

NSW GOVERNMENT TO CONDUCT REVIEW OF THE BOARD

Notices will soon appear in the local media to advise growers, winemakers and interested members of the community that the NSW Government will be conducting a review of the services and functions of the Wine Grapes Marketing Board.

The Government is undertaking the review of the Board against the industry services it provides under the legislation. The review will focus on the following (from the enabling legislation of the Board):

Agricultural Industry Services of the Board

- a) the development of a code of conduct for contract negotiations between wine grape growers and wineries,
- b) the development of draft contract provisions with respect to the sale of MIA wine grapes to wineries, including provisions with respect to:
 - (i) The prices to be paid by wineries, and
 - (ii) The terms and conditions of payment to be observed by wineries, in relation to MIA wine grapes delivered to them by wine grape growers,
- c) the promotion of private contracts for sales of MIA wine grapes to wineries by wine grape growers,
- d) the collection and dissemination of market and industry information, including the production and publication of indicator prices for MIA wine grapes grown in the Board's area of operations,
- e) the conduct of research and development into plant health in relation to wine grapes,
- f) the provision of education and training in relation to wine grape production and marketing,
- g) the promotion (in association with organisations representing wineries) of wine made from MIA wine grapes,
- h) the promotion of region industry, including regional winemaking, within the Board's area of operations,
- i) the representation of the wine grape industry in relation to the matters referred to in paragraphs (a) – (h).

This review process provides growers with the opportunity to inform the NSW Government of what you want the Board to do for you as well as the opportunity to tell the NSW Government what it is or isn't doing well. This is a great opportunity and this review is separate from any review that the NSW Treasury may or may not call in the future following their statement in 2016 that would where going to be looked at as a way for the government to reduce the costs of regulation.

It is important to note that the most common theme heard by the Board when talking to growers is that it does not set prices and it doesn't enforce terms and conditions of payment. This was very evident at the recent meetings held with growers across most of the region, growers want a body to represent them but they want it to be able to act in areas that are currently outside our legislative arrangements.

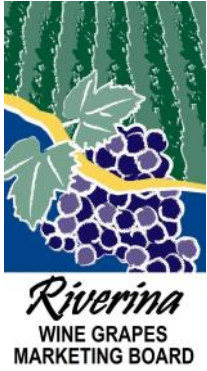
A public meeting will be called by the NSW Government to explain the review process and the Board will be writing to you all in due course to assist you in responding to the review process. At time of writing the terms of reference haven't been released or the timeframe finalised as the Board is hoping that the closing date proposed can be pushed back to accommodate a full consultation period.

The Board urges all growers to participate in this process, it is your levy that funds the Board's operation and this is an open and transparent opportunity for all to provide your views about the Board and how it should operate to represent you as growers.

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BOARD ACTIVITIES REPORT



ACCC to meet with the Board

The Board have written to the ACCC to get them to come to the region to discuss industry matters such as collective bargaining. Many growers have raised interest in the process of negotiating with wineries as a group and such a business transaction is allowable with an approval from the ACCC. The Board are waiting for a representative of the ACCC to come and explain the process that would be required by the industry to commence a formal collective bargaining process. The initial aims of such an approach would be to have small groups of growers banded together across the region negotiating the supply of their grapes to the wineries.

The Board is hoping to have a report on this for growers at the forthcoming Annual General Meeting.

Board supports Riverina Winemakers Association

The Board agreed to sponsor the 2017 promotional activities of the Riverina Winemakers Association (RWA) to a level of \$10,000 + GST. The RWA will provide a raft of activities throughout the year involving almost all the regionally based wineries.

It is pleasing to see the RWA working effectively promoting the regions wine and with the success of the revised Griffith Vintage Festival. With strong business and Board support these activities will increase the regions ability to draw tourists and increase wine sales.

The next promotion will be held 10th June 2017 in Griffith with the hosting of the Fabulous Ladies Wine Society Riverina Soiree for women only. **The Board as a sponsor held a draw coinciding with the Riverina Field Day with local grower Collin Crossingham winning 4 free tickets for his wife Hayley and her friends.** Congratulations to them - the Board hopes they have a fantastic time at this unique event.

Wine Australia Regional Program changes

The 2017-18 Riverina Regional Program that operates from a \$125K grant to the region is being run by the NSW DPI for the first time since it commenced. Previously grant funds would be managed by Board staff and demonstrations of research would be conducted, workshops held and papers published.

Now due to reduced staffing level at the Board, Wine Australia have provided the funds for the Riverina to the NSW DPI. Staff at the DPI have consulted with the Board to develop a program that contains a number of programs listed further in this newsletter. In August this year a number of shed workshops will be held and the Board hopes that growers will attend to pick up new knowledge to assist them in their operations.

MOG Issues to be raised with wineries

This season it was reported that a number of wineries where penalising growers for MOG but this information was not getting back to the grower in a timely manner that would allow for in field harvest adjustments to be made. MOG is a serious problem for wineries and at high levels can effect grape quality and potentially damage winery equipment. While it is not wanted in the receival pit, unless a winery promptly informs the grower of the issue it is likely that more deliveries could arrive with grapes in the same condition.

The Board will raise this important issue with wineries when it next meets with them.

Changes to Chain of Responsibility legislation

The National Heavy Vehicle Regulator (NHVR) is incorporating Workplace Health and Safety legislation into the current Chain of Responsibility laws. This is increase the emphasis on fatigue and while management of the process may prove to be time consuming it is aimed at saving lives throughout the transport chain.

What does this mean for growers and wineries. In the past wineries have advised growers of their Chain of Responsibility Policy. Under the new laws to be introduced in the middle of 2018 wineries, growers, harvest and freight operators will need to come together and discuss the policy. It is hoped that a common system can be employed in the region which would benefit all those producers that delivery to multiple wineries during vintage.

Grower Meetings held by the Board

Over 45 growers attended a round of grower meetings held by the Board recently across the region. A big thank you to those growers for allowing us to use their premises to have the opportunity to sit down and talk to members about your issues.

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HACCP Auditing Commences

Growers using the Board's HACCP system are advised to call and book your audit with Brian Bortolin. HACCP compliance will be contingent on growers having block identification in the vineyard that matches the Farm Plan. The Board can still arrange for head post tags for producers at a good price to suit. Growers are also advised that if head post tag writing is wearing off due to sun damage these will need to be corrected.

Lunch in the Vineyard cancelled

The Board's promotional endeavor, the Riverina Wine Collective will not be hosting the event titled Lunch in the Vineyard this year due to rising costs. The Board ran the event with the support of winemakers in 2015 but had to cancel the 2016 event and refund tickets due to the weather and constant rains making the selection of a site impossible. The name has been offered to a local event management company and the Board has agreed to financially consider supporting the event should it proceed.

Griffith Visitors Centre Guide

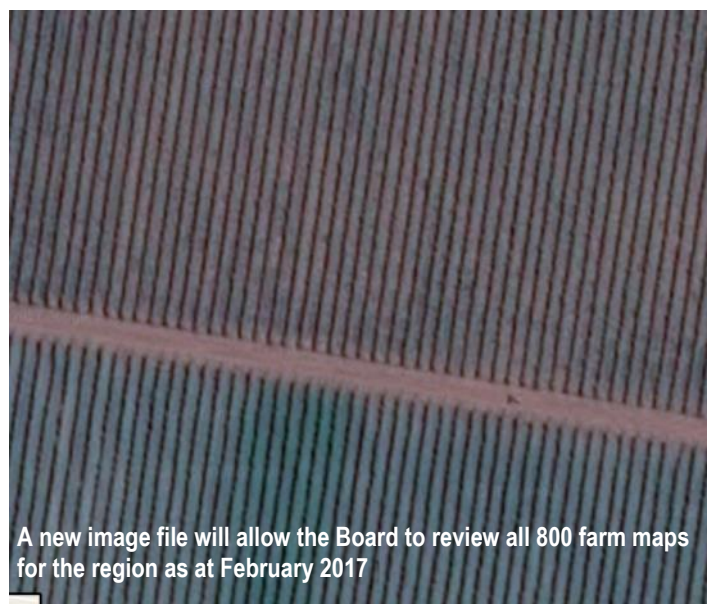
The Board will again participate in the Guide for the 2017-2019 period. A one page advertisement highlighting some interesting regional facts and some brilliant images will be the Board's contribution this year.

NSW Innovation Forum

Representatives of the region will travel to Orange in June to meet with representatives from across the state in a forum to develop the state wide strategic plan for research and development.

Aerial Mapping of the Region

This year the Board engaged a company to undertake a fly over the region. The high resolution image that is 1 pixel is 30cm has now been loaded on the Board's database computer with the next steps needed are to go through all the blocks in the region and ensure that they are active.



A new image file will allow the Board to review all 800 farm maps for the region as at February 2017

ANNUAL GENERAL MEETING OF THE BOARD - PLEASE RSVP

Attention Growers: The Wine Grapes Marketing Board will be holding its Annual General Meeting on Monday 26th June at the Yoogali Club. Official notices have been placed in the local media and all registered growers should have received a copy of the Annual Report in the mail with a covering letter outlining the meeting and the closing date for any motions in relation to the Board's functions and operations.

As per prior years the AGM will be held immediately following a dinner for growers, your partners and/or spouses. As this will be catered we need you to let our office now if you are attending so that catering will be sufficient on the night. **Call 6962 3944 or email board@wgmb.net.au and provide your details. Please also let us know of any dietary issues that you may have.**

Guest speaker will be Carrah Lymer head of promotions of the Riverina Winemakers Association. Carrah has been invited to present the activities of the 2017 year to growers following the successful revival of the Griffith Vintage Festival held over the Easter weekend.

The Board is a major sponsor of the Riverina Winemakers Association promotional activities in 2017 and it is important that growers hear first hand what is going on and how your funds are being spent.

The NSW Department of Primary Industries will be attending the meeting to discuss the forthcoming review of the Wine Grapes Marketing Board and how growers can participate and put submissions into the government about the Board's operations and activities in relation to the agricultural industry services it provides.

INCORRECTLY CLAIMING THE WINE GRAPES LEVY AS R&D EXPENDITURE

The Australian Taxation Office (ATO) and the Department of Industry, Innovation and Science (DIIS) are warning about a scheme where some promoters, including those operating under reputable brand names, are advocating that companies who pay the compulsory Wine Grapes Levy (the levy), can register the activity with DIIS or simply claim the levy, as all or part of a notional deduction in calculating their entitlement to a Research and Development (R&D) tax offset.

The levy is paid by wine producers to the Department of Agriculture and Water Resources and is calculated based on the total number of tonnes of grapes used by the wine producer in a year.

The levy is applied to fund the marketing and research and development programs undertaken by the Australian Grape and Wine Authority ('Wine Australia'). Wine Australia is not a registered Research Service Provider (RSP) nor a Cooperative Research Centre under the R&D Tax Incentive program.

The ATO and DIIS are concerned that some wine producers have been misled into thinking they are able to include the levy as eligible R&D expenditure which has been incurred on registered R&D activities.

The levy can usually be claimed by a wine producer as an ordinary business deduction against the wine producer's assessable income. However, the way R&D commissioned by Wine Australia is conducted, means that the levy cannot be claimed in calculating a refundable or non-refundable R&D tax offset for the wine producer.

Levies paid to industry organisations can only be claimed in calculating an R&D tax offset if the industry organisation is a Levy Collecting RSP. Wine Australia is not a Levy Collecting RSP.

Generally, eligible R&D expenditure can only be claimed on R&D activities which are registered by the claimant with DIIS. If the R&D activity is carried on for the claimant by a third party, the claimant needs also to be able to show that:

- it has effective ownership of the know-how, intellectual property, or other results arising from the R&D expenditure
- it has appropriate control over the conduct of the R&D activities

- it bears the financial burden of carrying out the R&D activities
- the R&D activity is not carried out to a significant extent for another entity, or entities.

It follows that although a company which produces wine may have registered R&D activities with DIIS, the company's expenditure on the levy bears no connection with the R&D activities it carries on.

In addition, the funds provided through the levy are used by Wine Australia to invest in R&D activities undertaken by research bodies based on the R&D provider's own project proposals and are conducted at the direction of Wine Australia. The know-how and intellectual property arising from the R&D activities is retained by the entities investing in the R&D, and as is the case with the financial risk, the results are broadly shared.

Finally, the R&D activities commissioned by Wine Australia are carried on for the benefit of the broader grape and wine industry, not just for individual companies that pay the levy.

We also note that many of the activities carried on by Wine Australia which are funded by levies, such as marketing and promotion, are expressly excluded from the definition of R&D activities and therefore related expenditure cannot be included in an R&D tax offset claim.

Growers should consider whether the Tax Office's concerns are applicable to your circumstances. If you consider this to be the case you may phone the ATO on 08 7422 2382 Brett Challans; seek independent professional advice; ask the ATO for a private ruling, or in the case of verifying that your R&D activities are eligible, apply for a Finding from DIIS or apply to DIIS to amend or withdraw your registration or make a voluntary disclosure to the ATO or amend your tax return.

Editors Note: All professional accountants should have received this notice of advice from the ATO. Growers that are concerned should in the first instance speak with their accountant about any concerns they may have about any claims against the R&D levy which currently stands at \$2 per tonne.

COMPOST FIELD DAY REPORT - BRIAN BORTOLIN EXTENSION OFFICER

The Board Extension Officer attended the Compost Field Day held at De Bortoli vineyard 20th April 2017.

The day was all about soil health and how organic matter can help soil structure, “health soil, health vines, and health profit”.

The trial started last year were they spread compost under the vine and direct drill in the mid row to a depth of 300 cm. Digging where the compost was trialled last year and the soil under the vines and in the mid-row was a lot more pliable then the untreated site, but like they were saying on the day that getting the compost mix right for your soil type is important.

For further information contact Brian Bortolin EO.



Compost being laid in the vineyard

HOW TO SUPPORT THE LOCAL WINE INDUSTRY

Growers wanting to do their part in the promotions push of the region can participate in any of the local activities that are planned for the region.

The Riverina Soiree on 10th June 2017 is something serious for the ladies of the region. Set under a grand marque at Old Miranda Wines Griffith it will be a celebration of women in wine in the Riverina over a 5 course dinner and matching wines from 11 local wineries and promises to be fun and fabulousness galore. Tickets are available online.

The Riverina Wine Show Awards Night will be held 15th September 2017 and growers are encouraged to attend this prestigious event.

Perhaps your winery may enter you into the growers award section of the Riverina Wine Show. Last years winner was McWilliam’s Wines from their own vineyard but with the many quality growers in the region the 2017 winner could be a grower.

The RWA are encouraging attendees to dress up in your finest and join with them for the regions wine

industry’s biggest night of nights to see who will scoop this years prestigious awards. The local wine show has grown significantly over many years and now encompasses six shows in one. The awards and wine will be flowing over a sumptuous dinner. (Venue to be confirmed).

There will be a continuation of the highly successful Riverina Wine and Food Twilight Market on November 3rd and 4th 2017 at Pioneer Park. Friday evening wander though the stalls of local wine and food. Grab a glass of wine. A plate of food and a spot out on the lawn and enjoy some chilled out local music with your family and friends.

Saturday is market day again without food producers in tow. Grab some olives and a glass of Pinot Griggio or some salami and a glass of Montepulciano. The best of what wine and food producers will be on offer to sample and buy. Keep your eyes and ears open for more details to come.

Editors Note: Targeted regional promotion is what the region needs and this program of activities is spot on.



RIVERINA FIELD DAY - ANOTHER SUCCESS

The Board continued its sponsorship of the Riverina Field Day for the 11th year in a row. The contribution of these funds by grape growers was firmly acknowledged by the Mayor of Griffith John Dal Broi (and a grower) in his address during the opening speeches.

event. It is important that we have these opportunities in the region to ensure that farmers get to see the latest in technology and have the opportunity to catch up with friends in the community. The Board finds it rewarding getting the opportunity to talk to members in this type of environment.



Board Chairman Bruno Brombal, The Mayor John Dal Broi, The Hon Susan Ley MP and Roly Zappacosta CEO of the Coro Club (RFD organisers)

This years RFD had over 300 exhibitors in attendance and while car parking was commented to be at a premium the weather turned it on. Reports from a number of exhibitors at the conclusion of the RFD and the days after is that they managed to sell a good amount of equipment. It certainly was the best place to shop for a bargain, even if it was a few

The Hon Susan Ley MP also acknowledged the effort to organise the event by the Coro Club and contribution that such an event has toward the entire region. If the 2017 was any indication of things to come it is heartening to see that the Riverina Field Day is only going to improve.

odd tools and parts from one of the many stall holders on the day.

The Board partnered this year with the NSW DPI Development Officer Adrian Englefield whom is based on Wagga but delivers a state wide program on behalf of the industry. Adrian is also responsible for the weather station network across the state and for fortnightly seasonal Vine Watch newsletter that looks at issues affecting growers in each region across the state.

The Board now looks forward to discussing the future of the event with the management of the Coro Club to see how we can encourage even greater attendance at one of the regions premiere events in agriculture. We would also like to thank Cancer Council for their help.

Growers that are interested in receiving the newsletter in their inboxes should email Adrian at adrian.englefield@dpi.nsw.gov.au

The Board would like to thank all growers that attended the RFD and supported this community



Board Chairman Bruno Brombal, Adrian Englefield Development Officer - Viticulture NSW DPI, CEO Brian Simpson and Board Member Tony Baggio at the Board's marquee 2017 RFD.

AWRI VITICULTURE SEMINAR - REPORT AVAILABLE

The Australian Wine Research Institute had an excellent attendance to its latest seminar held on the property of Brian Bortolin's at Lake Wyangan 10th May 2017.

Growers that wish to obtain a copy of the information that was presented on the day can call the office or email us on board@wgmb.net.au



The Australian Wine Research Institute

Bruno Brombal, front right listens to the Guest speakers from the AWRI.



There were over 20 growers in attendance and the topics were of interest although growers wanted to hear more about mealy bug control methods than what was presented.

The Board will be looking to hold more workshops and invites growers with suitable venues to contact us. The informal shed setting was preferred by the growers that attended this event.

Excellent attendance at the AWRI workshop that was organised and catered for by the Wine Grapes Marketing Board.



WINE GRAPES MARKETING BOARD

RIVERINA REGIONAL PROGRAM

Wine Australia has provided funding up to \$125K for the region to conduct a regional program designed to benefit growers. The program will be rolled out by the NSW DPI with the assistance of the Board over the 2017-2018 financial year.

Growers will be invited to attend a series of workshops in early August and it hopes for a good response from growers in relation to these early projects.

The full list of projects that the NSW DPI will prepare for the benefit of growers has been discussed in detail with the Board and are listed below for your information:

- 1) Powdery mildew management. Increased powdery mildew pressure and development during the 2016-17 season highlights the importance of early season management for the 2017-18 season.
- 2) Bunch rots. Improving and identifying management options to reduce bunch rot, particularly sour rot occurrence and severity in Riverina vineyards.
- 3) Spray application. Improving pest and disease management by identifying and measuring chemical treatments, timing and technique.
- 4) Disease resistance. Vineyard disease resistance and testing information will help improve disease management strategies. Activity outcomes will identify control strategies to prevent disease resistance and identify management strategies once disease resistance occurs.
- 5) Weed resistance. Vineyard herbicide weed resistance and testing information will help weed management strategies. Activity outcomes will identify control strategies to prevent herbicide resistance and management strategies if resistance occurs.
- 6) Managing environmental extremes. Heatwave and associated vine stress can lead to crop loss and fruit quality downgrade. Heatwave management

options will be demonstrated to increase grower understanding and adoption of heat management techniques.

7) Tracking seasonal development. Growers and wineries can better prepare and plan pest and disease control activities, including starting withholding periods (WHP) and preparation of vintage logistics.

8) Energy efficiency in the vineyard. Improving vineyard infrastructure efficiency is important to reduce vineyard operating costs. This activity will look at increasing vineyard energy efficiency and include on-site demonstrations.

Growers that are keenly interested in any of the items listed above can contact the Board office or speak directly with Adrian Englefield, Development Officer - Viticulture NSW DPI.



Editors Note: Growers interested in having something relevant published in the Vine Chat newsletter can submit ideas to board@wgmb.net.au

Wine Grapes Marketing Board

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