Australian Wool Innovation Limited

SHEEP'S BACK TO MILL

2009/2010

Table of contents

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Introduction

This edition of the Sheep's Back to Mill covers the industry costs estimated for the wool selling season of 2009/2010. This industry document has been re-instated to annual publation status under the direction of the new management of Australian Wool Innovation, recognizing the need for an independent cost analysis of industry on behalf of the wool grower shareholders.

AWI have held the Intellectual Property (IP) rights of the Sheep's Back To Mill manuscript since 2001 and this edition represents the seventh publication of such.

The methodology in presenting this report differs from past copies, with more emphasis and focus placed on attempting to emulate actual costs found in the wool industry. The cost estimates were calculated independently of past data using altered methods in some instances, so caution as to the use of the year to year comparison figures is recommended, and accompanying notes read in conjunction with the estimates presented.

Past copies have included subset data summary's of key performance indicators for wool flocks, but will be excluded in this and future SBTM releases. Since 2008, AWI in conjunction with MLA have funded and produced a greater detailed and more exacting publication known as the Making More From Sheep modules, which, when used in union with the SBTM, will provide wool growers a far more dynamic and thorough examination of the profitability and performance of their on farm enterprise and a comparison of costs for the sale and improvement of their production.

Production

The Australian Wool Production Forecasting Committee (AWPFC) release of December 2010 estimated the shorn wool production of 2009/10 was at 343,000 tonnes greasy. This represented a reduction of 5.25% from the 2008/09 level of 362,000 tonnes.

AWPFC estimates of sheep numbers also decreased in volume falling from the previous season level of 81.6 million head to the 2009/10 estimate of 76.2 million or a 6.62% drop in total sheep population.

The average cut per head in season 2009/10 showed an increase of 4.41% to 4.50kg, up from 4.43kg per head in season 2008/09.

AWTA key test data shows a small decrease in average bale weights from 176.8kgs greasy in season 2008/09 to 176.6kgs greasy in 2009/10 selling season.

Auction Prices and Wool Levy

The average auction price in the 2009/2010 selling season equated to 843ac per clean kilogram. This represents a greasy price equivalent average of 533ac per kg greasy based on the season's average dry yield of 63.2%. (AWEX and AWTA).

The AWI wool levy for research, development and marketing remained at 2% following the Woolpoll results of 2009.

Cost Calculations

Where possible all calculations have been conducted on exact trade figures. In instances where this is not the case, an assumed basis used in calculations is announced in the activity item or the notes area in the relevant section preceding the activity item.

In this edition, most methodology and factors for calculations have been noted where possible, and easily replicated or updated as cost sectors change during the period between reports. This should enable most users to alter or change to more accurately reflect the costs incurred for their or their client's enterprise.

Table 1 and Table 2 are "whole of industry cost" whereby Table 3 and Table 4 are expressed with the wool grower costs segregated to clearly indicate the cost components directly attributable to wool growers in the supply chain segments.

Key Points Summary

The outstanding feature of the report is the substantially low production levels of not only wool but also the accompanying drop in sheep numbers in Australia. The volume of wool for the 2009/10 season was calculated at 343 million greasy kilograms, which is the lowest reported figure on current records. Wool and sheep production has been in steady demise since 1990/91 when the previous market support mechanism of the AWC reserve price scheme was abandoned.

With relatively low price levels in the market place, wool growers have done their best to try and reduce costs of harvest where possible, with shed hand, pressing, classing and OFFM costs all showing reduced costs per kg of production. With average fleece weights rising 4.5% (4.31kg to 4.50 kg per head) this also helped lower the cost of harvest on a per kg basis. The reported large increase in crutching cost is almost entirely due to a board/sweep cost being added to the cost activity item. Continual rising fuel costs contributed to higher trucking transport rates for bales.

Pressure on insurance companies following the Global Financial Crisis aided in a rise in insurance premium payments in most sectors. These same factors also affected the costs of financing wool purchases and shipping on the buyers and exporters.

Warehousing, broker's commission and the PSC also exhibited large rises, reflecting the higher cost of lease holdings and delivery of wool.

A relatively large increase in the buyer storage component of wool is mainly put down to the fact it now takes longer for buyer's to fulfill deliverable quantities to satisfy contracts due the fall in production levels and low weekly offerings at auctions of similar types of wool.

The 2009/10 series calculated that $ 876 million was spent on the harvesting, marketing and logistics of the annual clip out of a total revenue of $1.83 billion. This represents an expenditure level of 47.7% for that cost segment of the supply chain. This is a similar level as stated in the past report of 2006/07.

Sources

The compilation of data and cost estimate figures for the 2009/10 Sheep's Back to Mill was garnished and extrapolated from information collected from a wide variety of sources. During the composition of the document, the author notes the vast streams of information now freely available publicly and readily obtained electronically from web site services operating on line.

Sources for individual activity items are also listed and referenced under each item, with some respondents wishing to retain anonymity by assuming an industry grouping.

Harvest activity operations and costs were obtained from predominantly the Federal Pastoral Industry Award 2009/10 document from http://www.fwa.gov.au , the WA Shearing Contractors Association, AWI Harvest program at www.wool.com, and the Australian Wool Production Forecasting Committee release of December 2010 for the season 2009/10. Assistance for some items was also sourced from Southern Tablelands Fibre Testing and Countrywide Wool Testing. Verification of costs was provided by several wool grower contributors.

Transport to store, wool selling brokers handling and selling and associated insurance cost information was by way of averaging the data collected from the respondents to an AWI wool selling broker's survey. With a somewhat limited returned response percentage of less than 15%, wool growers and trucking companies were phone surveyed in various districts to gain more data. Figures were calculated using published figures from the 2009/10 AWPFC report. AWEX provided the re-handling percentages of wool sold.

All testing data was provided willingly by AWTA Limited upon request and the Key Test Data statistics, found on the AWTA web site at http://www.awta.com.au/en/Home/Statistics/ was used extensively.

Purchasing and export costs were attained in a more successful AWI wool buyer and exporter survey where a response of 40% (including the largest operators) enabled a good subset of data to be utilized, which was averaged across respondents. Various freight forwarders were phone surveyed to gain better international container movement rates.

Acknowledgements

The assistance of the following group of trade stalwarts is thankfully acknowledged and appreciated sincerely by the executive of Australian Wool Innovation and the author of the 2009/10 edition of the Sheep's Back to Mill. The candidness and expertise on all matters wool makes this industry document are more relevant publication, and hopefully, accurately reflecting the reality in costs of harvesting, testing, selling, buying, exporting and the involved logistics of the wool trade.

We thankfully recognize the important contributions of the following individual providers

Gordon Litchfield	Eric Hutchinson	Gaetan Pace	Lionel Plunkett	Darren Spencer
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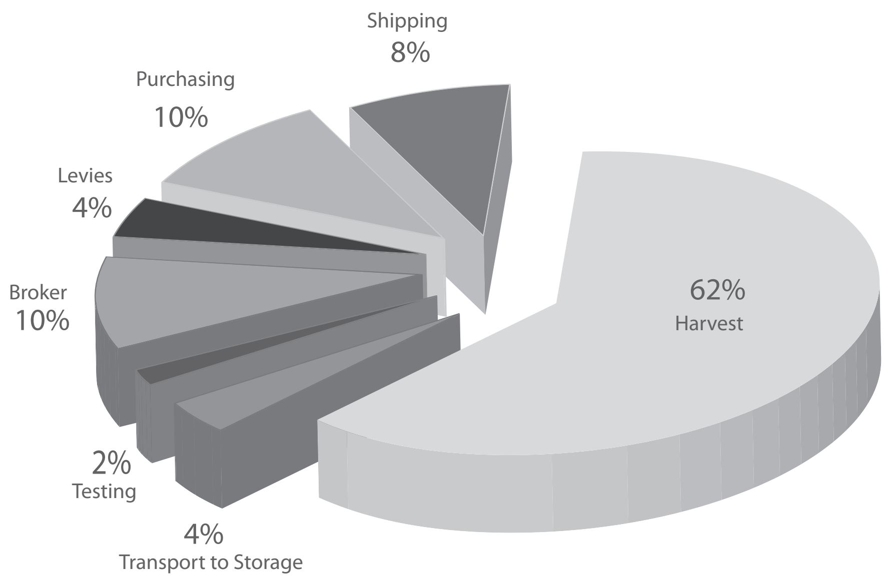
Don MacDonald	Stephen Hill	Andrew Blanch	Brian Vagg	Kim Cartwright
Luke Fitzgerald	Philippe Chabbert	Ian Ashman	Paul Swan	Craig Lawson

Industry cost distribution
2009 / 10



Industry Total Value Comparison
2006 /07 to 2009 / 10

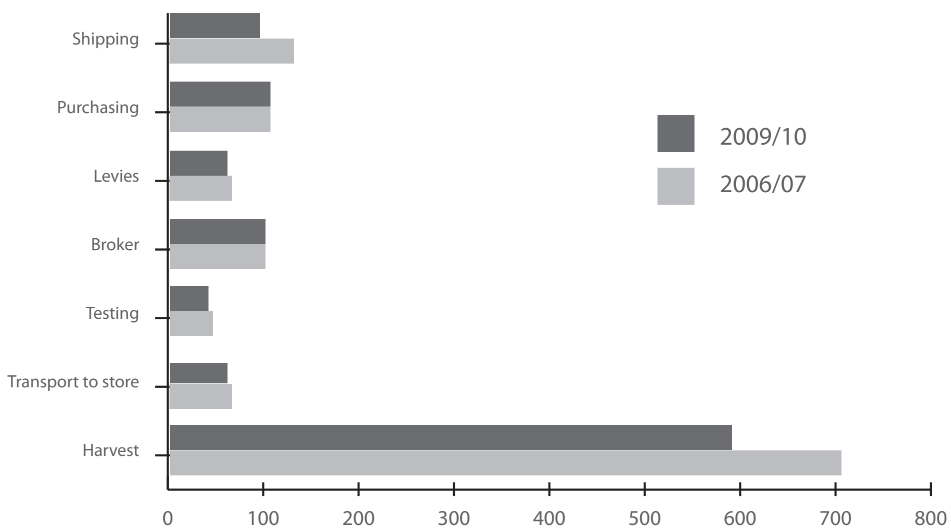


Table 1

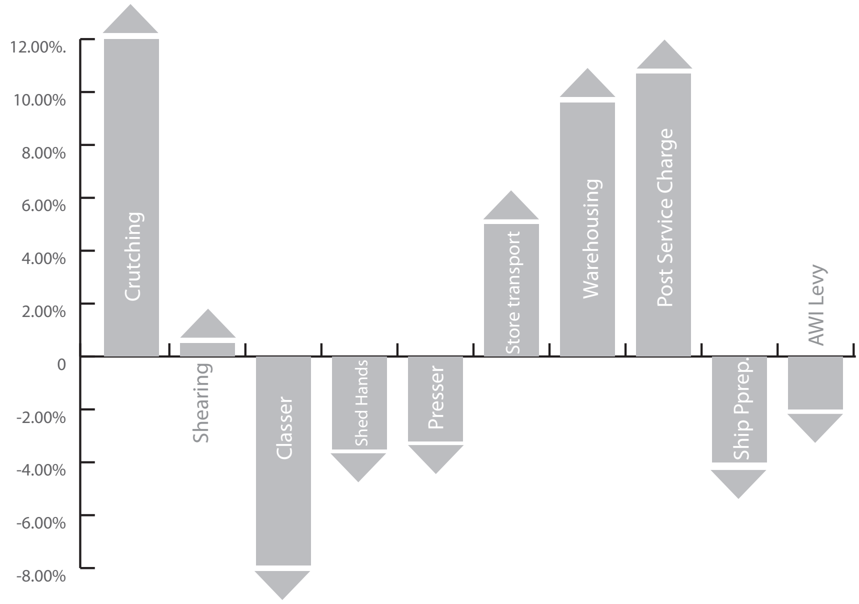
INDUSTRY COST – TOTAL DOLLAR AMOUNT

HARVESTING, SELLING AND LOGISTICS COSTS FOR AUSTRALIAN WOOL

Activity / Item	2006/2007	2009/2010	3 yr change
DIRECT COST TO WOOL GROWER			
Harvesting Costs	$	$	%
1) Crutching	95,320,000	87,246,000	- 8.47
2) Shearing	331,468,000	265,031,000	- 20.04
3) Wool Classing	59,451,000	44,117,000	- 23.79
4) Shed hands	104,426,000	81,039,000	- 22.40
5) Wool pressing	54,660,000	42,657,000	- 21.96
6) Wool packs	26,901,000	19,280,000	- 28.33
7) On Farm Fibre Measurement	2,052,000	1,739,000	- 15.25
Sub total	$ 674,278,000	$ 541,109,000	- 19.75 %
Transport to Brokers Store Costs			
8) Transport to store	36,936,000	30,348,000	- 17.84
9) Insurance to store	3,720,000	3,198,000	- 17.50
Sub total	$ 40,656,000	33,546,000	- 17.49 %
AWTA Testing charges			
10) Core testing & certification	17,433,000	15,003,000	-13.94
11) Length & Strength testing & certification	6,977,000	5,835,000	-16.37
Sub total	$ 24,410,000	$ 20,838,000	- 14.63 %
Brokers Handling and selling charges			
12) Warehousing	45,050,000	39,775,000	-11.7
13) Insurance store fire	5,501,000	5,482,000	-0.35
14) Interlotting service charge	518,000	397,000	-23.36
15) Re-handling - Bulk classing	6,390,000	6,620,000	+3.60
16) Grower storage	185,000	262,000	+41.62
17) Brokers Commission	27,296,000	27,789,000	+1.81
18) Sale sample value	Not included	3,831,000	Na
Sub total	$ 84,940,000	$ 84,156,000	- 0.92 %
Fees and levies.			
19) AWEX revenue/fees	*1,035,000	3,374,000	+ 226.00
20) AWI wool levy	44,815,000	35,319,000	- 21.19
Sub total	$ 45,850,000	$ 38,693,000	- 15.61 %
DIRECT COST TO WOOL GROWER TOTAL	$ 870,134,000	$ 718,342,000	- 17.44 %
DIRECT COST TO MILL BUYER			
Purchasing Costs			
Buying costs	25,174,000	21,247,000	- 15.60
21) Post sale service charge (PSC)	43,310,000	41,363,000	- 4.50
Buyer finance costs	17,111,000	20,905,000	+22.17
22) Buyer storage costs	1,917,000	2,950,000	+53.89
Sub total	$ 87,512,000	$ 86,465,000	- 1.20%
Shipping/Export Costs			
Shipment preparation	52,850,000	36,178,000	- 31.55
23) Sea freight	28,316,000	19,564,000	- 30.91
24) Insurance: marine & port to mill	2,421,000	1,643,000	- 32.14
25) Transport to mill	24,307,000	14,029,000	- 42.28
Sub total	$ 107,894,000	$ 71,414,000	- 33.81
DIRECT COST TO MILL BUYER TOTAL	$ 195,406,000	$ 157,879,000	- 19.20 %
TOTAL COSTS TO ARRIVE MILL	$ 1,065,540,000	$ 876,221,000	- 17.77 %
TOTAL GREASY WOOL VALUE	$ 2,240,760,000	$ 1,827,422,000	- 18.45 %

% Changes in key large cost item

2006/07 to 2009 /10 using greasy cent per kg as baseline



Grower's cost versus Return Distribution

2009/10

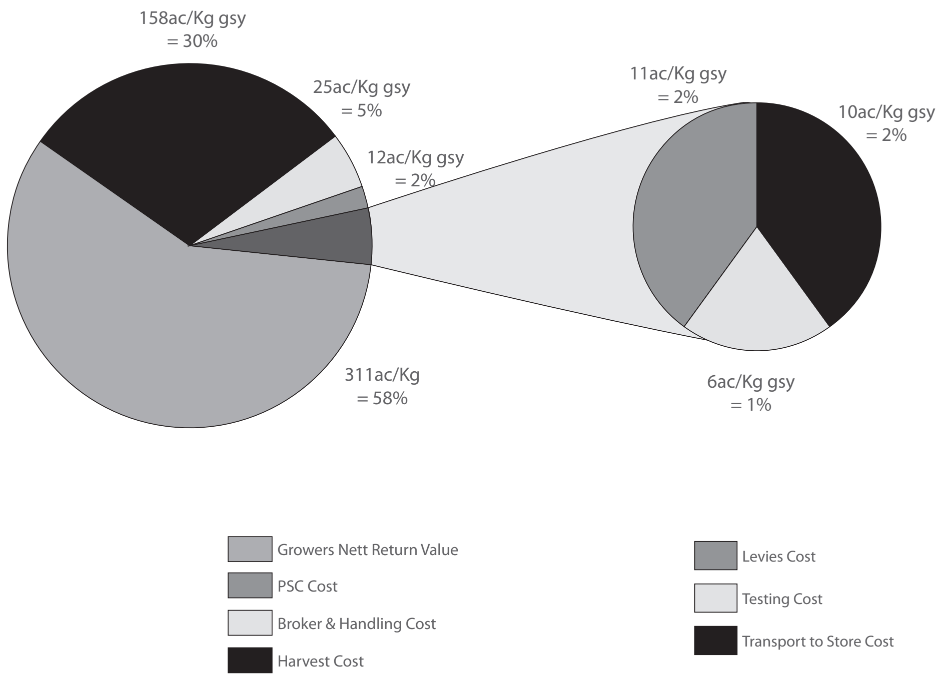


Table 2

INDUSTRY COST – CENTS PER KG GREASY

HARVESTING, SELLING AND LOGISTICS COSTS FOR AUSTRALIAN WOOL

Activity / Item	2006/2007	2009/2010	3 yr change
DIRECT COST TO WOOL GROWER			
Harvesting Costs	Greasy c/kg	Greasy c/kg	%
1) Crutching	22.38*	25.44	+ 12.03
2) Shearing	77.08*	77.27	+ 0.25
3) Wool Classing	13.96	12.86	- 7.88
4) Shed hands	24.51	23.63	- 3.59
5) Wool pressing	12.83	12.44	- 3.04
6) Wool packs	6.31	5.62	- 9.98
7) On Farm Fibre Measurement	0.48	0.51	+ 6.25
Sub total	158.28 cents	157.83 cents	- 0.28 %
Transport to Brokers Store Costs			
8) Transport to store	8.67	9.00	+ 5.54
9) Insurance to store	0.87	0.93	+ 3.45
Sub total	9.54 cents	9.93 cents	+ 5.35%
AWTA Testing charges			
10) Core testing & certification	3.82	4.12	+ 7.85
11) Length & Strength testing & certification	2.28	2.31	+ 1.30
Sub total	6.10 cents	6.43 cents	+ 5.41 %
Brokers Handling and selling charges			
12) Warehousing	10.58	11.60	+ 9.64
13) Insurance store fire	1.29	1.60	+24.03
14) Interlotting service charge	0.12	0.12	=
15) Re-handling - Bulk classing	1.50	1.93	+ 28.67
16) Grower storage	0.04	0.08	+ 100.00
17) Brokers Commission	6.41	8.10	+ 26.36
18) Sale sample value	Not Included	1.21	Na
Sub total	19.94 cents	24.64 cents	+ 23.57 %
Fees and levies			
19) AWEX revenue/fees	0.26	0.88	+ 238.46
20) AWI wool levy	10.52	10.30	- 2.09
Sub total	10.78 cents	11.18 cents	+ 3.71 %
DIRECT COST TO WOOL GROWER TOTAL	204.64 cents/kg	210.01 cents	+ 2.62 %
DIRECT COST TO MILL BUYER			
Purchasing Costs			
21) Buying costs	6.33	6.19	- 2.21
22) Post sale service charge (PSC)	10.88	12.06	+ 10.85
23) Buyer finance costs	4.30	6.09	+41.63
24) Buyer storage costs	0.48	1.26	+ 162.50
Sub total	21.99 cents	25.60 cents	+ 16.42 %
Shipping/Export Costs			
25) Shipment preparation	10.98	10.55	- 3.92
26) Sea freight	5.88	5.70	- 3.06
27) Insurance: marine & port to mill	0.50	0.48	- 4.00
28) Transport to mill	5.05	4.09	- 19.01
Sub total	22.41 cents	20.82 cents	- 7.10 %
DIRECT COST TO MILL BUYER TOTAL	44.40 cents/kg	46.42 cents	+ 4.55 %
TOTAL COSTS TO ARRIVE MILL	249.04 cents/kg gsy	256.43 cents	+ 2.97 %
AVERAGE GREASY WOOL VALUE	526.00 cents/kg gsy	532.78 cents/kg gsy	+ 1.29 %

Table 3

WOOL GROWER HARVEST TO TRANSFER OF WOOL OWNERSHIP COST

DOLLARS PER BALE

Activity / Item		2009/2010
COSTS TO WOOL GROWER		
Harvesting Costs		Dollars per Bale
1) Crutching		45:25
2) Shearing		137:46
3) Wool Classing		22:88
4) Shed hands		42:03
5) Wool pressing		22:12
6) Wool packs		10:00
	Sub total	$ 279:74
Transport to Brokers Store Costs		
8) Transport to store		16:00
9) Insurance to store		1:66
	Sub total	$ 17:66
AWTA Testing charges		
10) Core testing & certification		7:28
11) Length & Strength testing & certification		4:13
	Sub total	$ 11:41
Brokers Handling and selling charges		
12) Warehousing		20:63
13) nsurance store fire		2:84
17) Brokers Commission		14:41
18) Sale sample value		2:16
	Sub total	$ 40:04
Fees and levies.		
19) AWEX revenue/fees		1:89
20) AWI wool levy		18.32
	Sub total	$ 20:21
Purchasing Costs		
Post sale service charge (PSC)		21:45
	Sub total	$ 21:45
COST TO WOOL GROWER TOTAL		$ 390:51 per bale
Additional items to add if service is used/required		Per Bale
7) On Farm Fibre Measurement (39 tests/bale)		$ 76:05
14) Interlotting service charge		$ 8:80
15) Re-handling - Bulk classing		$ 32:70
16) Grower storage (Total in store per 180 days)		$ 3:60

Harvest to sale
dollar per bale

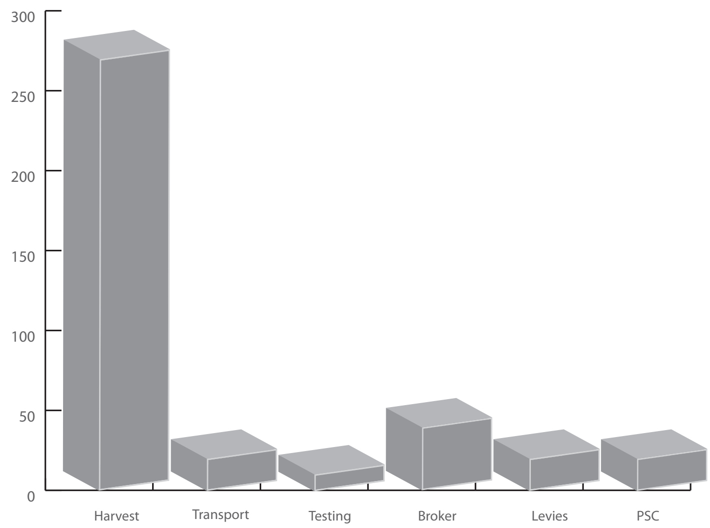


Table 4

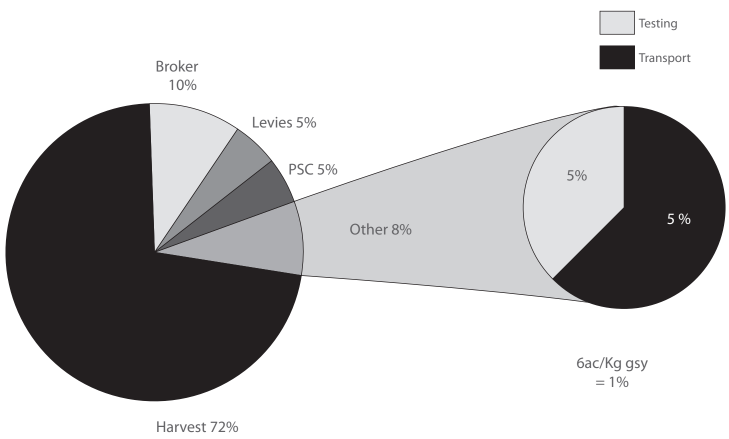
WOOL GROWER HARVEST TO TRANSFER OF WOOL OWNERSHIP COST

DOLLARS PER SHEEP

Activity / Item		2009/2010
COSTS TO WOOL GROWER		
Harvesting Costs		Dollars per Sheep
1) Crutching		1:15
2) Shearing		3:48
3) Wool Classing		0:63
4) Shed hands		1:06
5) Wool pressing		0:56
6) Wool packs		0:27
	Sub total	$ 7:15 per head
Transport to Brokers Store Costs		
8) Transport to store		0:41
9) Insurance to store		0:04
	Sub total	$ 0:45 per head
AWTA Testing charges		
10) Core testing & certification		0.19
11) Length & Strength testing & certification		0:10
	Sub total	$ 0:29 per head
Brokers Handling and selling charges		
12) Warehousing		0:52
13) Insurance store fire		0:07
17) Brokers Commission		0:36
18) Sale sample value		0:05
	Sub total	$ 1:00 per head
Fees and levies		
19) AWEX revenue/fees		0:04
20) AWI wool levy		0:46
	Sub total	$ 0:50 per head
Purchasing Costs		
22) Post sale service charge (PSC)		0:54
	Sub total	$ 0:54 per head
COST TO WOOL GROWER TOTAL		$ 9:93 per sheep
Additional items to add if service is used/required		Per Head
7) On Farm Fibre Measurement (39 tests/bale)		$ 1:95
14) Interlotting service charge		$ 0:22
15) Re-handling - Bulk classing		$ 0:83
16) Grower storage (Total in store for 180 days)		$ 0:09

Cost distribution

Harvest to sale



NOTES to SECTION 1 – HARVEST

1a) Assumptions for Shearing shed activity items 1) to 5)

(i) 30% of the clip is shorn at the award rate, and 70% shorn at a contracted fixed price.
(ii) 80% of all sheep were full crutched with 55% on award and 45% on contract/trailer rates.
(iii) A shearing team is deemed to be fours shearers, one wool classer, one wool presser, two shed hands and a cook.
(iv) Average shearing shed operating for a period of two weeks (10 working days) with four stands with an average turnover of 125 per sheep per day per shearer.

1b) Applicable to activity 1) through to 5) for non contract sheds

(i) Travelling allowance—Shearers (or Crutchers) only

Where the distance between the shed and the employee's place of residence exceeds 65 kilometres by the most direct practicable route the employer will pay to the employee a travelling allowance of $11.37 per day for each day upon which the employee so travels.

(ii) Vehicle allowance—all employees

Where an employee, by prior arrangement and agreement with an employer, uses the employee's own motor vehicle to travel to and from the shed the employee will be paid a vehicle allowance of $0.74 per kilometre for travel by the most direct practicable route between the shed and the employee's normal place of residence.

For the purposes of this report an allowance of 2.9% has been made for the travelling and vehicle use component.

Note (i) and (ii) of the award will **not** apply in any case where the employer offers the employee suitable accommodation at the shed and the employee chooses not to use it.

(iii) Compulsory Superannuation – all employees

For the 2009/2010 financial year the compulsory employee superannuation guarantee is calculated at the rate of 9% per annum.

(iv) Worker's Compensation – all employees

In Australia, there are 11 main workers' compensation systems. Over time, each of the eight Australian States and Territories has developed their own workers' compensation laws. There are also three Commonwealth schemes.

The cost of workers compensation and the premium rates attached have decreased substantially over the past three year period (33.9%). For agricultural employees operating on farm at shearing sheds, the national average for 2009/2010 is estimated to be at a rate of 7.8% of gross. Range 6.75% to 8.9%.

(v) If found employee

The stated rates prescribed are deducted the amount of $ 24.18, which is arrived at by adding the Shearing cook's daily rate to one fifth of the Shearers' ration component.

Activity Items

NOTES to SECTION 1 – HARVEST

1c) Applicable to activity 2) through to 5) for full contract price per head sheds

For contract shed at shearing the ratio of total cost is split:

Shearers	60.4%
Classers	10.8%
Shed hands	18.9%
Presser	9.90%

These figures are inclusive of all costs associated with the fixed contract price. Items fixed and included are Workers compensation premiums, superannuation guarantee payments, mess and cook, travel allowances, taxes, levies, charges and sundry cost items incurred in the running of a contracted shed.

1d) AWPF Committee December 2010 release production 2009/2010 figures used as a calculation basis for Harvest costs

Parameter	2009/10 estimate
Sheep numbers shorn(head)	76,200,000
Average cut per head(kg/head)	4.50
Shorn wool production(kg greasy)	343,000,000

1e) Figures for calculation and estimates for SBTM 2009/2010

Average net bale weight Australia = 177.9

For 2009/10 comparison calculations, annual bale production figure = 1,928,000 bales.
Average price per clean kg 2009/2010 = 843c/kg cln (AWEX).

For 2009/10 comparison calculation, annual clean kgs production = 216,776,000 kgs based on an average yield of 63.2% (Schlum Dry 1%) (AWTA key test data).

Activity Items

SECTION 1 – HARVEST

1) Crutching

At sheds full crutching, that is, shearing the inside parts of the legs, between the legs, and around and above the tail. In addition when required, removing wool that has been struck by blowfly, lifting the bottom leg and shearing that leg prior to turning the sheep around and above the tail; and/or giving up to two blows above the tail. For the 2009/2010 financial year the rate was set for per 100 head at $ 70.21. For wigging and ringing in addition to crutching the rate is crutching rate plus $ 12.11. Allowance made in this edition for 1 shed hand/board sweep/etc equivalent on award.

- Award rate crutching: Per 100 head $82.33+superannuation, workers comp and travel/vehicle allowance.
- Award rate shed hand: $ 43.03 per run.
- Contract rates: Per 100 head $ 185 all inclusive.

Cost per head	**=**	**143.12 cents per sheep**
Weighted cost per head	**=**	**114.50 cents per sheep**
Total cost of crutching	**=**	**$ 87,246,000**
Cost per kg	**=**	**25.44 cents/ greasy kg**
Weighted cost per bale	**=**	**$ 45.25**

Source; Federal Pastoral Industries Award
WA Shearing Contractors Association AWPFC

2) Shearers

Award rates for Shearers—if not found employee

- Flock sheep (wethers, ewes and lambs): Rate per 100 = $ 242.11
- Rams (other than special stud rams) and ram stags—double the rate for flock. Rate per 100 = $ 484.22
- For stud ewes and their lambs—one and a quarter times the rate for flock sheep. Rate per 100 = $ 302.64

Contract rates on average nationally accounted to $617 per 100 head, taking a variable of 15% outside normal contract rate and 85% normal contract rates into consideration.

- Award rate: Per 100 head $ 242.11 + superannuation, workers comp and travel/vehicle allowance.
- Contract rate: Per 100 head $ 617:00 all inclusive. Shearer proportion 60.4%.

Cost per head	**=**	**347.81 cents per sheep**
Total cost of shearers	**=**	**$ 265,031,000**
Total cost per kg	**=**	**77.27 cents/greasy kg**
Total cost per bale	**=**	**$ 137.46**

Source; Federal Pastoral Industries Award.
WA Shearing Contractors Association
AWPFC

3) Wool Classer

Non contract weekly award rate

Classification	Award rate per week
Wool classer level 1	$ 1,001.75 + super + worker comp + travel
Wool classer level 2	$ 1,080.45 + super + worker comp + travel
Wool classer level 3	$ 1,131.65 + super + worker comp + travel

Contract rate per 100 head $ 617 all inclusive. Wool classer proportion 10.8%.

Since the introduction of the "D" certificate it is estimated that 7.6% of the clip is now categorized as being not classed by a registered wool classer. Mainly smaller farms and hobby farms are utilizing this certificate option.

Cost per head	=	**62.59 cents per sheep**
Total cost of wool classer	=	**$ 44,117,000**
Cost per kg	=	**12.86 cents/greasy kg**
Cost per bale	=	**$ 22.88**

Source; Federal Pastoral Industries Award.
WA Shearing Contractors Association
AWPFC, AWEX

4) Shed Hands

Shed hands and Wool presser-shed hands will be paid by the run.

Non contract award rates for not found employee:

- For adults with 65 or more work days experience as a shed hand = per run $ 45.23
- For adults with less than 65 work days experience as a shed hand = per run $ 43.03
- 18–20 years of age with 65 work days or more experience as a shed hand = per run $ 40.71
- 18–20 years of age with less than 65 work days experience as a shed hand = per run $ 38.73
- Under 18 years of age with 65 work days or more experience as a shed hand = per run $ 31.66
- Under 18 years of age with less than 65 work days experience as a shed hand = per run $ 30.12

Contract rate per 100 head $ 617:00 all inclusive. Shed hands proportion 18.9%.

Cost per head	=	**106.35 cents per sheep**
Total cost of shed hands	=	**$ 81,039,000**
Cost per kg	=	**23.63 cents/greasy kg**
Cost per bale	=	**$ 42.03**

Source; Federal Pastoral Industries Award.
WA Shearing Contractors Association
AWPFC

5) Wool Pressing

Wool pressers will be paid by the run.

The minimum award rate to be paid for wool pressing for employees engaged at time work rates will be $46.03 per run if they are a not found employee.

Contract rate per 100 head $ 617:00 all inclusive. Wool presser proportion 9.9%.

Cost per head	**=**	**55.98 cents per sheep**
Total cost of presser	**=**	**$ 42,657,000**
Cost per kg	**=**	**12.44 cents/greasy kg**
Cost per bale	**=**	**$ 22.12**

Source; Federal Pastoral Industries Award.
WA Shearing Contractors Association
AWPFC

6) Wool Packs

In the 2009/2010 season the average retail price of new wool packs was estimated to be $10:00 per nylon pack. Less than 1% of the clip was estimated to have been delivered into broker's stores in second hand packs so there is an assumption of all wool being originally packed in new packs

Cost per head	**=**	**27.07 cents per sheep**
Total cost of wool packs	**=**	**$ 19,280,000**
Cost per kg	**=**	**5.62 cents/greasy kg**
Cost per bale	**=**	**$ 10.00**

Source; Country Wide Wool Testing
Various wool selling brokers

7) On Farm Fibre Measurement

During the 2009/2010 season, it was estimated 892,000 tests for on farm fibre measurement were undertaken at an average cost per test of $1:35. Labour cost estimate for collection of the sample is 60cents per sheep.

Cost per head	**=**	**195.00 cents per sheep**
Total cost of OFFM	**=**	**$ 1,739,000**
Weighted cost per kg	**=**	**0.51 cents per greasy kg**

Source; Country Wide Wool Testing
Southern Tablelands Fibre Testing
AWTA Ltd

Activity Items

NOTES to SECTION 2

TRANSPORT TO BROKERS STORE

2a) AWPFC estimates

Production share table as produced by the Australian Wool Production Forecasting Committee used to calculate average transport costs to wool broker's store incurred directly by the wool producer.

AWPFC 2009/10 final estimate	QLD	NSW	VIC	TAS	SA	WA	National
Opening sheep number (ABS, million)	4.3	25.6	15.1	2.1	10.0	15.7	72.7
Sheep to be shorn (million)	3.7	26.2	17.6	2.5	9.0	16.9	76.2
Average GFW (kg)	4.30	4.62	4.20	3.82	5.22	4.4	4.50
Total wool production (mkg greasy)	16.1	121.0	74.0	9.6	47.0	74.0	343

2b) Anecdotal assumptions and conclusions on transport costs

In NSW and QLD a large proportion of the remotest traditional wool growing areas have changed production away from merino to exotic shedding breeds or cattle. Due to these areas being usually high cost transport for high volume production, the state averages for transport charges were not as affected as other states. Whilst similar production change has also been witnessed in WA, competition for trucks from the lucrative mining sector has contributed heavily to rise in costs of transport

2c) Tasmanian costs for transport

Tasmania has average transport costs from farm to local Tasmanian store in 2009/10 season of approximately $8.00 per bale, but some proportion (estimated at 10% for purposes of reporting) of the clip was centralized to mainland Australia at an additional cost of $23:00 per bale.

2d) Insurance assumptions

Wool received into broker's stores is used as a baseline, and it has been assumed that all wool produced attracted a similar insurance premium from sheep's back to delivery zones.

Activity Items

SECTION 2 – TRANSPORT TO BROKERS STORE

8) Transport to Store

AWPFC report 2009/10

STATE	2009/10 PRODUCTION SHARE %	3 YEAR PRODUCTION SHARE CHANGE %	2009/10 AVERAGE COST PER BALE $	3 YEAR AVERAGE COST PER BALE CHANGE %
Queensland	4.70	- 4.3	$ 18.94	+ 1.67
New South Wales	35.40	+7.60	$ 17.88	+ 2.58
Victoria	21.60	+5.88	$ 13:85	+ 8.70
Tasmania	2.80	NA*	$ 10:30*	NA*
South Australia	13.85	- 3.15	$ 15:90	+ 11.97
Western Australia	21.65	-12.0	$ 15.25	+ 12.96

* Includes relocation pre sale estimate to mainland for 10% of production.

NOTE: Past SBTM reports have stated a much higher total figure per bale.

Cost per head	=	**40.48 cents per sheep**
Total cost of Transport	=	**$ 30,848,000**
Cost per kg	=	**9.00 cents/greasy kg**
Cost per bale	=	**$ 16.00**

Source; AWPF committee report December 2010.
Wool brokers survey
Growers account sales

9) Insurance - Sheep's Back to Store

This insurance coverage applies to the time sheep enter the sheep yards for the purpose of shearing or crutching sheep of their wool, to the first time unloading of your wool at any point in Australia other than your own farm.

In 2009/2010 season the sheep's back to store insurance premium was calculated to be an average of 0.175 % of total gross value, based on a charge of 17.5c per $100 of wool value.

Cost per head	=	**4.20 cents per sheep**
Total cost of Insurance	=	**$ 3,198,000**
Cost per kg	=	**0.93 cents/greasy kg**
Cost per bale	=	**$ 1.66**

Source; Wool selling brokers survey
Growers account sales

10) Core Test Certificate

In 2009/2010 season the AWTA core tested 361,950 sale lots at an average of 5.69 bales per lot compared with 444,750 lots tested in 2006/2007 at an average lot size of 5.82 bales.

In 2009/2010 season the AWTA core tested a total of 2,061,467 bales at a total weight of 364,094 tonnes compared to the 2006/2007 season total number of 2,587,276 bales, representing a reduction of 20.32%.

Total revenue received by AWTA from core testing in 2009/2010 was $15,003,000 which is a reduction of $2,938,000 or 16.4% from the revenue of $ 17,941,000 received in 2006/2007.

Weighted cost per head	=	**18.55 cents per sheep**
Cost of core testing	=	**$ 15,003,000**
Cost per kg tested	=	**4.12 cents/kg**
Cost per bale tested	=	**$ 7.28**

Source: AWTA Limited.

11) Staple Length and Strength Certificate

In 2009/2010 season the AWTA additionally measured 233,732 lots at an average of 6.04 bales per lot compared with 298,058 lots tested in 2006/2007. This represents a reduction of 21.6% lots additionally measured for length and strength.

In 2009/2010 the AWTA additionally measured a total of 1,412,190 bales at a total weight of 252,821 tonnes.

Total revenue received by AWTA from additional measurement in 2009/2010 was $5,835,000 which is a reduction of $1,305,000 or 18.3% from the revenue of $7,140,000 received in 2006/2007.

Weighted cost per head	=	**10.38 cents per sheep**
Cost of L&S testing	=	**$ 5,835,000**
Cost per kg tested	=	**2.31 cents/kg**
Cost per bale tested	=	**$ 4.13**

Source: AWTA Limited.

NOTE: For Colour Testing, less than 1% of the clip is tested, so it is of doubtful value to include these figures (as it doesn't represent a cost to 99% of growers).

Activity Items

SECTION 4 – BROKERS HANDLING AND SELLING

12) Warehousing

Charges for the handling and associated functions of wool store operations through the 2009/10 selling season was calculated to average 20.63 dollars per bale. These charges include such items as delivery into store, farm bale sale lotting, movement of bales to and from core line for testing, AWTA attendance at sampling area, sale sample grabbing and handling, delivery charges for core and AM testing samples, sale sample display and takedown and all data entry and paper trail secretarial required.

Cost per head	**=**	**52.20 cents per sheep**
Total cost Warehousing	**=**	**$ 39,775,000**
Cost per kg	**=**	**11.60 cents/greasy kg**
Cost per bale	**=**	**$ 20.63**

Source; Wool selling brokers survey
Growers account sales

13) Insurance – Store Fire

This covers for theft and water damage as well as fire insurance. Some wool selling agents will quite often amalgamate the sheep's back to store insurance with the store fire insurance premium creating a single insurance policy for your clip through the system. Average rates on this combined premium were calculated at 47.5 cents per $100 of gross value.

In 2009/2010 season the store fire insurance premium was calculated to be an average of 0.3 % of total gross value, based on a charge of 30c per $100 of wool value.

Cost per head	**=**	**7.19 cents per sheep**
Total cost of Insurance	**=**	**$ 5,482,000**
Cost per kg	**=**	**1.60 cents/greasy kg**
Cost per bale	**=**	**$ 2.84**

Source; Wool selling brokers survey, Growers account sales

14) Inter - Lotting

Through the wool selling season of 2009/2010 at auction there were 2.34% of total volume sold as Inter-lots. Calculations are used assuming this figure is for all wool sold. An average of an additional 8.80 dollars per bale was charged for this service where wool was eventually sold on behalf of the grower.

Total Inter lotting cost	**=**	**$ 397,000**
Cost per I/Lotted bale	**=**	**$ 8.80**
Weighted cost per kg	**=**	**0.12 cents/greasy kg**

Source; Australian Wool Exchange - AWEX,
Wool selling broker's survey

Activity Items

SECTION 4 – BROKERS HANDLING AND SELLING

15) Bulk Classing

Through the wool selling season of 2009/2010 at auction 10.5% of total volume was sold as bulk classed. It is assumed this figure applies for all wool sold. An average of an additional 32.70 dollars per bale was charged for this service where wool was eventually sold on behalf of the grower.

Total bulk classing cost	=	**$ 6,620,000**
Cost per bulk class bale	=	**$ 32.70**
Weighted cost per kg	=	**1.93 cents/greasy kg**

Source; Australian Wool Exchange - AWEX
Wool selling broker's survey

16) Grower Storage

Since the last SBTM report of 2006/07, most wool selling brokers are now charging storage to growers where previously no charges were applied as part of the business relationship. It is assumed that this change has partly arisen due to the non ownership of many of the warehouses by some of the wool selling brokers and rising charges associated with leasing

Storage estimates for the 2009/10 season show there were approximately 72,800 bales held beyond the average free storage period of 135 days for an estimated average of 45 days applicable storage charges. Grower account storage charges averaged 8.5cents per bale per day.

Cost per head	=	**0.34 cents per sheep**
Total cost of storage	=	**$ 262,000**
Cost per kg	=	**2.02 cents/greasy kg**
Weighted cost per kg	=	**0.08 cents/greasy kg**
Cost per bale	=	**$ 3.60**

Source; Wool selling brokers phone survey

17) Broker Commission

Wool auction selling brokers charge commission in either of two methods – Flat rate per bale sold or a percentage of gross proceeds. For the purposes of reporting it is assumed all wool production sold will be charged at the determined average rate of commission of auction sellers.

In the 2009/10 season the average of both commission charges averaged by an estimate of bales sold per method equated to an industry percentage of 1.52% of gross proceeds.

Cost per head	=	**36.47 cents per sheep**
Total cost of Commission	=	**$ 27,789,000**
Cost per kg	=	**8.10 cents/greasy kg**
Cost per bale	=	**$ 14.41**

Source; Wool brokers survey.
Growers account sales.

Activity Items

SECTION 4 – BROKERS HANDLING AND SELLING

18) Sale Sample Value

This cost item activity is a new inclusion into the SBTM report. Whilst previously being mostly a whole or majority rebate item back to the wool grower, most wool selling brokers now retain a higher or majority portion of the value of the sale sample.

For 2009/10 season the average weight of sale sample is estimated at 3.2kgs, with an average size of 5.61 bales per sale lot. It is estimated that 92% of all wool sold has a sample drawn for sale. The average rebate back to grower is 28.8% therefore the value of this activity item is rated at 71.2% of sample value.

Cost per head	=	**5.46 cents per sheep**
Total cost of Sample	=	**$ 3,831,000**
Weighted cost per kg	=	**1.21 cents/greasy kg**
Cost per bale	=	**$2.16**

Source Wool brokers survey
AWTA Limited.
Growers account sales.

Activity Items

SECTION 5 - LEVIES AND FEES

19) AWEX Revenue/Service Fees

Australian Wool Exchange (AWEX) revenue from normal operating activities is derived from mainly Joining Fees, Subscription Fees, Fees for Service and other Revenue. For the 2009/10 season a total revenue of $ 3,374,484 from these activities was reported.

AWEX members only pay the auction and quality fee on behalf of their wool grower clients. AWEX wool selling broker members make up approximately 52.5% of total wool sold at auction within Australia as an estimate only. Since 2006/2007 almost half (by volume) of the wool selling brokers have ceased their membership of the exchange. Privately sold wool does not incur these fees.

Through the AWEX selling rooms it was estimated the quality service fee was received from 920,442 bales, from a total throughput at auction for the 2009/2010 season of 1,753,224 bales. The quality service fee for the 2009/2010 wool selling season was 17 cents per bale sold. Calculations for this fee and auction fee are used using a flow of 52.5% of production as the proportion of these charge components.

Weighted cost per head	=	**4.03 cents per sheep**
Total AWEX revenue cost	=	**$ 3,374,000**
Weighted Per kg Cost	=	**0.88 cents/greasy kg**
Cost per bale	=	**$ 1.89**

Source; AWEX annual report 2010 ending 30th June 2010.
AWEX Online wool auction buying report for 2009/2010

20) Australian Wool Innovation (AWI) Wool Levy

The 2009 Woolpoll resulted with levy payers voting to retain AWI wool levy at a rate of 2% of gross value proceeds from wool sales. Shareholders of AWI stipulated an allocation of resources from the levy to be a split of 50% Research & Development and 50% Marketing, with an allocation of 30% for on farm expenditure and 70% off farm expenditure.

Cost per head	**=**	**46.35 cents per sheep**
Total cost of Wool levy	**=**	**$ 35,319,000**
Cost per kg	**=**	**10.3 cents/greasy kg**
Cost per bale	**=**	**$ 18.32**

Source: Australian Wool Innovation Limited.

Activity Items

NOTES to SECTION 6 – PURCHASING

6a) Buying Costs

i) Since 2006/07 due to rising costs and more importantly less wool supply locally, most buying houses across Australia have stabilized or reduced their costs for wool procurement. Many wool auction sales are consisting of just two sale days per week series and as such, a much higher proportion of shared and contracted labour has been utilized resulting in less FTE employees required to service their enterprise.

ii) With wool destinations reduced to just a few major end using countries, the need for speciality, time consuming evaluations of wool type and pricing has been greatly reduced leading to a lower demand for highly refined valuing and buying needs.

iii) An increase in uptake of electronic business aids is also a contributor of reduced buying costs.

6b) Post Sale Charges

Where the broker arranges delivery to sites outside the defined delivery area the buyer will be invoiced by the carrier and a freight rebate given. A freight rebate will generally also be given for bales collected at store by the buyers own transport. An average freight rebate for 2009/10 was calculated to be $4.30 per bale

Defined delivery areas table of mainland Australia. (Source: AWH Pty Ltd)

NEW SOUTH WALES Delivery to Sydney, within the boundaries of;

North: Parramatta River and Western Highway.
South: The Hume Highway
East: Concord Road and the Boulevard – Strathfield.
West: Along a line from Greystanes Road, Greystanes to the Horsley Drive, and along Horsley Drive to the Hume Highway.

VICTORIA Delivery to Melbourne, within the boundaries of;

North: Western Highway/Ballarat Road - Route 8.
South: Kororoit Creek Road west of Victoria Street and The Esplanade east of Victoria Street.
East: Curzon and King Streets to the Yarra.
West: Fitzgerald Road.

WESTERN AUSTRALIA Delivery to Fremantle, within the boundaries of;

North: Tydeman Road and Canning Highway.
South: Mayor/Yangebup Road – Coogee.
East Sudlow Road and Stock Road – Spearwood.
West: The ocean.

SOUTH AUSTRALIA Delivery to Adelaide, within the boundaries of;

North: Line from Port Adelaide silos to the corner of Bedford Street and Wilkins Road within the City of Port Adelaide Enfield municipal boundaries.
South: Grand Junction Road.
East Bedford Street and North Arm Road to Grand Junction Road within the City of Port Adelaide Enfield municipal boundaries.
West: Ocean Steamers Road and Lipson Street to Grand Junction Road within the City of Port Adelaide Enfield municipal boundaries.

6c) Buyers finance

i) Purchasers and exporters of Australian wool need to finance all of their operational costs including items such as wool purchase, PSC, storage and all export and sea freight charges. It is assumed that all wool purchased and exported during the reporting year attracted the calculated average cost of finance.

ii) With less wool destined for the traditional European markets, finance terms for export sales have increased with many overseas users buying on 90 day and longer terms negotiated with exporters, particularly into India.

iii) As detailed below, wool is also lying in stores locally awaiting shipment for longer periods, extending the duration of finance needed to cover the greasy wool purchases.

6d) Buyers Storage

i) Since 2006/07 season a reduction in volume of wool available on a weekly basis and the larger variety of wool types produced locally has led to a marked increase in the number of day's buyers and exporters have had to hold wool in broker's stores pre-shipment. Most export sales are negotiated on a minimum of a full 20ft container load of the same type which equates to approximately 100 bales needed to execute delivery, which has become more difficult over the past three seasons within a single selling week.

ii) Changes to some of the wool selling brokers terms and conditions have resulted in a slightly reduced average free storage period extended to wool buyers.

Activity Items

SECTION 6 – PURCHASING

21) Buying Costs

This activity item includes all costs associated for wool purchases from both auction and private sources by wool buyers and wool exporters, excluding the PSC, finance and storage which are itemised separately. Cost items included are the auction and private buyers cost, EDI transmission and computer charges and fees and travel costs associated with wool purchasing. Buyers factor these costs into their valuation framework when pricing for contracts overseas and placing bids on wool locally to purchase.

During the 2009/10 selling season the buying cost figure was estimated to be 11.02 dollars per bale based pro rata from an average buying house figure of 82,000 bales per annum purchased.

Cost per head	**=**	**27.88 cents per sheep**
Total cost of Buying	**=**	**$ 21,247,000**
Per kg cost	**=**	**6.19 cents/greasy kg**
Cost per bale	**=**	**$ 11.02**

Source; Wool buyers and exporters survey.

22) Post Sale Service Charge (PSC)

The post sale service charge (PSC) predominantly covers the delivery component of the bales to the dump for shipment preparation. Buyers factor the individual broker's charges for PSC into their pricing structure when buying locally and selling to overseas users, and returns to growers can vary somewhat between sellers. It is important for grower sellers to know the PSC charged by their broker to buyers, as there is an effect on the final price received.

All wool sold is assumed to attract the PSC component, and was an average of 22.40 dollars per bale in the 2009/10 season. An average freight rebate portion of 22% of production at $4.30 per bale has been calculated and applied. Calculate cost includes any additional charge for transport to dump.

Cost per head	**=**	**54.28 cents per sheep**
Total cost of PSC	**=**	**$ 41,363,000**
Per kg Cost	**=**	**12.06 cents/greasy kg**
Cost per bale	**=**	**$ 21.45**

Source; Wool buyers and exporters survey.
Wool broker's survey

Activity Items

SECTION 6 – PURCHASING

23) Buyer Finance

This activity item covers the cost of all finance charges attributable to wool buyers/exporters for their operational needs, inclusive of all costs financed through the shipment and export portion of the business. Reporting methods have assumed all wool purchased has incurred all shipment cost and has subsequently been exported. Items such as greasy wool cost, post service charge (PSC),storage, buying costs and shipment preparation attract full length of average contract finance period of 47 days. Sea freight, marine insurance and Transport from O/S wharf to mill costs are factored for an average period of 35 days.

Annual greasy wool cost total = $1,827,422,000, Buying cost = $ 21,427,000, PSC = $ 41,363,000,

Storage = $ 4,338,000, Ship Prep = $ 36,178,000

Total amount financed by exporter at 47 days $ 1,930,728,000

Sea freight = $ 19,564,000, Insurance = $ 1,643,000, Transport = $ 14,029,000

Total amount financed by exporter at 35 days $ 35,236,000

For the season 2009/10 an industry average annual rate of interest of 8.3% has been estimated, with an average financing period total of 47 days resulting in a cost of 10:84 dollars per bale.

Cost per head	**=**	**27.43 cents per sheep**
Total cost of finance	**=**	**$ 20,905,000**
Per kg cost	**=**	**6.09 cents/greasy kg**
Cost per bale	**=**	**$ 10:84**

Source; Wool buyers and exporters survey.

24) Buyer Storage

Storage charges to buyers are applied to all wool sold held in broker's stores after the free storage period. Charges to wool purchasing companies generally commence on the day following the prompt date for payment of purchases, with the prompt date in most cases being 5 to 6 working days following the sale date.

For the season 2009/10 it was estimated that wool was held for an average 8.5 days beyond the free storage period, at an average industry rate of 18c per bale per day. It is assumed all wool sold attracts a similar rate of charge and period of storage and equates to 2.25 dollars per bale.

Cost per head	**=**	**5.69 cents per sheep**
Total cost of storage	**=**	**$ 2,950,000**
Per kg cost	**=**	**0.86 cents/greasy kg**
Cost per bale	**=**	**$ 1.53**

Source; Wool buyers and exporters survey.
Wool brokers survey.

Activity Items

SECTION 7 – SHIPPING AND EXPORT

25) Shipment Preparation

Activity item includes all local shore costs incurred up to the point of sea freight. Item is inclusive of countermarking and re-numbering marking of the bales, packing and dumping services, AWTA charges for additional certification such as OML's and the batch combination of certificates, positioning of the empty containers, health and origin certificates, costs incurred and the delivery to the wharf of the fully packed container.

During the 2009/10 selling season the industry average for the preparation to shipment cost was estimated at the figure of $ 1914:00 per 20ft FCL .This is based on an average gross weight of 18,146 kgs and 102 bales per FCL.

Cost per head	**=**	**47.48 cents per sheep**
Total cost of ship prep.	**=**	**$ 36,178,000**
Per kg cost	**=**	**10.55 cents/greasy kg**
Cost per bale	**=**	**$ 18.76**

Source; Wool buyers and exporters survey.

26) Sea Freight

Calculated sea freight is the cost of the individual destination freight rate per TEU/20ft FCL adjusted to the percentage share of the export market. With Chinese and most Asian destinations rates in USD, large cost fluctuations can occur during any one reporting period.

The freight rates include the Documentation Fee, Port service charge (PSC), Terminal Handling Charge (THC), Equipment Handling Charge (EHC), Security surcharge (SSP), BAF and lift on lift off (LOLO).

Not included are any Peak season surcharges (PSS).

Export destinations for Australian wool during the 2009/2010 financial year.

China	**75.2%**
India	**8.0%**
Czech Republic	**3.2%**
Italy	**3.0%**
Taiwan	**2.9%**
South Korea	**2.7%**
Thailand	**1.3%**
Others	**3.7%**

Delivered China sea freight rate is a weighted average to represent average cost of arrivals at ports of Zhangjiagang, Shanghai, Jiangyin, Ningbo and Xingang, from both west and east coast ports of Australia at the rate of $ 832:00 per TEU/20ft FCL.

Delivered to other Asia destinations sea freight rate weighted to represent average cost of arrivals at ports of Keelung, Busan and Bangkok/Laem Chabang from the east coast ports of Australia at the rate of $ 925:00 per TEU/20ft FCL.

26) Sea Freight (cont.)

Delivered India sea freight rate is a weighted average to represent average cost of arrivals at ports of Nhava Sheva and Kolkata from both east and west coast ports of Australia at the rate of $ 1,788:00 per TEU/20ft FCL.

Delivered to Europe sea freight rate is a weighted average of containers delivered to Italy and the Czech republic and is calculated to be at the rate of $ 2,650 per TEU/20ft FCL.

Increased volume into the cheaper freight rate destinations such as China placed an overall reduction in the sea freight activity item. Also the impact of the global financial crisis placed pressure on the competitiveness of shipping companies forcing a reduction in cost of sea freight to most major export destinations since mid/end of 2008.

The total average sea freight rate for all destinations for the 2009/2010 season was estimated at $ 1,035:00 per TEU 20ft FCL. An average gross weight of 18147kgs and 102 bales per FCL was used for calculations.

Cost per head	**=**	**25.67 cents per sheep**
Total Sea Freight Cost	**=**	**$ 19,564,000**
Per kg Cost	**=**	**5.70 cents/kg**
Cost per bale	**=**	**$ 10.15**

Source; Export destinations - AWEX 2009/2010 statistics.
Freight rates - supplied by an exporter's actual cost figures survey.
Wool buyers and exporters survey.

27) Insurance – Local, Marine and Port to mill

This insurance activity item applies to all wool purchases made from the "fall of hammer" to arrival at the final destination overseas. The premium is charged on a value generated by combining the value of greasy wool, the post sale charge, shipment preparation, sea freight and transport to mill from overseas wharf.

In 2009/10 the post sale premiums including store, marine and transport insurance was calculated at 0.09% of total gross value.

Cost per head	**=**	**2.16 cents per sheep**
Total insurance cost	**=**	**$ 1,643,000**
Per kg Cost	**=**	**0.48 cents/ greasy kg**
Cost per bale	**=**	**$ 0.85**

Source Wool buyers and exporters survey.

Activity Items

SECTION 7 – SHIPPING AND EXPORT

28) Transport to Mill

This activity item covers the cost of the freight component and all local charges for exiting the overseas wharf to the final destination of unloading at the purchasing mill.

Arrival Country	Percentage Flow	Local Average FCL Rate & local charges.	A cents/kg
China	75.2 %	3,750 RMB	3.65
India	8.0 %	42,645 RUP	6.12
Europe major	6.2 %	695 EUD	6.30
Taiwan	2.9 %	18,300 TWD	3.97
South Korea	2.7 %	472,000 KWN	2.76
Thailand	1.3 %	10,250 BAHT	2.16
Others	3.7 %	Various	6.65
TOTAL	100.0 %		4.09 ac/ kg greasy

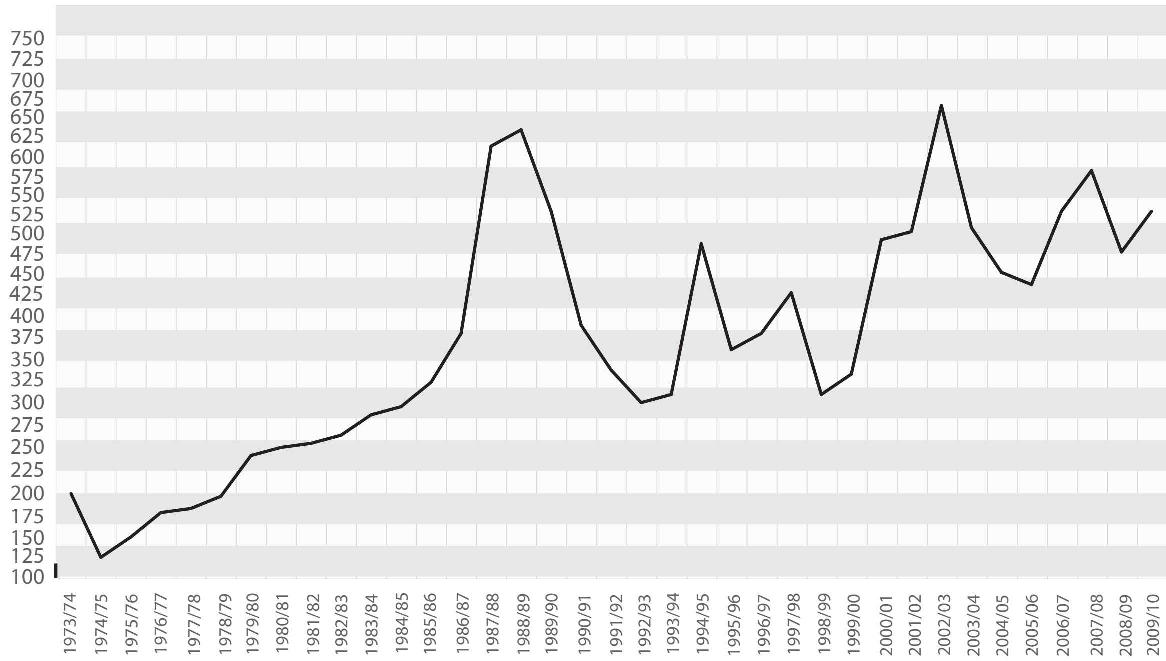
Cost per head	=	**18.41 cents per sheep**
Total O/S transport cost	=	**$ 14,029,000**
Per kg Cost	=	**4.09 cents/greasy kg**
Cost per bale	=	**$ 7.28**

NOTE: Exchange rates used for conversions were an average of the period of July 2009 to June 2010.

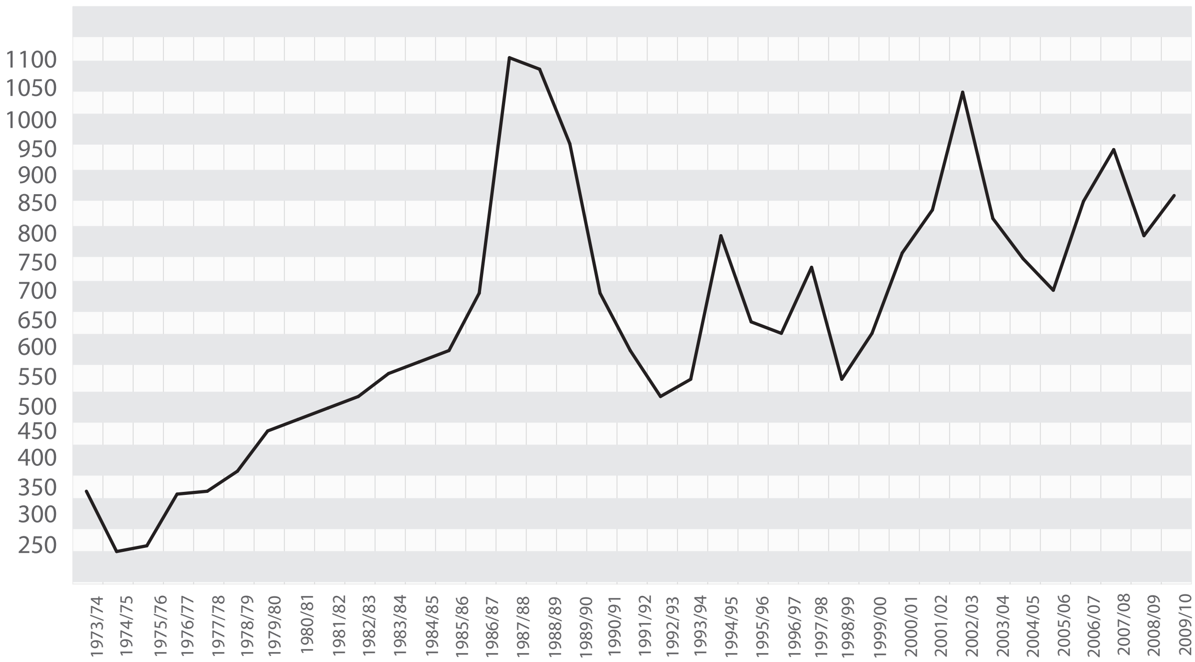
Source; Wool buyers and exporters survey.
Australian Bureau of Statistics
AWPFC report 2009/10
Various freight forwarders.

Wool Pricing
Historical Charts

Seasons average greasy price 1973 to 2010
cent per greasy kilogram

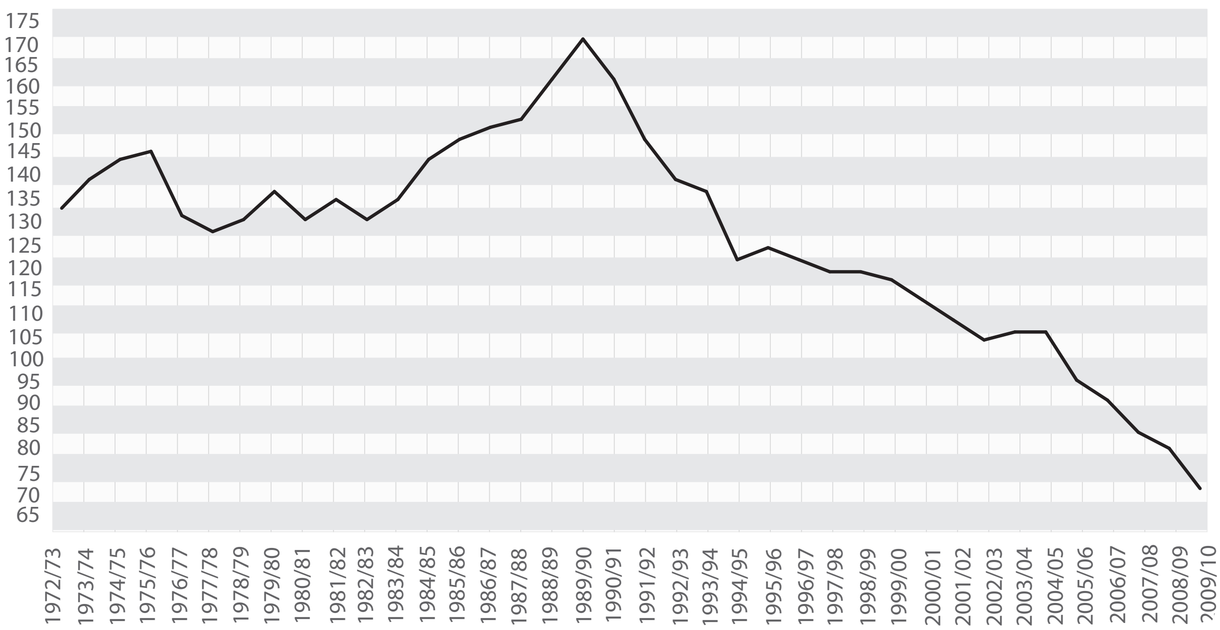


Eastern Market indicator 1973 to 2010
seasonal averages
cent per clean kilogram

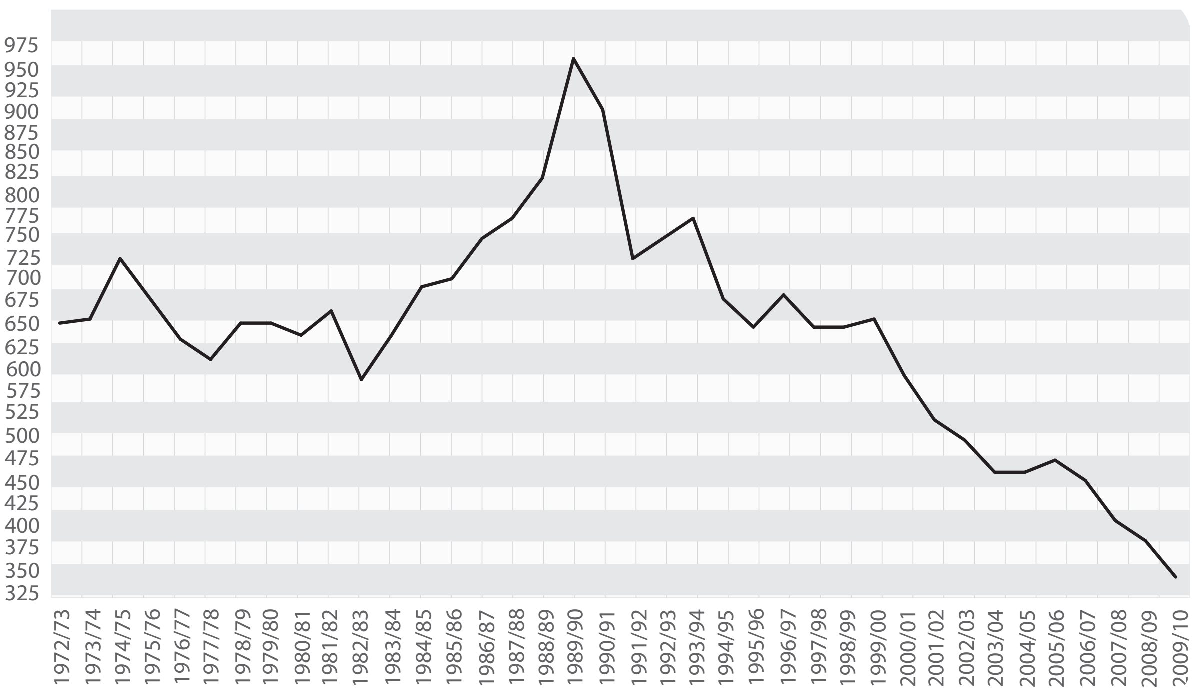


Wool Production
Historical Charts

Sheep numbers 1972 to 2010
millions



Shorn Wool Production 1972 to 2010
millions of greasy kilograms



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