Contemporary issues in the Australian wool industry

Dr Kerry Hansford
Quality and Training Program Manager
Australian Wool Exchange
Contemporary issues in the Australian wool industry

1. Changing wool industry demographics.
2. Wool supply.
3. Fibre identity.
4. Affluent consumers with a social conscience.
Contemporary issues in the Australian wool industry

1. Changing wool industry demographics.
2. Wool supply.
3. Fibre identity.
4. Affluent consumers with a social conscience.
Within Australia

- **Farming population is ageing**
  - In 2001, 68% of self-employed sole operators and employees were 45 years or older
  - 2007 Government walk-off subsidy

- **Increase in size of farming operations**
  - Between 1993 and 2004, farming enterprises with an income greater than $400,000 increased from 12 to 20% of total

- **Farms that cannot scale up, off-farm income is increasing**
  - In 2004, 40% of farming enterprises with an income less than $100,000 sourced 91% of their income off-farm
Within Australia

- Reduced Australian value-adding
  - Only a few processing companies left in Australia, some relocating overseas

- Decreased number of wool industry companies
  - Consolidating smaller companies into larger ones
  - Operations closing down
Outside Australia

- Traditional markets (Europe) less active

- Approx. 70% exported to China (250-300mkg c.f. 60mkg Italy)
  - 50% consumed domestically. 50% exported with Japan a major destination

- Wool manufacturing demand in China expected to nearly double over 5 years to 2010
  - Major retail markets Europe, China, Japan, USA

- Emerging supply chains (India, Vietnam, Sri Lanka as well as Bangladesh)
Wool Exports by Country

<table>
<thead>
<tr>
<th>Year</th>
<th>Wool Products Exported (M kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
</tr>
</tbody>
</table>

Legend:
- China
- Italy
- Japan
- Other

AUSTRALIAN WOOL
TEXTILE TRAINING CENTRE
Contemporary issues in the Australian wool industry

1. Changing wool industry demographics.
2. Wool supply.
3. Fibre identity.
4. Affluent consumers with a social conscience.
5. The environment.
Wool Prices in USD and AUSD
Decline in wool production

- On-going drought (inconsistent seasons)
- Low wool prices
- Higher prices for other agricultural commodities

Pejar Dam
Near Goulburn NSW

Drought-affected land
near Cowra NSW

Photos: Blog - www.israelated.com/node/3412
Wool prices & production since 1983
Change in diameter profile

Note: Australia produces approx. 25% world’s greasy wool and 60% world’s Merino wool.
Change to sheep meat breeds (shedding)

Damara Ewe Lambs

Merinos with Damara Cross Lambs

Dorpers
Dark and medullated fibre contamination

Scoured Wool

Yarn

Fabric
Contemporary issues in the Australian wool industry

1. Changing wool industry demographics.
2. Wool supply.
3. Fibre identity.
4. Affluent consumers with a social conscience.
World fibre production since 1900

Source: Textiles Intelligence various years
How is wool viewed?

Negative perceptions

- Compared with man-made fibres, wool:
  - Is highly variable in its physical attributes (e.g. diameter, length, strength, level of impurities such as grease, dirt, vegetable matter)
  - Requires long and complex steps in processing
  - Is often considered to be itchy and prickly, heavy weight, not suited to summer, formal, expensive, hard to look after.....
Enhancing wool’s reputation

Positive qualities

• Man-made fibres have been trying to emulate many of wool’s natural properties:
  ➢ Insulation, resilience, moisture absorption, moisture buffering, odour absorption, breathable, flame resistance, therapeutic, renewable, biodegradable, controlled felting.....

• Wool industry continues to address:
  ➢ Improved comfort (softness next to skin and fabric handle), easy-care (machine washability, tumble drying, crease resistance), pilling resistance, light-weight, shape retention, wrinkle recovery, colour fastness.....
Versatility, performance, beauty

Photos: M. Campbell, Taking Wool into the 21st Century, 2004
Contemporary issues in the Australian wool industry

1. Changing wool industry demographics.
2. Wool supply.
3. Fibre identity.
4. Affluent consumers with a social conscience.
Attitudinal changes with increased wealth

Maslow’s hierarchy of needs

- **Physiological needs** (calories, protein, water)
- **Safety needs**
- **Social needs** (sense of belonging)
- **Esteem needs** (status)
- **Self-actualisation**

**Food, shelter, clothing**

**Country, region**

**Food safety reassurance**

**Quality standard, luxury**

**Doing good. Environment, animal welfare, fair trade**
Challenging how industry operates

MEAT IS MURDER
Organic, ethical, sustainable

- Defined as farming without the addition of artificial chemicals.
- Pest, disease and weed control to encourage and maintain natural biological processes.
- Aims for optimal production rather than yield maximisation.
- Seeks to operate as a closed system, using renewable resources and best environmental management practice.
- Produced according to recognised animal welfare standards.
- Certifiable: National Standard for Organic and Biodynamic Produce

**Note:** “Organic certification” is not a guarantee of the wool fibre’s characteristics.

Source: S. Seaman, Organics and Food Industry Development, NSW Department of Primary Industries
Continuing trend?

Recent news clippings (Oct 2007):

- Buyers seek out sustainable fabrics (France)
- Organic cotton production climbs to 53% (USA)
- Turkey tops organic cotton league (UK)
- New CRDC Chief wants to double water efficiency (Australia)
Or a fad?

- ‘Green’ attitude
  - It exists and affects purchasing decisions
- Wool’s advantage
  - Association with natural, renewal, biodegradable
- Retailers want environmental & ethical messages
  - But, short-term use of organic promotion needs to be tempered with longer-term effort to ensure and ethical and sustainable focus is developed
Change is essential for progress.....
Australian Wool Exchange

For more information visit

www.awex.com.au

Australian Wool Exchange
318 Burns Bay Rd
Lane Cove NSW 2066
02 9428 6100

we know wool