

**Submission to Senate Enquiry into the
Australian Grape and Wine Industry** 22 May 2015

By

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and

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1. Background:

Thank you for the opportunity to present our views on the current situation and future direction of the Australian wine industry, as related to the Terms of Reference of this Enquiry. The written component of this submission is authored by Robyn Lewis; and Dr Wilson's component is appended as an MPEG file.

My background is as a development aid economist in agriculture and forestry, combined with life sciences, in Asia, Africa and Australia. I have worked in agri-tourism for 20 years, and in the Australian wine industry since 2001. I also part own and manage a farm and profitable, award-winning vineyard.

This written submission is made by me personally, not on behalf of my company, Visit Vineyards, although it is based in part on my company's wine industry surveys and consumer surveys, drawing on that of several hundred members of the wine industry and several thousands of wine consumers who have completed these surveys from 2009-2014. Many of their comments are relevant to the Terms of Reference, and a selection is contained within the appendices, and are available for further data if required.

On their behalf, I trust that you will give our submission your full consideration. We are available to provide further input if required.

Signed:

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2. Introduction and a fundamental issue – lack of basic wine industry data and industry intelligence.

I (Robyn Lewis) will address primarily items (e) to (i) in the Terms of Reference, but will touch on most others (and in information in the Appendices).

One of the most significant and basic issues I have with the current state of the Australian wine industry and its management/representation bodies is that of the knowledge of its size and composition, ie **item (h) wine industry data and intelligence**, which also impacts on (e), (f) and (i). I believe this is so fundamental that it needs to be addressed first.

As background, when I established VisitVineyards.com over 10 years ago, the aim was to create Australia's leading online wine and food travel guide. In the process we built what is now Australia's largest database of wine producers¹, currently numbering over 4800.

This is approximately double the commonly cited figure of the size of the Australian wine industry of 2481 producers². Even allowing for some potential double counting³, **it appears there are approximately 2000 wine producers of whose existence industry authorities are unaware.**⁴

This number appears to continue to grow⁵, although it appears to be at a reduced rate. The size of the industry, its complexity, its interaction with tourism and other industries, and presumably the volume of production, are thus likely to be underestimated. Data on areas now being planted (or retired) is scant⁶, especially on a regional basis, and there appears to be little available information on volumes of wines in storage, unsold.

¹ It excludes grapegrowers who do not have their own label but grow for others, and also supermarket labels/brands.

² <http://www.winebiz.com.au/statistics/wineriestable20.asp> accessed 15 May 2015

³ eg with takeovers, mergers etc and wineries owned by large corporate entities, ie whether these are then counted as individual entities, or combined (eg Treasury Wine Estates)

⁴ Ie 8 times the number of producers in Tasmania or Qld. We email around 3300 of these on at least an annual basis, nearly 900 more than the official total. (Some do not have email addresses, or websites, or if they do have a website they use email forms, or alternatively they have opted out of survey software, making contact difficult).

⁵ We added another 20 new producers in April 2015. We have also started collecting data on wine producers with 'virtual labels', where grapes or wine are bought from other parties and made and sold under their own labels (ie 'producers' operating a different business model, with no vineyard or winery).

⁶ However, an invitation AGR1425204 to complete an ABS Vineyard Census 2015 was sent by the ABS by mail in a letter dated 7 May 2015, requesting completion by 22 May 2015. The letter states that "This survey is supported by ... AGWA". It requests information on areas by variety, including "all bearing and non-bearing areas, including crop failures and area of vines removed or abandoned to die". There are no questions regarding business viability, diversification, outlook, investment, etc, and no breakdown of vine areas or production by GI regions is sought.

Decision making as it affects the wine industry would thus appear to be based on incomplete and/or outdated industry intelligence, and investment planning must be difficult and risky for producers and others.

It is also fundamental information required to solve some of the issues currently facing the industry, which form part of this Enquiry.

Most of these 'unknown' producers are by nature small (under 10 ha of vines), ie they form part of the so-called 'long tail' of the wine industry. Their production adds up however, both in terms of volume, and especially in terms of 'marketing noise', share of media attention, provision of tourism experiences, etc.

Some of their production data would be captured in the crush statistics, as a % have their wines made on contract by larger producers. (This is the case for many in Tasmania, for example). However, many may be making wine themselves, and their volume production is unknown. Up until the ABS communication of 7 May, WineAustralia had reportedly ceased utilising the ABS for data collection due to the latter's rapidly increasing costs⁷. The most recent ABS published vineyard survey statistics are from 2011-12⁸. Deloitte's ceased collecting Australian wine industry data in 2009, and WineIntelligence (UK) have yet to look at industry data collection in Australia. There is a data void.

Presumably a significant amount of levy revenue is also foregone⁹ (for research, marketing and other purposes) but as well as the statistics on production volumes, those for geographic distribution, economic contribution and tourism 'product' and thus the relation of the wine and tourism industries, do not appear to be adequate as a basis for policy or investment, either in wine or tourism.

It should be asked why these smaller producers are ignored. According to our wine industry surveys, they cannot all simply be dismissed as 'mum and dad' operators¹⁰ or hobbyists; most are valid small businesses. This long tail of producers contains much of the grape varietal spread which many of the larger producers ignore¹¹; they generally have a focus on wine quality and viticultural and wine-making improvement, plus a view towards uptake of new trends¹², and contribute much of the 'colour', interest, variety and culture to what may otherwise be perceived¹³ as a very 'industrial' wine landscape. Smaller producers may not be viewed as contributing a great deal to overall industry volume or

⁷ WineAustralia, pers.comm., May 2014.

⁸ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1329.0.55.002>, accessed 21 May 2015.

⁹ At minimum \$400,000 p.a. assuming they are all small and pay \$200 each p.a.

¹⁰ Not that this should make any difference, in my opinion: many very successful small businesses are family owned and run.

¹¹ Which may become increasingly relevant with climate change and changes in market tastes

¹² Including but not limited to organic, bio-dynamic, environmental sustainability, preservative-free wines, crowdfunding models, digital marketing, DTC, tourism innovations, etc.

¹³ Especially by tourists

profit, but they are part of the wine industry, contribute significantly to their regional economies, and deserve both respect and a voice.

It should also not be forgotten that tomorrow's big businesses may well be found amongst today's long tail, especially in an industry as mature overall as wine.

This also raises the question of (e) **representation**. It appears that at least 50% of Australia's (mainly smaller) wine producers¹⁴ are not represented on or by industry bodies. This is in addition to those who are known but who choose not to join (eg to WFA), or who have opted out. Some of these however may consider they are being represented indirectly, eg via State or regional bodies.

For example, in Tasmania, the VisitVineyards database currently contains 249 wine producers. WineTasmania, the state industry body, recognises 160 individual licenced wine producers¹⁵. Of the latter, 90 are currently listed as paying members¹⁶. It is understood that only 3 are current financial members of the WFA¹⁷.

Tasmania may be an extreme example (Queensland is similar, however, and WA also appears low), but this situation is repeated to some degree in every State. South Australia has the highest level of WFA membership¹⁸.

It is believed that the WFA membership is of the order of 340 producers¹⁹, ie around 14% of the officially known producers²⁰. It is argued that this captures 80%+ of production. I will leave it to this Enquiry to explore this further, but also refer you to comments from producers contained in the Appendix 3.

Given that WFA membership is reportedly skewed towards those producing higher volumes, the WFA argument is that they capture representation of a very high % of volume produced (regardless of whether this is bulk/commodity wine or boutique/premium). It is also argued that smaller producers have representation via their State bodies (not all are members of those, however) and also via the Small Wine Producers' Subcommittee of the WFA. How many are paying levies is unknown.

¹⁴ By number, not by total volume

¹⁵ WineTasmania Strategic Plan 2013-2016

¹⁶ <http://winetasmania.com.au/about>, accessed 18 May 2015 (although they do say these 90 capture 98% of production, but again, how would they know other than anecdotally?)

¹⁷ As of April 2015. A percentage of the 90 believe they have WFA representation through their membership of WineTasmania, however.

¹⁸ 36% in the VisitVineyards 2014 industry survey.

¹⁹ WineBiz, pers.comm

²⁰ In the VisitVineyards.com 2014 industry survey, 97 out of 345 respondents indicated they were current financial members, ie 26% of producers; a further 19% are lapsed members, and 35% have never been members. However it appears that the proactive are more likely to answer surveys.

There appears to be significant opportunity for both Wine Australia and the WFA to 'reach out' to these 'unknown' producers, to meaningfully engage with them, to market their services and benefits of membership, collect additional levies, and also to become more representative and inclusive.

This would also enable more of these producers to see a return from overall industry spending – eg on marketing, the most common problem facing producers in Australia²¹ – and to feel that their views are being heard.

Regarding marketing on their behalf, the 'halo' (or 'trickle down') effect tends to work only in wine regions such as Bordeaux (or potentially Margaret River in Australia) where there is a clear quality regional brand that smaller/lesser producers can leverage from²². It is unlikely to benefit smaller producers of whom industry bodies are unaware, and who by definition cannot participate.

On the **demand side**, I do not have access to WineAustralia's data sources for domestic sales and exports or their methodology, so cannot comment. However, there is little doubt that Australia's wine supply currently exceeds demand²³, and that the domestic market, even if reinvigorated and engaged via digital and other new means, is not sufficient to absorb the excess. Growing exports remains critical. The main questions are how, and can this be done quickly?

Recent advances in ICT, social media listening and data-driven analysis now make it possible to 'tap into' and analyse wine consumer data on an unprecedented and game-changing basis, especially in the US market. Technologically however, Australia is currently around where the USA was in this area in 2008, ie about 7 years behind.²⁴ There is currently a huge opportunity for the Australian wine industry to grasp this technology before our competitors – who are also looking at these technologies – capture much of the current growth expected in the US market, and potentially in China and elsewhere in Asia also, via digital marketing techniques.

However, this also requires the foundation of good data²⁵, and the means and expertise to analyse and utilise it on both the supply and demand sides.

²¹ The VisitVineyards wine industry survey consistently shows that marketing is the most frequently cited (consistently around 55%) main problem of wine producers, eg compared to viticulture (around 20%) and winemaking (around 5%).

²² To my knowledge there is no evidence of it working on a national basis in any wine producing country to date. (Robert Joseph pers.comm, April 2015).

²³ Except perhaps at the premium level, but as that is the market which many of the 2000 odd 'extra' producers are targeting, I would say than no-one knows for sure.

²⁴ Not just in wine but in other industries also, with the possible exception of fashion. Wine is however perhaps further behind, except for the large retailers eg Woolworths/Dan Murphy's, Cellarmasters, and multinationals like Pernod Ricard.

²⁵ A combined Wine Sector Survey was announced yesterday, with the aim to 'streamline the collection of data' <http://www.winebiz.com.au/dwn/details.asp?ID=17135> However this appears to be separate to the ABS survey.

3. Other points in the Terms of Reference:

a. The extent and nature of any market failure in the Australian grape and wine industry supply chain

Markets work on the basis of supply and demand information, which is often imperfect. However, with such question marks over the size of the industry and (presumably) total production, especially at the premium end of the market (or on a regional basis) it is difficult to see how the success/failure of market mechanisms at those levels can easily be determined. This applies to both wine producers (as evidenced by unknown quantities of wine they have in storage) and to grape growers²⁶, the impact on whom appears to be more measurable however, given their representation and geographic concentration, and for many their lack of other income causing the development of a potential crisis situation.

Clearly however there is continued downward pressure on domestic prices at all levels but for ultra-premium wines²⁷, and it appears that many producers are selling wines at slim margins, or (for some) below their cost of production due to the need for cash flow and other business pressures.

There is also market failure at other points in the supply chain – domestic consumers in particular have been conditioned to expect cheap wines, and with tax approximately 40% of every bottle sold, plus increasing costs including freight etc, margins are slender at all levels.

Selling wine has become a 'volume game', and for most wines there are almost an infinite number of substitutes from the consumers' point of view, due to in part to generally weak branding, lack of product differentiation and inadequate investment in marketing²⁸.

Please refer to the attached MPEG file (Appendix 1) by Dr Damien Wilson for some proposed solutions.

b. The extent to which Federal and State legislative and regulatory regimes inhibit and support the production, processing, supply chain logistics and marketing of Australian wine

I will leave this section to others more directly involved in this area, but I refer the Committee of Enquiry to the situation of WineHome, a direct-to-international specialist provider, which is operating successfully in NZ, but which is finding it very difficult to operate profitably in Australia due in part to outdated

²⁶ The latter are beyond the scope of this submission.

²⁷ Export markets need to be considered separately

²⁸ Marketing spend is generally low and often the first to be cut (see Appendix).

government regulations, which are directly inhibiting DTC export sales and allowing market share in the USA and Singapore to be captured by NZ²⁹.

One of the main constraints to the development of DTC sales domestically appears to be Australia Post, and the near monopoly it has on freighting small quantities of wine direct from producers (ie not via centralised warehousing in Syd/Melb) to consumers.

It has been amply demonstrated worldwide that competitive freight rates are critical to DTC success, but both the cost and increasing unreliability of AusPost in parcel delivery³⁰ is a severe constraint to the development of and consumer confidence in this important channel, and is allowing the two major supermarkets to gain even more market share as a direct result. Australia Post needs massive reform in my opinion, but until that happens, better relations with the wine industry need to be established.

c. The profitability of wine grape growers, and the steps industry participants have taken to enhance profitability

I refer in this section to wine producers, not pure grape growers (ie those only growing on contract). As the demand for wine grapes is a 'derived demand' of that for the end product ie wine, the below is of relevance.

It was reportedly stated by the CEO of WFA at the October 2014 Outlook Conference³¹ that 80% of Australian wine producers were unprofitable at that time. This is a devastating statistic, if true, but needs to be examined.

As already discussed, many wine producers in the 'long tail' are unknown to the WFA and industry bodies, so their profitability or otherwise is not known with any certainty. Most smaller producers also have diverse income streams, including their other farm activities, plus wine tourism enterprises, events etc, which seem to have been overlooked. Up to a certain size, wine production is often part of a mixed enterprise, or is 'subsidised' by off-farm income. It is the mid-sized producers who are perhaps under the most pressure.

New business models are also developing where 'producers' are divesting themselves of vineyards, wineries and/or other assets (or starting without) and are inventing instead in the brand and marketing³². Also, some in the long tail

²⁹ Glenn Mills, MD WineHome, pers. comm, May 2015.

³⁰ On 27 April 2015 it was reported by AusPost that 20% of its parcels are currently being misdirected. See <http://www.abc.net.au/news/2015-04-23/australia-posts-sorting-machines-misdirecting-mail/6417106>

³¹ <http://www.wfa.org.au/assets/vintage-reports/Vintage-Report-2014-FOR-WFA-WEBSITE.pdf>, accessed 20 May 2015.

³² This has direct relevance to grape growers, whose success is ultimately dependent on the efficiency and effectiveness of the brand marketers.

are perhaps better equipped to take advantage of new DTC (direct to consumer) online systems that have far greater margins and hence potential profitability.

In my 2014 Australian wine industry survey conducted in Oct-Nov 2014³³, there was an apparent increase in the level of positivity regarding wine producers' own businesses, relative to 2013:

- 34% of producers reported that things were better or a lot better for their business than a year ago, 43% about the same, 20% worse or a lot worse.
- However, respondents were less optimistic about the outlook for the wine industry as a whole, with only 11% saying it was better than the previous year, 48% about the same, and 33% worse.

What is encouraging however is that business outlook for 2015 was far more positive, no doubt due in part to the falling Australian \$, and other factors³⁴:

- 46% thought that 2015 would be better or a lot better, 40% about the same, and only 7% worse or a lot worse³⁵.

Many producers appear to be taking steps themselves to improve their own profitability, and have fairly clear ideas on where they most need to improve and require investment, access to external skills, training etc. However, there is a % who are seriously lagging in digital and business skills.

It must be remembered that grape growers will only be profitable if the wine companies they supply are profitable, and the industry as a whole is thriving.

See also Appendix 2 and comments and graphs in Appendix 3B which contain a summary of results from 2013.

d. The impact and application of the wine equalisation tax (WET) rebate on grape and wine industry supply chains

I presume this Enquiry will receive numerous responses relating to the impact of the Wine Equalisation Tax and rebate, so will not go into further detail here.

This is well covered in the VisitVineyards report on the *Draft Report: Actions for Industry Profitability August 2013* and the *Wine Industry Report on the Profitability and Dynamics of the Australian Wine Industry ('Centaurus Report')* (see Appendix 2), and in the comments received from 271 members of the wine industry contained in Appendix 3A.

³³ Which received 354 wine industry responses

³⁴ More information is available if required.

³⁵ There is significant variation between States and types of business, eg whether they have cellar doors or not.

e. The extent to which grape and wine industry representation at regional, state and national level effectively represents growers and winemakers with respect to equity in the collection and distribution of levies

Covered in Point 2 above. See also Appendix 2 and comments in Appendix 3

f. The work being undertaken by the Australian Grape and Wine Authority pertaining to levy collection information

Covered in Point 2 above.

g. The power and influence of retailers of Australian wine in domestic and export markets

As this Enquiry would be aware, no other country has such a concentration of market power as Woolworths and Coles have in Australia, with their combined share of the Australian wine market reportedly being between 70- 80%³⁶ , compared to eg WalMart in the USA reportedly around 23%³⁷ (and 56% in grocery³⁸), where this is strictly controlled by legislation, as are aspects of wine marketing which prevent larger retailers also controlling marketing and advertising channels.

The impact of this duopoly, and the increased vertical integration of Woolworths in particular (from growing to winemaking, bottling, distribution, marketing, direct sales, online retailing, through to store retailing, hotel ownership and more) is difficult to underestimate. As their market share has grown, especially over the past decade, the number of independent retailers and thus paths to market for producers has fallen.

The argument that this brings 'lower prices' which are 'in the consumers' best interests' is open to debate, as the choice available to the consumer via their channels appears to be rapidly diminishing (except perhaps online³⁹), now

³⁶ <http://theconversation.com/factcheck-do-coles-and-woolies-control-80-of-the-market-15418> Accessed 20 May 2015

³⁷ Although this appears to include beer and liquor

³⁸ <http://marketrealist.com/2015/02/competitive-forces-walmart-dominates-grocery-industry/> Accessed 20 May 2015

³⁹ Although even this is questionable. Cellarmasters for example operate a number of online sales sites, wine clubs etc under the one Liquor Licence Number 51205679, and there is little else other than the fine print to indicate to the consumer that these online sites are supermarket owned or supplied. Some of these appear to be 'pop up' online stores. The new (February 2015) Woolworths/eBay sales relationship (with pickup in store to avoid delivery) is another potentially disruptive change.

http://www.woolworthslimited.com.au/page/The_Newsroom/Latest_News/eBay_and_Woolworths_to_reinvent_the_way_Australians_shop/

compounded by the replacement of many independent wine labels with the supermarkets' own brands⁴⁰.

Some consumer resistance is appearing in the food sector, but in wine these issues are little understood by consumers, and wine producers currently remain too fragmented to exercise much pressure⁴¹. Moreover (for example) the Woolworth's owned Dan Murphy's is an 'integrated marketing campaign partner' in WineAustralia's domestic wine marketing campaigns such as AussieWine Month⁴², and is the sponsor of a number of major wine shows⁴³, firmly integrating itself into wine marketing at a very high level in industry.

The position of these two major supermarkets, and to a lesser but growing extent Aldi, is thus one of 'frenemy' – part friend, part enemy. Producers who are listed via their sales channels are obviously selling wine, but sometimes report their behaviour is less than supportive (and it appears there will now be further increased pressure to reduce suppliers' margins⁴⁴).

Those whose products are unlisted report finding it difficult to get in; plus, shelf costs are high. Other disputes also arise and can take a decade or more to resolve⁴⁵. A Code of Conduct has been negotiated between Woolworths Liquor Group and the WFA on behalf of wine suppliers, which is voluntary. A similar Code with Coles was said to "soon to be announced" in Oct 2014⁴⁶. Whether these are effective remains to be seen.

In VisitVineyards' annual wine industry surveys to 2013, domestic market access was listed by Australian wine producers as their third most frequent main problem after marketing and pricing⁴⁷. It remains significant, especially relative to wine-making and other technical issues on which much research focus and funds are spent.

See Appendix 2.

⁴⁰ Mostly unidentified as such.

⁴¹ Plus there is little evidence of the cooperative model working

⁴² See <http://www.campaignbrief.com/2015/05/dan-murphys-launches-aussie-wi.html> Accessed 20 May 2015. Quite where this leaves producers and levy payers whose wines are not sold via Dan Murphy's one can only speculate.

⁴³ Eg the Dan Murphy's National Wine Show of Australia TM <http://www.rncas.org.au/NationalWineShow/site/index.php>, Margaret River, etc

⁴⁴ See <http://www.afr.com/business/woolworths-faces-multimilliondollar-hit-from-private-label-price-cuts-brokers-say-20150519-gh4v5a>

⁴⁵ Such as the Crittenden Estate vs Woolworths dispute re potential confusion over labelling, see <http://www.visitvineyards.com/victoria/mornington-peninsula/wine/vineyards-wineries/wine-food-travel-articles/whats-in-a-name-crittenden-confusion-highlights-growing-australian-wine-industry-concerns>

⁴⁶ <http://www.theshout.com.au/2014/10/01/article/Cynics-wrong-about-Woolies-code-WFA/DZUQOMJHFB.html> Accessed 20 May 2015

⁴⁷ This was overtaken in 2014 by 'Government, tax and/or other legislative issues' rising 10% points and 4 places.

h. The adequacy and effectiveness of market intelligence and pricing signals in assisting industry and business planning

This is largely covered in point 2 above. In our view, the current level of industry intelligence and 'Foundation Data' is far from adequate for either industry or business planning and investment decisions.

Industry bodies do not appear to be working with private enterprise to fill these information gaps.

i. The extent to which the Australian grape and wine industry benefits regional communities both directly and indirectly through employment, tourism and other means

A great deal has already been written about the economic benefits of the wine industry to tourism (and vice versa), both internationally and within Australia, and employment multipliers, etc, which I will not repeat here.

What is significant is that over the past 10-15 years, wine and related culinary (food) tourism activities have increased in importance globally, fuelled by changes in consumer sentiment towards food provenance, 'connecting', 'eating local', authentic experiences, etc. This trend seems likely to continue. In Australia, food (including wine, but also other beverages eg beer, cider etc) is now a major driver for both domestic and international visitation and spend, and the wine industry must be considered a significant component of the culinary tourism experience offering, even if wine producers don't all see this themselves.

Food as a driver was recognised by Tourism Australia in 2013, with its #RestaurantAustralia campaign launched in 2014 at a reported cost of approximately \$40 million. Although it is perhaps will too early to gauge the effectiveness of this campaign, current sentiment being reported from some members of the wine industry⁴⁸ indicates that the campaign was not as well integrated with wine as they had hoped. It is also stated that the window of opportunity for the wine industry to leverage off this spend is closing rapidly.

What KPIs and measures are in place to record and analyse any resultant increase in visitation to wine producers as a result of the #RestaurantAustralia campaign are also unknown. However, given that there are around 2000 producers of whom industry is unaware, and that Tourism Australia gets its data on wine producers from Wine Australia, it would seem that a significant number of producers could have missed out, plus others who were perhaps slow to take up the online marketing opportunities offered them, or who found them difficult to translate these into action.

⁴⁸ Via the Social media + wine group, and independent reports from regional tourism bodies etc.

However, the main issue currently is that there is no linkage between Tourism Australia's website Australia.com and any online (or other) information sources to provide intending visitors with information regarding the name, location, opening hours, experiences offered, etc of wine producers⁴⁹. Online traffic goes to Tourism Australia, and then (for wine tourism) is directed ... nowhere⁵⁰.

This is of great significance not only to me personally and to the thousands of wine producers who have invested in tourism facilities such as cellar doors, restaurants, accommodations, etc, but is also highly relevant in the current push to increase the export market share of the Australian wine industry.

There is little doubt to those familiar with wine tourism that its links with wine consumption are deep, particularly in (but not limited to) the Asian market. Asian consumers in particular have a desire to understand and connect with the source of the food and drink they consume, especially at the higher end of the market, and this creates a significant opportunity at very little cost to provide them with not only this information but the means to encourage them to visit, and to convert their interest to bookings.

Correspondingly, it would also assist in encouraging their Australian wine consumption ie exports. As with wine marketing in general, such a push can also be further enhanced in delivery by currently available technology and digital marketing developments. The latter also applies to the US market.

To me, this is one of the most significant opportunities that the Australian wine industry current has to increase market share in our key international markets, particularly for premium producers who have provenance and other attributes with which international consumers wish to connect.

j. Any related matters

To underpin a marketing and digital-data driven approach outlined above, I believe that one of the main requirements for members of the wine industry

⁴⁹ Other than VisitVineyards.com, which does this on a national basis privately, plus a range of regional websites etc. However Tourism Australia appears to have a policy of not co-operating with the private sector, including in wine tourism, but also in culinary tourism, farm stays, farmers' markets and other areas of agri-tourism. The reasons for this lack of co-operation are unknown but have been the subject of submissions to a Federal Minister in 2014, and a Food Tourism Roundtable is scheduled to discuss exactly this issue in Canberra on 28 May 2015.

⁵⁰ There are linkages to State sites but these are generally very thin on wine tourism product. A non-profit organisation called Ultimate Winery Experiences was set up with at least some Federal government funding, and continues to be marketed by Tourism Australia, but this currently lists only 49 experiences at 14 wine producers (out of over 4000). See <http://www.ultimatewineryexperiences.com.au/wineries/>, accessed 21 May 2015. The relevant TA page is here <http://www.australia.com/en/things-to-do/food-and-wine.html>

currently is access to training and education, including in business management and marketing.

This also needs to include an improved understanding of the needs of tourists, how to market their tourism experiences (not the same as marketing wine) and empowering them in digital marketing.

Government and industry bodies simply cannot (nor should not in my opinion) do this 'for' industry. This is an era of social media and direct, digital communication between consumer and producer/provider. The days of gatekeepers are over – consumers simply do not want them, and they are an extra cost that no-one needs to bear, and a massive bottleneck.

What government and industry organisations can and should be doing in my opinion is to provide the right environment for wine producers to improve their business and IT /digital skills, and empowering them to do it themselves and/or to employ suitably qualified business and digital marketing professionals in their regions.

In my opinion, training should be delivered by a wide range of private sector agencies nationally, not by a hand-picked few who then become the next tier of gatekeepers. There needs to be significantly more industry investment in these areas rather than just in barrels and equipment, and perhaps new models examined.

Who will pay? Perhaps consideration can be given to a reintroduction of the national training that was undertaken a decade ago, but delivered online for greater efficiency⁵¹, and to other programs⁵² and incentives. But in the end, producers must realise that marketing is a fundamental cost of doing business, not an optional add-on⁵³. If industry bodies and government can 'ease the way' for producers in other areas, they should be better placed to focus on it.

⁵¹ NZ has recently been running a similar program with reported success.

⁵² Such as the small business training program (StartupAus) launched by the Federal Minister for Small Business in July 2014, but which since appears to have stalled. This could easily be tailored for the wine industry and delivered online.

⁵³ This view is apparent in our surveys from 2009-2014. However, it is impacted by the duopolistic power of the major supermarkets.

Conclusion

In conclusion, when preparing this submission and consulting with wine industry colleagues, I was struck by the view in industry that this Enquiry may become “just another report that no-one will listen to” as one put it (especially given that feedback to the AGWA Draft Strategy was been submitted earlier this year⁵⁴, and many comments of “we have heard nothing since” type have been aired). Apathy – or perhaps simply not knowing what to do – seems to be high.

One opined that he felt that many are “fatigued by the inaction” of the regulatory and industry bodies, and by the lack of cohesion. There is no doubt that in some parts of the Australian wine industry at least, there is considerable frustration and disempowerment.

To us, this can be changed, in part but not limited to measures that we have suggested above, which are put forward with the aim to increase the level of discussion and awareness, in the interests of taking all of the Australian wine industry forward into a more profitable, sustainable and brighter future.

The Australian wine industry needs focus, clarity and direction, underpinned by a solid foundation of data and embracing the tools of the digital era that provide so many opportunities.

We welcome this Enquiry, and thank you for the opportunity to submit this information, and trust that it will result in direct, positive action.

Robyn Lewis, CEO, WineFoodTechMedia and VisitVineyards.com

and

Dr Damien Wilson, Director, MSc Wine Business, School of Wine and Spirits Business, ESC Dijon

⁵⁴ In February 2015. The Final Strategy is understood to be currently before the Minister for Primary Industry.

Appendices:

Appendix 1:

MPEG file Dr Damien Wilson (15 Mb): attached (sent by email 22 May 2015)

150522 Dr Damien Wilson RRAT Committee Audio Document

Appendix 2:

131015 Submission to WFA – VisitVineyards Wine Industry Survey on Centaurus Report Summary – VisitVineyards-Submission

Download in pdf from <http://www.wfa.org.au/assets/noticeboard/VisitVineyards-Submission.pdf> (not attached)

Appendix 3:

Selection of comments from wine industry participants pertaining to various aspects of this Enquiry, from the VisitVineyards Wine Industry Surveys 2013 and 2014. More are available if required from the 2014 survey.

Appendix 3A: Zip file 131015 VisitVineyards Wine Industry Survey Comments 2013

These comments were received in response to a survey conducted by VisitVineyards concerning the publication by the WFA of the *Draft Report: Actions for Industry Profitability August 2013* and the *Wine Industry Report on the Profitability and Dynamics of the Australian Wine Industry* ('Centaurus Report') August 2013 which are available here <http://www.wfa.org.au/information/action-plan-consultation/>

(NB *Actions for Industry Profitability 2014-2016* was updated following public comment and published in final form December 2013)

271 responses were received by VisitVineyards from the wine industry in 12 days.

Appendix 3B: 130905 Feedback to Minister for Small Business from VisitVineyards.com survey on wine industry July-Aug 2013 pdf (315 responses)

These responses and a summary report were presented to the Minister for Small Business the Hon. Bruce Billson MP in person by Robyn Lewis on 4 May 2014.