**Rethinking W.E.T.**

Why do we tax wine more than other products?

We tax wine due to the negative impacts of alcohol on society, and nothing else. This acts as a monetary disincentive to reduce the quantity that vulnerable members of society drink, and to provide revenue for the costs of alcohol on the state.

Why then, do we tax the value of wine and not the quantity of alcohol within the wine? Why should someone who purchases a $100 pay $29 tax and someone who purchases a $10 bottle of wine pay $2.90 when they contain the same quantity of alcohol?  The alcohol is the reason there is a tax not the monetary value.

I don’t believe in the rebate, I personally believe that an industry that can’t support itself financially should not receive a hand out from the government. However, I don’t believe in a tax of 29% based on the monetary value.

Any conversation that occurs in the industry from this point forward on the basis of eligibility criteria will be protectionism dressed up as policy. It will be people trying to maintain and enhance their position at the expense of others based on what is ‘fair’. Fairness depends on where you sit.

Any eligibility criteria will lead to members of the industry spending capital to obtain the criteria as opposed to investing in areas of the business that could actually provide real value and revenue.

We need to simplify this. Businesses fail when red tape and administration bite into the time that could be spent on assets and ideas that will actually provide revenue.

We need to tax the volume of alcohol and not the value of the wine. As an example, it could start with 30% of the standard drinks in a product is paid in tax. If wine has 8 standard drinks we pay $2.64 in tax per bottle.  This is done in both the UK and Singapore.

This makes cheaper wine more expensive domestically and reduces the amount of alcohol related crimes and health related issues to those that are most vulnerable, but isn’t that the point? The Australian wine industry can’t compete internationally producing cheap generic wine, we have to focus on quality and provenance. This is already known.

We need to stop being afraid of change, otherwise we have the potential to lose all we have achieved in the past. Our own industry needs to lead on this.

A volumetric tax is the only way forward.

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