



Winemakers' Federation of Australia

For the Industry by the Industry

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WINEMAKERS' FEDERATION OF AUSTRALIA RESPONSE ON KEY RECOMMENDATIONS OF THE TASKFORCE REVIEW OF NATIONAL ORGANISATIONAL STRUCTURES

Summary

The Board of the Winemakers' Federation of Australia met on 3 April 2008 to discuss the many recommendations that have been made around the Australian Wine Industry Taskforce Review of the National Organisational Structures (NOS Review). A resolution was passed to the effect that forming an industry-owned services body (ISB) that would take on the majority of functions of both the Winemakers' Federation of Australia (WFA) and the Australian Wine and Brandy Corporation (AWBC) would represent the most effective outcome.

The Board, representing small, medium and large winemakers from throughout the industry, agreed unanimously that this action would facilitate the most effective alignment of industry policy, strategy and functions, and would make the most efficient use of industry levies.

Background

It has been the view of the WFA Board, and many in the industry, that the present allocation of functions between the WFA and the AWBC is confusing and limits industry's ability to determine and implement strategy effectively.

Last year a taskforce was established to oversee the Review of the National Organisational Structures with the objective of improving the strategic alignment between industry structures and ensuring that they deliver effective outcomes against a set of common objectives.

The taskforce comprised the Chairmen of:

- Winemakers' Federation of Australia (WFA)
- Wine Grape Growers' Australia (WGGA)
- Australian Wine and Brandy Corporation (AWBC)
- Grape and Wine Research and Development Corporation (GWRDC)

The Taskforce was established in response to *Directions to 2025*, which recognised the need for an additional \$20 million in funding for market promotion and associated initiatives over the next four years.

Similarly, the *Taking Stock and Setting Directions* strategy from WGGA also raised concerns regarding a number of grower-related priorities that require management at a national level.

Now that structural recommendations are significantly advanced, the WFA Board will return to consideration of the issue of funding for national industry services.

The principal recommendations relate to the formal structures of the four national organisations and their functions. The WFA Policy position is summarised below. The full list of policy decisions in response to the Taskforce Review is available at www.wfa.org.au/NOS.htm.

WFA Policy Position

Research and Development

The WFA supports the recommendation that the GWRDC continues as a purpose-specific national industry research and development body, and further, that it extends its remit to increase the flow of funds to grape and wine R&D from other sources.

Advocacy

The WFA supports the recommendation that the WFA and WGGGA immediately establish a joint Peak Council to facilitate whole-of-industry representation on issues of common concern.

In establishing the Council, it is recognised that both organisations retain complete autonomy. The Council will be a forum for joint policy consideration and will only comprise members of the WFA and WGGGA Boards, making decisions based on consensus. Accordingly, issues for consideration are likely to comprise those that are in the common interests of both constituents, and the broader wine sector.

Compliance

The WFA supports the recommendation that compliance continues to be delivered by the AWBC compliance centre. Furthermore, the WFA is strongly supportive of these functions continuing as an important foundation of the Australian wine industry's ongoing positive reputation for quality and integrity in winemaking practices and wine labelling.

On trade relations, the WFA supports the proposal that trade functions are accommodated with other key policy functions (see below), but acknowledges that further due diligence is required to ensure that the benefits of aligned policy functions will outweigh any potential costs of removing trade from the current statutory framework.

Other Functions

The WFA supports the recommendation that all other functions are delivered by an industry-owned services body (ISB). The industry-owned services body would be a corporate entity established under the Corporations Act 2001.

This would entail the transfer of a range of functions currently performed by the WFA and the AWBC to the new corporate entity to form one strategy, policy setting and implementation body for the Australian wine industry. The functions that would be transferred to this new entity would include (but not be limited to) environment, health, winery tourism, trade, industry educational programs, workforce development, market development and knowledge development.

In making this recommendation, the WFA Board stressed that all functions currently performed by WFA and the AWBC are essential and that the decision to host the core functions of the two organisations in one body is not motivated by a desire to reduce staff costs. The recommendation is designed to align all strategy and policy functions of the industry to achieve more focus as well as better priority setting and resource allocation.

Under this plan, the WFA would retain only the function of industry advocacy, which would in fact be in line with the original purpose of the WFA at the time of establishment. The WFA membership and Board structure would be retained, whereby members are represented through the functions of the Small, Medium and Large Membership Committees, all of which have equal representation at the WFA Board.

The WFA Board believes that an exclusive focus on advocacy will enhance WFA's capabilities in this area. The key (but not exclusive) advocacy functions on behalf of industry will be:

- advocacy with the Federal Government
- advocacy with the Industry Services Body
- advocacy with Wine Grape Growers' Australia
- advocacy with the Grape and Wine Research and Development Corporation.

Next Steps

The policy decision outlined above is the first step in a lengthy implementation process.

The WFA must now engage with a number of key stakeholders to communicate the merits of its policy decision, and to enlist their support going forward. Those stakeholders initially include the partners in the NOS Review and the Federal Government.

If agreement is reached with those parties, the WFA would then need to conduct a series of consultation meetings with levy payers throughout the Australian wine industry, followed by a ballot of all AWBC levy payers.

Finally, if sufficient support is gained from levy payers, a formal case for the new structure would need to be submitted to the Minister for Agriculture, Fisheries and Forestry for his consideration and approval.

Once Ministerial support has been gained, the process of implementation can commence. Necessary actions would include the redrafting of the AWBC Act, the creation of the new industry-owned corporate entity, transfer of assets and transfer of staff and functions. The whole process is expected to take approximately two years.

In the meantime it is business as usual for both the WFA and the AWBC. In particular, both organisations are currently undertaking major programs that are critical to the ongoing success of the industry – the AWBC's market development activities in overseas markets and WFA's launch of its EnviroWine Australia program are good examples.

The WFA and the AWBC are already working closely to ensure that our functions are integrated wherever possible. This is now happening with all external communications from our organisations, and we have recently commenced the process of integrating the WFA's environmental programs (EnviroWine Australia) with AWBC's activities, particularly the market development promotional activities offshore. Our trade functions and programs such as Future Leaders are fully integrated between the two organisations.

The WFA will be communicating with members and wider stakeholders regularly on developments with the NOS Review. Meanwhile, please do not hesitate to contact the WFA with any questions or comments.

11 April 2008