



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Treasury Laws Amendment  
(2017 Measures No. 4) Bill 2017**

**Second Reading**

**SPEECH**

**Thursday, 22 June 2017**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Thursday, 22 June 2017  
**Page** 14  
**Questioner**  
**Speaker** McCormack, Michael, MP

**Source** House  
**Proof** Yes  
**Responder**  
**Question No.**

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**Mr McCORMACK** (Riverina—Minister for Small Business) (10:33): I move:

That this bill be now read a second time.

Today, I introduce a bill to implement two government initiatives.

Schedule 1 of this bill, introduces changes to address integrity concerns with the wine equalisation tax rebate and better target support to small Australian wine producers as originally intended. The changes in this bill are part of the continuing efforts of the government to strengthen the integrity of Australia's tax system.

The wine equalisation tax rebate supports the Australian wine industry by providing wine producers with access to a tax rebate on sales of eligible wine. Through consultation, industry told us that the wine equalisation tax rebate has encouraged some businesses to alter their structures to maximise rebate claims and has been the target of rorting. These behaviours have contributed to distortions in the wine market, and necessitated urgent reform.

To that end, Schedule 1 of this bill introduces a number of integrity measures, and lowers the rebate cap, to ensure the rebate is benefiting its intended recipients.

The rebate cap will be reduced from \$500,000 to \$350,000 on 1 July 2018, and remain at that level ongoing. The lower cap will better target the rebate to smaller wine producers.

To strengthen integrity, eligibility for the rebate will be changed. A wine producer will need to own at least 85 per cent of the grapes used to make the wine throughout the winemaking process. This will address schemes where the rebate is being claimed multiple times on the same parcel of wine.

Wine producers will be required to sell wine packaged in a container not exceeding five litres and branded with a registered trademark. Containers for traditional cider and pear cider, which can also access the rebate, must not exceed 51 litres.

Transitional eligibility arrangements will apply to allow producers sufficient time to adjust to the changes.

Claims will also be better linked to the payment of the wine equalisation tax to address schemes where the rebate is being claimed on wine that is ultimately sold for export.

Schedule 1 of this bill will better target the rebate to wine producers with proven investment in the industry, regional areas and brands and reduce distortions in the wine industry, putting the industry in a stronger long-term position.

The measures contained in this bill are just a part of the government's efforts to support a strong and sustainable Australian wine industry. The government is also providing \$50 million over four years to the Australian Grape and Wine Authority to promote Australian wine. In addition, the government is introducing a wine tourism and cellar door grant program in 2018-19, to allow producers who exceed their cap to access a grant of up to \$100,000 for their cellar door sales.

Schedule 2 of this bill amends the Income Tax Assessment Act 1997 to provide income tax relief to superannuation funds who are transferring the account balances of their members as they transition to the MySuper rules.

The MySuper reforms introduced new, low-cost superannuation products with a simple set of features to allow members to more easily compare between products and to ensure that members do not pay for any features they do not need or use.

Superannuation funds have been able to provide MySuper products since 1 July 2013. As part of the transition to the new rules, funds are required to transfer the existing balances of their default members to MySuper compliant products by 1 July 2017.

When superannuation funds are transferring these balances and the assets which support these balances, tax liabilities could arise on the transfer. This tax payable would reduce the balance of the member.

This outcome would work against the rationale of the MySuper rules. Transition to the low-cost products should improve retirement outcomes for members, not leave them with an unavoidable tax bill which reduces their account balances.

Tax relief is currently available for those superannuation funds that transfer their default members to a different fund. An asset rollover is available, which defers the income tax which would otherwise be payable on the transfer. However, this tax relief has not been available where the member transfers to a MySuper product with their existing superannuation provider.

This measure will extend the tax relief, providing an asset rollover for mandatory transfer of balances and assets to MySuper products within the same superannuation fund.

This will ensure equity between those members which provide to a new fund provider, and those that take up new products with their existing provider. It also makes sure that members' balances are not negatively impacted by tax liabilities when their balances are moved, working to maximise their retirement savings.

Full details of these measures are contained in the explanatory memorandum.

Debate adjourned.