

**Australian Superfine Wool Growers' Association Wool Day Forum and  
WoolPoll information meeting  
27<sup>th</sup> September 2006, Yass**

ASWGA Wool Forum

The recent Wool Day Forum organised by Goulburn-Yass branch of Australian Superfine Wool Growers' Association attracted more than eighty wool growers from across the region and further a field. The spirit and interest of wool growers attending was in stark contrast to the rapidly deteriorating seasonal prospects facing many. The forum was held as a precursor to the WoolPoll information meeting which backgrounded issues leading up to the November grower vote for the wool levy to apply for the next three years and is credited with ensuring a good turn out for the WoolPoll meeting.

The first speaker, Fleur Flanery, spoke on the Land, Water & Wool program which is now in the final of its five years. The objective has been to improve management and profitability in the wool industry with a focus upon local solutions to local conditions. This had involved 25 research sites, mostly on-farm around the wool growing regions of Australia, each of which was run under five common guiding "P" principles. These were profit, proof, people, place and promise. An interesting outcome from the sustainable grazing of saline lands sub program was the demonstration that when properly managed, the carrying capacity of saline land can be increased by 300 percent while at the same time reducing erosion and lowering the watertable. This delivers both production and environmental benefits for farmers and their communities.

Peter Thornber from Department of Agriculture Fisheries and Forestry, who outlined the implementation of the Australian Animal Welfare Strategy which has arisen as a result of increased activism such as that following Cormo Express incident and PETA campaign against mulesing. In the absence of implementing an agreed animal welfare strategy there is real concern that Australia will face a loss of international markets, leading to further job losses in rural Australia and industries moving off shore. The strategy was being implemented with \$6m government assistance and involves addressing animal welfare standards with improvement on five fronts including 1) legislation, regulations and standards, 2) education and training, 3) research and development, 4) international awareness of Australia's approach and 5) community awareness.

The third speaker Les Targ (AWI), in providing an update on the AWI-AWS integration confirmed that both Chairmen are "absolutely committed" to completing the transaction although not at any cost as it is recognised as being complicated. The UK pension fund remains a sticking point. Somewhat surprisingly there are major differences in the registered shareholders of AWI

and AWS due in part to different constitutional rules which also require resolution.

The fourth speaker, Brenda McGahan, fresh back from the United States following the recent launch of the Test Marketing Project, gave a most informative and inspiring report on this project which was launched with Saks, a recognised luxury market for womenswear with a targeted promotion "Want it!!" campaign. A second US retail partner is the southern-based Dillards where the all-season role of woollen garments will be promoted shortly. Both campaigns are being conducted under the stylised Extra fine merino wool logo with catch phrases like "those who know luxury, know extra fine merino wool" with market-researched attention to suitable eye-catching colour, font and layout. The campaign also involves a staff training module to ensure the retailer's front line with the customer are well aware of the unique virtues of extra fine merino wool. It is recognised that quality issues are paramount to the success of the project- the 'promise' made in marketing must be 'kept' in store and in-home consumer experience. The objective of the project is to test the degree to which consumer marketing can have a measurable, positive impact on wool volumes.

While it is very early days, to hear that retailers are already placing orders for millions of units from designer label samples prepared for the campaign is most encouraging and the project evaluation in early 2007 will be eagerly awaited. Growers were obviously most impressed with the update leading, one producer to quip, "it makes you want to go out and buy 1000 good heavy cutting fine wool wethers", and that is saying something as most producers are lowering stock numbers further with the failure of spring rains.

Another comment from growers questioned the industries' ability to ensure quality control was sufficient to ensure inferior wool and products, particularly from China did not jeopardise the project. Australian Wool Testing Authority and The Woolmark Company are already using testing procedures to establish quality of wool whether semi-processed or in garments. A further comment questioned the effectiveness of trademark provisions in protecting the Australian wool producer's investment in product development and marketing.

### WoolPoll

Dr John Keniry, Chairman WoolPoll acknowledged the ASWGA forum provided a significant boost to attendance compared to the last Yass WoolPoll meeting. The last WoolPoll attracted 55% of eligible voters with 57% voting for a 2% levy which had applied for the past three years. Mr Ian McLachlan, Chairman AWI, announced that AWI's recommendation is again for 2% for the next three years. Based on projected sheep numbers, wool cut and market conditions over the next three years, 2% levy would deliver \$37.5m. However, a most

pertinent point is that the additional funds delivered by both 2.5 and 3% levy option would be dedicated entirely to marketing and promotion. A number of growers saw this as crucial for the future of Australian wool industry.

A show of hands indicated almost equal grower support for 2% levy as for the higher levy options, although it needs to be kept in mind that the vote is based on the amount of wool tax paid over the past three years, not simply the number of producers. The expenditure on development of alternative shearing methods was questioned as expensive with little to show for the expenditure with the claim it would be better to ensure shearers were properly trained and supported to encourage rural youth remain in rural areas where continuity of work for shearers was already was an issue impacting upon capacity to get loan.

While there was unrest at the demise of wool returns to producers over the past decade with, in the words of one producer at least, that AWI had been remiss in not recognising the plight of producers "who had been reduced to peasants by the bastardisation of wool by the Chinese". This as seen to be due to focus was upon producing to a price not quality with the result that demand for wool had declined in response to consumer's concern at quality decline particularly in garments worn close to the skin. Growers also questioned the recent independent analysis of AWI research and development program which claimed it delivered over \$400m in benefits to producers, during a time when most producers had suffered a serious decline in their wool-based income.

Statements from NSW Farmers and Australian Superfine Wool Growers' Association both recommended that their members vote for at least 2% levy, with recognition that to increase buyer demand for wool would need more revenue than that available with 2% levy.

John Ive  
Chairman  
ASWGA Goulburn-Yass  
5<sup>th</sup> October 2006  
talaheni@webone.com.au