

PRODUCTION OR MARKETING ??



Robert Kelly
2005 Nuffield Scholar

Mt William



A photograph of a flock of sheep grazing in a lush green field. The sheep are of various breeds, including some with thick, curly wool. The background is a bright, slightly hazy green field under a clear sky.

Countries visited

- New Zealand – grazing and pasture management
- South America - Merino production and wool processing
- North America – grazing management and consumer sentiments towards wool
- Canada – marketing and genetics
- China – wool marketing and processing
- Italy – wool marketing and processing

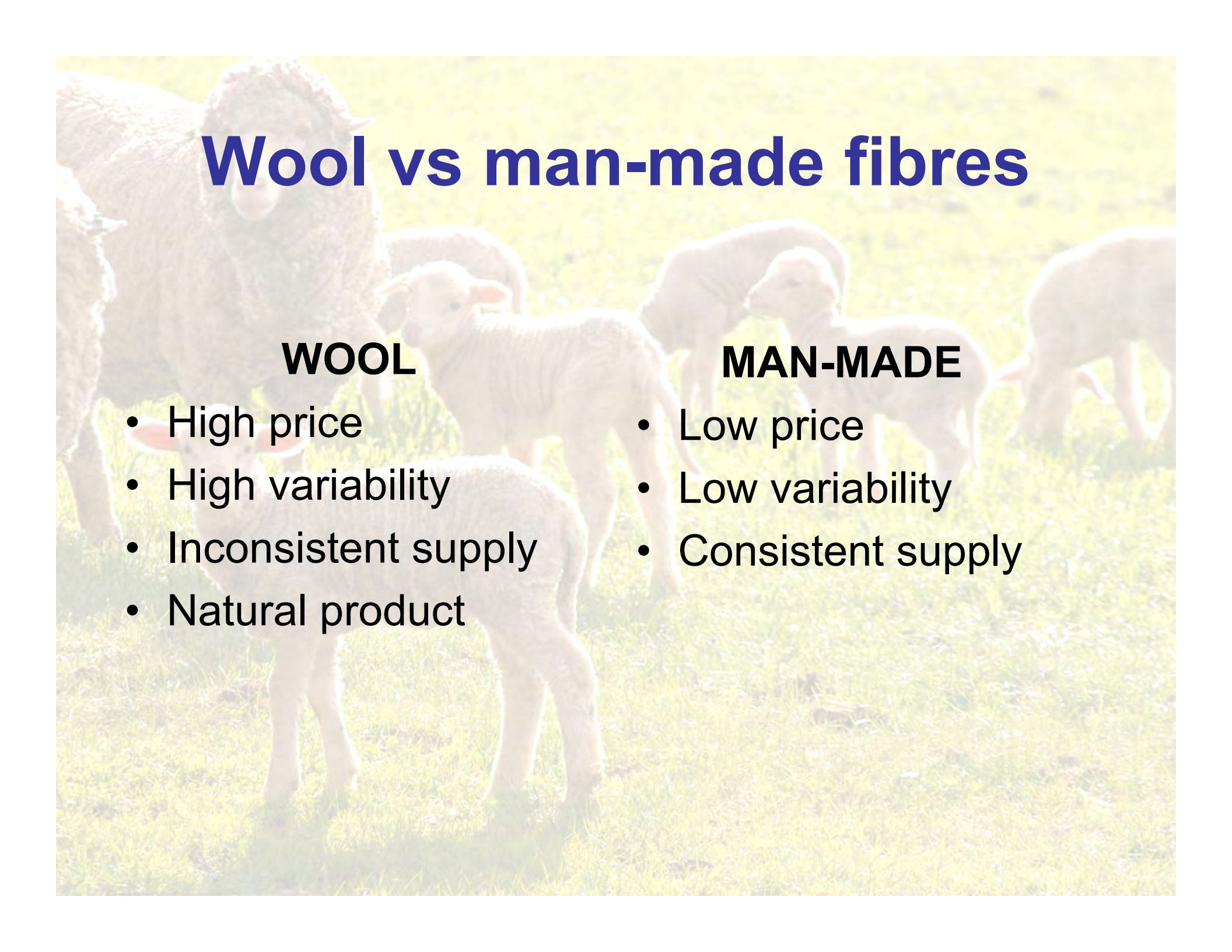
A photograph of a flock of sheep and lambs in a lush green field. The sheep are of various breeds, including some with large, curly wools. The lambs are smaller and appear to be grazing. The background is a bright, sunny field with some trees in the distance.

Why focus on production?

- Wool, synthetic price ratio 33 % above average
- Fine/med wool price above 85th percentile
- High \$AUD
- Declining terms of trade
- Price of synthetics falling

Why focus on production?

- Processors substituting wool
- Australia produces 30 % of the worlds wool
- No subsidies, high labour costs- need to be efficient
- Markets are constantly changing- hard to control
- On-farm production- the one constant for producers



Wool vs man-made fibres

WOOL

- High price
- High variability
- Inconsistent supply
- Natural product

MAN-MADE

- Low price
- Low variability
- Consistent supply



Dollars make sense

- Increase in gross margins \$ 130/ha
- Over 500 ha = \$ 65,000 extra income
- Average wool /ewe \$ 32.50
- 11 ewes/ha = \$ 357.50
- 7 ewes/ha = \$ 227.50
- This equates to a wool market rise of 35 %
- If the market rises the difference is \$ 200/ha

On-farm production

- Grazing management
- Genetics
- Internal parasites
- Future carbon trading
- Adoption





Grazing management

- Continuous vs intensive rotational
- Increase stocking rates
- Lift productivity by 50 %
- Reduce internal parasites

Grazing management

- Increase pasture quantity
- Less bare ground
- Increased infiltration
- Reduction in weeds
- Increase in perennial pastures
- Improved soil fertility





Grazing management

- Reduce cost of production
- Improve wool competitiveness
- Increase wool supply
- More consistent product

CG verses IRG Australia

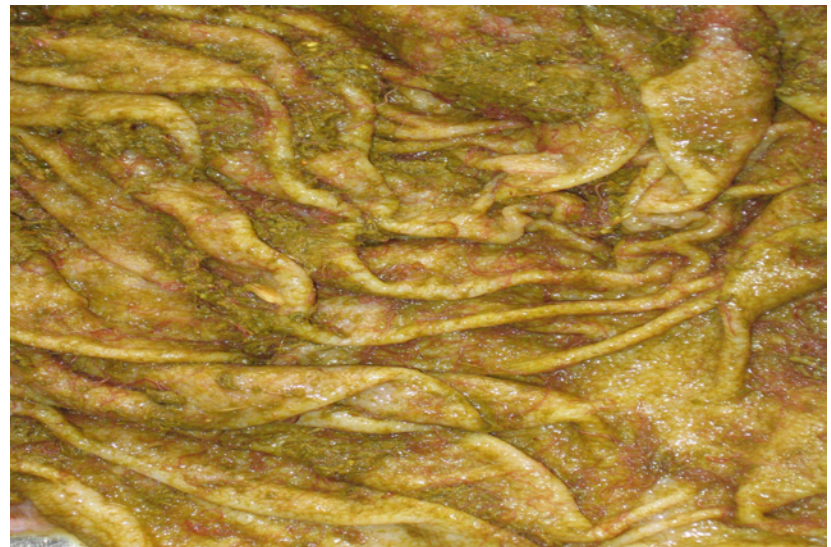


CG verses RG California



Genetics

- Possible to improve production
\$AUD 1.40/GM/ewe/year
- Increase staple strength
- Reduce micron
- More consistent product
- Parasite resistance
- Clean-green image





Internal parasites

- Major cost to industry- \$AUD 222 million/year
- Costs of treatment
- Loss of production
- Integrated approach
- Grazing and genetics
- Worm egg counts- 44 % of producers
- Drench resistance testing- 22 % last 2 years

Possible carbon sequestration

- Plant regrowth pulls CO₂ out of atmosphere
- Carbon respired or becomes soil carbon
- High density grazing
- Perennials 7000 kg C/ ha annuals 625 kg C/ha
- Improve soil fertility
- Income of \$ 60/ha/year



A photograph of a flock of sheep in a lush green field. In the foreground, a large, dark brown sheep with thick wool is looking towards the camera. Behind it, several lighter-colored lambs are scattered across the field, some grazing and others standing. The background is a soft-focus green field under bright, natural light.

Adoption

- 6 % of producers use IRG
- 15 % of producers use SGA services
- 18 % use consultants for worm control
- On average producers use WEC 3 times/year



Adoption

- Traditional industry
- Wool bounces back
- Tall poppy syndrome
- Easy to change enterprises
- Flexibility
- Do not believe in hear say
- Long-term plan
- Young producers

Marketing

- Natural product- clean green image
- Industry based
- More production- more \$\$ for marketing
- High end market
- Increase branding



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Wool – the natural product

- Improved grazing systems and genetics
- Less reliance on chemicals
- Improved wool quality
- Healthier pastures
- Less need for fertilisers
- Improved water quality
- Increased income from carbon trading
- Higher profits



Recommendations - production

- Encourage young producers to take more leadership roles
- Encourage young producers to adopt new ideas - grazing and genetics
- Collaboration of existing information
- More commercial on-farm research

Recommendations- marketing

- Branding
- Re- education of consumers new generation fibre
- Clean-green image
- Align AWI and Italian mills
- New technology to bring processing to Australia



Acknowledgements
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Innovation

