

One Grape & Wine Sector Plan

Discussion paper



Wine
Australia

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There have been major changes within our sector over the past few years and the impact is being felt by everyone in our community.

We have a resilient sector that is no stranger to challenges. But the perfect storm of issues we've encountered since 2020 is unprecedented. There's a need to work together to collectively address the issues facing everyone, rather than going it alone. This is why in November 2022, the Boards of Australian Grape & Wine and Wine Australia collectively identified a need to lead the process of developing a One Sector Plan - to be informed by the sector, for the sector.

Wine Australia and Australian Grape & Wine have committed to working collaboratively with the sector to create a plan that:

- reflects the collective strategic priorities of the Australian wine sector
- has clear objectives, accountabilities and timelines
- describes the key differences but points of collaboration, and
- is adaptable to the sector's needs and operating environment.

What is it?

The One Sector Plan will be a collective plan for the sector. It is not simply a set of targets for Wine Australia and Australian Grape & Wine, but for all our sector.

It will be a shared vision and a unifying strategy to collectively address key priorities for the wine sector to 2030, with actions commencing in the immediate term to 2025.

The plan will:

- clearly outline the key challenges and opportunities
- provide strategic direction across the sector and how will we get there
- prioritise actions with clear objectives, accountabilities and timelines
- recognise the key differences and points of collaboration
- be adaptable to the sector's needs and operating environment, and
- provide clear alignment on the overall strategic intent but allows autonomy at a local/regional level.

What is it not?

The OSP will not be able to address the full breadth and diversity of local or regional interests but will provide overall strategic direction and provide an umbrella plan for alignment with state and regional plans. The OSP will not include a revised set of aspirational growth targets – these are addressed and will remain in Vision 2050. The OSP will not be a list of actions that do not align to strategic intent or problems being addressed.

Why now?

The Australian grape and wine sector has been through several years of challenge and change.

When Australian Grape & Wine created *Vision 2050*, and Wine Australia created its Strategic Plan 2020–25, the world, and the sector, looked very different. COVID-19, significant import tariffs to mainland China, shipping delays and increased costs, supply and demand challenges, and extreme weather events have led to a perfect storm for the sector – and we need to update our collective strategies accordingly and prioritise actions according to the sector's needs.

Wine Australia and Australian Grape & Wine are aiming for a publication date of December 2023 for the draft One Sector Plan that will be available for review and feedback before finalising in mid-2024.

What does this mean for *Vision 2050*?

The foundation principals of *Vision 2050* remain. However, we need to act now as a sector to create a set of goals that incorporate the changes and recent events we've collectively been dealing with. We need to discuss the timelines for responses and consider where more immediate responses are needed. With input costs increasing and resources constrained, we need a unifying strategy that clearly identifies roles and responsibilities for each governing body in the sector and sets out a clear path forward.

Co-design themes and process

The OSP has six enduring themes:

1. our people
2. our consumers, customers and communities
3. our product and place
4. our environmental, social and governance (ESG)
5. our markets, and
6. our systems.

The themes were developed to cover all parts of the sector and provide a framework to identify priorities, develop initiatives and coordinate our actions across the sector. Potential initiatives are listed as a starting point for the consultation conversations.

The OSP is being developed progressively in the following three stages to ensure it is fit for purpose:

1. Identify our priorities across the sector and what is/could be done to address them (October 2023).
2. Create a draft OSP with priorities, roles, actions and governance arrangements (December 2023).
3. Work collaboratively to finalise and start implementation (March 2024).

Stage 1 involves a national survey and a series of national, state and regional workshops.

An overview and potential priorities are provided for each co-design theme as background reading before the workshop. Key questions that will be discussed at the workshops are:

- What are the key priorities we need to address?
- Which priorities are best addressed through research and innovation, marketing or policy-advocacy?
- Where are the opportunities to leverage off existing initiatives and create new ones?
- Where are points of collaboration and, where relevant, the intersection between research and innovation, marketing, regulation and advocacy.



Our people

- + Leadership and development
- + Education, employment, skills capability
- + Diversity, equality, and inclusion
- + Attracting, retaining, and developing
- + Enabling practice change (extension and adoption)

Investments in people play a crucial role in shaping the overall success of a sector; establishing a culture of collaboration, a sense of community, and demonstrating that people are our most important asset.

A dynamic and forward-thinking sector is built on a sector's ability to attract and retain talent. Effective leadership and a skilled workforce fosters innovation, quality, and competitiveness on a global stage. And a diverse and inclusive sector benefits from a broader range of perspectives and experiences, enhancing social equity, eliminating biases, and ensuring representation and equal opportunities for all.

This requires a multifaceted approach, encompassing initiatives at all levels: many that appropriately sit within individual businesses and others where regional, state, and national responses play a role, often in collaboration with a range of organisations, including government and the education and training sector.

A number of initiatives currently **invest in people**. Individuals across the value chain are supported with leadership and career development through **programs**, including Future Leaders, Next Crop, and the Wine Industry Mentor Program. Some initiatives support specific groups of people, for example young people through the 'Rootlings' program and women through a fully funded Diploma in Digital Technologies opportunity. Building the talent pipeline will see a new careers education hub, resources, and school-based programs with touchpoints to the sector, that will demonstrate pathways to and careers across the value chain, launched in October 2023. The sector also has a **charter** that outlines the principles to support greater diversity, equality and inclusion.

Investments in research extension are currently underpinned by the principles in the **Extension and Adoption Strategy**, with a more recent focus on co-design as a pathway to impact and adoption, and targeted programs enabling practice change in key areas identified by the sector, coupled with long-standing investments in the **Helpdesk**, **Regional** and **Agtech** programs.

More broadly, the sector is supported with access to knowledge and insights across a range of platforms and from diverse sources that support decision-making to improve wine production techniques, vineyard management, and export market development, to name a few.

Industry associations are supported to facilitate networking, knowledge-sharing, and professional development opportunities with training workshops, seminars, and conferences conducted to keep professionals updated on sector trends and best practices.

We need a sector wide plan for our people that envisages future possibilities.

A plan that is unifying with clear roles and responsibilities, which contributes to a diverse and inclusive workforce, based on wide insights and perspectives, opportunity, and capability.



Our consumer, customers and community

- + Advocacy – effective representative voice
- + Customer/consumer-led innovation
- + New product and category development
- + Positive Australian wine community
- + Consumer and market insights
- + Demonstrate value of sector

The COVID-19 pandemic has fundamentally changed the planet, influencing macro consumer trends and delivering legacy challenges around logistics availability, efficiency and cost. Associated market access issues have added further complexity, impacting commercial and premium wine sales globally, resulting in supply and demand imbalances that are unequally shared across the Australian wine community.

We need a sector wide plan that provides the industry with the knowledge to make informed and sustainable choices.

A plan that embraces innovation and adapts to evolving market and consumer need.

A unifying plan with clear roles and responsibilities for all parts of the sector.

A plan that is based on insight, opportunity, and capability.

A plan that is endorsed by the sector and supported through timely and effective advocacy to ensure optimal policy settings and funding models are in place to grow a sustainable sector across all parts of the supply / value chain.

Our place and product

- + Vineyards, wineries, cellar doors
- + Supply chain partners
- + Asset utilisation
- + Best practice
- + Optimisation
- + Biosecurity - protect our vineyards
- + Innovative culture driving excellence

Products that appeal to consumers produced from grapes grown and wine made in all of our wine regions need innovation that continues to build grape and wine excellence and production sustainability. Collaboration with supply chain partners at all levels of the value chain speeds up the innovation cycle. But are our current investment models driving innovation, fit for purpose and able to deliver the speed and agility that profitable, resilient and sustainable wine businesses need? Do we get enough value from and leveraging of our investment of the sector's research and development levies? Should the sector invest more of its research and development levies in very high-risk, long term 'blue sky' investment and less in short term practical applied research? Should the sector invest in research that may disrupt the current traditional nature of the sector, practices, products, services, etc. to keep pace with changing trends, consumer demographics and preferences?

Current levy investment for innovation through Wine Australia spans the value chain. Should there be greater focus on fewer areas? If so, what are they? Is the risk profile of about one third of the investment in high risk, longer term strategic activities correct?

Will you consider investing through a collaborative investment mechanism to address sector needs and common goals, where levy funds are insufficient to achieve the desired result and impact?

We need the issues and opportunities for the wine sector identified and prioritised by the wine sector and its supply chain partners and a sector wide plan that harnesses the talent and passion from all participants. This will drive a culture of innovation to address the big issues and opportunities.





Our environmental, social and governance (ESG)

- + Environmental credentials, climate adaptation and mitigation
- + Implementation of best practice ESG across the supply chain
- + Social licence – our health and social responsibility
- + Innovation for ESG outcomes
- + Marketing and market insights to support best practice ESG

Traditionally, the most significant global threats to our sector have been in trade and market access driven by the regulators and legislatures in our major export markets.

But the times they are a changin'. And they are changing at pace.

The biggest trade and market access challenges are now emerging as a result of increasing scrutiny over ESG credentials – by regulators, banks, insurers, investors, and, subsequently, the major retailers and distributors. European trade policy is having profound influence globally, with sustainability chapter being incorporated into trade agreements with increased frequency.

Sound ESG practices will soon be a need to have, not a nice to have.

Further, wine consumers are developing a preference for wine that is perceived as “sustainable”, and there are early signs that they are willing to pay more for them.

Corporate governance expectations for small, medium and large grape and wine businesses have evolved rapidly, driving the need for businesses to increasingly demonstrate that they are meeting global demands and requirements relating to their ESG credentials.

Verification of ESG credentials is key, hence the evolution of Sustainable Winegrowing Australia to meet the ESG requirements of the domestic and international market is critical.



Failure to demonstrate best practice ESG across the supply chain will have a deleterious effect on Australia's trade in wine and compromise our ability to compete for market share across competing categories.

Wine Australia has already identified ESG as a key strategic priority and, alongside its customers, has developed an ESG Investment Plan.

The Investment Plan suggests that development of an ESG Charter for the sector that leverages the Carbon Emissions Reduction Roadmap and articulates targets and commitments of the sector is key. For example, environmental targets and commitments pertaining to emissions, water, circularity, biodiversity, and environmental stewardship; social targets and commitments pertaining to diversity and inclusion, human capital, workforce development, social licence and reconciliation; and governance targets and commitments pertaining to risk mitigation, benchmarking and improvement, data management, verification and company oversight.

Would you support the development of an ESG Charter for the sector? If so, how important do you consider the role of Sustainable Winegrowing Australia in facilitating data capture across the E, S and G, and allowing benchmarking by individual companies against targets? Would you support publishing of an annual sustainability report allowing us to monitor our ESG progress?

The ESG Investment Plan has identified five key pillars under which our customers have told us investment is needed, but Wine Australia cannot fund or manage the entire gamut of activity - a "Team Australia" focus will be required. Will you consider investing through a collaborative investment mechanism to address the sector's ESG needs and common goals, where levy funds are inadequate to achieve the desired result and impact?

So, which areas are key to you and what assistance would you require to implement ESG initiatives? And where can you, or your constituents add value? What is your ESG vision for the Australian grape and wine sector in 2030, and what commitments and targets would you be willing to sign on to?



Our markets

- + Nation brand – market ‘wine brand Australia’
- + Improve trade and market access
- + Market diversification and intensification
- + Competitiveness / profitability
- + Sustained growth in value to drive profitability

Future shocks to the Australian wine sector must be mitigated through sustained market diversification initiatives and intensification activity where the return on investment is justified.

So, where to play? Market attractiveness has been determined through quantitative and qualitative market insights, reflecting the opportunity for commercial and premium wine.

Historically our focus has been on growing Australia’s international distribution footprint and export sales, given the finite size and structure of the domestic market. Do we need to reconsider the focus on domestic support to defend increasing imported wine sales, build profitability through direct to consumer (DtC) and other channels, support local tourism and ultimately benefit from the multiplier effect that the wine sector provides to regional communities?

Do you suggest premiumisation of Australian wine should be a priority? What do you suggest we do / invest in to premiumise Australian wine, both in the domestic and overseas market?

Will you consider investing through a collaborative investment mechanism to create new categories / enter new markets, develop the nation wine brand and address the sector’s marketing needs and common goals, where levy funds are inadequate to achieve the desired result and impact?

Specific approaches for each market will be informed and refined by category and consumer insights, direct in-market learnings, sector feedback, alignment with other cross-sector initiatives and leveraging resource and partnerships with relevant Federal and State government bodies.

None of these measures will matter if we don’t have access to our desired international markets. We must continue to ensure barriers to trade are removed or reduced where applicable and continue to actively advocate for fair trade arrangements for all Australian winemakers.

Our Systems

- + Regulation and regulatory framework
- + Supply chain efficiencies and profitability
- + Digital and data
- + Traceability / provenance
- + Fair and equitable trading conditions

Regulation in policy and the wine regulation system are both important, yet very different things. Government regulations on wine requires targeted advocacy to ensure policy is designed to achieve desired outcomes with consideration for unintended consequences.

Australia's wine regulatory system, which fundamentally consists of the Label Integrity Program (LIP) and the export controls, is essential in ensuring truthfulness of labelling, and the safety, merchantability and quality of Australia wine. Demonstrating the rigour of our wine regulatory framework is useful in advocating for the removal of non-tariff trade barriers and demonstrating compliance with composition and labelling standards in export markets.

Are there opportunities to invest in innovative approaches to regulation and compliance that result in reduced cost and increased regulatory efficiency, efficiency and transparency?

Currently, Australia's wine regulatory framework applies to wine, brandy, and products containing wine or brandy. It does not extend to zero alcohol wines, and in some cases, products with an ABV below 4.5 per cent.

The recent proliferation of innovative products, such as wine products, wine-based beverages, and no/low wines, has made the regulatory framework challenging to navigate.

Should innovative products not currently captured by LIP or the export controls be regulated in a similar way to wine?

As well as the examples outlined above, there are opportunities for the sector to increase efficiency and effectiveness by investing into opportunities in areas such as digital and data. One of the areas that we are seeking feedback from this planning process is what should the focus be in digital and data, a sector-wide strategy or smaller targets such as supporting the [Australian AgriFood Data Exchange](#) with other Research Development Corporations, which is focused in delivering an interconnected data highway for Australia's AgriFood value chain?

Should a key success criterion for the One Sector Plan be an increased usage of digital tools and connectivity across the wine sector supply chain to unleash supply chain efficiencies and profitability? Should we be focused on sharing valuable data and insights in a standardised way that improves business as usual as well as the sector's collective response to any risks as well as opportunities as they arise? One initiative already completed in [Collabriculture](#) which was focused on how to meaningfully describe vineyard attributes such as posts, trellis wires, vines, rows, and blocks in a way that will allow digital vineyard maps to be created, stored, and shared.

Should we be looking to invest as a sector on embracing automation and agtech from traditional and non-traditional sources in both hardware and software innovation? Can we link sector support tools to provide sector benchmarking opportunities?



About Australian Grape & Wine

Australian Grape & Wine Inc is the national association of grape and wine producers. We address issues across the supply-chain that impact on the profitability and sustainability of the sector. We lead and advocate public policy that enhances the ability to responsibly produce, promote and enjoy Australian wine in moderation.

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*. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of winegrape growers and winemakers across Australia.

Wine Australia

About Wine Australia

Wine Australia is an Australian Government statutory authority governed by the *Wine Australia Act 2013*. Our powers and responsibilities come from the Act that also sets out our role, which is to:

- coordinate or fund grape and wine research and innovation and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- promote the sale and consumption of wine, both in Australia and overseas.

Wine Australia helps foster and encourage profitable, resilient and sustainable Australian winegrape and wine businesses by investing in research and innovation (R&I), building markets, disseminating market information and knowledge, encouraging adoption and ensuring compliance through our regulatory functions.

Wine Australia is funded by grape growers and winemakers through levies and user-pays charges and the Australian Government, which provides matching funding for R&I investments.