# LIVESTOCK AUCTION TERMS AND CONDITIONS OF SALE

## CHAPTER ONE - PRELIMINARY

1. (a) A vendor is bound by these terms and conditions by offering livestock for sale by auction.

(b) An agent (which includes an auctioneer) is bound by these terms and conditions by conducting an auction sale.

(c) A buyer is bound by these terms and conditions by bidding at auction.

(d) Competition and Consumer Act (Cth) 2010

It is unlawful for parties that are, or otherwise would be, in competition with each other to make, or give effect to, a contract, arrangement or understanding that contains a provision relating to:

i. price-fixing; or
ii. restricting outputs in the production and supply chain; or
iii. allocating customers, suppliers or territories; or
iv. bid-rigging; or
v. collusive bidding.

Large fines and other sanctions may be imposed for unlawful conduct.

2. (a) In these terms the expression auctioneer, agent, buyer and vendor respectively includes the servants, contractors and agents of each of them. The auctioneer, agent, buyer and vendor shall be wholly responsible for the acts and omissions of their respective servants, contractors and agents. The term "auctioneer" includes, so far as the law and context permits, the vendor's agent.

(b) When used in these terms the expressions "companion animals" means all animals originating from the same property on a particular day. Where lots are split and sent to multiple establishments, then all of these animals shall be regarded as companions.

3. The following applies in interpreting these terms and conditions:

(a) The following words have the following meanings:

Fees means all levies, charges, fees, costs and other expenses incurred or relating to these terms and conditions and the sale and purchase of livestock including, without limitation, transaction levies, yard and weigh dues, cartage, advertising and rebates, and whether paid for, or incurred, by the agent;

Livestock means animals auctioned pursuant to these terms and conditions; and

Price means the amount at which the lot has been sold to the buyer referred to in clause 7 of these terms and conditions

(i) plus any Fees and other expenses incurred in relation to the purchase of livestock that are payable by the buyer; and

(ii) plus any GST added in accordance with clause 12.

(b) These terms and conditions are subject to legislation or regulation in the State in which the auction is conducted and in the event of any conflict then the legislation or regulation will prevail. The provisions of these terms and conditions are in addition to, and do not derogate from, the duties and rights of vendors, agents and buyers set out in legislation and regulation in the State in which the auction is conducted.

## CHAPTER TWO - STANDARD TERMS OF SALE

4. Subject to any reserve price, and to the right, prior to the fall of the hammer, of the vendor to withdraw any lot without declaring the reserve, the highest bidder shall be the buyer.

5. The auctioneer has the right to bid on behalf of the vendor provided that right is notified prior to the commencement of the sale and is subject to State law.

6. A bid cannot be made or accepted after the fall of the hammer unless, in accordance with clause 8, the auctioneer decides to put the lot up again.

7. Prior to the fall of the hammer the auctioneer shall announce the last bid and receive any further bids. The last price called by the auctioneer at the fall of the hammer shall be the amount at which the lot has been sold.

8. In the event of a disputed bid, the auctioneer is the sole arbitrator of the successful bidder or the auctioneer may decide to put the lot up again. The auctioneer's decision is final.

9. The auctioneer may refuse to accept any bid which, in the auctioneer's opinion, is not in the best interest of the vendor and need not give reasons for doing so.

10. A bidder shall be deemed to be a principal unless, prior to bidding, the bidder has given to the auctioneer a copy of written authority to bid for or on behalf of another person.

11. The successful bidder at a livestock auction sale must give to the auctioneer at the fall of the hammer:

(a) the purchaser's name; or

(b) the bid card number which identifies the purchaser; or

(c) the name of the person on whose behalf the successful bid was made; and

(d) the Property Identification Code (known as the "PIC") of destination.

12. The auction shall be conducted on the basis that the bid price shall be exclusive of Goods and Services Tax (GST). GST shall be added after the fall of the hammer for those sales subject to GST.

13. The vendor warrants;

(a) That the vendor has (or will have) the right to sell the livestock at the time of delivery; and

(b) That the purchaser will obtain title on completion of the purchaser's obligations under this contract including payment.

14. If a buyer does not comply with any of these terms and conditions, which includes the requirements of State law, any livestock knocked down to that buyer may be re-sold by public auction or private contract in whatever lots and manner the auctioneer decides. The re-sale may be with or without notice and shall be at the buyer's risk. The buyer is responsible for all loss and expense arising out of a re-sale and is not entitled to any resulting profit.

15. The buyer of livestock must pay the agent the full amount of the purchase price in immediate funds on receipt of a tax invoice. Payment is required prior to delivery unless some other time for payment is specified in an agreement between the buyer and the auctioneer that was made before the fall of the hammer. If, before delivery, payment has not been made then clauses 20 to 23 apply.

16. No person may bid unless, prior to the commencement of the sale, that person has made arrangements satisfactory to the auctioneer for payment for livestock purchased. If bids in breach of this condition are inadvertently accepted, delivery shall not be given until the purchase money is paid and any law, rule or practice to the contrary is accordingly negatived as far as possible.

17. (a) Cattle sold on a liveweight basis that are weighed pre-sale are at the risk and expense of the buyer upon the fall of the hammer.

(b) Cattle sold on a liveweight basis that are weighed post-sale are at the risk and expense of the buyer immediately after weighing.

(c) All livestock other than cattle sold on a liveweight basis are at the risk and expense of the buyer upon the fall of the hammer.

18. (a) Subject to this clause the sale is complete on the fall of the hammer.

(b) The time for rejection is the time commencing at the fall of the hammer and ending at the first of:

(i) delivery is taken by a representative of the buyer;

(ii) departure of the animal from the purchaser's delivery pen; or

(iii) one hour after the last animal is:

a. in the case of pre-sale weighing, sold; or

b. in the case of post-sale weighing, weighed.

(c) During the time for rejection the buyer may reject any animal which is lame, blind or diseased where that condition existed prior to the fall of the hammer but could not be reasonably observed when the animal was in the selling pen.

(d) If the purchaser rejects an animal during the time for rejection then the sale of that animal is cancelled and the animal is returned to the vendor or sold on such terms as any buyer and the agent may agree, after the agent has disclosed the reason for rejection to that buyer.

(e) This subclause applies only to cattle which are sold in Queensland at auction for slaughter. The agent has responsibility for the prevention of loss or escape (but not death, sickness or injury) of those cattle from the time of the fall of the hammer, for delivery to and from the scales, to the buyer's delivery pen and onto the buyer's nominated transport. This responsibility ends at the earlier of those cattle boarding the buyer's nominated transport or sunset on the day after the sale. This subclause does not apply if the agent makes an announcement to that effect prior to sale.

19. (a) Subject to the right of rejection in Clause 18, all conditions and warranties expressed or implied by law are hereby excluded from the sale to the extent that the law allows. All lots are open for inspection prior to the commencement of the sale and are sold with all faults, if any. No compensation shall be given for any faults, imperfections, errors of description, number in or of any lots sold or otherwise.

(b) Any claim or objection arising out of an error or misdescription in the provision of relevant information in terms of legislation or regulation concerning the National Livestock Identification Scheme (NLIS) must be made by 5:00pm on the seventh day after the fall of the hammer. No objection, requisition or claim against the vendor or agent in respect of such error or misdescription can be made after that time.

(c) Any statements made by the vendor or the auctioneer whether in writing or orally to the effect that any female has been pregnancy tested or scanned positive shall mean and require only that a certificate in writing shall be supplied to the buyer signed by a qualified veterinary surgeon or certified scanner certifying that the said female has been tested or scanned on the date specified in the certificate and that in the opinion of the surgeon or scanner was pregnant on that date.

(d) For slaughter cattle, the agent undertakes to make every reasonable effort to ensure that any NLIS cattle device number is transferred from the saleyard PIC to the purchaser's PIC on the NLIS database no later than midnight on the day of the sale.

(e) For other slaughter livestock the agent undertakes to make every reasonable effort to ensure that the NLIS information is transferred from the saleyard PIC to the purchaser's PIC on the NLIS database no later than midnight on the day of the sale.

(f) Where livestock have a food safety or market eligibility status derived from the National Vendor Declaration (NVD) and/or the NLIS/ERP database, the agent will inform the buyers by presale catalogue and/or announce the status prior to the offering of those lots.

20. If delivery is made to, or possession obtained by, the buyer or its representative before full payment of the Price, then until full payment is received, the buyer:

(a) does not acquire title to the livestock;

(b) holds the livestock as bailee only for the vendor;

(c) must act in a fiduciary capacity in its relationship with the vendor;

(d) must store the stock separately or so that they are readily distinguishable from other livestock owned by the buyer;

(e) is responsible for the safety and well being of the livestock;

(f) may make a bona fide sale for market value of any or all of the livestock. As between the buyer and the subsequent buyer, the sale shall be made by the buyer in its own name and not as agent for the vendor, however as between the vendor and buyer, the sale shall be made as bailee and agent for the vendor; and

(g) must keep and account for the proceeds of any subsequent sale separately from its other money and hold those proceeds, together with the benefits of any rights against subsequent buyers, on trust for the vendor.

21. The purchaser agrees that:

(a) Clause 20 creates a registrable security interest under the Personal Property Securities Act (Cth) 2009 (PPSA);

(b) the Purchaser acknowledges the rights of the Seller (and/or the Agent if Clause 25 applies) to register a financing statement under the PPSA with respect to the security interest created by this clause;

(c) the Livestock are collateral for the purposes of the PPSA;

(d) to the extent permitted, the Purchaser waives any right the Purchaser has under the PPSA to receive notices; and

(e) the date upon which the security interest created by this clause comes into force is the first date on which livestock are delivered pursuant to this contract

22. The buyer may not make any claim against the vendor for actions by the vendor or its agent under clauses 20 or 21 and indemnifies the vendor and its agent against any loss, damage, costs, expenses, penalties, fines or claims suffered by the vendor, the agent or any person or entity arising from the vendor exercising its rights under clauses 20 or 21.

23.1. Clause 23 applies whenever the agent pays the vendor before being paid by the buyer, which the agent is not bound to do. The agent is then the del credere agent of the vendor at law.

23.2. The vendor hereby gives notice to the buyer of the assignments referred to in clause 23.3.

23.3. When this clause applies, in addition to any rights of the agent that arise by operation of the law, the parties agree that, subject to clause 23.5 the agent is subrogated to all rights of the vendor under these terms and conditions against the buyer.

23.4. The vendor acknowledges that the agent may take enforcement, repossession or other action to recover any livestock for which the buyer has not paid in full, or the Price of such livestock, owing by the buyer under these terms and conditions:

(a) when this clause does not apply, as agent of the vendor (including by reselling the livestock); and

(b) when this clause applies, on the agent's own behalf exercising the rights of the vendor by subrogation or assignment under these terms and conditions (whether in the vendor's name or not) and, where title to the livestock has not passed to the agent, by selling the livestock as agent of the vendor without the agent having to account to the vendor for the proceeds of sale.

23.5. The agent may at any time, assign, transfer, securitise or otherwise dispose of all or any of its rights under these terms and conditions and any debts created pursuant to it (including, without limitation, the rights assigned to it under clause 23.3).

23.6. The vendor hereby irrevocably appoints the agent as the vendor's attorney to:

(a) do at any time and in any manner as the agent thinks fit all acts necessary or desirable to perfect or improve the rights and interests afforded, or intended to be afforded, to the agent under these terms and conditions; and

(b) appoint one or more sub-attorneys to do anything that the agent may do as the vendor's attorney.

23.7. These terms and conditions do not render the agent liable to the buyer as vendor nor entitle the buyer to set off against the agent any right the buyer may have against the vendor or otherwise.

23.8. The buyer acknowledges that the provisions of this clause 23 are intended solely for the benefit of the agent (and its assigns) and the vendor. The liabilities and obligations of the buyer will not be in any way affected:

(a) by this clause 23, other than as it expressly provides; or

(b) by the failure of the agent or the vendor or either of them to comply with the terms of this clause 23.

23.9. The buyer must pay all amounts payable to the vendor or the agent under these terms and conditions without any deduction, withholding, set off or counterclaim whatsoever, whether the benefit of a deduction, withholding, set off or counterclaim is alleged to exist in favour of the buyer as against the vendor or the agent in any capacity whatsoever or any other person including any assignor of the vendor's or the buyer's interests under these terms and conditions.

24. (a) The agent agrees that he is liable to pay to the vendor the Price, less such commission as is agreed between the vendor and the agent, and in the absence of any agreement such amount as is reasonable, and less the Fees that are payable by the vendor that were incurred by the agent on behalf of the vendor in relation to the sale of the livestock.

(b) In the event that the buyer pays the Price or part of it direct to the vendor then the agent has no liability to the vendor for the amount of such payment. Further, if the agent pays the vendor any amount which the buyer also pays direct to the vendor in respect of the same livestock, then the vendor must repay the agent that amount and the agent may debit that amount to an account held in the name of the vendor by the agent.

(c) Regardless of whether or not a sale has occurred the agent may, but is not under obligation so to do, instead of deducting payments owed to it by the vendor, debit the amount of the commission and fees to an account held in the name of the vendor by the agent.

25. (a) The auctioneer has been retained by the vendor as auctioneer for the purpose of selling the livestock comprised in the lots. The terms of engagement between the auctioneer and the vendor do not extend to the provision of advice by the auctioneer to the vendor in relation to the safety or otherwise of the sale ring, the saleyards and the surrounding environments.

(b) The vendor, the agent and the buyer agree to comply with their several duties under the Australian Animal Welfare Standards and Guidelines for the Land Transport of Livestock and further to consign, manage, receive, transport and handle livestock in accordance with any other or additional requirements of animal welfare legislation specific to the jurisdiction in which livestock are consigned, managed, received, transported and handled in the course of the auction process.

## CHAPTER THREE – VENDOR WARRANTY FOR CORRECT PRESENTATION AND DECLARATION

26. This chapter applies only in the case of livestock and their companion animals sold at auction for slaughter when the buyer is the slaughterer and the livestock are transported direct from the sale yard to the meatworks at which they are slaughtered. This chapter does not apply if the buyer is a trader who subsequently resells the livestock to a slaughterer. A slaughterer is any person who pays the AMPC Processor levy.

27. The warranty of a vendor is that livestock and their companion animals offered for sale at auction:

(a) pass government and other regulatory authority requirements and inspections at the time of slaughter;.

(b) are of merchantable quality;

(c) carry an NLIS device in accordance with State law;

(d) in the case where a representation has been made in the pre-sale catalogue that the livestock have particular characteristics or are fit for a particular purpose or market, and such representations are based on information in any document, the livestock will have those characteristics or will be fit for the particular purpose or market; and

(e) all information in any document provided by the vendor is true, complete and correct in all material respects.

28. In the event of a breach by the vendor of the vendor's warranty and provided such breach is notified by the buyer to the agent by 5:00pm on the 7th day after the fall of the hammer then the buyer is not liable to pay the portion of the Price of such of the vendor's livestock to which the breach applies.

29. However if the breach by the vendor is such that the livestock are not rejected outright but are instead downgraded then the buyer will pay the value of the livestock at their next highest and best use.

30. In the case of a breach by the vendor of the vendor's warranty then the vendor will also be liable to the buyer for any further losses which the buyer might establish but the buyer will take all reasonable steps in co-operation with the agent and vendor to mitigate both the effect of the breach and the amount of any loss.

31. Where a sentinel animal of a lot tests positive for chemical residue, or foreign material contamination and provided such test is certified and notified as required by these vendor warranty terms, then:

(a) the buyer will be entitled to delay payment for the price of all livestock in that lot only; or

(b) the vendor has the option, at the vendor's cost, of collecting the companion animals, if allowed by law; or of having the livestock slaughtered in which event the risk of further condemnations will be that of the vendor. Where product integrity is potentially jeopardised, the Processor has the right to refuse slaughter and send the livestock back to the consigning property at the vendor's cost.

32. The auctioneer is liable to the buyer in respect of any breach of the vendor's warranty arising out of:

(a) any error, by the auctioneer, of transcription of information from the NVD completed by the vendor to the pre-sale catalogue or the buyers post-sale summary;

(b) any failure by the auctioneer to notify the buyer, prior to bidding, of any breach by the vendor of the warranty of the vendor if the buyer establishes that the agent knew of such breach prior to the sale; and

(c) any failure by the auctioneer to announce prior to bidding, or disclose in the pre-sale catalogue, that the vendor has failed to provide a NVD that is complete in all material aspects.

## CHAPTER FOUR - OWNERS RISK FOR CONDITION OF CATTLE

33. This chapter applies only in the case of cattle and their companion animals sold at auction for slaughter when the buyer is the slaughterer and the cattle are transported direct from the sale yard to the meatworks at which they are slaughtered. This chapter does not apply if the buyer is a trader who subsequently resells cattle to a slaughterer. A slaughterer is any person who pays the AMPC Processor levy.

34. Owners risk reflects the producer's responsibility to provide slaughter cattle for sale that are fit for human consumption. Cattle are fit for human consumption if they are not condemned as unfit by government. Owners risk applies if the condemnation is due to a condition in the animal which the buyer establishes, by the relevant government certificate, existed prior to the fall of the hammer.

35. A buyer with the benefit of owners risk protection is not liable to pay the Price of that animal to the vendor. The buyer remains nevertheless liable for all costs incurred after the fall of the hammer in transport, slaughter, testing and disposal of the animal.

36. Owners risk protection is available to the buyer of cattle to which this chapter applies if all of the following are satisfied:

(a) a certificate is issued by government which states the relevant NLIS RFID tag number and PIC, the date of the certificate, the reason for condemnation and that the reason for condemnation existed prior to the fall of the hammer;

(b) the certificate is received by the selling agent either in its original form or by fax or electronic communication in the form of data, text or imaging by 5:00pm on the 7th day after the fall of the hammer; and

(c) if the condemnation is due to chemical residue the certificate follows testing in a government approved laboratory which establishes maximum residue limits in excess of the Australian limit.

37. Owners risk does not apply, and the buyer must pay for the cattle, if the reason for condemnation is any of bruising, fever, partial condemnation or emaciation.

## CHAPTER FIVE - NOTICES REQUIRED BY LEGISLATION

NSW Property, Stock and Business Agents Act 2002 Warnings

Penalties for collusive practices. It is an offence against the Property, Stock and Business Agents Act 2002 for a person to do any of the following as a result of a collusive practice, or to induce or attempt to induce another person by a collusive practice to do any of the following:

(i) to abstain from bidding; or

(ii) to bid to a limited extent only; or

(iii) to do any other act that might prevent free and open competition.

Severe penalties may be imposed on persons convicted of collusive practices.

The auctioneer has the right to make one bid on behalf of the vendor if the auctioneer clearly and precisely announces that fact prior to the sale.

Tasmania Legislation. An auctioneer conducting a public auction must not appear to acknowledge the making of a bid if no bid was made. A person must not participate in collusive practices by way of making or receiving an unlawful promise to abstain from bidding, not to bid except to a limited extent or do any other thing which may prevent free and open competition.

WA Auction Sales Act 1973 s31 NOTICE.
It is an offence to:

(i) induce or attempt to induce another person to abstain from bidding by means of a promise, expressed or implied, that the other person will have the right to elect to take over as buyer or to toss or draw lots to establish who is to become the owner;

(ii) abstain or agree to abstain from bidding as a result of such a promise;

(iii) knowingly enter or permit or cause to be entered in the auctioneer's record any name other than that of the actual successful bidder;

(iv) enter in the auctioneer's record the name of the buyer other than that of the actual successful bidder; or

(v) in the case of successful bidder supply wrong information as to the name of the buyer to the auctioneer or to any person, firm or corporation on whose behalf the sale is conducted.

The vendor, or any person on behalf of the vendor, or the auctioneer have the right to make no more than three bids.

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