

Code of Conduct under review

The Australian Wine Industry Code of Conduct is to undergo improvements over the coming months in an effort to correct one of its greatest deficiencies - a failure to reach the agreed target of wine company signatories.

The code was launched by the nation's representative grapegrower and winemaker organisations in Wine Grape Growers Australia (WGGA) and the Winemakers' Federation of Australia (WFA) in December 2008. It is overseen and administered by the Wine Industry Code Management Committee (CMC) - consisting of eight members appointed by the boards of WFA and WGGA - whose job includes considering and enacting improvements.

Lawrie Stanford, executive director of WGGA, said the CMC had been "very active" since the beginning of 2014 in attempting to improve the code, saying a number of key issues had been identified to improve its operation and address the current grower and wine company dissatisfaction with it.

To improve compliance between the code and grower-winery contracts, Stanford said a template contract was being developed that incorporated the code's principles, while checklists were being established to enable signatory consistency with the code to be easily measured through a simple audit process. FAQs were also being finalised to inform the industry of the code's requirements.

"Indicative pricing has been identified as a major disincentive by wineries to sign the code," Stanford said. "It was also identified by the winegrape grower representatives as a major problem this vintage as it encouraged lower across-the-board prices.

"The CMC has agreed that the need for indicative pricing should be assessed across the regions and if appropriate, remove or change the requirement for indicative pricing. It was also noted that a mechanism to better inform growers of supply and demand early in the season was desirable," Stanford said.

He said the CMC had questioned whether the code gave winegrape growers sufficient confidence to dispute alleged contract breaches, with the establishment of compliance officers being considered to stop potential discriminatory activity. Stanford said it was agreed that better tools be developed to inform growers of how to

institute dispute settlement processes.

Tony Battaglione, general manager of strategy and international affairs at the WFA, said the CMC had acknowledged that poor uptake of the code by wineries was a fundamental problem with the code's effectiveness, noting this may improve if indicative pricing was removed. Alternatives to the code, or alternative forms of codes, to address the low winery uptake are also being investigated by the committee.

Battaglione said the CMC had also agreed to meet more frequently to enable the code to be updated if necessary to adapt to changing circumstances. He said the WFA

would also undertake an education campaign given that many growers and operations personnel in companies were unaware of the code and how it relates to contracts.

Battaglione said an immediate maintenance item was the current list of independent experts who adjudicate disputes arising from alleged breaches of the code. This was being updated and he encouraged any parties interested in registering for the pool to contact him via email: Tony@wfa.org.au Further information about the responsibilities of independent experts can be found on the Code website at www.wineindustrycode.org



BACKGROUND TO THE AUSTRALIAN WINE INDUSTRY CODE OF CONDUCT

- Signed by representatives of the Winemakers' Federation of Australia (WFA) and Wine Grape Growers Australia (WGGA) on 19 December 2008
- Purpose of the Code is two-fold:
 - establish a common framework for Australian winegrape supply contracts
 - provide a dispute resolution system to manage price or quality assessment disputes
- The Code is voluntary - there are no joining fees or ongoing annual costs
- The minimum requirements set out in the code have been agreed by WFA and WGGA
- Winegrape purchasers who are signatories to the code agree to be bound by the principles of the code in their commercial dealings with winegrape growers; they also undertake to provide a grower with a copy of the code whenever that grower signs a new agreement
- WFA and WGGA agreed to publicise and promote the code and its dispute resolution procedures, and to work to maximise its adoption within the industry
- A register of signatories - currently 40 in total - is maintained on the Australian Wine Industry Code of Conduct website (www.wineindustrycode.org)
- The code is overseen and administered by the Wine Industry Code Management Committee (CMC) jointly appointed by the boards of the WFA and WGGA; it consists of eight members supported by a secretariat of three
- The CMC is the custodian of the code which monitors and assesses its performance, considers and enacts improvements, facilitates the resolution of disputes over winegrape prices and vineyard downgrades and rejections, and determines alleged breaches of the code by signatories. It is also required to produce an annual report to be published by 30 September each year containing:
 - a description of the nature and number of disputes received
 - any comments it wishes to make about conduct or trends in the industry
 - a report on the operations of the code, including the names of any parties removed from the Code
 - a list all current signatories to the code and new signatories since the previous annual report.
- The CMC appoints a secretariat to the code (jointly funded by WGGA and WFA) to provide secretariat services, and to which the CMC may delegate any of its powers or duties under the code. The secretariat at this time is The Accord Group, an international dispute resolution firm, which is charged with facilitating disputes so that this function is at 'arms-length' from the industry members of the CMC