

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2016 - 2017

Department/Agency: Treasury

Question: BET183-193

Topic: Alcohol Tax/WET rebate

Reference: Written - 5 May 2016

Senator: Chris Ketter

Question:

- "183. Can Treasury advise of the rationale of lowering the WET rebate cap from \$500,000 to \$350,000 on 1 July 2017 and then to \$290,000 by 1 July 2018?
184. What are the eligibility criteria?
185. The 2015 Tax Expenditures Statement lists the Wine Equalisation Tax producer rebate as a \$1.4 billion expense over the years to 2019. Is that considered to be good value for money?
186. The argument for retaining the WET has always been that it supports local wine production in Australia. What is the value of the WET to Australian wine producers?
187. What modelling has been done on the numbers of producers who will lose access to the WET rebate cap, by state? [Please table]
188. What will be the impact on jobs in the wine industry?
189. The Treasury consultation paper was dated August 2015. Did industry have any advanced notice the Budget decision was coming?
190. Did Treasury receive any industry feedback about the need for certainty before the 2016 crop was picked?
191. The measure description also says the government will tighten eligibility criteria. How?
192. Is the new criteria exactly the same as what Treasury consulted on last year?
193. Did Senator Edwards write a letter to the Treasurer urging him to keep the current rebate cap?"

Answer:

183. Lowering the WET rebate cap from \$500,000 to \$350,000 on 1 July 2017 and then to \$290,000 by 1 July 2018 is part of a package of integrity measures to limit improper exploitation of the rebate and better target the rebate to small wine producers in rural and regional Australia. The phased reduction would provide the wine industry time to transition.
184. A wine producer must own or lease a winery and sell branded, packaged wine domestically. Final details are being settled through consultation.
185. No.
186. The meaning of the question is unclear as some in the industry have argued for retention of the WET rebate whereas the question refers to the retention of the WET.
187. Treasury has not undertaken modelling of the impact of the reduction in the WET rebate cap by State.

188. The Budget measure to reform the WET rebate will assist in improving trading conditions for the wine industry in Australia.
189. On 3 February 2016, Minister O'Dwyer committed publicly that the Government would announce a decision before the election.
190. This was raised by industry during consultation in 2015.
191. The Government is working with industry to implement the Budget decision. Details are in the implementation paper, released on 2 September 2016.
192. No, however, consultation in 2015 informed the Government's decision in the 2016-17 Budget.
193. Senator Edwards wrote to former Assistant Treasurer, Hon Josh Frydenberg MP, on a range of issues related to the WET rebate and wine industry.