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## AUSTRALIAN WOOL SERVICES CHAIRMAN FLUGGE MUST STEP ASIDE

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The Australian Wool Growers Association (AWGA) is demanding that Trevor Flugge, Chairman of Australian Wool Services Ltd (AWS), step aside from the Board immediately, until the Cole inquiry into AWB Ltd's activities is settled. Trevor Flugge was a Director of AWB Ltd for 17 years, and Chairman until 2002, and has been Chairman of AWS Ltd, holding company of grower owned The Woolmark Company, since 2003.

AWGA Chairman Martin Oppenheimer says immediate action is required to avoid further erosion of confidence in the Australian wool industry. "Wool prices are staging a recovery at present, boosting the short to medium term outlook for Australian merino. The last thing we need now is anything that may damage the image of wool."

The future of the latest version of the Woolmark company has been in doubt during the past 2 years, with merger talks with AWI, plus a takeover bid by venture capital group Mariner failing to reach any conclusion. Trevor Flugge stated at the recent AGM that the business model established was flawed. Managing Director Peter Wilkinson attributed the difficulty of the company to the high cost of corporate overhead.

"Woolgrowers have become weary of industry restructures, high administration costs, increased levies, and poor performance in building wool's image and demand. AWGA fully supports Woolproducers recent call to "get on with it Woolmark and sort out the problems". Assuming Trevor Flugge does the right thing and steps aside, there will only be 3 Directors left, and MD Peter Wilkinson is due to leave AWS soon also."

"Woolmark is in crisis mode and the next step is to hold an Extraordinary General Meeting, appoint a caretaker Board, cut costs and decide the future for this Australian icon. We must act now."

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