Bellbrae Estate submission
**WET Rebate: Tightened Eligibility Criteria**
Implementation Paper Sept 2016

About Bellbrae Estate

Bellbrae Estate is a small winemaker in the Geelong/Surf Coast region of Victoria. We provide for local training and employment opportunities and are on the Great Ocean Road and provide a great opportunity for national and international wine tourism. <http://www.bellbraeestate.com.au/>

We planted the first vines in 1999 and opened the cellar door shortly after.

About us:

* 21 acres of vines, consisting of pinot noir, shiraz, sauvignon blanc and chardonnay
* 2 registered trademarks – Bellbrae Estate and Longboard
* 2 ranges of wines – reserve premium label under Bellbrae Estate and premium Longboard.
* Wines made and sold under our labels are a shiraz, pinot noir, sparkling shiraz, chardonnay, sauvignon blanc, pinot gris,
* One cellar door open 5 days a week over winter and seven days the rest of the year.
* 13 employees all of whom live locally in the regional community.
* On average we produce and sell wholesale and retail (at the cellar door) 3,500 cases (one case is 12 standard 750ml bottles) per annum
* The wine is all bottled under one of our labels
* We grow on average 30 tonnes of grapes and buy 10 to 20 tonnes of grapes
* In some years we need to buy some already made wine to blend with our wine to reach the required consistency in quality and quantity. This would be less than 10%.

Wine making

Over the 16 years we have:

* Started with a contract winemaker at Petteval and making a small amount on the Estate;
* Lease of the winemaking facilities at Deakin before these were sold
* Lease of facilities at a local winery (40 mins drive)
* Current lease of facilities at a local winery (15 mins drive).

We would love to have our own winery but this requires a significant capital outlay which is out of our reach.

Over the years of operation we have strived to generate enough surplus to enable growth.

Discussion questions from the Government’s Implementation Paper

Question 1

*For rebatable wine, is the proposed definition of ‘packaged and branded wine’ appropriate? Proposed definition is packaged wine in a container not exceeding 5 litres in a form fit for retail sale and branded with a wine producer’s trademark.*

*If a trademark approach is used, what types of trademarks should be permitted (eg exclusively licensed trademarks) and what would be the impact?*

We support the tightened definition. All our wine is packaged in 750ml bottles for sale and branded with one of our two registered trademarks.

Question 2

*How should a winery ownership and leasing test be applied? What should be the nature and extent of investment in the wine industry required to access the rebate, and how can it be implemented?*

*Proposed requirement to be an ‘eligible producer’: A winery is a premise where the quantity of fresh grapes used in the manufacture of wine is not less than 5 tonnes in a year. Definitions of ownership and control could be based on existing tax legislation and leasing requirements could be flexible to accommodate industry practices.*

*Is the alternate suggestion of a test of a ‘significant interest in the wine making industry’ a better test? And what would it look like?*

Owning wine making facilities is not possible for most small wine producers and requiring a fixed 3 year lease exposes us to an unequal negotiating power with those who can afford wine making facilities in the area.

We support the alternate test of a significant interest in the wine making industry as set out below.

Leasing wine making facilities is not straight forward - we are in an area which does not have a large investment in wine making infrastructure. The vineyards and wineries are spread over distance. There is not a great deal of choice as wineries which may be close may not have capacity for us to make our wines – sharing facilities can be tricky. Wine making facilities that have capacity have the market power and if the rebate requirements are for a minimum 3 year lease this could lock us in to an uncommercial situation. For this reason there must be greater flexibility in the test for investment in the wine making industry.

If the Government policy is to support sustainability and growth of rural and regional wine making, employment and tourism potential, then the eligibility criteria should look at these factors and consider number of employees (bearing in mind that there are seasonal peaks at picking and pruning times); existence of vineyard; cellar door and hours it is open; ownership of grapes and control of the winemaking process; trademarks and packaging for retail sale.

We suggest a suitable test for rebatable producers below.

Suggested ‘significant interest in the wine making industry’ test

As there is great variance in how small producers operate we support all rebatable producers having to:

1. own the grapes throughout the production process;
2. direct the winemaking process to the finished product;
3. the finished product is wine suitable for retail sale (either directly or through distributers or wine retailers) packaged in containers not exceeding 5 litres bearing the producer’s own trademarks;
4. employ a minimum of 3 FTE employees for at least 9 months of a FY; and
5. at least one of:
* Own or minimum 3 year lease/sub-lease of vineyard being a minimum of 4 hectares under vine bearing wine making grapes;
* Own or minimum 3 year lease/sub-lease of a physical (not virtual only) cellar door which is open more than ‘By appointment’, or if ‘by appointment’ has a minimum of 100 visitors physically attending per year over a minimum of 3 months (these would not need to be consecutive);
* Own or 3 year lease/sub-lease of winery.

Further queries

For any further information or discussion on our submission please contact:

Richard Macdougall

Owner

rmacdougall@optusnet.com.au or 0411 481 127

or

David Crawford

Winemaker

dacwine@gmail.com or 0409 337 151.

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