

MEDIA RELEASE

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Wine injects \$40.2B into national economy

Australia's wine industry contributes \$40.2 billion to the national economy, with every extra wine job generating another 1.53 jobs in the wider community.

Winemakers' Federation of Australia and Wine Grape Growers Australia (WGGA) welcomed this latest data which was commissioned by Wine Australia.

Federation Chief Executive Officer Paul Evans said the AgEconPlus report highlighted the sector's significant contribution and its central role in regional economies. This was despite hardships over more than a decade including the GFC, unfavourable exchange rates, increased global competition and the resulting drop in profitability.

"The two peak national wine organisations, WFA and WGGA, have put forward a plan to the Australian Government with the support of all State wine associations to secure a more profitable future for the industry," Mr Evans said.

"The AgEconPlus report further highlights the importance of government working with us to reform the WET rebate and the potential value of investing some of the subsequent savings into the promotion of our wine in overseas markets," he said.

"Already responsible for 172,736 jobs mostly in regional Australia, AgEconPlus found that for every extra job created in wine, the wider economy gains another 1.53 jobs down the line – that's an important contribution government needs to carefully consider.

"Our plan for the recovery of the Industry will help ensure we can take full advantage of the recent fall in the value of the Australian dollar, FTAs and some growing consumer interest in our wines in key markets.

"The data also found the economy would gain an extra \$2.01million for every extra \$1 million of gross output generated by the wine sector and an extra \$2.17 million value added. Wine is an Australian success story and we need government to see the value of investing in reforms that will secure its long-term future."

WGGA Executive Director Andrew Weeks said it was imperative that industry and government worked together to capitalise on the sector's potential.

"Grape growers have been doing it tough for long enough, with the national average prices of 2001 of around \$933/tonne a distant memory," Mr Weeks said.

"The prices in 2014 were down to \$441/tonne, rising slightly last year to an average \$463/tonne – a step in the right direction but indicative of just how much more work needs to be done to give family businesses a fighting chance," he said.

"The inland regions in particular are still to see any real improvement in value.

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“Wine Australia reported last month that wine exports went up 14% in 2015 which is a good early sign of opportunity but it’s just that. What we need to see is better returns to the vineyard and cellar door and to help that process we need structural reform.”

Some other key points in the AgEconPlus report include:

- An analysis of input / output shows the Australian wine sector – grape growing, winemaking and wine related tourism – contributed \$40.2B in gross output to the Australian economy. Gross output includes \$19.7B in value (value-added) and \$10.4B in wages/ salaries.
- Domestic wholesale value of Australian wine is \$2.4B and retail value is \$7.4B;
- 172,736 jobs in the sector made up of 68,395 direct jobs and 104,341 full and part-time jobs (*note – excludes retail sector*).
- Overall wine -related visitor expenditure totalled \$9.2 billion in 2014-15;
- Wine sector paid \$792M in Wine Equalisation Tax payments in 2014-15;
- Domestic sales account for approx 40% of production, with growth opportunity captured instead by imports eg such as New Zealand Sauvignon Blanc and French Champagne;
- Winemaking is a regionally significant industry for the nation;
- Grape growing has worked hard to improve efficiency – eg water use for grape production much less than milk, rice, cotton and sugar but as expected, higher than other fruit and vegetable production;
- Australian wine is the 6th largest agricultural export industry & Australia is the world’s 6th largest wine producer.

Media Contacts: WFA – Alexia Deegan (0400 767 490); WGGA – Andrew Weeks (0403 520 242)