

Wool Selling Systems Review
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Wool Selling Systems Review

The Business Council of Cooperatives and Mutuels (BCCM) welcomes the opportunity to provide a brief submission in response to the Issues Paper on wool selling systems.

The BCCM Refers the Review Panel to our recent submissions to the Agricultural Competitiveness Review¹ along with comments made by Federal Agriculture Minister Barnaby Joyce in relation to the success of cooperatives in the agricultural sector.² In particular, the use of a cooperative structure to sell wool in Australia would address the second and third considerations of the Panel.

Cooperative structures allow farm businesses to achieve greater economies of scale and improved profitability without losing individual control of their operations, as well as ensuring democratic governance by members. It is important to note that without the need to provide shareholder returns, the entity is 'freed up' to act solely in the interests of producer members. Cooperatives also allow farm businesses to increase their bargaining power, as opposed to being required to negotiate individually, and often against each other. The Green Paper on Agricultural Competitiveness has stated that the "Australia Government will consider what it can do to foster more cooperatives in the agriculture sector..." and it may be an ideal time for the wool industry to take advantage of this opportunity.

Establishing a cooperative to market and sell Australian wool would greatly reduce the level of competition between sellers of wool, thereby allowing higher price points to be maintained. It would also allow competitive pressure in selling wool to be increased, leading to increased prices for wool growers. Further, the establishment of a cooperative to market the wool clip would allow economies of scale to be employed to reduce transfer costs to individual wool growers, thereby reforming an aspect of the sales market which is a current price impost to farmers.

The BCCM would welcome the opportunity to meet with the Review Panel to discuss the opportunities for a cooperative structure to be developed in relation to the sale of wool in Australia.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "Melina Morrison".

Melina Morrison
Chief Executive Officer
Business Council of Co-operatives and Mutuels

¹ https://agriculturalcompetitiveness.dpmc.gov.au/sites/default/files/public-submissions/gp289_business_council_of_co-operatives_and_mutuals.pdf; and <http://bccm.coop/bccm-submission-agricultural-competitiveness-taskforce/#.VPabJS4gh2J>;

² <http://www.abc.net.au/news/2014-10-20/nrn-ag-green-paper/5825626>