

31st March 2011
The Registrar,
Commerce Commission,
P.O. Box 2351,
Wellington

Dear Sir,

Wool Equities Limited is a wool grower owned company set up by the outgoing New Zealand Wool Board to ensure the interests of its 7,800 predominantly crossbred wool grower shareholders.

Wool Equities Limited is concerned that initiatives which could reduce the level of in-New-Zealand scouring of wool will be detrimental to wool growers and could impinge on the quality of New Zealand wool being shipped to worldwide markets.

Sheep numbers in New Zealand are at a low and with prices for both wool and lamb (protein) vastly improved and demand for wool worldwide exceeding supply, growth in the numbers of sheep carried on New Zealand farms and the volume of available wool is inevitable.

The maximum value for New Zealand wool can only be obtained where quality scoured wool can be exported to wool product production plants in countries where control of the wool as an ingredient can be ensured, and maximum value can be extracted for the end products produced.

The effects of the Christchurch earthquake has raised further concerns for us should the geographic spread of scouring be not protected by earthquake proof structures or by geographic spread of wool scouring facilities.

On behalf of our shareholders, we wish to express our concerns as to any changes to the wool scouring capacity, quality, and location within New Zealand prior to final approvals being given to company's wishing to make changes.

Cliff Heath

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