

From: Dave James

Sent: Wednesday, August 9, 2023 10:45 AM

To: Nina.Stairmand@venture.org.nz; Jo James <jo@begin.org.nz>

Subject: Question for Chris Hipkins

Hi Nina,

Thanks for the opportunity to attend the breakfast with the Rt Hon Chris Hipkins tomorrow.

I would like to draw his attention to an inequity within the recently signed Free Trade Agreement with the United Kingdom.

We would like to sincerely thank the Government for the inclusion of the sale of spirits within the UK FTA. This is the first-time spirits have been included in any such FTA negotiations and represents a recognition of the maturity of an industry that has been developing since 2017. In 2017, Begin Distilling Limited was the ninth distillery to open in New Zealand, now there are well over 150 commercial distilleries. Distilled Spirits Aotearoa (DSA) has determined that the industry has a downstream economic value of \$16.8 million across other industries such as tourism, hospitality, research, agriculture, and manufacturing, providing approximately 1,547 downstream jobs.

The New Zealand spirits industry has already gained significant international status. Over the past five years, three New Zealand gins have won the top trophy at the International Wine and Spirits competition in London and many more New Zealand spirits have won awards in similarly prestigious competitions around the world.

The New Zealand spirits' sector currently has an export value of \$45.8 million and export growth within the industry is increasing, with Begin Distilling alone exporting to three countries. The value of New Zealand wine exports reached \$2 Billion in 2020 and this is a target for the industry.

The inequality within the UK FTA centres around the Customs and Excise rebate allocated to each domestic distillery within the UK. Each UK distillery can claim a per annum volume rebate on their Excise bill. This enables them to employ more staff and gain production efficiencies that New Zealand distilleries are unable to achieve, putting the New Zealand distilleries at a disadvantage in both the UK and NZ markets.

The Customs & Excise rebate system is not isolated to the UK, Australia has a \$350,000 rebate system (enshrined as a law) in place for their domestic distilleries, the United States of America has a volume rebate system in place, as do many other EU countries such as Austria, Germany, Spain and Switzerland.

In New Zealand, most of the commercial distilleries are in rural towns and cities. The ability to claim an Excise rebate – such as our main trading partners are able to do, would enable New Zealand distilleries to employ more staff and undertake capital works to improve production efficiencies. This would not only make NZ distilleries more competitive in the global stage but also stimulate the local economies that we are located within.

We ask the Rt Hon Chris Hipkins if he would consider the introduction of a rebate system for domestic distilleries on Customs & Excise duty paid.

This would not affect the duty payable by international spirits importers. It would stimulate the domestic industry, provide employment in rural communities and assist New Zealand distilleries to be more competitive on the world stage.

Regards, Dave James

I have attached an overview document written by DSA for further information and would be happy to supply further reference material if requested.

Dave James

Distiller and Founder

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