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# NATIONAL AUCTION SELLING COMMITTEE

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## SUMMARY OF OUTCOMES: MEETING NASC58-2018

FRIDAY 25 MAY 2018, 9.30AM AEDT

### TELE-CONFERENCE

#### N58/18/1.0 PRESENT

|                    |                       |
|--------------------|-----------------------|
| Les Targ           | Chairman              |
| Peter Brice        | North Buyer           |
| Michael de Kleuver | South Seller          |
| Simon Hogan        | Large Seller          |
| Greg Horne         | West Buyer            |
| Josh Lamb          | 4 <sup>th</sup> Buyer |
| Gordon Litchfield  | North Seller          |
| Scott Shenton      | West Seller           |
| Len Tenace         | South Buyer           |
| David Cother       | Secretary             |
| Andrew Rickwood    | Secretary (Alternate) |

#### N58/18/2.0 APOLOGIES

Nil

#### N58/18/3.0 MINUTES PREVIOUS MEETINGS

**NASC57** Accepted with following amendments:

**N57/18/1.0 PRESENT** – Add Gordon Litchfield (North Seller) as present.

**N57/18/5.2 2019/20 TENTATIVE WOOL SELLING PROGRAMME** – Under proposed changes to Christmas recess change, in second sentence change Week 26 to Week 25.

#### N58/18/4.0 YET TO BE COMPLETED ACTION ITEMS (up to including NASC55)

| Item ID  | Description/Action/Comment  | Status          |
|----------|---|-----------------|
| N42/10.5 | New entrant protocol  | Yet to commence |
| N50/12.0 | Reconditioned wool guidelines <a href="#">Look at developing joint doc. with AWTA</a> | In progress     |
| N50/14.0 | Room Sheriff – role and responsibilities  | In progress     |

#### N58/18/5.0 MELBOURNE SELLING IN ISOLATION

The committee considered two submissions from Southern Region brokers asking for NASC to examine their concerns that the market behaved differently on days when one centre only was selling (i.e. in isolation). This scenario was usual when Melbourne offered as a three-day Sale and other sellers offered as two-day Sales.

| Season | Melbourne Days in isolation* |
|--------|------------------------------|
| 15     | 6                            |
| 16     | 10                           |
| 17     | 10                           |

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NASC considered two summary reports on whether there was a statistically different price behavior on the first day of a Melbourne Sale selling in isolation.

After careful consideration of the documents and lengthy discussion, committee members concluded that it is difficult to confirm any market changes were due to solely to selling in isolation, as opposed to other market factors. The buyer representatives did not feel the first day was cheaper.

Despite it being difficult to confirm that selling in isolation was detrimental to affected sellers, it was agreed by the committee that there was a perception by some sellers that this was the case.

Several options to address the situation were considered including offsetting sale days in other centres. It was felt that requesting other centres to offset would create difficulties for buyers and sellers in those centres and was difficult to justify given there was not clear evidence of adverse market behavior. The Committee concluded that southern region could firstly consider steps to reduce the impact on Tuesday sellers. Therefore, it was decided to implement the following actions to attempt to address the perceived risk across all Southern Sellers.

- ACTION(S)**
1. The Secretary will provide an analysis of how the previous 12 months would look if brokers were rotated on to isolated selling days, as a pre-cursor to a proposal for Southern Brokers to rotate days when three-day Sales occur.
  2. The Southern Seller representative to consult with [larger] non-weekly sellers to suggest they do not sell in the same week, helping to reduce offering fluctuations which can result possibly reducing the number of three-day sales.

### **N58/18/6.0 SINGLE SYDNEY SALE ROOM**

NASC considered a submission from an exporter requesting that the Northern Region operate from a single sale room. The committee was advised by both the Northern representatives (Buyer and Seller) that aside from the initial proposer of this submission this suggestion had no support. Whilst it was noted that:

- a) there were periods during the season where volumes were smaller,
- b) Sales with larger volumes would result in three very small days, and
- c) Northern representatives did not support a half solution (i.e. two physical rooms operating as one for some of the season and two for the balance.

### **N58/18/7.0 SALE ROOM DRESS CODE**

Several NASC members have become concerned about the declining or very casual dress standards of some buyers in auction rooms. It was noted that broker representatives are always well dressed, with the majority wearing ties.

It was AGREED:

- NASC issue a letter to members in relation to dress code.

- ACTION(S)**
- A letter to be issued by Secretary on behalf of NASC with the recommended minimum dress code.

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### **N58/18/8.0 CHINESE NEW YEAR RECESS**

The committee considered correspondence from Mark Grave (AWEX CEO) advising that the topic of a Sale Recess for Chinese New Year was raised by Chinese representatives during the China Australia Working Group meeting at IWTO. Mr. Grave indicated that a formal request to NASC to consider this proposition was likely to be issued.

The committee had submitted its reasons for not previously agreeing to scheduling a recess for the week of Chinese New Year. The primary reason was that a recess would likely disrupt the orderly trading of wool during a period of seasonal high offerings.

Nevertheless, the committee undertook to review the matter again, in consultation with NASC members, should it receive the foreshadowed request from China.

### **N58/18/9.0 CRITICAL EVENT**

The Secretary offered a submission highlighting the fact that there have been several events over the past 6 months where a Sale (Southern Region) has had to be delayed due to technical issues arising with the Talman service provider.

NASC was asked to consider whether a letter of concern should be written to Talman under the NASC banner.

It was AGREED:

- A letter be sent to Talman expressing concern regarding performance and requesting clarification of their business continuity planning. This letter would be sent on behalf of NASC as the administrators of the auction system (not as clients of Talman).

**ACTION(S)** Letter to be drafted and sent to Talman on behalf of NASC.

### **N58/18/10.0 CRITICAL EVENT PROTOCOL/BUSINESS CONTINUITY PLAN**

After considering the critical events experienced due to service provider issues, it was considered prudent that the committee formulate its own Critical Event Protocol (CEP).

The CEP would need to consider the following:

- How many participants would need to be affected to invoke the CEP?
- What would be the latest time a Sale day could commence (e.g. 3pm)?
- Is there a time where Sales must finish (e.g. 7pm)?
- Is rescheduling an option? If so under what circumstances?
- How much time would buyers require to implement "Plan B" (e.g. manual or handwritten bid catalogues)? Would they do this?
- What is the communication plan?

The Chairman asked for a broker volunteer and a buyer volunteer to join with the Secretary to form sub-committee to formulate a draft CEP policy. Mr. de Kleuver and Mr. Lamb volunteered to join the CEP sub-committee.

**ACTION(S)** The CEP sub-committee to work up a draft protocol for consideration at NASC59.

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### **N58/18/11.0 SYDNEY ROYAL EASTER SHOW - LOT LIMITS**

At the end of the S39 wool auction, all participants were invited to complete a survey on their experience. The primary concern for most participants was the number of lots offered and how these were managed. A variety of suggestions were made on the number of lots. NASC agreed that the sale was a commercial auction (not purely a demonstration) and that as many lots as practical within the time constraints should be rostered. NASC was asked to consider whether a cap should be put on the maximum of lots, and if so, what this maximum cap should be.

It was AGREED:

- That a cap should be implemented for this event sale. The cap will be 1250 lots per day. If lot quantities exceed this amount, the Maximum Lot Allocation (MLA) formula will be applied to calculate broker lot entitlements. The MLA allocates lot space based on each broker's respective auction market share over the last 8 selling weeks.

**ACTION(S)** A letter will be sent to Northern Brokers informing them of the NASC decision regarding maximum lot sizes for the SRES Event Sale.

### **N58/18/12.0 OTHER BUSINESS**

#### **12.1 Western Region Buyer Representative**

The committee was advised that the term of the Western Region Buyer representative is due to expire shortly after this meeting.

Mr. Horne advised the committee that he will not be nominating to extend his term as the Western Region Buyer representative. On behalf of the committee the Chairman thanked Mr. Horne for volunteering for this role, for his contributions over the previous three years and wished him well in all his future pursuits.

**ACTION(S)** The standard nomination/election procedure for Western Region Buyer representative will be actioned.

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### N58/18/13.0 NEXT MEETING SCHEDULE

| Meeting Code | Week | Date               | Time       | Type         |
|--------------|------|--------------------|------------|--------------|
| NASC-59      | 09   | Friday 31 Aug 2018 | 9 AM AEST  | TELE CONF    |
| NASC-60      | 21   | Friday 23 Nov 2018 | 10 AM AEDT | TELE CONF    |
| NASC-61      | 35   | Friday 1 Mar 2019  | 9 AM AEST  | FACE TO FACE |
| NASC-62      | 46   | Friday 17 May 2018 | 9 AM AEST  | TELE CONF    |
|              |      |                    |            |              |

Meeting Closed: **11.15AM AEST**

For more information: NASC representatives

| Name               | Position              | Contact No   | E-mail   |
|--------------------|-----------------------|--------------|--|
| Peter Brice        | North Buyer           | 0457 553 849 | <a href="mailto:pbrice@australianmerino.net.au">pbrice@australianmerino.net.au</a> |
| Michael de Kleuver | South Seller          | 0428 643 745 | <a href="mailto:mdekleuver@rodwells.com.au">mdekleuver@rodwells.com.au</a>         |
| Simon Hogan        | Large Seller          | 0417 858 420 | <a href="mailto:simon.hogan@elders.com.au">simon.hogan@elders.com.au</a>           |
| Greg Horne         | West Buyer            | 0411 066 271 | <a href="mailto:g.horne@modiano.com.au">g.horne@modiano.com.au</a>                 |
| Josh Lamb          | 4 <sup>th</sup> Buyer | 0419 841 609 | <a href="mailto:josh.l@ewexports.com.au">josh.l@ewexports.com.au</a>               |
| Gordon Litchfield  | Northern Seller       | 0428 484 855 | <a href="mailto:gordon@glw.net.au">gordon@glw.net.au</a>                           |
| Scott Shenton      | West Seller (Alt.)    | 08 9336 3000 | <a href="mailto:scott@woolite.com.au">scott@woolite.com.au</a>                     |
| Len Tenace         | South Buyer           | 0400 966 177 | <a href="mailto:len.tenace@michell.com.au">len.tenace@michell.com.au</a>           |
| Les Targ           | Chairman              | 0414 365 933 |  |