

18-02-2015

## Wool review overdue: Lamb



“  
Let's open up the scope  
and look at all aspects  
of the wool industry  
from the grower to end  
product  
”

Trading manager for  
Techwool Trading, Josh  
Lamb.

*Industry comment by **trading manager for Techwool Trading, Josh Lamb, Melbourne, Victoria.***

**OPINION:** ANY industry or business for that matter that feels it is perfect, or cannot function better than it already does is probably doomed to failure.

With this in mind I think [a review is perhaps well overdue for the Australian wool industry.](#)

Yes, there have been reviews over the last 40 years (none recently), but perhaps they were not pointed in the right direction.

*“Why don't we look at where we want to be in 20 years as opposed to where we want to be in two?”*

There are several major issues threatening the sustainability our industry today, in particular Merino fleece prices (primarily fine wools), a lack of youth in all sectors (growers, brokers and exporters) and the continuing decline of clip preparation.

While we support the review if we are going to have one, let's open up the scope and look at all aspects of the wool industry from the grower to end product including marketing, not just the auction system.

Why don't we look at where we want to be in 20 years as opposed to where we want to be in two?

Australian Wool Innovation (AWI) are correct when they say we need more transparency and education for wool growers on how the auction system works, and how buyers arrive at a price in the sale room.



# AWGA - News Update

The more information wool growers have on how much it actually costs them to sell, the better decisions they will be able to make when marketing their wool clip. If we look at the four main categories of wool sold at auction, Merino fleece, Merino pieces and bellies, Merino cardings and crossbreds it is easy to see where the demand is.

Ignoring Merino fleece, the other three categories are enjoying record levels. Why? because that's where the "competitive tension" is, whether the wool is sold through auction or not.

What fosters competition – real demand. AWI have done a lot of good work behind the scenes with processors over the last five to 10 years to build up the knitwear (Merino pieces, bellies and cardings) sector, but their marketing is still heavily slanted towards Merino fleece, and in the case of crossbreds it's almost non-existent.

This means the three categories that are performing well have minimal or no input from AWI in regards to marketing. At the end of the day any reduction in selling costs to wool growers would only be in the \$20-30 per bale range at best. Not enough to keep a struggling fine wool grower afloat, but a saving none the less. Shouldn't we be trying to generate another \$500-600 per bale of income for said grower?

This can only be achieved by creating genuine pull through demand at a consumer level. Perhaps the lack of "competitive tension" exists not in the sale room [as insinuated by AWI chief executive Stuart McCullough](#) but around the clothes rack at your local department store.

In other words, AWI's concentration should be directed towards increasing gross margins to a considerably higher and sustainable level, not just putting much of their efforts into reducing grower marketing costs. Supply and demand are evenly poised at present and may even be weighted slightly towards the grower.

Let's ensure we position ourselves now to take full advantage of this over the next decade or so.

<http://www.theland.com.au/news/agriculture/sheep/wool/wool-review-overdue-lamb/2723804.aspx?storypage=0>