

The Wool Selling System Review:

Second submission from Modiano Australia

7 September 2015

As previously stated, Modiano whole heartedly supports an unbiased and professional review into the wool selling system. Secondly, we strongly believe there are areas where costs can be reduced at particular stages between the wool grower and the processor. Please refer to the points clearly outlining our position, listed and detailed in our first submission.

Given the wide range of issues to be considered, it was quite a surprise that the initial commentary regarding the findings of this review focussed on one area and one area only – the benefits of computer selling.

Where is the evidence demonstrating a thorough investigation into every point raised by Modiano and other companies in relation to the wool selling system?

Where is the evidence outlining the pros and cons of the other ideas raised, such as the centralisation of selling centres and the reduction of selling charges?

Why did the WSSR panel choose to forsake any of the other proposed ideas in favour of one aspect, the very aspect championed by Stuart McCullough of AWI?

Modiano believes in a fair and transparent review. We are willing to work with others in the industry to get the best results for the whole.

If the panel is serious about considering the computer selling proposal in particular, all aspects must be considered. This includes the idea that – under the system proposed - companies like Modiano would be expected to buy wool without seeing the sample and also - unbelievably - without any guarantees.

To think that selling wool online has been likened to booking a hotel on the internet is equally laughable and said with complete disregard for the requirements and subtleties of buying wool that are essential to the end customer. Modiano produces over 24 million kilos of wool tops a year and the costumers we sell to are always requesting a better quality top as they strive to

make new products and expand the use of wool. When processing a 50 to 100 tonne batch of wool there is too much at risk to buy wool unseen. So as far as Modiano is concerned when buying wool in Australia if there is no sample there is no sale.

With all the intellectual might of the WSSR panel, it is disappointing that not one person out of this group was able to demonstrate an intelligent understanding of the requirements of the customers buying and processing Australian wool. No-one appears to understand that the only way to increase the price paid to wool growers is to increase the demand for wool which involves efficient and targeted marketing.

This is our challenge. This must be addressed in order to increase prices and ultimately benefit the grower.

The fact that AWI does not seem to appreciate this simple and obvious point only highlights its failure to provide wool growers with the benefits they rightly deserve after paying a wool levy year-in and year-out. Surely the grower's interests should be paramount?

In order to garner any credibility, the results of this review need to demonstrate intelligent and thorough thinking and careful consideration of every point raised, not just those championed by AWI.

Given the commentary to date, one wonders if what we really need is an investigation into the efficiency and professionalism of AWI, given this latest example of underhanded manoeuvring that threatens to unbalance this review process.

Modiano Australia Pty. Ltd.
