VALE SAMUEL JASON HOWARD

In August 2007, CropLife Australia joined industry colleagues worldwide in saying goodbye to a man whose journey through life touched many in a positive way. Sam Howard, the Senior Bayer Representative in Australia and New Zealand, and the Managing Director of Bayer CropScience passed away on 24 August at the age of 50. Sam will be warmly remembered by all who have been influenced by him professionally and personally.

In February 2004, Sam was appointed as a Board Director of the then Avcare, a position he held until a restructure in January 2006 saw the establishment of CropLife Australia. Sam assumed the position of Director and later Vice President of this new entity, positions he held until the time of his passing.

To know Sam was to know an unassuming but confident man who was highly respected by his peers and whose friendship was greatly valued. An integral part of CropLife, Sam displayed a deep understanding of the agricultural industry and its issues. He gave unstintingly of his time and talents in pursuing sustainability for the industry not only in Australia but also at a global level. Wise in his counsel and expert in his guidance, Sam’s broad and active network saw him continuously striving to lift the profile and reputation of the industry that was so much a part of his life – an industry that is ever so much richer for having been the recipient of his efforts.

A pleasure to be with, and a true gentleman, Sam Howard will be greatly missed by his colleagues and friends.

CropLife Australia acknowledges Sam’s outstanding contribution to progressing sustainable agriculture in Australia and worldwide. We extend our heartfelt condolences to his wife Janet, his children Amy and Peta and to his family and friends.
Representing the Plant Science Industry

CropLife Australia is the peak industry body representing developers, registrants, manufacturers and formulators of plant science solutions used in agriculture and pest management.

Member companies produce most of the crop protection and crop biotechnology products Australian farmers use to improve farming by boosting yields, fostering innovation and improving the quality of produce. Our members’ products help Australian farmers produce high yield, high quality food and fibre at prices that are affordable locally and competitive internationally. Members’ products also protect public health and the environment by controlling weeds, pests and diseases.

CropLife Australia and its members are committed to safety, stewardship and quality, and to operating in an open and transparent way through dialogue with our stakeholders.

CropLife Australia is part of CropLife International, the global network which represents the plant science industry through 90 associations across six continents. CropLife promotes the benefits of crop protection and biotechnology products, their importance to sustainable agriculture and food production, and their responsible use through stewardship activities.
In just over a year, CropLife Australia has further consolidated a new strategic approach dedicated to pursuing the interests of the crop protection and biotechnology industry; developed a lean and focused business plan aimed at realising priority outcomes; and restructured the secretariat, its staff responsibilities and committees to deliver that business plan.

CropLife is now recognised as the industry’s peak representative body and is regularly sought by governments and strategic allies to contribute to policy development and implementation.

The organisation is also seen as a credible and objective information resource by decision-makers and those who advise them. CropLife has built strong and productive working relationships, based on a shared desire to uphold the credibility of the regulatory system, with the national regulator, the APVMA, governmental officials who determine regulatory policy, and other key industry stakeholders.

CropLife remains focused on achieving targeted priorities and keeping alert to emerging issues while maintaining a strategic perspective of our industry. The Board, in conjunction with the secretariat, has set our strategic priorities for the year ahead as:

- **Driving towards timely and effective regulatory reform, to ensure that we operate within a fair, efficient, science-based system.** As a highly regulated industry, we will maintain a push towards improved regulatory systems that deliver sound, science-based assessments without excessive regulation.

- **Realising commercialisation of crop biotechnology in 2008.** It is a frustration to many growers that they do not have the full range of cropping tools available to them. The importance of this issue will be a major focus as states review their moratoria on genetically modified crops.

- **Delivering responsible use of our products through credible stewardship.** Our industry has a credible and long standing commitment to whole of product lifecycle stewardship, retaining the flexibility to support Australia’s growers and address concerns and issues as they emerge.

- **Meeting the collective needs of member companies and adding value to their operations through a professional and effective secretariat.** An association such as CropLife can only be effective when it provides genuine benefit to members by helping them identify and address their common objectives.

The CropLife Australia Code of Conduct articulates our members’ commitment to high industry standards, playing a lead role in the implementation of co-regulatory and self-regulatory mechanisms to reduce risk, and provide stewardship across the lifecycle of industry products. Compliance with the Code is a condition of membership. This year all members reviewed their compliance with the Code of Conduct, and I am pleased to confirm that no breaches of the Code were reported, and that our members took active steps to ensure relevant employees understand the obligations of the Code.

This year has seen significant change in our Board, as board members have moved on to other career opportunities.
I would like to thank outgoing directors, Mark Allison, James Barkhouse, Hutch Ranck, David Theriault and John Raines. We thank them for their service and support, particularly Mark Allison who served as President through the period of establishing CropLife Australia, and whom I was elected to replace as President in June. I would also like to welcome Jose Manuel Madero of Monsanto, Graeme Iggo of DuPont, Paul Luxton of Syngenta Crop Protection, Peter Dryden of Dow AgroSciences and David Peters of Farmoz who have joined the Board.

Thank you also to our Chief Executive Officer, Paula Matthewson, and the secretariat team for their ongoing commitment and dedication to pursuing the goals we share.

The year just passed was an important first step in establishing a strong national voice for the Australian plant science industry and securing a credible and legitimate role for CropLife in shaping the regulatory and policy environment within which our members operate. The year ahead is no less challenging. The supply chain continues to evolve and contemporary agriculture is seeking to remain competitive while emerging from the drought and responsibly addressing sustainability issues such as climate change, water and food security, and the pursuit of innovation.

CropLife Australia has the mandate, motivation and capability to meet that challenge. We look forward to continuing to work with allies and other stakeholders to achieve sustainable agriculture in Australia.
Australia has rightly earned an international reputation for safe, high quality food and fibre products, and Australia’s plant science industry is a vital part of that. With issues of water use and climate change dominating the public mind, our members’ crop protection and biotechnology products and expertise offer solutions to many of the problems raised by the need to secure and maintain the international competitiveness of our future food and fibre supplies. Members’ products offer the potential to increase yields, reduce pests, improve quality and develop new plant breeds with specific traits tailored to meet the changing needs of agriculture and expectations of the community. It is our belief that this industry, its products and its contribution to the Australian economy and the community could be better understood by decision-makers and those who advise them. We are striving to improve that understanding.

CropLife Australia and its members unhesitatingly support robust, science-based regulation reinforced by strict enforcement to protect human health, the environment and trade. We also believe that a robust economy and sustainable farming rely on a climate that is open to innovation and supports competitive, quality-driven international trade.

To these ends, CropLife represents members on key political, policy and regulatory consultative mechanisms, and aims to be involved in all relevant industry initiatives so as to drive members’ shared objectives. Significant effort this year has focused on establishing a high level of external stakeholder recognition of CropLife as the national voice of the plant science industry, through meetings, submissions and other representations. In the coming year we will test our success in this area through a survey of external stakeholders.

The past year has seen considerable progress towards our strategic objectives. However there is more to do, with significant opportunities for regulatory reform, and reviews of the states’ moratoria on genetically modified crops for food ahead of us. Our strategic planning review, and the work plans we have completed as a result, focus on a limited number of priority outcomes. However, as the past year demonstrated, CropLife retains the flexibility to address new issues as they emerge. These have included the management of Chemicals of Security Concern and the re-emergence of Responsible Use as a concern for both industry and regulators.

In driving towards these goals, we work actively and closely with members. Member involvement is facilitated primarily through our standing committees or the shorter term project groups that are set up to work on specific issues. These mechanisms allow us to leverage off our members’ substantial knowledge and experience, and enable us to agree on a pathway forward.

Keeping members abreast of the rapidly changing political and social environment is a vital part of CropLife Australia’s role, not only to equip members but also to ensure CropLife has the capacity to be proactive, flexible and responsive to current and emerging issues. Our program of regular communications and structured events for members, supplemented with ad hoc briefings, has helped to deliver that. This year we also welcomed...
members to the first CropLife Perspectives Conference, featuring high quality speakers on a range of strategic issues, including the outlook for agriculture and consumer trends and demands.

We also hosted two Members’ Forums over the past months. The Forum held in August involved not only members but also representatives of Agsafe, the Department of Agriculture, Fisheries and Forestry, the APVMA and the Department of Environment and Heritage who came to hear Jay Vroom, President and CEO of CropLife America. Jay presented a useful overview of US agricultural policy and regulatory directions for pesticides and showcased CropLife America materials promoting the benefits of pesticides. A second Members’ Forum held in March this year provided a networking opportunity for members with a stimulating forum on key issues and a chance to apply this new knowledge in a business planning session.

CropLife’s strategic approach and annual business plan is very much informed by members. During the year I set out to visit every member company, reaching all but one. The ‘Listening Tour’ helped me to understand where members want to be in three to five years, both as an industry and as individual companies, where they saw the barriers to success, what they thought CropLife could do to help, and what members are prepared to do collectively to achieve shared goals. As well as meeting with CEOs, I had the opportunity to present to company personnel on CropLife Australia’s strategic approach and progress against the business plan and to receive valuable feedback. A similar consultation program is planned for future years.

It is encouraging that all respondents to our first survey of members said that CropLife adds value to their operations. The survey, which found good support for CropLife under the new structure, aimed to elicit feedback on our progress, looking at how members rate our performance against the business plan, their satisfaction with our communication and their involvement in planning and implementing the business plan. The survey involved all member company CEOs, and a cross-section of member company representatives who participate in the CropLife project groups and Crop Biotechnology Committee. The survey also showed areas for improvement that we are moving to address.

Having completed my first full year at CropLife Australia, it is clear to me that the association’s key strength is the exceptional level of member involvement and members’ commitment to working through to a shared position on key issues. To the many people from member companies who have given generously of their time and expertise to CropLife activities, and to the staff of the secretariat who have worked alongside me, I extend my appreciation and thanks.

With a dedicated secretariat, a well-defined business plan and a committed membership base, CropLife is ready to continue working on our members’ behalf into 2008, and looks forward to meeting the challenges of the year ahead.

P. Matthewson
An appropriate regulatory system that works

Effective and efficient regulation is fundamentally important to CropLife Australia members, due to our products being highly regulated at the national and state/territory levels. Regulation that is inappropriate, inconsistent, ineffective or inadequately implemented can increase costs and time for products to reach the market. For that reason, CropLife actively seeks and welcomes any opportunity to advise government and regulators on ways to improve regulation and the regulatory system.

Driving and influencing regulatory reform

There has been considerable activity but little real progress in this area over the past year.

The Banks Review on Reducing the Regulatory Burden on Business, released in April 2006, recognised the need for an integrated national chemicals policy and for chemicals regulation to be streamlined and harmonised. Banks’ recommendations now provide a sound foundation for long-awaited and much needed reform activity.

CropLife responded to the Productivity Commission Review of Regulatory Burdens on the Primary Sector, making a number of recommendations aimed at achieving national harmonisation of pesticide control of use (COU) regulations, higher levels of regulatory compliance and improved coordination between government agencies to avoid duplication, overlap or conflict across the numerous regulatory regimes and reviews.

Harmonisation of COU legislation remains a significant concern for industry, as the different approaches taken by the states and territories place an additional burden on manufacturers, distributors and users, affecting matters such as labelling, storage, transportation, training of applicators, notification and spray drift mitigation.

While CropLife welcomed the February announcement of a COAG Ministerial Taskforce on Chemicals Regulation to drive regulatory reform, it is of significant concern that this taskforce has not yet met. A Productivity Commission study of chemicals and plastics regulation, expected to commence in 2007 and intended to underpin the work of this taskforce, has also been unacceptably delayed.

Meanwhile, some states have reviewed their COU legislation. In Victoria, proposed new regulations require additional record keeping by chemical users, use of wind monitoring by aerial applicators, and notification of schools and hospitals before spraying. CropLife responded in July supporting these proposals but requesting more specific regulations in some areas, such as notification of the chemical products which require records of use to be kept and competency levels for commercial operators.

In December, CropLife responded to the proposed recommendations of the review of Western Australia’s pesticide legislation, including a Code of Practice which...
aims to bring together pesticide COU regulations. CropLife broadly supported these recommendations, including adoption of the National Operating Principles of the National Registration Scheme, mandatory user training and record keeping for commercial pesticide users and waste disposal. However, we remain concerned about elements such as the allowance of some off-label pesticide uses and lack of central reporting of adverse experiences.

Pursuing Regulatory Efficiency

Considerable effort this year went into pursuing opportunities for APVMA efficiency improvements, particularly regarding delays in registrations and reviews that can slow time to market and be costly for industry.

Having canvassed the issues with the Minister, Hon Peter McGauran, the Parliamentary Secretary, Hon Sussan Ley, and the APVMA, CropLife members devoted considerable time to identifying priority concerns and working through them with the APVMA to agree on solutions. A number of resulting activities have since been initiated:

- Establishment of a joint working group on data waiver and another on reduced chemistry data requirements.
- The APVMA agreement to develop a framework for secure electronic communication regarding applications.
- Further consideration to be given to streamlining screening processes, mixing and matching label claims from a number of reference products, self assessment of certain applications, training visits by the APVMA staff to member companies, and developing key performance indicators.

CropLife has also welcomed the opportunity to contribute to other regulatory efficiency improvements initiated by the APVMA which have included rollout of the Electronic Application and Registration System (EARS), electronic labels, Section 161 guidelines, neck tie permits, applications for single variation to multiple products, and guidelines for the APVMA processes for changing operational policies.

Foreshadowing these discussions with the APVMA, the report of the Australian National Audit Office (ANAO) into the APVMA was tabled in December, highlighting a number of issues including the time taken for approval of registrations and problems in enforcing compliance.

CropLife also contributed its views to an internal APVMA organisational review of structure and resource allocation, with many of the issues raised supporting the conclusions and recommendations of the ANAO review of APVMA performance.

With the APVMA moving to an executive management model rather than a Board, it is industry’s expectation that accountability will improve. The restructuring also provides an opportunity for CropLife to work with the APVMA and the Government to review and strengthen the regulator’s consultative mechanisms.
We have seen some improvements which we expect to continue as the APVMA moves forward with a new structure and new CEO. It is encouraging that the APVMA remains open to industry input and committed to ongoing dialogue. Achieving high levels of regulatory compliance

CropLife Australia members are bound by the organisation’s Code of Conduct, which commits them to comply with all relevant Australian legislation and regulation, the UN Food and Agricultural Organization International Code of Conduct on the Distribution and Use of Pesticides and to participate in industry stewardship activities including the Agsafe Guardian program, drumMUSTER and ChemClear®. Unfortunately, non-members of CropLife are not similarly bound. CropLife members are very conscious of the fact that any industry is judged by its poorest performers. This means that any regulatory infringement, however small, can undermine the community’s confidence in the integrity of Australia’s regulatory system.

While pesticide regulatory infringements in Australia are believed to be small, and therefore pose only a minimal risk to human health and the environment, they nevertheless have the potential to inadvertently destroy Australia’s food and feed export markets. An export shipment that exceeds an importing country’s MRL (maximum residue limit) through misuse of pesticides could see that country banning future imports from Australia and jeopardise Australia’s clean and green image.

For this reason, CropLife has sought a tougher approach to regulatory compliance. While we have witnessed some reluctance on the part of states to enforce compliance, we look forward to some of those states now exercising their newly strengthened compliance capabilities.

We have also welcomed the opportunity to participate in an APVMA working group on compliance strategic reform. The APVMA is developing an enhanced compliance toolkit to address some of our concerns, but progress has been slow.

CropLife has also moved to address industry concerns over the APVMA’s AgQA scheme which checks the compliance of active constituents with standards. Issues raised by us have included chemical testing methods, sampling procedures and standards for active constituents. CropLife plans to actively contribute to the APVMA review of its AgQA scheme later this year.

Minimal additional regulatory burden

Possible additional regulatory requirements were considered this year by governments in response to a number of emerging issues. CropLife engaged early in the development of these regulations so as to ensure that their implementation results in minimal additional burden to members.

Globally Harmonised System

There has been considerable activity around the Federal Government’s moves to determine the appropriateness and impact of the Globally Harmonised System of Classification.
and Labelling of Chemicals (GHS) in Australia. CropLife has worked with strategic allies PACIA and ACCORD to demonstrate that there are no net benefits to Australia in adopting GHS labelling for crop protection chemicals.

In response to a Product Safety and Integrity Committee Discussion Paper on GHS, CropLife contended that agricultural chemicals must be treated separately from other chemicals, that maintaining the risk-based system for product labelling, handling, use and risk mitigation is essential, and that there is minimal benefit to manufacturers or users in harmonising crop protection chemical labels based on hazards.

Noting that most of Australia’s major trading partners are taking a cautious approach to GHS adoption, we will continue to monitor developments both locally and internationally through the broader CropLife International network.

**Chemicals of Security Concern**

Chemicals identified as having the potential to be used for terrorist purposes emerged as a key issue this year, with COAG reviewing the management, regulation, reporting and security measures for 96 identified Chemicals of Security Concern (CSCs).

As the result of a joint letter to the Prime Minister, CropLife and six other peak representative bodies were invited to meet with the Department of Prime Minister and Cabinet and, as the foundation members of an Industry Consultation Group, contribute to COAG’s development of a public discussion paper and consultation process, as well as advising the department on associated technical matters and how both regulatory and non-regulatory measures can deliver security outcomes.

CropLife also facilitated the creation of the AgVet Chemicals Network (AVCN), a working group representing most peak bodies in the agvet chemicals supply chain, including those who produce, supply and use agricultural chemicals, to develop a proposal based on existing measures to present to COAG.

CropLife, both independently and within the AVCN, has made significant progress towards creating a more accurate understanding within government of the actual risk associated with our products. It is our position that as pesticides are supplied not as active ingredients, but as finished products formulated with a range of inert ingredients and then packaged, the current measures already undertaken considerably ameliorate any risk of active ingredients being used for terrorist purposes.

**EPHC National Framework for Chemicals Environmental Management**

During the year CropLife voiced its strong opposition to the inclusion of crop protection chemicals in the scope of the National Framework for Chemicals Environment Management (NChEM). NChEM was proposed by environment ministers to enhance the role of environmental assessments in the
regulation of chemicals in Australia. The framework is well-intentioned and designed to link with those already in place for protecting worker safety, human health and international trade. Our objection is on the basis that our products differ from industrial chemicals, for which the framework was originally planned, as environmental assessments are already conducted on our products through the APVMA’s registration and review processes and any additional system will create an unnecessary new layer of regulation.

Comprehensive and effective Data Protection

Data Protection gives protection to those companies conducting scientific studies to generate data needed for registration should a competitor wish to use their data to support a similar registration. This may involve compensation to the owner of the data for its use by others.

Data protection legislation has been partially enacted in Australia, but the comprehensive legislative package has not yet been finalised by the Federal Government. CropLife spent much of the year anticipating draft legislation on Data Protection Class C (Reconsiderations) and amendments to Classes A (New innovation) and B (Beyond new innovation).

Towards this end, CropLife worked with the APVMA and the Department of Agriculture, Fisheries and Forestry to discuss industry issues and concerns, reaching much common ground and with serious consideration being given to implementing CropLife recommendations, including extending protection to data submitted for all permit types when the data is used to support a subsequent product registration. The Minor Use Liaison Office also put a proposal to CropLife on the principle of extending data protection to data submitted in minor use permit applications.

Disappointingly, the legislation was not finalised and put before Parliament during the year as anticipated, and it is not expected to be before Parliament until after the 2007 federal election.

Effective stewardship

CropLife Australia and its members aim to provide effective product stewardship from the earliest research phases right through to use on farm and beyond. CropLife members can be rightly proud of their stewardship focus which continues to tackle tough issues such as storage and handling, post consumer waste management, disposal of unwanted chemicals and spray drift mitigation, and delivering real environmental and safety improvements.

Agsafe

Our strongest stewardship achievements have been delivered by our wholly-owned subsidiary, Agsafe through its Guardian, drumMUSTER and ChemClear® programs, and in partnership with industry and farming stakeholders.
Agsafe Guardian

Agsafe Guardian is an industry co-regulatory approach assisting businesses to comply with legislative requirements to handle and store agricultural and veterinary chemicals. During the past year the Guardian program has assessed over 800 premises and trained 2000 personnel.

Considerable effort went into responding to an Australian Competition and Consumer Commission (ACCC) draft decision to remove Agsafe’s ability to impose trading sanctions on businesses that do not seek or achieve Guardian accreditation. The ACCC proposal was based on the perception that the public detriment arising from the trading sanction outweighed the public benefit delivered. CropLife and Agsafe challenged the draft determination, arguing that sanctions are in the public interest as there is no approach that matches the high levels of regulatory compliance delivered by Guardian. We advocated that Guardian provides a credible and effective co-regulatory approach focused on safety and the responsible management and use of agvet chemicals. CropLife was encouraged that a significant number of interested parties supported the sanctions process, including member companies, state and federal government departments and farm chemical users.

The Commission responded by allowing Agsafe to impose trading sanctions on businesses for a further three years. While this is less than the five years advocated by CropLife and other supporters of Agsafe’s role, it provides a framework for our future stewardship activities.

drumMUSTER

drumMUSTER is the industry’s program to collect clean, empty agvet chemical containers for recycling.

Since drumMUSTER commenced in mid-1999, it has collected 10,000,000 containers or 13,418 tonnes for recycling, ensuring they did not go to landfill or were disposed of by burning or burying. Collection of containers is supported by 486 collection agencies around Australia, predominantly through local council sites.

His Excellency Major General Michael Jeffery, AC, CVO, MC (Retd.), Governor General of Australia, has been the face of drumMUSTER advertising campaigns on selected regional television and media aimed at encouraging farmers to bring in their containers for recycling.

2005 Agsafe Container Audit

The Agsafe Container Audit tracks packaging trends and measures the progress of industry in reducing waste by adopting new technology and packaging.

The Audit shows that industry has reduced waste in many areas, increasing the use of bulk and returnable containers, moving from liquid formulations to dry and increasing the number of products delivered in containers that can be returned for refilling.
ChemClear®
ChemClear® protects farm workers and the community by preventing unwanted agricultural chemicals from being accumulated. Growers can book unwanted chemicals in for collection and disposal. ChemClear® undertakes collections when thresholds of registered chemicals are reached on a state by state basis. Host collection sites are set up at local government shire facilities and waste holders are required to deliver their chemicals to the ChemClear® retrieval vehicle for safe disposal.

During the year, ChemClear® carried out collections in WA, TAS and NSW.

Since its launch in September 2005, ChemClear® has collected over 52,700 l/kg of unwanted registered chemicals and over 33,100 l/kg of unknown, obsolete or deregistered chemicals.

Responsible use
CropLife Australia members consider responsible use of crop protection chemicals to be a key element of industry stewardship. Not only do we promote responsible use to protect human health, the environment and trade, but also to ensure that members’ products are not unduly restricted or withdrawn from market by regulators in response to their misuse.

While our work on responsible use initially focused on spray drift, this perspective has now broadened to encompass the issue of pesticide runoff into the Great Barrier Reef.

As user competencies are fundamental to the achievement of responsible use, CropLife has initiated a project to identify and advocate mandatory national base-level competencies for pesticide users.

Spray drift remains one of the most problematic aspects of in-field use of crop protection chemicals. This is an extremely complex problem because of the wide range of factors that can contribute to drift occurring. After extensive consultation with members, in October CropLife made a submission to the APVMA on its position paper “Operating Principles and Proposed Registration Requirements in Relation to Spray Drift Risk”. While broadly supporting the APVMA proposals, which focus on national regulation, not control of use, CropLife raised concerns about the resources required for new risk assessments for products and trials on efficacy of larger droplet spectra, data protection for new data and prescriptive labelling. These concerns will be further pursued by CropLife once the APVMA releases a Regulatory Impact Statement on its spray drift risk management proposals.

Minor Use
CropLife is pleased that, as a result of its representations to the Minister for Agriculture, Fisheries and Forestry,
Hon Peter McGauran, and his Department, a Minor Use Liaison Office (MULO) was established last year within DAFF. The MULO has been working with specialty crop industries, researchers and registrants to identify the crop protection products to which producers most need legal access, targeting industries without the resources for their own research and development. They are also working with existing minor use programs in horticulture and grains to coordinate a whole of industry approach to the registration of crop protection products. As well as considering some specific crop issues, the MULO is considering liability issues. CropLife is continuing its active interest as a member of the Minor Use Steering Committee, which guides the activities of the MULO.

**Resistance management strategies**

CropLife Australia’s Resistance Management Review Groups deliver strategies, based on grouping of chemicals by mode of action, which aim to manage resistance to pesticides and extend the life of industry products. Each year, herbicide, fungicide and insecticide resistance management strategies are reviewed.

This year, the herbicide mode of action grouping system was completely revised to achieve closer alignment with international herbicide grouping systems and improve its accuracy and completeness, based upon updated information on mode of action. This revision will be implemented later this year.

**Ollie’s Island**

CropLife Australia is a foundation sponsor of Ollie’s Island, a multimedia program for school students which was distributed to every school in Australia in December. Ollie’s Island allows school students to explore their role in the production chain as consumers and determine how, by reducing, reusing, recycling and making wise consumer choices, they can make a real difference. Specific activities related to integrated pest management form an integral part of the farming exercises. The program also showcases our stewardship programs.

Ollie’s Island can be found at www.olliesworld.com/island.
LEADERSHIP ON BIOTECH ISSUES

Pathway to market

The lack of a pathway to market for agricultural biotechnology products remains the single most significant issue for this sector of the industry. Upcoming reviews of the states’ moratoria on planting genetically modified (GM) food crops, due to take place in late 2007, will determine the viability of this technology in Australia for the foreseeable future. Therefore, securing a favourable outcome from the reviews is of critical importance to CropLife members.

To that end, CropLife has worked with stakeholders across the Australian grains supply chain – including growers, grain companies, research organisations, bulk handlers, transport companies and industry associations – to support a pathway to market for GM canola crops grown in Australia using existing supply chain mechanisms.

This work has focused on providing choice along the supply chain to allow farmers to determine how best to be globally competitive by having legitimate access to both GM and non-GM varieties.

CropLife and other stakeholders are working together to demonstrate that the market concerns which lead to the establishment of the moratoria no longer exist, so that state governments can confidently lift restrictions and allow approved GM canola crops to be grown commercially.

INFLUENCING THE REGULATORY ENVIRONMENT


CropLife Australia made a submission to the review of the Victorian Gene Technology Act 2001 and presented to the Review Panel. This Panel will decide on the future of the moratorium on the basis of its impact on Victorian producers and exporters with a focus on the market access issues of the commercialisation of GM canola. CropLife called on the Panel to recommend to the Victorian Government to permit the commercialisation of approved GM canola and other crops in Victoria.

Consideration of Adventitious Presence by Codex

CropLife Australia joined an international initiative to have Adventitious Presence recognised and managed effectively by the Codex Alimentarius.

Adventitious Presence of authorised rDNA plant material is the incidental presence of an rDNA trait that has undergone a full safety assessment and been authorised for use in food, feed, grain and derived products by the competent government authority in one or more countries, including the country of export, and is present at low levels in imported material despite the use of best practices.

CropLife Australia requested that the Australian Government, as a Codex-member country, back a proposal within Codex to ensure that a project to develop science-based risk-assessment guidance for evaluating Adventitious Presence of “approved” rDNA plant products was considered as an agenda item for the 6th Session of the Codex Ad Hoc Intergovernmental Task Force on Foods Derived from Biotechnology.
CropLife Australia was pleased that its position, and those of other industry stakeholders was accepted and the Australian Government provided support for the proposal. At the Codex meeting in November, the concept of Codex involvement received broad support and a working group is now developing the details.

**Building community acceptance of GM crops**
CropLife Australia has received funding from CropLife International for a number of activities aimed at increasing awareness and understanding of crop biotechnology amongst a range of stakeholders.

**APEC Private Sector Day**
In conjunction with APEC’s 2007 High Level Policy Dialogue on Agricultural Biotechnology in January, CropLife hosted a Private Sector Day to raise the profile of biotechnology and member companies as key resources for APEC members, and raise the awareness of international issues for biotechnology member companies.

With the theme ‘the Socio-economic risks of not adopting modern agricultural biotechnology’, speakers from a range of backgrounds covered issues such as climate change, demand issues, the risks of lack of access to new varieties, to economies and global agricultural production and a CSIRO activity in areas such as human health, future directions and communicating biotechnology.

Over 100 delegates from international and Australian APEC delegations attended, as well as industry guests. The day was effective in presenting biotech issues to APEC delegates, providing an opportunity to increase the knowledge and networking opportunities for industry partners, and enabling industry to promote the important health, economic and social reasons to provide access to new crop varieties.

The Private Sector Day was supported by CropLife Asia, the Biotechnology Industry Association (BIO), and CSIRO.

**Agrifood Awareness Australia**
Together with the Grains Research and Development Corporation (GRDC) and the National Farmers’ Federation, CropLife Australia supports the work of Agrifood Awareness Australia (AFAA) with commodity and farm groups, building grass root and sector support for the commercial introduction of approved GM crops.

AFAA has run a number of events this year to discuss issues surrounding crop biotechnology, and has produced booklets, regular email bulletins, information papers, issue papers and resource guides as reliable sources of information for a range of audiences.

**Australian Biotechnology International Conference 2006**
CropLife Australia, together with GRDC and AFAA, participated in a large stand at the trade show associated with the Australian Biotechnology International Conference in August. This was an excellent opportunity to liaise across the Australian biotech sector and build support for commercialising GM technology.

The conference offered a number of excellent key presentations from international representatives of member companies. Those presentations highlighting the exciting second and third generation traits now under development, which focus on improving the health and wellbeing of consumers, were of particular interest.
INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF CROPLIFE AUSTRALIA LIMITED

We have audited the accompanying financial report of CropLife Australia Limited (the company), and CropLife Australia Limited and controlled entity (the consolidated entity), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors’ declaration of the consolidated entity comprising the company and the entity it controlled at the year’s end or from time to time during the financial year.

Directors’ Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: “Presentation of Financial Statements”, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor’s Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.
INDEPENDENT Audit REPORT TO THE MEMBERS OF CROPLIFE AUSTRALIA LIMITED (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 9 of the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion
In our opinion, the financial report of CropLife Australia Limited and the consolidated entity is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Shane Bellchambers, CA
Registered Company Auditor
WalterTurnbull

Dated this 31st day of August 2007
44 Sydney Avenue
Barton ACT 2600
CropLife Staff

Paula Matthewson – Chief Executive Officer
Bernard Meadley – Director Corporate Services/Company Secretary
Nicholas Woods – General Manager Biotechnology
Adrian Harris – Technical Manager
Ben Stapley – Policy Manager
Judith Old – Executive Assistant
Christina Heris – Communications/Project Officer
Linda Shevchuk – Administrative Assistant
Members
At June 30, 2007

Crop Protection
Accensi Pty Ltd
BASF Australia Ltd
Bayer CropScience Pty Ltd
Becker Underwood Pty Ltd
Chemtura Australia Pty Ltd
Dow AgroSciences Australia Ltd
DuPont (Australia) Ltd
Farmoz Pty Ltd
FMC Australasia Pty Ltd
Monsanto Australia Limited
Nufarm Australia Limited
Sipcam Pacific Australia Pty Ltd
Summit Agro Australia Pty Ltd
Sumitomo Chemical Australia Pty Ltd
Syngenta Crop Protection Pty Limited

Crop Biotechnology*
Bayer CropScience Pty Ltd
Dow AgroSciences Australia Ltd
Monsanto Australia Limited
Nufarm Australia Limited
Syngenta Crop Protection Pty Limited
* Hold dual membership

Associate Corporate
Agrisearch Services Pty Ltd
Greif Australia Pty Limited

Associate Individual
Judith DeGroot
Rosemary Henderson
John Issa
Krishnamoorthy Subramanian
Michael Tichon

Life Members
Mark Allison
Lou Campbell-Smith
Clive Carr
Cam Forgie
Claude Gauchat
Hermann Mani
Douglas McGuffog
Rudi Mueller
Robert Parker
Ross Philipson
Jürgen Reckefuss
David Shipley
Jim Swain