



14 August 2006

Laurance Modiano Comments on upcoming Wool Poll

I am surprised, although perhaps I shouldn't be, by the position taken by Woolgrowers and the NSW Farmers' Association.

During face-to-face meetings, I was honest about my proposal and they certainly did not reject it at the time. Don Hamblin said that he thought the main obstacle would be the ACCC, which now appears not to be the case.

I would like to clarify why I think it is important.

1. It helps to raise more money for targeted marketing. I have never endorsed generic marketing: this is a decision for people more qualified than I to take.
2. It catches those buyers and processors who have refused to make voluntary contributions. As it happens, my group invested a significant sum in the TMP, as did many of my clients and competitors. Regrettably, China and India did not. My proposal is not intended to remove income from the long-suffering growers, but rather to ensure that no buyer feels that his competitor has refused to contribute, and therefore has an unfair advantage over him, which is the attitude which prevails in those cultures.
3. It allows downstream wool dependants a voice in how funds are invested. Growers would be handing over some control to those who depend on them and who are also closer to the consumer markets. Woolmark discussed strategy with us before embarking on the TMP, and wisely heeded our comments that knitwear was an increasingly important market. By contrast, AWI never bothered to ask us about Benetton, who are a long-term client of ours. It was AWI's first major marketing attempt and the result speaks for itself.

A price rise may not be far off, but it will be driven by a lack of supply, not by red-hot demand. By then, it will be too late. Many growers will never come back.

I ask growers to consider the lessons of the last seventy years when they have been in charge of their own money, and ask them whether it is not time for change? Or shall we continue to fight with each other, as growers and processors exit, and the slide into dark oblivion gathers pace?

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