

1989

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

WINE GRAPES LEVY AMENDMENT BILL 1989

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Primary Industries
and Energy the Honourable John Kerin MP)

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OUTLINE

The purpose of this Bill is to restructure the levy which funds the Australian Wine and Brandy Corporation. The Wine Grapes Levy Act 1979 imposes a levy on fresh and dried grapes and grape juice used in the manufacture of wine. The levy consists of a marketing amount to fund the promotional and regulatory activities of the Australian Wine and Brandy Corporation and a research amount to provide industry funds for wine research. The levy is payable by winery proprietors.

2. The current arrangements for the marketing amount of the levy involve a single rate of levy applying to all wineries crushing more than 20 tonnes of grapes (or fresh grape equivalent) annually but with a ceiling of \$20,000 applying to the total amount of levy payable in a year by any levy payer. This levy structure has resulted in a disproportionate burden of Corporation funding falling upon smaller and medium sized wineries and considerable potential levy income from larger wineries has been foregone.

3. The proposed amendments will introduce a tiered levy system with progressively lower rates of levy applying as tonnage crushed increases; will remove the ceiling on marketing amount payable in a year; and will lower from 20 to 10 tonnes the minimum threshold of annual crush above which levy is payable.

4. The Bill establishes a maximum rate and operative rate of levy for each tier within the new levy structure. Provision exists for the operative rates to be changed by regulation, following consideration of any recommendation made to the Minister by the Australian Wine and Brandy Corporation. The Corporation must first submit its recommendation to an annual general meeting of the industry and advise the Minister of the voting on any relevant resolution.

5. The Bill contains appropriate transitional provisions for implementation of the new arrangements mid-way through the levy year on 1 January 1990.

FINANCIAL IMPACT STATEMENT

6. The levy changes proposed will provide additional funds for the Corporation from 1990/91, enabling it to implement programs of vital importance to the future of the Australian Wine Industry. Levy revenue will rise from approximately \$750,000 in 1989/90 to an estimated \$1.16m in 1990/91.

7. The proposed amendments will have no net effect on Government expenditure. The levy is paid into Consolidated Revenue Fund and an equal amount is appropriated from the Fund for payment to the Australian Wine and Brandy Corporation. The revised levy has no additional staffing implications for the Department of Primary Industries and Energy. The levy collection costs are fully recouped from the industry.

NOTES ON INDIVIDUAL CLAUSES

Clause 1 : Short title

8. The Act will be called the Wine Grapes Levy Amendment Act 1989 and the Principal Act to which it relates is the Wine Grapes Levy Act 1979.

Clause 2 : Commencement

9. The Act will commence on 1 January 1990.

Clause 3 : Interpretation

10. This clause amends section 4 of the Principal Act by defining at subclause (4A) the tonnage of dried grapes and grape juice (prescribed goods) to be the fresh grape equivalent of these goods.

Clause 4 : Rate of levy

11. This clause repeals sections 6 and 6A of the Principal Act and substitutes a new section establishing maximum and initial operative rates under the new levy structure. One component of the levy will fund the Australian Wine and Brandy Corporation and the other, the research amount, will fund wine research. The maximum and initial operative rates of the first-mentioned component comprise a flat amount of \$200 plus additional amounts calculated at the following rates per tonne of prescribed goods used at a winery:

Quantity	Maximum Rate per tonne	Initial Operative Rate per tonne
Up to 5,000 tonnes.	\$8.80	\$4.40
More than 5000 but not not exceeding 10,000 tonnes.	\$2.60	\$1.30
More than 10,000 but not exceeding 20,000 tonnes.	\$1.20	\$0.60
More than 20,000 but not exceeding 40,000 tonnes	\$1.00	\$0.50
More than 40,000 tonnes	\$0.80	\$0.40

12. The maximum rate of the research amount of the levy is set at \$2.00 per tonne and the initial operative rate is \$1.50 per tonne, ie., the rates currently applying.

13. The operative rates of both components of the levy may be varied by regulations up to the maximum rates.

Clause 5 : Exemptions from levy

14. This clause amends section 8 of the Principal Act by reducing from 20 to 10 tonnes of prescribed goods the threshold amount at which levy becomes payable.

Clause 6 : Regulations

15. This clause makes consequential amendments to section 9 of the Principal Act arising from amendments to Sections 6 and 6A of the Principal Act. Section 9 of the Principal Act spells out the specific purposes for which regulations may be made and the procedures to be followed in making them.

16. The Australian Wine and Brandy Corporation can continue to make recommendations to the Minister concerning the rate of the levy from which it is funded. In making relevant regulations the Governor-General will be required to consider a recommendation from the Corporation and advice from the Corporation on voting at an annual general meeting of the industry on a resolution relating to that recommendation.

17. The Governor-General will be required to consider relevant recommendations made by a declared winemakers organisation before making regulations setting the operative rate of the research amount of the levy.

Clause 7 : Transitional 1989-90

18. This clause provides for appropriate transitional arrangements for implementation of the new levy to commence mid-way through the levy year on 1 January 1990.

19. Subclause 7(1) provides that the levy incurred in the first six months of 1989-90 will be calculated under the current levy system.

20. Subclause 7(2) provides that the levy incurred in the second six months of 1989-90 will be calculated in accordance with the new levy system and as if that period were taken to be a levy year.

21. Subclause 7(3) provides that a levy payer shall pay no more levy as a result of totalling the levy payable under Subclauses 7(1) and 7(2), than the levy payer would have paid had the new levy system operated throughout the 1989/90 financial year.

22. Subclause 7(4) provides that terms used in the subclauses governing the transitional period have the same meaning as in the Principal Act.