
NATIONAL AUCTION SELLING COMMITTEE

SUMMARY OF OUTCOMES: MEETING NASC41-2014

FRIDAY 21ST FEBRUARY 2014, 9.30AM AEDT

AUSTRALIAN WOOL EXCHANGE LTD

2 EDEN PARK DRIVE, MACQUARIE PARK, NSW

TELECONFERENCE

N41/14/1.0 PRESENT

Les Targ	Chairman
John Bradbury	West Buyer
Dean Collison	North Buyer
Michael de Kleuver	South Seller
David Freeman	Large Seller
Lyndon Hosking	West Seller
Josh Lamb	Fourth Buyer
Gordon Litchfield	North Seller
Len Tenace	South Buyer
David Cother	Secretary
<i>Observers (Wool Selling Program)</i>	
John Colley	NCWSBA
Tim Marwedel	ACWEP

N41/14/2.0 WELCOME/APOLOGIES

- The Chairman welcomed Mr. Litchfield as the newly elected Northern Region seller representative.
- The Chairman welcomed Messrs Bradbury, Collison, de Kleuver, and Lamb as re-elected representatives.
- The Chairman welcomed Mr. Colley and Mr. Marwedel as observers for NCWSBA and ACWEP respectively. The Chairman noted IWB correspondence advising an (IWB) observer would not be nominated for this meeting.

N41/14/3.0 MINUTES PREVIOUS MEETING

Accepted. Amendment – Present; Mr. de Kleuver.

NATIONAL AUCTION SELLING COMMITTEE

N41/14/4.0 ACTION ITEMS/ISSUES ARISING (NASC40 and Prior)

Item ID	Description/Action	Status
N34/9.2	Definition of Delivery Area** Some preliminary discussions held (NASC 37).	2014
N36/10.2	Non declaration of Run with – letters to Industry Organisations.	In progress. Referred to AWEX.
N38/6.0	Identification of BC lines containing Seller Inspected Bales	Referred to ISAC.
N38/7.3	NASC Auctioneer Meeting - Workshop	In progress.
N40/4.0	Chairman's Review: Terms of Reference	NASC41 (10.0)
N40/5.0	Data Standards: Terms of Sale in Auction Catalogue. Missing or inability to report.	1. Referred to WIEDPUG. Additional field added (effective July 2014) to allow sellers to itemize 2 nd delivery location covered under PSC Terms. WIEDPUG believed not cost effective to cover all possible combinations and that buyers need to manage non-standard delivery conditions offline. 2. Compliance – AWEX now providing feedback to brokers where Sale Basis not supplied. One software provider had bug which is now addressed.
N40/6.0	Charity/Good cause protocol	Completed. New catalogue symbol "C" Roster protocol advised to administrators. To be released July 2014
N40/8.0	Earlier lodgment of Delivery Orders prior to Christmas to enable warehouses to plan resources.	Completed. Dumps agreed to provide Orders earlier. Wool Clearing House circulated earlier.
N40/9.0	Breach of Rules; Item now includes all related previous Agenda Items Auction Handbook/Catalogue and Showfloor Standard	In progress. NASC41 (9.0)/(10.0)
N40/10.1	Expiry of Terms – Elections	Completed.
N40/10.2	Notice to Sellers re not clearing and/or bagging showfloors prior to 10AM.	Completed.

NATIONAL AUCTION SELLING COMMITTEE

N41/14/5.0 WOOL SELLING PROGRAM 2014/15

The Chairman invited Messrs Colley and Marwedel to participate in all discussions related to the Wool Selling Program items.

5.1 Northern Region (AS Sales)

NASC considered the flow of superfine wool onto the market in Northern Region during 2013/14 compared to previous seasons. It was noted the AS Sales were points of aggregation particularly for wool 16.5 micron and finer. Broader wool tended to be offered more consistently across all weeks. There was support for the retention of these Sales at this time. NASC also recommended aggregated superfine wool offerings in other regions such as Launceston, New Zealand should not clash with the AS Sales.

It was AGREED:

1. Designated Australian Superfine ("AS") Sales are to be retained. The previously designated AS sale (S36) would be moved to S35.

5.2 Southern Region

5.2.1 Launceston

There was considerable discussion regarding the Launceston Sale, specifically its potential impact (due to freight costs) on the Eastern Market Indicator (EMI) when selling in isolation.

It was felt that remote customers reading a market report and particularly the EMI may not understand the additional freight component involved with wool stored on Tasmania and may, for example, interpret the market as falling when, in fact, it was unchanged on a mainland basis. There was discussion as to whether AWEX market reporting could qualify and/or quantify the freight cost impact on Indicators when reporting on the Launceston Sale. An alternative suggestion was to conduct the Launceston Sale on the Wednesday so that the market reporting is aggregated with sale results from other centres selling (i.e. Sydney). The Southern Region Seller Representative noted that this option would create a logistical problem but, the consensus was that it would be best to discuss the matter with the Launceston vendor, which may have other options it may wish to explore.

5.2.1 Non Weekly Sellers (NWS)

NASC recommended the Non weekly sellers in Southern region try to avoid offering in the same week to minimize excessive fluctuations in offerings. NASC recommended non weekly sellers try to offer in both weeks immediately pre and post major recess periods.

It was AGREED:

1. L33 is to be retained. Secretary to discuss option of selling Wednesday with vendor.
2. Secretary to report discussions to AWEX Market Information for review.
3. Non weekly Sellers to be contacted to establish their offering intentions.

5.3 Western Region

NASC considered a request from Western Region sellers to reinstate F01, for the 2014/15 season only, on the basis of forecast increased quantities due to growers holding stock for new financial year as a consequence of a large grain harvest in 2013/14. The total offering in 2013/14 for the Week 01/02 period was 11,817 bales.

NATIONAL AUCTION SELLING COMMITTEE

The Committee noted the reason behind the withdrawal of F01 after Season 2010/11, namely the significant imbalance in offerings between Week 01 (13,426 bales) and Week 02 (4013 bales). The target minimum sale size for Western Region is 4500 bales. [Note: A Sale falling below prescribed minimums will not be cancelled - it will however most likely be removed from the following season's program).

The Committee believed there was a chance this (imbalance) would recur, however given the sellers were forecasting a significant increase in quantities for this period, agreed to the application for one season so as to prevent an abnormally large F02.

It was AGREED:

1. F01 to be reinstated for 2014/15 only. Inclusion on subsequent programs is subject to application, review and quantities.
2. The maximum number of Sale Days for a Western Region Sales remains unchanged at two (2)
3. The maximum number of lots per day per room remain unchanged (800) and
4. Sellers are to be encouraged to make both Sales a viable quantity.

5.4 Christmas Recess

NASC considered a number of submissions in relation to the timing and length of the Christmas Recess. Some post sale service providers reported that delaying the Recess one week would not result in any more wool being shipped, and that access to transport, staff etc. over Christmas was difficult.

The Committee concluded:

- a) There appeared to be little business benefit in deferring the Christmas Recess one week,
- b) There was no support for a four week Recess,
- c) Sellers often commenced the pre-Sale functions (cataloguing/showfloor setting et al) well in advance for the January return Sales minimizing the work required between Christmas and New Year and
- d) The timing of the Christmas Recess would change annually due to the calendar cycles, with some Recess periods closer to Christmas and some further away.

It was AGREED:

1. The 2014/15 Christmas Recess would remain unchanged (Weeks 25/26/27).

5.5 Chinese New Year

NASC considered an application to consider a request for a Recess over Chinese New Year. There was no support for this application.

NATIONAL AUCTION SELLING COMMITTEE

5.6 Mid-Year and Easter Recess

NASC received a number of submissions on the length of the mid-year Recess. These were in equal part submitting cases for 2 and 3 week Recess. The Chairman noted that the same submissions were being made every year presenting a challenge to NASC for which no easy solution exists.

Initial discussions around the table were consistent with previous year's deliberations:

Buyers advocated strongly;

- the need for Recess weeks for client servicing,
- re-iterating the point that the mid-year period is a slow business period internationally particularly with European trade.
- The mid-year period into August is low on the demand cycle (influencing price).

Sellers advocated;

- Three weeks of Recess disrupted trade with arguably the price being adversely affected by the (relatively large) size of Sales adjacent to the Recess.
- They did not want to move the Recess (as per previous NASC meetings).
- It was noted that the level of support for 2 weeks varied by representative.

Committee members were keen to explore a possible compromise and, after extensive discussions, the representatives agreed to propose a compromise position via the ***Tentative Wool Selling Program 2015/16***.

The proposal is as follows (with details illustrated on the 2014/15/16 Wool Selling Programs):

1. The mid-year Recess to be reduced to 2 weeks.
2. The mid-year Recess to be moved to the last and first weeks of the selling season (e.g. 52/01) commencing Week 52 in the 2014/15 season.
3. The Easter Recess be increased to 2 weeks, with the week of Good Friday becoming a Recess week.
4. The Western Region program of fortnightly Sales over the June/July/August period would be amended to reflect the change in the mid-year Recess timing.
5. This proposal be implemented from the beginning of the **2015/16 season** (but also including the last weeks of 2014/15).

It was AGREED:

1. The proposal be published on the 2014/15/16 Wool Selling Programs.
2. That submissions on this proposal seeking less Recess weeks than proposed would not be considered (i.e. there has not been an agreement to reduce the total number of national Recess weeks).
3. If there was insufficient support for this proposal the original format would be re-instated (i.e. one week Easter Recess, three weeks July (weeks 03/04/05)).

NATIONAL AUCTION SELLING COMMITTEE

5.7 Application from AuctionsPlus

NASC considered an application from Auctionsplus to have an Auctionsplus sale published on the Wool Selling Program.

It was AGREED:

1. As the submission was lodged 48 hours prior to the meeting (and after the published cutoff for submissions) there was insufficient time to consider the request and to seek input from respective constituents.
2. Further to 1, the Committee needed more time to consider the criteria needed to be satisfied before inclusion of such sales on the Wool Selling Program.

N41/14/6.0 TENTATIVE WOOL SELLING PROGRAM 2015/16

The Committee noted the Wool Selling Program 2015/16 contained 53 weeks.

Please read the following in conjunction with Agenda Item 5.0 and particularly Item 5.6.

It was AGREED:

1. The Tentative Wool Selling Program 2015/16 would follow the conventions set on the Wool Selling Program 2014/15 with the following exceptions:
 - i. The Easter Recess shall be two weeks (39/40),
 - ii. The 2015 mid-year Recess shall be two weeks (52/01),
 - iii. The 2016 mid-year Recess shall commence in Week 53, and
 - iv. The 2015/16 Christmas Recess shall be weeks 26/27/28 (and reverting to Weeks 25/26//27 in 2016/17).

At the conclusion of the Wool Selling Program discussions Mr. Colley and Mr. Marwedel left the meeting.

N41/14/7.0 WOOL SELLING PROGRAM RESOLUTIONS

The Committee resolved to accept the Wool Selling Programs.

ACTION(S) **Wool Selling Program 2014/15 to be issued.**
Tentative Wool Selling Program 2015/16 to be issued.

NATIONAL AUCTION SELLING COMMITTEE

N41/14/8.0 COMPLIANCE AND NASC

The Secretary briefed the Committee on the steps required for NASC to implement a compliance program. The Secretary noted that NASC did not have Wool Selling Rules and that AWEX Wool Selling Rules were non-binding nor able to be applied to auction participants that are not Members of AWEX.

The steps include:

1. Modifications would be required to the NASC Terms of Reference to:
 - a. define the term for companies paying the NASC fees (e.g. “Members”),
 - b. define of the role/relationship between NASC/AWEX (i.e. AWEX is the service provider to NASC),
 - c. modify the scope of operations of Committee, and
 - d. the inclusion of statements relating to the indemnity of representatives.
2. Publication of NASC Wool Selling Rules, Standards and Code of Conduct.
3. Publication of a compliance schedule, outcomes and procedures (including appeals mechanisms), and
4. An agreement conditions where participants agree to comply with points 2 and 3.
5. Legal review of all the above prior to publication.

All of the above would be issued under draft status to auction participants for comment prior to the committee committing to implementation. Considerable discussion was had on the compliance schedule. It was noted that not all Rules necessarily need have an associated compliance implication.

It was AGREED:

1. That Wool Selling Rules were required.
2. That some compliance measures were required in the form of corrective actions to address some recurring and/or serious breaches of (NASC) Rules, industry standards or Codes of Conduct and
3. Any compliance measures were deemed to be fair and not draconian.

ACTION Secretary to provide final drafts of all documents prior to next meeting.

N41/14/9.0 AUCTION HANDBOOK

The Committee discussed the draft Auction Handbook containing Wool Selling Rules, Standards, Practices, Code of Conduct and Procedures. Representatives asked for more time to identify areas they wished to flag for more discussion.

ACTION Representatives to provide feedback within two weeks.

N41/14/10.0 TERMS OF REFERENCE

Arising from the Chairman’s review a marked up copy of the Terms of Reference was considered by the Committee.

It was AGREED:

1. The Terms of Reference be held pending draft changes relating to compliance are included.

ACTION Terms of Reference to be updated with modifications arising from compliance work before public circulation under draft status.

NATIONAL AUCTION SELLING COMMITTEE

N41/14/11.0 OTHER BUSINESS

11.1 Sale Room Conduct

A representative raised again concerns about behavior and conduct in a Sale Room. The Committee wished to remind all auctioneers that the auctioneer has the right of the room and is responsible for the conduct of the room. It appeared some are also not aware of some business rules. It was noted also that some buyers required a reminder on the standards required.

ACTION NASC to conduct auctioneer briefing sessions in all regions on rules and conduct as soon as possible and as a matter of priority.

**Items listed under Other Business are generally those tabled at the meeting, or received after the requested cut off. These items are discussed but generally have not have been formally circulated to industry on the NASC Items of Considered document for comment. Any Items requiring a policy change or additional industry consultation will be held over to the next meeting.*

N41/14/11.0 NEXT MEETING SCHEDULE

Meeting Code	Week	Date	Time	Type
NASC-42	47	Friday 23 May 2014	1.00PM AEST	TELECONFERENCE
NASC-43	09	Friday 29 August 2014	1.00PM AEST	TELECONFERENCE
NASC-44	21	Friday 21 November 2014	1.00PM AEDT	TELECONFERENCE
NASC-45	35	Friday 27 February 2015	9.30AM AEDT	FACE TO FACE
NASC-46	47	Friday 22 May 2015	1.00PM AEST	TELECONFERENCE

Meeting Closed: 1.55pm AEDT

For more information: NASC representatives

Name	Position	Contact No	E-mail
John Bradbury	West Buyer	0418 926 899	john@fremantlewool.com.au
Dean Collison	North Buyer	0419 868 783	dean.collison@michell.com.au
Michael de Kleuver	South Seller	0428 643 745	mdekleuver@rodwells.com.au
David Freeman	Large Seller	0408 467 649	david.freeman@landmark.com.au
Lyndon Hosking	West Seller	0427 779 460	lhosking@dysonjones.com.au
Josh Lamb	4 th Buyer	0419 841 609	joshlamb@techwool.com.au
Gordon Litchfield	Northern Seller	0428 484 855	gordon@glw.net.au
Len Tenace	South Buyer	0400 966 177	lent@segardmasurel.com.au
Les Targ	Chairman	0414 365 933	