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Draft Tasmanian Economic Diversification and Investment Strategy (EDIS)

Wine Tasmania welcomes the opportunity to comment on the draft Tasmanian Economic Diversification and Investment Strategy (EDIS).

Wine Tasmania supports the overall direction of the EDIS and encourages the Tasmanian Government to prioritise investment in sectors which generate long term value through premium branding, off-island trade, visitor attraction, significant value-adding, environmental sustainability, and which underpin regional communities.

The Tasmanian Wine Sector
The Tasmanian wine sector is one of the state's most successful economic success stories. It is a model for the high value economic growth the EDIS seeks to build - high quality, with substantial value-adding, a strong global profile and brand, environmentally sustainable and regionally based.

Nearly every community in Tasmania is directly or indirectly linked to the wine sector. It attracts new arrivals to our island as well as high yielding visitors to our regions and cellar doors.

Over the past three decades, it has grown from a small emerging sector into an internationally recognised producer of premium cool climate wines. Its contribution encompasses agriculture (vineyards), manufacturing (wineries), tourism (cellar doors and inbound tourists), trade, hospitality, events, regional investment and employment.

Based on independent modelling, the Tasmanian wine sector is the state's 6th most valuable sector by output, the 3rd most valuable agricultural sector and the state's 8th most significant employer. It is also forecast to quadruple over the coming 10-15 years (view a summary of research/modelling results here).

By 2040, the Tasmanian wine sector has the potential to expand vineyard area to more than 8,000 hectares, increasing production by between 127-392%, generating around $180 million in additional annual business inputs, and creating at least 1,000 additional jobs - provided that growth is demand-led, supported by appropriate investment and remains focused on wine quality rather than volume.

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Through a clear and united focus on growing the differentiated profile, demand and value of Tasmanian wine, both its wine grapes and bottled wine secure some of the highest prices in the country. Tasmania is also one of the most expensive, variable and risky places in the country to grow grapes and make wine, and profitability therefore remains challenging, particularly as accelerated growth is experienced.

It is an exciting growth phase for the Tasmanian wine sector, presenting both opportunities and several risks which, although not insurmountable, require a clear, strategic and planned approach.

Recommended Priorities
The following priorities reflect the clear, strategic and long term approach by Wine Tasmania and the island's wine businesses, aligning with the six pillars of the draft EDIS.

This submission complements Wine Tasmania submissions and input to the Agriculture Strategy, T30 Visitor Economy Strategy and Action Plan, Tasmanian Budget, Trade Strategy, Small Business Strategy and more. The recommendations below are through the lens of the wine sector, but the principles translate to other sectors and the state more broadly. Further details on recommendations outlined are available.

1. Support business growth through a market-led approach
The high quality of Tasmanian wine (and other products) is unquestionable, but growth will only be successful and sustainable if we continue to attract customers who are willing to pay what's needed. Several other wine regions around the country and around the world have neglected to grow through a market or demand-led approach, which has led to erosion of quality, value and an imbalance between supply and demand.

Investment is the strongest sign of confidence in a sector, and the Tasmanian wine sector has seen significant and accelerated investment. Tasmania's wine businesses have directly invested a significant amount in vineyard plantings, wineries and cellar doors infrastructure. Capital expenditure on vineyard plantings alone represents some $373M, approximately $71M of which has been over the past two years. Investment in winery, tourism and hospitality infrastructure is in addition to this.

While there is often a focus on attracting new external investment, it is important that existing Tasmanian businesses are prioritised and supported in their growth aspirations. It is also critical that growth within the Tasmanian wine sector considers global market conditions and wine consumption trends, ensuring growth continues to be led by demand and is therefore sustainable.

Government should:

- support market-led growth which protects Tasmania's premium wine brand and avoids the risks of commoditisation
- support sector-led initiatives to drive demand for Tasmanian products in interstate and key export markets
- put business profitability (not just productivity) at the heart of every decision and measure of success
- prioritise existing Tasmanian wine businesses over new investors
- if approaching or targeting new off-island investors, develop criteria to ensure the "right" kind of wine investors are attracted and will build on the existing high wine value and quality platform developed over many decades
- reinstate the Accelerating Trade Grants program, matched by private investment to more quickly grow interstate and international trade
- continue the Strategic Industry Partnerships Program, enabling sector-specific priorities to be accelerated and implemented

2. Support business growth through removal of barriers
Tasmania is more expensive, risky, capital and labour intensive, and highly variable in terms of yield compared with other Australian wine regions. Continuing to attract private investment requires certainty around policy and regulation, as well as removal of any barriers to this growth.

As Tasmania is the country's most expensive wine region, there is a risk that wine processing, bottling and maturation may occur off-island. The economic impost of, for example, shipping empty glass bottles across Bass Strait to fill and then ship back for sale interstate and internationally, is currently unable to be realised through a premium return.

The Tasmanian wine sector faces a series of economic, environmental, regulatory and financial burdens, with key recommendations outlined below.

Government should:

- encourage capture of the full business supply chain on-island, recognising the likely economic disadvantage but supporting initiatives which drive improved value
- mitigate and take a shared-risk approach to negative smoke impacts on wine grapes, including bushfire recovery support beyond municipal borders, and compensation in the case of a (government-sponsored) Fuel Reduction Program or permitted burn not going to plan and causing damage to a vineyard, which currently carries 100% of the risk
- simplify planning and regulatory processes with a "common sense" approach and recognition of ever-increasing small business compliance burdens, including liquor licensing
- provide certainty around land use, water and natural resource management
- rectify the unintended application of payroll tax by larger businesses sub-contracting staff to smaller businesses which fall below the payroll tax threshold; index or increase the payroll tax threshold to encourage rather than penalise growth in employment

3. Strengthen regional businesses which create statewide benefits, including visitor attraction, with a focus on value over volume
The wine sector demonstrates how successful regionally based businesses can generate economic activity far beyond the farmgate, particularly within the visitor economy.

Investment in vineyards and wineries supports local employment, contractors, transport operators and other service providers. Cellar doors and wine tourism strengthen regional visitation, supporting other tourism businesses, accommodation providers, restaurant, retailers and events, while reinforcing Tasmania's reputation for excellent food, wine and other beverage offerings.

Tasmania cannot compete by focusing on volume, it needs to focus on value – whether that is in terms of high yielding visitors to the island or attracting the premium pricing Tasmanian products can and should command.

Over the year to March 2026, 21% of all interstate and international visitors to Tasmania called into a regional cellar door during their stay. This visitor segment stayed longer, representing 26% of room nights, travelled further into our regions, and spent 1.5 times more than other visitors. Wine attracts a high-yielding visitor to Tasmania and into our regional areas.

As experiences become more important than destinations for high value visitors, this is where Tasmania can excel and differentiate. Wine tourism is already a major contributor to the visitor economy, however there is great potential to lift this even further.

Government should:

- continue to invest in destination marketing, expanded and diversified (wine) tourism offerings
- support expansion of tourism-focused regional infrastructure, including cellar doors, including through low interest loan programs
- facilitate cross-sector and regional collaboration to address workforce issues and facilitate improved access to required labour, including training, migration settings, accommodation and transport
- progress the Tasmanian Designated Area Migration Agreement as a new visa option to support the workforce needs of Tasmanian businesses, particularly those in regional areas
- remove the freight disadvantage for Tasmanian businesses, which is not currently addressed or offset through the Tasmanian Freight Equalisation Scheme
- continue to invest in regional irrigation infrastructure and water security
- encourage long term investment in regionally based businesses
- ensure regional businesses have access to reliable and affordable infrastructure, including electricity and connectivity

4. Leverage and protect value through research, development, extension and environmental sustainability

The majority of Tasmanian businesses are small in scale, with many growing and crafting small volumes of premium products from this pristine environment. This is one of Tasmania's key competitive advantages, particularly for agriculturally-derived premium products, such as wine.

Consumers are increasingly looking for provenance, environmental sustainability, premium quality and stories behind the produce. With a changing climate impacting on agriculture, increasing bushfire risks and bringing more extreme weather events, localised research and technical support to help growers adapt is critical.

Government should:

- support sector-specific environmental/best practice frameworks, climate adaptation and decarbonisation
- support industry-led research, development, extension and technical support, including continuation of the specialist cool climate wine research hub being developed in partnership between Wine Tasmania, the Tasmanian Institute of Agriculture and the Tasmanian Government
- undertake a feasibility study into a nation-leading statewide glass container reuse scheme, greatly increasing environmental benefits through reuse/recycling at its highest value (relevant to food and beverage producers using glass, including bottles for wine)
- consult around recycling, reuse and circular economy initiatives, including the container deposit scheme, to ensure genuine and trackable environmental outcomes and shared stewardship
- retain and promote Tasmania's GMO-free status
- continue to commit to biosecurity resourcing and the development of fit-for-purpose regulatory measures/instruments to ensure strong, preventative biosecurity outcomes for the state

Wine Tasmania

Wine Tasmania is the peak non-profit body representing Tasmania's wine producers, with a focus on promoting Tasmania *as* a cool wine region like no other on the planet, with demand for its wines continuing to exceed production. Wine Tasmania voluntary membership represents more than 95% of Tasmanian wine production, with 122 state-wide producer members and 121 associated member businesses. All activities undertaken by the industry body are designed to generate value for our members, in line with Wine Tasmania's Strategy.

Wine Tasmania looks forward to continuing to provide input on initiatives to drive economic diversification and investment to benefit the Tasmanian community.

The Tasmanian wine sector is a model for the targeted high value economic growth and one of the state's most successful economic success stories. Wine Tasmania again encourages the Tasmanian Government to prioritise investment in sectors which generate long-term value through premium branding, a global profile, off-island trade, visitor attraction, significant value-adding, environmental sustainability, and which underpin regional communities.

Please contact me for any further information or with any questions on this submission.

Yours sincerely,



Sheralee Davies, CEO
Wine Tasmania