



# TWO RIVERS

HUNTER VALLEY WINES

6<sup>th</sup> October 2016

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

Dear Sir

Re: WINE EQUALISATION TAX REBATE TIGHTENED ELIGIBILITY CRITERIA

I am making this submission on behalf of Two Rivers Wine P/L.

Two Rivers have been growing grapes and making wine in the Upper Hunter Valley for the past 28 years. Our business has been a significant contributor to our local economy, establishing over 160 Ha of grapes, a cellar door and guest cottage. We have provided employment for hundreds of locals and invested tens of millions of dollars in the local community since our establishment in 1988.

Our business now operates 70 Ha of grapes supplying fruit for our own brand and several other Hunter producers. We also have a successful Cellar Door which makes a significant contribution to the cultural diversity of the local community and is a venue for concerts, art exhibitions, weddings and community gatherings.

Our wine is made off site at a contract winemaking facility and although we do not “own” a winery, we have a substantial investment in our own stainless steel tanks, barrels and other associated winemaking equipment. We have been making wine at this facility since 1988 and have long term contractual arrangements in place to secure our winemaking future.

Despite our significant investment in the wine industry and long term commitment to our local community, under the proposed legislation our business would no longer be eligible for the WET rebate. This would place an unmanageable burden on our business and jeopardise our future in the wine industry.

The Hunter Valley Wine and Tourism Association have been working hard to present a unified industry position on this issue and as a long term member of this organisation we support the position they have presented.

In summary this is as follows:

1. Restore the integrity and original intent of the WET rebate to support small and medium wine producers in rural and regional Australian wine communities.
2. Retain the CAP at \$500K and introduce a two level rebate cap for wholesale and direct at \$290,000 with an additional \$210,000 available for direct sales.
3. Support maintaining the current definition of producer (being an entity that manufactures the wine or supplies to another entity the grapes, other fruit, vegetable or honey from which the wine is manufactured), but add two important additional criteria; that an eligible producer must:
  - a. Operate from a place of business in a wine region; and
  - b. Maintain ownership of the grapes from which such wine is made from the crusher to the finished bottled and branded product, allowing for up to 25% blending of third party product to tolerate seasonal and style influences.
4. Support removing eligibility to the rebate for Bulk and Unbranded wine, and clarify the definition of branded wine as a brand that is a trademark property of the producer (not licensed).
5. Bring forward the ineligibility of B&U/B wine to the WET rebate to 1/7/17 to preserve revenue neutrality.

Finally, the Australian Wine Industry is an important contributor to Australia's tourism industry and plays a vital role in rural and regional economies. Our industry has endured difficult trading conditions for more than a decade and is just recently starting to show signs of recovery. The proposed changes to the WET rebate will have a detrimental effect on the most vulnerable sector of our industry and unfairly discriminate against businesses like ourselves who have a genuine investment in, and long term commitment to the industry.

Yours Sincerely,

Brett Keeping  
General Manager