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MEDIA RELEASE

Government urged to act as wine sector warns of deepening crisis

Australian Grape & Wine's 2026–27 Pre-Budget Submission calls on the Federal Government to act decisively to stabilise Australia's wine sector and protect regional communities from escalating economic and mental health impacts.

The submission, *Securing the Future of Australia's Wine Regions: A Targeted Crisis Intervention and Structural Adjustment Plan*, outlines a \$139.25 million, three-year package to address structural oversupply, rebuild demand, and support growers and winemakers facing prolonged financial distress.

Australian Grape & Wine Chief Executive, Mr Lee McLean, said the evidence was clear that the sector had moved beyond a normal market cycle and into a structural crisis that required government partnership. "This is not a short-term downturn, and it is not a problem the industry can solve alone," Mr McLean said.

"Australia's wine sector is facing a structural crisis driven by collapsing global demand and the lasting impacts of the China trade disruption. Left unmanaged, the adjustment will be disorderly, prolonged and deeply damaging for regional communities."

The submission highlights national wine inventories of 2.06 billion litres, with 262 million litres more wine in storage than is commercially sustainable, alongside rising financial distress and mounting pressure on rural mental health services.

"Behind these numbers are people - growers, winemakers and families - under levels of stress we have not seen in generations," Mr McLean said. "If government delays, the costs don't disappear. They re-emerge as business failures, abandoned vineyards, mental health crises and long-term regional decline."

The package proposes targeted, time-limited measures to support orderly transition, remove barriers to recovery and rebuild demand - including business transition support, concessional loans, export re-engagement, domestic tourism stimulus and expanded mental health services in affected regions.

Mr McLean said the submission was designed as a preventative investment, not a subsidy. "This is about managing a necessary transition in a way that is economically responsible and socially humane," he said.

"The cost of acting now is modest. The cost of inaction will be far greater and borne by regional Australians least able to absorb it."

Australian Grape & Wine said the measures align directly with the Government's priorities on regional development, mental health, trade diversification, productivity and the Future Made in Australia agenda, and reflect long-standing precedents for government intervention following major external shocks.

"We are asking the Government to heed the evidence, heed the warning signs, and work with us now," Mr McLean said.

"This is a fiscally responsible, preventative investment that supports regional economies and protects long-term industry capability."

The full 2026–27 Pre-Budget Submission is available at:

<https://www.agw.org.au/wp-content/uploads/2026/01/FINAL-AGW-2026-27-Pre-Budget-Submission-.pdf>

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About Australian Grape and Wine Inc

Australian Grape and Wine Inc is the national association of grape and wine producers. We address issues across the supply-chain that impact on the profitability and sustainability of the sector.

Australian Grape & Wine is recognised as a representative organisation for winegrape and wine producers under the Wine Australia Act 2013, and is incorporated under the SA Associations Incorporation Act 1985. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of winegrape growers and winemakers across Australia.