
The Parliament of the Commonwealth of Australia

Inquiry into the Wine Australia Annual Report 2011-12

House of Representatives

Standing Committee on Agriculture, Resources, Fisheries and Forestry

June 2013
Canberra

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Contents

Foreword	v
Membership of the Committee	ix
Terms of reference	xi
List of abbreviations	xiii
List of recommendations	xv
1 Introduction	1
Adoption of inquiry	1
The Committee's inquiry	1
2 Background	3
3 Issues and analysis.....	5
Wine policy and strategy.....	5
Role of Wine Australia.....	5
The broader wine industry.....	6
Committee comment	8
Wine Tourism	8
Partnership with Tourism Australia.....	9
Wine Australia initiatives	9
Committee comment	10
Industry development, growth and challenges	11
Marketing of Australian wine in international markets	11
Exports of Australian wine.....	12

Competition.....	14
Domestic issues affecting the industry	16
Committee comment	17
Research and Development	18
Committee comment	20
Appendix A – Public Hearing.....	21



Foreword

In November 2012, the House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry resolved to inquire into the Wine Australia Corporation (Wine Australia) Annual Report 2011-12.

Wine Australia is the Australian Government entity responsible for providing strategic support to the Australian wine industry. Wine Australia's four key roles are enabling trade and market access; regulatory services and export assistance; market development; and wine sector intelligence. In achieving these roles, Wine Australia works collaboratively with a range of government and industry stakeholders.

The Committee's inquiry canvassed a range of issues – wine industry strategy and policy; tourism; industry development, growth and challenges; and research and development.

In strengthening Wine Australia's strategic role, the Committee's report highlighted the Minister for Agriculture, Fisheries and Forestry's recent approval of the merger between Wine Australia with the Grape and Wine Research and Development Corporation (GWRDC), the statutory authority charged with managing the Australian Government's research and development investments assisting the wine industry. The Committee considers that this merger will significantly improve the Australian Government's ability to service the wine industry.

Australia is home to some 60 wine producing regions, many of which rely on tourism to supplement their wine production operations especially in smaller States and smaller wine regions. The Committee's report highlighted Wine Australia's recent partnership with Tourism Australia, aiming to increase both domestic and international focus on Australian wine related tourism. The

Committee's report also outlined independent initiatives by Wine Australia to increase wine-related tourism – Savour Australia and Aussie Wine Month.

In promoting Australian wine to an international audience, Wine Australia has developed Savour Australia to be held in September 2013. This Adelaide-based, international convention will bring together international wine industry representatives from key markets. The convention will showcase the Australian food and wine industry including wines, wine regions, winemakers and innovative approaches to winemaking.

Aussie Wine Month, is a domestic initiative that was held in April 2013. It consisted of some 100 events showcasing wineries, wine regions and restaurants in every State and Territory. The Committee believes that such events will serve to promote and benefit Australian wine producers, regions and associated businesses such as restaurants.

The longer term development of the Australian wine industry is central to Wine Australia's goals. The Committee's report considered a range of matters critical to the industry's development, including: international marketing - especially to those emerging nations like China and India that have considerable opportunities as their economies strengthen; exports of Australian wine; and domestic and international competition in the wine sector.

The Committee is pleased to see Wine Australia actively working to promote and develop Australian wines in key established and emerging markets. This push comes in parallel with a reported drop in export levels of Australian wines as a result of factors including the high Australian dollar. It is the Committee's belief that the outlook for the sector can be improved through entry into emerging markets. This is dependent on the Australian government and recipient countries developing mechanisms to reduce trade barriers.

The Committee's report considers some of the difficulties encountered by wine producers in the domestic market. In particular the Committee highlights concerns that wine producers have difficulty competing in a retail space dominated by two major retailers in an extremely competitive marketplace. This is particularly so for the 'premium' category of wines of which Australia is a significant producer as are a number of European producers. The Committee's report calls on Australian wine producers to ensure their product remains competitive in the 'premium'

space. Where wine producers feel that retailers are impeding competition, the Committee supports actions to produce a stronger evidence base in this area.

The Committee's report also identifies competition from emerging wine producing nations such as China as having an effect on the Australian wine industry. The Committee's report notes that while these nations may produce wines at lower cost than Australia, they have yet to reach the 'premium' standard of Australian wines. The Committee believes that Australian wine producers should take note of this competition and continue to improve the quality and competitiveness of their own product.

Finally the Committee considered issues relating to research and development in the Australian wine industry. It was noted that Wine Australia works collaboratively with a range of organisations including the Australian Wine Research Institute and GWRDC, with which it will merge in 2014. Together, these organisations provide a range of research and development services to the wine industry. The Committee was pleased to see that Australia has begun to develop its next generation of winemakers through courses offered at the number of tertiary institutes. This will ensure the longer-term outlook for the industry.

I would like to thank representatives of Wine Australia for their assistance to the Committee during the course of its inquiry. It is clear that Wine Australia have made significant inroads into the promotion and development of the Australian wine industry. The Committee hopes that the upcoming Savour Australia convention will continue to build upon Australia's already considerable reputation for excellence in food and wine.

Hon Dick Adams MP
Chair



Membership of the Committee

Chair Hon Dick Adams MP

Deputy Chair Mr Alby Schultz MP

Members Mr Darren Cheeseman MP

Mr Rob Mitchell MP

Mr George Christensen MP

Mr Dan Tehan MP

Mr Geoff Lyons MP

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Inquiry Secretary Mr Muzammil Ali

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Terms of reference

On *Thursday, 29 November 2012*, the Standing Committee on Agriculture, Resources, Fisheries and Forestry resolved to inquire into the 2011-12 Annual Report of Wine Australia.



List of abbreviations

ABS	Australian Bureau of Statistics
AWRI	Australian Wine Research Institute
EU	European Union
GWRDC	Grape and Wine Research and Development Corporation
RDCs	Research and Development Corporations
R&D	Research and Development
WFA	Winemakers Federation of Australia
WGGA	Wine and Grape Growers Australia



List of recommendations

NIL

