

GROWER UPDATE

#130 - 28th August 2020



FROM JAMES PARSONS, CHAIR

Wools of New Zealand and Primary Wool Co-Operative Announcement

Dear Grower

Today, Wools of New Zealand (WONZ) and Primary Wool Co-Operative (PWC) will be announcing that they have begun formal discussions about combining together in an effort to capture more value for you, our growers.

With these two grower organisations combining, we can take the first step in rejuvenating a relatively dire current economic situation for wool. This collaboration should lead to a better financial result for farmers.

Having over 2,000 passionate sheep farmers under one umbrella and building a stronger entity to represent those farmer interests will offer the combined scale and vision required to make a difference for New Zealand's sheep industry.

Our goal is to capture more value by building stronger more direct relationships with customers and consumers. WONZ has already been doing that but we have never had the scale to turn the dial.

Combining with PWC, representing its 1400 farmer shareholders and its 50 per cent ownership of Carrfields Primary Wool (CPW), will mean we can achieve scale, reinvent the supply chain and improve efficiencies, enabled by the increased volume, brands and exporting focus WONZ bring to the table.

Both PWC (through CPW and NZ Yarn) and WONZ have been developing similar strategies in parallel, but doing that jointly makes more sense.

WONZ and PWC envisage a lean, simple, commercial structure that delivers the opportunity for other grower groups and more individual growers to join.

We are aware that many of our growers have eagerly anticipated such a development in the industry, so we know that there is support among you.

GROWER UPDATE

#130 - 28th August 2020



Growers' desire to invest in WONZ was fuelled by a belief that a company they owned would look after their interests further along the wool value chain more so than a corporate that was interested in maximising its own margins.

We acknowledge to date that we haven't done that as well as we've needed to, but the desire from many growers for such an entity they own still exists.

There is strength in numbers and by removing the fragmentation in the market makes good commercial sense.

Due to the nature of the company structures, combining operations will take time but there is a strong commitment from WONZ and PWC that this is a prize worth pursuing.

I also want to be clear on one very important point. We are supportive of the goals of the Government's Wool Industry Project Action Group and we're keen to work with others in the industry to ensure a prosperous future for the sector.

Combining operations will give us the critical mass to deliver on our vision, provides functional benefits, and importantly, the scale to pick up strategic commercial projects that we hope will emanate from the Action Group.

So what do you need to do as a grower?

There will be no changes to your current arrangements. We encourage you to continue dealing with your WONZ representative. We will keep you involved in all updates as they come to hand.

James Parsons
Chair
WONZ