



28 April 2011

Dr Mark Berry
Chairman
Commerce Commission
PO Box 2351
Wellington

Dear Dr Berry

CAVALIER WOOL HOLDINGS LIMITED AND NEW ZEALAND WOOL SERVICES INTERNATIONAL LIMITED

- 1 Thank you for your letter dated 26 April 2011 responding to the concerns raised by both New Zealand Wool Services International (WSI) and myself, as Chairman of WSI, about the tight timeframes imposed by the Commerce Commission (the Commission) in respect of the above application for authorisation.

- 2 WSI is disappointed by the Commission's response. The 26 April letter states that WSI raised its concerns regarding the timetable for the first time in my letter dated 23 April 2011. This is incorrect. WSI has consistently raised its concerns about the timeframes imposed with the Commission staff throughout the process, including:
 - 2.1 on 28 February 2011, I verbally raised my concerns about the Commission's proposed timetable with David Ainsworth and was assured that the Commission would allow for flexibility in the timetable to accommodate WSI. For instance, David Ainsworth stated that, in light of the events of 22 February, WSI could provide information during the process in "dribs and drabs";

NEW ZEALAND WOOL SERVICES INTERNATIONAL LIMITED.

30 Sir William Pickering Drive, Christchurch 8053, New Zealand

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- 2.2 on 20 April 2011, I raised my concerns about the timeframes imposed by the Commission in a telephone conversation with David Ainsworth.
- 3 While the 26 April letter states that the time in which a decision will be made has been extended by **agreement with the applicant**, WSI notes that the Commission did not engage in consultation with WSI in relation to this date extension. WSI would have expressed a view about the adequacy of the extension, had it been given an opportunity to do so. It seems extraordinary that the Commission believes it was fair and reasonable to consult with the applicant over suitable dates, but it appears undertook no consultation with other interested parties. NZWSI received first notification of the set dates from the Commission on the 1st of April.
- 4 I also note that the Commission's response appears to be based on a misapprehension about the extent of the disruption experienced by WSI and its staff following the February 22 earthquake. Although there is little to be gained by going into detail, I should note that the significant disruption and distress that the earthquake caused for both WSI and its solicitor was certainly more than minor, and these details have previously been discussed with Commission staff.
- 5 WSI will continue to participate in the process, but notes that:
- 5.1 the tight timeframes imposed by the Commission, and the constraints on participation for WSI and other interested parties that result from such timeframes, are relevant to the confidence that the Commission can have in the information and analysis provided by Cavalier Wool Holdings Limited (CWH). The material provided and arguments made by CWH will not have been analysed and tested as thoroughly as is desirable;
- 5.2 WSI considers that the timeframes imposed by the Commission for responding to the draft determination and preparing for the public conference for a matter of this complexity are not consistent with the process requirements of the Commerce Act 1986 and the common law principles of natural justice. Accordingly, while WSI will continue to participate in the Commission's process, it expressly reserves its position on these matters.

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- 6 In conclusion, WSI is disappointed by the Commission's response to its request for a deferral of dates and remains concerned both about the fairness of the process and whether a fully informed decision can be made with the time constraints that have been imposed by the Commission. But WSI will do its best to contribute to this process, despite those concerns.

Yours sincerely

A handwritten signature in blue ink that reads "Derek Kirke". The signature is written in a cursive style with a long horizontal stroke at the end of the name.

Derek Kirke

Chairman

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