

Wine tax rates drag on international competitiveness

Australia's wine industry is being held back internationally because it's among the most heavily taxed wine-producing nations in the world.

That's the strong message from Winemakers' Federation of Australia Chief Executive Officer Paul Evans who addressed the national *Outlook: Taking Charge of Our Future* wine conference in Adelaide today.

"The latest research has identified that Australia is already one of the most heavily taxed wine exporting nations, with the domestic tax rate on Australian wine a critical issue even though we are a significant exporter," he said.

"Paying excessive taxes at home impacts the ability of winemakers to build strong businesses and brands at home to confidently launch into the global marketplace."

The numbers have been crunched by Professor Kym Anderson, from the University of Adelaide's Wine Economics Research Centre.

Professor Anderson compared various excise taxes applied to wholesale prices for wines and other alcohol products and, by nominating wholesale price points in common currency and averaged alcohol contents, has enabled a country-by-country comparison.

"For example, an Australian bottle of wine that sells at \$12 retail attracts a 29% ad valorem tax plus GST and is taxed at around 22 cents per standard drink," Professor Anderson explained.

"That 22 cents in Australia compares with zero in Argentina, 3 cents in South Africa, 5 cents in the US and 6 cents in Canada – and just 1 cent in France and zero in other Old World wine-exporting countries."

Mr Evans said the university's analysis importantly helped debunk proposals to increase wine taxes.

"Not only is Australian wine heavily taxed already when compared to our competitors, our tax rates need to reflect that alcohol industries are not the same," Mr Evans said.

"Industry profitability, structure, production risks and the economic footprint of Australian wine compared to spirits and beer are very different and clearly warrant a different tax rate."

The paper is available online at www.adelaide.edu.au/wine-econ/pubs/working_papers/

Media Contacts: Alexia Deegan – 0400 767 490, alexia@wfa.org.au
Kate Bourne – 0457 537 677, kate.bourne@adelaide.edu.au