
NATIONAL AUCTION SELLING COMMITTEE

SUMMARY OF OUTCOMES: MEETING NASC25-2010

(PART A)-FRIDAY 5TH MARCH 2010, 9.15 AM AEDST

(PART B)- FRIDAY 19TH MARCH 2010, 12.30 PM AEDST

AUSTRALIAN WOOL EXCHANGE LTD
318 BURNS BAY RD, LANE COVE, NSW

N25/10/1.0 PRESENT

Les Targ (Chairman)
Richard Butcher
Michael de Kleuver
Simon Hogan
Lyndon Hosking
Josh Lamb
Perry Roberts
Len Tenace
Rowan Woods
David Cother (Secretary)

N25/10/2.0 APOLOGIES

Nil

N25/10/3.0 WELCOME

The Chairman welcomed Mr. Hogan as the new Large Buyer representative. On behalf of the Committee he thanked Mr. McDonnell for his contribution to NASC and his significant input into its decision making over recent years.

3.1 MINUTES

Minutes NASC-24 accepted with no amendments.

3.2 ACTION ITEMS/ISSUES ARISING/OUTSTANDING FROM NASC24

3.2.1 Implications of buyers bidding in multiple names

Secretary advised that AWEX lawyers were waiting on further advice from AWEX. The Chairman advised that he would follow this up and have the matter finalised. Committee asked Secretary to speak to ALPA to determine if precedent in other trading platforms.

3.2.2 Seller Prompt dates: Week 25

Prompt and warehouse details compiled and circulated by AWEX.

3.2.3 Launceston Week 33

Tasmanian Sellers notified of changes to parameters for L33/09.

3.2.4 Sellers Terms of Sale

Secretary issued notice to Sellers asking that current versions are available in the sale rooms. Committee asked that this be re-stated to Sellers and finalised by June 30.

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3.2.5 Star Lots - WA

Secretary advised WA sellers that star lots could be offered in Room 1 provided they are clip lots and NOT cast lines. Wool described as Lambs could be offered provided they were clearly combing length wool and suitable for the white room.

3.2.6 Catalogue Use Survey

Completed (See 6.0)

3.2.6 D certificates and Lightweight Bales

Added to NASC-25 Agenda (see 8.0 and 7.0)

N25/10/4.0 REVIEW OF L33/09

NASC reviewed the operational statistics from L33/09 (and M33/09). NASC Buyers expressed concern about the limited promotion of the L33 Sale, and that the quality was still not as high as they would prefer (the recent drought effects were still evident). They were concerned that the concept was not getting enough traction in terms of showcase for buyers and seller and that on current measures the sale was not sufficiently different to a mainland sale day. On this basis the buyers proposed that L33 may need to be rostered as a full standalone day (Tuesday) sold by separation in Melbourne (as occurs with New Zealand wool).

Mainland Sellers supported the existence of an L33 Sale provided the opportunity for mainland selling was maintained (through M33).

It was Agreed:

That the L33 Sale be retained and offered in Launceston in 2010/11, however the intent to offer L33 by separation in Melbourne in 2011/12 be signaled on the Tentative Wool Selling Program.

N25/10/5.0 WOOL SELLING PROGRAM(S)

5.1 2010/11 WOOL SELLING PROGRAM

The Secretary noted that Notices to Stakeholders seeking input or requests relating to the Tentative 2010/11 Wool Selling Program were issued in January 2010.

The Chairman requested the Committee to refer to the WSP policy rules, offering statistics and correspondence when reviewing the Program.

5.1.1 JULY RECESS

NASC considered correspondence received and debated the merits of having a 2 or 3 week Recess in July.

In agreeing to a 3 week national Recess in July the Committee found (in no specific order):

- There was insufficient support from Seller and Buyer constituents (nationwide) for a two week Recess.

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- The Committee noted that volumes offered in Northern Region in July exceed that of the other regions. In noting this however, the opposite situation exists in Western region where volumes are very low.
- NASC discussed and rejected the option of using offset Sales over this period as a possible mechanism to address this regionally.
- NASC discussed the option of having only one week trading to open the season. This was rejected as previous experience resulted in large Week 1 offerings .
- The buyer representatives reinforced the position that the July Recess is a period that exporters use for marketing and client liaison. With lower staffing levels (and staff performing multi roles) it was not possible for this to occur frequently during the year. It was not to be seen as a three week holiday.
- The weeks adjacent to the 3 week July Recess are not currently over subscribed or subject to Maximum Lot Allocation restrictions indicating more weeks are required.
- Some Sellers desire a two week Recess but do not currently support the first week back (after a three week break).
- The three week Recess also allows both buyer and seller participants an opportunity to resolve backlog administrative, or address corporate issues arising as a result of reduced resources.
- The concept of proposing more selling weeks in times of sharply declining volumes also seemed illogical – higher costs across smaller quantities.

It was Agreed:

The National July Recess is to be rostered for Weeks 3, 4 and 5.

5.1.2 CHRISTMAS RECESS

NASC considered the timing of the 2010/11 Christmas Recess. All representatives supported a three week recess. Weeks 26 and 27 contain Public Holidays. Buyer representatives noted that prompt and shipping is difficult at this time of the year. Dumps have advised that they are under considerable pressure at this time with exporters are asking for wool to moved in short time frames during this period. Buyer representatives asked that Sellers consider their Prompt and Storage arrangements for week 24 sales to relieve some of this pressure.

It was Agreed:

- ❖ The Christmas Recess was to be 3 weeks (Weeks 25, 26, and 27).
- ❖ Week 24 will be rostered as a trading week. Under 9 day prompt terms , the prompt for this week would fall on Friday 24th December 2010.
- ❖ Whilst extended (Buyer and Grower) prompts for Week 25 were recommended to assist participants with the reduced number of business days, NASC could only assist in facilitating/managing the earlier communication of Seller Prompts.
- ❖ Sellers are requested to supply prompt details for this week to AWEX by the end of June 2010.

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5.1.3 EASTER RECESS

All Representatives supported a one week Easter Recess in Week 43. Public Holidays for Easter and Anzac Day both fall in Week 43.

It was Agreed:

- ❖ The Easter Recess was to be 1 week (Week 43).

5.1.4 NEWCASTLE SALES

The Chairman referred the Committee to the submission from the Newcastle Wool Selling Brokers (NEWSB). NASC also reviewed the offering statistics for the 5 Sales offered in 2009/10. Exporter representatives were concerned that the centre was including wool that did not build Newcastle's reputation as a seller of premium Superfine wool. It was argued that N35 could have been offered by separation in Sydney as the technical nature of the offering was not generally premium. (*Statistics available from Secretary on request.*)

The Committee determined that whilst it supports Newcastle Sales, these Sales need to reflect the brand which this centre promotes itself. In making this assessment NASC believes on the basis of the offering in 2009/10 that 4 Sales were sufficient to meet this requirement. The possibility of offering one Newcastle Sale by Separation was discussed but rejected due to reports of logistical difficulties when this was last approached.

This view of 4 Sales and their timing was put to the Newcastle Sellers.

The responses from Newcastle Sellers were reviewed. In consideration that Sellers were concerned about the consultation process in forming this view NASC elected to retain 5 Sales in 2010/11, with 4 Sales rostered in 2011/12.

It was Agreed:

- ❖ 5 Newcastle Sales are to be retained in 2010/11.
- ❖ 4 Newcastle Sales have been rostered on the Tentative 2011/12 WSP.

5.1.5 CHINESE NEW YEAR

NASC received a request to consider whether the Wool Selling Program should reflect Chinese New Year. In reviewing the market indices over a period of Years there did not appear to be adverse impact pre, during or post Chinese New Year. There was discussion as to whether the impact was related to market or shipping issues.

It was Agreed:

- ❖ Auction Sales would (continue to) be rostered during Chinese New Year.

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5.1.6 WESTERN REGION

Local representatives noted that sale volumes were low at certain times of the year and that 1 Day Sales were expected to occur. The size of these Sales had not yet reached the point where cancellation had support.

5.2 2011/12 TENTATIVE WOOL SELLING PROGRAM

The 2011/12 Tentative Wool Selling Program was reviewed. Structural changes are:

- Christmas Recess will be Weeks 26, 27 and 28. (1 week later).
- Launceston L33 is scheduled for Sale by Separation
- Newcastle is rostered for 4 Sales. The designated weeks are subject to change.
- Weeks 14, 30, 36 and 40 in Western Region are to be limited to 1 day Sales.

ACTION 2010/11 and 2011/12 Wool Selling Programs to be updated with Release Notes and circulated to industry.

N25/10/6.0 CATALOGUE USE SURVEY.

The Secretary surveyed showfloor buyers on their catalogue use. 69 individual buyer responses were received. The purpose of the survey was to measure printed catalogue usage. Results of the survey are below:

NASC SHOWFLOOR CATALOGUE SURVEY (SUMMARY RESULTS)												
		SHOWFLOOR APPRAISED USING:				CATALOGUES USED		COVERS ONLY		CATALOGUE USED FOR BIDDING:		
Region	Responses	Seller Cat.	Self Print	Handheld	Handheld %	Room 1	Room 2	Room 1	Room 2	Seller Cat.	Self Print	Self Print %
NORTH	20	17	1	3	15.0%	21	21	2	2	5	16	80.0%
SOUTH	27	19	1	12	44.4%	20	23	3	3	8	21	77.8%
WEST	22	14	3	6	27.3%	16	18	6	6	11	14	63.6%
	69	50	5	21	30.4%					24	51	73.9%

Note: Totals may exceed the response rate as some buyers use multiple types or copies.

ACTION No further Action

N25/10/7.0 LIGHTWEIGHT BALES

NASC considered the statistics of lightweight bales offered in the last 12 months. Representatives were surprised at the number of bales involved. (See Table 1.) The minimum weight limits are documented in the Woolclassers Code of Practice and AWEX Business Rules.

NASC discussed a number of options to address this problem including possible compliance measures. It was agreed that this was a Seller issue (as they offer the bale and have the official weight) and should be managed (in the first instance by them). There was no support for identifying these lots as D certificates (despite being underweight).

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It was Agreed:

- ❖ Secretary to obtain more detail on the source and origin of these bales,
- ❖ Secretary to write to all Sellers asking them to comply with the weight limits which are applicable to all bales within a line.

TABLE 1: Lightweight Bales: Summary of all types for period March 2009 to Feb 2010:

Micron category	Number of bales below 90 kg
Under 14.0 mic	9
14.0 to 15.9	20
16.0 to 17.9	43
18.0 to 18.5	36
Micron category	Number of bales below 110 kg
18.6 - 18.9 mic	249
19.0 – 19.9	550
20.0 – 20.9	432
21.0 - 21.9	260
22.0 – 22.9	225
23.0 – 23.9	193
24.0 – 24.9	133
25.0 – 25.9	111
26.0 – 26.9	108
27.0 – 27.9	116
28.0 – 28.9	81
29.0 – 29.9	57
30.0 and above	218

ACTION Secretary to action.

N25/10/8.0 CERTIFICATE RE-ISSUES (DURING SALE)

NASC considered two issues/complaints relating to reissues of test certificates due to clip preparation audits.

1. Single Source change to multi source wool

AWEX requested NASC to advise what course of action should be taken by the Seller when a lot tested as a single source (P/D) is requested by AWEX to be reissued a multi-source lot (Q/B). *Currently AWEX documentation advocates removal of these lots from sale due to the amount of data changed on a certificate.*

As a result of a requirement for further testing, single source wool that is to be reissued as a multi-source wool will usually have changes to vmb and yield results *as well as the change to certificate wool preparation category.*

2. Incorrect certificate details transmitted by seller as part of invoice.

Buyers have reported that they are receiving incorrect sale invoice transmissions from some sellers where the original (P) certificate details are transmitted instead of the reissued (D) certificate. This creates significant issues for buyers when attempting to combine lots post sale in OMLs only to

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find that a component is ineligible. This may result in additional commercial costs.

Considerable discussion was had on these matters. All Seller representatives agreed that the buyer is entitled to correct information and that this was a seller management issue. They were concerned that this was (still) occurring.

It was Agreed:

- ❖ In case 2 above, the Seller shall either:
 - Have Terms of Sale that accept all subsequent liability for costs arising where incorrect data is transmitted, or
 - withdraw the lot and offer with correct data.
- ❖ In addition, the Secretary should write to all Sellers asking them to ensure they have procedures and systems in place to check that all reissued certificates are processed prior to Sale Invoice transmission.
- ❖ Monitor how these measures are being managed and bring to NASC's attention cases of breach, to determine whether further action needs to be taken.

ACTION Secretary to write to Sellers.

N25/10/9.0 DISTRIBUTION OF CONTACT DETAILS TO THIRD PARTIES

NASC received a complaint where seller(s) had passed on personal contact details of buyer(s) to grower(s). Buyer(s) then had direct approach from grower(s) which was uninvited.

It was Agreed:

Auction Buyers and Sellers should not distribute personal contact details of other buyers or sellers to third parties (unknown to the first person) unless authorised by the first person and the purpose is known.

ACTION General Update to Auction Buyers and Sellers.

N25/10/10.0 WESTERN REGION

Withdrawn by Western Region representatives.

N25/10/11.0 OTHER BUSINESS

11.1 AWEX-ID TRANSMISSION

A Buyer representative asked whether it was possible to have more AWEX-ID included in the Northern region catalogues. Nearly all South and West catalogues include this information.

ACTION Secretary to contact Sellers that do not transmit.

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11.2 SELLER ROTATION IN SOUTH

The South Seller Representative asked for the Seller rotation pattern in the South to be tabled for discussion at the next meeting.

N25/10/13.0 NEXT MEETINGS

NASC-26	Friday 21st May 2010	(Week 47)	1.00PM AEST
NASC-27	Friday 27th August 2010	(Week 8)	1.00PM AEST
NASC-28	Friday 19th November 2010	(Week 20)	1.00PM AEST
NASC-29	Friday 25 th February 2011	(Week 34)	9.30AM AEST
NASC-30	Friday 23 rd May 2011	(Week 47)	1.00PM AEST

NASC-29 FACE TO FACE – ALL OTHERS TELEPHONE CONFERENCE

N25/10/14.0 MEETING CLOSE:

NASC25A:	2.20 PM AEDST
NASC25B:	1.40PM AEDST

Name	Position	Contact No	E-mail
Richard Butcher	North Buyer	0427 254 643	rbutcher@gcotton.com.au
Simon Hogan	Large Seller	0417 856420	simon.hogan@elders.com.au
Lyndon Hosking	West Seller	08 9434 1699	lhosking@dysonjones.com.au
Michael de Kleuver	South Seller	03 9240 4700	mdekleuver@rodwells.com.au
Josh Lamb	4 th Buyer	0419 841 609	joshlamb@techwool.com.au
Perry Roberts	West Buyer	0411 756 773	perry.roberts@abb.com.au
Len Tenace	South Buyer	03 9315 1990	lent@segardmasurel.com.au
Rowan Woods	North Seller	02 6851 4000	rowan@jemalongwool.com.au
Les Targ	Chairman		