

This month brought good news from [Wine Australia](#) with the value of exports rocketing by 14% to \$2.1 billion in 2015. These figures represent the best result since 2007. However, a different picture of the wine industry emerges from submissions made to the Senate Rural and Regional Affairs and Transport References Committee Inquiry, [due to report on 12 February 2016](#). Change is clearly needed but given the wide gap in views is the industry's future sustainable?

Economic sustainability

The Senate submissions suggest all is not as it seems. The Winemakers' Federation of Australia have stated 70% of wine production in Australia may be uneconomic. Pernod Ricard Winemakers, the third largest producer, say that in 2014, 84% of Australian wine grapes were produced at a loss. Economic sustainability still appears a critical issue for the wine industry moving forward.

The Government Senate inquiry certainly recognises this, with an economic focus making up the majority of its [terms of reference](#). Submissions reveal a litany of woes - both in market and government policy - such as the problem of being a price-taker in a competitive marketplace and the need for industry tax reform.

There are the expected claims of local groups seeking to gain relative economic advantage. For example, Wine Tasmania [favours](#) financial encouragement and marketing of cool climate wines and small business (it has no large producers).

In contrast Riverland Wine, with 25% of the national annual grape crush in a warm climate setting, [suggests](#) the need for a collaborative approach if the industry is to overcome problems arising over the last decade. Competition and cooperation are needed to bring a common perspective for industry survival.

This currently is in the hands of the Australian Grape and Wine Authority which is criticised (submission [#4](#)) for looking after large wineries at the expense of small producers ([#26](#), [#27](#),

[#34](#)
).

While the recent drop in the Australian dollar may help, if the industry is to remain viable in the long-term, two other sustainability issues must be addressed.

Environmental sustainability

The Senate Inquiry's specific terms of reference is noticeably silent on environmental issues affecting the wine industry. Yet several submissions raise the environment as critical to the industry's future.

One wine industry consultant [pinpoints](#) environmental sustainability as of prospective concern.

The ongoing climatic evolution along with growing market demand for product traceability, ethical production and environmental awareness will become increasingly important and the industry's response to these issues and demands will differentiate it and provide opportunity to charge the premium it deserves.

[Another submission](#) from individual winegrowers claimed small businesses are ignored by the professional wine associations and also are not the focus of state organisations, despite their contribution to environmental sustainability. The submission also claimed that the views of small business are under-represented, with about 35% of the innovative small wineries appearing "totally invisible" to the industry.

Certainly the Winemakers' Federation of Australia sees the importance of leveraging off the Australian wine industry's environmental credentials when major international buyers, including the Liquor Control Board of Ontario, Marks & Spencer and the Nordic monopolies, are introducing environmental benchmarks into their purchasing criteria for premium brands.

Environmental sustainability in the context of extreme weather events, changing season lengths and water shortages may well stymie the short-term economic gains about which Wine Australia is currently in awe.

Social sustainability

Social aspects of the wine industry, and in particular those associated with small wineries, are sometimes overlooked, yet made clear through numerous submissions. Not only does the industry generate employment, it encourages tourism trading on foodie and “locavore” cultures, and supports regional communities that would suffer extreme hardship should small producers find themselves unable to continue with their activities. In contrast, [only one submission](#) needs to be read to understand the sheer personal desperation owners of some small wineries feel.

Integrating the economic, social and environmental for success

At a time when agility and innovation of business is being encouraged by the Australian government it is important to ask why smaller producers are ignored. [Evidence from CPA Australia submission](#) and [this](#)

indicates it is not the case in Asia, where social media and direct to consumer e-commerce technologies are the norm. Also new markets are being developed by small business such as tapping the wine for the tourism and hospitality industry in restaurants and bars.

However, in Australia small wine business are reporting cutbacks. As one vineyard owner in Griffith, NSW [reports](#) :

We’ve slowed machinery replacement considerably and have ceased repairs on soil moisture monitoring... We are using more of the cheaper chemicals to control weeds and disease, which we don’t like doing as some are more dangerous than their more expensive alternatives.

The economic, environmental and social aspects of sustainable wine production are inextricably intertwined. Wine associations and government at all levels must do more to support the needs of all producers and be mindful of innovations leading to changes in consumption patterns if the industry is to become sustainable in the long-term.

With a Senate Inquiry about to report and potentially provide an outdated report, how and when will government, industry associations and the wine businesses themselves become more agile?

Wine exports are climbing, so why is the industry battling to survive?

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Read more <http://theconversation.com/wine-exports-are-climbing-so-why-is-the-industry-battling-to-survive-53960>