
NATIONAL AUCTION SELLING COMMITTEE

SUMMARY OF OUTCOMES: MEETING NASC47-2015

FRIDAY 14TH AUGUST 2015, 11.00AM AEST

AUSTRALIAN WOOL EXCHANGE LTD

2 EDEN PARK DRIVE, MACQUARIE PARK, NSW

TELECONFERENCE

N47/15/1.0 PRESENT

Les Targ	Chairman
Jason Carmichael	Large Seller
Dean Collison	North Buyer
Michael de Kleuver	South Seller
Greg Horne	West Buyer
Lyndon Hosking	West Seller
Josh Lamb	4 th Buyer
Gordon Litchfield	North Seller
Len Tenace	South Buyer
David Cother	Secretary

N47/15/2.0 WELCOME

The Chairman welcomed the new Western Region buyer representative Greg Horne to his first meeting. The Chairman recorded his thanks to the previous representative John Bradbury for his valued contribution to the committee for the last 4.5 years.

N47/15/3.0 MINUTES PREVIOUS MEETINGS (NASC46)

NASC46 SOO Accepted – no amendments.

N47/15/4.0 ACTION ITEMS/ISSUES ARISING (up to including NASC46)

Item ID	Description/Action	Status
N40/4.0	Terms of Reference <i>Reps to consult with constituents on possible options.</i>	NASC-47
N42/10.5	New entrant protocol	Yet to commence
N44/10.3	Proposal that any changes to catalogue data be submitted no later than 1hour prior to sale. To be circulated for industry comment and reviewed at next NASC meeting.	Yet to commence.
N45/10.0	Conduct Survey of company principals buying /selling in Western Region re very small offerings in Room 2	Complete
N46/5.0	Seller representatives to liaise with sellers re terminology on Delivery terms	Complete
N46/6.0	Southern Region Room 2 catalogues to be published under one catalogue cover from Week 6.	Complete
N46/7.0	Write to AWH indicating support for request to add clean price to in room displays	Complete
N46/8.0	Western Region Selling Arrangements	NASC-47

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N47/15/5.0 TRANSFER AND BIDDING AGREEMENTS

NASC considered a broker submission recommending that NASC maintain a register of all bidding agreements. The establishment of such a registry would enable a list to be available to auction brokers so as to avoid multiple notifications and to formalise these arrangements.

AWEX currently maintains a registry for Transfer Agreements.

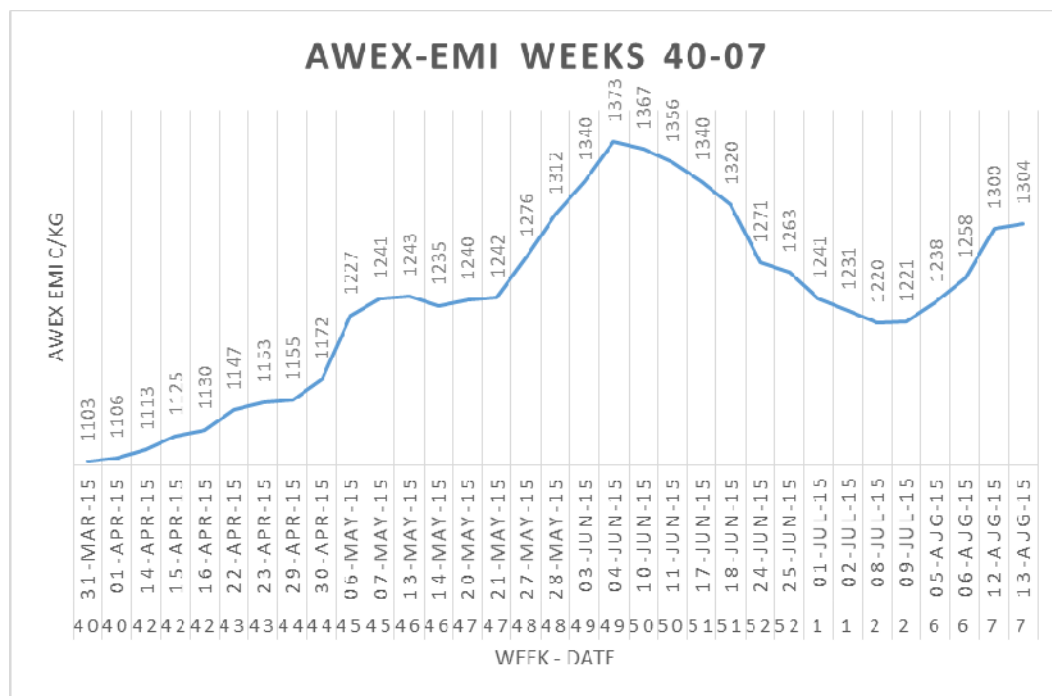
It was AGREED:

1. A registry of Buyer Bidding Agreements was to be established.
2. AWEX would maintain this registry. Details would be available to brokers and other NASC managed auction service providers.
3. Only standing arrangements would be recorded. Short term, day substitutes would not need to be registered. These are to be advised at point of sale.
4. That Transfer Agreements were to be re-submitted so both Agreement sets commenced from the same point.

ACTION(S) Secretary to issue Notice and updated Forms to buyers for completion.

N47/15/6.0 PRE SALE ESTIMATES

NASC reviewed the estimate submissions over the Week 48-Week 02 period. Weeks 52 and 01 attracted most discussion due to an increase of 38% and 29.5% respectively between the first estimate and selling arrangements. Significantly most of this increase was recorded in the period between the 2nd and Sale Roster survey interval (approximately 4-5 business days).



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Discussion points noted:

- The lead in to this period from week 48 recorded unprecedented and unexpected price increases.
- The market fell during weeks 50-02. Sellers noted that sometimes there is a lag in response and a tendency of clients to hold off as the market rises and to enter when it starts to fall.
- That generally the changes in estimates prior to and post these weeks were within normal tolerances.
- Buyers accepted that estimates are a difficult process and subject to client decisions often made at relatively late notice.
- The buyers believed that reporting 4 weeks of forecast was important and should be retained.
- Brokers noted that, in some cases, they had no wool in store 4 weeks out and the estimates were 100% forecast.
- Brokers noted that forecasting Weeks 52 and 01 was always difficult and this season was the “perfect storm” with a rapidly moving market and financial year decisions combining. In some cases (brokers reported) clients that always sold in week 01 shifted their position to catch the market.
- AWEX was asked to look at whether additional figures such as 5 year average for the week could be used as a starting point estimate.

It was AGREED:

1. There was no magic bullet solution.
2. Survey number and frequency would remain unchanged.
3. Brokers are to be reminded that all Estimate figures are important, can influence the market and that due diligence/best effort is required,
4. Buyers are to be reminded that early estimates provided by brokers are largely forecasts and are subject to change.
5. AWEX to proactively monitor and remind brokers when periods of known estimate volatility/uncertainty occur – namely: pre and post major recess periods, rapid price movements and weeks 52/01.

ACTION(S) **Secretary to write to broking and buying sector personnel with supporting detail.**

N47/15/7.0 NON WEEKLY SELLERS – SOUTHERN REGION

NASC discussed the current selling pattern of Non Weekly Sellers (NWS) in Southern Region.

Four brokers are currently selling in a fortnightly cycle however all are selling in the same week. Typically this equates to a change in weekly offerings of 10-20% as a direct result of this NWS pattern.

Previously NASC has recommended/encouraged these sellers to consider:

- a) Selling in both weeks immediately preceding and post major recess periods, and
- b) Offering catalogues of similar type in alternating weeks.

The Southern Region Broker representative had discussed this with the NWS to get an understanding of their respective positions. It was noted that some sellers had planned their selling program to avoid the (Northern Region) “AS” Sales and NZ offerings. Subsequent analysis has shown that the amount of Superfine wool offered in AS sales is less than that of previous Newcastle offerings.

It was AGREED:

Discussions to continue with NWS.

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N47/15/8.0 2016 IWTO CONGRESS – AUCTION INVITATION

NASC considered an invitation from the Organising Committee of the 2016 IWTO Congress (Sydney) to conduct the S41 Auction at the venue (Four Seasons Hotel).

Northern Region Representatives tabled two alternative format suggestions put to them by their constituents; namely a Specialist Sale (similar to Hobart IWTO) or invite Congress participants to attend the Sale at Yennora. Both of these alternative formats were discussed at length. Comments associated with each format are listed below:

Specialist/Selective Sale:

- A Specialist or Selective Sale represents significantly greater organisational overheads.
- The IWTO Organising committee expressed a desire for a broad-based offering auction, encouraging participation and involvement of all brokers and buyers.
- It is uncertain how many brokers would participate if restricted to small quota of lots.
- Growers wishing to offer specialist types (e.g. 1PP) are able to do so in the standard sale format (and in the case of 1PP could display the bale at the venue subject to the offering broker making arrangements).

Yennora Sale:

- The intent behind this format was to allow delegates to view other aspects of logistics associated with greasy wool trading e.g. showfloors, dumping etc.
- An estimated time commitment of 4 hours (1 hour travel out, 1 hour travel return, 2 hours on-site) would be required to offer this option. This time is not available in the Program.
- It is believed that the auction would attract a significantly more delegates if on-site rather than at Yennora.

Other discussion points noted:

- The IWTO Congress is held in Australia every 10-15 years. The previous Australian Congress was in Hobart 2005. It is unlikely the next Australian Congress will be in Sydney.
- This was an opportunity for Northern Region buyers, brokers and growers to participate in an event involving international wool industry participants,
- Notwithstanding alternative format suggestions, which the Committee viewed as constructive, the general feedback to the representatives was not negative to being involved.

NASC Representatives had some preliminary discussion on whether the Selling Arrangements would be based on a one or two sale room configuration. The venue is able to accommodate both options comfortably.

It was felt, that (unlike the Sydney Royal Easter Show (SRES), where the viewing public continues to change all day and an extended time was desirable to maximize exposure to the general public) it was not necessary to extend the IWTO Congress auction unnecessarily as there was a finite number of delegates attending.

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It was AGREED:

1. The preferred format is to hold the S41 Sale at the Congress site.
2. The Northern Region and Large Broker and Buyer Representatives to extend these discussion points further with their constituents.

ACTION(S) Northern Region Broker and Buyer Representatives to discuss with constituents. Responses to be returned to Secretary within 7 days. If no issues arising then support for the invitation is to be forwarded to the Organising Committee.

N47/15/9.0 NASC TERMS OF REFERENCE

NASC representatives discussed the legal structure of NASC and options available. The preference of the Representatives is for NASC to remain independent of AWEX.

ACTION(S) Secretary to finalise Terms of Reference

N47/15/10.0 WESTERN REGION SELLING ARRANGEMENTS

Arising from NASC45, a survey of company principals buying and selling in Western Region was conducted. 27 responses were received at time of meeting. Depersonalised/aggregated responses were reviewed by the Committee.

It was the view of the Secretary that some of the free-form responses to the survey were beyond the original scope of the matter presented to NASC by Western Region. The original scope raised concerns about the impact of very small days in Room 2 particularly on quoting transparency and effective use resources. These very small days occur on 2 day sales when the actual (as opposed to estimated) Room 1 totals are less than 800 lots (for the *sale*).

The Chairman sought input from the Western Region Buyer and Broker Representatives. These representatives agreed that they would consult with constituents on what, if any, outcomes the selling arrangements should be working towards.

It was AGREED:

Western Region representatives to consult with constituents on what outcome the selling arrangements should be working towards.

ACTION(S) Chairman and Western Region representatives.

N47/15/11.0 OTHER BUSINESS

11.1 REISSUE OF 2016-17 WOOL SELLING PROGRAM

The Secretary advised/confirmed to the Committee that a re-issue of the 2016-17 Tentative Wool Selling Program was made as a result of erroneous week data. The update was notified to constituents by email and is available for download from the AWEX – NASC Wool Selling Program web page.

11.2 MULTI BROKER SHOWFLOOR – COMMON DMFR SECTION

A letter from Moses and Son was tabled proposing a common DMFR/Pigmented/Medullated area on showfloors where multiple brokers are displaying. Benefits cited include more efficient use of showfloor space and aggregation of these samples in one area.

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To ensure this proposal is circulated to auction participants for comment prior to NASC consideration this will be added to the NASC48 Agenda.

ACTION(S) **Proposal to be circulated to all and considered at NASC48.**

11.3 SHOWFLOOR AISLE WIDTHS

The Northern Region Buyer Representative raised concerns about the variation in aisle widths on the Yennora showfloor especially in areas that had recently being moved. Many aisle were too narrow. The recommended aisle width is 750mm.

ACTION(S) **Secretary to write to nominated brokers seeking rectification.**

N47/15/12.0 NEXT MEETING SCHEDULE

Meeting Code	Week	Date	Time	Type
NASC-48	19	Friday 06 November 2015	11.00AM AEDT	TELECONFERENCE
NASC-49	36	Friday 04 March 2016	9.30AM AEDT	FACE TO FACE

Meeting Closed: 12.50pm AEST

For more information: NASC representatives

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Greg Horne	West Buyer	0411 066 271	g.horne@modiano.com.au
Lyndon Hosking	West Seller	0427 779 460	lhosking@dysonjones.com.au
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