



## PRIME MINISTER

FOR PRESS

PM's No 64/72

### W O O L

Statement by the Prime Minister, The Rt Hon. William McMahon, CH,MP.

The Government has agreed on the creation of a single wool marketing authority to be known as the Australian Wool Marketing Corporation, which will operate on a commercial basis.

The functions of the Corporation will cover those currently specified in the Wool Industry Act and the Wool Commission Act.

The Government has also decided that the Corporation should have power to recommend to the Government from time to time changes which it considers to be necessary to control the marketing of the whole clip.

Before granting a power of acquisition the Government would require a submission or submissions for consideration relating to a comprehensive acquisition scheme which is acceptable to the wool industry, the State Governments and the Commonwealth.

In any proposal submitted to the Government for acquisition, the Corporation would be required to submit proposals substantially in accordance with the following financial safeguards :-

- (a) A statutory requirement that the Corporation conduct its operations on a strictly commercial basis.
- (b) A statutory requirement that the deductions from sales proceeds made in arriving at net payments to growers shall be sufficient to meet all trading costs (interest, (storage, handling, administration etc.), and to provide for the accumulation of reserves against the contingency of losses being incurred.

- (c) A statutory provision that on the commencement of an acquisition scheme the existing Commonwealth commitment to meet losses not covered by earlier surpluses shall not apply for the future (i.e. elimination of Section 25(5)(b) of the Australian Wool Commission Act 1970).
- (d) The amount, method and timing of payment which may be recommended by the Corporation to the Government for approval shall be subject to (a) and (b) above.
- (e) A statutory requirement that the Corporation's policy on holding stocks of wool (and hence its pricing policy) shall be determined in consultation with the Government.
- (f) The Corporation may with the approval of the Government abolish the PAP scheme and recommend another scheme.

It is the desire of the Government to ensure the retention in the marketing system of efficient commercial innovators where consistent with the overall objectives of efficient marketing.

The Government has decided that for the year 1972/73 only the deficiency payments shall be the same as for the present season 1971/72.

The question of underwriting the industry by way of direct subsidy or otherwise has been dealt with as an issue separate and distinct from both market reform and acquisition.

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Canberra  
20 June 1972.