

1981

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

Wool Industry Amendment Bill 1981

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Primary
Industry, the Hon. Peter Nixon, M.P.)

OUTLINE

Amendments proposed to be made to the Wool Industry Act 1972 are designed to correct some anomalies relating to the administrative procedures for refunding Market Support Funds to woolgrowers which were not foreseen when the Act was last amended in May 1980 (No. 50, 1980).

The May 1980 amendments enabled woolgrower contributions to the Market Support Fund to be refunded, after the reserves had reached a target level. The Australian Wool Corporation is responsible for the overall administration of the scheme, but the repayment of levies is, as far as practicable, to be made through firms that are registered with the Commissioner of Taxation as agents for the collection of Wool Tax.

At present the Act requires the Corporation to make refunds to grower-clients of a firm that is no longer registered. However, deregistration can simply mean that the firm had merely changed its name or been taken over as a going concern. To correct this anomaly, the proposed amendments provide that such refunds be made through the registered firms that currently hold growers' wool tax records.

The amendments also modify existing provisions of the Act so as to permit costs and expenses incurred in preparation for the payments of refunds being paid in advance of the formal Declaration of the refund period.

To overcome problems caused by forward sale arrangements, the Bill identifies the wool to which a refund applies by deeming wool to be sold when the grower receives payment.

Other amendments will increase the membership of the Australian Wool Testing Authority from 8 to 10 by providing for an additional member representing woolgrowers and an additional member representing private treaty wool merchants.

The Bill also provides that a statement given to a grower claiming payment sets out the findings of the Corporation regarding the facts of the claim as well as the reasons for the Corporation's decision.

Finally, the Bill includes an amending clause specifying procedures to be followed regarding disclosure of pecuniary interests by members of the Corporation.

NO. OF
CLAUSE

EXPLANATION

1. Citation
2. Commencement - on receipt of the Royal Assent
3. Remakes section 16 and inserts new sub-sections specifying procedures to be followed regarding disclosure of pecuniary interest by members of the Australian Wool Corporation.
4. (1) Provides that moneys in the Market Support Fund may be used to meet administrative expenses incurred in the payment of refunds, including expenses incurred prior to the formal Declaration of a refund period, ie., in preparation for refunds.
- (2) Provides for the Corporation charging to the Market Support Fund administrative expenses incurred before the commencement of this Act in relation to preparations for the payment of refunds.
5. Remakes section 42A and inserts new sub-sections that deal with forward sale arrangements. As the Act stands, a decision to refund 1974-75 levy payments would mean that some growers who sold forward and eventually paid the levy would not get a refund and some growers who sold forward but did not pay the levy until the following year would get a refund. In this section wool is deemed to be sold when payment is made and the wool tax deducted.
6. Amends section 42B by requiring the Minister to ensure that, before making a declaration to refund moneys, there is sufficient funds in the Market Support Fund to meet those expenses of the Corporation that have not yet been paid, in addition to the expenses to be incurred in the payment of refunds for the proposed declared period.
7. (a) Where a firm previously registered with the Commissioner for Taxation as an agent for the collection of wool tax has been reconstituted or taken over by another registered firm before or during the declared refund period, then this section provides for the firm that currently possesses or controls the wool tax records to pay the refunds.
- (b) Provides for the Corporation to pay the refunds where the wool tax records are no longer in the possession or under the control of a firm registered as an agent for the collection of wool tax.
- (c) Provides that the Corporation will pay refunds under circumstances not otherwise provided for in the Act.

8. Provides that where a firm, registered as an agent to collect wool taxes, possesses or controls wool tax records, then that firm will make refunds on behalf of the Corporation. However, that firm will not be liable for any act or omission of another registered firm (including the firm which has now ceased to be registered) in respect of the obligations imposed by the Act upon registered firms.
9. Authorises the Corporation to transfer refund moneys to the registered person who currently possesses or controls wool tax records and has been authorised by the Corporation to pay refunds.
10. Remakes section 42N to require that a statement which is issued by the Corporation to a woolgrower regarding the grower's claim for payment contains the findings by the Corporation on material questions of fact as well as the reasons for its decision.
11. Existing provisions for payment of expenses incurred by the Corporation and by registered persons in administration of the scheme preclude any reimbursement of such expenses until the repayment process is formally set in train by a Declaration that a refund will be made. The timing of the first repayment is unlikely to be made before July 1981, yet it is necessary that the Corporation and registered persons incur considerable expenses well in advance. Ample funds are available in the Market Support Fund to cover these expenses. This section amends the Act to allow this to be done as and when appropriate.
12. Remakes section 42AB. Under the legislative provisions for Market Support Fund levy refunds enacted in May 1980, producers who sold their wool to or through a registered person will normally receive refunds through that person (ie., the firm which collected the 5% levy). To cater for cases in which the firm concerned has since gone out of business, it was provided that refunds to clients of that firm are to be made by the Australian Wool Corporation. Some firms have ceased to be registered persons for the purposes of refunds because they were absorbed in take-overs or because they became registered under a different name. It now appears that many successor firms are capable of making refunds, but are precluded from doing so by the provisions of section 42K(of the Act, which requires the Australian Wool Corporation to make refunds in situations of this nature. It is clearly undesirable that the Australian Wool Corporation should be burdened with the cost intensive task of making refunds to individual producers where this work could be performed automatically by firms which have "inherited" these producers as clients. Accordingly, the Act is amended to remedy this situation.
13. Inserts a new section that provides for the situation where a firm which had ceased to be registered again becomes a registered firm and subject to the provisions of the Act.

14. (1) The Wool Council of Australia is of the view that, as growers pay for the bulk of wool testing, the Council should be represented directly on the Australian Wool Testing Authority. This section provides for their representation. Additionally, the section provides for the Private Treaty Merchants also to be represented on the Authority, and for the change of name of one of the member bodies of the Authority.
- (2) Provides for continuity of membership of the Authority by the Wool Scourers and Carbonisers Association of Australia.
15. (1) Provides for an increase in the quorum for a meeting of the Australian Wool Testing Authority.
- (2) Provides that the quorum for a meeting of the Australian Wool Testing Authority will not be increased until the two new members are appointed.

