



POACHER'S RIDGE

Mr David Pullen
Indirect Tax and Not-for-profit Unit
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

wetrebate@treasury.gov.au

Wine Equalisation Tax Rebate – Eligibility Criteria

Mr Pullen,

Thank you for the opportunity to provide feedback on the proposed tightened eligibility criteria for the Wine Equalisation Tax rebate. It is positive to note that the Implementation Paper recognises the diversity of approaches that genuine and long term contributors to the wine industry may utilise in relation to production.

Poacher's Ridge supports the proposed definition of 'rebatable wine' and strongly supports a Significant Interest Test (e.g. ownership of infrastructure or grapes) as a means of identifying legitimate access to the WET rebate. The WET rebate is an important part of our financial structure and an approach which does not recognise our situation would significantly impact our financial viability.

Our Long Term Contribution to the Industry

Poacher's Ridge is a small, family-owned producer of craft wines in the Great Southern Region of Western Australia. It is operated under a partnership model, with 100 per cent of ownership retained within the family.

Our vines were planted in 2000 and we have produced wine every year since 2003, totalling 13 vintages. Our assets include seven hectares of area under wine, a combined cellar door/café facility and visitor accommodation.

By industry standards, Poacher's Ridge is rated in the top ten per cent of producers in Australia in terms of quality.¹ Our wines produced from Riesling, Shiraz and Cabernet Sauvignon grapes have been awarded numerous Gold Medals and are generally rated as 'gold medal standard' as defined by James Halliday. In 2007, our Merlot won the best-of-class Trophy in the Tri-Nations Wine Challenge. We have twice been awarded the accolade of our Region's 'Best Small Cellar Door' by Gourmet Traveller Wine Magazine. By all accounts, we have a long term and tangible investment in both the wine and tourism industries.

¹ Based on our '5 Red Star' rating with James Halliday, which is defined as "Outstanding winery regularly producing wines of exemplary quality and typicity. Will have at least two wines rated at 95 points or above, and had a five-star rating for the previous two years. 282 wineries, 10%".





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Production Model

We use a production model which, as noted by the Implementation Paper, has become common in the industry. Grapes (and other matter) are harvested from the vines on our property, which are then transported to a third party winery and processed under contract.² The bottled wine is then transported back to our property for marketing and distribution.

This model allows us to utilise infrastructure and wine making expertise on an annual contract basis, an approach which reflects our relatively small production quantities and relatively short production process each year.

Definition of 'Eligible Producer'

Our use of an annual contract model for wine making is not recognised by the proposal in the Implementation Paper, which would require a minimum three year lease as evidence that a producer has an interest in a winery. We would be concerned with the potential regulatory burden and restriction created by this approach, although it is recognised that this arrangement may suit larger producers.

If this approach were pursued, consideration should be given to whether the definition of owning and leasing is able to account for the size of producer (although this may be difficult due to seasonal production variation). In addition, any requirement for a producer to demonstrate that an activity is on a 'commercial' basis would require some further definition, given the significant issues the industry faces with profitability.

Support for Significant Interest Test

Poacher's Ridge strongly supports an approach which relies on a significant interest test. We would specifically support either of the two approaches identified: ownership of assets (including a vineyard, winery or cellar door) and ownership of grapes throughout the winemaking process.

We would be pleased to provide further information to the review of the WET Rebate criteria. Any queries can be directed to Andrew Taylor via andrew@poachersridge.com.au.

Regards,

Alex Taylor

Partner
Poacher's Ridge

² In this context, we use the term 'processed' to mean everything in the wine making process (i.e. pressing, blending, fermentation, clarification, ageing and packaging).

