

WFA Board Communique - June 2017

The Winemakers' Federation of Australia (WFA) held a Board meeting on 21 June in Canberra. The Board meeting followed meetings on 20 June of the Small, Medium and Large Membership Committees that make up WFA's members.

A cocktail function was held in Parliament House on the evening of 20 June, which showcased WFA members' wines to Parliamentarians and allowed informal discussions between winemakers, Members of Parliament and Senators of all political persuasions. With over 200 attendees, this function remains an important opportunity for WFA and our membership to promote our industry. The event was a great success and highlighted WFA's continued expansion of its relationships and collaboration with the Federal Government, which are at an all-time high.

The Chairs and CEOs of WFA, the Australian Grape and Wine Authority (AGWA) and Australian Vignerons (AV) also met with Assistant Minister Senator the Hon Anne Ruston on 20 June. We discussed the progress of the Wine Equalisation Tax (WET) reforms including the legislative amendments, the \$50 million Export and Regional Tourism Support Package and the Wine Tourism and Cellar Door Grant.

The key issues discussed by the three membership committees and the WFA Board were;

- the WET Tax Reform measures
- WFA strategy
- Market Access developments, and
- Health

The legislation to implement the WET reform measures was introduced into Parliament on 22 June 2017. WFA has worked closely with the Department of Treasury over the past few months to ensure the legislation reflects as close as possible the position put forward by Government earlier this year. This very productive working relationship has resulted in a more workable legislation that reflects the practical operations of the industry than that put forward as an Exposure draft in April 2017. The legislation will now be debated in the next sittings of Parliament commencing in August 2017. One policy area that we will continue to pursue will be on the provision of measures that take into account natural events, such as frosts, that may affect producers' ability to retain eligibility for the WET rebate.

WFA is committed to ensuring the WET Rebate reforms become law and are implemented as soon as possible. We have been very active in the tax debate over recent years. Our ability to successfully engage in this space and protect the WET tax system, while fighting to maintain the rebate was substantially enhanced through the tax fighting fund established some years ago. Although those funds have now been exhausted, WFA will maintain an active role in this space as we implement the legislation and the WET reforms come into force. It is clear that there are still powerful forces at work lobbying for the total elimination of the WET rebate, as well as the removal of the differentiated WET system.

The \$50 million Export and Regional Tourism Support Package is expected to be launched in August 2017. The package will provide substantial support for international marketing efforts and regional tourism over the next three years. Importantly, the package will allow State based wine bodies and other regional bodies to access funds through a grants program to deliver real benefits to our wine regions. Guidelines to access these funds are currently being developed by Government and WFA is seeking to provide an input into their development.

The eligibility criteria for the Wine Tourism and Cellar Door Grant have now been decided by the Government, following the public consultations held in April. We understand that in the next couple of months these will be made public and that the guidelines for the grants process will also be released for public consultation. WFA remains committed to ensuring that these guidelines are clear and transparent, so that eligible producers experiencing a reduction in their rebate will be able to access the grant and maintain their levels of investment in their cellar doors and businesses.

WFA has also reviewed its strategy. Recognizing the tight resource constraints that all industry bodies work within, WFA's focus will be on:

- WET reforms and tax
- Market access
- Health issues
- Enhancing the regulatory environment

Strong advocacy, through capability and representation remains the cornerstone of WFA's ability to deliver in these areas.

WFA will also continue its important work in representing the industry's interest in the important wine and health debate. Working both with Alcohol Beverages Australia as well as on behalf of the wine sector alone, we will continue to oppose the anti-alcohol lobby's aggressive approach to misrepresent Australia's drinking culture and their calls for regressive policies on our sector.

DrinkWise Australia provided an update to the WFA board on their targeted campaigns to encourage responsible consumption across different age and social groups. Established by major alcohol producers and supported by industry bodies, including WFA, DrinkWise aims to promote behavioral changes through the development and implementation of a range of national information and education campaigns, as well as providing practical resources to help inform and support the community about alcohol use. WFA continues to strongly support the activities of DrinkWise and over the coming months will seek to work with them on targeted campaigns, and to raise awareness with the broader wine sector.

The Board received an update on the Government review of the alcohol industry's voluntary pregnancy labelling initiative. Backing up the WFA audit undertaken earlier this year, it appears that there has been a very strong uptake of pregnancy warning labeling by the sector. Ministers will consider the effectiveness of the voluntary industry labeling initiative later this year.

The Board was also advised that the Government is considering the issue of energy labelling of alcoholic beverages, to identify and explore potential regulatory and non-regulatory policy options. WFA is actively involved in this process, to ensure any policy response is proportionate, effective and cost efficient.

The Board considered current WFA Trade and Market Access activities. Key areas included progress of FTA and bilateral negotiations, Chinese regulatory updates, European Commission review of labelling requirements and updates from international organisations. In China, WFA is running a pilot project with the Chinese Certification and Accreditation Authorities (CNCA) and the Australian Government aimed at improving access to the Chinese wine market. Through the pilot project, WFA is seeking to gain acceptance of our wine regulatory regime and mitigate the need for any additional facility inspection requirement when exporting to China.

Also in China, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) have just notified to the WTO new requirements for certificates accompanying all imported food and beverages. WFA is working with the Australian Government to address these and ensure that our existing certificates can be used to meet these requirements in the future. These initiatives are critical in ensuring that Australian wines continue to enjoy access to the Chinese market.

The Board also discussed the measures to improve transparency of WFA Board operations and how to improve communication and coordination with State and Regional Associations. This included the participation of Sheralee Davies (Wine Tasmania) and Angus Barnes (NSWWIA) as observers at the Board meeting. WFA believes that strong communication with members and State Associations is vital to ensure that the \$50 million Export and Regional Support Package is delivered effectively. The importance of better communication has again been highlighted by the successful efforts to coordinate industry-wide responses to the Government's WET reform measures.

If you wish to talk about these, or any other issues, please call me on 02 6239 8304 or 0413 014 807.

Tony Battaglene
Chief Executive

30 June 2017