PRESS STATEMENT:

MALCOLM FRASER:

November 23rd, 1965

The current wool industry ballot will almost certainly be the last chance growers will have of deciding the future of their own industry. If the ballot is not carried the industry could come under direct Government control within the foreseeable future. This is because without a reserve price scheme the substantial fluctuations in the price of wool are certain to drive more and more consumers of wool to synthetics. Thus the long term trend in the price of wool without the reserve price scheme could well be pushed down and down until the point is reached at which the industry becomes thoroughly uneconomic. It would be ludicrous to suggest at that time that there should be another ballot on a reserve price scheme.

It is probable that in such circumstances the Government of the day would have to make up its own mind concerning the future of the industry. I hope this situation is never reached. Thus I believe a reserve price scheme will do a great deal to maintain control of the industry in the hands of growers.

I ask growers to contrast the bodies supporting the scheme with those opposing it. In particular the scheme has evolved through the Wool Board and the Australian Wool Industry Conference, and the Board has its intimate contact with overseas trade. My own enquiries directed to overseas consumers of wool have shown that the Board's views of the wishes of overseas traders are correct. The overseas trade dislikes fluctuations in the price of wool and the significant majority replying to my enquiries supported the reserve price plan as a means of overcoming fluctuations.

The Australian Wool Industry Conference, the growers as leaders of the industry brought closest to this problem, voted 45 to 5 for the scheme. The opposition to the plan is backed by three wool broking firms, the largest one of which is London directed and London owned without Australian shareholders or Australian Directors. This Company, the A.M.L. and F., has spearheaded the campaign against the proposal.

A significant proportion of the Macarthur-Onslow Committee are clients of this Company. I understand two members of the Macarthur-Onslow Group are Australian advisers to this British Company. Thus, in this respect, organized opposition to the scheme is narrowly based by people self-appointed to the task. The opposition has not tried to solve the problems of the industry, it has tried to confuse growers by creating doubt. It has tried to scare them by inaccurate assessment of the costs of the scheme. It is often relatively easy to create doubt but the Board's and the industry's case stands clear. It should be supported. I hope it will be. I repeat, I believe this will be the last chance the growers will have to decide the future of their own industry and keep control of it for themselves. Growers can only do this by voting "YES".
CRITICISM OF THE ANALYSIS OF THE COST OF THE SCHEME IMPLIED IN THE "NO" CASE

The estimates of cost put down in the "No" case would appear to be thoroughly inaccurate. On page 2 this sentence appears - "The grower alone would bear the whole cost of the scheme and his liability is unlimited." Basically the growers obligation is to provide £3011. of capital which will be done by a levy over a seven or eight year period. Government and Bank sources have guaranteed the availability of funds after the £3011. is built up. Beyond the £3011. Trading Bank sources would provide a further £5011. Beyond this there is an unlimited Government guarantee. The growers liability is limited to the £3011., but if funds are required before the £3011. is built up they will be provided by the Government.

On the bottom of page 3 and on page 4 the opponents of the scheme asked a question - "Are there cash benefits?". The calculation purports to put the annual cost at £16.4.3. for the average grower whose case they are examining, but they do not say that the annual costs for the first year, on their own estimate, would only be £2.6.4. By the time the growers contribution is fully paid the scheme should have engendered much more confidence in the marketing of wool and have made the basic assumption that the scheme would benefit 10% of the clip by 3d. a pound - an unduly conservative one.

The "No" case gives no credit for the confidence that should be engendered in the market by an adequate reserve price scheme which would enable wool buyers to know that wool can't fall below a certain limit. At the present moment, when the market breaks, buyers either stay out of the market or reduce their limits because they expect a further fall and thus their very action creates a further reduction in the price of wool. At the moment there is no end to this process because there is no floor in the price.

In addition, the estimates of cost included in the "No" case and described on pages 3 and 4 are again quite unrealistic because they make no allowance for the fact that these costs are tax deductible and this would, therefore, alter all the arithmetic in the case. Each grower would have to assess his own costs in relation to the price of his own clip and he would then have to do a calculation based upon his income to see how much his costs actually were. I cannot believe that the opponents of the scheme were not aware that these costs were tax deductible. This is just a further attempt to confuse growers.
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Author/s:
Fraser, Malcolm

Title:
Wool industry ballot

Date:
23 November 1965

Persistent Link:
http://hdl.handle.net/11343/40190

File Description:
Wool industry ballot

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