



GRAPE AND WINE

Summary notes and observations on the three reports provided by the Working Group

G&W 2016: Working Group

1. The Working Group noted the most recent focus of the representative organisations (the WET tax debate) provides a number of illustrative points about how the representative structure is working. It noted:
 - The alignment of the two national organisations on an agreed industry position on the WET tax was eventually achieved but was not necessarily done in a planned pro-active way; WGGAs were in many respects late to this discussion and agreement on the industry position on WET.
 - There was a predominant 'top down' approach with WFA reaching a position and then engaging with state and regional bodies to achieve support for this position; it is questionable whether this was the most effective approach and whether the strength of the support was sufficient given the approach taken;
 - The engagement with regional associations was arguably narrow and again potentially weakened the breadth of industry support for the position on WET;
 - Communication with industry and the process by which an industry position was reached could have been executed more effectively; earlier and wider communication with industry may have delivered a stronger outcome earlier in the process.
 - The role of state and regional associations in this discussion and debate was unclear; harnessing these organisations in a meaningful way and describing a clear role for each of these organisations in constructing an industry position on WET may have strengthened the final outcomes and support for an industry position;
 - The large number of organisations presents significant logistical and engagement challenges – who to talk to, when and about what. With these organisations having vastly different capability and capacities to respond there are disincentives to engage widely on matter;

While the WET issues were particularly sensitive, the role of each of the representative organisations and how they were collectively engaged in this process illustrates a sense of disconnect in process and role across the industry representative organisations. A stronger collective and aligned effort may have delivered an easier and stronger outcome.

WET is an illustrative example, the process and outcomes can apply equally to other industry issues.

2. There are a number of immediate issues facing industry right now that require an effective and efficient industry representation structure. Among these issues are:
 - WET: the eventual landing point and implementation process for change to WET;
 - The emerging discussion around volumetric versus ad valorem tax;
 - Financial viability & sustainability of wine industry businesses;
 - Market access; and
 - Resources & capabilities of each representative organisation across the Australian wine industry.

The discussion then of change is both relevant and timely.

3. The Working Group doesn't believe that we (the industry representative organisations) have the right structures | processes to achieve the outcomes industry needs us to.

The Working Group is of the view that the current structures and importantly the existing processes used by the various organisations to perform their roles are an impediment to achieving better, stronger outcomes.

4. Doing nothing is not an option: this was a position agreed at the first Industry Reference Group meeting in July 2015 and the Working Group supports this proposition.

5. The Working Group acknowledges the industry feedback (refer industry survey conducted for the first meeting) which indicates a significant level of confusion and uncertainty about the roles and responsibilities of the various representative organisations.

With that in mind, the Working Group suggests that it is important that the upcoming Industry Reference Group meeting work collectively to recommend typical functions and define the roles and responsibilities of the different levels of industry representation (National | State | Regional).

As part of this discussion, the Working Group recommend the Industry Reference Group also discuss and agree some of the expected processes for consultation and issues management. Getting these processes right and well established should deliver a dividend. If these cannot be finalised by the Industry Reference Group it may become an action item arising from the meeting.

6. The Working Group has recommended the Industry Reference Group at some point during the meeting turn their attention to identifying and discussing what the opportunities are to address challenges within the existing structures?

- o what are these;
- o what could be done (differently); and
- o what could it deliver (benefit / different outcomes).

7. Based on the information provided during these phases of work, the Working Group suggests that there are some substantive benefits to be achieved from the two national organisations (WFA & WGGA) coming together quickly with consideration of the most appropriate model to be determined. The Working Group notes:

- o the signal and leadership this change would provide for the wider industry;
- o the stimulus this change may provide for other organisations to consider and make changes;
- o the call for 'one voice' for the industry and the positive response such a change would provide in response to these calls;
- o the challenges both organisations are having in attracting and retaining members; and
- o the efficiencies in process and structures that could be achieved in the change.

8. The Working Group recommends the Industry Reference Group give consideration to the processes that will follow this meeting. The meeting could consider requesting that a summary of recommendations reached during the meeting be provided to all National and State Chairs (of the representative organisations).

Chairs (State and National) could then be requested to ensure information is received and considered (by each Board with some directional outcome). The meeting should also consider what if any future role the existing Working Group should play going forward.

The Working Group
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