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I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

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No. 34 2001-02

Wool International Amendment Bill 2001

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Wool International Amendment Bill 2001

Date Introduced: 9 August 2001

House: House of Representatives

Portfolio: Agriculture, Fisheries and Forestry

Commencement: Royal Assent

Purpose

To amend the *Wool International Act 1993* to enable WoolStock Australia Ltd to bring forward its winding up and final cash distribution to shareholders.

Background

On 10 August 2001 the Chairman of WoolStock Australia Ltd, Mr Donald McGauchie, announced to the Sydney Stock Exchange that the last bale of the wool stockpile had been sold.¹ At its peak in 1990-91 the stockpile reached almost five million bales.

The wool stockpile was the result of the industry's attempt to eliminate the highs and lows in wool prices by setting up a reserve price scheme almost 30 years ago. Under the scheme, any wool that failed to reach a minimum price was bought back by growers. In 1988 the industry increased the minimum price, at the same time as there was a large fall in the world market for wool. In 1991 the reserve price scheme was abandoned. A statutory authority called Wool International was established by the Commonwealth Government in 1993 to sell off the stockpile in an orderly manner. For a history of the gradual sale of the stockpile see Bills Digest No. 160, 1998-99 on the Wool International Privatisation Bill 1999.² In 1999, when the stockpile was about one million bales, control over its sale was passed to WoolStock Australia Ltd, a public company owned by woolgrowers.³ The objectives of WoolStock are to dispose of the stockpiled wool, discharge the debts of the company and distribute surplus monies to its shareholders.⁴ At 31 December 2000 the stockpile had been reduced to slightly more than 550 000 bales. WoolStock made a cash distribution to shareholders of 20 cents per unit in September 2000, and a second cash distribution of 20 cents per unit in March 2001.⁵

The effect of this Bill will be to wind up WoolStock Australia Ltd as soon as practicable after the last of the stockpile has been disposed of, instead of after the end of the financial

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year in which the stockpile sales are completed, as is currently required by section 22P of the *Wool International Act 1993*. According to the Explanatory Memorandum, WoolStock Australia Ltd will need to undertake activities such as preparing its final accounts, having them audited and signed off by its Board.⁶ Once these steps have been completed, WoolStock Australia Ltd can be wound up and a final distribution of surplus money made to its shareholders.

Main Provisions

The effect of **item 1** of **Schedule 1** is to enable WoolStock Australia Ltd to make the final distribution of money to its shareholders as soon as practicable after the sale of the last of the wool stockpile.

Endnotes

- 1 'Last bale of stockpile wool sold', WoolStock Australia Ltd, *Media Release*, 10 August 2001.
- 2 'Wool International Privatisation Bill 1999', by Ian Ireland, *Bills Digest* No. 160, 1998–99 at <http://www.aph.gov.au/library/pubs/bd/1998-99/99bd160.htm>
- 3 *Wool International Privatisation Act 1999* Act No. 40 of 1999. WoolStock commenced on 1 July 1999.
- 4 WoolStock Australia Ltd, *Director's Half Yearly Report [to 31 December 2000]*, 2 March 2001, p. 2 at http://www.woolstock.com.au/keydocs/half_year.html
- 5 *ibid.*, p. 1 at http://www.woolstock.com.au/keydocs/half_year.html
- 6 *Explanatory Memorandum*, Wool International Amendment Bill 2001, p. 3.

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