

**COLIN
GAETJENS****& CO. PTY. LTD.**

Committee Secretariat
House of Representatives
Standing Committee on Industry, Sciences
and Resources
Suite R1 116 Parliament House of
Canberra ACT 2600

Dear Sir/Madam

Re: Raw materials - How can we add value?

It was with some incredulity that I saw an advertisement inviting submissions in relation to the undertaking of case studies by the House Industry Committee, particularly in relation to the wine industry.

The current government has seen fit to impose a completely unjustified and vicious tax level, the highest in any wine producing country in the world, on one of our primary and exemplary value adding industries, and you now wish to hold an inquiry into what you can do to help?

This has to rate as a potential subject for Yes, Minister, and would be utterly hilarious if the subject were not so serious.

An enormous body of evidence was submitted by the wine industry on behalf of large and smaller companies, almost all completely ignored by Treasury, which thought it better to seek revenge for what it saw as previous tax wins, and really make the industry "suffer" as penance for daring to roll it when it was proposed by Dawkins to increase the sales tax rate from 22% to 33%.

What government and Treasury have failed to understand is that there can be no export success without strong domestic markets, that wine tourism coupled with our internationally recognised image for great food and cuisine can be a tremendous driver of our world standing, that the wine industry across the board provides valued job opportunities in rural Australia, and that the wine industry largely of its own volition has performed outstandingly in the value adding arena over the last fifteen years.

For you to say you wish to explore "other issues" for an industry case study in relation to wine is a complete joke, because any result you came out with would never get past Treasury.

I am involved in a small winery in Victoria which recently discontinued production of wine under a label which sold at the \$15 level, because it was unprofitable domestically under the current tax regime and could not benefit due to small volume by any export alternatives.

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Colin F. Gaetjens
FAPI (Val, P&M)
REIV (Aust)
AREI FSAA
Registered Valuer
Registered Agent
Auctioneer

Kent Town Business Chambers
2 Grenfell Street
Kent Town
South Australia 5067

Telephone (08) 8362 4700
Facsimile (08) 8362 3355

Postal Address
PO Box 146
Kent Town SA 5071

The pathetic exemptions granted for cellar door sales and the concessions granted to the large wine producers in order that cask wines could be continued to be subsidised by the tax system showed that we have an inept, uninformed and probably bloody minded bureaucracy which is an embarrassment for Australia.

For its stance on the wine industry it could truly be described as the enemy within, and the situation needs to be urgently addressed before a major economic slide within the industry occurs.

Not that there would ever be much sympathy if things did go wrong, as was proven years ago in the case of the Brandy industry where Treasury appeared to be perfectly happy to see cheap European brandy replacing Australian production rather than recant on its taxation treatment, which has robbed jobs and revenue.

So rather than waste your time on an inquiry which will only bring out what is already well known, why don't you hold a serious and specific inquiry into why the Canberra bureaucracy is unable to support, for the benefit of all Australians, an outstandingly successful wine industry.

Yours sincerely

COLIN F GAETJENS
Valuer & Auctioneer
F.A.P.I. (Vat, P&M), R.E.I.V. (Aust), A.R.E.I.