

## **Wine tax unchanged in tough budget**

The Federal Budget has not increased wine taxes – a move welcomed by the Winemakers' Federation of Australia.

Chief Executive Paul Evans said there would be a collective sigh of relief across regional Australia.

“The Australian wine industry supports over 30,000 jobs and earns over \$1.8 billion in export revenue but high exchange rates, a consolidated retail sector and a high cost base have all placed significant hurdles in front of local producers,” he said.

“A recent industry review revealed very low average levels of profitability across the wine sector and many cases of local businesses operating below cost despite the fact we produce a truly globally competitive product.

“The last thing the Australian wine industry needs right now is a tax hike and the Federation has advocated strongly on this matter, so we welcome the fact that common sense has prevailed in Canberra.”

Mr Evans explained the Federation has carefully considered what the wine sector needs to maintain its global competitiveness, setting out an action plan to boost profitability led by a step-up in global marketing and promotion of Australian wine.

“This plan recommends responsible reform to the WET rebate to ensure it continues to deliver its original policy intent of supporting small and medium wine businesses and regional communities.

“These measures include stopping New Zealand winemakers from claiming a rebate of up to \$500,000 every year for the wine they sell in Australia – and this is an opportunity for reform the Federal Government must not delay further.

“Taking this measure alone would provide significant annual savings of at least \$25 million to the Commonwealth which could help fund the additional marketing activities we need in the wine sector to re-engage global consumers and recapture market share.

“The Federation will continue to work with government on developing a responsible wine tax reform package that will help the industry during a difficult period of transition and recovery.”

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