

Annual Report 2008–2009

Vision

Healthy phylloxera free
vineyards for South Australia

Mission

To protect South Australian
vineyards from phylloxera and
other major pests and diseases
and assist and support the
grape industry in its initiatives

Phylloxera and Grape Industry
Board of South Australia



From the Chairman

31 July 2009

The Hon Paul Caica MP
Minister for Agriculture, Food and Fisheries
17th Floor, Grenfell Centre
25 Grenfell Street
Adelaide SA 5000

Dear Minister

On behalf of the members of the Phylloxera and Grape Industry Board, I have pleasure in submitting our Annual Report for the year ending 30 April 2009. This report has been prepared in accordance with the *Phylloxera and Grape Industry Act (1995)*.

This year has been another difficult one for the industry, with the ongoing drought and the global economic downturn affecting everyone's business. The 2008 harvest was just over 800,000 tonnes – nearly 50% more than the severely drought-affected vintage of 2007; however, ongoing oversupply, major challenges causing Australian wine sales to decline and critically water availability is still affecting our growers. We thank them for their continued support and commitment to keeping the state phylloxera free.

In December we were all shocked and saddened by the announcement of further detections of phylloxera in the Yarra Valley – making this the most significant infestation since the King Valley in 1991. The Board has worked with the Yarra Valley Winegrowers' Association to help them implement protocols and develop a replanting plan on grafted rootstocks.

In June 2008 our Chief Executive Officer, Peter Hackworth, left to pursue a life-long ambition to work in Antarctica. I should like to acknowledge and thank him for his tremendous contribution to the Board and the industry over the past decade.

I also take this opportunity to welcome Alan Nankivell, his successor, who has brought a new perspective to the Board and has already effected some improvements to the running of the organisation and facilitated the development of a new strategic plan. This plan has the same mission, a simplified vision and a new set of strategies to take us forward over the next five years.

This year the Board has continued its excellent work in implementing strategies to protect the state from phylloxera and other pests and diseases. New rootstock trials, a new campaign targeting wine region tourists and aerial imagery of 50% of the state's vineyard area are some highlights. Once again we have achieved an increase in our programs and associated expenditure without increasing the levy charged to growers.

The Board members have grown together as a team this year, and I thank them for their hard work and creative input. They bring an extraordinary amount of energy, experience and ideas to all our discussions.

Yours sincerely



Richard Hamilton
Chairman

Who we are

Board members

The Phylloxera and Grape Industry Board comprises nine members appointed by the Minister for Agriculture, Food and Fisheries.

Seven members are chosen as a result of an application and selection process to represent regions as defined in the Act. In addition, the Minister appoints the Chief Inspector – Plant Health in the Department of Primary Industries and Resources and “a person with expertise in viticultural research” to the Board. The Board members serve a three year term and are eligible to reapply after that time. The current Board members were appointed by the previous Minister for Agriculture, Food and Fisheries – the Hon Rory McEwen – in January 2008. They are:

- Dr Richard Hamilton (chairman)
- Mr Robin Nettelbeck (deputy chairman)
- Mr Peter Balnaves
- Mr Jim Caddy
- Mr David Cartwright (Chief Inspector)
- Dr Peter Dry (viticultural research expertise)
- Mr Mark Gilbert
- Ms Alison Phillips
- Ms Kirsty Waller

Attendance at Board meetings May 2008 – April 2009	
Total number of meetings	6
Dr Richard Hamilton	5
Mr Robin Nettelbeck	6
Mr Peter Balnaves	5
Mr Jim Caddy	5
Mr David Cartwright	5
Dr Peter Dry	6
Mr Mark Gilbert	3
Ms Alison Phillips	6
Ms Kirsty Waller	6

Staff members

As at 30 April 2009, the Board employed the following staff members:

- Mr Alan Nankivell (Chief Executive)
- Ms Bess Cabrera (Finance Officer – 0.2 FTE)
- Ms Catherine Cox (Rootstocks Project Manager)
- Ms Karen Hansen (Spatial Projects Manager – 0.5 FTE)
- Ms Sandy Hathaway (Manager, Information and Education Services – 0.6 FTE)
- Ms Rachel Inness (Office Manager)

Mr Peter Hackworth, Chief Executive from December 1999, left in June 2008. Mr Martin Nolan was employed on a 12 month contract from January 2008 until January 2009 to replace Ms Karen Hansen while she was on maternity leave.

The Board's investment of levies in programs, research and services over the past 20 or more years has helped South Australia remain phylloxera free and retain its position as the pre-eminent winegrape production state in Australia.

Our programs

Early Detection and GIS program

This program includes the acquisition and processing of aerial imagery to identify possible phylloxera symptoms and map the extents of vineyards in the state. It is an essential part of the maintenance of an accurate vineyard register in the event of a phylloxera outbreak and provides a proactive program of surveillance to confirm South Australia's phylloxera freedom status. Highlights in 2008–2009 include:

Imagery collection and processing

- 0.5 metre resolution digital multispectral imagery acquired for the Riverland, Lower Murray, Langhorne Creek and Currency Creek (Dec 08–Jan 09) for the third time since the early detection program started in 2001.
- Vigour images derived from image processing utilised in the identification of sites with canopy symptoms consistent with phylloxera damage. This information will be used to schedule the field inspection program for next summer.

Vineyard inspections

- Vineyard inspections carried out of sites identified in early 2008 in the Barossa, Eden and Clare Valleys. 31 sites surveyed in the Barossa Valley, with the major reasons for vine decline found to be Eutypa and salinity.

6 sites surveyed in Eden Valley, with reasons for decline found to be the contrasting problems of water deprivation and water-logging. In the Clare Valley, 21 sites were surveyed and the major issues found to be Eutypa and soil problems. No phylloxera was found.

Mapping products and services

- Individual wine region map series showing vineyard plantings updated and made available from our website. Previously completed in 2003 by an external cartographer, this time the process was completed in-house.
- Updating national Phylloxera Management Zones map following declaration of the Maroondah PIZ boundary.

Inclusion of Board's interest in the Property Interest Report/Section 7 statement

- This provides the Board with reliable and timely information on the sale of vineyard properties, which further improves the accuracy of the vineyard register, and facilitates the collection of outstanding levies when ownership changes.

Comparison of different types of imagery

- Internal research project completed to compare imagery products from two digital multi-spectral cameras to determine whether a broader bandwidth sensor could be used for the identification of vigour variation when selecting inspection sites.
- Results were positive, opening up more opportunities for partnerships in the acquisition of imagery.

Information and Education

This program includes all activities related to increasing awareness of phylloxera, developing protocols, communicating Board activities and collecting, collating and disseminating statistical information. Highlights for the 2008–2009 year include:

Cellar door sales campaign

- Development and promotion of new informational materials and presentations to regional cellar door sales groups in the Barossa and McLaren Vale, targeting tourists as a risk for phylloxera, and conveying the key message that tourists should not walk or drive in vineyards without permission.

SA Utilisation and Pricing Survey

- Publication of 2008 grape crush survey – funded by the South Australian Wine Industry Association, Winegrape Council of SA and Primary Industries and Resources SA. Responses to the voluntary survey were received from 256 wineries, accounting for an estimated 92% of the total crush. The reported crush was 816,868 tonnes – 42% above the 2007 harvest.

Grower feedback survey

- Completion of a feedback survey of all registered grapegrowers. Over 1500 responses (nearly 50%) were received. Results indicated that use of phylloxera protocols in vineyards has not increased since 2004 and is still relatively low. Satisfaction with the Board's service was reasonably high, and had increased slightly since 2007. Information obtained from the survey has been used in the development of the Board's new strategic plan.

Annual grower meetings

- Held in early September 2008, and featured presentations on rootstocks, supply and demand, identification of phylloxera symptoms in the canopy and new fruit fly regulations. Meetings attended by approximately 300 growers and other stakeholders – slightly more than in 2007.

Phylloxera identification and management workshop

- Annual workshop held in early December 2008, attended by 19 industry members from South Australia, including the Board's new Chief Executive Officer, Alan Nankivell. Two participants – Ben Lacey from McLaren Vale and Craig Markby from the Adelaide Hills – were sponsored by the Board, as part of the development of regional expertise in phylloxera identification and prevention.



Rootstock program

The rootstock program aims to increase the use of rootstocks amongst South Australian grapegrowers, as a contingency against a phylloxera outbreak and also because of their many other benefits as a management tool. The program achieves this through collating and disseminating information about appropriate rootstock choices for different situations and conducting new research in important areas such as drought resistance and rootstock phenology. Highlights of the program in 2008–2009 include:

Influence of rootstocks on phenology project

- Completion of a comprehensive literature review on grapevine rootstock phenology research in Australia and overseas. Collection of phenological, vine health and performance data on trial vines was performed throughout the 2007–2008 and 2008–2009 growing seasons. Preliminary results suggest that Schwarzmann and 420A are advanced in maturity (measured as °Brix) when compared against the other rootstocks. Schwarzmann also had earlier budburst relative to other rootstocks in trial. This trial is now on hold due to prioritisation of other projects.

Sauvignon Blanc trial

- Planted new Sauvignon Blanc clonal/rootstock comparison trial in the Adelaide Hills in December 2008, in collaboration with Nova Vita Wines, Adelaide Hills Vine Improvement Society and Adelaide Hills Wine Region Inc.

Reduced irrigation project

- Upgraded trial to status of a Masters project, to be conducted under the auspices of the University of Adelaide. Expanded original scope to include examination of the effect of drought on grapevine reproduction and wine quality.
- Project Manager won 2008 Barossa Young Viticulturist Fellowship Award – providing a \$10,000 scholarship to enable expansion of the project, overseas research trip and more equipment to be purchased. Fellowship awarded jointly by the Barossa Grape-growers' Vine Selection Society Inc, Elders and the Barossa Viticulture Technical Group.
- Collected yield and performance data (harvest 2009) and analysed results comparing irrigated with non-irrigated vines. Results indicated some quite marked differences between treatments and between rootstock varieties.
- Presented a poster at the 8th International Symposium of Grapevine Physiology and Biotechnology in Adelaide, November 2008.

Rootstocks and root-knot nematode study

- Completed survey of target growers to investigate anecdotal evidence that 1103 Paulsen resistance was failing under pressure from root-knot nematodes.
- Revised recommendations with respect to 1103 Paulsen and communicated new information to industry.
- Established a pot trial with root-knot nematodes on various rootstocks in conjunction with SARDI.

Second national rootstock forum

- Facilitated the 2nd national rootstock forum, which brought together 68 researchers from around Australia. Published proceedings and produced an action plan based on recommendations arising from the forum.

Industry presentations

- Was invited to present a rootstock module as part of the GWRDC Innovators' Network "water and vine managing the challenge" program. Workshop was held in Adelaide and attended by over 50 participants.

National and state biosecurity cooperation

The Board contributes to national and state biosecurity through its active involvement in policy, strategy and protocol development, advice to government, participation on industry committees and facilitation of a number of projects. Highlights in 2008–2009 include:

Representation on industry committees

- Assistance in the development of a state strategic plan for horticultural industries through the Horticulture Plant Health Consultative Committee.
- Contribution to national vine health policy via the National Vine Health Steering Committee – including review of the Viticulture Industry Biosecurity Plan and the NVHSC terms of reference.
- Participation on and provision of secretarial services to the National Phylloxera Technical Reference Group – including ongoing development and revision of national phylloxera management protocols, setting of research priorities and drafting of a national PEZ maintenance protocol.

National projects

- Advice and assistance to Queensland Government and industry in development of a submission for upgrade to PEZ status for several tablegrape growing regions.
- Advice and assistance to the Yarra Valley Winegrowers' Association in implementation of phylloxera protocols and replanting strategy following further detections of phylloxera in early 2008.
- Assistance with development of a national phylloxera emergency response template for the new BioSIRT emergency response software.
- Establishment of strong working relationship with newly formed

Victorian Viticulture Biosecurity Committee (VVBC), which is charged with the ongoing surveying of grape-growing regions in Victoria to achieve PEZ status, and the management of existing Phylloxera Infested Zones. We look forward to working with the VVBC to contain phylloxera and minimise its impact on industry.

State biosecurity cooperation

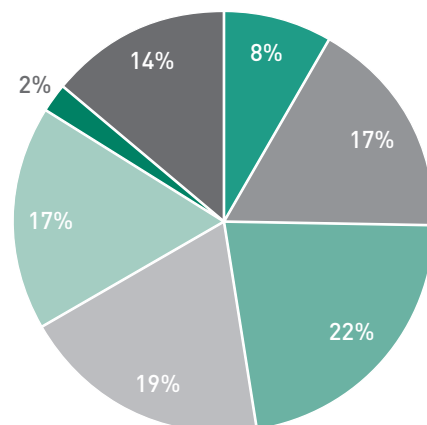
- Provision of information to industry on changes to regulations related to fruit fly and the new Plant Health Act and assistance to PIRSA in promotion and implementation of changes.
- Advice to the Minister on fees and charges associated with the new Plant Health Act through the Horticulture Industries Charges Panel.

Our financial overview

Balance sheet summary

As at 30 April 2009

	2009	2008
ASSETS		
Cash and cash equivalents	903,369	928,438
Trade and other receivables	70,867	99,140
Total assets	974,236	1,027,578
LIABILITIES		
Sundry creditors	24,331	81,277
Employee benefits	60,630	55,823
Total liabilities	84,961	137,100
NET ASSETS	889,275	890,478
MEMBERS' FUNDS		
Reserves	889,275	890,478
TOTAL MEMBERS' FUNDS	889,275	890,478



- Board expenses 8%
- Grower communication 17%
- Phylloxera detection program 22%
- Prevention program 19%
- Rootstock program 17%
- Statistical collection 2%
- Office expenses 14%

Detailed financial statements are available from the office on request.

Independent Auditor's Report

To the members of the Phylloxera and Grape Industry Board of South Australia

Auditor's opinion

In my opinion, the financial report of THE PHYLLOXERA AND GRAPE INDUSTRY BOARD OF SOUTH AUSTRALIA presents fairly, in all material respects the financial position of THE PHYLLOXERA AND GRAPE INDUSTRY BOARD OF SOUTH AUSTRALIA as of 30 April 2009 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Name of firm: Jacobs Noble & Associates
Chartered Accountants

Name of Director: 
Stephen J Noble

Address: 1 Alexandra Avenue, Rose Park SA 5067

Dated: 10th Day of August 2009

From the CEO

This is my first annual report for the Phylloxera and Grape Industry Board of South Australia. In my initial eight months with the Board, I have enjoyed the challenge of applying my skills to a new industry, working on the “now” but looking to the “future”.

This year has been one of review. I have brought a new set of eyes to both the Board and the grape industry, having had a career in other fields – predominantly the health sector. I have had the opportunity to revisit the practices and performance of the Board, and consider how best to achieve value for money for the levies growers commit to ensuring “Healthy Phylloxera Free Vineyards for South Australia”.

The Board has identified a number of areas for improvement for next year, including:

- Improving efficiency of vineyard register management
- Increased engagement with growers at the local level
- Building strong networks across industry to enhance vineyard biosecurity.

This report details our main achievements for the year. I should like to highlight the following:

- South Australia has remained Phylloxera Free.
- We have continued to expand our program of rootstock trials into different regions.
- We have implemented a Cellar Door campaign to raise tourist awareness of phylloxera.
- We have established effective networks with major stakeholders in Queensland and Victoria, and effective regional partnerships with local grower and technical groups to replace the regional committees of the past.
- We have helped to secure the future of phylloxera research in Australia, by collaborating with GWRDC and the

Department of Primary Industries Victoria in funding research into the effects of different rootstocks on phylloxera and the effectiveness of DNA testing as an early detection tool.

Whilst recognising the more immediate challenges confronting the grape and wine industries at this time, the Board remains focused on protecting the industry from phylloxera and other major pests and diseases, and will be looking to ensure we adopt best practice biosecurity measures at the vineyard gate, the State borders and at a national level.

I would like to take this opportunity to congratulate and thank the Board’s dedicated staff and Board members who work constantly and enthusiastically to turn the Board’s vision into a reality.

Alan Nankivell
Chief Executive Officer

Strategic Plan 2009–2014

A new Strategic Plan has been adopted by the Board, which will direct our activities for the next five years. The plan will be implemented using four key strategies:

Strategy 1

Research Development and Extension

Fund research, development and extension programs to ensure the ongoing efficacy, relevance and benefits of practices to the wine and grape industry.

Strategy 2

Communication

Develop a comprehensive plan which enhances the communication of the Board’s activities across all sectors and in all aspects of the wine industry.

Strategy 3

National approach

Build on a national approach to achieve a consistency in the containment and possible eradication of phylloxera and other pests and diseases.

Strategy 4

Governance

Establish and maintain a clear and effective Board governance framework.

The strategic plan can be downloaded from our website www.phylloxera.com.au/board



What we do

The Phylloxera and Grape Industry Board of South Australia was originally established in 1899, under the *Phylloxera Act*. This was repealed in 1995 and replaced with the *Phylloxera and Grape Industry Act 1995*.

Under the Act, all vineyards of 0.5 hectares or more are required to be registered with the Board, and their owners are required to pay an annual levy. The levy is currently set at \$9.50 per hectare with a minimum of \$50.

The Board invests the levy in programs and research that seek to prevent the entry into South Australia of phylloxera (and other significant exotic pests and diseases of grapevines) and to minimise the damage that would result from an outbreak. In addition, the Board maintains a contingency fund to ensure it is able to meet its obligations arising from an outbreak and – in particular – to minimise the impact of an outbreak on grapegrowers in this state.

The Board’s investment of levies in programs, research and services over the past 20 or more years has helped South Australia remain phylloxera free and retain its position as the pre-eminent winegrape production state in Australia.

The Board is responsible to the South Australian parliament. In the period covered by this report this responsibility was through the Minister for Agriculture, Food and Fisheries, Hon Rory McEwen MP.

The Phylloxera levy

The Board’s activities are funded through a levy paid by vineyard owners, calculated on the basis of the area of grapevines registered with the Board.

The levy is a state tax and is collected through the Commissioner of Land Tax. The levy has been set at \$9.50 per hectare since 1997.

	Total registered vineyard area (ha)	Number registered growers	Total levy raised
2008–2009	78,717	3,690	\$778,806
2007–2008	76,378	3,658	\$755,029
2006–2007	74,620	3,563	\$733,095
2005–2006	72,428	3,466	\$719,737

The vineyard register

The vineyard register maintained by the Board is the most comprehensive database of any horticultural industry in Australia. It includes contact information, planting details and spatial data for all vineyards in South

Australia. As such, it is a very important biosecurity tool for prevention and containment of phylloxera, and also provides the industry with access to valuable statistical information for planning purposes.

2008–2009 South Australian grape industry overview		
Total area of vineyards (ha)	78,717	
Major varieties	Area	%
Shiraz	25,311	32
Cabernet Sauvignon	17,101	22
Chardonnay	11,410	14
Merlot	4,551	6
Riesling	3,353	4
Sauvignon Blanc	2,345	3
Grenache	1,865	2
Other white	7,053	9
Other red	6,473	8
Unknown/non winegrape ⁹	1,119	1
Number of registered grapegrowers	3,690	



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