



20 September 2011

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Dear Sir/Madam

**RE: PROPOSED ALCOHOL TAXATION –
EFFECTS ON WINE INDUSTRY**

The Murray Shire Council area has seen the development of a new wine industry in the last 15 years. This industry has brought with it significant economic and social benefits to the Shire. There are now eight (8) different wineries producing wine out of the Murray Shire, providing both export income from the area as well as added tourist attractions.

It is understood that the proposed taxation of alcohol could drastically affect the viability of these wineries. Key points include:

- The wine industry directly contributes 60,000 Australian jobs across 64 wine producing regional communities – any change to the status quo in alcohol taxation threatens jobs and has the potential to devastate regional communities.
- The Henry Tax Review supported a move to a volumetric tax system for all alcohol in Australia and now we note that in the Tax Forum Discussion paper released on 28 July 2011, reference is made to the fact that the Federal Government has tasked the Australian National Preventative Health Agency (ANPHA) with investigating the feasibility of a minimum price of alcohol.
- Australia's wine industry is already one of the highest tax regimes in the wine-producing world, and a change to a volumetric tax combined with the removal of the Wine Equalisation Rebate would do little to address the real social issues of alcohol misuse while having a significant impact on regional employment and trade.
- The introduction of a volumetric tax on all alcohol sold in Australia or a minimum price based on a standard drink would severely damage the wine industry which is already the highest taxed wine industry from a wine producing nation.
- It would result in a critical drop in sales, rendering vineyards in an area already facing difficult times unviable; small, medium and large wineries would all be impacted.

- Valued vineyard areas would be rendered virtually worthless
- The wine industry is already facing significant challenges, including access to water, climate change, imposed surplus wine and the unprecedented strength of the Australian dollar.
- Any change in the current status quo will have a negative impact from the grower to the producer level.
- Unlike other beverage production industries, wine is grown in regional and rural communities by companies ranging from small family businesses to large multinational corporations.

I previously forwarded to you a copy of emails from a number of local wineries outlining their concerns.

I trust this information will be taken into account in preserving the status quo in respect of the taxation regime for the wine industry in Australia.

Should you require further information, please contact the undersigned on 03 5884 3302.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Greg Murdoch', with a stylized flourish at the end.

Greg Murdoch
General Manager

GJM/km