



EXPORTERS' CLUB@
City of Onkaparinga

11 February, 2009

Dr Ken Henry
Chair of the AFTS Review
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Dr Henry,

South Australia is the centre of the Australian wine industry and takes a lead role in growing wine grapes, the blending and making of wine products, wine testing and wine bottling. Last financial year our State produced 45% of Australia's total wine production. The wine industry in South Australia is a vital contributor to regional economic activity and employment and in relation to the latter point it is understood to employ over 10,000 people.

The current Wine Equalisation Tax (WET) arrangements, including the \$500,000 WET producer rebate, are important to the wine industry of this State particularly to smaller producers. The structure of the WET tax and the rebate allow these small producers to have a reduced or zero WET liability. The Onkaparinga Exporters Club, which is incorporated as a not-for-profit organization, has over 73 members, over 20% of whom are small wineries operating in the Fleurieu Peninsula region (which includes McLaren Vale). Many of these members are not yet exporters and rely heavily on Cellar Door sales.

I understand the WET may come under consideration as part of the Australia's Future Tax System Review. As Chairman of the board of the Exporters' Club, I have been asked by our members to point out to you that they will be heavily affected by any AFTS Review decision which would not support the maintenance of current arrangements for wet, including the producer rebate.

Yours sincerely,



Murray Reid
Chairman
Onkaparinga Exporters' Club