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PRIME MINISTER

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OPENING OF WOOL HOUSE

I was very pleased to receive your invitation to open Wool House - the new home of the Australian Wool Corporation.

The Australian wool industry has been fortunate in having such a body as the Australian Wool Corporation to work on its behalf.

The Wool Corporation and its predecessor organisations have worked with great dedication and resourcefulness to meet the challenges confronting the industry and to promote the welfare and best interests of the wool industry as a whole.

The major challenge facing wool growers over the years has been to strengthen their selling position in a market situation where some 100,000 sellers face only few buyers.

This has meant an extensive and continuing effort on the part of growers to promote their product and to improve product marketing arrangements.

It has also produced a remarkable and sustained research effort to improve the quality of the product itself.

The wool industry has always sought to stand on its own feet. All its efforts have emphasised self-help-of strengthening the industry by its own efforts.

This pattern was clearly set in 1936 when the original Australian Wool Board was established at the request of woolgrower organizations. The Board was established to promote the greater use of wool and to sponsor research of benefit to the industry.

Woolgrowers, at the time, asked the Government to levy them for the purpose and this self-imposed levy has been maintained ever since with the rate being changed only at the request of, or after consultation with the industry.

At about the same time - in 1937 - a major step was taken to promote the use of wool through the formation of the International Wool Secretariate. Representatives of Australia's partners in the International Wool Secretariat are here today.

Promotion and research to support the efforts of growers have developed greatly since that time. Since 1945 the Government has contributed to wool research designed to enhance productivity and assist wool in competition with synthetic fibres.

Research has already yielded benefits worth many millions of dollars to the wool industry and no doubt much more can be achieved in the future. Sound and adequate arrangements must therefore be ensured for the continuation of wool research.

Since 1964 Government and woolgrowers have been partners in financing the promotion of wool.

The present arrangements for joint financing of wool research by woolgrowers and the Government will expire in June next, as will arrangements for the funding of wool promotion.

The Industries Assistance Commission has made recommendations as to how wool promotion and research should be financed in future years. These recommendations formed part of comprehensive reports on the funding of rural research and promotion in general.

The Government is studying the Commission's reports and re-appraising the principles which should be followed in the future. In these deliberations the particular circumstances and needs of the wool industry are receiving close attention.

The issue of wool marketing came to the fore in 1970 with a disastrous slump in wool prices.

As a major step to improve marketing conditions a reserve price scheme was established and administered by the former wool commission. Twice in the past five years this scheme has averted a situation of catastrophic price decline.

The scheme, of course, is now under the Australian Wool Corporation, and it continues in an even more positive way to protect the industry from price collapse, and to put a friend in the market which will enable the growers to sell from a position of strength and confidence.

Through the scheme, the Corporation has exerted a powerful stabilising influence on wool prices, and it has the complete support of the Commonwealth Government.

In July this year, the floor price for wool was increased to 234 cents per kilogram clean whole clip average - a rise of 14%. It has further been announced that the floor level for next season will not be less than the level decided upon for 1976/77.

Further changes in marketing arrangements must be judged against the Government's intention to give stability to the floor price for two years ahead.

It ought to be remembered that the floor we have announced is a minimum.

We very much hope that market conditions will enable the floor price to be raised further in the review which will take place towards the start of the next selling season.

The measure that we have taken so far in this regard reflects the confidence of the Government in the future of the wool industry.

These arrangements are, of course, being funded by the woolgrowers themselves. Not only are the Government loans now being steadily repaid but the Corporation is returning in addition, very substantial amounts by way of interest. To date the Government loans have returned some \$60 million in interest payments.

That surely gives the lie completely to anyone who suggests that what the Government has done is an unreasonable subsidy to the wool industry.

It is a loan at a profitable rate of interest.

There is, of course, a contingent liability resting on the Government. As a result of these market arrangements therefore, the Government has a responsibility which cannot be put aside. Because of our undertaking to back the Corporation, the contingent liability broadens our responsibility to the whole community. That cannot be ignored in evaluating any proposals for reform.

Another circumstance against which future changes in marketing arrangements must be assessed is the capacity of any such changes to reduce handling costs.

Handling costs for wool remain a major problem.

No grower can be pleased at a situation where levy, handling and selling charges which are met by growers absorb some 15% of the value of the clip. In addition, growers also meet shearing, classing and transport costs which absorb almost a further estimated 15% of the value of the clip.

The Australian Wool Corporation has advanced comprehensive proposals which, if adopted, would significantly reshape the present system of wool marketing. The previous Government had the proposals studied at great length by an indepartmental committee but was unable to reach a decision on them.

My Government has examined the earlier studies and arranged for further scrutiny of aspects not covered previously or requiring a fresh appraisal.

However, areas still remain in which judgements are difficult.

Let me say that the objectives of the proposals are worthwhile. However, the proposals themselves are far-reaching of their nature and would require fundamental changes in marketing arrangements.

We need to have in mind that changes in arrangements which would be irreversible must leave no doubt about their success.

The Government is therefore determined to explore thoroughly all policy options including ideas advanced since the Corporation's proposals were formulated, to ensure that any changes ultimately adopted are in harmony with the best long-term interests of the wool industry.

The wool industry has contributed greatly to Australia's growth.

If it were not for the overseas funds this industry earns, and has earned, the standard of living of everyone in Australia would be considerably less.

Let me reaffirm my Government's confidence in the contribution the wool industry will continue to make to the future of Australia and to the standard of living of all Australians.

The Commonwealth Government has stood firmly by the industry in the past and it intends to fully maintain that backing for the future.

In doing so it will continue its support for the vital role of the Australian Wool Corporation.

The Corporation is a substantial organisation. It has offices in all Australian states, and has market liaison representatives in various overseas locations.

The new Wool House provides appropriate accommodation for the Corporation.

The wool industry has been well served by the Australian Wool Corporation and its predecessors.

It is with much pleasure that I now declare Wool House open.
