



Looking Forward to 2024 The Moving Trend Contamination Textile Exchange Charity Wool Drive MacRural

LOTS TO LOOK FORWARD TO IN 2024.

To say 2023 had a few challenges would be an understatement.



The year didn't start well for us with the loss of Luke Fitzgerald, and whilst I have paid tribute to him in our last newsletter, as he was a pivotal figure at our Xmas parties he is very much on our minds at this time of year.

I don't think anyone could have predicted the collapse of live-stock prices we have seen this year coupled with an extended dry period, some areas worse than others.

The wool market has also had its struggles but compared to the livestock sector it has fared slightly better, particularly merino wool.

The last few weeks of selling saw some very strong gains, all where it matters most. Since early November, 17 micron fleece wool recovered 260 cents of lost ground, 19 micron just over 100 cents and 20 microns picked up 120 cents. The big losers this year have been the finer merino sectors and it was great to see them recover so well. The rises in this last week were the best in six months. There is also favourable economic news from China indicating their stagnation might be turning the corner and this saw several large uniform orders in the market.

Interest rates appear to be stabilising and the covid pipeline excess stock is starting to move, this coupled with low volumes of grower held wool should stand us in a favourable position for next year.

So there is much to look forward to in 2024. I'm very excited with the team we have at present across our two brokering businesses with a good blend of experience, youth and gender equality. Over the years we have sometimes bought in outside talent when it has been the right fit. Ian Sharp and

Murray Bragg two great examples of this, but training and promoting from within has proven to be successful and necessary. I don't think we've ever had a better team in accounts, middle management and wool sale administration with most trained and promoted in house.

We'd like to think the wool industry is still a great career choice and we are always looking out for young people looking for a career in the wool industry, so if you have a young family member undecided which path to go down consider steering them in our direction.

The widespread rain in late November coinciding with improved prices for livestock and wool certainly has changed our outlook for next year. That coupled with a wool market which has shown promising signs over the last month, shifting from being around 15% below last year to about half that.

Just recently the wool industry lost one of its best ambassadors and a great mentor and friend to me in wool buyer, Don Belgre. Don had a very long and distinguished career in the industry with companies like Lempriere and Schneider. Don and I became good friends during the early 90's and he was a constant source of sage advice on industry matters from the buyer's perspective and a very strong supporter of the smaller independent brokers like ourselves who he saw as real ambassadors of the wool grower. I last spoke to him earlier in the year when Luke passed away, although battling illness himself at the time he contacted me to say what a wonderful service it was and what respect he had for Luke. I would like to think they're catching up and solving the industry's issues for us.

So for me, I very much look forward to 2024 on many fronts and wish our clients and readers of our newsletter health and happiness for the festive season and New Year.

Kind Regards,
Don Macdonald

THE MOVING TREND OF TRACEABILITY, SUSTAINABILITY AND CIRCULARITY.

It would come as no surprise to readers of this newsletter that pressure is mounting from some sectors of our market on the issues of fibre credentials along the pipeline which of course starts at the farm gate. Wool is not unique in this as more and more agricultural products are being met with ever increasing demands on traceability and sustainability credentials. We have many clients who are already part of the various schemes that exist, most notably SustainaWool, Authentico and Responsible Wool Standard (RWS). The first two are what we would call low cost entry point schemes, but both have very strong credentials with the Italian market.

The latter, RWS is gaining widespread momentum globally and their recent annual conference in London was attended by around 1,300 delegates from all sectors of the supply chain. We have been running our own group for clients for over a year and have around 25 farms certified. It is a lot of work for both Jeanine, our on farm auditor and Stephanie who manages the administration of our registration compliance and transaction certificates for buyers. The rewards are sometimes visible in the market place and sometimes not but all indications are that we should stay the course.



In September we were contacted by the Textile Exchange who owns the Responsible Fibre standards (they operate Responsible standards for Cotton, Cashmere, Down etc, even Recycled Polyester!) to see if we could recommend a grower delegate to attend the London conference at short notice. I could think of no one better than Georgia White from Talbragar at Coolah who agreed to represent Australian woolgrowers and you will read her thoughts later on in the newsletter.

But just to share some interesting statistics and observations on this subject from the Textile Exchange. **The latest Textile Exchange Materials Market Report** shows that global fibre production increased from around 112 million tonnes in 2021 to a record 116 million tonnes in 2022. This is expected to grow to 147 million tonnes in 2030 if business continues as usual. Global fibre production per person has increased from 8.3 kilograms in 1975 to 14.6 kilograms per person in 2022.

The percentage of natural fibres produced via programs with sustainability elements slightly increased in 2022, including cotton (25% in 2021 to 27% in 2022) and wool (3% in 2021 to 4.3% in 2022). However, the production of virgin fossil-based synthetic fibres also rose from 63 million tonnes to 67 million tonnes. Polyester continues to be the most widely produced fibre globally, making up 54% of production in 2022.

After years of growth, the combined share of all recycled fibres

slightly decreased from around 8.5% in 2021 to 7.9% in 2022. This was mainly due to a decrease in the market share of recycled polyester - 99% of which was made from plastic bottles - from 15% in 2021 down to 14% in 2022. Reasons for this decrease include the growing competition for PET (polyethylene terephthalate) bottles as feedstock along with the systematic challenges in scaling textile-to-textile recycling. Less than 1% of the global fibre market came from pre- and post-consumer recycled textiles in 2022.

The findings illustrate a need to speed up the overall shift to fibres from preferred sources, to "double down" on efforts to rapidly reduce the use of virgin fossil-based materials, and to invest in strategies that decouple value creation from the extraction of new materials overall.*

*Sourced from Textile Exchange's Materials Market Report 2023.

Whilst many consumers don't pay that much attention to issues like traceability, sustainability and recycling, the brands do and invest huge resources protecting their label. Whilst this is being led by Europe, it is inevitable that other key markets will follow. Just recently Don was in Los Angeles and visited several shops where in one, a huge outdoor specialist chain showed every merino garment with RWS on the swing tag and in another more mass market retailer \$18 jumpers all had recycled polyester on the labels. For the record we hear that the fossil fuel manufacturers use mostly new plastic bottles for recycling, looks like green washing of the highest order!

WOOL CONTAMINATION

Contamination is a constant issue in the wool industry. While many of us are diligent about what goes in our bales unfortunately errors can still occur. In recent months we have had several claims from mills having found foreign material in bales. These claims have varied in size from \$1,700 to \$4,000 making it a costly exercise.

With mills now having cameras set up at the hopper of the scour and staff paid a bonus for finding contaminants the number of incidents is increasing. The Tianyu mill in China has taken a zero-tolerance approach to contamination and are issuing claims to wool brokers regularly, citing the cost to their business is too great to ignore. With their mill running at 100% capacity, they cannot afford any down time to sort contaminated bales.



This is the latest contamination claim we have received from Tianyu, China.

I ask if everyone could speak to their shearing contractors about taking extra care when pressing to reduce the costs of contamination down the pipeline.

TEXTILE EXCHANGE TRIP

By Georgia White of Talbragar, Coolah

This past October I was lucky enough to be invited to the Textile Exchange conference at the O2 in London. Sponsored by an anonymous brand, several textile producers from across the globe including three other wool producers from Australia joined me to represent Australian wool at production level. If you are unfamiliar with Textile Exchange (TE), they are a non-profit global organisation that has worked to develop standards aimed at improving the impact of the textile industry. They are responsible for developing Responsible Wool Standards (RWS) among many other standards. By 2026 they will be amalgamating all the standards into the Universal Standard in order to streamline the process for all textiles.

With well over a thousand attendees from all the biggest brands, manufacturers and producers in the world, the conference was a huge networking event for fashion and textile related brands globally.

As a wool producer, I was focused on animal welfare, traceability and environmental sustainability aspects of the conference. An overarching theme of the conference was the European Union's Strategy for Sustainable and Circular Textiles, and how this will affect all textile trade across the globe. If you haven't heard of this, it might be an idea to read into it a little as it most certainly will impact Australian wool producers in the near future. This strategy looks at the lifecycle of textiles throughout the entire supply chain and places the onus on brands to prove they meet strict regulations with harsh penalties for non-compliance.

What does this mean for Australian wool production? Sustainability and traceability will be key to compliance for brands. Any brand looking to sell a product in the EU will have to prove their product is sustainably and ethically produced throughout the entire supply chain or risk being banned from trading in the EU. So how will a brand prove their wool garment is meeting these requirements? By using product that is certified and thoroughly audited. A certification such as RWS, or in the future, Unified Standard, will meet these requirements as it certifies the entire supply chain. A general feeling at the conference was that the Unified Standard will be the minimum level of compliance in regards to ethical and environmental metrics. Additionally, standard certifications will gradually increase requirements annually, slowly lifting global production standards. For producers in Australia, no data means no compliance, which means no business in Europe.

After much discussion with representatives from big brands and manufacturers, there is significant concern over mulesing in Australia. Currently, Australia is seen as a risk origin for sourcing wool to a large portion of the textile industry due to our perceived poor animal welfare. This is along the lines of Xinjiang being a risk origin for cotton due to a high prevalence of forced labour. It came as a huge shock that our wool is perceived as being alongside forced labour cotton. Why is this such a big deal? A company called Oritain has developed methodology through forensic science to verify the origin of raw materials, which holds up in a court of law. For instance, they can test a garment from in store and tell you the exact location it was produced, to the specific property. Oritain can test a myriad of products already, including wine, wool, meat, coffee, cotton and pharmaceuticals. This will work alongside certifications to

enforce the EU legislation around ethical and sustainable production.

Currently, wool products tested as originating from Australia are looked upon negatively, regardless of mulesing status, according to discussion based upon this at the conference. Cape Wools SA, which is the industry representative of the South African Wool Industry, has developed its own standard, similar to RWS, along with partnering with Oritain to build a 100% guarantee that all South African wool meets EU requirements. It is my fear that Australian wool will be left behind globally due to a lack of industry wide certification.

Regenerative agriculture was also a big focus of brands at the conference, with huge potential for Australian wool to story tell about our production systems. While current Australian regenerative methodology is focused around showing an improvement in soil carbon, regenerative farming in Great Britain is based around the existence of biological markers such as mushrooms or specific plant species.



There is opportunity to Australian wool producers who are custodians of the land to show sustainability and regeneration on the land through means other than carbon soil tests. Better Cotton is a great example where certification and data collection are separate, removing seasonal data variation, while rewarding farmers for maintaining a good standard of production practice. Better Cotton's system has a dedicated fund set up to organise, train and support farmers aimed at being cost neutral for stake holders. Through this system, brands drive investment in industry forward, lifting the entire industry across the globe.

In essence, there are big movements being made globally around the textile and fashion industry that are sure to impact Australian wool production and value. Upcoming legislation will exclude uncertified Australian wool from the EU market and in turn from brands who wish to trade in the EU. Scientific exact origin tracing for end products is supporting certifications in compliance with EU legislation.

On the upside, there is great opportunity for Australian wool industry to develop a certification that is compliant to global market and legislature demands, including animal welfare, climate+ and regenerative agriculture, modelling Better Cotton and Cape Wools SA. Australian wool has all the attributes to meet global movements towards circularity, sustainability, climate+, the five domains of animal welfare, ethical production and manufacturing. We now need the execution on delivering a certified product industry wide, having a positive impact for all stakeholders of the fashion and textile industry worldwide.

CHARITY WOOL DRIVE

Macquarie Home Stay was established in Dubbo in 2019 to provide accommodation for patients when they travel to Dubbo for specialist medical care, like delivering a baby, accident and emergency, surgery, specialist appointments, cancer treatment and so much more. Dubbo Hospital is NSW's north-western most referred hospital and is a rapidly growing centre for specialist health services. By working with health services, community support organisations and the NSW Government IPTAAS scheme, they help ease the financial and transport burden illness places on patients and their loved ones. That is when Macquarie Home Stay becomes their home away from home.



Macdonald & Co Woolbrokers and Endeavor Wool are supporting the expansion of Macquarie Home Stay through a wool drive and we need your help. With completion of the Western Cancer Centre in Dubbo, patient accommodation facilities are in high demand and in the last financial year they turned away more than 3 patient bookings every day. The combination of increased medical facilities in Dubbo & current occupancy rates demonstrate the importance of a critical expansion of their accommodation facilities.

Their Stage 2 expansion will provide 26 self-contained units, the communities across Western NSW will greatly benefit from this expansion and we want to help provide and furnish a 1 bed and 2 bed unit. Check them out at www.macquariehomestay.com.au



Between us and Endeavour Wool our aim over the next 12 months is to raise \$65,000 to help complete and furnish a two bedroom apartment. Endeavour Wool is one of our major wool exporters and company principal Josh Lamb grew up in the Cobar and Tilpa districts, hence his desire to contribute back into the community.

We will be asking for donations of small quantities of wool, be they butts or a bale of oddments which we will rehandle and offer at auction with guaranteed buyer support. Please give this serious thought as many of us at some time have had the need to stay and visit family receiving medical support in Dubbo.

This is really an amazing facility already but the much needed expansion will make it even better. Anyone wishing to donate some wool just needs to make a note on the classer specification or advise your wool rep.

www.macwool.com.au



Dubbo: 02 6884 1004

MACRURAL


This year we celebrate ten years of Macdonald Rural CRT with our Brewarrina store having opened its doors in November 2013. The support of our clients and community are what make this possible and of course our dedicated team both past and present who take genuine care in the work they do. We have had some changing faces in the shop over the years but service to our clients and value remain at the heart of Macdonald Rural.

We have been lucky to have Cassie join our team at Brewarrina this year. Cassie's knowledge and experience having previously worked in a rural merchandise store complements our team perfectly. Swampy continues to deliver above and beyond as a key part of our business managing the store. Seeing first hand how many customers depart the store not only with what they needed but a laugh and a smile also, speaks to how thankful we all are to have Swampy and Cassie in our Brewarrina store.

Our Dubbo store continues to be operational and being centrally based at our woolstore allows us to seamlessly coordinate your merchandise needs. We can supply all the basics like woolpacks, bale fasteners, stencil spray and shed sweeps. Speak to your Wool Rep to arrange delivery for your shed start, and you can certainly always place a phone order to collect next time you are in town.

We are reminded how quickly things can turn around by rainfalls this season. Please keep us in mind for your flystrike preventatives/treatments. We continue to offer complementary faecal worm counts and have a range of drenches available that we have recently reviewed our pricing on. There are some good deals to be had while stocks last.



Thank you for your continued support. We wish you a wonderful Christmas and look forward to seeing you in the New Year.



**TPW XPRESS
WOOLPRESS *\$23,500**

Macdonald Rural Dubbo 02 6884 1004

*Price includes GST and is available while stocks last. Freight can be arranged ex Dubbo store at buyer's cost. All sales are final.



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