

Rotten grapes -

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Primary Production Industry Partnership

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Rotten grapes

Question

1. How are rotten grapes defined in relation to food?

Answer

2. Rotten grapes used in the process of making wine or vinegar are considered to fall within the definition of ingredients for food for human consumption, and thus are GST-free under paragraph 38-4(1)(b) of the Act.

Explanation

3. Grapes which have gone rotten as a result of 'noble rot' or otherwise, are not considered unfit for human consumption if they are used as 'ingredients for food for human consumption' and are therefore GST-free under paragraph 38-4(1)(b).
4. The further supplementary explanatory memorandum to *A New Tax System (Goods and Services Tax) Bill 1998* (the EM) states that 'Food that is unfit for human consumption is not considered food for human consumption under this definition. For example, rotten meat and vegetables' (1.14).
5. Grapes which have gone rotten are still utilised in wine production or vinegar making. We recognise that when grapes are harvested from the vine, the bunches may contain rotten grapes, which are not separated from the healthy grapes before further processing is undertaken. Although they have gone rotten, which satisfies the example contained in the EM, the fact that they are still incorporated into the end food product (for example, wine, vinegar) demonstrates that they are still fit for human consumption. If they were unfit, then they would be excluded from the preparation process.

6. Rotten grapes are a common feature of the wine preparation process. Unlike other edible fruit which often has the rotten product removed before consumption, rotten grapes forming part of a bunch picked from the vine are simply thrown into the crusher with the rest of the bunch (which includes stalks and all).
7. Rotten grapes that don't go through the crushing process are usually dumped as a waste product, and not applied to any other use.
8. There is a particular type of 'rot', known as the botrytis fungus which afflicts grapes, but is favoured by certain sectors of the industry. This fungus sucks the acid and moisture out of the grape, which increases its sugar content percentage. When these grapes are harvested and crushed, they produce a wine which is much sweeter in flavour than normal wines (often known as 'dessert wines'). As a result of this fungus being common in certain locations (due to favourable climatic conditions etc), these areas tend to specialise in these types of wines.
9. Vinegar is initially formed with a wine base, that is, the initial product is the same as the initial product of wine. The fermentation/preparation process is varied slightly to produce the different final product. So, rotten grapes used in the process of making wine or vinegar are considered to be ingredients for food for human consumption.