

6 March 2017

Senator Jenny McAllister
Chair
Finance and Public Administration References Committee
PO Box 6100
Senate
Parliament House
CANBERRA ACT 2600

Dear Committee Chair

The Winemakers' Federation of Australia (WFA) makes the following submission to the Senate Inquiry into the operation, effectiveness, and consequences of the *Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016*.

The WFA is the national peak body for Australia's winemakers. Our objective is to represent the interests of Australian winemakers and grape growers of all sizes on national and international issues affecting the Australian wine industry, through a single organisation. WFA is a representative organisation under the Australian Grape and Wine Authority (AGWA) Corporation Act and is incorporated under the South Australian Associations Incorporation Act 1985.

WFA membership represents around 75 per cent of the national wine grape crush. WFA represents small, medium and large winemakers from across the country's wine-making regions, with each having a voice at the Board level. WFA works in partnership with the Australian Government and Australian Vignerons (AV), to develop and implement policy that is in the wine industry's best interests. WFA's activities are centred on providing leadership, strategy, advocacy and support that serves the Australian wine industry now and into the future.

WFA strongly supports employment and investment in regional Australia. Australia's 2,400 winemakers are located outside of capital cities and are significant contributors to jobs and economic activity in rural and regional communities. The Australian wine sector contributes \$40.2 billion to the Australian economy and supports over 170,000 full and part-time jobs¹.

The Australian wine industry's profitability and long term sustainability almost solely depends on the ability of those regional communities in which they are based to be places that can retain and attract skilled employees, to support investment growth (through cellar doors and by export) and to have efficient transport linkages and infrastructure. The long-term success of Australian wine exports, and a comparative marketing advantage, will be sustained by maintaining the extensive regional diversity of Australian wine and by those producers being able to profitably operate in rural and regional centres.

¹ Economic Contribution of the Australian Wine Sector, AgEconPlus Consulting, December 2015.

Currently, key wine industry entities are located outside Canberra. The Australian Grape and Wine Authority, the Australian Wine Research Institute (AWRI) and Vine Health Australia are based in Adelaide, with a strong connection to major wine producing regions.

We are very supportive of the location of these bodies in Adelaide. The WFA head office shares a building with AGWA and Vine Health, which has led to a collaborative and supportive relationship between industry and Government agencies. AWRI is also in Adelaide which has led to a centre of excellence for the wine sector that operates with significant benefits to the industry as well as to each organisation. Historically, this location has made sense given the large portion of the Australian wine industry located in South Australia. The organisations are well established and have highly experienced, technical and professional staff.

While Adelaide is not a regional centre, it has worked extremely well as a central location to major wine regions. There are considerable benefits in being located in close proximity to a concentrated part of the industry, for both industry and agencies. Industry benefits from access to specialists and to industry events, education activities etc. The agencies have benefited from close access to industry and feedback from key industry participants. There has also been considerable benefit from the close relationship with the Universities and CSIRO located on the Waite Campus in Adelaide.

We believe that the location of AGWA and other bodies in Adelaide is a success story related to decentralisation, which demonstrates that a location, outside Canberra, in proximity to a concentrated part of the industry has delivered benefits.

We would not support further decentralisation of AGWA or other wine-related agencies at this stage. Given the extremely large geographic spread of Australia's wine regions, there is no other region that would immediately make sense as a reasonable alternative location. Adelaide also has good access by air for interstate industry members, including proximity to WA, an important wine producing state and one of the most isolated by distance.

Obviously any major change of location of services for any industry must be considered given the specific circumstances of that industry geographically, and the ongoing costs and benefits to industry. While decentralization of government services for industry in the case of the Australian wine industry has been a success (although still located in a capital city), the case for other agencies and industry must be considered on a case by case basis and with full consultation with industry stakeholders.

WFA welcomes decisions by the Australian or State Governments that support the economic sustainability of rural and regional centres by increasing employment (and demand), in either the public or private sector. In general, WFA supports the policy of relocating public sector entities with agricultural policy or regulatory responsibilities outside of Canberra where it can be demonstrated that the industry and communities will gain a clear benefit from relocation.

Yours sincerely



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Chief Executive