GRAPE AND WINE SECTOR REGULATORY IMPACT ANALYSIS:

Submission to the Consultation Paper

October 2024

In summary

Australian Grape & Wine Incorporated (Australian Grape & Wine) welcomes the opportunity to contribute to the Grape and Wine Regulatory Impact Analysis.

Australian Grape & Wine strongly supports that all participants throughout the supply chain (suppliers and purchasers) should deal with each other lawfully, and in good faith at all times.

Australian Grape and Wine has a broad representative base across winemakers and growers. To date, the Board has maintained the view that the voluntary Code of Conduct for Australian Winegrape Purchases (the Code) serves as a valuable tool for managing grower winemaker relationships and has the potential to deal with the issues in the market. However, the fact that there remain several large winemakers that have not signed is an ongoing concern. Australian Grape & Wine has little oversight as to whether they are meeting the basic standards of conduct that are set out in the Code. Therefore, it is concluded that given the low likelihood of an increase in the number of signatories, prescribing a voluntary Code would offer very little benefits to growers.

It is critical that issues downstream in the supply chain with the retailers are resolved concurrently if there is to be any regulation of the winegrape market. This will avoid causing harm to existing wine businesses at a time that they are already suffering financial hardship. Whilst it is recognised that there remain opportunities to improve business conduct between certain winemakers (particularly non-signatories to the voluntary Code) and growers, Australian Grape & Wine's preferred option is to retain its voluntary Code, until existing improvements are given time to take effect. These are detailed in question 3 (price transparency) and question 13 (measures to drive uptake in signatories). They include a requirement that all wine producers obtaining the certification required to display the wine sector's nationally accepted sustainability logo will in future need to be signatories to the voluntary Code. Similarly, all Australian Grape & Wine Board and membership committee members who purchase fruit must be signatories as of elections in November 2024.

Over the last six months, the Wine Grape Council of SA has undertaken efforts to educate their grower base about Codes and at the time of writing this submission was in the process of conducting a grower survey to better understand grower sentiment. While not pre-empting the findings of this survey, it is quite possible that views have shifted on the adequacy of the voluntary Code. Australian Grape & Wine are supportive of those views being included in your formation of a balanced opinion as to the best solution(s) for the industry. Whilst growers have been informed about the potential costs and benefits of other models, including mandatory codes and prescribed voluntary codes, it is expected that there will not be a uniform view about the optimal approach. Growers are a highly valued part of the Australian Grape & Wine membership base, and indeed the entire wine community, so it is important that all grower concerns are considered. It is of similar importance that the concerns of winemakers, small and large, are considered and that the consistent and widespread fears about the consequences that a prescribed Code could have for their business are understood.

Specifically, if an outcome of this analysis is a recommendation for a mandatory code, then there should be thorough industry wide consultation on the contents of that Code and it must include the entire supply chain through to retail. The significant work that has been put into the existing voluntary Code, and the learnings along the way should be given due consideration.

In assessing price transparency, consideration should be given to the extent of readily available information that is already being provided by ABARES and Wine Australia. Transparency with respect to fair market pricing has improved substantially as a result of these recent advances. As such, growers relying on the spot market have access to very good market insights. Therefore, if measures were to be put in place to deal with price transparency and fairness in grower contracts, they need only be applied at the time that the agreement is entered into (consistent with the voluntary Code, written agreements must be in place for all purchases). Furthermore, they should not restrict a winemaker's ability to offer quality related price upgrades. An unintended consequence of such a measure could be to reduce the incentive for growers to grow, and be rewarded for, quality. Consideration must also be given to the fact that many wine producers are producing a product without knowing whether the retailer it is intended for will buy the product, hence the critical importance of a whole of supply chain approach.

As is reflected in the voluntary Code, all grape purchases should be confirmed in writing and contain certain elements at a minimum. [1] Furthermore, the minimum price that will be paid (or a formula for determining price) should be agreed and documented, at the very least, prior to transfer of ownership of grapes.

Pricing downgrades due to failure of grapes to reach maturity, purity and condition are required in certain circumstances. Removing the right for winemakers to do so could impact the quality of Australian wine. Nevertheless, circumstances for doing so could be strengthened so that they are clearly defined without ambiguity in terms of timing or assessment methods.

There is a widespread imperative for improvements in the standards of business conduct between winemakers and the major retailers. Many winemakers have ongoing and relationships with the major retailers that are essential to their business survival. Due to that fact, there is significant fear of retribution linked to the possibility of being identified through the nature of an individual submission and this will limit the number of submissions from winemakers (and potentially also growers). This should not be taken to mean that any issues raised in this submission are not reflective of widespread concerns.

Australian Grape & Wine seeks a thorough analysis of the following issues relating to wine retailers, wine producers and growers, accompanied by recommendations for resolutions:

- regulatory and non-regulatory measures that have the potential to build and sustain trust between winemakers and growers;
- the pros, cons and likely consequences of regulation for all supply chain participants;
- the potential for recent measures aimed at driving uptake of the voluntary Code of Conduct and improving price transparency to address winegrape market-related concerns;
- the information asymmetries that provide retailers an unfair advantage relating to market information and consumer insights;
- the margins that retailers place on wine, whether this has changed over time and if so, why;
- retailer ability to influence consumers towards their own products;
- the potential that retailers have an unfair advantage in terms of their Wine Equalisation Tax (WET) calculation

methods;

- short notice product de-listings, unforeseen requirement for retail spends and unnecessary and damaging production or logistical processes;
- whether there is a more effective, fair and equitable dispute resolution process for raising and investigating complaints and resolving disputes arising between retailers, wine producers and growers;
- ensuring consumers are well informed when they make purchasing decisions and can easily identify private label or buyer own branded products; and
- opportunities for removing regulatory barriers to new entrants into the retail market that could help to increase their competitiveness and create alternative sales channels for wine producers thereby reducing retail market concentration.

The report should make sure it is clear to grape growers and wine producers that certain issues they currently face (and may not be enjoying given today's tough economic environment) are a direct reflection of a functioning competitive market, and not likely to be solved by regulation.

Taking consideration of the new unfair contract term (UCT) legislation that now includes penalties for UCTS in standard form contracts, Australian Grape & Wine does not necessarily see a need to place additional legislation on wine producers simply to address payment terms, however that is not meant to be construed as demonstrating support for lengthy payment terms.

Australian Grape & Wine welcomes suggestions to improve the voluntary Code. However, any proposed changes must be carefully considered to ensure they don't create unintended consequences. Whilst at face value benefits might be seen in a strengthened code, if abiding by it becomes onerous and costly to winemakers, they will likely pivot their intake models to have less multi vintage contracts to more annual or spot market purchases as well as increased bulk wine intake. Notwithstanding the problem of remaining large winemakers that are yet to sign the Code, Australian Grape & Wine's view is that the Code is proving effective in its influence on the behaviours of signatories and that there have been marked improvements in the winegrape market since its 2020 review. However, Australian Grape & Wine is very interested to hear of the extent to which there are opposing views to this view and remains receptive and responsive to opportunities for continuous improvement of the Code.

About the wine sector

There are over two thousand wine producers and approximately six thousand grape growers, a vast majority based in regional Australia. Although there are several large players, most wine and winegrape producers fall under $10 million turnover. Eighty five percent of the reported crush across Australia was by wineries in the above ten thousand tonne size category and the top twenty producers account for seventy percent of sales of finished wine. Though small in volume produced, small winemakers represent a large number of wine businesses. It is estimated that about 1500 of Australia's producers produce fewer than 5000 dozen bottles of wine per year (and therefore unless wine production is part of a larger business are likely to be classified as a micro enterprise). [2] These small

[2] Based on Wine Australia crush data

producers generally do not supply large retailers and many of them would not purchase grapes. Downstream of the supply chain, in the liquor retail industry the level of concentration is higher. As cited in the consultation paper, the two largest purchasers (Endeavour Group and Coles) hold a market share in terms of off-trade sales value of eighty percent. Endeavour Group has sixty three percent alone. [3] The high concentration level in the wine retail sector has been partly facilitated by the extent to which liquor retailers have acquired more retail establishments, seemingly without scrutiny, under the *Competition and Consumer Act 2010*. Like many other agricultural industries, this structure gives rise to producers undertaking commercial negotiations with substantially larger businesses. Due to the difficulties that new entrants into the retail market face in obtaining liquor licenses, this situation is hard to reverse. Any associated challenges impacting wine producers also have consequences for growers. Consolidation of liquor retail continues to increase, and this is very much a live issue, as is evidenced in our submission to the ACCC Supermarkets Inquiry which outlines the number of acquisitions in recent times. [4]

There is a tendency towards vertical integration in the wine sector, with thirty-one to thirty-five percent of winegrapes being grown and made into wine by the same wine producer that produced the grapes. [5] Sixty-five to sixty-nine percent of grapes are grown by a separate entity (a grower) and sold to a wine producer. In some circumstances, the wine may change hands again, where it is sold in bulk prior to packaging. Approximately forty percent of the average 1.22 billion[6] litres produced each year changes hands as bulk wine before being bottled or packaged and sold. Of the approximately 2050 registered wine producers, there are approximately 750 wineries (wine processing facilities), and another 1300 additional producers who may either use contract processing facilities to make wine or purchase bulk wine or a combination of the two. [7] Many of the wine retailers also grow and make wine themselves and then bottle what is referred to as a "buyers' own brand". They can alternatively purchase wine in bulk for the same purpose or they can carry private label products exclusively available at their stores. It is estimated that wine retailers' buyer own brands comprise thirty five percent of the domestic wine market. [8] Wine producers also make sales direct to consumers such as through cellar door sales outlets or mail order and this accounts for approximately five percent of their remaining market share by volume, with the remainder sold wholesale to restaurants, pubs, clubs and hotels, direct to a retailer, via a distributer or via an independent wholesaler such as Australian Liquor Marketers or Metcash. [9]

Wine is quite unique from other forms of horticulture such as olives, table grapes or nuts, in that while they all have one harvest a year, in the case of turning winegrapes into wine it can take three years from the time of harvest through to the time of sale. To produce a premium red wine for example, two years in barrel and one year in bottle prior to sale is a common approach. Beer can be produced in a month, so can respond quickly to market forces. Winegrape growers also only produce one crop per year (that is assuming it isn't lost to frost, hail or disease). They

[3] Anderson, K 2024, Australia's wine industry crisis and ways forward: an independent review accessed 17 10 24
[4] https://www.agw.org.au/wp-content/uploads/2024/04/Submission-to-the-ACCC-Supermarkets-Inquiry.pdf Section 2.1.1
[5] Wine Australia National Vintage Reports (2020-2024) https://www.wineaustralia.com/market-insights/national-vintage-report
[6] Wine Australia - Based on the 10 years average https://www.wineaustralia.com/market-insights/australian-wine-production-sales-and-inventory#:~:text=The%20results%20of%20the%202022,fallen%20below%201%20billion%20litres
[7] Estimated based on the number of levy payers, data supplied by DAFF 23rd October 2023
[8] Pers comms. Wine Australia (2024), based on various market research
[9] https://www.wineaustralia.com/getmedia/b237579a-e37e-439a-8009-aff237b8107f/DTC-report-2021.pdf

suffer similarly long lead times between incurring production costs and receiving a return. In comparison many agricultural commodities are based on multiple cropping systems and have ongoing sales opportunities throughout the year.

The History of Co-operative Arrangements

Agricultural co-operatives have a long tradition and are widespread in both the agricultural sector and in the wine sector, particularly in Europe. Although declining in numbers, co-ops still represent around half of wine production of France, Italy and Spain, and a third of Germany. [10] A wine co-operative commonly produces and sells wine made from the grapes grown by its members. They have traditionally sought high-volume sales.

In Australia, there are several examples, the largest being CCW Co-operative, a shareholder group of wine grape growers in the Riverland. CCW Co-op Limited (CCW) was formed in 1981 from the merger of two Riverland co-operatives – Berri Co-operative Winery and Distillery Ltd and Renmano Wines Cooperative Ltd. They originally produced wine from shareholders' fruit for the purpose of gaining satisfactory returns for CCW growers. In 1989 CCW was restructured, forming the publicly unlisted wine company Berri Renmano Limited, and now after several changes in equity holdings are known as Accolade Wines Australia (which was recently taken over by a consortium of investors led by Bain & Co). The opportunity that presented back in 1989 was somewhat unique. It put multiple growers with uncontracted fruit in a position to form a collective, the CCW Co-operative. They subsequently shifted from bulk wine production towards supply of winegrapes. A key factor that assisted in improving their bargaining power was their scale – in 2011 they reported having 600 wine grape growers representing fifty percent of Riverland contracted grape production. Another was that during the restructure they were in a position to negotiate to become the preferred supplier of wine grapes to BRL Hardy; that company is now under the Accolade Wines banner.

A key challenge with such a model in today's competitive environment has been applying a collective approach to selling something that is not a commodity. The importance of grape quality to winemakers is well accepted. CCW struggled to deal with the disparity in value between vineyards of the same variety and region and adverse selection problems that resulted due to a lack of incentive to recognise and reward grape quality (pers. comms. anon). Assessing grape quality is generally considered more challenging than assessing wine quality. It is perhaps for this reason that most co-ops around the world include processing of the grapes into wine in their business model. But even with wine producing co-ops, there has been a slow deterioration in perceived quality of production and their reputation. In either case, the socialist approach of price averaging means that lower quality producers tend to receive more than their fruit is worth, and the top level producers are paid less, a situation where distorted market signals fail to encourage the pursuit of quality. Higher quality producers who recognise this inequity will go elsewhere to sell their fruit.

Smaller groups have attempted to overcome the paradox of pooling products whilst incentivising quality. Examples include Rivawine Collaboration whose eleven growers work together towards the common goal of providing its members a better return than selling wine grapes at the regional average price. Winegrapes Australia offer a service dedicated to marketing and selling premium wine grapes and bulk wine parcels from the most recognised regions across South Australia, maintaining an extensive network of growers. Several regions maintain registers of grapes

[10] https://www.meiningers-international.com/wine/general/wine-co-operative

for sale. If these organisations were to pursue a strategy based on balancing market power, they would need to scale up to such a degree that larger companies were limited in alternative avenues for supply. Reaching that point through an organic growth strategy may be difficult given that they themselves are competing with the larger wineries who can go direct to growers and are able to offer longer term agreements.

Supply and Demand

Researchers have acknowledged that a global wine glut has been in place now for four decades. [11] [12] In Australia, there have been several brief moments of optimism, led by export growth to the USA commencing in the 90s assisted by favourable exchange rates and then to China from 2010. But in both cases this relief was relatively short-lived. In an over-supplied market, the cost of harvesting per tonne becomes the lower-bound limit on the price. [13] Low prices are almost certainly contributing to the tensions in the winegrape market. Early reports are suggesting that widespread frost damage could see 2025 becoming the third consecutive vintage that is well below the ten-year average. This, along with the cumulative pressures on growers flowing from the global decline in alcohol consumption, increased costs of export including shipping and freight, loss of China and seasonal challenges will likely place unprecedented hardship on many growers and a significantly smaller market compared to 2020. With the government imperative to recover 450GL of water from the Murray Darling Basin, the Australian wine industry could look quite different in the years to come, and there could be quite different market forces at play.

Two Winegrape Industries?

The Australian wine industry has had a history of drawing a line around the three large inland regions along the River Murray - Riverland, Riverina and Murray-Darling/Swan Hill- collectively referring to them as the warm inland regions. They tend to have higher mean growing season temperatures (20.8 to 21.9°C), higher yields, lower rainfall and greater water requirements. These inland regions are broadly associated as being more commercial (producing larger quantities and commanding lower prices). However, this does not always mean they are of lower quality as defining grape quality is far from being black and white and different grape varieties are suited to different climates. According to the 2024 National Vintage Report which provides an estimate of total winegrape crush in Australia by region, variety and purchase price, the warm inland regions accounted for seventy two percent of the crush and seventy eight percent of purchased tonnes. The other regions which are described as cool/temperate range from growing season 13.8°C in South-east Tasmania to 22.4 °C in South Burnett. [14] The graphs below show price dispersion for these 'warm inland' regions versus the other 'cool/temperate' regions.

[11] Pretorius, I. S., Curtin, C. D., & Chambers, P. J. (2012). The winemaker's bug: From ancient wisdom to opening new vistas with frontier yeast science. Bioengineered, 3(3), 149–158. https://doi.org/10.4161/bbug.19687
[12] KPMG Wine Industry Insights September 2024 https://assets.kpmg.com/content/dam/kpmg/au/pdf/2024/australian-wine-industry-insights-september-2024.pdf
[13] Anderson, K. (2024) Australia's Wine Industry Crisis and Ways Forward: An Independent Review https://economics.adelaide.edu.au/wine-economics/ua/media/353/winewp2024-01.pdf
[14] Australia's Wine Future – A Climate Atlas

Figure 13: Price dispersion for warm inland red and white purchased grapes 2023 vs 2024

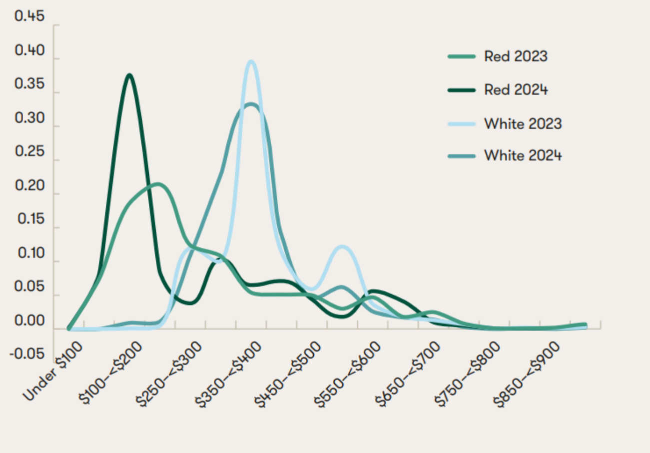
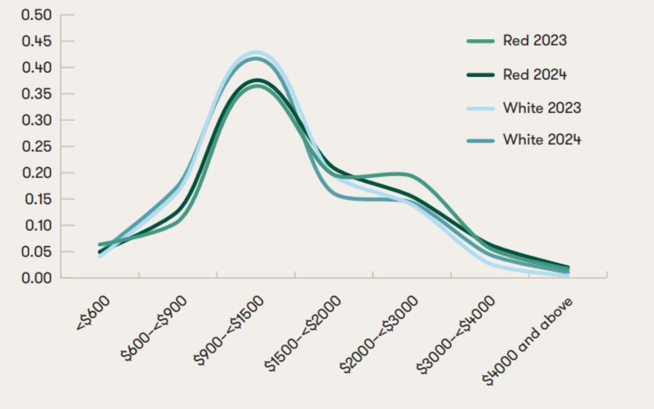


Figure 14: Price dispersion for cool/temperate purchased grapes 2023 vs 2024



Source: Wine Australia [15]

In the inland regions total income is not always substantially lower than in cool/temperate regions as there are many variables. For example, when considering prices alongside production costs, it is important to also consider the impact of yield on cost of production and therefore what might be considered a desirable price for the grapes. In 2024 in the inland regions, the total crush was approximately 1,027,445 tonnes over approximately 54, 641 hectares which equates to 18.8 tonnes per hectare. [16] This is far higher than the remaining cool/temperate regions that crushed 399, 562 tonnes across the remaining 91, 603 hectares (approximately 4.36 tonnes per hectare on average). Thus, total value generated per hectare can vary considerably. On average inland regions grape sales value amounted to $4613/hectare in 2024. Some of the larger regions described as cool or temperate were similar - Langhorne Creek ($3501/hectare), Clare ($5189/hectare) and Heathcote ($4725/hectare). Yields per hectare do not only vary between regions but between varieties and between vineyards. Production costs also vary between regions and individual vineyards. A 2023 profitability study based in Riverina indicates that vineyard operating costs (excluding overhead costs) vary substantially with vineyard size ranging from about $2100 to $6500 per hectare, with the higher costs relating to the 11-20 hectare size segment and the lower to the above 175 hectares segments. [17] Vineyard overhead costs also reduce as economies of scale set in ranging from $1100 to $2200 across the size segments investigated. [18]

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15 https://www.wineaustralia.com/getmedia/d05965d7-1093-4c94-b8d9-504716813206/MI_VintageReport_full_2024_F.pdf
16 Figures are based on National Vintage Survey 2024 and the [Wine Australia Geographic Indications Dashboard]
17 https://www.wineaustralia.com/getmedia/274bdf70-343a-4b55-b1b5-3cb49a69fb16/20230601-CSU-2201_FINAL_REPORT.pdf p82
18 Ibid. p 84

1) Beyond the Riverland, Riverina and Murray-Darling regions, are there other wine regions in Australia that clearly display the features of market failure in the form of weak bargaining power with wine producers that warrant regulatory intervention?

1/ Anecdotal evidence from conversations with growers across many regions suggests that the level of bargaining power held by growers may depend on a variety of factors and these factors are not necessarily regionally driven, nor are concerns confined to inland regions. Differences in bargaining power and low prices occur across a range of different markets and industries and do not always signal market failures.

Australian Grape & Wine does not support policies that create artificial distinctions between wine regions or states.

Consultation questions:

2) What improvements could be made to the quality assessment processes?

3) What approaches should be adopted to deal with a lack of price transparency?

4) Should the unilateral variation of supply agreements be prohibited?

5) What are reasonable payment times for grape growers?

6) Should unilateral termination clauses be prohibited or permitted only in prescribed circumstances?

7) What other issues are being faced by grape growers when dealing with winemakers?

2/ Unlike typical agricultural commodities, wines and the grapes they are made from are highly differentiated products that can command significantly different prices, sometimes well in excess of production costs. There are over one hundred and sixty different winegrape varieties grown in Australia in sixty-five Geographical Indications (regions) and within each combination different vineyards grow grapes of varying grades. Wine has long been likened to art and, as such, its beauty is in the olfactory senses of its beholder. A high degree of pricing ambiguity is broadly accepted, and therefore the grapes that go into those wines, particularly in the ultra-premium and hard to get wine segment can be difficult to place a value on. The ability for producers to achieve significant profits from producing superior quality promotes innovation and generates healthy competition.

Prompted by the ACCC 2018-19 study, [19] the industry has come a long way with regards to winegrape quality assessments. Under the voluntary Code of Conduct for Australian Winegrape Purchases (the Code), signatories must clearly document their quality assessment methodology and results and retain that documentation. When assessing grapes against maturity, purity and condition standards, signatories must avoid the use of subjective measures to determine price, in circumstances where there are credible objective measures readily available to measure the same or similar characteristics. These credible measures, developed by the Australian Wine Research Institute (AWRI) in consultation with Australian Grape & Wine, include a suite of Industry Endorsed Standard Procedures for sugar, colour and titratable acidity. These, along with multiple quality assessment resources,

[19] https://www.accc.gov.au/system/files/1612RPT_Wine%20Grape%20Growers%20Final%20Report_D03.pdf p10

guidelines for objective measurements of sensory characteristics, foreign material in grape loads (MOG) and sampling methods are available on the Australian Grape & Wine website. [20]

There remain known deficiencies in the system, usually as a result of science lagging behind policy demands. A good example is smoke taint (commonly a latent defect clause in contracts). Industry currently lacks a commonly accepted base level standard so whilst smoke taint risk can be assessed in grapes, there is no agreed basis for determining whether grapes have been tainted (or even affected) by smoke. The challenges with smoke taint rejections or downgrades are multi-faceted. For example, there are multiple smoke taint related compounds. These compounds occur naturally in grapes, but they do not always become apparent until the grapes have been made into wine and at the same concentration levels their flavour expression will be more apparent in certain wine styles than others. The industry research relating to assessing smoke taint is active and efforts to resolve these issues remain in place with a view to strengthening the way this is dealt with under the Code. There are a range of reasons why taking steps to impose further "objectivity" on the quality assessment process are challenging and costs and benefits must be balanced.

Great wine is said to be 'made in the vineyard'. [21] The important link between grape quality and wine is well accepted. The relationship between grape chemistry and wine sensory attributes remains the subject of research efforts. [22] Grape quality assessments are conducted in the vineyard prior to harvest, on the grape load upon arrival at the winery or on the resulting wine. They may be based on maturity, purity and condition (where relatively objective standard measurement procedures based on chemical analysis or visual inspection have been developed) or they may be based on individual winery's grading criteria. Sensory based measures are also relevant to the assessment of grape quality, for which it is more challenging to develop objective criteria (compared to non-sensory factors such as maturity, purity and condition). Research on wine judge performance has demonstrated that judges are unreliable and unable to provide reliable recommendations relating to wine quality. [23] [24] However, the AWRI has developed sensory procedures for assessing specific sensory attributes which involve larger tasting panels, trained to detect specific attributes (albeit at a significantly greater cost to carry out compared to less structured tasting procedures). [25] When these rigorous procedures are followed, sensory analysis can be considered sufficiently reliable, repeatable and sensitive and therefore comparable in their level of objectiveness to chemical analysis. These methods were primarily developed for the assessment of smoke taint.

Pricing downgrades due to failure of grapes to reach maturity, purity and condition are required in certain circumstances. The right to do so must be retained (on the proviso that grounds for doing so are clearly stipulated at the time of contracting as is already required under the Code). Similarly, pricing downgrades made after transfer

[20] https://www.agw.org.au/industry-resources/winegrape-quality-assessment/
[21] Robert Mondavi Institute for Wine and Food Science (2023) https://rmi.ucdavis.edu/blog/great-wine-made-vineyard
[22] Jun Niimi, Oliver Tomic, Tormod Næs, Susan E.P. Bastian, David W. Jeffery, Emily L. Nicholson, Suzanne M. Maffei, Paul K. Boss, Objective measures of grape quality: From Cabernet Sauvignon grape composition to wine sensory characteristics, LWT, Volume 123, 2020, https://www.sciencedirect.com/science/article/abs/pii/S0023643820300931
[23] Hodgson, R. (2008). An Examination of Judge Reliability at a major U.S. Wine Competition*. Journal of Wine Economics, 3, 105 - 113. https://doi.org/10.1017/S1931436100001152.
[24] Hodgson, R., & Cao, J. (2013). Criteria for Accrediting Expert Wine Judges*. Journal of Wine Economics, 9, 62 - 74. https://doi.org/10.1017/jwe.2013.26.
[25] https://www.agw.org.au/wp-content/uploads/2022/05/Procedure-for-sensory-evaluation-of-wine-attributes._.pdf

of title has occurred must be allowable as they are required for winemakers to avoid risk of latent defects/contaminants.

Many vineyard attributes (soils, topography, vine vigour, yield, fruit composition) can be seen to be variable even when the vineyard is under conventional uniform management. [26] For this reason, another very significant factor that introduces variability in grape quality assessments is sampling. It is one of the most significant contributors to the lack of repeatability and reliability of grape quality assessments. This variability can be reduced by following sampling procedures, however, even then remains a hard to avoid consequence of human error. This is particularly true in vineyards where there is site variability. Grape harvesting and delivery is expensive so site assessments for the purpose of grape rejection are usually conducted prior to harvest. There is no simple solution, however as technologies such as optical sensors and machine learning emerge, new methods can be introduced. Rapid uptake relies on our ability to be responsive and nimble in our approach to setting industry policies and standards in response to new science.

3/ Significant steps have already been taken to improve market transparency, the benefits of which are likely to emerge in the short to medium term. Australian Grape & Wine has responded to ACCC advice from the Winegrape Market Study of 2018-19 by adapting the Code and through promoting the development of supporting materials to improve transparency in fair market price assessments, pricing mechanisms and winegrape quality assessments. 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 has undertaken a project that has seen the release of an online wine grape price indicator platform and a suite of price indicators, to help inform business decision-making. The launch of the platform in October 2023 means that winegrape growers now have access to timely and reliable market trends so they can better understand the market. Its uptake has been impressive with 2390 views in the six months to July 2024. Under that project and in partnership with ABARES independent winegrape price forecasts and commodity analysis for commercial grapes are now released each quarter. 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. Given the recency of these significant advancements in winegrape market price transparency, it is likely that the benefits are yet to be realised by many growers.

Having said this, price transparency challenges extend beyond the ability of industry to make reliable forecasts of broadscale averages. They also occur at a far more granular level which can be traced back to the lack of retail market price transparency. For example, knowing the average price for reds in the inland region, is not necessarily indicative of the price of a block of C Grade NV6 Pinot Noir clone from the Riverina. Thus, there remains an issue of growers being uncertain as to what price they will be paid for their individual batches of fruit by the winery to

[26] https://www.wineaustralia.com/growing-making/vineyard-management#:~:text=Meanwhile%2C%20land%20is%20variable%20and,is%20under%20conventional%20uniform%20management.

which they are contracted to. This price can not only vary between varieties but between blocks of the same variety. This challenge results from the difficulty that wine producers face in being able to accurately forecast their volume requirements, and particularly on the domestic market where their reliance on one or two major retailers can be significant. If a production unit volume changes significantly from year to year that excess wine would need to be diverted, probably to an inferior product or sold in bulk for a buyer's own brand. At the low price points, wholesale wine products tend to be highly substitutable. Australian wines are highly exposed to competition from other wine producing nations with much lower production costs. Better availability of retail sales data and demand forecasting information would help to close this knowledge gap and improve the accuracy of grape price forecasting by individual wine producers at the same time as contributing towards improving transparency on offer to growers, potentially allowing for earlier price offers. Enforcing earlier price offers in the current climate would be an unfair allocation of risk to wine producers and the result would likely be avoidance of purchasing fruit in favour of the bulk wine market. In this context, it would be inappropriate and inefficient to impose further measures on wine producers to improve price transparency, in isolation from addressing price and volume security that winemakers are afforded through their dealings with retailers.

Australian Grape & Wine would be amenable to directing the Code Management Committee to consider requiring a minimum price in contracts (or an objective price calculation method). To date, this has not been put in place due to the expectation that winemakers would set that minimum price low to compensate for additional risk. However such a measure could well be supported if done in conjunction with commensurate measures to improve price and volume security for winemakers dealing with the major retailers.

4/ Australian Grape & Wine is of the view that there are existing regulations such as the unfair contract terms (UCT) provisions that are appropriate to deal with unfair unilateral variation of supply agreements.

5/ While the ACCC considers best practice payment terms to be 30 days and that flexibility should not extend beyond 60 day payment terms, this is not reflected in the payment terms on offer to wine producers which creates significant challenges in mandating this beyond "best practice" guidelines. Long production times also have an influence on grape payment terms, particularly in the premium market and in the case of smaller producers who lack the working capital to fund the gap from grape purchase through to bottling. Having said this, many of the major wine producers have already voluntarily moved towards shorter payment terms.

Australian Grape & Wine cautiously supports exploring the feasibility of a broader transition towards shorter payment terms and would be amenable to furthering these discussions through the Code Management Committee. We would only support such a measure on the proviso that it was addressed in a way that is consistently applied across the supply chain, noting that retailers and distributors prefer 60-90 days terms as it reflects the time it takes them to sell the product.

6/ Again, Australian Grape & Wine notes that existing regulation, such as the unfair contract terms (UCT) provisions are appropriate to deal with specific contractual terms, including termination provisions where they are unfair, and note that under the Code, terms that allow winemakers to terminate agreements at short notice merely because grapes become surplus to their requirements are not allowed.

7/ There are issues facing growers along with every participant in the wine supply chain through to wholesale. Whilst it is recognised that there remain opportunities to improve business conduct between certain winemakers (particularly non-signatories to the voluntary Code), strategies remain in place towards resolving these through further incentivising purchasers of winegrapes to sign the Code. Like any sector, there are always cases of sub-standard businesses behaviour, but it is our understanding that the fundamental issue behind many of the current complaints come back to market forces and the low prices on offer as a result.

Consultation questions:

8) Does market concentration in the domestic retailing of wine warrant regulatory intervention?

8/ Australian Grape & Wine notes the reforms to Australia's merger regime and hopes that this will help to address further consolidation in the liquor retail market. There is a sense of urgency for targeted regulation to address imbalances in bargaining power between major liquor retailers and wine producers to offer immediate relief for wine producers.

Consultation questions:

9) How does the oligopolistic nature of wine retailing in Australia affect independent wine producers?

10) What are the options for intervention in the domestic market for wine retailing?

11) What are the prospective costs and benefits of such interventions?

9/ The oligopolistic nature of wine retailing in Australia is almost certainly impacting bargaining power to the extent of market failure and the consultation paper provides an accurate but broad overview of the problem. Further detail will be provided in this submission. A critical concern is that the large retailers use their market power to gain competitive advantage for their own brands. Retailers can do this through their privileged degree of market insight or by leading consumers towards choices they might not otherwise make by manipulating store layout, product placement and various other forms of choice editing. This unfair advantage is causing adverse impact on competition in the market. Retailers can interrogate search data and in-store sales data to act quickly on market signals to identify what inventory they should be holding and to be early movers when an alternative wine style or variety is taking off. Their respective customer loyalty programs generate data relating to customer demographics and geodemographics, purchasing patterns and other insights that allow them to build stronger relationships with the consumer base. They have also reportedly asked wine producers to provide them production cost evidence as part of commercial negotiations. This type and extent of data is not available to their supplier competitors who have much less transparency over the market trends or about how their products are performing compared to others in the relevant category. These information asymmetries exacerbate the unfair advantage that retailers' privately owned brands have over equally efficient competitors. One retailer claimed in 2024 that they have 'leveraged their customer insights to drive product innovation, with circa 400 new drinks products launched during the year driving over fifty percent of their growth' and later states 'over half coming from wine'. [27] They have managed to achieve this phenomenal growth in a domestic wine market that is contracting overall. [28] The Real Review lists the hundreds of brands now owned by retailers. [29] Left unchecked, the negative impact on producers could extend to consumers, particularly if private brands continue to increase market share and competition in wine retail declines in response.

Low pricing and margin erosion are common complaints throughout the wine supply chain. However, margins made by the supermarkets on wine are high (margins of forty percent and more have been reported). This is much higher than most other alcohol beverages and food products. Retailers can either delist winemaker owned brands or they can discontinue dealing with a winemaker that had been supplying wine for one of their buyer's own branded wines. Anecdotal evidence suggests that these de-listings can be very significant in scale and can be financially devastating, particularly when short notice is provided. There is a concern that products are de-listed simply to be replaced with one of the retailers' own brand products. Winemakers are seeking measures that provide them appropriate notice to allow them to either find other sales channels (if they in fact exist), to explore opportunities to improve sales or adjust their production. At the very least, there must a be a requirement for the parties to a supply arrangement of core ranged products to negotiate in good faith a pre-agreed notice period for de-listings where there is an expectation of ongoing supply.

These issues should be considered alongside the length of time that lapses from meeting costs of production to gaining a return. Other practices that introduce uncertainty for wine producers include unforeseen requirements to contribute to retailer trade spends. The margin squeeze situation is exacerbated by a proliferation of inconsistent market reporting requirements and the imposition of specific production or logistical processes that must be abided by or are difficult to avoid and the increased sensitivity of businesses to uncertainty due to increasing margin erosion.

Supply chain logistics contribute a significant component to the total costs embedded in a typical bottle of wine. Once again, retailers' own branded products have an advantage over competing wine producers for a range of reasons. Furthermore, unlike other wine producers, a vertically integrated retailer can transfer, or create an internal sale, between their own branded wine and their retail store at a cost exclusive of marketing, distribution and storage. The implication of such an inconsistency would be inconsequential were it not for the fact that it is permissible that they then calculate Wine Equalisation Tax on that substantially deflated notional wholesale value. [30] For non-proprietary (wine producer owned) brands, there is an expectation of year-round availability of each product. Supply shortages have been associated with product de-listings.

10/ As previously stated, Australian Grape & Wine is hopeful that Australia's new merger control legislation will result in closer scrutiny on liquor retail consolidation. But this will not address the immediate issues facing wine producers and today's oligopsony calls for targeted regulation to address imbalances in bargaining power between

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[27] ASX F24 Profit and Dividend Announcement
https://announcements.asx.com.au/asxpdf/20240826/pdf/067147bpjsmk3m.pdf

[28] Australian Bureau of Statistics. (2019). Apparent Consumption of Alcohol, Australia.
https://www.abs.gov.au/statistics/health/health-conditions-and-risks/apparent-consumption-alcohol-australia/latest-release

[29] https://www.therealreview.com/who-makes-my-wine/

major liquor retailers and wine producers. One of the most critical issues that requires resolution is information asymmetries that provide retailers an unfair advantage relating to their consumer insights and or ability to influence consumers towards their own products such as through choice editing. As has already been identified and addressed in the winegrape market, wine producers need access to the same information as their competitors. The full range of issues is listed in the summary on page 3 of this submission.

Other legislative objectives could be based on those outlined in the Food and Grocery Code consultation such as:

- To help to regulate standards of business conduct and to build and sustain trust and cooperation;
- To ensure transparency and certainty in commercial transactions and to minimise disputes arising from a lack of certainty in respect of the commercial terms agreed between parties (this could address short notice product de-listings and unforeseen requirement for retail spends for example);
- To provide an effective, fair and equitable dispute resolution process for raising and investigating complaints and resolving disputes arising between retailers and wine producers; and
- To promote and support good faith in commercial dealings between large retailers and wine producers.

As stated in the Australian Grape & Wine submission to the Food and Grocery Code and in our summary on page 3, there would be merit in a range of other objectives including ensuring consumers are well informed when they make purchasing decisions and can easily identify private label or buyer own branded products. This could be through provision of in store information or shelf talkers that makes it clear to the consumer when a brand being sold in any retail outlet is owned by that same retailer.

11/ There are key benefits to producers that would stem from measures to increase market transparency, ensure equivalence in calculation of wine taxation and the introduction of more reasonable standards of business conduct. Wine producers should compete on a level playing field with the major retailers. The benefits to wine producers would flow to consumers who will benefit from a more competitive environment and protection against being led toward a certain brand that they may not have otherwise selected. They will have some guarantees that they can continue to enjoy wines with strong brand personality, history and/or a story. This is the essence of what makes wine and winegrapes unique from other beverages and from many other commodity crops.

Australian Grape & Wine remains very cognisant to the fact that regulation comes with substantive administrative costs, compliance costs, financial costs and various other indirect costs. It can reduce flexibility and stifle innovation. Regulatory intervention that is not appropriately targeted to the risk will not provide a net benefit to the industry nor to society. For this reason, it will be important to ensure that measures do not raise barriers to effective competition by imposing an asymmetric regulatory burden on independent retailers or distributors. It is important to protect the few remaining independent bottle shops as these offer consumers a broader range of choice. These are a key sales channel for many small wine businesses who are growing and/or not yet of sufficient size to export or to become a listed supplier of the major retailers providing opportunities for microbusinesses to grow. They are often more open to accepting and trialling weird but wonderful products, making them strong promotors of innovation.

Costs and unintended consequences of regulatory intervention occur as a result of poor insight into the flow on effects of a policy intervention. An example would be an intervention that led to the loss of smaller independent retailers. A further risk associated with measures that are too restrictive on trade would be to promote vertical integration and/or encourage buyers to alter their trading practices leading to a further increase in buyers' own branded products.

Consultation questions:

12) What other objectives, if any, should guide the Code to improve relations between wine producers and their suppliers?
13) Is the membership of the Code adequate to achieve its objectives?
14) Does the Code effectively address issues between winemakers and their suppliers in the irrigated inland wine regions of Australia and elsewhere in the wine grape industry stemming from bargaining power imbalances?
15) Have dispute resolution provisions in the voluntary code been effective in practice?
16) Should the Code be retained as a voluntary industry code, or made a prescribed voluntary code, or a mandatory code?
17) Should the Code be extended to cover the relationship between winemakers and retailers?

12/ Australian Grape & Wine maintains the view that the Code itself is a valuable tool for building relationships between growers and winemakers that are fair, equitable and mutually beneficial. The Code can and will continually be reviewed and strengthened over time to reflect best practices and incorporate new science. As noted above, signatories to the Code have already improved payment terms with some having implemented payment terms that are more favourable than the minimum standard set under the Code. The three largest winemakers have all voluntarily shortened their terms, standing as testament to this significant progress.

Whilst Australian Grape & Wine's position has been that the voluntary Code has worked well in its objective of improving business conduct, it is acknowledged that there are concerns being voiced in segments of the winegrape community. Whether these are isolated incidents or relatively widespread has been difficult to determine based on hearsay alone. Known concerns are that the dispute resolution process for 'Fair Market Price' assessments has been under-utilised, there are deficiencies with regards to the impacts of harvest delays on growers and the impact that timing of grape quality assessments can have on decisions for rejection or downgrades. This is something that could be addressed not just through a prescribed Code, but also through the existing voluntary Code, albeit that a challenge with the latter is lack of financial penalties.

13/ Australian Grape & Wine does not believe that the membership (coverage of the winegrape market by signatories) of the Code is sufficient and remains concerned about the behaviours of non-signatories however there are strong measures currently in place that will address this issue by improving uptake of the Code. One of the most significant policy changes is a new requirement on producers wishing to gain certification under the industry sustainability standard that they must be a signatory to the Code. This means that to carry a Sustainable Winegrowing Australia logo on a wine label, a wine producer who purchases grapes must become a signatory. This was a resolution of the Australian Grape & Wine Board stemming from a recommendation by the Code Management Committee. There is tremendous strength in this measure for gaining signatories as sustainability is fast becoming a market access requirement and is already being included as a criterion for tenders in some major wine retail markets overseas. It is hoped and expected that this will markedly expediate uptake of the voluntary Code. Once a significant number of producers are signatories to the Code, the Committee will be in a better position to consider strengthening aspects of the Code such as payment terms. The next Code review is due in 2026, however the Committee is at liberty to undertake a review at any time. Another recent aggressive move to increase signatories is that Australian Grape & Wine has a new policy that all its Board membership committees must be signatories. This will come into effect with the next round of elections in November 2024.

When considering the number of signatories, it is important to note that not all wine producers purchase grapes and so are not signatories to the voluntary Code of Conduct for Australian Wine Purchases for that reason alone. Mechanisms to better understand Code coverage would be welcomed and there is potential for Wine Australia to assist with this in future by ensuring that their national vintage survey contains the required permissions to allow us to access the aggregated data that would be required to measure coverage.

14/ The Code includes provisions intended to address bargaining power imbalances if they exist. It requires that signatories deal with growers in good faith, it requires that agreements are in writing to avoid ambiguity or vagueness, it prohibits unfair contract terms, including those involving unilateral variations, and specifies minimum payment terms (and discourages lengthy payment terms). As stated previously, the provisions regarding payment terms could be strengthened however this is complicated by the payment terms imposed on wine producers and the fact that existing South Australian legislation explicitly permits the same payment terms that are a minimum requirement of Code signatories. With grapes, being one of the most significant costs in a bottle of wine, many small and medium sized winemakers claim that they simply would not have the means to withstand the significant cash flow impact that shortening payment terms would impose on them. With that in mind, a key consideration was to maintain an optimal balance between gaining uptake and setting an entry point so high as to make it financially unviable for wine businesses to sign or put than at a competitive disadvantage.

Notwithstanding its lack of any rights to enforce financial penalties, the Code Management Committee is no different from a legal authority in that it can only act upon first party information that is reported to it. Therefore, any pricing dispute that was not lodged as a pricing dispute under the Code must not be linked to the effectiveness of the Code. Despite the awareness of a recent significant dispute that involved multiple growers in the Riverland, this dispute was not reported to the Code Management Committee.

15/ By all accounts, the Code's dispute resolution procedures, when utilised, have been effective. It is relatively fast and cost-effective and winemakers claim that they are not at all averse to growers making use of it. Some potential disputes are resolved following a discussion with the Code secretariat and others go through to independent determinations. Although the number of disputes has been low in number, this could be because potential disputes are being resolved in other ways. Both Australian Grape & Wine and the Code Management Committee continues to explore measures to encourage better use of the process and to educate growers against fear of retribution. It is expected that recent moves to simplify the dispute resolution processes could assist in meeting this objective.

In 2023 Australian Grape & Wine became aware of one significant dispute between a large winemaker and a cooperative of growers. Despite the wine producer being a signatory to the Code, it is our understanding that the cooperative had their own private dispute resolution process which was used in preference to the Code. This is allowable under the Code on the proviso that is at least as rigorous as the procedures set out in the Code.

16/ It is Australian Grape & Wine's preferred position that the Code of Conduct for Australian Winegrape Purchases remains a voluntary industry led Code so that it can remain responsive and has the flexibility to deal with some of the complex issues in the winegrape market. Poorly designed regulatory intervention could simply lead wine producers to avoid transacting in parts of the supply chain that are covered under the Code such as through the purchase of bulk wine rather than grapes.

Due to the substantive costs known to occur as a result of regulation and its potential to stifle innovation, there has been a strong imperative to ensure the Code operates effectively as a voluntary code. That said, it is recognised that there remains a need to reduce price uncertainty that growers face (albeit that market price transparency has now vastly improved) and ensure that growers are receiving appropriate payment terms. This can be dealt with within a voluntary framework or, where relevant, under existing regulation such as the unfair contract terms regime.

Benefits of an industry led Code include:

- reduced regulatory burden for businesses compared to government regulation;
- more flexible than government legislation and can be amended more efficiently to keep abreast of new science, innovation and/or changes to the way the sector operates;
- lower compliance costs;
- once engaged, industry participants usually have a greater sense of ownership of the code (higher level of buy-in) leading to a strong commitment to comply; and
- dispute resolution procedures are generally more cost effective, time efficient and user friendly in resolving complaints.

The industry has demonstrated its willingness to address market concerns and improve industry practices and has already put in place significant improvements to its industry led approach, many of which are yet to be fully realised. Improvements in uptake of membership of the Code have been occurring and there are serious measures in place to increase the uptake of the Code that are also yet to take effect.

17/ Should a whole of wine supply chain Code be put in place it could seek to address key issues in wine retail at the same time as improving pricing transparency in contracts as well as payment terms, however the unintended consequences of the latter remain a serious concern as has previously been outlined. There is strong justification for regulating the highly concentrated wine retail oligopoly and doing so would temper some businesses concerns about any adverse consequences they might face from regulation of the winegrape market. Those concerns are pervasive amongst small and medium businesses. Over-regulation could have asymmetric impacts on those wine producers and the smaller retailers they rely on. Impacts would flow through to growers. Over-regulation could also do some serious damage to the industry through stifling innovation, reducing flexibility and dampening incentives for growers to grow quality, so must be approached with a thorough understanding of the challenges, implications and likely flow on effects.

In the current uncertain market environment, requiring that contracts for winegrapes state a price or a base price at the time of execution would provide greater price transparency for growers however additional perceived risk to purchasers that could see them simply offer a lower price to the grower. This risk would be moderated if the entire supply chain - from grower through to retailer - be addressed. Hence, the importance of addressing the whole supply chain. Another example of where regulation could prove to be a retrograde step if not carefully approached is the processes for making quality assessments for the purpose of affecting price.

Consultation questions:

18) What legislation, federal or state, could be invoked in addressing market failures in the Australian wine industry?

19) Are the recently amended unfair contract laws relevant to dealings between wine grape producers and winemakers and/or winemakers and large wine retailers? If not, why?

20) Are the proposed policy options relating to unfair trading practices potentially relevant to dealing with bargaining power imbalances in the wine industry?

18/ The recent prohibition of UCTs in standard form contracts can potentially address lengthy payment terms, terms that imbalance the rights and obligations of the parties under the contract and terms that allow one party but not the other to end or change a contract, to the extent that they are unfair and not reflective of legitimate business protections. The ACCC noted that 'there are significant risks to winemakers should a court strike out long payment terms for being unfair'. [31]

They will not however address the full extent of issues relating to wine retail that are clearly having trickle down effects on winegrape producers. Nor will these laws address market forces which are driving down grape prices. With regards to distressed wine businesses that have been unable to pay for grapes, legal intervention generally comes after the event however there are various legal support processes for the recovery of bad debts along with duties on company directors under *The Corporations Act* 2001 not to trade insolvent.

19/ The industry hopes to see further improvements in commercial practices in both the wine and winegrape markets in response to the recent strengthening of UCT legislation, along with any outcomes from the unfair trading practices review. These regimes do not address issues raised in the wine retail market relating to information asymmetries, onerous and potentially unfair demands, the potential for retailers to calculate Wine Equalisation Tax at preferential rates, nor the unfair competitive advantage they enjoy over non-proprietary brands for the reasons mentioned above.

The Government's announcement of $30 million over three years to increase ACCC funding for investigations and enforcement relating to the supermarket and retail sector is welcome.

20/ Australian Grape & Wine is not aware of a response to the recent Regulatory Impact Statement (RIS) relating to unfair trading practices. It is noted that existing measures exist that allow small businesses to:

- seek mediation and redress from Ombudsman services in certain sectors, such as energy and water, telecommunications, financial services and small business; and
- ask businesses behaving poorly to change their conduct, or seek mediation or alternative dispute resolution.

Small businesses can also access dispute resolution arrangements in industry sectors with voluntary industry

[31] https://www.accc.gov.au/system/files/1612RPT_Wine%20Grape%20Growers%20Final%20Report_D03.pdf

developed codes of conduct, or mandatory codes prescribed under legislation. [32]

Under the existing legislative framework, case law on the unconscionable conduct prohibition would continue to develop gradually, and regulators will continue to be limited in their ability to respond to unfair trading practices. [33] Policy options relating to unfair trading practices that could be helpful would be a general prohibition on unfair trading practices – one of several options put forward in the RIS.

Consultation questions:

21) What are the non-legislative obstacles to small producers of wine grapes engaging in collective bargaining with large wineries? Are they fearful of retribution?

22) What measures should be contemplated to deal with supplier fears of retribution?

21/ Many small producers are already in multi-year contracts which do not necessarily expire at the same time. For maximum effect, there would need to be the ability for them to come together to negotiate prior to entering into an agreement with a wine producer, so there is a timing challenge. Another potential challenge is applying a collective approach to something that is not a commodity, and generating price signals that reward quality and costs.

22/ In terms of negotiating price, there is already a process to assist growers that do not agree with a pricing decision through the Code.

While fear of retribution remains an issue, this is not unique to the winegrape market and some producers hold a view that a prescribed Code (whether it be voluntary or mandatory), through its heavier penalties for wine producers could actually exacerbate this fear. Under the voluntary Code, there could be a mechanism introduced to allow grower groups to lead pricing disputes across multiple growers. This could be an advantage over a regulated Code where raising a legal dispute must come from the grower.

Further information about the role of Australian Grape & Wine is provided below. We would be delighted to discuss this submission further if required. Australian Grape & Wine has also provided submissions to the following related inquiries:

- The Senate Inquiry into the adequacy of the voluntary Code of Conduct for Australian Winegrape Purchases
- Competition Policy Review,
- the ACCC Supermarkets Inquiry,
- the Senate Select Committee on Supermarket Pricing,
- the Food and Grocery Code review, and
- the Unfair trading practices: Consultation Regulation Impact Statement.

[32] https://oia.pmc.gov.au/published-impact-analyses-and-reports/protecting-consumers-unfair-trading-practices
[33] Ibid.

Contact

Lee McLean
Chief Executive Officer
Level 1, The Realm, 18 National Circuit,
Barton, ACT, 2600
Tel +61 8 8133 430
Mobile: +61 418 998 749
Email lee@agw.org.au

Anna Hooper
Director, Economic and Environmental Policy
National Wine Centre, Botanic Road, Adelaide SA 5000 |
Mobile: +61 427 685 077
Email anna@agw.org.au

Australian Grape & Wine

Australian Grape & Wine is Australia's national association of winegrape and wine producers. Its role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian Grape & Wine businesses. To do this, activities focus upon the objective of providing leadership, strategy, advocacy, and practical support. Australian Grape & Wine represents small, medium and large winemakers and winegrape growers, with policy decisions taken by the Australian Grape & Wine Board requiring eighty percent support, ensuring no single category can dominate the decision-making process and guaranteeing policy is only determined if it provides significant industry benefit. In practice, most decisions are made by consensus.

Grape and wine businesses are unique in agriculture and unique from other liquor industries. There are over two thousand producers and approximately six thousand grape growers, a vast majority based in regional Australia; for some their businesses are also their family homes. Ensuring fair and equitable pricing throughout the supply chain is essential for the ongoing prosperity of all these businesses. The sector has traditionally been a leader amongst agricultural industries showcasing the regional and economy wide benefits of promoting locally grown and value-added production. These businesses support employment of over 160,000 people in winegrape growing and production, regional exports and food and wine tourism, making a significant contribution to Australia's rural and regional economies and driving economic growth.

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*.