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## Woolclassers add value: Dollars and Cents

The Australian Wool Exchange has completed analysis of the effect of changes to the definitions of the IWTO Wool Preparation categories. From January 1 2008 only grower sourced lots classed by an AWEX registered Woolclasser and meeting acceptable Code of Practice requirements have been eligible to be certified with a 'P' Wool Preparation Category. Farm lots not classed by an AWEX registered Woolclasser, or failing to meet wool preparation standards are allocated a 'D' Wool Preparation Category. The objective of the analysis was to determine statistical price differentials between these two categories.

The study was performed by AWEX Senior Market Analyst, Lionel Plunkett and external consultant, Dr. Tony Wohlers on Fleece wool offered for sale in all regions from August 2008 to March 12, 2009.

Depending on micron, the statistical differential between P and D Wool Preparation Categories was up to 47 cents per clean kilogram. Medium microns were in the order of 16 cents per kilogram clean, while the finer microns displayed larger differentials.

Dr. Wohlers of Statistical Investigations P/L said: "The regression analysis showed that lots offered with a D Wool Preparation Category bring clear discounts in the marketplace. The results were highly significant statistically, the affect was recorded for all microns, and all regions displayed similar behaviour. Various statistical measures generated by the study all point to consistent and real differentials."

"If we apply 47 cents per kilogram clean as a discount, this equates to approximately \$57 per bale", said co-author Lionel Plunkett. "Sale lots that are poorly prepared will attract further discounts on top of this."

AWEX CEO Mark Grave said, "When you consider the bigger picture; the reputation and marketability of Australian wool, woolclassers are an important part of providing a quality product and giving buyers confidence. It is in all woolgrowers' interest, regardless of breed or micron, to ensure Australian wool is the first wool of global choice in terms of quality and preparation. Using untrained and unknown personnel to prepare wool places our reputation and our customers at risk which can only result in diminished returns to all woolgrowers. The message from these statistics is compelling: use a registered woolclasser."

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