Over the last few months Western Victoria has experienced the worst season on record. Rainfall records for Hamilton have been kept for 98 years and this is the 99th. Up till June of this year Portland and Hamilton districts have had the driest six months on record.

As a result, things have been made a good deal more difficult, not only for people who live directly on the land but for all those who supply goods and services to farmers. When people talk of droughts and their effect, they always think of the direct impact of this on the farmer. They do not always have quite so much thought for the person who lives in the town and whose livelihood is dependant on a prosperous farming community. Machinery firms, garages, grocers, all feel it in a season of this kind. The season would have been a good deal more bearable if wool prices had not been the worst for a very long while. Since the wool boom of 1950/51 wool prices have varied a good deal. There have been three or four years in which the lowest price was lower than the July average for this year but these occasions were accompanied by good seasons. This year we have the unhappy conjunction of a very bad season and very low prices.

Over the last few days I have looked into some of the factors that affect the prices in the wool market and there is nothing to give cause for optimism in the immediate future. The European countries are wrestling with internal economic recession and the UK faces the prospect of a quite major depression, with over 550,000 people unemployed. In the last day or two we have seen reports of their Cabinet reshuffle and Prime Minister Wilson has now taken the control of the British economy into his own hands. In Germany, France, Belgium and the Netherlands the wool textile industry is depressed. Italy is the only one of the Common Market countries in which the textile industry has had a good year. Wool consumption in the US showed a sharp downward trend in the last nine months of 1966. This position may have been halted in the first figures available for this year.

In general terms the latest consumption figures indicate a downward trend during 1966. Total consumption for the year disguises the trend because consumption was high for the first two quarters. It fell steeply however, in the last half of the year and ended being 10% less than in the earlier period.

One of the factors that must have influenced the market for wool, is the quite drastic fall in the prices of the main synthetic fibres. In the United Kingdom, in three adjustments since 1962, Terylene prices have fallen by 42%, Nylon by 25% and Acrilan by 19%. In the United States Dacron prices have been reduced by 49% over the same period. The latest reductions in Nylon and Terylene prices occurred in June of this year. Dacron prices in America were reduced substantially in May of this year.
These very substantial reductions are the result of intense competition in the synthetic industry which has been reinforced by the large number of manufacturers entering the market. For a good many years the price of synthetic fibres was held fairly constant because patents restricted the number of manufacturers, but this is no longer the case.

Two other factors have also influenced the situation. New Zealand bought in over 645,000 bales of wool last year, or 37% of the total offerings at New Zealand auctions. This wool is still in store and of course, is unsold. I have a breakup of wool purchased for stock between July of 1966 and February of 1967 and it is interesting to note that only 1% of this was 56's or finer. 88% of it was 46/50's or coarser, so there are very large quantities of strong wool held in New Zealand stores.

2. Lack of confidence in the Auction has, in my view, also clearly affected price. During the debates on the last floor price scheme it was pointed out on more than one occasion that when the market breaks and when there is a likelihood of a general fall in price, every buyer immediately lowers his limits, every manufacturer lowers his limits, and thus the expectation of a fall in price leads to an actual fall in price. Nobody would ever be able to estimate how much a different marketing system might have changed the present circumstances, but I can only say that the last few months have certainly not altered my own views which should be well known.

In October of this year the Marketing Committee of the Wool Board will be making its report. Experience of the past has led us not to expect any magic wand but many woolgrowers will be looking to this report to see what it recommends, to see what prospects it holds for the future.

I know that at least one of the major grower organisations has indicated that it does not want to enter into debate on this question until the new Marketing Report is published but I would hope that the industry may still examine some of the other avenues which are open to it. The Wool Industry Conference has been established and the major woolgrowing organisations are members of it. I would hope that the question of costs and of returns would be discussed in the Conference. The machinery of the Australian Wool Industry Conference has still not been used to its greatest possible effect by the Industry. This is the forum from which to put joint views, with strength, to the Government. I hope the industry will use it. I also hope that the industry as a whole might seek a way of putting its own view, either by itself or in co-operation with other exporting industries, when the question of wages is under discussion in the Arbitration Court.

I mentioned both these matters at the wool meeting that was held in Hamilton some time ago and I know that this second suggestion had a somewhat mixed reception. I still believe that representation of the industry in these matters should not be left to one organisation out of three, and I also believe that the industry should put the case for the exporting employers as opposed to combining with the general employers, most of whom are concerned with industries that do not have to sell their products on the world markets.
Today, I want to make a few comments about one or two different subjects. Over the last few months Western Victoria has for Hamilton experienced the worst season on record. Rainfall records have been kept for 98 years and this is the 99th. Up till June of this year Portland and Hamilton districts have had the dryest six months on record. For June 45 points of rain at Hamilton, for July 269, August 3397.

As a result, things have been made a good deal more difficult not only for people who live directly on the land but for all those who supply goods and services to farmers. When people talk of droughts and their effect, they always think of the direct impact of this on the farmer. They did not always have quite so much thought for the person who lives in the town and whose livelihood is dependent on a prosperous farming community. Machinery firms, garages, grocers, all feel it in a season of this kind. The season would have been a good deal more bearable if wool prices had not been the worst for a very long while. Since the wool boom of 1950/51 wool prices have varied a good deal. There have been three or four years in which the lowest price was lower than the July average for this year but these occasions were accompanied by good seasons. This year we have the unhappy conjunction of a very bad season and very low prices.

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In general terms, the latest figures indicate a downward trend during 1966. Total consumption for the year diminished, the trend because consumption was high for the first two quarters, it fell steeply, however, in the last half of the year and ended being 30% less than in the earlier period.

One of the factors that have influenced the market for wool, is the quite drastic fall in the prices of the main synthetic fibres. In three adjustments since 1962, Terylene prices have fallen by 42%, Nylon by 25% and Acrylic by 19%. In the United States Dacron prices have been reduced by 49% over the same period. The latest reductions in nylon and Terylene prices occurred in June of this year. Dacron prices in America were reduced substantially in May of this year.

These very substantial reductions are the result of intense competition in the synthetic industry which has been reinforced by the large number of manufacturers entering the market. For a good many years the price of synthetic fibres was held fairly constant because patents restricted the number of manufacturers, but this is no longer the case.

Two other factors have also influenced the situation. New Zealand bought in over 645,000 bales of wool last year, or 37% of the total offerings at New Zealand auctions. This wool is still in store and of course is unsold. I have a breakup of wool purchased for stock between July of 1966 and February of 1967, and it is interesting to note that only 1% of this was 56's or finer. 88% of it was 46/50's or coarser, so there are very large quantities of strong wool held in New Zealand stores.

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In October of this year the Marketing Committee of the Wool Board will be making its report. Experience of the past has perhaps unfortunately led us not to expect any magic wand to provide a miraculous solution to this problem, but many woolgrowers will be looking to this report to see what it recommends, to see what prospects it holds for the future.

I know that at least one of the major organisations has indicated that it does not want to enter into debate on this question until the new Marketing Report is published but I would hope that the industry may still examine some of the other avenues which are open to it. The Wool Industry Conference has been established and the major woolgrowing organisations are members of it. I would hope that the question of costs and of returns would be discussed in the Conference, and also that the industry as a whole might seek a way of putting its own view, either by itself or in co-operation with other exporting industries, when the question of wages is under discussion.

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