

Media Release

Fact or fiction – The real impacts of tax reform on the Australian wine industry

28 September, 2011: An Australia Institute report to be launched today has torn up the myths and mistruths perpetuated by the Winemakers Federation of Australia (WFA) that wine tax reform would result in a fall in production by 34 per cent and the loss of up to 12,000 Australian jobs.

Commissioned by the Alcohol Education & Rehabilitation Foundation (AER Foundation), the *“Australian wine tax regime: Assessing industry claims”* report concludes that the WFA has grossly exaggerated its claims on the impact of tax reform on the Australian wine industry in the event of a switch to a volumetric tax for wine.

The report’s co-author and Executive Director of The Australia Institute, Dr Richard Dennis confirms that the WFA claims regarding the loss of production and jobs as a result of tax reform are flawed.

“Our modelling shows that moving wine to a volumetric tax would likely result in a fall in production of 5.2 per cent – a far cry from the 34 per cent that the WFA espouse.”

“Importantly, the loss of jobs associated with a reduction in the production and consumption of wine would be in the order of 600 jobs – or 95 per cent lower than what the WFA alleges.”

“The Wine Equalisation Tax and Wine Equalisation Tax rebate encourage people to drink irresponsibly, encourage farmers to use water irresponsibly, and contribute significantly to the grape glut.”

AER Foundation Chief Executive Michael Thorn welcomes the findings. “This report corrects the WFA’s gross exaggerations in its continuing efforts to muddy the waters and stall the debate to reform the Wine Equalisation Tax.”

“The Australia Institute report is the latest in a long line of reports that has established the absurdity of Australia’s current wine tax arrangements and importantly, it has begun dismantling the defensive claims made by the WFA to influence the policy debate.”

“It’s time that the Government stops hiding behind the excuse of the wine glut and the unfounded industry excuses to avoid reforming the tax system on alcohol. They must dismantle the Wine Equalisation Tax regime to provide a sustainable future for Australia’s wine industry, and to address the harms and cost to the community caused by the oversupply of cheap mass-produced wine.”

“Last week, we saw two of Australia’s most prestigious wine companies, Premium Wine Brands and Treasury Wines Estates, makers of Penfolds and Jacobs Creek, call for the abolition of the Wine Equalisation Tax rebate and the introduction of modified volumetric taxation.”

“Isn’t it time the Government came on board?”

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The AER Foundation will officially launch the report this morning at the National Alliance for Action on Alcohol’s (NAAA) Alcohol Tax Forum hosted by the Australian Medical Association (AMA) in Canberra, which is calling for the Government to adopt a more consistent approach to alcohol taxation.

Michael Thorn, Chief Executive, AER Foundation and Dr Richard Denniss, Executive Director, The Australia Institute will be available for media interview.

The report, co-authored by Dr Richard Denniss and David Richardson can be accessed at the AER Foundation website: www.aerf.com.au.

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Alcohol Education & Rehabilitation Foundation (AER Foundation): The AER Foundation is an independent, charitable organisation working to prevent the harmful use of alcohol in Australia. Since 2001, the AER Foundation has invested over \$115 million in research and community projects to minimise the impact of alcohol misuse on Australians. Through our national grants program and commissioned research, the AER Foundation has established itself as a leading voice on alcohol and other drugs issues. We work with community groups, all levels of government, police, emergency workers, research institutions and the private sector to address alcohol-related problems. For further information visit our website: www.aerf.com.au