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Direct wool buying gives farmers flexibility

A range of selling options gives choice and is proving attractive to the country's wool growers.

DIRECT buying is hitting the right chord with farmers, resulting in a huge increase in turnover over the past few years for New Zealand wool exporter Masurel Direct, says managing director Peter Whiteman.

Masurel Direct's parent company is Segard Masurel, a family owned, global wool company that has exported NZ wool for more than 100 years and has operations in Australia, Belgium, France and South Africa.

Mr Whiteman says the company offers a suite of options to farmers so farmers have the choice to sell directly to it, go to auction (it launched its own auction catalogue last year) or forward contract (locking in current price even though not shearing until January or February).

"It's about giving growers choice," he says.

"A lot of farmers have a strong preference for selling directly to us, they like the concept of selling to one of the major exporters directly with no middle men involved and they get good feedback about the market and what's happening overseas.

"A lot of farmers have been starved of knowledge over the years from selling through brokers who don't really have the intimate market knowledge that we have being at the coalface with our clients every day." A recent farmer vote on the Meat and Wool NZ levies saw the wool levy dropped, which Mr Whiteman says is a shame.

"It's a sad day that farmers have taken such a drastic measure to forgo the levy for the farmer-good operations that Meat and Wool does. But they didn't get any choice as far as the vote - it was either yes or no. The no vote was a very strong message to farmer politicians to stay out of commercial market business," he says.

"They were trying to reinvent the wheel all the time. This sends a strong message to keep out of that, but farmers only had one vote. I think if given the choice to maintain onshore farmer-good activities, the result might have been

different." Mr Whiteman says he's confident the industry can step in and help fund some of the programmes lost without the levy, such as shearing and wool-handling training. But he says there also needs to be more offshore promotion of wool.

"There is a whole generation of northern Europeans and Americans who just don't know about wool. They have no concept of fibre differentiation in their purchasing decisions, they just buy a nice colour or whatever suits them. When we stopped promoting wool after the McKinsey Report in 1990 it was the beginning of the end. Consumer awareness of the virtues of crossbred wool has been lost." But there's no need to change the internal structure in NZ, he says, just better support for a body called the International Wool Textile Organisation (IWTO), which includes processors, exporters and many retailers.

"This industry body is a worldwide industry forum for wool. They're doing some good work now to try and right some of those wrongs. But like anything, there are budget constraints." One of its success stories is the win against a 100 per cent synthetic US carpet branded The Wool Range.

The IWTO stepped in and forced an embarrassing name change after an American carpet maker premiered its new product at a large US flooring show. However, it is still using wool as a benchmark with the new name "couture inspired by wool". The IWTO said the highly active synthetic carpet sector was effectively destroying the New Zealand woolgrowers' years of investment with that sort of market-place subterfuge.

The global recession isn't helping either, Mr Whiteman says.

"When we talk New Zealand crossbred wool, we talk mostly carpet wool, which suffers for its quality in an economic downturn - consumers delay their decision because our carpet is so durable.

"The recession had a severe impact on wool last year but this is slowly coming back now. Some of the local carpet manufacturers are seeing moderate increases in demand and are lifting production from last year's low levels. It's not going to happen overnight, but the signs are much better for a sustained recovery in crossbred wool prices."



Direct approach: Masurel Direct managing director, Peter Whiteman, left, with wool buyers Paul Gale (in ute) and Brent McKay and wool manager Scott McLeod.

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eat potential especially because it produces that ab and is a lot more tions than other breeds." p sells rams around the island and Waikato.

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