

## **WFA Board Communiqué**

**February 2017**

The Winemakers' Federation of Australia (WFA) held a Strategy day on 27 February followed by a Board meeting on 28 February.

Following the recent appointment of the WFA CEO and new President, the WFA Board and executive held a Strategy day focused on the organisation's vision and priorities moving forward. A highly positive day covered a range of priority areas and highlighted a strong desire to deliver a stronger, uniting and engaging organisation for the benefit of industry. The accepted vision of the WFA is as follows:

*"To lead and represent a united, dynamic, internationally pre-eminent Australian wine industry and to achieve a sustainable future for it."*

One area that was highlighted was the need for cultural change. WFA needs to improve its inclusiveness, its openness and its transparency if we really want to show true leadership for the industry. A new President and CEO are the first steps in this process. The Board is committed to this objective.

Board communiqués, increased communication with the State and Regional organisations and an open line of communication to the CEO are just three of the measures we have introduced. However, we have a lot further to go. Cultural change takes time and commitment, but we will get there.

On the evening of 27 February, the outstanding achievements of three greats of the Australian wine industry were honoured at a special awards presentation. James Halliday AM, Chris Hancock MW and Denis Horgan AM were named Life Members of the Australian Wine Industry. This highly prestigious award is given for long and meritorious service to the wine industry and is even more valuable as it is a result of election from their peers. This brings the number of recipients to 21.

### **Board meeting issues**

#### 50 million Export and Regional Wine Support Package

The WFA Board had a presentation from Jan-Paul van Moort (JP). JP is the consultant appointed by the Government to develop the business plan for the expenditure for the \$50 million Export and Regional Wine Support Package. The business plan is starting to take shape and will be considered by the Reference Group on 10 March. This will allow the broader circulation of the draft content. WFA is working with the State Associations to bring together regional associations for briefing sessions commencing on 14 March. The objective of these sessions is to allow representatives of State and Regional Associations to meet with the consultant, listen to what the draft business plan says at this stage and provide input directly to him. We also expect this will enable the regions to organise their own meetings concerning the draft plan and coordinate their responses back through the State Associations to make sure it reflects the best possible outcome for our industry. The final business plan is due to the Minister in late April, so there is not much time. WFA is of course always available for ideas and comment and will reflect these back to the Government.

The consultation meetings will be held as follows:

14 March Adelaide  
16 March Sydney  
21 March Perth  
22 March Melbourne  
23 March Launceston  
20 April Queensland

Please contact your State Association for more details or give Tony Battaglione a call.

#### The WET legislation and the \$10M grant scheme

- Consultation on the draft WET legislation is expected to commence in March for approximately 4 weeks, subject to Ministerial approval.
- Government will hold an industry briefing session (in Adelaide) early in the consultation period.
- The legislation is scheduled for introduction in the winter sittings (May/June) with likely passage in Spring sittings (August/September).
- With regard to content, it is likely most discussion will centre on the 85% ownership requirements, and the proposal that the WET be paid on the first wholesale sale.
- At the same time, the Government will also consult on the details of the \$10M grant scheme.
- AGWA will administer the scheme, which we understand will include a requirement for a physical cellar door within a region and the grant would apply to sales beyond the \$350,000 cap.
- The Government will provide an update to WFA shortly on the specific timings of consultations after feedback from Ministers.

#### Container Deposit Schemes

The primary stated purpose of a Container Deposit Scheme (CDS) is litter reduction and resource recycling. These schemes are governed by State Environmental Protection Authorities and are currently in place in South Australia and the Northern Territory. The next scheme is scheduled for implementation in New South Wales on 1 December this year, with Western Australia and Queensland to follow in 2018. While all schemes currently exclude most wine containers (bottles and casks) and are generally consistent with the South Australian scheme, we believe there will be increasing pressure to include wine in any national scheme which will have a significant cost impact on the industry. The annual direct costs to the wine industry if CDS was implemented nationally would (conservatively) be more than \$50 million, excluding business compliance costs. The compliance burden and cash-flow impact would fall disproportionately on smaller wine businesses:

- Significant business compliance costs would include quarterly reporting and payment (cash flow impacts), label and container registrations.
- The regulatory impost of a CDS on the wine industry would be exponentially disproportionate to its contribution to litter and fall most heavily on small and medium businesses in rural and regional communities.
- The additional cost to the producer of 10-15 cents per bottle would be difficult to pass on to the consumer.

WFA is working with State Associations to provide a coordinated response to this threat and advocate for a nationally consistent approach aligned to existing scheme requirements.

### Advocacy

WFA continues a very strong advocacy program at the Australian Government level. We have excellent access to politicians from all sides of politics and continue to be pro-active in supporting the industry interests. The WFA Board are strongly involved in the advocacy program and we will hold our annual cocktail function with Parliament in June this year. This event brings industry and politicians together in a convivial atmosphere and allows excellent access. Once again Board members will supply wines for the event.

### Health issues

Fergus Taylor from Alcohol Beverages Australia (<http://www.alcoholbeveragesaustralia.org.au/>) gave a presentation on the current risks and activities in the wine and health space. Alcohol Beverages Australia is the pan-industry body created to highlight the positive social, cultural and economic contribution of alcohol beverages in Australia.

WFA continues to strongly engage in the area of advocating on the rights of the Australian wine sector. Key issues discussed by the WFA Board included:

- Pregnancy warning labels -Siggins Miller is currently repeating their 2014 evaluation of the uptake of pregnancy warning labelling on behalf of the Department of Health. We understand it is likely that the results will be available for consideration by the Ministerial Forum on Food Regulation in June 2017. WFA continues to run an extensive social media campaign urging industry to adopt the warning label.
- WFA is working with DrinkWise to distribute point of sale materials to all cellar doors in Australia raising awareness of the pregnancy warning label and standard drinks. We expect distribution in April/May. This will complement a larger DrinkWise campaign in retail outlets.
- The National Health and Medical Research Council's (NHMRC) drinking guidelines are being reviewed. The NHMRC guidelines are expected to be released in 2018.
- The National Alcohol Strategy which falls under the Drug Strategy, will be considered during 2017. WFA, along with ABA, is asking for consultation on the NAS prior to its finalisation and will be making representations to Federal, State and Territory Ministers.

### Competition issues

There have been a number of developments in the past few months, that are showing increased Government interest in the commercial relationships between growers and wine companies. These have included a review of the Horticulture Code of Conduct, Australian Competition and Consumer Commission (ACCC) consultation on competition and fair trading issues in the horticulture and viticulture industries, and the introduction of a law concerning 'unfair contracts'. WFA is working with Australian Vignerons to better understand if the changes would have potential implications for the industry. We are meeting shortly with the Australian Competition and Consumer Commission.

### Market Access

#### *China*

China has announced it is implementing a compulsory onsite inspection, audit and registration system required for all imported food. Only products sourced from registered manufacturers can be permitted to export to China.

Wine will be the first alcoholic product to require registration with CNCA. WFA is working with the Australian Government (DAWR and DFAT) to collaborate with Chinese authorities to implement a system that both meets the policy objectives of China and facilitates trade. This is a major risk and opportunity for Australian producers with our largest market. WFA will be shortly commencing a collaborative project with the Australian and Chinese Governments on the development of this system.

#### *Canada*

The Australian Government has recently requested to join the WTO dispute settlement process initiated by the United States against Canada. The Australian wine sector has been concerned about the systemic discrimination against imports from Canada's Provincial Liquor Control boards and support the Australian Government requesting full consultation on the broad range of issues of concern.

#### *United Kingdom – BREXIT*

BREXIT is a major opportunity for Australian wine exporters if we can eliminate tariffs and reduce some of the non-tariff barriers currently in European Union Regulation. Government negotiations of such measures are not permissible until the United Kingdom has formally completed its exit from the EU. From its commencement (expected within the coming month), the United Kingdom will have up to two years to complete its exit. WFA will continue to support efforts to ensure favourable measures for Australian wine exported to the United Kingdom.

#### *Regional trade agreements*

The Regional Comprehensive Economic Partnership and Trans Pacific Partnership negotiations remain vitally important to the Australian wine sector. In particular, the inclusion of measures to deal with non-tariff barriers on a systems based approach, as we have proposed, remain a major priority for our industry.

#### Environment

WFA will undertake a review of its environmental policies with revised policies to be considered at the next WFA Board meeting. WFA are continuing to undertake advocacy efforts in a number of environmental forums in support of industry interests.

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