

## Board Communiqué

**14 November 2018**

The Winemakers' Federation of Australia (WFA) held its final Board meeting for 2018 on 14 November, following the AGM on 13 November.

The AGM was an important event, where after almost twenty years of operation, the members agreed to amalgamate with Australian Vignerons to form a single body representing the interests of the whole Australian grape and wine sector. The formation of Australian Grape and Wine Incorporated (AGWI) will dramatically increase our advocacy ability, being able to represent both winemakers and grapegrowers. Our forward work program will deliver against our key priorities and increase our ability to provide direct benefits to grapegrowers. In particular, we will be able to enhance our policy delivery and strengthen the ability of the sector to respond to biosecurity threats.

The new body will commence operations on 1 February 2019 and both WFA and AV will then be dissolved. I look forward to leading the united body into what will be a new and hopefully prosperous era. I particularly welcome the efforts of all involved to bring around this next step.

The [press release](#) outlines the outcomes of the AGM and the Board appointees from the wine sector. The grapegrowers appointees will be announced shortly.

The newly established Board of AGWI will meet in early March to determine strategy, followed by the first formal meeting of the new Board.

The key issues discussed by the WFA Board at its meeting on 14 November were:

### **Amalgamation**

The WFA Board is determined to make a seamless transition to the new entity. It is important that we start now to deliver on the AV work program targeted towards grower needs and continue to deliver on the key priorities of WFA. The transition arrangements and implementation timetable were discussed and approved to deliver on this.

### **Health**

The anti-alcohol lobby continues to push towards its ultimate goal of shutting down the wine industry. There is a significant effort around extending minimum unit pricing from the NT to other states, the introduction of mandatory pregnancy labelling and a strong lobbying effort to increase the tax burden on wine to equivalence with beer. Protecting our right to operate remains a key priority for WFA. The Board is of the view we need to significantly step up our efforts in this space as the opponents to the wine sector raise their efforts against us. This is a fight that we cannot afford to lose, and WFA will devote even more resources to this over the next year.

### **National Alcohol Strategy (NAS)**

The draft National Alcohol Strategy (NAS) is expected to be considered by the Government in the next few months. On release, the Draft NAS raised serious concerns for the alcohol sector as a whole. It focuses on population wide measures including increases in taxation, restricting availability and implementing bans on advertising, with an aim to decrease overall alcohol consumption.

The bulk of international evidence has repeatedly shown that measures to lower population wide alcohol consumption do not equate to a reduction in harmful alcohol consumption. This all points to a worrying trend of intervention from State Governments.

WFA has been working closely with the Federal Government and State Governments to try and alleviate the worst aspects of the NAS.

### ***Pregnancy and Energy Labelling***

In its communiqué of 11 October 2018, Ministers requested that Food Standards Australia New Zealand (FSANZ) develop a mandatory labelling standard, including a pictogram and warning statement, as soon as possible.

Despite the wine industry making a significant effort to encourage its members to adopt voluntarily pregnancy warning labels, the Forum did not continue to support the voluntary initiatives nor recognise our efforts in this area. We will now look to work with FSANZ to ensure the labelling style maximizes its message and minimises its adverse impacts on trade.

WFA remains committed to promoting a safe drinking culture in Australia, and strongly supports the Australian Government's recommendation that for women who are pregnant or breastfeeding, it is safest not to drink alcohol.

The Board was also briefed on the DrinkWise Australia *Fetal Alcohol Spectrum Disorder (FASD) Awareness Program*, launched by the Minister for Health, The Hon Greg Hunt MP, in September this year. WFA and the Australian wine industry is a significant investor in this program, and we are very excited about the potential positive outcomes of the program in increasing awareness of FASD, and reducing its incidence. FASD is 100 per cent preventable and WFA is committed to promoting the message that women who are pregnant, breastfeeding or trying to conceive should not drink alcohol.

### **The domestic political scene**

The latest round of the political merry-go-round has left us with a change in Prime Minister, a new trade Minister (Simon Birmingham, who is a former employee of WFA) and the return of the ministerial responsibilities for wine to the Agriculture Minister, David Littleproud. These changes have made for an interesting couple of months in Parliament House, as we engage with a new set of Advisors and Ministers. The Board would like to publicly thank Senator the Hon Anne Ruston, who has been a tireless advocate for the grape and wine sector, and we wish her well in her new portfolio.

### **International politics**

The increasingly unstable political environment internationally causes concern. Our reliance on the China market, to drive growth and profits, has resulted in a push by WFA to build and enhance relationships with the Chinese government, to ensure continuity of supply. Sandy Clark and I have just returned from China where we met with Industry and Government, flew the flag and reminded them that Australia is not only open for business, but is the main show in town. This is part of an on-going program of engagement with Chinese Government officials that we will unroll over the next few months. The profitability of the whole sector relies on continued support for our export market.

### **International trade issues**

The EU-Australia Free Trade Agreement negotiations continue in Canberra in November. WFA remains committed to preserving the right of Australian grapegrowers and winemakers to continue to use prosecco and other grape variety names. These continue to be a major priority for the European Union, so we will need to be very active to preserve our rights.

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### **Australian Competition and Consumer Commission**

The Australian Competition and Consumer Commission (ACCC) is undertaking a market study of the grape and wine sector. This is in response to a small number of complaints from growers about treatment from winemakers.

While there may be a temptation to think that this is an issue for larger wine companies and grapegrowers in warm inland regions, the reality is that if the ACCC determine there is a regulatory response required, it will be broad brush and apply to all who buy or sell grapes – no matter the quantity.

It is clear that the ACCC have a very poor understanding of the market dynamics of the wine sector, and recent history suggests that they may well seek to implement increased regulation that will have significant adverse impacts on both grape growers and winemakers. I cannot overestimate the potential damage this may cause to our sector.

That is why it is important that WFA works closely with the ACCC over the next few months to ensure any response is appropriate and proportionate, and to minimise unforeseen consequences.

### **Container Deposit Scheme**

The Container Deposit Scheme is still of high priority for WFA. We are seeing active moves from other alcohol sectors and retailers to seek expansion of the scheme to include wine containers. This would increase production costs for all producers significantly. This requires pro-active work from WFA in key States. This would add 15 cents a bottle as well as significant red tape. It will require a united effort from the whole industry to prevent further regulatory creep in this area.

### **Diversity and Equality in Wine**

WFA has been actively working on the content of a Diversity and Equality Charter for the Australian wine sector, and has produced three documents to form a comprehensive framework for the Grape & Wine sector, in the area of Diversity and Equality: [The Charter](#), [Supporting Document to the Charter](#) and [Action Plan](#)

The WFA Board has signed off on the Charter, a corresponding supporting document and implementation plan, and will become signatories/support the principles in the Charter. WFA will encourage all members to become signatories/support the principles in the Charter.

WFA launched the Diversity and Equality Charter and Action Plan at the 2018 Australian Women in Wine Awards in Sydney on 16 November 2018. We will be sending a formal communication to all members in due course, seeking your support to become a signatory to the Charter.

### **Membership**

I thank all those loyal members who have continued their involvement with WFA for this year. I would also like to thank those new members who have joined. We recognize, in what is a difficult economic environment, how hard it is to support your industry body. However, we rely on you and cannot be effective without your support.

As always, I am happy to discuss these or any other matters with you. I can be contacted on 0413014807 or by email [tony@wfa.org.au](mailto:tony@wfa.org.au).

**Tony Battaglione**  
Chief Executive