**WINE GRAPES INDUSTRY BILL 1991**

**LEGISLATIVE COUNCIL, 26 NOVEMBER 1991, PAGE 2290**

**Second reading**

Received from the House of Assembly and read a first time.

**The Hon. BARBARA WIESE (Minister of Tourism)**: I move:

That this Bill be now read a second time.

I seek leave to have the second reading explanation inserted in Hansard without my reading it.

Leave granted.

**Explanation of Bill**

Wine grape prices legislation has existed in South Australia since 1966, under sections 22a to 22e of the Prices Act 1948. Minimum prices were set continuously in South Australia from 1966 to 1985. Terms of payment have been determined each vintage since 1977.

The system of setting prices had been modified over that period. Until the latter years of the period, the recommended prices were usually determined by an Industry and Departmental Committee which took into account both the cost of production and market forces. The prices were set under the Prices Act and as such were legally enforceable with fines being imposed for soliciting or offering wine grapes at less than the gazetted prices.

For some time prior to the 1985 vintage there had been dissatisfaction by growers and wine makers at the effectiveness of the minimum prices legislation both within this State and in relation to the trading of wine grapes between South Australia, Victoria and New South Wales.

The Ministers of Agriculture from New South Wales, Victoria and South Australia, established a Working Party in 1984 to examine minimum wine grape prices. The working party's report was presented to the respective Ministers of Agriculture at the end of March 1985. The major recommendation of the report was for a base price to be set to operate on a national basis. The Ministers subsequently released the report for comment but no joint action was taken on it.

For the 1986 vintage, the South Australian Government decided that two base prices would be set in this State. The wine grape prices were gazetted on 19 December 1985, and for the first time one price ($175 per tonne) was listed for all grapes grown in Area 1 (the area irrigated from the Murray River) and another price ($190 per tonne) listed for all grapes grown in Area 2 (all grape growing areas of the State not included in Area 1). A price of $12 per baume per tonne was set for unsound grapes in the 1986 vintage.

After the completion of the 1986 vintage a review of the operation of the base price system was carried out by the South Australian Department of Agriculture. The review recommended that the base price system should continue for the 1987 vintage and the wine and grape industry situation be monitored prior to the 1988 vintage, with a view to removing all price control.

A single base price of $175 per tonne was set for Area 1 for the 1987 vintage but no price, at the request of the United Farmers and Stockowners (UF&S), was set for Area 2. No prices were set for either Area 1 or Area 2 for the 1988 vintage, although the legislation still remained in place.

At the 1988 Spring Session of State Parliament, it was determined that the Wine Grape Prices section of the Prices Act would continue to operate for the 1989 vintage. Lists of indicative wine grape prices were released by the various regional wine grape grower organisations to help guide growers as to the prices they should seek from wineries, but no legislated prices were set. The terms of payment that applied for the 1988 vintage applied for the 1989 vintage.

Indicative prices were determined for wine grapes in some areas for the 1990 vintage. Whilst few wine grapes were left unsold in South Australia, the prices actually received, particularly in the Riverland, were below the indicative prices. This was as a result of the relatively large tonnage of wine grapes harvested in the 1990 vintage and, at the same time, a continuation of the almost static demand for wine experienced on the domestic market in 1989. Legislated terms of payment were set for the 1990 vintage.

Representatives of the national wine making and grape growing industry bodies, the Departments of Agriculture and Fisheries (NSW), Agriculture and Rural Affairs (Vic) and Agriculture (SA) attended a meeting in Renmark on 19 October 1990 to finalise the development of an indicative pricing system. Two previous meetings to discuss this issue had been held by representatives from the above-mentioned group during 1990.

The 19 October meeting agreed unanimously that the following three broad principles should apply for wine grape pricing in the Murrumbidgee Irrigation Area (MIA), the Sunraysia areas of Victoria and NSW and the Riverland area of SA for the 1991 season and beyond:

* The industry should set up price negotiating machinery between growers and wine makers for the MIA, Sunraysia and Riverland, with a view to establishing indicative prices for all relevant varieties of wine grapes;
* Negotiations be held jointly between representatives ofthe three areas to arrive at indicative prices;
* The purpose of the indicative prices be to assist in the negotiations between buyers and sellers.

Following the Renmark meeting, an application was made by the Wine Grape Growers' Council of Australia Incorporated to the Trade Practices Commission (TPC) for interim authorisation until May 1991 and also for substantive authorisation. This would have allowed interstate and State committees comprising wine makers and grape growers to meet to discuss the formation of indicative prices. The TPC would not grant interim authorisation but has recently released its draft determination in relation to the setting of indicative prices. If the determination is upheld substantive authorisation will be granted for the above process until April 1994.

The Victorian and NSW Sunraysia areas met and agreed on indicative prices for the 1991 vintage based on the Renmark agreement. These States were protected in this process by existing legislation in both States. In SA, indicative prices were determined in irrigated and non-irrigated areas by the UF&S Wine Grape section. However, these were set unilaterally by grape grower representatives with no wine maker involvement. This process was undertaken following the TPC's refusal to grant interim authorisation to determine indicative prices and with the realisation that no new legislation relating to indicative prices could be finalised for the 1991 vintage. The Murrumbidgee Irrigation Area (MIA) set its prices under the legislation that operates in the MIA. This is separate to that which applies to the Sunraysia area of NSW. Legislated terms of payment for the 1991 vintage were set on 21 February 1991.

The UF&S and the Wine and Brandy Producers' Association of South Australia would like to have new legislation relating to indicative prices and terms of payment in place by the 1992 vintage. With this legislation and the TPC authorisation the three States would be able to meet jointly to discuss and determine the respective indicative prices to apply to the irrigated areas of NSW, Victoria and SA.

The reason for proposing this legislation is the industries' (grape growing and wine making) agreement that the current legislation, under the Prices Act, 1948 is ineffective. As a result of a series of 3-State (SA, Victoria and NSW) wine grape pricing meetings held in 1990, this State's grape growing and wine making industries sought similar wine grape legislation to that introduced into Victoria in 1990. This Bill, although not similar to the Victorian legislation, empowers the Minister of Agriculture, on advice, to publish indicative prices for grapes grown in Area 1 of South Australia and terms of payment for all wine grapes grown in South Australia (Area 1 is that area in South Australia comprising the district councils of Barmera, Loxton, Berri, Paringa, Morgan, Waikerie, Mannum, Mobilong, the hundred of Katarapko, the hundreds of Fisher, Forster, Nildottie, Ridley and Bowhill in the district council of Ridley, the hundred of Skurray in the district council of Truro, the municipalities of Murray Bridge and Renmark and the counties of Young and Hamley).

A committee will be established in South Australia by the wine making and wine grape growing industries to advise the Minister of Agriculture on the indicative prices and the terms and conditions of payment to apply for the ensuing vintage.

Membership of the Committee;

* the Committee shall consist of 7 members, including the Chairperson.
* the Chairperson will be appointed by the Minister of Agriculture.
* 3 members will be persons involved in producing wine grapes or in the wine grape producing industry organisation, selected by the United Farmers and Stockowners of South Australia.
* 3 members will be persons involved in the purchasing of grapes for processing into wine or in the wine and brandy producers' organisation, selected by the Wine and Brandy Producers' Association of South Australia.

The provisions of the Bill are as follows:

Clauses 1 and 2 are formal.

Clause 3 is an interpretation provision. A definition of 'production area' is included for the purposes of limiting the application of recommended prices to wine grapes grown in the Riverland area.

Clause 4 exempts sales of wine grapes by a member of a registered co-operative to the co-operative from the operation of the measure.

Clause 5 provides for the Minister to recommend a price for each variety of wine grapes grown in the production area.

Clause 6 enables the Minister to fix terms and conditions relating to the time within which payment for wine grapes must be made by processors and payments to be made by processors in default of payment within that time. The terms and conditions must not differentiate between purchasers.

Clause 7 requires the Minister to consult representatives of both producers and processors before recommending prices or fixing terms and conditions. The clause expressly contemplates parties discussing and negotiating prices.

Clause 8 includes administrative provisions relating to the making of orders under clauses 5 or 6.

Clause 9 provides that a processor must not accept delivery of grapes if he or she has not paid in full for any grapes received in a previous season. It allows the Minister to grant exemptions.

Clause 10 provides that offences against the Act are summary offences and that prosecutions must be commenced within 12 months and must be authorised by the Minister.

The schedule contains consequential amendments to the Prices Act 1948. The provisions relating to the fixing of prices, and terms and conditions of payment, with respect to wine grapes are removed.

**The Hon. PETER DUNN** secured the adjournment of the debate.