



FOR INDUSTRY, BY INDUSTRY



Code Management Committee

ANNUAL REPORT 2023-2024

September 2024

Code of Conduct for Australian
Winegrape Purchases



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Contents

INTRODUCTION	4
The Code of Conduct for Australian Winegrape Purchases	4
Secretariat to the Code	4
Code Management Committee	4
REPORT ON ACTIVITIES 2023-2024	1
Secretariat's Report	1
Signatories to the Code	2
Related Work	3
Acknowledgements	5
Financial Report	5

INTRODUCTION

This is the thirteenth Code of Conduct for Australian Winegrape Purchases Annual Report prepared by the Code Management Committee (the Committee). This report covers the period from 1 July 2023 to 30 June 2024.

The Code of Conduct for Australian Winegrape Purchases

The Code of Conduct for Australian Winegrape Purchases (The Code) was developed as a foundation for building relationships between growers and winemakers that are fair, equitable and mutually beneficial as well as to provide a quick and cost-effective dispute resolution process. The Code sets minimum standards relating to grape purchasing including quality assessment for the purpose of affecting price, alternative mechanisms for determining price and payment terms.

Originally signed by representatives of the former Winemakers' Federation of Australia (WFA) and Wine Grape Growers Australia (WGGA) on 19 December 2008, the Code is now administered by Australian Grape and Wine Incorporated. The Code has since been subject to a review and an amended version was released in November 2020. In conducting this review, the Committee adopted a number of recommendations from the ACCC's Winegrape Market Study released in September 2019 and made a commitment to encouraging greater uptake of the Code by winemakers. The committee also reviewed the Code in 2021. In 2023 it was decided that while the focus remained on increasing coverage of the Code, no significant changes would be made. The committee did, however, review the dispute resolution process and made some amendments aimed at improving efficiency and accessibility to growers. The committee has also actively promoted that growers make use of the process through provision of advice to growers through the Chair of the Australian Grape & Wine Vignerons Committee and regional grower groups.

Secretariat to the Code

The Committee appoints a Secretariat to the Code to provide secretariat services to the Code's administration and to which the Committee may delegate any of its powers or duties under the Code. The Accord Group was the appointed secretariat for the Australian Wine Industry Code from October 2023 until October 2024.

Code Management Committee

The Code is overseen and administered by the Code Management Committee appointed by a Subcommittee of the Board of Australian Grape & Wine. The Committee held three meetings throughout the period.

The Committee consists of eight members, an independent Chair, and is supported by a Secretariat. As of September 2019 the Committee operated under an amended Terms of Reference that requires it has equal representation from both winemakers and grape growers. Both Riverina and Murray Valley Wine regions were invited to have representatives attend each meeting as observers.

The composition of the Committee at 30 June 2024 was:

Members

Peter Hayes
Fiona Anderson
Jim Caddy
Danielle Arnfield
Luke Edwards
Georgie Johnston
Ben Rose
Ashley Keegan
Stuart Andrew

Representing

Independent Chair
Treasury Wine Estates
Inland Wine Regions
Accolade Wines
Casella Family Wines
Pernod Ricard
Performance Viticulture
Fabal Vineyards Pty Ltd
Winkie Heights Pty Ltd

Member

Winemaker
Grower
Winemaker
Winemaker
Winemaker
Grower
Grower
Grower

CMC Secretariat

Lee McLean
Anna Hooper

Australian Grape & Wine
Australian Grape & Wine

Observers

Paul Derrico
Jeremy Cass

Murray Valley Winegrowers'
Riverina Winegrape Growers

The Committee's responsibilities include acting as the custodian of the Code, monitoring and assessing the Code's performance, improving the Code, facilitating resolution of disputes over winegrape prices and vineyard downgrades and rejections, and determining alleged breaches of the Code. It is required to produce an annual report to be published by 30 September each year containing:

- A description of the nature and number of disputes received;
- Any comments it wishes to make about conduct or trends in the industry;
- The number of Disputes notified to the Secretariat and/or resolved under the provisions of the Code;
- The number of Signatories who have breached the Code;
- A list all current signatories to the code and new signatories since the previous annual report.

In monitoring the Code, the Committee may recommend amendments to assist the Code's operation.

REPORT ON ACTIVITIES 2023-2024

Secretariat's Report

Enquiries

There has been one enquiry received during this period, which is less than the four enquiries received in the 2022-23 period.

Nature of Disputes

The enquiry related to the dispute resolution process under the Code and specifically if there were any consequences for a respondent if they did not comply with an independent expert determination. Information was provided to the enquirer in relation to this.

Requests for the Appointment of Independent Expert

There was no request for the appointment of an independent expert during this period.

Signatories

During this period, there were 5 new applications from wine producers to become signatories and one winery acquisition to the Code bringing the total number of signatories from 79 to 83.

Comments

This period has seen a low level of enquiry compared to previous years. Whilst it is difficult to point to the reasons for this, further education and promotion of the Code is recommended to encourage greater uptake.

The Accord Group
Code Secretariat
September 2024

Signatories to the Code

Accolade Wines
All Saints Estate Pty Ltd
Angove Family Winemakers
Australia Food and Beverage Group Pty Ltd
Australian Vintage Ltd
d'Arenberg Pty Ltd
Balancing Heart Vineyard
Balnaves Vineyard Services Pty Ltd t/as Balnaves of Coonawarra
Berton Vineyards
Bird in Hand
Bleasdale Vineyards Pty Ltd
Brown Brothers Milawa Vineyard Pty Ltd
Calabria Family Wines Pty Ltd
Campbells Wines Pty Ltd
Cape Jaffa Wines
Casella Wines Pty Ltd t/as Casella Family Brands
Cheviot Wine Group
Colbinabbin Estate Vineyard Management Pty Ltd
Constellation Australia Ltd
Coonawarra Jack Winery Pty Ltd
Cumulus Wines Pty Ltd
Difabio Estate Wines Pty Ltd
Domaine Chandon Australia Pty Ltd
Dorrien Winemaking
Down To Earth
Eagle Bay Brewing Co
Eden Road Wine Company t/as Eden Road Wines
Feathertop Winery
First Creek Wines
Fleurieu Vintners Pty Ltd t/as Boar's Rock
Four Winds Vineyard
Fowles Wine
Fox Gordon Pty Ltd
Gemtree Vineyards Pty Ltd t/as Gemtree Wines
Green Door Wines
Growers Wine Group
Gundog Estate
Hallman Pty Ltd t/as Eden Hall Wines
Hayes Family Wines
Heartland Wines Pty Ltd
Henry Holmes Wines Pty Ltd
Henschke
Hill River Estate Wines (formerly Ramco Wine Group)
Idee Fixe
J & M Innes Pty Ltd
Jeir Creek Wines
Kirrihill Wines Pty Ltd
La Kooki Wines (Margaret River Wine Solutions)

Lark Hill Wine Co
Limestone Coast Wines Pty Ltd
Montalto
Nashdale Lane Wines
Obelisk Wine Co
Ottelier
Paradigm Hill
Pernod Ricard Winemakers
Pipers Brook Vineyard
Rathbone Wine Group Pty Ltd
Rusden Wines
Samarkan Pastoral Co Pty Ltd t/as Coombe Farm
SA Wine Co.
Seppeltsfield Wines Pty Ltd
Serafino Wines
Shaw and Smith Pty Ltd
Shaw Family Vintners Wines
Shingleback Wine Pty Ltd
Sirromet Wines
Smallwater Estate
Tahbilk Pty Ltd on behalf of The Tahbilk Group
TarraWarra Estate Pty Ltd
Tinja Pastoral / Lowe Family Wine Co
Tinlins Wines Pty Ltd
Treasury Wine Estates
Trentham Estate
Tyrrell's Vineyards Pty Ltd
Vasse Felix
Veraise
Vineyard 28
Voyager Estate (WA) Pty Ltd
Wicks Estate Wines Pty Ltd
Wirra Wirra Vineyards
Yalumba Wine Company
Zilzie Wines Pty Ltd

A register of signatories is now maintained on the Australian Grape and Wine website.

Related Work

The ACCC recommendations from their winegrape market study released in 2019 included development of supporting material to improve transparency in both pricing mechanisms and quality assessments. A suite of winegrape quality assessment resources is now available on the Australian Grape and Wine website including Industry Endorsed Standard Procedures which are referenced in the Code as a standard for objective measurement techniques that must be used for certain quality parameters.

On 4 April 2022, the Australian grape and wine sector secured a \$989,000 grant from the Australian Government through the Australian Government's *Improving Market Transparency in Perishable Agricultural Good Industries* initiative. A consortium comprising Australian Grape & Wine, the Inland Wine Regions Alliance and Wine Australia secured the funding, and will jointly oversee the project, with Wine Australia as the lead deliverable agency.

The project has seen the release of an online wine grape price indicator platform that provides a suite of price indicators, which will help inform business decision-making. Since the launch of the platform in October 2023 winegrape growers have had access to timely and reliable market trends so they can better understand the market. Wine Australia are also working on an industry-owned domestic sales dataset of price and volume information that will be available via the platform completing an important part of the price transparency puzzle.

The other deliverable was to develop a partnership with ABARES to prepare and publish independent winegrape price forecasts and commodity analysis for commercial grapes based on the price indicators and other market insights. The first forecast came out in September 2023 and accurately forecasted wine grape production to remain steady at 1.43 million tonnes which was the same as the estimated actual based on Wine Australia's national crush survey vintage report. Their overall average value forecast of \$619 was also very close to the actual post-vintage estimate of \$613 per tonne. Of particular interest has been the low pricing for warm inland reds where ABARES suggested pricing range of \$243 to \$277 per tonne was slightly below the national vintage report figures of \$290/tonne. These reports continue to be released on a quarterly basis.

The Code Committee is aware of the significant interest from the Government in the effectiveness of this voluntary Code. The committee is also well aware of some of the challenges and is hopeful that new legislation relating to Unfair Contract Terms in standard form contracts will resolve some residual issues such as lengthy payment terms in contracts. Its ongoing efforts in recruiting new signatories and promoting fair and equitable trading practices are also expected to lead to improvements in grower winemaking relationships. However, the current economic climate continues to impact tensions in the market.

The Code committee maintained a watching brief on a range of consultations including the Competition Policy Review, the ACCC Supermarkets Inquiry, the Senate Select Committee on Supermarket Pricing, the Food and Grocery Code review, the Unfair trading practices: Consultation Regulation Impact Statement, the Grape and Wine Sector Regulatory Impact Analysis and the work of the Viticulture and Wine Sector Working Group and The Rural and Regional Affairs and Transport Committee.

Several committee members also attended a successful Code Forum hosted by the Winegrape Council of South Australia (WGCSA) in Adelaide in June 2024 where growers heard from various speakers including ACCC's Mick Keough and Australian Small Business and Family Enterprise Ombudsman Bruce Billson who collectively outlined the practical, technical and legal differences between a voluntary and mandatory industry codes. Code Committee member Ashley Keegan provided an informative and very well-received report to growers outlining the operation of the voluntary code. At the Murray Valley Winegrowers Outlook Forum also held in June, Small Business and Agriculture department of the ACCC, David Salisbury provided growers insights into the current legal environment which generated healthy discussions relating to the Code and the winegrape market.

Acknowledgements

The Code Management Committee members would like to acknowledge the support and cooperation throughout the year of:

- The Accord Group,
- Australian Grape and Wine Incorporated,
- ACCC,
- AWRI,
- WGCSA,
- Wine Australia, and
- Inland Wine Regions Alliance

and to thank observers on the committee from Murray Valley Winegrowers and Riverina Winegrape Growers.

Financial Report

The financial report for 2023-24 is provided below:

FINANCIAL REPORT FOR CODE OF CONDUCT FOR YEAR END 30 JUNE 2022

Accord Group Fee	\$	5,000
Website Updates	\$	120
Total	\$	5,120
