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Wool funds should go to marketing

TRESERVES of levy funds that are not being spent by Australian Wool Innovation on industry projects should be used to boost marketing of Australian wool, according to peak lobby group, WoolProducers Australia.

There has been wool industry speculation that AWI's reserves could be put into a trust but WoolProducers president Geoff Power said the industry needed "some fat in the system" just in case further marketing was needed to bolster demand in a weak global financial market.

AWI's reserves stand at about \$100m with about \$47.4m earmarked as the value of Woolmark as an intangible asset (\$10m) and money required for a potential exotic disease response or to wind-up the company if growers deliver a 0pc levy at WoolPoll (\$37.4m). This left about \$52m.

Mr Power – who last week returned from the International Wool Textile Organisation annual conference in New York – said the organisation needed working capital because demand for wool was likely to have peaked.

"We need to maintain and increase demand because of the European financial crisis, we might need to go and look for new markets which will cost money," Mr Power said.

"It's extremely serious in the European market and its getting more serious every week."

Mr Power said the IWTO conference reinforced to him the value of social media in marketing Australian Merino wool and WoolProducers would be encouraging AWI further in that area in future.

He said since some young US designers had 250,000 fans on Twitter, if they mentioned Australian Merino wool, there could be a major benefit to the industry.

"The young people are our future, we lost a generation in the 1990s and we need to reconnect with that generation and use media differently."

Australian Wool Growers Association Shane Edwards did not believe reserves should be put into a trust and was not sure what it would achieve.

"A trust would lock it away with conditions surrounding the rules of accessing it. You would want to know what those details were," Mr Edwards said.

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