



# Wine Grape Council SA

# Newsletter

#3

March 2009

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## REGIONAL REPRESENTATIVES

Peter Balnaves	Coonawarra	0428-838-702
David Cavanagh	McLaren Vale	0422-653-234
Paula Edwards	Clare	0438-421-166
Helen Edwards	Adelaide Hills	0417-388-125
Roseanne Healy	Riverland	0408-800-268
Tom Keelan	Langhorne Creek	0438-373-247
Vic Patrick	Limestone Coast	0408-849-533
Leo Pech	Barossa Valley	0419-865-635
Paul Clancy	Chair	0412-365-481
Chris Byrne	Executive Officer	0419-555-001

### 1. MESSAGE FROM THE CHAIR

Collapsed grape prices, caused by a massive over-supply, low yields due to drought, irrigation restrictions and heatwaves are all combining to make this vintage a very difficult one indeed. Unfortunately, this is not just a bad vintage – our problems are deep and will last well beyond 2009. Our regional reports show that the SA intake for 2009 may be down by as much as 200,000 tonnes and the national crop may be as low as 1.4 million tonnes – against a potential of at least 2 million tonnes.

Despite the significant decline in grape supply, prices have also declined in most cases. This should be the loudest warning bell to all growers that the sector is enduring a significant downturn which could last for some time.

The root cause of the industry's downturn is a massive over-planting of the national vineyard, estimated by some to be as much as 40,000 ha. An imbalance of supply over demand of that magnitude cannot be effectively addressed by market forces within a reasonable timeframe. The industry must look at structural adjustment options and how they might be funded. Such options are difficult to develop and to fund – and any such scheme has to ensure that “on-goers”, that is growers who stay in the industry, are not disadvantaged by comparison with the “out-goers” – those who leave the industry.

I am pleased to tell you, however, that Wine Grape Council SA (WGCSA) has been able to convene a forum of grower representatives and representatives from the wine production sector to commence a process of discussion and to examine and develop some strategies to address the structural adjustment dilemma. This problem which is bedevilling the industry – both growers and winemakers – is a complex one and there will be no easy solutions. However, both sectors are talking and that is a very good first step.

As a grower myself, I am acutely conscious of the numerous levies I pay and I grizzle, probably like most growers, that I don't see much for my levy dollars. Well I can assure all growers that WGCSA is using its share of levy revenue as wisely and as effectively as it can.

In our short life – of less than three years (with only one year of grower contributions) – WGCSA has achieved a great deal for SA growers, including:

1. Part funding (\$32,500) the Climate Change Sector Agreement. Jointly, with the State's winemakers (South Australian Wine Industry Association) we are developing an industry response to carbon management. We have invested these funds to ensure that growers' interests are represented in the policy development processes.
2. Opening an office within the wine industry organisation office complex in Adelaide and secured Government funding for a part-time project officer.
3. Commenced the development of a web portal to provide regular and updated information to growers across the State and to provide links to regional websites and other useful viticultural management and information sites.
4. Developed and established very good working relationships with Government Departments, Government Ministers, Wine Industry Organisations and their personnel. SA growers have never been better represented in government and industry forums – growers now have a voice in those forums which once developed policies and strategies without consideration for the grower viewpoint.
5. Participation in the Thinker in Residence program in which Dr Andrew Fearne looked at supply chain management in the wine industry – including the weak market position of grape growers.
6. Conducting a series of regional presentations with grower groups in the South East, Clare, Barossa Valley, McLaren Vale and Riverland.
7. Surveying South Australia's growers post the 2008 vintage to draw up a table of issues which concern growers. This will enable the Council to prioritise tasks in its Strategic Plan next month. A copy of the table is included with this Newsletter. The Council will conduct another survey towards the end of April to capture impressions after this vintage.
8. Our executive officer, Chris Byrne, played a key role in advising Senator Nick Xenophon which led to the Senator securing improvements to the exit packages for MDB irrigators. Senator Xenophon recently paid tribute to the many people who assisted him in the process. He said however, "But I want to single out Chris Byrne in particular for being very helpful and thoroughly professional. Particularly in relation to exit packages, Chris Byrne has played a key role." Mr Xenophon said last week's deal has effectively:

(1) Seen exit packages go from 15 to 40 hectares, with a doubling of the amount for clearing of land. "So that will make a difference for those people who want to get out, but still stay on their land, in terms of an irrigator exit package". (2) "Resulted in an extra \$200 million to be spent on the entire basin, for communities to cope with less water. (3) Seen \$200 million provided for stormwater harvesting which will reduce water being drawn from the Murray River. (4) Accelerated water buyback "of half a billion dollars over the next three and a bit years, including a quarter of a billion in this current financial year".

Without doubt the single biggest issue for grape growers is the massive oversupply – which also topped the list of concerns in our survey. For so long as we have such an overplanting of vineyards, grape prices will remain depressed and the sustainability of many growers will be sorely tested. WGCSA is very conscious of this and has initiated an industry forum to commence the process to find ways to address the very complex problems the oversupply is causing.

While in these very difficult times, it is easy to despair and wonder if anyone cares. I can assure all growers in SA that the establishment of WGCSA has given them a peak organisation which does care, and which is representing them in the decision-making and policy development processes within industry and in Government forums. That is a giant step forward in three years and at a time when the industry grapples with the worst downturn in its history.

***Paul Clancy – Chairman***

## **2. NOTICE OF AGM 16<sup>th</sup> April 2009**

All registered South Australian Wine Grapegrowers should take notice that the first annual general meeting (AGM) of the Wine Grape Council South Australia (WGCSA) will be convened at the National Wine Centre on Thursday 16<sup>th</sup> April in the Broughton Room at 10.00am.

This is a significant event; not simply because it is the first AGM where the Council will have an opportunity to present its score card and acknowledge all those who have been supportive through its formative period, but will

also represent an opportunity to foreshadow our priorities for the next 12 months. The Council's first website, featuring regional content for all regional organisations will also be launched on the day.

Under the Rules of the Council, four of the eight appointed Councillors must stand down at this AGM. They will be eligible for renomination. The remaining four members will stand down at the next AGM. This process of half the Council standing down on an annual basis provides opportunities for all growers to nominate preferred representatives from time to time. The members standing down in April will be Tom Keelan (Langhorne Creek), David Cavanagh (McLaren Vale), Helen Edwards (Adelaide Hills) and Paula Edwards (Clare Valley). Growers in these four regions may nominate alternative members. In the event that there are two or more acceptances for any region, the appointment will be decided by a ballot of the members in that region. This ballot will be coordinated as a postal ballot by the Council in collaboration with the relevant regional organisations. Ballot papers will be posted together with reply paid envelopes no less than 14 days prior to the date of the meeting at which the elections are to take place. Please give this matter serious consideration. Executive Officers' of Langhorne Creek, McLaren Vale, Adelaide Hills and Clare Valley should notify this office no later than Friday 20<sup>th</sup> March 2009, who the nominee(s) for those regions will be.

### **3. WEBSITE**

Development for the new WGCSA website is well underway.

The Council met with regional representatives in January for a planning and design workshop and the framework for the new state website was agreed.

With a launch date set to coincide with the first AGM, the website will be a 'port-of-call' for South Australian winegrape growers with the latest industry news and information for growers on issues such as industrial relations, climate change and important information about your Council and how we are working to provide strong representation for growers to industry and Government.

Each South Australian wine grape growing region will be represented with their own section of the website with links to regional industry associations.

To be one of the first to check out the new website when it goes live, email your details to [admin@wgcsa.com.au](mailto:admin@wgcsa.com.au)

### **4. CLIMATE CHANGE SECTOR AGREEMENT**

#### **Project Update- Wine Industry Sector Agreement, Climate Change and Greenhouse Emissions Reduction**

The Wine Industry Sector Agreement has hit the ground running, with Project Manager Jodie Pain having held Information Sessions in the Barossa, McLaren Vale, Langhorne Creek, Adelaide Hills and the Limestone Coast. Clare Valley and the Riverland sessions will be held after vintage, at the end of April.

The project has had significant interest and good participation at the sessions, with over 160 people attending so far. These sessions look at climate change, the Sector Agreement, and how industry can participate in measuring and reporting greenhouse gas emissions.

Growers who would like the information package should fill in and fax back the flyer included in this newsletter. Alternatively, contact Jodie Pain on 8222 9278, [jodie@winesa.asn.au](mailto:jodie@winesa.asn.au) or access a copy online at [www.winesa.asn.au/content/68](http://www.winesa.asn.au/content/68). Growers and winemakers are also being asked to show commitment to the project, by signing the participant commitment form available in the Information Package.

A series of workshops will follow the information sessions, showing how to use the Australian Wine Carbon Calculator to measure greenhouse gas emissions, allowing participating grape growers and wineries the opportunity to report their greenhouse gas emissions for 2009/2010.

The Wine Grape Council of South Australia and the South Australian Wine Industry Association signed the Sector Agreement with the State Government in accordance with the *Climate Change and Greenhouse Emissions Reduction Act 2007*.

### **5. INDUSTRIAL RELATIONS HANDBOOK**

#### **Project Update – Wine Grape Council of South Australia –Employment Handbook**

The Wine Grape Council of South Australia – Employment Handbook has been prepared by the South Australian Wine Industry Association (SAWIA) for the wine grape growing industry in South Australia and is now available from WGCSA. The Employment Handbook provides information to assist wine grape growers understand the

obligations arising under either the Federal industrial relations laws (for those businesses that are constitutional corporations operating under the Federal industrial relations system) or the South Australian industrial relations laws (for those businesses that are non-constitutional corporations operating under the State industrial relations system).

The Employment Handbook identified issues employers must be aware of when they employ people to work for them. The following topics, plus many others, are discussed in the Employment Handbook:

- *Do I have to comply with Federal or State industrial relations laws?*
- *What is the difference between a “constitutional” and “non-constitutional” corporation? What does this mean to me?*
- *What do I need to consider if employing someone?*
- *Am I covered by an “award” or am I “award free”?*
- *How much do I need to pay someone? What if they are a casual?*
- *How do I go about hiring someone?*
- *What paperwork is involved?*
- *What happens when someone leaves, i.e. resignation or termination of employment?*

The employment handbook will be available on the WGCSA website from 16<sup>th</sup> April. In the meantime copies can be printed and posted although a fee of \$35 will apply to defray costs. Please ring Cheri on 08 8584-7897 to order a copy.

## **6. THANKS MINISTER McEWEN**

Wine Grape Council SA records here its grateful thanks for the wonderful support it has received from the retiring Minister for Agriculture, Food and Fisheries, Hon Rory McEwen MP. Rory has been an unstinting supporter of the Council from our earliest days. In fact it was Rory who encouraged Paul Clancy and Chris Byrne to seek funding for the Council by way of the Primary Industry Funding Schemes Act. As Minister, Rory has always had an ear for grower issues and provided the Council with a very effective conduit to Government and PIRSA staff. His establishment of the Grape and Wine Division within PIRSA, under the supportive management of Kris Roberts, greatly enhanced Government's ability to respond to grower issues. As a rural politician, Rory has been particularly sensitive to the needs of primary producers. The Council wishes him well in his future endeavours.

The Council also welcomes new Minister, Paul Caica who comes to this position with an enviable record of achievement in other challenging ministerial portfolios including Industrial Relations; Employment, Training and Further Education; Science and Information Economy; Minister for Youth and for Volunteers.

This Council looks forward to working closely with Minister Caica and to extend the strong working relationship already established with the Department.

## **7. SURVEYS 2008 AND 2009 – LAST YEARS’ SURVEY**

Following last year’s vintage almost 500 growers from around the state responded to the post vintage survey. A copy of the results of this survey is enclosed with this newsletter for your information. The survey provided useful indicators to guide the Council in its deliberations, its prioritisation of issues and decision making. The survey highlighted strengths, weaknesses, opportunities and threats as perceived by growers in the 8 main regions across the state. Clearly water availability was a major concern. Perhaps the most compelling response was in relation to the number of growers from all regions (but particularly the Riverland) who have considered leaving the industry. The Executive of the Council is actively encouraging all growers to carefully examine market conditions, the increasing costs of growing grapes and the viability of their own wine grape growing enterprise.

While there has been a focus on Exit Packages under the Exceptional Circumstances provisions for Riverland Growers, very few growers in other regions have examined these opportunities as yet. Council will encourage all growers to examine possible options, but will also strive to best support the growers choosing to stay.

A post vintage 2009 survey will be issued with the next newsletter in April.