



Winemakers' Federation of Australia (WFA)

**Submission on the
National Food Plan Green Paper**

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Introduction

On behalf of the Australian wine industry, the Winemakers' Federation of Australia (WFA) supports the Government's proposal to establish a National Food Plan and its broader commitment to strengthen Australia's food and beverage system. We also welcome the opportunity to be a part of developing the Plan and other initiatives designed to maximise the ability of Australian producers to respond to global and domestic opportunities and challenges.

The aim of the Green Paper released on 17 July 2012 is to introduce the broad concepts for the proposed Plan, without identifying proposed content and structure, an expenditure pattern or the policy support required to deliver it. We note that a White Paper will be released at a later date to address these matters, providing opportunities for more detailed and specific responses. For that reason, this initial submission makes directional comments only, restricting its focus to the macro-level themes that will underpin the Plan's development and some specific areas of concern to the wine industry that we believe must be taken into account during the planning phase.

Clearly, for a National Food Plan to be viewed as a success in five years' time, the solutions and proposals advocated by producer groups need to be recognised. Australia's agricultural and food manufacturing industries are going through a significant period of transition. Competitiveness pressures and demand and supply challenges are eroding previous successes and threatening future viability of industries committed to long-term sustainability.

In the case of wine, growers and winemakers alike are well used to boom-and-bust cycles but the sheer size and scale of the modern industry have presented significant challenges. We are an industry now categorised as multinational and multi-regional.

Industry partnering with the Australian Government in these endeavours will help modern Australian winemaking achieve sustainable profitability and ensure it remains a mainstay of Australian enterprise.

WFA response to Questions raised in the Green Paper

Question 1: Establishment of a Ministerial Food Forum or Australian Food Council

WFA supports the creation of an Australian Food Council, and would be interested in participating and membership. The Council's role would be to bring together relevant Australian Government ministers, agriculture, fisheries and food businesses, and health, community and consumer representatives to consider long-term strategic challenges and opportunities for Australia's food system. Such a body must be transparent and inclusive, with Terms of Reference drafted to ensure a balanced focus on both value-chain and consumer issues and released for public consultation prior to adoption.

Question 3: Maintaining a transparent, up-to-date approach to food policy

WFA believes the Plan must be assessed against clear performance criteria and formally reviewed within five years. There is merit in the proposed publication of a "state of the food system" report.

Question 5: Maintaining Australia's food safety record

A specific issue of concern is the lack of coordination between FSANZ and the State regulatory authorities and, in particular, the fact that FSANZ will not provide interpretations of the Food Standards Code as part of its day-to-day business. We believe this should be central to its role.

On the international front, we must ensure that the Australian Government maintains the capability and capacity to participate actively in multilateral fora involved in the development of international food standards, such as Codex Alimentarius Commission, APEC and OIV.

In relation to the implementation of agreed actions from the report *Labelling Logic: Review of Food Labelling Law and Policy*, we note that the Government has not yet responded to a number of issues raised in the report.

Question 6: Improving innovation across the food supply chain

WFA supports the aspirational targets set out in the Green paper but stresses that achieving them will depend on the regulatory environment (including market access) and the cost competitiveness, market responsiveness, and business development initiative of individual Australian businesses relative to competitors from other countries. Central to this will be the Government's impact on inputs costs, influence on costs and flexibility, success in trade negotiations, and support for R&D.

In relation to the critical area of R&D, WFA generally supports the Rural Research and Development Policy Statement released by the Minister for Agriculture, Fisheries and Forestry in July this year, which reiterates support for the RDC model with matching Government funding. The Government also envisages a more proactive role for industry in its relationship to the RDCs. This is in line with WFA's stated wish to play an enhanced auditing role with respect to the statutory authorities.

In relation to market access, we believe technical issues will continue to dominate the landscape over the medium term as multilateral trading rounds and FTAs struggle to make progress in difficult financial conditions. We are already seeing significant technical trade barriers being erected in key markets and believe increased resources are required to address this.

WFA acknowledges the professionalism of Australia's agricultural councillors and support proposals to expand their presence. However, industry needs the confidence and impetus to want to take on a market before the services of a government official are required. Export-focussed industries such as wine require support to reorientate their activities to suit emerging market opportunities.

Market access and route to market must be key considerations in a National Food Plan and be recognised in its Terms of Reference.

Other issues

Global disadvantage

A National Food Plan must take account of the economic and political realities of the global market. While WFA works closely and effectively with the Australia Government to confront potential barriers to trade, global food supply is distorted by heavy subsidies provided by some governments, and the ability and willingness of others to provide significant marketing support for key industries.

WFA does not advocate subsidies, tariffs or other forms of protectionism (what might be termed "handouts") but we believe the Government must consider how it can take a "hand up" approach to supporting market development and market access for industries that do not currently have a level playing field.

Regulatory burdens

While we have already acknowledged in this submission the value of Government support personnel in key markets, we do have some concerns about the fractured nature of the broader Government oversight of the food system. The Green Paper notes that 15 separate portfolios are involved to some extent. Aside from the potential for duplication and inefficiency, there is the risk of unnecessary and even inappropriate regulation if the needs of industry are not the primary focus. We submit that the Trade, Industry and Agriculture portfolios must be the drivers of policy, operational and regulatory matters if industries are to take up the opportunities outlined in a National Food Plan.

Right to farm

The ongoing sustainability of many rural industries, predominantly agriculturally based, is under a degree of pressure from urban encroachment and minerals access. The protection of recognised areas of viticulture in Australia is of heightened importance to the long-term sustainability of the wine sector. Australia's official wine regions (or Geographical Indications) are internationally recognised and protected and winemakers cannot simply move to another site to make the same wines.

Labour and skills

Rigid employment conditions impact on industries that are today more 24/7 than 9-to-5. Modern awards and the Fair Work Act still do not reflect the open, international economy that Australia has become. It is inconceivable that a winery should have to shut its cellar door on weekends, when consumers are most likely to visit, because it cannot afford inappropriate penalty rates.

Retail consolidation

The concerns of many agricultural industries about the impact of retail consolidation in Australia are well documented and relevant to any discussion about an effective National Food Plan. Indeed, WFA believes this should be considered for inclusion in the Council's Terms of Reference. Competition through diversity of ownership are in the best interests of producers and consumers, yet in the case of the wine industry more than 70% of total retail sales are controlled by just two retailers.

Funding R&D

R&D and efficiency gains through new technologies and farm management practices have allowed Australia to remain competitive against declining terms of trade and this must continue. However, additional funding of rural R&D should come from taxpayers rather than the growers and producers who already make a significant commitment. Australian farmers contribute \$244 million¹ per year over and above the \$218million co-contribution required through the RDC model.

WFA believes the RDC model is world leading and reflects the unique nature of much of Australia's agriculture and value-added businesses. Its preservation is important for ongoing innovation across the sector, but it is imperative that both long-term planning and day-to-day management of RDCs themselves is flexible to the needs of the industries they are established to serve.

¹ DAFF June 2010, Submission to the Productivity Commission Inquiry into Australian Government Rural R&DC Model

Conclusion

On behalf of the Australian wine industry, WFA supports the Government's commitment to develop a National Food Plan and the broad aspirational targets set out in the Green Paper.

In particular we see the establishment an Australian Food Council as a positive step provided its role is focussed on the needs of industry and its terms of reference are appropriate for the task. The aim must be to help producers maximise opportunities for the good of the broader Australian economy.

We welcome the opportunity to continue to work on this proposal and related policy development and believe we can contribute constructively in the preparation of the planned White Paper.

I would welcome the opportunity to provide further detail on any aspect of this submission.

Paul Evans

CEO

Winemakers' Federation of Australia