



**SOUTH AUSTRALIAN WINE INDUSTRY
ASSOCIATION INCORPORATED**

Newsletter

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Message from the Chief Executive

Last month I started this message with "what a difference a month makes". The roller coaster ride and volatility of financial markets including the value of the Australian dollar makes everyone reflect what a difference a day makes! Everyone is being impacted in some way, and this type of situation makes us realise how important stability and a strong financial system is not only domestically but everywhere we do business. To expect stability in the short term would appear to be unrealistic given the magnitude of its impact on the global markets. What does seem certain is that plans are being reviewed in light of the situation.

The State Government has just released its report *Reducing Red Tape for Business in SA 2006-2008*. SAWIA contributed to the review via submission and in meetings, drawing on valuable member input and feedback. The report sets out the wine industry (as one of seven key industries) review, and notes the achievements of legislation supporting standardised labelling (estimated cost savings in excess of \$14M), proposed amendments on liquor licensing (estimated saving in excess of \$4M but still not tabled in Parliament), newly developed guidelines relating to native vegetation removal, a review of approaches to water trading and various whole of industry initiatives in occupational health and safety from reviewing existing regulations to updating them

for national consistency (in excess of \$3M).

SAWIA welcomes this report and the benefits that industry can derive from the changes. Business and Government now have the challenge of continuing to uncover any non-essential paperwork, rule, regulation or licence that is an unnecessary imposition on business. Members are encouraged to contact me to discuss how we can address your issue and maintain the momentum.



Brian Smedley

FEATURE ARTICLES

Water update – Irrigation allocations and critical water supply

An important update was emailed to members on 16 October regarding River Murray irrigation allocations, plus detailed information on the South Australian Government's underwriting of Critical Water Allocations.

Irrigation allocations increase from 11% to 15%

Minister for the River Murray Karlene Maywald has announced that irrigation allocations increased from 11% to 15% due to a slight improvement in water availability to South Australia. The allocation increase took effect from 1 November 2008.

Critical Water Allocation underwriting

The South Australian Government is underwriting Critical Water Allocations (CWA) to ensure the survival of citrus, vines, and other permanent plantings along the River Murray corridor during 2008-09. This means that the Government will buy annual water allocations on the open market to underwrite any shortfall of restricted water allocations to secure permanent plantings in 2008/09.

Irrigators who want to remain in the industry and can demonstrate the longer-term viability of their business can apply for a CWA to secure the water needed for survival of permanent plantings. Eligibility and viability criteria will need to be satisfied for access to a CWA. The critical survival need has been assessed as 2.5ML/ha for grapes in the Riverland and 1.6 ML/ha for grapes at Langhorne Creek.

The scheme is open to viable irrigators of permanent plantings in the River Murray corridor who hold a water licence endorsed with a water (taking) allocation giving authorisation to take water from the River Murray Prescribed Watercourse in South Australia for use in the River Murray corridor (non-permanent plantings such as vegetables and pastures are excluded). A CWA is solely for the survival of permanent plantings in advance of future allocation increases under the Notice of Restriction, recognising that current allocations may not be enough in 2008-09.

The CWA Scheme is in addition to State Drought Response and Exceptional Circumstances measures, the \$610 million Murray Futures program and the Commonwealth Government's new irrigator exit package.

Critical Water Allocation Scheme applications are due by the closing date 16 January 2009.

For more information refer to the Resources Section on the Drought [page](#) of SAWIA's website or contact PIRSA on 1800 857 327.

Occupational Health Safety & Welfare Seminar 2008 – Don't miss it!

NB: This article applies to all South Australian wine industry employers.

The annual *Occupational Health Safety & Welfare Seminar* is a must attend event for those people in the industry with OHSW responsibility, including owner operators, front-line managers, responsible officers, supervisors, employees and contractors. This year, the event is scheduled for Thursday 20 November 2008 in the Barossa (Weintal Resort Hotel) and Thursday 27 November 2008 in Coonawarra (Chardonnay Lodge).

The full-day seminar will focus on topical OHSW issues relevant to the wine industry including:

- § Recent safety related prosecutions - and what we can learn from them
- § What to do when SafeWork SA calls
- § Drugs and alcohol in the workplace
- § Recent and proposed changes to OHSW legislation
- § Practical machine guarding to minimise injuries
- § Managing contractor safety in the workplace.

All for a very affordable price (members \$130, non-members \$230)! To register or obtain more information, click [here](#) or contact Egon Schwidder on 8222 9273 or egon@winesa.asn.au.

Award Modernisation - what does it mean for your workforce and the wine industry?

NB: This article applies to all constitutional corporations in the wine industry.

Members should have received an important Notice on 20 October 2008 regarding the award modernisation process being undertaken by the Australian Industrial Relations Commission (AIRC).

The Notice provides members with information about the process, the planned outcome for the new modern award system and what it will mean for your business wherever you rely on awards for employment terms and conditions. Essentially, all awards in the federal system (including NAPSA's) as we know them will cease to exist from 1 January 2010. In their place will be a high-level industry modern award, with the wine industry proposed to be covered under the manufacturing and agricultural industry groups – unless SAWIA can persuade the AIRC that a national wine industry modern award is justified.

To find out what could happen to your workplace arrangements, download the Notice to Members from the Noticeboard of the Federal IR [page](#) of SAWIA's website. Members are encouraged to have your say by completing and returning the short 2 page survey at the end of the Notice.

Members can direct questions or comments to Sarah Hills (8222 9212 or sarah@winesa.asn.au) or Egon Schwidder (8222 9273 or egon@winesa.asn.au).

The Rise and Fall and "Comeback" of the Australian Dollar



The Australian Dollar (\$) is one of the world's most traded currencies and accordingly since 2001 when the \$A traded at \$US0.48c, it has enjoyed a spectacular rise to a 24-year high of \$US0.9849 on July 16 this year. In fact, at the time there was much anticipation of a move to parity, and further speculation that the \$A would achieve pre-float levels of \$US1.25 to \$US1.30. However in just over 2½ months the \$A has crashed an unprecedented 35% and has recently traded at a new 5-year low of \$US0.6012 due to the continuing global crisis in equity markets and aversion to risk.

Since the global financial crisis started in earnest in July, currency volatility has seen the A\$ trade in 2 to 3 US Cent ranges daily. Global equity markets continue to sell off (with the occasional rally) as investors' appetite for risk waxes and wanes, sometimes in dramatic and sudden bursts. The major stock markets around the world are also regularly experiencing rises and falls in daily ranges between 5 and 10%.

Traditionally a currency is a reflection of the underlying strength of the economy it represents, and in this regard the fundamentals of the Australian economy remain sound. Although the fundamentals remain positive, the \$A has significantly underperformed the major currencies, particularly the US dollar and the Japanese Yen, the former enjoying a remarkable come back despite a looming recession and being the major victim of the worst financial crisis since the Great Depression.

Until confidence and stability return to global financial and credit markets, fundamental investors are expected to remain broadly risk averse. In addition, the recovery from the current crisis will probably be prolonged and painful. Consequently, in the short term, the US dollar is expected to remain reasonably well supported.

The Reserve Bank has clearly signalled the intention to further ease policy settings, if required, and as a result another 1% cut in the Official Cash rate to 5% is forecast by the middle of next year. This expectation will potentially further constrain the upside for the \$A to around 0.7000 to 0.7500.

The A\$ may remain range bound, and participants should be prepared for a 12 month period or more of relative underperformance before the underlying fundamentals support the re-emergence of the long term uptrend versus the US dollar.

While the A\$ fall has unnerved many, it is good for domestic economic growth and companies with significant earnings in USD, such as wine companies exporting overseas.

Click [here](#) for a 20 year annotated \$A/USD chart.

Bell FX, SAWIA wine industry partner, offers competitive pricing in spot, forward foreign exchange contracts and foreign currency options. Additionally, it offers research and foreign currency accounts. For more information on the special Bell FX offer to SAWIA members, access the link from the *Industry Partners and Member Offers* section on the Members' Home [page](#) of SAWIA's website.

Members interested in finding out more about the Bell FX offer, or wanting to arrange a visit from Bell FX, should contact Marcia Burnett (8222 9271 or marcia@winesa.asn.au) of SAWIA to obtain your letter of introduction.

Credit insurance update – Claims hit record high



National Credit Insurance Brokers (NCI), SAWIA's wine industry partner, has reported that credit insurance claims are increasing significantly across all industries, including the wine industry.

Across all industries, claims increased 70% in July followed by a further 70% increase in August, compared to the same months in 2007. August claims reached a new record for any single month in the past 20 years.

While claims have been rising in countries such as the United States due to the global financial crisis, the issue has now emerged globally, with non-payments in China also increasing. As a result, business owners trading on credit without security or credit insurance are "skating on thin ice".

NCI has also reported that insurers are increasingly demanding copies of financial statements or other relevant documentation to validate the financial position of customers. If customers do not provide this information, insurance is likely to be declined and suppliers are encouraged to carefully reconsider trading terms.

For more information about current credit conditions, or the NCI credit insurance offer for SAWIA members, contact David Baker of NCI on 8228 4800 or david.baker@nci.com.au.

EMPLOYEE RELATIONS & OHSW

Responsible Officer Training – Last chance for 2008!

NB: The following article applies to all body corporate employers in South Australia.

This is your last opportunity for 2008 to attend a Responsible Officer training session - 28 November in Adelaide.

In order to comply with the *Occupational Health, Safety and Welfare Act 1986*, every employer (that is a body corporate) must appoint a responsible officer who is held legally accountable for the health, safety and welfare obligations of the employer to employees, customers and visitors in the workplace. Under the Act the responsible officer must undertake the accredited training, within 3 months of appointment, to ensure a full understanding of the legal obligations with regard to Occupational Health, Safety and Welfare (OHSW).

Over the past few months, SAWIA has provided Responsible Officer Training sessions in key wine regions around South Australia. Strong positive feedback from participants has highlighted that the training clearly identifies OHSW responsibilities, and also offers a forum for participants to discuss and share common OHSW issues in the wine industry.

To register for this important course (members \$165, non-members \$220), click [here](#) or contact Tanya Best on 8222 9277 or tanya@winesa.asn.au.

If you are unable to attend this session, but are interested in attending training in 2009, contact Sarah Hills (8222 9212 or sarah@winesa.asn.au) or Egon Schwidder (8222 9273 or egon@winesa.asn.au).

Using "Ordinary Time Earnings" to calculate the Superannuation Guarantee

NB: This article applies to all South Australian wine industry employers.

Members are reminded that, effective 1 July 2008, legislative amendments standardised the earnings base ("ordinary time earnings" as defined in the super guarantee law) for the purposes of calculating super guarantee contributions for employees. The intent is to ensure all employees are treated the same for super guarantee contributions by employers. However, it also means that for some employers there is an increase in costs due to this standardisation process.

The shift to calculating superannuation based on "ordinary time earnings" means businesses need to assess all types of payroll related payments in order to ensure superannuation is calculated correctly.

For detailed information on payroll related payments and more, members should visit the Noticeboard of the Employee Relations [page](#) of SAWIA's website.

If you have any questions, please contact Sarah Hills (8222 9212 or sarah@winesa.asn.au) or Egon Schwidder (8222 9273 or egon@winesa.asn.au).

Paid parental leave - Draft report released

NB: This article applies to all South Australian wine industry employers.

On 29 September 2008 the Productivity Commission released its draft inquiry report *Paid Parental Leave: Support for Parents with Newborn Children*, which is available [here](#).

The Commission's draft recommendations propose that the Australian Government should introduce a statutory paid parental leave scheme that provides 18 weeks paid leave to the primary care giver and 2 weeks paid leave for the father (or same sex partner). Paid parental leave will also apply to adoptive parents, same sex couples, and surrogate mothers. The scheme will be government funded for employees who satisfy an "employment test" (i.e. must have been employed on a continuous basis for 12 months prior to the expected birth of the child and must have worked an average of at least 10 hours per week over that period - with one or more employers). The coverage extends to all people meeting this employment test, including full-time, part-time and casual employees, the self-employed and contractors.

Payments will be equal to the adult minimum wage, currently \$543.78 per week, and will be subject to normal taxation. Employees who qualify for paid parental leave will not have access to the baby bonus or family tax benefit B while on statutory paid leave. Lower rates of pay will apply for those on lower statutory minimum wage rates, such as juniors.

Under the draft proposal, employers will have to foot the bill for superannuation payments of 9% for eligible employees. Employers will also be required to act as "paymaster" for the government and then be reimbursed at a later time, possibly by adjusting their PAYG withholding payments. The fine administrative details have not yet been worked out.

The Productivity Commission has invited further written submissions from interested parties by 14 November 2008. SAWIA is consulting with the association's Employee Relations Committee on this issue, and will lodge a submission to the Productivity Commission by the due date.

As this matter progresses, SAWIA will keep members informed of developments. Should you have any comments on the proposed changes, please contact Sarah Hills (8222 9212 or sarah@winesa.asn.au) or Egon Schwidder (8222 9273 or egon@winesa.asn.au).

Planning for your Xmas Parties & Festivities

NB: This article applies to all South Australian wine industry employers.

It is the time of year when staff Christmas parties are being planned and invitations start to arrive. As such, business owners and managers are reminded that supplying alcohol to employees as part of a festive celebration creates obligations on the employer - particularly where employees are obliged to attend.

Each year SAWIA receives many calls about issues surrounding employer obligations to provide a safe system of work connected with such festivities. Sometimes the company Christmas party seems to provide an opportunity for unacceptable behaviour standards, and fellow colleagues can become embarrassed or offended by inappropriate actions or activities.

Some useful tips that you may wish to consider:

- § Ensure that responsible behaviour and good judgment are understood and expected prior to the function
- § Appoint a "designated person" to oversee (and enforce if necessary) the company's expectations for the event
- § Provide information about recommended quantities of alcohol
- § Ensure low alcohol or non-alcoholic drinks are available

- § Have plenty of food served early during the party
- § Limit the amount of alcohol available and / or the time alcohol will be served
- § Drinks should be served rather than "help yourself"
- § Ensure supervisors and management model expected company behaviour
- § Don't encourage or force people to drink alcohol
- § Ensure there is a designated driver (who remains alcohol free) or arrange alternative transport home (e.g., taxi or bus)
- § Don't allow an employee, friend or colleague to drink and drive
- § If someone has had too much to drink, a designated person should take responsibility to get them home safely.

Remember that enjoyment of alcohol in moderation means that women should rethink their second drink and men their third, and that smoking is not allowed in enclosed workplaces or public places in South Australia.

Members requiring further information or advice should contact Sarah Hills (8222 9212 or sarah@winesa.asn.au) or Egon Schwidder (8222 9273 or egon@winesa.asn.au).

2009 Public holidays and school terms – South Australia

NB: This article applies to all South Australian wine industry employers.

Members should be aware of the public holidays and school terms applicable in South Australia for 2009.

Public Holiday	Date (2009)
New Year's Day	Thursday 1 January
Australia Day	Monday 26 January
Adelaide Cup*	Monday 9 March
Good Friday	Friday 10 April
The day after Good Friday	Saturday 11 April
Easter Monday	Monday 13 April
Anzac Day**	Saturday 25 April
Queen's Birthday / Volunteer's Day	Monday 8 June
Labour Day	Monday 5 October
Christmas Day	Friday 25 December
Proclamation Day	Monday 28 December

* Subject to formal proclamation (Section 5, Holidays Act 1910)
 ** When Anzac Day falls on a Saturday, the public holiday is observed on that day and not transferred to the following Monday (Section 3A, Holidays Act 1910)

* Subject to formal proclamation (Section 5, Holidays Act 1910)

** When Anzac Day falls on a Saturday, the public holiday is observed on that day and not transferred to the following Monday (Section 3A, Holidays Act 1910)

	SCHOOL TERM DATES	HOLIDAY DATES
1st Term	27 January - 9 April	10 April - 26 April
2nd Term	27 April - 3 July	4 July - 19 July
3rd Term	20 July - 25 September	26 September - 11 October
4th Term	12 October - 11 December	12 December - 27 January

Please note that public holidays can be subject to change by an Act of the SA Parliament, and SAWIA will notify members should this occur.

For more information or advice, members can contact Sarah Hills (8222 9212 or sarah@winesa.asn.au) or Egon Schwidder (8222 9273 or egon@winesa.com.au).

OTHER

HOSTPLUS Wins SuperRatings 2009 Fund of the Year



SAWIA is delighted to announce that HOSTPLUS, the association's wine industry partner, has been awarded the prestigious SuperRatings 2009 Fund of the Year, making it "3 in a row"! SuperRatings assessed more than 240 of Australia's major superannuation products based on a broad range of criteria including investments, fees, insurance, service delivery, member education, financial planning, employer support and fund governance.

The success of HOSTPLUS has been accompanied by strong growth, with now more than 50,000 employers and 900,000 members.

Every HOSTPLUS member in South Australia is entitled to a free, initial fact finding consultation with Michael Stone. He does not receive commission payments so all advice is based on the client's best interests. To organise your initial fact finding consultation, please contact Michael on 0418 601 522 or mstone@mail.ifs.net.au.



[Host-Plus Pty Ltd ABN 79 008 634 704, RSE No: L0000093, AFSL no: 244392. Industry fund Services Pty Ltd, ABN:54007016195, AFSL No: 232514, Head office Level 29, 2 Lonsdale Street, Melbourne Victoria 3000]

Wine export update

The Australian Wine and Brandy Corporation reported that the volume of Australian wine exported declined 13% to 698 million litres in the year ended 30 September 2008. A 2% decline in average price to A\$3.69 per litre lead to an overall 15% decrease in value to A\$2.6 billion. On a more positive note, the value of shipments to China and Hong Kong grew 21% and 25% respectively, driven by an increase in the volume of bottled shipments.

Worldwide the share of bottled exports increased 5 percentage points to 76% in the year ended September 2008, as the bulk wine share of the total export mix fell 4 percentage points to 23%. While the shift in export mix can be viewed as a positive, it comes at a time when global trading conditions are extremely difficult and factors such as the credit crisis in key markets, tax increases in the UK and increased costs of production and distribution are placing pressure on demand for Australian wine and export margins. A recent unwinding in the strength of the Australian dollar, particularly against the US dollar and UK pound, will hopefully offer some relief.

For the full report, visit the Winefacts [website](#) under Australian exports.

Trends and opportunities in the world's largest foodservice market

A video conference on *Trends and Opportunities in the World's Largest Foodservice Market* is being held in Adelaide on 11 November.

Austrade is inviting innovative food and beverage companies, including wine companies, to this seminar about opportunities in the US foodservice market. To obtain more information or register (\$40 per person) visit www.austrade.gov.au/NRAVC09.

Submission to Australia's Future Tax System Review

The Winemakers' Federation of Australia (WFA) has prepared a submission to Australia's Future Tax System Review on behalf of the Australian wine industry. The submission makes a series of recommendations on taxes that impact specifically on the wine sector, including:

- § Maintaining the status quo for the Wine Equalisation Tax (WET) rebate
- § Using a cash or accrual accounting basis for GST and WET for wine businesses with turnover less than \$8 million
- § Valuing Trading Stock at prescribed minimum values
- § Supporting grape research, wine export charge and wine grape levies
- § Excluding business meal expenditure from Fringe Benefits Tax
- § Reviewing tax system impacts on water investment
- § Standardising (across State jurisdictions) and simplifying any changes to the tax system.

The full report is available [here](#). For more information, contact Paul van der Lee (WFA Manager Economics and Policy) on 8222 9255 or paul@wfa.org.au.

Dates for your diary

2008

- § 5-7 November, [Wine & Gourmet ASIA 2008](#), Macau (China)
- § 6 November, [Some Like it Hot Seminar](#), Renmark
- § 7-9 Nov, [Good Food & Wine Show](#), Brisbane
- § 13 November, [Outlook 2008](#), Sydney
- § 10-14 November, [Sustainable Agriculture](#), Yandina
- § 20 November, [Occupational Health & Safety Seminar 2008](#), Barossa
- § 23-28 November, [Symposium on Grapevine Physiology and Biotechnology](#), Adelaide
- § 24-28 November, [East China Regional City Study Tour](#), China
- § 27 November, [Occupational Health & Safety Seminar 2008](#), Coonawarra
- § 27-29 November, [Interwine China 2008](#), Guangzhou (China)
- § 28 November, [Responsible Officer training](#), Adelaide
- § 2-4 December, [Vinitech](#), France
- § 2-4 December, [IFEI India](#), India
- § 4-6 December, [China's Definitive Hospitality Industry Event](#), Shanghai
- § 11-13 December, [India International Wine Fair](#), Mumbai

2009

- § 25 January, Adelaide Hills Crush 09
 - § 3-6 March, [Foodex](#), Tokyo
 - § 12-15 March, [Taste of Sydney](#)
 - § 29-31 March, [Prowein](#), Dusseldorf Germany
 - § 2-6 April, [VinItaly](#), Verona Italy
 - § 6-9 May, [HOFEX](#), Hong Kong
 - § 12-14 May, [London International Wine and Spirit Fair](#), London
 - § 13-16 May, [Seoul Food & Hotel 2009](#), Korea
 - § 3-5 July 2009, [China Int'l Alcoholic Drinks Expo](#), Beijing
 - § 20-23 August 2009, [Taste of Melbourne](#)
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Industry Partners

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