

Techwool Trading response to WSSR discussion paper and review.

Techwool put forward the following comments on several aspects of the Wool selling systems review (WSSR) paper.

Direct selling on farm

This is ludicrous and if it was ever allowed to develop would increase industry costs and inefficiency dramatically. No thought has been given to aspects such as on farm storage, accurate certified test specifications, certified weights and transport logistics.

The only place to test, store and deliver wool is in an approved secure warehouse.

Wool Exchange Portal (WEP)

We acknowledge the WEP's potential as an information portal listing such things as a comprehensive summary of Brokers services and selling charges both direct and indirect along with details of other options available to Growers such as private selling, forward selling, grid pricing and futures, however we believe that is far as it should proceed.

There is already an excellent range of alternative selling methods currently available through various Brokers and Traders.

For AWI to use this proposal as a trading platform would be going against one of the objectives of the review, which was to make prices and the sale process more transparent.

Selling through the WEP would fragment the wool clip, increasing costs and making the completion of orders and firm sales more cumbersome. We need the majority of the wool clip sold at Auction (open cry or otherwise) both for ease of finalising sales quickly and for accurate quotations and price discovery.

Sale by description

To attempt to achieve a minor cost saving to Growers by implementing sale by description will only add to costs of the Exporter. The vast majority of not only Exporters and more importantly the end user, our customers are against this.

Exporters have spent many years building up relationships with their customers and are aware of each of their individual requirements. Many of the types that customers order have qualities that cannot be measured or described by AWEX types or AWTA tests.

Techwool is adamant that to obtain the best and safest outcome for Growers, Brokers and Exporters all wool for sale must be visually appraised by the Exporter. At the end of the day it is the Exporter who guarantees a delivery financially and most importantly for quality.



Techwool *Trading*

Electronic selling

We agree with this in principal but a much more efficient system than what has been available recently needs to be developed and perfected.

Unless an electronic platform can exchange ownership of wool more efficiently and quickly than the open cry system it will never get full support of industry.

Summary

Techwool feel that very little has been achieved during the course of the review process. Collectively 100's of years of wool industry experience from Growers, Brokers, Buyers and Exporters was submitted to the WSSR panel yet it is difficult if not almost impossible to see much of it in the discussion paper.

Perhaps one of the biggest omissions is that of industry finance, surely this is one of the most intricate and important factors for our industry today. AWI CEO Mr McCullough has stated several times he put together the most experienced panel he could assemble locally and we all agree they are leaders in their respective fields however finance was not considered a priority?

If nothing of any significance comes from the review except Growers are more informed of the process of selling, buying and exporting such that they have a better understanding of their own business' than perhaps we can all be satisfied. When it is all said and done without them none of us would exist and it is their best interests and profitability we should be more focused on, on this basis it's hard to see the WSSR fell into this category.

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