

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WOOL INTERNATIONAL BILL 1993

EXPLANATORY MEMORANDUM

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



WOOL INTERNATIONAL BILL 1993

OUTLINE

This Bill provides for the establishment of Wool International and its functions, powers, membership and related matters.

The Bill forms part of a package of Bills to establish a new institutional structure and marketing arrangements in the wool industry. The four statutory wool industry organisations which currently have responsibility for marketing and promotion, research and development and the development of industry policy will be replaced by the Australian Wool Research and Promotion Organisation, which will be responsible for generic promotion and research and development, and Wool International which will market the stockpile and foster the development of risk management and marketing mechanisms. The Bill also provides for arrangements to cover the transitional period between the existing arrangements and the new arrangements.

Wool International has been structured initially as a statutory authority but along commercial lines to reflect its ultimate transformation first to a fully Government owned company and then to a fully privatised public company. The second and third phases of this process will be triggered at a time when Wool International has a strong positive net worth, has a manageable debt profile and a sound capital base. The target date for privatisation is mid 1997. At that time, it is intended that shares will be issued to wool-tax payers in proportion to the component of the wool tax they pay for debt management from 1 July 1993. Until that time, Wool International will be required to establish and keep a register of wool-tax payers and their payments to ensure the share issue on privatisation can proceed smoothly.

The stockpile to be managed by Wool International will continue to be covered by Government guarantee. This will be a statutory guarantee which will cover the existing debt associated with the stockpile and the financial management, including hedging, of that debt. The Government guarantee will not cover any other activities of Wool International.

Wool International, in undertaking activities associated with the development of new risk management and marketing mechanisms, will have available to it the revenue stream from non-wool assets as seed money. The ultimate success of these commercial activities will be returned to producers through the share rights they will receive on privatisation. This arrangement will operate until the privatisation of Wool International in some four years but will be subject to review in two years. These funds will not be covered by the Government guarantee.

Wool International will maintain its legal personality throughout the three phases envisaged and, for corporatisation and privatisation, will be governed by articles and memoranda under the Corporations Law. Continuity of corporate identity will provide for the transfer of all assets and liabilities from the existing statutory authority to the new company and means that all contracts, agreements and arrangements entered into by, or on behalf of, the existing statutory authority which are in force immediately before corporatisation will apply to the new company.

Part 1 covers preliminary matters including commencement and definitions. It also sets out the objects of the Act which will be the objects guiding Wool International and, importantly, sets out the Parliament's intentions for the future corporatisation and privatisation, the intended share allocations to wool-tax payers and the target date for privatisation.

Part 2 provides for the establishment, functions and powers of Wool International. It also sets out an obligation for it to perform its functions and exercise its powers, subject to the constraints of the disposal schedule, in a commercial and business-like manner.

Part 3 provides for Wool International to prepare, revise and vary Corporate Plans. It also requires Wool International to notify the Minister of events that may impact significantly on its activities.

Part 4 sets out the fixed schedule for the disposal of the stockpile, to commence 1 July 1994, that Wool International will be required to meet. A savings provision is included to continue current stockpile disposal policy until that time. This Part also gives Wool International the power to purchase wool to meet disposal requirements under specific circumstances and details the public reporting requirements relating to compliance with the fixed schedule.

Part 5 details the appointment of members, conditions of membership, and the conduct of meetings of Wool International.

Part 6 concerns staffing matters of Wool International including those relating to the Chief Executive. Provision is also made for the development and implementation of an equal employment opportunity program.

Part 7 deals with finance, providing for payments from wool tax, expenditures, accounts and records, the separation of non-wool asset revenue and payments, borrowings and the Government guarantee, hedging activities and investment.

Part 8 deals with audit provisions and requires the Auditor-General to report to the Minister for Primary Industries and Energy, at least annually, on the inspection and audit of Wool International's accounts.

Part 9 refers to miscellaneous provisions including Ministerial directions, delegation of powers, engaging of consultants, liability to taxation, remuneration and allowances for members of Wool International, provision of information given to the Commissioner of Taxation on tax payers, meetings of wool-tax payers, the register of wool tax payers, annual report, the consequences of commencement of Part 12 and the savings provision for the market reporting and statistics activities of the Australian Wool Corporation.

Part 10 provides for the creation of a capital structure and other steps prior to conversion of Wool International into a public company.

Part 11 deals with taxation matters on conversion to a public company.

Part 12 provides for the conversion of Wool International into a public company, including registration under Corporations Law, the application of certain provisions of Corporations Law, the formalisation of the memorandum and articles, membership and accounts.

FINANCIAL IMPACT STATEMENT

Funding of Wool International is derived from three sources: wool tax imposed on wool producers under the Wool Tax Acts (Nos 1-5) 1964, sales of stockpile wool and revenue generated through non-wool assets.

The Government's guarantee for debt related to the stockpile will continue and in future will cover all financial management activities associated with the stockpile, including hedging. The Government's contingent liability will continue to decrease over time.

The revenue stream from non-wool assets will be available to Wool International as seed money for commercial services to the wool industry. This will not be covered by Government guarantee.

NOTES ON CLAUSES

PART 1 – PRELIMINARY

Clause 1 – Short Title

1. Provides for the Bill to be called the Wool International Act 1993.

Clause 2 – Commencement

2. Provides for Parts 2 to 9 of this Act to commence at the same time as the Australian Wool Research and Promotion Organisation Act 1993, on a day to be fixed by proclamation, or on 1 July 1994, whichever is the earlier. Parts 10, 11 and 12 all commence on proclamation at later times, with the proviso that Part 12 must not commence until after the commencement of Parts 10 and 11.

Clause 3 – Object of the Act

3. This clause provides that the objects of the Act are to foster the long term health of the Australian wool industry by managing and disposing of the stockpile, reducing the debt over time, encouraging the development of market and risk management mechanisms and providing other wool marketing related services.
4. The clause also sets out the Parliament's intention that Wool International will be converted into a public company then privatised by the target date of 1 July 1997. The share allocation at that time will be to wool-tax payers proportional to the wool tax and voluntary contributions they have paid for debt management purposes since 1 July 1993.

Clauses 4, 5, 6 – Definitions

5. Provides definitions for terms used in the Act. The definition of **accumulated debt** is to identify the debt position of Wool International on establishment while the definition of **wool-tax payer** is to clarify the status of the wool producer in relation to wool tax paid.

PART 2 – WOOL INTERNATIONAL – ITS STATUS, FUNCTIONS AND POWERS

Clause 7 – Establishment

6. This clause provides for the body corporate known as the Australian Wool Realisation Commission prior to commencement to continue as Wool International.

Clause 8 – Functions

7. This clause provides for Wool International's functions. Notwithstanding other functions given by the Act, or other Acts, Wool International is to: sell stockpile wool subject to a fixed disposal schedule and, within this constraint, to maximise its value; manage the remaining stockpile; buy wool only to ensure the net position in relation to the disposal schedule is maintained; prepare and implement a strategy for debt management and payment; manage wool premises and wool stores property;

encourage the development of forward and risk management mechanisms including wool futures, provide services to the Australian wool industry and other functions given to Wool International by this or other Acts.

8. Wool International must perform its functions within the powers of the Parliament and the Act, may not give preference to one State or part of a State over another, and may perform any of its functions outside Australia.

Clause 9 – Powers

9. This clause provides Wool International with a general power to do all things necessary to adequately perform its functions including, with the Minister's written approval, forming or participating in a range of ways in companies, partnerships or profit sharing arrangements.

Clause 10 – Commercial obligation

10. This clause first sets out that Wool International, generally, is to perform its functions and exercise its powers in a way to achieve its objects but that subject to this, and to the constraints of the disposal schedule, Wool International should perform its functions and exercise its powers, including the disposal of real property, in a commercial and business like manner.

PART 3 – CORPORATE PLANS

Clause 11 – First corporate plan

11. This clause provides that Wool International's first corporate plan must cover a period ending on 30 June in 1997, 1998 or 1999, and must be provided to the Minister as soon as possible following commencement of this Part.

Clause 12 – Subsequent corporate plans

12. Before 1 June in each calendar year commencing with 1 January 1995, Wool International must give the Minister a new corporate plan covering the following three to five years which will commence on 1 July in that year.

Clause 13 – Revision of plans

13. Provides for Wool International to revise its plans at any time but requires it to give the revised copy to the Minister as soon as practicable.

Clause 14 – Content of plans

14. This clause provides that each plan must contain: a definition of Wool International's principal objectives during the period covered by the plan; the strategies to achieve those objectives; performance indicators; financial targets; a forecast of revenue and expenditure of Wool International and its subsidiaries; human resources and industrial relations strategies; and Wool International's equal employment opportunity program.

Clause 15 – Variation of plan at request of Minister

15. This clause provides for the Minister to request a variation to a plan. Such a request must be in writing, made within 60 days of receipt by the Minister of the plan and only after consultation with Wool International.

Clause 16 – Notification of significant events etc.

16. This clause requires Wool International to notify the Minister as soon as practicable if it believes that matters have arisen which will prevent it from, or significantly affect its achievement of, the objectives, strategies or targets in the Plan.

PART 4 – SCHEDULE OF DISPOSAL OF STOCKPILE WOOL

Clause 17 – Definitions

17. Provides definitions for terms used in this Part, including that the disposal period means a month for the period 1 July 1994 to 31 December 1994 and a quarter thereafter.

Clause 18 – Wool International's powers and obligations until 30 June 1994

18. This clause provides that for the current financial year until 30 June 1994 Wool International is to continue stockpile disposal along the lines of section 18 (except for subsection 3)) of the *Australian Wool Realisation Commission Act 1991*. That section gives the Minister power to specify the minimum repayment in reduction of the accumulated debt to be made by the Commission.
19. This clause also requires Wool International to have reduced its debt to \$2.28 billion by 30 June 1994.

Clause 19 – Disposal schedule from 1 July 1994

20. This clause sets out the wool stockpile disposal schedule that Wool International is required to comply with from 1 July 1994. Wool International will sell stockpile wool within a narrow range. For each month of the first six months to 31 December 1994, this range is 27,700 to 29,100 bales and for each quarter thereafter from 1 January 1995, the range is 182,000 to 192,000 bales.
21. 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, where delivery takes place in the period or where prescribed by regulations. The regulation making facility is included to cover transactions that have not been envisaged at this time.

Clause 20 – Wool purchases to cover disposal requirements

22. This clause provides that if it becomes apparent that Wool International has exceeded the maximum limit of the disposal schedule during a period, then it must buy in wool, to ensure its net position complies with the disposal schedule. If Wool International is selling on a monthly basis then the wool must be bought in that month, or the month immediately following. If the selling period is quarterly, then

the wool must be bought within the quarter. Any wool bought for this purpose becomes stockpile wool.

Clause 21 – Publication of notices regarding progress of disposal of stockpile

23. This clause requires Wool International to make a public statement concerning its compliance with the disposal schedule in the relevant month or quarter following the immediately preceding month or quarter. It also provides Wool International with the discretion to provide more information if it so chooses.

PART 5 – CONSTITUTION AND MEETINGS OF WOOL INTERNATIONAL

Clause 22 – Membership

24. This clause provides that the Board of Wool International is to consist of 11 members, comprising the Chairperson, the full time Chief Executive of Wool International, a Government member and 8 other members with special expertise or qualifications in one or more to the following: wool production; wool processing, including the manufacture of wool products; business management; financial services; marketing; international commodity trading; wool testing and specification; law and industrial relations. All appointments, except that of the Chief Executive and the Government member, are made by the Minister in writing.
25. The Minister must ensure that the members of Wool International collectively possess the experience and qualifications required to be represented on Wool International's Board. Members of a Parliament and the presidents or chairpersons of prescribed organisations representing sectors of the wool industry are not eligible for appointment.
26. The Government member holds office as long as the Minister determines. All other members, except the Chief Executive, are appointed by the Minister on a part-time basis for terms of up to 4 years and are eligible for re-appointment. All appointed members are subject to terms and conditions (if any and other than those in this Act) as are determined by the Minister in writing.
27. Anything done by Wool International does not become ineffective through a vacancy or vacancies in its membership.

Clause 23 – Deputy of Chairperson

28. The Minister may appoint in writing one of the members to be deputy of the Chairperson. Such a person holds office until the Minister ends the appointment or the person ceases to be a member and may resign this position by writing to the Minister. The resignation will not take effect until it is accepted by the Minister.
29. The Deputy of the Chairperson has the powers and must perform the functions of the Chairperson at any time the office of the Chairperson is vacant, the Chairperson is unable to perform the duties of the office or when the Chairperson is overseas. In the event that the Deputy Chairperson exercises a power or performs a function at a time when the Chairperson is actually in office, those actions remain effective and Wool International is liable for them.

Clause 24 – Disclosure of interests

30. This clause provides that if, at a Wool International meeting, a member has a direct or indirect pecuniary interest in a matter being considered then they must declare that interest to the meeting as soon as they realise that such an occasion has arisen. This is to be recorded in the minutes. There is no presumption of pecuniary interest merely because a member is a wool producer, processor or manufacturer.

Clause 25 – Leave of absence of appointed members

31. Provides for the Chairperson to be granted leave of absence as the Minister determines. The Chairperson may grant leave of absence to any other appointed member.

Clause 26 – Resignation

32. An appointed member may resign office by writing to the Minister. However, the resignation is not effective until it has been accepted by the Minister.

Clause 27 – Ending of appointments for misbehaviour etc.

33. This clause provides that the Minister may end the appointment of an appointed member for misbehaviour or physical or mental incapacity but must end such an appointment if such a member becomes bankrupt, applies to gain benefit from any law for the relief of bankruptcy or insolvent debtors or assigns their remuneration for the benefit of their creditors; is absent from three consecutive meetings without leave of absence; or fails without reasonable excuse to disclose any pecuniary interest in a matter being considered at a meeting of Wool International.

Clause 28 – Meetings

34. This clause provides for Wool International to determine when and where its meetings are to be held within Australia. The Chairperson is required to convene a meeting of Wool International if three or more members so request. Six members constitute a meeting quorum of Wool International. The Chairperson is to preside at all Wool International meetings, and if absent, the Deputy Chairperson is to preside. If neither is present, the members present must appoint one of their number to preside.
35. Questions at a meeting are determined by a majority of votes of the members present and voting, the presiding member has a deliberative vote and also a casting vote where the vote is equal. Wool International must keep minutes of its meetings.

Clause 29 – Conduct of meetings

36. This clause provides that Wool International may regulate its proceedings as it considers appropriate including participating in meetings by telephone, by closed-circuit television or by any other means of communication. Members participating in any of these ways are considered to be attending the meeting.

PART 6 – STAFF

Division 1 – The Chief Executive

Clause 30 – Appointment etc. of Chief Executive

37. Under this clause, Wool International may appoint a person to be its Chief Executive. Wool International may determine the terms and conditions of service of the Chief Executive, including those related to remuneration and allowances. Wool International may also end the Chief Executive's appointment at any time.
38. Wool International must terminate the appointment of the Chief Executive if he or she: engages in paid employment outside the duties of the office without the approval of Wool International; is absent from duty for 14 consecutive days (other than on leave granted by Wool International) or for 28 days in any 12 month period or from 3 consecutive Wool International meetings; fails to declare direct or indirect pecuniary interests, becomes bankrupt or applies to gain benefit from any law for the relief of bankruptcy or insolvent debtors or assigns their remuneration for the benefit of their creditors.
39. The office of the Chief Executive is not a public office as determined by the Remuneration Tribunal Act 1973.

Clause 31 – Acting Chief Executive

40. Under this clause, Wool International may resolve to appoint an acting Chief Executive when there is a vacancy in the office or during any periods when the Chief Executive is absent from duty, out of Australia or is unable to perform the function of the office.
41. In the event that the acting Chief Executive does anything at a time when the Chief Executive is actually in office, Wool International is liable for such actions.

Clause 32 – Management of affairs of Wool International

42. This clause provides for the affairs of Wool International, to the extent determined by the Board, to be managed by the Chief Executive, who in turn must act in accordance with the directions given by the Board.

Division 2 – Other staff of Wool International

Clause 33 – Employees

43. This clause provides that Wool International may employ such persons as it considers necessary. Wool International determines the terms and conditions of such employees but must comply with relevant guidelines issued by the Minister for Industrial Relations.

Division 3 – Equal employment opportunity program

Clause 34 – Development of equal employment opportunity program

44. This clause provides that Wool International must develop an equal employment opportunity program.

Clause 35 – Implementation of program

45. Provides that Wool International must implement its equal employment opportunity program and any person exercising employment related powers in Wool International must have regard to the program.

Clause 36 – Preservation of merit principle

46. Under this clause all employment matters must be dealt with on the basis of merit.

PART 7 – FINANCE

Clause 37 – Payments to Wool International

47. Under this clause the Commonwealth is to pay to Wool International moneys raised from the tax imposed from 1 July 1993 on shorn wool (other than carpet wool). The amount to be paid is to equate to 4.5% of the sale value of the wool.

Clause 38 – Payments representing pre-commencement tax

48. This clause requires the Commonwealth to pay to Wool International any moneys paid to the Commonwealth from the tax imposed by the Wool Tax Acts for debt management prior to 1 July 1993 which had not previously been paid. This requirement applies to such moneys paid to the Commonwealth either before or following commencement of this Part.

Clause 39 – Additional contributions by wool-tax payers

49. This clause provides for persons who have paid wool tax for debt management purposes imposed in a financial year commencing after 1 July 1993 to make an additional and voluntary contribution to the Commonwealth, in accordance with regulations, of up to 5.5% of the sale value of the wool. It then requires the Commonwealth to pay such contributions to Wool International.

Clause 40 – Appropriation

50. This clause provides that any wool tax payable to Wool International from the Commonwealth is to be paid from the Consolidated Revenue Fund.

Clause 41 – Money of Wool International

51. This clause provides that the money of Wool International comprises: money held by the Australian Wool Realisation Commission immediately before commencement of this Part; money paid to Wool International by the Commonwealth; money received

by Wool International from wool or other asset sales or the provision of services; and any other amounts received by Wool International.

Clause 42 – Charges for services

52. Under this clause Wool International may charge fees for services.

Clause 43 – Expenditure of Wool International money

53. This clause provides that Wool International money may only be expended on payments: in relation the performance of Wool International's functions and the exercise of its functions; related to the accumulated debt; related to remuneration and allowances payable under the Act; to the Commonwealth for expenses related to the appointment of the Chairperson or the 8 other members and for wool tax collection; that Wool International is authorised or required to make under this or any other Act.

Clause 44 – Accounts and records

54. This clause requires Wool International to keep proper accounts and records and to do whatever is needed to ensure that all payments are correctly made and properly authorised and that adequate control is maintained over expenditure, assets and liabilities of Wool International.

Clause 45 – Separate accounting for revenue and payments relating to non-wool assets

55. This clause requires Wool International to keep accounts and records in a form that enables it to separately account for income and payments relating to the management of wool premises and wool stores, the non-wool assets. Such revenue may be earmarked by Wool International for providing services to the Australian wool industry.

Clause 46 – Payment of expenses of collection etc. of amounts paid under sections 37, 38 and 39

56. This clause requires Wool International to pay the Commonwealth's wool tax collection and recovery costs, as determined by the Minister, incurred in each year.

Clause 47 – Borrowing etc.

57. This clause provides that Wool International may borrow money with the approval of the Minister. Approvals may be given for particular transactions or classes of transactions and borrowings so approved must comply with the terms and conditions of approval but may be Australian or another currency either whole or in part. Wool International may give security over part or all of its assets for the payment or repayment of such money borrowed.
58. Money payable to a person other than the Commonwealth is guaranteed by the Commonwealth to the extent that the money is payable in connection with the performance by Wool International of its stockpile or debt functions or contracts entered into for hedging purposes for the purpose of performing these functions.

Clause 48 – Hedging through currency contracts etc.

59. Wool International may enter into and deal with specified types of contracts, or with other contracts approved by the Minister in writing, for hedging purposes in a financial market either within or outside Australia. The Minister may determine written guidelines for these activities, limiting Wool International activity. Such contracts can only be entered into for the purpose of minimising risks of adverse variations in payments or borrowings made by Wool International.

Clause 49 – Bank accounts

60. This clause requires all money of Wool International to be paid into one of at least two bank accounts maintained by Wool International.

Clause 50 – Investment of Wool International money

61. In this clause, any money of Wool International not immediately required must be invested in Government guaranteed securities, on deposit with a bank or in any other sound commercial way.

PART 8 – AUDITClause 51 – Audit

62. This clause provides for the annual inspection and audit by the Auditor-General of Wool International's accounts and records of financial transactions and assets. The Auditor-General may dispense with all or any part of the inspection but must immediately report any irregularities, considered to be of sufficient importance, to the Minister. The Auditor-General must report annually to the Minister.
63. The Auditor-General or a person authorised by the Auditor-General is entitled to have full and free access at all reasonable times to relevant accounts, records and other documents of Wool International. Failure of any person to make such information in their possession available makes the person liable to a penalty on conviction of 10 penalty units.

PART 9 – MISCELLANEOUSClause 52 – Ministerial directions

64. This clause enables the Minister, after consultation with Wool International, to give written directions relating to the performance of its functions in the public interest. This does not include the amount to be charged for goods or services supplied by Wool International.
65. Any such direction must be tabled in the Parliament within 15 sitting days after the day the direction is given. This process does not have to be complied with if the Minister makes a written determination that public knowledge of the direction would or would be likely to prejudice the commercial activities of Wool International or the national interest of Australia.

Clause 53 – Delegation

66. This clause enables Wool International to delegate all or any of its powers to any person or body who is then subject to directions from Wool International.

Clause 54 – Consultants

67. This clause enables Wool International to engage suitably skilled consultants on terms and conditions determined by Wool International.

Clause 55 – Liability to taxation

68. Wool International is subject to taxation under Commonwealth law except for income tax. Wool International is not subject to taxation under State or Territory law except for stamp duty unless specified by the regulations.

Clause 56 – Remuneration and allowances of appointed members

69. This clause provides that, subject to the Remuneration Tribunal Act 1973, remuneration of members of Wool International will be determined by the Remuneration Tribunal or as prescribed. Allowances are to be prescribed.

Clause 57 – Provision to Wool International of information given to Commissioner of Taxation

70. This clause requires the Commissioner of Taxation to provide to Wool International information given under the Wool Tax Administration Act 1964.

Clause 58 – Provision of wool-tax records to wool-tax payers

71. This clause requires Wool International to send a record of wool tax paid to each person who has paid tax from 1 July 1993 and who is on the wool tax register at the time of reporting. The frequency of such reporting is to be set out in the regulations as are all other matters dealing with such records. The purpose of such reporting is to inform the wool-tax payer of wool tax paid and additional voluntary contributions since, in time, this will represent the proportional share holding in Wool International on privatisation.

Clause 59 – Meetings of wool-tax payers

72. This clause enables Wool International to arrange meetings to report to wool-tax payers, other than carpet wool tax-payers, on its functions. The regulations are to provide for such matters as the frequency of meetings, who can attend and participate in the meetings and the procedure to be followed.

Clause 60 – Register of wool-tax payers

73. Wool International is required to keep a register of all persons liable for wool tax on or after 1 July 1993 and who have paid the tax. Regulations will establish the procedures for maintaining the register. With the consent of the wool-tax payer, the

Australian Wool Research and Promotion Organisation will have access to that tax payer's records for arrangements associated with annual general meetings and ballots.

Clause 61 – Annual report

74. Wool International is required to prepare an annual report as soon as possible after the end of each financial year, covering its operations and any particulars prescribed by regulation and including financial statements in a form approved by the Minister for Finance.
75. Before submitting the financial statements to the Minister, Wool International must give the statements to the Auditor-General, who must in turn report to the Minister on matters specified in the clause.
76. The Minister must table the annual report and financial statements, including the Auditor-General's report, in both Houses of Parliament within 15 sitting days of receipt by the Minister.

Clause 62 – Judicial notice of Wool International's seal

77. This clause provides that the use of the Wool International seal prior to conversion of Wool International into a public company applies after it becomes a public company.

Clause 63 – Consequences of commencement of Part 12

78. This clause provides for the long title of the Act to be replaced when Wool International becomes a public company and for certain parts of the Act to cease to apply at that time. Corporations Law and Wool International's memorandum and articles of association will then cover a number of areas. At that time also, Wool International will become subject to income tax and the Government guarantee and wool-tax for debt management purposes will cease.

Clause 64 – Market intelligence and statistics powers of Australian Wool Corporation

79. This clause is a savings provision for the market reporting activities currently undertaken by the Australian Wool Corporation. These activities are to be continued by Wool International in order to ensure either their orderly transfer to an alternate organisation or their retention by Wool International on a commercial basis. The clause ceases by Proclamation or by 30 June 1994, whichever is earlier.

Clause 65

80. This clause provides for certain definitions to apply when Wool International becomes a public company.

Clause 66 – Regulations

81. This clause provides a general regulation making power for matters which must or may be prescribed under the Act.

PART 10 – CREATION OF CAPITAL STRUCTURE AND OTHER STEPS PRIOR TO CONVERSION OF WOOL INTERNATIONAL INTO PUBLIC COMPANY

82. This Part provides for transforming Wool International into an entity which can be converted into a public company. This ensures there is continuity of the corporate entity whilst Wool International conforms, as far as possible, with the requirements of the Corporations Law.

Clause 67 – Share capital of Wool International

83. This clause provides for Wool International to have a share capital as set out in Clause 68 and for shares to have a \$1 nominal value.

Clause 68 – Issue of shares

84. This clause requires Wool International to apply the capital it has at the commencement of this Part, in paying up in full, shares in Wool International. The shares are to be issued to the Commonwealth or a nominee of the Commonwealth as directed by the Minister. The issue of such shares discharges any obligation on Wool International to repay the capital contributed by the Commonwealth. The issue of shares is an issue for valuable consideration other than cash. A person who holds shares as a nominee for the Commonwealth does not thereby become a member of the company.

Clause 69 – New name of Wool International

85. This clause provides for Wool International's name to be changed to "Wool International Limited" on the day before transition as if the change of name was effected under the Corporations Law. This is to facilitate Wool International's registration as a company. This clause does not prevent Wool International later changing its name or having registration of its name cancelled in accordance with the relevant Part of the Corporations Law.

Clause 70 – Wool International to apply to be registered as company etc.

86. This clause requires Wool International to apply to the Australian Securities Commission in the Australian Capital Territory for registration as a company limited by shares in accordance with the Corporations Law. It requires Wool International to provide supporting documentation to the Securities Commission, including the proposed memorandum and articles of association and for the Securities Commission to reserve the name "Wool International Limited".

PART 11 – TAXATION MATTERS

Clause 71 – Exemption from taxes and charges

87. This clause, which is to apply after conversion of Wool International to a public company, provides for certain matters relating to the conversion of Wool International into a public company ('exempt matters') to be exempt from Commonwealth, State and Territory taxes specified in the clause. Provision is then made for the certification by the Treasurer or a person authorised by the Treasurer of

exempt matters including transactions made or instruments executed in relation to exempt matters.

Clause 72 – Wool International taken to have had share capital

88. This clause provides, for the purposes of the Income Tax Assessment Act 1936, for all Wool International's share capital to have been issued shares owned by the Commonwealth before the issuing of shares.

PART 12– CONVERSION OF WOOL INTERNATIONAL INTO PUBLIC COMPANY

Clause 73 – Wool International taken to be registered under Corporations Law

89. Provides for Wool International to be converted into a public company limited by shares with the name Wool International by deeming the Australian Securities Commission to have been required to grant Wool International's application for registration as a company under the Corporations Law and for such registration to have been effected on transition, at the commencement of Parts 10 and 11.

Clause 74 – Memorandum and articles of Wool International

90. This clause provides for the prepared memorandum and articles of association of Wool International, lodged with the Australian Securities Commission prior to transition, to be the memorandum and articles of Wool International and to apply from transition as if they had been registered under the Corporations Law.

Clause 75 – Membership of Wool International

91. This clause provides for members and acting members of Wool International to cease to be members and acting members at the transition. Persons holding shares in Wool International on transition become members of Wool International after the transition and are to then be subject to Wool International's memorandum and articles of association.

Clause 76 – Application of certain provisions of Corporations Law

92. This clause provides that, where the Commonwealth holds all the shares in Wool International, certain provisions of the Corporations Law shall not apply. The major effect of this section is that, while the Commonwealth is the sole shareholder of Wool International, the requirement that there must be at least 5 shareholders does not apply.

Clause 77 – Wool International not a public authority etc.

93. This clause provides that, after the transition, Wool International shall not be a Commonwealth authority or otherwise come under the shield of the Crown for the purposes of a law of the Commonwealth, or a State or Territory unless express provision is made to the contrary by a law of the Commonwealth, State or Territory.

Clause 78 – Operation of section 25B of Acts Interpretation Act

94. This clause provides that nothing in this Act or in the Corporations Law affects, or is affected by, section 25B of the Acts Interpretation Act 1901 concerning the continued existence of a body the name or constitution of which is altered by an Act of Parliament.

Clause 79 – Accounting records

95. This clause provides for accounts and records kept by Wool International under section 44 of this Act to be deemed to be the accounting records of Wool International for the purposes of Corporations Law.

Clause 80 – Accounts

96. This clause provides that reports and financial statements prepared by Wool International under section 61 of this Act are deemed to be profit and loss accounts of Wool International for the purposes of Corporations Law.

Clause 81 – Effect of Part – summary

97. This clause sets out Wool International's status under Corporations law on transition.

