

Submission
No 43

**INQUIRY INTO PROCUREMENT PRACTICES OF
GOVERNMENT AGENCIES IN NEW SOUTH WALES AND
ITS IMPACT ON THE SOCIAL DEVELOPMENT OF THE
PEOPLE OF NEW SOUTH WALES**

Organisation: NSW Wine Industry Association

Date Received: 6 March 2024



NSW WINE

Submission for the inquiry into the Procurement practices of government agencies in New South Wales and its impact on the social development of the people of New South Wales.

The Director
Standing Committee on Social Issues
Parliament House
Macquarie Street
Sydney NSW 2000.
socialissues@parliament.nsw.gov.au

Director,

Thank you for the opportunity to make a submission for the “inquiry into the Procurement practices of government agencies in NSW and its impact on the social development of the people of NSW”. As the peak body for the NSW wine industry representing over 1,000 grape growers and winemakers, there are a range of significant issues around the NSW Government’s current procurement policies and settings we wish to highlight, particularly the level of local content, environmental impacts and economic outcomes that could be achieved through better procurement practices.

In responding to this submission, NSW Wine has one primary and overarching request, and that is for **the NSW Government to develop a ‘NSW First’ procurement policy covering local produce at its owned, leased and operated venues, events, and sponsorships**. However, the specific items in the Terms of Reference NSW Wine would like to also comment on are:

(e) the evaluation criteria used in tenders and how they are weighted in making a decision to award a contract, in particular consideration of:

- (i) local content*
- (ii) value for money*
- (iii) social, economic and labour market outcomes, and*
- (iv) environmental considerations...*

NSW Wine Industry

The NSW Wine Industry Association (NSW Wine) is the peak body representing the NSW Wine industry. Formed in 1994 at the request of the NSW State Government, it is a single, powerful voice on grape growing and winemaking issues. The association is an advocate and conduit between industry, government, and its wine regions, as well as the industries national and international representative.

The NSW wine industry accounts for over one third of the nation’s grape and wine production, contributes \$14 billion to the economy, employs over 53,000 people and is a major driver of domestic tourism and regional economies across NSW. NSW Wine itself represents over 1,000 grape growers and wine producers, which are overwhelmingly small to medium sized family businesses.

The wine industry has faced significant headwinds over the past several years not of its making including increasing and extreme climatic events, international economic disputes and now growing input costs coupled with decreasing consumer spending. As an important value-add industry that employs and contributes economically to agriculture, tourism, production, wholesale, export and retail, common-sense support for wine businesses is becoming increasingly critical unless we want to see irreversible damage done to our regional towns and their economies.

Current policy and commercial settings

NSW, and Greater Sydney more specifically, is *not* a significant consumer of local NSW wine and has not been historically. Current data says that over 45% of Greater Sydney restaurant wine listings are imported wines while only 12% are from NSW. As an association, NSW Wine delivers a range of initiatives with its members to grow this number across education, trade, awards and bespoke initiatives with institutions and venues to encourage the purchase of more local produce.

Recently, this has also included advocating to the NSW Government to buy more local NSW wine over other Australian and imported wine because this poor representation of NSW wines on Greater Sydney wine lists is also true for our government also. Through its venues, departments, events, and sponsorships the NSW Government is *not* a major buyer of local NSW wines. While NSW Parliament House and the International Conference Centre are great examples of NSW Government venues/sponsored venues that are 100% NSW wine, it is not uncommon to see major events in Sydney sponsored by Victoria wineries, or our stadiums stocked overwhelmingly with South Australian and imported wines.

With such significant purchasing power, if the NSW Government was to prioritise local produce over imported goods it would have a multiplier effect for NSW wine businesses. First and foremost, it would be another commercial option for NSW winemakers helping to create a more economically sustainable industry. However, by the government also helping to showcase NSW wineries and put them front-and-centre of its major public facing initiatives we also believe that we would create a more vibrant and robust domestic industry.

Pre and post-election, a priority for NSW Wine and the industry has been a 'NSW First' procurement policy for the NSW Government. We believe the government can take a leadership role when it comes to supporting its homegrown businesses and the policy has been well received by the past and current government ministers. We feel that *now* is an opportunity to turn words into action.

(e) the evaluation criteria used in tenders and how they are weighted in making a decision to award a contract, in particular consideration of

(i) local content

NSW Wine's understanding is that there are currently no provisions, or any weighting, to include NSW wine in hospitality tenders at the NSW Government's owned and operated venues and where it is a major sponsor. Whether you are at the Allianz Stadium, Art Gallery of NSW or attending a DNSW sponsored event you are likely to find significant amounts of non-NSW and imported wines. Local wines could easily be included in tenders, but there is zero thought given to, or even a prompt to include more local content. NSW Wine views this as a major missed opportunity - especially when

considering the high level of tourist traffic at many NSW Government owned/operated/sponsored venues. Instead of promoting what is great about our state, we amplify and promote the wines of France, Spain and a host of other nations while also failing to support local industry.

(ii) value for money

NSW Wine understands that tenders must be commercially viable, and that the NSW Government should look for 'value for money' in all its tender responses. Weighting tenders with more local content for wine is highly unlikely to impact a tenders total cost. NSW Wine does not believe there is any argument to *not* include local wines for commercial or financial reasons. With 16 diverse wine regions in NSW and 250 + wineries there is an incredible amount choice at all price points and across different varieties and styles.

(iii) social, economic and labour market outcomes

As previously outlined Greater Sydney is *not* a particularly large consumer of NSW wine which has meant our local producers have turned to a range of overseas markets over the past 20 years to support their growth. However, as we know today this leaves our producers open to trade shocks outside of their control which can have a catastrophic effect on business. NSW Wine believes that a stronger domestic market for local wine would lead to a more robust and sustainable wine industry which would spur more growth and job creation across the state, but particularly in the regions.

The NSW Government, through its venues, departments, partnerships and sponsorships has significant purchasing power. By becoming a larger buyer of local wine the NSW Government could become our industry's biggest advocates, but also lead from the front when it comes to Sydney institutions and businesses supporting their local business through their purchasing actions.

(iv) environmental considerations...

Buying local simply has a smaller carbon footprint than importing wine. As governments and industry come to meet the challenge of long-term sustainability targets, making serious inroads into scope 1, 2 and 3 emissions will be essential. For the wine industry, 12% of emissions come from the winery while 10% are from the vineyard. 78% of the industry's emissions are scope 3 - that is getting bottled wine from the winery to the end consumer. Small inroads into the industry's scope 3 emissions will have an immediate and positive environmental impact. NSW Wine also knows these are the positive environmental steps consumers want to see happening.

Concluding comments

The fact the NSW Government does not prioritise local content in its tenders is a missed opportunity. It is a missed opportunity to be an advocate for an industry worth \$14 billion to the economy, one that adds considerable value to regional communities and one that supports over 50,000 jobs across the state. But it is also a missed opportunity for the NSW Government to support a stronger domestic market for NSW wines through its own purchasing decisions which in turn would support a more resilient and sustainable industry long-term.

NSW Wine wants to see local content prioritised in all its tenders, and for the **NSW Government to develop a 'Buy NSW' procurement policy for all its owned, leased and operated venues as well as for major events and sponsorships**. More local content in NSW Government tenders will lead to a more vibrant and sustainable local wine industry, improved environmental outcomes and the strengthening of small to medium sized businesses.



If more information is required, NSW Wine can be contacted at [redacted]. NSW Wine would also be happy to meet with the Standing Committee on Social Issues to discuss any of these points in more detail or in-person.

Regards

Mark Bourne
President NSW Wine Industry Association

Matthew Jessop
EO NSW Wine Industry Association

1 March 2024