



*Riverina*  
WINE GRAPES  
MARKETING BOARD

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Submission to the

Australian Grape and Wine Authority Strategic Plan 2015-2020

February 2015

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## Introduction

The Wine Grapes Marketing Board (WGMB) is the largest representative body of independent winegrape growers in the state of New South Wales. It represents independent producers in the NSW Riverina region, centred on the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee. The region growers produce approximately 20% of the national crush and supplies winegrapes to wineries based in the area.

In 2014 the production of winegrapes in the region was 268,000 tonnes which includes winegrapes produced on winery owned properties. The region is capable of producing greater than 300,000 tonnes annually from greater than 20,000 hectares of bearing vines. The majority of the regions production of wine is exported with an estimated value of close to \$1 billion dollars FOB.

The WGMB is constituted in accordance with the *NSW Agricultural Industry Services (Regulation) 2009* and it provides industry services as prescribed within the regulation. WGMB derives the majority of its income from a service fee levied on its constituents at a rate of \$3.90 per tonne in accordance with the legislation.

The WGMB is also a recipient of up to \$125,000 per annum funding from the Australian Grape and Wine Authority through its ongoing Grassroots funding program.

This submission represents the views of the Board of the WGMB with respect to the request by AGWA for input into its 2015-2020 Strategic Plan.

## Structure of this Submission

This submission comments on the “proposed future focus” points of the anticipated priorities as noted in the document circulated.

It should also be noted that this submission is being provided as requested by the due date and the Board reserves the right to further input at such time as AGWA representatives come to the region in March 2015.

### ***Strategic Priority 1 – increasing the demand and the premium paid for Australian wine.***

The WGMB accepts that as an industry *“we need to heighten understanding and appreciation of our fine wine credentials to increase demand and improve the commercial returns for the Australian wine community”* but this should not be done without appropriate consideration of the majority of the industry. The majority of the industry can be classified as the warm-inland

regions, namely the NSW Riverina, SA Riverland and the NSW/VIC Murray Valley production regions. Collectively these regions dominate the bulk and popular premium market segments.

Caution is urged on this type of approach because to develop a consumer led recovery needs small steps, which in the first instance means starting new consumers on the path of wine discovery. Generally first time wine consumers are not going to be able to afford or potentially enjoy all fine wines and to focus principally on the fine wine segment of our market will be to the detriment of the softer and approachable wines that form the majority of wine production within Australia.

As an industry we need a vast rethink of how we can position ourselves to be able to lure consumers from the offers of our international competitors and other products that are also readily available such as RTD's and other confection styled drinks, many which come across as more approachable, youthful and worldly due to their flavour profile and recognisable branding.

There needs to be an authentic pathway that consumers can follow with the promise of increased quality and taste as they embrace the differences and subtle nuances that finer wine offers can deliver but this will take education and time. Consumer education should be an ongoing priority of the AGWA. AGWA needs to be very active in this area to be able to shape the message more succinctly to capture consumers more rapidly than a process of self-discovery.

In the past under Wine Australia's guidance we have seen the use of place, person and variety via the Regional Hero's and A+ Australian Wine program to promote the story of Australian wine in a bid to increase its profile and consumption. These programs have been beneficial and appeared effective in getting the word out to consumers about the positive attributes of Australian wines, the varieties and widespread variations within the industry. However consumers in general terms are still engaging with our industry more predominately on the price that they are able to purchase excellent value for money products. We have to encourage consumers to trade up in price for a better experience, this has been the catch cry of industry for many years. AGWA needs to find that critical point in the consumer "psyche" that we can manipulate to trigger a trading up experience subconsciously.

The existing programs that touted to consumers the best varietal or wine style from each of our nations wine regions "regional heroes" could be viewed as polarising and not conducive to allowing consumers to venture further into what each region had to offer. Whether it is an

alternative variety or other mainstream varieties that are available from these regions, in a way it was dismissive of the rest of the wines styles other than those that were selected by the industry experts to represent each region. For example while the Riverina boasts exquisite Botrytis Semillon the returns to industry for this product are minimal as is its overall volume impact. There are also other varietals that perform well and evidence of some emerging grape varieties that this region could become known for.

The current Wine Australia website that is published in many languages and presents our industry to the world does not even have accurate information pertaining to regionally based wineries. For example: <http://www.wineaustralia.net.au/en/wine-regions/riverina-wineries.aspx> shows only two wineries based in the Riverina, which is an incorrect representation of this region. As part of the Wine Australia strategy more accuracy and focus on linking existing wineries into the existing internet based data held by the authority is required.

The use by AGWA of social media to engage consumers to grow markets is supported as it offers a cost effective means of progressing the story of our wines however this should again not be centred on just the fine wines within Australia. Each market segment has a unique story that should be told to consumers as they start their journey with wine they can commence at the bulk entry level with the offering of cask wines and then as their palates improve they can trade up into the popular premium and beyond potentially treating the higher prices offers as aspirational purchasing for special occasions in their life or perhaps when and if their disposable income rises as a regular buy.

The WGMB supports the continuation of trade and consumer events at both domestic and international events. We need to be vocal in our praise of the quality that this industry produces and perhaps AGWA should investigate further financial incentives needed to stimulate the support of existing wine companies to regularly attend these events as their absence is often more notable within industry discussion.

The proposed continuation of investment in leadership within the wine community is invaluable and perhaps more can be done in this area with persons that are currently in leadership roles. For example short management training courses via online portals could be developed to assist the existing persons within the industry, not just those that have been fortunate to have participated in an industry designed and funded leadership courses. The Board supports the

continuation of the Future Leaders program within Australia and perhaps AGWA may look to consider an increase in the ongoing investment in this program area.

***Strategic Priority 2 – Increasing the competitiveness of Australian wine.***

It is imperative that AGWA maintains the solid background of excellence in quality grape and wine research within Australia and it must continue to strive to achieve better recognition of this endeavour.

Activities that target regional winegrape growing communities such as the Grassroots programs are critical in gaining increased adoption of the R&D outcomes that are held by AGWA.

Perhaps more targeted roadshows across the nation featuring the most recent outcomes could be explored in areas that social media saturation is not evident will ensure that growers are hearing first hand and face to face what is occurring in the R&D sector of the industry. One could target grape production issues specifically and the other could address winemaking issues.

Capital to invest in R&D outcomes is becoming increasingly difficult for producers to source as the industry returns have been low for many years and their capital asset bases are declining. AGWA notes that this has acted as a catalyst for many producers to focus on business practices that deliver better value of reduce costs. AGWA are in a unique position to advise all grower members of the low cost business practices that are presently available to them as a way of assisting these producers to “think outside the square”.

Further investment in data that includes the type, location and volume of grape production harvested annually is only relevant if the industry records and reports wine stocks information. This will allow better discussion among industry with regard to planning and pricing of winegrapes.

With regard to crop forecasting the Board believes that while it is important it can also have a deleterious effect on the market for winegrapes if it has issues with accuracy. Therefore a national focus on this is possibly misguided as its’ impacts in terms of market pricing can potentially be financially devastating to grape producers. Forecasting for individual wine business operations could be beneficial to that operation in terms of planning of harvest requirements and intake management but overall national or even regional forecasting presents a higher risk profile.

With regard to the impacts of climate change the Board believes that vines and the management of these will adjust naturally and seasonally as evidenced by the earlier vintage commencement times and the compression of harvest dates of the various varieties. Therefore to focus research funding in this area is possibly not required.

The WGMB supports efforts into managing biosecurity threats through the appropriate liaison with relevant national and state based regulatory authorities. AGWA should also play an active financial role in ensuring industry coordination and preparedness in relation to these matters. AGWA should investigate its ability to utilise funds derived from grape production to provide equitable per tonne funding from all production to the peak industry body that represents industry federally in plant health matters, namely Wine Grape Growers Australia.

Pest and disease research is an ongoing and vital part of the research and development levy within viticulture. Within such programs a percentage needs to be allocated for the extension of valid outcomes to industry via the various state and regional bodies.

AGWA should maintain its investment in improved vineyard and winery performance measures to ensure that Australian producers maintain their leading international standing within the industry.

The WGMB supports the continuation of AGWA's role in trade related matters and the support that through its funding of its research partners can be provided to lead agencies and government in negotiation of such matters with our trading partners. In the past industry has provided funding to conduct research and fund travel and the labour costs of negotiation activities with relevant departments, perhaps AGWA which collects funding nationally on all production could assist in this area in the future as opposed to industry groups with funding "footing the bill".

The WGMB supports the ongoing funding of doctoral students in viticulture and oenology as it believes that this is as vital as the investment in the industry future leaders program.

Thank you for the opportunity to provide input into this planning process and for the opportunity to meet with representatives of AGWA.

Approved by the

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