

23 December 2014

Minimum Bale Weight to 120kg

AWEX Board Meeting Outcome

The AWEX Board met today to consider further feedback and finalise their consideration of the minimum bale weight for non specialty wool. Feedback had been sought from industry organisations on a new proposal to increase the minimum bale weight to 120kg tabled at the November Board meeting.

After considering the feedback and submissions from industry organisations, the AWEX Board has determined, by majority vote, to increase the minimum bale weight (for non specialty wool) to 120kg effective from the 1st January 2016.

The Board decision in detail:

- The minimum bale weight (for non specialty wool) to be increased to 120kg,
- The increase to be effective from 1st January 2016,
- No change to the maximum bale weight,
- The change to the minimum bale weight to be preceded by an industry education and extension campaign commencing immediately,
- No trial,

** Single bale lines of specialty superfine fleece wool, (Australian Superfine (ASF4) or better), 18.5 micron & finer, may have a minimum gross weight of 90kg.*

Industry analysis shows that 1.9% of all bales weigh between 110-119kg and that these bales impact on 9.1% of all lots.

The Board has considered this issue over the past 8 months and during that time received several comprehensive submissions from industry organisations detailing the current profile of bale weights and identifying where there is an opportunity to improve the current bale pressing practices and increase the minimum bale weight. AWEX also commissioned analysis which modelled various options should a change in the minimum bale weight be made as well as receiving feedback from woolclassers, wool growers and other industry stakeholders.

Throughout all the discussions, meetings and presentations there is general agreement that the industry can improve the standard of wool pressing and that an industry based education and awareness campaign is paramount to achieving the best result.

In making the announcement AWEX will work with industry organisations to develop and launch the education and awareness campaign to promote active participation in lifting the minimum bale weight.

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Backgrounder

At the October Board meeting the Board agreed:

- *To increase the minimum bale weight for non-speciality wool to 130kg effective from the 1st January 2016, subject to no significant adverse outcomes arising from the trials concluding on 30th June 2015,*
- *The implementation will be supported by an extensive industry education campaign.*
- *The availability of detailed individual bale data in electronic catalogue transmissions is essential for fully informed commercial decisions for both the buyer and seller.*

Feedback at the November Board meeting indicated:

- That a change to 130kg would be difficult to achieve for many,
- That there were concerns over whether the proposed trial should proceed as it may not achieve any measurable outcomes over the timeframe,
- Individual bale weight data was not required and therefore would not be made available,
- A compromise proposal, to increase the minimum bale weight to 120kg, was tabled at the November Board meeting where it was argued that this would be more achievable and still deliver some of the benefits to buyers, and
- That an industry supported education and awareness campaign would be critical in achieving success.

Buyers strongly argued for an increase in minimum bale weight on the basis that handling and shipping low weight bales is costly, as all post sale costs are on a per bale basis not per kg.

Sellers equally maintain that a key to the solution is the communication of price signals to the grower and an industry extension campaign must identify the benefits of the new minimum.

In coming to its decision the Board agreed that the 1st January 2016 represented a fair and reasonable transition period for all woolgrowers, woolclassers, classing houses to immediately start preparing for the implementation as it coincides with the release of the 2016-18 Code of Practice.