



**SOUTH AUSTRALIAN WINE INDUSTRY
ASSOCIATION INCORPORATED**

Newsletter

27 June 2011

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Message from the Chief Executive

I am delighted to announce the release of the South Australian Environmental Compliance Guidelines, an exciting new initiative of SAWIA designed to help wineries and grape growers understand and comply with the increasingly complex web of State and Federal environmental legislative requirements. Early feedback from members has been excellent, with comments that the guidelines are easy to use and should lead to improved business efficiencies – while reducing the risk of fines and penalties. Refer to the feature article below for more information.

The recently announced **State Budget includes the introduction of annual liquor licensing fees for all licence holders**. While the overall revenue to be raised by this new budget measure is specific (\$3.6 million dollars for 2011-2012, indexed in future years) the actual fee payable by an individual producer is yet to be determined. This budget measure also has implications for licensed events. The Office of Liquor and Gambling will be consulting with SAWIA about the quantum of the fee (which will be risk based) and how it will operate. SAWIA will keep members informed as developments occur. In the current business operating environment, and coming on the back of the reduction in the cap on the Cellar Door Subsidy Scheme, a further impost on wine businesses is clearly most unwelcome.

I am pleased to report that **SAWIA recently hosted a meeting of the seven main SA wine regions** with each of the wine industry associations outlining operating plans for 2011-2012. This inaugural event was important for outlining the tasks and activities that will be undertaken, and how industry money is being used to develop the industry. In addition to facilitating collaboration, the meeting will also help eliminate potential duplication of activity. Based on positive feedback from participants, the session will be repeated next year.

As the financial year comes to a close, we **look forward to a very busy 2011/12** representing the interests of our members in areas such as the all important agricultural land protection issue, proposed new Work Health & Safety laws, the new Wine Industry Sector Agreement, water and the release of the Murray Darling Basin Plan. SAWIA will also continue to provide the other services that are important to your business including rolling out the market development program and continuing to provide services in industrial relations, workplace safety, environment and consumer education. If you have not already done so, SAWIA members are encouraged to complete the [2011 Member Survey](#). I look forward to working with all SAWIA members over the next year.



Brian Smedley

FEATURE ARTICLES

New Environmental Compliance Guidelines now available!



SAWIA has just released the South Australian Environmental Compliance Guidelines, a valuable new resource designed to help South Australian wineries and grapegrowers identify and comply with the myriad of State and Federal environmental legislative requirements while avoiding fines and penalties.

The 62 page Guidelines:

- Alert you to the breadth of legislation that applies to wineries and grapegrowers
- Help to identify which legislation your business needs to comply with

- Provide easy to understand guidance for meeting your reporting and disclosure obligations
- Outline what must be done to meet the relevant legislation
- Identify who to contact when reporting information or needing further advice
- Provide practical guidance about suggested best practice.

The Guidelines simplify your compliance effort – by helping you quickly locate information and guiding what you need to do. The informative and easy to use CD-Rom has hyperlinked references, which connect directly to relevant legislation, policies, documents, agencies, guidelines, codes and forms.

The Guidelines, an exciting new SAWIA initiative, were developed through a significant commitment of time and resources. Priced from \$220 (SAWIA members), they can be ordered [online](#) now or by [downloading](#) and returning the completed form. For more information, contact Kathy Daish on 8222 9278 or kathy@winesa.asn.au.

Wine Industry Employment Strategy

Access to affordable and skilled labour resources will be crucial for the future success of the South Australian wine industry. In the face of increasing competition from mining and other industries, the *South Australian Wine Industry Employment Strategy* is being updated to help ensure this ongoing success.

The existing strategy was developed in 2007 through the joint efforts of SAWIA, Winemakers' Federation of Australia, Department of Further Education Employment Science and Technology (South Australia Works program), and Primary Industries and Resources SA (PIRSA). The strategy development process generated a vast array of valuable information, gathered from small, medium and large wine companies and their employees. This included important data on age groups of the workforce, future intentions of employees, skills, qualifications and income – critical information for wine industry employers planning for the future.

Recent years have brought additional challenges to the wine industry, and the strategy needs to be updated to ensure it continues to guide our way forward. PIRSA will be conducting the first part of the review, including revisiting a smaller representative sample of wine companies and employees to that surveyed in 2006/07. This survey will commence in July 2011, and **SAWIA strongly encourages members to participate** if contacted by PIRSA.

SAWIA members can contact Trevor Stutley on 8222 9212 or trevor@winesa.asn.au for more information.

Wine Industry Salary Survey Report – Hot off the press!



Not sure how much to pay your employees, or looking to recruit for a key position? The *2011 Wine Industry Salary Survey Report* has a wealth of information to help you.

In addition to detailed salary information for 55 key positions, the report provides valuable information on how pay is reviewed, when it is reviewed, salary movement percentages (actual and forecast), pay policy and practices, superannuation benefits, employer provided car practices, 'at risk' incentive payments and share schemes.

Companies wanting information on salaries for key positions in the industry can purchase the entire results or alternatively individual positions only. The 55 surveyed positions include winemaking, viticulture, warehouse, production, sales, accounting, marketing, human resources and administration - typically those positions not covered by any industrial award regulation. More than 35 organisations of all sizes participated in the 2011 survey.

The 2011 report also includes salary data for small businesses only. This enhancement helps small businesses better understand and apply the survey results.

The *Wine Industry Salary Survey Report* has been published each year since 2000 and is the only

wine industry specific salary survey of its kind in Australia. [Order your copy of the 2011 Salary Survey now](#), or contact Michael Asmar on 8222 9270 or michael@winesa.asn.au for more information.

Vintage Report

The *WFA 2011 Vintage Report* shows a 1 per cent rise in the national crush, defying predictions that disease pressures would result in a significant drop. This year's vintage is in excess of 1.62 million tonnes, despite some growers reporting losses of up to 80 per cent. Chardonnay overtook Shiraz as the leading grape variety, recording an increase of 23 per cent to 405,000 tonnes. The Riverland and the Riverina produced the highest crush increase, while cool weather and high disease pressure meant the crush produced by cooler regions was down. Despite the difficult year, overall quality is expected to continue to support Australia's position as a global leader.

A *Sales Report* was also released showing bulk wine exports grew 46 per cent in the 12 months to the end of March, with half of all bulk sales occurring in the UK. Sales volume fell in Australia's top two markets (16 per cent in the US and 4 per cent in the UK), but rose by 30 per cent in China over the same period.

Commenting on the reports, Stephen Strachan (CEO of the Winemakers' Federation of Australia) reinforced the message that the vintage was too big and unsustainable, with the industry needing to take decisive steps to align supply with market potential.

The full reports can be accessed [here](#).

Important insurance update

\$11 billion of claims impact insurance industry



In the March quarter of 2011, insurance claims for fire, flood and earthquake losses from natural disasters in Australia and New Zealand will top \$11 billion. Australian losses include:

- \$2.8 billion from the Brisbane flooding
- Slightly less than \$1 billion for flooding elsewhere in Queensland
- \$1.1 billion from Cyclone Yasi
- \$500 million from the Victorian floods
- \$35 million for the Perth bushfires.

Losses of around \$6.3 billion are expected from the NZ earthquakes, however even now assessors are limited in their work because of the continuing tremors and dangerous situation.

These staggering losses mean that re-insurance companies are now raising their rates and tightening terms, although there is no sign that they are withdrawing cover from Australian insurers. Ultimately, this means that over the next 12 to 24 months insurance premiums will rise to recover some of these losses, with speculation that increases will be more than 10%.

Despite the gloomy news, good insurance coverage with attractive premiums is still available. SAWIA members are welcome to contact Phil Keenihan of MGA Insurance (SAWIA Wine Industry Partner) on 0414 331 489 or phil.keenihan@mga.com for more information about an insurance package designed specifically to provide SAWIA members with cost effective and comprehensive coverage (excluding credit insurance). SAWIA members benefit through savings in premiums, and the broadest policy coverage available in the insurance market.

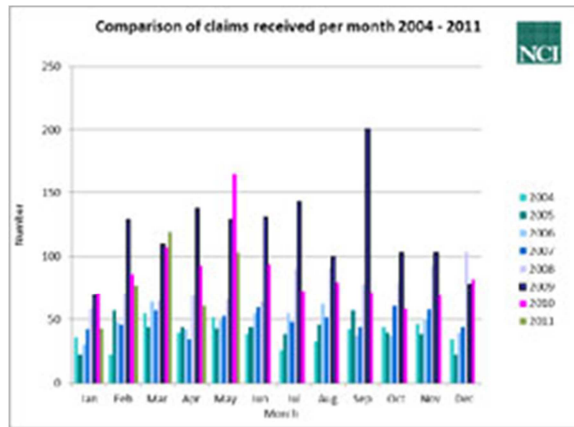
Export and Domestic Credit Insurance – 2011 Renewal



National Credit Insurance (NCI) is pleased to report **markedly improved competition between insurers for credit insurance policy renewals and new business**, particularly in the past 6 months. This is a reflection of the recent stabilisation of credit insurance markets, which followed the Global Financial Crisis and a period where credit insurance was very expensive and difficult to obtain.

NCI (SAWIA's Wine Industry Partner) is working with SAWIA members to finalise credit insurance renewals for the new financial year commencing 1 July 2011. The terms on offer demonstrate improvements in the insurers' risk appetite, cover available, rates and overall competition between underwriters.

Credit insurance claim numbers and overall losses (covering all industries) have fallen somewhat over the last twelve months but remain stubbornly above the long-term average, as reflected in the following chart.



While credit insurance costs are higher than before the Global Financial Crisis, SAWIA members continue to benefit from:

- Below-market annual minimum premiums
- Reduced broker fee
- Longer trading terms
- Better cover for key customers.

NCI has also issued a warning to SAWIA members to be careful with a number of new credit insurance products recently released by insurers as they may be unsuitable for the wine industry. According to NCI, these products offer poor coverage limits, highly restrictive terms of payment, and may not cover losses where the buyer is not insolvent – making the insurance cover virtually worthless in a significant number of export markets.

For a detailed credit insurance update, refer to the Noticeboard of the Members' Home Page of SAWIA's [website](#). If you are interested in credit insurance cover or would like more information, contact Darren Maxfield of National Credit Insurance on 03 9607 1400 or Darren.Maxfield@nci.com.au.

Doing Business with China - Finlaysons Wine Roadshow XIX



Finlaysons Wine Roadshow XIX will deal with the great opportunity for the Australian wine industry called "China". Although it is, indeed, the land of huge potential for Australian wineries, doing business with China presents some difficult practical challenges. This seminar series is designed to assist small and medium sized Australian wineries to overcome those challenges.

The primary focus of the sessions will be presentations by an Australian lawyer, a Chinese lawyer and a business consultant, specialising in coaching Australians to do business with Chinese people, on how you actually go about developing a relationship and negotiating a distribution agreement with a Chinese person or otherwise building your brand in China (i.e. the practical "nitty gritty").

There will also be a paper on protecting your brand from being "ripped off" in China, and the Winemakers' Federation of Australia will give an overview of the Australian wine industry's current position in China and where we are heading in that market.

In this, the 19th year, the South Australian sessions of Finlaysons Wine Roadshow will be held on the following dates:

- Coonawarra – 25 July 2011
- Barossa Valley – 6 September 2011
- McLaren Vale – 7 September 2011.

The registration brochure and on-line registration facility will be available shortly. In the meantime, please note the relevant date in your diary and contact Jennifer Sothman at Finlaysons on 8235 7769 or jennifer.sothman@finlaysons.com.au for further information.

INDUSTRY & GOVERNMENT

Protecting the Barossa and McLaren Vale – Discussion Paper released

In February 2011 the State Government announced that it would introduce legislation to protect agricultural land. In response, SAWIA (together with the seven main South Australian wine regions) developed objectives and principles which were presented to PIRSA and the Department of Planning and Local Government at a meeting in March. Importantly, SAWIA's view is that all wine regions have significance, and it is important to protect the integrity and vistas of wine regions while encouraging appropriate development that maintains the fundamental and important value of these areas.

The State Government has now released a [Discussion Paper](#) inviting submissions by 22 July 2011. SAWIA will prepare a submission once it has gathered the views of members, and we need your views no matter where your business is located - because the legislation for these regions may influence the possible protection of other regions in the future. SAWIA members can submit views [here](#) or contact Brian Smedley on 8222 9277 or brian@winesa.asn.au.

Cellar Door Sales Subsidy

SAWIA has recently been advised by the Minister for Agriculture and Fisheries that the proposed changes to the Cellar Door Sales Subsidy cap will take effect as planned on 1 July 2011.

SAWIA members will recall that the State Government's September 2010 budget included a reduction in the State Cellar Door Sales Subsidy cap from \$521,000 to \$50,000 with effect from 1 July 2011. Since that time SAWIA has lobbied the State Government intensively, highlighting the impact that this change will have on wine businesses in South Australia including reduced employment, delayed and shelved infrastructure development as well as reduced profitability and

business viability.

Unfortunately, following a review, the State Government has retained the position that all sectors of the community need to share "in the pain" of the September 2010 Budget. The fact the scheme has been retained (with reduced cap) is meant to offer some solace, as is the market development funding of \$1M over 4 years that SAWIA is currently project managing. Clearly though a \$1M gain does not match a \$7M loss.

SAWIA thanks our members for providing the material necessary to support our efforts. For more information about this matter, SAWIA members should contact Brian Smedley on 8222 9277 or brian@winesa.asn.au.

EMPLOYEE RELATIONS & OHSW

Wage rates increase from 1 July 2011

Fair Work Australia (FWA) handed down its second annual wage review decision on 3 June 2011, with a 3.4% increase to apply to all Modern Award wage rates (including the *Wine Industry Award 2010*) and the Federal Minimum Wage. Casual loading and allowances are also affected by the decision.

The increase will apply from the first full pay period on or after 1 July 2011. Employers must implement the increased rates by the effective date to comply with legal obligations.

SAWIA has released a Notice to Members setting out the new Federal Minimum Wage rate, a full outline of the increases and how these apply to various members. This Notice is available from the Noticeboard of the Employee Relations -> Federal IR page of SAWIA's [website](#).

Consistent with past years, SAWIA has published wage sheets for members detailing the outcome for the *Wine Industry Award 2010* and other awards commonly used by SAWIA members - including the *Clerks - Private Sector Award 2010* and the *Manufacturing and Associated Industries and Occupations Award 2010*. These sheets are available from the Resources section of the Employee Relations -> Federal IR page of SAWIA's [website](#).

For further information, SAWIA members should contact Egon Schwidder on 8222 9273 or egon@winesa.asn.au.

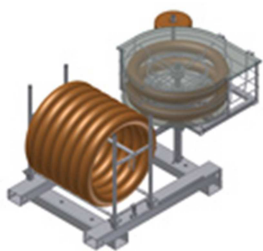
Wine Industry OHS Safety and Induction DVD

Following on from last month's newsletter, we are pleased to report that the first cut of the Wine Industry OHS Induction DVD has now been received, with the DVD expected to be finalised in July.

The DVD includes an interactive section that will allow inductees to respond to questions based on information provided during the viewing of the DVD. This will provide employers with a record that employees have viewed and understood their OHS obligations.

As reported in past newsletters, SAWIA secured substantial funding from Employers Mutual Limited (SAWIA's Wine Industry Sponsor) to develop the DVD. For more information about the DVD, contact Trevor Stutley on 8222 9212 or trevor@winesa.asn.au.

Vehicle Mounted Wire Spinner



We are pleased to report that the Vehicle Mounted Wire Spinner Project is now at sign off stage with the drawings and Standard Operating Procedure nearing completion. The drawings have been provided to a rural engineering manufacturer for final confirmation that all required information has been documented for manufacture of the Spinner. We anticipate launching the project in the near future.

Funding for this project has been provided by Employers Mutual Limited (SAWIA's Wine Industry Sponsor). For more information about the Spinner, contact Michael Asmar on 8222 9270 or michael@winesa.asn.au.

Safe Work Awards – Nominations open

Nominations for the 2011 Safe Work Awards close on 15 July. The awards highlight technical innovations, best practice systems and the efforts of individuals who make a substantial contribution to safety at their workplace.

This year's award categories are for the best:

- Workplace health and safety management system
- Solution to an identified workplace health and safety issue
- Workplace health and safety practice(s) in a small business
- Individual contribution to workplace health and safety.

Winners in the four categories are automatically nominated for the National Safe Work Australia Awards. Further information, including nomination forms, are available [here](#). SAWIA members can contact Trevor Stutley on 8222 9212 or trevor@winesa.asn.au for more information.

High risk work tickets/certificates to expire

Time is running out for conversion of pre-1995 'high risk work' tickets/certificates. If your workers operate cranes, hoists, forklifts or pressure equipment, or perform scaffolding, rigging or dogging work, they need a licence.

SafeWork SA is urging workers who hold pre-3 April 1995 'tickets' or old-style paper certificates to convert to new High Risk Work licences well before the 31 August 2011 cut-off. Any ticket/certificate holder who does not have the new licence by that date will no longer be legally qualified to undertake that type of work either in South Australia or interstate.

The certification process takes several weeks to complete following the initial application. This means workers who miss the cut-off date will not be licensed to work for some time.

For more information, contact Egon Schwidder on 8222 9273 or egon@winesa.asn.au.

Update your tax tables

The ATO has recently written to employers reminding of changes to income tax rates that take effect from 1 July 2011. The tables have been updated to include the temporary flood and cyclone reconstruction levy (flood levy), payable by most Australians with income over \$50,000.

Updated tax tables are available [here](#).

SUSTAINABILITY & WATER

Carbon Price Information Sheet

In response to the Federal government's intention to introduce a carbon price as early as July 2012, SAWIA has prepared a concise Information Sheet about the carbon pricing scheme and how it impacts wine producers and grape growers. The 2-page sheet answers a range of questions such as:

- What is being proposed?
- Is agriculture included?
- Who will pay the tax and what compensation is being considered?
- Will costs increase?
- What is the best way to calculate my carbon footprint – and how can I improve it?

SAWIA members can access the Information Sheet from the Noticeboard of the Environment section of SAWIA's [website](#), or can contact Mark Gishen on 8222 9278 or mark@winesa.asn.au with any questions.

Environment Conference: *Continuous improvements – Securing your gains*



Register now for the 6th Australian Wine Industry Environment Conference being held 19-20 October 2011 at the Adelaide Event & Exhibition Centre. In a world undergoing climate change and with natural resource constraints, this is a conference for anyone that wants to maximize their gains and remain sustainable into the future.

The two day timetable includes presentations on business, adaptation, resources, carbon and energy, and will be complimented by workshops on organics/biodynamics, wastewater, packaging, Entwine and case studies using new sustainable business tools.

Workshops will provide practical, up-to-date information on organic and biodynamic wine production, winery wastewater management, resource efficiency action planning, as well as product stewardship and packaging design. With a mix of both strategic and practical information, this conference will benefit all levels of your organisation.



Click on the boxes above for more information about the conference program, registration, sponsorship, exhibition and advertising opportunities. Alternatively, contact Marcia Burnett on 8222 9274 or marcia@winesa.asn.au.

SALES MARKETING & PROMOTION

Sydney International Wine Competition

Entries for the 12th Sydney International Wine Competition are now open, and wine producers are encouraged to apply fast before the 2,000 entry cap is reached.

To obtain more information or apply online, click [here](#) or phone (02) 4757 4400.

Adelaide Review Hot 100

The Adelaide Review 2011/12 Hot 100 South Australian Wines is now open for entries from South Australian winemakers.

Now in its fifth year, this is a showcase for South Australia's wines. Each of the 100 successful wines will be individually featured in the full colour, glossy Hot 100 book along with editorial encompassing excellence in viticulture and SA food. The number one wine will receive special recognition as Wine of the Year.

Click [here](#) to enter or obtain more information, or contact Karen Cini of the Adelaide Review on 7129 1060.

Australian Export Awards

Nominations are now open for the Australian Export Awards, a national program that recognises exporters who have achieved sustainable export growth through innovation and commitment. Winners of the program are highlighted and promoted through direct contact with Australian business representatives at export events and through the generation of press coverage of the national finalists and winners.

For more information, email exportawards@austrade.gov.au or phone 1300 881 920.

OTHER

Australian trade marks – Beware of renewal scam

FINLAYSONS

SAWIA Members who own registered trade marks in Australia need to be aware of a recent 'scam' which is 'doing the rounds', according to a recent warning from Finlaysons Lawyers (SAWIA Wine Industry Partner).

The scam is operated by Patent & Trade Marks Organisation (a US limited liability company, apparently registered in Oregon) out of an office in Melbourne. The company targets Australian trade marks that are about to come up for renewal. It then sends letters to the trade mark owner (by-passing any agent or attorney listed on the Register), advising that the trade mark registration is about to expire, and offering to see to its renewal for a fee of \$1,350. This is about 250% of the usual cost of renewing a trade mark!

The company's operation is not illegal, however immoral it may seem. A more comprehensive article on this topic is available [here](#).

SAWIA members wanting further information or advice about trade marks are welcome to contact John MacPhail of Finlaysons on 8235 7817 or John.MacPhail@finlaysons.com.au.

Cook 4 Your Career talent pool



HOSTPLUS' highly successful 2011 Cook 4 Your Career (C4YC) program generated a large database of talented individuals looking to enter the hospitality industry. In response to a number of enquiries, this database has now been made available to potential employers.

To obtain details of the 'keen' candidates in South Australia, contact Michelle Brown of HOSTPLUS on (03) 8636 7730 or michellebrown@mail.hostplus.com.au.

Funds available to help students in wine industry

Support payments ranging between \$1,000 and \$10,000 are now available to support students in the food and beverage industries. The Food and Beverage Development Fund SA Inc has made available support payments to encourage individuals to develop their skills and knowledge through research, education and/or training – with a focus on the processing/manufacturing side of operations.

Applications will be accepted from students, apprentices and trainees. To obtain an application form or more information, click [here](#) or contact Carol Graham on 83629066 or info@foodandbeveragefunds.com.au.

Dates for your diary

2011

- 27-28 June, [3rd Annual Wine Marketing Australasia Conference](#), Sydney
- 30 June – 1 July, [3rd Annual Wine Marketing Australasia Conference](#), Adelaide
- 6 July, [Payroll Tax Update](#), Adelaide
- 10-13 July, [Foodpro 2011](#), Sydney
- 14-16 July, [International Beverage Exposition and Competition](#), (Shenzhen) China
- 25 July, Finlaysons Wine Roadshow XIX, Coonawarra
- 6 Sept, Finlaysons Wine Roadshow XIX, Barossa Valley
- 7 Sept, Finlaysons Wine Roadshow XIX, McLaren Vale
- 20-23 September, [Food & Hotel Malaysia](#), Kuala Lumpur
- 3-8 Oct, [Canberra International Riesling Challenge](#)
- 7-9 Oct, [Good Food & Wine Show](#), Adelaide
- 18-20 Oct, [Agriculture Investment Summit](#), Singapore
- 19-20 Oct, [Australian Wine Industry Environment Conference](#), Adelaide
- 7-9 Nov, [CarbonExpo Australasia 2011](#), Melbourne
- 10-12 Nov, [Wine & Gourmet Asia](#), (Macau) China

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