

Q4 / 2022 - 2023

Welcome to AWEX Update

“Throughout Season 2023/2024 AWEX has implemented innovative, future-ready integrity programs that offer reliable, sought after data to strengthen and add value to the Australian wool industry.

AWEX programs such as WoolClip, eBale, NWD and the SustainaWOOL Integrity Scheme, play a key partnership role with industry to further build trust and standing of the Australian wool industry globally.”

Mark Grave, CEO

Strategy 2023-2027

“Delivering independence and expertise that underpins integrity in the wool industry”

AWEX services strengthen, inform and increase confidence in the quality and integrity of Australian wool.

As uptake continues to grow in AWEX services such as WoolClip, eBale, the NWD and the SustainaWOOL Integrity Scheme, the integrity and reliability of the data that AWEX captures is integral to building trust, agility and reputation of the Australian wool industry.

Fast-forwarding wool’s future with WoolClip & eBale

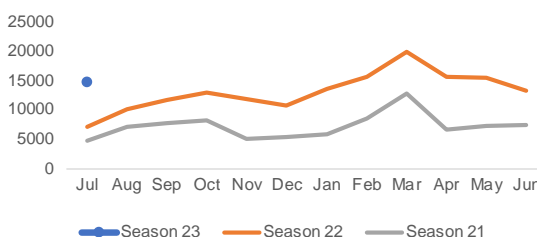
As interest in and uptake of WoolClip continues to grow, combined with the rollout of eBales since July 1 2023, the capabilities of the Australian wool supply chain has leapt forward in terms of data integrity, efficiency and traceability. The 2022/23 season saw >159,000 bales using WoolClip digital specifications, an increase of +82% from the year prior, and ~8.5% of total production volume. The power of capturing wool information from the source of truth, on farm, is recognised for its reduction in errors and the speed of getting wool to market.



WoolClip usage has significantly increased since the rollout of eBale packs began. We are seeing WoolClip specifications coming through with eBales being scanned on farm and the unique number transmitted with the specification.

Growers are realising the advantage of having clip records in WoolClip ready for their next shearing, sometimes with details entered weeks in advance, allowing for improved collaboration with the wool classer and other stakeholders such as the wool marketing representative.

Wool Bales using WoolClip



WoolClip uptake has accelerated again in 2023, with 14,806 bales using WoolClip in July, an increase of +108% from the prior year.



AWEX People News

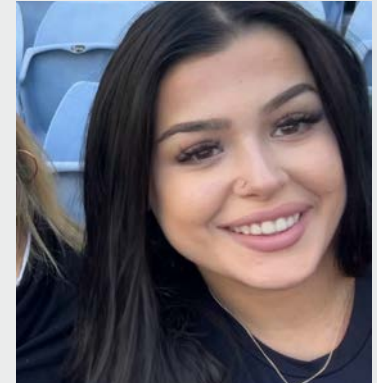


Katyana Armen joined AWEX in August in the newly created role of General Manager Brand & Integrity, overseeing WoolClip, the NWD, eBale and the SustainaWOOL Integrity Scheme.

With a background in Marketing and Innovation in the FMCG food and beverage industry, in companies such as PepsiCo, Diageo, Goodman Fielder and Obela, Katyana brings valuable skills and experience to the wool industry.

Gowtham Reddy joined the AWEX IT team as a development analyst. Gowtham is an experienced Microsoft Power Platform Developer with a proven track record of designing & building custom solutions to empower businesses using PowerApps and Power Automate.

Gowtham is a keen cricketer and is a welcome addition to the team expanding AWEX's technical capabilities.



Demitria Marmarou joined AWEX in June in the Support Services team providing administrative support to AWEX programs.

Australian wool industry leading the world in rolling out eBale

On July 1, the Australian wool industry took its next step leading the world in wool traceability technology with the much-anticipated rollout of eBales.

The program sees Australian wool packs move to packs pre-embedded with RFID chips and matching QR codes holding unique bale identification, allowing for digitised traceability through the supply chain.

eBale technology will make it easier and faster for the 'source of truth' on farm to be traced through the supply chain and takes advantage of the increasing use of electronic (non-paper) Wool Classer Specifications through WoolClip. There is strong interest from overseas processors to utilise RFID in their warehouses.

Growers can contact their wool pack supplier to find out more about their eBale stock. RFID/QR Code tags are also available for purchase at a cost of \$0.88ea (inc GST) to 'retrofit' existing non-eBale packs for use on farm or in a warehouse, available through AWEX (and some brokers).

We encourage 'non-eBale packs' to be used and there is no end date for their use. Software developers are working on systems to enable 'old non-eBale packs' to be integrated into the digital systems that will run on eBale technology in the future.

"AWEX is proud to help fast forward the traceability capability of the Australian Wool industry, giving our customers what they are asking for in terms of digitised traceability, and quality assurance." Mark Grave, AWEX CEO.



WoolClip Support & Resources

To access the current “How To” resources for Classers and for Growers, as well as broker posters and media and how to guides, please **click on the attached link;**

<https://www.awex.com.au/woolclip/support-and-resources>

If you, your staff or your clients would like to receive training in WoolClip, contact John Cox to arrange a suitable time/date.

John Cox

WoolClip Program Lead

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Wool Classer Registrar

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WoolClip support is available
7 days a week.



WoolClip Training & Extension Success!

AWEX's investment in WoolClip extension and training has received positive feedback from participants appreciating the personal support from AWEX trainers and interaction with others during training groups. These popular sessions allow users to gain confidence using WoolClip and to be able to see firsthand how to create a WoolClip specification and incorporate eBale technology.

Workshops are structured to meet the level of all participants, from those with a high level of technology skills to first time users.

All Brokers and Classers are encouraged to contact AWEX to discuss attending a workshop in a location near them.

WoolClip Training & Events

AUGUST

16th Sale VIC
17th Horsham VIC
18th Melbourne VIC
29th Southwest Slopes Field Day Harden NSW
31st Crookwell Trade Day NSW

SEPTEMBER

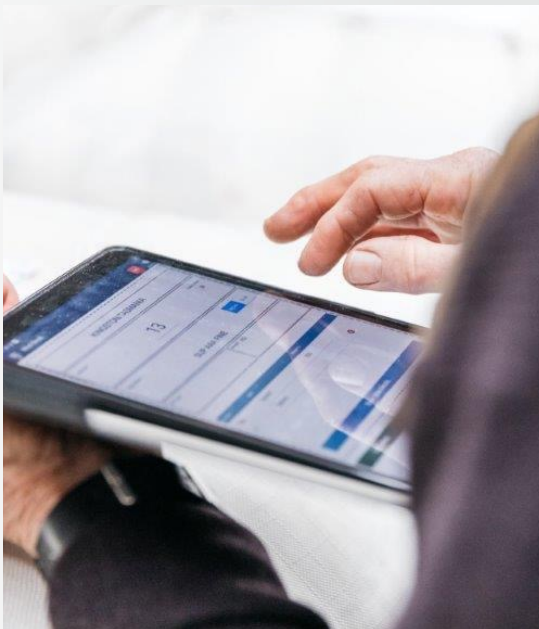
1st AWI Biological Harvesting Conargo NSW
4th Dunedoo NSW
5th Inverell NSW
6th Armidale NSW
7th Walcha NSW
8th Wellington NSW
13th Grenfell NSW
14th Yass NSW
19th Inglewood QLD
20th St George QLD
21st Longreach QLD
22nd Louth QLD

OCTOBER

3rd Corowa VIC
4th Seymour VIC
5th Wangaratta VIC

Feedback from users is welcomed. Regular updates are made to WoolClip to ensure the needs of users continue to be met.

AWEX is currently working on a new release of features for WoolClip including allowing Classers to send a link to a Grower to collect job information directly into WoolClip and also being able to add bales from a previous job to a current job's specification.



NWD - Not Declaring (ND) is costing you money

Analysis of NWD data from Season 2022/23 has highlighted the value and benefit of completing the declaration as consistent and increasing discounts are applied to Not Declared (ND) wool.

The NWD Integrity Program is valued by the supply chain as Exporters require certificates of verification from AWEX in support of purchases for their customers. AWEX receives NWD Mulesing Status verification requests on a weekly and daily basis.

AWEX data indicates total declaration rates have plateaued over the last three seasons declining from 76.1% (S2020) to 74.8% (S2022). The 1.3% decline in declaration rate over this 3-year period is of concern, as ND has increased by 2.5% and it is being heavily discounted compared to all other categories.

“Over the last 12 months, the market for Merino wool has been volatile and the Crossbred market continues to be challenging. This raises the question of why a grower wouldn't declare their wool to take advantage of the better market prices that are available?” Mark Grave, AWEX CEO.

What is the ‘cost’ of ND?

For Merino Wool:

In Season 2022/23, compared to Merino wool declared as Mulesed (M),

- Merino wool that is not declared (ND) is discounted on average:
 - 16 micron 39 c/kg clean
 - 17 micron 28 c/kg clean
- 17–21 micron wool declared as mulesed with Analgesic/Anaesthetic (AA) receives a premium of 19 to 4 c/kg clean respectively, compared to wool declared as M.

For the Crossbred wool market:

- Analysis of the auction data shows that even for 27–29 micron wool, discounts of between 4 to 15 c/kg clean apply ND wool.

Declaration Rates (%) by Mulesing Status and State for Seasons 2010 – 2022

Season	2010	2015	2020	2021	2022
National Decl. Rate	42.2	55.0	76.1	75.3	74.8
By Category					
NM	5.5	9.1	15.1	17.6	19.8
CM	3.1	2.8	4.1	3.0	3.2
LN					0.1
AA	8.4	22.8	40.6	40.5	41.2
M	25.3	20.3	16.3	14.2	9.2
ND	57.8	45.0	23.9	24.8	26.4
By State					
NSW	43.2	63.1	81.4	80.0	77.2
QLD	30.0	47.4	80.3	84.2	86.0
SA	43.6	61.3	83.0	81.3	79.5
TAS	69.1	67.2	87.0	81.2	83.2
VIC	45.3	65.2	82.8	80.1	76.7
WA	36.5	23.9	50.7	51.5	54.2

NWD Declaration Rates (%) and Mulesing Status by State for Season 2022

Mulesing Status	NSW	QLD	SA	TAS	VIC	WA	Total Bales
NM	23.7	40.0	12.2	43.5	23.6	6.8	293,261
CM	3.5	4.4	3.3	8.1	4.1	0.8	47,903
LN	0.1	0.0	0.1	0.0	0.2	0.0	1,272
AA	39.8	32.1	52.8	25.5	43.0	36.7	609,092
M	10.1	9.4	11.1	6.1	5.8	9.9	136,413
ND	22.9	14.0	20.6	16.8	23.2	45.8	390,578
Total Bales	588,307	46,392	230,571	45,669	291,077	276,503	1,478,519
% Declared	77.2	86.0	79.5	83.2	76.7	54.2	74.8

State breakdown of the data identifies those states which continue to lead the way in declaration rates and those who have the most opportunity to improve.

“The NWD has been a trusted industry document for over fifteen years, and during that time the interest in it and the integrity of the mulesing status of wool lots available for purchase has continued to strengthen.”

Mark Grave, AWEX CEO

For further information please contact Mark Grave, AWEX CEO E: mgrave@awex.com.au P: 02 9428 6100

Classer Update

- We are now halfway through the 2022/24 triennium,
 - 14,745+ registered classers YTD,
 - The response to 'Fee Free in 2023' TAFE / Gov initiative, has created increased enrolments in classing courses across NSW, VIC and SA,
 - The review of the Code of Practice for the 2025/27 triennium will commence shortly.
- In May, the Masterclasser program was held in Melbourne, with 12 leading classers from across Australia participating. The program focused on ongoing quality preparation skills & knowing the customer beyond the farm gate,
- Awareness of the seriousness of contamination issues raised by Chinese processors has been shared with classers at all AWEX forums.



Let's start the conversation...

Classer Survey identifies opportunities to attract, train and retain

In October, AWEX conducted a survey of professional Classers to have their say about their experience of the working culture and environment. Having skilled and experienced staff in the wool shed, and attracting the next generation of wool shed staff, is key to maintaining Australia's global reputation of having the best prepared wool in the world.

AWEX has 14,700+ registered wool classers; but over the past 15 years, approximately 500 wool classers have not renewed their registration each year. AWEX's survey sought to explore what factors might be influencing this decline.

- Pleasingly, a clear message from Classers is they are passionate and proud of the wool industry and the part they play in it. 95% would recommend the wool industry as an industry in which to pursue a career.
- However, a poor and unsafe workplace environment is impacting the industry's ability to attract and retain new staff. Classers identified areas that detract from what is generally considered a positive environment.
 - **Facilities:** Inadequate and poorly maintained facilities impacting on shed safety was highlighted as a risk that must be addressed. Simple maintenance of the wool shed and WHS briefings before a shed starts would have an immediate and lasting impact on the wool shed work force and culture. Providing secure toilets, showers & accommodation, lunch and wash-up facilities; regardless of the gender of the team, is a must to improve the wool shed environment.
 - **Culture:** The wool industry is not immune from general societal issues such as:
 - drugs and alcohol
 - harassment and bullying

Classers expressed concern that the industry must be proactive in meeting these challenges head on and address them in an ongoing atmosphere of support. These issues require a united approach to ensure that the clear message of zero tolerance is supported across industry.

AWEX Key Dates

- AWEX-ID Course: (WA) August 21-22
- Nanjing Wool Market Conference and Training September 22-25
- AGM November 24

AWEX Continuous Improvement Initiatives: Reviews Underway

NWD Integrity Program

The current version of the NWD, V9.3, was released on 25 July 2022, and is currently under review. The review is being undertaken by the NWD Industry Consultative Committee (ICC), which has met three times to date. The main issues being considered include:

- Whether the NWD should be changed from a voluntary declaration to mandatory,
- Identification of use of liquid nitrogen via LN or LN/LA,
- Identification of Other Modifications,
- Use of Ceased Mulesed,
- Design/Layout of NWD,
- Use of complimentary program WoolClip for adoption and correct completion,
- Promotion of the NWD.

The next meeting of the NWD ICC will be held on 11th September 2023.

SustainaWOOL™ INTEGRITY SCHEME

- AWEX engaged leading advisors KPMG to consider the structure and rollout of an Australian Integrity Scheme.
- The review involved consultation with key stakeholders (domestic and overseas) and an industry-wide scan of sustainability & integrity schemes.
- AWEX's recognised integrity programs were also considered as part of the review.
- Focus areas included how the scheme could best support for the known future needs of industry when it comes to sustainability concerns, including efficient and effective traceability solutions to suit Australia's dynamic and competitive open market, maximising digitisation, increasing collaboration, minimising duplication and solving for scope 3 emissions.
- Over the coming months, the SWIS team will work together and engage with partners across industry to bring these insights and ideas to life.



To contact a SustainaWOOL team member: P 02 9428 6162 | E sustainawool@awex.com.au

The Market

Auction Data: 2022/23 Season

AWEX-EMI Summary by Season

Last 20 Seasons

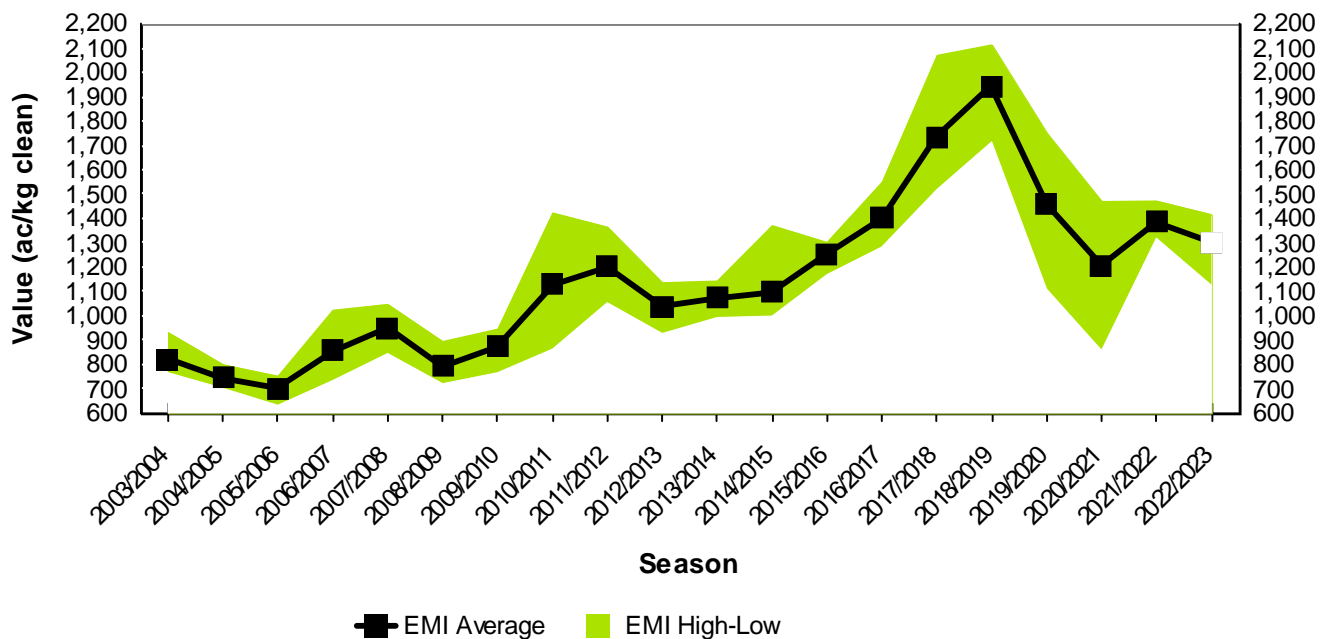


Table 1 Auction Offering: Seasonal Comparison by Region Bales and Lots Offered (All types, includes NZ)

Region		21	22	Difference
NORTH	First Time Lots	96,370	98,121	1,751
	Total Lots	105,191	106,647	1,456
	First Time Bales	477,980	482,742	4,762
	Total Bales	522,909	525,122	2,213
SOUTH	First Time Lots	160,675	161,177	502
	Total Lots	175,513	176,855	1,342
	First Time Bales	904,458	912,481	8,023
	Total Bales	991,752	1,006,390	14,638
WEST	First Time Lots	46,409	45,091	-1,318
	Total Lots	52,420	51,302	-1,118
	First Time Bales	306,122	301,189	-4,933
	Total Bales	347,268	345,122	-2,146
Total	First Time Lots	303,454	304,389	935
	Total Lots	333,124	334,804	1,680
	First Time Bales	1,688,560	1,696,412	7,852
	Total Bales	1,861,929	1,876,634	14,705

Table 2 Auction Offering: Seasonal Comparison Farm Bales by Area of Origin of Production

	21		22		Difference
New South Wales	579,865	38.6%	588,288	39.2%	8,423
Queensland	40,450	2.7%	46,392	3.1%	5,942
South Australia	238,987	15.9%	230,564	15.4%	-8,423
Tasmania	45,596	3.0%	45,669	3.0%	73
Victoria	298,204	19.9%	291,126	19.4%	-7,078
Western Australia	281,356	18.7%	276,503	18.4%	-4,853
New Zealand	16,570	1.1%	22,490	1.5%	5,920
Total	1,501,028	100.0%	1,501,032	100.0%	4