



The United Grower

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The newsletter of Wine Grape Growers' Australia

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Fate of Murray-Darling Basin irrigators under new plan imminent



Mark McKenzie
Executive Director
Wine Grape Growers' Australia

Winegrape irrigators in the Murray-Darling Basin will soon have an idea of the extent to which they will be impacted by the Murray-Darling Basin Plan (MDBP) – the strategic document that will set legal limits on the amount of surface and groundwater that can be taken from the Basin's water resources – with the release of a 'plain English' guide to the draft Plan. Expected to be made available in early August, the Guide to the Proposed Basin Plan will feature the proposed Sustainable Diversion Limits (SDLs) that will set environmentally-sustainable limits on the amount of water that can be taken for irrigation. The SDLs, which will replace the current cap system, will be a key component of the MDBP, which will be finalised by the Murray-Darling Basin Authority (MDBA) in 2011. While the extent to which irrigators will be impacted by these SDLs was unknown at the time this issue of *The United Grower* was being prepared for publication, and the draft Plan is only a draft, (which will allow WGGGA and

other industry bodies the opportunity to make a submissions to the MDBA during the next stage of consultation before the release of the SDLs later in the year), the pre-publicity surrounding the draft Plan suggests that significant cuts to irrigation water are very likely. Together with the ongoing restructure of the wine industry, the MDBP is one of the major issues facing winegrowers over the coming months and for a very large portion of the Australian winegrape sector the two will become even more entwined. Hence, the new emphasis on water issues in the Murray-Darling Basin in the new WGGGA Annual Operating Plan (see related item over the page).

WRAA WORKSHOPS COMPLETED

The final two Wine Restructuring Action Agenda (WRAA) workshops were held in Griffith and Mildura on 23 and 24 June 2010, respectively. As was the case with the previous 13 regional workshops, their aim was to deliver the reasons why the industry's



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restructuring process is necessary and to give growers as much information as possible to allow them to start reviewing the capacity of their businesses to survive while there is still significant downward pressure on grape prices and grape contracts continue to be shed by wine companies as they restructure their future intakes and inventory levels.

Whilst there are some signs of a slight improvement in the supply/demand situation and, therefore, there is some prospect of an improvement in grape prices for vintage 2011 in inland regions, it is obvious that prices will have to rebound significantly for growers to return to profitability. It would be less than honest to indicate to growers that there is going to be a rapid improvement in winegrape prices when the reality is that the improvement will be gradual and that the industry is likely to experience a further two to three years of difficult trading conditions.

As was highlighted in the presentations at the WRAA workshops, getting supply and demand back into balance is a good first step towards improving grape prices because it will reduce the overhang of supply that is making it very difficult for wineries to increase wine prices and, thus, pay growers more for their fruit. As was also stressed during the WRAA workshops, the industry is facing fundamentally changed market conditions compared with the 1990s. Therefore, a sustained improvement in the financial outlook for growers will require a significant change for the better in domestic and international wine markets, which also points to the likelihood of a more gradual recovery in winegrape prices.

However, the industry has made a good start in the restructuring process. The latest estimates by the Winemakers' Federation of Australia indicate that between 10,000-12,000ha of winegrapes have been taken out of production since 2008. These figures correspond to WGGGA estimates which show that around 12,000ha, if not more, have been removed during this period, with another 3000-5000ha to be potentially removed from production by the end of this year. This would indicate that the industry is progressing towards the first target of a minimum 20,000ha of vine removals that the WRAA partners – the four national wine industry organisations – have identified as being surplus to requirements.

However, the biggest challenge still remains to get more rapid progress in vine removals in the cooler districts. There are still far too many unviable vineyards in these regions that either don't have a market for their fruit or whose costs of production are uneconomic for the grading/price levels being achieved for their grapes.

About 70% of the vine removals to date have occurred in inland regions, predominantly Murray Valley and Riverland. While there are some initial signs of unviable vineyards in cooler districts being taken out of production, there remains a significant task ahead of the industry to bring about the reductions in these regions necessary to get cool climate production back into balance.

WGGGA AND WGCSA TO SIGN MOU

As members may be aware, a recent roundtable meeting between representatives of WGGGA and the Wine Grape Council of SA (WGCSA), chaired by the South Australian Minister for Agriculture Michael O'Brien, agreed to the retention of the South Australian Grape Growers Industry Fund. Members will recall that the Minister's predecessor called an inquiry into the operation of the Fund, whereby the Minister collects \$1 from every tonne of grapes delivered by the State's growers, which is paid to the WGCSA, of which 50c is paid on to WGGGA.

Following the release of the inquiry report, Minister O'Brien convened the roundtable meeting in Adelaide on 24 June, at which the WGGGA and WGCSA representatives informed the Minister that WGGGA and WGCSA intended to establish a Memorandum of Understanding (MOU) by the end of August which will detail how the two organisations will inter-relate. Importantly, WGCSA has agreed that 50% of SA grower levy funds will now be delivered to WGGGA in accordance with the wishes of the SA grower community when the fund was initially established in 2007. The MOU will also spell out the intention of both bodies to work on appropriate joint projects to benefit SA growers and the active involvement of WGCSA council members in WGGGA sub-committees, as well as a schedule for conferrals between the two grower bodies.

The MOU, together with Annual Operating Plans for both WGGGA and WGCSA, is due for presentation to Minister O'Brien by the end of August. This new agreement between the WGCSA and WGGGA will see the Fund continue in its present structure for the balance of its initial term – the 2011 and 2012 vintages.

The structure of the Fund beyond that time will depend on whether the SA grower community decides it wants an extension of the current Fund arrangements or an alternative Fund framework.

WGGGA thanks the Minister for facilitating the roundtable discussion between the WGCSA and WGGGA, and welcomes the renewed commitment of WGCSA to provide funding and material support to WGGGA in a partnership between the State and national grower bodies. Most importantly, the consensus reached means WGGGA now has a very firm financial base on which we can continue to represent the views of growers, develop policies, and deliver programs for growers at this very difficult economic period in the Australian industry.

NEW OPERATING PLAN TARGETS KEY AREAS

The WGGGA board has approved a new Annual Operating Plan for 2010-11, pending input from the new WGGGA executive director, Lawrie Stanford. The new AOP carries over and has modified a number of focus areas from last



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WGGA appoints new leaders



Vic Patrick

Following its board meeting in Adelaide on 7 July, Wine Grape Growers Australia (WGGA) announced the appointment of a new senior executive team to lead the organisation.

Limestone Coast grower Vic Patrick was appointed chairman, replacing Alan Newton who has spent four years at the helm of WGGA. Vic has vineyard holdings in both the



Justin Jarrett

Coonawarra and Wrattenbully wine regions in south-east South Australia, and is one of the industry's most experienced viticulturists and industry statesmen. He is one of two representatives on the board for the Rest Of South Australia Zone.

Justin Jarrett replaces Vic as WGGA's deputy chairman. He is a vineyard owner and operator in the Orange wine region of NSW, and represents



Lawrie Stanford

the Rest Of NSW and Queensland Zone on the WGGA board.

And, finally, former general manager - information & analysis with the Australian Wine and Brandy Corporation, Lawrie Stanford, has succeeded Mark McKenzie as executive director. Lawrie is one of Australia's most respected wine industry analysts who took up his role with WGGA on 19 July.

year's plan - the implementation of the Wine (Industry) Restructuring Action Agenda (WRAA); the roll out of the VineBiz vineyard financial management tool in support of the WRAA process; the greater adoption of the Code Of Conduct by the major winegrape purchasing wine companies; and the continuing emphasis on growing WGGA grower membership in Greater Victoria, Tasmania, Riverina, Rest Of NSW, Queensland and Western Australia. Also included in this year's Plan is the objective of advocating for new irrigation allocation caps for Murray-Darling Basin vineyards that have minimal economic impact on those growers; and an action brief on managing the other major existing or emerging issues around wine taxation, targeting research and development, industrial relations, and technical issues such as objective winegrape quality measurements.

NEW INDUSTRY BIOSECURITY ARRANGEMENTS

Since last year, WGGA and the Winemakers' Federation of Australia (WFA) have been reviewing the bio-security

management arrangements for the industry - after funding of the National Vine Health Steering Committee (NVHSC) was withdrawn.

To adequately meet the wine industry's biosecurity management needs, a new structure to replace the NVHSC has now been approved by the boards of WFA and WGGA, and has been supported by the Grape and Wine Research and Development Corporation (GWRDC).

Under the new structure, WFA and WGGA have formed a joint National Winegrape Biosecurity Committee (NWBC) that will provide advice to our respective boards on all biosecurity-related issues. The NWBC will be chaired by WGGA, include a representative from WFA, and have an expertise-based committee.

The key objectives of the NWBC are to:

- provide advice to Plant Health Australia (PHA) on categorisation of exotic pests and diseases for inclusion in the Emergency Plant Pests Response Deed (EPPRD); national diagnostic capabilities and capacity; and any other Deed matter
- maintain the sector obligations under the EPPRD concerning



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training and awareness needs; specialist discipline resources and capacity; and maintenance and implementation of the Industry Biosecurity Plan (IBP) for viticulture

- provide sector positions to a Technical Reference Group (TRG) for its consideration
- provide a two-way conduit of information between the sector and the TRG
- provide advice with respect to vine integrity and quality assurance issues

The TRG will be formed to replace the current NVHSC – meeting on a twice-a-year basis. WFA and WGGA have proposed that this group be chaired by the Chief Plant Protection Officer at the Federal Department of Agriculture, Fisheries and Forestry – Lois Ransom – who has indicated her willingness to take up this role. The TRG will be made up of:

- representatives of each State Government with an interest in the viticulture sector
- representatives from the Phylloxera and Grape Industry Board of South Australia (PGIBSA), the new Victorian Vineyard Biosecurity Council (and other State-based vineyard biosecurity committees as and when these are formed)
- representative of each of the winegrape, table grape, and dried vine fruit sectors.

The terms of reference for the TRG are:

In the areas of national grapevine biosecurity, health and integrity:

- to provide strategic leadership and serve as a focal point to identify grapevine issues of national significance
- to provide a national forum for exchange of information and ideas between (represented) stakeholders
- to provide scientific and technical input to assist coordinated responses to issues
- to provide a first point of reference for emerging issues
- to provide advice on potential issues of national and/or international importance
- to provide advice to sector peak bodies, governments and other agencies (e.g., research funding and provider organisations) on grapevine biosecurity
- to undertake specific biosecurity activities as determined
- to harmonise biosecurity legislation for vine-related issues
- to develop and implement the National Phylloxera Strategy
- to form advisory panels as required. These panels would form the basis for the scientific advisory panels formed under the EPPRD in the event of a pest incursion.

Key activities under the new NWBC and TRG structure will include:

- development of a National Phylloxera Strategy
- development of National Standards for Vineyard Planting Material

- development and evaluation of a business case for an enduring National Grapevine Germplasm Collection
- the establishment and coordination of an International Vine Germplasm Database; and an International Vine Variety Database.

To ensure there is no duplication and there are clear lines of responsibility, WFA has resigned from Plant Health Australia and withdrawn as a signatory of the Emergency Plant Pests Response Deed. Responsibility for membership of PHA and the EPPRD Committees has been ceded to WGGA (which is a PHA Member and Deed signatory). WGGA will now take the lead on the management of all wine industry bio-security matters on behalf of both the winegrape and wine sectors.

WGGA CALLS FOR BAN ON HIGH VOLATILE 2,4-D

WGGA has urged the Australian Pharmaceutical & Veterinary Medicines Authority (APVMA) to immediately ban the use of high volatile ester (HVE) formulations of the 2,4-D herbicide, to prevent the growing incidence of spray drift damage to vineyards from the spraying of these formulations on surrounding land.

Damage to vineyards and the potential for damaging contamination of winegrapes that could compromise growers' winegrape sales and a number of export markets with zero tolerance to 2,4-D residues, is sufficient reason for the APVMA to ban the high volatile formulations. WGGA has pointed to the fact that label warnings prohibiting the use of 2,4-D HVE formulations between May and July each year have been ineffective, and as there are substitutes for this form of 2,4-D for broadacre cropping, there is no reason not to completely ban 2,4-D HVE as has been done in a number of other countries.

In its submission to the APVMA review of 2,4-D, WGGA urged the authority to:

- apply an immediate ban on the further use of 2,4-D high volatile ester formulations
- review the label specifications for use of all other forms of 2,4-D to minimise the risk of spray drift – with particular note of the potential for negative impacts on adjacent vineyard plantings during the vine-growing season from September to April, with a recommendation for users to avoid the use of other forms of 2,4-D in this period if adjacent to vineyards
- undertake additional education regarding the correct application of other forms of 2,4-D to minimise the risk of spray drift affecting vines and winegrapes.

The APVMA findings on 2,4-D are due later this year.

MARK MCKENZIE SIGNS OFF

This edition of *The United Grower* is my last as executive director of WGGA. After almost four-and-a-half years leading the WGGA



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FRANK NICHOLLS

Family: Wife Kylie (Jac); children Jock (3), Harriet (2) and George (1 month)

Vineyard: 12ha in the Clare Valley

Varieties grown: Shiraz (6ha) and Riesling (6ha)

How long have you been in the business of growing winegrapes? I have been a grapegrower for eight years.

Briefly describe your history and involvement with O'Connor Harvesting: Started out as a holiday job whilst at university in 1995, and continued that way until 2002 when an opportunity presented itself to become involved as a junior partner.

Past & current industry representation or memberships: No previous involvement with industry associations until about 2004 when I became involved with the Clare Valley Vine Improvement Society and the Clare Region Winegrape Growers Association (CRWGA) at a committee level. Have been chair of

CRWGA for the last two and-a-half years and will stand down at the next AGM for family reasons.

Has the industry's current over-supply of winegrapes had any impact on your vineyard and how it is managed? Like all grapegrowers, we have seen margins decline very quickly; whilst we have a contract with a major wine company, it will not be renewed when it runs out in 2013. We have cut costs where we can (we now don't sow covercrops and use sheep to keep the weeds down) but there's not many other things we could do.

How has the over-supply of winegrapes impacted on the Clare Valley generally? Significantly, and most growers would be operating below the cost of production.

The Clare Region Winegrape Growers Association and Clare Valley Winemakers Incorporated recently joined forces to host an industry seminar to discuss the region's current and future issues. Can you tell us briefly about the reasons for holding these seminars and some of the outcomes?

We felt that there was not enough ownership from the WRAA seminar series at a local level and wanted more community input. The most important

message to come out of the seminar was that there are no 'silver bullets' and growers must 'change'. That is, change something such as variety, production base or market to suit your business. The association can't decide for you, you must find the answers yourself.

What do you like to do in your spare time? Still trying to play footy at the weekends, and used to enjoy a spot of fishing and sailing before the family came along.

When did you last have a holiday and where did you go? Last holiday was July last year to my parent's beach house at Port Willunga, in South Australia.

If you weren't involved in the wine industry, what do you think you'd like to do? Definitely be involved in agriculture in some way; I grew up on a broadacre farm, and as they say, "you can take the boy out of the country but you can't take the country out of the boy".

Why do you feel it is important to be a member of WGGA? It is central to the ethos of grower representation. A national body that speaks with one voice for all grapegrowers is the only way to have any sort of credibility to lobby for the sector.

News

secretariat, I have decided to move on to a new challenge as chief executive of Murray Valley Winegrowers, based in Mildura – a role I assume at the end of July.

The opportunity of establishing a new national growers' organisation from scratch is one that few people have the chance to tackle, and I have relished the challenge in getting the WGGA secretariat up and running and ensuring that the grower sector has re-established a strong representative profile within the industry and with Government. Clearly, the path has not been without a number of hurdles – chief of which has been securing sufficient funding and resources to allow WGGA to undertake the many activities required of an effective national representative body. However, with a new agreement now in place with the Wine Grape Council of SA (as already reported in this issue of *The United Grower*) I leave WGGA in a

much stronger and assured financial position than when I arrived in 2006.

I would like to thank the many growers I have met or spoken with over my years at WGGA, and the thousands of grower members who continue to invest in their national body. Your personal support has been very much appreciated. Thanks also to the outgoing chair of WGGA, Alan Newton, who has led WGGA from the front for the last four years and done an extraordinary job in helping to build and guide the organisation and open doors in Canberra; and to the other members of the executive committee and my colleagues in State and regional industry organisations who continue to invest their time and energy in tackling the many issues confronting the winegrape sector. I look forward to remaining engaged with growers, WGGA, and other industry organisations – albeit wearing a different hat.



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AN INVESTMENT IN THE FUTURE OF YOUR VINEYARD AND YOUR INDUSTRY

WHY YOU SHOULD JOIN WGGA TODAY

WGGA lobbies the Federal Government on the issues of national importance to growers, such as the **grower viability crisis** and the current critical **Wine (Industry) Restructuring Action Agenda**, **water security**, **taxation** policies, the **Wine Industry Award 2010**, and future **investment in research and development**. WGGA now manages **national vineyard bio-security** on behalf of the entire industry, ensuring that growers will receive compensation in the event of a plant pest outbreak that destroys vines. As part of this process we are establishing a new **National Winegrape Bio-Security Committee** to coordinate the efforts of all the relevant industry and Government agencies. WGGA continues to push for provision of better data on vineyards through the planned establishment of a **national vineyard database**, and the **delivery of improved information and independent market analysis for growers**. WGGA has secured the grower sector a voice in developing and driving industry policies and we are jointly driving outcomes for

the grape and wine sectors through the **Industry Directions Council** formed last year with the Winemakers' Federation, Australian Wine and Brandy Corporation and the Grape and Wine Research and Development Corporation. WGGA continues to seek positive changes to the commercial culture of the industry through the broader adoption by wineries of the **Australian Wine Industry Code of Conduct** and we are now pushing towards the development of **new common industry standards for winegrape assessment in the field and at the weighbridge**.

Most importantly during these difficult financial times, WGGA continues to strive for better levels of profitability and sustainability for growers by delivering programs like the **VineBiz Financial Ready Reckoner** tool and other **vineyard business development programs** that will help secure viable vineyard businesses into the future.

However, **WGGA can only be truly effective in these important activities if we represent the overwhelmingly**

majority of growers in our dialogue with Government and at national industry forums. **That makes the commitment of all growers to being members of WGGA crucial in ensuring we are a relevant and effective national voice for the whole Australian winegrape sector.** The executive committee of WGGA believes **your commitment to WGGA membership is an essential investment in the future of both your vineyard business and your industry.**

We are asking you to make the commitment today to contribute 50c per tonne from your 2010 vintage payments as your WGGA membership subscription. **To join WGGA, simply complete and return either the General (Grower) Membership Subscription form or the Affiliate / Associate Membership form for non-growers** on the opposite page.

We look forward to welcoming you as a member of WGGA, and thank you for your support.

VIC PATRICK, CHAIR OF WGGA



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2010 GENERAL MEMBERSHIP APPLICATION*



MEMBER INFORMATION

BUSINESS or VINEYARD NAME: _____

GEOGRAPHIC INDICATION (Region or Sub-Region): _____

CONTACT NAME: _____

POSITION: _____

POSTAL ADDRESS: _____

PHONE: _____ **MOBILE:** _____

EMAIL: _____ **FAX:** _____

I hereby apply for Membership of WGGA and enclose my payment as detailed below, at a subscription rate of 50c per tonne for wine grapes produced by my vineyard/s in the 2010 vintage. I also authorise / do not authorise [strike out whichever does not apply] the provision of my name and contact details to entities associated with WGGA to enable WGGA Membership Services, including product and service offers for WGGA Members to be extended to me / my enterprise.

Signed: _____ **Date:** ____/____/____

PAYMENT

Cheque / Money Order: (Please enclose cheque/ money order and make payable to Wine Grape Growers' Australia)

Direct Debit: Wine Grape Growers' Australia, BSB: 083-764, Account: 571359420, National Australia Bank

Internet Banking Reference: _____

* Affiliate, associate, student and corporate memberships also available. For further information contact the WGGA secretariat, phone (08) 8362 9802



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That's where our new 5EN Series tractors come into the picture. They've got plenty of get-up and go to breeze through those time-consuming jobs. With a slim width of 1147 mm[^] and models ranging from 83 to 93 horsepower* (62-69 kW) these tractors accomplish more in fewer passes – slash, spray, prune, sweep and mulch to your hearts content. Best of all they're highly durable so you'll experience many productive years with a 5EN Series tractor working among your vines. Together, let's minimise those laborious tasks and make 2011 the best vintage yet.



[^] Rear axle width, flange to flange
* Engine horsepower (ISO) 97/68 EC Standards

