Wool Marketing Bill 1987

Date Introduced: 30 April 1987
House: House of Representatives
Presented by: Hon. John Kerrin, M.P., Minister for Primary Industry

Digest of Bill

Purpose

To restructure the Australian Wool Corporation (the Corporation) and provisions relating to the marketing of wool, wool classing, and research and development relating to wool.

Background

The Corporation was established as a statutory authority by the Wool Industry Act 1972 and succeeded the Australian Wool Board and the Australian Wool Commission. The corporation is responsible for the reserve price scheme, promotion of wool use in Australia and overseas in conjunction with the International Wool Secretariat, and administration of wool industry research and wool stores. The Corporation works in co-operation with the industry body, the Wool Council of Australia.

The operation of primary industry marketing bodies was reviewed in the document ‘Reform of Commonwealth Primary Industry Statutory Marketing Authorities’ which was released in January 1986. The major reforms recommended related to strengthening ministerial oversight of such bodies while allowing greater operating autonomy. In this regard it was recommended that the Minister’s involvement be centered on the approval of strategic and annual operational plans, though a power of direction be allowed in exceptional circumstances involving major government policies. This Bill will restructure the Corporation along the recommended lines.

Main Provisions

The Corporation that was established by the Wool Industry Act 1972 (which is to be repealed by clause 128) will continue in existence by virtue of clause 4. The objects of the Corporation will be to increase returns to wool growers by facilitating wool marketing, promoting wool use, funding and administering wool research and development and the ownership and management of wool stores (clause 5).

The powers of the Corporation are contained in clause 7 and include to deal with wool and patents and to test wool and wool products.

The Corporation is, after consultation with the Wool Council, to prepare five year corporate plans which are to define the Corporation’s principal goals, the strategy for achieving those goals, the market outlook and outline research and development plans (clause 12). The Minister may agree to the plan or request amendments (clause 13): In addition, the Corporation is to prepare annual operation plans (clause 17).
The Corporation is to consist of a Chairperson, a managing director if the Chairperson is appointed on a part-time basis, a governing director and eight other directors (clause 20).

A director or directors may be dismissed by the Minister if, amongst other reasons, the Wool Council gives notice to the Minister that it does not have confidence in the Corporation (clause 24).

An Australian Wool Industry Selection Committee is to be established to nominate members of the Corporation (clause 30) though the minister may reject nominations (clause 32).

Clause 41 will require the corporation to develop and implement an equal employment opportunity program.

Part III of the Bill deals with the Corporation's finances. The Wool Council is to determine the percentage of the sale value of shorn wool that is to be paid into the market Fund and the percentage of that value that is to be allocated to wool promotion, the Corporation's general purposes and the Research Fund (clause 46). If all wool tax is received, the Commonwealth is to pay that percentage of the value of shorn wool to the Corporation (clause 47).

The Market Fund will continue by virtue of clause 48. The Funds revenue is to consist of the funds allocated under clause 47, interest, investment income and funds from the sale of wool. The funds may be used for the purchase of wool, advances to woolgrowers, the Corporations costs and for investment (clause 49).

Part IV of the Bill (clauses 62 to 80) deals with wool marketing. The Corporation's functions in relation to marketing are listed in clause 63 and include to operate a reserve price scheme; to formulate the terms and conditions for the sale of wool and have these accepted; to co-operate with other countries for the more efficient marketing of wool; to determine the qualifications of woolclassers; to keep a register of woolclassers; and to facilitate the training of shearers to ensure the availability of shearers of a sufficient standard.

Clause 64 deals with the marketing powers of the Corporation. It will be authorised to inspect and appraise, buy and sell, export and process wool; deal in wool products; and grant wool brokers' licences.

The Corporation will be authorised to set a minimum reserve price for various types of wool with the agreement of the Wool Council. If the Corporation and the Wool Council cannot agree about the price, the Minister is to determine the price (clause 66).

The Corporation is to purchase wool at the minimum reserve price (clause 67) and clause 68 will allow the Corporation to set a higher reserve price for a period when satisfied that this is desirable. There will be no obligation where the industry standard has not been met (clause 70) or the Corporation has recommended that the sale be deferred and this has not been accepted (clause 71).

Clause 74 will give the Corporation power to ensure quality control. The corporation will be authorised to prohibit the sale, at export auctions, of wool that does not meet industry standards or has not been classed by a registered woolclasser, indicate on bales that the wool does not meet industry standards, and test wool for excessive pesticide.
The Corporation is to keep a register of woolclassers (clause 75), which is to include those registered under the previous scheme (clause 76). Clause 79 provides for the removal from the register of woolclassers who have failed to prepare wool in accordance with industry standards.

Part V of the Bill (clauses 81 to 84) deals with the promotion of wool use. The Corporation is to implement strategies aimed to increase the world-wide demand for wool (clause 81). To achieve this aim the Corporation will be authorised to use advertisements and publicity, encourage the improvement of production, processing and manufacture of wool and to fund appropriate bodies (clause 83). The Corporation is, from time to time, to review the effectiveness of its activities and report the results to the Wool Council and the Minister (clause 84).

Part VI (clauses 85 to 111) deals with research and development. In this regard the Corporation is to fund approved projects that are recommended by the Research Council and ensure that the Research Council has sufficient resources (clause 86). The existing Research Council will continue to operate by virtue of clause 90 and its functions will be to evaluate the need for research, develop research plans, make recommendations to the Corporation and monitor and report on approved projects (clause 91). The Wool Research and Development Fund is to continue by virtue of clause 92 and may be used, amongst other purposes, for funding approved projects and discharging the Corporation and Research Council's liabilities in relation to research and development (clause 94). The Research Council is to develop five year research and development plans (clause 95) which are to be approved by the Minister (clause 96). Similarly, annual plans are to be developed (clause 100) and approved (clause 101).

The Corporation is to establish the Australian Wool Stores Board of Management which is to own, manage and control wool store properties (clauses 113 and 115). The Board is to establish strategic and annual plans (clauses 117 and 118) and report annually to the Corporation (clause 119).

The Minister may give directions to the Corporation where, due to exceptional circumstances, it is necessary to prevent the Corporation’s activities from conflicting with major government policies (clause 120).

The Corporation will be liable to Commonwealth taxation other than income tax (clause 121) and is to report annually to the Minister (clause 123) and is also to report to the Wool Council (clause 124).

Clause 128 will repeal the Wool Industry Act 1972 and subsequent Acts that amended that Act while existing appointments will be continued (clauses 129, 130, and 132).

Reference

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

9 July 1987
Bills Digest Service
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