

Submission to  
AWI Wool Selling System Review  
2015

Gordon Litchfield

Director: Gordon Litchfield Wool Pty Ltd  
Polo Flat Road  
Cooma NSW 2630

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After reading the submissions already tendered I have changed my initial approach to a submission as I feel the individual points in the issue paper have been well covered.

It is extremely important that the Review Panel be made aware that the point of a review is for the Industry as a whole and not become distracted by what can only be described as some single focus views at times.

Although many submissions may have an axe to grind mostly they have focused on areas they believe can be improved or question the process, which can only be described as fair enough.

Many suggestions or questions of the current Selling Systems and its perceived failures could be easily answered by simply asking the question to the Industry organisation or Company and not just assuming that "one size fits all".

The dark days of the Floor Price Scheme and the Wool Corporation are finally over, unfortunately a lot of the justified criticism's of that period seems to continue to this day and are just assumed that current Industry bodies continue in the vain of the extravagance and unchecked spending and behaviour of that period. This is simply not the case and reviews as well as staffing numbers and cost cutting measures are all available for everyone to view, simply by asking the question.

There also appears to be some confusion at times amongst growers and commentators of what role bodies such as AWEX or AWI actually carry out. This needs to be clarified and included in any review outcomes.

The political football being played out in the Industry currently between these organisations needs to be addressed and all concerned need to remember that they are representing all players as either the Growers or all Industry body members appoint them.

Every game needs a referee, and the more professional the players the more the Ref is needed.

AWEX is made up of representatives of the whole industry of which it has to try and represent. It is far too easy to blame the "Ref" if it does not suit the individual. The rules and guidelines set by bodies such as AWEX are from the Industry its representatives not an Individual.

The review panel needs to be sure the roles of organisations such as AWEX are clear and the Industry politics currently in progress does not cloud the explanations within the AWI review.

The "one size fits all" comes up continually in assuming all brokers provide exactly the same services and charges.

Assumptions have been made in both submissions and the AWI paper that the operations and of all Brokers and the buying trade to extent are the same.

To assume that Storage, Insurance, testing and storage facilities, pre and post sale advice, Buyers Service Charges and added services performed or provided in

shed as well as marketing facilities and purchasing are again “one size fits all” are simply wrong.

A free market exists and growers have a lot more choice of all these points mentioned. The Industry is simply not dominated by two players such as the Supermarket scenario, if customers are not satisfied with costs and services they can go straight down the road to consult several competitors.

The amount of “Competitive tension” and choice has never been stronger. The variation between selling organisations and the individual specialisation has never been greater, the add on services or simple specialisation in selling is wide and varied to the point some organisation’s even refuse to accept certain fibre from selected breeds in consultation and support of the trade due to the types of wool they handle.

“One size does not fit all” and a free market will determine the growers choice and the survival of any organisation that are not providing the varied services individual Woolgrowers want.

To assume all Growers want or need the same services and facility’s is also wrong.

The variation of requests and requirements in any one-week of a Wool Store needs to be realised. The simple variation in the, quantity, paper work, bale size, bale weight variation, presentation, branding, delivery, and timing of marketing for the grower as well as the need for Risk management facilities, or maybe finance is an enormous difference and needs to be understood.

The variation of services over an above just selling wool are large, this can range from education and support with Genetic improvements, Ram selection, nutrition, merchandise services, finance, Risk management facilities, Stock and Real Estate

Again “one size does not fit all”

The Wool Industry has never been a totally united industry in the way that it carries out its tasks, this can be criticised but also applauded as individual innovation against the odds has produced some major advances from the Growers right through to the Exporter. They are not all the same!

History shows that every time the wool market is depressed the Auction system is blamed, the system is from the “Dark ages”, why is it not all on a screen, why can’t it be sold directly.

An electronic platform exists and has been in operation in more than one form for several years, choice is available. It has not been black banned like are ship on a wharf; it simply has not completely fulfilled the requirements of the buyer and seller as yet, hence it’s small volumes. It is not resistance to change; it is a free market force and choice. Some savings to all concerned are a fact in the use of an Electronic system; this is without giving any consideration to why the Buyers need to look at the wool. Show floors only cost Brokers money, so it is not a resistance to change, it is a free market demand that buyers want to view the wool.

To market Wool Direct has a substantial and varied history in recent years. This has created some opportunities and advantages for selected growers and groups, but has produced some disasters for both growers and buyers that will leave scars for many years. Again the free market is not stopping any direct consignment, but previous history has shown its limitations at times. In the same way it is the free market that determines lot size in the price received and discounts applied for lots small or large.

Choice for both Grower and Buyer are available right through the system. If the cost and services do not suit they can choose not to use those services or price accordingly to the costs.

Any recommendations from this review has to consider the whole Industry and the needs of all Woolgrowers and the different services and marketing opportunities that they require and not assume "one size fits all" and that is Grower, Broker or Buyer.

The variation in the submissions surely shows the wide views and points out again the challenge is not to assume 'one size fits all" when making recommendations and I can only hope that all research and the money spent from growers funds for this review will be cautious and certain that it is all growers and the Industry as whole that are considered not just a small percentage of players. Maybe the panel could spend two weeks in any Wool Store/Broking business to see 1<sup>st</sup> hand the variation of services requested and needed to assist the wide range of Growers and what they are after.

Bigger picture issues such as finance for the Exporter and the mention of the GST factor in the Modiano Submission need consideration. The Finance available to Exporters is nothing like the past with the Large Export Houses and funds that were available from the likes of the Japanese operators in the past for example. It is these type of issues that have a far wider ranging affect on the market as does creating some true demand for wool.

Security through out the current transfer of ownership seems to have slipped through the net in this debate/review. The turn over time from wool arriving into store to cheque in the bank has more than halved since the Floor price days. The wool remains in the Brokers wool store and is not shipped until payment is received. The Brokers still take responsibility for payment to the Grower, but the Grower has the peace of mind knowing that the worst-case scenario still leaves the Broker with the Wool if the Buyer were not to pay. Compare this to the Stock Industry when the Cow could have its head cut off at the Abattoir well before payment is due and the Agent has no Cow to sell when the Butcher goes under, does the grower get nervous about his cheque then?

As important as most of the issues in the paper are, the big picture issues still remain:

Demand for the Wool.

Changes that have occurred for finance availability for exporters and the possible need for Government review in some sectors that restrict this.

Not to ignore true free market forces that the Industry has taken years to get back to after the "Dark Days" of the Reserve Price Scheme.

Be sure that all growers and industry players are represented correctly and not generalised.

Gordon Litchfield