



leadership strategy advocacy support

JOINT STANDING COMMITTEE ON TREATIES
Parliament House
Canberra ACT 2600
Email: jsct@aph.gov.au

Submission to the Joint Standing Committee on Treaties on the World Wine Trade Group Agreement on Requirements for Wine Labelling

Dear Sir

I am writing on behalf of the Winemakers Federation of Australia to express my support for the World Wine Trade Group Agreement on Requirements for Wine Labelling. The Winemakers Federation of Australia (WFA) is the peak industry body representing Australia's winemakers. WFA was created in 1989, as the Federation of Australian Winemaker Associations, by bringing together the Australian Wine & Brandy Producers' Association, the Australian Winemakers' Forum, and the Wine & Brandy Co-operative Producers' Association of Australia.

The name changed to the Winemakers' Federation of Australia in 1990, but the rationale for its existence remained the same. The three antecedent organisations recognised that, no matter how well they represented their constituencies; there was greater advantage in a single and united voice.

Initially, each formed an Electoral College and nominated representatives to the Federation to make decisions on policy and strategic issues on behalf of the whole industry. However, a new structure soon evolved, and state associations now play a vital role.

On 6 December 2006, members voted to further change the Federation's organisational structure by creating three membership categories:

- Small membership category - below 2,000 tonnes
- Medium membership category - 2,000 to 100,000 tonnes
- Large membership category - above 100,000 tonnes

Each category has its own committee, which contributes to the deliberations of the WFA Board. The Small Winemakers' Membership Committee includes representatives of the six state wine industry associations. Small and medium category membership also is offered to contract grape and wine processors.

WFA is also recognised as the peak representative body by the Australian government in the PIERD Act and AWBC Act.

This agreement was negotiated with the full support and assistance of the Australian wine industry. It has substantial economic benefits related to exports into key markets, including the United States and Canada. These benefits will be spread across all sizes of producers and builds flexibility into labelling. It has also provided a platform for future cooperative activities with these major trading partners with potential even greater benefits than the 25 million AUD annually, as verified by ABARE.

When the Agreement was being negotiated WFA was very concerned to ensure domestic Australian producers were not disadvantaged by the Agreement. This included extensive consultation with consumer bodies and State governments. I would note that letters of support were provided from a number of these organisations, including the Australian Consumers Association.

Initially, the National Measurement Institute opposed the inclusion of the volume statement as one of the mandatory items required for mutual acceptance if co-located with the other mandatory items. They were concerned that this would mean a proliferation of non-standard sized bottles aimed at misleading the consumer according to content. While there are many good reasons why this will not happen, including the lack of availability of wine bottles in non-standard sizes, WFA and the Australian government insured consumer protection, by negotiating that the agreement would only apply in the case of standard bottle sizes ie:

- (a) Article 6.1 shall apply where the net contents is 50ml, 100ml, 187ml, 200ml, 250ml, 375ml, 500ml, 750ml, 1 litre, 1.5 litres, 2 litres, 3 litres, or larger in quantities of whole litres, except for those volumes that are not permitted by the importing Party.

For bottles not of these sizes, the volume statement must appear according to domestic regulation. The reality is that the vast majority of wine bottles are 750ml.

Following the signing of the WWTG Labeling Agreement, the European Union adopted a similar provision in their legislation leading to acceptance by most of the world. We believe there is still considerably more work to be done on harmonising labelling regulations around the world and are strong supporter of such activities, which can protect consumers and benefit producers alike.

WFA also set up a system to monitor any consumer complaints that may have arisen following the legislation change, and no complaints to date have been received by companies, WFA or the Regulatory Authority (Wine Australia). WFA and industry also agreed to an education program. This has taken the form of articles in the consumer and trade press, newspaper reporting, website information and the establishment of a complaints reporting system.

The South Australian government changed its regulations to provide for a change in location of the volume statement in 2007. Following COAG agreement all states and territories completed regulation changes in 2009. Wineries were quick to take advantage of the reduced costs and are achieving savings in labelling costs. Reverting to a system where the

volume statement must be on the front of a label would create considerable additional costs for wineries at a difficult time for the industry and where there have been no consumer complaints about the new arrangements.

Under the terms of the Trans-Tasman mutual Recognition Agreement New Zealand wines with the volume statement on the back label would still be permitted to be sold in Australia giving the New Zealand industry a considerable competitive advantage in the export sector due to their lower labeling costs. We also understand that there have been no consumer complaints in New Zealand about this regulation change.

We are disappointed that some consumer groups have altered their position on this issue and have said that moving the volume statement will impose a burden on consumers. We note that at no time have these consumer groups indicated to WFA that there is a concern that some consumers believe they are being misled and have seen no evidence to support this assertion. We also believe that, in general, wine consumers are used to handling a bottle of wine before making a purchasing decision and are surprised that some groups believe that the only piece of information on a wine bottle is the contents statement. Wine companies go to a great deal of effort and expense to create interesting back labels with stories of the wine. They would be very disappointed to hear that this marketing effort goes unseen

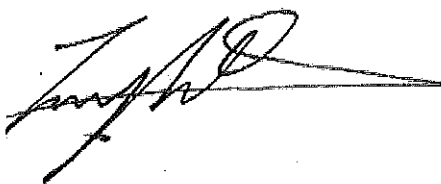
We also believe that interested consumers like the option of being able to see all the mandatory items in a single field of vision. Altering regulations to mandate the placement of the volume statement on the front label will not only cause an increased cost to producers, it will also disadvantage the consumer. Placement of the volume statement with the other mandatory information, in our view, makes life easier for consumers.

We believe that it is very important that this treaty is ratified, not only for the important economic benefits received by the Australian wine sector but also for the strategic value in better engagement with some of our major trading partners.

We are happy to appear before the Committee to provide evidence to support ratification of this very important treaty as required. We would urge the Committee to progress this matter as soon as possible.

I can be contacted on 0413014807 or tony@wfa.org.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Battaglione', with a long horizontal flourish extending to the right.

Tony Battaglione
General Manager
Strategy & International Affairs