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16 September 2011

Tax Forum
Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir

CONCERN ABOUT POSSIBLE VOLUMETRIC TAX SYSTEM FOR ALL ALCOHOL IN AUSTRALIA

I have received representations from the wine industry concerned about the possible introduction of a volumetric tax system for all alcohol in Australia.

The Wentworth Shire is part of the Sunraysia Region which is well known for growing wine grapes. We are located at the junction of the Murray and Darling rivers. We are one of a number of well-known wine grape growing regions of Australia.

It is our understanding that in the Tax Forum Discussion Paper released on 28 July 2011, reference is made to the fact that the Federal government has asked the Australian National Preventative Health Agency (ANPHA) to investigate the feasibility of a minimum price of alcohol.

We are aware of the Henry Tax Review and its support to move to a volumetric tax system for all alcohol. The introduction of such a tax or a minimum price based on a standard drink would severely damage the local wine industry.

The impacts on the wine industry and the region could be quite devastating. A critical drop in sales would render most vineyards unviable. Vineyards would drop in value adding an unprecedented strain on rural and regional economies, many of which are facing drastic water allocation reductions as a result of water reforms.

The wine industry directly contributes to 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.

Regional and rural Australia is a critical part of the business fabric of Australia. The wine industry is a critical component which is made up of companies ranging from small family businesses to large multinational corporations. Other beverage production industries do not have the same regional and rural focus.

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We believe that a volumetric tax system for all alcohol will seriously affect the future of our wine industry. It will have dramatic and devastating consequences for the regional and rural areas that are already economically challenged.

I would appreciate a favourable response to our concerns in the knowledge that the Federal Government's Tax forum is being held in early October.

Yours faithfully

A handwritten signature in black ink that reads "M E Thomson". The signature is written in a cursive style with a large 'M' and 'E'.

Margaret Thomson
Mayor