

1987

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WOOL MARKETING BILL 1987

EXPLANATORY MEMORANDUM

(Circulated by authority of the  
Minister for Primary Industry  
the Hon. John Kerin MP)



## WOOL MARKETING BILL 1987

### OUTLINE

This Bill replaces the Wool Industry Act 1972. Its purpose is to provide for major reforms to the Australian Wool Corporation and certain other matters relating to the export marketing of wool. These wide ranging reforms are principally designed to enhance the operational flexibility of the Corporation in the modern complex marketing environment for wool through greater devolution of responsibility to the Corporation in the context of corporate planning and enhanced reporting procedures. The extent of the reforms, the removal of obsolete legislation, plus streamlining and restructuring have necessitated the drafting of a new compact, more easily understood Wool Marketing Bill.

The reforms mainly emanate from the Government's White Paper "Reform of Commonwealth Primary Industry Statutory Marketing Authorities", published in January 1986. In addition the Bill provides for additional responsibilities for the Corporation in the area of reserve price setting, borrowings, wool stores administration and quality assurance of wool and for the Wool Council of Australia in the apportionment of wool tax and determination of refunds from the Market Support Fund. Whilst fundamentally directed at export marketing it is expected that the benefits of the reform will flow to domestic marketing of wool.

The Act is to commence on 1 July 1987 and transitional provisions have been incorporated in the Bill to ensure continuity in the operation of the Corporation.

Each Part of the Bill has been designed to be self-contained and self-explanatory with a statement of object, functions and powers. Part I covers the preliminary matters, mainly interpretation. Part II dealing with the Corporation contains the major reforms providing for the Corporation to prepare and submit, after consultation with the Wool Council, corporate and annual operational plans for the Minister's agreement; an option of a full-time Chairperson or part-time Chairperson and Managing Director; selection procedures for Corporation members other than Chairperson, Managing Director (if applicable) and Government director; and equal employment opportunity program procedures.

Major reforms in Part III - Finance include provision for the Wool Council to determine the apportionment of wool tax to the Market Support Fund, to wool promotion and general purposes of the Corporation and to the Wool Research and Development Fund, subject to specified minima, and to declare refund periods for refunds from the Market Support Fund; both in consultation with the Corporation. Other changes in this part allow the Corporation to borrow up to 50% of the level of its net assets as stated in the financial accounts as at the preceding 30 June and to appoint commercial auditors.

In Part IV - Wool Marketing the principal reforms provide for additional powers for the Corporation to achieve greater quality assurance of wool; and for the Corporation to determine the reserve prices for each season, in consultation with the Wool Council.

In Part V - Wool Use Promotion the Corporation's functions and powers are strengthened and a requirement to report to the Wool Council on promotion activities is incorporated.

Part VI - Wool Research and Development is virtually unchanged from the 1986 amendments to the Wool Industry Act.

The main changes in Part VII - Wool Stores is the full vesting of the wool stores (land and buildings) in the Corporation with the removal of the obsolete Defence provisions; and the establishment of a committee of the Corporation known as the Australian Wool Stores Board of Management to administer the wool stores including preparation of corporate and operational plans for the Corporation and to evaluate the objectives in such plans against achievements in an annual report to the Corporation.

Part VIII - Miscellaneous provides for enhanced annual reporting procedures by the Corporation to the Wool Council and to Parliament through the Minister, including assessment of performance against the corporate and operational plans agreed to by the Minister and for Ministerial power of direction.

Part IX provides for the repeal of the Wool Industry Act 1972 as amended and for transitional arrangements including continuation of the current membership of the Board of the Corporation and of the Wool Research and Development Council.

#### FINANCIAL IMPLICATIONS

The new arrangements are not expected to impose any additional costs on the Commonwealth. Funding of the Corporation activities is provided from a wool tax collected from woolgrowers. It is expected that there will be indirect savings in administration through the devolution of responsibility to the Corporation.

WOOL MARKETING BILL 1987

NOTES ON INDIVIDUAL CLAUSES

PART I - PRELIMINARY

Clause 1: Short Title

Provides mode of citation of Act - Wool Marketing Act 1987.

Clause 2: Commencement

Provides that the Act will come into operation on 1 July 1987.

Clause 3: Interpretation

Provides definition for terms used in the legislation.

PART II - AUSTRALIAN WOOL CORPORATION

DIVISION 1: ESTABLISHMENT, FUNCTIONS AND POWERS OF THE CORPORATION

Clause 4: Australian Wool Corporation

This clause provides for the continuance of the Australian Wool Corporation as established under section 7 of the Wool Industry Act 1972.

Clause 5: Object of Corporation

This clause provides the objective of the Corporation, which is to increase the commercial returns to Australian woolgrowers. The Corporation will be expected to pursue this objective through the efficient discharge of its functions.

Clause 6: Functions of Corporation

This clause outlines the key function areas of the Corporation and refers to the specific functions detailed elsewhere in this Bill. The Clause permits the Corporation to perform any of its functions outside Australia.

Clause 7: Powers of Corporation

This clause provides the Corporation with powers sufficient for it to adequately perform its functions.

Clause 8: Consultation

Enables the Corporation to consult with persons and bodies representative of different sectors of the wool industry and, if it so decides, to meet the costs reasonably incurred in connection with the consultation.

Clause 9: Committees

Permits the Corporation to establish committees and abolish any such committee other than the Australian Wool Stores Board of Management. The Clause provides for the Corporation to appoint persons to its Committees and to determine the manner in which committees carry out their functions and meeting procedures. The Australian Wool Stores Board of Management is a committee of the Corporation.

Clause 10: Delegation

Permits the Corporation to delegate by instrument of delegation any of its powers to a person or to one of its committees. The delegation can be revoked at any time and the Corporation can exercise a power whether a power has been delegated or not.

Clause 11: Subsidiary companies etc

Provides for the Minister to approve, in writing, subject to any conditions, the Corporation forming, joining in the formation of, or acquiring shares or other interests in a company. Any agreement or arrangements between the Corporation and a company are required to include a term to ensure that the agreement or arrangements can be terminated if the company ceases to carry on a relevant business or commences to engage in a non-relevant business.

## DIVISION 2: CORPORATE PLANS AND ANNUAL OPERATIONAL PLANS

Clause 12: Corporation to prepare corporate plans

This clause provides for the Corporation's preparation of a corporate plan to serve as its major interface with the Minister. The Corporation is required to prepare a plan with a 5 year time horizon, to update it annually, and to provide the plan to the Minister one month before the commencement of the period to which the plan relates. Also provides for corporate plans to relate annually to the period commencing 1 July, and for the first such plan to relate to the period commencing 1 July 1988. The plan will therefore be a rolling plan. Preparation of the plan must be preceded by consultation with Wool Council and specific matters to be included in the plan relate to the goals of the Corporation, its economic and market outlook for wool and wool products and the strategies to be followed by the Corporation.

Clause 13: Agreement to corporate plans

Provides for the Minister to agree to the corporate plan or revised corporate plan, or to request the Corporation to revise the plan should this be necessary in the interests of the wool industry, subject to a written statement of reasons.

Clause 14: Variation of corporate plans by Corporation

Provides that variations to the corporate plan, other than those of a minor nature, shall not be made by the Corporation without the Minister's agreement which is to be in writing.

Clause 15: Variation of corporate plans at request of Minister

Provides for the corporate plan to be varied at the request of the Minister which is to be in writing and consequent variation to the plan requires the Minister's agreement.

Clause 16: Date of effect of variations

Provides for an amended corporate plan to operate from the date the variation is agreed to by the Minister as if the varied plan had been originally agreed by the Minister.

Clause 17: Corporation to prepare annual operational plans

This clause provides for an additional strategic document as a back up to the corporate plan, and requires the Corporation to prepare each year an annual operational plan, commencing with an annual operational plan for 1988-89 (this is the first year to which the corporate plan will relate). The annual operational plan will set out the Corporation's actions in relation to the corporate plan, will include the factors likely to affect the reserve price scheme and any market intervention above the minimum reserve prices, and will take into account the relevant wool stores annual operational plan.

Clause 18: Agreement to annual operational plans

Provides that the Minister receives annual operational plans at least one month prior to the period to which the plan relates. This is to allow adequate time for consultation as the clause makes provision for the Minister to request revision of the plan if he believes it to be inconsistent with the corporate plan. The annual operational plan comes into force either on the commencement date of that period or the day the Corporation receives the Minister's agreement, whichever is the later.

Clause 19: Variation of annual operational plans

Provides that similar conditions apply to annual operational plans as corporate plans with regard to variations by the Corporation or the Minister and the date of effect of such variations. This clause also includes provision to ensure consistency between a corporate plan and the relevant annual operational plan when a variation to the former is proposed.

DIVISION 3: MEMBERSHIP AND MEETINGS OF CORPORATION

Clause 20: Membership of Corporation

This clause provides for establishment of the Board of the Corporation on one of two bases. The Board of the Corporation may be headed by a full time Chairperson in which case that person will be the Chief Executive Officer of the Corporation. Alternatively there may be a part time Chairperson with a Managing Director being appointed as the Chief Executive Officer. There shall be ten directors of the Corporation where the Chairperson is a full time director and eleven directors where the Chairperson is a part time director. All Corporation directors, other than the Managing Director, are part time directors appointed by the Minister although the Chairperson may be appointed as a full time director. Prospective Corporation directors other than the Chairperson, Government director and Managing Director are to be nominated by the Selection Committee in accordance with Division 4. The clause also specifies that the Minister shall not appoint a member of the Wool Council or of Parliament as a director of the Corporation. Also any director who becomes a member of the Wool Council or of Parliament immediately ceases to be a director of the Corporation.

Clause 21: Deputy of Corporation Chairperson

Provides that the Minister shall appoint in writing a deputy of the Chairperson from amongst the appointed directors nominated by the Selection Committee.

Clause 22: Disclosure of interests

This clause covers a situation where a Corporation director has a direct or indirect pecuniary interest in a matter being considered by the Corporation at a meeting of the Corporation. It requires the Corporation director to disclose the nature of that interest. It also precludes the Corporation director from taking part in the Corporation's deliberation and decision on the matter, subject to the discretion of the Corporation or the Minister. A woolgrower or a manufacturer of wool products is not considered to have a pecuniary interest in a matter by reason only of being a woolgrower or manufacturer of wool products, as the case may be.

Clause 23: Leave of absence of appointed directors

Provides that the Minister may grant leave of absence to the Chairperson, and the Chairperson may grant leave of absence to an appointed director. (Note that Clause 29 provides for the termination of appointment where an appointed director is absent without leave from three consecutive meetings of the Corporation).



Clause 24: Ending of appointments

Allows the Minister, at his discretion, to terminate the appointment of one or more directors of the Corporation on receipt of a notice in writing from the Wool Council to the effect that the Corporation does not have its confidence. It also provides the power for the Minister to terminate the appointment of a Corporation director or a full time Chairperson.

Clause 25: Meetings of Corporation

Provides provisions in relation to convening meetings and establishes a quorum of six Corporation directors. Provides that the Chairperson is to preside, or if absent the deputy of the Chairperson and if both absent then a Corporation director appointed by those present. Questions are to be resolved by a majority vote with the person presiding having both a deliberative vote and if required a casting vote. Provides for the Corporation to determine the procedure of its meetings. A record of its proceedings is required.

Clause 26: Resolutions without formal meetings

Provides a procedure for the consideration of issues outside formal meetings.

#### DIVISION 4: NOMINATION AND SELECTION PROCESS FOR MEMBERSHIP OF CORPORATION

Clause 27: Presiding Member

Provides for the Minister to appoint a Presiding Member of the Australian Wool Industry Selection Committee on a part time basis and sets out the term of appointment. The Presiding Member will in effect be the only permanent member of the Committee. The clause also includes provision for the Presiding Member to resign and for the Minister to terminate the appointment of the Presiding Member.

Clause 28: ~~Minister may request nomination for membership of Corporation~~

This clause provides for the Minister to request in writing the Presiding Member to establish a Selection Committee to provide within a specified time period nominations for the purpose of appointment of Corporation director(s) other than the Chairperson, Managing Director and Government Director or to fill a vacancy caused by resignation or the ending of an appointment of a Corporation director.

Clause 29: Selection Committee

This clause provides for the Presiding Member to establish the Wool Industry Selection Committee and for the Wool Council to

nominate persons for appointment to the Selection Committee. The purpose of the Selection Committee is to select and nominate person(s) to the Minister for appointment to the Corporation. The membership of the Selection Committee is the Presiding Member appointed by the Minister and from three to six other members appointed by the Minister on the nomination of the Wool Council. The Minister can reject a nomination if the Minister is not satisfied on the suitability of a person nominated and require the Wool Council to submit a further nomination. The Selection Committee as established under this clause will in effect be an ad hoc committee.

Clause 30: Nominations for Corporation

Specifies procedures to be followed by the Selection Committee in nominating persons to the Minister. The procedure includes inviting the Wool Council to nominate a person(s) for appointment to the Corporation, and placing advertisements in a major newspaper circulating throughout Australia inviting applications for nomination for appointment. This procedure will ensure that a suitable person(s) is considered for nomination for appointment to the Corporation. Only one nomination is to be made in respect of each appointment to be made. The Selection Committee is required to provide a statement supporting its nomination(s) and the Minister may ask the Committee to provide additional information.

Clause 31: Selection of nominees for Corporation

Requires the Selection Committee to nominate persons who collectively best possess qualifications and experience across the fields of activity specified in the legislation. The Presiding Member is to consult the Chairperson of the Corporation on the skills and qualities required of Corporation directors. A person cannot be nominated for appointment as a director of the Corporation if he or she is a member of the Wool Council or Parliament, unless the person has indicated that he or she will cease to be a member prior to appointment to the Corporation. In addition, a person who is, or has been, a member of a particular Selection Committee appointed to recommend on appointment for one or more positions can not be nominated for appointment to the Corporation by that Selection Committee.

Clause 32: Minister may reject nomination

This clause permits the Minister to reject in writing a nomination if the Minister is not satisfied on the suitability of the person nominated and to require the Committee to submit a new nomination.

Clause 33: Presiding Member to abolish Selection Committee

Requires the Presiding Member to abolish the Selection Committee when the appointment process has been completed by the Minister.

Clause 34: Meetings of Selection Committees

Provides for the convening of meetings and the arrangements to apply at such meetings. A quorum is to be constituted by the Presiding Member and three other members. Questions are to be decided by a majority of votes of the members present and voting, with the Presiding Member having both a deliberative vote and if required a casting vote. The Committee is to keep a record of its proceedings.

Clause 35: Staff and consultants

Provides authority for the Presiding Member to arrange for the provision of administrative and clerical services from outside the Corporation to facilitate the functioning of the committee, and "personnel search consultants" to assist in finding persons suitable for nomination for appointment to the Corporation. The terms and conditions of engagement are to be determined by the Committee and paid by the Corporation.

Clause 36: Applied provisions

Provides that listed clauses of the Bill as they apply to the Corporation are to be read as applying to the Selection Committee, the Presiding Member and members of the Committee as relevant. The sub-sections cover terms and conditions of office, exercise of functions not being affected by vacancies, disclosure of interests, leave of absence, resignation, termination of appointments and resolutions without formal meetings.

## DIVISION 5: STAFF OF THE CORPORATION

Clause 37: Employees

Enables the Corporation to employ such staff as it sees necessary to function efficiently, and to set appropriate employment terms and conditions. The Corporation may not determine terms and conditions for any employee more favourable than those applicable to the Chief Executive Officer of the Corporation, ie the Managing Director or the full time Chairperson, as the case may be.

Clause 38: Managing Director

Establishes the position of Managing Director as the Chief Executive Officer of the Corporation where the Corporation Chairperson is not appointed on a full-time basis and provides for the Corporation to appoint a person to that position. It also provides for the Corporation to determine with the Minister's approval the terms and conditions of service of the Managing Director in respect of matters not covered by the Act including remuneration and allowances. The Corporation has the power to terminate any such appointment at any time.

Clause 39: Acting Managing Director

Establishes that the Corporation may resolve to appoint a person to act as Managing Director for a period up to 12 months under similar legislative provisions to that of the Managing Director.

Clause 40: Management of affairs of Corporation

Makes the Chief Executive Officer of the Corporation, being the Corporation Chairperson, if appointed on a full time basis, or otherwise the Managing Director, responsible for the management of the affairs of the Corporation to the extent determined by the Corporation and in accordance with the Corporation's policy and directions.

Clause 41: Corporation to develop and implement equal employment opportunity program

Requires the Corporation to develop and implement an equal employment opportunity (EEO) program.

Clause 42: Regard to be had to equal employment opportunity program

Requires the Corporation and its staff to take any action to give effect to the EEO program.

Clause 43: Employment matters to be dealt with on basis of merit

The legislation recognises that all employment matters are to be dealt with on the basis of merit.

PART III - FINANCEDIVISION 1 - PRELIMINARYClause 44: Objects of Part

Provides for the Corporation to perform its financial functions and to ensure the maximum utilisation of Corporation moneys.

Clause 45: Functions of Corporation in relation to finance

Specifies the functions of the Corporation in relation to finance.

DIVISION 2 - APPORTIONMENT OF WOOL TAXClause 46: Determination of apportionment of wool tax

Requires the Wool Council to determine the percentages of the sale value of shorn wool, subject to specified minima, that are to be paid in the next financial year into the Market Support

Fund, the Research Fund and to the Corporation for wool use promotion and general purposes. The specified minima are 2.5% for market support, 2.5% for wool use promotion and general purposes of the Corporation and 0.25% for research and development. The sum of the determined percentages is to equal the rate of wool tax imposed by the Wool Tax Acts applicable to that wool. This determination by the Wool Council is to be done after consideration of any recommendation regarding percentages made to it by the Corporation. The percentages determined are to be published in the Gazette.

Clause 47: Payments to Corporation

Provides for the Commonwealth, upon receipt of all wool tax moneys in a particular financial year, to pay to the Corporation amounts equal to the percentages of the sale value of shorn wool determined for the Market Support Fund, promotion and general purposes of the Corporation and the Research Fund. The percentage of the sale value of shorn wool is the same as that under the Wool Tax (Administration) Act 1964. The wool tax moneys payable to the Corporation are to be paid from the Consolidated Revenue Fund.

DIVISION 3 - MARKET SUPPORT FUND

Clause 48: Market Support Fund

This clause provides for the continuation of the Market Support Fund as established under Section 28A of the Wool Industry Act 1972.

Clause 49: Dealings with Market Fund

This clause specifies the items that are to be credited to the Market Support Fund and how this money can be used. The Corporation is required to identify in its financial accounts all amounts credited and debited to the Market Support Fund. The Corporation must take into account interest paid or payable on funds borrowed for the operation of the Reserve Price Scheme and the operating costs incurred in a financial year, so that it can determine whether a profit has been made or a loss incurred in the operation of the Reserve Price Scheme. The profit or loss so determined is credited or debited to the Market Support Fund so that a balance of the Fund at the end of the financial year can be determined. This will provide a measure of the operation of the Reserve Price Scheme over the course of a year.

Clause 50: Refund periods

Provides for the Wool Council, following consultation with the Corporation, to declare the refund period. If the Wool Council and Corporation cannot agree on the refund period, the Minister will determine the refund period. Once a refund period has been determined the Minister will arrange for it to be published in the Gazette.

Clause 51: Refunds

Provides for refunds to be paid by the Corporation out of the Market Support Fund to producers whose wool was sold in the declared refund period. These refunds are subject to regulations which cover specific provisions relating to the payment of refunds.

## DIVISION 4 - OTHER FINANCIAL MATTERS

Clause 52: Application of money of Corporation

Restricts the application of moneys of the Corporation to its functions and obligations. The term 'Money of the Corporation', does not include money standing to the credit of the Market Support Fund or the Research Fund. Specific provision is made in the legislation for payment from these funds.

Clause 53: Raising of money by Corporation

Enables the Corporation to raise money in Australian and foreign currency, by borrowing and by the use of financial instruments such as dealing with securities. The Corporation may give security over the whole or any part of its assets for the repayment of money borrowed in accordance with this section. Ministerial approval is required for the Corporation to borrow or otherwise raise money in excess of one half of the value of its net assets as at the end of the financial year immediately preceding the current one.

Clause 54: Hedging through currency contracts etc

Provides for the Corporation to enter into currency/interest rate/wool future contracts for the purpose of risk minimization in respect of borrowing, payments made by the Corporation outside Australia for wool use promotion or other services, or payments due to or payable by the Corporation in respect of transactions in foreign currencies. A provision exists for the Minister to issue guidelines.

Clause 55: Bank accounts

Authorizes the Corporation to open bank accounts and requires that at least one account be maintained at all times. All money of the Corporation must be paid into an account of a bank.

Clause 56: Investment of money of Corporation

Provides that moneys of the Corporation not immediately required for the purposes of the Corporation may be invested in a manner consistent with sound commercial practice.

Clause 57: Proper accounts to be kept

Requires that the Corporation keep proper financial accounts and records in accordance with commercial practice and maintain proper controls.

Clause 58: Separate accounts for wool stores

Requires the Corporation to maintain separate financial accounts for the management of wool stores properties. The properties are to be re-valued (sworn valuation) at intervals of not more than 5 years.

Clause 59: Audit

Requires the Corporation auditor to inspect and audit the Corporation's accounts and records of financial transactions (including those of companies that are subsidiaries of the Corporation) and report to the Minister the results of audit investigations at least once in each financial year. The term "Corporation auditor" means the commercial auditor appointed under the following clause or, if no appointment has been made under that clause, the Auditor-General.

Clause 60: Appointment of commercial auditors

This clause makes provision for the appointment of a company auditor and sets out the steps to be taken in engaging such an auditor. The Corporation may request a particular company auditor to be appointed, after consultation with the Wool Council.

Clause 61: Remuneration and allowances

Provides that remuneration for appointed Corporation directors, members of committees established by the Corporation, Selection Committee members, Research Council members and members of sub-committees established by the Research Council, be paid as determined by the Remuneration Tribunal, or if no determination is in force, such remuneration as is prescribed. These persons are also to be paid such allowances as are prescribed.

PART IV - WOOL MARKETINGDIVISION 1: PRELIMINARYClause 62: Objects of Part

Provides a clear statement of the Corporation's marketing objectives which are to provide for the Corporation to ensure effective export marketing of wool and to ensure there are no undue fluctuations or irregularities in wool prices.

Clause 63: Functions of Corporation in relation to wool marketing

Outlines the functions of the Corporation in respect of marketing. Relates principally to the operations of the reserve price scheme for wool, the sale of wool at auction and outside the auction system, and procedures for quality assurance of Australian wool.

Clause 64: Specific marketing powers of Corporation

Provides the Corporation with powers to perform its marketing functions.

Clause 65: Contracts for shipment of wool

Provides that all contracts for shipping wool overseas be made by the Corporation or in conformity with conditions approved by the Corporation. The legislation explicitly recognises that the Government may inform the Corporation of policies and principles that should be followed in shipping contracts.

## DIVISION 2: RESERVE PRICE SCHEME

Clause 66: Minimum reserve prices

The intention is to put the setting of the reserve price on a more commercial footing. The clause provides for the Corporation, in agreement with the Wool Council, to determine the minimum market indicator reserve price at the beginning of each financial year for that year. If the Corporation and the Wool Council cannot agree the Minister will determine the minimum market indicator reserve price to apply for that financial year. The Corporation will set the minimum reserve price for the individual wool types which are derived from the minimum market indicator reserve price.

The Corporation may increase the minimum reserve price to encourage market innovations such as the use of length and strength testing or they may decrease the minimum reserve price to discourage other innovations, for example, wool packaged in a form not readily acceptable to the trade.

Clause 67: Purchase of wool at minimum reserve prices

This clause requires the Corporation to buy at auction, a particular type of wool at the minimum reserve price if there is no bid equal to or higher than the minimum reserve price, subject to

- (a) the wool meeting the required standards and the Corporation's approved terms and conditions



- (b) the Corporation has not recommended the sale be deferred, and
- (c) the wool being submitted for sale is in accordance with the Corporation's arrangements for sale.

If wool is sold by tender then the Corporation shall submit a tender equal to the minimum reserve price for that particular type of wool subject to the same conditions that apply if the wool had been sold at auction.

Clause 68: Intervention above minimum reserve prices

Provides for the Corporation to determine a higher reserve price for a period in a situation of significant disturbance to the market such as where there is a substantial currency depreciation or a major wool buying country unexpectedly withdraws from the market.

The Corporation may increase or decrease the higher reserve price in order to encourage or discourage, respectively, marketing innovations.

Clause 69: Purchase of wool above minimum reserve prices

The same bidding conditions as apply to minimum reserve prices apply under this clause.

Clause 70: Condition of wool to which scheme applies

Provides that the Corporation does not have to bid or tender for wool at the minimum reserve price (or any higher reserve price) if the wool has not been prepared for sale in accordance with industry standards or if the terms and conditions for the acceptance or sale of the wool are not industry terms.

Clause 71: Deferral of sales

Provides for the Corporation to recommend that the sale of all or particular wool be deferred if it is satisfied, after consultation with industry advisory committees or relevant sections of the wool industry, that the sale is not in the interests of the wool industry. If the sale proceeds, despite a recommendation to the contrary by the Corporation, the Corporation is not required to buy or tender for the wool at the minimum reserve price or higher reserve price, as the case may be.

Clause 72: Re-sale of wool

Provides for the Corporation to use wool acquired by auction or tender, at minimum or higher reserve prices, for market development purposes. Wool not used for market development is to be re-offered for sale.

Clause 73: Minister may set guidelines for reserve price scheme

Provides for the Minister to set guidelines relating to the Corporation's marketing powers including purchasing wool in the performance of its functions. These guidelines must be in writing.

## DIVISION 3: QUALITY CONTROL

Clause 74: Powers of Corporation in relation to quality assurance for wool

Provides the Corporation with powers to ensure the control of the quality of wool, particularly in relation to clip preparation standards and the terms and conditions for the acceptance of wool for sale.

## DIVISION 4: REGISTER OF WOOLCLASSERS

Clause 75: Register

Requires the Corporation to keep a register called the Register of Woolclassers containing the names of approved woolclassers.

Clause 76: Certain persons to be on Register

Requires the Corporation to enter on the Register of Woolclassers the names of those woolclassers registered under the voluntary registration scheme operating prior to 1 July 1987.

Clause 77: Registration

Provides for a person holding an approved qualification in woolclassing to have his or her name entered on the Register of Woolclassers except if that person has been removed from the register for consistently failing to prepare wool in accordance with industry standards. A person may apply in writing to the Corporation for registration. If an application is refused the Corporation is required to notify the person in writing setting out the reasons for the refusal.

Clause 78: Alteration of Register

Requires the Corporation to remove from the Register of Woolclassers any woolclasser who has died or has requested his or her name be removed.

Clause 79: Removal of name from Register

Provides for the Corporation to remove from the Register of Woolclassers, for a period of up to 2 years, any woolclasser who has consistently failed to prepare wool in accordance with industry standards.

Clause 80: Identification

Requires the Corporation to issue registered woolclassers with identifying stencils and to withdraw the stencils if their name is subsequently removed from the Register of Woolclassers.

PART V - WOOL USE PROMOTION

Clause 81: Objects of Part

This clause sets out the charter of the Corporation in respect of wool promotion which is to be directed to enhancing the overall demand for wool and wool products.

Clause 82: Functions of Corporation in relation to wool use promotion

Requires the Corporation to promote or arrange for the promotion of wool and wool products within Australia and overseas.

Clause 83: Powers of Corporation in relation to wool use promotion

Provides for the Corporation to exercise its powers for the purpose of promoting wool and wool products.

Clause 84: Review of effectiveness of promotion

The Clause seeks to ensure wool industry promotional strategies are determined in the light of an understanding of benefits accruing from promotional expenditures. Requires the Corporation to review and report to the Wool Council and the Minister from time to time on the effectiveness of expenditure on promotion and the feasibility of different promotional activities.

PART VI - WOOL RESEARCH AND DEVELOPMENT

DIVISION 1: PRELIMINARY

Clause 85: Objects of Part

Outlines the objectives of Part VI which are to provide for the funding and administration of wool research and development. Specifically the objectives include improving the efficiency and effectiveness of wool research and development and accountability of expenditure on research projects.

DIVISION 2: FUNCTIONS AND POWERS OF THE CORPORATION IN RELATION TO WOOL RESEARCH AND DEVELOPMENT

Clause 86: Functions of Corporation in relation to wool research and development

Specifies the research and development (R&D) functions of the Corporation. In the main these are to consider recommendations by the Research Council for particular research projects and to implement those recommendations of which it approves. The Corporation is also required to monitor and report on wool R&D operations to the Minister and to the Wool Council.

Clause 87: Manner in which Corporation to exercise its powers

Requires that the Corporation exercise its powers so as to give effect to the research and development plan and annual research and development program.

Clause 88: Agreements relating to wool research and development etc

Authorises the Corporation to execute agreements for the funding of approved research and development activities and sets out the conditions that may be attached to such agreements. An agreement may specify that money provided under the agreement and property acquired with that money is to be used only for the purposes specified in the agreement. It may also provide for payment to the Corporation of a part or the whole of any net income derived from property acquired under the agreement or from patents for inventions made or property acquired in the course of R&D activities related to the agreement. Other conditions that may be included in agreements provide for the assignment to the Corporation of any property and patents referred to above or for the payment to the Corporation of an amount determined by the Corporation in the event of the disposal of any property.

Clause 89: Corporation may participate in joint ventures

Authorises the Corporation to invest in joint ventures for purposes consistent with the R&D plan and stipulates matters to be provided for or provisions to be included for such an agreement. This will enable the Corporation to tap both R&D managerial expertise and funds which might not otherwise be available to it.

DIVISION 3: CONTINUATION AND FUNCTIONS OF THE WOOL RESEARCH AND DEVELOPMENT COUNCIL

Clause 90: Continuation of Wool Research and Development Council

The Wool Research and Development Council continues as it was on 30 June 1987.

Clause 91: Functions of Research Council

Specifies the functions of the Research Council. Essentially the Council is a planning body acting within the auspices of the Corporation. Its functions include the evaluation of needs of the wool industry; the formulation of a five year strategic R&D plan and a series of annual research and development programs to cover the period of the long term plan. It recommends particular projects to be funded by the Corporation. It also has a monitoring and co-ordination role.

## DIVISION 4: WOOL RESEARCH AND DEVELOPMENT FUND

Clause 92: Continuation of Wool Research and Development Fund

Continues the Wool Research and Development Fund under the same conditions as in the Wool Industry Act.

Clause 93: Money to be paid into Research Fund

Provides for the Research Fund to receive from the Consolidated Revenue Fund a particular percentage of the moneys collected by the Commonwealth in the Wool Tax. The percentage is determined by the Wool Council and shall be at least 0.25% of the sale value of shorn wool. It also provides for payment from the Consolidated Revenue Fund to the Corporation of the Commonwealth's matching contribution on a dollar-for-dollar basis of industry funds subject to an upper limit of 0.5 per cent of the assigned gross value of wool production in any financial year. The Research Fund will also receive money from the sale of any property of the Corporation paid for by the Research Fund, from interest on investments and from the sale of property produced from wool R&D activities.

Clause 94: Application of Research Fund

Specifies the purposes for which moneys in the Wool Research and Development Fund can be spent. Covered are the funding of approved R&D activities; expenses incurred by the Corporation and the Research Council in the performance of their functions in relation to wool R&D; the salaries and allowances of Council members; and the expenses of the Selection Committee in selecting Council members. Also provides authority for the payment out of the Research Fund of moneys that are to be invested.

DIVISION 5: RESEARCH AND DEVELOPMENT PLANS, ANNUAL RESEARCH AND DEVELOPMENT PROGRAMS AND APPROVAL OF RESEARCH AND DEVELOPMENT ACTIVITIES FOR FUNDING

Clause 95: Research Council to develop research and development plans

Requires the Research Council to prepare a five year R&D plan setting out the objectives of the Corporation and the Research Council and the strategies to be pursued. In so doing the Research Council is required to provide an assessment of the economic outlook for wool and an evaluation of the R&D needs of the industry. Preparation of the plan must be preceded by consultation with the Wool Council and other appropriate organisations. The R&D plan is presented to the Corporation by the Council Chairperson.

Clause 96: Agreement to research and development plans

Requires the Corporation to submit the R&D plan for the Minister's agreement at least one month before the plan is due to commence. The Corporation may also submit its comments on the R&D plan. Also provides for the Minister to agree to the R&D plan, and makes provision for the Minister to be able to request revisions of the plan. Where he requests a revision the Minister is required to provide a statement setting out the reasons for his request.

Clause 97: Variation of research and development plans

Provides for variations to be made by the Research Council to the R&D plan. Variations can be made at any time during the life of the plan. The Council is required however, to re-assess the plan at least annually to ensure it continues to fulfill its intended purposes. Where variations are considered necessary the plan can be varied with the approval of the Minister. The Council, through the Corporation, must provide the Minister with details, in writing, of why a variation is required. The Minister may accept or reject a requested variation.

Clause 98: Variation of research and development plans at request of Minister

The Research Council may vary the R&D plan at the request, and with the approval of the Minister. The Minister must when requesting changes to the R&D plan provide a statement outlining the reasons for making the request.

Clause 99: Date of commencement of research and development plans as varied

Provides for amended and agreed plans to operate as if the original plan had been agreed with the variations.

Clause 100: Research Council to develop annual research and development programs

Requires the Research Council to prepare an annual research and development program setting out details of research and development activities that the Research Committee recommends be funded by the Corporation during the year. The annual research and development program shall include an estimate of the maximum financial outlay to be made on the different kinds of wool R&D activities.

Clause 101: Agreement to annual research and development programs

Requires the Corporation to submit the annual research and development program, along with its comments, if any, to the Minister for his approval. The program is to be submitted at least one month before the plan is due to commence. If the Minister considers the annual research and development program is inconsistent with the R&D plan he or she may by notifying the Corporation request the Council to revise the annual research and development program. The Research Council is required to consider such a request by the Minister and make an appropriate revision to the annual research and development program.

Clause 102: Approval for funding of particular wool research and development activities

Provides for the Research Council to recommend individual projects to the Corporation for funding. The Council is required to detail the nature of the research activity, its likely duration and estimate the cost to the Wool Research and Development Fund.

DIVISION 6: CONSTITUTION AND MEETINGS OF WOOL RESEARCH AND DEVELOPMENT COUNCIL

Clause 103: Constitution of Research Council

Specifies that the Research Council comprises a Council Chairperson, 4 members nominated by the Corporation and 4 members nominated by the Selection Committee. Appointments are made by the Minister and in the case of the Chairperson from the names of at least two persons nominated by the Corporation. All Council members are part time. Members hold office for a term, not exceeding 3 years, as specified in the instrument of appointment. Members are eligible for re-appointment. There is an age limit on membership of 65 years.

Clause 104: Acting Council Chairperson

Provides for the appointment, terms and conditions of appointment, and the termination of appointment of an acting Council Chairperson. The power is exercisable by the Minister.

Clause 105: Leave of absence

Provides for the Minister to grant leave of absence to the Council Chairperson, and for the Council Chairperson to grant leave of absence to other members.

Clause 106: Removal and resignation of Council members

Provides discretion for the Minister to terminate the appointment of a member for misbehaviour or physical or mental incapacity, but where the member becomes bankrupt, is absent without leave from three consecutive meetings, or fails to comply with his obligations concerning disclosure of pecuniary interests the Minister must terminate the appointment. Also requires the Minister to terminate the appointment of a member nominated by the Corporation who ceases to be a director of the Corporation if requested to do so by the Corporation. A member may resign in writing to the Minister.

Clause 107: Disclosure of interests of Council members

Provides that a member who has a direct or indirect pecuniary interest in a matter being considered or about to be considered by the Research Council shall disclose the nature of his interest and that such a disclosure shall be recorded in the minutes of the meeting.

Clause 108: Meetings of Research Council

Provides for the convening of Research Council meetings, and the working arrangement to apply at such meetings. Also provides for a quorum to be constituted by five members with questions to be decided by a majority of votes of members voting.

Clause 109: Sub-committees of Research Council

Authorises the Research Council to set up sub-committees to assist in its deliberations and to include non-members of the Council on such sub-committees.

## DIVISION 7: ACCOUNTABILITY

Clause 110: Annual report of Research Council

This clause provides a mechanism for accountability by the Research Council to the Corporation, the government or woolgrowers over the expenditure of money for research and development purposes. The Research Council is required to prepare an annual report for each year ending 30 June and to include in the report an assessment of the working of the research and development plan and annual research and development program. Also requires that the report be submitted to the Corporation who in turn submit the report, along with any comments, to the Minister.



Clause 111: Accountability to wool industry

This clause establishes procedures for accountability to woolgrowers over expenditure of research and development money. Requires that after the annual report is submitted to the Minister arrangements be made to enable the report to be considered at a meeting of the Wool Council at which the Council Chairperson of the Research Council will be available to address the meeting and answer questions on the Research Council's activities.

PART VII - WOOL STORESClause 112: Objects of Part

This clause sets out the charter of the Corporation in respect of administration of the stores vested in it or acquired and developed by it.

Clause 113: Functions of Corporation in relation to wool stores

Specifies the functions of the Corporation, namely to manage, control and maintain wool stores. This will be done through the establishment of an Australian Wool Stores Board of Management.

Clause 114: Ownership of wool stores

Specifies that land and buildings relating to wool stores be fully vested in the Corporation.

Clause 115: Establishment, functions and powers of the Australian Wool Stores Board of Management

This clause establishes the Australian Wool Stores Board of Management as a committee of the Corporation which administers the stores on behalf of the Corporation and provides it with the powers of the Corporation necessary to carry out its specified functions.

Clause 116: Constitution of Wool Stores Board

Specifies that the Wool Stores Board comprises a Chairperson, a Chief Executive Officer and two members, all appointed by the Corporation.

Clause 117: Wool Stores Board to develop wool stores strategic plans

Requires the Wool Stores Board to prepare a wool stores strategic plan which will be submitted to the Corporation and taken into account when preparing the Corporation's corporate plan.

Clause 118: Wool Stores Board to develop wool stores annual operational plans

Requires the Wool Stores Board to prepare an annual operational plan including an analysis of the financial management and returns from wool stores.

Clause 119: Annual report of Wool Stores Board

Requires the Wool Stores Board to prepare an annual report for each year ending 30 June and submit it to the Corporation Chairperson. The report shall include an assessment of operations against the wool stores annual operational plan. The report will also contain an audited copy of all financial accounts.

PART VIII - MISCELLANEOUSClause 120: Minister may give directions in exceptional circumstances

Provides that the Minister may in exceptional circumstances give directions to the Corporation in order to ensure that the Corporation does not act in such a way that conflicts with major Government policies. The clause includes reference to the Corporation Chairperson having adequate opportunity to discuss with the Minister the need for a proposed direction before any direction is given and certain public disclosure procedures that the Minister must adopt when a direction to the Corporation is given.

Clause 121: Liability to taxation

The Corporation is subject to Commonwealth taxation other than income tax. Provides for the Corporation to be exempt from State and Territory taxation unless otherwise prescribed by the regulations. State or Territory stamp duty is payable for a transaction, instrument or document.

Clause 122: Register of Australian woolgrowers

Requires the Corporation to compile and maintain a register of Australian woolgrowers after consultation with the Wool Council. This will be done to facilitate refunds to, and communications with, the wool growing industry.

Clause 123: Annual report

Requires the Corporation to prepare and submit to the Minister each year (before the first half-yearly meeting of the Wool Council occurring after 30 June) an annual report of its operations and financial statements. It will include an assessment of the extent to which operations during the year have fulfilled the objectives set out in the corporate plan and annual operational plan and include a copy of the annual report

prepared by the Research Council and details of the operations of the Wool Stores Board of Management. The Minister shall present the annual report and financial statements to each House of Parliament within 15 days of receiving them.

Clause 124: Report to meeting of Wool Council

Requires that after the annual report is laid before each House of Parliament arrangements be made to enable the report to be considered at a meeting of the Wool Council (no later than 12 months after the end of the financial year to which the report relates) at which the Chairperson of the Corporation will be available to address the meeting and answer questions on the activities of the Corporation and Wool Stores Board.

Clause 125: Application for review

Provides for applications to be made to the Administrative Review Tribunal to review a decision made by the Corporation regarding Market Support Fund refunds and woolclasser registrations.

Clause 126: Statement to accompany notice of decisions

Requires the Corporation to make reference to the Administrative Appeals Tribunal when giving written advice of decisions relating to Market Support Fund refunds and woolclasser registrations.

Clause 127: Regulations

Provides for the Governor-General to make regulations being consistent with this Act and includes specific regulation making powers in respect of ensuring quality assurance of Australian wools.

PART IX - REPEAL AND TRANSITIONAL

Clause 128: Repeal

Provides for the repeal of the Acts listed.

Clause 129: Continuation of appointments to Corporation

Provides that a person who prior to the commencement of this Act was the Chairperson, the Deputy Chairperson, an appointed member or the Government member of the Corporation shall continue to hold office after the commencement of this Act until expiry of their respective current terms of office, or, in the case of the Government member, for the Minister's pleasure. These persons continue to hold office under the terms and conditions relevant to their appointment under the repealed Act.

Clause 130: Continuation of appointments to Research Council

Provides that a person who prior to 1 July 1987 was the Chairperson, a member nominated by the Wool Corporation or a member nominated by the Research Councils Selection Committee shall continue to hold office after the commencement of this Act until expiry of their respective current terms of office. These persons continue to hold office under the terms and conditions relevant to their appointment under the repealed Act.

Clause 131: Continuation of committees

Provides for the committees of the Corporation to continue as they were before 1 July 1987.

Clause 132: Continuation of appointments to committees

Provides that a person who prior to 1 July 1987 was a member of a committee shall continue to hold office after commencement of this Act until expiry of their respective current terms of office. These persons continue to hold office under the terms and conditions relevant to their appointment under the repealed Act.

Clause 133: Transitional - determination of apportionment of wool tax

Provides that if the determination for the apportionment of the wool tax is made prior to 1 July 1987 for the 1987/88 financial year it shall be deemed to have been made in accordance with this Act.

Clause 134: Transitional - reserve price

Provides that if the determination for the reserve price is made prior to 1 July 1987 for the 1987/88 financial year it shall be deemed to have been made in accordance with this Act.

Clause 135: Transitional - annual report

Requires the Corporation to prepare and submit to the Minister an annual report for the year ended 30 June 1987 together with audited financial statements.

Clause 136: Saving - superannuation

Provides for the Corporation's superannuation scheme to continue and for the Corporation to continue to be an approved authority for the purposes of the Superannuation Act 1922.

Clause 137: Saving - Commonwealth Functions (Statutes Review) Act 1981

This clause allows the provisions of Part IV of the Commonwealth Functions (Statutes Law) Act 1981 as they related to the Wool Industry Act 1972, to relate to appropriate sections of this Bill after 30 June 1987.







