



Australian Government

Australian Grape and Wine Authority

5 April 2016

Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Watling

Primary Industries Levies and Charges Collection Amendment Bill 2016

The Australian Grape and Wine Authority (AGWA) supports the passage of the Primary Industries Levies and Charges Collection Amendment Bill 2016 that will allow the Department of Agriculture and Water Resources (the Department) to provide levy and charge payer information to rural research and development corporations (RDCs) for the purpose of developing levy payer registers.

As one of the 15 RDCs, AGWA supports the feedback on the Bill provided by the Chair of the Council of Rural RDCs Mr Richard Clark. We would also like to provide some feedback that particularly relates to AGWA.

AGWA's role

AGWA, trading as Wine Australia, is governed by the *Australian Grape and Wine Authority Act 2013*. Our role under the Act is to:

- coordinate or fund grape and wine research and development (R&D), and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- promote the sale and consumption of wine, both in Australia and overseas.

AGWA's funding

We are funded by grape growers and winemakers through levies and user-pays charges, and by the Australian Government, which provides matching funding for research, development and extension (RD&E) investments. We have four primary sources of funding:

- **Marketing funding:** Wineries pay the promotion component of the **wine grapes levy** in a stepped amount per tonne. The promotion



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component is payable on grapes delivered to a winery once the threshold of 10 tonnes has been reached. Wine businesses also pay the **wine export charge** on wine produced in and exported from Australia. The amount of levy payable is based on the free-on-board (FOB) sales value of wine for the levy year.

- **Regulatory funding:** Regulatory activities are funded on a cost-recovery basis through activity-based fees.
- **RD&E funding:** The **grape research levy** (grapegrowers pay \$2 per tonne of winegrapes crushed) and the R&D component of the **wine grapes levy** (wineries pay \$5 per tonne of winegrapes crushed) are matched dollar-for-dollar by the Australian Government.
- **User-pays activities:** Wine businesses, regional associations and state governments pay voluntary contributions to participate in market development activities.

Identifying *all* levy and charge payers

Levy payer registers will allow us to identify and consult directly with the levy and charge payers who fund our marketing and RD&E activities and, importantly, to share with them the outcomes of the activities that they fund.

Currently, we are able to identify payers of the wine export charge (and we collect the charge on behalf of the Department) and the Department is able to identify payers of the wine grapes levy¹, but no list is kept of producers who pay the grape research levy².

This is because, while the liability to pay the levy rests with grapegrowers (producers)³, paragraph 7(2)(b) of the *Primary Industries Levies and Charges Collection Act 1991* is applied to the wine grape levy⁴, meaning that it is actually the *winery* (as the processor) that must pay the levy of behalf of the grapegrowers. The wineries (rather than the grapegrowers) are also liable to submit returns, and are currently not required to include producer details in those returns.

In order for a list of grapegrowers to be established, we would like consideration to be given to having wineries provide grower details in their

¹ Imposed under clause 6 of Schedule 13 to the Primary Industries (Excise) Levies Act

² Under clause 6 of Schedule 26 to the Primary Industries (Excise) Levies Act

³ See clause 6 of Schedule 13 to the Primary Industries (Excise) Levies Act

⁴ See clause 6 of the Primary Industries Levies and Charges Collection Regulations 1991



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returns. This could be achieved by amending clause 10 of Schedule 20 to the Primary Industries Levies and Charges Collection Regulations 1991, to require ‘processors’ to provide ‘producer’ details in their returns.

Collecting this information and then providing it through a levy payer register would allow us to consult directly with *all* grapegrowers on their research priorities and allow us to engage with them in the outcomes of R&D to ‘facilitate the dissemination, adoption and commercialisation of the results’ as required by our Act.

It would also allow the national industry representative body for grapegrowers, Wine Grape Growers Australia (WGGA), to consult directly with all grapegrowers.

Secondary disclosure

We are pleased to see that the Bill maintains current practices for the distribution of the name and address of the person or body that lodges levy returns to RDCs, industry representative bodies and others. This is particularly important for our two industry representative bodies, the Winemakers’ Federation of Australia and WGGA, and the Australia Wine Research Institute, which is governed by a sector-led, skills-based Board in part elected by wine grapes levy payers.

We look forward to the passage of this Bill and consequently the opportunity to consult directly with our levy and charge payers.

Yours sincerely

Andreas Clark
CEO