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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

AUSTRALIAN WOOL RESEARCH AND PROMOTION
ORGANISATION AMENDMENT BILL 1998

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Primary Industries and
Energy, the Hon John Anderson MP)

AUSTRALIAN WOOL RESEARCH AND PROMOTION ORGANISATION AMENDMENT BILL 1998

GENERAL OUTLINE

1. The amendments to the *Australian Wool Research and Promotion Organisation Act 1993* will allow levy payers more involvement in setting strategic policy directions of the Australian Wool Research and Promotion Organisation, and a greater opportunity to express their views on the future strategies of the Organisation. The changes will not cede control of the Organisation to political activity, as the Board will remain an independent and professional body, with appropriate skills, but with better avenues of communication with the industry it serves and, hence, greater accountability. These amendments demonstrate a further step towards curtailing unnecessary government involvement in the wool industry, and the desire of the industry to take on the leading role in setting its future directions.
2. This Bill amends the *Australian Wool Research and Promotion Organisation Act 1993* to allow for an increase in the Organisation's Board from 9 to 11 members, specifically to allow the appointment of 4 wool grower members. This addition will ensure greater access by the Board to the valuable expertise and insight wool growers have on the workings of the wool industry and beyond. It will also assist in communication back to wool growers of developments in technology and the market promotion activities of the Organisation.
3. The prior knowledge and experience required of the Chairman of the Australian Wool Research and Promotion Organisation is clarified to assist the Minister in the selection of the Chair. The Chairman is to have a more clearly defined role in the selection of new Board members, having unique knowledge of the Organisation's needs.
4. Additionally, the role of wool growers in the selection of Board members is to be increased, by adding an additional nomination from the peak grower bodies to the selection committee.
5. The current legislation for the Annual General Meeting greatly restricts the extent to which growers can participate in the meeting. These amendments are designed to allow grower initiated motions to be debated at the Annual General Meeting, and ease the restrictions on eligibility to register for the meeting.
6. Many growers feel that the current format for the ballot on the level of wool-tax does not allow growers to indicate possible preference to alternative recommendations for the levy, and places too many restrictions on eligibility. These amendments are designed to expand

the flexibility and options available to the Organisation when conducting a wool-tax ballot.

7. The enhanced consultation with the peak councils during development of the Corporate Plan allows the Organisation to draw more fully upon industry expertise, and allows wool growers more say in the strategies and future direction of the Organisation. Proper corporate governance will be maintained by ensuring this consultation is at the strategic, rather than operational, level.
8. The amendments to the Act are designed to enhance the ability of the Organisation to communicate with wool growers by empowering the Organisation to set up a voluntary register of wool growers.
9. The amendments also provide for clarification of some of the sections in the Act, including aligning the calculation of wool gross value of production, which is used in calculating the Commonwealth contribution to research and development, with the *Primary Industries and Energy Research and Development Act 1989*.
10. In line with the increased commercialisation of the services offered by the Australian Wool Research and Promotion Organisation and its subsidiaries, these amendments ensure the Organisation is able to charge reasonable fees for its technical services and market information. The Organisation will also be able to create licensing arrangements that increase the opportunities for promotion, thereby reducing dependence on the wool grower levy for funds.

FINANCIAL IMPACT STATEMENT

11. The amendments to the *Australian Wool Research and Promotion Organisation Act 1993* will not impose any additional costs on the Commonwealth.

NOTES ON CLAUSES

Clause 1 - Short Title

12. Provides for the Act to be called the *Australian Wool Research and Promotion Organisation Amendment Act 1998*.

Clause 2 (1)- Commencement

13. Provides that the amendments to the *Australian Wool Research and Promotion Organisation Act 1993* will come into effect on Royal Assent, unless otherwise determined in Clause 2 (2) or 2 (3).

Clause 2 (2) - Commencement

14. Provides that the amendments to the *Australian Wool Research and Promotion Organisation Act 1993* will come into effect on a specified day if required.

Clause 2 (3) - Commencement

15. Provides that amendments to the *Australian Wool Research and Promotion Organisation Act 1993* which are specified to commence on a certain date as in 2 (2), which do not commence within six months must commence on the day immediately after the six month period.

Clause 3 - Schedule(s)

16. Provides for the implementation of amendments to the *Australian Wool Research and Promotion Organisation Act 1993* as set out in Schedule 1 of the Act.

SCHEDULE 1 - AMENDMENT OF THE AUSTRALIAN WOOL RESEARCH AND PROMOTION ORGANISATION ACT 1993

Item 1 Subsection 4(1)

17. This item provides the definition of the Australian Interior Textile and Carpet Wool Council.

Item 2 Subsection 4(1) (paragraph (b) of the definition of *generic promotion*)

18. This item makes clear that the Australian Wool Research and Promotion Organisation may provide technical services to textile processors, including but not limited to those currently operating in the wool textile pipeline, for the purpose of increasing demand for wool; and that the Organisation may provide market information relating to the wool trade.

19. When taken with Item 5 of this Schedule and Section 58 of the Act, which allows the Organisation to charge fair and reasonable fees for its services, this amendment makes clear that the Organisation is able to develop alternative sources of revenue to the wool-tax levy.

Item 3 Subsection 4(1)

20. This item provides the definition of the Wool Council of Australia.

Item 4 Subsection 4(1) (definition of a wool-tax payer)

21. This item amends the definition of a wool-tax payer from one who has paid wool-tax in the preceding financial year to one who has paid wool-tax in at least one of the preceding two financial years. This is designed to prevent the exclusion of those wool growers who, for financial or managerial reasons, may have held wool for more than one financial year, from participation in the Annual General Meeting. This will also apply to eligibility to participate in any ballots conducted by the Australian Wool Research and Promotion Organisation.

Item 5 After subsection 7(2)(a)

22. This item makes clear that the Organisation has the power to collect fees for its market information and other services, including licence fees for the *Woolmark*, and other brands and trademarks.

Item 6 Section 11 - Consultation in relation to Corporate Plans

23. This item requires the Australian Wool Research and Promotion Organisation to consult with the peak grower councils, the Wool Council of Australia and the Australian Interior textile and Carpet Wool Council, during the development of the Corporate Plan. The existing legislation only requires consultation with the peak councils prior to submission of the Corporate Plan to the Minister.

Item 7 After paragraph 23(2)(a)

24. This item will allow wool grower initiated motions at the Annual General Meeting on any relevant matter. The procedures for lodging a motion to be considered at the Annual General Meeting will be specified in relevant Regulations.

Item 8 At the end of section 23

25. This item specifies that the results of a motion that a matter be considered by the Organisation do not bind the Board of the Organisation to any particular course of action. However, it is

intended that the relevant Regulations will require the Organisation to provide evidence of their consideration of the matter, and if action is not taken, the reasons for not doing so.

Item 9 Paragraph 28(1)(d)

26. This item increases the size of the Board from 9 to 11 members to provide for an increase in the number of Board members who are wool growers.

Item 10 After subsection 28(1)

27. This amendment requires the Chairman to have a broad experience relevant to the position, in particular involvement in wool production.

Item 11 Subsection 28(2)

28. This item will allow the Act to specify qualifications for certain members as defined in Subsection 28(2A).

Item 12 After subsection 28(2)

29. This item increases the number of wool grower members to be included on the Board, but recognises that for the Board to function effectively, these wool grower members should also have experience in areas beyond the farm gate. The need for knowledge on the Board of non apparel wool production is also recognised. The breadth of the skill base on the Board is enhanced by this amendment.

Item 13 Subsection 37(2)

30. This item will modify the Selection Committee to improve its performance, and allow increased involvement of wool growers in the selection of prospective Board members. The selection committee will be increased from 4 to 5 members.
31. The Chairman of the Organisation is recognised as having the greatest awareness of the skills required to maintain an effective Board, and thus is to be included in the Selection Committee. Wool growers, through the peak councils, will now nominate two Selection Committee members, rather than one as specified in the current legislation.

Item 14 Paragraph 51(7)(a)

32. This item makes clear that more than one recommendation can be put to wool growers in a wool-tax ballot, and that the Organisation may put recommendations proposed by other persons or organisations.

Item 15 Paragraphs 51(7)(g) and (h)

33. This item allows the regulations to set methods and procedures reflecting the greater flexibility provided under item 14.

Item 16 After subsection 51(7)

34. These amendments will provide for further flexibility in the conduct of future wool-tax ballots by making clear that separate recommendations can be made for research and development and promotion, and separate recommendations can be made for apparel and non-apparel wool, as provided for under the *Wool-tax Acts 1964*.
35. The amendment (7B) mandates the involvement of wool growers, through the peak councils, in the development of recommendations to be included in future wool-tax ballots.

Item 17 Subsection 51(11)

36. This subsection is no longer required as consultation with the Wool Council of Australia on the recommendations to be included in the wool-tax ballot will already be included in subsection 51(7B).

Item 18 Subsection 55(2A)

37. This amendment is to make the calculation of the Commonwealth matching payments for research and development consistent with that in the *Primary Industries and Energy Research and Development Act 1989*.

Item 19 Subsection 55(4)

38. This amendment is to make the calculation of the wool gross value of production consistent with that in the *Primary Industries and Energy Research and Development Act 1989*.

Item 20 Saving provision

39. This provision makes clear that the wool gross value of production may be calculated using a three year rolling average, which is consistent with the *Primary Industries and Energy Research and Development Act 1989*. Sub item (2) is provided to make clear that any matching grant based on an averaging system for a past financial year would be retained by the fund.

Item 21 After section 69 - 69(A) The voluntary register of wool-tax payers

40. This section provides for the Organisation to maintain a voluntary register of wool-tax payers to allow for improved dissemination of information, and to allow for better participation of wool growers in meetings, ballots and other activities undertaken by the Organisation.