



Quality service for quality growers



2015 NSW Winner

From a Southern Cotton grower point of view we are very concerned with the push from merchants to get all classing done by HVI so there is no manual classing at all.

Approx 98% of all cotton is dyed so the colour discount is a mechanism for the Mill to get their raw product cheaper.

At the moment the Merchant wears the risk that if cotton is classed 31 (he has bought it on the assumption or hope that he will receive 21 colour and pays basis accordingly.) If it is classed 31 he says he must discount the cotton in market place to the point of making no money or losing money.

In a year where there has been no or very little rain at picking there is no problem with the HVI classing (like this year). But in a wet year the HVI classes harder than visual classing.

An example from Commins Enterprises last year:

- Manual class 1198 bales x 31 & 6 bales x 41 so A\$81.08/ bale (total A\$486 discount @US\$.74)
- HVI 507 bales x 31 and 697 bales x 41 so A\$81.08/ bale (total A\$56,513 discounts @US\$.74)

Another issue is the modified P&D so range from 300 points to 900 point discount or A\$20.27 / bale to A\$60.81 / bale. The cliff face discount is more preferable than the graduated discount.

The Southern Valley crops are more likely to be affected by wet picking and colour discounts. This is going to adversely affect every southern grower and reduce both the returns to the grower and the potential growth of the industry in the region. This Classing system will amplify the risk of discounts in a typical southern picking year.

The process of review of this submission is also too short for growers in Southern NSW to be familiarised and educated on the ramifications of the findings in time to make submissions to the ACCC. Any findings should be delayed to allow more feedback from the total industry.

Regards,

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