

14. The Governor-General may make regulations or rules prescribing all matters which by this Act are required or permitted to be prescribed or which are necessary or convenient to be prescribed for carrying out or giving effect to this Act, and in particular for prescribing matters providing for or in relation to—

Power to make regulations or rules.

- (a) the constitution of military courts ;
- (b) the laying of charges for war crimes ;
- (c) matters preliminary or incidental to the trial of war crimes ;
- (d) the segregation, arrest and custody of persons charged with, or suspected of having committed, war crimes ;
- (e) the powers, duties and procedure (including the reception and admissibility of evidence and the onus of proof), and the revision, confirmation, effect and consequences of the findings and sentences, of military courts, and the mitigation, remission and commutation of the sentences imposed by those courts ; and
- (f) the powers, functions and obligations of any person or class of persons in relation to the trial and punishment of war crimes or in relation to matters preliminary to the trial of war crimes.

WOOL REALIZATION.

No. 49 of 1945.

An Act to approve an Agreement between the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa in relation to the disposal of wool and to provide for the carrying out of the Agreement on the part of the Commonwealth of Australia, and for other purposes.

[Assented to 11th October, 1945.]

WHEREAS, during the war which commenced on the third day of September, One thousand nine hundred and thirty-nine, and in which the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa have been jointly engaged, it became necessary and expedient, for the

Preamble.

more effectual prosecution of that war, for the Governments of those parts of the British dominions to enter into certain arrangements for the purchase of wool and sheepskins produced in Australia and elsewhere during that war and for a period thereafter :

AND WHEREAS, as a result of those arrangements and of the course which that war has followed, substantial stocks of wool grown in Australia, New Zealand and South Africa and purchased by His Majesty's Government in the United Kingdom are now in existence :

AND WHEREAS those arrangements have terminated, and it is necessary to provide for the completion of transactions, matters and things which have been entered into or have arisen in the course of carrying out those arrangements and to ensure that those stocks of wool are disposed of in an orderly fashion and in such a way as not only to ensure the best possible realization of those stocks but also to prevent the sale of future clips of wool produced in Australia, New Zealand or South Africa from being prejudicially affected by the realization of those stocks in competition with those future clips :

AND WHEREAS the Governments of the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa have by the exchange of communications entered into an Agreement for the adoption of a plan for and in relation to the disposal of those stocks of wool :

AND WHEREAS it is desirable that the Agreement should be approved and carried into effect :

AND WHEREAS it is necessary, for the purposes hereinbefore referred to, that the National Security (Wool) Regulations, the National Security (Wool Tops) Regulations, the National Security (Price of Wool for Manufacture for Export) Regulations, and the National Security (Sheepskins) Regulations should be continued in force for a limited period :

BE it, therefore, enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

- Short title.** 1. This Act may be cited as the *Wool Realization Act 1945*.
- Commencement.** 2. This Act shall come into force on a date to be fixed by Proclamation.
- Definitions.** 3. In this Act, unless the contrary intention appears—
- “ the Central Wool Committee ” means the Central Wool Committee constituted under the National Security (Wool) Regulations ;
- “ the Chairman ” means the Chairman of the Commission, and includes the Executive Member of the Commission when acting as Chairman ;
- “ the Commission ” means the Australian Wool Realization Commission established by this Act ;

“the Disposals Plan” means the Plan which is set forth in Appendix C to the Report of the Wool Conference held in London between the sixteenth day of April and the twenty-eighth day of May, One thousand nine hundred and forty-five, and the adoption of which has been agreed to by the Governments of the United Kingdom, Australia, New Zealand and South Africa, a copy of which Plan is set forth in the Schedule to this Act;

“the Joint Organization” means the Joint Disposals Organization constituted in accordance with the Disposals Plan;

“the National Security (Price of Wool for Manufacture for Export) Regulations” means the Regulations so entitled, being Statutory Rules 1941, No. 34, as amended by Statutory Rules 1941, No. 229 and by Statutory Rules 1942, No. 321;

“the National Security (Sheepskins) Regulations” means the Regulations so entitled, being Statutory Rules 1940, No. 78;

“the National Security (Wool) Regulations” means the Regulations so entitled, being Statutory Rules 1939, No. 108, as amended by Statutory Rules 1940, Nos. 77 and 227, by Statutory Rules 1942, Nos. 244, 496 and 514, and by Statutory Rules 1943, No. 88;

“the National Security (Wool Tops) Regulations” means the Regulations so entitled, being Statutory Rules 1940, No. 80, as amended by Statutory Rules 1943, No. 148.

4. The Agreement between the Governments of the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand and the Union of South Africa to adopt and carry out the Disposals Plan, which agreement is embodied in communications between those Governments, is hereby approved.

Approval of Agreement.

5.—(1.) There shall be an Australian Wool Realization Commission which shall consist of a Chairman, an Executive Member (who shall act as Chairman in the absence of the Chairman) and seven other members of whom—

Australian Wool Realization Commission.

- (a) two shall be representative of, and shall be appointed from a panel of four persons selected by, the organization known as the Australian Wool Growers' Council;
- (b) two shall be representative of, and shall be appointed from a panel of four persons selected by, the organization known as the Australian Wool Producers' Federation;
- (c) one shall be representative of, and shall be appointed from a panel of two persons selected by, the Federated Storemen and Packers' Union of Australia; and
- (d) two shall be persons with experience in the valuation or marketing of wool.

(2.) The members of the Commission shall be appointed by, and shall hold office during the pleasure of, the Governor-General.

(3.) The Governor-General may appoint any person to be the deputy of any member of the Commission and, subject to sub-section (1.) of this section, any such deputy shall in the event of the absence (through illness or otherwise) of the member of whom he is the deputy have all the powers and functions of that member under this Act.

(4.) The performance of the duties, or the exercise of the powers and functions, of the Commission shall not be affected by reason only of there being a vacancy in the office of a member of the Commission.

Incorporation.

6.—(1.) The Commission shall be a body corporate with perpetual succession and a common seal and shall be capable of acquiring, holding and disposing of real and personal property and of suing and being sued.

(2.) All courts, judges and persons acting judicially shall take judicial notice of the seal of the Commission affixed to any document or notice and shall presume that it was duly affixed.

Remuneration.

7. The members of the Commission shall receive remuneration, and travelling and other allowances, at such rates as are fixed by the Governor-General.

Meetings of Commission.

8.—(1.) The Commission shall hold such meetings as, in the opinion of the Chairman or at least three other members, are necessary for the efficient conduct of its affairs.

(2.) At any meeting of the Commission—

(a) five members shall form a quorum ;

(b) the Chairman or, in his absence, the Executive Member or, in the absence of both the Chairman and the Executive Member, a member appointed by the members present, shall preside ;

(c) all questions shall be decided by a majority of the votes of the members present ; and

(d) the Chairman shall have a deliberative vote and, in the event of an equality of votes, shall also have a casting vote.

(3.) If the Chairman dissents from any decision of the Commission, signifies at the meeting to the other members present in person his intention to bring his dissent to the notice of the Minister and, within twenty-four hours after the close of the meeting, transmits to the Minister notice of his dissent together with full particulars of the decision, effect shall not be given to the decision unless the Minister approves of the decision (whether with or without variation) and, if the Minister approves of the decision subject to a variation, the decision so approved shall be deemed to be the decision of the Commission.

(4.) Subject to this Act, the Commission may make rules with respect to the order and conduct of the business of the Commission.

Functions of Commission.

9.—(1.) The Commission shall, for the purposes of the Disposals Plan, be the subsidiary in Australia of the Joint Organization.

(2.) The Commission shall have all powers and authorities necessary, conducive or incidental to the carrying out of its duties and functions under the Disposals Plan.

(3.) The Commission shall have and perform all the duties, and shall have and may exercise all the powers, authorities and functions, of the Central Wool Committee under—

- (a) the National Security (Wool) Regulations;
- (b) the National Security (Wool Tops) Regulations;
- (c) the National Security (Price of Wool for Manufacture for Export) Regulations; and
- (d) the National Security (Sheepskins) Regulations,

and for that purpose—

- (i) the Commission shall, by force of this Act, be substituted for, and be deemed to be, the Central Wool Committee;
- (ii) the assets of the Central Wool Committee shall, by force of this Act, be vested in the Commission;
- (iii) all rights, obligations and liabilities which, immediately prior to the commencement of this Act, were vested in or imposed on the Central Wool Committee shall, by force of this Act, be vested in or imposed on the Commission; and
- (iv) in any contract, agreement or other instrument to which the Central Wool Committee was a party, any reference to that Committee shall be read as a reference to the Commission.

10. Any reference in the National Security (Wool) Regulations to the arrangement made between the Government of Great Britain and the Government of the Commonwealth shall include and shall be deemed at all times, on and after the first day of August, One thousand nine hundred and forty-five, to have included a reference to the Disposals Plan.

Extension of application of National Security (Wool) Regulations.

11. Subject to this Act, the National Security (Wool) Regulations, the National Security (Wool Tops) Regulations, the National Security (Price of Wool for Manufacture for Export) Regulations and the National Security (Sheepskins) Regulations shall, by force of this Act, severally continue in force until such dates as are respectively fixed by Proclamation, and shall, during such continuance, have the force of law.

Continuance of National Security (Wool) Regulations, National Security (Wool Tops) Regulations, National Security (Price of Wool for Manufacture for Export) Regulations and National Security (Sheepskins) Regulations.

12. All restrictions, directions and authorities issued, all rules, provisions, determinations and recommendations made, all tables and lists prepared, all prices fixed, all approvals, consents and certificates given, all conditions imposed, all remissions and exemptions granted and all things prescribed, by the Central Wool Committee or by any person thereto authorized by or under any of the Regulations specified in the last preceding section, and in force immediately prior to the commencement of this Act, shall continue to have full force and effect, but may be revoked, altered or added to by the Commission in pursuance of the powers conferred by sub-section (3.) of section nine of this Act.

Saving of acts of Central Wool Committee.

Employees of
Central Wool
Committee to
be employees
of Commission.

13. All persons in the employment of the Central Wool Committee immediately prior to the commencement of this Act shall, by force of this Act, be in the employment of the Commission and be deemed to have been employed under this Act, but, until the terms and conditions of their employment are determined in pursuance of this Act, they shall be deemed to be employed upon the same terms as those upon which they were employed by the Central Wool Committee.

Pending
applications.

14. Any application made to the Central Wool Committee and pending immediately prior to the commencement of this Act shall be deemed to have been made to the Commission.

Advisory and
Technical
Committees.

15.—(1.) The Commission may appoint such Advisory or Technical Committees as it thinks fit to advise the Commission on such matters concerning the valuation or disposal of wool as are referred to them by the Commission.

(2.) Each Advisory or Technical Committee may, in addition, furnish to the Commission reports on any matter relating to the wool industry with respect to which the members of the Committee have special knowledge or experience.

Appropriation.

16.—(1.) Subject to the next succeeding sub-section, there shall be payable out of the Consolidated Revenue Fund or out of the proceeds of any loan raised under the authority of any Act (which Fund and which proceeds are hereby appropriated accordingly) such amounts as are required to be paid by the Commonwealth under Part III. of the Disposals Plan.

(2.) Such amounts as are equivalent to the amounts raised under the *Wool (Contributory Charge) Act 1945* shall be payable out of the Consolidated Revenue Fund, which is hereby appropriated accordingly, and shall be applied—

- (a) in meeting the share of the industry in the operating expenses of the Joint Organization as provided in paragraph three of Part III. of the Disposals Plan ;
- (b) in payment of interest, at such rate as the Treasurer determines, upon the amount from time to time expended by the Commonwealth in purchases of wool in pursuance of the Disposals Plan and unrecouped ;
- (c) in payment in each financial year into the Wool Use Promotion Fund established by the *Wool Use Promotion Act 1945*, of such amounts as in the opinion of the Treasurer. would, but for the operation of the *Wool (Contributory Charge) Assessment Act 1945*, have become payable in that financial year under the *Wool Tax Act 1936-1945* ; and
- (d) in respect of the balance, if any, for the benefit of the wool-growing industry.

17.—(1.) The Commission shall open and maintain, with the Commonwealth Bank of Australia or such other bank as the Minister approves, an account into which there shall be paid—

- (a) all moneys received by the Commission in respect of sales of wool or otherwise ; and
- (b) all moneys appropriated by the Parliament for the purposes of the Commission.

(2.) The Commission shall, out of the moneys standing to the credit of the account—

- (a) defray all costs, charges and expenses incurred by the Commission in the performance of its duties and the exercise of its powers, authorities and functions under this Act : and
- (b) pay the remuneration and allowances of the members of the Commission and the salaries, wages and allowances of persons appointed or employed by the Commission.

18. The books and accounts of the Commission shall be subject to inspection and audit by the Auditor-General.

Audit of books and accounts.

19. The Commission shall furnish to the Minister a copy of every report furnished by the Commission to the Joint Organization.

Reports.

20. The Commission may, upon such terms and conditions as, subject to the approval of the Public Service Board, the Commission determines, appoint or employ such persons as are necessary for the purposes of the Commission.

Appointment of officers and employees.

21. If an officer of the Public Service of the Commonwealth is appointed to be a member of the Commission or is appointed or employed under the last preceding section, his service under this Act shall, for the purposes of determining his existing and accruing rights, be taken into account as if it were service in the Public Service of the Commonwealth and the *Officers' Rights Declaration Act 1928-1940* shall apply as if this Act and section had been specified in the Schedule to that Act.

Rights of officers of Public Service.

22.—(1.) Any person who contravenes, or fails to comply with, any regulation continued in force by this Act or any such regulation as affected by this Act or as amended by any regulation made under this Act, shall be guilty of an offence against this Act.

Offences and procedure.

Penalty : One hundred pounds, or imprisonment for six months, or both.

(2.) An offence against this Act shall not be prosecuted without the written consent of the Attorney-General or a person thereto authorized in writing by the Attorney-General.

(3.) For the purpose of the trial of a person for an offence against this Act, the offence shall be deemed to have been committed either at the place in which it actually was committed or at any place in which the person is.

Regulations.

23. The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed or which are necessary or convenient to be prescribed for carrying out or giving effect to this Act and, in particular, for the repeal or alteration of, or addition to, any of the provisions of the National Security (Wool) Regulations, the National Security (Wool Tops) Regulations, the National Security (Price of Wool for Manufacture for Export) Regulations or the National Security (Sheepskins) Regulations.

THE SCHEDULE.

I.

DISPOSALS PLAN.

1. The stock of Dominion grown wool in the ownership of the United Kingdom Government at 31st July, 1945, will be transferred to the joint ownership of the United Kingdom Government and the Dominion Government concerned, and all wool subsequently acquired under this scheme will be in joint ownership. This wool will be held and disposed of by the Joint Organization referred to below.

2. A Joint Disposals Organization will be set up forthwith for the purpose of buying, holding and selling wool on behalf of the United Kingdom and the Dominion Governments concerned. As part of the plan it will be required :—

- (a) to determine total quantities of wool to be offered from time to time concurrently in the Dominions and elsewhere, to be made up of all new clip wool and an appropriate proportion of wool from the Organization's stock.
- (b) to prepare schedules of reserve prices at which the Organization will itself be willing to acquire wool.
- (c) to lift from the market such quantities of new wool as cannot be sold at these reserve prices.
- (d) to hold and dispose of stocks as the agent of the Governments concerned and where necessary to acquire and own stores, plant and equipment for this purpose.
- (e) to facilitate the sale of wool in every way possible, with a view to stimulating demand.

3. As soon as practicable, the method of marketing wool by auction will be resumed. All growers' wool from current clips will be offered at auction, alongside such quantities from stock as may be determined by the Organization. The quantity of new wool required to be taken in by the Organization will be affected by the quantities of old wool offered from time to time. This cannot be prescribed in advance, but will be determined by the Organization in the light of technical considerations and the economical and efficient management of the scheme.

4. The relative prices realized for different types of wool at auctions will reflect the valuations of the market. The general price level of wool will, however, be made effective by the Organization. It will prescribe minimum reserve prices at which it will be willing to take up any unsold new clip, and it will offer at auction wool from its own stocks in such quantities as will prevent prices from rising much above the desired level. In some circumstances the Organization may make standing offers to sell from stock outside the auctions at a fixed percentage above the auction reserve prices, and thus impose a ceiling on prices actually obtainable at auction. Some extension of the selling seasons in the Dominions will be desirable, and special sales of old wool, or sales comprising mostly old wool, may be held during the off-season. The Organization will be prepared, possibly at short notice, to increase or hold back its offerings from stock in some or all of the selling centres to meet fluctuations of demand and to check their influence upon prices.

5. The object of the Organization will be to secure a progressive reduction in stocks while maintaining reasonable stability of price having regard to the conditions of world demand. Reduction of stocks will be achieved as long as the total demand exceeds the supplies of new clip wool which come forward to auction, though in any given year the Organization will be both a seller of old wool and a buyer of new wool.

THE SCHEDULE—*continued.*

6. It will be for the Organization to recommend to the Governments the initial level of reserve prices at which auctions of growers' wool shall commence and any major changes which may thereafter be necessary. The Organization will endeavour to maintain the general price level unchanged within a single season, though it may be necessary to meet a definite trend in demand which appears to be of a lasting character. Changes in the relative prices of different types of wool may also, of course, be necessary. The Organization will have to pay particular attention to securing that the relative reserve prices for wool originating in the three Dominions are properly adjusted. Towards the end of each season the Organization will consider in the light of past experience and future forecasts what changes may be necessary, either in the general level or in relative prices.

7. The Organization will build up the structure of selling prices upon the basis of "c.i.f. Europe", preparing a corresponding schedule of reserve prices "ex store" in the Dominions. Reserve prices will be calculated for the London market, and as soon as practicable growers will be free to forward wool to London for sale there alongside wool from the Organization's stocks.

8. At auction, if no buyer is forthcoming at the reserve price or higher, the lot will be passed in and taken over by the Joint Organization at the auction reserve price, subject to the grower's right of withdrawal.

9. It is recognized that the concurrent marketing of stock and new clips by the method of auction cannot be introduced in full immediately after the 31st July, 1945, since the necessary conditions of free demand and adequate organization and personnel will not then obtain. The Dominions 1945-46 clip will therefore be taken up as a whole by the present methods of appraisal and bulk purchase. On the disposals side, however, it is desirable that auctions should be restarted to a limited degree in the United Kingdom and possibly elsewhere in the course of the season. This would have the great advantage of providing the Organization with practical experience as to the appropriate differentials between the prices of different types of wool in advance of the commencement of general auctions. It is in any case certain that sales of wool will be of much greater importance and complexity during 1945-46 than at any time since 1939, and that during this period foundations will be laid and trade contacts established which will be of great importance in future years. Responsibility for the management of sales should therefore pass to the Organization at the earliest possible date. It will be for the Organization to determine the selling price during the interim period before auctions of growers' wool have commenced.

10. In order to facilitate and expand the consumption of wool the Joint Organization will maintain close contact with the appropriate bodies interested in such matters as furthering the rehabilitation of the wool textile industry in consuming countries, and in securing the replacement and improvement of machinery. It will also maintain close contact with the International Wool Secretariat and other institutions concerned with research, publicity and development designed to increase the uses of wool, and with the reduction of costs of wool production, processing, manufacturing and distribution, and in general will give attention to the removal of any obstacles to consumption.

II.

CONSTITUTION AND FUNCTIONS OF JOINT ORGANIZATION.

1. The Joint Organization will be incorporated as a private registered Company, with a nominal share capital of eight shares, held as to four by nominees of the United Kingdom Government, two by nominees of the Government of Australia, and one each by nominees of the New Zealand and South African Governments. This Company will have three active subsidiaries in the Dominions to act on its behalf, which may be registered Companies or other legal entities.

The Directors of the principal company will consist of an independent Chairman, appointed by the four Governments in agreement, four directors appointed by the United Kingdom Government, two by the Government of Australia, and one each by the Governments of New Zealand and South Africa. In addition, the Chairman of the three Dominion subsidiaries will be ex officio Directors of the principal Company without additional voting power.

The functions of the principal Company will be primarily to buy, hold and sell wool as agent for the four Governments and generally to administer the scheme agreed upon between them.

THE SCHEDULE—*continued.*

2. There will be constituted in each of the Dominions a subsidiary for the purpose of conducting the operations of the principal Company in the Dominion in accordance with its policy and decisions.

The functions of each subsidiary will include the following :—

- (a) to hold wool in the Dominion as the agent of the principal Company.
- (b) to sell wool from stocks in the Dominions, and to arrange for the regulation of sales of current clips by auction.
- (c) to assess on the basis laid down by the principal Company the appropriate reserve prices for the individual lots of wool (from stocks or current clips), being offered for sale.
- (d) to take up wool offered at auction for which the reserve price or better is not offered by a commercial buyer.
- (e) to conduct the financial operations of the principal Company in the Dominion.
- (f) to furnish to the principal Company annual reports on its activities, including statements of its accounts and information regarding its purchases, sales and stocks.

3. Representatives of the four Governments will meet prior to the opening of each wool year and at such other times as may be required to agree upon the general level of reserve prices in the light of the advice of the Board of the principal Company. The Board will have discretion to make minor changes in the general level from time to time. It will be the duty of the Board to fix the relative values of the different types of wool in accordance with the general level of reserve prices of wool, and to adjust them as may be necessary from time to time.

4. The International Wool Textile Organization will be invited to nominate representatives to form, with the addition of representatives from major consuming countries not members of the Organization, a Committee to act in a consultative capacity to the board of the Company from the point of view of wool consumers.

III.

FINANCIAL PLAN.

1. The scheme will come into force as soon as it has been agreed by all the Governments concerned, and will take effect as from 1st August, 1945.

2. *Capital Contribution*—

- (a) The United Kingdom and the Dominion concerned will each take up 50 per cent. of the original capital represented by the opening stock of wool grown in that Dominion to be handed over to the Joint Organization.
- (b) The opening stock will be taken in by the Joint Organization at its original cost (including f.o.b. payments) less the amounts accumulated in the divisible profits accounts. Except in the case of South Africa, these amounts are estimated fully to cover depreciation of that stock. (In the case of South Africa, where the estimated depreciation exceeds the accumulated balance, the stock will be taken in at the original cost less an agreed figure representing the full amount of the estimated depreciation). The balances in the divisible profits accounts will be retained by the United Kingdom Government.

- (c) Payment of the Dominions' shares of the original capital will be made in four annual instalments, to which will be applied the Dominions' shares of the proceeds of sales by the Joint Organization, and of the net profit during the interim period referred to in paragraph 6; but subject to a minimum payment in each year of one quarter of the total.

(If a Dominion's share of the proceeds and net profit in any of the first three years exceeds one quarter of its initial capital share plus that Dominion's share of any new capital to be provided in any one year, the excess of proceeds and net profit will be paid to the United Kingdom, and the payment necessary in the fourth year will be correspondingly reduced.)

The payment necessary to reach the minimum in any year will be made at the end of that wool year.

No interest will be charged by the United Kingdom Government on outstanding instalments.

THE SCHEDULE—*continued.*

- (d) Each Dominion and the United Kingdom will share equally in the provision of any further capital required by the Joint Organization during the operation of the scheme for payment for bought-in new wool of that Dominion.

3. *Operating Expenses*—

- (a) The operating expenses of the Joint Organization will be borne equally between the industry and the Joint Organization itself. The share of the industry will be paid by the Dominion Governments primarily from the proceeds of a contributory charge on all sales of new clip wool; the share of the Joint Organization will be met by deduction from the proceeds of sales by the Joint Organization before application to capital repayment.
- (b) No charge will be made for interest in the operating expenses of the Joint Organization.
- (c) Operating expenses in any year will include all current expenses, such as costs of administration, storage, reconditioning, insurance and selling expenses. The storage expenses will include an annual sum sufficient to cover over ten years the cost of stores and other capital plant and equipment transferred to the Joint Organization.
- (d) Operating expenses will also include provision to cover depreciation of wool bought-in by the Joint Organization as indicated in this paragraph. This provision will be calculated at a rate to be determined by the Joint Organization on bought-in wool taken into stock each year and will be credited to a Suspense Account. As bought-in wool is sold the Joint Organization will assess the amount of difference between the price realized for it and for new wool of similar type and yield—both to be calculated at time of resale. The amount so assessed will be withdrawn from the Suspense Account and added to the actual proceeds of sale for the purpose of capital repayment.

4. *Repayment of Capital.*—After deduction of one half of the operating costs, the proceeds of all sales by the Joint Organization together with any sums added in accordance with paragraph 3 (d) will be used for repayment of capital equally between the United Kingdom and the Dominion Government concerned.

5. *Ultimate Profit or Loss.*—The ultimate balance of profit or loss arising from the transactions of the Joint Organization in the wool of any Dominion will thus be shared equally between the United Kingdom and the Government of that Dominion.

6. *Procedure in Interim Period.*—During the wool year 1945–46, in place of the procedure indicated in paragraphs 3 and 4 above, the following procedure will apply :

- (a) The United Kingdom will be responsible for the purchase of the whole clip, the management and sale of which will be entrusted to the Joint Organization as soon as constituted. The United Kingdom will be reimbursed by each Dominion for one half of the cost of that part of the new clip of that Dominion unsold at the end of the wool year.
- (b) The net proceeds of the sales of old wool during the interim year, plus (or minus) the net profit (or loss) on sales of new clip wool after meeting the whole operating costs of the Joint Organization and such incidental costs (including interest at $1\frac{1}{2}$ per cent. per annum, on the monthly balance of the working capital provided by United Kingdom) as the United Kingdom may incur in connexion with the purchase of the new clip, will be allocated to capital repayment.
- (c) All sales whether to consumers in the partner countries or elsewhere will be on the basis of the selling prices determined by the Joint Organization.

7. *Taxation.*—Payments will be so adjusted that each Government will receive the sums to which it is entitled under the above scheme irrespective of any tax chargeable by the United Kingdom Government or a Dominion Government on profits arising from the operations of the Joint Organization or its subsidiaries.

8. *Exchange.*—In the event of any change in the exchange rate between sterling and any Dominion currency, the Governments concerned will consult together concerning the effect, if any, which the change has on these financial arrangements.