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No. 73 2003–04

Primary Industries (Excise) Levies Amendment (Wine Grapes) Bill 2003

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Grapes) Bill 2003

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Primary Industries (Excise) Levies Amendment (Wine Grapes) Bill 2003

Date Introduced: 26 November 2003

House: House of Representatives

Portfolio: Agriculture, Fisheries and Forestry

Commencement: Royal Assent

Purpose

To amend the *Primary Industries (Excise) Levies Act 1999* so as to increase the maximum rate which may be prescribed for the research component of the wine grapes levy from \$3.00 to \$10.00 a tonne.

Background

On 20 August 2003 the Executive Director of the Grape and Wine Research and Development Corporation (GWRDC) announced that the GWRDC had insufficient funds to sponsor new research projects concerned with grape and wine production.¹ The investment in existing research projects continues and is reported to total about \$14 million in 2003.² The Executive Director, Dr Jim Fortune, foreshadowed that the GWRDC and the two peak bodies of the industry, the Winemakers' Federation of Australia and the Winegrape Growers' Council of Australia were working actively to gain industry support for a much stronger research and development base.³

The GWRDC is a statutory authority established in 1991 under the *Primary Industries and Energy Research and Development Act 1989*. Its function is to support the growth of the Australian wine industry by planning and funding collective research programs and then to help winegrape growers interpret and apply the results of research. Its funding for research and development comes from levies on the annual grape harvest and wine yield (\$7.8 million in 2002-03), with the Australian Government providing matching funds (\$7 million in 2002-03).⁴

A levy is imposed on fresh grapes, dried grapes and grape juice used in the manufacture of wine by the *Primary Industries (Excise) Levies Act 1999* (the Act). The levy is payable by the producer of the wine grapes⁵ and is used to fund both both marketing and promotion, and research and development strategies. Clause 7 of Schedule 26 of the Act sets the rate

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of the levy for wine grape producers. The Act prescribes a ‘research amount’ of the levy that is calculated on a straight dollars per tonne basis. The legislation provides for both a maximum rate of the levy and an operative rate of the levy. The operative rate may be varied by regulations⁶, but the maximum rate may only be amended by legislation.

The purpose of this Bill is to amend the maximum rate of the research amount of the wine grape levy from \$3.00 to \$10.00 per tonne. The maximum rate was last amended in 1994 when it was increased from \$2.00 to \$3.00.⁷ At present the operative rate paid by wine grape producers is \$3.00 a tonne. According to the Minister, Hon Warren Truss, the proposed higher maximum rate will take effect from 1 July 2004, which is the identified levy year for this particular levy and is therefore the most appropriate date from which to commence the new maximum rate.⁸ The amendments will provide the industry with the capacity to seek an increase in the operative rate of the levy from 1 July 2004.

Main Provisions

Item 1 of Schedule 1 amends the *Primary Industries (Excise) Levies Act 1999* to increase the maximum rate of the research and development component of the wine grapes levy from \$3.00 to \$10.00 a tonne. The operative rate of the levy is set in accordance with the Primary Industries (Excise) Levies Regulations 1999.

Item 2 provides that the amended maximum rate is to apply from 1 July 2004. This date corresponds to the start of the ‘levy year’ as defined by Clause 3 of Schedule 36 of the Primary Industries Levies and Charges Collection Regulations 1991.

Endnotes

- 1 GWRDC News, 20 August 2003.
- 2 GWRDC News, 20 August 2003 and 16 May 2003.
- 3 GWRDC News, 20 August 2003.
- 4 Grape and Wine Research and Development Corporation, *Annual Report 2002-2003*, p. 4.
- 5 The producer is defined as the person who is the owner of the wine grapes when the wine making process begins at the winery.
- 6 Schedule 26 of the Primary Industries (Excise) Levies Regulations 1999.
- 7 Wine Grapes Levy Amendment Bill 1994.
- 8 Truss, Hon Warren, Minister for Agriculture, Fisheries and Forestry, ‘Second Reading Speech’, Primary Industries (Excise) Levies Amendment (Wine Grapes) Bill 2003, House of Representatives, *Debates*, 4 December 2003, p. 24047.

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