
# Pre-Budget Submission

*Backing the Australian Wine Industry*

**January 2017**

Winemakers' Federation of Australia

## The Australian Wine Sector – getting on with the job

Over the last two years, the Winemakers' Federation of Australia (WFA) has worked cooperatively with Government to set a direction that will restore profitability to Australian wine businesses, support investment and jobs in regional communities and enhance the opportunities of growing, but increasingly complex, export markets.

The Government's announcement in December 2016 to reform the Wine Equalisation Tax (WET) Rebate, following its decision in the 2016 Budget to provide $50 million for export and regional development, has provided a solid platform for wine businesses to leverage significant opportunities. The industry and Government now need to consolidate those plans to ensure they achieve the intended outcomes and are accessible to wine businesses across all regions.

Our vision is to ensure that the Australian wine industry is able to respond to national and international customer demand for quality Australian wine by delivering substantial improvements in international market access and by ensuring the correct domestic regulatory settings.

In 2017-18, the Australian wine industry will be operating in an environment that offers international growth opportunities and some regulatory risks both at home and in major export markets.

The global economic and trade outlook is weak but wine exports are bucking the trend. This is supported by strong consumer demand in China, a competitive Australian dollar and increased market access[1]. Exports to China and other North Asian markets are likely to continue to increase but the industry's capacity to take full advantage of the additional demand is variable. Australian wine remains competitive on a quality/price basis, but must continue to differentiate itself by appealing to consumers on the basis of quality, price, geographic region, sustainability credentials and experience across all market segments to take full advantage of new opportunities.

Industry and Government are expected to agree on the specific objectives, activities and desired outcomes for the $50 million market development fund in the first half of 2017 so that activities can commence as soon as practicable. In this context, it will be important that the 2017-18 budget activities commence as soon as possible to allow leveraging of the $50 million allocation.

Free Trade Agreements (FTAs) have delivered increased market access. The challenge is to ensure that the benefits are distributed across all wine producers who want to take advantage of these opportunities. The Export Market Development Grants (EMDG) have been highly effective in assisting marketing efforts in specific markets. The grants are widely used by the wine industry and Government has used companies such as Casella Family Brands and the Aberdeen Wine Company to promote the grants. Minor changes are needed to this program so that wine companies can continue to take advantage of significant growth in emerging markets and the benefits delivered by FTAs.

Proposed budget response: **Remove the current restrictions on EMDG that permanently limits the number of grants to applicants. (*Maintain the budget allocation of $137.9 million for 2017-18*).**

[1] https://www.efic.gov.au/education-and-tools/presentations-publications/2016/global-economy-and-the-outlook-for-australias-wine-industry/

The Australian Government has allocated significant resources to increase market access for all Australian products including wine products. This resource allocation should be maintained to ensure that the benefits of FTAs are delivered and that the outcome of Brexit will deliver increased market access for Australian wine.

Proposed budget response: **Maintain budget allocations in the Foreign Affairs & Trade, Agriculture & Water Resources and the Australian Grape & Wine Authority portfolios dedicated to improving market access through bilateral and multilateral negotiations, engagement in international forums and research & development. (*Maintain the 2016-17 budget allocation)***

Non-tariff measures remain a key risk to exports, particularly in markets with developing regulatory regimes. Supply chain integrity is of increasing concern to importing countries, such as China. Australia must be able to satisfy the information needs of importers.

Proposed budget response: **WFA will apply for a $65,000 grant under the Agricultural Trade and Market Access Cooperation Program to work with AGWA and regulatory authorities in China to gain acceptance of Australia's existing winery inspection regime. *(Nil additional cost to the forecasted 2017-18 budget allocation of $1.65 million)***

Domestically, Australian wine regions are also dependent on tourism. Australia's visitor economy is the second largest export earner after iron ore with the tourism sector expected to grow at more than six per cent over the next decade [2]. Australian wine regions and communities require increased capacity to attract international tourists and repeat visits by providing sophisticated and varied experiences. Drawing tourists out of capital cities boosts rural and regional economies and relieves accommodation and infrastructure pressures. The $50 million allocated in the 2016 budget for market development will incorporate tourism activities in the context of domestic market development. However, WFA believes that increased leverage for that spend can be gained by reviewing the National Wine Tourism Strategy to ensure complementary action.

Proposed budget response: **Support to review the National Wine Tourism Strategy to achieve additional leverage and synergies from the $50 million market development allocation. *($250,000 in 2017-18)***

There are also day to day operational challenges faced by wine businesses, the large majority of which are small businesses, from a raft of regulatory requirements from all levels of government. The changes announced in the May 2016 Budget to enhance small business operations are welcomed by the industry but there is more to be achieved. WFA is outlining specific areas of concern in its submission to the Senate's Red Tape Inquiry (Sale, Supply and Taxation of Alcohol) due to report in March 2017.

A significant cost to industry is the requirement for businesses to pay for interpretations of the Food Standards Code. It seems incongruous that Food Standards Australia and New Zealand develop standards, but will not provide interpretations of those same standards to industry. Information in the 2016-17 budget papers indicates FSANZ total revenue from sale of goods and rendering of services is forecasted in 2017-18 at $100,000. The revenue breakdown is not available.

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[2] http://www.austrade.gov.au/news/economic-analysis/visitor-economy-exports-worth-45-billion-in-2015-16

Proposed budget response: **Provide advice on the interpretation of the Food Standards Code to industry without cost. *(<$100,000 in 2017-18)*.**

The Australian wine industry is working with consumers and Governments to embed responsible consumption practices into Australian culture. Australians are now drinking less alcohol overall than any time in the previous 50 years[3]. Fewer young people are starting to drink than a decade ago[4]. However, the complexity and divergence of alcohol consumption and culture in modern Australia is not being accurately represented in mainstream or social media channels.

Significant risks to wine businesses and communities are growing from the well-funded anti-alcohol industry and lobbyists. They promote policies which adopt a blanket approach to the harm of alcohol that will not fix the real problems and will sell the community short by ineffectively using scarce government funds. They ignore research such as that which clearly identifies that the top ten per cent of drinkers are responsible for 53 per cent of total consumption[5]. Logically, this is where Government policies should be focussed.

The WFA strongly supports responsible consumption, demonstrated by the industry's successful implementation of the voluntary regulatory program to adopt pregnancy warning labels on wine products. An audit in November 2016 found that 90 per cent of Australian wine products in the top 75 per cent of market share sold through major retail outlets carried the warning label. WFA is seeking 100 per cent uptake over the next two years. The Ministerial Forum on Food Regulation will be evaluating this voluntary program across all alcohol categories in 2017. The Australian wine industry strongly supports the continuation of this voluntary, industry-led initiative, based on the significant progress achieved over the last two years, and within the context of the Government's goal to reduce red tape for industry.

Proposed budget response: **Maintain the voluntary regulatory program to adopt pregnancy warning labels on alcohol products. *(Nil cost in 2017-18)***

WFA's Responsible Winery Initiative provides tools and advice for winemakers to promote responsible consumption at the cellar door. These tools have been useful, but require reinvigoration and adaption to be relevant in a digital and social media-driven environment. There is a role for Government to support the dissemination of messages that promote health and well-being, consistent with other health policies, which in the long-term will reduce future claims on medical and other services. Hundreds of thousands of visitors attend regional wine events across Australia every year including festivals, food and wine events and concerts. The industry wants to use these opportunities to promote a responsible consumption message.

Proposed budget response: **Support the development of digital tools for use by winemakers on social media platforms to promote responsible consumption, particularly at cellar doors and during regional events. *($250,000 in 2017-18, $100,000 in 2018-19).***

Australian wine is a high quality, internationally-desired product that is almost entirely produced and manufactured in rural and regional communities. Within the right domestic and international regulatory

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[3] ABS Media Release - 4307.0.55.001 Apparent Consumption of Alcohol, Australia, 2013-14, ABS

[4] Livingston, M. (2015). *Understanding recent trends in Australian alcohol consumption*. Canberra: Foundation for Alcohol Research and Education

[5] Livingston, M. (2015). *Understanding recent trends in Australian alcohol consumption*. Canberra: Foundation for Alcohol Research and Education

environment, the industry can achieve significant growth over the next decade with those benefits flowing directly back to rural and regional Australia.

WFA will continue to work with the Government to set the overall strategic direction for Australia's wine sector, to remove unnecessary obstacles, to cooperatively develop appropriate harm reduction and education policies and to set the domestic and international parameters which will allow the industry to forge ahead with its ambitious goals for the future.

The Australian wine industry looks forward to working collaboratively and constructively with the Government, Australian Vignerons (AV) and the Australian Grape and Wine Authority (AGWA) to achieve these goals.

**Tony Battaglene**
**Chief Executive**

19 January 2017

# SUMMARY OF OPPORTUNITIES FOR ACTION

## GROW DEMAND

### Action 1 Boost regional wine tourism (international and domestic)

i. Design and Implement the Wine Tourism and Cellar Door grant

ii. Review the National Wine Tourism Strategy – develop and deliver practical tools for cellar door and regional activities - $250,000 in 2017-18

### Action 2 Facilitate international market access for Australian wine products

i. Gain Wine Manufacturer Registration with CNCA - $65,000 in 2017-18

ii. Remove the current eligibility restrictions on Export Market Development Grants (EMDG) to capitalise on our Free Trade Agreements (maintain $137.9 million in 2017-18)

iii. Lead international market access reforms and eliminate trade barriers through bilateral, regional and multi-lateral negotiations

iv. Maintain engagement through the Wine Industry Market Access Group (MAG)

v. Maintain engagement in international forums including OIV, WWTG, OIML, APEC and the Codex Alimentarius Commission

vi. Ensure satisfactory market access outcomes for wine in WTO trade negotiations and bilateral free trade agreement negotiations.

vii. Support industry efforts to gain opportunities from Brexit

viii. Pursue international acceptance of Australia's sustainability regime

ix. Resolve non-tariff impediments to trade in cooperation with industry

## PROMOTE SOCIAL RESPONSIBILITY

### Action 3 Reduce alcohol-related harm

i. Support the next phase of the Responsible Winery Initiative ($200,000 in 2017-18, $150,000 in 2018-19)

ii. Maintain the voluntary Pregnancy Warning Labelling program

iii. Provide accurate, credible and appropriate information to consumers, such as through the NHMRC drinking guidelines

iv. Achieve national recognition of Responsible Service of Alcohol (RSA) qualifications across all State and Territory jurisdictions

## INVEST IN RESEARCH & DEVELOPMENT

**Action 4 Maintain investment in research and development**

i. Maintain the R&D tax incentive – do not introduce an intensity threshold

ii. Maintain matching R&D funds

iii. Invest in research and teaching Institutions

## IMPROVE THE DOMESTIC REGULATORY ENVIRONMENT

**Action 5 Implement the WET rebate reforms in consultation with industry**

**Action 6 Pursue reform of the national regulatory environment**

i. Continue to support environmental sustainability policies

ii. Monitor the introduction of container deposit schemes and work with states to achieve consistency

iii. Work with industry to support the Code of Conduct

iv. Restore funding to support an information base for policy development and decision-making ($500,000 in 2017-18)

v. Develop a National Phylloxera Strategy

vi. Remove the costs to businesses of interpretations of the Food Standards Code

**Action 7 Maintain the differential tax treatment system for alcohol products**

Winemakers' Federation of Australia
January 2017

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## Overview

The Winemakers' Federation of Australia (WFA) is the peak body for the nation's winemakers.

WFA is formally recognised as the industry's voice under the *Primary Industries and Energy Research and Development Act* and the *Australian Grape and Wine Authority (AGWA) Corporation Act*. WFA is incorporated under the *SA Associations Incorporation Act 1985.*

WFA represents the interests of Australian winemakers and grape growers of all sizes on national and international issues affecting the Australian Wine Sector. The Government recognises this representative role on the basis that it includes all sectors of the industry, including members and non-members.

WFA membership represents over 75 per cent of the national wine grape crush. Our members include small, medium and large winemakers from across the country's wine-making regions, with each sector having a voice at Board level. WFA Board decisions require 80 per cent support so no one sector can dominate the decision-making process. In practice, most decisions are determined by consensus. WFA works in partnership with the Australian Government, the Australian Grape and Wine Authority (AGWA) and Australian Vignerons (AV) to develop and implement policy that is in the wine industry's best interests.

We encourage members and the broader industry to develop a common position on significant issues so that we can work with Governments in a constructive manner. To achieve this we work closely with wine industry associations in Australia's States and regions.

WFA's activities are centred on providing leadership, strategy, advocacy and support that serves the Australian wine industry now and into the future.

## Our vision for the wine industry

Our vision for the Australian wine sector is for profitable and sustainable wine businesses across the supply chain supporting vibrant rural and regional communities.

This can be achieved by:
- increasing the demand and competitiveness of the Australian wine sector, internationally and domestically;
- introducing and reforming domestic and international regulatory settings that facilitate an increase in Australian grape and wine production and trade while protecting the reputation of Australian wine.

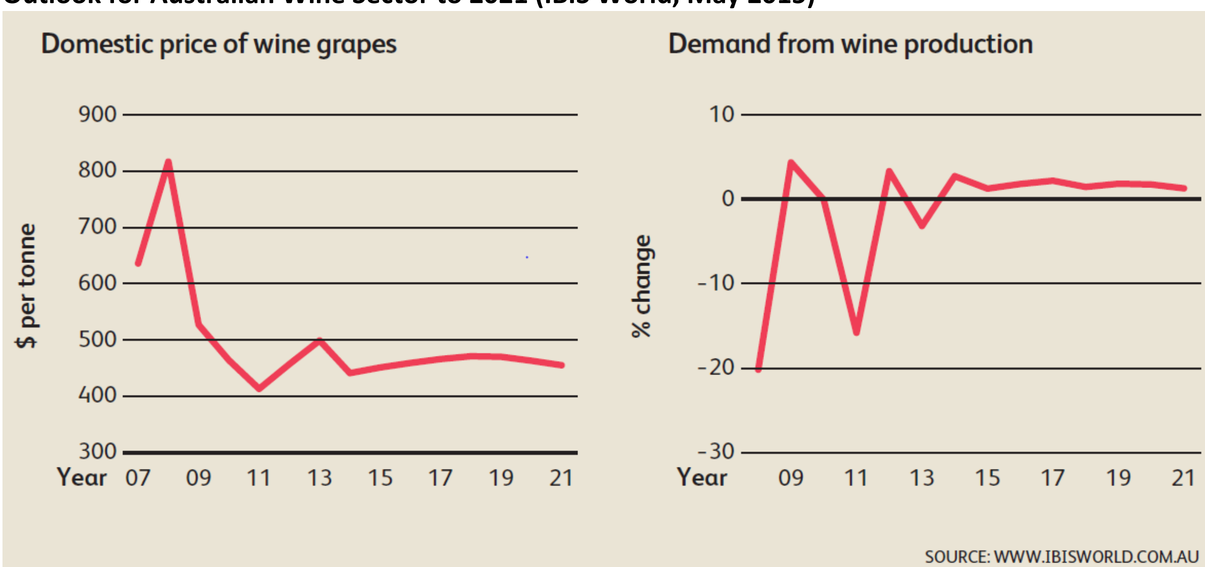
## Industry Outlook

The Australian wine industry confronted several challenges in recent years including, the high Australian dollar, drought, the global financial crisis, changes in competition at the retail level with an increased presence of private labels owned by large retailers, increasing competition from lower-cost base competitors, and changes in consumer preferences. The result - domestic sales were flat, export sales decreased, and the industry faced a significant oversupply of grapes. As a consequence, the Australian wine sector experienced large declines in prices paid to grape growers, decreased wine making profits and an exchange rate induced contraction in wine tourism.

Looking ahead the industry is optimistic. Domestic supply and demand are now becoming more closely aligned and internationally there are positive signs for growth. The US economy is recovering and while it remains a difficult export market, demographic changes in the US are expected to increase overall wine consumption in the long term. Asian markets are steadily growing boosted by China and large increases in middle class incomes. A weaker Australian dollar has also assisted export growth. While the impact of Brexit is yet to be fully realised, the industry is confident there are opportunities to be gained. The benefits of free trade agreements, particularly the China FTA, are also gradually being realised as tariff reductions become a reality. Domestically, the industry is in a more certain position following the announcement of the long-awaited reform of the WET rebate.

IBIS World (May 2015a) forecasts stronger wine sector growth for the five-year period through to 2020-21 than has been experienced in the five years to 2015-16.

**Outlook for Australian Wine Sector to 2021 (IBIS World, May 2015)**




The challenges that remain for the industry include an uncertain international macroeconomic environment with political instability evinced by Brexit, and the implications of Brexit on Australian exports. New leadership in the United States has implications for multilateral and regional trade agreements and potentially for Australian wine exports to the US. The global oversupply of grapes and wine, and increased competition from other 'new world' producers, also mean that Australian wine producers will need to work hard to differentiate their product. The emergence of diverse and complex consumer stratifications in export markets, particularly in Asia, with some sectors growing at astounding rates with little understanding of the demand drivers, is also a challenge to developing long term relationships with importers, distribution networks, retailers and consumers. Understanding consumer preferences, effective marketing and branding, will be key to Australian wine export growth.

Domestically, challenges include adjustment to the recently announced WET rebate reforms, particularly for bulk wine producers, and changes to various state cellar door rebates. Domestic markets are expected to continue to be highly competitive, with new entrants and increasingly sophisticated marketing and business models. The increased competition from other alcohol products such as craft beer, cider and locally produced boutique spirits will also continue.

Environmentally, water management as well as more frequent and severe weather events will continue to impact on wine grape production. The industry is also likely to come under increased scrutiny from domestic and international consumers in relation to authenticity, environmental credentials, traceability and the sustainability of production processes.

WFA remains committed to promoting the responsible consumption of alcohol and there are positive signs on this front. The Australian Bureau of Statistics reports that Australians' alcohol consumption is at a 50 year low and continues to decline. Per capita consumption peaked in 1975 at 13.1 litres per person and has declined since to 9.7 litres per person. Australia also has less binge drinking and fewer underage people are starting to drink than a decade ago. Industry strongly supports government policies targeted at identified problem groups that are well-documented to be misusing alcohol so that targeted programs can address specific problems. But alcohol misuse is clearly not a population-wide problem.

Despite these declines in alcohol consumption, the WFA is concerned that significant risks to wine businesses are growing from the well-funded and vocal anti-alcohol industry lobby in Australia and overseas. Their aim is a blanket reduction of alcohol consumption through the application of population-wide regulation and controls. This potentially leads to misinformation, confusion and undermining of useful health messages around the responsible consumption of alcohol to the point where governments lose credibility and impact.

The Australian community has a very good understanding of the dangers of the misuse of alcohol and is keenly aware of the specific groups and situations where misuse occurs. The Australian wine industry reflects these community views and strongly condemns the misuse and abuse of alcohol.

The Australian wine industry has a strong track record of working with the Government to develop and deliver targeted programs and policies to prevent the misuse and abuse of alcohol, through the widespread adoption of pregnancy warning labels, standard drink information, support of community information campaigns and programs at cellar doors. The industry will continue to work with Government to develop targeted community programs that aim to eliminate the harm that can be caused by the misuse of alcohol.

With more than 60 per cent of Australian wine production exported every year, profitability and sustainability will depend on the continuation and growth of international markets. Domestically, regulations around wine business operations and broader business regulation will either facilitate or impede the ability to take advantage of growth opportunities. Real risks from the professional anti-alcohol industry lobby exists if it is successful in pressuring governments to take short term and ineffective action in relation to population-wide price or tax controls.

# OPPORTUNITIES FOR POSITIVE ACTION

In the 2016 May Budget, the Government announced it will provide $50 million over four years to the Australian Grape and Wine Authority (AGWA) to promote wine tourism within Australia and Australian wine exports to benefit regional wine producing communities. Key to maximising the benefits from this measure will be to ensure that the Business Plan for this fund identifies activities that enable businesses to take advantage of the international regulatory environment in a practical way. It will not be able to deliver everything to everyone and should not be diluted to the point of ineffectiveness, either across activities or number of businesses.

WFA is committed to working with the Government through active participation in the Reference Group to make recommendations on activities under this program. WFA is confident that the final business plan will reflect industry recommendations and meet industry expectations.

WFA is ideally placed to work with AGWA to ensure that the program delivers over the next four years. This ongoing liaison role will be vital to the success of the program.

The following actions should deliver increased leverage from this $50 million allocation.

## GROW DEMAND

### Action 1 Boost regional wine tourism (international and domestic)

***Design and Implement the Wine Tourism and Cellar Door grant***

The Australian wine sector is a major employer, manufacturer and driver of tourism in regional communities. On 2 December 2016, the Government announced $10 million to establish a $100,000 per annum grant for producers who exceed the WET Rebate cap under a new Wine Tourism and Cellar Door grant. This grant will commence in 2018-19 and will be available to producers who add value and vibrancy to regional communities by encouraging visitors to wine regions. WFA will work with the Government in 2017 to determine the eligibility criteria to qualify for the new grant.

It is important that the implementation of this grant is consistent with, and complementary to, the revised National Wine Tourism Strategy (below).

***Review the National Wine Tourism Strategy – develop and deliver practical tools for cellar door and regional activities - $250,000 in 2017-18***

- Review the Strategy to ensure consistency with the $50 million market development allocation.
- Re-write the Strategy to reflect current in-bound tourism trends and emerging demand.
- Develop an Implementation Plan (including timelines, activities and experiences) that targets emerging demand in a segmented in-bound tourism market.
- Develop tools for wineries to utilise innovative digital and social media marketing techniques.
- Produce a suite of digital business support materials that will assist operators in maintaining sustainable businesses and training front line staff at cellar doors.

The WFA developed the National Wine Tourism Strategy in 1998 and revised it several years later. The strategy included an Implementation Plan to drive the development of the sector. A successful industry / tourism / government partnership was established through the Australian Wine Tourism Alliance, which ensured a collaborative approach to wine tourism development and the inclusion of food and other lifestyle elements. Due to resource constraints within WFA, the Strategy has not been reviewed.

The revision and update of the National Wine Tourism Strategy will underpin the implementation of national projects and provides a strategic framework for driving investment in the sector. It will provide context for the Wine Tourism and Cellar Door grant (above).

This relatively small investment by Government will ensure that regional and national objectives are consistent and that resources, both from Government and the private sector, can gain the most leverage.

The next review of the Strategy must respond to recent international developments, including the growth in tourism from China, and increase the capabilities of a greater number of wine tourism operators in key tourism regions while continuing to shape the strategic direction for the sector. It must also recognise the highly segmented tourism market, which now also includes small groups of highly informed wine enthusiasts and professionals (boutique sommeliers, chefs and bloggers) who look for a unique local and regional experience as well as wine tastings.

This project will underpin the development of a range of innovative experiences that operators can customise and deliver to key consumer segments resulting in greater visitor satisfaction, attraction of new consumers and opportunities to create repeat visits whilst increasing visitor yield. Such experiences will include the incorporation of food produce matched to wine varieties and styles, tutored tastings highlighting regional characteristics, visitor wine blending programs and the cultural connection between a wine's origin and the local people that delivers an authentic tourism experience.

These tangible experiences also require strong online support through highly visible websites and digital marketing solutions to attract these consumers and maintain ongoing relationships that lead to repeat visits and future product purchases. By developing appropriate applications and providing practical business support, wine tourism operators will be able to engage more readily with mainstream tourism operators and regional and state tourism organisations offering digital marketing opportunities.

The development of quality measurement and assessment criteria will ensure that wine tourism operators provide a consistently high standard of service that meets the specific expectations of wine tourists. A comprehensive and fully customisable regional manual for cellar door operators will be available online, together with a suite of digital business support materials that will assist operators in maintaining sustainable businesses and training front line staff.

## Action 2 Facilitate international market access for Australian wine products

### *Gain Wine Manufacturer Registration with CNCA- $65,000 in 2017-18 (via the Agricultural Trade and Market Access Programme)*

China's Certification and Accreditation Administration (CNCA)requires registration of overseas manufacturers includes a compulsory onsite inspection, audit and registration system for all imported food. Only products sourced from registered manufacturers can be permitted for import into China. Currently, the system is being gradually phased in starting with high risk products.
Wine will be the first alcoholic product to require registration with CNCA. Their experts will focus on developing a registration questionnaire, registration model and review process with regard to the wine production process, product and food additive standards and critical risk control point. Due to the large amount of fake imported wine, the CNCA plans to launch a traceability system for pre-packaged wine as part of the registration requirement.

CNCA are now organising experts to research the development of a wine registration system, review guidance, and train auditors to conduct onsite inspection. This process will conclude by June 2017 and implementation of the new regime is expected shortly afterwards.

This regulation has the potential to work well for Australian wine exporters or alternatively, if designed poorly, could increase costs and damage Australia's wine exports to China. WFA is working with the Australian Government to use the Australian wine sector as a pilot program for other sectors to design a system that is effective and does not restrict trade.

To do this, WFA will be applying for $65,000 from the Agricultural Trade and Market Access Programme to:

1) Build relationships between key Chinese regulatory authorities (particularly CNCA) and AGWA;
2) Assure Chinese authorities that Australia has the capacity to monitor compliance with Chinese wine standards though its existing winery inspection regimes; and
3) Ensure minimal disruption to trade once the proposed winery registration and inspection regime is fully implemented.

This type of pro-active engagement will not only benefit the wine sector, but act as a template as China gradually rolls out the system across other products/industries.

### *Remove the current eligibility restrictions on Export Market Development Grants (EMDG) to capitalise on our Free Trade Agreements- maintain a budget allocation of $137.9 million in 2017-18*

WFA was pleased with the 2016 Budget announcement that from 1 July 2016 the EMDG scheme would benefit from ongoing legislative status with no termination date. This has been a critical trade development tool for the wine industry.

The Australian wine industry is a major user of the grant, averaging around 250 recipients each year. Critically, present arrangements limit many of the most innovative wine industry leaders from receiving further grants, which creates an artificial ceiling on the potential impact of the program. These restrictions also come at a time when many of these leading businesses require support to undertake the difficult task of re-entering markets and developing new emerging markets.

WFA is seeking amendment to the current eligibility criteria for the EMDG scheme to remove restrictions on the number of times that grants can be accessed. The removal would enable small and medium businesses to establish a firm foothold in difficult and complex emerging markets such as that of Asia, including China, which requires significant investment over long periods of time.

As it takes up to five years to grow a market to a sustainable level of profitability, many winemakers by this stage have exhausted EMDG funding opportunities in markets such as the United Kingdom and the United States and are unable to capitalise on entry into emerging markets such as China. It is important that the eligibility of the grants be reviewed, so that all wine exporters can take advantage of the opportunities that are provided by a recovering international economy and a targeted marketing and promotional campaign from industry.

These grants are essential to complement the marketing undertaken by AGWA allowing small and medium sized enterprises to establish themselves in these growth markets. If these individual businesses are unable to enter the market, the AGWA investment is undermined.

The removal of these limits would not weaken the scheme. The grant requires matching funding so does not encourage speculative spending. The Australian National Audit Office reported that every dollar provided to recipients generates between $13.50 to $27.00 worth of exports.[6] This effectiveness would be delivered regardless of how many grants were provided, and the positive spill over effect of EMDGs for the wine industry is well known as other wine businesses leverage the success of pioneer firms supported by EMDGs[7].

EMDGs provide significant flow through benefits to the wider Australian economy and successes achieved by exporters through EMDGs assist the Terms of Trade and the Balance of Payments.

Present arrangements exclude many of the most innovative wine industry leaders from receiving further grants for new markets, which creates an artificial ceiling on the potential impact of the program. These restrictions also come at a time when many of these leading businesses require support to undertake the difficult task of re-entering markets where demand for our wine has suffered as a consequence of external forces such as high exchange rates.

[6] ANAO (2014), Administration of the Export Market Development Grants Scheme,

[7] KPMG (2015), *Economic impact of the Export Market Development Grants (EMDG) scheme*

***Lead international market access reforms and eliminate trade barriers through bilateral, regional and multi-lateral negotiations and meetings in cooperation with the industry – maintain resource allocation in 2017-18.***

WFA has been pleased with the level of Government investment to improve market access and deliver tangible benefits to industry. The Government should continue to resource specific activities under the wine sector international trade strategy including:

- Monitoring trade issues and barriers;
- Negotiating arrangements to improve market access and streamline importing requirements;
- Harmonising technical requirements to facilitate trade;
- Liaising with industry to develop advice to support free trade agreement and other negotiations;
- Building relationships with regulators in key export markets and making representations as necessary;
- Building coalitions with other wine industry associations internationally and coordinating market access activities;
- Working within international organisations to further the interests of the Australian wine sector;
- Providing a response capability in the event of adverse developments;
- Developing a comprehensive understanding of the regulatory requirements in key export markets; and
- Assisting exporters to resolve specific market access issues.

The WFA will continue its critical cooperation with Australian Vignerons (AV) and the Australian Government (including Department of Foreign Affairs and Trade (DFAT); Department of Agriculture and Water Resources (DAWR); Department of Industry, Innovation and Science; supported by AGWA, to lead work to address market access issues and reduce trade barriers.

Over the next two years, WFA will continue to work with the Government to focus on the core issues of market access and international regulation including, labelling, harmonisation of Maximum Residue Limits and engagement on Free Trade Agreement Negotiations with RCEP, the European Union, Indonesia and India. There will also be engagement with the United Kingdom over access to the UK market post-Brexit, a focus on bilateral initiatives within Asia with a particular focus on China, Japan and South Korea, and active engagement in international forums including APEC, WWTG, OIV and the Codex Alimentarius Commission.

***Maintain engagement with industry through the Wine Industry Market Access Group (MAG) - maintain resource allocation in 2017-18.***

WFA has worked closely with DFAT and DAWR to promote industry engagement on a wide range of issues and strongly supports maintenance of funding for these activities.

The MAG ensures that all industry has the opportunity to input into market access issues. The MAG is co-chaired by WFA, includes membership of industry and government, and meets twice a year to ensure consistency with respect to trade and market access activities.

Key action items include addressing issues concerning:

- Brexit - WFA is liaising with the UK Wine and Spirit Trade Association on the development of the new UK market access policies and system;
- implementation of amendments to the International Convention for the Safety of Life at Sea (SOLAS), in cooperation with the Australian Maritime Safety Authority (AMSA);
- the Trusted Trader program run by the Department of Immigration and Border Protection which raises the question of whether the process for exporting wine to MRA countries could be improved for those with Trusted Trader program accreditation; and
- the Certification and Accreditation Administration of the People's Republic of China (CNCA) which has announced that pre-registration of wine production facilities will be introduced in 2017-18.

### *Maintain engagement in international forums including OIV, WWTG, OIML, APEC, Codex Alimentarius Commission*

While market access improvements have been achieved through FTAs, Government resources should also be maintained to ensure that these gains are not eroded by creeping regulations in international forums.

The Government should maintain engagement in the range of international forums to ensure that new trade barriers are not introduced.

The Australian wine industry will work with Government to :

- build relationships with international wine regulatory agencies both through direct contact and through multilateral forums such as the World Wine Trade Group[8] and the APEC Wine Regulators Forum[9];
- engage with FIVS to contribute to a united global wine sector voice on market access and other international trade issues;
- develop responses to emerging technical issues based on robust science and present those responses through arenas including the WWTG, APEC and FIVS10;
- work through standard setting bodies, particularly the OIV11 and Codex12, to ensure harmonisation of international standards; and
- work with DFAT and DAWR to advise them of priority issues facing the sector, seek their support in resolving them and ensure they are fully briefed when engaged in FTA and other negotiations of critical interest to the wine community.

(1) *International organisation of Wine and the Vine (OIV)* - In the OIV, Australia and WFA have committed to providing an increased presence in the technical forum which

[8] The WWTG is an informal association of both Government and Industry representatives from wine producing countries interested in promoting improved access to international wine markets. It has negotiated two binding international treaties on wine production and labelling .

[9] The APEC Wine Regulatory Forum is dedicated to improving regulatory cooperation and trade facilitation between the 21 Pacific Rim economies that comprise the Asia Pacific Economic Cooperation region.

[10] FIVS is a worldwide organization representing all sectors of the alcohol beverage industry with Membership from all over the world including producers, distributors, importers, exporters, trade associations and individuals.

[11] The Organisation for Vines and Wine (OIV) is an intergovernmental organisation concerned with the scientific and technical aspects of oenology and viticulture. The organisation produces a series of technical recommendations which are not binding on its 44 member countries but tend to be influential in global wine regulation.

[12] Codex Alimentarius is a United Nations body established as an effort to harmonise international standards for food.

resulted in attendance at the Paris Expert Group meetings in March and October and the General Assembly held in June/July.

(2) *Asia Pacific Economic Cooperation (APEC)* - APEC continues to be a major activity for the Australian wine sector and WFA will continue to work with the Government to reduce non-tariff trade barriers and improve regulatory coherence. The APEC Sub-Committee on Standards and Conformance (SCSC) Meeting endorsed the establishment of a Wine Regulatory Forum (WRF) and its Terms of Reference in 2008. The sixth meeting of the APEC WRF was held on October 6-7, 2016 in Ottawa, Canada.[13] The WRF seeks to eliminate non-science based testing and certification requirements for wine trade to increase wine production, expand trade and create jobs. The next meeting is scheduled in Hanoi, Vietnam, 9-12 May 2017.

In a parallel and complementary activity, the Australian Government is hosting the 3rd Expert Workshop on the Harmonisation of pesticide MRLs for imported foods in APEC member economies from the 20-22 February 2017. These activities have the potential to provide benefits to the broader Australian food industry as well as the wine sector.

(3) *World Wine Trade Group (WWTG)* - The WWTG is a group of industry and government representatives with a mutual interest in facilitating international trade in wine and avoiding the application of obstacles to trade. Members are Argentina, Australia, Canada, Chile, Georgia, New Zealand, South Africa, and United States of America (with Brazil and Mexico participating as observers). The last WWTG meeting was held in Ottawa from 6-7 October 2016. An intersessional meeting is scheduled for Brussels in April 2017, followed by a full meeting in South Africa in October 2017.

(4) *FIVS* - FIVS allows industry to advocate for Australian wine interests in cooperation with industry counterparts from other countries; it allows greater cooperation with our European counterparts and; it gives us extra penetration into the European decision making process. It also provides WFA access to all WHO and OIML activities through its observership of these key bodies. FIVS will next meet in Brussels in April 2017.

(5) *Codex Alimentarius Commission* - Codex's health, food safety, and commodity standards serve as references under the World Trade Organisation's (WTO) Agreements on Sanitary and Phytosanitary Measures and Technical Barriers to Trade, and are adopted by many developing countries in Asia and Africa. This status in the WTO provides an added incentive to ensure that Codex standards are credible and suitable for all conditions. 165 nations are members of Codex. Unfortunately, Codex is also vulnerable to political influences and Australia needs to maintain close involvement to ensure that standards are appropriate for the international wine industry.

The Codex Committee on Food Additives will meet in Macau from 20-24 March 2017, to consider the addition of a number of wine additives to the General Standard for Food Additives (GSFA). It is particularly important that the Government maintains a strong

[13] The Ottawa meeting was the fourth of six annual technical conferences scheduled under the WRF multi-year project entitled "*Good Regulatory Practices Action Plan*" sponsored by Australia, Canada, Chile, Chinese Taipei, Indonesia, Republic of Korea, Mexico, New Zealand, Papua New Guinea, Peru, Russia, United States and Viet Nam (M CTI 01 2013A).

position in this forum to prevent the political manoeuvrings of the European Union to override scientific considerations and act against the interests of the Australian wine sector.

(6) *International Organisation of Legal Metrology (OIML)* - OIML is an intergovernmental treaty organisation that promotes global harmonisation of legal metrology procedures. The National Measurement Institute (Australia) has prime carriage of activities in OIML on behalf of the Australian government. Decisions are made in OIML that can influence food labelling (with respect to the presentation of contents); standards of fill and measurement requirements.

(7) World *Trade Organisation (WTO)* - The two key agreements of importance to the wine sector under the WTO are the Agreement on Technical Barriers to Trade (TBT Agreement) and the Sanitary and Phytosanitary Agreement (SPS Agreement). The TBT Agreement is designed to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade. The SPS agreement provides rules on how governments can apply food safety and animal and plant health measures (sanitary and phytosanitary or SPS measures).

The WFA monitors notifications and assesses their impact on the wine sector. WFA works closely with the Government and other like-minded countries, to respond and pursue action, as needed.

***Ensure satisfactory market access outcomes for wine in WTO trade negotiations and bilateral free trade agreement negotiations.***

WFA remains strongly supportive of the Government's trade agenda aimed at reducing tariffs, non-tariff barriers and facilitating trade.

The Government should ensure that sufficient resources are allocated to support FTAs being negotiated in 2017-18 including the Comprehensive Economic Cooperation Agreement between Australia and India, the Comprehensive Economic Partnership Agreement between Australia and Indonesia, Australia and the European Union and the Regional Comprehensive Economic Partnership (RCEP). For the RCEP Agreement, WFA is engaged in advocating for an annex to deal with instituting a system based approach to food regulation. Specifically, it will establish mechanisms to harmonize MRLs, labelling, compositional issues and oenological practices.

WFA will continue to provide support for multilateral trade negotiations, actively engage in FTA negotiations as appropriate and actively engage in providing feedback on wine issues in FTA negotiations with government.

The Government should also ensure that the appropriate administrative arrangements and instructions for businesses are in place so that exporters can immediately take advantage of increased market access. This includes ensuring information is available for exporters through an on-line portal or similar, and that documentation, interpretations and advice is readily available for exporters. This also reflects similar comments by the Australian Chamber of Commerce and Industry in previous submissions to Government.

### *Allocate sufficient resources to DFAT and DAWR to develop a negotiation base for a trade agreement with the United Kingdom following their exit from the European Union.*

The vote to leave the European Union (EU) has triggered a process which will decide the extent of the future relationship of the United Kingdom (UK) with the European Union. It is expected that the UK will invoke Article 50 of the Lisbon Treaty in March 2017. This will then set in motion the formal legal process of withdrawing from the EU and give the UK two years to negotiate its withdrawal. EU law (current legal regime of UK and EU law) continues to apply in the UK until changes are made following withdrawal negotiations. It is not expected that any changes will be retrospective so for the foreseeable future, (possibly up to 2 years), businesses will, from a legal viewpoint, operate as before.

The UK is the second largest importer of wine in the world with 99 per cent of all wine consumed coming from outside the UK. Approximately half is produced in the EU while the majority of the remainder comes from Australia, US, Chile, Argentina, South Africa and New Zealand. Accounting for one third of all Australian wine exports, the UK was Australia's number one export destination by volume with 247 million litres of wine exported in 2015. Australia is the second largest source of wine behind Italy by volume. Changes in the UK market will be relevant to Australia's wine trade with the UK and the EU.

As a member of the EU, wine imports into the UK are subject to import duties – Common Customs Tariff (CCT) – and EU regulations. The current rates are illustrated in the table below. The only way to minimise disruption to trade is to ensure that there is tariff and quota free access for our wine into the UK and from the UK to the EU once the UK leaves the EU. Of the major non-EU wine producers supplying the UK, all but Argentina and New Zealand currently benefit from bilateral wine agreements with the EU, but the terms of the various agreements differ. Once the UK leaves the EU, these bilateral wine agreements will no longer apply and will need to be either rolled over or replaced.

While the UK Government cannot formally enter into discussions with non-EU countries while still in the EU, there is nothing stopping industry doing so, and our UK counterparts the Wine and Spirits Trade Association (WSTA) and WFA have already been active on this front. At recent international meetings of FIVS and the WWTG, the WSTA has agreed to work with the Australian wine industry and other trading partners to develop model agreements to ensure that Brexit does not disrupt the trade flow of wine and spirits into and out of the UK. Such agreements can then be adopted by Government, secure in the knowledge that the technical standards have been agreed by both importers and exporters. As a further mechanism to facilitate international trade, the UK should look to use existing mechanisms wherever possible. For wine, the WWTG has proved itself to be a successful trade facilitator, which the UK should join immediately on leaving the EU.

From an Australian perspective, ensuring UK businesses continue to have access to, and can trade into, the EU market once the UK leaves is vital. Although the UK is our principal market in Europe, the UK acts as a distribution and production (bottling and packaging) hub for many of our companies selling into mainland Europe.

Brexit presents a number of opportunities. It is likely that the UK will largely adopt the current EU regulatory framework for food law and roll the main elements and principles into UK legislation in order to apply as soon as the UK leaves the EU. However, as there is a growing UK wine sector and the UK has traditionally had a more-opened minded view of trade, it provides us with a great opportunity to simplify some of the technical regulations in place.

This may also result in a greater partnership working between industry and enforcement bodies. The WSTA is considering entering into a Primary Authority role for products falling within its remit. This has the potential to enhance trade. The WSTA has agreed to work with Australia at the industry level to develop model agreements to ensure that Brexit does not disrupt the trade flow of wine and spirits into and out of the UK.

Intellectual property protection, including Geographic Indications, is an issue that must be carefully monitored. The UK Government will seek to establish a system for existing protected designations of origin for wines and spirits and could take the opportunity to revise current protection for English wine and sparkling wine. We need to ensure that they continue to respect the protection of grape varieties such as 'prosecco' and 'montepulciano' and respect homonymous use of grape varieties and Geographic Indications.

It is likely the UK will seek to create a more integrated import-export control system which would also counter illicit trade and reduce the requirement for controls further down the supply chain.

WFA is a strong and enthusiastic supporter of entering into a free trade agreement with the UK. Such an agreement should seek the immediate elimination of all tariffs and seek to eliminate certification and testing requirements through mutual recognition or equivalence of each other's regulatory systems. Although non-tariff measures are not a major problem, any agreement should establish systems to allow the easy approval of new additives and processing aids (ideally through mutual acceptance), minimise testing requirements (eliminate in the case of 'low risk' foods such as wine), harmonise or mutually accept labelling requirements and collaborate in international forums to work on reducing non-tariff measures world-wide.

We will work with the Australian Government to take steps to support the continued growth of our wine exports to the UK and EU. More specifically:

- We will work closely with the EU and the UK to establish trading arrangements that will preserve the current benefits for Australian wine imports and also overcome the remaining technical issues we face in the UK.
- We will support inviting representatives of the UK to participate in the WWTG to begin this dialogue on technical issues.
- We will continue working with DFAT to identify and resolve issues that arise in the FTA negotiations with the EU.
- We will support moves to engage in a trade agreement with the UK with the objectives of removing all tariffs for wine and grape products, reducing non-tariff measures and introducing trade facilitating arrangements.
- We will monitor other legal changes in intellectual property and competition law and keep our members informed.

### *Pursue international acceptance of Australia's sustainability regime*

The production of organic wine grapes increased by 120 percent between 2011 and 2014 and there is increasing international and domestic demand for Australian organic wine. Organic wines have also shown significant growth through major retail outlets. This category has the potential to provide the Australian wine industry with a competitive advantage and significant level of differentiation in markets. The Government should pursue equivalence of the international organic standards with Australia's standard to reduce consumer confusion and gain increased market access for Australian product.

The Government should also work with industry to develop common principles for sustainability programs and engage with retailers and consumers. The industry's Entwine program has been successful in establishing sustainable principles and actions for the industry but it requires further investment to develop uniform branding, national consistency, and to be utilised in a far greater way as a marketing tool to differentiate Australian wine products as clean, green and sustainable.

### *Resolve non-tariff impediments to trade in cooperation with industry*

The most significant impediments to trade include issues related to labelling, composition (oenological practices and maximum residue limits for agri-chemicals) certification requirements and analytical and testing requirements. The main aim for agriculture and food lies in reducing technical market access barriers. To successfully take advantage of FTAs requires that Government invest in reducing market access barriers on a bilateral and multilateral basis.

Government should look to include broader trade policy objectives in its negotiations including building on the APEC work to establish systems to permit food trade with differing agrichemical MRLs, adopting Codex standards as appropriate, building on the WWTG work on good regulatory practice principles, and building on the APEC work on certification and analytical methods. Such a systems approach in trade negotiations can build on the multilateral liberalisation agendas pursued by industry and governments.

Industry must not only be in a position not only to take advantage of the tariff reductions that accrue from an FTA but also from the interest generated by the completion of negotiations. This means having a product that meets the market requirements, the ability and knowledge to market such a product, the understanding of the market dynamics and requirements, and in the case of the wine sector, the ability to financially support the collective marketing approach.

The Government and WFA can partner to reduce trade barriers on a case-by-case basis. For example, WFA is concerned about discriminatory trade action being undertaken in Canada by a number of provinces with serious adverse consequences to the Australian wine trade. This discriminatory trade action is systemic across Canadian provinces and is retarding the growth of Australian exports to this high value market, currently valued at around $200 million annually. We would strongly urge the Australian government to take a stand on these issues and if the opportunity arose we would strongly support Australia's engagement as a co-complainant in a WTO dispute over British Columbia's wine regulations.

In other markets we face obstacles to trade because of differing wine standards, in particular, additives and processing aids. This includes China, South Korea, Japan and Vietnam. We would urge the government to work with the sector to seek approval of these additives and processing aids to free up trade in wine.

## PROMOTE SOCIAL RESPONSIBILITY

In 2017 one of the biggest threats to Australia's wine-making communities will be the anti-alcohol industry. It will continue to use its significant resources to pressure governments to introduce population-wide controls on alcohol consumption. Its efforts are not focussed on targeting the specific problems of alcohol misuse, but rather introducing a blanket approach to reduce overall consumption. WFA and our members strongly believe that alcohol misuse can only be effectively addressed by targeted actions and policies —and not by imposing ineffective industry-wide taxes, prohibitions or regulations.

Australian winemakers are passionate about their product. They go to great lengths to ensure their wine is the highest quality product possible and are innovative in developing new tastes and styles for the market, including lower alcohol choices. They do not, in any way, condone or support the misuse of alcohol. Winemakers can demonstrate their credentials in this area, but must continue to keep pace with community expectations around health outcomes.

The WFA is committed to promoting the National Health and Medical Research Council's advice that the safest option for women is to abstain from drinking alcohol if they are pregnant, planning a pregnancy or breastfeeding. To help promote this message to the public, WFA has worked with DrinkWise towards a goal of 100 per cent uptake of pregnancy warning logos on all Australian wine products for retail sale. A recent audit of the top 75 per cent of market share sold through major retail outlets indicated that 90 per cent of Australian wine carried a pregnancy warning label.

WFA believes that the best way to achieve positive health outcomes is through outward focused consumer campaigns that raise awareness and seek to change consumer behaviour.

### Action 3 Reduce alcohol-related harm

***Responsible Winery Initiative - $200,000 in 2017-18, $150,000 in 2018-19***

The outputs include social and digital media tools to promote a responsible consumption message and embed it in business practices:

- a 'tasting safely' video (for publication on YouTube, other social media and for use at cellar doors and regional tourism events) along the lines of in-flight safety videos used by Qantas and Air New Zealand;
- an e-toolbox for wineries to develop a 'best practice' responsible consumption business plan and policies; and
- point-of-sale (POS) material that reinforces responsible consumption messaging.

Several years ago, WFA introduced the Responsible Winery Initiative in recognition of the role winemakers' play at the cellar door to encourage responsible consumption as well as in marketing activities and use of social media.

The legacy of the program is that winemakers are now more aware of their role in promoting responsible consumption and their options to influence behaviour at cellar doors and larger events.

The program provided information via the WFA website and limited pamphlet distribution on information about tasting pours and standard drinks, educating consumers on how to taste and enjoy the specific characteristics of wine, ensuring staff have appropriate responsible service of alcohol (RSA) qualifications, using pregnancy warning labels and providing other health information. The program also encouraged members to comply with the Alcohol Beverages Advertising Code including the responsible use of social media. Information was also developed for businesses to develop workplace alcohol policies. This program was successful in promoting the adoption of the pregnancy warning labels and also modified cellar door activities.

Over the last 12 months, WFA members have been asking for 'best-practice' tools and assistance in this area to complement the information in the program. Consumers at cellar doors are increasingly sophisticated users of social media and wine industry apps and the program needs to evolve to these mediums to meet this market.

WFA is seeking funding of the following outputs to roll-out the next phase of the program heavily focussed on winemakers' using social media tools to promote a responsible consumption message and embed it in business practices. The outputs would include:

- a 'tasting safely' video (for publication on YouTube, other social media and for use at cellar doors prior to tastings) along the lines of in-flight safety videos used by Qantas and Air New Zealand, using well-known wine industry personalities to promote different aspects of responsible consumption and behaviour at cellar doors. This would also be used at festivals and other regional wine tourism events;
- an e-toolbox for wineries that can be used to develop a 'best practice' responsible consumption business plan and policies that includes staff training, tastings, event management, consumer information, age-gating on social media sites; and
- point-of-sale (POS) material appropriate for use at cellar doors that reinforces the responsible consumption messaging and providing information about standard pours, warning labelling etc (developed in cooperation with DrinkWise).

The target group would be all wineries and cellar door outlets (whether or not adjacent to a winery) and regional tourism organisations. We will work closely with DrinkWise to develop the POS material targeted at wineries and for regional events. This will also complement the planned roll-out of POS awareness information by DrinkWise on the pregnancy warning labelling at major national retailers in 2017. WFA will also work with DrinkWise on that campaign.

The costs include production of the outputs, distribution and promotion of the new tools. WFA and DrinkWise staff resources to manage the project are not included in these costs and will make up the industry contribution to the project.

### *Maintain the voluntary Pregnancy Warning Labelling Program*

The WFA's recent audit of wine products in the top 75 per cent of market share sold through major retailers found that 90 per cent of Australian wine products carried a pregnancy warning label. This is a continued improvement on previous audits and the industry is aiming for 100 per cent uptake.

WFA will repeat the audit at the end of 2017 and aims to achieve coverage of all wine products, including those sold direct to consumers, many of which already carry the labels.

These very positive results have been achieved through a voluntary regulatory program and demonstrate that industry and governments can work cooperatively to achieve common goals without the need for unnecessary regulation and red tape.

COAG Health Ministers will consider the issue of pregnancy warning labelling at their meeting later in 2017. WFA is strongly recommending the continuation of the voluntary program.

### *Provide accurate, credible and appropriate information to consumers*

The National Health and Medical Research Council's (NHMRC) drinking guidelines 2009 are currently being reviewed. WFA supports this review as the current guidelines are confusing and send mixed messages about recommended drinking levels and occasions. By their nature, it is difficult to develop guidelines for a population when individual health and circumstances vary. This review must result in easy to understand and credible guidance.

WFA has concerns about the current process surrounding the guidelines review and is supporting Alcohol Beverages Australia's efforts to ensure that the review process is not compromised by conflicts of interest, or driven by individuals, whose ultimate motivation is for blanket government intervention to reduce drinking levels across the population as a whole, including moderate and low level consumers.

Australians are drinking less than any time in the past 50 years[14]. Per capita consumption peaked in 1975 at 13.1 litres per person and has declined since to 9.7 litres per person. Fewer young people are starting to drink than a decade ago[15] . The decreasing per capita consumption strongly indicates that government policies should be targeted at well-known identified problem groups and that whole of population policies, such as increasing the price of alcohol, should be rejected by governments as being without a solid policy rationale.

WFA has demonstrated its commitment to promoting NHMRC guidelines where they are clear and make sense to the general population. The industry's voluntary regulatory approach to the successful implementation of pregnancy warning labels is an example of a targeted policy and action that effectively addresses a specific sector of concern.

WFA will cooperatively engage with the NHMRC's review process with the aim of influencing the development of guidelines for the general public that are clear, that are credible, and that are based on solid scientific evidence.

The Government should ensure that the next iteration of the guidelines is based on solid and unbiased scientific evidence that provides clear guidance for the general public.

### *Achieve national recognition of Responsible Service of Alcohol (RSA) qualifications*

While RSA is a State/Territory qualification the Australian Government has a role in facilitating mobility of workers between jurisdictions and in minimising costs to businesses.

[14] 4307.0.55.001 Apparent Consumption of Alcohol, Australia, 2013-14, ABS
[15] Livingstone M (2014) Alcohol in Australia: Key Trends and Recent Developments

When achieved, national recognition of RSA qualifications will benefit all employees and businesses involved in the service of alcohol. It has significant national benefits to industry and will deliver time and cost savings to all businesses.

In most states and territories, RSA qualifications are required under the various state and territory laws. While there is a national competency related to RSA (SITHFAB002 – Provide Responsible Service of Alcohol), not all jurisdictions recognise each other's qualifications and some have additional requirements. This causes difficulties for experienced staff moving between jurisdictions who must repeat the qualification requirements or undertake refresher courses which incur additional time and cost. The cost of courses also vary significantly between jurisdictions, as well as the administrative requirements, eg New South Wales requires a photo identification card.

This issue is much larger than the wine industry. It affects all those involved in the service of alcohol, and in many jurisdictions, involves other venue staff such as security personnel.

WFA is working with the Alcohol Beverages Australia and its members to gain mutual recognition between jurisdictions. The industry will work with the respective State and Territory Ministers to increase the mobility of hospitality staff and other workers employed at wineries between States and Territories.

## INVEST IN RESEARCH & DEVELOPMENT

The Australian grape and wine industry has grown and prospered through innovation and strong leadership. Industry has used two processes to drive this innovation, the provision of new knowledge from research, and through industry led and directed activity. Innovation is driven by the companies that make up the Australian wine industry, either individually or collaboratively, and uses information from a wide variety of sources. These include in-house research and technical activity, publicly funded research, extension and education, suppliers to the industry, private companies and consulting organisations, CSIRO, Universities and the Australian Wine Research Institute (AWRI).

Research and Development in the wine industry is the responsibility of a large number of organisations. The primary stakeholders are the industry (grape growers and winemakers) and the Government (Australian and State jurisdictions). Both groups invest directly in R&D as well as jointly through organisations such as the AGWA and research providers. Research providers and funders also have high vested interests in the R&D process. Efficiency in the funding and provision of research are essential to ensure that scarce funding is not competed away in the scramble for funding or duplication of research. Coordination of this complex structure is though the National Primary Industries Research, Development & Extension (RD&E) Framework Wine Sector Strategy (PISC Strategy).

From an industry perspective, it is important to ensure that the structures in place to initiate, fund, undertake and provide extension of R&D, maintain capacity and capability by State and federal providers/funders, minimise duplication and maximise efficiency in research and delivery.

It is also important to understand that RD&E not only underpins the profitability of the wine sector, but is also an important generator of income in its own right. Australia is fortunate to have a number of internationally recognised world class research providers including the Australian Wine Research Institute, CSIRO, SARDI, the National Grape and Wine industry Centre, and a vibrant university sector including Adelaide, Melbourne, Flinders, and Curtin Universities.

The two peak industry bodies representing the Australian wine sector have developed a common RD&E policy. The objective of the wine sector policy position on RD&E is to enable the efficient provision of research needed to allow the Australian Wine Sector to become the most profitable and competitive supplier of wine to the consumer. The critical policy underpinnings are:

- Government support for agricultural research to address significant market failure issues and under-investment in innovation.
- Research activities must align with the wine sector's research priorities, be clearly stated and be of national and/or regional benefit to the sector across the entire supply chain.
- Research, development and extension capability within the wine sector needs to be actively built and maintained at an appropriate level to reflect industry conditions.
- A cooperative research approach between industry, researchers, funding bodies and government needs to be fostered to ensure seamless integration of grape and wine research across the whole value chain.
- International collaboration in publicly funded research activities should be undertaken only if there is a likely net benefit to the Australian wine sector and/or the wider Australian community.
- Intellectual property management must give priority to the timely dissemination of research results and uptake of research by the Australian grape and wine industry.
- Dissemination and extension of the outcomes/results of R&D must ensure an efficient and effective system in line with industry expectations to ensure adoption of research outcomes.

## Action 4 Maintain investment in research and development

### *Maintain the R&D tax incentive – do not introduce an intensity threshold*

The R&D Tax Incentive aims to boost the quality and quantity of R&D undertaken by industry to drive productivity and growth. The objectives, as stated in the programme's legislation, are to 'encourage industry to conduct research and development activities that might otherwise not be conducted…to benefit the wider Australian economy'. In other words, the incentive seeks to encourage additional R&D that benefits others. This incentive is a fundamental part of Australia's R&D system and contributes to the national economic benefit generated by the Australian wine sector.

The recent review of the R&D tax incentive system recommended the introduction of '*an intensity threshold in the order of 1 to 2 per cent for recipients of the non-refundable component of the R&D Tax Incentive, such that only R&D expenditure in excess of the threshold attracts the benefit'.*

WFA does not support the report's recommendation to introduce an intensity threshold.

The acceptance and implementation of this recommendation would effectively remove this R&D incentive from the Australian wine industry, as well as other capital intensive industries which have high expenses and revenues but low margins. These businesses also are usually large employers. We believe this is an unintended consequence of the intent of the changes and that improvement to the effectiveness and the integrity of the incentive can be achieved by more effective compliance efforts and by implementing the other Recommendations in the review.
The wine industry should be encouraged to invest in innovation to fully take advantage of opportunities to be gained in emerging and existing markets. This will benefit regional Australia as well as other sectors that leverage off our industry's research.

### *Maintain matching R&D funds*

Much of the funding for the Grape and Wine Sector R&D is disbursed through AGWA and comes from a levy of $2 per tonne of grapes delivered and $5 per tonne of grapes crushed, matched by the Australian Government (up to 0.5% of the Gross Value of Production). The total fluctuates with the harvest but is around $25 million per annum with $40 million in project partnerships. Research providers through State and National investment also provide funds. In addition to the monies spent in this collaborative sense, many of our wine companies (both small and large) are active in the research space with their own departments or individuals working on their own innovations.

In real terms, funding is declining and the levy system itself is constantly under threat as a cost-saving mechanism during the budget process. WFA is a strong supporter of the current system and we are committed to ensuring that AGWA retains its focus on research and maintains the investment of research levies for research activities.

The Government matching of industry funding collected through the grape research levy and the R&D component of the wine grapes levy has delivered significant benefits to industry and must be maintained.

### *Invest in Research and Teaching Institutions*

The University of Adelaide's Hickinbotham Roseworthy Wine Science Laboratory is the centrepiece of a wine hub that supports 150 researchers, making up around 70 per cent of Australia's total wine science research capability. The University plans to double the size of the wine science laboratory at an estimated cost of between $22-28 million. Plans are being finalised and funding options will be explored with Governments and industry later in 2017.

These research facilities are critical to the broader industry, particularly small and medium wine businesses that do not have the capacity to engage in research and trials, particularly when developing innovative processes.

The WFA strongly supports government investment in these facilities.

## IMPROVE THE NATIONAL REGULATORY ENVIRONMENT

### Action 5 Implement the WET rebate reforms in consultation with industry

WFA welcomed the Government's WET rebate reforms announced in December 2016. It is now important that the intent of the reforms and industry's understanding of their effect are accurately reflected in legislative drafting. In particular, provisions for exceptional circumstances related to severe weather events will need to be considered.

WFA, working closely with state and regional wine industry associations, will continue to work closely with Government to ensure that the draft legislation mirrors the policy objectives of the reform.

### Action 6 Pursue reform of the national regulatory environment

#### *Continue to support environmental sustainability*

Sustainable wine production is a major focus for the Australia wine sector. Incorporating sustainability into the business model improves the national environmental benefit, reduces costs of production and becomes an essential component of "Brand Australia" for all agricultural products. WFA supports a national sustainability program, Entwine, which is designed to help the sector improve its environmental performance and drive continuous improvement.

Australia's vineyards have become some of the most efficient water users in the world with over 90 per cent of the industry utilising drip irrigation. However there are a number of factors related to water use and availability such as drought, infrastructure and costs that cause significant constraints on access to water resources. These in turn place significant cost pressures on winemakers.

The cost of energy is also a major component of the winemaking cost structure. Many winemakers are adopting alternative, lower cost methods including renewable energy. Government policies need to recognise the specific energy needs of manufacturing industries in rural and regional areas by facilitating the availability of lower cost and sustainable energy options for small businesses.

Over the next 12 months, WFA will be focussing additional resources on environmental and sustainability issues related to water use and availability, energy use and pricing and ways to substantiate our 'clean, green' image in domestic and international markets.

#### *Container Deposit Schemes*

Container Deposit Schemes (CDS) are currently in place in South Australia, the Northern Territory and soon to be introduced in New South Wales, Queensland and Western Australia. The objective of CDS is to reduce litter in the away from home litter stream. In New South Wales, wine bottles and bladders make up less than 1 per cent of the litter stream. In South Australia, which also excludes most wine containers, the KESAB litter report[16] found that of the 10,735 litter items counted across 151 sites, 1.8 per cent (198 items) was glass litter items and only three of these glass items were classified as wine and spirits.

Where the clear objective is litter reduction, there is no policy rationale or evidence to support the inclusion of wine containers within a CDS.

While this is currently a jurisdictional issue, there will be a role for the Australian Government if national coordination eventuates, which will likely bring benefits for the scheme in regulation consistency.

However, WFA is concerned that as more States and Territories introduce CDS, there will be increasing pressure under a national system to amend legislation and include wine containers.  The cost to the wine industry would be significant as the profit margins of the wine industry are considerably smaller than that of other alcohol producers. In addition, the administrative costs of inconsistencies between the exclusion of various wine containers (size and type) lead to considerable administrative costs as most winemakers sell product in more than one State or Territory. The administration requirements of label changeover and reporting requirements would also be prohibitive for the large number of small businesses which are selling small volumes of wine direct to consumers. There are relatively few drinks producers with products that currently fall within the various CDS legislation for example, large soft drink manufacturers and brewers, compared with 2,700 wineries.

WFA will continue to work closely with States and Territories to ensure they are cognisant of the significant impact of a CDS on the wine industry. WFA will also continue to strongly argue against the inclusion of wine containers under any CDS in any jurisdiction.

### *Work with industry to support the Code of Conduct*

Agricultural businesses such as winemaking rely on strong performance in the domestic market and long-term collaborative relationships between suppliers, manufacturers and retailers to build economies of scale, robust business models and brands with enough equity to move confidently into the international marketplace. For this to happen, healthy levels of competition at each level of the value chain are required to ensure on-going efficiencies are captured and innovation is fostered.

The Code of Conduct is a voluntary code developed by the then Wine Grape Growers Australia (WGGA) and WFA and responds to a Senate Inquiry recommendation to establish a common Australian wine grape supply contract framework, which also provides a dispute resolution system regarding price or quality assessments. The then Australian Government Department of Agriculture, Fisheries and Forestry supported the development of the Code.

The intention of the Code is to set minimum standards for Agreements between wine grape growers and wine grape purchasers. The recent ACCC enquiry into competition and fair trading issues facing the horticulture and viticulture industries, which reported in October 2016, noted the lack of uptake of the Code.

[16] WAVE 69 – May 2015 Report, Keep South Australia Beautiful (KESAB)

The Code aimed to have 50 per cent of the top 100 Australian wine producers by tonnes processed as signatories by 31 December 2013. As of 1 January 2017, there are 41 signatories to the code. WFA will continue to promote the Code and will work with Australian Vignerons to promote its uptake.

Following its enquiry the ACCC's Agriculture Unit indicated it will assess standard form contracts across horticulture and viticulture to promote compliance with the upcoming unfair contract term law. The ACCC also said it would further consider competition issues in viticulture and continue to monitor grower, wholesaler and winemaker interactions with retailers, including the terms of the obligations set out in the Food and Grocery Code.

The WFA is supportive of the ACCC's engagement in this issue and looks forward to working with it on these issues.

WFA will continue to promote the Code of Conduct and encourage more signatories.

### *Restore funding to support an information base for policy development and decision-making - $500,000 in 2017-18*

- Provide additional resources to AGWA or ABARES to collect, analyse and distribute key industry information (replacing the ABS data collection which has already left data gaps).
- Provide resources to AGWA or ABARES to collect and distribute supply and demand pricing information over a season to enable better contract negotiations and management within industry.

Total costing for additional information collections is estimated at $500,000 per annum.

WFA supports the principle of developing policy from a sound and robust evidence base. The Australian Government has a key role in helping secure the data required to progress evidence-based policies that will foster growth and profitability.

In the past, the Australian wine industry had world-class information, statistics and analysis to help guide policy development, industry planning and individual business decision making. The information had been made freely available to industry.

Historically the information came from the following sources:

- GWRDC (now AGWA) funded ABS vineyards survey census providing foundation viticulture data;
- Federal Government funded ABS annual wine statistics collections providing annual foundation data on wine grape crush, wine production, domestic sales and wine inventories;
- Export shipment data freely provided as a by-product of Wine Australia's Export Approval System, established for export shipment approvals;
- WAC (now AGWA) funded market insight and in-market, off-take data reports from various commercial suppliers; and
- WAC (now AGWA) funded reports interpreting and analysing the various forms of data.

Foundation data enables more effective decision making at every level of the wine sector. It is a tool to overcome market failure in the sector to enhance vineyard profitability, incorporate better information in decision-making on cost structures, improve vineyard quality, and undertake better business decisions (i.e. to consolidate/diversify or to exit the industry). It is more efficient to provide such data centrally rather than every producer, region, state and national organisation investing in collecting and compiling data. Consequently, there is a high return from investment in category level foundation data because it focuses and frames all business decisions. It also constitutes an invaluable asset for category planning and reporting, without which many individual research projects would have to collect data on a one-off basis.

A major concern for industry is the intelligence gap left by the withdrawal of funding for ABS to collect industry data viewed as critical to long-term planning and monitoring. It remains critical for industry to have access to key foundation data such as this for industry planning and strategic development. Industry has looked at the data collection mechanisms and identified that AGWA is ideally placed to be the new central data repository.

We believe the Government has a leadership role to play in ensuring future collections are conducted, and agricultural statistics and data are provided, to assist industry in planning for the future.

The second issue relates to better information to allow wine businesses to make informed decisions based on a better understanding of market dynamics. In the wine sector, grape prices not only reflect climatic conditions and the inputs used (such as agricultural chemicals, water, pruning, and environmental management), but also the ebb and flow of domestic and international grape supply.

Pricing of grapes in the wine industry is determined by contracts between processers and grape growers and the final price is determined by the fruit grade delivered to the processor and its destined product line. In order to resolve disputes over price, the Wine Industry Code of Conduct (the Code) was established in 2009 by, the then, WGGA and the WFA and was supported by the Australian Government's Department of Agriculture, Fisheries and Forestry.

A key element in the Code is for the provision of indicative prices. In some instances indicative prices are not necessarily required as the Code allows a range of variations as long as there are arrangements in place for determining a fair and reasonable price. This means that growers should know in good time *before* their grapes are handed over, what price they will receive. The contract could provide for any of the following:

- A fixed price/tonne;
- Payment based on weighted district average; and
- Grape price to be paid in line with general market price.

In such a case then, an indicative price does not need to be offered. However, in general, growers support the provision of an indicative price as it potentially allows them to make business decisions based on what they can expect to receive on sale of the crop. However in practice the indicative price has not provided such certainty and there are concerns around the timing of price notification. Indeed, indicative pricing had been identified as a major disincentive by wineries to sign the Code. It was also identified by the grape grower representatives as a major problem this vintage as it encouraged lower across-the-board prices.

WFA believes the provision of better information relating to supply and demand throughout the season would assist growers make better business decisions and remove the need for indicative pricing. The Australian Government needs to play a key role in funding and securing critical data necessary to provide evidence-based policies that will help address the demand-supply imbalance. WFA believes access to better information on supply and demand throughout the season would help growers make more informed business decisions and remove the need for indicative pricing. Such information would best be provided by the AGWA or a well-respected and independent research organisation such as ABARES.

The Australian Government has a clear role to play in helping facilitate a fairer and more collaborative domestic marketplace by supporting industry Codes of Conduct and reforming the competition framework so it delivers both consumer confidence and a sustainable domestic production and manufacturing base.

### *Develop a National Phylloxera Strategy*

Legal and regulatory frameworks at the National, State and Territory levels currently provide the mechanism through which biosecurity management programs are delivered. The development of a National Phylloxera Strategy would permit the regulation and legislative controls for phylloxera to be harmonised across Australia.

Variations in requirements result in greater costs for industry and reduced competitiveness. The principles that reference the WTO SPS Agreement and the subordinate International Standards on Phytosanitary Measures (ISPM) should underpin the national framework to review and harmonise regulatory approaches.

This should become a priority for the Government.

### *Remove the costs to businesses of interpretations of the Food Standards Code*

State, Territory and Local Governments are primarily responsible for implementing and enforcing food standards although the Australian Government, through the Department of Agriculture, has a role in enforcing the Australia New Zealand Food Standards Code at the border. In 1998, the Blair Review recommended Australia adopt an integrated and coordinated food regulatory system with nationally uniform laws and a co-regulatory approach. Following this, Australian, State and Territory Governments agreed to move towards a national system.

An Intergovernmental Food Regulation Agreement (FRA), signed by COAG in 2000, included the Model Food Act as a template for developing consistent legislation in each state and territory. The FRA also established the Australia New Zealand Food Regulation Ministerial Council, now known as the Legislative and Governance Forum on Food Regulation. The Forum's membership comprises ministers responsible for food regulation from all States and Territories, the Australian Government and the New

Zealand Government. Its role is to develop Australian food regulation policy using powers to adopt, amend, reject or request the review of food standards.

Despite an overarching national approach, inconsistent regulation remains due to the autonomy of State and Territory Governments in determining whether to implement national standards and their interpretation. FSANZ will not provide interpretation for the food standards they develop unless they receive payment. Small businesses cannot afford to seek this advice, with costs multiplying where it is necessary to contact regulatory bodies in each jurisdiction to ensure compliance with their interpretation of standards.

This is an untenable situation, as poorly drafted food regulation has differing interpretations between enforcement jurisdictions, increasing costs and raising uncertainty for businesses trying to comply with the law. WFA seeks Government's commitment to FSANZ providing free interpretations of the Food Standards Code to provide greater regulatory certainty.

## Action 7 Maintain the differential tax treatment system for alcohol products

The WFA strongly supports the continuation of a differential tax treatment for wine products compared with other alcohol categories. The policy rationale for this arrangement recognises the unique commercial and production challenges faced by the Australian wine industry. Unlike beer and spirits, winemakers have only one production opportunity each year, constraining the ability to spread risk and recover from production or profit losses. Beer can be produced 365 days a year and spirit production can occur at multiple cycles during a 12 month period.

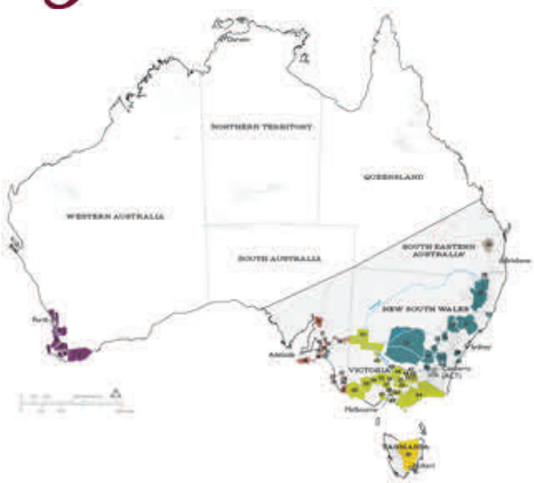
Unlike beer and spirits, the wine industry has a significant rural and regional socio-economic footprint. It contributes $40.2 billion in gross output to the Australian economy and supports over 170,000 full and part time jobs[17]. The large majority of its 2,700 producers are small businesses entirely dependent on seasonal and climatic variations.

These unique differences for wine production are accepted and recognised in alcohol tax regimes around the world with wine being taxed less than beer and spirits in the vast majority of wine producing countries, including Australia's competitors.

Future profitability, export growth and innovation are dependent on the maintenance of the current tax treatment system.

[17] Economic Contribution of the Australian Wine Sector, AgEcon Plus Consulting, Gillespie Economics, December 2015

# Annex A
# Australian Wine Stats - Industry Snapshot




> **Australian wine exports in 2016 were valued at $ 2.17 billion**
> **China is Australia's largest export market by value**
> **Australian wine production in 2014-15 was 1.191 billion litres**
> **Domestic sales in 2014-15 were valued at $2.8 billion**
> **There are 2,700 Australian winemakers in 71 wine regions**
> **The industry contributes $40.2 billion in gross output to the Australian economy**

**Exports super-charged growth in 2016**


Exports were the highlight of 2016 with Wine Australia reporting double-digit growth in value to $2.17 billion over the previous 12 months as at September 2016. Exported volume was steady at 734 million litres. China became Australia's number one wine export market by value. The average value of bottled exports was the highest in 13 years, with most value growth in bottles >$10.00. Overall, the value of bottled exports increased by 14 per cent to $1.8 billion with bulk wine exports slightly declining by three per cent to $392 million. The average value of bulk wine exports remained steady reflecting competition from Spain and other European producers.

Wine Australia reported 1,743 active exporters in the 12 month period ending September 2016, an increase of 311 exporters from the previous year. Exports to all regions, except to Europe, grew in the last year. The top five markets, by value, are mainland China (22%), United States (21%), United Kingdom (17%), Canada (9%) and Hong Kong (6%). The value of exports to mainland China increased by 51 per cent to $474 million overtaking the United States market valued at $448 million (4 % increase). Australia's main competitor in China is France which holds 45 percent of the market compared with Australia's 23 percent. However, out of the top eight importing countries, Australia has the highest average value per litre.

**Australian winemakers— supporting communities and boosting the national economy**

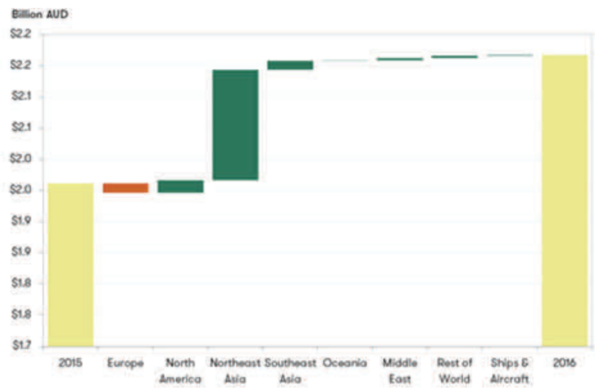
There are 2,700 winemakers in Australia in 71 wine regions directly employing 13,629 employees. A further 61,988 people are directly employed in grape growing and wine tourism. The wine sector contributes $40.2 billion in gross output to the economy including value-adding, wages and salaries and a total of 172,736 direct and in-direct jobs.

Growth or contraction in the wine sector has significant flow-on effects for the wider economy.

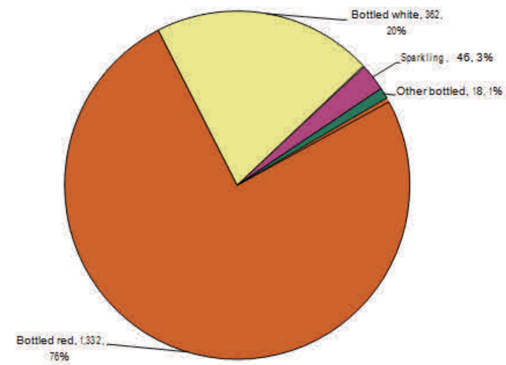
For each new job in the wine sector, the wider economy gains an extra 1.53 jobs. For every $1 million of gross output generated by the sector, the economy gains an extra $2.01 million. The average wine making industry wage is $65,000.

Annex A

Export value growth by region (billion AUD) for MAT Sept 2016



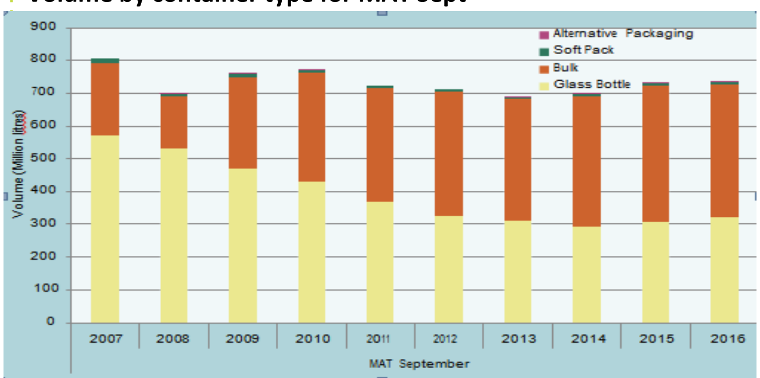

**Bottled exports by colour MAT Sept 2016**



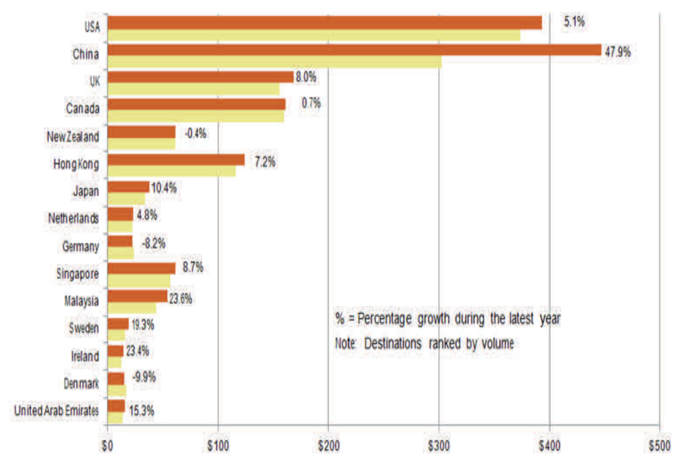

**Grape Crush by State – Tonnes (2016)**

| | |
|---|---|
| New South Wales | 348,441 |
| Victoria | 63,933 |
| Murray Darling-Swan Hill | 416,966 |
| South Australia | 926,430 |
| Queensland | 2,168 |
| Western Australia | 39,055 |
| Tasmania | 10,214 |
| Total | **1,807,207** |

**Volume by container type for MAT Sept**

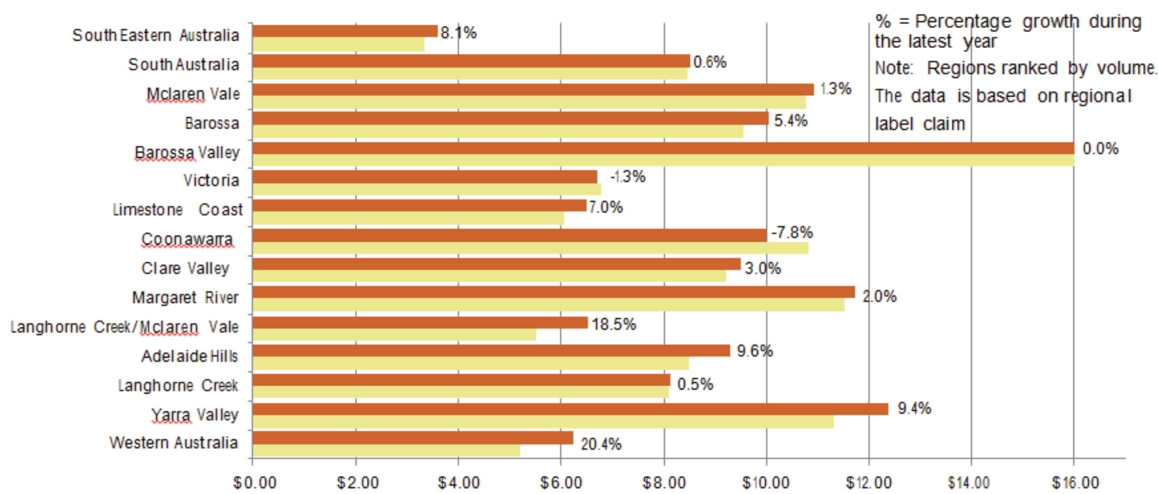



**Bottled exports by top 15 destinations by value**



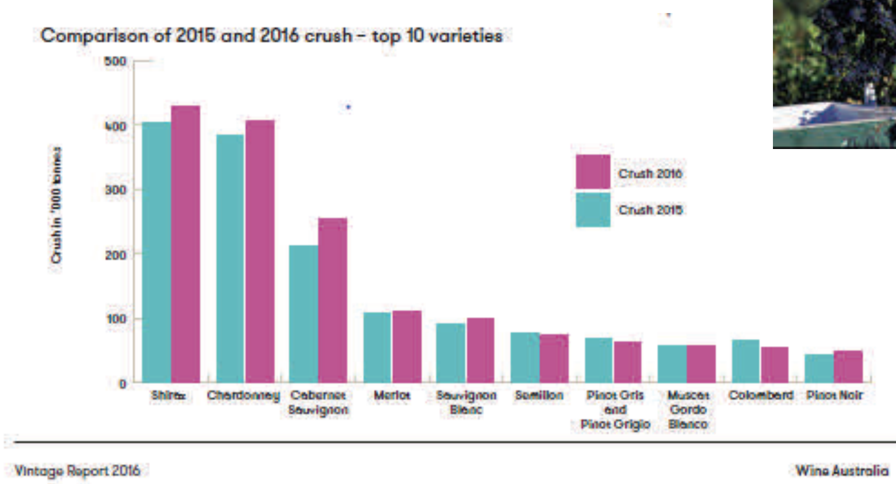

| **Wine Tourism (2014-15)** | |
|---|---|
| Domestic visitor nights | 15,801,000 |
| Domestic visitor expenditure | $ 3,466,800,000 |
| International visitor nights | 44,178,000 |
| International visitor expenditure | $ 5,740,800,000 |

**Bottled exports by top 15 GI regions, average value (AUD per litre) MAT Sept 2016**



## The Crush

In 2016, the grape crush was 1.81 million tonnes. The crush was highest in South Australia (51%), Murray Darling–Swan Hill (23%), New South Wales (19%), Victoria (4%), Western Australia (2%), Tasmania (1%) and Queensland (<1%).
This total was a 6 % increase on the 2015 vintage crush. The cool and temperate regions contributed most to the growth.
The split between red and white varietals was relatively even, red (52%) and white (48%). The red crush was an increase of 10% compared with the previous year and the white experienced a smaller 2% increase.
Within the varietals, Shiraz accounted for 46%, Cabernet Sauvignon 27% and Merlot 12%.
Chardonnay increased its share in the whites to 47% and Sauvignon Blanc 12%. Colombard, Pinot Gris/ Grigio and Semillon were all less than the previous vintage.
Chardonnay and Grenache varieties experienced a greater than 20% price increase in 2016, significant in the case of Chardonnay which made up 22% of the total crush by tonnage.
The average purchase price increased by 14% to $526 /t driven by the increase in cool and temperate regions.




## Wine production and domestic sales

Total wine production in 2014-15 was 1.191 million litres, an small increase (0.4%) on 2013-14 figures. Red and white table wine accounts for 96% of all wine production, with sparkling (3%) and fortified (1%)the remainder.
Within those varietals, Rosé production decreased by 23% per cent to 13 million litres and carbonated Sparkling wine production increased by 45 per cent to 6 million litres.
Total domestic wine sales were 456 million litres, valued at $2.777 billion. Of all wine sold on the domestic market, 10 per cent occurs in sales direct to consumers (cellar doors, on-line). Domestic sales have been flat over the last decade with only a small (4.8%) increase in off premise sales of packaged wine in 2016. These small increases were shared by white and red bottled wine and sparkling wine. Sales of cask and fortified wines slightly decreased.

**The 2016 wine grape crush was 6% higher than in 2015—boosted by an increase in the crush of red varietals.**

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**WFA is the national industry body for Australia's Winemakers.**

**We are the first point of contact for Federal Government and other national decision makers.**

**WFA is the recognised peak industry body achieving policy, trade & business outcomes that drive our industry forward.**

**Government policy and legislation on tax, exports, labeling, competition, transport, tourism, the environment, health and consumer safety all have a direct impact on wine industry businesses in rural and regional Australia.**

**WFA has the capacity to proactively engage with decision makers to protect our member's interests in all these areas.**

**Sources:**

*Australian Off Premise Liquor Market Read. Data to 6/11/16:*
IRI Liquor Outlook—Industry Release.

*Australian wine sector State of Play,* August 2016, Wine Australia

*Economic Contribution of the Australian Wine Sector*: AgEconPlus and Gillespie Economics, December 2015

*State of Australian Wine, March 2016*: Wine Australia

*Submission to the WET Rebate Discussion Paper*, WFA and WGGA, September 2015

*Vintage Report 2016*: Wine Australia, WFA, WGGA

**Images**:

Wine Australia