WOOL INDUSTRY AMENDMENT BILL 1981

Date Introduced: 7 May 1981
House: House of Representatives
Presented by: Hon. P.J. Nixon, M.P., Minister for Primary Industry

Purpose

To make the following changes to the Wool Industry Act 1972.

- Alteration of the disclosure of interests provisions.
- Alteration of grower refund arrangements to redress the anomalies which occur with future contracts and the like.
- Allow the administrative expenses involved in making refunds to growers from the Market Support Fund (MSF) to be met from the MSF in cases where this is not presently provided for.
- Allow more of the grower repayments to be made by wool brokers on behalf of the Australian Wool Corporation (AWC).
- Requires the AWC to provide in writing its findings in relation to grower claims against the AWC.
- Increase in the membership of the Australian Wool Testing Authority.

Background

The main part of the present Bill is concerned with the making of grower repayments from the Market Support Funds (MSF), as provided for in the Wool Industry Amendment Act 1980.

Under the current arrangements taxes totalling 8 per cent are levied on the value of all shorn wool sold in Australia. A 3 per cent levy represents producer
contributions towards both the financing of wool research programs and the administration of the marketing functions of the Australian Wool Corporation (AWC).

The remaining 5 per cent levy is paid into the Market Support Fund (MSF) to finance the reserve price scheme. The reserve price scheme was introduced in 1974 to meet emergency needs of the wool industry which was facing a severe shortage of demand. The Australian Government initially made loans of $350m available to the AWC to enable it to make purchases of stock. The AWC's drawings against this allocation reached a maximum of $281.5m in November 1975. These borrowings have since been repaid and moneys currently standing to the credit of the MSF chiefly consist of past producer contributions. Following the changes made to the legislation in 1980 it was intended to return grower contributions on a first-in-first-out basis whenever the fund exceeds $350m. That legislation also indefinitely extended the reserve price scheme, which was originally intended to operate for the 1974-75 season only, but has been extended at various times.

Difficulties and anomalies have been experienced in the making of grower refunds. On the administrative side, the AWC is not allowed to finance its or its agents' (i.e. the brokers) expenses in making repayments for grower contributions over a declared period prior to the formal declaration of that period as a declared period. On the other hand if a grower made an agreement prior to a declared period to sell wool in a declared period the sale may be deemed not to have taken place in the declared period and the grower may miss out on the refund. The present bill attempts to clear these matters.

The present Bill also makes changes to the membership of the Australian Wool Testing Authority and the disclosure of interest provisions relating to AWC members. The membership of the Australian Wool Testing Authority is to be increased by two persons, a representative of the growers and another to represent the Private Treaty Merchants.

Main Provisions

Clause 3 makes new provisions relating to disclosure of interests by AWC members. The old sub-section 16(2) required members to disclose an interest in a contract made or being considered by the AWC. The new s.S.16(2) would require disclosure of any pecuniary interest in matters considered or about to be considered by the AWC. By the removal of the old s.S.16(3) members who disclose their interest in a matter will no longer be prevented from taking
part in AWC deliberations or decision-making in relation to that matter.

Clause 4 amends section 28A of the Principal Act which established the Market Support Fund (MSF). Sub-para. 28A(3)(a)(iii) of the Principal Act allowed the AWC to use funds of the MSF for the administration of payments but not before the formal declaration of a refund period. The new sub-para 28A(3)(a)(iii) permits this while sub. clause 4(2) of the Bill would also validate the payment of these expenses retrospectively.

Clause 5 amends 42A, the Interpretation section of Part IIIA of the Principal Act which deals with the repayment of grower levies from the MSF. New sub-sections (3A),(3B) and (3C) are inserted. The existing sub-section (3) deems that for the purpose of the Act, the sale of wool occurs when the agreement for sale is made. The new sections allow for forward contracts and other agreements and declare that the sale of wool occurs when payment is received.

Under section 42K of the Principal Act registered persons, usually wool brokers, are permitted to make grower refunds on behalf of the AWC. In cases where the business, and records of part payments to the MSF, have passed from a registered person to other than a registered person, clause 7 requires the AWC to make the refund (sub.cl. 7(b)). Clause 8 inserts a new sub-section 42L(5A) which protects the "successor broker" from responsibility for acts or omissions on the part of the original broker. Clause 9 enables the AWC to make payments to "successor brokers" for repayments to growers. Certain consequential changes relating to the details to be supplied to the AWC by brokers and their successors are made in clause 12. Clause 13 specifies that registered persons who ceased to be registered persons and again become registered persons are included under the provisions of the Act.

Clause 10 amends section 42N relating to the responses to grower claims on the AWC. In addition to supplying the reasons for its decisions the AWC would be required to set out, in a written statement, its understanding of the circumstances relating to the claim.

Section 42Z makes provisions for payments by the AWC to reimburse the administrative expenses of brokers in relation to the making of grower refunds. This is replaced by a new S.42Z which would also enable the AWC to reimburse brokers for relevant administrative expenses incurred prior to the actual declaration of a refund period (cl.11).
Clauses 14 and 15 relate respectively to the membership of, and holding of meetings by, the Australian Wool Testing Authority. The membership of the Authority is to be increased by two, one representative of the Private Treaty Merchants and a grower representative to be nominated by the Wool Council of Australia. Clause 15 provides for an increase in the quorum for the Authority's meetings once the new members are appointed.

For further information, if required, contact:

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