

RESPONSE TO 'GRAPE GRUBBERS' ARTICLE

There is much wrong with the premise, content and tone of your recent article on the wine industry (*Grape Grubbers: The Case Against Wine Industry Regulation*, Spring 2010).

To suggest that the 'free market' wine industry is threatened by 'renewed industry-demands for government assistance' is just wrong. There are no such demands, and I have spent much of the past year travelling the country making it very clear that intervention would be inappropriate and will not happen.

Certainly some individuals hope the government might bail them out, as is the case in other rural industries. It's tough on the land and people get desperate. However, and this is the key point your authors either fail to see or choose to ignore, the whole rationale for the Wine Restructuring Action Agenda (WRAA) is to stress that the industry must deal with its own issues and shape its own future.

The first WRAA statement released in November 2009 did include, as your authors note, a commitment to talk with the government about possible improved exit packages along the lines of existing drought and small block irrigator packages. To not explore available options would have been to fail our members.

However, this was a minor part of an initiative focused primarily on providing data, advice and assistance to help individuals and regions assess their futures and make appropriate decisions. To suggest it is an explicit 'call for government support' is wrong. To infer that it has any parallels at all with the Vine Pull Scheme (VPS) of the 1980s is indefensibly misleading.

Even in acknowledging that 'the two schemes are different,' the authors of 'Grape Grubbers' get it wrong because WRAA is not a scheme. It is the working title for a collection of initiatives developed in consultation with the industry to support the industry. Nothing is compulsory and no one has to listen to a word we say.

If your authors had spent the time and space wasted on analysing the irrelevant VPS on discussing what WRAA is actually about (or, rung me to ask about our intentions), they might have written something of use to readers other than those who like to see a conspiracy around every corner.

The irony is that much of what we are saying in WRAA is the same as what the authors give ABARE credit for suggesting is their conclusion: exploring different business models, recasting the relationships between grape growers and winemakers, additional investment in R&D, and market expansion via in-country promotion.

Underpinning all of these ideas, however, is the reality that industry oversupply (caused, in simple terms, by a 1990s approach to production being out of tune with modern demand, competition and consumer choices) will hamper all our individual and collective efforts while continuing to entrench discounting, devalue the Australian brand, and undermine profitability.

To suggest that WRAA is 'nothing short of radical government intervention into commodity production in Australia' is ludicrous. To try to justify this claim by stating that WRAA cannot be about the industry helping itself because two of the four organisations behind it are statutory authorities reveals either an unwillingness to understand how these organisations work and interact, a blatant disregard for the facts, or an unacceptable bias. I would have expected better from experienced academics.

The November 2009 WRAA statement can be found at www.wfa.org.au/WRAA.aspx. A follow up statement will be posted there in November 2010.

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