**Submission on behalf of Chaffey Bros. Wine Co in regards to Wine Equalisation Tax Rebate: Tightened Eligibility Criteria**

**Contact Details:**

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**A bit of background information about Chaffey Bros. Wine Co:**

* Established in 2009
* Privately owned by Daniel Chaffey Hartwig and Theo Engela
* A small innovative wine business making wines that are out of the ordinary and strive to have a point of difference across style, packaging and marketing.
* Tonnes most recently crushed 2014 137T, 2015 242T, 2016 380T.
* Do not own vineyards however majority of grapes are purchased from long-term grower relationships as opposed to ad hoc/short-term opportunistic buying.
* Do not own a winery and currently contract process across three Barossa wineries: Thorn-Clarke, Moppa Vintners and Rosenvale. Kellermeister have been used in the recent past also.
* All wines are bottled at Yalumba, Angaston, SA.
* Do not own a Cellar Door however have a shared space at Taste of Eden Cellar Door since 10th September 2014.
* Domestic branded sales = 81% (retail = 18%, on-premise = 76%, other = 6%)
* Export branded sales = 19%
* Currently have large holdings of bulk and bottled stock, circa $1.5 – 2 million (probably closer to the higher figure now we have bottled most 16 whites and 15 reds).

**Other information to consider in regards to the proposed tightened eligibility criteria:**

In our early years having a growing domestic business supported by the producer rebate gave us a good position to move into export sales into China, other Asian markets, UK and EU with a plan to extend into North America in time.

The growth and ability for Chaffey Bros. Wine Co. to launch new SKUs has been partly enabled by the producer rebate. Without it we would not be able to grow or employ new people as we currently have.

By not investing in winery or vineyards (to date) it has enabled us to support and maximise existing third party infrastructure and support and at times struggling grower base and give them options to sell their fruit and get their name into the marketplace, in some cases with a sense of place and their name associated with given brands rather than disappearing in anonymous blends.

If we had purchased a vineyard already we would not be able to support existing established growers looking to place their fruit and likewise if we purchased a winery there would be three wineries currently under utilising their assets. We could make that move now we are established in order to secure the rebate going forward but it would be to the detriment of our growers and partner wineries and reduce the amount we can reinvest in our brands and fruit/stock to grow them.

We will no doubt have a Cellar Door and vineyards in the coming years but to force small wineries to purchase one to access the producer rebate would be to take away the incentive to invest in the most powerfully transformative thing the Australian wine sector possesses and our international competitive advantage - innovative brands that most often come from smaller producers. These brands are the beneficiaries of brains trust of the wine business and the creative sector that supports it.

One has only to look at the recent Artisans of Australia tasting in the UK to see the dynamism and appeal of these internationally competitive small producers that are "working smart" by utilising the pooled resources of business around them yet all the while they are investing and re-investing heavily into their own business.