

# Annual Report 2009 – 2010

## Vision

Healthy Phylloxera  
free vineyards for  
South Australia

## Mission

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





## From the Chairman

31 July 2010

Hon. Michael O'Brien 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 2010. This report has been prepared in accordance with the *Phylloxera and Grape Industry Act (1995)*.

The grape and wine sector continues to face considerable challenges with oversupply and uncertainty over water availability, high on the list. A presentation at the 14<sup>th</sup> Australian Wine Industry Technical Conference (AWITC) by futurist Mr Phil Ruthven, however, indicated that the industry has significant opportunities for improvement in the near future. In two previous presentations at the AWITC, Mr Ruthven correctly predicted the current crisis the industry is facing and it was heartening to see evidence that our sector is heading for better times.

The 2010 harvest realised some 681,578 tonnes, although many grapes were left on the vine as no economically viable home could be found for them. With growers facing such huge pressure we thank them for their continued support and commitment to keeping the state "phylloxera free" and enabling clear focus on the biosecurity issues facing the industry.

This year, the Board has continued its focus on maintaining a high awareness of biosecurity threats and in implementing strategies to protect the state from phylloxera and other pests and diseases. An active example, is the Board's continuing support for work providing understanding of vine rootstocks and the establishment and monitoring of trials providing information on wine quality from phylloxera tolerant rootstocks. The Board has also maintained close liaison with both growers and Department of Agriculture personnel in Victoria and Queensland, as these States go through the process of upgrading their Phylloxera Risk Zones to Phylloxera Exclusion Zones. Support for this process increases awareness of phylloxera and provides an increase in protection for our growers by increasing areas of known phylloxera status as well as reducing risk of accidental infestation through tourist visits.

This is my last note as Chairman of the Board, with the new Board due to commence its' three year term in October 2010. I would like to thank outgoing Board members for their hard work and energy in supporting South Australian grapegrowers and for their experience and knowledge in support of this. The Selection Committee has focused on new experience for the Board and it will be refreshing to see gender balance and a generational change. I would specifically like to thank David Cartwright for his solid contribution to the Board as Geoff Raven replaces him as Chief Inspector. Thanks must also go to Dr Peter Dry for his wise and considered contribution as the Ministers' Viticultural expertise appointment.

I have thoroughly enjoyed my time with the Board and most importantly the interaction with people who have contributed their time and knowledge over these years. I began my interaction with the Board whilst with the Department of Agriculture by contributing to development of the revision of the Phylloxera Act culminating in the *Phylloxera and Grape Industry Act (1995)*. I have been a member of the Board since 1995, filling various positions culminating in Chair.

I plan to continue support for Biosecurity initiatives through continued contribution to Committees at a national level and will maintain a close relationship with the Board. I would like to thank the Boards' staff for their support for the activities of the Board.

In closing, I trust the industry will recover strongly and continues to be served by the Board in its role of ensuring biosecurity issues are covered by comprehensive plans in order to minimize the impact of any Biosecurity threats that might arise in the future.

Yours sincerely,



Richard Hamilton  
Chairman



## Who we are

### Board members

The Phylloxera and Grape Industry Board comprises of 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 2009—April 2010

|                          |   |
|--------------------------|---|
| Total number of meetings | 6 |
| Dr Richard Hamilton      | 5 |
| Mr Robin Nettlebeck      | 6 |
| Mr Peter Balnaves        | 4 |
| Mr Jim Caddy             | 3 |
| Mr David Cartwright      | 6 |
| Dr Peter Dry             | 5 |
| Mr Mark Gilbert          | 4 |
| Ms Alison Phillips       | 6 |
| Ms Kirsty Waller         | 6 |

### Staff members

As at 30 April 2010, the Board employed the following staff members:

- Mr Alan Nankivell (Chief Executive)
- Ms Rachel Inness (Office Manager)
- Ms Catherine Cox (Rootstocks Project Manager)
- Ms Sandy Hathaway (Manager, Information and Education Services – 0.6 FTE)
- Mr Brendan Tully (Spatial Information Services Administrator – 0.6 FTE)

Ms Karen Hansen left in November 2009 and was replaced by Mr Brendan Tully in February 2010.

*The Board's investment of levies in programs, research and services over the past 110 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 a tool which complements the accuracy of the vineyard register and provides a proactive approach of surveillance to confirm South Australia's phylloxera freedom status. Highlights in 2009–2010 include:

#### Imagery Collection and processing

- 0.5 metre resolution multispectral imagery acquired for the Adelaide Hills. This is a repeat cycle following 2005 as part of the early detection program started in 2001.
- Vigour Images (PCD) 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 were carried out at Riverland sites identified in early 2009. No phylloxera was found.

- The inspection identified a decline in vines, which were due to salinity, lack of water, nematode attack and poor soil conditions.

#### Mapping Products and services

- Upgrading of GIS software and ESRI ArcGIS 10.
- Purchase of Autodesk Mapguide Enterprise and Studio (Web Mapping Software). Once developed, the vineyard register will be hosted out via intranet and internet, providing greater access for both internal use and to the grapegrower community.
- Updating the national Phylloxera

Management Zones Map following declaration of the Maroondah PIZ boundary.

#### Inclusion of Board interest in the Property Interest Report/ Section 7 Statement.

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

## 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 2009–2010 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 review of the Viticulture Industry Biosecurity Plan and the establishment of a new National Vine Biosecurity Committee.
- Participation on and provision of secretarial services to the National Phylloxera Technical Reference Group. Ongoing development and revision of

national phylloxera management protocols, setting of research priorities and exploration of a national PEZ maintenance protocol.

#### National projects

- Advice and assistance to the Yarra Valley Winegrowers' Association in the implementation of phylloxera protocols and replanting strategy following further detections of phylloxera in late 2008.
- Maintained a strong working relationship with the Victorian Viticulture Biosecurity Committee (VVBC), which is in charge of the ongoing surveying of grapegrowing

regions in Victoria to achieve a 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.

- Member of Queensland PEZ Surveying Steering Committee.

#### State biosecurity cooperation

- Provision of information to industry on changes to regulations relating to fruit fly and the new Plant Health Act and assistance to PIRSA in promotion and implementation of changes.

## Rootstock program 2009—2010

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. Highlights of the program in 2009–2010 include:

### Influence of rootstocks on Flowering and fruitset in a cool climate

The importance of rootstocks in viticulture is well documented; however, the influence of rootstocks on flowering and fruitset is poorly understood.

In order to assess whether rootstocks affect flowering and fruitset of the scion, a selection of rootstocks grafted to two cultivars known to display poor fruitset, Cabernet Sauvignon and Merlot (*Vitis vinifera* L.), were assessed at Wrattenbully; a cool climate region in the South East of South Australia.

Yield differences were observed in Merlot and Cabernet Sauvignon. Fruitset was significantly improved for Merlot grafted to Ramsey, 1103 Paulsen and 5C Teleki relative to own roots and Schwarzmann. Yield differences between rootstocks for Merlot were the result of both higher bunch weights and bunch numbers.

These findings will help growers in their management practices and decision-making for varieties prone to poor fruitset.

### Rootstocks and root-knot nematode study

Following the completion of a report prepared by Dr Greg Walker (SARDI), a factsheet for growers and a guide on 'how to sample for nematodes' has been developed and is available on the website.

### Third national rootstock forum

The 3rd national rootstock forum is planned for July 2011 in Mildura. The forum will be held in collaboration with the Australian Society of Viticulture and Oenology.

### Reduced irrigation project

This trial is now a PhD study, under the auspices of the University of Adelaide.

The limited access to water have recently increased the requirement for more sustainable and better management practices. The reproductive process in grapevines is sensitive to water deficits which ultimately impact on the current yield and the potential yield for the season to come.

Results thus far indicate a decrease in yield in all of the unirrigated rootstock/own root

treatments compared to irrigated treatments.

This is the second year of data gathering and following the 2011 vintage, a final report will be published.

### Regional rootstock trials

The Sauvignon Blanc and Pinot Gris trials were harvested for the first time this year. Analysis is currently underway on the performance attributes of all rootstocks involved in these trials.

The Coonawarra trial is in its final stages of planting with a selection of rootstocks, including the 'new' CSIRO rootstocks

### Boerner trials

Both the Adelaide Hills and Clare Valley trials were harvested for the first time this year. Analysis is currently underway on the performance attributes of all rootstocks involved in these trials.

### Industry presentations

The Rootstocks Project Manager gave a presentation at the 14<sup>th</sup> AWITC on current projects.

## 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 2009–2010 year include:

### SA Utilisation and Pricing Survey

- The 2010 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 233 wineries. The reported crush was 681,578 tonnes – 6.75% below the 2009 harvest.

### Annual grower meetings

- Held in mid August 2009, and featured presentations from Dr Tony Jordan—the Yarra Valley experience, lessons for growers; and from Dr Kevin Powell—Phylloxera—the research trail leading to best vineyards practice.
- Meetings were attended by approximately 300 growers and other stakeholders.

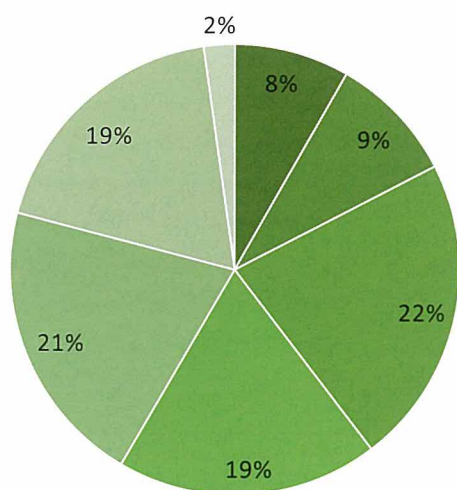
### Phylloxera identification and management workshop

- Annual workshop held in early December 2009, attended by 17 industry members.
- Conducted for the first time in the Yarra Valley.
- Attendees met with a local grower and toured Yering Station, including the disinfestations facilities and rootstock trial.



# Our financial overview

## Balance sheet summary



Grower communication 22%  
 Prevention program 21%  
 Phylloxera detection program 19%  
 Rootstock program 19%  
 Board expenses 9%  
 Office expenses 8%  
 Statistical collection 2%

|                                 | 2010      | 2009    |
|---------------------------------|-----------|---------|
| <b>ASSETS</b>                   |           |         |
| Cash and cash equivalents       | 1,052,805 | 903,369 |
| Trade and other receivables     | 89,360    | 70,867  |
| Total assets                    | 1,142,165 | 974,236 |
| <b>LIABILITIES</b>              |           |         |
| Sundry creditors                | 17,834    | 24,331  |
| Employee benefits               | 73,314    | 60,630  |
| Provision for budgeted programs | 68,000    | N/A     |
| Total liabilities               | 159,148   | 84,961  |
| NET ASSETS                      | 981,867   | 889,275 |
| <b>MEMBER'S FUNDS</b>           |           |         |
| Reserves                        | 981,867   | 889,275 |
| TOTAL MEMBER'S FUNDS            | 981,867   | 889,275 |

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 2010 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:** 28th Day of August 2010

NB: Signed Auditors Report in detailed Financial Statements



## From the CEO

This year has been one of consolidation and extensive networking. I have continued to apply the principles of continuous improvement, 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 Biosecurity management at the vineyard gate, through the promotion of simple Biosecurity strategies; and
- 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:

- Undertaken an outbreak simulation exercise in McLaren Vale;
- We have continued to expand our program of rootstock trials into different regions;
- Worked closely with Tourism SA and local government by promoting information and advice to growers along the Tour Down Under route;
- We have continued to support stakeholders in Queensland as they strive towards PEZ status; and
- In collaborating with GWRDC we have funded research into the impact of phylloxera on rootstocks.

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 nationally at the shoreline.

I would like to take this opportunity to congratulate and thank the Board's dedicated staff who work constantly and enthusiastically to turn the Board's vision into a reality. I particularly like to thank the retiring Board members for their wisdom, support and dedication to ensuring South Australia has healthy vineyards and wish them well for the future.

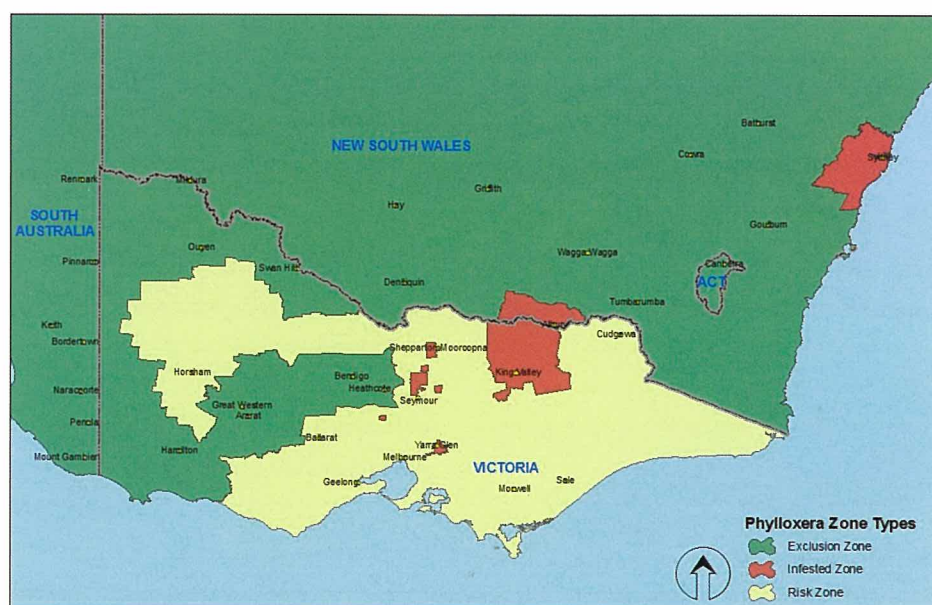
I specifically wish to thank Dr Richard Hamilton, retiring Chair of the Board, for his tremendous contribution to the biosecurity protection of the South Australian Wine Industry. I have greatly valued his wisdom and mentoring over the last 2 years and I wish him well for the future.

Alan Nankivell, Chief Executive Officer

## Strategic Plan 2009–2014

| Strategy 1<br>Research Development and Extension  | Strategy 2<br>Communication   | Strategy 3<br>National approach   |
|---|---|---|
| Fund research, development and extension programs to ensure the ongoing efficacy, relevance and benefits of practices to the wine and grape industry. | Develop a comprehensive plan which enhances the communication of the Board's activities across all sectors and in all aspects of the wine industry. | Build on a national approach to achieve a consistency in the containment and possible eradication of phylloxera and other pests and diseases. |

Phylloxera Management Zones, Australia



### 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](http://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 minimize 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 Government. In the period covered by this report to February 2010, this responsibility was through the Minister for Agriculture, Food and Fisheries, Hon. Paul Caica MP, then from March 2010, Hon. Michael O'Brien MP is responsible.



**Phylloxera and Grape  
Industry Board of  
South Australia**

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Board of South Australia

August 2010

## The Phylloxera levy

The Board's activities are funded through a levy paid by vineyards 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 of registered growers | Total levy raised |
|-----------|-------------------------------------|------------------------------|-------------------|
| 2009-2010 | 77,052                              | 3,697                        | \$763,702         |
| 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.

| 2009-2010 South Australian grape industry overview |        |    |
|--|--------|----|
| Total area of vineyards (ha)                       |        |    |
| Major varieties                                    | Area   | %  |
| Shiraz   | 25,472 | 33 |
| Cabernet Sauvignon                                 | 16,828 | 22 |
| Chardonnay   | 10,587 | 14 |
| Merlot   | 4,366  | 6  |
| Riesling   | 3,089  | 4  |
| Sauvignon Blanc                                    | 2,629  | 3  |
| Grenache   | 1,831  | 2  |
| Other white  | 6,828  | 9  |
| Other red  | 4,615  | 6  |
| Unknown/non winegrape                              | 807    | 1  |
| Number of registered grapegrowers                  | 3,697  |    |