

ANNUAL GENERAL MEETING REPORT

42 voting growers attended the Annual General Meeting held 25th June 2014 at the Yoogali Club. It was the biggest turn out of growers for a number of years with many coming to hear about the industry from Peter Baily Senior Analyst with Wine Australia.

All statutory items of business proposed by the Board were approved by the growers in attendance.

The Chairman's report to the meeting was quite sobering with news that despite a feeling that prices this season would have risen amidst the frost impacts prices in general terms fell for the majority of growers. Some were lucky to hold at the 2013 levels and those growers that were not affected by the frosts may have increased their returns per hectare and even made a slight profit this year. The same cannot be said for the majority however.

The Chair talked about the recent actions of the Board in meeting with state and federal politicians to advise them about the problems that growers are faced with. It even proposed solutions with a reduction in the WET rebate amount to fund a vineyard removal scheme. This was proposed at the federal level in conjunction with the Victorian growers group. However without support from the South Australian growers and all wineries in general it is likely this will never gain traction.

At the state level the Board has proposed that the NSW Government assist the smaller growers, those of equal to and less than 20 hectares. The proposal is that the government purchase a majority of the water at a premium price from these growers on the proviso that they remove all vineyards and do not plant winegrapes for another 10 years.

The Board also held meetings with Murrumbidgee Irrigation (MI) seeking financial consideration be given to winegrape growers that may be having difficulty in paying their accounts with the water provider. MI's response was that it could not make wholesale arrangements for groups within its customer base but would work individually with growers on a case by case basis.

The Board is waiting on Transport for NSW to look at the winegrape industry in terms of providing freight weight allowances.

The Board and staff are currently in the process of meeting with the regions wineries one on one and unfortunately in general terms the news is not great for the forthcoming season. Many wineries are reporting that the dollar is an ongoing problem and impacts on export profitability. The market strength of the major retailers in Australia is also causing problems to winery profitability along with the increased competition from growing imports on the back of the stronger dollar.

The Chair believed that the message was clear in his mind that prices may again drop in 2015 as bulk wine prices continued to be suppressed.

The Board has heard of some areas of winegrapes being removed due to the ongoing problems in the market. The Chair believed that growers need to speak up with their wineries about their own financial problems and seek that extra 5-10 cents per bottle back into their pocket or they are likely not to survive this.

Growers felt that the WET Rebate was one area that the industry could benefit from, if only rorts within the system were removed. A motion from the meeting that was carried was: ***That the Board spend its levy funds to get rid of rorts in the WET Rebate system.***

The Board will now communicate with the Federal Government to determine how it can assist in the removal of rorts in the current system. However given the current level of media attention the WET Rebate is receiving it is feasible that the government could remove it entirely if it is shown not to be providing the intended outcomes.

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BOARD ACTIVITIES REPORT



Winery Payment Issues: The Board have continued to monitor payments by a number of wineries that have delayed payments. If these persist then the Board can take these matters to the NSW Small Business Commissioners Office.

The main aim is to ensure that growers receive their payment in the first instance.

Mental Health First Aid training: The Board are pleased to announce that training is available in August this year 8th and 15th for the 2 day training course 9am - 4:30pm to be held at NSW DPI Murray Road, Griffith.

Numbers are limited and the Board will ensure that further funds are available for more of these to run if demand is high. To register go to <http://www.crrmh.com.au/ramhp/form/7-mhfa-participant-registration> or ring the booking office on 02 6363 8420.

Vineyard Exit Scheme Proposal with NSW Govt: The Board in June wrote a submission to the NSW Minister for Primary Industries, the Minister for Water and our local member of parliament The Hon. Adrian Piccoli along with the Director General of NSW DPI. The submission sought a payment for growers that produce on less than 20 hectares of winegrapes of \$4,000 per ML of water for up to 10ML per hectare and no less than 5ML per hectare.

The conditions of the proposal would require that the NSW Government also purchase the Delivery Entitlements attached to those entitlements. The grower would be required to remove all of the bearing winegrapes on the vineyard and not replant winegrapes on the property for a minimum period of 10 years.

The proposal would allow a modest area of winegrapes in the region to be removed from production and enable those growers to exit the winegrape industry. It will also ensure that they are able to remain on their properties and possibly move into other industries.

The Board now awaits a response from the NSW Government so that we can work through the possibilities with the relevant departments. It is important to note that this scheme has the initial support of our local member whom in his Ministerial position holds a seat in the government cabinet. Therefore the views of growers will be made know at the highest level within government.

Growers wanting to know more about the proposal can call the office to discuss.

Code of Conduct - Push for Indicative Prices: The Code of Conduct issue is still being discussed at the national level despite a major lack of interest by the majority of our regional wineries. The Winemakers Federation is embarking on a promotion of the code as the grower representatives on the code committee look at ways to formalise the code by any legislative means.

Funding of National Wine Sector Biosecurity arrangements: Wine Grape Growers Australia (WGGA) are pursuing a national biosecurity plan for the industry. As signatories to the Plant Health Australia - Emergency Plant Pest Response Deed (EPPRD) the wine industry needs to be proactive in terms of viticultural risks of exotic and endemic pests impacting on the production of winegrapes.

The WGGA is coordinating a national approach and has sought from industry and government up to \$300K over the next two financial years to work in this area.

As part of this approach the Board were asked for funding and have agreed to provide up to \$30,000 total over the next 2 years to WGGA on the proviso that funding from other representative and government bodies was forthcoming.

Water Committee: The Board has decided to form a sub-committee to address winegrape matters relating to irrigation water.

The sub-committee will report to the Board and representatives from the local associations and selected persons will be invited to participate.

The Board believes that there is currently a void in the information flow from industry to growers and that the views of winegrape producers are needed to be heard in the water debate.

Wine Business Magazine free to all growers: The Board has accepted an offer from the publishers of Wine Business Magazine (WBM) to provide a copy of the WBM to all growers in the region for the next 12 months.

Small Business Commissioner (SBC) Staff to visit the region: The Board has been vocal in advising the SBC of the issues and problems being faced by the regions growers. In an effort to become more familiarised with the industry the SBC together with staff from the Business Enterprise Centre are intending to attend the region in August to speak with local industry participants. Growers wanting to talk to them should contact the Board.

FARM HOUSEHOLD ALLOWANCE

There has been a lot of discussion about the level of detail being asked by the Federal Government when completing the paperwork to determine eligibility for this allowance. Even reports of growers concerned that they need to stand in line at Centrelink to lodge the application. Unfortunately it is part of the process and unless you are able to pay someone to undertake this for you as possible recipients of an allowance through the federal government it is simply part of the process.

The following questions were put to Rody O'Grady, Farm Household Contact Officer for Southern NSW.

Q. Why does the government need me to complete so much paperwork?

A. Firstly, the application for this payment can be done on-line at www.humanservices.gov.au/rural I have been involved with "live cases" and I have found the process to be very straight forward. Completing the application online eliminates much paper based work.

Farm Household Allowance (FHA), like all Centrelink payments is delivered according to legislation. As an organisation we are accountable to Government and the Australian people, and therefore, need to be able to demonstrate accuracy in delivery. Also, proof of identity and other fraud is a big problem in Australia and all over the world. Paperwork and the provision of proof documents may be something of an inconvenience but a necessary one to safeguard against these kinds of practices.

Q. Can I get someone else to file my application and complete the paperwork?

A. The Rural Financial Counselling network in Griffith have advised that they are available to assist with these applications and are doing so for many of their client.

This is a free service.

The current Farm Household Allowance is something that grape growers should consider during the current downturn in the industry.

According to Centrelink once eligibility is established, eligible persons will be issued with a \$1,500 voucher to obtain a Farm Financial Assessment which is to be completed by their prescribed advisor. That is someone qualified to give the advice and also a member of a recognised professional organisation (eg Accountant, Rural Financial Counsellor in private practice etc).

Once this assessment is completed, applicants will be allocated a Farm Household Contact Officer from Centrelink who will negotiate a Farm Improvement Plan. It is intended that these plans will contain recommendations for financial improvement, advice from professionals, training etc. The Officer will have quarterly contact with FHA recipients and endeavour to update and monitor these agreements, ensuring that they are relevant and reflective of the farm business' circumstances going forward. A further \$3,000 in vouchers will be issued to assist with activities contained in the Farm Improvement Agreement.

Successful applicants will also attract exemptions to the Youth Allowance Parental Income Test and Spending and Savings. A Health Care Card will also be issued to successful applicants covering themselves, their spouse and dependents.

The following internet link has comprehensive information re Farm Household Allowance:

<http://www.humanservices.gov.au/customer/services/centrelink/farm-household-allowance>

Duration of payment	3 years
Amount of payment	Maximum: \$460.90 per fortnight, per member of couple Maximum: \$510.50 per fortnight single no child. \$552.40 per fortnight single with child.
Asset limits:	Non farm asset limit (home excluded): Single Homeowner: \$202,000 Single non homeowner: \$348,500 Couple Homeowner: \$286,500 Couple Non Homeowner: \$433,000
Farm Asset limit:	Upper limit for net farm asset \$2.55million Land (excluding home), capital and other farm assets at current market value, less rural business borrowings.
Income Test	Single no child: \$25,748 pa Single with dep child: \$27,594 pa Couple: \$47,120.84pa <u>Income is calculated according to Centrelink legislation, so it is important that customers do not self assess.</u>



Evaluation of soil analysis results for key soil types and petiole results for key wine grape varieties in the Riverina wine region

for seasons 2011/12, 2012/13 and 2013/14

This study provides a snapshot of the soil chemical properties for key soil types and nutrient status for key wine grape varieties in the Riverina wine region. Soil and petiole data was collected from twenty-eight vineyards over three seasons - 2011/12 to 2013/14.

Data collection

The following data was collected:

- Data for wine grape varieties (Chardonnay, Colombard, Merlot, Semillon, Shiraz, and White Frontignac),
- Vineyards that are drip and furrow irrigated were assessed,
- Fourteen soil types were identified (reporting is presented for nine key soil groupings),
- Salinity, nitrogen and pH data was assessed from soil water samples extracted via SoluSAMPLERS at three soil depths (30cm, 60c, and 90cm), and
- Laboratory analysis of samples - petiole tissue testing (flowering), and soil analysis (topsoil - 0 to 15 cm).

Key findings

- Topsoil **organic carbon** is low (<2%), but this is to be expected for Australian soils (improve the organic matter content of soils where possible).
- Topsoils are **non-sodic**.
- Soil **pH** is within the preferred range of 5.5 to 8pH.
 - Small increases in alkalinity were observed as soil depth increases.
 - Drip irrigated vineyards have lower soil pH (pH 6.9 and 6.7) when compared to furrow irrigated vineyards (pH 7.5 and 7.2) in 2 out of 3 seasons. Results were similar in season 2010/13.
 - Lower pH in drip-irrigated vineyards may be due to the use of acidifying nitrogen fertilisers (monitor).

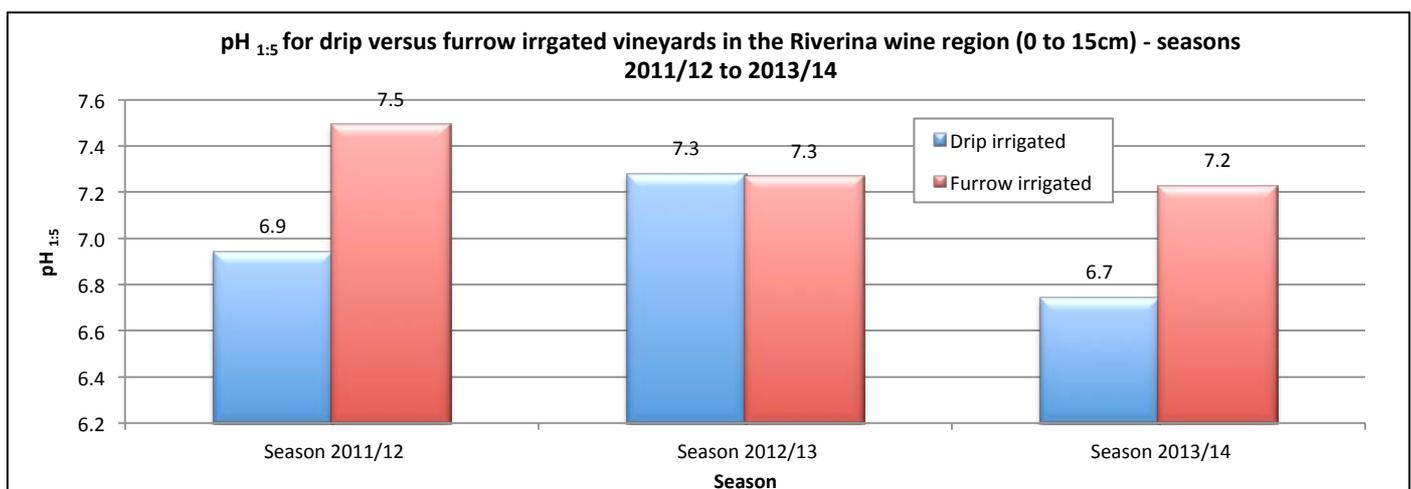


Figure 1 : Topsoil pH_{1:5} for drip versus furrow irrigated vineyards for seasons 2011/12 to 2013/14



Evaluation of soil analysis results for key soil types and petiole results for key wine grape varieties in the Riverina wine region

for seasons 2011/12, 2012/13 and 2013/14

- › Soil **salinity** increases with soil depth (salts accumulate if they are not leached through the soil profile).
 - Topsoil (0 to 15cm) EC_{1:5} are non-saline when assessed at the laboratory.
 - 0% yield losses are expected at depth when EC_{sw} soil water samples extracted via a SoluSAMPLER (30cm, 60cm and 90cm) remain below 3.6 EC_{sw}. However, some individual vineyard EC_{sw} values are higher (up to 6.8 EC_{sw}) at depth and a 25% yield loss may result at 8.8 EC_{sw} (monitor).

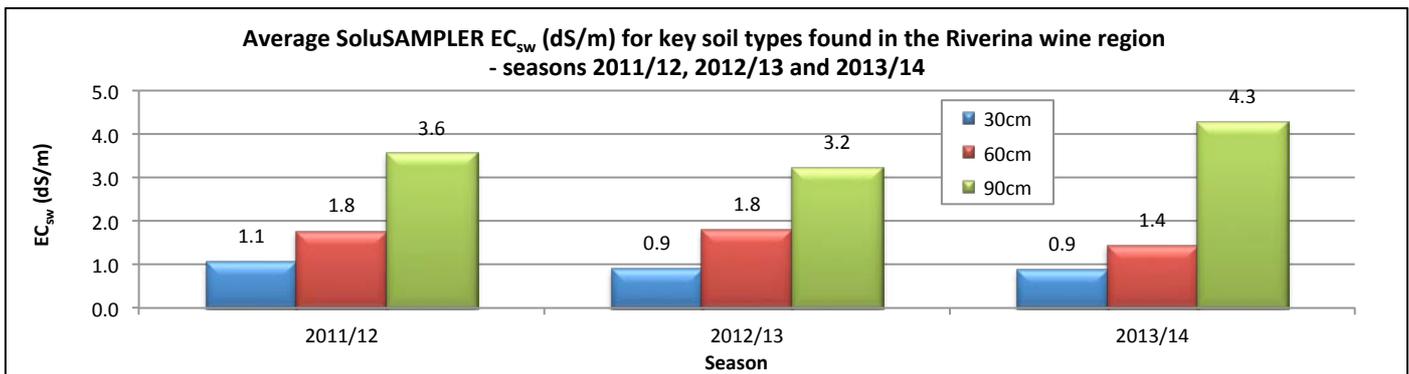


Figure 2 : Seasonal comparison of SoluSAMPLER soil water EC_{sw} readings at 30, 60 and 90cm

- › Soil **nitrate** levels are high both in the topsoil and down to 90cm in the soil profile.
 - Drip irrigated vineyards have higher topsoil nitrate levels than furrow irrigated vineyards.
 - Petiole nitrogen values are in the adequate to high range for all varieties.
- › **Phosphorus** values are within the adequate to high range for each key soil type in each season.
 - Drip irrigated vineyards had higher phosphorus levels than furrow irrigated vineyards in 2 out of 3 seasons.
 - Petiole phosphorus values are in the adequate to high range for all varieties.
- › **Potassium** values are within the adequate to high range for each key soil type in each season.
 - Drip irrigated vineyards had higher potassium levels than furrow irrigated vineyards.
 - Petiole potassium values are in the high range for all varieties (monitor).
- › Topsoils are above the soil threshold for **copper** toxicity (toxic values are set as low as >2 mg/kg). Topsoil copper levels were >30 mg/kg in a number of the vineyards. It is likely this is due to the use of copper fungicides.
 - Toxic copper levels (53 to 1000 mg/kg) can have a detrimental effect on soil organisms (monitor).

Table 1 : Topsoil copper results for key Riverina soil types

Cu (mg/kg)	Banna	Bilbul	Hanwood	Jondaryan	Mallee	Mirrool	Mundiwa	Thulabin	Willbriggie	
Season 2011/12	22.5	16.2	9.4	15.5	6.1	N/A	8.6	N/A	3.7	
Season 2012/13	22.1	15.1	10.9	23.0	12.0	13.6	4.1	4.5	3.8	
Season 2013/14	1.1	15.0	9.4	6.6	10.7	14.9	6.0	8.8	3.7	
	Marginal to deficient		Adequate			High to toxic				

Please contact the Riverina Wine Grapes Marketing Board www.wgmb.net.au to obtain a full copy of the report

WINE GRAPES MARKETING BOARD

GROWTH IN BULK WINE TRADE DROPS AUSTRALIA EXPORTS BY 2%

The value of Australian wine exports has fallen as more winemakers look to export in bulk containers, according to a report by the Australian Grape and Wine Authority (AGWA).

Total wine exports dropped in volume by two per cent, to 684 million dollars with an average value of \$1.78 billion.

The 2014 Wine Export Approval Report reveals that around 60 per cent of wine exports last financial year were in bulk containers, with the remaining wine exported in bottles.

Bulk wine exports increased by 4 per cent, a trend which AGWA's manager of wine sector intelligence, Peter Bailey, says is growing.

"Exports above \$1.50 a litre increased by a 43 per cent, to 41 million litres, and this is branded Australian wine which is being bottled in its destination market," Mr Bailey said.

More and more Australian winemakers are choosing to

bottle wines overseas to save costs, and this is reflected in the increased bulk wine exports.

Bottled wine exports dropped in volume by 10 per cent, but their value has been rising steadily since 2010.

Mr Bailey says it's because less cheap wine is being exported in bottles, and there's been solid growth in the sale of premium wines.

"Although the bottled wine segment is small in volume terms, with a five per cent share, it's value is around \$443 million."

At the extreme end of the price spectrum, "ultra-premium" wines, which are those sold above \$50 a litre, posted the biggest jump in sales.

"Even though the volumes are pretty small, just .95 million litres, they are valued at \$76 million dollars."

Who's buying?

Australia's top five export destinations held their places, with the United Kingdom remaining in the top spot.



Record grape harvests in the United States have seen demand for imported wines drop significantly, reflected in the the 28 per cent drop in bulk wine exports to the USA.

The same effect wasn't seen north of the border, with exports growing strongly to Canada, because of strong demand for bulk wine from Quebec supermarkets.

An austerity drive in China, which saw a crackdown on the purchase of luxury goods, combined with lower consumer confidence is being pegged as the reason behind the drop off in Chinese exports.

Source: <http://www.abc.net.au/news/2014-07-15/wine-exports-down/5597506> 15 July 2014

Position	Country	Volume (million litres)	Change from 2012/13 (%)
1.	United Kingdom	244	↓ 1
2.	United States	161	↓ 15
3.	Canada	58	↑ 20
4.	China	37	↓ 10
5.	Germany	33	↑ 4

COLOUR AND SOUND PROVEN TO AFFECT WINE TASTE

<http://www.thedrinksbusiness.com/>

Richard Ross 20th June 2014

A multisensory wine tasting experiment has shed new light on how our environment affects the way we taste. The results now show that a change in both colour and sound while we're drinking can immediately affect the taste of wine by nearly 10%.

Almost 3,000 people took part in the experiment, the biggest test of its kind to date, at last month's Streets of Spain Festival, organised by Campo Viejo on London's South Bank, with the results now being released for the first time.

The experiment was carried out by cognitive neuroscientist Professor Charles Spence, Professor of Experimental Psychology at Oxford University. Participants walked through the Campo Viejo Colour Lab to experience the influence of colour and sound on taste. On entering the Lab, each person was given a single glass of wine to taste, served in a neutral black-coloured glass, and as they moved through, were exposed to a selection of scientifically-chosen sounds and colours.

The results, just published, show that a change in colour and sound can affect the taste of wine by a scientifically significant 10%. The main conclusions are that:

- Red light and sweet music is the ideal combination,

increasing enjoyment by as much as 9%

- Green light and sour music increased freshness and reduced intensity by 14%
- Red lighting on its own brought out the fruitier notes of the wine

Green light on its own brought out the wine's freshness Professor Charles Spence commented: "We were astonished to see that colour and sound have such a profound effect on the taste of wine. We knew an effect was likely, but the results went far beyond what we were hoping for. Conducting the world's largest multisensory experiment meant that we were able to unequivocally show, for the first time, that colour and sound together have a far greater effect on people's taste perceptions than light by itself."

Lucy Bearman, Head of Marketing, Wine for Pernod Ricard UK, says the results of the experiment could have a real influence on how atmosphere is created in restaurants, bars and at home in the future. "It could have a real impact on business", she says. "Red can be a bold colour choice for a room but smaller splashes of colour such as a red light bulb in a side lamp to create warmer lighting tones could have a real effect on the enjoyment of wine."

You can try out the experiments yourself by listening to the tracks used in the Colour Lab experiment

NZ WINEGROWERS STUNNED BY CRITICISM

<http://www.radionz.co.nz/news/rural/250768/nz-winegrowers-stunned-by-criticism>

A claim by an Australian wine figure that New Zealand wine exporters are claiming a subsidy in and flooding the Australian market has left growers here bemused.

Australian wine icon Wolf Blass said wine companies from New Zealand had claimed about \$25 million in rebates through Australia's Wine Equalisation Tax - a scheme designed to promote Australian wines.

Sixteen percent of wine in Australia came from New Zealand - and that that was far too much, he said.

However, New Zealand Winegrowers chief executive Philip Gregan said he was amused and bemused by the attack.

"Yes, the WET rebate comes to New Zealand wineries - that's because of the trade agreement called CER

(Closer Economic Relations), that's been in place for 30 years," he said.

"There's no loophole here, there's no mystery - it's a legal requirement."

Mr Gregan said the accusation from Mr Blass that New Zealand's flooding the Australian market with wine was hard to swallow.

"We have to have a little bit of a laugh - Australia has a greater share of the New Zealand wine market than we do in Australia," he said.

"We don't go moaning about Australian wine in this market and we don't think they should be moaning about New Zealand wine in Australia - it's a part of international trade."

Editors Note: The majority of NZ Wine sold in Australia is Sauvignon Blanc. Interestingly other countries are also able to take advantage of the WET rebate.

WINE GRAPES MARKETING BOARD

HACCP AND HEAD POST TAG REMINDER

Growers that operate under the Wine Grapes Marketing Board HACCP Food Safety system are reminded that they can call the office to book their second party audits. Please call 6962 3944 to book yours early.

The Wine Grapes Marketing Board is also 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 or letter.

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.



MOU WITH NATIONAL WINE AND GRAPE INDUSTRY CENTRE

The Wine Grapes Marketing Board has agreed to sign a Memorandum of Industry (MOU) with the National Wine and Grape Industry Centre (NWGIC) Wagga.

The MOU formalises the ongoing relationship that the

Board has with the NWGIC and it will enable our development staff ongoing access to the scientific staff at the NWGIC. It will also enable senior NWGIC Staff to meet annually with the Board.

GRAPE PRICE DISPERSION REPORT NOW AVAILABLE

The Australia Grape and Wine Authority (AGWA) has released the *2014 Australian Winegrape Purchases Price Dispersion Report*. The report presents tonnages purchased in 2014. Data has been collected from the major winegrape purchasers in key regions and covers a large portion of winegrape purchases made in 2014.

Growers wanting a copy of the report can contact the Board office or follow the links to the report on our website, <http://www.wgmb.net.au/products/utilisation-price-survey>

There are excel spreadsheets on the site that go into more detail on the prices paid across Australia.

IMPORTANT DATES FOR YOUR DIARY

Mental Health First Aid Training Fri 8th and 15th Aug NSW DPI Griffith (registration needed)

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