

1986

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

WINE GRAPES LEVY AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister
representing the Minister for Primary Industry)

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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 \$2 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 the Australian Wine and Brandy Corporation in the case of the marketing amount and by a declared winemakers organisation in the case of the research amount.

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 the Australian Wine and Brandy Corporation.

In the period prior to the holding of the first annual general meeting of the industry in 1987/88, before making any recommendations on the operative marketing amount and the operative maximum amount payable, the Corporation must first consult with declared winemakers organisations and advise the Minister of their views. After the arrangements for holding an annual general meeting are in place (after 30 September 1987), the Corporation must first submit its recommendation for consideration at an annual general meeting of the industry and advise the Minister of the voting on any relevant resolution.

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 \$5,000 in the costs of administering the collection of the marketing component of the Wine Grapes Levy.

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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 enables the commencement at the appropriate times of definitions and procedures for industry views to be taken into consideration for the purpose of making regulations concerning levy rates and the maximum amount of marketing levy payable.

Clause 3: Interpretation

4. This clause amends section 4 of the Principal Act by inserting three 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 the "Corporation Act" as the Australian Wine and Brandy Corporation Act 1980 and 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

10. This clause repeals section 7 of the Principal Act and substitutes a new section concerning the person who is liable to pay levy.

"By whom levy payable

11. New section 7, 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

12. 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

13. Sub-clause 7(1) amends section 9 of the Principal Act by omitting sub-sections (2) and (3) and inserting five new sub-sections.

14. New sub-section (2) provides that the Corporation may make recommendations to the Minister in relation to regulations to be made concerning the "marketing amount" of the levy to fund the Corporation and the maximum amount of levy payable by a person.

15. New sub-section (3) specifies that before the Corporation makes a recommendation referred to in new sub-section (2) it must give declared winemakers organisations an opportunity to consult regarding the recommendation and it must provide with the recommendation particulars in writing of the views of these organisations. This is a transitional arrangement which will cease on 30 September 1987 when the provisions outlined in sub-clause 7(2) come into operation.

16. New sub-section (4) specifies that the power of the Governor-General to make regulations concerning the levy to fund the Corporation shall be exercised only on the advice of Executive Council being advice that has taken into consideration any recommendation by the Corporation and the views of declared winemakers organisations on the recommendation. Paragraph 4(b) is a transitional provision which will cease on 30 September 1987, when the provisions outlined in sub-clause 7(2) come into operation.

17. New sub-section (5) provides that a declared winemakers organisation may make recommendations to the Minister with respect to regulations concerning the "research amount" of the levy.

18. New sub-section (6) specifies that the power of the Governor-General to make regulations for the purpose of the "research amount" of the levy shall be exercised only on the advice of Executive Council, being advice that has taken into consideration any relevant recommendation made by a declared winemakers organisation.

19. Sub-clause 7(2) comes into operation on 30 September 1987 and provides for section 9 of the Principal Act to be amended by omitting sub-section (3) and substituting a new sub-section (3) which provides that the Corporation shall not make a recommendation relating to the "marketing amount" of levy unless a motion to endorse the recommendation has been considered at an annual general meeting of the Corporation. It also provides for paragraph 4(b) of section 9 of the Principal Act, as proposed to be amended by sub-clause 7(1) of this Bill, to be omitted and substitution of a new paragraph 4(b) which specifies that the Governor-General may only make regulations acting on advice that has taken into consideration any resolution relating to the recommendation considered at the most recent annual general meeting of the Corporation.

20. Sub-clause 7(3) is a transitional provision which provides for the making of regulations concerning operative rates to apply to the "marketing amount" of levy to fund the Corporation, the maximum amount of such levy payable by a person and the "research amount" of the levy during the period between the day on which the new provisions concerning regulation making powers commence operation and 1 July 1986 when the new components and rates of levy come into operation.

