
NATIONAL AUCTION SELLING COMMITTEE

SUMMARY OF OUTCOMES: MEETING NASC32-2011

FRIDAY 25TH NOVEMBER 2011, 1.00 PM AEST

AUSTRALIAN WOOL EXCHANGE LTD

318 BURNS BAY RD, LANE COVE, NSW

BY TELECONFERENCE

N32/11/1.0 PRESENT/WELCOME

Les Targ (Chairman)
Wayne Beecher
John Bradbury
Michael de Kleuver
Dean Collison
Simon Hogan
Lyndon Hosking
Josh Lamb
Len Tenace
David Cother (Secretary)

N32/11/2.0 APOLOGIES

Nil

N32/11/3.0 MINUTES PREVIOUS MEETING

Accepted/Approved

N32/11/4.0 ACTION ITEMS/ISSUES ARISING NASC31

4.1 Tuesday/Wednesday Selling

See Agenda 5.0

4.2 July/Mid Year Recess

See Agenda 6.0

4.3 Selling days prior to major Recess

See Agenda 7.0

4.4 Western Region: 11am start

Western Region seller reported no local support for this request.

4.5 Post Sale charge email address

Secretary advised that collecting email addresses from buyers to enable sellers to distribute PSC schedules to the correct people was still open. This would be completed by Christmas.

4.6 Northern Region Working Group on number of Newcastle Sales

Terms of Reference circulated to Committee. Secretary to action as soon as possible.

4.7 Secretary's Report

Secretary provided a summary of operational issues and actions since October.

NATIONAL AUCTION SELLING COMMITTEE

N32/11/5.0 TUESDAY/WEDNESDAY SELLING

NASC discussed the request from the China Australian Joint Working Group to consider offering Sales earlier in the week.

- (a) The representatives believed that Auction participants were looking for resolution and direction on this matter from NASC and that a decision was required. This was quickly narrowed down to either conducting a trial, or removing the issue from the Agenda. Current positions of dialogues within ACWEP, NCWSBA & IWB were considered as additional inputs to those from constituent groups.
- (b) Northern region (through its representatives) was noted particularly as having significant concerns about Tuesday/Wednesday selling. These concerns were inherently structural in nature (e.g. logistical implications to regional brokers, access to test results from interstate laboratories, buyer resources – valuing times).
- (c) NASC considered the option of a trial in South and/or Western regions only. This did not get support as;
 - a. this would result in offset selling days and or a centre in isolation, and
 - b. it was thought a national response involving all participants was appropriate to identify trial results.
- (d) NASC spent considerable time debating the operational implications of catalogue deadlines. Previous surveys had indicated inadequate cross sector support for either 3pm Thursday/7am Friday or 3pm Friday/7am Monday catalogue deadlines. NASC debated a number of alternative options. A final position was settled which required compromise from both seller and buyer.
- (e) NASC discussed whether there should be (any) changes to other technical parameters (including South selling orders). The Committee believed that all other parameters should remain unchanged.
- (f) The Committee discussed the conditions and length of the trial. A four week period was selected that included all centres and (anticipated) combinations of selling days (3, 2 and 1). NASC particularly noted that a transition from a 3 day Sale would require testing.
- (g) The Committee discussed the importance of measurements/metrics that would be required to be collected during and at the end of the trial (staffing implication, positive/negative/costs/benefit impacts on business etc). NASC emphasized that these were to be collected and evaluated by NASC and not through third parties (with the exception of surveying Chinese entities through the Working group). NASC would issue measurement requirements prior to the trial commencing.
- (h) The Committee confirmed the trial was to be conducted without prejudice: namely it should not be interpreted as either a precursor to permanent introduction or cancellation. Decisions by NASC subsequent to the trial will be based on analysis of the trial results.

NATIONAL AUCTION SELLING COMMITTEE

It was AGREED:

- ❖ to conduct a national Trial of Tuesday/Wednesday Selling for a period of 4 weeks (Weeks 33 to 36 inclusive) in the current 2011/12 Selling Season. This means the first selling day in all regions shall be Tuesday (regardless of 3, 2 or 1 day selling).
- ❖ Catalogues [and showfloors] offered on a Tuesday are to be available in printed *and* electronic form by NOON local time on the previous Friday at the latest, with a request that sellers use their best endeavours to issue their catalogues as early as possible, consistent with existing goodwill arrangements.
- ❖ Catalogues offered on a Wednesday (and Thursday in the case of 3 day Sales) shall retain the current catalogue and showfloor deadlines.
- ❖ All other technical parameters (Minimum/Maximum lot allocations, intra and inter day seller rotations) shall remain unchanged. Sale commencement times will remain unchanged with Tuesday auctions commencing at noon.
- ❖ Auction Buyers and Sellers will be asked to keep records on a series of measurements to be submitted at the conclusion of the trial to NASC. The China Australia Working Group will be asked to seek measures from the Chinese entities.
- ❖ NASC will review the outcomes of the Trial at its next meeting at the conclusion of the trial period.

ACTION **Notice to Buyers and Sellers**

N32/11/6.0 **WOOL SELLING PROGRAM JULY/MID YEAR RECESS**

As an action arising from NASC31, NASC considered feedback on whether the mid-year Recess could, or should, be moved forward. NASC initiated this item as a result of the difficulties experienced in week 1 and 2 (2011/12).

Points offered for reviewing the current 3-4-5 position include slightly lower volumes tested several weeks earlier, more balance to number of trading weeks first and second half, less pressure on weeks 1 and 2 where carry over stock and pressure to sell before the Recess are significant factors.

Whilst the factors above were considered important, NASC felt more input was required from business as to whether there were other commercial implications that would be relevant in finalising this position.

It was AGREED:

- ❖ Buyer and sellers were to be surveyed on their view on the commencement date of the mid year Recess, (Weeks 51-52-1), (Weeks 1-2-3), (Weeks 3-4-5)
- ❖ That objective information be sought to assess flow patterns, and
- ❖ This Item be placed on the NASC33 Agenda.

N32/11/7.0 **Technical Parameters – Selling Days in Week prior to a major Recess**

NASC considered a request to consider whether two day Sales in the week prior to a National Recess without a Public Holiday could be rostered as Wednesday/Thursday rather than Tuesday/Wednesday. This policy would be applicable to the week prior to the mid year and end of year Recesses.

It was argued that reverting these Sales to Wednesday/Thursday (if two day Sales) ensured all parties had adequate time to core, value and prepare. If an additional day was required then Tuesday was available. This policy would reduce the potential

NATIONAL AUCTION SELLING COMMITTEE

for a centre selling in isolation on the final selling day and avoid the problems experienced in weeks 1 and 2.

With respect to week 24 in the current season, the Secretary advised that Melbourne would now move from a 2 day to a 3 day Sale with increased quantities (>27,000 bales). The Committee discussed the options for each centre. Representatives believed that a change of North and West centres to Wednesday/Thursday would be counterproductive at this stage (as some commitments had been made). Southern region would sell in isolation on Thursday.

It was AGREED:

- ❖ Sale weeks prior to a major recess (Xmas/Mid Year) where there is no Friday Public Holiday shall be rostered on Wednesday/Thursday (for 2 day Sales) or Wednesday only (if 1 day Sale). This policy is effective from January 01, 2012
- ❖ Week 24 of this season will be T/W selling for two days sales in Fremantle and Sydney and Melbourne will be T/W/TH selling.

ACTION Wool Selling Program to be updated.

N32/11/8.0 Storage Centre – pre sale movement between locations

Arising from concerns from exporters NASC was asked to clarify requirements where a seller has moved wool from receipt point to a second location pre sale. NASC was briefed on the practice by a Seller representative. It was noted that this can occur in both Southern and Northern regions, and is used to mitigate storage pressure. Buyers were concerned that the location in the catalogue did not correctly reflect the location of the wool pre sale (prior to bidding) and this may have a bearing on purchasing decisions. It was noted that post sale invoices (in this case) were correct.

NASC agreed that the location of the wool should be transparent to the buyer and that catalogue standards should be maintained.

It was AGREED:

- ❖ NASC to notify sellers on printed and electronic catalogue protocols for these cases.
- ❖ Sellers are to review the wording on their terms of sale with respect to PSC location.

ACTION Notice to Buyers and Sellers.

N32/11/9.0 Western Region

9.1 Catalogue Sequence – Room 2 WA

A request for NASC from a WA buyer to review the selling sequence of room 2 catalogues in Western Region was considered.

It was AGREED:

- ❖ There was inadequate information and local support for implementing a change.

9.2 Paper Invoices

A complaint was lodged from a Buyer in relation to the provision of paper invoices.

NASC advises Buyers and Seller that provision of an Invoice is required on request under Australian Tax Office requirements for GST purposes.

NATIONAL AUCTION SELLING COMMITTEE

9.3 Technical Parameters for Alpaca catalogue

NASC considered a request for technical parameters from a Seller wishing to offer an Alpaca catalogue.

It was AGREED:

- ❖ The catalogue was to be designated with a separate Sale “Centre” Code; e.g. AL24,
- ❖ The Sale number should be the week number,
- ❖ The Wool State field should be A,
- ❖ Transmissions and catalogue/showfloor deadlines should comply with standard rules.
- ❖ Sale results will be processed through EDI for the Seller and any buyers currently using wool EDI.
- ❖ The catalogue should be offered at the conclusion of the local wool sale.
- ❖ The catalogue would be offered in Room 2.

9.4 Minimum Sale size for Western Region

NASC considered a request for clarification on minimum sale size in Western Region.

The current operating policy for NASC is to avoid Sale cancellations (in all regions) by managing Sale size through the Wool Selling Program where Sales are removed well in advance (e.g. at least 3 months).

Last minute cancellations are not supported as:

- ❖ In a Western region context, sale estimates continue to fluctuate significantly up to Thursday prior to Sale (making cancellation decisions highly charged),
- ❖ Cancellation policies prior to this time are likely to result in artificially inflated numbers, only to disappear at point of sale,
- ❖ Buyers have made commitments based on a Sale occurring (regardless of size), and
- ❖ Ability to Cancel at last minute only increases speculation prior, to the detriment of the Sale.

Where possible the Wool Selling Program attempts to remove Sales that are forecast to fall below 4,500 bales in total.

It was AGREED:

- ❖ Western Region representatives are to consult with constituents to determine if this level is still valid.

ACTION Secretary to respond to companies making submissions

N32/11/11.0 Unskirted Fleece wool in Room 1

NASC considered a letter seeking review of the lotting policy of unskirted Merino Fleece offered in Room 2.

NASC discussed this at length, and confirmed that the reasons for the current policy remain unchanged namely:

- ❖ They believe wool should be prepared to the Code of Practice, and
- ❖ Unskirted fleece wool is often allocated to skirting orders.

ACTION Secretary to respond.

NATIONAL AUCTION SELLING COMMITTEE

N32/11/12.0 Lotting of New Zealand Merino

NASC considered a letter from the Australian Superfine Woolgrowers Association (ASWGA) expressing concern about New Zealand Merino (NZM) wool being offered in the same week as Newcastle Sale weeks.

NASC supported the intent of this letter with buyer members confirming that they did not believe it was in the seller's interest to have these wools selling in the same week.

It was AGREED:

- ❖ NASC should write to NZ Merino encouraging them not to clash with rostered Newcastle Sale weeks.
- ❖ Recommend that ASWGA write to NZ Merino expressing their concerns, and
- ❖ NZ Merino is to be asked to submit an intended Sale program to NASC when the Wool Selling Program is complied.

ACTION **Secretary to write to ASWGA/NZ Merino**

N32/11/13.0 Other Business

13.1 NZ Merino

NASC representatives have recommended that NZ Merino be rostered on a Tuesday. They feel this assists all participants in the auction in terms of logistical work flow.

ACTION **Secretary to advise Roster controller.**

13.2 Missing Results

AWEX has asked NASC to clarify the compliance tolerance when test data is missing due to certificate issue delays arising from AWTA internal checks. NASC has authorized the following compliance instruction:

Where a result is delayed as a consequence of AWTA internal check tests, a Lot may remain in Sale provided the test result exist in the electronic transmission (but are missing from the printed catalogue). Missing results under this clause must be posted on the box and via the printed Sale Alteration sheet.

Lots that are missing results in both catalogues (even if check test), or are late due to other reasons must be withdrawn from sale.

Sellers are advised that AWTA is able to verify which results/lots are delayed as a result of internal check tests.

ACTION **Notice to Buyers and Sellers.**

13.3 Overweight/Underweight Bales

The committee considered a letter from the Chairman of WIEDPUG re NASC's request for the inclusion of weights in the catalogue. The Chairman expressed surprise in the length of time from NASC's request and also the reasons why.

Representatives also questioned why another letter circulated to other organisations on the same matter from a WIEDPUG member was completely different and was not under WIEDPUG's name.

ACTION **Chairman to write to WIEDPUG chairman.**

NATIONAL AUCTION SELLING COMMITTEE

13.4 Lateness of submissions

The Committee noted that some submissions were received after the published cutoff date as circulated in the Notice of meeting. Submissions after this date risk not being considered or deferred to a subsequent meeting.

N32/11/14.0 Next Meeting

NASC33 WEEK 33 FRIDAY 02 MAR 2012 9.00AM AEDT FACE TO FACE

(The 2012/13 Wool Selling Program will be considered at this meeting).

Meeting Closed: 3.25pm aest.

NASC representatives

Name	Position	Contact No	E-mail
Wayne Beecher	North Seller	02 6341 1900	beecherwool@bigpond.com
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	03 9240 4700	mdeklever@rodwells.com.au
Simon Hogan	Large Seller	0417 856 420	simon.hogan@elders.com.au
Lyndon Hosking	West Seller	08 9434 1699	lhosking@dysonjones.com.au
Josh Lamb	4 th Buyer	0419 841 609	joshlamb@techwool.com.au
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Les Targ	Chairman		