



NEWS RELEASE

‘Reform and promotion’ the hallmarks of a unified wine sector plan for government

Reforms to the Wine Equalisation Tax (WET) rebate and an extra \$44 million for global marketing are detailed in a plan put to the Federal Government to help restore profitability to the nation’s grape and wine industry.

A submission lodged by the industry’s two peak associations, the Winemakers’ Federation of Australia (WFA) and Wine Grape Growers Australia (WGGA), urges government to take action before the 2016 vintage so wine businesses can take full advantage of the more favorable Australian dollar and recent FTAs.

This joint submission represents a strong display of unity from the sector and includes letters of support from all state wine associations.

“The industry plan has been developed through extensive consultation over the past two years and it is backed by detailed analysis, independent modelling and expert legal advice,” WFA Chief Executive Paul Evans said.

“The plan sets out what must be done to aid an uplift in profitability and prices for both winemakers and grape growers. There is industry acknowledgement that WET rebate reform is required for the benefit of the industry as a whole, while the importance of a boost to our global marketing efforts even more widely accepted.

The submission calls for government to:

- Keep the WET rebate in line with the original policy intent of delivering long-term benefits to industry and tourism in regional Australia;
- Stop the rebate going to unintended recipients and shut down the schemes;
- Phase out the WET rebate on bulk and unbranded wine over four years to advance strong brands that command consumer loyalty and profitable margins to reinvest back into regional Australia;
- Abolish the separate New Zealand rebate arrangements that provide preferential treatment to NZ wine producers and replace it with a level playing field for all claimants, irrespective of nationality;
- Encourage winery consolidation by introducing transitional WET rebate measures that allow the separate rebate entitlements of the merging entities to be phased down to one entitlement over four years;
- Return \$44m of government savings from these reforms to industry to boost marketing of Australian wine to grow export demand.

- Provide industry support to assist those impacted by the changes.

“We conservatively estimate our plan will deliver net savings to the Commonwealth of at least \$234 million over the next four years,” said Mr Evans.

WGGA Executive Director Lawrie Stanford said the majority grower view was the WET rebate reform, market promotion and continued supply adjustment were urgently required to lift the grape and wine industry’s overall performance.

“Winegrape growers have been doing it tougher for longer and we will continue to lose good business people if the necessary reforms to both supply and demand are delayed,” Mr Stanford said.

“We look forward to working with government and industry stakeholders to bring about the right industry settings to restore profitability and grow market share.”

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