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MEDIA RELEASE

Government supports wine industry

Winemakers have applauded the Australian Government's common sense decision not to harm their industry, or ordinary Australians, by changing the way wine is taxed.

The Winemakers' Federation of Australia says the Government has shown courage in rejecting the Henry Review's proposal to replace the wine-specific Wine Equalisation Tax (WET) with a volumetric tax system.

"It would have been an easy option to go for raising more revenue and appeasing a few vested interests, but it would have been illogical, unfair and dangerous," said WFA's chief executive, Stephen Strachan.

"Unnecessary change would have devastated the wine industry at a time when it is dealing with its toughest period in more than two decades. Our modelling shows that taxing wine in the same way as packaged beer, and removing the WET Rebate, would see 95% of wine increase in price, sales volumes fall by 34%, 29,000 hectares of vineyard become redundant and about 12,000 jobs lost.

"Most of those jobs would be in regional areas where wineries are crucial contributors to tourism and thus to economic development."

Mr Strachan said support for the existing wine tax system recognised the reality that wine was different from other forms of alcohol in the way it was produced, marketed and consumed.

"Wine is usually drunk in moderation by older adults and most commonly with food," he said. "It would be ridiculous to make ordinary Australians pay up to four times more to enjoy a glass or two of wine with dinner because we are concerned about binge drinking.

"We don't deny that alcohol misuse is a problem, but we have to target the causes not make ordinary Australians pay because we can't think of any better solutions."

Mr Strachan said WFA was surprised that the Henry Review had been tasked with making Australia's tax system internationally competitive yet had made a recommendation that would have hurt an Australian export industry.

"The Government has recognised that we are an important industry and that we are in the midst of a difficult restructuring," he said. "We look forward to working with it to address our restructuring agenda."

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