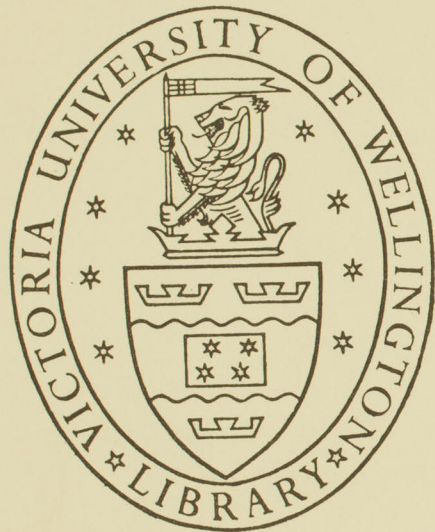


LXTA. JANSSEN G.S. WOOLLY QUANGOS

WOOLLY QUANGOS:
AN INQUIRY INTO THE LEVEL
OF GOVERNMENT INVOLVEMENT
IN THE WOOL INDUSTRY.





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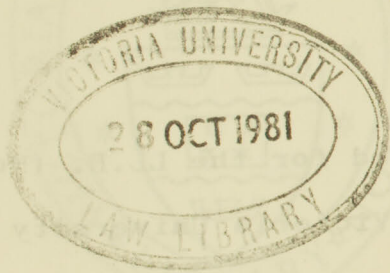
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LEVEL OF GOVERNMENT INVOLVEMENT

IN THE WOOL INDUSTRY



Submitted to the Faculty of Law
at the Victoria University of Wellington

31 AUGUST 1981

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The agricultural sector of New Zealand is organised, levied and controlled by a proliferation of Boards, Committees, Organisations and Authorities which all, in some way, owe their existence to central or local government. These bodies are not departments or sections of departments but take a variety of shapes and forms. Such organisations exist in every sector of the economy and have become known as "quangos".

It is proposed in this paper to consider the amount of Government intervention in the wool industry which is exerted through four quangos, the New Zealand Wool Board, the Meat and Wool Boards' Economic Service, the New Zealand Wool Testing Authority and the Wool Research Organisation of New Zealand.

I. AGRICULTURAL QUANGOS

For the purposes of this paper 'quango' will denote "quasi non-government organisations".¹ Due to the wide variety of functions and forms of organisations gathered under the label of a quango it is extremely difficult to arrive at a precise definition of the term. A broad description of this class of body is; a non-departmental organisation which has a degree of autonomy to perform some function on behalf of the Government.

In the agricultural field quangos include:

(i) producer boards; for example, the New Zealand Wool Board, the New Zealand Dairy Board, the Wheat Board, the Poultry Board, the Potato Board, the

Honey Marketing Authority, the Citrus Marketing Authority, the Tobacco Board, the Apple and Pear Marketing Authority and the Hop Marketing Committee.

(ii) committees established to advise the Government, for example, the Tobacco Research Advisory Committee and the Noxious Plant Advisory Committee.

(iii) boards and committees to deal with a specific problem, for example, the Agricultural Pests Destruction Council, and the Nassella Tussock Boards.

(iv) authorities for monitoring and setting price levels, for example, the Milk Prices Authority and the Meat Export Prices Committee.

A number of quangos, such as the New Zealand Dairy Board which holds a monopoly on the acquisition and marketing of dairy produce for export, have a very important role to play. Others have never met, for example, the Co-operative Dairy Companies Income Tax Appeal Authority.²

Agricultural quangos vary as to the source of their powers. Many are covered by statute for example, the Dairy Board Act 1976, the Poultry Board Act 1980, the Wheat Board Act 1965 and the Pork Industry Act 1974 which governs the New Zealand Pork Industry Council. For some no direct statutory or regulatory authority exists because they have been established by another quango, the New Zealand Meat and Wool Boards Economic Service was formed in this manner.

The latter type of organisation illustrates what has been claimed to be the quango's most notable

characteristic, that is, that "the quango never grows old, rather it multiplies, or takes on new forms".³

In the agricultural sector of New Zealand a great deal of evidence can be found to support this statement.

A quango's propensity to multiply may be viewed in Christopher Hood's terms as the system reproducing itself at the level of quasi-governmental bodies.

We can then, "spin the wheel once more and add to Quangos 'quasi-non-quasi governmental' bodies - the... agencies of 'quasi-governmental' organisations."⁴

It is suggested that it is into the category of quasi-non-quasi governmental organisations, hereafter referred to as "quasi-quango's", that the Meat and Wool Boards' Economic Service, falls. This organisation will be discussed in detail later in the paper.⁵

It has been shown that quangos exist in the agricultural sector in many forms and fulfil a variety of functions. The reasons for establishing a quango in a particular form are diverse. Some of these reasons are:⁶

(i) swings in public administration fashions and moods over time, that is, a change in the opinion of how an agency is to be established rather than a change in the tasks faced by that agency.

(ii) practicalities of the task which indicate the form that the agency is to take and so the agency is built up from its tasks.

- (iii) political logic, for example,
 - (a) to escape from an unsympathetic departmental environment,
 - (b) to provide patronage,
 - (c) as a means of 'cooking the books' about the real size of the state bureaucracy,
 - (d) a reorganisation to give a 'new Look'
 - (e) to remove a politically sensitive area from Government control or apparent Government control.

No single reason will explain why an organisation is established in one form rather than another. There are often competing factors which must be taken into account. In the agricultural sector for example, there may be a desire by farmers to remain independent of the Government but the task may be such that some form of Government intervention is necessary. The resulting agency would probably allow for some input from farmers as well as a degree of control by the Government.

The many reasons for creating a quango form part of the current debate concerning the advantages and disadvantages of quangos. The problems associated with quangos are seen to be that they provide patronage, can be used to disguise the real size of the bureaucracy and that they are difficult to make accountable to Ministers, Parliament and the Courts. The strengths of quangos, by comparison, have been contended to be, firstly that they provide a means of escaping the centralised departments, secondly that they can remove activities from direct

Government control or at least apparent Government control and thirdly that they provide a method of involving the public in the process of Government. For example, by allowing a group, such as farmers, to participate in an agency they are encouraged to participate in the fabric of Government but at the same time the level of control by and accountability to the Government is decreased.

The wool industry within the agricultural sector of the economy has, over many years, rejected moves which it perceives as diminishing its independence from Government. There has been a high level of opposition to any suggestion of the introduction of a compulsory acquisition scheme for wool on a similar basis to that operated for dairy products by the New Zealand Dairy Board. The wool industry is however of great importance to the New Zealand economy as a whole, for example the provisional value of gross wool production for 1979 was \$613 million, the highest value for any agricultural product,⁸ and exports of wool were for the year ended June 1979 worth \$683 million.⁹ In an industry which makes such a significant contribution to the country some degree of Government intervention is, it is submitted, inevitable. It is the purpose of this paper to inquire into the nature of Government intervention in the wool industry through a consideration of four quangos within the industry. The level and mode of Government influence will be examined in relation to the New Zealand Wool Board, the Meat and Wool Boards' Economic Service, the New Zealand Wool Testing Authority and the Wool Research Organisation of New Zealand (WRONZ).

II THE NEW ZEALAND WOOL BOARD

A. Functions and Powers

The Wool Board was established by the Wool Industry Act 1977¹⁰ from an amalgamation of the New Zealand Wool Commission and the New Zealand Wool Marketing Corporation. Thus, the Wool Board provides an example of a quango that has taken on a new shape.

The object of the Wool Board is set out in very broad terms by section 16 of the Wool Industry Act 1977 to be "to obtain, in the interests of growers the best possible long-term returns for New Zealand wool".

The functions and corresponding powers of the Wool Board are laid down by sections 17 and 18 respectively, of the Wool Industry Act 1977. These sections are set out fully in appendix i. The Wool Board is to be responsible for the promotion and marketing of New Zealand wool. It also has the function of carrying out research into wool and sheep. In order to perform these functions the Wool Board is able to purchase, sell, or offer to sell wool and to negotiate and enter into agreements in respect of terms for the transportation of wool. Paragraphs (a) and (f) of section 18 (2) ensure the Wool Board's ability to undertake research whether independently or in combination or association with the New Zealand Meat Producers Board and/or the New Zealand Dairy Board. The Wool Board's power to fulfil its object is specifically ensured by section 18 (3) of the Wool Industry Act 1977.

Power is given under sections 22 and 23 to issue, refuse, revoke and suspend licences to receive, store, or appraise any wool that has not previously been sold in New Zealand. Section 22 provides that licences are to be required "after such date as Board may by public notice appoint". Such a date has, in fact, never been appointed.¹¹ Due to such licences having never been issued, the Wool Industry Appeal Authority, as provided for under section 28 of the Wool Industry Act 1977, has not been established. The Appeal Authority was to have three members appointed by the Governor General on the recommendation of the Minister of Agriculture and Fisheries. The procedure to be followed on appeal is clearly laid down under sections 29 and 30 which also state that decisions of the Appeal Authority are to be final and binding.

It does not appear likely though that licencing provisions in the Wool Industry Act 1977 will ever be invoked and therefore, the Wool Industry Appeal Authority will probably never be created. Clearly the Appeal Authority is dependent upon the Wool Board's actions because without a licencing system being introduced by the Board there would be no reason for the Appeal Authority existing. The composition and powers of the Authority are not however determined by the Wool Board but have been laid down, in the Wool Industry Act 1977, by Parliament. The Wool Industry Appeal Authority's powers stem directly from Government through statute and all the members of the Appeal Authority are nominees of the Minister of Agriculture and Fisheries. The introduction

of the Wool Industry Appeal Authority would, because of its relationship to Government, be the creation of a quango. It is reliant on the Board's action for its inception, but would function according to statute as a non-departmental body, the membership of which is determined by Government.

B. Finance

The Wool Board's funds are in two categories. The first type held in the Wool Board Levy Account, may only be used for promotion and research. This is provided for by section 59 of the Wool Industry Act 1977. The level of the levy paid by each grower into this account is set down by regulation under the Wool Industry Regulations 1978, S.R. 1978/6, made pursuant to the Wool Industry Act 1977. The Wool Board Levy Account for the year ended 30 June 1980 had an excess of income over expenditure of \$7,804,784¹³ which was at the end of the financial year, transferred to the Promotion and Research Account. For the year ended 30 June 1980 a Government grant of two million dollars was present in the Wool Board Levy Account, this represented New Zealand's approximate share of the International Wool Secretariat's¹⁴ expenditure on research and development. There have been no subsequent Government grants and none are anticipated in the present financial year.¹⁵

The second category of Wool Board funds are those which, under section 59 (8) of the Wool Industry Act 1977, can only be spent on promotion and research with the consent

of the Minister of Agriculture and Fisheries. These general funds had an excess of income over expenditure for the year ended 30 June 1980 of \$14,322,760.¹⁶

Part of the Wool Board's general income is generated by its wool trading activities. In order to maintain confidence in the market the Board will buy wool when market prices are low and hold this stock until prices increase again. For example, closing stock as at 30 June 1980 was valued at \$48,490,479 consisting of 19,456 tonnes of wool.¹⁷ For the year ended 30 June 1980 the income to the Wool Board from the Wool Trading Account was \$6,362,277. This represented thirty-one percent of their total income.¹⁸

The remaining general income is termed "non-trading income" and is derived from sale of investments, dividends, interest and rents. In the year ended 30 June 1980 these grossed \$13,544,169 which combined with the trading income gave a total income of \$19,906,446. After the payment of expenses the net profit was \$14,322,760¹⁹ to be transferred to Capital Funds.

The Board under sections 31 to 40 of the Wool Industry Act 1977 administers a Minimum Wool Price Funding Scheme. This Scheme is financed by minimum price funding levies paid by the grower. These funds are maintained as a totally separate account and had a balance of \$17,075,565 as at 30 June 1980.²⁰ The level of the minimum price funding levy is set by regulation and was dropped to 1 per cent by the Wool

Industry Regulations 1980, S.R.1980/155 made pursuant to the Wool Industry Act 1977. The rate of the minimum price funding levy for the 1979 season was 2 percent and a total of \$16,489,136 was collected.²¹ Combined with interest the accumulated fund reached \$69,539,748 by June, 1980.²² Section 39 (2) (b) of the Wool Industry Act 1977 allows the Wool Board, with the approval of the Minister of Finance, to use money out of the Minimum Price Funding Account to administer Parts II and III of the Wool Industry Act 1977. These include the Board's wool trading activities and as at 30 June 1980 the Wool Board's borrowing from the Minimum Price Funding Account for this purpose was \$40,504,694.²³ Payments are made to wool growers from this fund only if wool prices fall below a set minimum price. This had not occurred in the 1979-1980 season and so no payments had been made.

Provision is made in the Wool Industry Act 1977, under section 42, for the Wool Board to collect a grower retention levy. This is only collected when the national price for wool, as calculated by the Wool Board on behalf of the Minister of Agriculture and Fisheries under section 43, rises above the "trigger price" set for the season by the Minister under section 41. During the 1979-1980 season the market did not reach the trigger price and therefore no retention levies were collected.²⁴

The Wool Board also administers a Government supplementary minimum pricing scheme. The minimum price level set by the Government is above the Wool Board's floor price

level for its own minimum price funding scheme. The supplementary minimum pricing account is financed entirely by the New Zealand Government and in the year ended 30 June 1980 \$27,641 was paid out of it to growers.²⁵

C. Personnel

The New Zealand Wool Board is constituted in accordance with section 4 (2) of the Wool Industry Act 1977. Nine directors are appointed by the Governor-General, of these six represent the wool growers, one is nominated by the Wool Board, and two are nominated by the Minister of Agriculture and Fisheries. The tenth Board member is the Director-General of Agriculture and Fisheries. The tenure of appointments to the Wool Board is set by section 6 of the Wool Industry Act 1977, at three years, with an eligibility for reappointment from time to time.²⁶ A director may be renominated by either the growers, the Minister or the Board, and not necessarily his original nominator. A director may not be removed by the Minister even if he was originally nominated by the Minister. The only power of removal is that vested in the Governor-General on the grounds of disability, bankruptcy, neglect of duty or misconduct.²⁷

The appointment of all staff below the directors is the responsibility of the Board. Wool Board staff are not members of the Public Service Association but belong to private sector unions.

D. Level of Government Involvement

The Wool Board under section 17 (2) of the Wool Industry Act 1977 has a duty, as one of its functions to report to the Minister of Agriculture and Fisheries from time to time in relation to all or any of the functions specified in the Wool Industry Act 1977.

The Wool Board is bound by the Wool Industry Act 1977 to submit its table of minimum prices for the Minimum Prices Scheme to the Minister of Agriculture and Fisheries for approval. In this regard the Minister is limited to an acceptance or a refusal of the proposed table.²⁸ Guidelines for the compilation of this table by the Board are laid down in the statute along with suggested limits, outside of which approval should be given "in circumstances that are in the Minister's opinion exceptional".²⁹ The Minister cannot compel the Board to adopt any particular table of prices as the choice is always left with the Board to retain the status quo.

A slightly wider power is given to the Minister concerning the trigger prices for the individual growers income retention scheme.³⁰ This price is set by the Minister after consultation with the Board. Thus the final decision is that of the Minister but unlike the minimum price table considered above, the Wool Board must accept his decision. In practice, at present, the Wool Board plays an important role in determining the trigger price, with the Minister seeking the recommendation and agreement of the Board to any proposed trigger prices.³¹

The introduction of the Government's supplementary minimum scheme has meant that the table of minimum prices of the Wool Board's scheme funded by the growers has lost much of its importance. This is because the intervention price for the Government scheme is above that of the Wool Board scheme. Influence over the market is therefore achieved by the Government using Treasury resources administered by the Wool Board. If the Government supplementary scheme was to be removed the Wool Board's scheme would become the only means of maintaining grower's incomes. This would increase the importance of both the table of minimum prices and the retention levy trigger prices and therefore may cause the Minister to make his decisions with less consultation with the Board.³²

In the Wool Board's present financial position the need for the Minister of Finance's consent for an overdraft on the Minimum Wool Prices Funding Account under s.38 of the Wool Industry Act 1977 is not important.³³ This is a power which could be used to financially restrain the Wool Board in their provision of income support schemes, if the financial position changed in the future.

The consent of the Minister of Finance is at present important for the use of funds from the Minimum Wool Prices Funding Account for the purchase of wool.³⁴

The Wool Board is financially independent from the Government in the sense that it does not receive any money from a departmental vote or a grant. The Wool Board, does however receive under section 58 of the

Wool Industry Act 1977, a tax exemption. The actual value of this exemption is difficult to determine from the New Zealand Wool Board Annual Report and Statements of Accounts July 1 1979 to June 30 1980, as profit assessable for tax would be calculated on a different accounting basis to the net profit for the year of \$14,322,760 shown in the profit and loss account.³⁵ However the trading account does give some indication in the fact that a profit of \$6,362,277³⁶ is given and if this were all assessable for tax, at the present company tax rate of 45 cents in the dollar³⁷ the income tax on the trading profit alone would be approximately \$2,863,024. If this trading had been carried out by a registered company that tax would have had to have been paid to the Government. By deliberate Government policy, included in the Wool Industry Act 1977, the Wool Board does not have to pay any tax. Thus the Government does have a role in the financing of the Wool Board because if the Board did have to pay tax, no matter what the actual amount of that tax, the profit paid as tax would not be available to pursue the Board's objective of obtaining the best possible long-term returns for New Zealand wool, in the interests of the growers. To maintain the Wool Board's funding at its existing level the tax payments would have to be met by an increase in grower levies. This means that the tax exemption to the Wool Board is of direct benefit to the growers and therefore, it is submitted, it can be viewed as a Government subsidy to the wool growers. If this subsidy were given as a Government Grant to the

Wool Board the Board would be brought within the purview of the Public Expenditure Committee. A tax exemption is however an indirect payment which does not cause the Wool Board to be scrutinised by the Public Expenditure Committee.

Not only does the Wool Board appear to be the vehicle for a Government subsidy to growers by the removal of a cost that the growers would otherwise have had to bear but, it is also used as a means of carrying out Government policy through the supplementary minimum pricing scheme. The Wool Board in this instance is used to administer a scheme which it has absolutely no control over. When the Wool Board is performing this function it has no ability to decide when payments are to be made or how much they are to be. The financial resources used are not however, those of the Wool Board and so the Government's control over the supplementary minimum pricing scheme does not give it control over Wool Board funds.

One possible avenue for Ministerial control over Board activities that are funded from Board resources is through the Minister of Agriculture and Fisheries's power to nominate two directors to the Board. In the past these members have not been nominated for their political affiliations but solely for their commercial experience, as required under the Act.³⁸ These positions do however have the potential for use as a means of manipulating the Board. It is submitted that, while the Minister's nominees have not been overtly political, it is unlikely that they would have held views directly

opposed to those that the Minister wished to see implemented.

The other directorship which presents the Minister of Agriculture and Fisheries with means of influencing the Wool Board is the ex officio position of the Director General of Agriculture and Fisheries. He was not considered to be a direct agent of the Minister although it was recognised that he communicated Government policy to the Board.³⁹ The extent to which the Director-General could in fact play the role of the Minister's mouth-piece is immense. As the permanent head of the Minister's department the Director-General is constitutionally the Minister's servant. However, there are many interesting variables in this relationship which mean that it is also possible for the Director-General to act independently from his Minister. For example, the issue being decided, the political circumstances at the time, the knowledge of the files and access to information of each party and the relative abilities of the Minister and the Director-General.⁴⁰ Thus at present, it appears that the Minister's powers to influence the Board are latent. However the fact that the Minister does not overtly exercise control does not necessarily mean that he does not have any influence on the decisions of the Wool Board. The close relationship between the Minister and the Director-General for example may well provide an informal line of communication. The importance of these informal connections has recently been expressed by Murdoch Taylor,⁴¹

in any one year
may be distributed to growers without the Minister's
consent.

The Wool Board Formal intervention by a minister in the activities of a non-departmental organisation is rare yet this apparent abstention can be offset by the maintenance of numerous informal links between ministers, departments, and boards.

It is possible that informal links between the Minister and the Wool Board are just as influential on decisions taken by the Board as formal correspondence would be.

While informal channels must be taken into account the formal avenues for Ministerial control would be greatly increased if Part V of the Wool Industry Act 1977 was ever introduced.⁴² This part of the Act may only be brought into force upon request of the Board and if "60 percent or more of the valid votes" in a referendum of all growers, owning 100 or more sheep are in favour.⁴³ Upon its introduction Part V would allow the Wool Board to purchase and market all wool that is offered for sale. Current opinion among wool growers is strongly opposed to the introduction of Part V and this may be attributed in part to a fear of increased Government control of the industry.⁴⁴ The Board could need Treasury financial support to purchase the wool and the Minister of Finance's control over the overdraft facilities would probably have increased importance. The Minister of Agriculture and Fisheries would have power to influence the woolgrowers' incomes as section 52(3) of the Wool Industry Act 1977 provides that not more than half of the Wool Boards profit in any one year may be distributed to growers without the Minister's consent.

The Wool Board is a non-departmental body established by statute or, in short, a quango. It is neither entirely controlled by the Government nor is it autonomous. The Wool Board views itself as a growers organisation which is independent of Government for its finance. But, the tax exemption may be seen to provide a subsidy to the Wool Board funds, and the Minister of Finance's approval is necessary before overdraft and borrowing facilities can be used. In its administration of the Government's supplementary minimum pricing scheme the Wool Board is in fact simply a vehicle for Government policy, although the Board does have more autonomy when administering its own funds. It is however, a level of autonomy that is restricted by the statutory powers of the Minister of Agriculture and Fisheries to determine the minimum prices table and the trigger price, by two Ministerial nominees to the Board and possibly, also by informal links between the Minister, the Department of Agriculture and Fisheries, and the Board.

Control over the Economic Service is provided on an equal basis by the Meat Producers Board and the Wool Board. The power to do so by the Wool Board is given by sections 17 (1) (j) and 18 (2) (f) as quoted above, of the Wool Industry Act 1977. The budget is agreed upon by the joint governing committee.

The Government does not dictate to the Boards the amount they should allocate to the Economic Service. In the year ended 30 June 1980 each Board contributed \$205,000 with the combined contributions amounting to ninety-seven percent of the income of the Economic Service.⁴⁷ Financial control is firmly held by the

III THE NEW ZEALAND MEAT AND WOOL BOARDS' ECONOMIC SERVICE

A. Functions

The Meat and Wool Boards' Economic Service was established in 1950 following a Royal Commission to inquire into and report upon the sheep farming industry in New Zealand. A need was found to exist for more specific information on sheep farm production and financial returns.⁴⁵

The Economic Service is an advisory body which was founded by the Wool Board and the Meat Producers Board and is not regulated by statute. The function of the Economic Service is "to study the economics of the pastoral industry and to provide the Boards with a sound statistical basis for policy decisions".⁴⁶

Control over the Economic Service is exercised by a joint committee of representatives from each Board.

B. Finance

Finance for the Economic Service is provided on an equal basis by the Meat Producers Board and the Wool Board. The power to do so by the Wool Board is given by sections 17 (1) (j) and 18 (2) (f) as quoted above, of the Wool Industry Act 1977. The budget is agreed upon by the joint governing committee.

The Government does not dictate to the Boards the amount they should allocate to the Economic Service. In the year ended 30 June 1980 each Board contributed \$205,000 with the combined contributions amounting to ninety-seven percent of the income of the Economic Service.⁴⁷ Financial control is firmly held by the

two Boards as they provide the vast majority of the funding. The remaining three percent of income in the year ended 30 June 1980 came from interest and gain on the sale of fixed assets.⁴⁸ Being founded to undertake research into the problems of the sheep industry and to provide data concerning the economics of the Boards, there is no provision for the Service to generate its own income.

C. Personnel

The members of the joint committee are appointed by the two Boards. The joint committee is then responsible for appointing the Economic Service staff. Staff members of the Economic Service do not belong to public sector unions.

D. Level of Government Involvement

The Economic Service is answerable only to the Meat Producers Board and the Wool Board, there is no direct responsibility to any Minister of the Crown. The only possible line of control for the Minister of Agriculture and Fisheries is indirectly through his appointees to the Boards. The relationship between the Minister and the Wool Board appointees, as discussed above, would indicate that by past experience any control of the Economic Service through this channel is unlikely. The members of the Meat and Wool Boards' Economic Service reflect the lack of Government intervention in their attitude that they are an advisory agency for the growers and controlled by the growers, and not a Government agency.⁴⁹

The lack of any direct connection with Government means that the Meat and Wool Boards' Economic Service cannot be viewed in the same terms as the New Zealand Wool Board. Unlike the Wool Board the Economic Service does not have its composition laid down by statute and there is no Government input to financing or staffing. The Economic Service is performing its function for, and is directly responsible to, the Meat Producers Board and the Wool Board. Thus control of the Economic Service is independent of Government and therefore the Economic Service does not fit comfortably into the definition of a quango. It is submitted that as this organisation is carrying out its activities, not, on behalf of Government but, under the direction and control of two quangos⁵⁰ it should be in a different category from a quango such as the Wool Board. The Economic Service as it is a spin-off from two quangos, fits within the definition of a quasi-quango. The Economic Service displays a distinctive feature of this type of quango in its lack of direct governmental control.

8. Finance

It was clearly intended by the Legislature that the Wool Testing Authority was to provide its services on a user-pays basis. This was expressed in the Wool Testing Authority Act 1964 section 12 subsections (2) and (3) which state that the Authority may charge such fees for its services as it from time to time

IV THE NEW ZEALAND WOOL TESTING AUTHORITY

A. Functions and Powers

The Wool Testing Authority was established in 1965 under the Wool Testing Authority Act 1964.⁵¹

The functions of the Authority are set out in section 10 of the Wool Testing Authority Act 1964. They are; to carry out, on request, tests of wool and wool products in order to determine their characteristics, to issue a certificate accordingly, and to carry out experiments in order to improve the method of testing.

Section 12 of the Wool Testing Authority Act 1964 under subsection 13 gives the Authority all such "powers, rights, and privileges as may be reasonably necessary or expedient to enable it to carry out its functions, and, in particular, without limiting the generality of the powers of the Authority it may from time to time" provide, develop or construct plant or machinery; acquire, lease, hold, dispose of land, buildings etc, appoint agents and advertise services.

B. Finance

It was clearly intended by the Legislature that the Wool Testing Authority was to provide its services on a user-pays basis. This was expressed in the Wool Testing Authority Act 1964 section 12 subsections (2) and (3) which state that the Authority may charge such fees for its services as it from time to time

determines and that it shall ensure that these fees are sufficient to meet its financial obligations.

There has, over the last three to four years, been a rapid upturn in the demand for wool testing which has led to increased revenue. In the year ended 30 June 1980 testing fees were increased by 6.7 per cent while the Authority's gross revenue increased by 63.76 per cent to \$1,323,787 which resulted in a net surplus of \$187,613.⁵² The Wool Testing Authority budgets on the basis of covering its expenditure rather than to make a profit.

Following the Wool Testing Authority Amendment Act 1980⁵³ the Authority may now borrow money as it thinks fit, and provide housing assistance to its employees without seeking the approval of the Minister of Finance.

B. Level of Government Involvement

C. Personnel

The members of the Wool Testing Authority, under section 3 (2) of the Wool Testing Authority Act 1964 as amended by section 2 (1) of the Wool Testing Authority Amendment Act 1973⁵⁴ are appointed by the Governor General in the following manner.

Section 3 (2) (a) one member shall be appointed Chairman on the recommendation of the Minister [of Agriculture and Fisheries].

(b) three member shall be appointed on the recommendation of the Minister [of Agriculture and Fisheries].

(c) three members shall be nominated
by the Wool Board.

Under section 8 (1) of the Wool Testing Authority Act 1964 as amended by section 3 (1) of the Wool Testing Authority Amendment Act 1980 the Deputy Chairman is appointed by the Authority. Prior to the 1980 amendment the power of appointing the Deputy Chairman was vested in the Minister of Agriculture and Fisheries.

The Authority, by section 14 (1) of the Wool Testing Authority Act 1964 is given the power to appoint such officers as it considers necessary for the efficient performance of its functions and the exercise of its powers. The employees so appointed are not members of public sector unions.

D. Level of Government Involvement

Whilst the Wool Testing Authority is perceived as being autonomous⁵⁵ its independence is still far from that of a privately owned commercial enterprise. The Wool Testing Authority is performing a function on behalf of Government. It was established as a separate organisation in 1964 to carry out testing previously dealt with by the Department of Agriculture and Fisheries. It is a quango which has its composition, function and powers defined by statute.

The actual testing techniques used are outside the provisions of the Act or the control of Government as they are dictated by the International Wool Textiles Organisation.

The size and scope of the Wool Testing Authority's activities are also beyond direct Government control as the demand by wool buyers and growers for the Authority's services is the influencing factor. It is then up to the Authority to provide the facilities to meet that demand.⁵⁶

The Minister of Agriculture and Fisheries has no power under the Wool Testing Authority Act 1964 to issue directives to the Authority. In fact the Government has illustrated its willingness for the Wool Testing Authority to be largely free of Government control through the removal of restraints⁵⁷ by the Wool Testing Authority Amendment Act 1980. At the time of the second reading of the Bill the Rt Hon. Mr. D. MacIntyre Minister of Agriculture and Fisheries said of the Bill:⁵⁸

it is interesting in that it removes powers from the Minister and gives them to an organisation to enable it to do its own thing ... The Bill follows the Government's general policy of trying to free up organisations that come under the general heading of 'private enterprise'

This conscious move to give the Authority "more operating independence and flexibility"⁵⁹ was a result of the strengthening of the Authority's financial position with the increase in demand for testing over recent years.

There is provision in the Wool Testing Authority Act 1964 under section 16 for the Minister of Finance to advance money to the Authority, however the Authority does not receive any form of Government grant or any funds from a department vote. This means that although the Authority is audited by the Government Audit Office it is not subject to scrutiny by the Public Expenditure Committee.

The financial structure of the Wool Testing Authority is influenced however by its statutory functions and powers. Unlike a commercial company the Authority has no shareholders to produce dividends for and the profit motive is replaced by statute with a power to fix charges to cover costs. The Wool Testing Authority is not a profit making organisation but an organisation to provide a service for wool growers and buyers at cost. To this end the Wool Testing Authority by section 24 of the Wool Testing Authority Act 1964 is exempt from paying tax. That this exemption would be of assistance to the wool industry as a whole was explicitly recognised by the Rt. Hon. Sir Basil Arthur M.P. in the Bill's second reading.⁶⁰ The tax exemption is not viewed by the Authority as being of any great importance or financial assistance to their operations.⁶¹ This is because of the very small amount of their earnings which would in fact be assessable for income tax purposes. In 1977 and 1978 the Authority had deficiencies in their profit and loss accounts⁶² 1979 a surplus of \$50,640 was recorded and in 1980 a surplus of \$187,613 was achieved.⁶³

However it is almost certain that in the year ended 30 June 1981 the Wool Testing Authority will have a deficit in its accounts.⁶⁴ It is probable that less than half of the surplus amounts of the years 1979 and 1980 would actually be assessable for tax while for three of the last five years deficits have been recorded. Thus, even if the Wool Testing Authority had been paying income tax it would have made very little difference to the organisation's financial position.

What is important is that the Wool Testing Authority does not have to make a profit, this means that the payment or non-payment of tax is insignificant as the Authority fixes its charges to cover expenditure alone. These changes do not take into account the need to make a profit or to pay tax, which are requirements for the vast majority of private commercial companies. The Government is therefore, through the Wool Testing Authority providing a subsidy to wool growers and buyers because the same services that are provided by the Authority would from a private company with a profit objective, be more expensive for the user.

The removal of the need to obtain the Minister of Finance's approval for borrowing has meant that the only requirement to present a set of the accounts to the Government is under section 22 of the Wool Testing Authority Act 1964. Pursuant to this section the Authority presents an annual report and statement of accounts to the Minister of Agriculture and Fisheries.

There is no Government control over the level of staffing or the appointment of laboratory and clerical staff. The influence of the Government and the New Zealand Wool Board can be seen at the level of the appointments to the Wool Testing Authority Act 1964 as amended by section 2 (1) of the Wool Testing Authority Amendment Act 1980. In practice the Minister does not use these positions for political purposes and once appointed the members do not consider themselves as under ministerial control. The Minister's power of recommending the Chairman is qualified by a requirement to consult the Wool Board. These powers of appointment could be used by the Minister to exert control over the Wool Testing Authority for example, there is no statutory barrier to these appointments being made on the basis of political party affiliations.

The Minister does not have the power to nominate the total membership of the Wool Testing Authority. His power is matched by that of the Wool Board. The Wool Board, as described previously, is a quango over which the Minister could exercise control, through his statutory right to appoint two members to the Board. Thus the nominations made by the Wool Board to the Wool Testing Authority could be subject to Ministerial influence, although at present this does not appear to happen. The Wool Testing Authority members currently represent the various facets of the wool industry for example the buyers, scourers and brokers as well as other quangos in the

industry. The Chairman recommended by the Minister of Agriculture and Fisheries is a member of the Wool Board and Dr. A. R. Edmunds is a principal scientist at the Wool Research Organisation of New Zealand. The balanced composition of the membership of the Wool Testing Authority illustrates that at present the parties concerned do consult over the nominations. The members nominated by the Minister are not under his formal control but they do provide a channel for an informal link with the Authority. This link could be used to influence the Authority in a similar manner to that discussed in relation to the Ministerial nominees to the Wool Board.

The level of autonomy of the Wool Testing Authority is a direct result of Government policy. The Government has created in the Wool Testing Authority a quango to provide a facility for the wool industry on a non-profit making basis. This function, laid down by statute, is fulfilled by the Authority with minimal Government involvement in its financing and decision making process.

It is these rules which contain the objects of WRONZ. They are, generally to promote and conduct research and other scientific work with or relating to wool. See appendix ii for a comprehensive list of the organisation's objects.

V THE WOOL RESEARCH ORGANISATION OF NEW ZEALAND (INC.)

A. Organisation and Functions

The Wool Research organisation of New Zealand (WRONZ) was established in 1961 as a joint venture between the Government and the Wool Board, "Research Associations were part of the Department of Science and Industrial Research's policy and their efficiency had been demonstrated already in the Dairy Research Institute and the Meat Research Institute" ⁶⁵ which were also joint Producer Board/Government bodies.

WRONZ was not established under its own specific statute but, as an incorporated society it is covered by the Incorporated Societies Act 1908. Accordingly it has its own set of rules which may be ⁶⁶

added to, altered or rescinded by resolution at a meeting of the Executive of which at least thirty days notice has been given stating the intention to propose such resolution and confirmation at another meeting of the Executive held not less than sixty days after the first meeting.

It is these rules which contain the objects of WRONZ. They are, generally to promote and conduct research and other scientific work with or relating to wool. See appendix ii for a comprehensive list of the organisation's objects.

Membership of WRONZ is covered by Rule 4, and is divided into three categories, ordinary, industrial and associate. Ordinary members being-

- (i) Persons who for the time being are members of the New Zealand Wool Board

- (ii) Persons who for the time being hold office as members of the Executive.

Industrial members are persons or corporations engaged in-

- (i) The wool textile manufacturing industry

- (ii) The wool scouring industry

- (iii) Any industry or trade relating to the processing, utilisation or marketing of wool or wool products.

Associate members are persons elected by the Executive.

The rules also provide for an Annual General Meeting and Special General Meetings decisions at which are by a majority of the members present.

B. Finance

WRONZ is financed by a Wool Board research grant, subscriptions of industrial members, Government subsidy and sundry income from consultancy, publications and sundry sales.

In the current year WRONZ estimates its income to be derived from:⁶⁷

Wool Board	49%
Industry	12%
Government	35%
Sundry	4%

The average in the previous 3 years was:

Wool Board	40%
Industry	13%
Government	43%
Sundry	4%

The recent increase in the Wool Board's financial support arises largely from the commitment of the International Wool Secretariat⁶⁸ to the implementation and exploitation of technology, and its increasing reliance on the input of technology from laboratories such as WRONZ, rather than itself being able to maintain an aggressive research and development programme specially related to New Zealand wool types. This increase in the Wool Board grant has not been met by a commensurate increase in the Government's contribution. The Government subsidy is received by quarterly instalments from the Department of Scientific and Industrial Research vote. The level

(v) One person appointed by the
of Government subsidy is dependent upon the net
subsidisable expenditure of WRONZ, as this
determines its classification group as a
Research Association.

The powers of the Executive as set out in appendix iii
are wide enough to allow them to use the finance of
the Organisation as appears to them to be necessary
and proper.

C. Personnel

The composition of the Executive is, as under Rule 8

(b) (1)

The Executive shall consist of:

(i) Not less than four and not more
than six persons appointed by
the Wool Board.

(ii) Two persons appointed by the
Minister being the Minister
charged with the administration
of the Scientific and Industrial
Research Act 1952.

(iii) One person appointed by the
Minister of Agriculture.

(iv) The Director-General of the
Department of Scientific and
Industrial Research ex officio,
or his nominee.

(v) One person appointed by the Executive for his knowledge of the wool textile manufacturing industry, after consultation with the Industrial Members concerned.

(vi) One person elected by Industrial Members engaged in the wool scouring industry.

(vii) Such persons, not at any time exceeding three in number, as the Executive may from time to time appoint as co-opted members, without power to vote.

Executive members appointed under Rule 8 (b) (i), (ii) and (iii) hold office until the expiry of the term specified in their appointments, while those under Rule 8 (b) (iv) and (vii) are members until the expiry of two years from the date when their appointment was made or last renewed by the Executive.

The responsibility for all professional and administration staff is, under Rule 9 (vi), that of the Executive. Staff levels are set by the Executive and within this appointments are made by the Director, two Principal Scientists and the Secretary. Professional positions are subject to the approval of the Executive.

WRONZ staff are not members of the State Services Association and job specifications and classifications are not necessarily in line with those in the State Service. However "WRONZ does use the State Service

pay rates as a guideline and endeavours to match them."⁶⁹

D. Level of Government Involvement

Financially WRONZ is dependent upon its Government subsidy, as evidenced by this excerpt from the Chairman of the Executive's introduction to the WRONZ Annual Report 1979 -80⁷⁰

High inflation and national salary movements have put the Organisation's finances under severe pressure, and although subsidy income has increased with larger members' contributions, the stress has been compounded by Government's decision to again hold levels of subsidy limit. A new Government funding formula... will compensate for 70% of future annual inflation. Its benefit to WRONZ however in this financial year is minimal.

WRONZ in the current year is marginally more reliant on Wool Board support than on its Government subsidy.

It is a reality of their standing as a research organisation that a proposed research programme must take into account the availability of finance but those providing the finance do not dictate the type of research undertaken. Initially a research programme will be developed after consultation with the Wool Board and industry groups. A cost analysis forms the basis for an application to the Wool Board

for a grant. The extent of, the Wool Board grant, industry subscriptions, general income and the assessed Government subsidy are all taken into account in the resulting budget. "The full research programme and financial budget are reviewed in detail by [the WRONZ] Executive and senior management of the International Wool Secretariat." ⁷¹

Government financial assistance is essential for the maintenance of the WRONZ research programme but this does not mean that the Government dictates how this money is to be spent.

All of WRONZ's funding sources are seen to be "meticulous in recognising that the professional independence of our staff must be preserved. They are committed to maintaining effort in fundamental research even where there is not a foreseeable commercial pay-off." ⁷² Each of the funding sources do play some role in determining the programme to be undertaken as the Wool Board, the technical sections of the International Wool Secretariat, industry and to a lesser extent the Department of Scientific and Industrial Research and Agriculture and Fisheries are consulted.

The principal avenue for the Government to monitor the activities of WRONZ is through the Government appointees on the Executive. These include the two members appointed by the Minister for the Department of Scientific and Industrial Research and the one appointed by the Minister of Agriculture.

Direct responsibility to the Government may also be established through the ex officio member nominated by the Director-General of the Department of Scientific and Industrial Research. While this block of members may be able to influence the Executive and of course watch over the research projects pursued by WRONZ they are incapable, by voting strength alone of controlling the Executive.

A more substantial role may be seen for the Wool Board members of the Executive who are capable of filling half the seats on the Executive. The predominance of the Wool Board is also apparent in the large degree of consultation between WRONZ and the Wool Board.

WRONZ views itself as an independent body which is not under the control of, the Government, the Wool Board, or industry.⁷³ While this may be true regarding the choice of research projects and the way in which they are pursued, WRONZ cannot be seen as totally independent of its sources of funding especially the Government and the Wool Board. Either the Government or the Wool Board, by cutting off funding to WRONZ could seriously curtail or even cause the total abandonment of WRONZ. It is only once this income is provided that the Executive made up from all the interested parties, has the "sole control in regard to the management of the affairs of the organisation."⁷⁴

The Wool Board, a quango, can be seen to have a large input into every aspect of WRONZ but, unlike the Meat

and Wool Boards' Economic Service, WRONZ is not a spin-off from the Wool Board. Neither is it as closely related to Government as a department because although it is financed from the Department of Scientific and Industrial Research's vote WRONZ is a separate incorporated society.

WRONZ is a quango over which the Government could exert a large degree of control. The most significant area of Government involvement is the substantial financial assistance without which WRONZ would be unable to function at its present level of activity. The removal of the Government subsidy would mean either the abandonment of some research projects or an increase in funding from the other sources. The Government is therefore, through WRONZ subsidising research and development in the wool industry.

The Wool Board which aims at obtaining, in the interests of growers, the best possible long term returns for wool is open to formal and informal ministerial control over its decision-making body. The Wool Board also receives a tax exemption which may be viewed as equivalent to a financial subsidy from the Government. The Board also directly carries out Government policy through its administration of the supplementary Minimum Pricing Scheme.

By comparison the Wool Board's spin-off organisation, the Meat and Wool Boards' Economic Service is under the direct control of the producer boards. This quasi-quango is however, open to indirect Government intervention through its parent quangos.

VI CONCLUSIONS

Quangos play a major role in all spheres of agriculture. This paper has concentrated on just four of these Quangos that are an integral part of the wool industry.

A desire on the part of wool growers to be independent from Government is recognised by Part V of the Wool Industry Act 1977 which leaves the decision regarding the introduction of compulsory acquisition with the wool growers. But it is evident from the nature of the quangos considered in this paper that they inextricably link the Government and the wool industry.

The Wool Board which aims at obtaining, in the interests of growers, the best possible long term returns for wool is open to formal and informal ministerial control over its decision-making body. The Wool Board also receives a tax exemption which may be viewed as equivalent to a financial subsidy from the Government. The Board also directly carries out Government policy through its administration of the supplementary Minimum Pricing Scheme.

By comparison the Wool Board's spin-off organisation, the Meat and Wool Boards' Economic Service is under the direct control of the producer boards. This quasi-quango is however, open to indirect Government intervention through its parent quangos.

The New Zealand Wool Testing Authority was established by Government to assist the wool industry and ministerial influence may be exerted through ministerial nominees. Its financial transactions are free from the need for Government approval but the levels of testing charges reflect Government policy that the Authority's aim is to provide a service for the wool industry and not, to make a profit.

The Wool Research Organisation of New Zealand by contrast not only has ministerial nominees on its Executive but it is also dependent on direct Government financial assistance to maintain its research programme.

Thus the Government is heavily involved in the bodies which organise, research, and service the wool industry. The involvement takes many forms including, formal requirements for consultation and informal links between the Minister, the Department and the organisation.

Government involvement in the area of finance is also mixed, taking the form of direct payments, and tax exemptions. None of the organisations considered in this paper are totally free from Government intervention instead, all are illustrative of the important role of Government in the wool industry.

Footnotes.

1. The original definition in the United States of America which gave rise to the abbreviation 'quango' was 'quas-autonomous non-governmental organisation'.

See Holland et al Quango Explosion
(Conservative Political Centre, 1978) p.7

It has since been used in the United Kingdom to represent 'quasi non-governmental organisations'.

See the Outer Circle Policy Unit publication
What's Wrong With Quangos (London, 1979)
and "quasi-autonomous national governmental organisations".

See G. Palmer Unbridled Power?
(Oxford University Press, Wellington, 1979) p.36
2. G. Palmer Unbridled Power?
(Oxford University Press, Wellington, 1979) p. 38
3. Holland et al Quango Explosion
(Conservative Political Centre, 1978)p.1
4. C. Hood 'The Rise and Rise of the British Quango'
(1973) 16 New Society 387
5. Infra Part III

Footnotes contd.

6. C. Hood "Keeping the Centre Small:
Explanations of Agency Type"
(1978) 26 Political Studies 33
7. See Murdoch Taylor "Quangos Accountability"
(1980) 3 Public Sector 5
Nevil Johnson "Quangos and the Structure
of British Government" (1979) 57
Public Administration 379
8. Department of Statistics
New Zealand Official Yearbook 1980
(Department of Statistics,
Wellington, 1980) p. 365
9. Ibid., 574
10. Wool Industry Act 1977 No.92
11. This was explained to the author by
Mr. Grace, Administration Officer
with the New Zealand Wool Board.
12. Idem
13. The provision in the Wool Industry Act 1977
for the establishment of a Licencing Appeal
Authority appeared to the author, to be almost
totally unknown to members of the Wool Board staff.
13. New Zealand Wool Board
Annual Report and Statements of Accounts
July 1 1979 to June 30 1980 p.32

Footnotes contd.

14. The International Wool Secretariat is a partnership of New Zealand, Australia, South Africa, and Uruguay. It has its headquarters in London and operates in almost all countries with a substantial consumer market. It offers technical and fashion advice in menswear, womenswear, and furnishing to manufacturers, administers the Woolmark and the Woolblendmark, and promotes wool through campaigns with manufacturers and retailers. Extensive research and development is also undertaken. See Department of Statistics, op.cit. 372 and New Zealand Wool Board, op.cit. 26-28
15. Supra n. 11
16. New Zealand Wool Board. op.cit. 33
17. New Zealand Wool Board, op.cit. 32
18. Idem
- | | | |
|-------------------------------|---|--------------------|
| <u>Profit on Wool Trading</u> | = | <u>\$6,362,277</u> |
| Total Income | | \$19,906,446 |
- therefore, Trading Income = 31.3 per cent of Total Income.
19. Supra n. 16
20. New Zealand Wool Board, op.cit. 43
21. Idem
22. Idem
23. New Zealand Wool Board, op. cit. 20

Footnotes contd.

24. Idem
25. New Zealand Wool Board, op. cit. 44
26. s.6 (1) Wool Industry Act 1977
27. s.9 (1) Wool Industry Act 1977
28. s.32 (1) Wool Industry Act 1977
29. s.32 (3) Wool Industry Act 1977 as amended by
s.2 of the Wool Industry Amendment Act 1978 No.136
30. s. 41 (1) Wool Industry Act 1977
31. This was discussed by the author with
Mr. N .O.Thomas Deputy Managing Director
of the New Zealand Wool Board.
32. Idem
33. Idem
34. Supra p.10, paragraph 19, pp.129-130
35. Supra n.16
36. Supra n.17
37. Income Tax Act 1976
First Schedule, clause 7
38. s.4 (2) (b) Wool Industry Act 1977
39. Supra n.31

Footnotes contd.

40. For a full discussion of these variables see
P. Kellner and Lord Crowther-Hunt
The Civil Servants
(MacDonald Futura Publishers, London, 1981)
41. Murdoch Taylor "Quangos Accountability"
(1980) 3 Public Sector 5, p.6
42. This was expressed to the author by
Mr. Grace the Administration Officer of the
New Zealand Wool Board and
Mr. N. O. Thomas the Deputy Managing Director of the
New Zealand Wool Board.
43. s.1 Wool Industry Act 1977
44. Supra n.42
45. Report of the Royal Commission into the
Sheep Farming Industry in New Zealand
March 1949, paragraph 19, pp.129-130
46. Meat and Wool Boards' Economic Service
The Sheep and Beef Farm Survey 1978/79
Publication No.1833, November 1980,
inside front cover
47. New Zealand Wool Board, op. cit.47
Boards Contributions = \$410,000
Total Income \$422,758
therefore, contributions by the Wool Board and the
Meat Producers Board = 97 per cent.

Footnotes contd.

48. New Zealand Wool Board, op.cit.47
 Interest = \$5,448
 Gains on Sales of Assets = \$7,310
 Total non-contributory income = \$12,758
49. As expressed to the author by
 Mr. R. M. Davison, Chief Economist of the
 Meat and Wool Boards' Economic Service.
50. The Meat Producers Board is a quango which functions
 and is composed, in a similar way to the New Zealand
 Wool Board. It operates under the Meat Export
 Control Act 1921-22 as amended by the Meat Export
 Control Amendment Act 1956 and the Meat Export
 Control Amendment Act 1971. There are two
 Government nominees appointed to the Meat
 Producers Board.
51. Wool Testing Authority Act 1964 No.66
52. New Zealand Wool Testing Authority
Fifteenth Annual Report and Financial Statements
June 30, 1980 pp. 3-4
53. Wool Testing Authority Amendment Act 1980 No.11
54. Wool Testing Authority Amendment Act 1973 No. 100
55. This was expressed in discussions the author had
 with Mr. L. Rice, Operations Controller at the
 New Zealand Wool Testing Authority.

Footnotes contd.

56. s.12 (1) Wool Testing Authority Act 1964
57. N.Z. Parliamentary debates Vol.432 1980:2814
58. Idem
59. New Zealand Parliamentary debates Vol. 340,1964:2905
60. This was expressed to the author by
Mr. P. Gnatt, Accounts and Administration Controller
at the New Zealand Wool Testing Authority.
61. New Zealand Wool Testing Authority
Thirteenth Annual Report and Statement of Accounts
30 June 1978 p.7
62. New Zealand Wool Testing Authority
Fifteenth Annual Report and Statement of Accounts
June 30 1980 p.8
63. Supra n.60
64. Supra n.55
65. A report by the late Mr. F. R. Callaghan, formerly
Head of the Department of Scientific and Industrial
Research, supplied to the author by Mr. D.H.Price
Secretary of the Wool Research Organisation of
New Zealand (Inc). (WRONZ).

Footnotes contd.

66. Rule 14 Rules of Wool Research Organisation of New Zealand (Incorporated), as adopted 27th March 1968 and including Amendments registered 10 November 1977.
67. Provided to the author by Mr. D. H. Price, Secretary of WRONZ.
68. Supra n.14
69. Expressed by Mr. D. H. Price, Secretary of WRONZ.
70. Wool Research Organisation of New Zealand (Inc.)
Annual Report 1979-80 p.1
71. Supra n.69
72. Idem
73. Idem
74. Rule 8 (a) Rules of Wool Research Organisation of New Zealand (Incorporated), as adopted 27th March 1968 and including Amendments registered 10 November 1977.

Appendix i

Wool Industry Act 1977.

Section 17 Functions of Board

(1) The functions of the Board shall be-

- (a) To promote the use of New Zealand wool in existing or new markets by such means as commend themselves to the Board:
- (b) To develop and maintain a marketing system for New Zealand wool suited to the requirements of the world's textile industry:
- (c) To market New Zealand wool, whether owned by the Board or by any other person, to the best possible advantage in competition with other textile fibres:
- (d) To bring about the greatest possible efficiencies in the preparation, handling, distribution, shipping, and selling of New Zealand wool consistent with its other functions:
- (e) To develop existing and new markets for New Zealand wool within and outside New Zealand:
- (f) To provide information on market requirements as a guide to the planning of wool production and the preparation of wool:

Appendix i contd.

- (g) To encourage the production in New Zealand of types of wool suited to market requirements:
- (h) To administer the schemes established under this Act:
- (i) To undertake and cause to be undertaken, research into wool and sheep:
- (j) To maintain information on wool production costs and the economic state of the New Zealand wool industry:
- (k) Such other functions as may be conferred on it by this Act or any other enactment.
- (2) It shall also be a function of the Board to report to the Minister from time to time in relation to all or any of the functions specified in subsection (1) of this section.
- (3) In the exercise of its functions, the Board shall have due regard for the need to maintain its capital funds and to provide for such reserves as it thinks desirable.

Appendix i contd.

Wool Industry Act 1977.

Section 18 Powers of Board -

- (1) In the exercise of its functions, the Board may do all or any of the following things:
 - (a) Purchase wool whether produced in New Zealand or elsewhere;
 - (b) Sell or offer for sale wool and manufactured wool, both within and outside New Zealand;
 - (c) Negotiate and enter into agreements and arrangements, whether with persons or organisations within or outside New Zealand, in respect of freight rates and other terms and conditions for the transport of wool from New Zealand.
- (2) Without limiting the generality of any other provisions of this Act or any other enactment, the Board shall have all such powers and authorities as may be necessary to enable it to -
 - (a) Undertake, or cause to be undertaken, by way of subsidy or otherwise, scientific, industrial, or economic research and experimentation in relation to wool and sheep, with a view to the improvement of the quality

Appendix i contd.

- (a) of wool, or its increased production, or the development of new or improved methods of handling or using wool, or the development of new or improved types of wool, or in connection with the general development of the wool industry:
- (b) Have processed or manufactured any wool produced in New Zealand:
- (c) Buy fibres other than wool, and sell or have processed or manufactured such fibres in combination or conjunction with the sale or processing of New Zealand wool:
- (d) Engage or take part in any activity in connection with the marketing, use, preparation, classifying, standardising, sampling, measuring, testing, displaying, appraisal, pooling, storage, handling, packaging, distribution, delivery, transport, disposal, scouring, processing, manufacturing, or exporting of wool, and matters related to any of those activities:

Appendix i contd.

- (e) Act in combination or association with any person or organisation within or outside New Zealand, for the purpose of furthering the general object for which the Board is established, on terms of sharing the costs and expenses involved in that combination or association in such proportions or in such manner as may be agreed upon:
- (f) Act in combination or association with the New Zealand Meat Producers Board, the New Zealand Dairy Board, or both of them, in carrying out or assisting any project that may be considered by the Board directly or indirectly to benefit the wool industry on terms of sharing the costs and expenses involved in that combination or association in such proportions or in such manner as may be agreed upon:
- (g) Purchase, take on lease or hire, or otherwise acquire such land, buildings, plant, machinery, and equipment as in the opinion of the Board are necessary

Appendix i contd.Appendix i

for the performance of any of its

functions; and erect, improve,

alter, extend, equip, furnish,

repair, and maintain buildings

on any such land:

- (h) Sell, exchange, transfer, lease,
hire, or otherwise dispose of any
of its real or personal property.

- (3) The Board shall have all such other powers and authorities as are conferred on it by this Act or any enactment other than this Act, or as are necessary, conducive, or incidental to the attainment of the general object for which it is established and to the exercise of its functions and powers under this Act or under any other enactment.

Appendix ii

Rules of Wool Research Organisation of New Zealand
(Incorporated)

New Rules adopted 27th March, 1968 and including Amendments registered 10 November 1977.

Rule 3 Objects

The objects of the Organisation are:

- (a) To promote and conduct research and other scientific work in connection with-
 - (i) the physical, chemical and biological properties of wool;
 - (ii) the handling, storage, transport, marketing, scouring, processing, utilisation of wool in manufactures, and any other matters connected with or relating to wool;and for these purposes to establish, form, equip and maintain laboratories and other establishments.
- (b) To make grants for research and other scientific work in connection with the breeding, feeding and management of sheep in so far as these affect primarily the quantity and grade of wool produced or in connection with the processing and utilisation of wool.
- (c) To collaborate with other institutions or persons

Appendix ii contd.

in research and other scientific work on the effects of fibre and fleece characteristics on the processing and utilisation of wool.

- (b) Generally to do such things consistent with
- (d) To provide funds for such research and other scientific work as aforesaid, whether in laboratories established by the Organisation or elsewhere and whether on the part of the Organisation or of any person.
- (e) To encourage the study and understanding of wool science and matters relating directly or indirectly thereto by such means as may seem proper to the Executive, and in particular by granting funds, by awarding fellowships, scholarships and bursaries, by conducting discussions, seminars or conferences and by any other appropriate method.
- (f) To publish in any form and to otherwise disseminate by any means the results of research and other scientific work relating to or arising from the activities of the Organisation or of any other institution, group or person.
- (g) To collaborate with any institution, group or person engaged in substantially the

Appendix ii contd.

like purposes as those hereinbefore set out,
whether in New Zealand or elsewhere.

Rules of Wool Research Organisation of New Zealand
(Incorporated)
(h) Generally to do such things consistent with
the fore-going objects as may conveniently
or advantageously be carried on in connection
herewith.

Rule 9 Powers of the Executive

(a) In addition to the powers expressly conferred
upon the Executive by these Rules, the Executive
may exercise the following powers:

- (i) Power to acquire by purchase donation or
otherwise any description of property
real or personal including patents brevets
d'invention and the like.
- (ii) Power to sell lease or otherwise turn to
account and whether for valuable consideration
or gratuitously any real or personal property
and to grant any estate right licence or
interest therein or in respect thereof.
- (iii) Power to grant subsidies subventions and
payments whether for valuable consideration
or gratuitously to any person for any of the
purposes of the Organisation and in particular

Appendix iii

Rules of Wool Research Organisation of New Zealand
(Incorporated)

New Rules adopted 27th March, 1968 and including Amendments
registered 10 November 1977.

Rule 9 Powers of the Executive

- (a) In addition to the powers expressly conferred upon the Executive by these Rules, the Executive may exercise the following powers:
- (i) Power to acquire by purchase donation or otherwise any description of property real or personal including patents brevets d'invention and the like.
 - (ii) Power to sell lease or otherwise turn to account and whether for valuable consideration or gratuitously any real or personal property and to grant any estate right licence or interest therein or in respect thereof.
 - (iii) Power to grant subsidies subventions and payments whether for valuable consideration or gratuitously to any person for any of the purposes of the Organisation and in particular

Appendix iii contd.

- (iii) Power to establish and maintain and to contract for the establishment and maintenance of and otherwise to assist to grant funds for research at any university or other institution.
- (iv) Power to borrow or raise money for any of the objects of the Organisation and to contract for repayment of money so borrowed and to give security over any of the property of the Organisation for such repayment.
- (v) Power to accept and hold property real and personal upon trust for any purpose general or special within the scope of the purposes hereinbefore set out.
- (vi) Power to employ professional staff and other servants and agents on such terms as it thinks fit.
- (vii) Power to use the funds of the Organisation as the Executive may consider necessary or proper in payment of the costs and expenses in furthering or carrying out the objects of the Organisation or any of them including the payment of officers servants and agents as shall appear necessary or expedient.

Appendix iii contd.

- (viii) Power to establish and maintain and to contract for the establishment and maintenance of and otherwise to assist funds and schemes to provide pensions life insurance and other benefits for servants and former servants of the Organisation.
- (ix) Power to enter into any contracts in furtherance of the objects of the Organisation.
- (x) Power to provide or assist in the provision of dwellings and motor vehicles for the use of staff of the Organisation whether by way of purchase, lease, loan, or otherwise howsoever.
- (xi) Power to guarantee the performance of the obligations or contracts of any person or corporation.
- (xii) Power to lend and advance moneys to any employee of the Organisation for such purposes and on such terms and with or without security as the Executive may think fit.

Appendix iii contd.Bibliography.

Department of Statistics New Zealand Official Yearbook

(xiii) Power to institute conduct defend compound
or abandon any legal proceedings by or
against the Organisation or its officers,
or otherwise concerning the affairs of
the Organisation and also to compound
and allow time for payment or satisfaction
of any debts due and of any claims or
demands by or against the Organisation.

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(xiv) Power to do such other lawful things as
may be necessary convenient or incidental
to the carrying out of the purposes of the
Organisation

C. Hood

(b) No person contracting with or taking any assurance
from the Organisation by virtue of any instrument
under the Common Seal shall be concerned to see
whether the contract or assurance is within the
powers of the Executive under these Rules or be
affected by any notice or information of non-
compliance with these Rules.

Neill Johnson

P. Kellner

Lord Cromer-Hunt

The Civil Servants

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