

1994

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

PRIMARY INDUSTRIES LEVIES AND CHARGES (WINE GRAPES) COLLECTION
AMENDMENT BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Primary
Industries and Energy,
Senator the Hon Bob Collins)



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OUTLINE

1. The purpose of these amendments is to change the definition of a producer of grapes, dried grapes or grape juice under the Primary Industries Levies and Charges Collection Act 1991 ('the PILCC Act') so that small wine producers who 'toll process' are eligible to pay levy and be members of the Australian Wine and Brandy Corporation (AWBC). The AWBC's statutory responsibilities include wine promotion, wine export control and determining Australia's geographical indications for use in describing and presenting wine. Its operations are funded by the levy imposed under the Wine Grapes Levy Act 1979.
2. At present, small winemakers grow and/or buy grapes. They often forward these to another, usually larger, winemaker who converts the material into wine for a fee ('toll processing'). The wine is then returned to the smaller winemaker for him or her to bottle and label (if the toll processor has not undertaken these activities as well) and then to sell. The smaller winemaker has owned the wine throughout the process.
3. Under the present legislation, the larger winemaker is the 'producer' and is liable for levy on the wine, although this cost is usually added to the processing cost which is charged to the smaller winemaker. The smaller winemaker is therefore the effective levy payer, but not the official levy payer. The smaller winemaker is not entitled to attend, debate or vote in the industry Annual General Meeting (AGM) of the AWBC.
4. The most recent AGM of the AWBC passed a motion requesting that the levy payer be the owner of the product at the time it is turned into wine.
5. The Bill specifically defines a producer of fresh or dried grapes or grape juice for the purposes of the wine grape levy to put into effect the request of the industry. In practice, the Bill will increase the number of levy payers but the total levy receipts are not expected to change significantly.

FINANCIAL IMPACT STATEMENT

6. The proposals put forward in this section of the Bill will not affect Commonwealth expenditure. Any staffing increases necessitated for the Department of Primary Industries and Energy, which has statutory responsibility for collecting the wine grapes levy, will be charged to the industry under the Levies Management Unit's full cost recovery policy. The point of collection of levies will remain unchanged despite a larger number of levy payers.

NOTES ON AMENDMENTS TO INDIVIDUAL CLAUSESParagraph 4(1) (h)

7. The coverage of the current definition of producer of fresh grapes, dried grapes or grape juice is amended to be restricted to producers of those products on which a levy other than the wine grapes levy is imposed on these products. The definition of producer remains unchanged.

Paragraph 4(1) (ha)

8. A new definition of producer of fresh grapes, dried grapes or grape juice is inserted to provide only for those producers of products on which the wine grapes levy is imposed. The producer is the person who owns the product when it is used in a step in the manufacture of wine, brandy or grape spirit, or when the product (in the form of grape juice) is added to wine. The processes of extraction and concentration of grape juice are excluded from this definition.

9. Note that under the Grape Research Levy Act 1986 the new definitions permit, as intended and as at present, levy to be paid under both Acts on the same product by the same or different persons. This is to permit both grape growers and winemakers to contribute separately to grape and wine research funded by the Grape and Wine Research and Development Corporation (GWRDC). The GWRDC is funded by the levies imposed under the Grape Research Levy Act 1986 and the Wine Grape Levy Act 1979, as well as by matching funding provided by the Government.

