

Wednesday, December 9, 2015

To Members of the Australian Wine Industry

Wine Industry agrees on a plan for industry reform

Wine industry leaders and representatives came together in Adelaide on Tuesday, December 1, to progress discussions and agree a plan for undertaking industry reform to enable representative organisations to contribute to a return to profitability.

In late August more than 40 wine industry leaders from across Australia gathered in Adelaide at *Grape and Wine 15* to reach consensus on how representative bodies could play their role in assisting the industry return to profitability.

The collective group, representing all sectors and states acknowledged that the structure and relationships between the various wine industry representative organisations are one of the mechanisms that can contribute to addressing these issues and help move the industry towards a more sustainable & profitable position. It was agreed that a strong collective voice from industry was an important part of the solution.

On December 1 the group re-convened to discuss possible pathways to delivering better outcomes for all industry participants.

The meeting reached consensus on a number of issues and agreed on a plan and way forward as follows:

1. delivering the best outcomes for all industry participants will be most likely through a single industry services body

The industry would ultimately be best served by a single, industry owned service organisation. This organisation may assume responsibilities including the current R,D&E, marketing, regulatory and other functions currently provided by AGWA along with the suite of services and industry representation provided currently by national and state representative organisations.

The meeting agreed that this structure would provide:

- a real and clear opportunity to establish unity of purpose, strategy and execution across all levels of representation;
- the best chance of delivering against the agreed key issues and provide an opportunity to improve the services and capacities of the industry organisations; and
- an alignment with how levies are spent and industry regulation is shaped and implemented.

The meeting also recognised the significant challenges faced in transitioning to a governance model such as this. While it remained the preferred solution, the meeting agreed that:

- A working group should be established to guide the development of a plan to transition to this model. The working group should, in the first instance, include members of the current Steering Committee but, at their discretion, look to invite or accept nominations from other stakeholders.
- The working group should in the first instance undertake work so as to more clearly identify key aspects of the process. This should include an identification of, and consultations with, the key stakeholders who will need to be engaged, the potential risks associated with progressing towards this model, the pathway to, and timing for a transition to this model and an understanding of the transition and recurrent funding likely to be required for this new whole of industry services body. It was hoped that this initial scoping work could be completed by the middle of 2016 with the outcomes provided back to the industry leaders at that time.

- The process of firstly examining then transitioning to a new whole of industry services body must be contingent upon the commitment from all industry stakeholders. As likely beneficiaries of the benefits, it was expected that all current industry bodies (national, state and regional) would make a financial, time and resource commitment to all stages of this process.

2. **Delivering outcomes of a united industry voice through merger of national bodies and incorporating state and regional bodies**

The meeting agreed that while the program of work was underway the industry should commence negotiations towards implementing changes to the current organisational structures so as to facilitate:

- a stronger positioning of a unified industry, clearer on its strategy and plans for the future; and
- an improved opportunity to deliver against the identified significant obstacles, against the business and operational performance objectives and benefits, improved services and capacities.

The meeting agreed that the National and State Chairs of the industry representative bodies (along with the Chairs from Riverland, Riverina and Murray Valley) should take carriage of this process. The working group was also identified as the mechanism to support the Chairs in this process.

The meeting provided strong encouragement to Chairs to consider:

- the potential benefits that should be available from creating a single national representative organisation that will represent all industry and assume the current roles of WFA and WGGA;
- building greater capacity and capability at the regional level through the integration, over time, of smaller regional bodies into better resourced organisations; and
- the integration of the current state organisations with national responsibilities to deliver a single integrated representative body that would deliver a range of industry services along with appropriately resourced and skilled representation at both national and state levels.

It was also agreed that these changes were contingent upon the financial, time and resource commitment from all national, state and regional associations.

It was recognised that while industry leaders desire this unified outcome, the decisions were up to the different national, state and regional boards.

The agreed outcomes from this second industry leaders meeting provide a pathway for industry to build a sustainable, fit for purpose industry organisational structure. The changes were seen as both necessary and a pre-requisite to enabling the key issues facing industry to be more effectively and efficiently addressed and ultimately resolved.



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