SENATE SELECT COMMITTEE INQUIRY INTO AUSTRALIA'S FOOD PROCESSING SECTOR

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Foreword

This submission has been prepared for the consideration of the Select Committee on Australia's Food Processing Sector.

The Inquiry is wide-ranging in nature covering a number of issues and matters relevant to the Australian wine sector. As such, we have attempted to succinctly make our submissions against the Terms of Reference set by the Committee covering the following topics:

- Competition in the Australian Wine Sector and the Effect of legislation
- Wine Taxation Regulation
- Australian Wine Research and Development
- Food Labelling Regulation in Australia
- International Trade Regulation and Export Procedures for Wine
- Biosecurity of Australian wine
- Costs of Production Inputs

The Australian wine sector, and the agricultural and food manufacturing industries more broadly, are going through a significant transition period. Competitiveness pressures and demand and supply challenges are eroding previous successes and threatening future viability of an industry committed to long-term sustainability.

While many generational growers and winemakers have experienced boom and bust before, the sheer size and scale of the wine sector in Australia today have presented significant challenges for an industry now categorised as multinational, multi-regional, and totally through-chain in its value and supply.

It is against this backdrop that the Winemakers' Federation of Australia (WFA) has identified potential barriers to overcome and opportunities to explore that will assist our industry transition. Partnering with the Australian Government in these endeavours will ensure modern Australian winemaking survives and remains a mainstay of Australian enterprise.

Introduction

The Winemakers' Federation of Australia (WFA) is the national peak industry body representing Australia's winemakers. Our members account for more than 95% of total wine production in Australia and we are recognized as the peak body that can speak on the industry's behalf. Our aim is to provide leadership, strategy, advocacy and support.

With 64 officially recognised wine regions across the nation, the wine sector is a major contributor to the economic and social fabric of Australian life.

We also play a pivotal role in regional employment, trade and tourism and consistently produce a highly regarded product that is responsibly enjoyed by millions of people around the world.

The Importance of Wine in Australian Food Processing

Wine is Australia's third largest agricultural export, valued at nearly $2 billion. It contributes in excess of $5.5 billion to the Australia's economy and is responsible for over 30,000 jobs directly and another 30,000 indirectly.

Australian wine continues to be an export success story with well-established markets in Europe, North America and more recently, emerging markets in much of Asia, especially China.

Wine is produced in six states and one territory across the nation in an increasing number of varieties. Its footprint extends into many portfolios such as tourism, research and development, trade and environment. Most importantly though, it is a regional industry which provides regional employment and stimulates regional development.

The significant contribution of wine to the Australian food processing sector is undeniable and as such, we are pleased to provide the Committee with a description of the many important activities and initiatives that WFA regularly undertakes on behalf of Australian winemakers that contribute significantly to the success of Australia's food processing sector.

Global Competitiveness of Wine

Despite its global reach and reputation, the success story has been relatively short in comparison to 'Old World' European countries. Alongside New Zealand, United States and South Africa; Australia is considered a 'New World' wine producing nation.

Figure 1: Top producers of wine in the world, 2007

Country	Wine production (ML)1	% of world	% change from 2006
Italy	4,598	17.3	-11.6
France	4,567	17.2	-12.4
Spain	3,476	13.1	-8.9
USA	1,987	7.5	2.2
Argentina1	1,505	5.7	-2.2
China1	1,200	4.5	0.0
Germany	1,026	3.9	15.0

South Africa	978	3.7	4.1
Australia	962	3.6	-32.5
Chile	823	3.1	-2.6
Russia	728	2.7	15.9
Portugal	607	2.3	-16.5
WORLD	**26,599**		**-6.1**

Source: OIV - Situation of the world viticultural sector in 2007 (1) OIV estimate.

Figure 2: Top exporters of wine in the world, 2007

Country	**Wine exports (ML)**	**% of world**	**% change from 2006**
Italy	1,851	20.7	0.6
France	1,525	17.0	3.6
Spain	1,508	16.9	5.2
Australia	786	8.8	3.4
Chile	610	6.8	28.7
USA	423	4.7	12.5
Argentina	360	4.0	22.8
Germany	354	4.0	10.7
Portugal	341	3.8	17.6
South Africa	313	3.5	14.9
WORLD	**8,945**		**6.8**

Source: OIV - Situation of the world viticultural sector in 2007

Recently, the major structural adjustment being undertaken has overshadowed the successful growth period of 1990's. Other recent economic factors such as the Global Financial Crisis and high Australian dollar have compounded existing structural problems and made it significantly more difficult to compete with countries with more favourable exchange rates, lower levels of Government regulation and taxation, and a more flexible labour market.

Competition in the Australian Wine Sector and the Effect of legislation.

WFA remains concerned that competition in the local retail market has become highly concentrated within the two major liquor retailers – Woolworths and Coles. Earlier this year, Woolworths acquired the successful online wine retailer Cellarmasters, continuing its process of creeping acquisitions of liquor retail outlets and channels

1) Expansion of vertical market power

The Woolworths merger with Cellarmasters also delivered it full vertical ownership through the wine supply and value chain as it included the ownership of Dorrien Estate (Australia's largest small-batch winery) and Vinpac (bottling, packaging, storage, filtration and testing services) amongst many other additional logistic and marketing businesses.

2) Expansion of horizontal market power

Woolworth and Coles continue to expand their percentage ownership of total liquor sales with both companies indicating to investors their plans to expand the "big-box" stores concept (First Choice and Dan Murphy's) over the coming decade. The figure below shows the Woolworths and Coles dominance of the market for liquor sales. It is estimated that they control over 70% of the "wine" sales market.

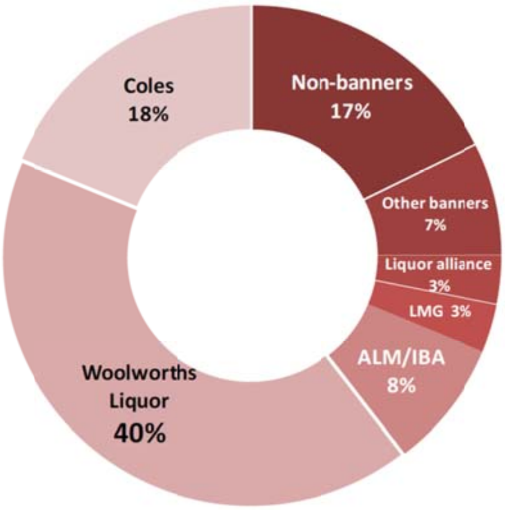

Figure 3: Concentration of retail wine ownership in Australia
Source: Citigroup, referenced in *The Australian Financial Review*, 9th March 2011, p.21.

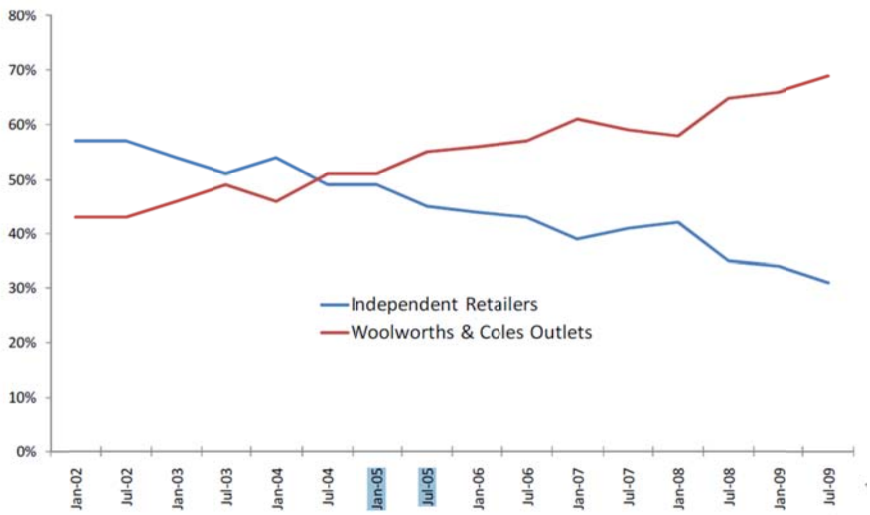

Figure 4: Market share trends show growth of big retailers and demise of independents
Source: A.C. Nielsen

Creeping Acquisitions

Independent operators are generally being excluded from opportunities to establish liquor stores in "Greenfield" developments or large shopping centre complexes.

Prior to recent moves by the Australian Government, this meant the operation of a liquor store within such developments was the almost exclusive province of the major retail chains, whose participation in such commercial developments is seen as key to the success of such ventures. This allowed both the major chains to grow their share of the liquor market without competition.

Coupled with the gradual acquisition of larger independent chains such as Dan Murphy's, Theo's and Farmer Brothers, the two major chains have avoided ACCC scrutiny through a process of creeping acquisition.

WFA views diversity of ownership in the wine marketing and distribution industry as in the best interests of consumers.

The effect of the *Competition and Consumer Act 2010* on wine sector

The *Trade Practices Act* 1974 (Cth) originally contained Australia's "anti-competition provisions, which is now provided for in the *Competition and Consumer Act* 2010 (Cth).

Historically the bringing of successful action under the Act has been problematic in the Australian context.

Should the Australian Parliament have the political desire to ensure appropriate balance is maintained in oligopoly markets, the principals other countries have taken may be worthy of further analysis and consideration. These are briefly outlined below.

In France

In order to address buyer power problems and the imbalance in supplier-retailer relations, the Loi Galland (Galland Law, 1996) instituted a ban on selling below cost [of production]. Despite pressure to change this, the ban was retained in the amendments made by the Loi Dutreil II (September 2005). Loi Dutreil II also limited retrospective payments and extra "service cost fees" (marges arrières) that retailers were asking from suppliers. The new law also requires that contracts between a retailer and its supplier clearly state all pricing terms with no hidden discounts, and has introduced new procedures for penalising offenders.

In Germany

In June 2005, competition legislation was reformed in relation to trading activities to ensure large companies were not allowed to use their market power to demand "unjustified and repeated" special terms and conditions from their suppliers. In April 2007 the

Cabinet adopted a new law that prohibits supermarkets from selling food below the wholesale price.

In the European Union

The European Commission prohibited the proposed merger between Kesko and Tuko in Finland which would have offered the combined enterprise a national market share of 60%.The European Union Article 81(1) Block Exemption Regulation 2790/1999 (BER) views retailer or suppliers that have a market share of over 30% as being dominant or able to wield market power and subject to the competition restrictions.

In addition, EU laws protect against:

a) Directly or indirectly fixing purchase or selling prices or any other trading conditions
b) Limiting or controlling production, markets, technical development, or investment
c) Sharing markets or sources of supply
d) Applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage
e) Making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

In the US

The US regulates the wine industry with a three-tier system. Companies are only allowed to operate in one tier of the wine chain – either as a retailer, a wholesaler or a producer – not two, let alone three tiers as per the Woolworths-Cellarmasters transaction.

In the UK

The UK Competition Commission concluded in 2000 that supermarkets "having at least an 8 per cent share of grocery purchases for resale from their stores, have sufficient buyer power [to undertake abusive practices which] when carried out by any of these companies, adversely affect the competitiveness of some of their suppliers and distort competition in the supplier market – and in some cases in the retail market – for the supply of groceries."

Wine Taxation Regulation

Historically, revenue raising has been a policy objective for taxing alcohol at higher rates than other goods and services.

However, revenue raising alone is not a valid rationale for taxing alcohol more than other commodities, since economic principles of efficiency and equity would dictate that revenue is raised from the broadest possible tax base – namely, consumption of all goods and services.

Australia is the highest taxing country among New World wine exporters for wine above $11 retail per 750ml bottles. Even for non-premium wine selling for the equivalent of $2.63 per 750ml bottle, only Canada and New Zealand have higher tax rates than Australia. (Anderson 2008).

Access Economics, in its review[1] of the 2008 Collins and Lapsley report '*The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005*', pointed out that "Alcohol taxes thus pay more than the social costs of alcohol abuse, by a considerable margin, each year".

Against this background, it is significant to note that most nations have rejected proposals to battle large deficits caused by the GFC and bring their Budgets back into a degree of balance by increasing alcohol taxes.

The ongoing public debate over alcohol consumption and the Government's recent Tax Forum has brought renewed calls for tax rates to increase. WFA rejects any linkage between taxation and measures to redress risky alcohol consumption and thus rejects calls for taxation increases.

[1] Access Economics, Collins and Lapsley report review: social costs, 28 November 2008

In an environment of uncertainty and risk, the wine sector is seeking a clear undertaking by the Government to fully reject any upward increases on wine taxation. We believe our arguments are strongly supported by economic principles.

Australian Wine Research and Development

WFA believes that research and development plays a critical role in the wine industry's future, particularly in the areas of viticulture, oenology and market development.

WFA's priority is to ensure that returns from R&D activities are maximised and driven by industry needs and encourages a high level of participation from the industry in setting the R&D agenda.

In partnership with Wine Grape Growers Australia (WGGA), we have established the Innovation Policy Committee to ensure R&D, especially that funded by industry levies, delivers cost-effective outcomes. WFA also works productively with the Grape and Wine Research and Development Corporation (GWRDC) and the Australian Wine Research Institute (AWRI) on a variety of matters relating to R&D with significant outcomes.

WFA is seeking to achieve a better alignment of government and industry objectives from Research, Development and Extension (RD&E) and a stronger, expanded R&D base to ensure we maintain a dedicated R&D agenda that reflects the collaborative nature of the wine sector.

There are a large number of small grape growers and winemakers in the Australian wine sector – which is one of its greatest strengths. These businesses have little chance of conducting effective R&D on an individual basis and therefore rely heavily on the capability that is developed through levies allocated by the GWRDC towards research. WFA believes strongly that the RDC model is world leading and reflects the unique nature of much of Australia's agriculture and value-added businesses. Its preservation is important for ongoing innovation across the sector.

Food Labelling Regulation in Australia

The Australian wine sector is very proactive in ensuring desired consumer information is included on labels.

We also recognise the need to ensure high standards of food safety and inherent traceability in food labelling information. To this end, we worked in partnership with Government to include allergen information and information on standard drinks.

We also have a number of international agreements in place that recognise unique wine descriptors such as a geographical interpretation following changes to the *Australian Wine and Brandy Corporation Act* in 1993. This provided the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question.

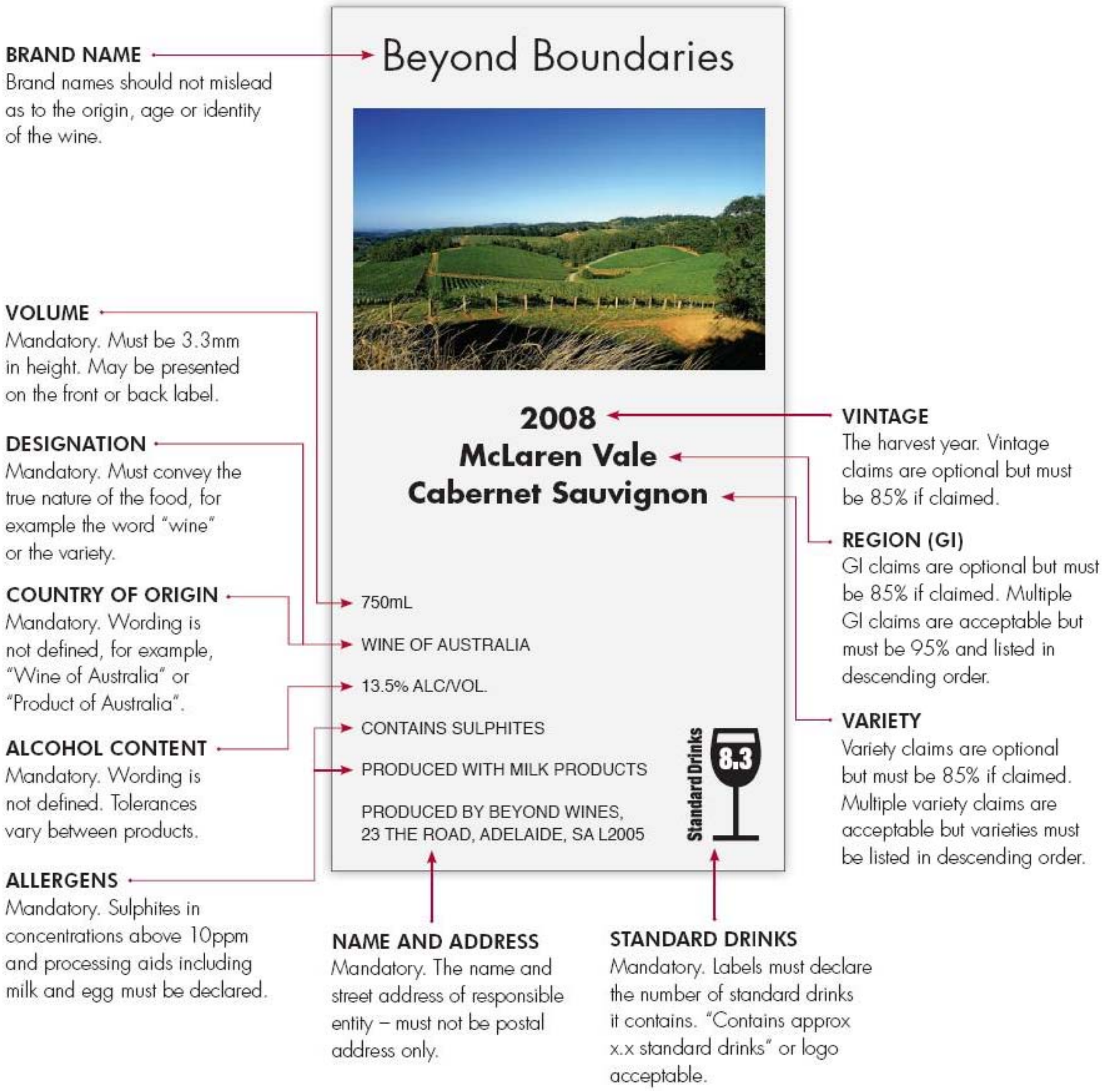

Figure 5: A typical Australian wine label bottle and key features which are included.
***Source:* http://www.wineaustralia.com/australia/Default.aspx?tabid=257**

Recently, many wine producers have included a pictogram aimed at increasing awareness that alcohol consumption is best avoided for those who are pregnant or wanting to become pregnant.

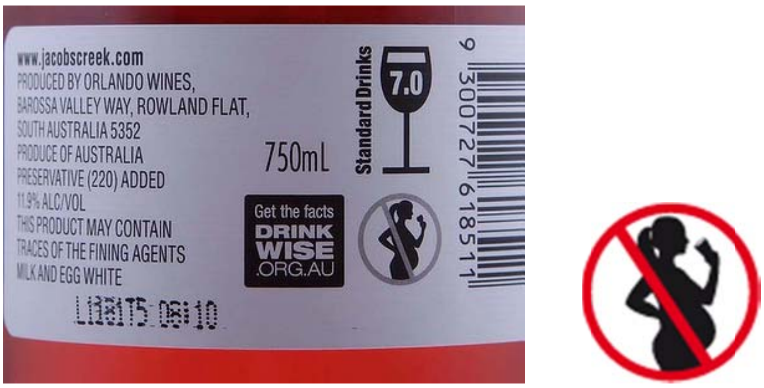

Figure 6: Australian wine label with standard drink information and pregnant lady pictogram. It also features DrinkWise's 'Get The Facts' label to assist with educating consumers about responsible alcohol consumption.

WFA Response to the Blewett Review

Labelling Logic, a report on food labelling law and policy, was released earlier this year by Dr Neal Blewett AC. The "Blewett Review" contained a series of recommendations that would significantly impact the alcohol sector. These included:

- Pregnancy warnings (Recommendation 25)
- Energy content to be mandated (Recommendation 26)
- Warnings as part of broader health campaigns (Recommendations 22 & 24)
- Minimum Font Size, Contrast Levels and Boldness for warning messages and allergens etc. (Recommendations 44 – 47)
- A clear "Made in Australia" terminology and existing label compliance (Recommendations 42 & 47)

A detailed response to the Blewett Review recommendations recently submitted to the Government by the National Alcohol Beverage Industries Council (NABIC)[2] contested these recommendations based on the evidence that it would not result in behavioural change.

In addition to critiquing several of the recommendations made by the Blewett Review, it suggested the Government focus on engaging directly with consumers regarding their behaviour, by providing targeted interventions for high-risk sub-groups.

The NABIC response also provided the following recommendations, suggesting that the Government:

- Build on the existing DrinkWise investment and achievement and create a true partnership between government and industry by providing support and increased funding.
- Devise a government sponsored package to promote understanding of standard drinks as a core part of an education strategy.
- Explore extended barcode labelling as an efficient means of providing additional information to consumers.
- Develop a few specific "greenfield" ideas to target at-risk behaviour that are
  - in the National Drug Strategy and
  - supported by public opinion as shown in the National Drug Survey and Preventative Health Agency Report.

  Amongst these we would consider a focus on brief interventions by GPs and reducing recidivism amongst drink drivers.
- Leave on-premise signage as a state-based issue, and not part of this response.
- Publicly release the FSANZ 2009 report provided to the Blewett Review and Food Regulation Ministerial Council.

It was concerning to see such an influential and important document as the Blewett Review call for the introduction of warning labels on alcoholic beverages, yet at the same time claim that more research needs to be conducted to determine whether labelling is an effective intervention measure. This echoes the continuous calls from public health groups to introduce large graphic warning labels without any sound evidence. Such a move would do little to change behaviour, yet would impose significant burdens on producers to include additional information on increasingly space-constrained labels.

[2] http://www.wfa.org.au/resources/1/Submissions/Blewett_Review_submission.pdf

International Labelling Requirements

Any dramatic changes to food labelling laws in Australia have the potential to cause problems with our requirements to adhere to many international wine labelling agreements to which we are signatories, such as the World Wine Trade Group Agreement.

The members of the WWTG (Argentina, Australia, Canada, Chile, New Zealand and the US) signed the *Agreement on the Requirements for Wine Labelling* in Canberra in 2007. It enables wine exporters to sell wine into WWTG markets without having to redesign their labels for each individual market. It allows the placement of four items of mandatory information, permitted to be located anywhere on a wine bottle label provided they are presented in a single field of vision. This information includes:

- Country of origin
- Product name
- Net contents
- Alcohol content.

The WWTG Agreement:

- reduces costs relating to the production, application and warehousing of labels
- achieves savings by providing a competitive advantage and opportunities for further export growth to WWTG participants
- brings benefits to consumers, who are able to easily locate important items of information on the bottle in a single field of vision, allowing them to better compare between wines and brands.

International Trade Regulation and Export procedures for wine

There are many potential barriers to trade that have the ability to inhibit or restrict trade of Australian wine to a number of nations. WFA works with Wine Australia (formerly the Australian Wine and Brandy Corporation) to reduce these international trade barriers and assist the wine industry with market access issues. Together we monitor trade developments, negotiate arrangements to improve market access and streamline importing requirements, advise Australian Government departments, build relationships with regulators in key export markets and provide a response capability in the event of adverse developments.

Australia is signatory to many important international and multi-lateral trade agreements, which effectively remove barriers to trade and make export of Australian wine to many nations a much easier and profitable process. We continue to work productively with the World Trade Organisation to maintain the integrity of such agreements and to ensure Australia's competitiveness is not compromised by inappropriate government policy or regulation.

Through the World Wine Trade Group (WWTG), Australia is also a signatory to the Agreement on Mutual Acceptance of Oenological Practices (MAA), which allows for wine in accordance with Australia's winemaking practices to be marketed in WWTG member countries regardless of whether they are legal in the importing country.

In addition, the *Agreement Between Australia and the European Community on Trade in Wine*, which came into force on 1 September 2010, regulates the trade in wine between Australia and the

European Community. It contains many significant advantages to Australian producers and exporters as all Australian winemaking techniques will now be accepted and Australians will have to make far fewer changes and concessions to sell their wine in the EC.

Australian winemakers will have better access to European markets through: [3]

- European recognition of an additional 16 Australian winemaking techniques
- the introduction of simpler arrangements for the approval of winemaking techniques that may be developed in the future
- simplified labelling requirements for Australian wine sold in European markets
- protection within Europe for Australia's 112 registered GIs
- wholesalers being given five years to sell stock labelled with an EC GI and retailers being allowed to sell all their stock
- defined use of a number of quality terms used in the presentation and description of wine.

Australian Free Trade Agreements tend to be quite comprehensive, cover a range of goods and services, and address both tariff issues and non-tariff barriers such as labelling, product standards and import certification.

Australia currently does not have a FTA with China, which means Australia's ability to effectively compete in this market against other wine producing nations that have successfully negotiated an FTA, such as New Zealand and Chile, is significantly reduced. Considering the expanding Chinese market and potential for sustainable long-term growth, it is important that Australia's competitiveness is maintained and a successful conclusion to a China FTA is soon reached.

Wine Australia oversees the export approval process for Australian wine. Each year, over 16,000 wines intended for export are assessed with the purpose of protecting Australia's $2 billion wine export business. These compliance activities are routinely evaluated and undertaken to maintain Australia's reputation for excellence by preventing the export of wines that have faults.

For wines to qualify for export:

- the producer must hold an export license.
- the product must be tested and deemed both sound and merchantable.
- an export permit is required for each consignment.

Biosecurity of Australian Wine

The Australian wine sector needs to improve its capacity in biosecurity measures to protect Australian wine grapes against diseases and other threats that might affect our ability to compete on world scale and within Australia.

Despite having a relatively low-risk quarantine system based on sound science and compliance with international agreements, Australia increasingly has seen serious pest incursions that can have a devastating impact on agricultural industries.

To help ensure our response capabilities are adequate, WFA:

- has established a National Viticulture Biosecurity Committee and affiliated National Vinehealth Technical Committee in partnership with Wine Grape Growers' Australia

[3] http://www.wineaustralia.com/australia/Default.aspx?tabid=279

- ensures the wine industry's interests are represented when national policy is developed through Plant Health Australia (PHA), a national coordinating body that identifies and commissions projects and coordinates policy development
- is a signatory to the national Emergency Plant Pest Response Deed, which is managed by PHA.

WFA has supported the establishment and maintenance of a national and international germplasm collection as a vital and necessary biosecurity activity that would also benefit research within the wine industry, solve disputes and clear up varietal confusion.

There is a strong opportunity for industry to partner with Government to cover the cost of establishing and running the new Australian collection.

Costs of Production Inputs

As the costs of electricity and water continue to rise, Australian wine producers have had to find innovative ways of keeping production costs down while continuing to produce wines of the highest possible quality. As a highly innovative industry with considerable investment in development, there are currently a variety of initiatives that Australian wine producers undertake to ensure their competitiveness on the world stage.

To assist winemakers who are aware of their environmental obligations, WFA has developed a voluntary national environmental assurance scheme, called EntWine Australia, which allows local winemakers to receive formal certification of their practices according to recognised standards. Since its launch in November 2009, EntWine has attracted over 400 Australian wineries and growers as members and continues to expand.

Entwine accreditation is a very useful way of ensuring that a winery's energy efficiency and carbon footprint is monitored effectively, with as little electricity, water and waste generated as possible. This signifies to environmentally conscious consumers across the world that Australians are leading the world in producing sustainable wine and being wholly accountable for their actions. It also assists importers in making responsible decisions as part of their corporate social responsibility.

WFA is concerned that the introduction of the Carbon Tax has the potential to be a tipping point for many producers struggling with a range of competitiveness and cost pressures. While no winery is large enough to attract the direct carbon tax itself, there will be an impact determined by the degree to which the suppliers of energy intensive inputs into the wine sector attempt to recoup their own direct tax burden with higher pass-through prices.

There are three possible areas where the wine sector will be worse off.

1) Electricity: Electricity generators using fossil fuels will face a Carbon Tax and pass some of those costs on, with the degree of cost increase at a national level anticipated to be around 2 cents per kilowatt hour. Electricity comprises the biggest impost to vineyard practices, with costs of around $10/ha predicted. In the winery, electricity cost increases are predicted to be in the order of around 3 cents per case. While this number appears relatively small, it is still a significant cost burden to the overall operations. For example, a large winery with a $5 million p.a. electricity account is anticipated to see its electricity costs rise by approximately 10% based on Treasury modelling. This equates to an additional $500,000 each year that overseas competitors will not be subject to.

2) Packaging: The manufacture of packaging materials such as glass is highly energy intensive, however packaging operations may be able to claim government support to meet direct carbon tax imposts for a percentage of that impost. If this is the case, the assistance will be for 66% of the carbon tax, leaving the operation to manage the remaining 34% impost of the carbon tax. Rough calculations indicate that if packaging manufacturers pass this remaining cost on, packaging costs will increase by 6.5 cents per case. Australian wine has already shifted a significant proportion of its bottling to the overseas market to deal with exchange rate and other competitiveness pressures. This trend is likely to continue and possibly accelerate against rising domestic costs in comparison to overseas operations and hence reduce the value-add story of Australian wine.

3) Transport and fuels: Fuel use in vineyards and for agricultural input manufacture is not subject to the carbon tax. Fuel use in wineries, such as gas powered boilers, will attract a cost increase of around 0.2 cents per case. Transport may or may not be included, depending on further discussions; if it is we can expect diesel and petrol to cost around 6.5 cents per litre more. For a minimal transport supply chain, this may add around 3 cents per case. As wineries have sought to deal with climatic events, many have diversified their vineyard plantings and grape sourcing. Managing this climatic risk requires additional transport costs to carry grapes from a wider area back to the winery for central processing. Additional fuel charges are a disincentive to managing this climatic risk.

However, there may be several opportunities for the wine sector to benefit from the Carbon Tax through funding support from the Government for projects that enhance the energy efficiency of the wine supply chain, or reduce the greenhouse gas content of the atmosphere by emissions avoidance or storage, and improved tax treatment of assets.

1) Energy Efficiency: Clean Technology Program will co-invest with businesses to implement and deliver energy efficiency programs.

2) Carbon Farming Initiative: Opportunities may be available in increasing the carbon content of vineyard soils, planting trees and reducing emissions from nitrogen fertilization and winery wastewater.

3) Tax Benefits: Small business instant asset write-off to the value of $6500 would be available for a number of purchases each year depending on support for the Resources Rent Tax.

Conclusion

The wine sector is a vital part of the Australian food processing sector and a highly valued local industry. With production spread over a variety of regional areas, and an industry encompassing matters as diverse as trade, research and development, tourism, health and social responsibility, we are committed to ensuring that the Australian wine industry continues to produce quality products for Australians and others for many years to come.

WFA is pleased to provide this submission to the Senate Select Committee Inquiry into Australia's Food Processing Sector and would be happy to engage further with the Committee on any matters, particularly as they relate to the wine sector.

Appendix A: Snapshot of the Australian Wine Industry 2009-2010

		Value	% change over last 12 months
Wine Producers			
Wineries			
2009	number	2 420	4%
# Increase	number	100	
Wineries by Size of Crush (2009)			
< 500 tonnes	number	2,114	5%
500-4,999 tonnes	number	179	3%
5000-9,999 tonnes	number	21	-9%
>=10,000	number	25	-11%
Unspecified	number	81	11%
Direct Employment (2006 & change from 2001)			
Grape Growing	number	11 000	-30%
Wine Making	number	16 955	17%
Viticulture			
No of Regions by Vineyard Area (2010)1 (% increase between 2008 & 2010 data, 2009 n/a by region)			
>1000 Hectares	number	26	-7%
500-999 Hectares	number	15	-6%
<500 Hectares	number	53	6%
Winegrape Crush			
2009	'000 tonnes	1 733	-5%
Winegrape Price			
Australian average, all varieties (2010)	$	464	-12%
Environment			
Water Use (2007-08)			
Megalitres per hectare	ML	2.8	11%
Beverage Wine Production			
2009	million litres	1 171	-5%
Sales & Trade			
Domestic Sales - Volume			
2009-10	million litres	471	5%
Domestic Sales - Value			
2008-09 (2009-10 not yet available)	$A million	1 962	-6%
Imports - Volume			
2009-10	million litres	64	3%
Imports - Value			
2009-10	$A million	459	-3%
Exports - Volume			
2009-10	million litres	776	3%
Exports - Value			
2009-10	$A million	2168	-11%
Exports - Value per Litre			
2009-10	$/litre	$2.79	-14%
Exports as % of Total Farm Crop Exports			
2008-09	%	14%	
Wine Exports' Ranking in Value of Total Crop Exports			
2008-09	ranking	2nd	
Australian Wine's Contribution to Value of World WineTrade (2009)			
Ranking	ranking	4th	
%	%	7%	
Tourism			
Wineries with Cellar Doors (2009)	number	1 647	2%
Visits to Wineries by International and Domestic Visitors (2009)	'000	4 765	
Consumption			
Wine Consumption Per Capita			
2008-09	litres	28.0	0%
Wine Consumed with Food			
Bottled table wine	% of respondents	90%	
Taxation			
Net Wine Equalisation Tax 2010	$A million	748	
Goods and Services Tax 2008	$A million	369	

Sources:Australian & New Zealand Wine Industry Directory, ABS 2006 Census of Housing & Population, ABARE Commodity Statistics 2008-09, Food & Wine Tourism 2009 - Tourism Research Australia, ABS Domestic Sales and Import statistics and AWBC Export Approval Database via AWBC Winefacts Statistics;ABS Catalogue No: 4307.0.55.001 Apparent Consumption of Alcohol

1. Regions include the remainder of zones not covered by regional definitions

Appendix B: Economic Contribution of the Wine Sector

Value of Australian Exports

Financial Year	A $Mill
1992-93	$ 289
1993-94	$ 358
1994-95	$ 380
1995-96	$ 471
1996-97	$ 596
1997-98	$ 812
1998-99	$ 991
1999-00	$ 1,347
2000-01	$ 1,614
2001-02	$ 1,968
2002-03	$ 2,386
2003-04	$ 2,545
2004-05	$ 2,748
2005-06	$ 2,799
2006-07	$ 2,988
2007-08	$ 2,683
2008-09	$ 2,429
2009-10	$ 2,168

Source: Australian Wine & Brandy Corporation Export Approval database via Winefacts Statistics.

Australian Export Markets by Size

Financial Year	Large	Medium	Small	Total
1992-93	6	9	51	66
1993-94	6	9	55	70
1994-95	6	9	59	74
1995-96	7	11	54	72
1996-97	6	15	58	79
1997-98	9	12	56	77
1998-99	10	12	61	83
1999-00	11	11	62	84
2000-01	13	12	71	96
2001-02	15	13	79	107
2002-03	17	11	84	112
2003-04	17	15	89	121
2004-05	17	16	97	130
2005-06	17	18	95	130
2006-07	19	15	95	129
2007-08	17	18	95	130
2008-09	16	16	99	131
2009-10	16	17	94	127

Note: Large = >$15M, Medium = $2M - $15M, Small = < $2M
Source: Australian Wine & Brandy Corporation Export Approval database via AWBC Winefacts Statistics.

Percentage Share of Value of World Exports – Australia & Competitors

Country	2006	2007	2008	2009
France	34%	33%	33%	30%
Italy	18%	18%	18%	19%
Spain	9%	9%	10%	9%
Australia	**9%**	**9%**	**7%**	**7%**
Chile	4%	4%	4%	5%
Germany	4%	4%	4%	4%
USA	4%	3%	3%	3%
Portugal	3%	3%	3%	3%
South Africa	2%	2%	2%	3%
New Zealand	2%	2%	2%	2%
Argentina	2%	2%	2%	2%

Source: 2009 World Vineyard, Grape and Wine Report, California Wine Export Program *Note: Ranked by 2009*

Australian Exports as a % of Total Australian Sales

1997-98	36%
1998-99	38%
1999-00	44%
2000-01	47%
2001-02	52%
2002-03	56%
2003-04	58%
2004-05	61%
2005-06	63%
2006-07	64%
2007-08	62%
2008-09	64%

Source: Australian Wine & Brandy Corporation Export Approval Database and ABS Cat No. 8504.0 via Winefacts Statistics: Note: Does not include imports