

TERMS OF PAYMENT - ARE YOU GETTING PAID ON TIME?

Since the cessation of the *Wine Grapes Marketing Board (Reconstitution) Act 2003* in 2011 the past two seasons growers have been required to manage their grape payments for themselves.

As reported previously, the Board is able to assist growers in following up with wineries. Last season a number of wineries were reported to the NSW Office of the Small Business Commissioner. Unfortunately the problem is an ongoing one with reports this season of a number of wineries delaying payments.

What you can do:

- Ensure that the contract or agreement contains a clause that will provide you with interest on any defaults made by your processor prior to entering into an agreement.
- Make sure that the purchaser has all your current contact details including banking details if they are to direct debit the funds into your account.
- Call them if the funds have not been received by the due date and obtain assurances that the funds are forthcoming.
- Ask them to compensate you with interest.
- Report the incident to the Office of the Small Business Commissioner on 1300 795 534 or 02 8222 4800. This office can provide advice on the best way forward.
- Contact the Wine Grapes Marketing Board 02 69623944. The Board can act on your behalf and communicate directly with the winery to determine the problem and find out when the payment will be forthcoming.

The Board is also liaising informally with its counterparts in South Australia and Victoria to formalise a national position on this. Currently the entire state of South Australia has regulated payment terms (something that the current NSW Government failed to recognise when it did not accept the recommendations from the 2011 Upper House Inquiry). South Australian industry bodies are currently seeking these powers to be strengthened amid continuing reports of non-compliance within that state.

The Board, along with other representative bodies, is working to get the issue heard at the national level to instigate a national system of terms and conditions of payment.

It is one thing to be receiving prices that at times that do not cover the costs of production, as evidenced in the pricing reports of the past five years. The other more concerning matter is the dilution of payment terms that wineries are providing growers. The Board is aware that many growers are now having to wait longer for their full payment to be received.

CLAIM THE DATE
WGMB 80th Celebrations
Celebrating 80 years of service to
the Riverina Wine Industry
15th September 2013
Yoogali Club
12-3pm

WHAT'S INSIDE

	Page
Board Activities Report	2
NSW Electoral Commission error on Board positions	2
NSW Farmers' Association meeting	3
Board to invoice growers directly for fees and charges	3
John Cobb Advisory Committee	3
NSW Liquor licencing starts investigation	4
Roads and Maritime Services update	4
GWRDC Grassroots projects 2013/14	5, 8
News in Brief	6, 7
Riverina Field Days	8

NSW ELECTORAL COMMISSION ERROR ON BOARD POSITIONS

The Board has been actively seeking a person to fill the vacancy on the Board that was thought to have not been filled following the recent call for nominations to the Board.

The Board received resumes from a number of interested persons in the local community and was in the process of shortlisting these for interview when it was contacted by a grower that had nominated for the Board at the start of the year.

Following investigation by the Board staff and the NSW Electoral Commission the Electoral Commission found that the legitimate nomination had been received and unfortunately went into a staff member's junk folder.

The Board is now pleased to announce that it has 5 members elected unopposed at the 2013 election. The Board welcomes **Mr Rod Gribble** of Yenda to the Board. Mr Gribble joins the following elected members to the Board:

- Bruno Brombal
- Robert Bellato
- Louis Dal Nevo
- Anthony Baggio

The following members are appointed by the Board:

- Bruno Altin
- Eric Berton

BOARD ACTIVITIES REPORT



Riverina Field Days: The Board sponsored the field day event again this year and provided to all constituted growers 2 tickets for entry. The attendance of growers this year was the highest seen in the past years and the Board reported its new location in the centre of the site enabled it to speak to

more growers than it had at previous events.

80th Anniversary Celebrations: The Board will celebrate its 80th year on Sunday 15th September at a luncheon to be held at the Yoogali Club, Yoogali. Further details will be forthcoming in the months prior.

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

Meeting with the Minister: The Boards invite to have the NSW Minister of Agriculture visit region to meet with growers remains unanswered. In recent communications to the Minister via Adrian Piccoli MP's office the Minister advised that due to budgetary constraints she was unable to travel to the region this financial year. The Board has offered financial assistance to the Minister for transport but has had no reply. It has been noticed via Twitter that the Minister is still travelling to regional areas and meeting with constituents but not this region.

Agency Agreements: The Board wrote to all known licence holders in the region this season seeking their commitment into an Agency Agreement with the Board.

The level of response has been disappointing and the Board this season will be required to invoice individual growers for the fees and charges on a larger scale than it has done in previous years. Invoices will be generated once the reports have been provided to the Board.

The Board will again use the services of the NSW DPI appointed Inspectors to obtain reports from wineries, buyers and processors of MIA Winegrapes.

Griffith Airport Wine Display Removed: The Board has removed the wine display from the Griffith Airport after the Council contacted the Board and advised that the display stand would no longer suit the refurbished site. The wooden display stand was maintained by the Board for many years as a way of showcasing all of the regional wineries production to visitors to the city arriving and departing by air. As a collaborative promotion it worked very well. The stand has since been donated to Pioneer Park Museum for their use displaying memorabilia. A replacement display option is now being explored with Griffith City Council.

Board Executive Positions Confirmed: The Board can advise that the position of Chair has been retained by Bruno Brombal, Robert Bellato remained as Deputy Chair for the next 12 months.

WET Rebate: The Board reviewed its policy position on the WET rebate following allegations that it is being rorted by persons that are not grape producers or processors. The WET rebate should apply to cellar door sales of finished wine products and should not include New Zealand producers and would be reduced from \$500,000 to \$100,000 per financial year.

NSW FARMERS' ASSOCIATION MEETING

The President of the NSW Farmers' Fiona Simson and key regional stakeholders held a meeting in Griffith recently to discuss the key ideas that the NSWF can put to the National Farmers' Federation (NFF) to take to the federal government.

The key principles decided at this meeting were:

- Assistance with the impacts of the high Australian dollar (monetary policy)
- Changes to anti-dumping legislation to capture the full extent of alleged dumps products coming into the country.

- Seek a rebate for electricity use in primary production (similar to the diesel excise rebate).
- Differing interest rates for agricultural producers that derive at least 51% of their gross turnover from prescribed agricultural activities.
- Mandate the code of conduct for supermarkets.
- Develop a system of tax loss credits for primary producers rather than the current 5 year tax average and allow these to be traded as a commodity.

BOARD TO INVOICE GROWERS DIRECTLY FOR FEES AND CHARGES

All growers are reminded that the fees and charges for the Board is \$3.90 per tonne fresh weight for 2013.

In the event that the purchaser of your winegrapes does not deduct these and forward them to the Board you will be invoiced directly by the Board.

This season a number of wineries have declined to enter into Agency Agreements that had in 2012 been supported by the Riverina Winemaker's Association. The most notable winery was DeBortoli Wines, the region's second largest purchaser of winegrapes. The Board can also advise that it has been informed that

Pinical Estate and Westend Estate have written to the Board declining to deduct the fees this season.

Wineries that participate in the Agency Agreement process can recoup 5% of the fees as an administration cost. The 5% fee for deducting and forwarding to the Board your fees was the position made by the Riverina Winemakers Association in 2012 when approached by the Board to discuss Agency Agreements.

While 5% may seem a high amount it is likely to cost the Board more in terms of inspectors and office management to invoice individual growers.

JOHN COBB ADVISORY COMMITTEE

In late May the Shadow Minister of Agriculture, John Cobb visited Griffith to meet with interested people in the area. John Cobb came seeking ideas and comments to assist with the formation of the Nationals' policies in agriculture for the upcoming election.

Following the meeting a small advisory committee was formed with the local members being:

- Kristy Bartrop
- Wayne Andreatta
- Bart Brighenti
- Debbie Buller
- Helen Dalton

The committee is tasked with ensuring that the minister maintains an accurate focus on the issues that were raised by the community members at the Griffith meeting.

The issues that were noted on the night included:

Cost of energy: including the carbon tax, and the costs of running irrigation systems.

Market access: export options for all commodities, better relationships to access trade deals and keep competitive, government fees and charges of exporting, fruit fly management tools

Domestic competition: power of the supermarkets, mandatory codes of conduct, food labelling.

Importing issues: inability of Australian farmers to compete with cheap imports, safety of imported foods, risk of pest and diseases in imported goods, Anti – dumping, red and green tape restricting our competitiveness

Water: Government management , system constraints, and cap & buyback plans.

Other: WET rebate tax issues, taxation measures (buying tax losses), ageing demographic, education, succession planning, foreign ownership.

NSW LIQUOR LICENCING STARTS INVESTIGATION

The Board has been liaising with the NSW Office of the Small Business Commissioner in relation to reports that non-growers are obtaining licences from the NSW Government and using it to buy and trade wine grapes and wine.

If the reports are true these operations are effectively undermining the efforts of growers to have wine made from their own grapes and sell this into the market. Such actions can lead to undesirable distortions in the market with bulk and/or packaged wine being made cheaply with the aid of the WET Rebate and being on sold to major retailers that compete directly with existing winery brands.

The Board understands that an investigations officer is currently working on the matter and is making contact with licensee's in the region.

Recent news from the NSW Office of Liquor, Gaming and Racing (OLGR) states that they have commenced an investigation into the NSW Producer/wholesaler non-compliance.

The following is from their industry journal titled "Liquor + Gaming", 1:2013, page 9.

The OLGR is investigating concerns that a number of producer/wholesaler licensees operating as wine producers do not satisfy requirements under the Liquor Act.

A producer/wholesaler licence relating to a wine producer enables their products to be sold in a variety of settings, subject to certain requirements being met.

"the wine [must] be largely the licensee's own product"

Must be own product

Among these is a requirement for the wine to be largely the licensee's (or a related corporation of the licensee's) own product, rather than wine sourced from another producer.

Percentage test

By law, a licensee's wine product must be uniquely the licensee's (or a related corporation of the licensee's) own product, and must contain at least the following percentage of wine:

- 50% in the case of wine that has been produced by or under the direction of the licensee (or a related corporation of the licensee) on the wine producer's licensed premises or a vineyard related to the licensed premises.

- 85% in the case of wine that has been produced on the licensee's behalf, or under the direction of the licensee or a related corporation of the licensee, from fruit grower on the wine producer's licensed premises.

Ongoing enquiries

OLGR is investigating whether licenced wine producers should be asked to substantiate that their product satisfies the prescribed percentage test, as part of an ongoing audit.

How does this impact on growers?

The Liquor licence is a requirement to claim the WET rebate. The Rebate can be up to \$500,000pa for wine produced by licence holders. Being of such significant value it has proven to be of interest to people outside our industry to undertake the steps to become bulk wine traders. The act of trading bulk wine for the rebate can only be undertaken by licence holders. If the licence is not valid, the rebate is being claimed fraudulently.

Wine produced by 'WET producers' is effectively subsidised by the government rebate, and can be sold at a much lower price as the rebate becomes the profit margin for the seller. This cheap bulk wine takes the place of fresh fruit sales direct to wineries.

A winery has also reported that payment delays from 'WET producers' for contract processing and storage impacts on cash flow which has resulted in delays in grower payments.

The WGMB understand that there is a need for the rebate to assist small wine businesses though agree that the current rebate at \$500,000 is excessive, and have a current position that the rebate should be reduced to \$100,000pa if it is to remain. The Board also believes it should be limited to finished bottle product sales, and Australian producers only.

ROADS AND MARITIME SERVICE UPDATE

The RMS will soon be launching an SMS and email service that will be used to remind persons to renew vehicle registrations when it is due. This will ensure that you do not miss out on this important transaction.

Please note that motor vehicles are no longer required to display registration stickers.

Further information will be provided when this service is available.

GWRDC GRASSROOTS PROJECTS 2013/14

The 2013/14 GWRDC grassroots projects are set to commence in July 2013. The GWRDC offers regional wine producing areas with funding for projects, with the Riverina being entitled to up to \$125,000 pa. This funding is to be managed by the Wine Grapes Marketing Board to provide extension services and projects to the Riverina wine industry. Annually the WGMB designs projects in alignment with the needs of the region.

These projects are presented to the GWRDC for approval, and often undergo a series of exchanges before the final project design is accepted by both the GWRDC and the WGMB.

The issues that have been identified as key to the future of our industry are:

1. National industry information and education: Improve the transfer of industry knowledge and develop regional skills
2. Growing grapes to meet winery needs: a number of wineries in the Riverina recognise colour as a parameter of vine performance.
3. Growing healthy vines: gain a greater understanding of the value of undertaking additional steps to improve vine health
4. Variety selection: new and emerging varieties, clone selection, grafting options and rootstock compatibility
5. Vineyard infrastructure: emerging novel farm infrastructure offers new information and efficiencies that the industry would like to have a greater understanding to see potential benefits.

The new projects that have been approved for the coming season are

Vineyard Mulching Trial

In 2012 this trial commenced at the NSW DPI site using composted grape marc and a blend of grape marc and chicken manure to see the benefits of the various formulations under different application rates. The rates were determined by considering the costs involved, knowing that input costs are one area where growers are able to save. This trial is continuing in 2013/14 to see the ongoing benefits of the already applied material and to continue to monitor the benefits of the products applied. Small batch winemaking has been conducted on the first year harvest and this will be offered at an upcoming workshop to growers.

Fertiliser performance

The WGMB has been conducting in vineyard sampling of soil water to measure the nutrient levels that are observed at 30cm, 60cm and 90cm using solusamplers installed in 28 vineyard sites across the Riverina. This trial has been in place since 2011, and will continue for another year to observe the nutrient profile in vineyards under different management strategies. Any nutrients found at 90cm are not accessed by the plant, and can give an indication of excessive fertiliser application.



Fertiliser performance is monitored by sampling and testing soil water

Colour development trials

This is a new trial looking to understand what, if any, benefit can be seen from various methods to manipulate the colour expression in grape vines. Colour is seen as a area in which growers can have some control over the return for their crop with some buyers.

Trunk disease workshop

Trunk disease is proving to be a wide spread issue in the district and this workshop will involve a hands on experience to demonstrate how to manage this costly and very common issue.



Black marks on cross sections of vines is a sign of trunk disease

.... Continued on page 8

NEWS IN BRIEF

Survey Shows Big Jump in Winemakers' Confidence

Local wine producers say optimism in the industry has jumped significantly, with survey results showing confidence in the sector generally has risen more than any other.

The National Australia Bank's (NAB) post-farm gate agribusiness survey for the March quarter showed confidence in the wine industry increased by more than 20 points over the three months.

NAB says that was largely fuelled by the growth in exports of higher priced bottles.

Kim Tyrer from Mount Barker Wine Producers Australia says the mood among local producers has improved noticeably.

"A lot of people in the wine industry have spent a lot of time in the last five years looking hard at their business and how they can do things better and how we can improve our production, not only in terms of making great wine but also from a business perspective in terms of the cost of production and the scale of production," she said.

She says the results reflect vastly improved feeling in the local industry.

"I think it's going really well, I'm really happy with the progress we're making and we've spent a lot of time looking after the internals of the business and the branding and the marketing of our business and we're seeing some good results," she said.

"People are talking about it, people are positive."

Source: <http://www.abc.net.au/news/2013-05-23/4708654?§ion=news>

Brits drink to Australia's Health

Australian wine sales to Britain have broken through the £1 billion barrier, extending the country's lead on second-ranked Italy as Britain's favourite imported wine, according to latest figures from market analysis firm Nielsen.

And there was strong growth for more expensive wines, even as Britain splutters along in a protracted economic downturn, with sales of wines priced above £7 (\$A11) rising 16 per cent in volume terms.

The improved performance at the upper price should comfort larger winemakers such as Treasury Wine Estates, which has focused on its premium stable of brands and moved away from "cheap and cheerful" labels.

The surge by Australian wine in Britain comes despite winemakers decrying the high dollar that they say hit margins as their brands were priced out of the market by new world producers such as Chile as well as old-world centres like Spain.

Several family-owned wineries, such as Brown Brothers, d'Arenberg and Casella, have blamed the high dollar for crunching profitability, particularly in the crucial markets of North America and Britain.

Figures from Nielsen tell a slightly different story.

Australia remained in the top spot for 2012 as Britain's largest source of wine, and in recent months actually extended its lead over Italy, to break through the £1 billion sales mark.

According to Nielsen, France and the US were in third and fourth place with sales of £765 million and £686 million respectively into Britain.

Spain was the fastest-growing wine exporter to Britain, with value sales up 17 per cent to £538 million for the period.

Britain's tax system is also playing a part with taxes and duties on wine up 50 per cent in the past five years. Local retailers argue consumers are willing to pay an extra £1 or £2 a bottle to jump a few rungs in wine quality, with a chunk of that price government duties.

A recent report from Wine Australia confirmed Britain as the sector's biggest market, importing 250 million litres for the year ended March 2013. The total volume of Australian wine exports increased by 2 per cent to 719 million litres valued at \$1.85 billion.

Europe is the No. 1 region for Australian exports, accounting for almost half of the total volume, with just over one-third destined for North America and 10 per cent going to Asia.

Source: <http://www.watoday.com.au/business/brits-drink-to-australias-health-20130521-2jz0a.html>



NEWS IN BRIEF

Winery's expansion a boost for Griffith

Approval of the McWilliams' group's planned \$53 million expansion of its Hanwood winery could support the creation of more than 100 new jobs at the Griffith facility.

The NSW Department of Planning and Infrastructure (DPI) signed off on the project last week, which will almost double the winery's capacity.

The expansion includes:

- An increase in the winery crush capacity from 34,000 to 65,000 tonnes per annum (over a 15 year period)
- Construction and operation of an on site bottling and packaging facility, which currently takes place in Sydney
- Creation of 84 new permanent jobs and 28 casual positions
- Upgrades to the site's wastewater treatment system, chiller and barrel door infrastructure

In a boost to the facility's environmental credentials, the expansion will also enable the treatment and reuse of the winery's waste water on its vineyards.

The department's executive director of Development Assessment Systems and Approvals, Chris Wilson, said the project would deliver important local benefits while reducing local impacts at the same time.

"Our assessment of the project gave careful consideration to important factors such as odour and noise impacts on the surrounding community," Mr Wilson said.

"And we found that the proposed upgrades will actually result in improvements to the facility's ability to manage odour and noise issues.

"We've also imposed a number of strict conditions to ensure these improvements take place as the facility gradually increases its production.

"So the expansion will not only benefit the community through a boost to local jobs and investment, it will reduce local impacts as well."

Mr Wilson said that following advice from Roads and Maritime Services, the approval also required an independent audit of the intersection at Kidman Way and Jack McWilliam Road to determine whether upgrades were required.

The Hanwood winery is the McWilliams' Wine Group's largest and processes grapes for table wine, fortified wine and sparkling wine for both domestic and international markets.

Source: 21/05/2013 <http://www.theland.com.au/news/agriculture/general/news/winerys-expansion-a-boost-for-griffith/2658362.aspx>

GWRDC Invests in grapevine germplasm research for a competitive Australian wine sector

Over the next four years, the GWRDC will invest more than \$7.6 million in research to identify and evaluate rootstocks and varieties that possess desirable viticultural and winemaking properties for the Australian grape and wine sector.

"New investments in grapevine germplasm will build on previous GWRDC investments and will help address key industry and Government priorities including adaptation to climate change, tolerance to drought and salinity, and nematode and Phylloxera resistance", said GWRDC Executive Director Dr Stuart Thomson.

"The outcomes of this research will support the sustainability of the Australian grape and wine sector by assisting businesses to adopt critical management practices", said Dr Thomson.

The research will be undertaken by CSIRO, which is contributing an additional \$5.9 million to the projects over the four year period. The University of Adelaide and the South Australian Research and Development Institute will contribute additional funds to some of these projects over the four year period.

The following new projects come under GWRDC's grapevine germplasm sub-program:

- Identification and market-assisted selection of genes for reducing the susceptibility for new winegrape cultivars to fungal pathogens.
- Genetic and mechanistic characterisation of rootstock traits conferring abiotic stress tolerance to grapevines.
- Towards elite mildew resistant selections suitable for industry us.
- New rootstocks for Australia conditions.
- Rootstock transformation to test significant abiotic stress and pest resistance genes.
- Climate change ready varieties and management technologies that reduce greenhouse gases in the vineyard.

Source GWRDC 3/6/2013

GWRDC GRASSROOTS PROJECTS 2013/14

Continued from page 5...

Bird control factsheet and case study

The control of birds continues to be of concern as a number of growers have reported significant losses to birds. This factsheet will provide information from the industry leaders in bird control methods.

Vineyard sunburn mitigation trial

Following from the heatwave experienced in 2013 many growers asked what options were available to protect their crops. There are a number of products available to apply to crops, and the benefits of these will be observed by conducting a trial. This trial will seek to observe the efficacy of applying a reduced rate which may be more cost effective.



Sunburnt grapes in vintage 2013

Brassica biofumigation trial

Mustard seed has been proven to inhibit root rots in grape vines. This rot can then lead to multiple problems in the vines. A trial block has been established at Yenda to observe what benefits occur from the simple planting of a mustard seed plant in the inter row which may be a cost effective solution to an expensive problem.

Weed control workshop

Some weeds in the district are causing headaches for growers with new management strategies being sought. Specialist in vineyard weed management will be presenting a short workshop to explain what options are available for specific weed concerns.

Precision viticulture using vigour mapping

Variation within a vineyard causes distinct yield, ripening and quality differences that will impact on the final returns for growers. This variation can be detected using vigour mapping imagery to determine areas that need to be improved or managed differently to achieve a even crop load.

All nine of these new projects are set to commence in July 2013 and interested growers are invited to contact Kristy Bartrop on 02 6962 3944 at the Board to be involved in these projects.

RIVERINA FIELD DAYS 2013

The Riverina Field Days were again a success for the region with over 10,000 people attending the event. The Wine Grapes Marketing Board will continue to sponsor the event as it offers growers an opportunity to see all the new innovations available, as well as ready access to all the latest information. Let the Board staff know if there is something specific you would like to see at the event in the future.



WINE GRAPES MARKETING BOARD - proudly serving winegrape producers since 1933
182 Yambil Street (PO Box 385) GRIFFITH NSW 2680 Phone: (02) 6962 3944 Fax: (02) 6962 6103
Email: board@wgmb.net.au Web: www.wgmb.net.au Office Hours: 8:30am - 5:00pm Mon - Fri

Disclaimer: The Wine Grapes Marketing Board Newsletter is for the information of constituted winegrape growers. The Board accepts no responsibility for the actions or potential financial losses of individuals or companies taken as a result of acting on information contained in this newsletter. The information contained in this newsletter comes from various referenced sources and is often edited, changes in the meaning of items from their original context when edited may occur and is not an intentional act by the Board. All editorial comments made do not reflect those of the Board members and are provided only to stimulate discussion on topics raised.