7 October 2016

To whom it may concern.

**SUBMISSION: Wine Equalization Tax Rebate: Tightened Eligibility Criteria**

Kings of Kangaroo Ground is a small boutique wine producer in the Yarra Valley with an annual crush not exceeding 30 tonnes.

*We own our fully equipped winery*, an investment that has taken 20 years to achieve. Our wines are highly regarded, having won many awards at major wine shows over the last three years; GOLD x 3; SILVER x 4; BRONZE x 12.

Our biggest challenge to maintain a sustainable small business is selling our quality wine into a market crowded with generic wines. Whilst we are well priced commercially, there are always “so called producers” that undercut us and take our business.

Our occasional investigation into this reveals many "producers" who do not own any assets in the industry other that a computer and a cash register. They may claim to "own" the grapes by purchasing them, then have the wine made and bottled under contract, so in essence all they own is a brand.

**Our general view is that these *“virtual wineries”* have a right to exist as legitimate businesses, but should not qualify for the WET tax rebate.**

DISCUSSION QUESTIONS:

1. *Is the proposed definition of packaged and branded wine appropriate?*

We agree with the 5 litre proposal. Whilst we have not registered our brand as a trade mark, we would happily do this if it led to a reduction of the virtual brands that have flooded retail land, all *masquerading as physical wine producers*. We also agree that the WET rebate should not be claimable for bulk wine.

1. *For eligible producers, how should a winery ownership and leasing test be applied?*

We agree that an eligible producer should be able to *demonstrate a significant investment* in the wine industry. The eligible producer should be *a grape grower and/or winery owner* with a significant financial investment in the industry and an intention to be part of the growth and success of the Australian Winemaking industry.

We do not see investment in a brand as a valid claim to the WET rebate - our position is that the rebate should be intended to provide assistance to small producers who have invested in the core element of primary production i.e. growing wine grapes and/or making wine. This requires a significant financial investment in physical assets, after which we still have to invest just as much into brand as a "virtual producer" who has invested nothing into wine production assets.

* 1. *What is the impact of a 1 July 2019 start date of the tightened eligibility criteria?*

We foresee no impact, rather it will be advantageous to our small, respected and growing brand.

We look forward to tightened eligibility for the WET rebate.

**Ken King**

**Director**

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Wunspoon Unit Trust

Trading as Kings of Kangaroo Ground

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Submission due 7th October 2016

Email response to: wetrebate@treasury.gov.au