

18 July 2018

## National Wool Declaration - Update

2018 marks the 10<sup>th</sup> year since the introduction of the National Wool Declaration (NWD).

Speaking at the AWI 2018 Breech Flystrike R,D&E Technical Update in Sydney yesterday, Dr Kerry Hansford, AWEX Quality and Project Manager, reported on AWEX's analysis, findings and trends since the introduction of the NWD and NWD-Integrity Program (NWD-IP).

The NWD declaration rate has steadily grown over that 10 year period and has become a critical piece of information for Buyers when making their purchasing decisions.

"Over the last 10 years AWEX has regularly reviewed the NWD and its Integrity Program, with each review focusing on those issues that will ensure that the NWD continues to deliver what the world is demanding into the future." Dr Hansford said: "Each review refines the NWD and gives our customers greater trust and confidence in the credentials of Australian wool."

Dr Hansford said that: "Whilst the definition of mulesing has not changed, i.e. *the removal of skin from the breech and/or tail of a sheep using mulesing shears*, the definition of Ceased Mulesing (CM) changed in 2017 to remove previously identified loopholes or ambiguities, i.e. *No lambs born on the property in the last 12 months have been mulesed, and no purchased ewes or wethers are mulesed*".

"The number of requests AWEX receives from Buyers for Certificates of Mulesing Status for their customers continues to grow each year. Importantly, when a non-compliant clip is identified, Buyers are now faced with the predicament of cancelling their purchased lot(s)," said Dr Hansford.

### NWD Declaration Rates (%) by Mulesing Status by Season

Figures based on % sum of bales, all breeds & wool types, first-hand offered, P&D Certificates

%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NM	3	4	6	6	6	6	7	9	10	12
CM	3	3	3	2	2	2	3	3	3	3
PR	3	5	8	12	14	14	19	23	28	32
M	29	25	25	24	23	21	21	20	21	20
ND	62	63	58	56	55	58	50	45	39	34
Aust. Clip	38	37	42	44	45	43	50	55	61	66
Total Bales	1,416,656	1,467,058	1,589,514	1,456,151	1,598,009	1,452,077	1,617,165	1,487,894	1,539,608	1,592,684

### Statistically Speaking:

- Between 2008 and 2017, the Australian declaration rate has increased from 38% to 66%.
- And for each Mulesing Status:
  - NM – Non Mulesed declarations have increased from 3% to 12%,
  - PR – Pain Relief declarations have increased from 3% to 32%,
  - M – Mulesed declarations have decreased from 29% to 20%, and
  - ND – Not Declared have decreased from 62% to 34%.



Whilst nationally Australia is achieving a declaration rate of 66%, when you drill down further, States such as TAS and VIC are achieving high declaration rates of 82% and 78%, respectively. Conversely, the WA declaration rate is 35% and has great potential to improve.

### NWD Declaration Rates (%) by State by Season

Figures based on % sum of bales, all breeds & wool types, first-hand offered, P&D Certificates

%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017 NM	2017 PR
NSW	40	40	43	47	50	49	56	63	68	72	15	34
QLD	28	25	30	29	38	35	40	47	53	64	23	16
SA	35	34	44	48	45	45	56	61	67	72	7	41
TAS	48	47	69	55	55	47	51	67	80	82	30	31
VIC	43	43	45	50	51	51	61	65	76	78	12	36
WA	33	27	37	35	28	24	21	24	31	35	3	17
Aust. Clip	38	37	42	44	45	43	50	55	61	66	12	32

#### The Market:

Since the introduction of the NWD, the most often asked question is “what is the market saying?” and “What premium is in the market for declared wool, especially NM”?

Markets are live and can fluctuate for a number of sometimes unrelated reasons. To identify what market signals exist requires market volume.

After 10 years, the volume of wool being sold is consistently providing sound price signals that can be reported.

### Premiums and Discounts for Mulesing Status (c/kg clean)

		Merino						Non Merino				
		16	17	18	19	20	21	22	27	28	29	30
<b>NON MULESED</b>												
Season	2013	16	12	9	9	4	-3	2	0	-1	4	16
	2014	28	15	11	12	13	0	5	3	4	-3	28
	2015	10	15	7	8	8	1	-15	0	-1	1	4
	2016	14	15	30	13	21	18	-12	-1	11	-5	-1
	2017	36	44	57	44	36	18	-13	20	6	1	2
<b>MULESED with PAIN RELIEF</b>												
Season	2013	0	2	0	3	0	3	-15	16	-9		0
	2014	11	6	-2	1	-1	-4	1	3	0	-1	11
	2015	2	2	-4	0	1	0	2	8		9	14
	2016	6	-1	6	1	3	4	0	14	19	-11	12
	2017	24	4	5	8	1	3	1	27	6	-2	-1

The market is giving clear indicators on how the declaration of Mulesing Status can influence price.

Non Mulesed (NM) is clearly indicating a market incentive of 40 - 50 c/kg clean for 16 - 20 µm wool. These results are an average, with the variation in price indicating that some of the finer Merino types receive more than 100 c/kg clean for wool with a NM declaration. This is the clearest price signal of all the Mulesing Status categories, with the other categories being modest or non-existent (see Additional Data below).



After ten years, the NWD has clearly established itself as an important component of the Australian wool market. Over the next 10 years, AWEX expects that the reliance on the NWD will continue to grow as Buyers' orders become more highly specified to meet the needs of their customers.

For more information regarding this issue, please contact AWEX:

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## NWD – Additional Data:

### Criteria for the Calculation of Premiums and Discounts for Mulesing Status

- Australian Stored; Merino Fleece/Weaners & Crossbred Fleece, n ~ 38,000 lots for 2017.
- >30 N/ktex, >60% Schlum Dry, <2.2 VMB, Styles 4/5, Good/light colour (incl. H1), P Cert.
- Lengths according to Diameter Range: 70–95 mm (<18 µm), 75–99 mm (19–21 µm), 83–104 mm (22–24 µm), 90–110 mm (26–29 µm), 100–130 mm (30–34 µm).
- Records per group (micron/NWD status) >2, empty cells when not enough data to generate a Premium or Discount.

### Premiums and Discounts for Mulesing Status (c/kg clean)

		Merino						Non-Merino				
		16	17	18	19	20	21	22	27	28	29	30
NOT DECLARED												
Season	2013	-2	2	-1	0	0	0	-4	-4	3	-3	-2
	2014	5	4	-4	0	-1	-4	-2	-4	0	-2	5
	2015	8	5	-2	-4	-4	0	0	-6	-4	-2	-2
	2016	-1	6	1	-12	-7	1	-3	1	0	-2	1
	2017		6	11	-9	-4	-2	-9	-8	-2	-9	0
CEASED MULESING												
Season	2013	4	14	9	-2	3	1	16	2	-4	4	4
	2014	11	4	-3	10	-5	-3	17	-1	5	-3	11
	2015	51	15	3	8	5	4	-1	2	5	-8	-3
	2016	1	21	15	5	5	3	8	30	9	-20	20
	2017		68	8	19	4	0	-10	-8	4	-5	5

### Premiums and Discounts for Mulesing Status (c/kg clean) for Season 2017

Mulesing Status		Merino						Non-Merino				
		16	17	18	19	20	21	22	27	28	29	30
NOT DECLARED	Prem/Disc		6	11	-9	-4	-2	-9	-8	-2	-9	0
	Std Dev		93	94	53	45	19	39	102	42	49	28
CEASED MULESING	Prem/Disc		68	8	19	4	0	-10	-8	4	-5	5
	Std Dev		63	121	64	34	11	19	27	44	19	22
NON MULESED	Prem/Disc	36	44	57	44	36	18	-13	20	6	-1	2
	Std Dev	50	73	90	67	64	29	22	56	35	29	33
MULESED with PR	Prem/Disc	24	4	5	8	1	3	1	27	6	-2	-1
	Std Dev	37	74	82	48	42	19	20	157	40	24	29