

**Wellcome's submission to Bills Committee on Revenue Bill**

**21 May 2007**

- Wellcome supports the Government's proposed reduction in the duty on wine from the existing ad valorem rate of 80% to 40% and that on alcoholic beverages with an alcoholic strength not more than 30% (other than wine) from 40% to 20%.
- Wellcome's customers immediately benefited from retail price reductions due to the reduction in the tax rates.
- The reduction in duty has been reflected in Wellcome's retail prices of wine.
- On average, it has taken Wellcome 80 days to sell wine stock that had been purchased with 80% tax paid. The majority of this stock has now been sold.
- For wine that it imports directly, Wellcome has lowered its retail prices as the lower duty paid stock has arrived, if not before. For wine that it purchases from local importers or agents, Wellcome has lowered its retail prices once the local importer has reduced its selling prices, if not before.
- The high single digit increase in the value of the Euro and Australian dollar in the last twelve months has led to increases in importers' purchase costs for wine.
- For beer, Wellcome predominantly makes purchases from local agents and importers and has lowered prices once the agent or importer has reduced its selling price.