



Pernod Ricard Winemakers
Leading Wine Innovation



TREASURY
WINE ESTATES

A Better, Simpler, Fairer WET Rebate

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We support the Winemakers' Federation of Australia proposal to remove rebate accessibility for bulk and unbranded wine and for non-Australian winemakers.

However, there is an opportunity to go further with substantial rebate reform, and we encourage the Government to do so.

Our proposal would mean a better, simpler, fairer WET rebate which will help restore profitability and sustainable growth to the Australian wine industry.”



WET rebate reform is urgent and necessary given the high levels of unprofitability and the challenges of oversupply facing the wine and grape industry.

Our companies welcome the reforms proposed by the Winemakers' Federation of Australia to remove the rebate from bulk and unbranded wine, and from non-Australian producers, which would reduce some distortionary impacts of the rebate.

However, there is the opportunity to go further and we consider that there are three key measures that could be taken to initiate substantial reform. These measures would continue to support small winemakers and regional communities, consistent with the rebate's original intent.



The annual cap of assistance to individual businesses should be reduced to \$150,000 as quickly as possible

- This would have little impact for genuine small winemakers, as three-quarters of claimants access the rebate below \$100,000
- Reducing the cap would provide less incentive for businesses to engage in distorting and inefficient behaviour to maximise their rebate claim. The cap could continue to be reduced in future



2.

Change the rebate so that assistance is provided through a direct grant

- Linking the rebate to the WET has perverted market decisions and created undue complexity
- It also means support is only provided to domestic sales, ignoring export performance, which is two-thirds of Australian production and offers the greatest growth opportunities



3.

Eligibility for assistance should be restricted by tightening the definition of a wine producer

- Eligibility should focus on genuine winemakers, including those who create branded products packaged for final sale, assume the financial risk of the winemaking and have invested in viticulture assets

IN CONCLUSION...

- These measures would improve integrity, reduce the unintended and harmful consequences of the current rebate, return the support to its original intent, increase the ability of the rebate to help small winemakers and regional communities, and help restore profitability and sustainable growth to the Australian wine industry
- Savings from rebate reform should be used to help the industry restructure, including through extended eligibility for export market development grants and other marketing and transitional support
- WET rebate reform should also be part of broader wine tax reform to address the significant structural issues in the wine industry and provide a better future for the industry
- Given the high level of unprofitability currently facing the wine and grape industry, we urge the Government to move quickly on implementing WET rebate reform

