OWNER-DRIVERS (CONTRACTS and DISPUTES) BILL 2006

Explanatory Notes

This Bill addresses inequity in the bargaining positions of owner- drivers and hirers and provides for sustainable rates of engagement that will provide adequate incomes for owner- drivers.

Consideration of sustainable rates legislation for the trucking industry originally arose from road safety concerns. Excessive competition in the trucking industry was widely believed to have resulted in unsustainable rates, leading to driving hours above safe levels, use of stimulant drugs to enable higher than safe hours, reduced maintenance on vehicles, unsafe work schedules, and unsafe loads.

Increasing fuel prices have raised levels of financial pressure on already marginal owner - drivers in the trucking industry, particularly long distance drivers. While increases in fuel prices are directly related to international fuel price increases, relief and assistance from the State has been sought by owner- drivers. Increases in fuel prices 2006 indicate that volatility in fuel prices is likely to continue.

At present, owner- drivers have no legislative framework providing for a Code of Practice setting sustainable rates nor any practical framework to negotiate collectively. Rates are imposed by the hirers rather than negotiated. The Bill promotes a safe and sustainable road freight transport industry by regulating the relationship between persons who enter into contracts to transport goods in heavy vehicles and persons who hire them to do so, and establishes the Road Freight Transport Industry Tribunal and the Road Freight Transport Industry Council.

Part 1 - Preliminary

Clause 1 - Short Title

Cites the Owner-Drivers (Contracts and Disputes) Act 2006 as being the short title of the Bill.

Clause 2 - Commencement

The formal part of the Act commences the day after the day on which the Act receives the Royal Assent. The substantive parts of the Act come into operation on a day, or on some days, to be fixed by proclamation.

Clause 3 - Terms used in the Act

The terms listed below are defined as are a number of others, which are not mentioned here because they are clearly self-explanatory or dealt with in the context of the provisions in which they appear.

"goods" includes freight and materials. This makes it clear that the Bill applies to a broad definition of freight loads.

"heavy vehicle" means a vehicle with a gross vehicle mass of more than 4.5 tonnes. The definition adopts the *Road Traffic Act 1974* as the standard to apply in Western Australia. "inspector" means an industrial inspector as defined in the Industrial Relations Act section 7. Inspectors have the function of investigating whether or not a code of conduct or driver contract is being complied with.

"workplace" is defined broadly and in terms of the places that owner-drivers or hirers work or are likely to be in the course of their work.

Clause 4 - Meaning of owner-driver

"listed public company" has the same meaning as it has in the *Income Tax Assessment Act* 1997 of the Commonwealth.

"owner-driver" is defined as the owner of a business that transports goods by heavy vehicles. Ownership may be by an individual, a body corporate or a partnership arrangement. The owner-driver does not necessarily own his or her vehicles. For example, a heavy vehicle may be leased rather than owned by a person running the freight transport business. Subclause (2)(a)(ii) provides that to be considered an owner-driver, the person's transport business must be their principal occupation.

Clause 5 – Meaning of "owner-driver contract"

An owner-driver contract is defined as a contract for the transport of goods in a heavy vehicle. Because agreements between parties are not always formal, a contract may be a written or an oral contract, or a combination of a written and an oral contract. Where the parties agree to a range of services and the services to be performed relate predominantly to the transport of goods, then an agreement to undertake those services is considered to be an owner-driver contract. An owner-driver contract is a business agreement between two parties. An employment contract is not an owner-driver contract.

Clause 6 – Application of Act

The Act applies to owner-drivers who are engaged in the transportation of goods within Western Australia. The Act applies to inter-state transportation, where a substantial part of the transport occurs within Western Australia, even if the contract had been entered into in another jurisdiction. The clause excludes the Act from applying to an owner-driver who is covered by a comparable contract made under Chapter 6 of the *Industrial Relations Act 1996* (NSW) or an order made under the *Owner Drivers and Forestry Contractors Act 2005* (VIC). This is because these Acts offer a comparable regulatory environment to this Bill in their respective jurisdictions.

Clause 7 – Act prevails over owner-driver contracts

Contracts or arrangements that are in force at the time that this Act comes into effect, or that are entered into after that date, have no effect if those contracts undermine the Act or the code of conduct. However, inconsistent provisions in contracts will remain valid for the first six months after this section comes into operation. After six months have elapsed, all owner-driver contracts are to meet the standards set by the Act or by an order of the Tribunal.

However, provisions in a contract or arrangement that have nothing to do with and do not undermine the functioning of the Act are not invalidated by the Act.

Clause 8 - Act binds the Crown

The Act binds the Crown. It is appropriate that the Crown, when it is a party to an owner-driver contract, be bound by the Act.

Part 2 – Content of Owner-driver contracts

Part 2 provides owner-drivers with security of payment and time requirements for payments. The proposed legislation in part replicates measures from *Constructions Contracts Act 2004* (the CCA) for the Road Freight Transport Industry.

Division 1 - Prohibited Provisions

The clauses in Division 1 prohibit the use of payment provisions in contracts that slow or stop the movement of funds through the contracting chain. One of the key issues in achieving safe

and sustainable rates for the road freight industry will be the efficient payment for services. In a bargaining situation, owner-drivers are commonly in a disproportionately unequal position of power and require the protections set out in this Division to ensure that they are not exploited under the contractual arrangements that are entered into.

Clause 9 - Prohibited: pay if paid/when paid provisions

A provision relating to the payment for services in an owner-driver contract has no effect if payment is contingent on money being first received from another source. The effect of the clause is that a person who hires an owner-driver must secure funding to pay for the service agreed to. This will avoid situations where an owner-driver is not paid because the hirer claims that a person who is not a party to the contract owes him or her money.

Clause 10 – Prohibited: provisions requiring payment to be made after 30 days

A specific term cannot be agreed in a contract that provides for a payment more than 30 days after a payment claim is made. This provision will have the effect of ensuring that lengthy periods do not elapse before a payment claim is settled, thereby providing that owner-drivers have the financial means to conduct a safe and sustainable business.

Clause 11 - Prohibited: prescribed provisions

A provision in an owner-driver contract is invalidated if that provision is expressly prohibited in a regulation under the Act.

Clause 12 - Other provisions of contract not affected

Other provisions in a contract that are not affected by the prohibitions set out in clauses 9 to 11 are not prejudiced or affected by the application of those provisions.

Division 2 – Implied Provisions

Division 2 provides for fair and reasonable contract terms where no specific term is agreed.

Clause 13 - Time for Payment

Where a contract does not have a written provision for when a payment must be made, the time by when that payment must be made is set out in Schedule 1 Division 1 as 14 days after a party receives a payment claim.

Clause 14 - Interest on overdue payments

Where a contract does not have a written provision about the interest that is to be paid on a late payment, then the interest must be paid as provided for in Schedule 1 Division 2. The rate of interest is equal to that prescribed under the *Civil Judgements Enforcement Act 2004* section 8(1)(a).

Clause 15 - Making payment claims

If a contract does not state how parties to the contract are to make payment claims against each other, then the matters to be stated, itemised and described in a payment claim are set out in Schedule 1 Division 3.

Clause 16 - Interpretation of implied provisions

If the matters dealt with in clauses 13, 14 or 15 are implied (i.e. read into) the owner-driver contract, then the *Interpretation Act 1984* and clauses 3 to 5 of this Bill are to apply in the interpretation of those provisions.

Part 3 – Road Freight Transport Industry Council

Clause 17 - Road Freight Transport Industry Council

This clause establishes the Road Freight Transport Industry Council.

Clause 18 - Membership of Council

The Council may consist of up to 8 persons appointed by the Minister on the basis of experience, skill and qualifications. Appointments may be on a full-time or a part-time basis. Councillors are to be drawn from persons nominated by the Department responsible for the administration of the Bill, an industry body (the Transport Forum WA Inc.), a trade union (Transport Workers Union of Australia) or any other person or body considered appropriate by the Minister.

Clause 19 - Functions

To assist in the development of a safe and sustainable road freight industry, the Council has responsibility for the development and review of a code of conduct, the guideline rates and to promote and encourage compliance with the code and the rates. To facilitate the adoption of safe and sustainable rates the Council is to develop, publish and promote model owner-driver contracts. The Council is also to advise the Minister on industry issues, in particular any matters relevant to owner-driver contracts and the commercial practices engaged in by owner-drivers and hirers in relation to each other.

Clause 20 - Powers

Clause 20 provides that the Council has all the powers it needs to perform its functions.

Clause 21 - Minister may give directions

The Minister may direct the Council to perform its functions and the Council must comply with the direction. The text of a ministerial direction must be either laid before each House of Parliament or dealt with under section 54 (which is concerned with the laying of documents before Parliament when the House is not sitting) within 14 days. The text of the Minister's direction must be included in the Department's annual report.

Clause 22 - Minister to have access to information

This clause provides that the Minister is entitled to have access to information that is in the possession of the Council. The Minister may request that the Council furnishes information and request access to the information. The Council is required to comply with the Minister's requests under this section.

"document" is defined in a broad sense to include any device or medium on which information is recorded or stored with the common storage methods of tape and disk being specified.

"information" means information specified by the Minister that relates to the functions of the Council.

Clause 23 - Constitution and proceedings of Council

States that the constitution and proceedings of the Council are set out in Schedule 2. Schedule 2 Division 1 sets out general provisions relating to matters such as the appointments, resignation, removal of members and the conduct of meetings. Division 2 requires members to disclose material personal interests in matters being considered and provides for penalties for non-disclosure and for the conduct of members having such interests during a meeting. It also provides for situations where a member has a conflict of interest and the withdrawal of the person from the meeting affects the quorum that is necessary to conduct the meeting.

Clause 24 - Remuneration and allowances

The Minister is to determine the fees and allowances that individual members are to be paid for Council work. The rates are to be based on the recommendation of the Minister for Public Sector Management, which will ensure that there is consistency of payment across the State Sector.

Clause 25 - Department to provide support services to Council

Requires the Department (the Department for Planning and Infrastructure) to provide the Council with support services.

Part 4 - Code of Conduct

Clause 26 - Regulations may prescribe code of conduct

The code of conduct developed by the Road Freight Transport Industry Council may be prescribed by regulations. The Minister is required to consult the Council before he or she makes a recommendation to the Governor to make the regulations.

Clause 27 – Content of code of conduct

Subclause (1) sets out the matters that may be prescribed in a code of conduct under clause 26, and may include provisions to:

- provide for negotiations for owner-driver contracts, whether on an individual or joint basis:
- require the hirer to pay an owner-driver at a safe and sustainable rate and to describe how such a rate is to be determined;
- require a hirer to adopt standards set out in the code:
- require a hirer to keep records in a manner set out in the code;
- require a hirer to provide owner-drivers with information specified in the code, including the current guideline rate;
- confer power on the Council to determine, amend or revoke guidelines rates for the purpose of providing guidance to owner-drivers, hirers and the Tribunal. Once a rate is established, the Council can then vary the rate on an as-needs basis.

While the guideline rates would be incorporated into the code of conduct, they would not be enforceable. However, an enforceable rate could be determined by reference to the guideline rates by the Road Freight Transport Industry Tribunal. To make the rates strictly enforceable would fail to take account of special arrangements that may be entered into by industry participants (such as subsidised fuel or provision of accommodation).

Sub-clause (2) provides that the Council must obtain the chairman of the Council's approval before determining, amending or revoking any guideline rates. Sub-clause (3) provides that the guideline rates may specify what vehicles and equipment the rates apply to, as well as the class

of owner-driver. The guideline rates may also contain typical costs associated with various types of goods transport operation as well as typical equivalent rates paid to employees in substantially similar positions. Sub-clause (4) is an open-ended list of the types of cost that may constitute "fixed and variable costs" when setting guideline rates.

Part 5 – Negotiations for owner-driver contracts

Part 5 provides for agents to negotiate on behalf of owner-drivers or hirers.

Clause 28 - Negotiation agents for owner-driver contracts

Provides that an owner-driver or a group of owner-drivers may appoint a negotiating agent to negotiate on their behalf when making, varying or terminating owner-driver contracts.

Clause 29 - Negotiating agents for hirers

Provides that a hirer may appoint a negotiating agent to negotiate on their behalf when making, varying or terminating owner-driver contracts.

Part 6 – Unconscionable conduct

Part 6 prohibits unconscionable conduct by owner-drivers and hirers.

Clause 30 - Unconscionable conduct by hirers

A hirer must not engage in unconscionable conduct when obtaining services from an owner-driver.

In determining if unconscionable conduct has occurred, the Tribunal may have regard to matters such as:

- The relative bargaining power of the negotiating parties;
- Whether the hirer caused the owner-driver to comply with unreasonable conditions;
- Whether the owner-driver was able to understand documents relating to the services sought from the owner-driver;
- Whether the hirer used undue influence or pressure against the owner-driver in relation to services from the owner-driver;
- The rate and conditions that the owner-driver might have obtained if the services were offered to a different hirer and the extent to which the hirer's conduct toward the owner-driver was consistent with the hirer's conduct in other similar transactions:
- The extent to which the hirer acted in good faith and was willing to negotiate.

Clause 31 - Unconscionable conduct by owner-drivers

An owner-driver must not engage in unconscionable conduct when providing services to a hirer.

In determining if unconscionable conduct has occurred, the Tribunal may have regard to similar matters as set out in clause 30 that addresses the conduct of hirers.

Part 7 - Inspectors

Part 7 confers powers on relevant government officials to investigate breaches of the Act, the code of conduct and owner-driver contracts.

Clause 32 - Functions of inspectors

For the purposes of investigating compliance with the Act, the code of conduct or an owner-driver contract an inspector may exercise any of the powers that an Industrial Inspector has under the *Industrial Relations Act 1979* (the IR Act) section 98(3).

The IR Act provides that an inspector may enter a building, place or other location if there are reasonable grounds to suspect that the type of activity covered under owner-driver contracts is occurring, or to ascertain if the provisions of the Act or the code of conduct are being observed.

Section 98(3) provides the inspector with power to:

- inspect records, machinery and other things;
- take a person with them to provide assistance;
- question any person at the location;
- order that records be produced for examination and examine the records;
- call on the Police Force for assistance if necessary;
- call on any other power provided in the Owner-Drivers (Contracts and Disputes) Act.

IR Act sections 98(4) and 98(5), which are concerned with the use of interpreters, also apply. The sub-sections provide that questions and answers can be directed to a person under investigation through an interpreter; and that the interpreter shall not disclose any information obtained in the course of interpreting.

Clause 33 - Obstructing or hindering inspector

A person may not obstruct or hinder an inspector, must comply with a lawful requirement of an inspector and must answer a lawful question put to the person. A person may not provide false or misleading information. A contravention of these requirements is not an offence but civil penalty provisions for the purposes of the IR Act apply.

Part 8 - Rights of entry, inspection and access to records

Part 8 provides rights of inspection and access to records to individuals or their representatives. Government inspectors have a general right of access.

Clause 34 - Access to records

"relevant person" is defined as the owner-driver or a person authorised in writing to act on the owner-driver's behalf .

The hirer must make records relating to an owner-driver available for inspection if requested to do so by a relevant person. The hirer must let the relevant person enter their premises for the purpose of inspecting records and let them take copies or extracts from the records. The code of conduct is to specify the records required to be kept by the hirer and may specify a time period for keeping records. The hirer is required to produce documents even if the owner-driver contract is no longer in force.

Clause 35 - Right of entry by representative to investigate breaches

A representative who is authorised to act on behalf of an owner-driver may enter any workplace where the owner-driver works to investigate a suspected breach of the Act, the code of conduct or an owner-driver contract. The representative may be required to present an authorisation to the occupier that grants then access to the occupier's premises.

After giving notice (unless the requirement to give notice has been waived by the Road Freight Transport Industry Tribunal), the representative may require the hirer to produce records or

documents that are required to be kept under a code of conduct and that are related to a suspected breach of the Act, the code of conduct or an owner-driver contract. The representative may make copies of relevant information and may inspect other relevant aspects of the workplace.

Clause 36 - Enforcement of section 35

An occupier of a workplace must not refuse or delay entry to a workplace by a representative of an owner-driver or hinder or obstruct a representative in the exercise of their powers to investigate a suspected breach of the Act, the code of conduct or an owner-driver contract.

Part 9 – Road Freight Transport Industry Tribunal

Part 9 establishes a Road Freight Transport Industry Tribunal (the RFTI Tribunal), which would conduct conciliation and arbitration proceedings in the event of disputes between parties regarding breaches of contract, the security of payment provisions, the code of conduct, or unconscionable conduct. A possible breach of the code of conduct that could give rise to a dispute could include failing to pay "safe and sustainable" rates.

The RFTI Tribunal can seek advice from the RIFTI Council where it thinks that such advice would assist it in performing its functions.

Clause 37 - Terms used in this part

Clause 37 defines "Chief Commissioner", "Commission" and "Commissioner" as having the meaning given to those terms in the IR Act section 7(1). "Dispute" means a dispute between an owner-driver(s) and a hirer(s), either as individuals or in a collective. "Transport association" means the Transport Forum WA Inc, being the body representing the interests of hirers and the Transport Workers Union of Australia, being the body representing the interests of owner-drivers. A "payment dispute" arises if an amount has not been paid at a time after which the payment is due to be made.

Clause 38 - Industrial Relations Commission sitting as the Road Freight Transport Industry Tribunal

This clause provides that the Industrial Relations Commission sits as the RFTI Tribunal and is to be known by that title. The RFTI Tribunal has jurisdiction to hear and determine disputes and to enquire into and deal with matters in relation to the negotiation of owner-driver contracts.

Clause 39 - Jurisdiction to be exercised by Commissioner with necessary qualifications

The RFTI Tribunal is to consist of a Commissioner. The Chief Commissioner of the Industrial Relations Commission in appointing a Commissioner must have regard to the desirability of the Commissioner having relevant knowledge to determine disputes or matters under this Bill.

Clause 40 - Persons who may refer disputes and matters to the Tribunal

This clause lists the persons who may refer a dispute or matter to the Tribunal. The list is limited to persons with a direct interest in the outcome of disputes and excludes other persons. Acceptable persons include the Minister, a party to an owner-driver contract, a transport association or an inspector. The dispute or matter may arise out of an owner-driver contract, the Act or code of conduct, or in relation to the conduct of joint negotiations for an owner-driver contract.

Clause 41 - Intervention in proceeding

The Minister may intervene in a dispute or matter being considered by the RFTI Tribunal if the RFTI Tribunal agrees. This is necessary because deliberations about the owner-driver/hirer relationship and a sustainable rate for transportation of goods, particularly when these issues are being considered at the industry level, are of considerable importance to the maintenance of commercial processes.

Clause 42 - Representation

Parties to proceedings, permitted to intervene or be heard in proceedings before the RFTI Tribunal may appear before the RFTI Tribunal in person. A legal practitioner or agent may also represent persons or parties, if permitted by regulation or the RFTI Tribunal.

Clause 43 - Applied provisions: practice, procedure and appeals

Clause 43 lists the provisions of the IR Act that set out the jurisdiction of the Industrial Relations Commission when it sits as the RFTI Tribunal. The provisions may be modified by regulation under the IR Act section 113 and the RFTI Tribunal itself may modify the provisions. For the purposes of this Bill, section 90(1) of the IR Act is modified so that an appeal can be made to the Western Australian Industrial Appeal Court by the RFTI Tribunal on the grounds that the RFTI Tribunal's decision is in excess of jurisdiction.

Clause 44 - Conciliation

A dispute or matter may be referred to the RFTI Tribunal to be resolved by conciliation. Conciliation provides parties to a dispute with the option of resolving their differences in a non-litigious manner that can be more cost effective in terms of time and money than approaching disputes or matters through more formal settings. The clause provides a number of mechanisms for resolving disputes including a conference of the parties presided over by the RFTI Tribunal, a conference at which the RFTI Tribunal is not present, or the RFTI Tribunal may encourage the parties to divulge attitudes or information that might assist in the resolution of issues. The RFTI Tribunal may make a determination based on the outcome of conciliation if the parties agree.

Clause 45 - Compulsory attendance at conciliation

The RFTI Tribunal may summon any person to attend conciliation proceedings.

Clause 46 - Enforcement for the purpose of sections 44 and 45

If a person fails to respond to a summons in the manner set out in clause 45, or contravenes an instruction made by the RFTI Tribunal under clause 44(3) or 45, then the RFTI Tribunal may enforce the summons or instruction. Enforcement may be on the RFTI Tribunal's own initiative or on the initiative of a person who is a party to the proceedings, a transport association where a member of the association is a party to the proceedings, or the Minister may apply to the RFTI Tribunal and request enforcement.

For the purposes of enforcement the RFTI Tribunal has all the powers and duties conferred by the IR Act section 84A(4) to (8). These subsections detail how the RFTI Tribunal is to consider a contravention. For example, the RFTI Tribunal:

- shall have regard to the seriousness of the contravention and other mitigating circumstances:
- may try to resolve the issue in a conference of the parties unless it considers that such an approach would be unavailing;

- may accept undertakings, issue a caution or impose penalties. The maximum penalty for an employer, organisation or association is \$5000 and \$500 in any other case, such as an individual owner-driver or hirer;
- may give costs, with certain parties such as the Minister being exempt from costs.

The time limit within which an application to the RFTI Tribunal shall be made regarding an alleged contravention or failure to comply is by reference to section 82A of the IR Act, which sets a 6-year maximum time limit.

Section 103 of the IR Act is also invoked. This section provides for breaches of a similar nature to be joined in one application, thereby expediting the RFTI Tribunal's processes.

Clause 47 - Determination of dispute where no resolution by conciliation

Where the RFTI Tribunal has assisted parties to reach an agreement by conciliation but where agreement is unable to be achieved then the RFTI Tribunal may hear and determine the dispute. However the RFTI Tribunal is excluded from determining a dispute that is about joint negotiations for an owner-driver contract.

In making a determination the RFTI Tribunal must acknowledge agreements already made by the parties and it must achieve reasonable outcomes. In making a determination the RFTI Tribunal may do things such as order the payment or refund of money, and make orders in relation to an owner-driver contract.

Clause 48 - Order to prevent entering into of owner-driver contracts

When making an order under clause 47, where conciliation has not been achieved, the order may prevent a person from entering into specified kinds of owner-driver contracts.

Clause 49 - Other jurisdictions

This clause sets out the conditions under which the RFTI Tribunal may hear a dispute when the dispute is subject to civil proceedings before a court. In general, a court may not hear a dispute that is being heard by the RFTI Tribunal and the converse.

Clause 50 - Enforcement of monetary order

An order of the RFTI Tribunal requiring the payment or refund of money may be enforced if the order is filed in a court, after which the order is taken to be an order of the court and may be enforced accordingly.

Clause 51 - Enforcement of order other than conciliation or monetary order

A person who fails to comply with an order of the RFTI Tribunal that is not an order to pay or refund money and is not an order to resolve a matter that has not been resolved through conciliation, is punishable by the Industrial Appeal Court under section 92 of the IR Act. Section 92 provides that the Court has the same power to punish the contempt of its power and authority as the Supreme Court.

Part 10 - Miscellaneous

Clause 52 - Trade Practices Act and Competition Code

This clause provides that the actions necessary to create owner-driver contracts such as the making of a code of conduct, undertaking or preparing negotiations are authorised by this Bill for the purposes of the *Trade Practices Act 1974* of the Commonwealth and the Competition Code. Various combinations of persons or businesses that are to be considered as a single hirer for the purpose of this clause are also defined.

Clause 53 -Confidentiality

This clause provides that information is confidential unless circumstances as set out in this clause are met, in which case information may be disclosed or made use of. Disclosure or use of information in contravention of this clause carries a penalty of \$12,000 and imprisonment for 12 months.

Clause 54 - Laying of documents before Parliament

Sets out the procedure to be followed when the Minister is required to lay documents before Parliament under clause 21(2) or Schedule 2 clause 20(2) and a House is not sitting.

Clause 55 - Protection from liability

A person, including the State, may not be sued for damages for the performance (or non-performance) of a duty that is undertaken in good faith.

Clause 56 - Protection for compliance with this Act

Civil or criminal liability does not apply if there is compliance in good faith with a requirement of the Act. The protection also extends if a person is required to produce a document or other material.

Clause 57 - Regulations

This clause provides that regulations may be prescribed for the purpose of giving effect to the Act. Regulations may be made that adopt standards, rules, codes or other provisions published by some other body.

Clause 58 - Consequential amendments

Amends the Acts set out in Schedule 3.

Clause 59 - Review of Act

The Minister must review the Act 5 years after it has commenced and must report the review to each House of Parliament. In the course of the review, the Minister must, amongst other matters, consider the effectiveness of the operations of the Council and the RFTI Tribunal and the need for the continued operation of those bodies.

Schedule 1 - Implied provisions

The details of Schedule 1 are discussed in the notes on clauses. 13 - 16.

Schedule 2 - Constitution and proceedings of Council

Schedule 2 is discussed in the notes to clause 23.