

Geographe Wine Industry Association

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**7 October 2016**

**Attn: David Pullen**

**Federal Department of Treasury**

**Submission on behalf of the Geographe Wine Industry Association**

**WET Rebate reform – Position Paper by Wines of Western Australia**

I write in support of the submission by Wines of Western Australia in response to the Federal Government’s *WET Rebate: Tightened Eligibility Implementation Paper*. I note, and am grateful for, the opportunity to meet with and discuss this issue with Senator Anne Ruston.

The Geographe Wine region and its association of members is made up of mostly small and boutique family owned and run businesses, which are an integral part of the wine and food tourism industry in the South West of Australia. It is increasingly recognised as a region of premium or super premium wines, consistent with the best of Australian producers. Many producers are not able to support separate on-site processing, relying on small parcel contract processing at neighbouring or other winery processing in the region.

We support the policy objectives behind the changes, namely addressing integrity concerns, better targeting support, and tightening eligibility for the WET Rebate.

However, we are very concerned about the direct and indirect consequences of the announced changes for regional growth and development, and regional communities and the likely unintended consequences they will have, including significant negative social and economic impacts in Australia’s regional communities like Geographe.

WET as a value based tax places smaller fine wine producers at an enormous disadvantage

relative to large producers, as it results in substantially higher tax being paid on high value

fine wines relative to lower value wines.

The WET Rebate was introduced to support small and medium wine producers in regional and rural Australia with domestic sales, and to effectively exempt those wine producers from WET.

The overall WET Rebate should not be cut for smaller producers until such time as the

inequitable basis of wine taxation of wine is addressed. We support longer-term reform of

wine taxation to a system that is simpler and fairer. A tax based on the value of the product,

not the volume of its contents, is inequitable to fine wine regions.

We believe that:

1. Access to the WET Rebate should be limited to packaged, branded wine which is for sale to domestic customers, and bulk and unbranded wine should be excluded from the WET Rebate.

2. The current definition of producer (being an entity that manufactures the wine or supplies to another entity the grapes, other fruit, vegetable or honey from which the wine is manufactured) should be maintained, but add two important additional criteria; that an eligible producer must:

(a) operate from a place of business in a wine region; and

(b) maintain ownership of the grapes from which such wine is made from the crusher to

the finished bottled and branded product, allowing for up to 25% blending of third party

product to tolerate seasonal and style influences.

3.The overall rebate of $500,000 available on cellar door or direct sales should be maintained and cap wholesale sales at $350,000, transitioned in over four years.

4. The Government should consider restricting access to the WET Rebate to small

and medium wine producers. The WET Rebate was never intended to support significant scale of operation businesses in the Australian wine industry.

On behalf of the Geographe Wine Industry Association I ask for your favourable consideration of this important matter.

Yours sincerely



Simon Holthouse

President