

WET REBATE TO BE AMENDED

As all members would be aware accompanying the recent federal budget announcement was a commitment by the federal government to fix the problems with the WET Rebate. It should be pointed out that the Government's proposed "fix" is not what the Board sought from government in submissions in 2015 to the Senate Inquiry into the winegrape industry and in the multiple discussions that it has held with members of parliament. It will also take a number of years under the current proposal to make any change to whom it applies to and the value that is attached to it.

The Board sought the complete removal of the rebate due to its distorting impacts on the market and the fact that the benefits of the rebate were not available to the entire industry, i.e. only those that sell wine are eligible to receive it.

The WET Rebate allows sellers of wine products to claim the WET (Wine Equalisation Tax) back on sales up to an amount of \$500,000 per annum. The original intention of this rebate for wineries was to enable regional development and tourism to flourish across the country. However it could be argued that this has not been the case and growers that have been trapped by low grape prices have been tempted to trade in the industry.

The Government's position on the Rebate is as follows:

6th May 2016

Wine Equalisation Tax Rebate – consultation on implementation

Joint media release from the Hon Kelly O'Dwyer MP Minister for Small Business and Assistant Treasurer and Senator the Hon Anne Ruston Assistant Minister for Agriculture and Water Resources

The Turnbull Government announced on Budget night our plan to strengthen the Wine Equalisation Tax (WET) Rebate integrity rules to put the wine industry in a stronger, long term position.

The first of the Government's integrity rule changes will be legislated as soon as possible - the associated producer provisions will be amended to help deter artificial business structuring and multiple rebate claims.

Further tightened eligibility criteria will apply from 1 July 2019. The government advised on Budget night that final details on the tightened eligibility criteria, including the definition of a winery, would be resolved through further consultation.



Board representatives meeting with The Hon Susan Ley at the Riverina Field Day

The additional tightened eligibility criteria will limit access to the WET Rebate to packaged, branded wine which is for sale to domestic consumers. This will exclude bulk and unbranded wine from the WET Rebate. The new criteria would also restrict access to those with a significant interest in a winery.

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BOARD ACTIVITIES REPORT



Riverina
WINE GRAPES
MARKETING BOARD

IDO resignation: After almost 8 years service to the Board, Kristy Bartrop recently tendered her resignation. She will be taking up a new role with Casella Management looking after their vineyard holdings.

The Board on behalf of growers wishes her success in her new role.

Grower communications: The Board sent to all growers outlining its concerns in relation to the industry conditions following a number of meetings held with regionally based wineries. The correspondence has generally been well received and growers are now discussing their future options with their wineries.

HACCP Audits: The extension and development staff have commenced auditing and are taking bookings from growers for the annual second party audit conducted by the Board.

Durif Workshop: Held 11th May at the Riverina TAFE was well attended by growers and industry. Good feedback regarding the standard of the workshop and a booklet of all the information presented is now being made by the NSW DPI.

Agricultural Options Workshop: Held on Thursday 12th May at the Griffith Regional Theatre Burly Griffin Room presented a great variety of topics for those grape growers that attended. It is now intended to hold the event every two years.

Riverina Field Day: held Friday 13th and Saturday 14th May at the Griffith Show Ground. This was the 10th year that the Board sponsored this event with 345 grower free tickets being handed in at the gate. The Board marquee was busy talking to growers both days.

Weeds Workshop: Please see a detailed report on this workshop in this newsletter.

Griffith Centenary Parade: The Griffith City Council have called for expressions of interest (EOI) to participate in a street parade. The Board has lodged an EOI and is intending to show mechanical grape harvesting over the years with up to 3 machines to parade down to the main street. Interested growers should contact the Board office.

Riverina Wine Show: The Board is going to sponsor the growers award at the forthcoming Riverina Wine Show. The event has been revamped with Geographical Indicators being used to separate the entries. Growers may receive an award if their product can be identified in a new category that will look to nominate wineries that source their fruit from 3 or less growers.

Election Results: The Board election received a low voter response with only 24% of eligible growers voting in the election. Regardless a result was obtained with the following members being elected to the Board.

Bruno Brombal, Robert Bellato, Bruno Altin, Frank Alampi and Tony Baggio. Eric Berton (appointed member) has now been joined by Dom Schirripa as an appointed member to make up the number of Board members to seven.

Meetings with Federal Members: The Board recently met with Susan Ley MP, Minister for Health and Member for Farrer at a meeting in Canberra to discuss the issues of growers and to seek changes to the WET Rebate. The recent announcements regarding the WET Rebate do not go far enough to assist growers.



MEDIA WATCH

Chinese Market now bigger than US for Australian wine.

19-02-2016 James Wells, The Shout

<http://www.theshout.com.au/2016/04/15/article/Chinese-market-now-bigger-than-US-for-Australian-wine/HVRNSQOXTU.html>

Wine Australia has revealed that the Chinese wine market has now taken over the US wine market in total turnover after a 66 per cent rise over the last year.

Wine Australia general manager of marketing, Stuart Barclay, told *TheShout* that the 66 per cent growth in the Chinese market represented both volume and value sales.

"The Chinese market is still very strong, and when you combine this with the Hong Kong market it is worth over \$500 million. The growth is coming from across China at lots of different price points, including very strong growth for sales above \$10," Barclay said.

"By comparison, the US market is one of our toughest markets. This used to be a \$1 billion market and we are now doing around \$440 million.

"The decline in the US has resulted from the combination of very high foreign exchange rates and perception issues that hit us back in 2007-8 with the high Robert Parker score wines. Now what we are seeing there again is a change in perception kicking through. We are seeing the regionality angle coming through, things like cool climate messages playing through and we have had very good resonance from the sommelier groups visiting out of the US.

"We recently had the sommelier scavenger hunt and we brought out 12 sommeliers out from the US and immersed them in the regions. The take-outs from this were that Hunter Valley Semillon and McLaren Vale Grenache stood out. It wasn't some of the bigger traditional wines that they liked, it was wines with a nuance – such as cool climate or different perception. We are seeing a lot more movement in that sector but it is still early days.

"We need to spend a lot more time working in the US market, getting more people back into the market and

we have our market entry program which is helping wineries to get back into the distribution channels over there."

BUILDING THE PROFILE

Barclay added that Wine Australia will also be conducting a number of marketing activities throughout Asia in order to build the profile of Australian wine.

"In Asia Pacific, we will be conducting activities in Korea, Taiwan, Tokyo, as well as a lot more activities in Hong Kong and Singapore," he told *TheShout*. "We are always looking at new emerging markets and trying to find the right market to move into, whether that is The Philippines, Indonesia or Thailand and so we are always looking at those markets and seeing what we can do.

"We work incredibly well with Austrade and we have developed a collaboration agreement where we come together as two organisations, but we work in synergy and that strengthens the Australian message."

The collaborative work that Wine Australia has already done in China is paying dividends and Barclay is confident this long-term focus will also pay off in other regions.

He added: "What Tourism Australia have done in the tourism space, and wine tourism in particular is really starting to develop some resonance, particularly with our Chinese tourists. We work very closely with Tourism Australia and we are embedded into the Tourism Australia offices in Shanghai, London and Sydney and there is more we will do in that space. There are some exciting activities coming out in the next few months that will cement the whole Australian wine, food and tourism angle.

"Every market there is a nuance, there is a lot of interesting differences in terms of cultural diversity in the Asian market, so you have to go in with an open mind, it may take longer to do the deal, but that is natural in those markets. So think about Korean market or the Japanese market or wherever it is and don't expect to do business overnight – it is long term activity, it's about building and developing relationships. Around three to five years is a sensible time frame."



(Continued from page 1)

Consultation on implementing the tightened eligibility criteria will begin with the wine industry in the coming months. As part of the consultation, the Government will release an implementation paper and meetings will be held with stakeholders in major wine producing regions.

The Government recognises that there are a range of wine production models in the industry, including grape growers who have a real investment in the industry, but may not own equipment for crushing and fermentation.

The Government has also moved to reduce the WET Rebate threshold levels to mitigate gaming of the system that has led to distortions in the wine market in recent years. The changes will return the Rebate to its original policy intent of supporting small wine producers in rural and regional Australia.



The Hon. Susan Ley MP officially opening the Riverina Field Day, Board Chair and the Mayor of Griffith look on.

MEDIA WATCH

Premium wine exports hit fresh highs, but many winemakers continue to struggle under high debt

By Clint Jasper ABC Rural

http://www.abc.net.au/news/2016-04-18/wine-exports-q1-2016/7333726?WT.mc_id=newsmail

A growing appreciation for premium Australian wine has driven the value of wine exports up 13 per cent in the year to March, to \$2.1 billion.

Wine volumes also increased, with the United States holding its position as Australia's largest export market.

China is now the second largest market, overtaking the United Kingdom.

Wine Australia chief executive officer Andres Clarke said the latest quarterly Wine Export Report showed growth in every region, except Oceania.

Rising values were being driven by a weaker Australian dollar making premium wine more affordable, and an increased appreciation of Australia's key labels and regions by consumers in Asian markets.

"There's a growing appreciation around our premium story, particularly in key markets in Asia, the growth in premium price points is largely being driven through demand from China.

"If you combine China and Hong Kong together, they are the largest market overall, so there's very strong demand in that part of the world for our high quality wine."

Mr Clarke said it was too early to say how the China-Australia Free Trade Agreement and recent changes to import regulation would influence exports.

But while a range of export statistics have painted an increasingly positive outlook for wine exporters, rising values were not improving balance sheets across the industry, with parts of the sector struggling to pay down debts, according to business consultants Ferrier Hodgson.

Adelaide-based partner John Hart, who specialises in restructuring insolvent or poorly performing wineries, said unsustainable debt was the most common feature of the wine businesses he was dealing with.

If wineries are unable to restructure their debt, the next best option is often to exit the industry all together.

"For the first time in many years, there's strong demand for wine assets and we have seen strong demand for those wineries with large water entitlements," Mr Hart said.

"There is also high levels of interest for those wineries with well established brands, especially those in the Barossa.

Mr Hart said the export market offered the greatest potential for higher returns, a sentiment echoed by the latest export report.

But Mr Clarke said Australian winemakers still had plenty of work cut out for them to realise the true value of the better market conditions while they last.

"All exporting is hard work, which is something that was emphasized last week in China," he said.

"Opportunities won't fall into our laps, we need to be out there on an enduring basis and building up trust and rapport with export partners."

ACCC HORTICULTURE AND VITICULTURE WORKSHOP

The Australian Competition and Consumer Commission (ACCC) is the national competition, fair-trading and consumer protection regulator and administers the *Competition and Consumer Act 2010* (the Act).

The ACCC is holding a series of regional workshops to speak with participants in the horticulture and viticulture industries about the competition and fair-trading issue that affect them. We will also provide information about the protections and obligations contained in the Act.

They will be coming to Griffith on Monday 4th July 2016 and growers need to register your intent at the following internet address: <https://consultation.accc.gov.au/compliance-enforcement/horticulture-and-viticulture-regional-workshops/consultation/intro/view>

If you cannot attend the workshops or you wish to raise issues privately, complaints, information or questions can be sent to the ACCC's Agriculture Enforcement & Engagement Unit at agricultureworkshops@acc.gov.au

Growers without internet can call the office to register.

They are particularly interested in hearing about:

They are happy to accept complaints or take calls to discuss issues on a confidential basis.

It is very important that growers attend this. The Board will be there to represent your best interests and also want the ACCC to hear first hand some of your major issues of concern.

The ACCC and Government are all about Codes of Conduct these days and members would know that the Board has for many years tried to get a working code adopted in this region to assist growers in their business relations with wineries. The current thinking within Governments is that legislating for grape prices is not healthy for the industry. However legislating when you receive payment is something that they may look at as it cannot be deemed to be anti-competitive when it does not impact on the offer price that wineries are prepared to pay for your product.

If growers want the Board to raise issues please contact the Board CEO to discuss.

Concerns about unfair trading practices in business-to-business interactions

- Misleading or deceptive conduct.
- Unconscionable conduct (the section on [the ACCC website](#) has more information).

The Horticulture Code of Conduct (the section on [the ACCC website](#) has more information)

- Concerns about non-compliance with the Code.
- Any uncertainties about its operation.
- In this area, we acknowledge that the Code is under review.

Challenges imposed by imbalances in bargaining power between businesses in supply chains

- Including how consolidation in the industry may have affected bargaining power.

Market transparency issues

- Concerns about contracting practices.
- Price transparency.
- Quality assessment of produce.

The Food and Grocery Code of Conduct (the section on [the ACCC website](#) for further information)

- Concerns about non-compliance with the Code.
- Any uncertainties about its operation.

False or misleading claims to consumers (the section on [the ACCC website](#) has more information)

- False or misleading claims to consumers can detrimentally affect consumers and businesses that do the right thing.

Unfair contract terms (the section on [the ACCC website](#) has more information)

- Given new business-to-business unfair contract term protections will come into force in November 2016, the ACCC is interested in concerns about existing terms that may be unfair.

Feedback for the ACCC

- The ACCC is always seeking to improve its processes and would welcome feedback on past or present matters.

WINE GRAPES MARKETING BOARD

WEED MANAGEMENT WORKSHOP REPORT BY THE IDO

The Wine Grapes Marketing Board hosted a national leader in weed management research in Griffith using Wine Australia Riverina regional funding. Dr Chris Preston, Associate Professor at Adelaide University, has extensive experience in weed management. Dr Preston has comprehensive knowledge of appropriate herbicide selection after many years of researching the efficacy of chemicals on the control of weeds in many crops.

In recent years our district has experienced many more new weed management issues, which can be partly attributed to the flood events bringing new species to the region. There are also new weeds finding their way into our production systems as seeds are travelling across Australia through an increased number of vehicles on our roads, and then transported through the region in our irrigation channels.

The region has experienced significant issues in recent years with fleabane, and it was confirmed by Dr Preston that there has been a case of Paraquat resistance in fleabane found in Griffith. As grape growers frequently turn to spray seed™ and other paraquat based herbicides to control weed growth, this

resistance is a cause for alarm for producers as alternative options are often not suitable for use in vineyards. A program that integrates residual chemistry is effective against fleabane, or cultivation can work also, though this can create other problems and isn't suitable under vine.

Silver Leaf Nightshade is another problem weed in the region due to a number of factors. This weed multiplies rapidly if cultivated with each piece creating one or two new plants. Ideal spraying time for Silver leaf nightshade is pre or post flowering with glyphosate; this is in March when glyphosate is not a chemical option for vineyards. With this weed taking upwards of 10 years to be eradicated from a property, operators need to monitor its presence and take proactive steps to minimise its impact on properties. Speak with your chemical reseller to determine the best approach to managing your particular weed issues, and takes steps to ensure that you minimise the development of risk resistance in your vineyard. Further information on chemical resistance management strategies can be found in the AWRI Dogbook. Copies of this book or further information can be obtained from the WGMB.

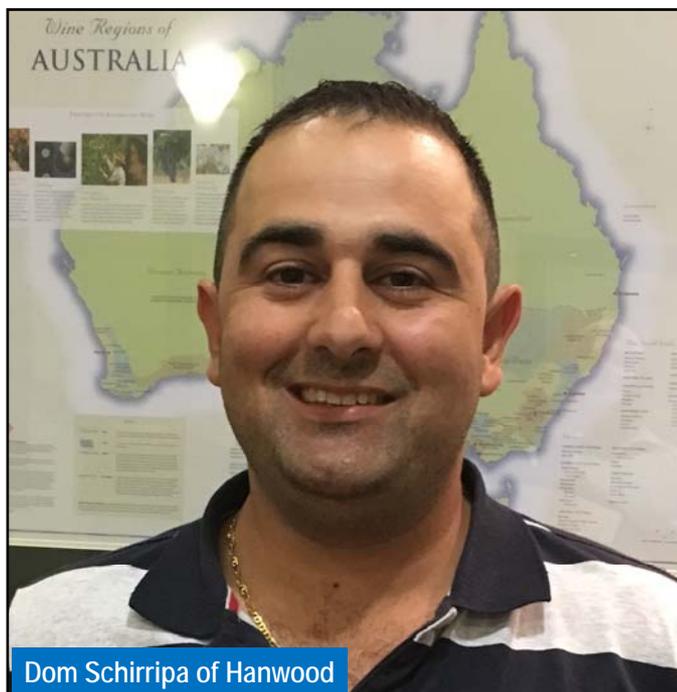
WELCOME TO NEW BOARD MEMBERS

Growers are advised that as a result of the recent election Frank Alampi of Leeton (pictured below) was elected to the Board. Rod Gribble was not successful in remaining on the Board. The election of Bruno Altin created a vacancy on the Board that was advertised.

Dom Schirripa of Hanwood (pictured below) was appointed by the Board. He will take on the role until March 2017 at which time his position and the position held by Eric Berton will be re-advertised. Please welcome these new members to the Board.



Frank Alampi of Leeton



Dom Schirripa of Hanwood

GROWER WORKSHOPS - ONE MORE TO COME

Attendance by growers was low at the first workshop held at the Board office on 5th June 2016. The workshop topic was Succession Planning and while originally being available only to grape producers the lack of response from the grower community meant that the event was opened up to the wider business community of Griffith and surrounds. The workshop the first of three, designed to assist grape growers and funded by the NSW Government and delivered by the Business Enterprise Centre was however deemed a success by those that attended. Following the workshop attendees were able to break out into private meetings with the presenters to allow a more thorough discussion on their individual and often personal issues regarding succession planning.

The second workshop scheduled (26 May 2016) at the Board office has also not received an overwhelming response from growers. The second in the series is on Understanding Contracts. Growers will be given information on what to actually look for when presented with a contract. It will enable growers the opportunity to understand if the contract they currently have or may be about to sign is going to be fair and equitable. Contracts are not solely about the price that is paid but the conditions that are often written in legal speak.

It should be pointed out that generalist legal advice will be provided but it will be based on the copies of contracts that the Board has available thanks to contributing growers. Growers that are looking for more detail should contact their solicitor. It is also worthwhile to note that the Board can review contracts on behalf of growers and members should not be put off by clauses that state you are not allowed to discuss it with anybody.

At the time of writing the office was preparing for this workshop to be held at its premises and are aware of only three growers that had registered. A number of small businesses from around the region were going to be participating in the workshop to help make up the numbers.

A final workshop will be held in June on Thursday 23rd commencing at 7:30am and the Board and the Business Enterprise Centre is still keen to take grower registrations. The final workshop will be on Understanding your Financials. It will be loosely based on the Vine Biz program that was developed for growers, however this is likely to change if there are not sufficient grape growers registered. Please if you don't know your costs this could be the workshop for you. Call the office for further information.



Attendees at the Succession Planning Workshop held at the Board office found the content relevant and interesting

THE HON SUSAN LEY MEMBER FOR FARRER MEETS GROWERS

The Board Executive and CEO on Monday the 18th April 2016 held a series of meetings in Canberra, primarily to discuss the concerns that we have for the industry and to meet the incoming local member, The Hon. Susan Ley, Minister for Health and Aging, Member for Farrer, our new local member whom will be standing for this seat in the forthcoming election.



Robert Bellato, Bruno Brombal meet with The Hon. Susan Ley MP, Member for Farrer at Parliament House

The meetings were instigated by the Board as it originally wanted to meet with the Hon. Michael McCormack MP Member for Riverina to discuss the Senate Inquiry outcomes and the recent grower correspondence (that the Board sent to the grower base) at his Griffith office but was unable to attend to this due to changes and the calling back of all parliamentarians to parliament by the Prime Ministers office. He invited the Board to Parliament House and a meeting with Minister Ley's office and Senator Anne Ruston's office was arranged.

The Board used the opportunity to update the incoming local member on the concerns of grape producers, low grape prices, no terms and conditions of payment, the lack of bargaining power of producers. The Board used the opportunity to impress on members the negative impacts that the ongoing support of the Wine Equalisation Tax Rebate of \$500,000 for eligible producers was having on the entire industry.

We were advised that changes would be made to the current WET Rebate arrangements in the forthcoming budget 3rd May 2016 but no more detail was forthcoming. We now know that the WET Rebate changes in their current proposed format will have very little impact that will be positive to grape producers. The Board have made that clear to the politicians however while the election is forthcoming no major change will be discussed in any detail.

The Hon. Susan Ley also attended and officially opened the Riverina Field Day and the Board used the opportunity to discuss the WET Rebate announcement at our marquee.

The Board has been informed that the local member will now seek a meeting for the Board with Senator Ruston whom is the Assistant Minister for Agriculture and Water Resources to discuss the Board's concerns regarding the WET Rebate and the proposed changes.

The Board will also be meeting with the NSW Minister for Agriculture, The Hon Niall Blair in Sydney on 31st May 2016 to discuss the current industry conditions facing growers. The Board will be showing the Minister that transition in terms and conditions of payment that has occurred since the legislation of the Board expired in the region.



Brian Simpson, The Hon. Michael McCormack and Bruno Brombal. Michael introduced us to relevant members.

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

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