Wool Tax Amendment Bills (Nos. 1-5) 1978

Date Introduced: 4 May 1978
House: House of Representatives
Presented by: Rt. Hon. Ian Sinclair, M.P., Minister for Primary Industry

Short Digest of Bill

Purpose

These 5 Bills will amend the Wool Tax Acts (Nos. 1 to 5) 1964 to enable the special 5% levy on the sale value of all shorn wool sold to apply for an additional year, the 1978-79 selling season.

Background

Comments in the 'Background' of the Digest (No. 77/45) to the Wool Tax Amendment Bills (Nos. 1-5) 1977 and the 'Background' of the Digest to the Wool Industry Amendment Bill 1978 are also relevant to this Digest.

Each of the 5 Wool Tax Acts 1964 covers a different method of selling wool because of a constitutional requirement that laws imposing taxes should deal with one subject of taxation only. Act No. 1 deals with wool sold by a wool-broker; Act No. 2 with wool purchased by a registered wool-dealer from a person other than a wool-broker; Act No. 3 with wool purchased by a manufacturer from a person other than a wool-broker or a registered wool-dealer; Act No. 4 with wool (other than wool purchased by the manufacturer) subjected by a manufacturer to a process of manufacture; and Act No. 5 with wool exported.

The Wool Tax Acts (Nos. 1-5) 1964 provide for a tax on wool-growers, to be raised by a levy on the sale proceeds of all shorn wool sold. Under these Acts (as amended), a levy of 5% has applied since 2 September 1974. The proceeds from this levy have been paid into the Market Support Fund (MSF) which has been used by the Australian Wool Corporation (AWC) to operate its reserve price schemes. There is an additional levy, which has been at the rate of 3% on the value of all shorn wool sold since 1975-76. Funds from this levy are used to finance the administrative costs of the AWC's marketing activities and for partly funding (with the Government meeting the rest) research and promotion in the wool industry. The 5% and 3% levies are collected concurrently.

In 1976-77 the 5% levy raised $56.1m and the 3% levy raised
$33.4m. For 1977-78 the 5% levy is estimated to raise $59.5m and the 3% levy $35.5m.

There have been some suggestions in recent months that the MSF, for which the 1978-79 year will be the fifth year of its operation, should become a revolving fund. No announcement has yet been made on this aspect.

Provisions

Clause 3 of each of the 5 Bills amends section 5 of each corresponding Wool Tax Act (Nos. 1 to 5) 1964, to provide for the application of the 5% levy between 1 July 1978 and 30 June 1979. This will effectively extend by 1 year the arrangement whereby woolgrowers pay 5% of the gross sale value of their shorn wool sold to the MSF.

The 3% levy is continuing and hence does not have to be provided for each year with specific legislation.

Finance, Industries, Trade and Development Group
9 May 1978

LEGISLATIVE RESEARCH SERVICE