Primary Industries and Energy Legislation
Amendment Bill (No. 3) 1989

Date Introduced: 4 October 1989
House: House of Representatives
Portfolio: Primary Industries and Energy

Digest of Bill

Purpose
This is an omnibus Bill that will amend a number of Acts within the
Primary Industries and Energy portfolio. The main amendments provide for changes
to the constitution of the Wool Research and Development Council (WRDC) and
selection procedures for its members. The Bill will also allow certain honey
levy payers to pay the levy annually.

Background
Australia is the world's premier producer of fine clothing wool, each
year generating approximately one third of the international total. Australia
has the largest flock of sheep in the world, estimated to total 165 million in
the year to March 1989. The wool clip in 1988-89, was 882 million kilograms
(mkg), up 41 mkg on 1987-88. Wool exports were worth approximately $6 billion.
Domestic consumption of wool in 1988-89 was estimated at 36.16 mkg compared with
35.3 mkg in 1987-88. Carpet consumption contributed 23.4 mkg, clothing products
8.93 mkg and furnishing/bedding products 3.83 mkg.1 China has been
Australia's strongest growing market during the 1980s, with exports rising from
14 kilo tonnes (kt) in 1979-80, to 106 kt in 1986-87.2

The development, funding and co-ordination of the wool R&D programme is the
responsibility of the WRDC. The WRDC comprises four members of the Australian
Wool Corporation and the Chairperson and four other members appointed by the
Minister. R&D funds are raised from the R&D component of the wool tax levy. In
1988-89, the levy was 0.25% of the gross value of wool production. The levy is
matched on a dollar for dollar contribution by the Federal Government. In
The balance of the Wool Research and Development Fund was $74.5 million at June
30, 1989.3

Wool prices have fallen dramatically in the second half of 1988-89. After
averaging 1022 cents per kilogram (c/kg) in the first half of the season, the
market indicator is estimated to have averaged approximately 940 c/kg in the
second half. The market indicator fell to 895 c/kg in May. The largest price
declines have occurred for finer wools. The main reasons for the recent fall in prices include unusually high offerings of Australian wool coinciding with reduced demand from Japanese and Chinese buyers (i.e. Chinese imports of Australian wool declined to 62 kt in 1988–89 and Japanese imports were down 8% in the first half of 1989 compared with the same period in 1988). The outlook for wool exports has been revised down in recent months because of the weaker demand and consequent likelihood of a greater build-up of Australian Wool Corporation stocks. The value of Australian wool exports is now forecast to be $4.9 billion in 1989–90, a $1 billion decline from the last season.

Main Provisions

Amendments to the Wool Marketing Act 1987

The Australian Wool Corporation (AWC) will be given power to make agreements with the WRDC and undertake, on the recommendation of the WRDC, the commercial exploitation of any knowledge, information, process or product resulting from an approved R&D activity (clause 5).

The WRDC is to prepare, before 1 June 1990 and before each successive 1 June, an R&D plan relating to a 5 year period starting on 1 July. A R&D plan is to define what, in the WRDC’s opinion, should be the principal objectives of the AWC and the WRDC in relation to wool R&D during each five year plan, and give an outline of the strategies that should, in the WRDC’s opinion, be pursued by the AWC and WRDC in achieving the principal objectives (clause 13).

Clause 15 provides that before preparing an annual R&D programme the WRDC is to consult with the Wool Council of Australia (WCA) and any other bodies the WRDC thinks appropriate, and have regard to their views.

Clause 17 deals with the constitution of the WRDC. The WRDC is to consist of a Chairperson, a government member, an Executive Director, and 7 other members (prescribed members). All members other than the Executive Director are to be appointed by the Minister. Prescribed members are to be appointed from persons nominated by a Selection Committee. WRDC members, other than the government member and the Executive Director will hold office for up to 3 years and may be re-appointed.

The Minister may terminate the appointment of the government member of the WRDC at any time (clause 18).

A new Division 6A of Part VI (proposed section 109A–109G) will be inserted into the Act by clause 20 and deals with the establishment, functions and powers of the Selection Committee. The Selection Committee will be appointed by the Minister and comprise a Presiding Member and 3 to 6 persons nominated by the WCA. The Minister may reject a nomination where not satisfied that a person should be appointed. The functions and powers of the Selection Committee include to nominate, at the Ministers request, persons for appointment to the WRDC.
Selection Committee is not to nominate a person for appointment to the WRDC unless they appear to the Selection Committee to have certain expertise, including wool growing or harvesting; marketing of wool or other commodities; transport, storage or distribution; and business management.

Clause 22 provides standard administrative provisions to monitor compliance with the requirements of the Act in relation to refunds from the Market Support Fund and certain registered premises (i.e. wool sampling sites, showfloors and testing laboratories). Inspectors will be able to enter and search certain premises and penalties will apply for failing or refusing without reasonable excuse to comply with certain directions of an inspector (i.e. make available a document relevant to the drawing of a sample at a registered sampling site).

**Amendments to the *Honey Levy Collection Act 1962***

Proposed section 6A provides that a levy payer may apply for an exemption from having to pay the levy monthly where they believe that the amount they will have to pay will be less than a prescribed monthly amount (currently $100) for seven months of a year, or less than the prescribed amount for year (currently $1200). The Secretary is, within 21 days of the lodgement of an application for exemption, to make a decision to grant or refuse it and notify the applicant of the decision. In considering an application for exemption, the Secretary is to take into account the applicants levy liability, if any, in the previous year, any information available to the Secretary about the levy liability the applicant is likely to incur in the current year, and any other information that the Secretary thinks is relevant (Schedule 1 – Part 1).

**References**


For further information, if required, contact the Economics and Commerce Group.

29 November 1989

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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