

Minister for Primary Industries and Water  
Minister for Hospitality and Small Business  
Minister for Racing



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Committee Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
Parliament House  
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Dear Committee Secretary

Thank you for the opportunity to provide feedback on the adequacy of the voluntary Code of Conduct for Australian Winegrape Purchases (the Code), and for the extension granted to prepare this submission.

The Tasmanian wine industry, led by passionate growers and winemakers, is a key contributor to the state's economy. According to the Tasmanian Agri-Food Scorecard, the industry generated \$43.1 million in farmgate value in 2021-22. This important industry generates jobs, boosts wine tourism, and enhances Tasmania's brand. Our growing and robust industry is committed to producing high-quality, sustainable products.

In providing this feedback, we acknowledge that the Tasmanian industry is structured differently from other regions across Australia. For example, Wine Tasmania advises that 70 per cent of Tasmania's wine industry consists of growers who are also processors, albeit at various scales. In contrast, other regions across Australia often have clear distinctions between growers, processors, and label owners, which can result in different contractual arrangements, market dynamics, and retailer relationships compared to Tasmania.

The Tasmanian Government supports the intent of this voluntary, industry-owned Code, which aims to establish fair, equitable and mutually beneficial relationships between growers and winemakers. It also provides a quick and cost-effective dispute resolution mechanism, benefiting local grape buyers and sellers.

Tasmania acknowledges the Australian Government's efforts to assess the effectiveness of the Code with reference to market structure, trading practices, employment conditions, price transparency, industry representation, code administration, and competition in the Australian winegrape and processing industries. The Tasmanian Government advocates for measures that ensure a balanced power dynamic to protect local growers and supports the sustainability of our local industry.

Any national responses to the current oversupply issues in some segments of the wine industry must adequately represent the views of both participants in large inland producing regions and smaller producers in cooler climate, higher-value regions.

If changes to the Code are proposed, we urge careful consideration of our local supply chain, which faces challenges due to limited market influence.

As noted in the latest Tasmanian AgriBusiness Insights report production update for 2023-24, the red wine oversupply issue affecting some mainland growers, particularly in large, warm inland areas, has not significantly impacted Tasmania. Our specialisation in cool climate and premium, higher-value wine grapes has helped insulate the sector from the challenges confronting many wine regions, particularly the imbalance in wine demand and supply. There is an ongoing global trend of reduced red wine consumption, along with trade pressures, leading to high global inventories. Wine Tasmania recognises that while Tasmania may appear to be outperforming other regions with higher wine grape prices, profitability remains a challenge.

One practical example is how Tasmanian growers and processors are heavily reliant on inputs, such as glass bottles, sourced from mainland Australia and international markets. The availability of these inputs and logistical challenges, due to our location at the end of a long supply chain, strongly influence the competitiveness and profitability of Tasmanian growers and processors. For some wine producers, these difficulties, coupled with rising production costs (such as labour), may lead to decisions to send their crush to the mainland for processing.

The Tasmanian industry continues to take a measured approach to ongoing investment in plantings across the state, with future yields and wine production volumes expected to grow as a result.

For these reasons, initiatives that support the Tasmanian wine industry's value and differentiated positioning in domestic and key export markets remain a priority for the Tasmanian Government. This includes efforts to attract investment and increase market share. Successive Tasmanian Governments have invested in the Tasmanian wine sector, most recently through the 2024-25 State Budget, where the State Government committed \$1.5 million over three years to drive growth and sustainability in Tasmanian wine production. This includes a specialist cool climate wine research hub, skills training, and technical resources. Additionally, a further \$1.5 million over three years has been allocated for export market development and domestic promotion, aimed at promoting the sustainability of the sector in the state.

We anticipate that our local industry stakeholders will provide further valuable feedback during this consultation. I trust this information will assist the Committee in preparing the recommendations requested by the Senate. I look forward to further updates on this important initiative.

Yours sincerely

Jane Howlett MP  
**Minister for Primary Industries and Water**

