

AGRICULTURAL OPTIONS WORKSHOP PLEASE ATTEND

On Tuesday 5th May 2015 the Riverina Wine Grapes Marketing Board along with the Griffith City Council and NSW Department of Primary Industries will be holding an **"Agricultural Options Workshop"** from 9am until 2pm at Calabria Family Wines, Griffith.

This is the second time a workshop like this has been coordinated for the benefit of winegrape growers. It provides grower members with available options that they may wish to consider on their vineyards instead of winegrape production or complimentary to.

The unique feature of the event is that representatives of many industries present for only 10 minutes on their industry. This allows for many industries to participate. A generous morning tea and lunch period is given to allow growers time to speak one on one with the guest speakers from each industry to answer any queries.

For the 5th May event the following industries have advised that they will be present (this list is expected to grow and include more industries):

Almonds, Blueberries, Seed production, Macadamia, Prunes, Agri-tourism, Water management, Pecans, Organics, Hazelnuts and Pistachios.

Kristy Bartrop, Industry Development Officer will be presenting the winegrape industry VineBiz program for growers. This program is designed to enable growers to monitor closely their input costs and work out the financial performance of individual vineyard blocks.

As morning tea and lunch will be provided free of charge it is **important that growers RSVP by 30th April to the Board on 6962 3944 to Kristy Bartrop or James Codemo.** For further details please read page 7 of this newsletter. This is a not to miss workshop.

GROWERS CAN GET THE ANSWERS FROM THE GOVERNMENT

On Tuesday 12th May 2015 the NSW Office of the Small Business Commissioner along with a number of leading business agencies, ACCC, ATO, etc will come to the region to meet with winegrape producers to discuss your continuing market problems.

- Mental Health
- Truck weight - transport issues
- Cashflow issues

This opportunity presents an invaluable chance to inform growers of the services available from these agencies and provide them with the ability to address issues of concern that they may have with the industry.

The meeting will be held at the Griffith Exies in the afternoon of the 12th May. For further details please contact the Board office on 69623944 and speak with Brian Simpson, Chief Executive Officer.



The NSW Small Business Commissioners office attended the region in September 2014 at the request of the Board to meet with growers regarding the market problems in the industry. This meeting will address the key issues that were raised by stakeholders in September and any other matters of concern that growers want raised.

The key issues identified were:

- Bargaining power between growers and wine producers
- Increasing costs associated with growing grapes
- Costs to exit industry and/or change crop variety
- Wine Equalization Tax
- Workplace Health and Safety (eg night picking)
- Succession planning
- Education on new processes, technologies and grape varieties

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BOARD ACTIVITIES REPORT



- **Promotional Videos:** The Board continued to roll out online videos that promote the regions wines and growers to the general public. Having these online will enable them to be accessed internationally.
Please search YouTube for "Riverina Wine Region Australia". There will be more videos to come that will underpin the promotional efforts of the Board. These are also linked to the Board's Facebook and internet pages.
- **La Festa:** The Board again provided sponsorship funding toward the promotional activities over the Easter long weekend. The funds were principally provided to ensure that the advertising of the event was state wide.
- **Chinese media and wine buyer visitation:** On 15th and 16th March the Board hosted a group of Chinese that are involved in the wine industry in their respective fields. The region hosts these groups in a bid to increase our exposure and it provides regional wineries with the opportunity to meet with these persons and hopefully forge profitable business relationships.
- **Agri-options for growers:** The successful Agri-options workshop that was held in 2014 will occur again 5th May 2015 at Calabria Family Wines.
- **AGWA Planning:** The Board provided input into the Australian Grape and Wine Authority 5 year Strategic Plan. It initially wrote a submission outlining the areas that it through the new corporation needed to be mindful of and focus upon. This written submission was followed up with a meeting held in Griffith with AGWA and several of their Board members and Riverina Winemakers Association representatives.
- **NHVR representation:** The Board communicated with the National Heavy Vehicle Regulator (NHVR) regarding the combined policy of the Riverina Winemakers Association (RWA) in relation to the overloading of winegrape vehicles. Since this the Board has sought a written response from regional wineries about whether or not they would support the region seeking a 5% allowance that was regulated by the relevant authorities. The RWA response is that it would not support a 5% allowance scheme similar to the grains industry.
- **Biosecurity Project Support:** The Board agreed to financially support Wine Grape Growers Australia to undertake a national project of significance to our region. WGGGA sought funding from grape grower groups across the country to fund two major projects. The first will be the management of the industry's biosecurity commitment under the *Plant Pest Act* and the *Emergency Plant Pest Response Deed*. The other will be the negotiation and discussion with the entire industry relating to the development of an industry levy to generate funds to support the industry's committee to vine health matters. As an industry we need to be prepared for an incursion and these projects will achieve that.
- **The industry Future Leaders Course** was opened again this season. The Board offered up to \$3,000 for a grower or their partner to support their travel should they apply and be accepted. This offer has since closed with no applicants unfortunately.
- **Riverina Field Days:** The Board maintains its role as the major sponsor of this event. Growers need to look for the free entry tickets that will be sent out in the mail shortly. Please call in and say hello.
- **MI Economic Regulatory Review:** The Board were invited by MI to provide input into the organisations review of its financial position. As many growers have voiced their concerns that MI charges continue to rise each year it has been suggested that these need to be better managed and reduced to ensure irrigators remain viable in the longer term.
- **Riverina Wine Show:** The Board continues to provide sponsorship to support the trophy for the best wine made from Riverina winegrapes.
- **Media Activity:** The Board has found it difficult to get traction within the local media since the journalist from WIN TV moved away.
- **Levy Return for 2015:** The Board agreed by formal motion at its March meeting that it will provide a levy return to all growers on their deliveries made this year of \$2 per tonne.
This means that the net rate of the fees and charges for 2015 will only be \$1.90 per tonne. The Board is mindful of its high level of reserves and the financial difficulty that is facing growers in region. It believes that the funds (to be paid out late September 2015) would be better offsetting growers overdrafts than earning minor interest.

INQUIRIES INTO THE INDUSTRY GAINING MOMENTUM

As the grape industry continues to struggle financially and more and more grape growers are impacted by the pressures of this we are seeing a higher level of interest from political representatives in the plight of their constituents.

Growers may recall the 2010 NSW Upper House Inquiry into the Wine Grape Market and Prices. The recommendations of this Inquiry would have mostly been beneficial to growers in the region but the state incoming government failed to act on any of these. Inaction on many fronts has seen the continual decline in the terms of trade from most winegrape growers.

There was a federal Senate inquiry in 2005 that recommended action but nothing but reports and reviews of the costs of production come from it. These were worthwhile at the time and continue to provide good information to growers in working out your costs. Growers need to know their numbers when making economic decisions about whether they should accept a price offer from a winery or not.

Recently a winegrape Senate inquiry was called for by Senator Anne Ruston which will take submissions up until 22nd May 2015 and report to government in November this year. For many however this timeframe may be too late to turn around the problems that have plagued the industry for many years.

The terms of reference for this recent inquiry are far reaching:

- (a) the extent and nature of any market failure in the Australian grape and wine industry supply chain;
- (b) the extent to which federal and state legislative and regulatory regimes inhibit and support the production, processing, supply chain logistics and marketing of Australian wine;
- (c) the profitability of wine grape growers, and the steps industry participants have taken to enhance profitability;
- (d) the impact and application of the wine equalisation tax rebate on grape and wine industry supply chains;
- (e) the extent to which grape and wine industry representation at regional, state and national

level effectively represents growers and winemakers with respect to equity in the collection and distribution of levies;

- (f) the work being undertaken by the Australian Grape and Wine Authority pertaining to levy collection information;
- (g) the power and influence of retailers of Australian wine in domestic and export markets;
- (h) the adequacy and effectiveness of market intelligence and pricing signals in assisting industry and business planning;
- (i) the extent to which the Australian grape and wine industry benefits regional communities both directly and indirectly through employment, tourism and other means; and
- (j) any related matters.

A lack of real competition in the domestic market place, years of strong currency have devalued what growers have received on farm and now that we are at the bottom of the cycle it is difficult for the industry to lift itself up. Especially when consumers are getting the best value for money wines and the retailers in the domestic market are generating strong net returns from wine sales.

Senator Nick Xenophon recently proposed that a 5c a bottle levy to support South Australia's struggling grape growers should be enacted. While he is typically South Australian centric the Senator proposes that \$100 million could be raised in this process to help wine grape growers that are failing to break even. Such a political response would cover the producers in our region.

While it may not be palatable by the majority of our political representatives it is an interesting scenario to consider and one that the Board has mentioned in the past, increase the price of wine so that growers can obtain a fairer share of the return.

We can only hope that a Senate Inquiry along with a renewed concern by political representatives will inevitably lead to something tangible that can return more profits to the farm gate as it is long overdue. No change is not acceptable.

WINEMAKERS FEDERATION OF AUSTRALIA SEEK MARKETING FUNDS

The Winemakers Federation of Australia (WFA) have responded to Senator Xenophon's proposal of a levy on all bottles of wine by suggesting that better overseas marketing would bring more benefits.

They are seeking up to \$25 million over four year as they believe this size of investment would have a longer lasting effect on the "grape glut". Regardless all sectors acknowledge something needs to be done.

MEDIA WATCH

Marketing tipped to be key in Aussie wine industry moving away for cheap bulk exports toward premium bottled varieties

After years of struggling to be profitable, Australia's wine industry is being blessed by a lower local currency and the export opportunity of recently-linked free trade agreements.

ABC Rural, Catherine McAloon 2-3-15.

<http://www.abc.net.au/news/2015-03-02/wine-industry-optimism-for-export-trade/6269494>

But some analysts say if it is to really turn its fortunes around, the local industry will need to transition away from being a bulk supplier of lower value wine and increase sales of premium bottled wines.

John Hart, a partner with consultancy group Ferrier Hodson, specialising in the wine industry, says fierce export competition will make achieving that transition a big challenge, but despite that he sees cause for optimism.

"We have been thinking, over the last four or five years, that the industry is going to turn around and each year there's been some starts, but it's just never looked as positive, I don't think, as it is at the moment," Mr Hart said.

But he said to make the most of the current beneficial conditions, the Australian industry needed to change the mix of what it offered export markets, to focus more on premium, high-value bottled wine over cheaper bulk wine.

"At the moment, we are selling all the wine that we are making. There's not an issue about that, it's basically what (price) we are selling it at.

"With bulk wine pricing at around 99 cents per litre, on average, that is not giving the returns to winemakers, or more importantly to growers, that they should be receiving," Mr Hart said.

"With higher margins for bottled wine sales, I think it will allow the industry to focus back on to growers and say,

'look, we can pay higher pricing and therefore you don't need to grow the volumes you are growing at the moment. We need to grow better quality wine, less volume'.

"And I think at the end of the day, the profitability right across the industry should improve."

In 2014, Australia's bulk wine export volumes grew by 8 per cent to 402 million litres, to make up approximately 60 per cent of export volumes.

Mr Hart said a move away from bulk wine production, toward premium wines, would need to be led by some of the country's biggest wine companies.

"It's going to have to start at the top, and it's going to have to flow right down through to growers who are making the wine right at the bottom of the chain," he said.

And Mr Hart predicted that marketing would need to play a key role in helping Australia restructure its export wine business.

"The benefit of the Australian dollar is going to be that the industry is going to start spending more on marketing and recover where it's lost ground in our international markets and use that marketing dollar, via higher margins to grow not volumes, because volumes are fine, what we need to do is grow the value of our wine, and particularly value of bottled wine sales."

But he warned Australia faced tough competition in export markets.

"Our competitors, the old world countries such as France, Italy and Spain, have used the opportunity to re-establish themselves and we also have the new world countries

such as Chile and Argentina who are low-cost producers and who are able to take our market in the low value portion of the industry as well," he said.

"There are still very big challenges and Australia needs to understand we are operating in a global market and there are a lot of different impacts which are challenging."



HAPPY BIRTHDAY: CASK WINE TURNS 50

Once thought the domain of impoverished students, cask wine has entered respectable middle-age, with a birthday bash befitting of an Australian classic.

<http://www.theguardian.com/lifeandstyle/2015/mar/02/happy-birthday-goon-cask-wine-turns-50>, 4-3-15

At the recent Ask for Cask party in the Sydney suburb of Vaucluse, a crowd of industry figures and wine enthusiasts gathered to wish goon a happy 50th birthday.

The organisers, a group of leading wine producers and a packaging company, believe it's time for the humble wine cask to take its place alongside Holden, meat pies and the Hills Hoist as an Australian classic. Proceedings were bathed in the eastern suburbs' perpetual mid-morning chardonnay glow. As the speeches began, it seemed cask wine was ready to slip into respectable middle age.

As I sipped a Yalumba sauvignon blanc (zesty and dry, \$13) and then a Winesmiths tempranillo (lively, with notes of berries, \$17) it became clear that the G-word, "goon", was not to be mentioned.

"We're here to celebrate something that's been part of our lives for more than 50 years," said Richard Barrett from Scholle Packaging, Australia's leading supplier of casks.

"People may think that wine casks come out of laboratories somewhere but they're actually grown by families... well, the wine is."

Barrett pointed out that the cask sector provides jobs for many of the 60,000 people employed in the Australian wine industry, and that one in three glasses of wine drunk in Australia comes from a cask.

In Sweden, Barrett noted, that figure is two in three glasses.

The guest of honour was John Angove, the son of the cask's inventor, South Australian winemaker Tom Angove. The younger Angove recalled his initial doubts about the product, his father's hatred of the term cask ("it's not made of wood") and the struggle to perfect the bladder technology. The Angove Family Wine Makers no longer produce cask wine.

"We're now focused on premium wines in glass," said Angove. "Good luck to those who are pushing casks."

A panel of industry figures then took the stage to discuss dry goods, unit price ratios and the wine equalisation tax rebate.

Talk eventually turned to Accolade Wines' Magnum brand: \$25, 1.5 litre varietal and vintage casks, which are targeted at younger consumers. (I tried the Hardys The Chronicles Butcher's Gold 2012, a simple and satisfying McLaren Vale shiraz).

The panel was interrupted by a loud and merry voice from the back of the room: "I'm going to ask what everyone's been thinking: has any of you ever played goon of fortune?"

The shocked silence that followed suggested that at least some of the attendees had played the infamous party game, which involves pegging several four litre casks to a Hills Hoist, standing in a circle and yelling "goon of fortune" as the clothesline spins. Anyone fortunate enough to end up beneath a heaving, dripping goon bag must drink their fill of Fruity Lexia and risk a painful hangover.

"I certainly have not," said Barret.

"I've never heard of it," said one of the panellists.

"We played different games when I was in university," said another.

Paul Evans, CEO of the Australian Winemakers Federation, seemed to take the question particularly personally.

"It's a reality, which I tell politicians from time to time, that there is as cheap wine in glass as there is in cask, even though it might be their punching bag in terms of social ills from time to time," he said.

Citing figures from the Foundation for Alcohol Research and Education, he pointed out that cask wine is in fact the least popular drink among teenagers at risk of binge drinking, less popular than both pre-mixed and post-mixed spirits.

In many ways it's ironic that cask has attracted a reputation for enabling alcoholism. After all, the vacuum-sealed bladder keeps the wine fresh for up to six weeks, meaning there's no pressure to drink the lot.

The majority of cask wine drinkers are "mature professionals"– and as Evans pointed out, alcohol consumption crosses class boundaries.

In any case, the final part of the discussion proved cathartic. The panel ended and most in the crowd made a beeline to the promotional booths outside the kiosk, where they were topped up straight from the box.

"We're running out of wine," said one of the caterers as the sun set over the harbour.

MEDIA WATCH

Riverina food and wine tourism promoted.

<http://www.destinationnsw.com.au/news-and-media/media-releases/riverina-food-wine-tourism-promoted>

The Riverina Regional Tourism Organisation will benefit from \$171,500 of NSW Government funding to promote the region as a food and wine destination, Minister for Regional Tourism John Barilaro announced today with regional Riverina MPs Katrina Hodgkinson, Adrian Piccoli and Daryl Maguire.

Mr Barilaro said the program aims to increase the food and wine products and packages on offer in the region, and deliver a targeted marketing campaign to increase awareness of the destination among potential visitors.

"In 2013 the NSW Government committed a record \$21.6 million to the RVEF over three years, to help boost local economies across Regional NSW and contribute to the goal of doubling overnight visitor expenditure to the State by 2020," Mr Barilaro said.

"Regional tourism is a vital contributor to the State's

economy. Last year Regional NSW received 50.4 million international and domestic overnight and day trip visitors, who spent \$13.3 billion."

Local MP Katrina Hodgkinson said the Riverina Regional Tourism Organisation will receive \$171,500 from the Regional Visitor Economy Fund (RVEF) to continue to reinforce the Riverina region as a must-visit food and wine destination.

Member for Murrumbidgee Adrian Piccoli said the funding will develop new products and packages that attract overnight visitors, such as food and wine experiences, farm gate visits, provenance trails and events, and help ensure more people know about them.

Member for Wagga Wagga Daryl Maguire said the NSW Government is committed to growing the State's visitor economy and initiatives like the RVEF support this development and are important in encouraging economic growth in our regional communities.

For more information visit www.destinationnsw.com.au/RVEF

Spain and Argentina are the two big winners in the UK on-trade says new report

<http://www.harpers.co.uk> 9-3-15

Spain and Argentina were the two big winners in the UK on-trade last year, according to the latest Wine On-Premise report from Wine Business Solutions.

The report looks at the volume and value of wine listings achieved by the major wine producing countries in the UK across the mainstream on-trade sector (hotels restaurants and bars).

The 2014 findings reveal that:

- Spain is the fastest growing country, and has increased its share of listings by 25% in the last year.
- Argentina is the next fastest growing (up 12%) and now has over 5% of all UK listings.
- Australia (up 8%) has increased its share of listings for the first time in the six years the report has been running. This has been driven by a larger proportion of regional Australian wine being listed. But wines from **South East Australia did not do well, down 36% on last year.**
- New Zealand (up 4%) had its sixth year of successive growth and is the only country to do so.
- The rise in Prosecco (up 35%) at the expense of Champagne (down 11%) saw overall French wine

listings drop by 11%. But the Languedoc enjoyed an 11% increase, the fastest growing French wine region.

- South Africa saw an increase in price per bottle up by 10% as its push towards more premium wine is taking effect with overall listings up 1%.
- Chile, however, had a disappointing year and was down 10%, which the report claims is down to more restaurants looking to move out of the sub £20 per bottle sector.

The report also analyses the performance of the main on-trade wine distributors in the UK, what the most listed wine brands are and the analyses which restaurants charge by bottle or by the glass. It also looks at how wine businesses can expect to make from on-trade sales.





Department of
Primary Industries

Agricultural Options Workshop

Tuesday 5th May 2015

9 am - 2 pm

Calabria Family Wines

Brayne Rd, Griffith

~ Almonds ~ Prunes ~ Macadamia ~ Seed Crops ~

~ Organics ~ Value adding ~ Agritourism ~

~ new and emerging markets ~

RSVP by 30th April, Morning tea and lunch provided

To RSVP or for further information contact

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MEDIA WATCH

Growth and Cycles in Australia's wine industry

In an effort to provide the Australian wine sector with clearer insights from its long history, world-renowned wine economist and University of Adelaide Professor Kym Anderson has compiled a statistical account of the wine industry's evolution over the past 170 years. The new book, *Growth and Cycles in Australia's Wine Industry*, was jointly funded by the Australian Grape and Wine Authority (AGWA) and the University of Adelaide's Wine Futures project.

With annual data of the wine sector's booms and contractions between 1843 and 2013, the book looks at Australia's many wine regions and their evolving winegrape varietal mixes.

Anderson said there have been five distinct cycles in the wine sector's history that can be examined when strategizing about how to return to and retain growth momentum going forward.

"The sector's development has been characterised by long boom/contraction cycles, around an upward growth trend, with the latest being the longest boom," Anderson said.

"The most recent boom began in 1986 with a steady increase in exports to take advantage of the historically low value of the Australian dollar," he said. "But then the perfect storm of the mid-2000s, consisting of an appreciated Australian dollar, severe drought, high water costs and the global financial crisis, sparked the recent downturn."

While the Australian dollar has since dropped considerably, the sector can't rely on it alone to provide the growth necessary for profitability, according to Anderson.

"Other countries such as Argentina, Chile and Spain are now producing respectable low-priced wine, and due to their lower production costs, the majority of Australian producers can no longer compete in that

segment of the market," he said.

"Individual firms are better differentiating their product – reaching out to fine-wine markets, shifting their production to cooler regions, changing their varieties – and that plus the recent decrease in the value of the Australian dollar is attracting domestic and international buyer interest in investing in our wine assets.

"Historically, the sector's more-resilient firms have been able to ride out downturns and recover financially. But a return to long-run growth for the sector as a whole would be greatly helped by a boost to investments in innovation and in generic marketing that highlights our finer wine offerings," he says.

Andreas Clark, AGWA chief executive officer, said the new book will provide valuable historical insights into the Australian wine sector.



"By having a clear economic picture of the Australian wine sector since 1843, we can better focus our market development and our research, development and extension efforts to capture future opportunities," Clark said.

The ebook can be downloaded for free at www.adelaide.edu.au/press/titles/austwine and print versions can also be ordered from that website.

WINE GRAPES MARKETING BOARD - proudly serving winegrape producers since 1933
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