

SUBMISSION TO THE WSSR – 19th February 2015

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GENERAL

Most parts of the wool selling system are subject to the normal competitive pressures between service providers and work well. Statutory charges however are not subject to the same pressures and are a significant proportion of wool selling costs. A case study of a recent sale of 21 bales of wool is given below. The cost breakdown was as follows:

Broker charges.....	588
Testing charges.....	147
Industry service fee.....	50
Wool tax.....	888

The broker and testing charges are fees for services that are necessary and easily understood. It is less clear how the grower benefits from the industry service fee, and highly debatable whether the grower ever sees a benefit from the wool tax, which in this case is slightly over 50% of the cost of selling the wool. In view of this it is odd that the wool tax was excluded from the WSSR's terms of reference.

CLIP PREPARATION

The Code of Practice for clip preparation needs to be modernized to cater for unskirted merino fleece wool where a classer is present and high quality control is in place. Currently this wool is given a D certificate, giving the impression that no care has been taken in preparing the wool.. When done properly, eg with crutching a month before shearing to remove jowls, stain, and dag, and leaving the shanks on the sheep, unskirted need not reduce the processing potential of the fleece at all. Fewer shed staff are needed and they become 'quality control officers', rather than their traditional role of ripping large amounts of fleece wool off and downgrading it to PCS (pieces). The whole wool harvesting process can be streamlined with obvious cost benefits.

POST SALE CHARGE

An area of the selling system that is not transparent and therefore possibly not subject to competitive pressure is the Post Sale Charge (PSC). If this charge were paid for by the grower rather than the buyers building it into their limits, it would become transparent and brokers would have to compete on cost to provide this service. At a minimum, the PSC should at least be disclosed to growers as they are the ones that are ultimately paying it.