

1986

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WINE GRAPES LEVY AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

(Circulated by authority of the
Minister for Primary Industry
the Hon John Kerin, MP)

WINE GRAPES LEVY AMENDMENT BILL 1986

OUTLINE

This Bill revises the levy arrangements for funding the Australian Wine and Brandy Corporation and imposes a levy on winemakers for the financing of wine research in Australia. The existing Wine Grapes Levy will, in effect, be split into two components for these purposes, i.e. a marketing amount and a research amount respectively. The two levy components will be payable on fresh and dried grapes and grape juice used in winemaking, i.e. as applies at present.

Proceeds of the research component of the levy will be paid into a Trust Fund for expenditure on wine research which will be matched by a Commonwealth contribution in accordance with the provisions of the Rural Industries Research Act 1985. This will provide a more predictable funding environment for research. The maximum amount for each component is established by the Bill at \$5 per tonne for the marketing amount and \$3 per tonne for the research amount with provision for the operative rates to be set by Regulation, following consideration of any recommendation made to the Minister by a declared winemakers organisation.

The Bill specifies a maximum amount of levy of \$20,000 payable annually by a single levy payer for the purpose of funding the Australian Wine and Brandy Corporation. This will more evenly distribute the funding of the Corporation across levy payers and place an increased share of funding on those who felt a need for its continuation. Provision is made for the operative maximum amount to be set by Regulation, following consideration of any recommendation made to the Minister by a declared winemakers organisation.

Financial Statement

The first levy collections under the new arrangements will not occur until end September 1987 and end March 1988. It is currently estimated that in 1987/88 the cost to the Commonwealth of wine research will be about \$660,000, compared with \$518,500 in the 1985/86 financial year. In addition there will be a one-off increase of about \$20,000 in the costs of administering the collection of the marketing component of the Wine Grapes Levy.

WINE GRAPES LEVY AMENDMENT BILL 1986

NOTES ON CLAUSES

Clause 1: Short Title

1. Sub-clause (1) provides for the Short Title of the Act to be the Wine Grapes Levy Amendment Act 1986.
2. Sub-clause (2) identifies the Wine Grapes Levy Act 1979 as the Principal Act.

Clause 2: Commencement

3. This clause provides for certain specified sections of the Act to come into operation at different times, as specified. This is primarily to establish the definition of a "declared winemakers organisation" for the purpose of making regulations.

Clause 3: Interpretation

4. This clause amends section 4 of the Principal Act by inserting two new definitions.
5. Sub-clause (1) defines a "proprietor" of a winery for the purpose of clarifying by whom the levy is payable.
6. Sub-clause (2) defines a "declared winemakers organisation" for the purpose of making regulations pursuant to section 9 of the Principal Act, i.e. to be an organisation declared by the Minister for Primary Industry in a Gazette notice to be a national organisation which is representative of winemakers.

Clause 4

7. This clause repeals section 6 of the Principal Act and substitutes two new sections concerning components and rates of levy.

"Rate of Levy

8. New section 6 provides for the levy to comprise a marketing amount (to fund the Australian Wine and Brandy Corporation) and a research amount (to fund wine research) and sets the maximum rates of these components at \$5.00 and \$2.00 per tonne fresh grape equivalent respectively. It also provides for operative rates of the levy components to be prescribed by Regulations.

"Maximum amount of marketing component of levy

9. New section 6A provides for a limitation to be placed on the total marketing amount of levy payable by a person in respect of all goods on which levy is payable. This serves to spread the funding of the Australian Wine and Brandy Corporation more evenly across levy payers. The operative ceiling amount may be prescribed by Regulation but may not exceed \$20,000.

Clause 5: By whom levy payable

10. This clause repeals section 7 of the Principal Act and substitutes a section which clearly establishes in specified situations the person who is the proprietor of a winery for purposes of the payment of the levy.

Clause 6: Exemptions from Levy

11. Clause 6 amends section 8 of the Principal Act by deleting reference to grapes and grape juice upon which a charge is payable under the Wine Grape Charges Act 1929 which was repealed in 1979. Exemption from levy for prescribed goods used in the manufacture of wine at a winery which during a year uses less than 20 tonnes of prescribed goods is maintained.

Clause 7: Regulations

12. This clause amends section 9 of the Principal Act to provide for a declared winemakers organisation, rather than the Australian Wine and Brandy Corporation, to make recommendations to the Minister with respect to regulations for the purposes of (1) establishing operative rates of the two components of the levy, (2) establishing the maximum marketing amount payable by a person and (3) exempting from levy prescribed goods of a particular class. It also requires the Governor-General to take such recommendations into consideration before making such regulations.