

1993

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WOOL TAX (NOS. 1-5) AMENDMENT BILLS 1993

EXPLANATORY MEMORANDUM

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



WOOL TAX (NOS. 1-5) AMENDMENT BILLS 1993

OUTLINE

The Wool Tax (Nos 1-5) Amendment Bills will amend the five separate Acts by which wool tax is imposed, namely the Wool Tax Acts (Nos 1-5) 1964. Each Act provides for the tax to be imposed on a particular taxable dealing with shorn wool produced in Australia.

These dealings are:

- . Wool Tax Act (No. 1) 1964 – sale by a wool-broker.
- . Wool Tax Act (No. 2) 1964 – purchase by a wool-dealer from a person other than a wool-broker.
- . Wool Tax Act (No. 3) 1964 – purchase by a manufacturer from a person other than a wool-broker or a registered wool dealer.
- . Wool Tax Act (No. 4) 1964 – subjecting the wool to a process of manufacture.
- . Wool Tax Act (No. 5) 1964 – export from Australia.

These Bills will amend references to the existing mechanisms through which the wool industry can make recommendations to Government on the rate of wool tax, to take account of the industry's new organisational structures. The amendments provide for reference to recommendations made on wool tax rates for promotion and research and development through grower ballot under the Australian Wool Research and Promotion Organisation Act 1993.

The amendments also remove reference to the process of setting a tax rate for debt management since this will remain at 4.5 per cent until privatisation of Wool International.

Wool Tax (No. 2) Act 1964 is also amended to reflect concurrent amendments to the Wool Tax (Administration) Act 1964, made under the Wool Legislation (Repeals and Consequential Provisions) Act 1993, to standardise references to wool-dealers with references to wool-brokers, manufacturers and exporters in the other Wool Tax Acts.

FINANCIAL IMPACT STATEMENT

The changes proposed by these Bills will have no net effect on revenue.

NOTES ON CLAUSES

WOOL TAX (NOS 1-5) AMENDMENT ACT 1993.

Clause 1 – Short Title

1. This clause provides for the Bills to be called the Wool Tax (Nos 1-5) Amendment Act 1993.

Clause 2 – Commencement

2. The Acts commence on the day the Australian Wool Research and Promotion Organisation Act 1993 commences which is on the day fixed by proclamation, or on 1 July 1994, whichever is the earlier.

Clause 3 – Regulations

3. Wool tax is imposed by five separate Acts, namely the Wool Tax Acts (Nos 1-5) 1964. Each of the five Acts provides for tax to be imposed in a different situation.
4. Prior to making regulations prescribing an operative rate of tax to apply in relation to a financial year, the Governor-General is required, under each Act, to consider industry recommendations on the rate of tax put to Government.
5. The purpose of clause 3 is to amend the same reference, in each Act, to the existing mechanisms for making recommendations, to apply to a financial year commencing on or after 1 July 1994.
6. In relation to the rate of tax imposed on shorn wool, other than carpet wool, recommendations on the rate of tax for debt reduction purposes made by: the Australian Wool Realisation Commission; and any views of the Wool Council of Australia made to the Australian Wool Realisation Commission, will be replaced by a fixed rate of wool tax which will remain at 4.5% until it is terminated with the privatisation of Wool International.
7. Recommendations on the rate of tax for promotion and research and development made by the most recent Australian Wool Corporation annual or special general meeting and the Wool Research and Development Corporation annual general meeting will be replaced by a recommendation made through a ballot of wool-tax payers under the Australian Wool Research and Promotion Organisation Act 1993.
8. In relation to the rate of tax imposed on carpet wool, recommendations on the rate of tax for promotion and research and development made at the most recent Australian Wool Corporation annual or special general meeting and the Wool Research and Development Corporation annual general meeting will be replaced by a recommendation made through a ballot of wool-tax payers under the Australian Wool Research and Promotion Organisation Act 1993.

WOOL TAX (NO 2) AMENDMENT ACT 1964**Clause 4 - Further amendments**

9. This clause removes reference to "registered" as part of the title of wool-dealers. In a similar manner to wool-brokers, manufacturers and exporters, wool-dealers are required to be registered for the purpose of operation, but other categories do not include "registered" as part of the title.