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Sent: Friday, January 28, 2022 11:45 AM
To: stuart.nash@parliament.govt.nz
Subject: NZ Distilled Spirits industry

Hon Stuart Nash
Minister for Economic and Regional Development, Small Business, Forestry, and Tourism
stuart.nash@parliament.govt.nz

Dear Stuart

It was lovely to meet you at Juno Distillery last week. We were very lucky to have yourself, Angie and Glen available to visit and take time to understand what is happening in our industry. You were interested in receiving more background about the growth of the industry and the disadvantages we have in taxation compared to other countries, especially Australia.

As predicted by the MBIE 2012 [Coriolis report](#) the NZ spirits industry has followed the growth pattern seen around the world. The number of new distilleries opening in NZ has increased by 360% since the report was written. Over 50% of NZ's distilleries began production in the last 4 years, and DSA is receiving applications for membership from 1-2 new distilleries every month. Our NZ distillers are establishing an impressive reputation for quality, with a distinctly NZ provenance, winning awards on the international stage for our world-class boutique spirits.

Resetting spirits tax rates or providing rebates can actually increase government revenue while at the same time helping the spirits, tourism and hospitality sectors. Relative to international markets, the NZ market is small but most distilleries are already, or expecting to begin, exporting as part of their growth plans. However, they are selling into markets where most other governments directly boost their own distilled spirits industries with tax relief and rebates. Countries such as USA and Australia started their rebate schemes as trials and quickly made them permanent.

Australia started their rebate scheme in July 2017 at \$30,000 per distiller per financial year, increased it again to \$100,000 in 2019, and from May 2021 to \$350,000 per year. On average in Australia, each small distiller receives a \$55,000 rebate on their excise tax which allows them to hire at least one extra FTE.

I have attached a document which compares NZ taxation with other countries.

To maintain the growth and momentum of our industry, it is vital that NZ distillers get a strong domestic foothold and are competitive in international markets. There is no doubt about the quality of our products but it is tough to compete at any cost.

As the key Minister for our industry, we ask that you investigate options for trialling a tax rebate system. There are proven models for success currently in use by our direct peer countries that create jobs, economic growth and support for exports.

We are happy to provide any other background information you require.

Kind regards

Sue



Dr Sue James – Chairperson
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