



Don's Perspective

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## DON'S PERSPECTIVE

Wool sales have just recommenced, and everyone is hoping this next five months up to Christmas will be the beginning of a real recovery. When I say everyone, I mean growers, brokers and exporters. The hangover from the pandemic is still being felt with unsold stock from tops to finished garments yet to fully clear. This process has just about finished, and we now wait for positive signs that consumer spending in our key markets will resume. When this happens is the big question, but from what we hear we're told not to expect much before the end of this calendar year. When there is general agreement that economies are turning the corner, we expect the restocking of the pipeline to push the market up fairly quickly, hopefully several hundred cents. 19 microns under 1400 cents clean is just not viable and in US\$ terms around 900 cents, every processor in the world knows it's too cheap.



Wool production was slightly lower this year at 1,873,307 bales tested through AWTA which was 75,613 bales behind the previous season. The real question is what will this season bring? Although we are enjoying better seasonal conditions in the Central and Western areas of NSW, the southern half of NSW and most of Victoria and South Australia had the worst Autumn and Winter start in 30 years. Added to this is the big unknown on what effect the cessation of live export will have on numbers there. Some say it could be 20-30% of WA production which could add up to close to 100,000 bales. One thing we do know is that wool production isn't going to rise anytime soon and the latest forecast of production is predicting 285mkg down from 333mkg which is a substantial fall.

Here at Macdonald & Co and Carmichael & Co we had a reasonable year with throughput slightly up on last year to 53,004 bales sold with a gross value \$71,267,000.

In an ever-increasing era of traceability and sustainability, I am very pleased that back in 2018 we made the call to be 100% NWD compliant and are not part of the 25% of the Australian wool clip that is sold not declared. At the end of the season the breakdown of declared status was as follows: - AA @ 40.9%, NM @ 23.7%, CM @ 3.1%, M @ 7.5% and ND @ 24.8%. For the record our combined declarations saw 37% declared AA and NM @ 33%, way above the national average.

Macwool sponsored Champion Hoggett Ram at the recent Marra Field Day won by Garry Kopp of Towanga Stud (pictured with Don).



So, it's worth taking a little time to update you on the growing trend for end users requests for farm certified and traceable wool, more so Brands than consumers.

This trend has been steadily growing for a few years now and it's taken a bit of a back seat during this current flat period but just lately we have seen an uptick in buyer interest for certified wool. At present the majority of farm certified wool clips are non-mulesed but that could be about to change.

We have for a few years now been running a Responsible Wool Standard (RWS) group of about 25 growers. Sometimes we see very clear market signals and during depressed market conditions less so. Just of late there has been renewed interest which is one good indicator that things might be on the improve.

## DON'S PERSPECTIVE...

But there is no doubt that increasingly, overseas brands are requesting farm certified wool. Woolmark in Europe have noted this for some time and are now reporting that in Japan and Korea requests for RWS are becoming a constant.

### So where does that leave the majority of the wool clip?

In response to this, AWEX who runs and administers SustainaWool has recently re-launched SustainaWool and ResponsiWool under the combined project called Australian Wool Sustainability Scheme (AWSS). SustainaWool is a non-mulesed program and may appeal to some growers although I would say that RWS has much more Brand pull and much more likely to give bang for buck, whilst ResponsiWool (not to be confused with RWS) is a program for growers who mules with AA. We would urge growers in this category to look closely at it and we will be happy to talk you through what's involved. There is more information for this on the AWEX website front and centre on the home page.

This has had considerable bipartisan support from industry and was heartily welcomed by the Italian sector, as it was originally their baby, and they gave it to AWEX to administer.

On another note, with my AWI hat on, it's WoolPoll this year with voting on levy choices starting September 20. You will receive two pieces of information either by email or post. One will be explaining the current situation of finances, projects and levy choices. There will be four options starting with 0%, 1%, 1.5% and 2%. This document asks that you join in and vote without specifying which option.

The other piece of information will be from the Board asking for you to vote for a specific option and the reasons why. It's premature here for me to go into too much detail but you can read between the lines. The levy used to be 2% (actually during the AWC days it was 4%) and was voted down in 2018 during a controversial period for the Board, the market was historically high and there were substantial reserves. Levy income is a function of price multiplied by volume, so over the past few years the reserves have dwindled, and we are now relying solely on current levy receipts and government contributions to operate the company. AWI has already started to reduce projects and focus more on essential strategic areas like wool harvesting, fibre credentials and open access in markets like the EU, flystrike research and marketing in our key markets. The current Board have a diverse range of skills and are very cognisant of where the market is and where it needs to be. Please give serious thought to voting this year.

I would just like to finish this by thanking the team at both Macwool and Carmichael from technical to admin and logistics. It was the first full year since the new additional wool store was built and with only a few staff changes the "team" got better at what they do!

### There is more to be gained by getting better at your existing enterprise than moving between enterprises.

There is no doubt that agriculture always poses challenges and now there are as many challenges for woolgrowers as ever.

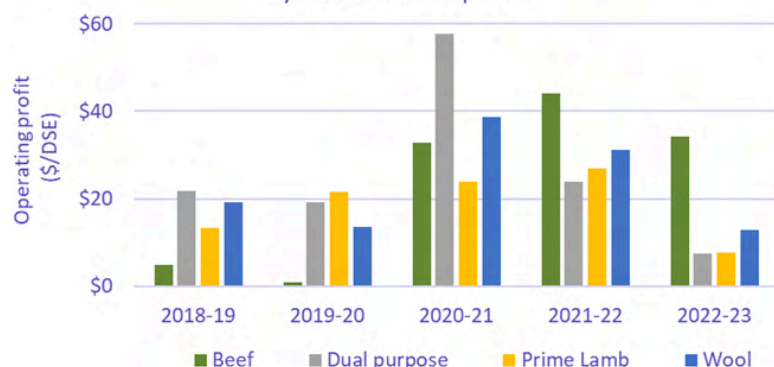
In my three areas of involvement in the industry, as a wool broker, an AWI Director and lastly as a farmer. It is the latter where I'm able to look at the future of the industry with a clear lens and also, it's the latter where it's the easiest decision to make if I want to diversify. The success of the first two rests primarily with farmers staying with wool sheep, and as we know the challenges for woolgrowers over the past few years have been great.

During Covid, shearer and shed hand availability was very problematic and the substantial price rises associated with wool harvesting are still with us. There are other labour related challenges for wool sheep but, it's around harvesting and price of wool that is the main reason most growers leave wool.

So, at AWI we have been asking the question, "What do we need to do to keep people in the industry and why are they leaving?" In response to that, they gathered some benchmarking data over the last five years which shows some interesting takeaway points. Comparisons were done over that period against a beef cattle enterprise, dual purpose sheep and a prime lamb enterprise for the period 2019-23 on an operating profit \$/DSE basis. During that period, we had the worst year of the drought, some fantastic prices for livestock and the tail end of some very good wool prices. We also had some abnormally low wool prices due to Covid restrictions and shipping issues.

Without going into too much detail there were some very good take away points for wool growers to consider. Out of the four different enterprises, whilst wool in each of those years didn't come out on top, it also never came up on the bottom and in fact it ran second in four out of the five years. Beef was the worst performer during the drought but came out on top in the last year. Dual purpose was the leader in 2020-21 with wool second. So, the real take away point here is the stability of the wool enterprise, particularly in dry times.

There is large variation in operating profits between years in all enterprises



^ Sourced from AWI's Why Stick with Wool - Each enterprise has its ups and downs due to price and seasonal factors.

Within each enterprise there was the greatest gap in \$ per DSE, up to \$30 per DSE between the top performers and the bottom. When the top 20% were studied that gap narrowed and there was only \$7.30 per DSE between top and bottom across all four and wool very much in the mix.

The real message here is **"There is more to be gained by getting better at the existing enterprise than moving between enterprises"**.

To read AWI's full report, follow the link on our website or click [here](#).



## NEW WOOL STORE IN COOMA

BY JASON CARMICHAEL - CARMICHAEL GENERAL MANAGER

Since the beginning of Carmichael & Co Wool four years ago it was a scramble to align up five stores across NSW for us to continue our buying and brokering business from. We were very lucky to either be able to purchase, or take long term leases in four of our centres giving the business good security.

However, the Cooma location was the only site where a short-term lease could be arranged. This made me nervous as we could be left without a premises to operate from, and with the SNOWY HYDRO 2.0 in full swing rentals were near impossible to acquire.

This led me to the decision to purchase our own premises, and with nothing on the market the decision was made to build. Now after 18 months of dealing with council and builders, Carmichael & Co have a brand-new site to operate out of. It is located in a very prominent position on Polo Flat Rd in the Industrial area of Cooma. If you are in the area, call in and have a tour of the new shed with Steve and Brian.



## NCWSBA WOOL BROKER AWARD

BY VERONIKE HARTMEIER - WOOL ADVISOR

I recently had the pleasure of taking part in the National Council of Wool Selling Brokers of Australia's Young Wool Broker Development Program. Spread across two weeks we were given the opportunity to not only connect with many industry representatives but learn more about the wool story and deep dive into our roles as a wool broker.

Week One in Sydney consisted of training in how to engage with wool growers and understanding the role of the wool broker. As well as presentations from AWI's John Roberts, Laura Ros and Tim Marwedel of G. Schneider, AWEX and Andrew Blanch from New England Wool.



Week Two in Melbourne consisted of a tour of AWTA's wool testing facility and ABMT Textiles in Melton where we got to look at the knitting and dyeing of fabrics. We also enjoyed a fleece judging workshop and a showfloor tour with Endeavour Wool Exports' Josh Lamb.

[www.macwool.com.au](http://www.macwool.com.au)



While in Melbourne we also got the opportunity to take part in the national council meeting and the wool week dinner. It was great to be able to hear from the different working groups including Wool Producers Australia, AWI, AWTA & NCWSBA on their perspective of how they see the wool industry and the challenges we face as an industry.

I look forward to sharing more of what I have learnt with you all over the coming months as we continue to work together to keep our industry moving forward.

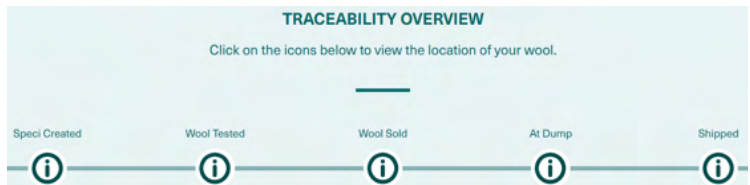


## AWTH

The Australian Wool Traceability Hub is a wool industry initiative managed by the Australian Wool Testing Authority and steered by Wool Industries Australia.

The Australian Wool Traceability Hub (AWTH) will coordinate the supply chain information

- Where the wool has come from
- Its test results and quality assurance programs
- Changes of ownership and
- Wool movement to the first stage processor



All of this is to enable an efficient response and quarantine should an EAD outbreak happen in Australia. Essentially an information hub for the industry that growers, buyers and brokers can create portals on to reliably exchange relevant data needed for traceability from wool growers to first stage processors. AWTH are looking to collect PIC numbers, declared information, quality scheme information, test certificates and post-sale shipping documentation.

An industry owned and led initiative, the AWTH is an opportunity for the Australian wool industry to be prepared when it comes to Australian wool's Emergency Animal Disease response plan as well as end-to-end commercial traceability from farm to first stage processor.

The AWTH will:

- Support Australian wool's Emergency Animal Disease (EAD) response plan
- Provide an end-to-end Traceability System for domestic wool bale movements from grower to processor
- Integrate with Integrity Schemes to verify grower membership and streamline administrative activities

You can find out more at <https://awth.com.au>

Dubbo: 02 6884 1004

# IWTO YOUNG PROFESSIONALS

BY STEPHANIE FROST - ADMINISTRATION TEAM LEAD

I was honoured to be chosen as one of the 24 successful applicants of the International Wool Textile Organisation's (IWTO) Young Professionals Programme for the 93rd Annual IWTO Congress held in Adelaide during April.

The IWTO represents the collective interests of the global wool industry through scientific research, wool textile education, and knowledge sharing. There are multiple round table events and many working groups meeting throughout the year that all come together at the annual Congress to discuss what they have been working on. These people are working hard to show the sustainability of our industry as well as find ways to further improve and promote it to people that have limited or no knowledge of it. They are also working with government bodies to provide up to date information on the sustainability of wool to improve the legislation being made.

IWTO matches each Young Professional with a senior member of the wool textile trade for the duration of the event to be mentored and to help them network with others in the industry. My mentor was Olivier Segard of the Segard Masurel mills in France. It was great to learn more about the Segard Masurel operation, to hear a mill's perspective on some of our common quality schemes and to improve my understanding of how these schemes are used further down the wool pipeline.



We listened to all the panels and presentations from the working groups which covered many different industry aspects, how our industry is going, and things that could become future challenges that we need to be prepared for. We learned about how other areas of the industry meet the sustainability requirements and how they are preparing for any environmental challenges we might face. I really enjoyed having the chance to network with everyone there and found they were very willing to share their expertise and pass on their knowledge. This was exciting to see the whole industry so keen to support the next generation.

With the IWTO Congress being held in Australia, it was a great chance to advertise the hard work Australian growers and brokers are doing in the traceability space to promote the sustainability and quality of Australian wool to all the attendees. With sustainability being the common theme during the whole Congress, it was clear the importance of quality schemes like RWS where growers get to showcase the work they are doing to the future parts of the wool pipeline.



I learnt a lot from the other young professionals as well. All these young people were fantastic to talk to with a varied range of skills and backgrounds that helped broaden my knowledge of the industry. It was great to see the younger person's view on how the whole industry is going and what our place is in helping it get to where it needs to go in future. There was a panel where the Young Professionals got to contribute their perspective and concerns around the industry to the entire Congress. It was a good opportunity to share what items the younger generations see as being a need in the future and what we think needs to be looked at, particularly with the younger end consumers coming through who are more environmentally focussed with their purchases but also don't necessarily have a huge budget to purchase high-end products. Seeing these young people so passionate about wool was such an encouragement to know that these people will be the future of our industry.

We had a chance to meet everyone from woolgrowers to the wool testing authorities, from the mills to the designers, as well as the agricultural ministers of different countries. We saw how new technology is being integrated as well as the traceability and wool projects that are being worked on to keep our industry relevant. It certainly showcased just how much we all want to get this right for the future of the broader industry.

## SMOKO TIME

### EASY CHEESE PUFFS (from Katie North)

A quick, tasty treat for your smoko.

#### Ingredients

1 cup plain flour  
2 tsp baking powder  
2 cups grated cheese  
1 tsp salt (or to taste)  
1 tsp pepper  
1 egg  
0.5 cup milk  
dried mixed herbs, optional



#### Method

Mix plain flour with baking powder, grated cheese, salt pepper and optional mixed herbs.

Add in egg and milk, mix gently until combined.

Dollop spoonfuls onto a lined tray and bake for 10 minutes at 200°C or until starting to go golden brown.

Makes 12