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# NATIONAL AUCTION SELLING COMMITTEE

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## SUMMARY OF OUTCOMES: MEETING NASC66-2020

FRIDAY 15 MAY 2020, 10:00AM AEST

### TELECONFERENCE

#### N66/20/1.0 PRESENT

Les Targ	Chairman
Peter Brice	North Buyer
Darren Calder	West Buyer
Jenny Jenkin	South Seller
Stephen Keys	Large Seller
Gordon Litchfield	North Seller (Alternate)
Scott Shenton	West Seller
Len Tenace	South Buyer
Brian Vagg	4 <sup>th</sup> Buyer
David Cother	Secretary
Andrew Rickwood	Secretary (Alternate)

#### N66/20/2.0 APOLOGIES

Andrew Mills

#### N66/20/3.0 WELCOME

The Chairman welcomed Gordon Litchfield as the alternate North Seller representative, replacing Andrew Mills for this meeting.

The Chairman welcomed the rest of the committee.

#### N66/20/4.0 MINUTES PREVIOUS MEETINGS

**NASC65 Accepted** with the following amendment:

**NASC65/20/7.0** replace con with non in paragraph 2, "maximise non selling days"

#### N66/20/5.0 ACTION ITEMS (Last meeting and yet to complete)

Item ID	Description/Action/Comment	Status
N65/6.1	2020/21 Wool Selling Program to be released	Completed
N65/6.2	2021/22 Tentative Wool Selling Program to be released	Completed
N65/6.2	Western Region Representatives to canvass constituents regarding the inclusion of Week 8 to selling program.	Completed – No appetite for a sale in Week 8
N65/12.0	Add 300 Lot Room Differential – Early Room Start Northern Region to NASC69 agenda	Yet to be done
N65/13.0	Secretary to draft and send notice to all brokers about correct showfloor signage	Yet to be done
N65/15.0	Western Region representatives to canvass constituents regarding Western Region start time and inform Andrew Rickwood of outcome.	Completed
N64/8.0	Secretary to issue notice advising changes to Room Break Protocols	Yet to be done

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N64/11.0	Southern Region Representative to seek/provide more documentation on Melbourne Room 2 lotting convention	Open item
N64/12.0	Northern Seller Representative to ask his constituents to transmit/provide catalogues early where possible.	Secretary to contact former Northern Seller Representative
N63/10.3	Northern Region representatives and Secretary to work towards setting up an Auctioneers school	In progress
N62/8.0	Melbourne Sale Room Imbalance – Southern Region based Representatives to consult locally	Deferred
N62/13.5	Standardised Showfloor Security Signs	Transferred to AWEX for implementation
N50/12.0	Reconditioned wool guidelines Look at developing joint doc. with AWTA	In progress
N50/14.0	Room Sheriff – role and responsibilities	In progress
N42/10.5	New entrant protocol	Yet to commence

**ACTION(S)**     **Remove sale F08 from the 2021/2022 Tentative Wool Selling Program.**

### **N66/20/6.0 2021/21 WOOL SELLING PROGRAM – PROPOSAL TO SHORTEN JULY RECESS**

The committee received a submission from the trade proposing that the July Recess be shortened from three weeks to one week (Week 6) for 2020/21. The reasoning given for this proposal were:

- Accumulation of stocks due to COVID-19 market conditions, and
- Offering wool over the Recess would reduce the accumulation effect, thus reducing the offering post Recess

The committee was provided with comparative season to date offering statistics.

The committee discussed this proposal at length. The option of adding one extra selling week was also considered.

The majority agreed there was limited appetite for adding auction sales to the July Recess, as

- a) there have been opportunity to sell wool over the previous few months and that adding additional sales was unnecessary, and
- b) As in previous seasons, brokers could offer wool via alternative methods.

It was also noted that a break in Sales would:

- a) give both sectors some respite after a challenging period, and
- b) The three-week break would mean less sale room contact time.

**It was AGREED:**

**That no additional Sales will be added to the 2020/21 July Recess.**

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## **N66/20/7.0 TUESDAY/WEDNESDAY SELLING (POST COVID-19 PROPOSAL)**

The committee received several submissions from exporters requesting that Tuesday/Wednesday selling continue post COVID-19. In summary the proposal requested that selling arrangements are changed from (Tuesday)/Wednesday/Thursday to Tuesday/Wednesday/(Thursday) i.e. if a third selling day is required it would be Thursday. Principle rationale for this request was the ability for buyers to pay earlier, improvement in cash flow cycles and the ability to ship wool earlier.

NASC has received representations previously on this topic from the Buyer Representatives. In response to these requests NASC invited ACWEP to prepare a paper outlining the benefits to exporters from a change to Tuesday / Wednesday selling, so that sellers could properly consider the proposal in a fuller context.

In support of this Agenda Item, ACWEP submitted its paper for the committee to consider. The ACWEP paper was received favourably by the committee. Consistent with its previous position it was agreed the paper needed to be circulated to brokers so as to provide them with an opportunity to consider their position with more details to hand.

It was AGREED:

That the ACWEP submission will be forwarded to senior broking personnel by the Secretary for their information/consideration. Brokers will be offered an opportunity to respond and raise any concerns they may have from a broking perspective. NASC to convene in four weeks (12<sup>th</sup> June) to consider this item further.

**ACTION(S)** Secretary to forward ACWEP paper outlining cost benefits of Tuesday / Wednesday selling to all sellers and request a response by Friday 5<sup>th</sup> of June.

## **N66/20/8.0 COVID-19 SALE ROOM UPDATE**

The Secretary on behalf of the NASC working group, briefed the committee on the status of the return to original sale rooms. He reported that to return to sale rooms, factors under consideration (in equal order) were:

- Work Health and Safety of participants (COVID-19)
- Compliance with State and Federal Government policy
- Service Provider commitment
- Centre risk profile (e.g. WA has only one buying team)
- Sale Room dimensions
- Weather
- Cluster risk

The Secretary advised that the working group is aware of the upcoming colder weather but felt it prudent to stay in the more open environment for as long as possible. The Secretary further advised that this issue is under constant review by the NASC working group.

The Chairman thanked the Secretary for his update and asked if he could provide another update at the next meeting. The Chairman also noted that the decision to move back into sale rooms was not a NASC decision but that of the service providers, AWH and AWEX.

**ACTION(S)** Add COVID-19 Sale Room Update to agenda for next meeting

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## N66/20/9.0 COVID-19 BUSINESS RULES

Arising from COVID-19, auction business rules have been modified to:

- a) Reduce transmission risk to participants (public health), and
- b) assist business continuity.

NASC reviewed each of the COVID-19 rules to resolve:

- a) Are the reasons for implementation still valid?
- b) What conditions need to exist to revert to the original rule?
- c) Whether any COVID rule should revert to the conventional rule or be modified considering current COVID conditions.

The following rules were considered by the committee::

1. **Two Day Sales only**, Rule: sell a maximum of two days only.

*It was AGREED: Maintain this rule until further notice.*

2. **Tuesday/Wednesday selling**, Rule: sell Tuesday/Wednesday only

*It was AGREED: Maintain this rule until further notice.*

3. **Earlier Catalogue Deadlines**, Rule: Tuesday catalogue deadlines were advanced to Thursday 3PM EDI and 7AM Friday hardcopy

*It was AGREED: Maintain this rule until further notice.*

4. **Earlier Start Time**, Rule: 10AM room start (Day 2)

*This was resolved at an earlier meeting which agreed to revert to pre COVID start times in the East on both selling days. The West will start at 10:30am on both days, unless a one-day sale then a 10:00am start.*

5. **One Day Sales (Day of Week)**, Rules:

- If all centres one-day, Wednesday is the selling day.
- If centre A and B are two-days and Centre C is a one-day, centre C sells on Wednesday (Day 2).
- If centre A is two-day and centres B and C are one-day they shall offer on Day 1 and Day 2 respectively and alternate days by week.

*It was AGREED: Maintain these rules until further notice.*

6. **Length and frequency of breaks**, Rule: Recommended lunch break is 60 minutes and staggered.

*It was AGREED: To reduce lunch break to 30 minutes and to stagger lunch breaks so that the two sale rooms do not take lunch breaks at the same time.*

7. **Essential personnel only**, no public access. Rule: Only essential personnel are to attend the sale.

*It was AGREED: Maintain this rule until further notice.*

8. **NEW RULE (Public Holiday Monday)**

The committee was asked to resolve the Public Holiday business rule under a Tuesday/Wednesday COVID-19 program should COVID-19 Business Rules still be in place for Week 50 (where NSW and VIC both have Public Holidays).

The committee considered several options for this week. The Western representatives indicated that they would prefer for the Western region to not sell in isolation.

*It was AGREED: That for Week 50 all three centres will sell on Wed/Thur.*

- ACTION(S)** Secretary to advise sale room participants of the above changes to lunch breaks and to sale start times.  
Add COVID-19 Business Rules review to next meeting Agenda.

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## **N66/20/10.0 COVID-19 DAILY ROOM LIMITS – FOUR WEEK REVIEW**

NASC agreed to implement daily room limits of 1000 lots (Room 1) and 1050 lots (Room 2) under a two-day sale program as part of a work health and safety measure to reduce contact/length of time in the sale room environment. This was agreed subject to review every four weeks.

NASC was asked to consider this business rule and either extend it for review in four weeks or revert to conventional room limits (1200 and 1300).

In considering this business rule NASC was advised that it should base its decision on work health and safety factors as these were the bases on which the rule was developed.

The committee discussed the daily room limits and the consensus was that as nothing had changed, the committee could see no reason to change the current limits.

It was **AGREED**:

That the daily room limits of 1000 lots (Room 1) and 1050 lots (Room 2) are to remain in place with the next review to occur in four weeks' time.

**ACTION(S)** Add Daily Room Limits – Four Week Review to agenda for meeting to be held in four weeks' time.

## **N66/20/11.0 MAXIMUM LOT ALLOCATION (REVIEW)**

The committee received a submission asking NASC to review the current methodology used to allocate quota between brokers when a sale is over subscribed. This is known as the maximum lot allocation (MLA) formula.

The submission raises concerns the current method is inequitable for some brokers and some situations, most notably non-weekly sellers.

The current MLA works as follows:

- Each broker submits their intended offering by sale room for the sale. If a room is oversubscribed, the MLA is invoked.
- For the brokers wanting to sell in the sale, the total volume offered (by room) for these brokers over the previous 8 selling weeks is calculated. The market share of each broker over this period is determined.
- Each broker is then allocated a number of lots based on their auction market share over the period (e.g. if a broker accounts for 4.5% of the market over the last 8 selling weeks, then they will be allocated 4.5% of the maximum allowed lots for the room).
- If a broker does not require their full allocation, the excess lots are pooled and redistributed across the brokers seeking more (on a market share basis).

The submission proposes an alternative method, where if a sale is oversubscribed by n%, each broker's subscription is reduced by n%. In addition, a mechanism is required to avoid brokers manipulating volumes.

The committee discussed the current MLA and the proposed change at length.

It was **AGREED**: There was no support to change the current MLA.

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## **N66/20/12.0 SALE CANCELLATION – BUSINESS RECOVERY**

NASC received a submission expressing concern about the recovery of sales in the week following the cancelled sale in Week 35 (due to Talman outage). Specifically mentioned was the significant increase in the number of lots offered for sale in the week following the outage.

Whilst NASC has a business recovery protocol for events where a sale day is cancelled, the cancellation of the entire week was unprecedented. It is appropriate to review the events of Week 35 and for NASC to update the recovery protocols should a centre or sale week be out for longer than a day. To start this process NASC reps were asked to consider this question at this meeting so that all thoughts are on the table, with the objective of adding to its Business Recovery Protocol document.

The committee discussed the Talman outage and some committee members expressed concern/enquired what measures have been taken to prevent a similar attack happening in the future. The Chairman advised that whilst NASC needs to deal with the auction administration aspects of catastrophic events, the industry needs to examine its preventative protocols.

The Committee concurred with the submission that the large change (increase) in offering from week 35 to week 36 was not ideal and that, for future events, a carry forward of catalogues with a new Sale ID would be operationally easier.

The committee agreed that this issue should remain on the agenda.

**It was AGREED:**

**That protocols for a Sale (week) Cancellation and associated Business Recovery must be included in NASC documentation.**

**ACTION(S)**    **Add Sale Cancellation – Business Recovery to NASC67 agenda.**

## **N66/20/13.0 OVERFLOW LOTS (OFFERED IN SYDNEY)**

The committee received a submission proposing that when the Melbourne sale is oversubscribed, the excess lots could be catalogued/valued in Melbourne and the lots sold in Sydney (subject to availability of room). The rationale behind this proposal was that Sydney could assist buyers and brokers by utilising Sydney's available lot and personnel capacity.

The committee discussed this proposal at length, the Southern Buyer representative believed there would be little support for this proposal from his constituents.

The offering of overflow lots has never been done before and the committee all agreed that the trade should be informed that this option is available to sellers wishing to adopt this practice.

It was agreed that any decision to offer overflow lots at another centre was up to individual sellers in the South.

The committee was concerned as to when and how when buyers would be advised of this practice should it occur. The Secretary advised the committee that any overflow lots offered in another centre would be flagged on Selling Arrangements when issued.

**It was AGREED:**

**That a notice should be put out to the trade advising that this option is available to any sellers who wish to utilise it.**

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**ACTION(S)** Secretary to draft and issue a notice advising the trade that the offering of overflow lots in another centre is available to them, should they wish to utilise this practice.

## **N66/20/14.0 ALTERNATIVE METHOD MARKET REPORTING**

The committee received a submission regarding the market reporting of alternative auction selling methods.

The committee discussed this proposal but felt it may be difficult to provide an accurate quote when the volume of wool being offered is relatively small. The committee felt that this should be left to AWEX to pursue.

It was **AGREED**:

That the quoting of alternative selling methods should be left to AWEX to pursue.

**ACTION(S)** The Secretary to advise AWEX of the committee's request that AWEX pursue the quoting of alternative selling systems.

## **N66/20/15.0 OTHER BUSINESS**

### **15.1 ONE DAY SALES IN MELBOURNE**

The Southern Buyer Representative asked the committee to consider at what point (lot sizes) would the Melbourne offering would be sold on one selling day.

The Secretary advised the committee that there was no firm number of lots, that instead AWEX Sale Admin staff should liaise with Southern committee representatives to determine whether a one or two-day sale is required.

The recent two small days in Melbourne were rostered to minimise the length of time in the (showfloor) sale room with the colder weather (despite quantities being able to be offered as a single, longer day).

It was **AGREED**:

The current system of AWEX liaising with Southern committee representatives is the best approach as it allows some flexibility in determining whether a one or two-day Sale is required.

### **15.2 MISSING TEST RESULTS IN CATALOGUE**

The committee received an update on a complaint lodged against a broker transmitting auction catalogue lots with incomplete test result data (i.e. the length and strength results had yet to be issued). The business rules are:

1. All lot details shall be complete at the time of EDI transmission deadlines,
2. The EDI and printed catalogue details shall match, and
3. All test result data shall be published.

The only exception is when test results have been delayed due to internal AWTA check tests (which are verified by NASC with AWTA).

The Southern Buyer Representative and Secretary advised the committee that they had been in discussions with the broker in question and that the broker now understands the business rule.

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## N66/20/16.0 NEXT MEETING SCHEDULE

Meeting Code	Week	Date	Time	Type
NASC-67	10	Friday 31 August 2020	10:30AM AEST	TELE CONF
NASC-68	20	Friday 13 November 2020	10:30AM AEDT	TELE CONF
NASC-69	34	Friday 19 February 2021	8:30AM AEDT	FACE TO FACE
NASC-70	47	Friday 21 May 2021	10:30 AEST	TELE CONF
NASC-71	71	Friday 3 September 2021	10:30 AEST	TELE CONF

Meeting Closed: **12:06 PM 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>
Darren Calder	West Buyer	0402 043 341	<a href="mailto:dcalder@pjmorris.com.au">dcalder@pjmorris.com.au</a>
Jenny Jenkin	South Seller	0488 189 935	<a href="mailto:jjenkin@qualitywool.com">jjenkin@qualitywool.com</a>
Stephen Keys	Large Seller	0428 217 773	<a href="mailto:stephen.keys@landmark.com.au">stephen.keys@landmark.com.au</a>
Andrew Mills	Northern Seller	0437 841 004	<a href="mailto:andrew@macwool.com.au">andrew@macwool.com.au</a>
Scott Shenton	West Seller	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>
Brian Vagg	4 <sup>th</sup> Buyer	0417 826 276	<a href="mailto:brianv@segardmasurel.com.au">brianv@segardmasurel.com.au</a>
Les Targ	Chairman	0414 365 933	