

# The Tasmanian

# Wool Industry

May 2009

Sheep production returns a significant proportion of the State's agricultural income through both meat and wool, with over 95% of the wool produced exported. Tasmanian merinos make up 75% of the State's flock and are considered to have a strong Saxon type basis.

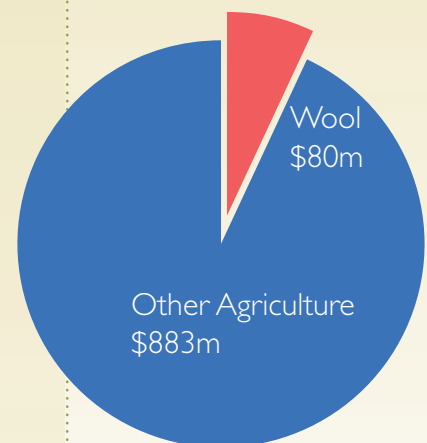
The State wool clip is, on average, about one micron finer than that of the mainland. The environmental conditions under which sheep are grazed in Tasmania also impart a range of wool characteristics that result in strong demand for the State's wool at auction. It is known for its good colour, high tensile strength and very low levels of chemical residues or vegetable contamination.

Sheep numbers had been stable at approximately 3.1 million head. However numbers have fallen significantly to 2.1 million due the dry conditions and low wool returns in the last two years. Total wool production is estimated to be 13 thousand tonnes annually, but that too has declined in response to the drier conditions and instability in the wool market.

To capitalise on the increased return of prime lamb production, flock structure is changing, with an increase in ewe numbers and a reduction in wethers. This builds flexibility in the Tasmanian flock to allow producers to alternate between production systems for wool or prime lamb.

Tasmania's primary industries will be affected by climate change over the next few decades. The changes in climate will be variable across regions, and these impacts must be understood to minimise risk and maximise opportunities. National policy on climate change is still under development and it is not yet possible to identify the impact of it on agricultural enterprises.

Wool Industry Farm Gate Value  
2006-07



In 2006-07 wool accounted for 8% of the total value of agricultural production in Tasmania.

Source: ABS, *Agricultural Commodities*,  
Cat. No. 7125.0



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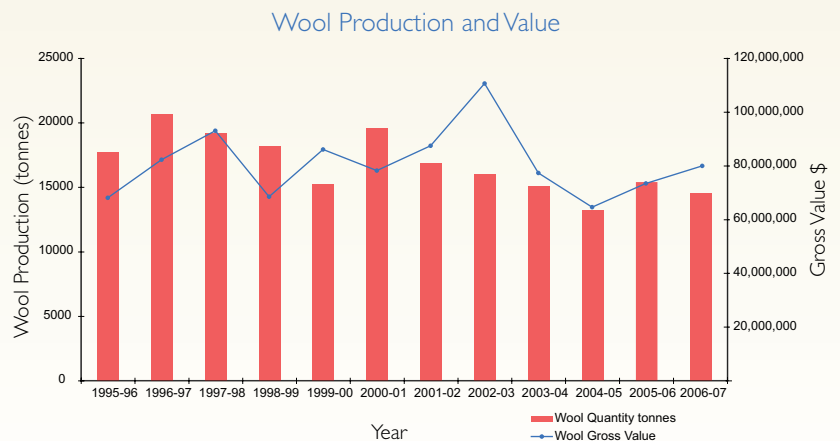
### Key Markets and Exports

Currently buyers from China purchase and process some 65% of Australia's wool. The traditional wool markets of Italy (8% of Australian wool sold), Czech Republic (4%), India (5%), Japan (1%), and Korea (1%) remain important export markets.

It is in Italian and Japanese markets that Tasmanian wools have established a great reputation for production of high quality woollen fabrics. Less than 10% of wool sold in Australia is value added in primary processing activities such as scouring. Tasmania has an annual feature wool auction in February and the State's fine wool producers attain record prices at that sale. However the majority of Tasmania's wool is sold via auction in Melbourne.

Globalisation of the apparel markets has resulted in the consolidation of brands and number of manufacturers and increased pressure on manufactures to reduce costs. Wool's share of the apparel market has been declining over a long period. This has presented significant challenges for Australian growers as Australia supplies about half of the world's wool used in apparel production. Wool is more expensive than synthetic fibres, for example, woollen trousers are on average about twice the price of cotton trousers, however wool is regarded as being soft and luxurious.

To improve competitiveness in the textile market, the wool industry is adopting a number of improved marketing initiatives. These include supply chain communication, product description and shortened supply times resulting in major fashion houses carrying Tasmanian branded specialised woollen products.



Source: ABARE, Australian commodity statistics 2008



## Trade and Investment Opportunities

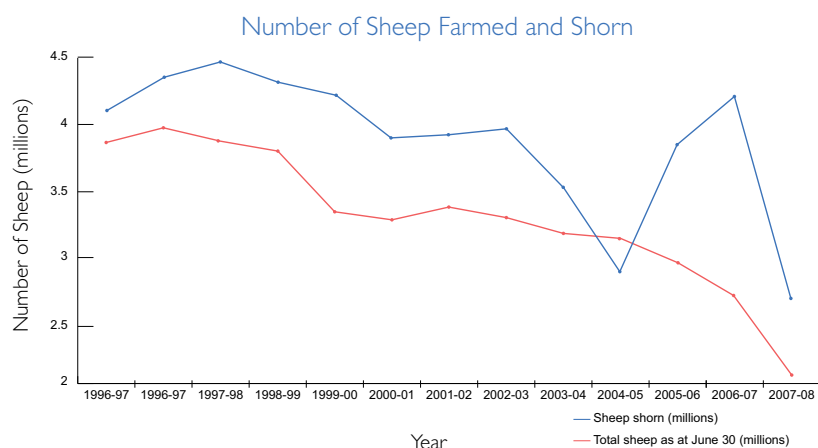
Tasmanian wool is produced through responsible and sustainable production systems and linked to the Tasmanian brand that has developed improved market access opportunities.

Significant market opportunities exist for the wool industry in mature markets, and a major prerequisite is demonstrating wool production is sustainable and leaves a minimal 'environmental' footprint. Tasmania has an international reputation for a 'clean, green image' and the wool industry continues to support that image through improved farming practices and auditable procedures.

The superior quality of Tasmanian wool has been recognised for decades. To capitalise on perceptions, various industry bodies have undertaken research and product development to substantiate those beliefs. As a result, niche markets and product lines are starting to appear in retail outlets in exclusive and mainstream outlets in Europe, USA and Japan. These products not only include classic wool apparel but also casual wear, sports clothing, bedding and furnishings.

Through a market driven quality assurance program introduced in the mid-1990's Tasmanian wool producers are now better skilled at meeting the market demands for minimising or eliminating pesticide residues in wool. Improved management practices have seen significant greater qualities of Tasmanian wool able to supply markets demanding zero or low pesticide residue wools. Many growers are now exploring ways of including environmental accreditation within their production systems.

Input costs have risen sharply over the past 12 months, and this has had a significant effect on the cost of production for the wool production sector. Whilst the longer-term impact of increased costs is difficult to predict at this stage, they have resulted in declining returns at the farmgate.



Source: ABARE, Australian commodity statistics 2008

## Trends and Development

Technological advances in testing wool has enabled significant improvements in wool classing, genetic selection and wool marketing. Tasmanian wool producers are at the forefront of the industry in adopting new technologies such as on and off farm fibre measurement (OFFM) for improved woolclassing, lot preparation and genetic selection.

The Tasmanian Government and industry jointly administer the National Livestock Identification System (NLIS) to identify and track cattle, sheep and goats from birth to slaughter. Livestock identification and traceback are essential to provide the level of food safety assurance required by customers and consumers and to help protect the livestock industry from exotic animal diseases.

Tasmanian producers are addressing animal welfare issues, such as mulesing, through improved management practices. Changes in grazing, mating and shearing times, and other non-surgical techniques are being investigated to achieve adequate animal protection and to achieve the highest standards in animal welfare.





## Challenges

The wool industry has faced a number of challenges in the last decade. A sustained period of drought has been experienced across Tasmania, with some regions about to enter their third year of below average rainfall. The Tasmanian and Australian Governments are supporting drought-affected farmers through a number of programs and initiatives in recognition of the challenges being faced.

Like the rest of Australia, the Tasmanian wool industry faces both recruitment and demographic challenges. These challenges need to be met through attracting new participants and providing education and training for the existing workforce.

Tasmania's natural island advantage assists the wool industry in maintaining a relatively pest, disease and weed free status. This status allows the state to trade in markets closed to others, with reduced production costs in certain areas resulting in a highly competitive premium quality product. Tasmania island advantage enhances its natural beauty and marketability. The Tasmanian Biosecurity Policy relies upon science-based assessment to manage biosecurity risks at a very low level to protect and enhance Tasmania's biosecurity status for the benefit of the State's primary industries. The Tasmanian industry has addressed and implemented control programs for diseases such as Ovine Johne's Disease (OJD).

The State's wool industry continues to be innovative and address global textile trade challenges.

## Research, Development & Extension

A cornerstone to research, development & extension in Tasmania has been the '8x5 Wool Profit Program' (8x5WPP), an extension program jointly funded by Australian Wool Innovation Ltd (AWI), Tasmanian Institute of Agricultural Research (TIAR) and Department of Primary Industries and Water (DPIW). The program aims to increase adoption of technologies that address major profit drivers in wool growing businesses. It has been very successful at raising industry awareness, and facilitating specific practice changes in livestock farming.

The 8x5WPP provides opportunities for all wool producers to access and participate on national research, development & extension programs, such as Lifetime Wool, Evergraze, production and financial benchmarking. The program is delivered through a number of local groups that cover Tasmanian wool and prime lamb producing areas. This local involvement allows producers to focus research, development and extension on significant issues for their area, from weeds to pests, genetics, pastures and grazing management, and drought preparedness and mitigation.

**Photography** - courtesy Extensive Agriculture Branch (DPIW), except for front cover - sheep - John Farrow, shearer - Anthony Embrey, inside spread - sheep - Graeme Harrington, tools of the trade courtesy Kiowa Fenner (DPIW)

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