# **Submission to the Australian Federal Government consultative process on reform to the WET rebate eligibility criteria.**

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Kathy Drogemuller

Paracombe Premium Wines

PO Box 82

Paracombe SA 5132

As a small, family owned and operated Adelaide Hills vineyard and winery producer I am deeply concerned for the future of the Australian wine industry. I feel compelled to participate in the consultation process regarding the proposed changes in the 2016 Federal Budget Wet Equalisation Tax Rebate particularly lowering the cap from the current $500,000 to $350,000 from July 1, 2017, with a further drop to $290,000 the following year.

I believe this will seriously impact the wine industry as a whole. It will deincentify and harm the very core wine producers of this country from growing their businesses and livelihoods, investing in technology and innovation in their wineries, employing staff with a big impact to flow on to wine production, wine sales, cellar door and tourist operations.

The current wet rebate is a vital and very important resource which drives the economy and growth of the Australian wine industry. The proposed budget wet reductions will cause a downturn in the industry and we will see many smaller and medium sized wineries seriously consider their livelihoods and viability, resulting in some producers putting their operations up for sale or shutting up completely. That will be a sad state of affairs.

Furthermore the issue of New Zealand wine producers continuing to receive the rebate is outrageous and beyond comprehension. I believe those funds should be for the benefit of Australian wine producers and for the reasons I outlined earlier.

I take the opportunity to share our story and why it is important.

Paracombe Wines is a family owned, vineyard and winery located at Paracombe in the Adelaide Hills in South Australia. It was established in 1983 when my husband Paul and I bought a burnt out dairy farm after the Ash Wednesday bushfires and planted a vineyard. With no background or experience in grape growing or winemaking we started making wine in a tin shed with a homemade basket press, secondhand milk tanks and crusher.

We launched Paracombe Wines in 1992 with 100 dozen wine when I was eight months pregnant with our second child. In the early days I drove around in my car with my little children calling on restaurants and bottle shops selling Paracombe wine. And so started the passion, vision and a strong desire to grow a successful family wine business.

Today Paracombe Wines is an award winning, strong, successful family wine business producing 18,000 dozen wines sold throughout Australia and exported to United Kingdom, Europe, Asia and Canada. This year two Paracombe wines were selected by Qantas for business class travelers. The Paracombe 2011 Shiraz for International and 2015 Pinot Gris for Domestic.

Fruit for Paracombe wines is sourced from family vineyards and specialist growers. Wines are made, bottled, stored and distributed direct from the winery. This soft environmental footprint and authentic management gives Paracombe Wines an identity and reputation for producing ecologically crafted, award-winning wines. Paracombe’s specialized range of 14 wines includes sparkling, whites and red.

From humble beginnings, a couple with no experience in winemaking, planting a vineyard, making wine in a tin shed, starting a family, sharing a dream and passion, creates an inspirational story.

The WET Rebate is critical to our success in supporting and underpinning our innovation, investments in building and vineyard expansion, employment, buying fruit from growers, Paracombe Wines growth, success and many families’ livelihood. The proposed WET rebate reductions will place financial burdens on my business, impact cash flow, liability, debt and staffing.

I implore The Government to pay attention to state, regional and national industry bodies, all of whom agree to keep the WET rebate ceiling at $500,000  to ensure it continues to support wine businesses and regional communities over the longer term.

Innovation in the wine industry must be encouraged and supported, particularly at a time when the industry is striving to be recognised on the National and global markets for quality, uniqueness, and driving new wine trends. It is imperative to have The Government backing for the benefit of Australian economy and reputation.

As a long-term, committed wine producer, I implore you to maintain the WET rebate at it’s current $500,000 per annum to prevent collateral damage to my business and to the future of the Australian wine industry.

Sincerely,

Kathy Drogemuller

Owner, Founder, Managing Director

Paracombe Premium Wines

Ph (08) 8380 5058

Email winery@paracombewines.com