Wine Tourism and Cellar Door Grant
Consultation Paper
March 2017
## Contents

1 **Context** ...........................................................................................................................................................3  
   1.1 Consultation questions....................................................................................................................................3  
   1.2 Your feedback is important .....................................................................................................................3  
2 **Wine Tourism and Cellar Door Grant** ..................................................................................................................4  
   2.1 Objective ........................................................................................................................................................4  
   2.2 Funding principles.........................................................................................................................................4  
   2.3 Eligibility criteria .........................................................................................................................................4  
   2.4 Funding Allocations ...................................................................................................................................4  
   2.5 Timing and Communication .......................................................................................................................5  
   2.6 Required Application Documentation .......................................................................................................5  
   2.7 Audit and verification ..................................................................................................................................6  
   2.8 Additional Information ...............................................................................................................................6  

**Appendix A: Definitions** ........................................................................................................................................7
1 Context

To encourage wine tourism, the government will introduce the Wine Tourism and Cellar Door Grant programme. Wine producers who have met the eligibility criteria in the preceding financial year will be able to access an annual grant of up to $100,000 (plus GST) for their eligible cellar door sales. The government wants to support producers who add value and contribute to communities by encouraging visitors to wine regions. The grant will be available in 2019-20, with the programme capped at $10 million per year. The programme will be reviewed two years after implementation.

The grant is part of a coordinated suite of measures developed with the Australian wine industry after extensive consultations on reforms to the Wine Equalisation Tax (WET) rebate arrangements. It complements the existing $50 million Export and Regional Wine Support Package being implemented by the Australian Grape and Wine Authority (AGWA) from 2016 through to 2019. These complementary measures will coincide with the reduction in the WET rebate cap in 2018.

This consultation paper for the Wine Tourism and Cellar Door Grant seeks industry feedback on the proposed approach to the implementation of the grant programme.

1.1 Consultation questions

In considering the government’s proposed approach for implementing the Wine Tourism and Cellar Door Grant, industry may wish to consider the following:

1) Are the proposed grant programme funding eligibility criteria clear and practicable?
2) Are the programme arrangements, such as timing and documentation, practical for industry to meet?

Defined terms for the paper are at Attachment A.

1.2 Your feedback is important

This consultation paper is the basis for discussion with industry on the grant. The consultation period for the paper is from Tuesday 14 March 2017, with final views to be provided to the Australian Government by close of business Tuesday 11 April 2017.

Please provide any written views by e-mail to winegrant@agriculture.gov.au.

In your feedback, please include the name of your organisation (or your name if you are making a submission on your own behalf) and contact details.

All information (including name and address details) contained in submissions may be made available to the public on the department’s website, unless you indicate that you would like all or part of your submission to remain in confidence. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part or all of their submission to remain in confidence should provide this information marked as such in a separate attachment. A request made under the Freedom of Information Act 1982 for a submission marked ‘confidential’ to be made available will be determined in accordance with that Act.
2 Wine Tourism and Cellar Door Grant

2.1 Objective
The objective of the Wine Tourism and Cellar Door Grant is to encourage wine tourism. Wine producers who have met the eligibility criteria in the preceding financial year will be able to access an annual grant of up to $100,000 (plus GST) for their eligible cellar door sales. Producers must be eligible for the WET rebate on the wine for which the grant is being claimed. This programme coincides with the WET rebate cap reduction from $500,000 to $350,000 in 2018-19. Total funding under the grant programme will be capped at $10 million each financial year, with grants available for the 2018-19 financial year, to be assessed and then made in 2019-20.

2.2 Funding principles
The following key funding principles guide the implementation of the grant programme:

1) equity in opportunity to apply for the grant programme;
2) openness and transparency to all stakeholders;
3) accountability as to how funds are allocated; and
4) proportionality in choice of application and selection processes.

2.3 Eligibility criteria
The government is proposing that to be eligible for the Wine Tourism and Cellar Door Grant a wine producer must:

- have made at least $1,207,000 in rebatable domestic wholesale sales of wine in the relevant financial year; and
- accrue rebatable domestic cellar door sales in excess of any such rebatable sales used to meet the $1,207,000 threshold in the relevant financial year; and
- be eligible for the WET rebate on all sales used as part of the application; and
- have owned or leased a physical cellar door in Australia in the relevant financial year.

2.4 Funding Allocations
Applicants can apply for a grant payment for 29 per cent of the notional wholesale selling price of their rebatable domestic cellar door sales, with such sales being those not already used to meet the eligibility threshold of $1,207,000 in rebatable domestic wholesale sales, and where the transaction date for such sales were within the period for which the applicant owned or leased the physical cellar door.

In addition, no more than 50 per cent of the rebatable domestic cellar door sales used in the grant application shall consist of sales that have been transacted online or by mail order.

Successful applicants (and applicants’ associated producers) will only be eligible for one grant per financial year, capped at $100,000 (plus GST) per year, for the duration of the programme years.
Should the total value of all approved applications exceed $10 million in any one year, the value of individual grants to applicants will be reduced proportionally and be applied at a consistent rate for all approved applicants, determined by the level of oversubscription. For example, if there were $11 million worth of eligible applications in a single financial year, the program would be oversubscribed. All grants would therefore be reduced from their approved amount. In this example, an applicant who would otherwise be eligible for $100,000 would receive approximately $90,900.

2.5 Timing and Communication
The government proposes one grant round each financial year, for wine sold in the previous financial year. It is proposed the round will open in July each year and close at the end of September, with applicants advised of the outcome of the grant round in November, and payments issued by 31 December each year.

The government will make programme guidelines and an application form publicly available prior to each grant funding round. The government will maintain a web page that allows for easy access to these documents. In accordance with Commonwealth Grants Rules and Guidelines, details of the grant recipients and the value of funds provided will be publicly reported.

2.6 Required Application Documentation
For applications to be considered it is proposed the following must be provided:

- a fully completed application form with applicant business and bank details;
- evidence of lease agreement, mortgage or certificate of title in the name of the applicant for the physical cellar door from which the transaction for rebatable domestic wholesale sales occurred;
- a statement by a certified practicing accountant of:
  - the total value of rebatable domestic wholesale sales accrued in the relevant financial year of assessment; and
  - the notional wholesale selling price of total rebatable domestic cellar door sales accrued in the relevant financial year of assessment, disaggregated by transaction type (i.e. point of sale or online);
- a statutory declaration from the applicant’s Chief Financial Officer or Chief Executive Officer, or equivalent, confirming all financial and taxation details of the application;
- evidence of associated producers connected with applicant; and
- evidence of physical cellar door’s liquor licence valid in the relevant financial year.

The government reserves the right to seek supplementary information, including from the applicant, to inform the eligibility of any application, or to provide further clarity on any application. Regular monitoring of the grant programme may include spot audits.
2.7 Audit and verification
The government will develop an audit and verification process to ensure compliance with the grant guidelines.

2.8 Additional Information
Definitions are provided at Appendix A: Definitions.
Appendix A: Definitions

Below are the definitions that are proposed to apply to this grant programme. Please note that these proposed definitions are subject to change with the passage of amendments to A New Tax System (Wine Equalisation Tax) Act 1999.

‘Associated producer’ has the same definition as that provided under section 33-1 of A New Tax System (Wine Equalisation Tax) Act 1999, including terms used in that definition that are defined elsewhere in the Act.

‘Domestic’ means in Australia or Australian.

‘Domestic cellar door sale’ means:
   a) sale of wine to an individual end consumer who purchases from a physical cellar door in Australia licensed to sell the producer’s wine;
   b) sale of wine to an individual end consumer who purchases through phone, online or mail order systems operated by the producer where the final delivery address is in Australia.

‘Lease’ means ‘an agreement by which the owner of the physical cellar door (lessor) allows the producer (lessee) to use the cellar door for a minimum period of [three] years, in return for a payment.’ This includes a ‘sub-lease’ and ‘joint lease’. The terms of the lease must be on a commercial basis.

‘Manufacture’ has the same definition as that provided under section 33-1 of A New Tax System (Wine Equalisation Tax) Act 1999, including terms used in that definition that are defined elsewhere in the Act.

‘Notional wholesale selling price’ has the same definition as that provided under section 33-1 of A New Tax System (Wine Equalisation Tax) Act 1999, including terms used in that definition that are defined elsewhere in the Act.

‘Own’ means a having a legal or equitable interest in the physical cellar door property. The producer must own at least a 40 per cent legal or equitable interest in the property.

A ‘physical cellar door’ or ‘cellar door’ means a physical structure at which consumers can sample and purchase the producer’s wine that is:

a) leased or owned by the wine producer; and
b) open a minimum of [20] hours per week averaged over the duration of the relevant financial year; and

A ]50[ kilometre radius of the wine's place of production.
'Place of production' means:
a) In the context of grape wine:
   i) a 'vineyard' that is a single location with a minimum of four hectares of grape vine plantings which produces a minimum of 10 tonnes of grapes per year, averaged over a three-year period immediately preceding the relevant financial year; or
   ii) a 'winery' which is a premises where a minimum of 20 tonnes of grapes are used in the manufacture of wine per year, averaged over a three-year period immediately preceding the relevant financial year.

b) In the context of wine other than grape wine:
   i) a single location with a minimum of [4] hectares of fruit or vegetable plantings which produces a minimum of [10] tonnes of fruit, vegetables per year, averaged over a three-year period immediately preceding the relevant financial year; or
   ii) a premises where a minimum of [20] tonnes of fruit, vegetables are used in the manufacture of wine other than grape wine per year, averaged over a three-year period immediately preceding the relevant financial year.
   iii) a premises where a minimum of [3] tonnes of honey is used in the manufacture of mead per year, averaged over a three-year period immediately preceding the relevant financial year.

'Producer' means an entity that manufactures the wine.

'Rebatable' relates to wine or a sale that is eligible for producer rebates as described under Division 19 of A New Tax System (Wine Equalisation Tax) Act 1999.

'Relevant financial year' means the Australian financial year immediately preceding the Australian financial year in which the application is made.

'Wine' has the same definition as that provided in subdivision 31-A of A New Tax System (Wine Equalisation Tax) Act 1999, including terms used in that definition that are defined elsewhere in the Act.

'Wholesale sale' has the same definition as that provided under section 33-1 of A New Tax System (Wine Equalisation Tax) Act 1999, including terms used in that definition that are defined elsewhere in the Act.