

An Open Letter to all New Zealand Wool Growers, opposing MWNZ's proposed wool levy

Dear fellow wool growers,

After spending on failed wool programmes and presiding over years of miserable returns to growers, Meat & Wool is back for more with its proposed wool levy.

Measured by the only measure that counts – wool prices – Meat & Wool's current wool programmes are totally ineffective and a complete failure.

Meat & Wool is planning further investment in those failed programmes, including \$3m a year to assist its failed market development programmes to 'transition' to a 'commercial' model. Those programmes have been operated by Wools of New Zealand, which has spent around \$30m in the past 5 years – the same period during which the US dollar price for strong wool has fallen by half.

Lately, the most bitter pill we've had to swallow is the reported \$250 million that's been put into the Wools of New Zealand wool brand (the Fern Mark) over the past 15 years. Now we find out from a recent branding study in the United States that the brand has virtually no awareness or perceived value among its target market!

In fairness to both Wool Partners International and Elders Primary Wool, there are some new wool marketing brands and marketing strategies at various stages of development. EPW's Just Shorn(tm) brand and strategy looks promising, all the more so because EPW is already well-funded, levy-free, has licensed AgResearch patented fibre scan traceability and involves strong co-op membership. It also has strong links to retail making it quite different from the failed strategies of the past. WPI has launched a new wool certification brand 'Laneve' along with a supporting marketing strategy. Regrettably, WPI has indicated that there would be no fibre price increases related to their marketing efforts for the foreseeable future.

Both of these efforts hold promise in assuring consumers of the integrity of our wool quality, and our ethical and eco-friendly farm practices.

But let's be realistic – neither of these initiatives are as yet market tested and proving they can substantially lift wool prices to the grower.

One or both – we hope both - of these initiatives might work.

We cannot endorse broad-scale, long-term farmer funding through the levy system of any of these early stage wool marketing programmes no matter how promising, or whose they are.

Neither do we have any interest in a levy that is going to continue supporting failed wool market development programmes. Far from allowing them to 'transition', perhaps we should stop them before they do any more damage.

Both EPW and WPI are owned by ventures made up of agri-service companies and wool co-ops. These should continue moving at full-speed to develop and implement their different brands and marketing strategies. They should respect each other's very different approaches, and do nothing to undermine each other's efforts in the marketplace. We are all for commercial companies being allowed to compete, but they should be allowed to compete on a level playing field. WPI now owns Wools of New Zealand, and will be the recipient of the 'transition' funding. The continued existence of the levy and support for WPI stifles competition.

For our part, we urge the grower community – including our own members – to improve the quality of our wool, while ensuring we have world-class best farming and animal-handling practices on every farm.

Financial resources in the wool industry are scarce, yet finding a solution to the twin problems of falling demand for wool among consumers and uneconomical grower returns is imperative for us all. We need the support of corporate investment. There is no reason why those that choose not to grow top quality wool should continue to contribute to marketing for the others.

The proposed Meat & Wool levy is simply taxing the farm to fund the same old, failed wool strategies and that is the principal reason we cannot support the imposition of the levy.

MWNZ proposes that about half the new wool levy will be used for market development while the remainder of the funds be allocated to other important industry related technical projects. While we believe there is merit to many of the non-marketing programmes, we can not support the levy in full just to protect those initiatives.

MWNZ will argue that the levy should carry on to protect the capabilities developed in the past. We would argue that any capabilities that they have developed in the wool sector have been ineffective and are therefore not worth retaining.

We cannot support throwing any more good money after bad to prop up what are proven failed programmes that have done nothing to increase grower returns. We also cannot endorse broad scale funding through the levy system of any of the new wool marketing programmes, no matter how promising they might seem. Until such time when there is evidence that the initiatives create measurable and meaningful economic value that can be passed down to the farm gate, we have no interest.

We urge you to vote 'NO' to the proposed wool levy.

Sincerely,



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Howie Gardner

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PEDIGREE WOOL WITH SUBSTANCE



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