customers for NWD to be mandatory

Outcomes

- Weekly desk-top audits of NWD pre-sale,
- Development of market signals over time,
- Allows Buyers to make informed purchases,
- Allows woolgrowers to make informed decisions,
- Single document including all declared information (Mulesing Status, Dark & Medullated Fibre Risk).



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Catalogue/Certificate Codes

Mulesing Status Code	Title	Definition
NM	Not Mulesed*	Wool from sheep that have not been mulesed.
PR	Pain Relief	Wool from sheep that were treated with a recognised Pain Relief product at mulesing.
СМ	Ceased Mulesing	Any sheep born on this property in the last 12 months must not be mulesed at the time of this shearing and there must be no intention to mules in the future.
	Blank	A mob contains mulesed sheep and/or the grower continues to mules without the use of pain relief.
ND	Not Declared	A Declaration has not been submitted or NWD has not been signed, or it is a rehandle lot.

*Mulesing = Removal of skin from the breech

and/or tail of a sheep using mulesing shears

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VMC	ACY	JCSY	SCD	SCH	VMB		s/	' Т.	s/s		ров		SS25		Lot	Bls	
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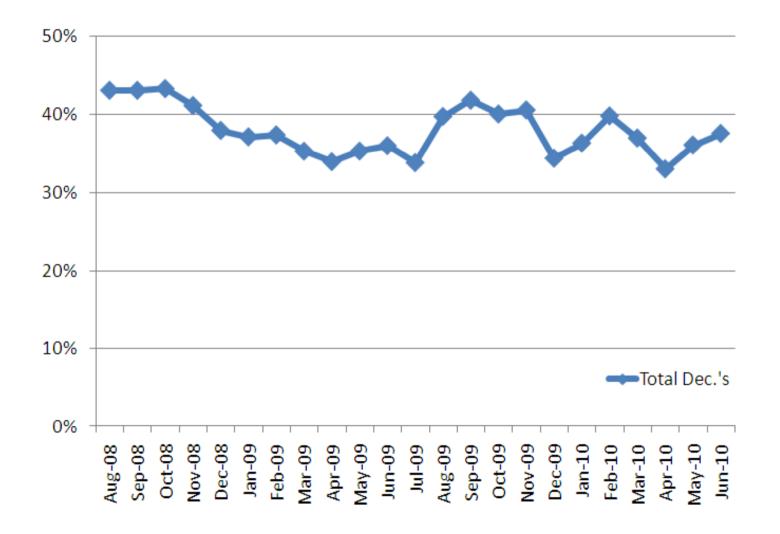
Mulesing Status: information available electronically and on Test Certificates (tradable documents)

NWD reviewed annually

- Input from Australian industry stakeholders,
- Input from customers (UK 2009),
- All options and new technologies considered,

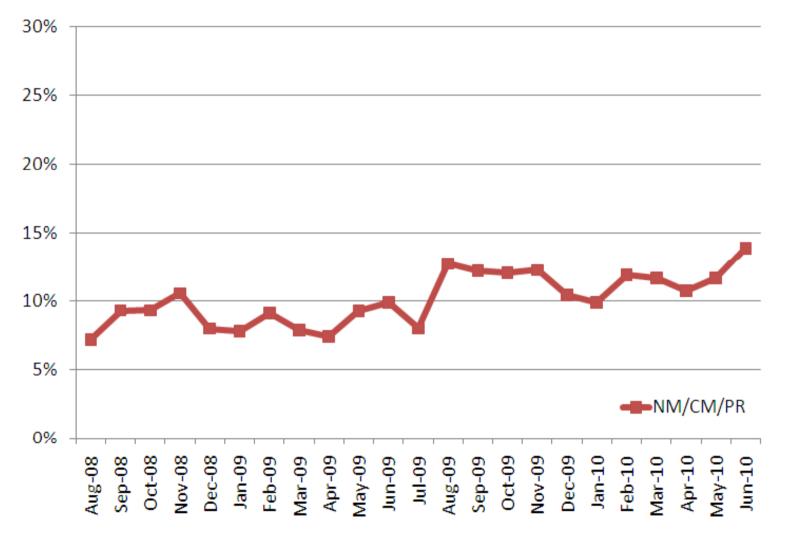


Total Declarations





NM&CM&PR % of total clip sold at Auction

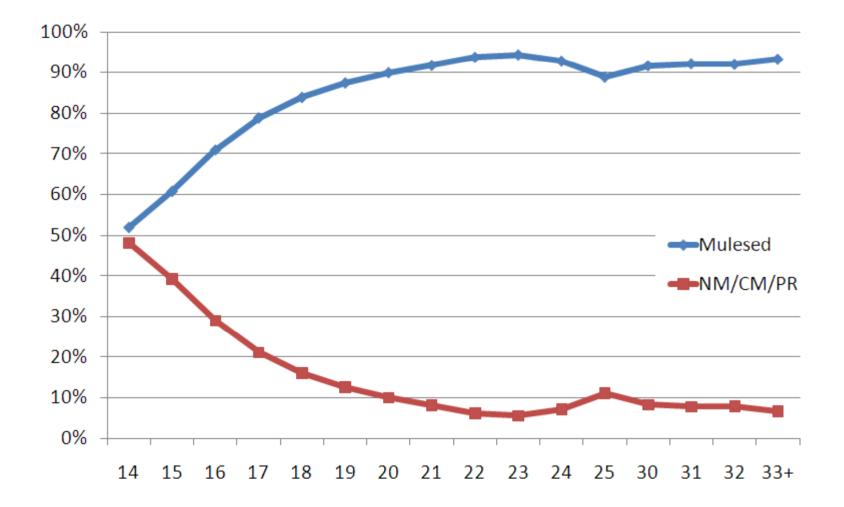






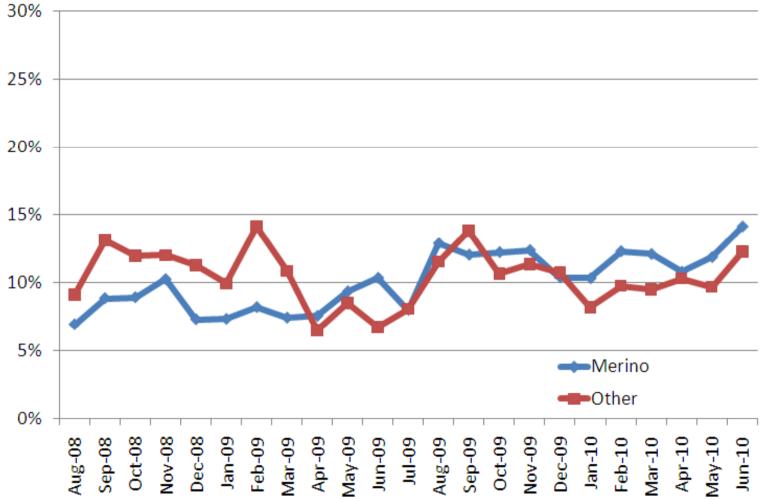
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% of wool sold at auction by micron

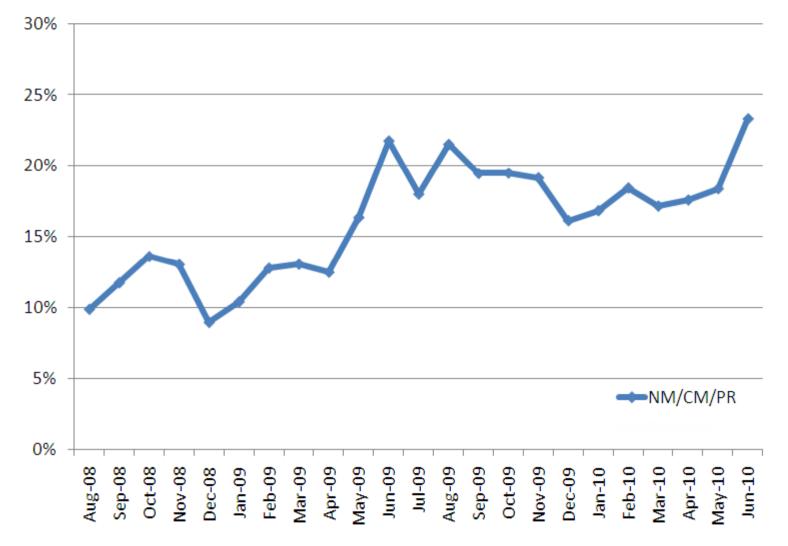




% NM,CM & PR wool sold at auction by breed



% NM, CM & PR wool from young Merino's



NWD established and recognised:

- Internationally by customers,
- Domestically by
 - Woolgrowers,
 - 🛎 Wool Brokers,
 - 🛎 Wool Buyers, &
 - Government.



The "missing link" between the credibility of the NWD and customer confidence is the 3rd Stage of the AWEX NWD-Integrity Program:

On-Farm Inspection



Implementation Funding

AWEX awarded joint funding with the Department of Agriculture, Fisheries and Forestry, Promoting Australian Produce Grant.

Why AWEX?

Independent organisation.

Experience in conducting QA programs and the development of the NWD.



Elements of the NWD-IP

- Education, Extension and Communication:
 - Australian woolgrowers and industry stakeholders,
 - Overseas customers,
- Mark Top Audits (pre-sale)
 - Information validation,
- Mon-Farm Inspection:
 - Random selection of NM & CM declared wool clips,
 - Appointment of on-farm inspectors,
- Desk-top Authentication:
 - Random selection of PR declarations



AWEX NWD Integrity Program NWD-IP 2010/11

Appointment and training of on-farm inspectors,

Random selection of properties:

- ▲ Desk Audit 1000 declarations for all auction sales (≈5%)
- ▲ Desktop Authentication 100 PR declarations (≈5%)
- ▲ On-Farm Inspection 225 NM or CM declarations (≈7%)



On-Farm Inspection

Sheep/Mobs:

- Less than 6 months off shears
- If mixed, they must be identifiable by ear tags
- To be presented in yards (with a race)
- If sold, proof of sale must be provided

Contact with Grower:

- Documents provided to grower 4 6 weeks prior
- Phone call to exchange information and schedule date/time
- Appointment confirmed 2 weeks prior



Inspections for NM and CM*:

- Some of the second state of the second stat
- For mobs <200 sheep = the entire mob; for mobs >200 sheep = 200
- Clinical inspection of breech and tail for evidence of mulesing scar patterns
- Inspection Report for outcomes of inspection and other details (e.g. age, ear tags, sheep numbers, etc.)

*A younger mob(s) of non mulesed sheep born on the property must be presented for Inspection



AWEX NWD Integrity Program Inspection Outcomes

Compliant:

All aspects correct or <1% strays (with adequate explanation)</p>



Non Compliant (Level 1):

- a misunderstanding of the process
- incorrect completion of the NWD
- >1% strays in declared mob (with adequate explanation)

Corrective Actions (Level 1):

- Immediate corrective action (e.g. changing ear tags of mulesed sheep and moving to a mulesed mob).
- If immediate corrective action is not possible, subsequent NWD's declaring NM or CM will not be accepted unless mob(s) involved are Inspected again (at cost to the grower – prior/at shearing).



Non Compliant (Level 2):

- a deliberate false Declaration
- >1% strays in declared mob (without adequate explanation)
- failing to submit to an Inspection (after fair and reasonable attempt has been made to arrange it)

Corrective Action (Level 2):

If Owner/Manager disagrees with the Inspector and the matter cannot be resolved to the satisfaction of AWEX, future NWD Declarations will not be accepted.

Note: A second opinion can be sought from a different inspector

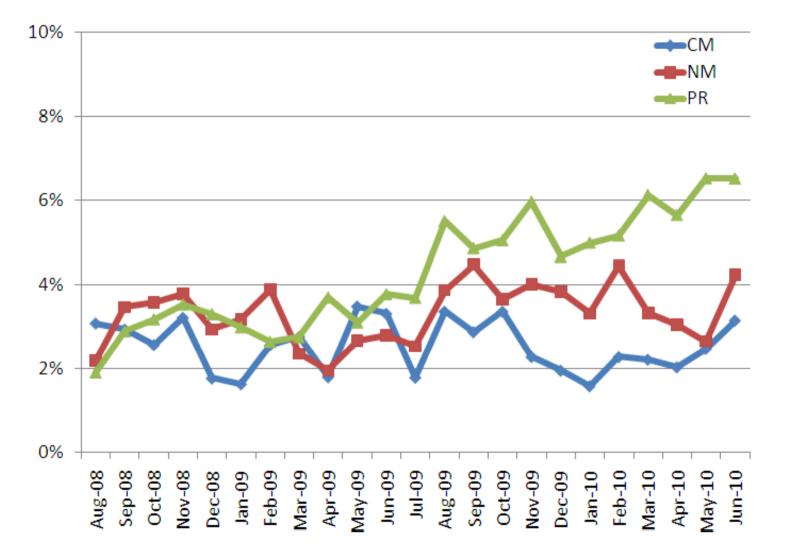


Challenges for the industry

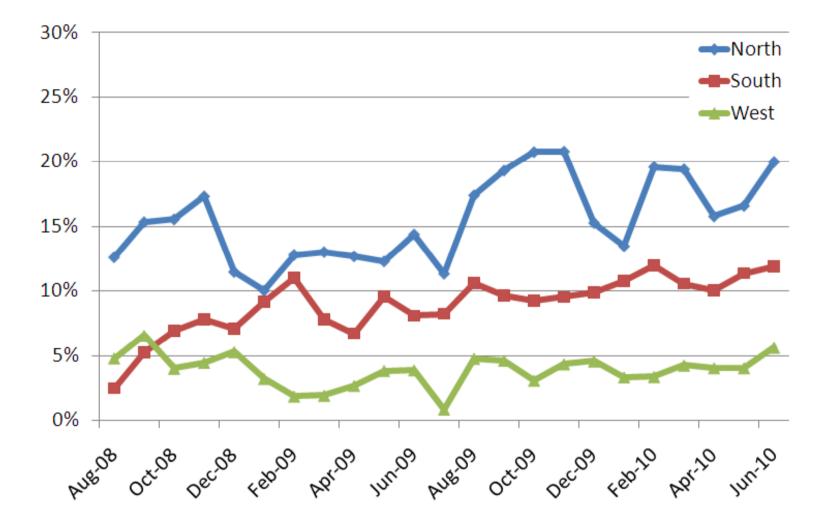
- Increase adoption rates,
- Listening to our customers,
- Improve awareness and understanding of customer needs,
- Establishing an Integrity Program which maintains the confidence of our customers,
- A sustainable integrity program (NWD-IP)



By status - % of total wool sold by auction



By Region - % of total wool sold by auction







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