

1996

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WOOL INTERNATIONAL AMENDMENT BILL 1996

EXPLANATORY MEMORANDUM

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

## WOOL INTERNATIONAL AMENDMENT BILL 1996

### GENERAL OUTLINE

1. The amendments to the *Wool International Act 1993* will replace the current terms of the fixed disposal schedule of the wool stockpile with more flexible provisions.
2. The new disposal schedule allows for a minimum of 135,000 bales per quarter for the period 1 January 1997 to 30 June 1997 decreasing further to a minimum disposal of 90,000 bales per quarter from 1 July 1997. A maximum of 350,000 bales per quarter for the period commencing 1 January 1997 applies until the stockpile is sold and delivered. An end date for the sale and delivery of the stockpile is set at 31 December 2000. There is also a target date of 31 December 1998 for the retirement of the debt. The retirement of the debt will result in the removal of the Government's debt guarantee arrangements.
3. The amendments also provide for an additional objective for Wool International requiring it to have regard to the effect of the disposal of the stockpile on the market for wool in fostering the profitability of the Australian wool industry. The market for wool encompasses sales of both fresh wool and stockpile wool.
4. These amendments will allow for a more rapid disposal of the stockpile through larger quantities being able to be sold in a rising market. Conversely, they will also allow for a lesser disposal rate than is currently possible during periods when the market is soft.

### FINANCIAL IMPACT STATEMENT

5. The amendments to the *Wool International Act 1993* will not impose any additional costs on the Commonwealth. The target date of 31 December 1998 for retirement of the debt associated with the wool stockpile would also represent the end date for the removal of the Commonwealth's debt guarantee.

## **NOTES ON CLAUSES**

### **Clause 1 - Short Title**

6. Provides for the Act to be called the *Wool International Amendment Act 1996*.

### **Clause 2 - Commencement**

7. Provides that the amendments to the *Wool International Act 1993* will come into effect on 1 January 1997.

### **Clause 3 - Schedules**

8. Provides for the implementation of amendments to the *Wool International Act 1993* as set out in Schedule 1 of the Act.

## **SCHEDULE 1 - AMENDMENT OF THE WOOL INTERNATIONAL ACT 1993**

### **Item 1 Subsection 3(1)**

9. This item omits the words 'long term' in order to more clearly reflect the Act's intentions in relation to the wool industry's short, medium and long term health.

### **Item 2 Paragraph 3(1)(a)**

10. This item requires Wool International to foster not just the long-term profitability and efficiency of the Australian wool industry but to also foster its profitability in the short and medium term. Wool International needs to have regard to the impact on the wool market of the disposal of the stockpile. This is in addition to an existing range of factors which include enhancing the value of the stockpile and retiring the debt.

### **Item 3 Paragraph 3(1)(b)**

11. This item sets 31 December 1998 as the date to aim for in the elimination of the accumulated debt associated with the stockpile. There is, however, no requirement for the debt to be eliminated by this date.

### **Item 4 Paragraph 8(1)(a)**

12. The functions of Wool International in relation to the disposal of the stockpile are to be undertaken with regard to the effect of stockpile sales on the wool market.

**Item 5 Paragraph 8(1)(d)**

13. This item sets out as a function of Wool International, and in order to remain consistent with item 3 of this schedule, 31 December 1998 as the date to aim for in the elimination of the accumulated debt associated with the stockpile.

**Item 6 Section 18 (definition of *disposal period*)**

14. This item repeals the definition of disposal period which had covered both a monthly and quarterly period at the time Wool International was established. The words "disposal period" will be replaced by the term "quarter" for use in relation to the disposal schedule.

**Item 7 Section 19**

15. This item repeals the section dealing with Wool International's powers and obligations until 30 June 1994. The requirement for this provision has now expired.

**Item 8 Section 20**

16. This item substitutes the stockpile disposal schedule which has been in place since Wool International was established with a new schedule. The new schedule requires:
  - . an end date for the sale and delivery of the stockpile wool of 31 December 2000;
  - . an upper cap on sales of stockpile wool from 1 January 1997 of 350,000 bales per quarter;
  - . a quarterly minimum disposal of stockpile wool to be set at 135,000 bales from 1 January 1997 to 30 June 1997; and
  - . a quarterly minimum disposal of stockpile wool to be set at 90,000 bales from 1 July 1997.
17. Disposal of the remaining stockpile can be below the minimum disposal schedule for a quarter if the total of the remaining stockpile is below the minimum amount set out in the schedule for the quarter. That is, if there is an amount of under 90,000 bales in total remaining in the stockpile, this may be sold and delivered in the quarter without breaching the requirements of the Act.
18. Transactions to count as reductions to the wool stockpile will be sales in the period which require immediate delivery or, in the case of forward contracts in the quarter in which delivery takes place or where prescribed by regulations. The regulation making facility is included to cover transactions that have not been envisaged at this time.

**Item 9 Subsections 21(1) and (2)**

19. This item repeals the subsections of the Act relating to the disposal period as set out in section 18 of the Act in order to remain consistent with item 7. The subsections relate to requirements of Wool International to purchase wool in disposal periods that will no longer apply.

**Item 10 Subsection 21(3)**

20. This item removes reference to a "disposal period" as set out in section 18 of the Act which this Schedule repeals. The period of a quarter is inserted in order to comply with the disposal schedule as set out in item 8.

**Item 11 Subsection 21(3)**

21. This item removes all references to the term "period" as at relates to section 18 of the Act which this Schedule repeals and replaces it with "quarter" in order to comply with the disposal schedule as set out in item 8.

**Item 12 Subsection 21(4)**

22. This item removes all reference to subsection 21(1) and 21(3) allowing this subsection to refer to the entire remaining section as set out in items 9, 10 and 11.

**Item 13 Subsection 22(1)**

23. This item repeals the subsection dealing with publication of notices regarding progress of disposal of stockpile which refers to the period 1 August 1994 to 31 January 1995 as the subsection is no longer relevant.

**Item 14 Subsection 22(3)**

24. This item deletes any reference to subsection 22(1) which this schedule repeals.







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