

# Australia in Depth (Article #73)

## By Simon Dunkerley (10th April 2003)

### 'Momentum Keeps Pace!'

#### A touch of reality

Without doubt, the big news story of the month is the sale in London of the 1930 KGV 2d 'Tete-beche' pair for a total amount of \$AU225,840. Whilst the story behind that is the primary focus of this article, it would be remiss on me not to pre-empt by some comments on Gary Watson's speech 'Don't blame the Children' as published in the April edition of *Stamp News* and how that relates to my view of the philatelic market, both within Australia and abroad. The remarkable realisation above will then be put into this context.

I agree with what Gary wrote, and would hope that something can be gained from this and the debate that should follow. As Gary noted, there is a need to look at the facts when forming a view and commenting on philately; yet unfortunately, this does not always happen. I have long believed that there is not only a need for this, but also a responsibility on those concerned. When this column commenced in March 1997, my first article was titled 'Optimists take heart, Pessimists take note'. In the following edition, this was followed by an examination of myths that have become general perception within the philatelic community.

It was because of misunderstandings and false perceptions in relation to stamp prices that I commenced researching the market in considerable depth about sixteen years ago. Many of the doomsdayers were hell bent on saying that stamp prices had fallen after the boom of the late 1970's. However, that was not entirely true, as many had fallen, and for good reasons; yet many had risen, and still continue to rise, for equally good reasons. My goal was to prove what the market was doing by putting the facts into the public arena in a way that I had not seen before. I hope that this has given readers something concrete to put into their considerations as they explore the realities of the market.

#### Supply and demand

The philatelic market is not immune from the basic economic law of supply and demand. It operates continually around us, even in markets that are far from perfectly informed, and it operates perhaps nowhere better than at auction, as we see on a regular basis. In a developing market, the goal posts have moved at both ends. From time to time I see people who still expect their decimal navigator sets to reach the \$240 a set they were temporarily selling for in 1980. The reality is that at \$40 there are not many buyers, as most collectors who would like a set already have it; supply exceeds demand. At the other end of the market, as prices continue to rise, there are more buyers for quality items and rarities than there have ever been before; demand exceeds supply. For much this type of material, I believe that there is still plenty of room for prices to move.

I don't usually make predictions; however, I believe that anyone who buys KGVI or QEII die proofs in fine condition for double or even triple catalogue will do rather nicely in the years ahead. There is simply not enough of this type of material to go around. Like everyone else, I do not possess a reliable crystal ball, however, there are valuable lessons to be learned by studying the Australian Commonwealth Specialist's Catalogue (ACSC), observing who buys what and watching how prices are moving. Yes, I am well aware that not everyone can afford such items, however, the number who can is increasing steadily, and there are more buyers for such items that there have ever been.

Philatelic material of many kinds is booming like never before. As Rod Perry has pointed out on a number of occasions, many otherwise regular stamps are difficult to obtain on commercial covers of various kinds, and are grossly under rated; the same applies to a number of other areas. At the same time, there are parts of the market where material is not moving up in price, however, the reality is that there is upward pressure on prices in many parts of the market, and I believe that this will continue well into the foreseeable future. Having said that, as with any market, everyone is free to make their own choices and has a *responsibility* to do their own research and seek advice as appropriate before making any decisions.

To answer one of Gary's questions, yes I am not aware of *any* clients under 21 who actively buy quality material. If they are out there, I don't know about them! Yes, many children will always collect stamps at some level. I did and it grew from a basic hobby, into a passion, and then into a business. However, it is also true that the majority of child collectors will never become serious adult collectors. Many serious adult collectors that I speak to did not collect in any organized way as a child, or if they did, it is *not* the reason they took it up later in life.

#### Pessimists

As a former National President of APTA, and someone who spent nearly a decade on Australia Post's APMAC committee as one of two APTA representatives, I have seen Australia Post's stamp issuing policy under attack from many quarters, yet there are still hundreds of thousands that buy new issues. Whatever you think of it, it has not ruined the stamp market.

Back in 1987 some pessimists were predicting that the Australia Post 'Archival' Sales would ruin the market. The sales were relatively strong for the market at that time, and as I have previously written, the market did not flounder in the wake of these sales. Perhaps the only mistakes made were the processes involved in how the material was to be sold, finally resulting in a 'Sale by tender' that neither suited the philatelic market nor the quality of material on offer. I have no doubt that with a properly conducted auction, the results would have been better. The market for this kind of material is stronger than ever, and I believe that *another* 'Archival' type sale would have a healthy effect on the market. The undeniable reality is that the market for quality Australian philatelic material is under supplied, both within our shores and overseas.

**KGV 2d 'Tete-beche' pair  
Australian Commonwealth record smashed!**

As Gary wrote, Australian rarities have generally sold for a pittance compared to items of a similar nature from other Countries. For too long this has been the norm, rather than the exception, however, this is well and truly in the process of changing. Our major items are finally being appreciated for what they are and this takes us to the biggest news story for some time.

On March 20th, the unique 1930 KGV 2d Golden-scarlet 'Tete-beche' pair was auctioned by Spink (London). With an estimate of £20,000-25,000 it opened at £36,000, and after a very competitive battle, the auctioneer's hammer fell at £72,000. With the buyer's commission (+ VAT on the commission) this made a total of £84,690. To Australians, that is a significant \$AU225,840; or more than two and a half times the previous record, set by the 2/- third watermark strip of three, imperforate three sides. That item was sold in the **Evans Sale** by *Premier Philately* in May 2001.



To put this realisation into context, it compares with a current ACSC value of \$75,000 in the 2001 edition of the KGV volume. Stanley Gibbons price it at £32,000 in their current catalogue, so there was no such luck in buying it on the basis of the old 'half catalogue' methodology here; the goal posts have well and truly moved!

To put this price into some perspective, the 2003 realisation is 6.45 times that of 1981, representing an annual return of 9.3%. Over the entire period of actual known realisations, it has increased to 470.50 times the 1961 price, representing an annual return of 16.2%. By way of comparison, the median house price of Melbourne has increased to approximately 7 times the 1981 value and 32 times the 1960 value. That means this item has roughly matched house prices on average across Melbourne since 1981, and exceeded them by nearly 15 times since 1961! The new price also ranks this item highly among the major rarities of the British Commonwealth. If it were to be catalogued by Stanley Gibbons next time round at the full sale price, there would not be much more than a dozen or so items in the entire catalogue that exceed it.

When compared to the *actual* prices achieved at the **Kilfoyle Auction** for other significant items, we can see a reflection of how the market relativities have changed. As expected, some items have moved up in price to a much greater extent than others. With reference to the estimates of current value, we have recent experience of prices for some of these. In other cases, they have not been offered on the market for decades, and any estimate is hypothetical. In these instances, a + sign indicates that they may well sell above these figures in the light of recent realisations for other items.

Item	Kilfoyle price £	ACSC \$	Current value est.
Composite high value die proof (unsold in 1961)	200 est.	35,000	70,000
½d double strip with monograms, imperf at base (24)	190	40,000+	100,000+
£2 1 <sup>st</sup> wmk mint block of four	185	15,000+	30,000
2/- Brown 3 <sup>rd</sup> wmk imperf 3 sides in <i>pair</i>	160	30,000	75,000
£1 Brown & blue 3 <sup>rd</sup> wmk 'CA' monogram strip of three	72.5	30,000	125,000+
£2 Black & rose 3 <sup>rd</sup> wmk imprint block of four	170	22,500	75,000+
£2 Black & rose CofA wmk imprint block of four	135	16,000	30,000
KGV 1d Scarlet 'Rusted clichés' in pane of 60 (now in the Chapman collection)	250	(20,000+)	(100,000+)
2d 'Tete-beche' pair	240	75,000	225,840
1928 Kookaburra imperforate miniature sheet	105	30,000	100,000+
1932 5/- Bridge, mint sheet of 20 (assume all stamps are unmounted)	130	17,500	20,000
Ross Smith vignette, mint <i>without</i> margins	170	-	10,000

The build up to this sale generated much discussion and at the time of the auction, there were eight bidders on the telephone, with others in the room. I was fortunate to be on the phone and as I listened to history being made, and at least three others that I know shared the same experience. One of them, well known Melbourne dealer and regular *Stamp News* advertiser Richard Juzwin told me after the sale that the final bid he made was £64,000 (plus the add-ons). Unfortunately for him, this was soon topped, and eventually fell just over 10% short of the mark. The unknown quantity is just how high the winning bidder would have gone. My guess is about £75,000, however, perhaps only he or his agent knows that; anything else is speculation. There are however two comments worth noting. Firstly, Spink have made a statement on their website that it was sold to a *private collector*. Secondly, Richard's bid was both courageous for a dealer, and also an important statement of faith in the market.

### History

First reported in the June 1931 edition of the *Australian Stamp Monthly*, this unique pair has probably become the most famous item of Australian philately, and a controversial one in the eyes of some. The KGV 2d booklet panes were prepared from stamps printed on a purpose built plate formatted so that the first three columns of each pane were upright and the next three inverted. This assisted in the process of guillotining sheets into booklet panes of six for insertion into the standard 2/- booklets. The first stamp of the pair comes from the last column of what was intended to be one such pane, whilst the second comes from the first column of the next.

They were never intended to be issued in this format, and the existence of this item in private hands has been attributed at times to it being taken from such a sheet and used to repair a damaged booklet sold at the Melbourne GPO. It has also been attributed as having originated from a repaired sheet contained in a £1 booklet of these stamps, purported to have been sold somewhere 'south of the Yarra'. Realistically, it has not been possible to confirm the origin of this item, and that partly adds to the mystery that it carries.

It is known that early on this pair was in the hands of a Mr. W. E. Wakefield. It was later acquired by well known collector J. A. Kilfoyle, for an undisclosed amount. The auction of his collection in London in 1961 began the list of confirmed prices that this unique item has sold for, with the verified chronology of this item as currently known being laid out in the following Table:

Year	Owner/Sold to	ACSC value \$	Sale price \$
1931	First reported – W. E. Wakefield	-	
1945	Listed in ACSC without price	-	
1950	Still unpriced in ACSC	-	
1955		£300	
1961	Kilfoyle auction – lot 470	£300	£240
1965		£300	
1970		\$700	
1971	Nette auction – lot 224 (est. \$2000) Purchased by	-	4100

	Rodney A. Perry Auction Galleries (RAP) on behalf of a client		
1975	Repurchased by RAP	-	12,500
1977	Sold by RAP	-	26,000
1981	Sold by RAP to Fred Johnson, an American collector. (Priced in ACSC again)	30,000	35,000
1988		40,000	
1994		50,000	
2001		75,000	
2003	Sold by Spink to a 'private collector'	N/A	225,840

A comment by Spink on their website has me intrigued. They state that 'The pair came to light by chance when a client brought it to the counter at Spink's premises in Bloomsbury, London, seeking advice on its value. He was amazed at the estimate which Spink's specialists gave him, let alone the price which the item attained today!'. That indicates one of two things to me. Firstly, if the vendor was the owner since 1981, he was well out of touch with the current market, or, secondly, somewhere during that time, it had possibly passed into the hands of either another family member, or someone else who knew little about the value of this item!

One indication as to how much Rod Perry dominated the Australian market during the 1970's through to the early 1980's, is the fact that he handled this item on no less than three occasions during this period. These are detailed by Rod in the most recent edition of the ACSC KGV volume, and are repeated above. In the case of the 1981 sale, Rod informed me that Fred had wished to buy a major item of Australian philately. Faced with a choice between the 1914 'Unissued' pair and the 1930 2d 'Tete-beche' pair, both on offer in Rod's Private Treaty catalogue at Sydplex 1980, Rod recommended the latter to him. This recommendation was accepted and the sale was finalised early in 1981. The Unissued pair is now in the Chapman collection held by Australia Post and has been out of the hands of *all* collectors for some time. With the latter now sold to a 'private collector', believed to be offshore, it also would appear to be out of the hands of local collectors for some time ahead, if not for ever.

Having worked for Rod as purchasing and sales manager from 1977 to 1981, I was fortunate to have held this small and valuable piece of paper in my fingers, and examined it closely, something that I probably will not be able to do again!

On that note, and finally, what makes this pair even more fascinating, is the fact that if they were separated into two mint singles, their current retail value would be reduced to all of \$2. Instead of buyer beware, perhaps the adage in this instance should be 'buyer take care'!

#### Postscript (July 2003)

##### KGV 2d 'Tete-beche' pair – a postscript to last month

Following the publication of last month's feature on this item, I can add some new information. On my return from San Francisco, I noted a fax received from legendary Australian dealer, Ken Baker. For those not aware, Ken ran an advertisement in the very first issue of the *Australian Stamp Monthly* in 1930, and has traded most of the 73 years since that time. He is currently in 'semi-retirement', however, I understand is still ready to respond to further opportunities that might present themselves. His longevity in the trade has been remarkable.

In his fax, Ken noted that he had purchased the Tete-beche pair from legendary philatelist Bill Purves of Melbourne in 1948, for an amount of £250. Following this, he went on to sell it to Jack Kilfoyle. This is about the same time that he successfully negotiated the entire purchase of the well known 'T. E. Field' collection intact prior to its auction in London for £7,500.

He went on to buy the Tete-beche a second time at the Kilfoyle auction in 1961, this time for £240. He thought that he had then sold it to Jill Nette, although he wasn't certain of that. As noted last month, the Nette collection was auctioned in 1971. This information now completes most of the gaps in the history of the most valuable single item of Australian philately back to 1948.



