

LEGISLATIVE RESEARCH SERVICE
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

AUSTRALIAN WINE AND BRANDY CORPORATION
AMENDMENT BILL 1986

Date introduced: 19 March 1986
House: House of Representatives
Presented by: Hon. John Brown, M.P., Minister
for Sport, Recreation and Tourism
for the Hon. John Kerin, M.P.,
Minister for Primary Industry

DIGEST OF BILL

Purpose

To reconstitute the Australian Wine and Brandy Corporation (the Corporation) with revised functions and powers and a smaller membership. To impose on the Corporation a requirement to prepare corporate and annual plans for submission to the Minister and to make other minor amendments to the Australian Wine and Brandy Corporation Act 1980 (the Principal Act).

Background

The 1985 vintage of 598 389 tonnes of grapes was a record, being an increase of 15.3% on the 1984 vintage.[1] Over the same period wine production rose by 55 million litres to 451 million litres. The wine industry in Australia, however, is confronted by a number of problems, particularly, the lack of promotion in overseas markets, fierce competition from imported wines, the diversity of people and organisations that make up the industry and a wine grape surplus.

In the 1984-1985 Annual Report of the Corporation, the Chairman stated that Australia produces some of the best value-for-money wines in the world and that Australia is a significant wine producing nation. However, overseas markets are generally ignorant of Australian wine.

In 1984/85 the import of wine exceeded the export of wine by approximately 4500 kilolitres.[2] This can be contrasted with the 1982/83 period when exports marginally exceeded imports. The current situation is largely due to

subsidised wine being imported from the EEC. The situation of over-supply in the EEC is unlikely to improve with decreasing consumption by France and Italy and with the wine producing countries of Spain and Portugal joining the EEC.

The Chairman of the Corporation also noted in the 1984-85 Annual Report that there is a need to define the future role of the Corporation as uncertainties have affected its performance. The Chairman particularly noted that differing opinions regarding the role of the Corporation from large winemakers, co-operatives and small wineries had severely limited the Corporation's ability to perform its function.[3]

Currently in Australia more wine grapes are produced than can be processed and sold as wine. A number of factors have led to this situation including the downturn in demand since 1981 for dried vine fruit, the increase in grape yields and the levelling off in domestic consumption of wine. In March 1985 the Commonwealth and State Governments agreed to contribute funds to a scheme to subsidise grape growers for pulling out their vines.[4]

Main Provisions

The functions of the Corporation are set out in section 7 of the Principal Act and include conducting research into the production, handling and transport of grape products. Clause 6 of this Bill proposes deleting this function and substituting the function of conducting, arranging and assisting in market research. The effect of such an amendment is to emphasise the Corporation's commercial role as market researcher and co-ordinator while passing responsibility for research into grape production, handling and transport to the Australian Wine Research Institute.

The powers of the Corporation as set out in section 8 of the Principal Act are to be amended by clause 7. The Corporation will be given specific power to control the export of grape products and the power to engage in trade with the written approval of the Minister will be changed to a power to engage in trade "to the extent required to promote the export of grape products". The Corporation will also be empowered to charge fees for services rendered by, or on behalf, of the Corporation.

Clause 9 will substitute new sections 13 to 19, which deal with the membership of the Corporation, into the Principal Act. Essentially, the changes involve reducing the size of the Corporation and basing membership on possession of the skills and experience necessary for its operation rather than on representing the various sectors of the industry. New section 13 provides that there shall be eight part-time members of the Corporation all appointed by the Minister.

Proposed Part IVA is to be inserted after Part IV of the Principal Act by clause 14. It provides for the establishment and operation of the Australian Wine and Brandy Corporation Selection Committee which will be responsible for nominating all Corporation members except for the Chairperson and Government member. The proposed Part IVA also details the administration of the proposed Selection Committee.

The Corporation will be required to convene an annual meeting of the executives of declared winemaking organisations. The meeting generally must be convened within three months of the tabling in Parliament of the Corporation's Annual Report and will allow industry representatives to consider the most recent annual report of the Corporation, receive an address from the Chairperson and question members of the Corporation on the Corporation's activities (clause 15 which will insert a new Part IVB into the Principal Act).

The Corporation will be required to prepare a corporate plan to cover periods of three, four or five years. The plans will set out the Corporation's objectives as well as providing a statement assessing the market and economic outlook for the industry. The corporate plans will be submitted to the Minister for agreement and the Minister may suggest variations to the plan. Similarly, the Corporation will be required to prepare an annual plan setting out details of the action it will pursue in a relevant financial year to give effect to the corporate plan. The annual plan will be submitted to the Minister for agreement and the Minister may suggest variations (proposed Part VA is inserted by clause 17).

Proposed new section 31K provides for the Minister to have a general reserve power of direction over the Corporation which will be exercisable only in exceptional circumstances (clause 17).

The Corporation may request the Minister in writing to appoint a company auditor to be the auditor of the Corporation (proposed new section 38A added by clause 22).

Comment

This Bill is part of a package dealing with the grape and wine industries. The other Bills in the package are:

Wine Grapes Levy Amendment Bill 1986
Grape Research Levy Bill 1986
Grape Research Levy Collection Bill 1986
Wine Research (Repeal) Bill 1986

For further information, if required, contact the Economics and Commerce Group.

14 April 1986

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

References

1. Australian Wine and Brandy Corporation, Annual Report 1984-85, p.3.
2. Ibid., p.14.
3. Ibid., p.3.
4. Report of the Inquiry into the Grape and Wine Industries, April 1985, pp.28 and 195.

© Commonwealth of Australia 1986

Except to the extent of the uses permitted under the Copyright Act 1968, no part of this publication may be reproduced or transmitted in any form or by any means, including information storage and retrieval system, without the prior written consent of the Department of the Parliamentary Library. Reproduction is permitted by Members of the Parliament of the Commonwealth in the course of their official duties.