

WoolProducers

13 October 2005

The General Manager
Adjudication Branch
Australian Consumer and Competition Commission
PO Box 1199
DICKSON ACT 2606

Dear Sir/Madam

RE: Application for Authorisation - FAWO

I am writing in regard to the application by the Federation of Australian Wool Organisations (FAWO) for authorisation.

WoolProducers is the peak national body for the wool industry in Australia and represents the interests over 14,000 farmers whose primary business is growing wool. We are the national voice on behalf of producers, advocating their interests to both the Federal Government and internationally.

We represent and support the industry on issues as diverse as trade, animal welfare, research and development, marketing, accountability of grower funds, the environment and industrial relations.

WoolProducers members include the NSW Farmers Association, AgForce Queensland, Victorian Farmers Federation, South Australian Farmers Federation and the Tasmanian Farmers and Graziers Association. I understand that these organisations have also been contacted separately.

Whilst they may choose to submit individual comments, each has been consulted concerning this letter and, where not in conflict with any direct comments, can be taken as representing their views.

WoolProducers supports both the application for authorisation by FAWO, as well as the interim application.

The Australian wool industry is currently facing one of the most commercially challenging phases in our history. Prices received by woolgrowers are at historically low levels and the Australian merino flock is contracting, as farmers either leave the industry or move away from specialising in wool production.

A key factor in the current decline in the world demand for wool has been the absence of the product on the world stage. Competitive fibres such as synthetics and

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cotton have capitalised on the lack of marketing and promotion of wool, a position that the industry is eager to reverse.

There is currently clear evidence within the industry that a return to an investment in the marketing and promotion of wool is essential.

Earlier this year, a survey was conducted by Australian Wool Services of its shareholders, to provide the company with an accurate assessment of what woolgrowers want in relation to promotion and marketing of Australian wool.

The survey found that 92 per cent of shareholders surveyed, believe that at least part of the existing greasy wool levy should fund marketing. We believe that this result is indicative of the current mood for change.

By introducing this levy as proposed, it will provide a means by which the industry can again market our product, by funding the current test marketing campaign.

Australian woolgrowers have demonstrated their commitment to this campaign, by investing up to US\$5 million towards it through Australian Wool Innovation.

This funding is sourced completely from Australian woolgrowers, and was pledged on the basis that other sectors of the industry, such as processors and exporters of wool, contribute as well.

As fellow stakeholders in our industry, they stand to benefit from the improved demand from our product that can flow from marketing and promotion, and therefore if willing, should also be given the opportunity to contribute to this investment and share in the risk.

It is the expectation of Australian woolgrowers that the wider industry contribute to this campaign.

WoolProducers believes that the economic and public benefits claimed in the submission by introducing this levy can be achieved. Whilst the benefits that are described are attributed to marketing and promotion of wool, this proposal is the key to 'open the door' to these activities.

Increased Demand for Australian wool

An anticipated benefit of the investment of this levy in marketing of wool is an increase in the consumer demand for woollen apparel.

Increased Efficiency in the Promotion of Australian Wool

One of the key aspects of the test marketing campaign is the objective of measuring the efficiency of wool promotion. Whilst it is anticipated that a real increase in the

volume of wool demanded will be demonstrated, it is also expected that the industry will be given objective measurements on how to best promote wool in the future, and what sort of return can be expected from each dollar invested.

International Competitiveness for the Australian Wool Industry

Australian wool's major competitor is lower cost alternatives, such as cotton and man-made fibres. Through marketing and promotion, consumers can be made aware of the unique qualities of wool and its benefits to consumers.

Increase in Net Exports

The vast majority of apparel wool from Australia is exported. The prime beneficiary of an increase in the global demand for wool will be Australia.

Higher employment.

The contracting wool industry in Australia has caused an exodus from the industry. As employment opportunities for the next generation of farmers continue to decrease, an increase in the demand for wool generated from marketing and promotion would improve their prospects.

The low demand for wool and falling prices has increased pressure on processing stages to be even more cost effective. This has resulted in many within the sector relocating to lower cost countries, at the expense of Australian jobs. Improved demand for wool, and therefore increased volumes and prices throughout the supply chain, would reduce pressure on these sectors.

A key criteria for the support by WoolProducers of this marketing project, and therefore a proposal such as this to fund it, was approval of the both the management and governance structure for the project and the presentation of a detailed business plan.

I can confirm that we are now satisfied that there are the appropriate measures in place to ensure the suitable expenditure of these funds, and the proposed campaign is based on a solid plan, from which outcomes can be measured.

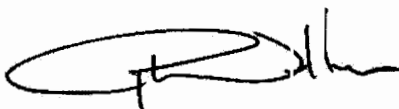
That being said, it is the intention of WoolProducers to closely monitor the level of collection of funds and their distribution.

WoolProducers does not support the ongoing application of this levy. Once this initial marketing program is completed, regardless of the outcome, the decision as to whether or not to continue this marketing campaign, and how to fund any subsequent activities should be referred back to the industry.

The wool growing sector only supports this proposal with a recognised deadline for the value of the levy collected.

Please do not hesitate to contact me if you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Greg Weller', with a large, stylized initial 'G'.

Greg Weller
Executive Director

Cc Robert Pietsch
President, WoolProducers