



Australian Government
Australian Bureau of Agricultural and
Resource Economics and Sciences



Decline in the wool industry: the changing agricultural scene

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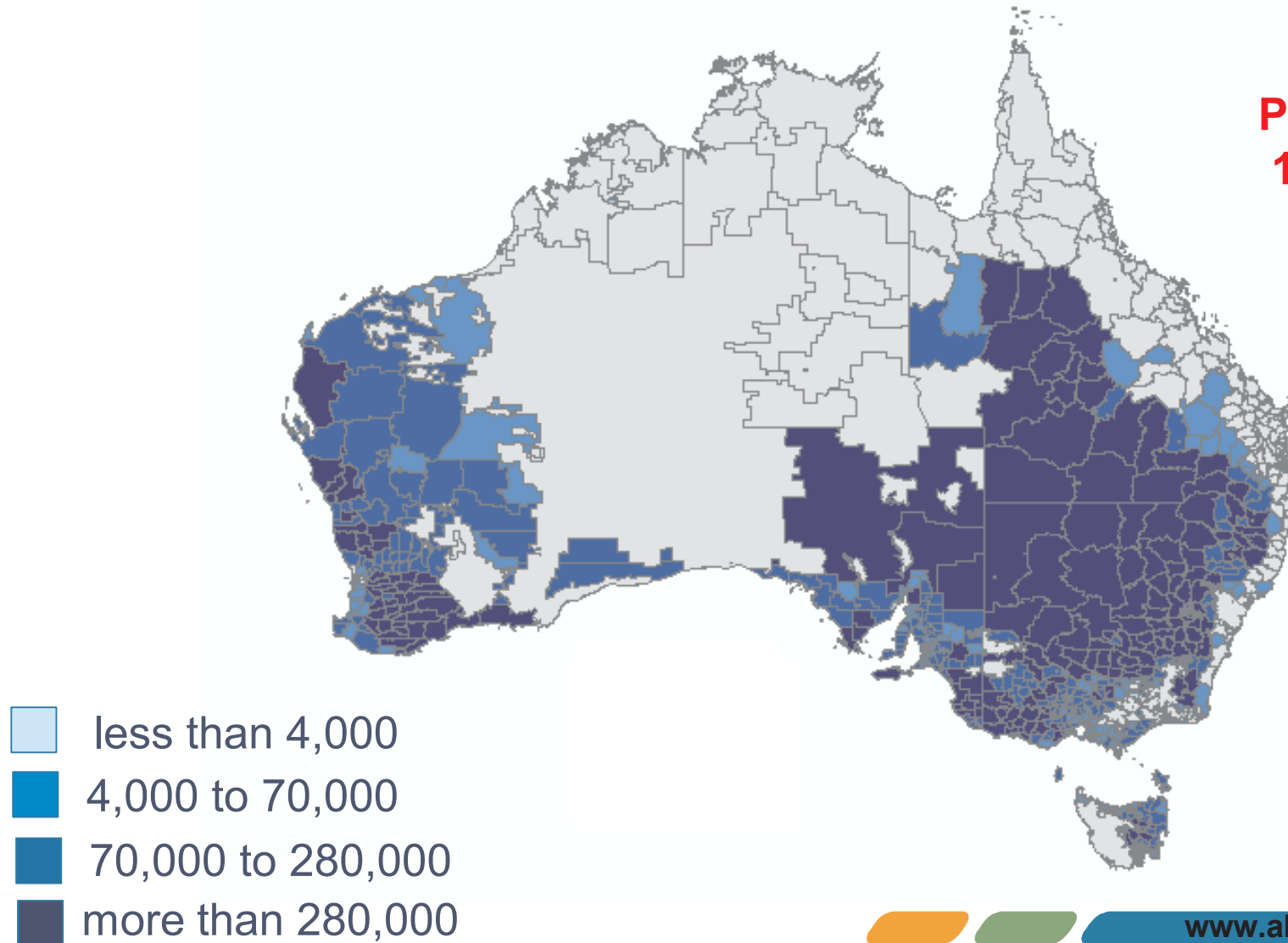
www.abares.gov.au

The big picture

- **Sheep population thinning**
- **Wool earnings less important**
- **Farm incomes driving change**
- **Reflected in changing micron profile**
- **Some challenges facing wool**

Sheep per statistical local area 1987

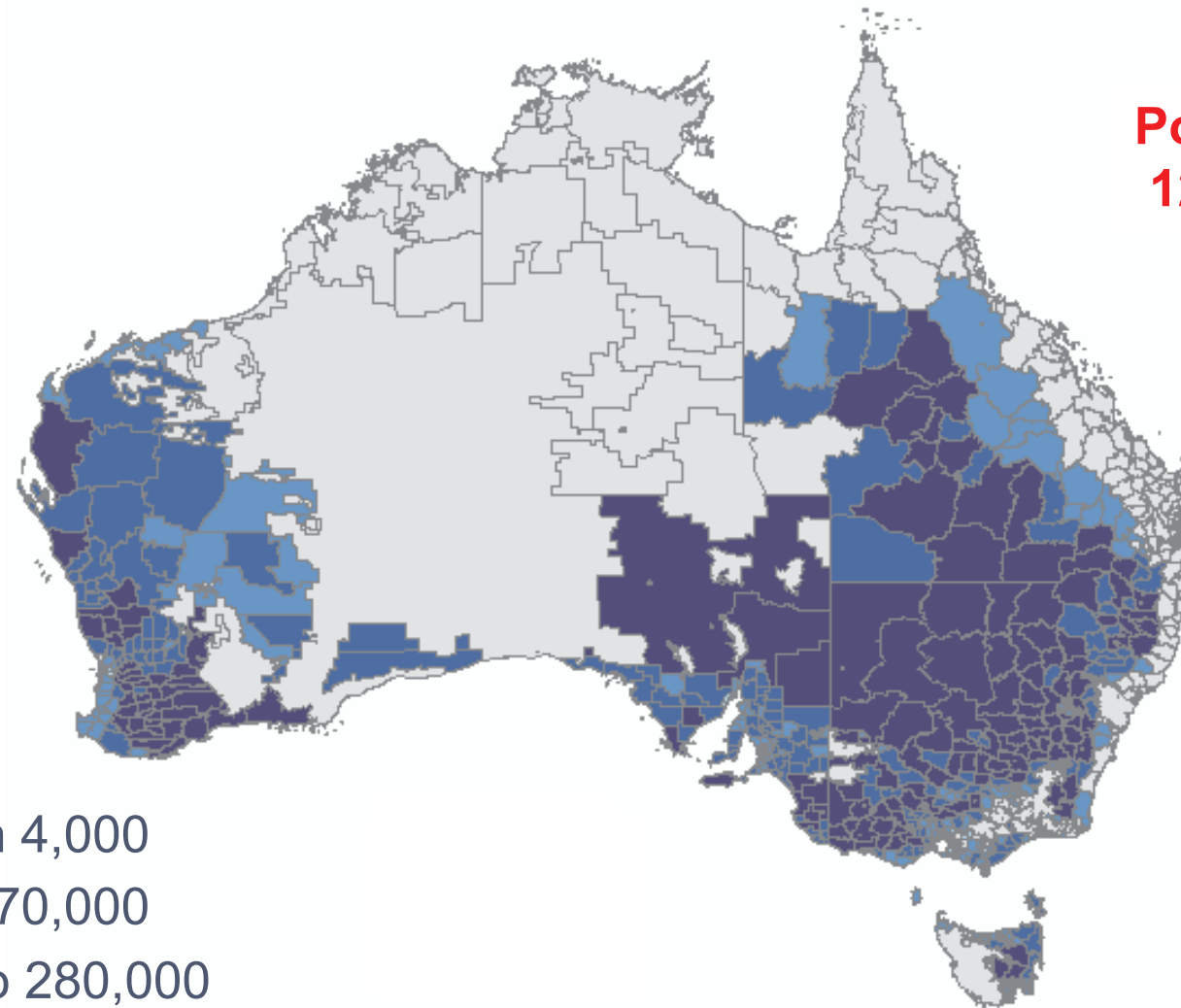
Population
153 million



Source: ABS

www.abares.gov.au

Sheep per statistical local area 1997



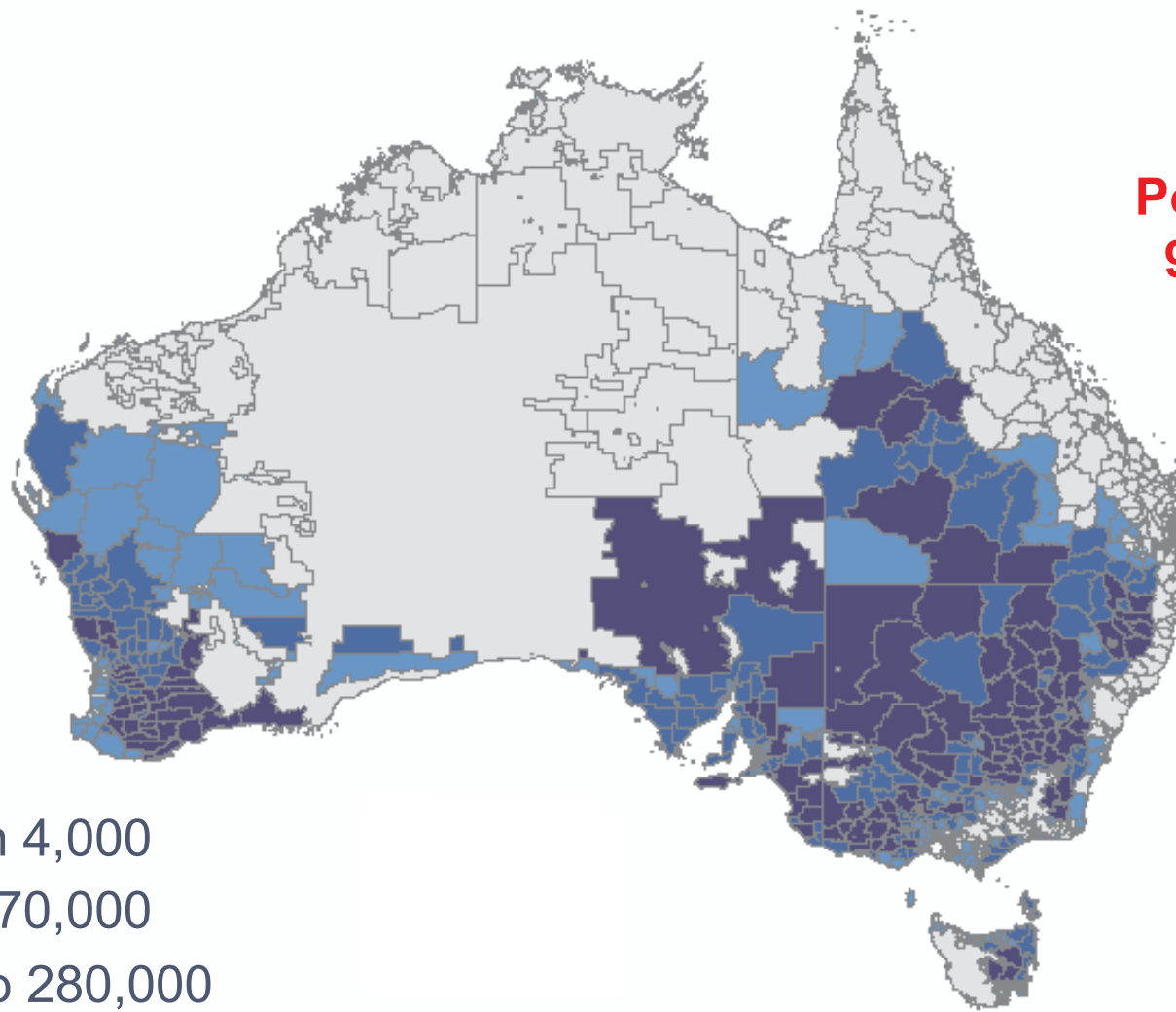
Population
120 million

- less than 4,000
- 4,000 to 70,000
- 70,000 to 280,000
- more than 280,000

Source: ABS

www.abares.gov.au

Sheep per statistical local area 2006



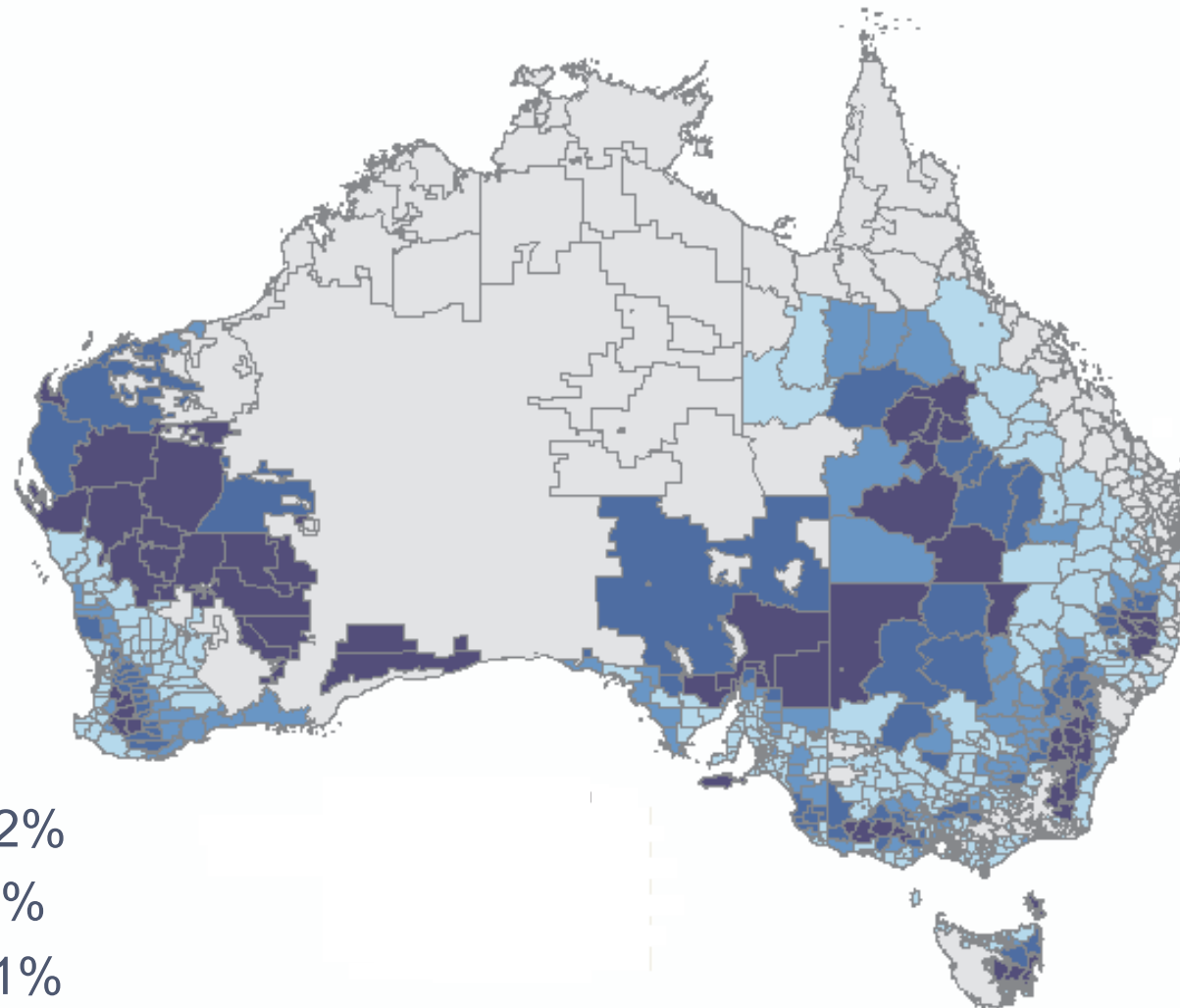
**Population
91 million**



- less than 4,000
- 4,000 to 70,000
- 70,000 to 280,000
- more than 280,000

Source: ABS

www.abares.gov.au

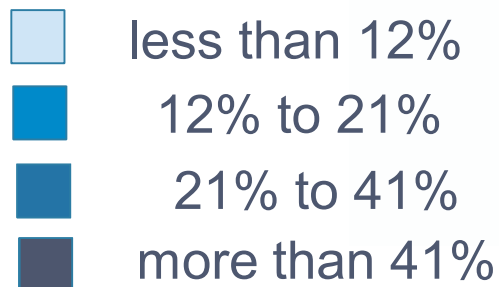
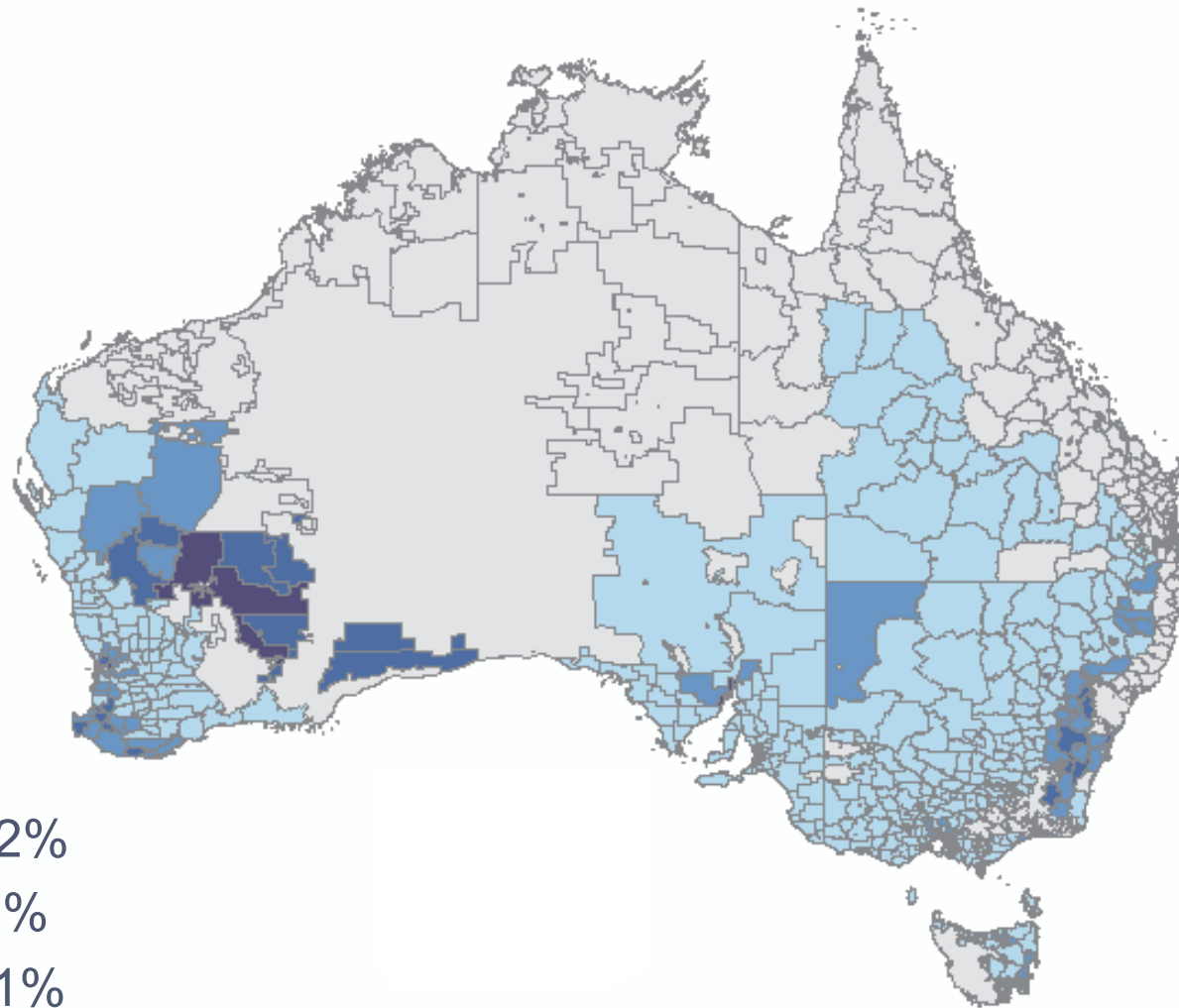
Wool share of agriculture GVP - 1997



-  less than 12%
-  12% to 21%
-  21% to 41%
-  more than 41%

Source: ABS

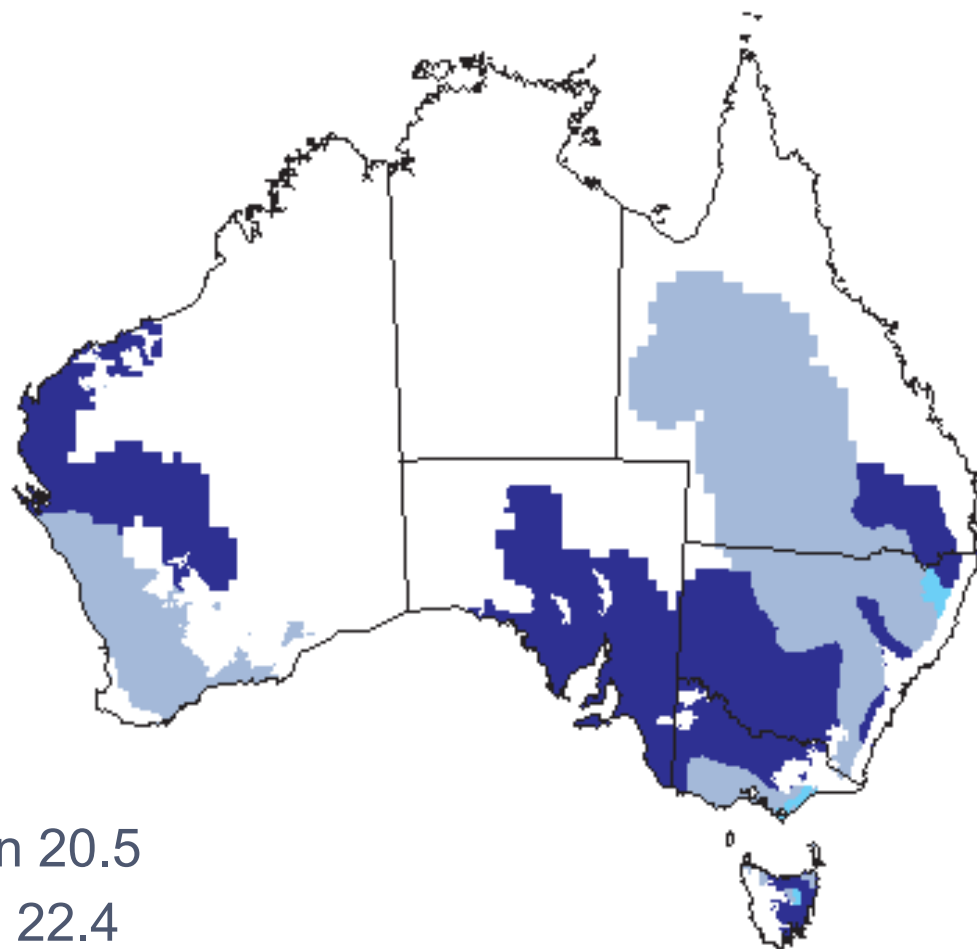
Wool share of agriculture GVP - 2006



Source: ABS

www.abares.gov.au

Micron per statistical local area 1993

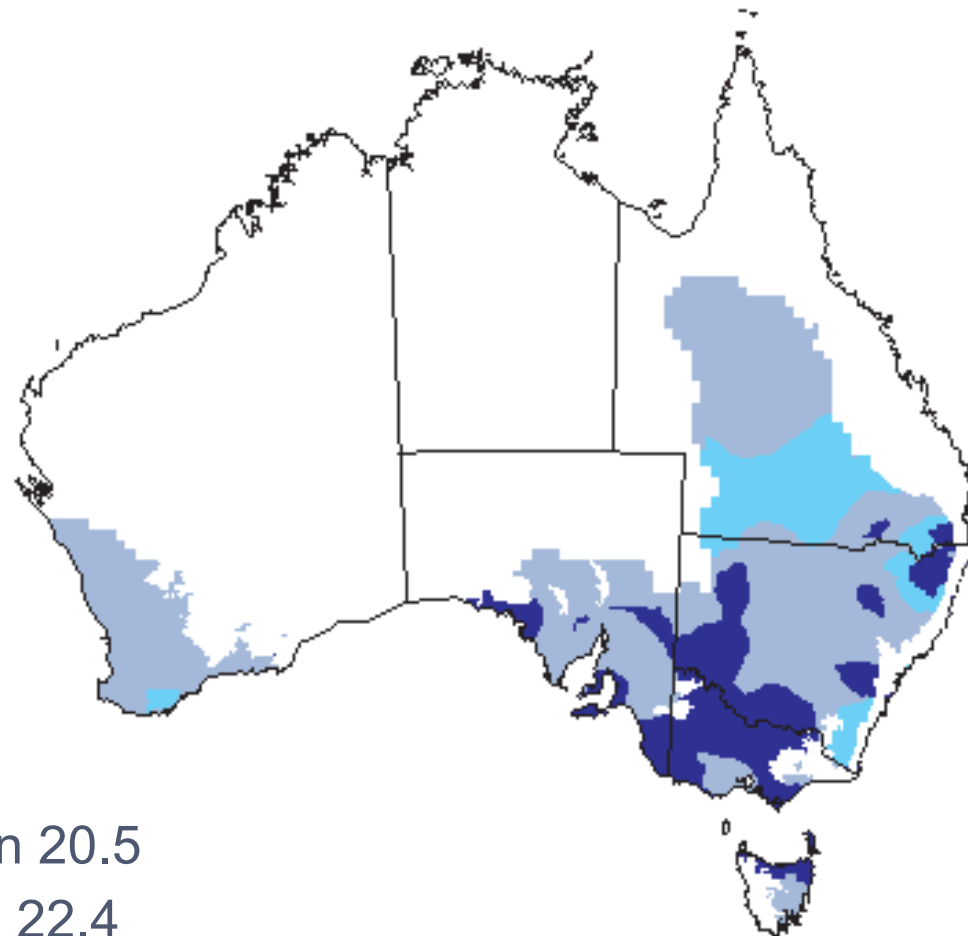


- less than 20.5
- 20.5 to 22.4
- More than 22.5

Source: ABARES

www.abares.gov.au

Micron per statistical local area 2008

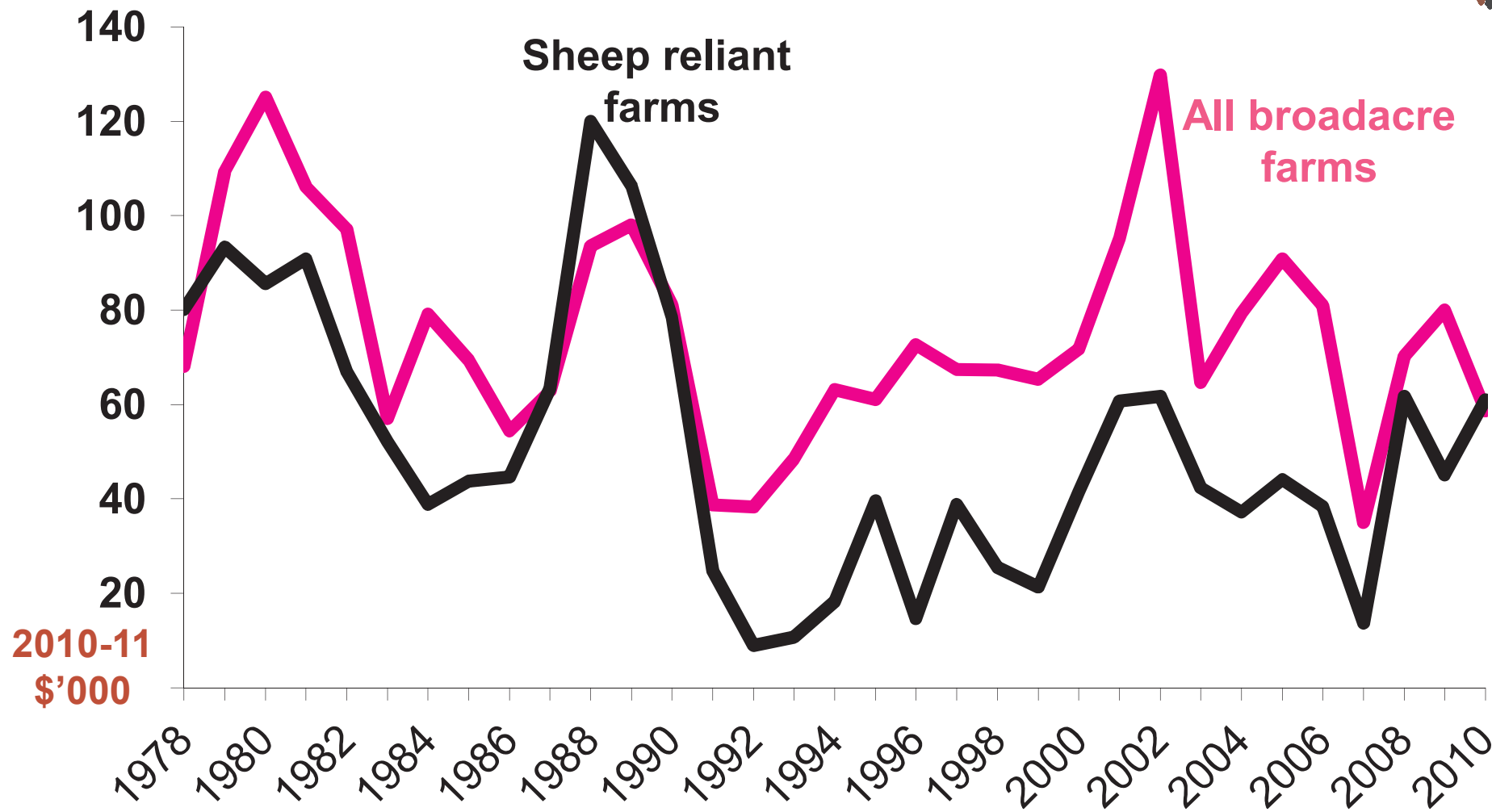


- less than 20.5
- 20.5 to 22.4
- More than 22.5

Source: ABARES

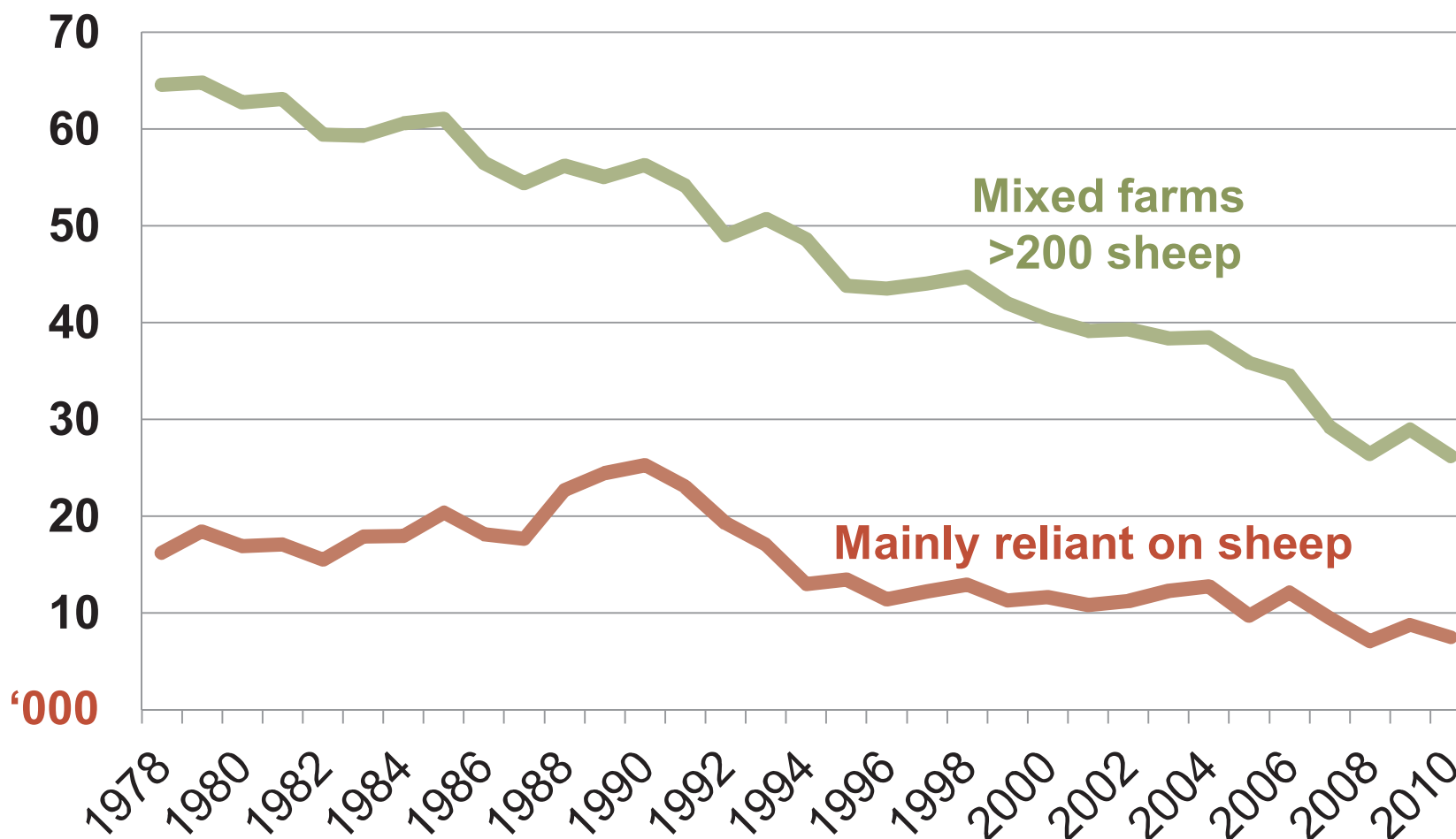
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Farm cash income



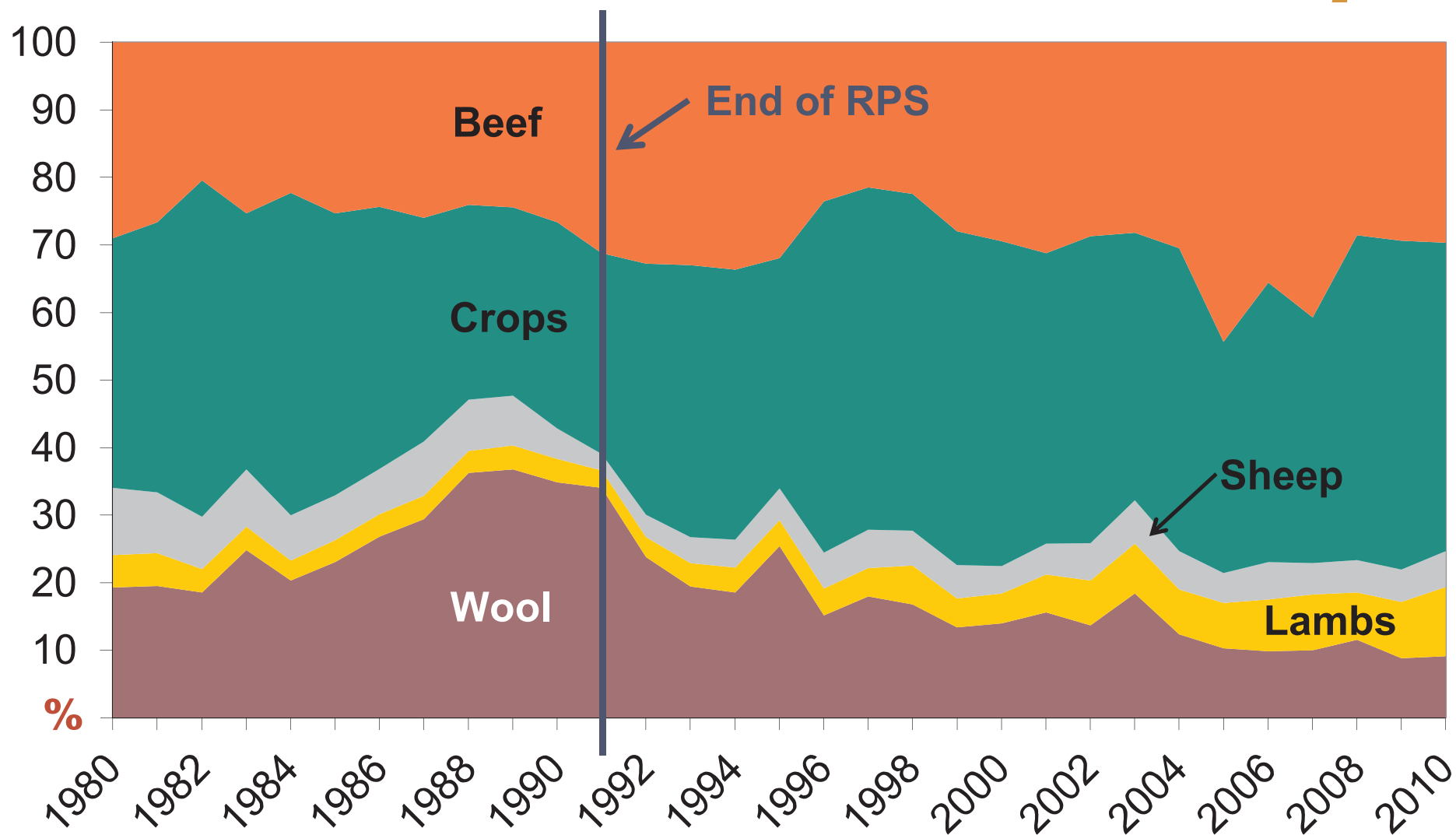
Source: ABARES

Number of farms



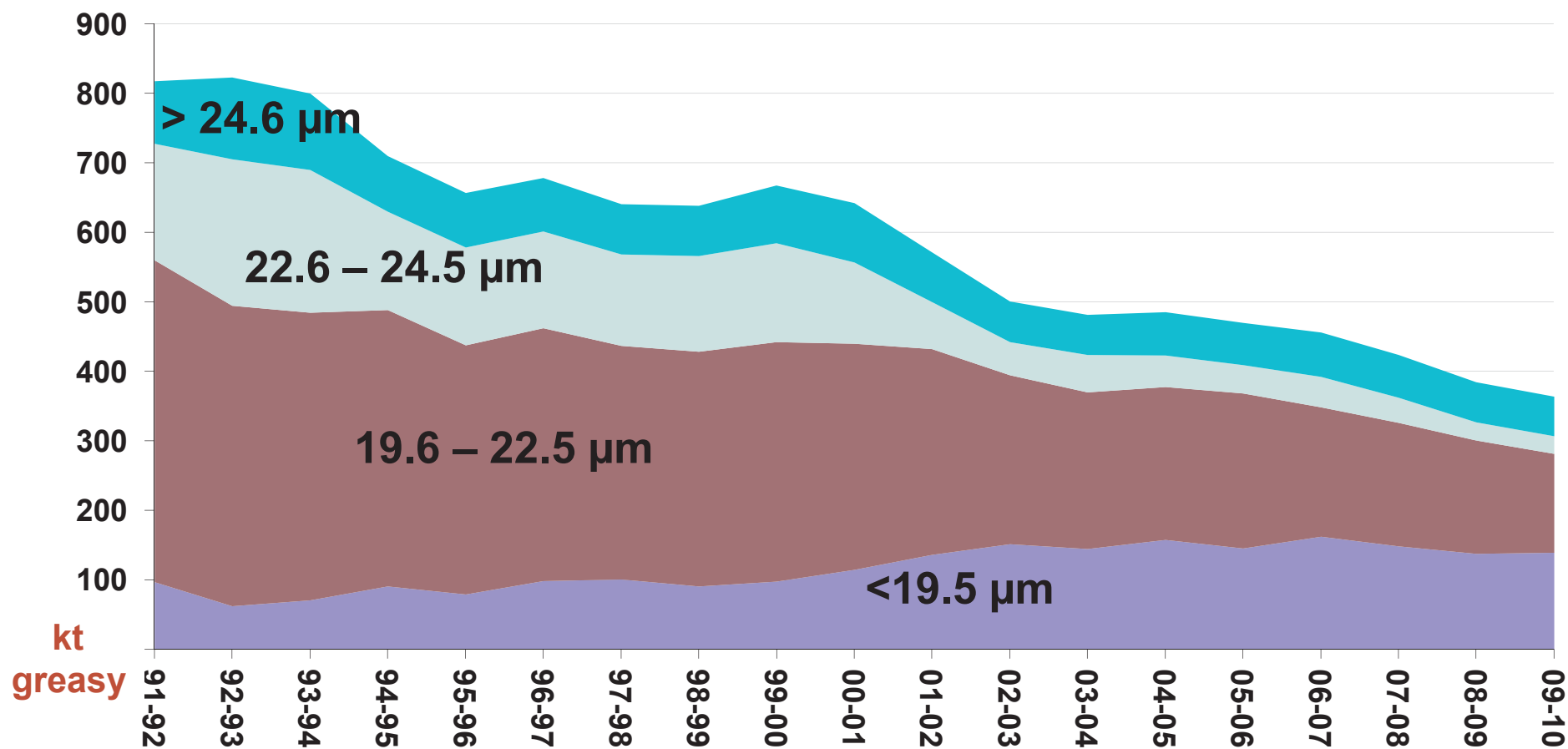
Source: ABARES

Sources of broadacre farm receipts



Source: ABARES

Micron profile of wool clip

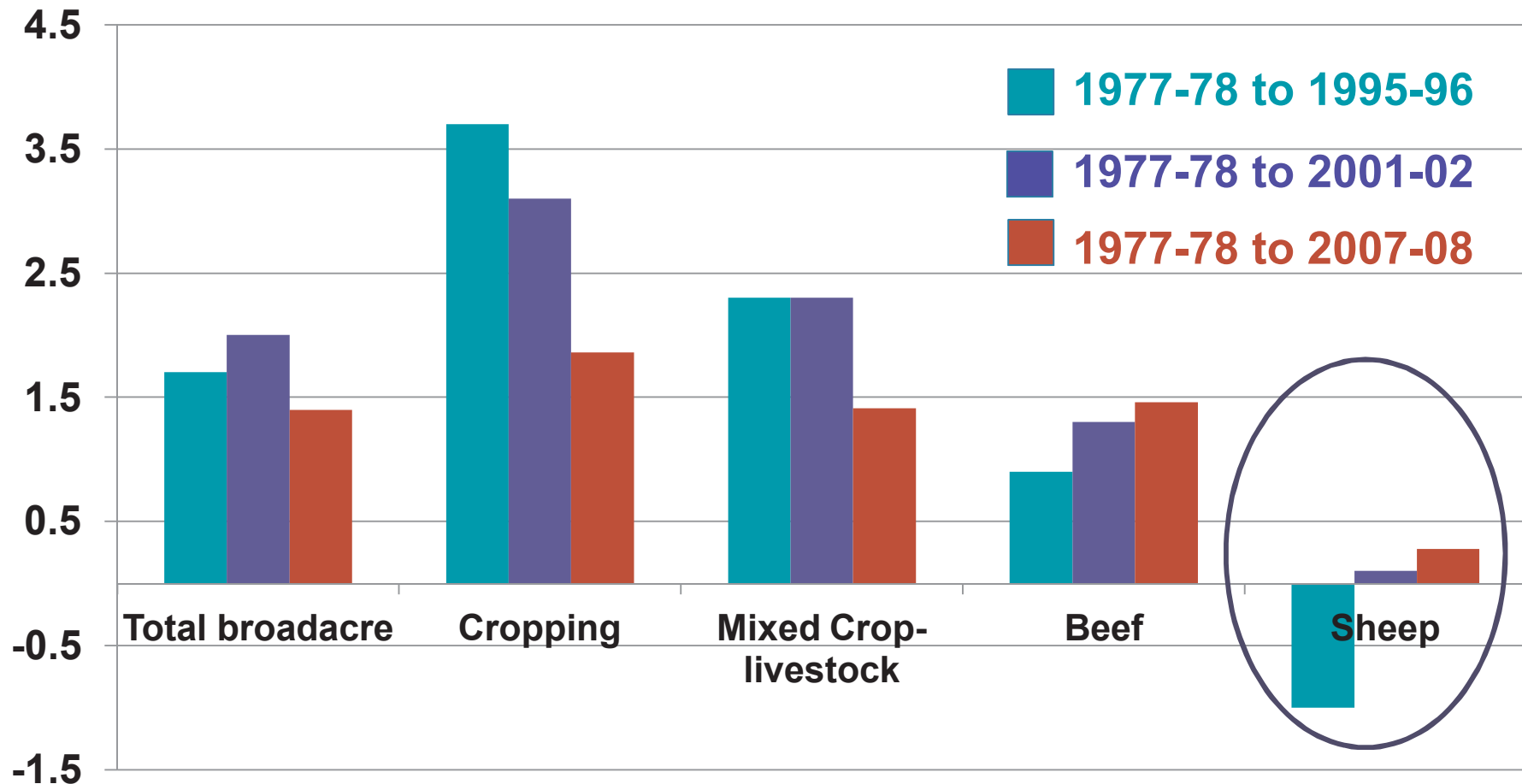


Source: ABARES

www.abares.gov.au

Productivity growth - poor but improving

Average annual total factor productivity



%

Source: ABARES

Wool – a shrinking market niche?

- **Consumers are largely fibre indifferent**
 - looks & prices are what matter -- retailers stock accordingly
- **Synthetic prices falling relative to wool**
 - manufacturers substitute to meet price points
- **Increasing competition for consumer dollar**
 - recreation, travel, electronics, eating out, medical care, services
- **Market segments favouring wool in decline?**
 - ageing populations, less disposable income, less formal fashions

Conclusions

- **Farmers re-rated wool permanently**
- **Productivity gains harder for wool**
- **Prospects of supply turnaround slim**
- **Wool losing market share**
- **To remain a pricy niche product**



Thank you

