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1st Edition

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# ASWGA

The Australian Superfine Wool Growers' Association

## Information Update

At the November Council Meeting it was decided that in order to provide better information to members that more frequent information updates would be supplied. A questionnaire was provided asking for options. While the most cost effective method of delivery is via email many prefer printed copy.

Generally responses have suggested monthly frequency and that the information be in a concise form.

Most respondents to the questionnaire stated that they would like the emphasis on a collation of the various reports on the superfine market, reports and views from our overseas members and reports on the status of any projects being planned and undertaken by ASWGA and AEM.

### Market Situation

- Unfortunately superfine prices have continued to decline throughout the first half of the selling season and are now between 10% to 15% lower than December 2004.
- 19 micron price are back to the levels of the Asian financial crisis of 1998/99.
- On the positive side Woolmark report that the Composite Leading Indicators for the OECD have improved particularly for Japan and the EU with the USA satisfactory with China and India (not included in CLI's) growing rapidly. Historically this suggests a recovery in fine wool prices in the Autumn 2006.
- Strong retail performance in Korea is positive for superfine wool.
- The finest and highest price bale for the season was sold in Newcastle to Michael Kiernan & Co for an Italian client for 45,000 c/kg. The bale branded Superior Ace was produced by Paul and Fiona Kliendeinst of Uralla in the New England region.
- The post Christmas market has opened on a

positive note for superfine types. Premiums are improving for sounder and better style types. Reports from the market show concern that there are many faulty lots and that clip preparation, particularly for skirting has declined.

### Production

- This will be the fourth season where production of fine and superfine wool will exceed 140 million Kgs. However production for the first half of the season has fallen by 8455 tonnes or 9.7%.
- Production under 16.5 microns has been growing at 34% per annum and is at record levels. The rate of increase has slowed. WA has decreased by 50% while Tasmania has increased by 122%.
- Production under 17.5 microns has increased by 240 tonnes or 1.3%.
- Season still is the major influence. Tasmania and Queensland with the major moves finer have declined in staple strength while WA going broader has increased staple strength.
- With present favourable seasonal conditions next season will see a further decline in production below 19 microns.

### Zegna Competition

Entries received are similar to last year in all 3 categories. Judging is underway with the results to be announced at the Presentation Dinner in Melbourne on Friday 21st April when Count Paolo Zegna will announce the winners.

### IWTO - Woolmark Test Marketing Campaign

The ACCC has given full authorization for the collection of the \$1.50 levy for the implementation of the Test Marketing Campaign for fine and superfine wool so that the campaign can move to the implementation phase.

## Australian Extrafine Merino

- Over the past 6 months AWI have provided a consultant Frank Kisvarda to determine the feasibility of ASWGA/AEM developing a commercially viable marketing operation based on the development of a number of Supply Chains. The key objective is to **“Organize a company that will be able to facilitate the ongoing demand of fibre from ASWGA members and others that meet the technical and market criteria, at sustainable prices that offer reasonable returns to the members.**



- The findings of the consultant have determined that it is possible to develop a commercial operation for AEM or a derivative of AEM to promote and facilitate a number of Supply Chains with either Retail customers or Brand customers.
- An outline of a Business Plan has been presented. The critical factors will be the ability to guarantee consistent supply and the sourcing of the required start up capital.
- The key to meeting the objective of sustainable growth at sustainable prices is to be able to broaden the market and meet customer's needs.
- This can be done by identifying who the customers are and then going about developing a process (supply or value chain) that can deliver what the customer really requires.
- This can only occur if ASWGA members are prepared to support a new way of approach-

ing the sale of their clip and the subsequent management of the fibre to market.

- The proposal does not mean that AEM will trade in wool but will facilitate and coordinate superfine wool through to the final end product and brand.
- Meetings to further explain the proposition are being planned together with full information on the proposal.
- The operation will be fully commercial and will have an independent skills based Board with a highly qualified Business Manager.
- AWI have made it clear that they will not provide start up capital and this must be found by the members or in conjunction with a cooperative partner. Similarly Government has no funding program to provide venture capital.

## Sheep Genetics Australia

SGA has completed the Business and Operational Plan and Breeders' QA Manual and is conducting a series of Workshops throughout Australia. Some regions will have already had the Workshops but a special Workshop for fine and superfine producers is being arranged in the Goulburn/Yass region.

Other useful dates for members are:

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| Hamilton Vic | Tuesday February 7th<br>Grange Burn Motel<br>142 Ballarat Rd<br>9.15 am – 2.00 pm                     |
| Kojunup WA   | Tuesday February 14th<br>Hyfield Jaloran Merino Stud<br>Bell Rd (Off Albany Hwy)<br>9.15 am – 2.00 pm |
| Young NSW    | Tuesday February 21st<br>Young Services Club<br>Cloete St<br>9.15 am – 2.00 pm                        |

To register your interest contact:  
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