

National oversight of Australia's grapevine genetic resources proposed

A meeting of germplasm stakeholders, convened by WGGA in November 2013, kicked off a process designed to reach an industry decision about managing grapevine genetic resources into the future.

This followed the release of a GWRDC-funded report titled Review of grapevine germplasm collections in Australia (GWR 1112) which was the latest in a succession of reports over the years about the state of Australia's foundation genetic assets and recommendation for their management, about which no industry decision had been made. Hence, WGGA's interest in facilitating a decision.

With support from the then GWRDC, a working group was formed to make the business case for future management of these resources. This working group produced a draft proposal that went out to full industry consultation in September 2014. The final proposal was then referred to the Joint Policy Forum (WFA and WGGA) which recommended it to the respective executive committees for support. Both organisations supported the proposal albeit with some caveats on the detail.

With the time and resources available to the working group, it did not arrive at any definitive answers regarding a management system. Rather, the working group made the case for a process to ensure the complexity of issues would be given due consideration, to enable a final answer. While some of the detail in the proposal was questioned in the consultation phase, WGGA believes the proposed process is a responsible approach that will consider both the concerns raised during the consultation phase as well as the issues not fully explored, to arrive at a position acceptable to industry.

The proposed process can be summarised, as follows:

1. On a precautionary principle, halt the deterioration of the existing genetic resources while rational decisions are made on longer-term arrangements;
2. Prepare the way for an effective national management structure to be devised; and
3. Find solutions that will be responsive to prevailing realities as well as future possibilities.

Proposed elements of this process that will ensure delivery of these objectives include:

- National strategic oversight and coordination of entities currently managing the assets;
- Testing, maintenance and auditing of the existing collections in order to halt their deterioration and to prepare the way for future management;
- Creation of a national committee and project manager to oversee the process. It is envisaged this would be hosted within AGWA;
- Public access to collections that serve planting requirements; and
- A grapevine register in order to know what resources exist in Australia.

The proposal now sits with AGWA for it to evaluate the merits of the case and its proposed role. It can be viewed at <http://wgga.com.au/policy/germplasm>.



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WGGA Grower Seminar explores innovation

WGGA conducted a grower seminar in November titled 'Survive the present and innovate for the future'. While recognising that 2015 was likely to be another year of low profitability, the seminar topics attempted to highlight the positive role that innovation could play in a brighter future.

In WGGA's view, innovation is not receiving the attention it deserves as an agent for turning the industry's fortunes around. In current industry thinking, boosting demand is the dominant strategy. WGGA's view on the role of innovation does not deny that boosting demand is necessary but asks whether it is sufficient, particularly for improving the market prospects of commodity-grade fruit and wine which under the terms of the demand initiatives in the industry, will rely on 'pull-through' from the potential success of marketing the premium end of the business.

The seminar presentations can be viewed on WGGA's website at www.wgga.com.au. What follows is a brief description of the messages delivered on the day.

Louisa Rose, AWRI Chair, tackled the concept of innovation. Louisa made the distinction between inventions, or the creation of a new ideas, compared to innovation which is the use of such ideas to deliver their benefits.

In this sense, innovation is a process and a discipline that can be learnt. The implication is that each and every business and organisation can, and probably should, inculcate processes to objectively create innovation rather than treat it as inspiration brought about by the imaginative, creative few.

Two key elements in 'how to' innovate were noted as collaboration and the multidisciplinary nature of innovation. Disappointingly, Australia ranks poorly in terms of the degree to which firms collaborate with research institutions – at 33rd in the world. The multidisciplinary nature of innovation refers to a broader base than just science and technology. Innovation can be in economics, management systems, social systems, resources, infrastructure and possibly more.

Jeff McDonald, from the SA Riverland and a director of an organisation called Collaborative Farming Australia (CFA), spoke about the role business models can play in reducing the cost of primary production. A case study he presented ably demonstrated this. Jeff's business model reflected the view expressed by many individual business operators 'that costs had been screwed down as much as was possible'. Building on this however, the CFA model emphasises the role of scale in achieving lower costs by individual businesses combining operations to achieve the required scale.

Key elements of collaborative farming includes concepts like refocussing from a reliance on longer-term returns from the farm's eventual sale to the value which can be extracted in the here-and-now from its operations, employing people with specialist skill sets the individual business operator might be expected to be across (jack of all trades but master of none), and including independent thinking in the business' decision-making processes.

Prime importance however was put on the role of emotion and personalities of the business owners given collaboration between people is central to the business model. The wrong emotional or personality characteristics may preclude some people from success in this type of model.

After presenting to WGGA last year, **Shane Tremble**, Woolworths Liquor Group head of corporate development, again provided fascinating insights into alcohol beverage trends.

Key trends identified by Shane included the decline in overall and per capita alcohol consumption, the emerging and game-changing role of online and digital purchasing, and more demanding consumers who increasingly cross-shop brands and for whom traditional retail offers are no longer satisfying.

Shane related, from Australian Bureau of Statistics data, that cider has been a stand-out sales success (from a low base) over the past five years, with an annual rate of growth of 18% in absolute terms and 16% in per capita terms while wine lagged





this result with 0.1% growth and a 1.5% decline respectively. It was also related that for Woolworths, 20 of the top 200 lines in 2013 (or 10%) didn't exist five years ago but new lines had accounted for 50% of their sales growth.

Woolworth's contribution to the innovation story came in the form of a new sales channel called 'Connections', which allows customers to browse through the entire product range of a participating winery. This is achieved by small and independent suppliers using simple, purpose-built technology to access Dan Murphy's online sales outlets. A kicker is the opportunity for in-store placement of the best performing products showcasing this way.

The final speaker, **Rob Hunt**, talked about the benefits of objective grape standards and the role they could play in price discovery. Hunt stated the wine industry is possibly the final major sector of agriculture not to use objective standards for supply and price discovery. Rather, subjective assessments prevail. This contrasts with the livestock industry which has an entirely objective measurement program to improve the red meat-eating experience for the consumer and hence, promoting the product.

Rob presented an example of a system of measures for wine grapes and outlined the benefits for growers and wine companies as well as the commitments required of them through such a system.

STOP PRESS: Time period for resolving disputes through the Code extended

As part of a wide-ranging review of the Australian Wine Industry Code of Conduct (the Code) to make it more effective, an amendment has been agreed between WGGA and WFA that will assist growers in disputing final prices they feel are unfair.

A review, within which this amendment has been agreed, is currently being undertaken by the combined WGGA-WFA Code Management Committee (CMC) which among other things, is charged with monitoring the effectiveness of the Code.

The amendment deals with a concern, expressed by growers, that during the busy harvest period, time is not

available to effectively mount and resolve a dispute under the Code's time stipulations. It is considered that growers, being more often the disputing party and with fruit in jeopardy while the dispute awaits resolution, were at a particular disadvantage.

The amendment will apply for the 2015 harvest onwards.

The Code currently stipulates a 14-day period from the time the dispute is notified by the disputing party, for the parties to come to a mutually agreed outcome. The change will now allow for a mutually agreed outcome to be reached 60 days after the notification, if the notification is lodged before April

30. April 30 is taken to be a date that covers by far the majority of notifications that may occur 'during the harvest period'.

It should be noted the other provisions for disputes over winegrape price remain the same and for complete clarity should be read from part 3.1 of the Code.

Further announcements and information can be found on WGGA's website (www.wgga.com.au), WFA's website (www.wfa.org.au), the Australian Wine Industry Code of Conduct website (www.wineindustrycode.org) or in the wine industry media.

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What's missing here?

Australia's wine sector has a highly-creditable research program into the link between grape characteristics and wine, or objective measures. It is even acknowledged world-wide.

AGWA's Research Program 3 proclaims the value to improved products and processes is "in the vineyard... by ...establishing objective measures of grape quality... required for more precise specifications of supply arrangements and more streamlined processing of fruit at the winery".

There are 14 current projects being funded under the heading "Objective measures of quality and assessment systems" with at least half of them relating to grapes. For example "Assessment of relationships between grape chemical composition and grape allocation grade" (AWR1202) and "Grape quality parameters that influence wine flavour and aroma" (CSP 1201).

The value of the research is well understood in the industry. AGWA's preface to Program 3.1 puts it as "being able to objectively define and measure grape and wine quality, beyond the basic parameters of sugar, acid and colour... as ...essential to being able to manage and improve products and processes".

A preliminary report by the research team for project CSP 1201 develops the theme further. They note grape composition has a "profound influence on wine style and that the volatile and semi-volatile compounds in wine, which are predominantly responsible for wine flavour and aroma, are primarily determined by grapes, not by the winemaking process". Therefore, objective measures of grape attributes, that would allow the prediction of wine sensory characteristics, have a very valuable role to play in "improve[ing] our ability to efficiently grow grapes to suit desired wine styles".

Finally, winemakers use objective measures in winemaking, albeit the objectivity may still be under development through research projects like those mentioned in this article.

But there's something missing here. While researchers are busy working on such measures, and winemakers value them for winemaking processes, wine companies do not appear to be incentivising them through payment systems for winegrape purchases.

The point needs to be made that growers are in business

Are you using the Australian Grape and Wine Events Calendar

Do you know about the Australian Grape and Wine Events Calendar? It is an online resource that acts as a single go-to point for all Australian wine industry events. It has been developed by the National Wine Extension and Innovation Network (NWEIN), and is hosted by AWRI. It is feely accessible online at www.grapeandwineevents.com.au.

It is a valuable way to search upcoming events or check conflicting dates when planning your next event. The more it is used this way – the fewer will be clashes between industry events.

and just as in any supplier-customer relationship, if you want something, you have to pay for it.

The assumption the research work is being conducted for the benefit of the winemaker and not the grower, is revealed in the words of the CSP 1201 project report where it says "such measures will aid in the streaming of fruit and harvest scheduling to allow the consistent production of wine styles suited to consumer groups." Fair enough, it is not up to researchers of winegrape objective measures to determine how the winemaker targets these attributes but you have to wonder, in the case of purchased fruit, what is the assumption about how the message gets through to the grower? Is it moral persuasion (eg "quality is the path to competitiveness"), or threats, or contracts?

How about price as the instrument? Researchers are doing their job, how about wine processors doing theirs and incentivising the quality they desire.

Think of the advantages of making a financial link between the supplied and required inputs. They include matching supply and demand (ie balance in the industry – 'more precise specifications of supply arrangements' as we heard earlier), efficiency (reduced processing costs by incentivising better quality fruit and less of the costly converting of sow's ears to silk purses as well as fewer costly product failures due to untargeted inputs), a meaningful dialogue between grape producer and processor (better industry relations), and higher returns (higher quality and rewards for all).

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WGGA incorporates a life member category

A motion to incorporate an Honorary Life Member category in the WGGA Constitution was passed at its 2014 AGM and Leo Pech from the Barossa Valley was awarded the honour. The award to Leo was well deserved after more than 50 years of selfless service to the Australian winegrape growing community.

If you would like to nominate a grower for Honorary Life Membership in 2015 email us at info@wgga.com.au.

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