

WOOL INDUSTRY CONSULTATIVE PANEL (WICP)

Date: 13 October 2022

Venue: Via Microsoft Teams and AWI, Level 3, 24 York Street, Sydney NSW 2000

The purpose of this forum is to ensure clear, two-way consultation between AWI and organisational representatives, through to growers. The meeting provides an opportunity for the AWI Board to receive and provide feedback on current/important issues and relevant topics from Board meetings.

AWI Chairman's Update

AWI Chairman informed the panel that the most recent AWI board meeting was held off site at Broken Hill, recognising that it is important to be visual and engage with its growers. The board will aim to schedule future meetings in combination with industry events in WA and Tasmania.

Again, the topic of additional investment in shearing training was raised, as well as attracting and retaining shearers. It was noted that anecdotal feedback from producers at Broken Hill and SA indicated that shearing delays were improving and that maybe peak delays experienced by the industry were behind us. It was noted that there are currently approximately 3,000 shearers in Australia of which 550 are from overseas with 80% of these from NZ.

AWI continues to view WoolQ as an important tool for traceability and sustainability and continue to defend wool as a natural and sustainable resource. The response to the sustainability focus of the marketing campaign has been enormous with more than 44M views on social media as of mid - October 2022. The marketing campaign remains focussed on improving both positive sentiment towards the wool industry and increasing demand.

AWI Business Unit Update – Tracey Marchall CFO AWI

An update was provided for the potential establishment of an Emergency Animal Disease (EAD) Levy noting that:

- If there is an outbreak, there will be a requirement to contribute financially to support the recovery
- The current amount of funds set aside for an EAD outbreak is thought to be insufficient to fund expected requirements.
- The group agreed that prevention is better than cure and all efforts must be made to protect Australia's border to minimise the risk and financial impacts.

Presentation from Josh Lamb – President Australian Council of Wool Exporters

Australian growers are currently not receiving the credit internationally for the quality of their product. In addition to this, demand remains flat with the market in general lacking confidence. On a positive front, exporters are starting to see some relief from shipping rates with processing issues also being cleared.

International Intelligence Briefing

Scott Carmody – Trade Consultant

The Chinese market remains extremely tough, though is cautiously optimistic, given that seasonal trends historically trend higher during October.

Jeff Ma – EVP Marketing, Greater China and Developing Markets Asia

The material decline in the Chinese economy during the first 6 months of the year is beginning to show signs of improving. The Covid19 pandemic has launched a massive growth in demand for sports and apparel ware in China. Also of note is that travel restrictions have led to an increase in demand for outdoor activities in general such as camping. This is an area of opportunity for the wool industry. A Woolmark China marketing campaign is currently being conducted.

Samuel Cockedey – Japan

Post Covid, working from home is very prevalent, so comfortable, multi-purpose clothing has become popular. Casualisation is here to stay. Big opportunities for wool in the office casual segment. The key concerns for Japanese brands are price and supply chain sustainability.

Summarised feedback from panel to AWI

- Labour shortages remain a priority issue with a general lack of understanding/knowledge with regard to how new entrants enter the industry. Other issues relating to shearing include the size of sheep and contractors setting shearing prices. When it comes to shearing facilities, it does appear that the industry is committed to continually upgrade facilities or replace old with new when required.
- Financial implications of an FMD outbreak remain significant to all involved in the agricultural industry.
- Worms and flies are already a massive issue this season given the wet conditions. The panel are appreciative of AWI's work done to date but reiterated that ongoing R & D needs to remain a priority as existing treatments continue to break down and fail.
- The panel noted that they have received numerous positive comments about the recent marketing campaign.
- Traceability remains a topic to pursue, however the right systems need to be in place and there must be positive outcomes for all stakeholders.

WoolQ – Miles Barrett AWI

AWI is continuing to collaborate with AWEX with a view to actively promoting the WoolQ platform. WoolQ is also being integrated with WoolClip, with a release scheduled in coming months. Other new features include:

- Category indicators. These provide information on where growers clip goes
- Wool Forward Markets

Nick Turner

WICP Independent Chair