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Proposed Actions focus on improving future wine industry profitability and asset values

A proposed set of Actions to help restore the profitability of Australian wine businesses and lift asset values was today released to the industry for feedback.

The Australian wine industry has been a success story in what Australia can achieve with globally competitive quality and export-led initiatives. However, in more recent times, the industry has been doing it hard due to a number of factors on both the supply and demand side.

The Winemakers' Federation of Australia (WFA) has today distributed a set of Actions to help improve industry settings aimed at assisting its members to restore profitability and asset values. The WFA's Actions are based on an Expert Review which it commissioned and, importantly, on the collective experience of its Board and other industry organisations such as Wine Australia.

"This is the most significant body of work the industry has undertaken in many years and was made possible by the funding support of the Wolf Blass Foundation and the Grape and Wine Research and Development Corporation," said WFA President Tony D'Aloisio.

"The Federation's work on the Actions goes beyond the basics of yields, prices and patterns of demand, to look at the core question of whether our structures, processes and policy settings are appropriate to sustain individual and collective profitability in the long term.

"Unless we restore industry profitability and lift asset values to acceptable levels, the industry will not make the most of the opportunities it has and there could be continued adverse impacts on jobs and growth in regional Australia. Our aim is to help return industry profitability to a level comparable with global benchmarks," Mr D'Aloisio said.

There are 33 specific Actions which are grouped under the summary seven headings as follows:

- Growing demand for Australian wine both domestically and internationally.
- Hastening the correction to the supply base.
- Working with national wine retailers and the competition regulator on fairness, transparency and equity in the domestic wine market.
- Reforming the wine equalisation tax rebate to support regional communities.
- Monitoring the future of wine tax policy.
- Promoting responsible consumption and an appropriate regulatory framework.
- Securing the funding to support the recommended actions in partnership with industry and Government.

"The proposed Actions cover the most pressing areas where we believe the greatest difference can be made," Mr D'Aloisio said.

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“A good example of where industry is already working together to make a difference is the Wine Australia *Savour Australia 2013* event in mid-September. It will be the biggest marketing initiative ever undertaken by the Australian wine industry and represents an example of how our sector needs to invest in the market opportunities and will be a precursor to further initiatives.

“The Actions will now be subjected to wider review by our winemaker members and other stakeholders and in that way we can make sure we have them right.

“When we implement from about November 2013 we will know we have the support of the industry and can more confidently represent the industry in discussions with Government and other stakeholders.”

The Expert Review on the performance of the industry was undertaken over six months by independent economists Centaurus Partners and includes detailed analysis of demand, supply and market distortions.

The consultation period on the Actions and Expert Review will run until Friday 18 October 2013. The WFA Actions and Expert Review report, how to provide feedback and supporting documents can be found on the WFA website at www.wfa.org.au.

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