

96/Q06



Producer Research Support

Value-adding sheepskins not without its many pitfalls

Traprock Wool Association



The project

The lure of higher and sustainable prices through retained ownership and value-adding has resulted in many valuable lessons learned by woolgrowers in their Producer Research Support project.

Woolgrowers in the 'Traprock' region of south-east Queensland have been in the forefront of exploring alternative marketing options in a bid to better understand the needs of their customers and lift profitability.

They investigated group marketing in a previous project and learned this was not always the answer to low prices for surplus sheep. In this project they investigated the value adding and marketing of sheepskins with mixed success.

The aims of this new Producer Research Support project were to:

- trial a large number of tanned sheepskins to sell to Wyco for paint rollers;
- develop markets for those skins unsuitable for the Wyco trade; and
- identify other possible sheepskin markets and evaluate Merino sheepskins from the 'Traprock' area for these markets.

Objective

Evaluate through a small trial the supply of tanned sheepskins using the syntan process to fill a contract with Wyco International for the production of pain rollers and explore other markets for sheepskins not suited to this contract.

What was done

The first trial

The emphasis of the first trial was to determine if the type of skins produced in the 'Traprock' area were suitable for the paint roller industry.

"Additionally, we sought to determine the best genetics required to fulfil this role," said team leader Tom Graham.

A number of members provided sheep of different ages, breeds and wool length for this trial.

"The results were both interesting and exciting as this form of analysis, one based on genetics, had not been undertaken previously in Australia," Mr Graham said.

Wyco's response was that the best of the Traprock skins produced some of the best paint rollers they had ever made. "Even to the untrained eye, they looked sensational and performed well," Mr Graham said.

The lure of higher and sustainable prices through retained ownership and value-adding has resulted in many valuable lessons learned by woolgrowers in their Producer Research Support project.

Woolgrowers in the 'Traprock' region of south-east Queensland have been in the forefront of exploring alternative marketing options in a bid to better understand the needs of their customers and lift profitability.

Contact details

Tom Graham
Columba
Gore QLD 4352
Tel 07 667 4151



Key points

- The involvement in such a project has greatly raised the awareness of members to the importance and relevance of value-adding, particularly in relation to their sheep and lamb turn-off. One member sold his lambs and retained his skins.
- General knowledge and experience gained through completing this project.
- Traprock wool will continue to be active in identifying possible markets for its skins.
- Members selling over the hook are becoming more confident with their product, applying knowledge gained through this project and 94/ Q10.
- The ability to gain an increase in value for sheepskins of between \$4 and \$8 through the knowledge gained by undertaking this project.

However the overall results of the trial established that 'Traprock' skins were mostly unsuitable. The reasons for this unsuitability included:

- Merino sheepskins are generally unsuitable for quality paint rollers;
- most wool lengths from the area were shorter than 25 mm. Most of this market demands a longer average wool length; and
- summer grass seed infestation, common to the 'Traprock', affected the hide and wool quality, resulting in poor tanning performance.

The group also identified "ominous signs of obstacles that may lie ahead" when it was found the 'take-off' of skins during the abattoir and tanning processes was not up to an acceptable standard.

"From the results of this trial we could conclude that, genetically, the Downs sheep proved to be the most suitable for this particular market," Mr Graham said.

A second trial

Having made considerable inroads with Wyco during the first trial, Traprock chose to concentrate on providing the company with commercial quantities of suitable sheepskins, seeking to prove if this form of value-adding had any merit.

Mr Graham said if the projected commercial venture was to prove successful, Traprock Wool members would benefit from the value-adding upon sale of their sheepskins, especially those with crossbred lamb enterprises.

But despite each of the four committee members putting in a great deal of time, resources and effort to gain a positive result from this Producer Research Support project, the end result was disappointing from a Traprock Wool member's perspective. However, there were some very positives, Mr Graham said.

Sourcing skins

The committee chose to source their first batches of sheepskins from a nearby feedlot. This would guarantee similar genetics, wool length and ensure there was no seed or burr.

Skin take-off

The project found that Queensland abattoirs have an "appalling reputation" for their sheepskin 'take-off' quality. The first batch presented to Wyco from the abattoir, were described as "very poor".

Knife flays were common, the ears were left on and many skins were badly distorted and out of shape.

"This meant that the skin batches would require grading at some point between abattoir and tannery. This additional handling immediately increases costs and causes a serious loss in productivity with much of the skin rendered unusable," Mr Graham said.

Following consultation with the abattoirs, successive batches gradually improved.



Producer Research Support

MLA Producer Research Support offers support funding of up to \$15,000 over three years for groups of producers keen to be active in on-farm research and demonstration trials.

These activities include:

- Producer Initiated Research and Development
- More Beef from Pastures demonstration trials
- Prime Time Wean More Lambs demonstration trials
- Sustainable and productive grazing grants.

Contact Gerald Martin
Producer Research Support Coordinator.

Tel 08 8556 2900 or
producersupport@mla.com.au

Transport

The salted skins were transported to tanneries and this was always efficient and financially viable.

Tanning

This was a major part of the process in which the results never proved acceptable. The committee used three different tanneries and despite its best efforts the tanneries never achieved the specifications required.

Discussion

Problems included

- Delamination (or Grain Cracking) - unacceptable levels of all skins tanned were effected by this, rendering them unusable.
- Shrinkage - Poor tanning methods and control meant that some batches of skins were badly shrunken.
- Poor management in two of the three tanneries meant communication was "quite difficult".

Wyco

Mr Graham said Wyco's original discussions with the Traprock group centred on the two major problems they had previously encountered. They could not source enough quality skins to meet their requirements and it required time, effort and cost to sort through batches of skins to obtain suitable material for their paint rollers.

Mr Graham said that during initial discussions Wyco said they were prepared to pay well for the correct product. The amount quoted was \$76/metre.

"We were advised, or took it to mean, that an average size of skin could be expected to be between 0.75 and 0.80 of a metre.

"We based our budget calculations on this. Later we discovered that this average quoted was the average portion of a skin regarded as useful.

"We estimated a gross price of \$57 per skin was a reasonable expectation leading to a net return per skin of \$28," Mr Graham said.

For each skin the costs incurred were:

- Cost of salted skin \$8
- Transport \$2
- Tanning \$19
- Total Cost per skin \$29



However Mr Graham said what Traprock members did not initially understand from Wyco was that:

- there was nil tolerance to grain cracking; and
- \$76/metre was based only on the portion of skin utilised not that actually supplied. Of the best batches of skins assessed and used the average was 50% utilised returning \$35 per skin; for the seconds 15% was the average, returning \$30. Those with grain cracking returned nothing.

"These margins were obviously commercially unacceptable."

Mr Graham said Wyco could have been more helpful in identifying these pitfalls and did not offer many possible solutions.

"We felt that perhaps they took advantage of our initial lack of knowledge in this industry," he said.

MLA also recommends

Sheep Genetics Australia

Sheep Genetics Australia (SGA) is the national genetic evaluation service for the Australian sheep industry. It is built around the world's most comprehensive sheep genetics database, and will deliver genetic information on a fee-for-service basis.

Tel 02 6773 2493 or
www.sheepgenetics.org.au

EDGEnetwork

EDGEnetwork offers practical field-based workshops to improve productivity and profitability for the long-term.

Workshops cover breeding, nutrition, grazing management, marketing and selling.

Call MLA on 1800 993 343 or
www.edgenetwork.com.au

Meat & Livestock Australia

Level 1, 165 Walker Street
 North Sydney NSW 2060
 Tel 02 9463 9333
 Fax 02 9463 9393
 Free Phone 1800 023 100 (Australia only)
www.mla.com.au

Value-adding sheepskins not without its many pitfalls

July 2006 / PIRD OUTCOMES