

# Why should wine continue to receive a differential tax rate compared to other alcohol types?



## Wine industry's contribution to national economy

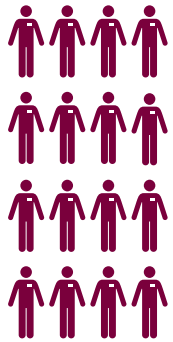


### Wine Economic Contribution

**\$1.77b**

Most of which is reinvested in regional Australia

**14x** more than spirits | **1.5x** more than beer



### Wine Employment Contribution

**16,122** direct jobs

Mostly in regional Australia

**20x** more than spirits | **4x** more than beer

### Wine Tourism

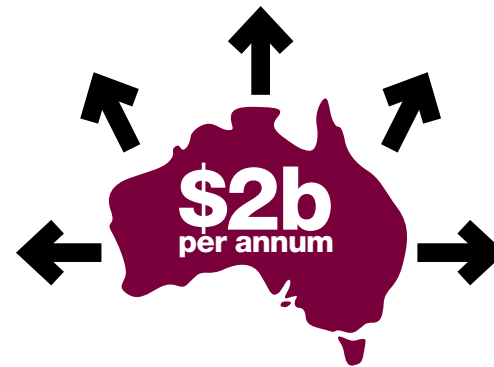
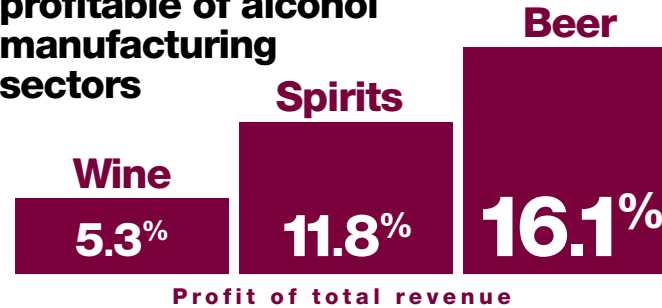
**\$8.2b**



Contributes to the overall visitor expenditure in Australia

## Competitive disadvantages of wine industry

Wine is the least profitable of alcohol manufacturing sectors



Wine is the only net exporter

**12x** more than spirits

**39x** more than beer

Wine is the least consolidated sector

**41%** of industry revenue

**65%** of industry revenue

**83%** of industry revenue

Retailer margins are greatest on wine sales



Meaning lower prices for winemakers and grape growers

Wine has **2-3x** more retailer margin than beer

Wine industry has compulsory industry levies/charges other alcohol types do not



Australia taxes wine more than other wine exporting countries

Tax per standard drink:



# Why should wine continue to receive a differential tax rate compared to other alcohol types?

## Wine is more capital intensive than beer

### Fermentation equipment uses:



### Maturing stages:



### Storage:

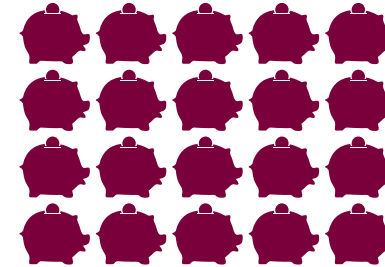


### Supply chain:



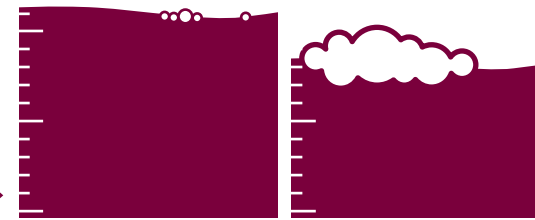
Average return on invested capital for wine is less than 1% while the beer industry is 20.3%

Return on invested capital:



Invested capital required to generate \$1 of profit is higher in the wine industry

Invested capital per \$1 profit:



Wine industry needs a higher level of working capital than beer and other beverages

Annual inventory turnover:

