

REVIEW OF THE BOARD CLOSING DATE APPROACHES

Growers are reminded that submissions to the NSW DPI Review of the Wine Grapes Marketing Board close soon. The initial closing date of 31st July has been extended to 31st August 2017 to allow growers and industry representatives sufficient time to make a more considered response.

Growers are reminded that the template correspondence sent out to all members by the Board can still be used to respond to the Review. If you would like to see the Board undertake activities not included in the legislation now is the time to ask for these from the NSW Government. If growers do not respond the NSW Government may see this as your acceptance of what the Board is currently doing so please take the time to put pen to paper. If you need assistance please take the time to read the material that was sent out and then call into the office to discuss.

The NSW DPI will also be holding a series of workshops (see below) which along with presentations from experts in the latest research and information on powdery mildew, sour rot, spray application and mealybug will provide an update on the review of the Board process. If you have something to say about the performance of the Board and what it does do or does not do in your opinion representatives from the NSW DPI Board review team will be at these meetings so please take the time to attend. RSVP 6962 3944.

MONDAY 7 AUGUST AT 2.00 pm

Paul Morrison's shed
Farm 359 Dooley Road LEETON

TUESDAY 8 AUGUST AT 9.30 am

Kirsten Dal Broi's shed
Farm 2721 Mansell Road HANWOOD

TUESDAY 8 AUGUST AT 2.30 pm

Frank Zirilli's shed
Farm 1783 Whites Road THARBOGANG

WEDNESDAY 9 AUGUST 9.30 am

John Strano's shed
Farm 1910 Whitton Road YENDA

The Board's submission will seek amendments to the legislation to allow it to undertake activities such as HACCP Management, biosecurity, grape laboratory analysis and allow it to continue to represent grape growers. The Board is also seeking a return of terms and conditions of payment for the region.

Many wineries in the region are breaching their own contracted terms and conditions of payment which is impacting on the regions growers ability to make payments to their suppliers. It has gone too far and those wineries that continue to do the right thing would be also disadvantaged by these practices. In South Australia it is an offence to not pay for grapes on time and this is backed up by legislation. Interest is applicable in the event of a late payment. The SA legislation even states that wineries that have not paid for grapes from the prior year are prohibited from purchasing grapes the following year. SA accounts for 50% of the national crush but in the Riverina and the rest of Australia the market is open - fortunately for many of the growers across Australia wineries adhere to similar terms to the SA legislation. In the Riverina payment terms vary considerably from winery to winery - why are we so different? Why are growers required to wait for so long to receive their payments. The flow on effects into the Riverina community are concerning.

If you're a grower affected by this let the NSW Government know in writing. If you cannot write about and want to talk to them give the Board office a call . If you have evidence to support your submission please mark your submission "private and confidential" as many are concerned about possible winery retribution from talking about these issues.

Please give the Board your support or at least let the NSW Government know what you think of it. Now is the time for growers to have a say it is important.

WHAT'S INSIDE THIS EDITION

	Page
Review of the Board Closing Date Approaches	1
Board Activities Report	2
Regional Production Report 2016 v 2017	3
Wine Australia Market Report	4-7
Media Watch	8

BOARD ACTIVITIES REPORT



HACCP Audits Continue

Brian Bortolin is continuing to undertake the audits across the region. Although Brian is currently on Annual Leave members can book their appointment with him for early September by calling the office.

A reminder to all growers operating under the Board's HACCP system that you are required to have vineyard block identifiers that match up with the winery delivery dockets. Grower farm plans should identify the blocks and delivery dockets should identify where on the farm the grapes came from for traceability. It has been noted that this has not been the case on all farms and HACCP certificates cannot be issued until this matter is rectified. If you have existing headpost tags make sure that these are legible. If you don't have any tags please contact the Board office and we can order some for you or simply make your own as many growers have done.

ACCC Meeting outcomes

The Board held its meeting with the ACCC to discuss the opportunity for growers to undertake Collective Bargaining with regional wineries. The Board were advised that the collectives for primary producers require a great deal of working through to ensure that all parties to the collective are in agreement. The ACCC recommended that the Board seek the assistance of a competition policy lawyer. Members agreed to get the support of the growers at the AGM for such an expense. Support was received and due to the review process further action on the matter has been halted.

Annual General Meeting report

73 people attended the AGM held 26th June 2017 at the Yoogali Club. 43 were constituted growers (voters) and the balance made up of staff, invited guests, partners and spouses of members.

The Board Chairman's report advised growers that the crop for 2017 was 357,000 tonnes a 40,000 tonne increase on 2016. Members were asked to provide input into the review of the Board. He brought members up to date on changes to the WET rebate which should see some benefits to growers in the coming years.

The Chair also introduced to members and their guests the new members of the Board, Frank Alampi (Leeton),

Kirsten Dal Broi (Hanwood) and Dom Schirripa (Hanwood).

A lot of discussion was held on the review process and concerns by members that since the loss of terms and condition of payment the industry has been bad for growers with many being strung out for payments by wineries.

The CEO provided a financial report and advised that based on the higher than forecast tonnages growers would likely receive a rebate at the end of the year.

Two motions were discussed (as sent to all members via post). One in relation to the NSW DPI review, that the Board seek professional assistance in writing a submission and the other in relation to the seeking the assistance of a completion policy lawyer for the investigation of collective bargaining by the Board. Both motions were approved unanimously.

Carah Lymer from the Riverina Winemakers Associations talked about the promotional activities that the RWA were undertaking this season. Tim McRae NSW DPI fielded many questions about the review process and how it would be dealt with.

Members were advised that regardless of the outcome of this review the NSW Treasury could still require its own review of the Board.

MOU signed with Murray Valley and Riverland

The Board agreed to sign a Memorandum of Understand with the Murray Valley and Riverland grape growers associations to progress items of national importance to our members. The next steps in formulating a plan of action for this group will occur in the coming weeks.



Attendees at the Board's AGM Yoogali Club 26th June 2017

PRODUCTION REPORT 2016 v 2017

White wine grapes	2016	2017
Aranel	39.52	44.61
Arneis Blange	59.80	52.34
Canada Muscat	3,796.30	4,070.01
Caverdella	296.87	323.84
Chardonnay	69,499.81	63,937.41
Chenin Blanc	442.67	508.14
Colombard	7,829.63	11,046.97
Dourado		54.48
Fiano	81.65	104.67
Greco Di Tufo	46.74	45.52
Grillo	31.88	47.74
Marsanne	876.20	1,374.85
Muller Thurgau	306.58	51.94
Muscat Giallo		363.49
Muscat Gordo Blanco	5,623.98	8,491.07
Muscat of Alexandria	16.04	18.14
Palomino	22.08	26.90
Pinot Blanc	71.32	22.75
Pinot Grigio	22,148.76	22,094.93
Prosecco	49.00	52.75
Riesling	2,471.36	2,679.61
Sauvignon Blanc	13,777.65	16,323.37
Savagnin	25.97	38.85
Semillon	28,250.63	32,684.88
Tokay	25.36	28.82
Traminer	8,764.21	8,584.04
Trebbiano	355.20	305.51
Verdelho	4,184.30	3,056.23
Vermentino	244.31	216.60
Viognier	1,964.00	1,700.86
White Frontignac	13,904.21	15,412.29
White wine grapes	185,206.03	193,763.61
2016 Total Tonnes	317,046	
2017 Total Tonnes	357,249	

Final Tonnes Breaks previous records

The 2017 could have been even bigger if red winegrape crops were picked when the berries were full and not subjected to some dehydration. The Riverina production was 40,000 tonnes higher than the 2016 harvest (10% increase) which was evidenced by the longer than normal harvest period and the massive grape crops that have been recorded in the region by many growers.

Largest increases were in red wine grapes increasing by close to 20% from the prior year. Most the increases came from the major varieties such as, Shiraz, Merlot and Cabernet Sauvignon. Colour proved very difficult for many growers to achieve this season in their red wine grapes due to the larger yields and wet winter.

Red wine grapes	2016	2017
Aglianico	289.72	327.98
Barbera	63.94	286.07
Black Muscat	32.55	48.83
Cabernet Franc	154.52	70.58
Cabernet Sauvignon	23,217.20	29,242.22
Carmenere	93.18	142.65
Chambourcin	6.06	256.39
Chennason	20.43	
Dolcetto	574.97	482.45
Durif	5,431.44	7,452.23
Grenache	151.90	231.85
Isabella	261.03	264.07
Lagrein	81.64	92.90
Lambrusco Maestri	423.93	595.26
Malbec	761.08	1,264.01
Mataro	755.63	635.63
Merlot	20,485.57	25,680.04
Montepulciano	170.97	236.18
Muscat Hamburg	41.28	
Negroamaro	19.68	38.00
Nero D'Avola	448.13	366.20
Petite Verdot	3,115.87	4,109.56
Pinot Noir	4,472.58	6,127.22
Red Emperor		29.89
Red Frontignac	732.32	614.28
Ruby Cabernet	6,038.15	6,999.56
Roussanne	234.59	247.50
Rubired		250.08
Sangiovese	456.30	585.89
Shiraz	62,166.71	75,743.75
St Macaire	69.62	90.09
Tanat	70.51	129.61
Tempranillo	620.57	325.57
Touriga	18.50	38.14
Tyrian	359.70	480.30
Red wine grapes	131,840.27	163,484.98

Interestingly while white wine grapes also recorded an increase from the prior year the major variety of Chardonnay had almost a 10% decline which supports the comment about the high disease pressure year faced by the regions producers.

Colombard, Gordo, Semillon and Sauvignon Blanc all rose in production which was not expected given anecdotal evidence of these varieties being removed from production.

Overall a better season than 2016 for grape prices and with increased yields some growers are seeing some returns from their vineyards. The national reporting of the Weighted District Average prices will be available soon and it will be interesting to note which varieties lifted.

WINE AUSTRALIA MARKET REPORT

China and US drive \$201 million increased demand for Australian wine in 2016–17

Wine Australia 19th July 2017

The *Wine Australia Export Report June 2017*, released today, shows that Australian wine export value increased by \$201 million (10 per cent) in 2016–17 to \$2.31 billion, underpinned by strong export growth to China and the United States of America (US).

Australia is the world's fifth biggest exporter of wine – behind France, Italy, Spain and Chile. In 2016–17, Australia outperformed each of the four larger exporters in its rate of export growth.

Wine Australia Chief Executive Officer Andreas Clark said, 'Pleasingly, nearly all price points experienced growth and there were benefits for exporters in all segments of the market.

'The strongest growth was in more premium wines, with all price segments of \$10 per litre FOB and above experiencing growth, and the strongest rate of growth for wines \$30–49.99 per litre FOB.

'There were a record 1997 exporters last financial year and 69 per cent contributed to the total increase in value shown.

'An interesting development from last year was the growth in the carbonated wine category, which includes varieties such as Moscato. Exports more than doubled to \$30 million. The United States was the destination for 35 per cent of the carbonated wine exports, with mainland China

(15 per cent) and Japan (14 per cent) the other major destinations', he said.

Handpicked Wines Export Director James Hunt, said the company's success in Asia came through hard work and ensuring brand equity across the region while also recognising that each market and its culture was unique.

'This is built on the back of tight brand guidelines, frequent market visits, engaged activity and communication with all levels of the distribution chain. In particular, the importers and distributors are educated to manage the message and value chain through to the consumers.

'As the business grew we found the need to employ within the region to maintain the brand values and ensure the message was consistent across the region, particularly with local websites, trade material and social media accounts', Mr Hunt said.

Wine Australia Export report MAT to June 2017

Figure 1: Exports of wine by price segment

Price segment (A\$/litre)	Value 2017	Added value	Growth rate
\$2.49 and under	\$479,510,414	\$70,017,530	17%
\$2.50 to \$4.99	\$799,088,413	\$18,850,951	2%
\$5.00 to \$7.49	\$296,709,604	\$25,906,752	10%
\$7.50 to \$9.99	\$139,693,360	(\$7,180,773)	-5%
\$10.00-\$14.99	\$179,745,991	\$26,249,683	17%
\$15.00-\$19.99	\$84,061,109	\$5,135,319	7%
\$20.00-\$29.99	\$89,166,638	\$18,676,696	26%
\$30.00-\$49.99	\$68,817,183	\$28,288,565	70%
\$50.00-\$99.99	\$120,464,165	\$1,858,507	2%
\$100.00-\$199.99	\$13,262,790	\$4,003,127	43%
\$200.00 +	\$38,668,840	\$9,396,118	32%
Total	\$2,309,188,508	\$201,202,476	10%

(Continued on page 5)

Exports by region

Australian wine exports to most regions recorded growth in 2016–17, except for those to Europe, which declined by 1 per cent to \$568 million, and Oceania, which fell by 1 per cent to \$87 million.

Exports to Northeast Asia continued to drive growth, with their value increasing by \$178 million (29 per cent) to a record \$797 million. Southeast Asia was the next biggest growing region with exports increasing by \$20 million (14 per cent) to a record \$162 million. Exports also grew to North America by \$5 million (1 per cent) to \$651 million, and the Middle East by \$3 million (18 per cent) to a record \$22 million.

Greater China

Greater China (mainland China, Hong Kong and Macau) has been at the hub of the revival of Australian wine exports.

In 2016–17, exports to Greater China increased by 33 per cent to \$721 million. The implementation of the China–Australia Free Trade Agreement (ChAFTA) at

the end of 2015 has provided impetus to an already strong market.

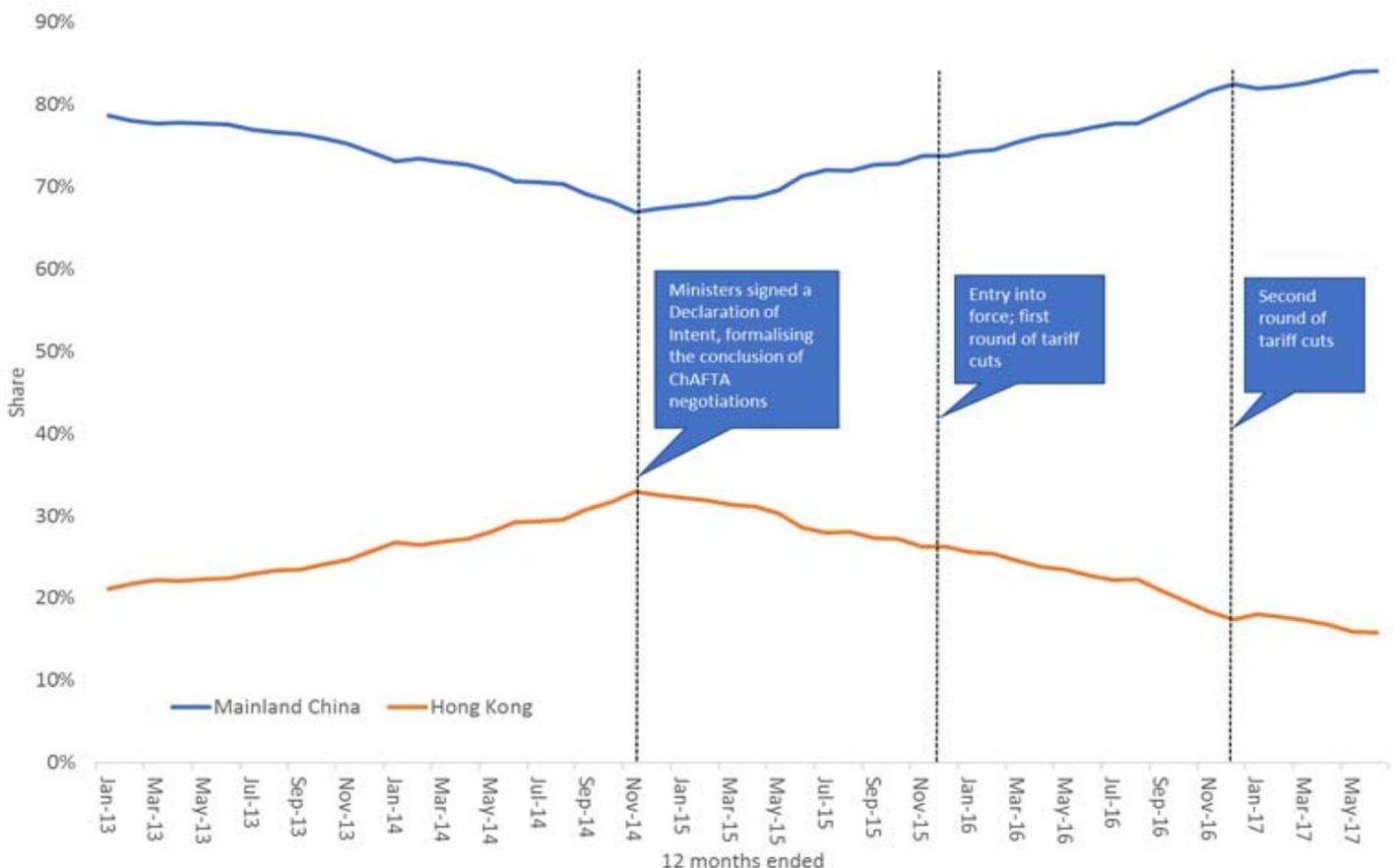
Hong Kong is a vital trading hub with important distribution links to mainland China. Some imported wines in Hong Kong are re-exported to other Asian destinations, with 95 per cent of re-exports going to mainland China and Macau. Hence, not all Australian wine exported to Hong Kong is consumed in the country. ChAFTA, which is reducing import tariffs for Australian wine into China over time, has meant that less wine destined for mainland China is routed through Hong Kong, which has contributed to a decline in exports to Hong Kong.

Figure 2 illustrates how this trend began when the Declaration of Intent was signed and has since continued.

Mainland China’s position as the number one destination for Australian wine exports by value was consolidated in 2016–17. Exports grew by 44 per cent in value to \$607 million.

Continued on page 6

Figure 2: Exports to Greater China, mainland China vs. Hong Kong



26)

(Continued from page 5)

Bulk wine exports more than doubled to \$37 million but the bulk share of exports is low at 6 per cent. Bottled wine exports also grew strongly, up 41 per cent to \$568 million, representing a 94 per cent share. Mainland China accounts for 40 per cent of all Australian wine exports priced at \$10 per litre FOB or more.

By value, Australia holds a 24 per cent share of wine imported by mainland China, behind only France with a 41 per cent share. However, Australian wine exports are growing at much faster rates than most major competitors.

In 2016–17, the value of exports to Hong Kong declined by 8 per cent to \$114 million and volume declined by 15 per cent to 8 million litres, but the average value of exports to Hong Kong increased by 8 per cent to \$13.88 per litre FOB. Hong Kong has the highest average value among the top 50 destinations to which Australia exports and 77 per cent of exports to Hong Kong are valued at \$10 or more per litre FOB.

Australian wine will take centre stage at Vinexpo Hong Kong 2018 as the Country of Honour. Vinexpo Hong Kong is the key trade-only wine and spirits exhibition in the Asia Pacific region. The invite-only event attracts top decision making importers, buyers and sommeliers, and provides a forum for education and trade networking.

United States of America

In 2016–17, exports to the US increased by 3 per cent to \$464 million – the highest value since 2011–12. The overall increase in value was driven by white wine exports, up 3 per cent to \$181 million, and carbonated wine (mainly Moscato) increasing 10-fold to \$11 million in value.



The US is the largest destination for Australian Pinot Grigio exports, accounting for over three-quarters of the category's exports. Pinot Grigio exports grew by 16 per cent to \$24 million last year.

The positive trend towards Australian premium wines in the United States continued. Exports at \$10 per litre FOB or more increased by 21 per cent to \$43 million.

United Kingdom (UK)

The UK remains the number one destination for Australian exports by volume; more Australian wine is shipped to the UK than any other market.

Overall, the total value of exports to the UK declined by 7 per cent to \$341 million. However, there was very strong growth in exports at the high-end of price points, exports at \$10 per litre FOB or more grew by 13 per cent to \$28 million.

Elliot Awin from wine importer Awin Barratt Siegel Wine Agencies said 'Our focus is supporting the independent trade, where we see a real resurgence in interest for Australia across the pricing spectrum. Independent merchants are rotating ranges regularly with an eye to the new, modern Australia, preferring wines with a real story or point of difference; many will preference purchasing from winemakers with whom they've met. Whether it be small batch single vineyard wines, traditional method sparkling wines or "alternative varieties" from small producers, there is a growing thirst for these products. Winemakers pushing the boundaries away from tradition have also seen success.'

Australia's top five export markets accounted for 74 per cent of the value of Australian exports

- Mainland China – \$607 million ▲ 44%
- US – \$464 million ▲ 3%
- UK – \$341 million ▼ 7%
- Canada – \$186 million ▼ 5%

Hong Kong – \$114 million ▼ 8%.

Free on Board (FOB) - Value of the wine, where the point of valuation is where goods are placed on board the international carrier, at the border of the exporting

(Continued on page 7)

(Continued from page 6)

country. The FOB value includes production and other costs up until placement on the international carrier but excludes international insurance and transport costs.

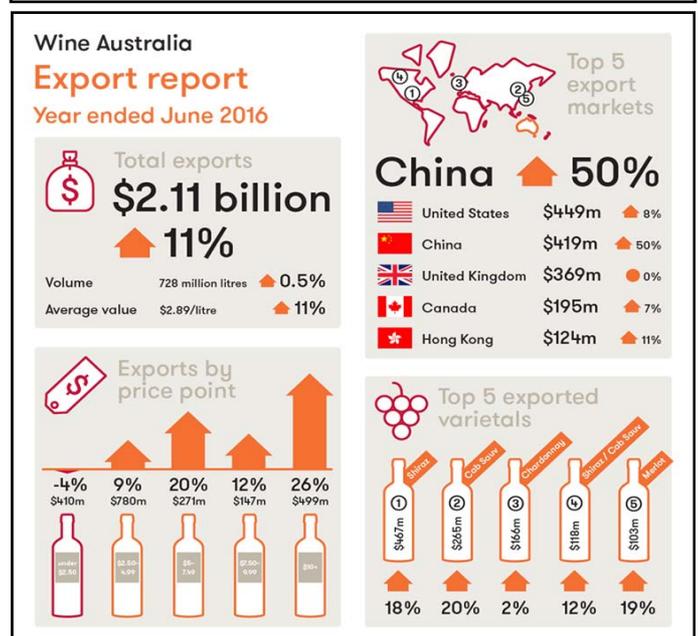
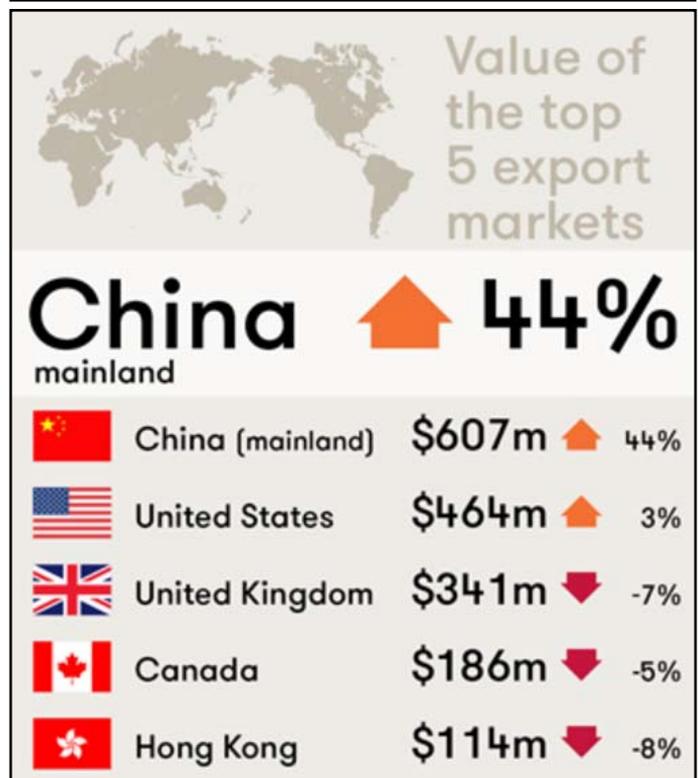


Editors Note: The report shows that in the past 12 months from end of June 2016 until end of June 2017 Australia is still performing well in exports markets. China is now taking more of Australia's wine products with 24% of all imports into China coming from Australia.

While the report states that the strongest growth in \$10 per litre and above this statement is a bit misleading with the \$7.49 per litre and below accounting for the majority of the added value, some \$114 million of the \$201 million for the year. This indicates that the powerhouse of the market is still the inland regions. When you drill down on the sub \$2.50 per litre segment it shows that 34% of the total increase has come from this market segment.

While China seems to be leading the growth in exports by Australia in value at 44% increase, The USA also had some growth (3%) which is pleasing with white wines leading the charge - particularly Pinot Grigio which is showing no signs of slowing down.

The United Kingdom remains the top for all wine exports by volume from Australia but it has dropped off. While the sales have declined in value overall these consumers are trading up in the wines that they consume. This is being driven by more targeted marketing by Wine Australia is this key market.



WINE GRAPES MARKETING BOARD

COLES WINS INTERNATIONAL WINE COMPETITION WITH \$6 BOTTLE

A RED wine sold exclusively by Coles has received accolades at a recent international competition but if that isn't enough to get you to cast aside your beloved pinot grigio, then the price may just get you over the line.

At just \$6, this cabernet sauvignon went head to head with some of the world's most prestigious labels at the Melbourne International Wine Competition and came out on top, having earned the coveted "double gold" medal.



Image: Coles Group buyer Ed Ashley holding last years winning bottle, *Source: News Corp*

In a blind tasting the St Andrews Cabernet Sauvignon was given a gold rating by all of the judges, the rare unanimous decision by the panel is what resulted in the bottle's new "double gold" standing.

The \$6 bottle is only sold through Coles owned outlets, those being Liquorland, First Choice and Vintage Cellars.

This is not the first time that Coles has outperformed other labels with a price savvy wine.

Just last year the company took home the title of best wine under \$20 from Australia and New Zealand at the Winestate Wine of the Year Awards, with their \$5 James Busby Big & Bold Shiraz 2015.

It seems to be a growing trend that discount bottles of wine, which once upon a time would never have been able to compete with the more expensive labels, are now being recognised and winning numerous awards.

Supermarket chain Aldi is renowned for their award-winning inexpensive wines, with numerous bottles having received honours, the cheapest being a \$5 rose that won a Blue Gold medal at the Sydney International Wine Competition.

Head of Coles wine sourcing Bob Paulinski, told The Australian that he is overjoyed at the recognition their St Andrews Cabernet Sauvignon is receiving saying it proves that an exclusive label can match, and in this case surpass, some of the best wines in the business.

"A win like this shows that our exclusive wine brands can stand shoulder-to-shoulder with the best in the market, and is a testament to the incredible work our suppliers do in making these wines," he said.

If last year's announcement of the Coles Big & Bold Shiraz win is anything to go off, you better be quick if you want to snag a bottle of this award-winning cab sav.

Source: www.news.com.au 13th July 2017

Reporter: Ally Foster

Editors Note: Great to see the recognition for value for money wines. However we need consumers to pay more if growers are to get a better share of returns.



Image: Captured from www.news.com.au

Wine Grapes Marketing Board

Email: board@wgmb.net.au

Phone: (02) 6962 3944

Fax: (02) 6962 6103

Web: www.wgmb.net.au

Office Hours: 8:30am - 5:00pm Mon - Fri

DISCLAIMER The content in this Newsletter "Vine Chat" has been prepared by the Wine Grapes Marketing Board (the Board).

General Advice Warning The information contained is general in nature and does not take into account your personal situation. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice from your personal advisors.

Accuracy & Reliability of Information

Although every effort has been made to verify the accuracy of the information contained in this document, the Board, its officers, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained on this document or any loss or damage suffered by any person directly or indirectly through relying on this information.

Copyright

The Board owns copyright in the information contained in this document where none currently exists. Information may be duplicated for personal use only. The information may not otherwise be reproduced and must not be distributed or transmitted to any other person or used in any way without the express approval of the Board.