



Friday, August 21, 2015

NEWS RELEASE

Integrity focus for WET rebate

The two national peak wine industry associations, the Winemakers' Federation of Australia and Wine Grape Growers Australia, have welcomed Federal Government recognition of the unique commercial challenges facing the wine industry which have been highlighted in the government's Wine Equalisation Tax (WET) rebate discussion paper.

The discussion paper acknowledges the wine industry continues to face a difficult trading environment and poor profitability. It also recognises the WET rebate plays an important role in supporting regional communities and jobs during these challenging times and reforms are required to ensure it continues to deliver long-term benefits to the industry.

"Government has outlined a process to consider integrity measures to the rebate and we welcome the opportunity to put industry's views forward," said Federation Chief Executive Paul Evans.

"Our priority now is to work with government to highlight the support provided to regional Australia via the rebate and progress the reforms needed to ensure the rebate continues to benefit industry and is placed on a more financially sustainable foundation," he said.

"Following over two years of analysis and consultation with industry, the two national peak wine industry bodies will continue to advocate for the phasing out of rebate eligibility on bulk and unbranded wine sales which pulls down wine and grape pricing, delays the balancing of supply with demand and is commoditizing the sector by underwriting the growth of the low equity home brands of the major wine retailers.

"We believe the WFA recovery plan put to government and supported by the majority of industry is in the best interests of the long-term future of the industry."

The Federation's various submissions to government over the past 12 months have also emphasised the need for increased funding to grow international demand for Australian wine.

"We need supplementary government funding for our marketing activities which can be offset by the savings created from our proposed WET rebate reforms. If this investment isn't made urgently, our global competitors will seize the potential."

Wine Grape Growers Australia Executive Director Lawrie Stanford stressed the need for urgent change in areas that can be reformed to improve industry's performance.

"We all know the wine sector is doing it tough and for winegrape growers it has been for longer than most," Mr Stanford said. "We are losing good business people and we will lose greater market share if the necessary reforms to both supply and demand are delayed.

"The WET rebate is one that directly affects both the winemaking and growing communities and we stand prepared to contribute to solutions with both the WFA and government."

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