

Terms of Reference for the Wool Industry Taskforce 2009

Background

The Minister of Agriculture convened a meeting of key wool sector leaders on 1 October 2009 to discuss ways of improving the fortunes of the wool industry. An outcome from that meeting was agreement that the Minister of Agriculture would establish a taskforce to identify ways to improve the profitability of the strong and mid micron wool sector.

Objective of the Taskforce

The Taskforce has two major objectives:

- to develop a set of principles on how to increase profitability across the strong and mid-micron wool value chain for New Zealand wool-based products and consequently to wool growers;
- articulate what the principles are trying to do and why this necessary (while recognising the constraints faced by the sector) and provide a clear set of actions that industry participants can take to contribute to improving the returns from strong and mid micron wool.

Output

Sector leaders attending the Meeting unanimously agreed with the sentiment that:

Structure follows strategy.

Identifying the strategic barriers and opportunities for the New Zealand wool industry is a first step in this process. Broad support and buy-in and from key participants in the wool sector is also a critical aspect of building coordinated and enduring commitment to further action.

Accordingly, the key output from the Taskforce will be to report back to a second Wool Sector Meeting early in 2010. The report will help build commitment and ownership of the principles by sector leaders, who in turn will be able to gather support and action by key participants in the wool sector value chain.

The Taskforce report to the reconvened Wool Sector Meeting may give priority to exploring the following types of issues:

Priority Issues

The Taskforce may like to identify key individuals/firms in the sector and seek feedback on questions such as:

- (a) What do participants in the wool industry, at all points on the value chain, see as the key barriers to raising profitability for *New Zealand* wool?

(b) Questions regarding the competitive advantages for *New Zealand* wool which may help to raise demand for wool products, including:

- What is unique about *New Zealand* wool?;
- What are the competitive advantages wool has over synthetic competitors?;
- What is needed to encourage consumers to identify strongly with *New Zealand* wool?
- What funding would be required to encourage consumers to buy *New Zealand* wool, and which markets should this funding target?
- Should New Zealand join with other countries in promoting wool to consumers?
- How will funds be raised to promote wool to consumers and how and who should manage the programme(s)?

Secondary Issues

Secondary issues (which flow from the priority issues above) that the Taskforce may consider could include questions regarding the types of industry-good activities necessary for the economic good of the sector, such as:

(c) What is the role for Research and Development (pre-and post-harvest) in the future of wool? The Taskforce could consider the following matters;

- How can different forms of R&D be funded (consider cases where benefits may be shared across the industry, or captured by a single participant)?
- Is there currently a coordination problem in getting sufficient scale for funding programmes that may provide a step-change for the sector? What are the private incentives on the people who may contribute to funding?

(d) What are the other (non-R&D) activities that are crucial to supporting the strategic direction for the wool industry? The Taskforce could consider the following matters:

- Is there a role for industry coordinated activity to maintain a presence in international Technical Standard Setting Committees? Can industry provide technical support or advice to assist Government in addressing technical trade barriers?
- How could this activity be funded by industry participants?

(e) What is needed to better understand the needs of markets, customers and consumers of New Zealand wool?

(f) What is needed in the immediate term to build confidence in the wool sector for growers?

- (g) Any other relevant strategic factors that the Taskforce identifies as important to contributing to the goal of raising profitability for *New Zealand* wool.

Communication to the wool sector

The principles that the Taskforce identify will need to be clearly articulated to the wider sector in order for them to gain broad support and buy-in. As part of this process the Taskforce will need to deliver a report to a second Wool Meeting that the Minister will call in early 2010.

As part of communicating their findings, the Taskforce may like to consider setting out the aspects of the strategy following the Wool Industry Network and the findings of the McKinsey Report that remain relevant.

An advance copy of the Taskforce's report will be provided to the Minister of Agriculture and Forestry by the close of 2009.

The Taskforce report will be circulated to wool industry leaders prior to the reconvened Wool Sector Meeting. (Wool industry leaders include all, but not exclusively, the attendees at the Ministerial Wool Meeting held on 1 October 2009.)

Membership

The Minister of Agriculture and Forestry will be the sponsor of the Taskforce.

The Taskforce will comprise:

- Chair Jeff Grant (former chairman of Meat and Wool New Zealand and the New Zealand Meat Board, and a former director of Landcorp);
- John Brakenridge (CEO Merino New Zealand);
- Scott Champion (CEO Meat and Wool New Zealand);
- Cliff Health (Chair Wool Equities Limited);
- Derek Kirke (Director New Zealand Wool Services International Limited);
- Colin McKenzie, (Chief Operating Officer Cavalier Corporation Ltd);
- Sam Robertson (Chairman AgResearch);
- Keith Sutton (Director Wool Partners International).

Secretariat support for the Taskforce will be provided by MAF.

Timeframe

The Taskforce will report to the Minister with an advance copy of their report to the reconvened Wool Sector Meeting by December 2009.

The Taskforce will provide a final report to a reconvened Ministerial Wool Meeting early in 2010.

Confidentiality

Taskforce members have been selected for their leadership, credibility, profile and knowledge of the wool sector. It is expected that the Taskforce will engage in open and frank discussion that freely represents opinions from all groups in the sector.

Free and open discussion requires that the Taskforce discussions are kept confidential.

The Chair will manage diverging views in the taskforce. The Minister will be the final arbiter of the Taskforce report.

The Chair shall be the spokesperson for the Taskforce.