



**Submission to:**

**The Australian Government's  
Soft Power Review**

**September 2018**

**wfa** Winemakers'  
Federation of  
Australia



## **The Winemakers' Federation of Australia**

1. The Winemakers' Federation of Australia (WFA) is pleased to contribute to the Australian Government's Soft Power Review. As the national peak body for Australia's winemakers, our objective is to represent the interests of Australian wine producers of all sizes on national and international issues affecting the Australian wine industry. Government recognises WFA as a representative organisation on the basis that WFA represents the entire Australian wine industry, including members and non-members.
2. WFA is recognised as a representative organisation under the *Wine Australia Act 2013*, and is incorporated under the *SA Associations Incorporations Act 1985*. Representing winemakers of all sizes from across Australia's winemaking regions, WFA's voluntary membership represents around 80 per cent of the national wine grape crush. Small, medium and large winemakers each have a voice on the WFA Board. WFA Board decisions require 80 per cent support, so no one category can dominate the decision-making process. However, in practice, most decisions are determined by consensus.
3. WFA works in partnership with the Australian Government and our sister organisation, Australian Vignerons (AV), to develop and implement policy that is in the wine industry's best interests. WFA's activities are centred on providing leadership, strategy, advocacy and support that serves the Australian wine industry now and into the future.

## **Australian wine: A soft power asset.**

4. Australia's wine sector is a source of significant soft power. Our reputation for quality and safety, combined with Australia's world-class food and wine tourism offering, adds to Australia's attractiveness as a destination for people, investment and ideas.
5. While Australia is blessed with the natural resources required for high-quality winemaking, it is important to note Australia's reputation has largely developed over time as a result of: research and innovation; growing our export markets; and a regulatory framework that promotes the safety and integrity of our wines. Further to this, our winemakers recognise the importance of explaining provenance to consumers, and work to sell not only the product in the bottle, but also the story of its production, its origin and the people who made it. Australia's wine sector has a positive story to tell and this adds to the perception of Australia as a sophisticated, dynamic and attractive destination.

## **Wine tourism drives positive economic returns and bolsters Australia's soft power credentials.**

6. WFA strongly supports the Australian Government's [\\$50 million Export and Regional Wine Support Package \(the \\$50m Package\)](#), which seeks to further strengthen Australia's wine sector, and the regional communities that benefit from it. The four programs within the \$50m Package are designed to grow wine exports, showcase the nation's wine tourism and drive international tourists to our wine regions.
7. While it is clear Australia already offers a unique tourism experience, we are pleased to be doing more to promote tourism in rural and regional Australia. Tourism Research Australia (TRA 2015) estimate there were 15.8 million domestic visitor nights and 44.2 million international visitor nights to Australian wineries in 2014-15, contributing some \$9.2 billion to the Australian economy. This research also noted that "great food, wine, local cuisine and produce" was a major factor influencing holiday decision-



making, and that international travellers who had not visited Australia ranked us the sixth most popular destination for a food and wine holiday, with only 26 per cent listing Australia as their top choice.

Among travellers who had visited Australia, our rank improved to third place just after France and Italy.

8. As part of the \$50m Package, Wine Australia has developed [two skills-development programs](#) to help wine businesses benefit from Australia's strong export growth<sup>1</sup> and the growing visitor economy. The Growing Wine Tourism program seeks to improve our understanding of what tourists want in a food and wine holiday and bolster the preparedness of our producers, particularly in the cellar doors and restaurants, to provide positive and memorable experiences. This includes a particular focus on tourists from China - Australia's largest export market by value – where there remains opportunity for growth in both wine exports and food and wine tourism. Improving the tourism experience for those visiting Australia can facilitate a more positive perception of Australia overseas, contributing to our inventory of national soft power assets.

### **Growing demand overseas tells a positive story about Australia**

9. Like most agricultural products, the Australian wine sector has a strong export focus with approximately 60 per cent of output headed for wine markets in Europe, North America and Asia. Indeed, wine is Australia's sixth largest agricultural export industry. Each bottle of Australian wine sold overseas can tell a story and provide the consumer with a unique perspective of Australia, and in particular rural and regional Australia. Each bottle can also help shape the perception of Australia as a food and wine destination, promoting tourism and investment. However, the international marketplace for wine is competitive and it is important to ensure Australia is actively promoting the unique qualities Australian wine brings to consumers.
10. In addition to the focus on tourism, the Australian Government's \$50m Package focuses on driving demand for Australian wine overseas, particularly in the key export markets of China and the United States of America. WFA is pleased to support this initiative, and notes that recent events such as "[Australia Decanted](#)" suggest the investment is generating positive results for the sector.
11. A strong and predictable global trading system is critically important to ensuring our efforts to improve demand for Australian wine exports is realised. WFA strongly supports the Australian Government's efforts to defend and strengthen the rules-based multilateral trading system, along with the negotiation of high-quality, comprehensive bilateral and regional free-trade agreements. These agreements make a tangible difference to the profitability and sustainability of our wine exporters, and help reinforce Australia's growing reputation as a food and wine destination. We should be confident that once our wines reach consumers, the quality, provenance and reputation for safety and integrity will encourage consumers to continue to buy Australian wines, or make plans to visit Australia as tourists. WFA is pleased to play an active role in working with government to assist in the negotiation of these agreements wherever possible.

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<sup>1</sup> The latest Wine Australia Export Report for the year ending June 2018 showed 20 per cent growth in the value of Australian wine exports to \$2.76 billion – the highest growth rate in 15 years – and the average value of wine growing by 9 per cent to \$3.24 per litre (its highest level since 2009).



### **The Australian wine industry is a responsible and respected partner overseas**

12. Through its international engagement, WFA works closely with the Australian Government, overseas governments, international industry associations and international organisations to remove or reduce barriers to trade where possible.
13. WFA's approach is firmly focused on collaborating with partners, sharing evidence, experiences and expertise and strengthening communication and trust with our international stakeholders. WFA, Wine Australia and the Australian Government work together to bolster the perception that Australia is an honest broker internationally, firmly committed to the rules that underpin free and open trade and investment, and that Australia is happy to work to build the capacity of our trading partners to develop strong, evidence-based policy settings for wine and alcohol. We do this by sharing information about Australia's regulatory system that has helped drive the Australian wine's reputation for quality, integrity and safety. The [APEC Wine Regulators Forum](#) is a good example of the industry's efforts work with Government to promote collaborative, collegiate discussion about best practice wine regulation.
14. WFA encourages the Australian Government to continue to collaborate closely with WFA, Wine Australia and other wine industry stakeholders to help promote Australia's approach to regulation overseas, and help build the capacity of our trading partners, particularly in emerging economies, such as Southeast Asia, India and East Africa. WFA would strongly support ongoing investment in Codex Alimentarius discussions about international food standards, particularly on labelling, along with continued support for the APEC Wine Regulators Forum.

### **WFA supports targeted, evidence-based initiatives to curb dangerous drinking in Australia**

15. While WFA firmly believes Australian wine is a soft power asset, we are also aware that for some people and in some communities, the misuse of alcohol is a problem. These problems, if left unaddressed, can undercut the benefits Australian wine can contribute to Australia's soft power assets. However, it is critical that we work to address the problems in a targeted, evidence-based manner.
16. It is important to note that the vast majority of Australians consume alcohol responsibly, enjoying a drink in moderation with family and friends. Further to this, evidence suggests the rates of dangerous drinking in Australia is falling. The Australian Institute of Health and Welfare (AIHW) notes in its [National Drug Strategy Household Survey](#) that:
  - The level of binge drinking in Australia is falling
  - The rate of underage drinking is declining
  - More Australians are abstaining from alcohol while pregnant and, in general
  - Australians are drinking less often.
17. While these statistics tell us Australians are on the right track in how they drink, WFA accepts there are some people who misuse alcohol, and that Australia's alcohol beverage industry should work with government to design policies that target risky behaviour and help reduce and prevent this misuse. It is important that government and winemakers work together to target and help risky consumers, rather than designing policies that punish everyone else that enjoys drinking moderately and responsibly.



18. Blunt instrument, population-wide policies purported to curb alcohol consumption can undercut the attractiveness of Australian wine, our vibrant restaurant and bar scene, and the perception that Australia is a sophisticated, high-quality food and wine tourism destination.
19. In Australia, WFA strongly supports organisations like [DrinkWise Australia](#), which designs and promotes effective initiatives aimed at reducing risky drinking, particularly in young people and at risk groups. Internationally, it is important that the Australian Government works with WFA and other alcoholic beverage stakeholders in its engagement with the World Health Organization (WHO). It is important that we work together to ensure the global debate around alcohol regulation is balanced, evidence based and centred upon targeting dangerous drinking.

## Conclusion

20. WFA supports this review of Australia's Soft Power and encourages the Australian Government to continue to work with the Australian wine industry to strengthen its soft power credentials.
21. WFA would be happy to discuss the detail of this submission with the Department of Foreign Affairs and Trade as it progresses this work.

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