

23 June 2020

MEDIA RELEASE

Growers and Winemakers working together to improve commercial arrangements

Australian Grape & Wine welcomes the Australian Competition and Consumer Commission's (ACCC) media release on Friday 19 June, which highlights the ongoing improvements in commercial arrangements between wine grape growers and winemakers.

Following on from its [2019 Wine grape market study](#), the ACCC has worked closely with a number of winemakers, grower groups, and Australian Grape & Wine to further implement improvements in standard form contracts, particularly in relation to wine grape quality assessments, and how contractual disputes are managed.

In parallel with this process, Australian Grape & Wine has been working to modernise and improve the voluntary Australian Wine Industry Code of Conduct, which will deliver greater transparency and certainty in commercial dealings. Furthermore, we have been working with the Australian Wine Research Institute (AWRI) to develop improved grape sampling and assessment protocols, and with Wine Australia to improve the delivery of better and timelier market information to wine grape growers to inform their decision making.

Tony Battaglione, Chief Executive of Australian Grape & Wine said, "I am very pleased with progress on the Code and the technical work underway. Better information on market trends will help growers negotiate with wine companies on price. The work we are undertaking with AWRI will also lead to more transparent wine grape assessments, removing one of the key areas of contention between growers and winemakers".

The ACCC has also expressed concerns about lengthy payment periods specified in grape supply agreements, noting the majority of payment periods continue to extend beyond the ACCC's recommended thirty-day standard for winemakers.

Tony Battaglione continued 'We recognise there are various points of view in relation to payment terms, including the ACCC's target for thirty-day terms. We know many growers agree with the ACCC's position, while others would prefer the tiered payment system, as it may provide higher prices".

"We encourage all businesses to improve payment terms through negotiation of fair and transparent contractual arrangements. Of course, payment terms between grape growers and winemakers are a central focus for the ACCC, but the principles should apply right along the supply chain. There is no doubt that the adoption of better cash-flow arrangements helps all parties" said Mr Battaglione.

"The Code is a living document and is subject to ongoing review. We're working hard to review and improve the code so that it is more effective in today's commercial environment, and flexible enough to encourage open and balanced negotiations".



“However, a Code is not a silver bullet to better relationships. The onus is on all in the supply chain to create strong and harmonious commercial relationships. For growers, if you need help with payment terms, or have any other concerns pick up the phone and talk through the issues’.

- Ends -

Media Contact: Lee McLean, 0418 998 749 / lee@agw.org.au

Media Contact: Ali Laslett, 0424 135 381 / ali@agw.org.au

Available for Interview: Tony Battaglene, Chief Executive – 0413 014 807 / tony@agw.org.au

About Australian Grape and Wine Inc

Australian Grape and Wine Inc is the national association of grape and wine producers. We address issues across the supply-chain that impact on the profitability and sustainability of the sector. We lead and advocate public policy that enhances the ability to responsibly produce, promote and enjoy Australian wine in moderation.

Australian Grape & Wine is recognised as a representative organisation for winegrape and wine producers under the Wine Australia Act 2013, and is incorporated under the SA Associations Incorporation Act 1985. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of winegrape growers and winemakers across Australia.