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## Wool Services Privatisation Bill 2000

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No.52 2000-01

Wool Services Privatisation Bill 2000

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23 October 2000

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# Wool Services Privatisation Bill 2000

**Date Introduced:** 7 September 2000

**House:** House of Representatives

**Portfolio:** Agriculture, Fisheries and Forestry

**Commencement:** Royal Assent. Schedule 1 commences on a day to be fixed by Proclamation.

## Purpose

To privatise the Australian Wool Research and Promotion Organisation.

## Background

The measures in this Bill continue a series of measures intended to reduce government involvement in the wool industry and restructure associated public sector organisations.

The history of the Australian Wool Research and Promotion Organisation (AWRAP) dates back to 1936 when the Australian Wool Board was established at the behest of the Australian Woolgrowers Council. This followed recognition in 1931 by major wool producing countries of the need for a wool promotion and research organisation to promote the use of wool both in competition with alternative fibres and by the creation of new demand. In 1935 the Australian Woolgrowers' Council successfully petitioned the Commonwealth Government to legislate for a levy on shorn wool in order to finance promotion and research activities and in 1936 this was struck at a rate of 6d (5c) per bale.

In 1937, a non-profit organisation was formed internationally with the establishment of the International Wool Publicity and Research Secretariat, later known as the International Wool Secretariat (IWS). The IWS comprised major wool producing nations and its original members were Australia, New Zealand and South Africa.<sup>1</sup> Its purpose was to build and maintain the long term demand for wool. IWS undertook the international promotion of the use of wool, both commercially and by research into woollen fabrics.<sup>2</sup>

Since that time the IWS has been responsible for the promotion and marketing of wool and its products as well as research and development in wool processing and refinement. In

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1964 the IWS established the 'Woolmark Program' that introduced the 'Woolmark' brand, now widely recognised internationally. The 'Woolmark Blend' symbol was introduced in 1971 while the 'Wool Blend' symbol came out in mid 1999. However, by 1972, the IWS was considered to be the major wool promotion organisation in the world.

Subsequently the domestic and international wool markets have seen a great many changes. Domestically, the Reserve Price Scheme that began in 1970 was abolished in 1991 leaving a 4.6 million bale stockpile and an associated \$2.7 billion debt. At the global level, changing consumer preferences and the rise of synthetics, wool blends and other fibre substitutes have all had significant impacts. On the demand front the emergence during the 1980s of Eastern Europe, China and the Soviet Union as major buyers of wool followed by their rapid withdrawal from the international wool market in the late 1980s, has been another major challenge for the wool industry in Australia and overseas.

## 1993

In 1993 the Government introduced legislation to establish two statutory authorities:

- *Australian Wool Research and Promotion Organisation* responsible for research and development and marketing and promotion of domestic wool, replacing the Australian Wool Corporation and the International Wool Secretariat Pty Ltd,<sup>3</sup> and
- *Wool International* responsible for selling the Australian wool stockpile (between 1993 and 2000) replacing the Australian Wool Realisation Commission.<sup>4</sup>

The restructure was prompted by a downturn in wool demand and the increased direct market exposure of Australian woolgrowers following the abolition of the Reserve Price Scheme (RPS). It was based on a report of the Wool Industry Review Committee, chaired by Professor Ross Garnaut.<sup>5</sup> The report emphasised the need to link woolgrowers more efficiently to the marketplace. It recommended micro-economic reforms to reduce production and transport costs and to link supply more closely to demand. On the supply side it recommended increased research and development. On the demand side it recommended greater promotion of wool products to consumers and manufacturers. It used the expression '*marketing*' to capture all of these concepts.

New Zealand ceased membership of the IWS in June 1996.

## 1997–98

Despite the 1993 restructure, there were serious concerns regarding the role played in 'marketing' by the Australian Wool Research and Promotion Organisation (AWRAP). The essential concern was that AWRAP focused too heavily on promotion (to consumers) and too lightly on research and development. These concerns were expressed publicly, along with concerns regarding accountability and consultation in a review of AWRAP in 1997.<sup>6</sup>

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In a press release issued by the IWS on 1 January 1998, the IWS announced that South Africa intended to withdraw from the IWS on 30 June 1998. The terms of the departure of the South African member ('Cape Wools') were established in a commercial-in-confidence agreement. It is understood that any liability arising between The Woolmark Company and Cape Wools in relation to the Woolmark symbol is still to be resolved.

In July 1998 the IWS became corporatised as The Woolmark Company under the control of AWRAP. Although the IWS was to be wound up, it still exists today as an unincorporated entity with a property asset in India that is still to be sold.

In late 1998 legislation was introduced to commercialise AWRAP's research and development and marketing activities, improve representation and participation of woolgrowers within AWRAP and improve consultation between it and other public stakeholders.<sup>7</sup> In part the legislation was intended to enhance the relationship between AWRAP and woolgrowers and to address concerns being aired by those stakeholders.<sup>8</sup> (The legislation did not subsequently pass.)<sup>9</sup> Nevertheless, woolgrowers passed a no-confidence motion in AWRAP and a special motion requiring AWRAP to:

- 'prepare a plan to enable complete commercialisation of [the Woolmark Company's] operations independent of statutory levy support', and
- recommend to the Minister that the wool levy be reduced from 4 per cent to 1 per cent and be directed solely towards research and development.<sup>10</sup>

A detailed background on these developments is provided in two recent Bills Digests concerning the wool industry.<sup>11</sup>

In response to these motions the AWRAP Board stood down and the organisation was run on a caretaker basis until a new Chairman<sup>12</sup> was appointed on 22 December 1998. The Minister also announced that he proposed to establish a Future Directions Task Force to undertake a benchmarking study of wool against its competitor fibres and review the structures for wool marketing and promotion, and research and development.<sup>13</sup>

## 1999

### The Task Force

The key initial stage in the restructuring process was the establishment in December 1998 of the Wool Industry Future Directions Task Force, chaired by Hon Ian McLachlan AO.<sup>14</sup>

The Task Force's report was presented in June 1999 and identified two key issues: the need to obtain value for money in expenditure on research and development (and promotion) and the need to put woolgrowers in charge of their industry.

The report's recommendations reflected four major principles:<sup>15</sup>

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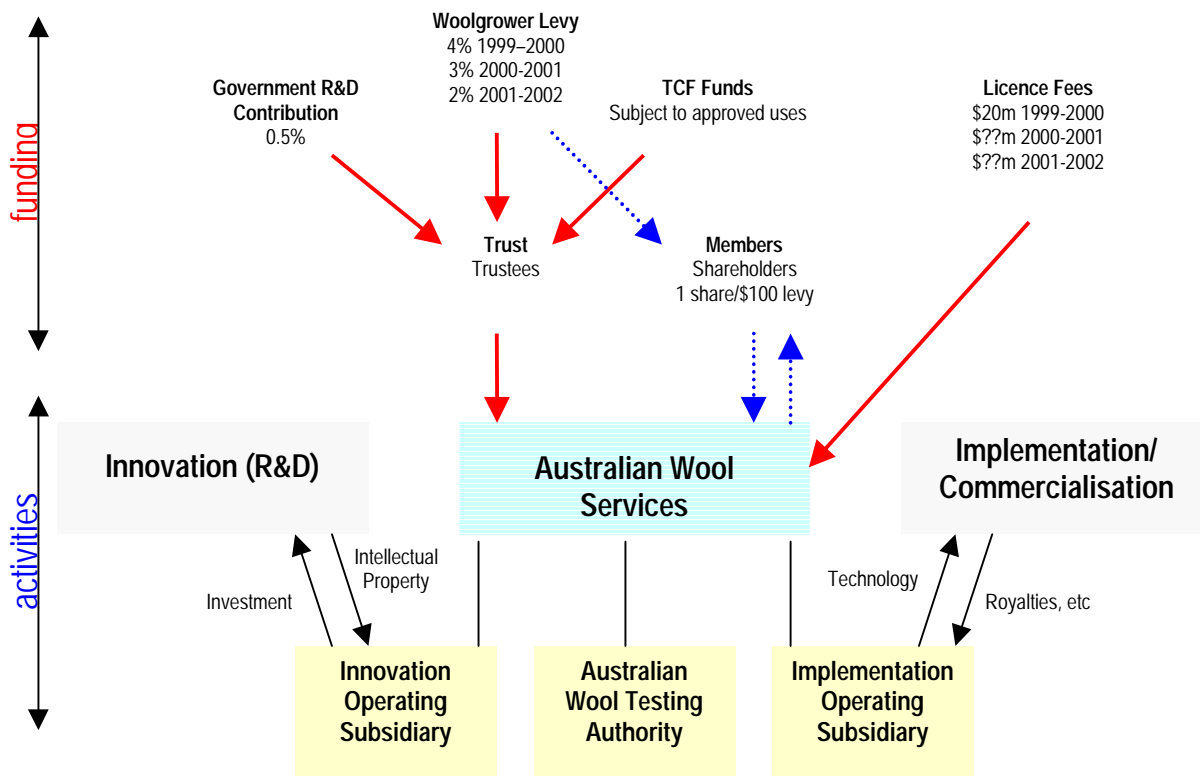
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- woolgrowers should take individual responsibility for their business and their fibre
- the industry should explicitly accommodate diversity of supply
- the industry should explicitly accommodate diversity of demand, and
- the government should only intervene in response to 'clear market failure'.

Most of the report's recommendations were addressed to woolgrowers and concerned decisions about the management of their businesses and the wool industry. However, for present purposes, there were two key sets of recommendations: first, the need to refocus on research and development and second, the need to privatise AWRAP and the Woolmark Company. The following diagram illustrates the proposed structure:

### Australian Wool Services: Overview<sup>16</sup>



- **TCF Funds:** funds from the Textile Clothing and Footwear Strategic Investment Program which encourage new investment, research and development, and product innovation in materials over which Australia has a significant natural advantage.

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- *Licence Fees*: fees for use of intellectual property, such as the 'Woolmark' trademark.
- *Trust*: acts as an intermediary between government/statutory funding and a conventional company to ensure that funding is expended for agreed purposes.
- *Australian Wool Testing Authority*: responsible for wool testing (including on-farm testing systems) and perhaps electronic selling and truth in labelling.
- *Innovation Operating Subsidiary*: responsible for managing 'innovation investments' (ie commissioning innovation projects among private and public sector organisations).
- *Implementation Operating Subsidiary*: responsible for 'commercialising intellectual property generated by innovation investments' and licensee negotiations and support.

### The Issue of Promotion

With regard to promotion the Task Force was essentially asked to consider its optimisation and the appropriateness of existing arrangements. It noted that expenditure on promotion had far exceeded that for research and development and that since 1936–37 wool promotion expenditure had totalled around \$6 billion (in 1999 terms). It concluded that the term 'promotion' was confusing, misinterpreted (especially by woolgrowers) and should be replaced by 'consumer marketing' and 'product marketing'. Moreover, it concluded that consumer marketing (generic advertising of wool) did not have clearly measurable benefits for growers and should be the responsibility of retailers and brand owners. However, product marketing (advertising and leverage among businesses in the textile chain) was vital and should be the target of collective action.

The Task Force recommendations included that:

- generic advertising funded by grower levies should cease
- product marketing was the most important marketing responsibility,<sup>17</sup> and
- the term 'promotion' should disappear from the lexicon.<sup>18</sup>

As previously indicated, the Task Force report focused heavily on increasing individual responsibility and on reducing government involvement along with an increased emphasis on research and development. Arguably it did not address promotion and marketing in a manner and to the extent which some might have expected from its terms of reference. However, the report did emphasise the need for 'implementation and commercialisation', leaving open the relationship between these activities and some promotion and marketing.

Arguably, 'implementation and commercialisation' incorporates promotion and marketing. In theory, 'implementation and commercialisation' includes activities such as commercialisation of research and development outputs and management of intellectual property such as the 'Woolmark' symbol. In practice it matches the activities of the

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Woolmark Company. Moreover, the report expressly equated 'implementation and commercialisation' with 'product marketing' or 'influencing decision makers to use wool'.<sup>19</sup>

Possible areas of concern involve the *nature* of the marketing which might be undertaken by the privatised body and the *source* of the funding for such activities. As already noted the Task Force was clearly against 'consumer marketing' which it primarily associated with generic advertising. It recommended that levy funded generic advertising should cease forthwith. But, in indicating its clear preference for 'product marketing', while also recommending that woolgrowers establish regional marketing arrangements,<sup>20</sup> it left open the possibility that levies could be used for these activities.<sup>21</sup> This is consistent with the view that government funding should be reserved for cases of 'clear market failure'. It is agreed that a market will often fail to deliver in relation to research and development, but the report suggests that the market may also fail in relation to marketing and promotion.

## 2000

### Working Party and 'WoolPoll 2000'

In September 1999, the Minister announced an eight-point plan for implementing the Task Force report.<sup>22</sup> The plan, which was subsequently endorsed by the National Woolgrower Forum and other key stakeholders, mainly concerned various aspects of the establishment of a Wool Working Party to conduct and report on a vote among woolgrowers regarding their preferred wool levy funding options and associated service models.<sup>23</sup> This exercise is commonly referred to as 'WoolPoll 2000'.

Primarily the terms of reference required the Wool Working Party to identify the levy funding alternatives from zero to 4 per cent, and, for each of these, propose a set of strategic business options relating to a package of future industry services which could be provided to growers by the new company. The Working Party's other duties essentially concerned the conduct of the ballot of growers and related matters.

Of some significance is the fact that the terms of reference required the Wool Working Party to 'clearly explain [to growers] each business option and the levy rate required to support each option and should *not* include reference to structural and/or organisational arrangements'.<sup>24</sup> In line with the Task Force Report, the Working Party assumed services would be delivered by a shareholder company owned mainly by woolgrowers.<sup>25</sup> Thus voting was not conducted on the number or nature of the companies to replace AWRAP.

In March 2000, WoolPoll 2000 closed with a result in favour of Service Model 2 based on 2 per cent levy.<sup>26</sup> This model was to deliver 'lower range funding options for research and development'. The company would have 'no funds available for targeted retail and consumer marketing activities' and a 'lower probability of commercialisation of innovation for wool business'.<sup>27</sup> Other features included annual levy revenue of \$44 million and government research and development contribution of \$11 million and funding for grower-initiated research and development and some industry services.

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And Beyond ...

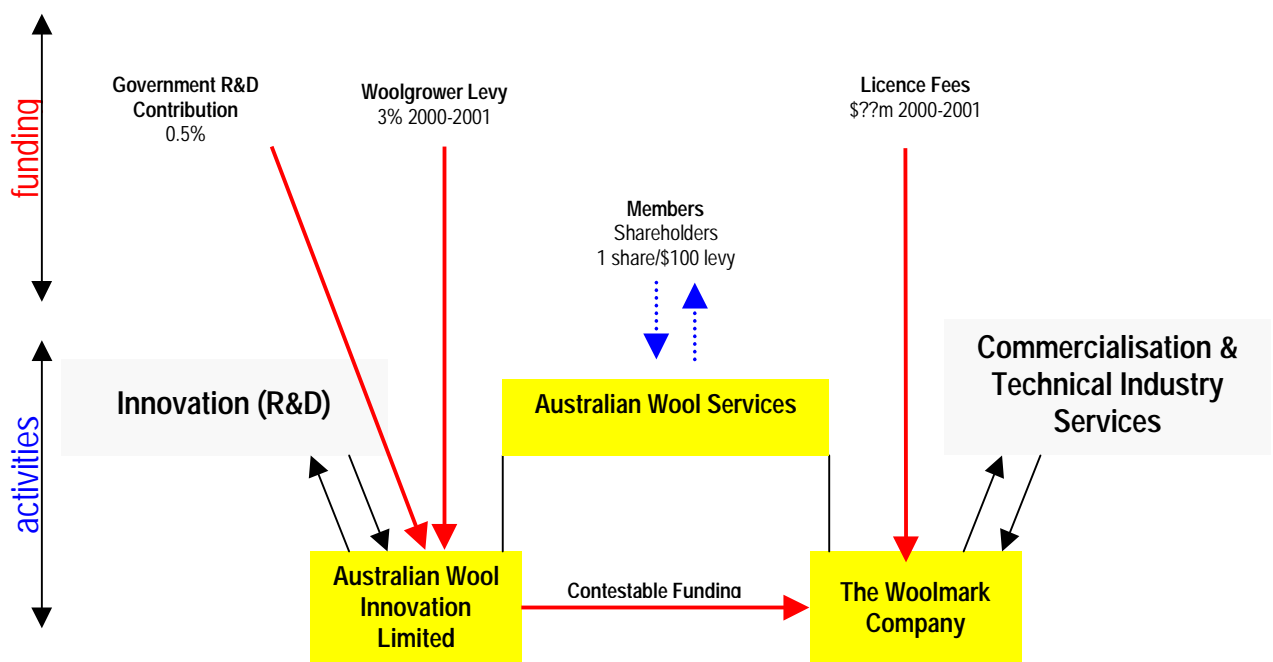
In June, the Minister announced that the wool levy would be reduced from 4 per cent to 3 percent on 1 July 2000. It would be further reduced to 2 per cent following privatisation.<sup>28</sup>

In August, the Minister announced that agreement had been reached on the proposed company structures. AWRAP would become a company with two subsidiaries. One of these would take over the work of the Woolmark Company and involve the commercial development of the Woolmark and its sub-brands, and the commercialisation of intellectual property matters. The other subsidiary would manage the proceeds from the wool levy, and outsource research and development and intellectual property management.

The Minister also suggested that after a transition period of 1 to 2 years the board would consider dissolving the company and leaving the subsidiaries as stand-alone companies with woolgrowers as shareholders.<sup>29</sup> Subsequently it has been announced that the company will be Australian Wool Services Limited and it will have two subsidiaries: Australian Wool Innovation Limited, responsible for research and development, and The Woolmark Company, responsible for commercial branding and technical services.<sup>30</sup>

On this basis, the proposed company structure would now appear to be the following:

**Proposed Company Structure: October 2000<sup>31</sup>**



(It is assumed, in accordance with WoolPoll 2000 that income from licensing arrangements would continue to be available for the Woolmark Company, but that public funding would be restricted to Wool Innovation Ltd.)

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- *Aust. Wool Innovation Ltd*: responsible for managing the proceeds of the wool levy and for outsourcing 'research and development and intellectual property management'.
- *The Woolmark Company*: responsible for the 'commercial development of 'Woolmark' and its sub-brands and the commercialisation of intellectual property matters'.
- *Contestable Funding*: funding made available on the basis of bids and submissions from private and public sector providers of research and development, marketing, etc.

## Main Provisions

### Part 2 – Conversion Process

**Part 1** contains general commencement and operational clauses.

**Part 2** provides for the conversion of the Australian Wool Research and Promotion Organisation (the Organisation)<sup>32</sup> into 'Australian Wool Services Limited' (the Company) and, if necessary, subsidiaries (the Subsidiaries). At the commencement time,<sup>33</sup> the Organisation will become a nominal transitional entity (*HoldCo*). Following the commencement time, *HoldCo* will register as a company under the Corporations Law and the Minister will be able to transfer assets and liabilities that will be held by the Company and the Subsidiaries. At the conversion time, *HoldCo* will become the Company.

**Part 2** provides for other aspects of the conversion process. The process will involve the conversion of member rights and equity in the Organisation into shareholder rights and equity in the Company. It will be assisted by a range of exemptions in respect of income and capital gains tax, stamp duties and certain requirements of the Corporations Law.

**Part 2** also provides for the creation and funding arrangements of a research body.

### Division 2 – Application for Registration

*HoldCo* must apply for registration as a public listed company under the Corporations Law. The constitution must be approved by the Minister. The process is exempt from registration requirements relating to shareholder numbers and details, use of prescribed forms, accompanying documents and substantiating evidence (**proposed section 8**).

### Division 3 – Transfer of Assets, etc

**Before the conversion time**, the Minister may, by written declaration, transfer assets, contractual rights and obligations, liabilities and rights, titles or interests in land held by a 'restructuring body' (*HoldCo* or any wholly owned subsidiary of *HoldCo*). The Minister may also substitute a 'restructuring body' in respect of related instruments and succession.

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A declaration has effect immediately and according to its terms. It has effect irrespective of any particular formal transfer, conveyance or assignment. In addition, provision is made for certificates which will allow declarations in relation to asset and land transfers to be registered under State and Territory law. A certificate signed by the Minister and lodged with a State or Territory official may have the same effect as an instrument prepared and lodged in accordance with State or Territory law (**proposed sections 13 and 14**).

Every declaration must be published in the *Gazette*.

#### Division 4 – Registration of *HoldCo*

**At conversion time**, the Australian Securities and Investment Corporation is deemed to have registered *HoldCo* as the Company. As soon as practicable, the Minister is required, by written declaration, to specify the net worth of *HoldCo*. Following conversion, the share capital, name and structure, constitution and membership of the Company may be amended in accordance with the Corporations Law. The financial records and annual financial reports of the Company are deemed to be those kept by the Organisation in accordance with its previous statutory accounting requirements.<sup>34</sup>

*HoldCo* is deemed not to be a public entity for the purposes of any Commonwealth, State or Territory legislation or regulations (**proposed section 33**).<sup>35</sup>

#### Division 5 – Shares in *HoldCo*

**At conversion time**, shares in *HoldCo* will be issued in accordance with a 'List of Eligible Woolgrowers' (the 'List'). The List is to be developed before conversion time in accordance with regulations (**proposed section 20**). Shareholders will become members of *HoldCo* with all the rights, privileges and benefits and the duties, liabilities and obligations of members under the constitution of *HoldCo* (**proposed section 21**).

In effect, shares must also be issued in accordance with the constitution. If within six months, *HoldCo* determines that, in accordance with the constitution, shares should not have been issued they are deemed not to have been issued (**proposed section 22**). If at any time, *HoldCo* determines that, in accordance with the constitution, shares should be cancelled they are cancelled by force of **proposed section 23**.

#### Division 6 - Taxation

**Division 6** deals with exemption from Commonwealth, State and Territory taxation **after conversion time** (and during the 2 year restructuring period).

There is a blanket exemption from stamp duty or other tax payable under State or Territory laws for 'exempt matters' (**proposed section 24**). These include:

- the registration of *HoldCo* as a company,
- the issue of shares in *HoldCo* in accordance with the 'List',

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The Minister may also certify that a matter or thing done in connection with a matter is an 'exempt matter'. These include:

- the subsequent issue of shares in *HoldCo* or its subsidiaries
- the transfer assets or liabilities or contractual rights and obligations between 'restructuring bodies' *before conversion*
- the transfer of assets or liabilities between 'restructuring bodies' *after conversion*
- the issue or transfer of shares in 'subsidiaries' to *HoldCo* shareholders, and
- the cancellation of shares in *HoldCo*.

There are specific exemptions from tax payable under the Income Tax Assessment Acts:<sup>36</sup>

- when the Minister specifies the net worth of *HoldCo*, the creation of share capital is not taken to be a transfer of funds to the share capital account of *HoldCo* in a way that would 'taint' that account and be treated as unfrankable and unrebatable dividends (**proposed section 25**)
- the issue of shares in accordance with the 'List' or the *HoldCo* constitution where *certified* (**proposed section 36**) is not to be included in a person's assessable income (**proposed section 26**)
- the transfer of an asset or liability to a restructuring body through an 'exempt transfer' is not to be included as assessable income and is subject to a roll-over concession if it constitutes a Capital Gains Tax event or a disposal of property. An 'exempt transfer' is a transfer between restructuring bodies or a transfer to a restructuring body before conversion (**proposed section 27**)
- the issue or transfer of shares in 'subsidiaries' to *HoldCo* shareholders and the cancellation of shares in *HoldCo* (where either are *certified*) are not treated as CGT events and an associated amount is not to be included in a person's assessable income (**proposed section 28**), and
- in relation to the issue of shares in accordance with the 'List' or the constitution of *HoldCo* (where *certified*), the issue or transfer of shares in 'subsidiaries' to *HoldCo* shareholders and the cancellation of shares in *HoldCo* the acquisition cost is treated as nil for the purposes of capital gains tax (**proposed section 29**),

The Minister may certify in writing that an event matter or other thing during the restructuring period is related to the privatisation of *HoldCo* (**proposed section 36**).

## Division 7 – Commonwealth Funding

**Division 7** deals with tied funding arrangements for a wool research body.

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The Minister may declare a company to be a 'research body' (**proposed section 30**) and may enter into a funding contract for the provision of research and development activities (**proposed section 31**). Under the contract, the Government may make '*category A payments*' and '*category B payments*' to the body (sources and limits are in a table below). '*Category A payments*' may be spent on research and development and/or 'other activities' for the benefit of Australian woolgrowers. '*Category B payments*' may only be spent on research and development for Australian woolgrowers and the Australian community.

Thus, '*category A payments*' may be made for a range of activities, but those activities must provide a benefit to woolgrowers (for example, product marketing). By contrast, '*category B payments*' must be limited to research and development but must provide a benefit to the wider community (for example, land use and sustainability).

The research body will have a role in setting wool levy rates. Initially the rates will be determined by regulations. Subsequently, the rate will be set by ministerial declaration, taking into consideration a triennial recommendation by the research body.<sup>37</sup> The recommendation will be made in accordance with a poll conducted in accordance with the regulations. A declaration is a disallowable instrument (**proposed section 32**).

#### Commonwealth funding for 'research body'

<i>Payment</i>	<i>activities</i>	<i>for the benefit of</i>	<i>source</i>	<i>total limit</i>	<i>annual limit</i>
<i>Category A payments</i>	R&D and/or other activities	Australian woolgrowers	wool tax and wool levy	total wool tax and wool levy <sup>38</sup>	N/A
<i>Category B payments</i>	R&D only	Australian woolgrowers & Australian community	consolidated revenue	total wool tax and wool levy <sup>39</sup>	lesser of: <ul style="list-style-type: none"> <li>• 0.5 % of the gross value of 'eligible wool' in Australia<sup>40</sup></li> <li>• 50% of the research body's annual expenditure on R&amp;D</li> </ul>

(The Explanatory Memorandum indicates that the Government proposes to establish a company to deal with research and development ('*R&D FundCo*').<sup>41</sup> It is assumed that *R&D FundCo* will become 'Australian Wool Innovation Limited'.)

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## Schedule 1 – Amendments and Repeals

**Part 1** contains amendments and repeals associated with the privatisation of AWRAP.

**Item 1** repeals the *Australian Wool Research and Promotion Organisation Act 1993*.

**Item 2** removes a redundant reference to AWRAP in the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*.

**Item 3** amends a disclosure provision in the *Primary Industry Levies and Charges Collection Act 1991*. Section 27 of that Act provides for the disclosure of wool levy payer details to bodies funded from wool levies and to industry representative bodies. **Item 3** includes a specific power to provide payee details to the 'research body' or to any other person who is a party to a contract between the Commonwealth and the 'research body'.

**Items 4 to 8** ensure that no taxes are collected under wool tax legislation from the sale, purchase, manufacture or export of wool following the commencement of **Schedule 1**.

**Part 2** provides for the continuation of research and development agreements made by AWRAP under Part 4 of the *Australian Wool Research and Promotion Organisation Act 1993*. It also requires *HoldCo* to prepare the annual report of AWRAP (to the end of the conversion period) pursuant to the *Commonwealth Authorities and Companies Act 1997*.

## Concluding Comments

### Privatisation Concerns

Broadly, the Bill could be seen as an extension of other moves toward privatisation in the Agriculture, Fisheries and Forestry portfolio. Other relevant examples from recent years are the establishment of WoolStock Australia Limited and AWB Pty Ltd.<sup>42</sup> These are both companies incorporated under the Corporations Law. However, it is worth noting that the establishment of Australian Wool Services will be the first privatisation of research and development and marketing services in this portfolio. Depending on its success, it may be an example and a blueprint for privatisation of these services elsewhere in this context.

In large part, the Bill would seem to adopt the standard model for privatising a statutory authority. Many of the provisions relating to transfer of assets, etc can be found in other 'sale' Acts.<sup>43</sup> However, it is worth noting that, unlike some of these 'sale' Acts, the Bill does not contain any provisions regarding public sector staff mobility, etc. Nor does it contain any provisions regarding government liability for any privatisation costs.

However, the Bill enters somewhat unfamiliar territory in relation to accountability issues. Once established, Australian Wool Services will be a private company which receives the bulk of its income from a compulsory levy and matching public funding. It will perform a

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public function for Australian woolgrowers and the Australian community. As such, it might be expected to have special accountability obligations. To some degree it will be accountable to its shareholders (in a management sense) and accountable to the public (in a financial reporting sense) under the Corporations Law. It will also be accountable to the Executive (in both senses) in terms of funding contracts for research and development. But, it will not be accountable to Parliament. This is not unusual in the context of Government Business Enterprises. It reflects a compromise resolving a tension between private sector structure and public sector accountability.<sup>44</sup> But, it would seem to be unusual given the history of the wool industry and the level of government regulation of research and development in the wider agricultural sector. Arguably, it places pressure on the existing accountability mechanisms, specifically the terms and conditions of the funding contract and the inclusiveness of shareholding in the various companies.

### More Specific Matters

In addition to these general concerns, there may be more specific issues regarding the particular structures and funding relationships that will result from privatisation.

The first point to note is that the Bill does not deal with all of the issues associated with privatisation. It simply provides a flexible restructuring environment in which they may be addressed. The Bill deals explicitly with the establishment of Australian Wool Services but it deals only indirectly with the research body (Australian Wool Innovation Limited) and the commercialisation body (The Woolmark Company). The Articles of Association and Constitutions of each of the companies, along with the funding contract with the research body, will be key documents in determining the detail of the actual arrangements and relationships will exist, but these have yet to be finalised.

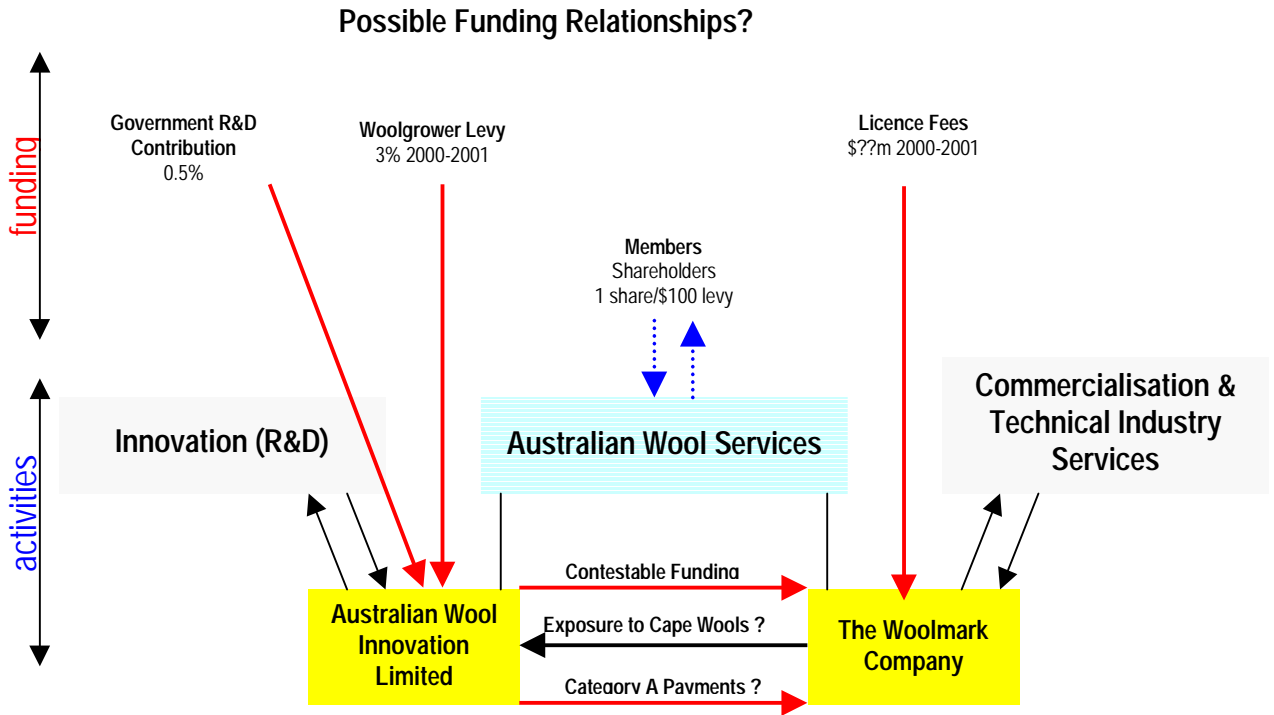
The second point is that the Bill does not deal with the sharing of assets and liabilities among the companies. In particular, there is no indication regarding the possible exposure of the companies to Cape Wools in respect of its interest in the Woolmark Symbol.

The third point is that the Bill does not deal completely with the funding of the companies. It deals explicitly with the public funding of Australian Wool Innovation Limited, but does not deal with the funding of the other companies. Clearly, The Woolmark Company ought to have royalty income from the Woolmark Symbol. Equally clear, it would seem this subsidiary may derive income from 'commercialisation' of research and development outputs. What is unclear is the extent to which *category A payments* may be used to support this subsidiary either directly through transfers from Australian Wool Innovation Limited or indirectly through 'commercialisation'. The following diagram is intended to illustrate the possible areas of dialogue on these issues.

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## Endnotes

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- 1 Uruguay became a member in 1970.
- 2 This paragraph and the preceding one draw heavily on A. W. Boyd, *The Grower and Marketing Organisation of the Wool Industry Since 1945*, Queensland. Department of Primary Industries. Marketing Services, Brisbane, 1969.
- 3 *Australian Wool Research and Promotion Organisation Act 1993*.
- 4 *Wool International Act 1993*.
- 5 Garnaut, Bennett, and Price, *Wool: Structuring for Global Realities: Report of the Wool Industry Review Committee*, Department of Primary Industries and Energy, 1993.
- 6 New South Wales Farmers Federation, *Building Demand For Wool? - A Performance Review of The IWS*, October 1997.
- 7 Australian Wool Research and Promotion Organisation Amendment Bill 1998.
- 8 Minister for Agriculture, Fisheries & Forestry, 'AWRAP Amendments to Give Growers More Say', *Media Release*, 21 November 1998.
- 9 House of Representatives, *Daily Bills List*, Final for 1999, 11 January 2000.
- 10 The Woolmark Company, 'AWRAP Announces Results of Statutory and Special Motions', *Media Release*, 4 December 1998.
- 11 Ian Ireland, Australian Wool Research and Promotion Organisation Amendment Bill 1998, *Bills Digest No 46 1998–99* at <http://www.aph.gov.au/library/pubs/bd/1998-99/99bd046.htm> [20/9/00]. Rosemary Bell, Australian Wool Research and Promotion Organisation Amendment (Funding and Wool Tax) Bill 2000, *Bills Digest No 126 1999–2000* at <http://www.aph.gov.au/library/pubs/bd/1999-2000/2000BD126.htm> [20/9/00].
- 12 Mr Anthony Sherlock.
- 13 Minister for Agriculture, Fisheries & Forestry, 'Response to AWRAP 'No Confidence' Motion', *Media Release*, 1 December 1998.
- 14 It was asked to report on:
  - influences impacting on the competitiveness of wool, and particularly Australian wool, as a textile fibre;
  - factors necessary to improve the performance and profitability for the Australian wool industry, including a benchmarking study;
  - keys to improved performance by Australian wool and wool products in international textile markets;
  - the means of improving the funding and administering of wool promotion and research and development relating to wool and the wool industry; and
  - the appropriateness of existing industry and statutory arrangements particularly for wool promotion and R&D to deliver increased sales value of wool in global textile markets:

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- Minister for Agriculture, Fisheries & Forestry, 'Wool Task Force Membership and Terms of Reference Announced', *Media Release*, 9 February 1999.
- 15 The Wool Task Force, *Diversity and Innovation for Australian Wool: Report of the Wool Industry Future Directions Task Force*, Vol 1: Executive Summary, Conclusions and Recommendations, June 1999 at <http://www.affa.gov.au/affa/pr/Vscroller/wool.pdf> [19/9/00].
  - 16 The Wool Task Force, *Diversity and Innovation for Australian Wool: Report of the Wool Industry Future Directions Task Force*, Vol 1: Executive Summary, Conclusions and Recommendations, June 1999 p 26 at <http://www.affa.gov.au/affa/pr/Vscroller/wool.pdf> [19/9/00].
  - 17 Recommendation 26.
  - 18 Recommendation 26.
  - 19 Recommendation 26.
  - 20 Recommendation 13.
  - 21 Recommendation 34.
  - 22 Minister for Agriculture, Fisheries and Forestry, 'Wool Industry 8 Point Plan', *Media Release*, 23 September 1999.
  - 23 The Wool Working Party comprised seven members including three representatives from the National Woolgrower. It was chaired by a director of Woolstock Australia (the privatised body now responsible for the stockpile) and also included a member from AWRAP.
  - 24 Wool Working Party, *Report to the Minister for Agriculture, Fisheries and Forestry, Service Delivery Options for Woolgrowers*, 24 December 1999, Attachment A [emphasis added].
  - 25 Wool Working Party, *WoolPoll 2000 Voter Information Kit*, 10 January 2000, p i at <http://www.woolpoll2000.com.au/woolpoll-register/WoolPollVoterKit.pdf> [19/9/00].
  - 26 Wool Working Party, *Results of the WoolPoll 2000 Ballot: Report to the Minister for Agriculture, Fisheries and Forestry*, March 2000 at <http://www.woolpoll2000.com.au/media/MinistersReport.pdf> [19/9/00].
  - 27 Wool Working Party, op cit, p 5.
  - 28 Minister for Agriculture, Fisheries and Forestry, 'Wool Tax Reduction to Start on 1 July', *Media Release*, 29 June 2000.
  - 29 Minister for Agriculture, Fisheries and Forestry, 'New Wool Industry Arrangements Announced', *Media Release*, 8 August 2000 at <http://www.affa.gov.au/affa/pr/releases/truss/00/00155wt.html> [19/9/00].
  - 30 Federal Minister for Agriculture, Fisheries and Forestry, Warren Truss, Chairman of the Australian Wool Services Limited, Rodney Price, *Share Registration Kits Unveiled for Woolgrowers*, Joint Statement, 4 October 2000.
  - 31 Personal Communication, Agriculture, Fisheries and Forestry Australia, 9 October 2000.
  - 32 The organisation is referred to as AWRAP elsewhere in this Digest.

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- 33 That is Royal Assent.
- 34 *Commonwealth Authorities and Companies Act 1997* (section 9 and 20); *Australian Wool Research and Promotion Organisation Act 1993* (sections 63 and 76).
- 35 That is, it is not a Commonwealth Authority, is not established for a public or Commonwealth purpose, and is not a public authority or agency or instrumentality of the Crown.
- 36 That is, the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.
- 37 Clause 13, Schedule 14 to the *Primary Industries (Customs) Charges Act 1999* and clause 145 of Schedule 27 of the *Primary Industries (Excise) Levies Act 1999* provide that the Minister must take into account a recommendation of a designated body in drafting regulations to be made by the Governor-General.
- 38 These amounts include penalties for late payment of wool tax or wool levy but do not include amounts already paid to *HoldCo* before the conversion time from wool tax and wool levy.
- 39 These amounts do not include penalties, or amounts already paid to *HoldCo*.
- 40 The gross value of 'eligible wool' produced in Australia is to be determined by the Minister. The meaning of 'eligible wool' and the way in which its value is to be determined will be dealt with in regulations (**proposed section 31(8) and (9)**).
- 41 *Explanatory Memorandum*, p 15.
- 42 Formerly the Australian Wheat Board.
- 43 For example, *ANL Sale Act 1995*, *AIDC Sale Act 1997*, *Australian National Railways Commission Sale Act 1997*.
- 44 On the issue of accountability of public sector companies see generally: Stephen Bottomley, 'Government Business Enterprises and Public Accountability through Parliament', *Research Paper No 18 1999-2000*, at <http://www.aph.gov.au/library/pubs/rp/1999-2000/2000rp18.htm> [10/10/00].

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