

15TH AUSTRALIAN WINE INDUSTRY TECHNICAL CONFERENCE

The 15th Australian Wine Industry Technical Conference (AWITC) was held over four days in Sydney in July 2013. The Wine Grape Marketing Board sent two delegates to this conference which is held once every 3 years. The information presented at these conferences covers all aspects of the wine business including grape growing, wine making, marketing, market access, quality assessment and the many innovations in each aspect are explored at great length, with industry leaders providing invaluable insights into the wider industry opportunities and concerns.

Robin Day from Domain Day spoke on the importance of an accurate way to measure and pay for quality with the significant need of trust to be held between the two parties. There is a growing need for the independent assessment of value of grapes due to the changing market structure. He spoke of the emerging secondary markets for red grapes, whereby the skin extract is a second income that the winery can be involved with.

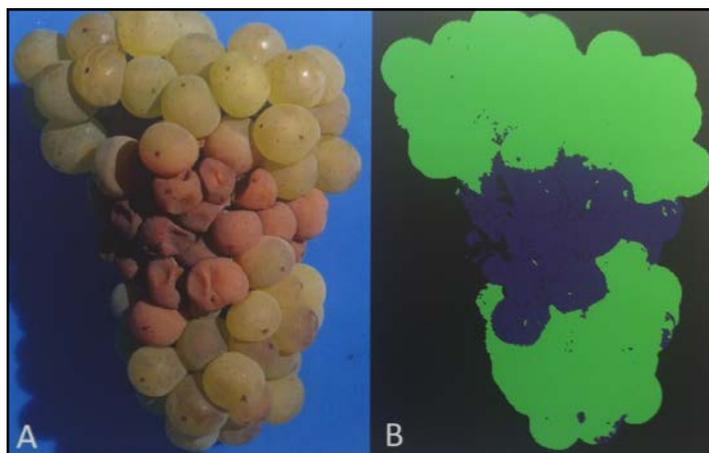
Mr Day also spoke of a need for a fairer sharing of the financial risk throughout the growing and wine making cycle. While the industry is in fluctuation there have been growers left carrying the full financial burden while they await some industry reprieve.

David Dearie from Treasury Wine Estates spoke of the need for the Australian wine industry to bring back the value to Australian wines and charge the full value of the product. The current trend is a race to the bottom, where there is no profit and no future for any one in the supply chain.

Paul Evans from the Winemakers Federation of Australia (WFA) spoke of the huge 2013 crush of 1.8m tonnes which is set to cause troubles for coming season. The dropping Australian dollar will help the exporters though it is not going to solve all the issues that the WFA observe within the industry. He stated that 81% of the wine grapes produced in 2013 were unprofitable as the structural mismatch of supply and demand remains a problem.

Researchers from across the industry presented new technologies and methods that will improve the repeatability and speed of testing and monitoring methods. Gareth Hill from Plant & Food Research in

New Zealand presented new technology for the objective measurement of bunch rots in white grapes. This method uses a photograph of a bunch and determines the percentage of bunch rot using image analysis. This method is being developed for smartphone use so infield measurements can be made objectively by field staff.



Brett McClen from Brown Brothers spoke of the new technologies include driverless tractors that shadow the harvester (similar to those already used in grains); automated yield estimation to count bunches in rows; infield juicing and skin extraction; and robotic spur pruning.

The conference left the strong impression that the entire industry has suffered greatly from lower returns and shifting market demands. While there are bigger issues at play, each business must determine what they need to do to be viable and work toward that goal.

WHAT'S INSIDE	Page
OLGR Investigation into licences	2
Board activities report	2
Export Report on NSW wineries	3
2013 Wine Australia price Dispersion report	4
GWRDC funded projects in the Riverina	5
News in brief	6, 7
Head post tags for growers	8
GWRDC and Wine Australia merger	8
OFIEP round 4 expressions of interest sought	8

OLGR INVESTIGATION OF NSW WINE LICENCES

The Office of Liquor Gaming and Racing (OLGR) is conducting an audit of the wine producer wholesaler licences under direction of the NSW Small Business Commissioner. The NSW Small Business Commissioner identified that illegitimate licences may be the cause of some of the issues within the Riverina wine industry, as these licence holders are eligible for the WET rebate.

The investigation has focused on the requirement of the licence that the wine product must contain 50% minimum of the licence holders fruit. This licence requirement is not met by many wine producers in the region, particularly the very big producers. The OLGR believe that the rules of the licence are inhibitive for business and would not support a viable business structure.

This has been accepted as a case where the licence rules, if enforced, would cripple the entire industry which is not the intent of the legislation. The OLGR will continue their audit of other growing regions to assist

with the formulation of appropriate licence rules that will ensure that the industry is both viable, and legal. The legislation is currently under review and submissions into the Liquor Act are being called for (by the end of August).

Information on the review can be found at http://www.olgr.nsw.gov.au/liquor_review.asp

The WET rebate is a federal rebate, managed by the ATO, which requires applicants hold a state licence to produce wine. While the state authorities can act on state licence issues, the federal rebate is outside their jurisdiction and they do not have any direct involvement or control of the WET rebate system.



BOARD ACTIVITIES REPORT



HACCP Auditing: The Board staff have been conducting HACCP audits. Over 250 growers are part of the WGMB HACCP system and this annual audit is a great opportunity for growers to discuss many issues and concerns with the Board staff

New Farms Maps: A new image capture was completed in December 2012, and

the growers details have now all been entered into the new imagery. Growers are invited to contact the Board office to see the new image and confirm their details.

80th Anniversary Invitations: The Board will celebrate its 80th year on Sunday 15th September at a luncheon to be held at the Yoogali Club, Yoogali. Growers will have received their invitations RSVPs were due by 9th August to assist with catering. If you missed this date please contact our office.

Meeting with the Minister: A meeting with the Minister has been arranged for 19th August 2013 in Sydney. The Board will be raising the matter of Statutory Terms and Conditions of Payment amid the problems that growers are experiencing with delayed payments from some wineries this season and the altered payment terms being adopted by wineries in the region.

The Board is also going to use the opportunity to invite the Minister to attend the region to meet with growers directly.

Website Renewal: The Board is currently in the process of upgrading its website to be able to provide more relevant information to its members.

If growers would like to see anything of particular interest on the website please email the Board office at: board@wgmb.net.au

Agency Agreements: Reminder that if your winery has not deducted the statutory Board fees and charges for this season and remitted this the Board you will receive an invoice directly from the Board. These accounts if not paid can incur interest.

WET Rebate: Compliance Officers from the Office of Liquor Gaming and Racing have almost completed an audit of the region. Their initial findings (that are yet to be finalised) indicate that many of the licence holders in the region are operating outside of the legislation. The matter will now need to be rectified as the current legislation in its direct interpretation means that a winery must own at minimum 50% of the winegrapes that it processes into wine to be compliant.

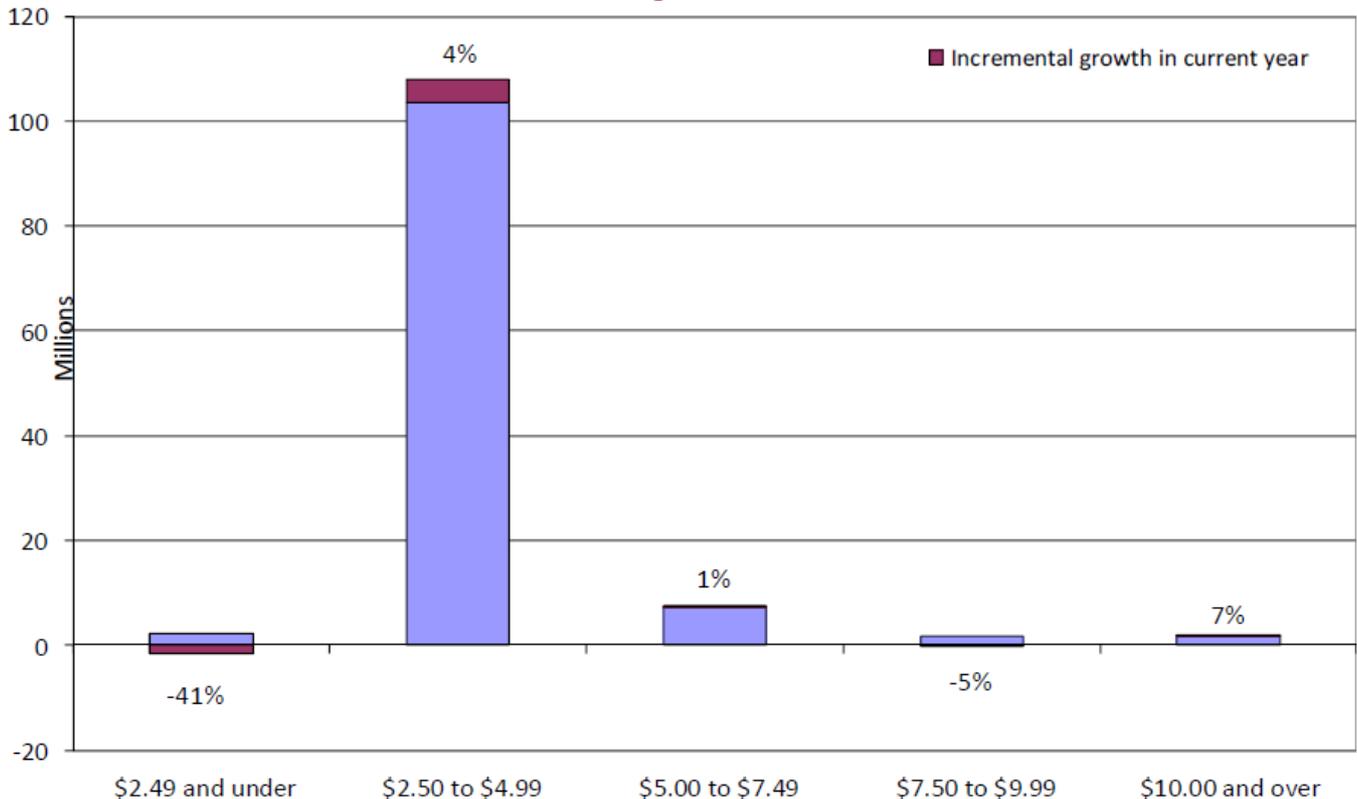
15th AWITC: The Industry Development Officer and the Technical Officer attended the 15th Australian Wine Industry Technical Conference in Sydney. This major technical conference is held once every three years.

2013/14 Spray Diary: The new booklet has been compiled and is now at the printers. Growers can expect these in the mail shortly.

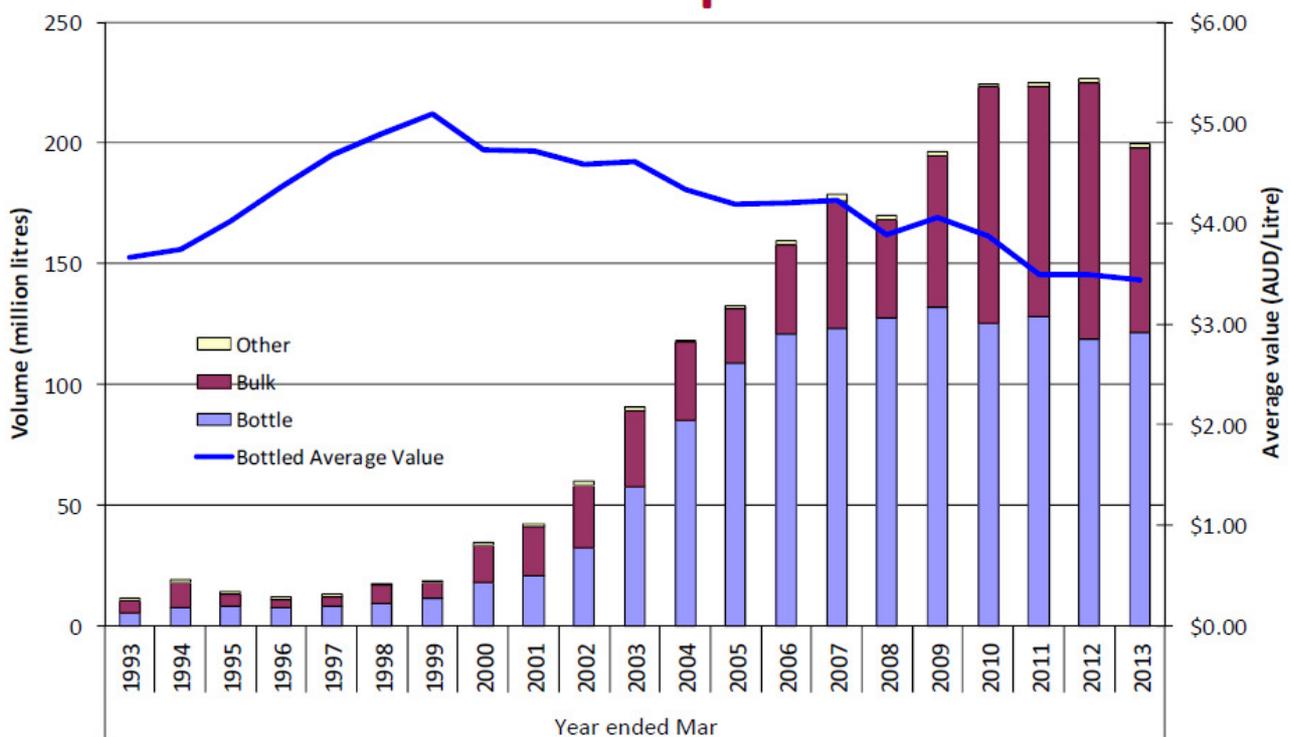
EXPORT REPORT ON NSW WINERIES

The Wine Export Approval Report has been compiled by Wine Australia for the NSW Wine Industry. The report encapsulates only the sales from wineries that are headquartered in New South Wales. The full 58 page report can be downloaded from www.wineaustralia.com. The figures are up until March 2013.

All exporters



All NSW exporters



2013 WINE AUSTRALIA PRICE DISPERSION REPORT

The average purchase price of winegrapes in 2013 is the highest recorded in four years, according to the latest 2013 Australian Winegrape Price Dispersion Report, released by Wine Australia today.

The report showed the average price of winegrapes increased by 9 per cent to \$499 per tonne, compared to last year's average of \$458 per tonne. 1,067,360 tonnes of winegrapes were purchased in 2013, valued at \$544 million.

Overall, red winegrapes recorded a significantly stronger price increase than white winegrapes. The average price paid for red winegrapes increased by 13 per cent to \$619 per tonne, while white winegrapes increased by 2 per cent to \$388 per tonne. Most regions recorded higher average prices. The average purchase price for the warm inland regions increased by 5 per cent to \$351 per tonne and rose by 19 per cent to \$1,156 for the cool/temperate regions. Price increases were recorded for a number of varieties including Chardonnay, Shiraz, Cabernet Sauvignon, Merlot, Sauvignon Blanc, Colombard, Grenache, Pinot Noir and Pinot Gris.

Wine Australia's Chief Executive, Andrew Cheesman, said that while grape prices remain below historical peaks, an increase in average prices was a positive development for the wine community.

"The growth in the average purchase price for winegrapes was driven by stronger demand for premium fruit in support of the growing demand for premium Australian wines, particularly in the Asia Pacific region," Mr Cheesman said.

"In addition, less fruit at the entry level of less than \$300 per tonne has been sold by growers to wineries. In 2013, 24 per cent of winegrapes were sold at below \$300 per tonne compared to 28 per cent in 2012, 43 per cent in 2011 and 39 per cent in 2010.

"Wine Australia continues to work with the broader industry through our global program of consumer events, retail promotions, trade and consumer wine education, master classes and trade events to raise awareness in our key markets of the quality and diversity of wines produced across our regions.

"Our wine community has exceptional wines to offer our markets at sustainable price points. The sector has experienced continued growth in the value per litre of bottled wine exports since a low in June 2010. This momentum will be continued when we bring the world's

leading wine trade and media to Adelaide and our Australian wine regions for Savour Australia 2013 in September."

The Australian Winegrape Purchases Price Dispersion Report presents tonnages purchased in 2013 as they are distributed across the price spectrum.

The data has been collected from a sample of major winegrape purchasers and others that are significant in key regions and covers an estimated 80 per cent of winegrape purchases. Over 31,000 separate transactions were collected and form the basis of the report. The report provides price dispersion read-outs and average purchase prices for 214 varieties-by-region.

The report is freely available to grape growers and winemakers at www.wineaustralia.com/winefacts. Please ensure that you sign-in or sign-up to the website in the top right hand corner of the home page to gain access.

Wine Australia also released its Vintage in Review Report which provides a snapshot of the 2013 vintage from some of Australia's top wine regions.

Source: Wine Australia

<http://www.wineaustralia.com/en/News%20and%20Events/News/2013%20Australian%20Winegrape%20Price%20Dispersion%20Report.aspx>



GRASSROOTS PROJECTS IN THE VINEYARD

The Grape and Wine Research and Development Corporation (GWRDC) Grassroots Regional projects for 2013/14 are starting now with a trial block at Yenda having had the trial products already applied.

The Wine Grape Marketing Board in consultation with Melanie Weckert, NSW DPI senior research scientist at the National Wine Grape Industry Centre (NWGIC), has identified a program to carry out as a demonstration activity to trial practical tools for the management of young vine decline, and causative pathogens *Ilyonectria* (formerly *Cylindrocarpon*) and black-foot disease.

The demonstration trial will involve the use of a growing a biofumigant mustard (*Brassica juncea*) crop and the spreading of mustard and canola seed meal amendments to the soil to identify the most practical and feasible methods to manage this disease.

Sowing of the Brassica BQ Mulch crop was undertaken on Friday 7th June 2013 by Jason Cappello (NSW state extension leader for viticulture). This occurred after rainfall with soil moisture adequate. A sowing rate of 8.5kg/ha of seed was sown along with 106kg/ha of DAP. The sowing was done using a John Shearer 10 row disc seeder. Settings chosen were for the DAP using the front fertiliser box was gearing D1 and for the brassica seed using the rear seed box was gearing C6 and using the fine teeth only. The seed was covered with harrows a day after sowing. Soil samples were collected before the start of the trial so that we can compare the amount of disease in the initial soil with



Demonstration rows of BQ Mulch sown in the interrow

soil after the brassica biofumigation treatments.

Other treatments will be applied in the vineyard at the time of mulching the brassica crop. All treatments of seed meal and the brassica crop will be incorporated into the soil. Incorporation into soil of brassica/biofumigation crops and their seed meals causes the release of toxic chemicals known as isothiocyanates.

NWGIC scientist Loothfar Rahman has shown that these chemicals are toxic to nematodes. Caroline Bleach (Lincoln University, New Zealand) also reported that they are toxic to soil borne pathogenic fungi such as 'black-foot'.

For further information on BQ Mulch visit www.pggwrightsonseeds.com.au/assets/Uploads/ff/cultivars/iWRI1105ForageFocusBQMulch.pdf



Calibration of the seeding unit to obtain accurate seeding rates

NEWS IN BRIEF

WFA Vintage Report

On 28 June WFA announced a 1.83-million-tonne crush for the 2013 vintage. That is 170,000 tonnes or 10% above last year and well above the six-year average.

“Following a number of lower vintages, the 2013 crush reminds us that the production potential of the Australian industry remains too high and is not in balance with local and international demand for our wine,” said WFA’s Chief Executive, Paul Evans.

“The large crush is likely to result in higher inventory levels and bulk wine exports. It will place further downward pressure on prices and profitability throughout the commercial wine segment over the coming vintage.

“Fortunately, quality levels remain consistently high across the regions and varieties. Consumers will be the big winners once again.”

Mr Evans said grape prices had strengthened by an average of 9% but this trend might be difficult to sustain next vintage as the market responded to the higher than expected 2013 crush and anticipated inventory levels.

WFA President Tony D’Aloisio noted that the increase in the 2013 crush had not been matched by a lift in demand for Australian wines, particularly in the commercial segment.

“While the recent decline in the value of the Australian dollar is welcomed and an emerging global shortage may help bulk wine prices in the longer term, the sustained recovery of lost volume in international markets at profitable price points will require a concerted effort from both individual companies and the industry on a number of fronts,” he said.

“Internationally we need to re-engage with consumers, distributors and industry gatekeepers in our key export markets. Locally, we need to improve margin in a highly consolidated retail market, anticipate emerging consumer trends and take back share from imports.”

The WFA Board is finalising its consideration of an Expert Review of wine industry dynamics and the steps industry and WFA can take to support recovery and future profitability.

“These measures will include what we can do to grow the demand opportunity domestically and overseas and how we can support further adjustments to the supply

base to bring it into better balance,” Mr D’Aloisio said.

The findings of the Expert Review and WFA’s recommended next steps are due to be released in August.

Source: WFA website

Red Wine and Your Gut? (Important Study Results)

By Mike Geary - Certified Nutrition Specialist

A study published in the *American Journal of Clinical Nutrition* (Am J Clin Nutr. 2012;95:1323-1334) reported that people who drank 2 glasses of red wine per day (dry red wine, not sugary dessert wines) had higher levels of beneficial bacteria in their gut and lower levels of pathogenic bad bacteria in their gut. Gut flora balance is to everything from your digestion, immunity, metabolism, skin health, and much more.

The study concluded that while red wine consumption decreased pathogenic bacteria in the gut, it already had a prebiotic effect in the gut in that it supported the growth and colonies of healthy gut microbes which protect your health.

Another exciting part of this study is that the red wine drinkers also decreased systolic and diastolic blood pressure, triglycerides, LDL cholesterol and CRP (C-reactive protein). CRP is a measure of overall inflammation in your body, so it’s great to see an association between red wine and reduced inflammation.

The interesting part of the study is that red wine was compared against equivalent servings of gin (equivalent alcohol serving) and none of the benefits mentioned above were seen in the group consuming the gin. This means the benefits were probably related to the polyphenols and resveratrol in red wine and not necessarily the alcohol content itself, although there is likely a synergistic effect of the alcohol and other compounds in red wine as the group receiving de-alcoholised red wine got less of a blood pressure benefit.

Another benefit of red wine not mentioned in the study above is that some studies show that red wine consumed with a meal can slow and moderate the blood sugar response you get from that meal. This is yet another benefit to keep your hormones balanced, controlling insulin levels and controlling appetite and staying lean.

Source: www.truthaboutabs.com/fat-burning-foods.html

NEWS IN BRIEF

A good drop: Falling Aussie dollar could provide extra juice to a struggling wine industry

Tuesday, 25 June 2013 12:05, Virginia Millen

The falling Australian dollar could boost the local wine industry, which has been struggling since 2007, according to a leading industry expert.

Although the Australian wine industry has seen enormous growth over the past decade, a report released last year by the Grape and Wine Research Development Corporation noted the industry is now in a contraction phase.

Winemakers' Federation of Australia figures show local wine exports fell 2% in volume in 2011-2012 and 5% in value during the same time period.

The volume and value loss of the Australian wine export market were primarily the result of a strong local currency combined with other factors, Winemakers' Federation of Australia chief executive Paul Evans told SmartCompany.

"We have supply of grapes and wines which are not matched to global and local demand at profitable price points and that has been a feature of our industry for some time," Evans says.

"Particularly since we've lost a lot of ground in our export markets [due to the] increased dollar, around 2007-2008."

With the Australian dollar plunging to a 33-month low, the wine export industry, like many other sectors, might have cause for optimism. However, Evans remains cautious.

"This is a recent development and we have to be very careful before we rush to judgements to see whether this is a structural shift or just a period of fluctuation," he says.

Evans says the Australian wine industry has to do a number of things to regain the value it was enjoying in 2007, when Australia was the world's fourth-largest wine exporter, starting with a re-engagement with its global consumer base.

"While exchange rates will help we need to examine how we reinvigorate the category beyond pricing," he says.

According to Evans, Australian wine has fallen out of favour in one of its biggest markets, the United States.

"That is the result of pricing to a degree, but it's also a fact that consumers, distributors and the important

gatekeepers in that market have moved on. Many don't believe that supporting an Australian portfolio is necessary and we have some ground to make up," he says.

With the US market falling away, many Australian wine exporters have turned to China.

While only 6% of all wine consumed in China is Australian, Evans says this is a very important growth area for the industry.

"In recent times, it has offset some of the lows we have experienced in our traditional markets and the prospect of growth in that country is very exciting," he says.

"We have enormous potential to take share and enjoy the growth in consumption levels among the Chinese people."

Australia has a well-established reputation in the fine wine market in China and sells a significant amount of bulk wine to the country, which is used for domestic blends, but the industry is yet to crack the lucrative commercial bottled wine market.

"There's a real challenge for the commercial bottled segment to grow in China," Evans says.

The key to doing this, and to capitalising on the burgeoning Chinese market is understanding the complexities of the supply chain, consumer preferences and distributor networks within China, according to Evans.

For the Australian wine industry to prosper, Eevan says it has to face two key challenges.

"The industry needs to grow the demand in the overseas markets, both traditional markets and begin really taking advantage of the Asian century," he says.

"And we need continue to correct the supply base here in Australia and that's really up to the individual companies to consider the issues, their current profitability and make informed decisions."



HEAD POST TAGS FOR GROWERS

The Wine Grapes Marketing Board is in the process of making a bulk order of variety identification tags for vineyards. These durable tags assist growers to comply with the HACCP requirement to have each block identified and simplifies block identification for visitors.

The tags will state the variety of the block and the block number/letter.

All orders must be made prior to the 6th of September 2013 with full payment made at time of order.

The price per block is \$5.52 (inc GST) which includes 4 tags for each corner head post of the block to be identified.

If you have any questions please feel free to contact James Codemo Technical Officer or any of the WGMB staff on 6962 3944.

The image shows the colour of the tag. Note: the actual tags will show the variety and arrow in solid black.



GWRDC AND WINE AUSTRALIA MERGER

The Federal Government has introduced legislation to merge two existing wine research and marketing bodies into a single statutory authority. The move would bring together the Grape and Wine Research and Development Corporation (GWRDC) and Wine Australia Corporation.

The new body, Australian Grape and Wine Authority, would take the lead on R&D, extension and marketing for the wine industry from July 1, 2014. All staff of both existing organisations would be transferred to the new Authority.

In introducing the bills to the House of Representatives, the Parliamentary Secretary for Agriculture, Sid

Sidebottom said industry has driven the reform, which has been mooted on and off for 20 years.

"The government agreed to merge the two wine statutory corporations following an industry proposal from Winemakers Federation Australia and Wine Grape Growers Australia, [and] the merger is widely supported by industry," Mr Sidebottom told the chamber.

"A single wine industry statutory authority will support the industry by providing links between the investment initiatives and functions of the Grape and Wine RDC, and the Wine Australia Corporation. Source: www.abc.net.au/news/2013-06-25/wine-merger-legislation-introduced.

OFIEP ROUND 4: EXPRESSIONS OF INTEREST SOUGHT



The Government has now called for submissions for Round 4 of the On Farm Irrigation Efficiency Program. The Wine Grapes Marketing Board is again included in the local consortium. The Expression of Interest forms are available now and interested growers are invited to contact the Board office to discuss this opportunity.

WINE GRAPES MARKETING BOARD - proudly serving winegrape producers since 1933
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