

Report
from
Biella
Masters of Noble Fibre
students
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New Zealand



The name alone is enough to stir the imagination of people everywhere and many long to visit this wild, exotic land famous for its splendid landscapes and invaluable natural heritage.

From the enchanting tropical setting of the Marlborough Sounds to the boundless plains with their infinite shades of green, from the rugged cliffs of the east coast to the snow-capped peaks of Mount Cook and further south to the land of fjords, the varied and unique spectacle that this country presents to the eyes of the eager traveller is breathtaking. The visitor is cast into a surreal dimension where, however, he detects a certain familiarity, as if an ancestral sense of belonging lies deep within his soul.

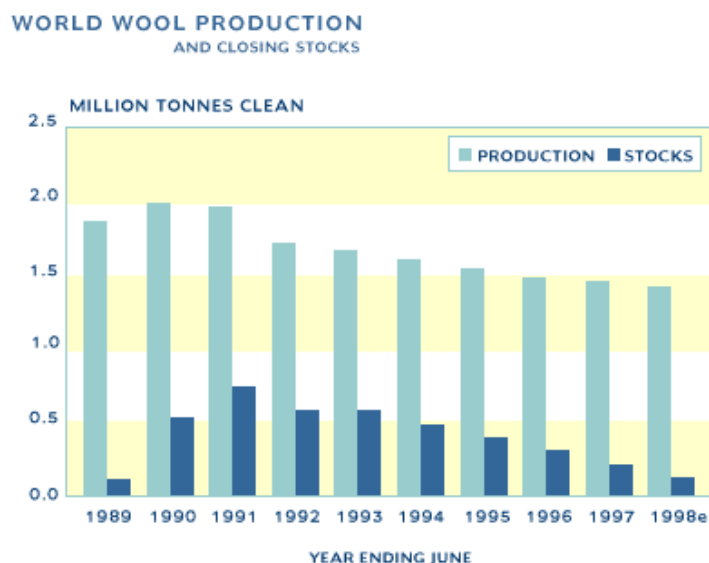
In recent years the cinematic trilogy of “Lord of the Rings” by Peter Jackson has further celebrated and consolidated this image, enveloping New Zealand in a legend where the country possesses an almost dream-like quality , at the extreme edge of experience, within the realms of the fantastic: in a word, “wondrous”. Such a vision is almost perceived as a “non-place” (like Peter Pan’s Isle of Never Land), somewhere that

everyone knows but no one knows exactly where in the globe it is to be found. Any product or name associated with this place basks in the aura and reflected glory of the “wondrous”, and this soon translates into an implicit assertion of quality and prestige. The greater the connection with the land and its natural and traditional resources, such as sheep for example, the more the prestige is deserved and universally acknowledged. Sheep have long been intimately linked to this land where they live, as they have always lived, alongside a considerably smaller human population. Not only do they represent the economy but above all they determine the lifestyle and fundamental outlook of the people. We had a unique opportunity to enter this exciting new world, an experience that was enhanced by the people who welcomed us into their daily lives, giving us an insight into the passion which they bring to their work: it was only a week, but a week that was packed with intense emotions and sensations.

The New Zealand market

Sheep. The natural icon of New Zealand. With 44 million head in the country, and a ratio of sheep to inhabitants of 11/1, New Zealand is one of the most important wool-producers in the world. The volume of trade with regard to the export of New Zealand wool overseas is worth about 798 million NZ\$ (about 360 million euro) every year. 3% of the revenue from exported merchandise in New Zealand is derived from wool.

These figures form part of a global scenario outlined in the following graph, in which a substantial decline in volumes is evident owing to the various economic and productive factors also affecting the New Zealand wool market.



New Zealand has six principal breeds of sheep out of a total of thirty, bred both for wool and meat. The New Zealand Romney is the most widespread breed and represents 58% of the national total. Together with the Coopworth and Perendale breeds it is used for the production of Crossbred wool, a coarse typology sought by the manufacturing sector for the production of carpets or furnishing fabrics. The first breed of sheep to be introduced from Europe, however, was the Merino, ideal for the production of the finest wool, earmarked for the high quality textile/clothing industry. Two other important breeds are the Halfbred and the Corriedale, derived from crossbreeding with Merino sheep to produce wools with greater mechanical resistance, and which provide the textile/clothing industry with a product that performs differently from the finer Merino wool.

The supply of New Zealand wool, therefore, includes a wide range of products defined in terms of the micron size of the fibres as shown below:

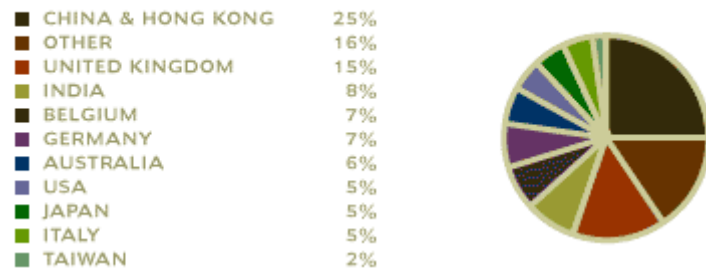
- Crossbred wool with a diameter of usually more than 31 microns
- Halfbred and Corriedale ranging from 25 – 31 microns
- Merino wool with a diameter of less than 24 microns

Data collected by the Agricultural Census Survey interestingly demonstrates how the number of Merino sheep, during the Eighties and Nineties, increased by 32% to the detriment of other breeds, proof of the increasing demand for fine and precious wools by the textile/clothing sector for the manufacture of luxury articles.

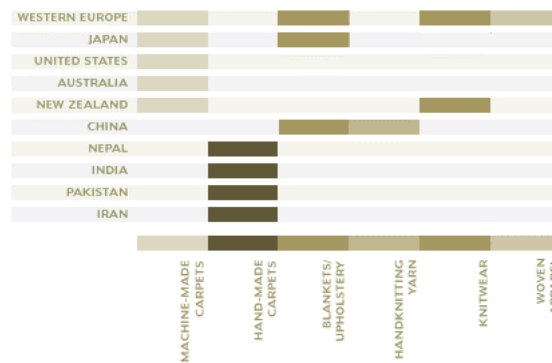
| Breed | 30 June 1984 | | 30 June 1989 | | 30 June 1996 | | % change from 1989 to 1996 |
|------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|----------------------------|
| | Number of sheep | % of total flock | Number of sheep | % of total flock | Number of sheep | % of total flock | |
| Romney | 27.7 | 40% | 27.7 | 46% | 27.5 | 58% | -1% |
| Coopworth | 13.5 | 19% | 7.6 | 13% | 4.9 | 10% | -36% |
| Perendale | 10.6 | 15% | 4.8 | 8% | 3.1 | 7% | -35% |
| Corriedale | 3.8 | 5% | 2.7 | 4% | 2.6 | 5% | -4% |
| Merino | 1.4 | 2% | 2.5 | 4% | 3.3 | 7% | 32% |
| Halfbreed | 2.5 | 4% | 2.3 | 4% | 1.8 | 4% | -22% |
| Other | 10.2 | 15% | 13.0 | 21% | 4.2 | 9% | -68% |
| Total | 69.7 | 100% | 60.6 | 100% | 47.4 | 100% | -22% |

90 % of New Zealand wool is exported to more than 50 countries all over the world. China and Hong Kong have been the leading markets in recent years, followed by Western Europe, Japan, Turkey, India, Nepal, Australia and the United States.

NEW ZEALAND WOOL FIBRE EXPORTS



Each typology of wool, on the basis of its characteristics, is earmarked for a specific production sector so the end uses vary greatly as shown in the following table.



END USES OF NEW ZEALAND WOOL



Besides breeding sheep for the production of wool, growers have in recent years begun to sell an increasing number of sheep for meat. The two practices have always run in parallel, with a view to the complementary management of the farms throughout the

year. Today the instability of the price of wool on the market means an imbalance between the costs that farmers have to meet in order to breed the sheep and their revenue from the auctions, hence a growing tendency to breed for meat, a market where quotations are generally stable and more lucrative.

By the express wish of New Zealand growers an organisation has been established called “Meat & Wool New Zealand”, whose purpose is to monitor this phenomenon; from their annual reports it has emerged that the export of meat (beef, sheep, venison) represents the second most important segment of national exports with a turnover of \$4,7 billion in 2002/03 (beef & sheep meat)

| Reliance on Exports | | | |
|---------------------|-------------------------------|-------------------------------------|---------------------------------|
| | Exports as % of NZ Production | NZ Production % of World Production | NZ exports % of World's Exports |
| Sheepmeat | 90 | 7.0 | 51 |
| Beef & Veal | 83 | 1.3 | 9 |
| Wool | 88 | 14 | 29 |
| Dairy | 95 | 3 | 33 |
| Venison | 96 | - | 80 |

However, in the mid-Nineties the breeding of cattle and sheep for meat recorded a substantial reduction in the number of sheep and cows in favour of the breeding of deer which increased by 53 %.

A country whose income from one sector is almost entirely dependent on exports to countries all over the world, is naturally tied to the health of the global economy. As is happening in other sectors, the demand for wool is undergoing considerable changes. We are witnessing the reallocation of the wool industry to the emerging countries (China especially) to the detriment of those with a strong tradition of wool manufacturing (Western Europe) and this signifies the development of new

relationships based on different sales mechanisms and the need to deal with markets with continually evolving requirements in terms of product valuation. From the latest surveys carried out worldwide it has emerged that the end consumer's perception of wool products is increasingly associated with concepts such as old-fashioned, traditional, "out-of-date", greatly affecting what customers choose to buy. The trend is towards innovative fibres that are more closely linked to fashion and its unpredictable evolutions. Consequently organisations have been set up in New Zealand in recent years whose task is not only to coordinate on-farm activities but also to put the New Zealand Merino brand back on the market by means of promotions, marketing and in particular research and development. Established thanks to private and public financing, the Merino Company and Merino Inc. complement each other in this task. These two companies act as the mouthpiece of a nation that has resolved to throw itself into the breach, using the most up-to-date and efficient marketing tools of the contemporary world: communication and dedication to product image .

New Zealand Merino Company

The New Zealand Merino Company is a joint venture wool services company that combines the wool production business of the New Zealand growers with marketing operations, by providing of a chain of services supplied by the head office of Merino New Zealand Ltd and using the logistical and wool-selling skills of Wrightson Ltd. 65% of the share capital is held by the growers and 35% by Wrightson Ltd. Merino NZ started out in 1995 as a society for the coordination of industrial development, dedicated solely to the marketing and promotion of Merino NZ wool.

In 1996 the New Zealand Merino brand was launched with an intensive marketing campaign and continues to grow in strength by concentrating on the promotion of three closely related key themes:

- Merino NZ wool is to be produced specifically for leading textile companies all over the world
- The history of Merino in NZ wool is surrounded by an aura of romanticism deriving from the extraordinary and unique natural setting in which it has developed, together with the strong personal dedication of the growers to their work which characterizes their lifestyle.

- The characteristics of Merino wool are unique in their kind and benefit from the exclusive natural environment in which the sheep are bred.

The intention is to consolidate the Merino New Zealand trademark, introducing it on to the international fashion market by means of brand partnerships with design houses and well-known textile brands.

Substantial changes are being made by the NZM Company in the way NZ Merino is presented to the market; the aim being to strengthen the sense of national identity among growers by creating a communications network which will help them to understand how the high quality of the product at the end of the textile process, is closely linked to their skills and to the breeding conditions of the sheep. The achievement of this objective is supported by a corollary of integrated projects such as investments in technology, research and development, marketing and the development of appropriate partnerships. It is an interesting idea to support a primary economic sector, which was visibly slowing down, by associating it with the image of a country that has in the meantime been acquiring greater credibility all over the world. So the essential commercial lever is no longer simply the high quality of the product but the culture and tradition of the country, in short the typical Kiwi Life-Style.

Merino Inc.

While the Merino Company represents the strategic platform, Merino Inc. constitutes a bridge between growers and the textile industry sector with the objective of improving efficiency and productivity on the farms. In particular, the services provided are : raising financing for production, technological transfer, divulgation of themes connected with the industry and research sector as well as acting as a mouthpiece for Merino growers in their relations with the textile industry sector. Besides, Merino Inc. holds the property rights of the Merino New Zealand brand whose launch, as mentioned before, was entirely entrusted to the MNZ Company, proof of the close cooperation between the two companies.

Two particularly important factors make it easier to understand the spirit of these enterprises: the Wool Classer Program and the New Zealand approach to sales.

Wool Classer Program

Besides commercial strategies, projects which support the growers, especially in terms of communication and updating, are of vital importance. Personalizing the product for customers and becoming exclusive suppliers involves coordination and a thorough preparation during the initial production process. Therefore growers have been given the opportunity to attend specific courses on wool-classing with close reference to product marketing so that they will be better prepared to face the increasingly competitive, specialised and complex market for Merino wool. Traditionally classer training and refresher courses on wool producing skills were very general in content. Now the programmes are more specific so that classing practice becomes an instrument that is of use to consumers and not merely an exercise. An improvement in skills should also lead to a greater awareness of clip preparation in relation to current market requirements so that the potential value of the Merino fibre exported can be exploited to the utmost. Today's classer must be able to identify the best destination in the industry for every single fleece, moreover, should the same grower become an expert classer, clip monitoring being an on-going process, he will be in a better position to make variations should they be required.

Many growers who started out as mere product suppliers have turned into entrepreneurs because they were aware of their vital role within an ambitious and wide-ranging project.

New Zealand's approach to sales

About 60% of the NZM Company products are sold at auctions. In the last five years NZM has made considerable progress in terms of competitiveness but in the last 12 months, a significant reduction in volumes has been recorded together with a drop in purchasing power in NZ. As a result specific problems have arisen with regard to the sales system in the fine and superfine wools sector. In a move to counteract this unfavourable trend, which would seem to indicate a dangerous decline in the present system, a decision has been taken to transfer some of the auction sales to Australia, where it is hoped sales will increase both in terms of price and volume. One of the main problems which occurred under the old system was the lack of competition between

buyers due to their limited number when prices were fixed, which meant that on average prices were 10-15% lower than Australian prices for some typologies of wool.

Therefore a long-standing tradition was broken and the headquarters of NZM auctions, which had always been held in New Zealand, were moved to Melbourne, a city which made sense logistically as well as being a market which could guarantee the best possible publicity for the product, owing to the great variety of wools on offer.

The presence of NZM on the Australian market has facilitated the work of many buyers, giving them an overview of the supply without having to move to different sites, and ensuring higher profit margins as a result of greater competitiveness at purchase. The reaction of the growers to such a radical change has been positive and the project has been largely supported; the main concern voiced is over the 345000 clean tonnes per year which are placed directly on to the Australian market, a much larger quantity than New Zealand's 8000 clean tonnes per year, and the possible risk that their distinguishing features will be lost amid the great variety of products available. However the potential benefits from a commercial point of view would appear to outweigh the risks, and furthermore, it has proved much more important to recognise competitors in the 98% of the market for textile fibres other than wool, rather than in Australian wools where it is more advantageous to cooperate.

The samples of wool destined for auction are sent to Melbourne while actual orders are shipped to the buyer directly from NZ; the price of the auctions is published in Australian dollars whereas payment is converted to New Zealand dollars, on the basis of the current exchange rate on the day of the sales.

The wool which is not auctioned, representing about 40% of the total, is used to meet the requirements of contracts stipulated directly with well-known international brands. At the moment various contracts have been stipulated for several million \$NZ with high-profile firms in Europe, Japan, the United States and New Zealand. The contracts enable the different firms to establish a direct and long-lasting relationship with the MNZ Company for certain typologies of product. This kind of partnership ensures that growers receive a steady supply of orders for several consecutive years at frozen prices, thus protecting them from the effects of fluctuations in the exchange rates.

One such example is the partnership between NZM Company and the US retail brand SmartWool an American firm that has commissioned for several years medium-fine New Zealand Merino wool for their line in socks and active-outdoor clothing and fine wool for apparel and accessories.

This type of agreement has advantages for both parties: the wool producer finds it easier to plan investments in the medium-long term while gaining in terms of image, and the manufacturer is in direct communication with the producer and reaps the benefits of constant monitoring of the raw material.

Most of the programmes are developed with firms that produce active-outdoor wear, since the NZM Company aims to contribute towards a strengthening of the new market sector for sportswear with garments in Merino wool fibre as opposed to polyester and polypropylene. In New Zealand the properties of wool in terms of thermal insulation, absorption of damp and waterproofing are beginning to be appreciated also thanks to emerging national firms like Icebreaker for technical sportswear and Untouched World for sport fashion which aim to differentiate themselves on the market by focussing on new applications of a natural product as renewable and eco-friendly as wool.

These firms propose their products in an interesting and innovative way, their fashionable active-wear collection presented in a young and dynamic context, with the objective of winning over the consumer to a particular lifestyle.

The wool market in New Zealand has adopted a new strategy ; the days when producers of raw or semi-finished materials regarded themselves exclusively as suppliers, are over. Suppliers of raw or intermediate products can no longer count on the guarantees that a consolidated and financially stable end producer used to represent. Today all the links in the productive chain are striving for individuality and independence on the market; by standing out from the others they hope to increase their competitiveness.

During our stay in New Zealand we encountered great optimism with regard to the potential for development of all these projects; our impression was of a solid organisation that has been quick to understand the need to move away from traditional ways and take some risks. Relations between farms, even when they are a long way apart, are very strong, there is a highly developed community spirit and everybody works together towards a common objective. The message has evidently been

successfully conveyed to the growers who, as they go about their work on their farms, are aware that they are being supported by a system which is opening up new opportunities for them.

The wool pilgrimage

- farm culture : a hands-on experience

What does it mean to visit a “sheep-station” in New Zealand?

To say that it is a professional experience would be too narrow a definition. Perhaps the most suitable term to describe it is a “formative adventure”, since it involves the total immersion of mind and body in a world, a culture, a lifestyle that together help to shape and define the quality of a product regardless of mere economic interests.



To cover ground as we did, both figuratively and physically (and as the growers do every day as they manage their “mobs” of sheep) in the heart of this country is probably one of those projects to add to a hypothetical list of things to try in the first half of one’s life. In order to reach a full understanding of the farms and wool production (literally “wool growing”, that is, the “cultivation” of wool, which describes precisely the care and dedication involved in what is more vocation than business) it is essential to take part personally. In this way you witness at first hand the enthusiastic commitment with which the New Zealand “growers” go about their daily work, not only when dealing with their flocks but also when looking after the land that constitutes their property. This often consists of rough foothills where the steep slopes and scrubby vegetation necessitate the use of suitable vehicles such as 4x4 and ATV motor scooters, and if you are on foot you need to be reasonably fit and athletic. However, all one’s efforts are rewarded – though keeping up with a grower is no easy task, take it from us! – with awesome scenery and breathtaking views to stun and dazzle the first-time visitor to these lands.

This setting would appear to have helped create a philosophy of production where quality is a form of culture deriving not merely from the growers’ technical skills but especially from the moral sentiments that lie at the root of their success. Great respect for one’s work and pride in one’s product are the pillars of this structure which is expanding thanks to investments in new technologies, research and development and marketing, and the development of an efficient network of partnerships.

All this is possible thanks to the bridge which the New Zealand Merino Company provides to link the farms with the end market, by means of close cooperation with important brands and firms which add value and prestige to the New Zealand clips. For example, contracts are stipulated where specific quantities of a certain typology are agreed upon with the supplier according to uses and customer requirements. In this way benefits are ensured on both sides, with advantageous and stable prices for the buyer and for the grower a guarantee of continuity also in terms of quality policies and strategic decisions. The value of such connections can be seen in a philosophy defined “High Country to High Fashion”, where the market is linked with the perception of a product born from the sense of vocation which pervades the country, thus acknowledging and recognizing the role played by the growers, who are its soul and

backbone . And soul is the right word in this case . In the pursuit of quality growers will often, out of pride and passion, make what amounts to voluntary sacrifices as there are no financial rewards to justify such devotion and determination in “wool growing”. Although there is a better market today for meat, where profits are undoubtedly more worthwhile, it is not rare to find growers like Ross and Cheryl Mc Kenzie, who passionately believe in the quality and value of what they have been improving year after year for decades now .They breed smaller sheep for a wool that is highly valued for its fineness (between 17 ÷ 14 micron), brightness, evenness, crimp and resistance. Growers usually concentrate on a particular type of wool which becomes their speciality and their pride, and will channel an enormous quantity of effort and resources into obtaining the desired results.

During the shearing stage the wool is classified and typologies identified according to strict criteria and then divided into product categories. Classification is more precise than the Australian standard, the range varying according to parameters of reference , from stronger wools with a bigger diameter and/or high resistance to the finer ones with various combinations on the basis of fineness, length and cleanness of the fibre. This grading is done by professional classifiers who are employed by the growers during the shearing period and also by those growers who have obtained the classifiers’ licence after attending specific courses organised and financed by New Zealand Merino.

During our stay we were able to participate – actively, sometimes – in the sheep shearing process, which includes all the operations leading to the shearing itself, and to crutching which, except for the final shearing, follows the same procedure but where the objective is to clean the dirty hindquarters and head of the animal.

The work of the grower, as he rounds up his flocks in the fields to bring them in to the station, accurately chooses the route and guides each sheep carefully to prevent it getting dirty and ruining its fleece, is a far cry from the bucolic images of tranquillity found in literature, but is rather a continual shouting of orders, a frantic redefinition of tactics with the clever dogs obeying a complex sequence of commands so as to bring to a successful conclusion the operation planned by the “field commander”. At the sound of “wollago”, a variety of whistles and dozens of other commands the faithful dogs, always willing to obey – and sometimes led by instinct to overdo it – play two different roles, according to the training they have received on the basis of their natural

disposition. Barking and chasing, the hunters' task is to push the sheep towards the chosen route, while the headers have the more complex job of keeping the flock together, fetching back the runaways and maintaining control and pace at the head of the flock. Communication with the "troops" sometimes breaks down, however, and it is often necessary to rearrange and reorganise. The number of dogs used varies, depending on requirements, from 4 to 8 and they have to be kept in sight the whole time. Once the station has been reached the main work of shearing begins, requiring thorough organisation if it is to be performed efficiently and effectively. Sheep shearing is carried out once a year in early spring, as the fleece grows more quickly in the warmer season when more food is available than in the winter months.

Shearing is hard work, a tiring and very delicate job which lasts for hours on end using shear machines, electric razors that are noisy and stressful for both sheep and shearers. Sometimes blades are still used, like large scissors, so as to leave a layer of wool on the body when the sheep are shorn while temperatures are still low. Nowadays these have usually been replaced by electric razors with special blades positioned in such a way as to leave a pre-established length of fleece on the animal.

Shearing days involve the entire farm in a combination of hard work and enthusiasm; the family is still the hub of this mechanism where everyone plays an indispensable role if not a central one. During our stay with the Pitts near Mount Gladstone, we were able to observe this marvellous tradition which is passed on from one generation to the next. Beverly Pitts, the lady of the house, made a point of emphasizing that the term "housewife" used in my CV with reference to my mother, was practically obsolete and probably completely inappropriate in New Zealand. More suitable was the term "house manager" or rather "farm manager" given her specific role and that of other women on the farms. And if at first sight this might have seemed pretentious to us or even eccentric we had to admit that the work done by Beverly on an organisational level in terms of logistics and communications was fundamental if not vital. Suffice to say that during the shearing days she was the one who busied herself with the provisioning of the whole group in turns, not to mention arranging transport and supplies and providing accommodation.

All this still does not do justice to the enthusiasm and quality of the work done by the growers who when the shearing was over congratulated themselves on having attained

and even exceeded the required standards with regard to fineness, brightness, resistance and the comfort factor. During our visit to the Ashworth farm, Tim Wadworth emphasized proudly that he had amply exceeded the 100mm of fibre length, explaining to us how all this was possible because the animals enjoyed excellent health, and were not restricted to a special diet to ensure the correct fineness. Demonstrating how the care and dedication with which their sheep are treated reflects on the end result, he produced an expression that perfectly sums up our own impressions and could rightly be adopted as a slogan to advertise the quality of all New Zealand wool : “Well grown, well bred!”