



Primary WOOL CO-OPERATIVE LTD

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Primary Wool Cooperative Opposes Wool Levy

The Primary Wool Cooperative (PWC) has today issued an open letter to all NZ wool growers stating its opposition to the proposed wool levy. The 800 + member cooperative's move was prompted by research in the United States showing that the recently launched strong-wool brand Just Shorn™ (which is half owned by PWC through its JV with Elders Primary Wool) has already eclipsed the long-standing Fern Mark in the consumer target market of luxury carpet buyers.

As part of its brand launch and promotion for Just Shorn strategy, Elders Primary Wool commissioned an independent research company to survey both the recognition and effectiveness Just Shorn, the Fern mark and WPI's new 'Laneve' brand had across a range of measures.

PWC board member Howie Gardner said "the results of the survey are unusually clear cut. The survey shows that Just Shorn is by far the best brand at communicating the desired values of New Zealand wool - natural, sustainable and clean and green. Just Shorn has been designed as a consumer, retail brand yet WPI continues to persist with manufacturer certification brands. This is a continuation of the failed strategy of the past."

A total of 93% of those surveyed felt that Just Shorn was the best at communicating that the carpet was made of sheep wool and 91% were convinced that the brand communicated natural and organic themes.

Fellow PWC Board member, Bay de Lautour, noted that the 15 year old Wools of New Zealand Fern Mark performed badly in all tests, with no statistical consumer recognition at all.

"It has been a major consumer of levy money in the past, and the MWNZ proposal is that support for WNZ will continue. We are suffering now with the lowest ever prices for wool. We cannot in all conscience recommend to wool growers that these failed programmes should be allowed to continue with funds from the proposed levy."

Wools of New Zealand is now owned by Wool Partners International and the levy proposal contains provision for around \$3m a year to allow Wools of New Zealand's market support programmes to 'transition' to a commercial model.

The open letter says that Wools of New Zealand 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. Meat and Wool's current programmes are said to have been totally ineffective and a complete failure.

The open letter to all wool growers, signed by the Primary Wool Co-op, Romney NZ and the Wairarapa Romney Improvement Group, says that while Just Shorn shows promise, none of the current programmes of either Wool Partners International or Elders Primary Wool have yet proven that they are worthy of grower support. It also says that growers should focus on growing the best quality wool, but that those who choose not to should not be asked to fund market development through the levy for the benefit of others.

Bay de Lautour said that "Primary Wool Co-op members contribute around \$500,000 per year in levies. All of this now goes to WPI, who is in direct competition with PWC members' chosen marketing plan. The levy is nothing more than a tax on all farmers to fund the same old failed strategies of the past."

Gardner said the Just Shorn brand has not been supported by grower levies, and did not intend to be. "WPI has been actively undermining the development and launch of the Just Shorn brand in the US by using its status as a recipient of levy funding to suggest it is an official body."

"Commercial operators should be allowed to compete on their merits in the marketplace. WPI now owns Wools of NZ and therefore will be the recipient of the 'transition' funding. Continuation of the levy tilts the playing field and hinders competition. They have already had a year to transition – how much do they really need?"

"We have no hesitation in recommending to growers that they vote 'NO' to the wool levy. "

ENDS

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