

Chairman's Address to Growers

The Annual General Meeting of Members

Held at The Hackney Hotel, 95 Hackney Road, Hackney, South Australia

Thursday 8 November 2012 at 10.30am

Welcome to the fourth annual general meeting of Wine Grape Growers Australia.

Thank you to all who have travelled large distances to attend this meeting.

This is my third presentation as Chair and I approach the task with more optimism than my previous presentations.

In 2010, I reported on a continuing downturn in the wine sector, ongoing restrictions on River Murray water, inquiries into the administration of Industry Funds, resignation of members and financial challenges.

In 2011, I reported on the challenging 2011 vintage, below average revenue generation, high operating costs, depleted cash flows and continuing financial pressure experienced by winegrape growers.

In 2012, I can report more positive events:

- The water situation has improved markedly.
- Vintage 2012 is generally regarded as a "high quality vintage" although a crush of 1.66 million tonnes will have an upward effect on the stock/sales ratio.
- Sales have declined but the rate of decline appears to be slowing.
- Some "green shoots" and opportunities for growth in the export market are appearing. Balance may be achievable.

On the negative side – imports continue to grow and grape sales at unsustainable prices continue. The *stocks-to-profitable-sales* ratio remains a major challenge.

Thus I caution growers that they should focus on cost of production and returns when making the decision to stay in the industry or leave.

WGGA's financial benchmarking program, VineBiz, is a useful tool to aid this decision-making process.

I believe WGGA has reached a new level of professionalism in the development of policy and advocacy for winegrape growers. Much of the credit for this performance goes to Lawrie Stanford our Executive Director who continues to work tirelessly for grower members.

Thank you also to Kelly Bonser and Nikki Zorzi in the office for their assistance, and to the Executive Committee for their continued voluntary support.

Membership

WGGA would like to thank all members who signed up for membership in 2012-13. Membership continues to grow and this gives us confidence that the national voice for growers is strengthening.

It is particularly pleasing to advise that the Riverland Wine Growers Association has re-engaged with WGGA. Andrew Weeks was appointed to the WGGA Executive to represent the Riverland Zone in June 2012 and has made a valuable contribution.

WGGA Revenue

WGGA received a modest income of \$367,074 for the financial year ended 30 June 2012.

The majority of the revenue continues to be received from the Wine Grape Council of South Australia, Murray Valley Wine Growers Incorporated (Victoria/NSW) and project funding from the Riverina Wine and Grapes Marketing Board (NSW).

Lack of resources continues to limit WGGA's ability to represent the grower community. I urge all interested individuals and organisations to become involved in the organisation both financially and "in-kind" - through the contribution of ideas and feedback.

WGGA Achievements 2011-2012

Our Executive Director will no doubt address this subject in more detail; however I will list some of our more significant initiatives over the past 12 months.

- Development of a Decision Support Network to develop future grower leaders and to provide input on industry issues into WGGA executive meetings.
- Establishment of the Joint Policy Forum - a peak industry forum established jointly with WFA to address "whole of value chain" issues.
- Preparation of a formal proposal with the Winemakers' Federation (WFA) to merge the Wine Australia Corporation (WAC) and the Grape and Wine Research and Development Corporation (GWRDC).
- Development of a new five-year strategic plan.
- Development and promotion of policy statements in areas of research, development and extension and input into the new GWRDC five year plan.
- Articulation of a "Trends and challenges" document to support policy development and priority setting
- Facilitation of progress in trade negotiations with China and Canada regarding MRLs for Phosphorous Acid.
- Progress on formalising and updating national industry biosecurity arrangements.
- Publication of original resources for growers in areas of:
 - Entering into contracts with grape purchasers
 - Marketing winegrapes
 - Negotiating skills
- Regular, timely and relevant communication to members, through our restructured website, regular e-Alerts and our *United Grower* newsletter.

Looking forward to 2012-13

WGGA will continue to focus on current and emerging issues that affect the financial and environmental wellbeing of its members. The extent of this activity will be dependent on financial and physical resources.

Securing funding for these activities will be an ongoing focus.

Once again I thank you for your attendance. Thanks to our members for their ongoing support, and to the Executive Committee, the Executive Director and staff for their tireless commitment to WGGA.

A handwritten signature in black ink, appearing to read 'Vic Patrick', with a stylized flourish at the end.

Vic Patrick

Chairman, Wine Grape Growers Australia

October 2012