

The Winemakers' Federation of Australia (WFA) held a Board meeting on 1 March 2018 in Adelaide.

The previous evening a dinner was held to celebrate the WFA Patrons and Life Members. Invited guests included the Governor of South Australia, His Excellency the Hon Hieu Van Le AC; Senator the Hon Anne Ruston, Assistant Minister for Agriculture and Water Resources; The Hon David Ridgway MLC, State Liberal Leader in the Legislative Council and Shadow Minister for Primary Industries, Regional Development and Tourism; Ms Hazel Wainwright, SA Best candidate for the Seat of Mawson; and Ms Maggie Zhou – Managing Director, Alibaba Australia and Guest Speaker.

Once again, the dinner provided a great opportunity to advocate for our industry in front of some key stakeholders, and to celebrate and honour our Patrons and Life members.

The key issues discussed by the WFA Board were:

Biosecurity

It is clear exotic and declared endemic incursions in Australia are increasing. Between 2010 and 2016, 14 exotic plant pest incursions were recorded in Australia: two were eradicated, four are being managed by jurisdictions and eight are under eradication programs. By comparison, in the previous period (2003 to 2009) seven exotic plant pest incursions across Australia were recorded. This represents a doubling in the number of exotic plant pest incursions nationally.

The recent reports of Grapevine Pinot Gris Virus (GPGV) have shown that we, as a sector, are ill prepared for an exotic plant pest or disease incursion. While, Grapevine Pinot Gris Virus is likely to have a relatively low impact, it demonstrates the need for a better biosecurity framework. More recently, the management costs of the incursion of Brown Marmorated Stink Bug has been estimated at \$19,575 for the Australian grape and wine sector.

The WFA Board is very concerned about the possible impacts of a major exotic plant pest or disease incursion. The Board has re-emphasised that WFA and Australian Vignerons (AV) need to play a leadership role in biosecurity. For WFA this means re-joining Plant Health Australia (PHA) and becoming a signatory to the Emergency Plant Pest Response Deed (EPPRD). The EPPRD is a cost sharing and management agreement to manage exotic pests and disease incursions – managed by PHA. It provides a mechanism for governments and industry to work together to reduce the risks and share the costs and responsibility of responding to Emergency Plant Pests. The EPPRD reduces delays in securing funding, provides industry with greater involvement in eradication efforts, and removes disincentives to report suspect pests.

A signatory to the EPPRD has a legal obligation to develop and implement comprehensive risk management strategies to maintain vine health; manage exotic pest incursions (including an obligation to provide trained representatives to the National Emergency Plant Pest Management Group (NMG) and the Consultative Committee on Emergency Plant Pests (CCEPP); and to represent the grape and wine sector on issues with respect to plant biosecurity to State, Territory and Commonwealth Governments.

Health

Internationally, we continue to see a rise in the number of governments considering elements of mandatory health warning labels, minimum unit pricing (MUP), advertising restrictions and changes to taxation as measures for influencing alcohol related harm

Domestically, we have been very engaged with Federal and State Government ministers and the broader wine sector to explain our concerns with the proposed measures identified in the Draft National Alcohol Strategy.

Minimum Unit pricing, mandatory pregnancy labeling and the introduction of energy labeling are all issues high on either State or Federal Government agendas. The Northern Territory Government announced the introduction of a \$1.30 MUP at the end of February, and the Western Australian Government has previously indicated they are considering MUP.

National Alcohol Strategy (NAS)

The draft National Alcohol Strategy (NAS) was released on 19 December 2017. The online submission process closed on **11 February 2018**. WFA along with several State and Regional wine associations made submissions to the draft document.

The Draft NAS raises serious concerns for the alcohol sector as a whole. It focuses on population wide measures including increases in taxation, pricing regulation, restricting availability and implementing bans on advertising, with an aim to decrease overall alcohol consumption. These measures include:

1. Introducing a MUP for alcohol.
2. Introducing a single national advertising code; and reducing alcohol advertising associated with sport.
3. Upgraded and new health warning labels.
4. Preventing promotion of discounted alcohol or special offers.
5. Limiting trading hours and type of drinks that can be purchased after a set time.
6. Excluding alcohol industry stakeholders from the new NAS Reference Group.

The bulk of international evidence has repeatedly shown that measures to lower population wide alcohol consumption do not equate to a reduction in harmful alcohol consumption.

This all points to a worrying trend of intervention particularly from State governments.

WFA made its submission to the NAS and issued a press release, which received good pick-up. WFA met with the federal Health Minister on 7 February and has been working with State and Regional Associations to advocate at the State Government level to revise the draft NAS.

Pregnancy and Energy Labelling

We are expecting a March release of a consultation paper on mandatory pregnancy labelling. It is likely that an energy labelling consultation would take place after pregnancy labelling. Once again, these initiatives have strong support from State governments and require strong regional advocacy from members to change their views.

Minimum unit pricing (MUP)

A floor price can be legislated by a State or Territory Government so that alcohol products cannot be sold at a price lower than a stated value per unit of alcohol. For example, a minimum price of no lower than \$1.30 per standard drink as announced by the Northern Territory Government.

WFA does not support a floor price as a tool to reduce harmful consumption because it does not target those drinking at risky levels.

- It unfairly increases costs for all people in the lowest socio-economic groups even if they are drinking moderately.
- People in higher socio-economic groups are more likely to exceed lifetime risky drinking guidelines and single occasion risky drinking guidelines, than those in lower socio-economic groups (according to federal government data).
- Moderate drinkers are more likely to reduce consumption in response to price changes than risky drinkers.
- A floor price significantly increases the profits for retailers, with no additional revenue for other targeted Government health programs.
- A recent WA study found the attitudes of the public towards minimum pricing was negative, believing it would lead to increased crime, was unfair on disadvantaged groups and would not stop individuals drinking.

The viability and profitability of a significant part of Australia's wine industry depends on providing a range of products at a range of price points. The option to provide grapes and wine for a large volume market is critical to the sustainability of many wine businesses.

I am meeting with the Northern Territory Government on Friday 9 March to work through the implications of MUP. He is also discussing the draft NAS.

Further meetings with the Queensland government are scheduled for 21-22 March on the NAS.

Australian Competition and Consumer Commission (ACCC)

Involvement with the ACCC and the Wine Industry Code of Conduct continues to require careful attention. Last week the ACCC released its latest Compliance and Enforcement Policy. It gives an overview of the ACCC's priority enforcement areas, and outlines how they will work to achieve compliance with the law.

Agriculture is once again a priority for the ACCC. They are focused on dealing with competition and consumer issues across the sector, with a focus on the dairy inquiry, Horticultural Code of Conduct enforcement, and analysis of the viticulture industry.

WFA will seek to engage with the ACCC to ensure they are fully briefed on aspects around the structure of the wine and viticulture sector.

Export and Regional Wine Support Package (the \$50m Package)

The Australian Government's \$50 million Export and Regional Wine Support Package (the \$50m Package) is now well into the implementation phase. WFA continues to have regular telephone conferences with State Associations, Regional Associations, Australian Vignerons and Wine Australia to ensure close communication and to manage expectations.

We have been active in trying to modify some elements of the grants programs causing concern to the State Associations, as well as playing an active role in the process of developing the Request for Proposals for Program 4 and in the assessment panel for the export and tourism capability building programs.

The WFA board was briefed by Andreas Clark on the developments to date. The view was that there is a very exciting program of activities and we are looking forward to outcomes in 2018.

Market Access

This area continues to grow in importance and WFA continues play an important role in partnership with the federal Government.

One of the most resource intensive areas has been combatting the European Union efforts to restrict trade of Australian wine by seeking protection of grape variety names on the grounds that they are Geographic Indications (GIs). This is important, not just in the context of the European Union- Australia Free Trade Agreement (FTA) negotiations and 'prosecco', but also in the context of other FTAs, as well as protection applications by the European Union in other wine markets. This requires a more strategic approach than we have employed in the past and we are working with the federal Government and Wine Australia on this.

Another flagship activity is the federal Government trade enforcement action launched against Canada at the World Trade Organization (WTO). WFA has been assisting the federal Government by collecting industry input in preparation for the consultation stage.

We are also ratcheting up our input into FTA negotiations with the European Union; Hong Kong; Regional Comprehensive Economic Partnership; and BREXIT.

We have a particular emphasis on including measures to deal with non-tariff measures and intellectual property issues (Geographic Indications).

Other issues

The Container Deposit Scheme is still a high priority for WFA. We are seeing active moves from other alcohol sectors and retailers to seek expansion of the scope of the scheme to include glass wine containers. This would increase production costs for all producers significantly. This requires on-going pro-active work from WFA in key States. WFA has also had direct engagement with State ministers on this issue.

WFA has been working with Wine Australia and federal Government agencies months to enhance the regulatory reach of Wine Australia to manage exports of potentially copycat or counterfeit wine. This is considered a significant risk for companies (of all sizes) as well as the Australian wine industry and Brand Australia's reputation. WFA has worked with our members on the issue and looking at appropriate regulatory responses.

Brand Strategy

Our brand strategy and member engagement continues to be a strong focus. This year will see a strong focus of working with winemakers at the grass roots, particularly small winemakers, including through regular liaison with regional bodies and direct engagement. WFA has commenced monthly teleconference briefings with all regional wine associations, which has proven to be a very valuable activity to coordinate advocacy efforts and for information exchange.

Administrative issues

The Board was informed that WFA Manager of Government Relations, Nicole Cosgrove will be leaving to work with her partner in their business. Nicole has made a strong and valued contribution to WFA and will be missed.

WFA has also listened to input from many small members that our fees are too high. As a result, we are looking at levy reductions for a new category of small winemakers in 2018-19. We are hoping that these will attract more members and broaden our ability to represent winemakers of all sizes. Members will be advised of the new rates soon.

Adelaide
National Wine Centre
Botanic Road
Adelaide SA 5000

PO Box 2414
Kent Town SA 5071
T 08 8133 4300
F 08 8133 4366

Canberra
NFF House 14-16 Brisbane Avenue
Barton ACT 2600
T 02 6239 8300

E wfa@wfa.org.au
W wfa.org.au
ABN 38 359 406 467