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## NWD-IP On Farm Inspections Commence

### The National Wool Declaration

Pre-sale random desktop audits on the declared mulesing status of a wool clip have been conducted on a weekly basis by AWEX for over two years. This pre-sale service ensures the National Wool Declaration (NWD) is being interpreted correctly, provides greater accuracy to buyers and has also helped identify issues that may affect the uptake of the NWD. In cases where a declaration of mulesing status requires correction, the catalogue information and test certificates are changed prior to the wool being offered for sale.

AWEX's NWD Integrity Program (NWD-IP) is viewed as a valuable information tool and a positive step by Australia's wool customers, processors, retailers and Governments. To this end, the On Farm Inspection is the final component of the program required to provide the essential integrity to the declarations made by woolgrowers.

Following successful completion of the necessary training, AWEX has appointed three regionally based On Farm Inspectors, located in Victoria and New South Wales. The regional appointments are strategic as they reduce the cost of travel and increase the flexibility of when an inspection can be carried out. The On Farm Inspection program commenced on 1st September 2010, and 225 properties will be inspected over the remainder of the season.

### The Inspection

Naturally, many growers have expressed their concern about the Inspection and how much disruption it might cause. However, feedback received from the woolgrowers who have undergone an On Farm Inspection is that: "it is not as bad or difficult as I thought it would be". This response is largely because the Inspectors all have a strong agricultural background, with emphasis on sheep and wool production. Therefore, they understand the various farm management issues that can impact on when an Inspection may or may not be possible. For example, inspections are not conducted following heavy rains where yards may be very muddy or when ewes are in late pregnancy or have just lambed. If such circumstances are advised to the Inspector, the property will still be inspected, but at a date that works better for the welfare of the sheep. Similarly, for mixed enterprises, inspections dates will be co-ordinated around other activities such as sowing or harvesting.

In arranging the Inspection, communication between the Inspectors and the Owner/Manager is critical. Many aspects of the Integrity program are discussed over the phone prior to the Inspection. While every attempt is made to ensure

that the Inspections will have minimal impact on an enterprise, should an Owner/Manager continue to avoid the Inspection itself, the Outcome will be Non Compliance.

### What Happens On Farm

For the arranged time/date, the mob(s) of sheep are brought to sheep yards with a race\*. A clinical inspection cannot be undertaken in a paddock as it is a hands-on process involving up to 200-250 sheep per mob. With the sheep in the yards, the Inspector will randomly draft them into the race, examine the tail and breech of the individual animals for clinical evidence of the mulesing operation, and discuss the findings with the Owner/Manager and record any observations.

\* If the mob(s) has been sold, evidence of the sale must be provided (e.g. National Vendor Declaration or Account Sale).

### Non Compliant On Farm Inspections

It is easy to think that the outcome of an On Farm Inspection is black and white; for example, either the mob of sheep is mulesed or it is not! But this is not the case. Experience gained by AWEX staff and consultants has found that there are essentially two levels of levels of Non Compliance and the AWEX NWD-IP acknowledges this as follows:

#### Level 1 - No Action to be Taken:

- a misunderstanding of the process
- incorrect completion of NWD
- greater than 1% strays in the declared mob (with an adequate explanation for their presence)
- Owner/Manager agrees with the findings of the Inspector

#### Level 2 - Action to be Taken:

- a deliberate false Declaration
- greater than 1% strays in the declared mob (without an adequate explanation)
- failing to submit to an Inspection (after a fair and reasonable attempt has been made to arrange it)
- Owner/Manager disagrees with the findings of the Inspector

Of critical importance when an enterprise has both mulesed and non mulesed sheep is their identification. An adequate explanation for the presence of strays involves being easily able to recognize non mulesed sheep mixed with mulesed sheep at shearing and draft them off. Therefore, it is recommended that all non-mulesed sheep/mobs have a different ear-tag to mulesed sheep.

### Outcomes of an On Farm Inspection

Following an On Farm Inspection, AWEX will send a report that details the observations made related to mulesing status, sheep identification (e.g. ear-tags), age, scar patterns (if applicable) and any other relevant comments. The NWD-IP on Farm Inspection results and actions will be included in this report.

If a property's first On Farm Inspection is **Compliant**, it will be excluded from the random selection of Inspections for 3 years. Successive Inspections may be undertaken on properties where the outcome was Non Compliant - Level 1.

**For Level 1 Non Compliance** and/or where the Owner/Manager implements immediate corrective action (e.g. changing ear-tags of sheep and/or moving them to a mulesed mob), Declarations may be submitted for the subsequent shearing(s). If the Owner/Manager does not implement corrective action, the next NWD declaring Non Mulesed or Ceased Mulesing submitted by the Owner/Manager for subsequent shearing(s) will not be accepted or will be invalidated prior to sale, unless the mobs involved are Inspected again.

**For Level 2 Non Compliance** and/or where the Owner/Manager does not agree with the evidence recorded by the Inspector, prior to taking any corrective action, a second opinion from a different Inspector may be sought. Where a second opinion or inspection provides:

- the same result as the first Inspection (Non Compliant), future NWDs will not be accepted from that entity (PIC) and will be invalidated prior to sale until corrective action is undertaken and validated by a subsequent Inspection. The cost of the subsequent inspection shall be borne by the Grower.
- a Compliant result, the cost will be borne by AWEX.

*Note:* In the event of Non Compliance (both Levels 1 and 2), the details of the Inspection may be advised to the selling agent and the purchaser(s) of the relevant lot(s).

### For further information:

Mark Grave, p. 02 9428 6100 or e. mgrave@awex.com.au or

Kerry Hansford, p. 03 9318 0277 or e. khansford@awex.com.au

*The NWD-IP is jointly funded by: AWEX and the Department of Agriculture, Fisheries and Forestry.*

## Desktop Authentication of the use of Pain Relief

Desktop authentication of Pain Relief is undertaken where an Owner/Manager has declared on the NWD that Pain Relief was used at mulesing for one or more of his/her mobs. From a random selection of properties, AWEX is requesting evidence of the use of Pain Relief on the youngest flock. The evidence may take the form of:

- Tax invoice for the purchase of the pain relief product including the amount purchased and the number of lambs treated,
- Tax invoice for the contract mulesing of a

specific number of lambs using a specific quantity of pain relief product, or

- Tax Invoice or a Statutory Declaration from the source (e.g. a neighbour) detailing the amount of product supplied and the number of lambs treated.

If you receive a letter requesting this information, one of the above can be sent by **email** (scanned copy), **fax**, or **post**. You will be asked to include your brand and name on this document and ensure it lists the number of lambs treated.

**Note:** Should you choose not to respond to this request; AWEX will assign Non Compliance to your property (PIC), where you will not be eligible to submit a declaration for your next shearing(s) unless a desktop authentication is conducted and the outcome is Compliant.

### For further information:

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Use [Woolsearch.com.au](http://Woolsearch.com.au) to find qualified Woolclassers, Shearers and Shed Hands.

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**we know wool**

### AWEX WOOL SERVICES

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318 Burns Bay Road  
Lane Cove NSW 2066  
PO Box 649  
Lane Cove NSW 1595  
Telephone (02) 9428 6100  
Facsimile (02) 9420 9633  
info@awex.com.au

AWEX is a national organisation of brokers, growers, exporters, processors and private treaty merchants which, in the best interests of the wool industry, provides: Industry standards (wool packs, wool preparation), Clip inspection services, Woolclasser registration, Independent market reports, Wool description and appraisal, Wool sale rostering and Wool administration.



## REDUCE the RISK

– use “R” to indicate “RUNS WITH”

The annual Nanjing Wool Market Conference was held in Beijing in September 2010, with a large contingent of Australian wool industry personnel in attendance to liaise with the owners, managers and staff of Chinese wool textile mills. At this conference, representatives of the Chinese wool industry take the opportunity to provide feedback to their suppliers.

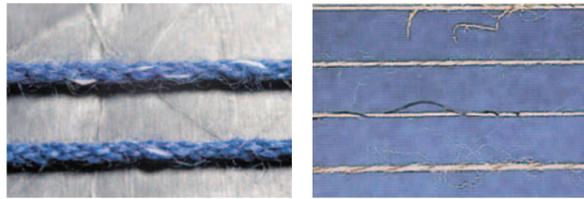
Contamination, of all forms, was raised as a continuing concern. One form of contamination is pigmented and medullated fibre, which is often linked to Merino sheep that have been in contact with shedding breed sheep (e.g. Afrikaner, Awassi, Damara, Dorper and White Dorper, Karakul, Meatmaster, Persian, Van Rooy, Wiltipoll, Wiltshire Horn) or their crosses. Contact may be due to running in the same paddock or yards, mating to shedding breeds, or suckling shedding cross lambs, at any time during the period of wool growth.



Black Headed Dorper

In terms of Australian bale descriptions, the Woolclasser Code of Practice (COP) uses the “R” suffix to warn buyers of white Merino wool, that there is a risk of pigmented and/or medullated fibre in a sale lot (for example, AAA M R or M PCS R). The buyer is then able to make an informed decision on whether that Merino wool lot will still be suitable for the intended end-product.

It is important to note that the use of “R” in a bale description is compulsory. A Woolclasser should try to establish whether the Merino sheep have run with shedding breeds. In the first instance, ask this question

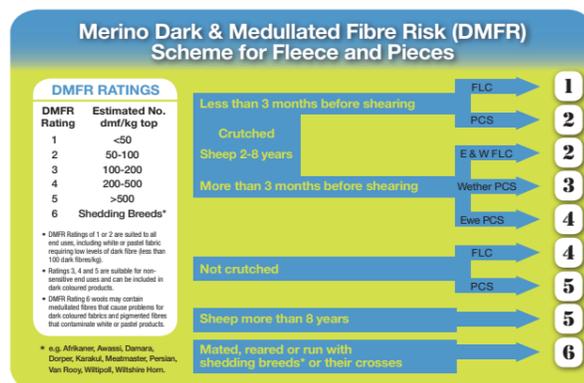


Medullated Fibre and Dark Fibre in Yarn

of the Owner/Manager, and if the answer is “yes”, advise him/her that the “R” suffix must be used.

The completion of the National Wool Declaration prior to shearing is a mechanism that can assist the Woolclasser to run the shed efficiently and manage the order of shearing. This applies to both mulesing status, where non mulesed mobs may need to be kept separate from mulesed mobs, as well as Dark and Medullated Fibre Risk (DMFR), which determines the order of shearing (see COP pages 13, 16, and 37) and the diagram below. It is good practice to complete this form before shearing commences.

**Note:** If pressure is applied not to use the “R” suffix, the Woolclasser is encouraged to contact AWEX after the shed is finished but prior to sale, to let us know about this issue. This will allow appropriate action to be taken, thereby protecting Australia’s reputation for clean white wool.



### For further information:

Kerry Hansford, p. 03 9318 0277 or khansford@awex.com.au

## Development of “e-clips”: Electronic Speci and NWD Begins

The AWEX Board has approved funding for the development of software which will produce an electronic Classer’s Specification form and National Wool Declaration (NWD). The software program to be known as “e-clips” is being developed to assist in eliminating errors which occur along the information pathway between the woolshed and wool warehouse.

This project is a result of concern from selling agents that the Woolclasser’s Specification and NWD are often incomplete, incorrect or illegible. Warehouses estimate that up to 35% of all documents contain some form of error; which in turn incurs costs to rectify as well as slows down the process of selling wool. The error rate can increase when the Broker’s staff interpret the information on the NWD to establish the mulesing status values and DMFR.

Currently, the recording of information in a woolshed is almost totally manual. The Woolclasser Speci is created from two control documents: the Wool Book (which records all bale information) and the Tally Book (which records the mob details and shearing tallies). The Woolclasser’s Specification, in turn, is used to generate some of the information used in the NWD, resulting in duplication as well as errors in the transfer of data.

This project entails the provision of software to a Woolclasser/Grower that allows the recording of wool shed information (owner, mob, job details, wool book,

tally book etc.) into a local database on their PC. From this database the Woolclasser/Grower will be able to print/create statistical reports such as shearing and mob tallies, cuts/head etc. Most importantly, the Woolclasser/Grower will be able to create the Woolclasser’s Specification sheet and the NWD. The system will enable the information to be entered in the shed environment or in the office at the end of the day.

Once completed, the Classer’s Specification and the NWD are transferred from the PC/Laptop to a secure network server (in AWEX) for retrieval by the wool selling broker or agent. This information will be encrypted to prevent inappropriate or unauthorised access. Each selling agent subscribing to the service will be able to download the specifications in both data and printed form. The data will be in a format that is able to be imported into a broker system.

AWEX will target a small audience in the first year; and it is expected that Masterclassers, large volume Woolclassers or shearing contractors will be amongst those early adopters of the technology.

### For further information:

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Nigel Stewart, p. 02 9428 6100 or e. nstewart@awex.com.au

## Masterclasser Calendar of Events

### Masterclasser Courses 2011

The next Masterclasser courses will be held in Melbourne, Sydney and Fremantle in June 2011. Woolclassers interested in attending these 4 day courses should contact David Cother on 02 9428 6100.

### National Masterclasser Conference 2011

The first national Masterclasser conference for registered Masterclassers will be held in Melbourne in June 2011. This conference will be held every three years (in Year 2 of the registration cycle). Details of dates, conference, agenda, activities and venue will be advised early in January 2011. All Masterclassers are encouraged to attend this conference and enjoy some of Melbourne at the same time!

## Have you filled in your Woolclasser’s Specification?

All wool classed by a registered Woolclasser on farm must be documented on a Woolclasser’s Specification sheet. Not only is the Specification Sheet used by the handling agent to ensure correct lotting for testing and sale, AWEX uses this document as one of the random checks that the Woolclasser has prepared the wool on farm. Where a Specification Sheet does not exist there can be doubt about the presence of the Woolclasser on farm and the source of the wool.

## Pressing Bales – Stay within weight and length limits!

Two recent developments that Woolclassers should be aware of are:

1. The National Auction Selling Committee (NASC) has escalated its call to sellers to not offer wool that contains under or overweight bales. Buyer representatives on the Committee have emphasised that they do not support wool outside the Woolclassing Code of Practice weight limits.
2. The Road Transport Authority in NSW has recently cracked down on the width of loads on trucks. Please remember that bales pressed on farm should not exceed 1.25 m in length.

Details on weights and lengths can be found in the Pressing section (p. 85) of the 2010-12 Woolclassers Code of Practice.

## WHEN is STAIN not STAIN?

The AWEX auditors have noticed that a number of lines described as STN M do not contain stain! These lines usually contain heavy colour; for example, briskets.

Classers should be familiar with the Code of Practice’s standards in this area; it states that: “Discoloured and/or cotted briskets may be described as a cast belly line (COL M BLS)”. Only if pizzle stain is included should the description become STN M BLS.

The COP is also clear on what constitutes stain - it is urine (dark) stain. Describing wool as STN when it is only discoloured limits buyers purchasing options and consequently reduces competition. In other words, mis-describing the wool can cost the grower money.

And another on-going bale description issue: Classers must also ensure that any STN description includes the wool category. For example, instead of a description of just STN M for stain pieces, use STN M PCS as per the COP.

### For further information:

David Williams or Phil Jeffries, Brooklyn VIC, p. 03 9318 0277

Robert McKeown, Yennora NSW, p. 02 9632 6166  
David Aslett, Fremantle WA, p. 08 9434 6999

## CORRECT COMPLETION OF THE NWD

Over the past two years AWEX has been providing a desk top audit service on randomly selected National Wool Declarations (NWD). The audits of the NWD have revealed that some Owner/Managers do not fully understand the questions being asked on the NWD; therefore, the following lists some ideas to ensure that your declaration is completed correctly.

**NWD must be Signed:** The NWD is a legal document and as such it must be signed. If the NWD is not signed it will not be considered valid.

**Desktop Audits and On Farm Inspections:** Owner/Managers must understand that by completing the NWD, they may be subject to a random audit or inspection. Therefore, it is important not to complete and sign it without understanding the declarations being made.

**Pain Relief:** Only declare PR on mobs that had recognised pain relief product applied to them. For example; Tri-Solfen, a recognised pain relief, came onto the market in August 2005. Therefore, for the year 2010, sheep that eligible for PR are 5 years or less, while sheep 6, 7 or older are too old to be treated with pain relief at mulesing.

**Age:** Age in years is required, e.g. 3 - 6, not "Mixed (M)" age.

**Ceased Mulesing for Breeders:** Owner/Managers are encouraged to declare all bales in the clip on properties where mulesing has ceased or was never undertaken. This is because the bales/lots that come from older mulesed mobs are eligible for ceased mulesing (CM) status, rather than not declared (ND) or mulesed (blank) status.

**Ceased Mulesing for Sheep brought onto the Property:** If all sheep are brought onto the property and no mulesing is conducted on that property, then ceased mulesing (CM) status can be claimed.

**Mob Numbers on NWD and Speci:** Mobs numbers should be completed on both the NWD and Speci. It is extremely difficult for both broker's staff and AWEX auditors to determine the mulesing status of lots if the mob number is not used as a cross-reference.

**Mob Numbers for Oddment Lines:** For oddment lines containing wool from a number of different mobs, list all the mob numbers against these lines on the Classer's Speci.

**Bale Ranges and Numbers on NWD:** All bales should be listed on NWD using either a range or individual bale numbers. This is also helpful when the broker's staff enter the mulesing data and AWEX audits a clip.

**Making a Non Mulesed (NM) declaration:** Owner/Managers are often told by selling agents, shearers etc. that the sheep they have purchased are non mulesed. The Owner/Manager should inspect the tail and breech of the sheep for evidence of mulesing scars to verify this prior to declaring non mulesed status for the mob.

The onus is on the Owner/Manager to be aware of the mulesing status of all declared mobs of sheep, regardless of information received from other sources. This includes Crossbreds, Dohnes, SAMMs etc.

**Mulesing Status for Multiple Properties:** The Owner/Manager should ensure that the mobs shorn on each property are declared on separate NWDs, clearly identifying the property name.

**Completion of NWD on Properties that Mules:** Even if the mob is mulesed (or mulesed sheep are mixed with non mulesed sheep at shearing), it is worthwhile to declare "mulesed", as the mulesing status code that appears in Sale Catalogues and on Test Certificates is left [Blank]. Declarations assist in generating industry statistics on the availability of wool of any mulesing status. On the other hand, if a declaration is not made, the mulesing status appears as "ND" – not declared. ND highlights to the buyer that the wool is from sheep that are likely to be mulesed.

**Ear-tags:** Owner/Managers are strongly encouraged to use ear-tags on their mobs to aid the identification of mulesed, unmulesed and/or pain relief treated mobs as it allows each mulesing status to be easily drafted off before shearing.

### For further information:

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Kerry Hansford, p. 03 9318 0277 or e. khansford@awex.com.au

## AWEX Welcomes New Chairman – Dr John Keniry



**Dr. John Keniry AM** was appointed as the Chairman of Directors by the Board of the Australian Wool Exchange, to take effect after the Annual General Meeting on 26th November 2010. In making this appointment, the Board considered that Dr. Keniry will bring to the position a wealth of relevant experience as well as a strong knowledge/experience in the wool industry.

John is a Director and Chairman of a number of commercial and agricultural organisations including the Sheep CRC, Scientific Advisory Council for the NSW Minister for Primary Industries and Ridley Corporation. His Agricultural industry experience includes former Chairmanships of National Farmers Federation Finance Trust, National Registration Authority for Agricultural & Veterinary Chemicals, Woolstock Australia Limited and Wool Poll 2000 – 2006.

Dr. Keniry will be AWEX's fourth Chairman, taking over from Mr Allan Farrar who has completed his ninth year, or third term, as AWEX Chairman. Mr Farrar retired at the conclusion of the AGM.

### For further information:

Mark Grave, p. 02 9428 6100 or e. mgrave@awex.com.au

## MAKE YOUR BALE LABEL COUNT

AWEX has received complaints from selling brokers, agents and wool warehouse operators regarding the use of small bale description and property stamps and small unclear writing used on bale labels.

The landscape bale label was introduced to improve efficiency in the movement of wool by providing Woolclassers (and/or Growers) with more room to write the brand and bale description in clearer, larger letters so that it is easily read. While the use of a stamp to mark the bale description on a pack label may be quick and easy; if the stamp (or writing) is too small it creates problems for your customers.

If stamps are both too small (less than 25 mm) and too pale they are difficult to use as the bale travels from the shed to the wool store and through the core machine. Staff on forklifts need to be able to easily identify bales as they move around the wool store and equally, the cameras at the core line must be able to take a readable image of the bale head. If the stamp is small or of low quality and cannot be read in the wool store, it certainly can't be read in the processing mill and this slows down the movement of wool bales and increases costs.

To overcome this problem, AWEX (and all wool handling agents) recommends that Woolclassers and pressers use **thick, black permanent textas** and write in large letters in the space provided. Where a stamp is used for any section of the bale label make sure the letters are thick and large (**at least 40 mm in height**) and the colour of the ink is **black**.

## Woolclasser polo shirts 100% Merino



100% Merino Wool

Colour Navy Blue

Available now for all registered Woolclassers. \$48.00 each (Includes postage & gst)

One polo shirt \$48.00

(Price includes gst and postage)

or two polo shirts for \$91.00

(Prices include gst and postage)

Sizes*	S	M	L	XL	XXL
Chest	95cm	100cm	105cm	110cm	115cm
Quantity					

\*Sizing is full chest measurement in centimetres

### Payment & delivery information:

Please make cheque or money order payable to the **Australian Wool Exchange Ltd**, PO Box 649 Lane Cove NSW 1595 (Fax 02 9420 9633) or complete your credit card details below.

Woolclasser Name:	Stencil Number:
Delivery Address:	State: Postcode:
Credit card: Visa <input type="checkbox"/> or <input type="checkbox"/> Mastercard (Place a X in the box) Name: (Card Holder)	
Card No:	Expiry Date:
Signed: _____	Total: \$ _____



## Classing Procedures for Belly Wool

An increasing trend amongst Woolclassers where the Bellies from a clip are placed in with the Pieces has been observed by the AWEX auditors. The 2010-2012 Woolclasser Code of Practice (COP) for the Preparation of Australian Wool Clips on page 47 clearly states:

*"Bellies – Belly Wool. Prepare a mob line of bellies and remove obviously different wool from the mob. Remove poorer bellies for colour and length, urine stain, mud, heavily coloured and/or cotted briskets, water stain and put into appropriate lines.*

*Belly wool must not be mixed with Pieces.*

*Discoloured and/or cotted briskets may be described as a cast belly line (COL M BLS), or STN M BLS if included with pizzle stain."*

The most significant reason for this separation is that Belly wool will process quite differently to Pieces. As part of their unique nature, Bellies have an inherent "stretch" in the fibres. This requires the combs to be set differently to obtain the most efficient and economical result from combing. If the combs are set too closely, the wool top will not be fully combed which leads to bunching of the fibres as they are being spun. Conversely, if the combs are too wide the wool top will break during finishing. Some processors specialize in certain yarns spun entirely from the very best Bellies; these yarns are used in the manufacture of extremely high quality hosiery (lingerie). The natural stretch of the Belly wool is the reason this apparel hugs the wearer.

The second reason for separating Belly wool is the higher incidence of dark fibre contamination due to urine stain. During the topmaking process, some mills will use a tightly controlled percentage of Pieces wool in their fleece types. If some poor classing practices have allowed Bellies wool to contaminate the Pieces, the chance of dark fibre contamination in the wooltop rises significantly.

Finally, the aim of good classing practice is to present to the buyer a uniform, predictable product. Australian Woolclassers and the Australian woolclip have been held in high esteem in the wool industry for around 200 years. This reputation is suffering because of diminishing standards and strong competition from other wool producing countries such as Argentina and Uruguay. There is no point complaining we are not receiving a good price for our clip if the preparation is below the standard of our competitors.

As of 1st January 2010, the AWEX auditors have been closely monitoring the practice of mixing Belly wool through the Pieces lines. Any sale lots that are identified as non-conforming, with these lots going from a P certificate to a D certificate (indicating to the buyer that the wool preparation does not meet the standards of the COP).

**Note:** The COP is the industry document that sets the standards and guidelines for AWEX auditors as well as Woolclassers. It is based on the consensus view of the Industry Services Advisory Committee comprising members of all sectors of the wool trade from growers to trainers, brokers, buyers and processors.

### For more information:

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## The Importance of Supply Chain Traceability and Verification for US Retailers and Brands

by Erik O. Autor and Debbie O'Brien Krackeler

Both government and market expectations have driven profound changes over the past 20 years in the attitudes and approaches to corporate social responsibility (CSR) issues among companies in the United States, including retailers and consumer brands. From an initial focus on labor conditions in factories producing goods for the U.S. market, CSR now encompasses a wide variety of issues – labor norms, ethical and sustainable production, health and safety, and animal welfare.

In addition, government and the public now expect retailers and brands to know three things about all the products they sell – where, how, and by whom they were made – going all the way back to the raw materials. This expectation has shaped laws and regulations placing new responsibilities on companies importing products into the United States, and is also increasingly influencing consumer behaviour.

To meet these expectations and protect their brands, industry leaders like Wal-Mart, now accept that full life-cycle responsibility for their products rests with them. Many companies, like Patagonia, Timberland, and Levi Strauss & Co., have adopted the concept of product stewardship involving all parties along the entire life-cycle of a product from the raw material inputs, its movement through the supply chain, its sale, and its ultimate disposal.

Thus, retailers and brands must ensure not only that their direct suppliers adhere to their CSR policies, but also everyone in the supply chain – down to the ore mined and smelted into metals used in consumer electronics, the trees cut and sawn to make furniture, and the cotton picked, spun, and woven into fabric for apparel production. Therefore, supply chain visibility, chain-of-custody, traceability, and verification become essential elements of a successful strategy, even for commodity products like cotton, wool and polyester.

What are the key points here for Australian wool? First, industry stakeholders in Australia should realize that wool is not being unfairly singled out. The expectations that are being placed on wool producers and processors are the same as for all producers and processors of materials and products destined for the major consumer markets in North America and Europe – whether raw materials, finished goods, or agricultural products. For example, retailers and brands are currently seeking to improve conditions and lessen the environmental impact of cotton production from the cotton fields to the cotton T-shirt through initiatives like Better Cotton and Textile Exchange's organic cotton programme.

Second, the Australian wool industry should look upon the responsibilities and expectations that are being asked of it as an opportunity rather than a burden. On this point, let's look at marketing and branding as the Australian industry embarks on a campaign to better position wool as an organic and sustainable fibre.

As the Swiss aluminum bottle manufacturer, SIGG, learned the hard way in the controversy over the chemical bisphenol-A (BPA) in plastic bottles, making green claims about your product is a double-edged sword. On the one hand, it can be a very effective marketing strategy that will create a competitive advantage and generate a whole new customer base. On the other hand, any claims of sustainability come with a whole new set of responsibilities. Customers that care about buying green and sustainable products tend to set a higher standard for accuracy and verification of claims.

For the Australian wool industry, customers who will buy wool as a sustainable product will also care more about the issue of animal welfare, including mulesing, and ethical and sustainable production in general. And those customers will expect that retailers and brands selling wool apparel have implemented a policy on mulesing, and can demonstrate that it is being adhered to. Thus, supply chain traceability is essential, expected, and will protect a company in verifying claims about its product.

Together, we need to develop a reliable and credible system to ensure traceability of non-mulesed or ceased-mulesed wool through the supply chain, especially at the point when it is processed by top-makers and spinners. Right now, many retailers and brands are simply looking to take the path of least resistance – directing their supply chain partners to use only New Zealand or South African wool, which the industries in those countries, whether accurately or not, have successfully promoted as a non-mulesed alternative to Australian wool.

What is needed to change this situation? First, producers in Australia must report the mulesing status of their wool on the National Wool Declaration (NWD). Second, we must develop a system to support and verify the NWD through the chain of custody in a way that brands and retailers find reliable and can commit to use. Third, the system must be implemented efficiently and in a cost-effective manner. This last point is important. Retailers and brands now expect their suppliers to provide such information as part of their business relationship. Moreover, as one retailer put it, producers who successfully command premium prices are those who can demonstrate to their customers that they are getting a premium product in terms of higher quality, standards, or service.

This last point highlights that a marketing campaign focused on promoting the quality and sustainability of wool without effectively addressing the mulesing issue, and assisting in the development of an effective traceability system is putting the cart before the horse. Successfully marketing Australian wool as a premium brand will necessitate a commitment by all stakeholders to resolve these issues.



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## AUCTION ACTION

Since the last edition of BOARDtalk, prices have risen strongly despite an equally strong Australian dollar, which briefly hit parity with the American dollar. During October there was a robust rally where the AWEX Eastern Market Indicator gained 74 cents for the month, or 8.5%. Key contributors were those in the superfine sector; 17 and 18 microns both jumped sharply towards the end of October, closing 100 cents higher in the second half of the month.

Premiums for both diameter and strength have lifted over the past six months, a reflection of the return to the market of Italy, which is not afraid to pay solid premiums for the wool they require. At the height of the Global Financial Crisis, exports to Italy halved and the substantial premiums that were present in the marketplace for the more stylish

types largely disappeared. Much of this wool ended up in China during this period; bought at rates not much higher than some part-tender types. Prospects for the Italian processors appear to have improved; however, with export data for the first two months of the season showing that Italy had doubled its market share of wool exports, albeit coming off a low base.

Also of note in the export data was the increase in market share by some of the other lesser-known countries. This verifies comments made by local traders asserting that there is an increase in competition from overseas clients. China's dominance waned marginally according to the export figures, with the new powerhouse taking 61% of all exports in August after peaking at 80% in February 2010.

### AWEX-Eastern Market Indicator

