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Australian Government Response
to the report on
The operation of the wine-making industry
by the
Rural and Regional Affairs and Transport
References Committee

Minister for Agriculture, Fisheries and Forestry

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Introduction

The Australian wine industry is an outstandingly successful industry. In 2004-05 Australia sold 1.1 billion litres of wine worth about \$4.5 billion, including record exports of 670 million litres valued at \$2.7 billion. This placed wine as Australia's third largest food export after meat and grains. However, the wine industry is facing tougher times at the moment with returns to winemakers and wine grape growers lower than in the recent past.

In this context the Government welcomes the Committee's report on the operation of the Australian wine industry and its interest in practical measures to improve the industry's viability.

Recommendation 1

The committee recommends that the Department of Agriculture, Fisheries and Forestry should consult with state authorities and peak bodies with a view to establishing a national register of vines.

Response

Government notes there is a case for investigating methods for improving the accuracy of information on the actual planting rate and total area under non bearing and bearing vines. However the Government does not support the recommended approach.

Data on vineyard area is currently collected by the Australian Bureau of Statistics (ABS) through the Vineyard Survey. This data collection is funded by the Grape and Wine Research and Development Corporation (GWRDC). Since 1998-99, the Vineyard Survey has been found to be around 95% accurate. However, it is recognised that currently there is little opportunity to detect new entrants to the industry until they have started to produce wine grapes. During periods of growth, when there is an influx of new growers, this can be an impediment to the accuracy of the data collected.

The Government considers that a national register based on compulsory reporting by growers would not be a cost-effective mechanism for improving the accuracy of the Vineyard Survey.

The Government agrees to refer the issue of considering cost-effective and efficient improvements to the Vineyard Survey to the GWRDC for its consideration.

Recommendation 2

The committee recommends that the Government should give priority to amending the *Trade Practices Act 1974* to add 'unilateral variation' clauses in contracts to the list of matters which a court may have regard to in deciding whether conduct is unconscionable.

Response

The Government notes that the Senate Economics References Committee, in its report *The effectiveness of the Trade Practices Act 1974 in protecting small business*, recommended that section 51AC of the *Trade Practices Act 1974* be amended to provide that unilateral variation

clauses should be added to the list of matters which a court may have regard to in deciding whether conduct is unconscionable. The Government has accepted the Senate Economic References Committee's recommendation in full and is progressing legislation for its implementation.

Recommendation 3

The committee recommends that the Government, in consultation with representative organisations for winegrape growers and winemakers, should make a mandatory code of conduct under the Trade Practices Act to regulate sale of winegrapes.

Response

The Government does not support the committee's recommendation.

The Government notes that the Wine Industry Relations Committee, a joint committee of the Winemakers' Federation of Australia and Wine Grape Growers of Australia, has resolved to develop a voluntary code of conduct. The Government considers that a voluntary code is the preferred approach and is supportive of these efforts on the part of wine grape growers and winemakers.

Recommendation 4

The committee recommends that any national wine industry body should be separate from a winemakers' representative body.

Response

The Government notes the committee's recommendation.

The Government funded the development of a business plan for the new grape growers' peak body after the previous peak wine grape growing organisation, the Wine Grape Grower's Council of Australia, was wound up in 2003-04. Following consultation with wine grape growers and winemakers, the consultants developing the business plan recommended a combined peak industry body be formed as it would be more efficient and effective than two separate bodies.

The Government considers the make-up of a peak wine industry body is a matter for industry to decide.