



Speech by

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WINE INDUSTRY AMENDMENT BILL

Mr MICKEL (Logan—ALP) (5.38 p.m.): In a spirit of bipartisanship, I join with my friend and colleague the member for Callide in highlighting the need to ensure that Queensland wine is available in Parliament House. I think the honourable gentleman has touched on something here. I am saying that now without the fear I had earlier when he was waving that bottle around in a manner that perhaps was not too threatening. Nevertheless, I am glad that he has put it down.

I think the point the member raised is a valid one. I think at times we do not go out of our way to promote the Queensland product. I said to my friends in the cotton industry that I wanted them to put on a cotton display here in Parliament House to rival the one that they do at the RNA show, because there is a negative view of the cotton industry that I think a few glasses of wine and some great Queensland cheese could overcome.

As the minister said in her second reading speech, this bill is a result of a combined administrative review and the national competition policy review of the act. The wine industry has nothing to fear from the National Competition Council looking at its industry. As I said, along with the cotton industry, it is an internationally competitive industry operating largely without a statutory marketing authority.

The Australian Wine and Brandy Corporation administers export licensing arrangements and labelling standards, as well as some generic industry export promotion, but largely the industry operates without a statutory marketing authority. What has happened as a result of that? Wine exports have increased from 11 million litres in 1985-86 to 194 million litres in 1997-89. By 1999, exports were valued at over \$1 billion and accounted for 30 per cent of production.

The bill introduces a wine merchant licence. By world standards, Australia is not a large wine producer, and domestic consumption is lower than in most other wine producing countries. Export success has been achieved through focused brand development, strong distribution relationships, the use of high technology and a greater emphasis on higher margin red wines. The Australian wine industry's reputation has grown over the last 30 years with well-established regional brands like Coonawarra, Barossa Valley and Margaret River.

It has been encouraging to see the debate between the member for Callide and the member for Southern Downs about their respect of wines. That is a positive thing, because what has to happen is that each area has to get its own identifiable brand of wine. That competition is going to be healthy, particularly if the Burnett wines have a reputation—whatever that reputation might be—that differentiates it from somewhere else. That is fantastic. The same applies to the Granite Belt wines. The important thing is quality and product differentiation.

Just to back up the member for Callide—I was encouraged to find that some Burnett district wines are now available in the distinctive Brisbane restaurants. The industry has come a long way in reaching that position. The important point is that individual labels can, with proper marketing, become significant global brands. I believe that the success of the wine industry is a lesson and should be a standard bearer for other agricultural products.

Statutory marketing is not the great panacea primary producers believe it is. Australian wine producers have invested considerably in production and distribution inside foreign markets. International marketing by individual firms and the industry as a whole has been well coordinated, innovative and

effective. The industry set out a marketing strategy to convince overseas consumers that Australia is a wine country—one which wine lovers should accept has a quality product.

Older Australians grew up with the belief that French wine was far superior. And when one considers what the Australian wine industry was like 30 years ago—I think the best on offer was Ben Ean—people would have had no illusions other than that French wine was superior. But in 30 years those perceptions have changed, and they have changed because of the efforts of producers and wine markets.

The battle now facing us is not to confront foreign consumers with Australian wines that appear to be the same. We gain nothing if overseas we just flood the market with one type of wine. The industry has seen this and set about a process of differentiation based on region and grape variety—for example, cabernet sauvignon in the Coonawarra and shiraz in the McLaren Valley. It is this task of point of differentiation which will be the challenge in the various areas of Queensland as the industry matures.

What the Australian wine industry experience proves is that scale matters. Australia's four largest wine companies all rank in Rabobank's index of the top 20 wine companies globally, yet Australia produces only two per cent to three per cent of world wine output. The scale of the big players in the Australian industry has enabled the wine industry to hold five per cent of world trade—more than double its share of world output.

This industry is, I believe, a beacon to any government in developing policy for a processed food industry in this state and nationally. There is reason for optimism, but not for complacency. Rising medium to long-term affluence, especially in Asia, gives us a chance. When I visited Singapore late last year, there was a significant presence of Australian wine on supermarket shelves. If the federal government achieves a single market with Singapore, we could enhance this presence, especially if the high-taxing regime on alcohol in Singapore is reduced. But as I said, we cannot be complacent about quality.

Whilst this bill removes restrictions on blending, labelling provisions remain, ensuring that consumers have access to true information about the source of any wine sold. We can sometimes forget that the export market begins at home.

The member for Callide spoke about the presents that he gives to people. And in giving those presents to people, we often forget that those presents also can be a start of an export market. If we give that bottle of wine to an overseas visitor or even to an overseas student who is studying here in Queensland, that can be the start of an export market, particularly if they go back home and tell their family and friends about a favourable wine experience here in Queensland or here in Australia. So because this bill upholds quality in a highly successful export industry, it deserves the support of the whole House.
