



SA Industry Fund: Growers to Decide Future

Three years ago grape growers in South Australia were invited to a series of regional workshops to consider a proposal to try to give them better representation to address critical issues of declining demand, uncertainty over water access and changing taxation.

The grape growing community was asked to support the establishment of a voluntary levy of \$1/tonne of which half would go the Wine Grape Council of SA to represent growers on state issues and half to the Wine Grape Growers Australia to represent growers on national issues. Overwhelming you supported the proposal.

The authority for the voluntary levy will end with the 2012 vintage. Over the next few months the Council will be conducting a series of regional meetings to give you the opportunity to hear what has been achieved and have your say on the future of the levy - i.e. whether it continues and, if it does, how it will be invested to progress grape grower issues at the state and national level.

We hope you will take the opportunity to attend and have your say on the future of state and national grape grower representation.

Still waiting for your grape payment?

For several years we've been hearing stories of grape growers left waiting for payment for their grapes...including some for a year or more. It's important to understand your rights when it comes to grape payments. There are two key issues for which legislation is in place to protect the interests of grape growers; prescribing when payments for grapes must be made and preventing wineries from purchasing grapes while still owing money for grapes delivered in a previous vintage. *(continued page 6)*



New Assistance for Vineyard Employers

Last month we launched our updated 'Guide to Employing Vineyard Workers'. Major changes have been made to Australian awards in the last 18 months and the guide has been developed to assist you to understand them.

The old state awards have been scrapped and replaced with the new national Wine Industry Award 2010. Award rates are now set annually. Both the award and the rates can be downloaded from our website (see details at the end of the article). Also because the rates between the old and new awards differ, transition arrangements have been put in place to reduce the impact on the employer (if the rates have increased) and the employee (if the rates have decreased).

Trying to keep a printed book up to date when so much change has been occurring has become impossible. That's why we have moved to a new web-based resource - it can be rapidly updated as soon as changes occur.

The guide is prepared in an FAQ (frequently asked questions) format. *(continued page 2)*

WINE INDUSTRY
CLASSIFIEDS
BUY | SELL | NEW | USED

50% DISCOUNT*

WWW.WINEINDUSTRYCLASSIFIEDS.COM.AU

Former Grape Growers Sought for Research

The Wine Grape Council has been provided with funding from PIRSA to undertake research to gain a better understanding of how it can encourage people to remove unprofitable vines. The first stage of the research is to interview people who have already made the decision to substantially remove vines or who have stopped wine grape production completely.

The Council wants to interview up to 20 people, preferably from cool climate regions. The research aims to use the experience of those who have substantially reduced or stopped production to inform growers who might be contemplating taking the same action. We want to understand why, despite eight years of oversupply, the industry is producing at least 20% more than it needs.

It may be that one reason why people are holding on longer than they perhaps should is fear of the unknown, worrying what to do next or whether they will be able to find a meaningful employment. That's why we want to talk to people who have been through that - it's in the interests of everyone that we find new ways to encourage those wanting to leave to do so. If you have stopped or substantially reduced your grape production - or know someone who has - we'd appreciate the opportunity to arrange a confidential interview. Please contact Peter Hackworth on 0439 182 411 or peter.hackworth@bigpond.com

When Your Contractor is Actually an Employee... what you need to know

For some time businesses have been outsourcing work to contractors. The reasons vary, but can include reducing the administration that goes with employing and avoiding potential problems such as claims for unfair dismissal.

An employee may also perceive tax and/or other advantages in becoming a contractor. However if you have someone working for you as a contractor, don't think that just because they have an ABN that is how the ATO, Fair Work Australia or WorkCover will see it.

If you are found to be paying someone as a contractor when they are really performing as an employee then the legal and financial consequences can be significant. If that occurs it can turn into a very costly exercise, e.g. Fair Work Australia may order payment for leave, public holidays and other award provisions; the ATO may require that any GST is refunded and replaced by PAYG, WorkCover may require an adjustment

to its premium and the worker may also claim that the amount received was in effect net payments or offset against underpayments which may result in the employer having to pay the PAYG.

The consequences can be even greater if it is found that the contract arrangement entered into was done as a deliberate measure to avoid tax, reduce superannuation obligations, etc.

So how can you determine if a contractor is actually an employee? Our table (below left) provides a summary of the differences. There is also a very useful tool at www.business.gov.au/IndependentContractors/DecisionTool.aspx

There have been a number of court decisions on this and they have tended to follow the old rule, i.e. if it walks like a duck and quacks like a duck... it probably is a duck'.

Employees	Independent contractors
Perform work, under the direction and control of the employer	Free to accept or refuse work and to decide how to carry out the work
Generally work standard or set hours	Decide what hours to work to complete the job
Bear no financial risk (this is the responsibility of their employer)	Bear the risk for making a profit or loss on each job, and must remedy any defective work at their own expense.
Entitled to superannuation and have income tax deducted by their employer	Generally pay their own superannuation and tax, including GST
Work is generally ongoing	Are contracted to work for a set period of time or to do a set task
Are paid regularly (e.g. fortnightly)	Generally submit an invoice for work completed or are paid at the end of the contract or project
Generally entitled to paid annual/personal/carer's/long-service leave (unless a casual employee.)	Do not get paid leave
Employer provides the materials or equipment required to do their job	Provides all/ most of the materials and equipment to complete the work
Paid for time worked	Paid for results achieved
Must perform the duties of their position	Free to delegate work to others and free to accept or refuse work
Recognised as part and parcel of the payer's business, and	Provide services to a range of public and other businesses

continued from front page...

Currently there are about 50 employment-related questions covering issues such as:

- how many hours can I roster people on for each week?
- the difference between penalty and overtime rates
- what to do when you need to dismiss an employee
- which regulations apply if you employ family
- what records you are required to keep
- calculating piece rates for pruners, etc

If you can't find the answer you want there is a link that enables you to submit a question and we will seek preliminary professional advice on your behalf at no charge to you*. Go to www.wgcsa.com.au and select 'Industrial Relations'

* Available to vineyard owners that contribute to the SA Wine Grape Industry Fund

Utilising Harvesting Units to Remove Snails.

This year a number of regions have reported higher levels of white Italian and common brown snails. Yalumba staff (Dan Newson, Ashley Ratcliff and James Freckleton) presented this paper at the 2010 Wine Industry Technical Conference.

The traditional method of snail management has been to treat by applying products based on metaldehyde or methiocarb. These are seen to be most effective during early autumn when the snails first emerge from their summer aestivate status after trigger rains and before they breed, 2 weeks after first movement. Control in the spring time or periods of drought is seen to be much harder as they are feeding less and due to the dry weather slowly moving to their summer aestivate sites where they seal themselves to the vine. In the past hand removal has been trialled with the addition of hand spread baits, however during this spring time movement to their summer sites they seem less interested in feeding so baiting is rarely effective and costly in nature.

It was the process of hand knocking the vines that established our interest in whether a mechanical method could be utilised to simulate the hand knocking activities. In 2008 a trial was conducted mid spring with shoot growth of about 10-15cm with the aim of knocking them to the ground and then following with a mechanical snail baiter.

The results were that shoots were broken, and the removal became harder in the afternoon heat. Overall the result was less than satisfactory and not financially viable. It was however determined that during mornings of wet or humid conditions snails seemed to be still slowly moving and not fixed as hard to the vines although not feeding. It was also determined that if the fish plates were retained in the harvester during this operation then the snails could be captured in the machine.



Figure 1. Setup of the snail harvesting system.



Figure 1. Setup of the snail harvesting system.

The following year, this knowledge was used to adapt the process (figure 1). The work was brought forward to when the vines were just emerging to 10cm shoot length. This avoided the breakage levels of shoots that had been previously seen. It also provided conditions that were more suitable to slow movement of the snails with lighter fixation to the vines.

These conditions also lasted longer in the day and thus extended the operation period of the harvester each day.

Finally the bucket and conveyor system was utilised to capture the knocked snails from the vines to a bag attached to the end of the discharge shoot so that maximum removal of the snails from the vineyard could be achieved.

Approximately 1000 snails per row (400m) could be removed at a time in the season where control was once not possible, thus limiting the amount making it into the final product and leading to a product quality improvement.

With operating speeds of about 5kph, approximately 1.4 ha can be covered each hour. At \$150 per hour to operate the harvest unit costs are approximately \$100 per ha. This compares to hand removal methods and baiting which were not overly effective at \$170 per ha representing an average saving of \$70 per ha.

Environmentally this method has also seen the reduction in one application round of bait per year.



Figure 3. Vines 1 week post mechanical snail harvesting

Carbon Update

The 18 Clean Energy Bills that make up the federal government's carbon tax package were passed by the Senate in early November. Jonathan Green of the Winemakers Federation of Australia prepared this initial analysis of the implications of the Carbon Tax for wine grape producers and of the Carbon Farming initiative.

Carbon Tax Package

Agricultural production has been excluded from the carbon tax so any effect on vineyard businesses will come from those businesses that do have to pay the tax passing-on a proportion of the costs. The net effect on vineyards will depend on how much of the tax is passed on to them. Specifically:

- expect power prices to rise by around 1.5 cents/kWh. Irrigation schemes may also increase costs for the electricity used. An average vineyard may expect to pay \$9/ha more for electricity each year.
- transport fuels (for road freight) are not included. If included at a later date, the proposed increase will be around 6.5 cents/litre, or about \$1.33 more to transport a 28 tonne load of grapes 50km.
- fertiliser and chemical manufacturers are likely to receive government assistance meaning a modest increase in these costs of around \$1.50 per hectare.

The impact on other materials and assets is very difficult to estimate at this time, and will vary greatly depending on the energy demands of manufacture and transport.

Compensation will include an increase in the tax-free threshold from \$6,000 to \$18,200. Small businesses may also benefit from an increase in the instant asset write-off from \$1,000 to \$6,500. Both will take effect from 1 July 2012.

Carbon Farming Initiative (CFI)

The CFI is a program to provide income for farming activities that reduce greenhouse gases. This can be achieved by removing the gases from the atmosphere and storing them for a long period of time (sequestration) or reducing the amount of greenhouse gases emitted (avoidance)

The unit of measurement is tons of carbon dioxide, and this is expressed for the purposes of the Carbon Farming Initiative as an Australian Carbon Credit Unit (ACCU).

The opportunity for wine grape growers to generate ACCU's is likely to be limited, for example the carbon stored in vines is known to be insignificant. Emissions of nitrous oxide from the soil can be minimised by using organic nitrogen fertiliser sources or by minimising inorganic nitrogen applications during wet-soil conditions. Presently, however there isn't an approved methodology for reducing nitrous oxide emissions in vineyards.

Another alternative is increasing soil carbon. Once again a proven methodology is required and the obligation to keep carbon in the soil remains.

Vineyards are most likely to benefit where they can plant trees on cleared land and contribute to threatened species rehabilitation, landscape health, wind and erosion management and aesthetics. However anyone considering this approach should read all of the fine print and have a plan for managing liabilities over time. More information from www.daff.gov.au/climatechange/cfi



*Carbon Farming Initiative provides only limited opportunities for vineyards.
Photo courtesy Peter Davidson, Wrights Bay Vineyards Mt Benson Wine Region*

Seasonal Outlook: Weaker La Nina Emerging

Spring and summer 2010/11 saw a near record strongest La Nina event, with well above average to record highest rainfall through that period with the subsequent impacts on agriculture. While this event ended in April 2011 with Pacific Ocean temperatures returning to near neutral, since August there has been some renewed cooling back towards La Nina conditions again. So what does this mean for the remainder of spring and summer 2011/12?

In the last week, the combination of conditions in the Pacific is now such that La Nina thresholds have been crossed, and all of the various ocean/atmosphere model forecasts run by the Bureau of Meteorology and other international centres indicate further cooling in the Pacific, so pointing to La Nina conditions becoming firmly established through November and December and remaining until autumn 2012.

But importantly, all but one of these models is indicating weak La Nina conditions through summer 2011/12 and cooler waters around Australia over that time, the opposite end of the spectrum to the unusually strong event in 2010/11, which saw record warmest oceans around Australia.

What does this likelihood of a weak La Nina mean for rainfall for the remainder of spring and into summer? There are indications in the model outlooks for moderately wetter than average conditions in the eastern states, but only slightly above average rainfall for South Australia. That South Australia is influenced less is typical for La Nina and El Nino events, and with a weak La Nina means not much of a signal for South Australian summer rainfall.

Thanks to Darren Ray, Senior Meteorologist/Climatologist SA Bureau of Meteorology for this article.

EUROPEAN RESPONSES TO CLIMATE CHANGE

Gioia Small – Regional Manager Sustainability, Treasury Wine Estates, was a guest speaker at the Wineries for Climate Protection Conference in Barcelona, Spain on the 10th June, 2011.

The conference was attended by over 400 people and there were twenty-two presentations detailing the various measures producers were taking to minimize greenhouse gas emissions. Retailers and the wine press also presented their views on climate change and sustainability in general. The conference was prefaced by a signing of the Wineries for Climate Protection Protocol which commits participating Spanish producers to a 20% reduction in greenhouse gas emissions by 2020.

These are just a few of the vineyard and winery initiatives I noted:

- Using agrochemical spray units that recover spray excess – Casa Vinicola Zonin from Italy reported early season spray recovery of around 70%. That's got to be good for the environment and the hip pocket!
- Using multi row equipment – energy savings combined with cost savings
- Exploring the use of geothermics - one producer citing potential savings of 50% in energy use
- Most wineries reporting reduction in water use and the amount of waste generated
- Many producers have been working towards lightweight glass
- Tree plantings to sequester carbon

It was also interesting to hear what the retailers had to say. Waitrose, a major supermarket in the UK stated that they consider climate change, food security and biodiversity as major issues and that they were working with their suppliers to lightweight glass and reduce water, waste and CO2 emissions.

I visited some wine companies and was impressed by the level of work they were doing in the whole area of climate change. Miguel Torres, a leading wine producer in Spain is participating in a €27m project that involves numerous other Spanish wine companies and aims to develop strategies to mitigate the effect of climate change for the Spanish wine

industry. Miguel Torres has also made investments in underground warehouses to conserve energy, photovoltaics and the use of grape marc and stalks as a source of renewable energy.

Grupo Cordoniu has vineyards in Spain, California and Argentina. I visited their property at Raimat, Lleida (around 200 km from Barcelona). The climate at Raimat is quite arid and water for irrigation is provided

through a channel that originates from the Pyrenees. Some of their sustainability initiatives include the adoption of Partial Rootzone Drying to conserve water, multi-row equipment to minimize greenhouse gas emissions, revegetation of non-vineyard areas and declaring their sustainable production techniques on their bottles and packaging (see picture)

All in all, this was a very enlightening trip and it confirmed for me that it is important for the Australian wine industry to stay abreast of what our competitors are doing and make sure that as an industry, we continue to implement some of the important initiatives that have been developed to maintain our competitiveness. This includes the further adoption of EntWine – the industry's environmental assurance program. Treasury Wine Estates has been a strong supporter of this program to make sure we remain competitive in the global marketplace.



A bottle of Raimat chardonnay: note 'viticultura sostenible' (sustainable viticulture) on the label

Still waiting for your grape payment? (continued from page 1)

Late Payments

In SA grape payments are legislated under the Wine Grapes Industry Act (1991). The Act provides for three payments with the final payment to be made by 30 September in the same year as the grapes were harvested. The Act covers sales of all SA wine grapes including those going interstate for processing.

If the processor does not pay by the due date the Act provides the producer (i.e. grape grower) with the power to take action to recover their money. However, the government has no power to investigate late payments unless the processor buys fruit in the following vintage while still having outstanding grape payment debts (we'll talk about that next).

Importantly if final payments are not made by 30 September, the producer is entitled to interest on any outstanding monies. The interest rate is equal to the Commonwealth Bank standard overdraft interest rate as at 1 September plus 1 per cent - the latter increases to 2% for payments still outstanding after 31 December. In 2011 that equates to 12.24% and 13.24% respectively.

Long term debts

The Act clearly states that a processor must not accept delivery of wine grapes for processing unless 'all amounts that have previously fallen due for payment by the processor for wine grapes received by the processor, or any person acting on the processor's behalf, in a previous season have been paid in full'. This doesn't just apply to grapes you have supplied but to any grapes they have purchased. The only exception to this is if the processor has been granted an exemption by the Minister for Primary Industries...and to our knowledge no processor has ever applied for this.

This section of the Act is different in that a breach of it is an offence and can incur a fine of up to \$8,000 and/or prison for up to two years (as well of course as orders to make good the outstanding money). Being an offence means that the Minister has the power to authorise an investigation and subsequent prosecution.

Alarm bells should be ringing if a processor is expecting you to deliver grapes without having paid in full for grapes delivered the previous vintage.

What are your options?

Probably the first step is to ring the processor's accounts department and politely but firmly explain their responsibility under the Act. You may want to offer to send them a copy of the Act - contact our office if you need a hand finding it. If that doesn't bring the result you require, you should seek legal advice. Generally this will entail a Solicitor sending a letter on your behalf demanding payment.

If a winery that has outstanding debts is offering to take your grapes you can report them. Contact Simon Treloar, PIRSA 8226 3517.

We would like to hear your experience. Ring or email Peter Hackworth or your local representative (see back page for details). All information will be kept strictly confidential.

50% discount offer

Wine Industry Classifieds is an on-line classified advertising service for the Australian wine and viticulture industry. If you are looking to sell machinery or advertise services, WIC is offering a 50% discount on your first ad. Remember to quote our affiliate code of WGCSA to gain your discount. More details at www.wineindustryclassifieds.com.au

Crush 2012: Embrace the Stylish Alternative

Adelaide Hills Wine Region is inviting you to celebrate "Crush 2012... The Stylish Alternative" January 27-29, 2012.

Forty-three cellar doors are participating in 'Crush' along with photography exhibitions, fashion parades, live sculpture, street art and live DJ's.

The Crush Wine and Food Festival will celebrate its 9th year in 2012, and whether you decide to play some croquet, wander the craft and jewelry stalls, indulge in a beautiful de gustation lunch or relax to live music the festival will have something on offer for every taste and is not to be missed.

For further information or to download a full brochure of activities please visit www.crushfestival.com.au



Wine Grape Council SA

C/-Wine Innovation Cluster, Cnr Hartley Gve & Paratoo Rd, Urrbrae SA 5064

0439 182 411

admin@wgcsa.com.au

www.wgcsa.com.au

Chairman (Adelaide Hills): Simon Berry (simon@berry2wine.com.au) Barossa: John Hahn (John.Hahn@grapebarossa.com)
Clare Valley: Caroline Schaefer (roysch@bigpond.com) Coonawarra: Pete Balnaves (pete.balnaves@balnaves.com.au)
Langhorne Creek: Heather Webster (heatherwebster4@bigpond.com) Limestone Coast: Vic Patrick (victorpatrick@bigpond.com)
McLaren Vale: Derek Cameron (derek@djsgrowers.com.au) Riverland: Roseanne Healy (roseanneh@internode.on.net)

This publication has been prepared by the Wine Grape Council of South Australia. Before acting on any opinion or information contained in this publication, you should obtain individual expert advice. No responsibility can be taken for any errors or omissions in data published in this document.