

Annual Report 2010 – 2011

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

29 August 2011

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 2011. This report has been prepared in accordance with the *Phylloxera and Grape Industry Act (1995)*.

Whilst the industry was continually challenged throughout a season that was one of the wettest on record, it was pleasing to note that we have remained committed to our principles of producing high quality wine at value prices. Given the economic pressures on growers, the Board wishes to acknowledge their commitment to keeping South Australia phylloxera free.

The 2010/2011 period saw some significant changes to our Board structure and I would like to take this opportunity of farewelling past Board members - Richard Hamilton (Chairman), Jim Caddy, Kirsty Waller, Alison Phillips, Dr Peter Dry and Mark Gilbert. I would particularly like to thank Richard Hamilton and Jim Caddy, both of whom served on the Board in various positions whilst our industry was going through a period of change that had never been experienced before. Their strength, leadership and wisdom has been greatly appreciated. I would also like to take this opportunity of welcoming new members - Elise Heyes, Ashley Chabrel, Ashley Keegan, Narelle Borgmeyer, Dr Cassandra Collins, Geoff Raven and Raegan Noon. A special welcome and thanks to Peter Balnaves who was re-nominated for a third term with the Board.

Given the significant restructure to our Board, an intensive induction program was conducted, which included a study tour of the Rutherglen Research Centre and inspections of the Yarra Valley. The outcome of this visit will see the new board focusing its efforts on establishing a cost effective approach to early detection and surveillance, which will require further research in establishing pilot trials. In addition, a number of initiatives set out within the 5 year Strategic Plan were reviewed.

In conjunction with SAWIA and SAWGC, the Board continues their work on the South Australian Utilisation and Pricing Survey, with the 2011 harvest up by 1,093 tonnes to 682,671 tonnes.

The Board also continues to maintain a close relationship with Biosecurity SA and looks to further strengthen this in the years ahead through the participation in its position on the National Wine Biosecurity Committee. We would particularly like to congratulate Queensland in achieving a number of Phylloxera Exclusion Zones as a result of 3 years of surveying. The Board acknowledges that with this effort, the risk of phylloxera in South Australia will continue to decline. However, there is still much work to be completed particularly in Victoria where the Board has now established a close working relationship with the key stakeholders and we look forward to the outcomes of surveying that will be conducted in the Geelong and Macedon regions over the next 12 months.

In closing, I would like to thank both Brendan Tully and Rachel Inness for their efforts in remodeling and bringing all our accounting and GIS systems up to the highest standard possible; and welcome Andrew Downs, who was appointed to replace Catherine Cox as Viticulturist. I would also like to thank our CEO Alan Nankivell for his continued leadership in steering our 5 year Strategic Plan and other initiatives in an efficient and seamless way.

Yours Sincerely

Robin Nettelbeck
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 Minister for Agriculture, Food and Fisheries – the Hon Michael O’Brien. They are:

- Mr Robin Nettelbeck (Chairman)
- Mr Peter Balnaves (Deputy Chair)
- Ms Narelle Borgmeyer
- Dr Cassandra Collins (viticultural research expertise)
- Mr Ashley Chabrel
- Ms Elise Heyes
- Mr Ashley Keegan
- Mrs Raegan Noon
- Mr Geoff Raven (Chief Inspector)

The previous Board members were:

- Dr Richard Hamilton (Chairman)
- Mr Robin Nettelbeck (Deputy Chair)
- 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 2011—April 2012

Total number of meetings	5
Mr Peter Balnaves	5
Ms Narelle Borgmeyer	3
Mr Jim Caddy*	3
Mr Ashley Chabrel	3
Dr Cassandra Collins	3
Dr Peter Dry*	1
Mr Mark Gilbert*	2
Dr Richard Hamilton*	3
Ms Elise Heyes	3
Mr Ashley Keegan	3
Mr Robin Nettelbeck	4
Mrs Raegan Noon	3
Ms Alison Phillips*	2
Ms Kirsty Waller*	3

* denotes retired Board members

Staff members

As at 30 April 2011, the Board employed the following staff members:

- Mr Alan Nankivell (Chief Executive)
- Ms Rachel Inness (Office Manager)
- Mr Brendan Tully (Spatial Information Services Administrator – 0.6 FTE)

Ms Sandy Hathaway left in December 2010 and Ms Catherine Cox left in March 2011.

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 2010–2011 include:

Imagery Collection and processing

- 1.0 metre resolution imagery acquired of the Coonawarra GI. This is a repeat cycle following 2006 Limestone Coast Imagery as part of the early detection program.
- Plant Cell Density (PCD) from Coonawarra Imagery in relation to identifying sites with Low Vigour and possible disease stress.
- 0.5 metre resolution multispectral imagery acquired of the Adelaide and Mt Lofty Ranges. Through collaboration with other state government agency bodies as part of the DENR Fire Map Book.

Older imagery to complement data sets

- 0.5 metre resolution Imagery from 2010 of the Fleurieu region, acquired through DENR in part in relation to DENR Fire Map Book using SAMRIC imagery.

- 0.9 metre resolution Imagery of Limestone Coast in 2008 from DENR.
- 0.9 metre resolution Imagery of the Northern Yorke Peninsula in 2008 (including Flinders Ranges GI) from DENR.

Vineyard Inspections

- Vineyard inspections were carried out at sites identified through processing the Adelaide Hills Imagery (2010) during the summer of 2011. Major reasons for vine decline found to be water stress, with one site showing Phytophthora previously not noted on the rootstock Schwarzmunn identified.

Mapping Products and Services.

- Upgrading of GIS software and toolbars to ESRI ArcGIS 10 SP2.
- Creation of a Vineyard Map Book for the

state, to be used in this year's coming Vineyard Return.

- Purchase of Autodesk Infrastructure Map Server 2012 (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 grape grower community.

Property Interest Report/ Section 7 Statement

- Aimed at further improving the accuracy of the vineyard asset register. The PIR assists the facilitation and collection of outstanding levies when ownership changes as a result of property sale.

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 2010–2011 include:

- Membership of the Horticultural Plant Health Consultative Committee to the Minister for Agriculture, Food and Fisheries.
- Member of the National Wine Biosecurity Committee which has the role of providing advice to Plant Health Australia, maintain sector obligations under the Emergency Pests Response Deed and the implementation of the Industry Biosecurity Plan for Viticulture, provide Policy direction to Technical Reference Group for its consideration,

provide advice with respect to vine integrity and quality assurance issues

- Provide advice to Grape and Wine Research Development Corporation (GWRDC) on the research needs in Biosecurity for the industry.
- Maintained a strong working relationship with the Victorian Biosecurity Committee.
- Membership of the Queensland PEZ survey steering committee.
- Membership of the Wine Australia

Knowledge Development Advisory Committee.

State Biosecurity collaboration

- During 2010, the Board reviewed its current Outbreak Management Plan and in line with National guidelines aligned the plan with the incursion protocols adopted by Biosecurity SA which reflect Biosecurity Australia Protocols.

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. Highlights of the program in 2010–2011 include:

Influence of rootstocks on Flowering and fruitset in a cool climate

The third and final year of data collection is currently being statistically analysed. Some completed results thus far indicate:

- Significant differences in yield have been found between the rootstocks. Both seasons have also seen Own Roots record significantly lower yields than the rootstocks.
- Rootstocks significantly increased fruitset compared to the Own Roots control.

In this study, non-*vinifera* rootstocks increased yields in Merlot through an increase in bunch weight and total number of berries per bunch. Fruitset was increased with rootstocks and decreased the incidence of Millerandage Index and Coulure Index. Flower numbers differed significantly between 2009 and 2010 seasons, and in general, flower numbers were lower in Own Roots when compared with rootstocks.

These findings highlight the importance of understanding the components that influence final yield as this may differ between seasons.

Reduced irrigation project

Third and final year of data collection is currently being statistically analysed.

Shiraz vines grafted to three different rootstocks on two sites were used to evaluate the effect of rootstock type on primary bud necrosis (PBN), bud fertility and carbohydrate storage. A water deficit treatment was also applied at one of the two locations. Early findings are that rootstock type influenced the incidence of PBN, potential fruitfulness and carbohydrate concentration. Cane number, potential fruitfulness and yield were affected by water deficiency.

Regional rootstock trials

The planting of the Coonawarra trial has been completed with all of the vines

growing well, including the 'new' CSIRO rootstocks.

Boerner Trials

The Clare Valley trial was the only one picked this year due to the conditions experienced during the growing season.

Preliminary results from this year's harvest and in conjunction with last year's results, indicate that the Boerner rootstock is behaving as a low vigour rootstock with lower Brix levels and yields when compared to the other rootstocks (110R, SO4 and Own Roots) in the trial.

The Adelaide Hills trial results indicate that, Boerner rootstock had the lowest yield of all of the rootstocks while 5C Teleki recorded the highest yield. Boerner recorded some of the lower pruning weights and grew the least number of bunches per vine. Hopefully the coming years' growing season will provide more solid results from Year 3.

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 2010–2011 year include:

SA Utilisation and Pricing Survey

The 2011 grape crush survey is funded by SAWIA, WGCSA and PIRSA. Responses to the voluntary survey were received from 259 wineries. The reported crush was 682,671 tonnes – in which there was a slight increase above the 2010 harvest.

Phylloxera outbreak scenarios

Three Phylloxera Outbreak Scenarios were conducted during the last 12 months in Adelaide Hills, McLaren Vale and Coonawarra. There was approx. 150 growers and vineyard managers who attended these events. The major outcome was that managing a phylloxera outbreak adds another layer of complexity and cost.

Heat Shed

In February 2011, an induction program was undertaken for new users of the Heat Shed facility at Naracoorte. A further 13 users were registered following the induction program, of which they can use the Heat Shed at a reduced rate. The heat shed treatments remain an important tool in maintaining confidence in phylloxera free vineyard equipment.

Stakeholder presentations on Biosecurity

There were six presentations on Phylloxera and best practice Biosecurity methodologies over the last 12 months. The focus was on Biosecurity issues of importance for the specific region or business. Areas covered

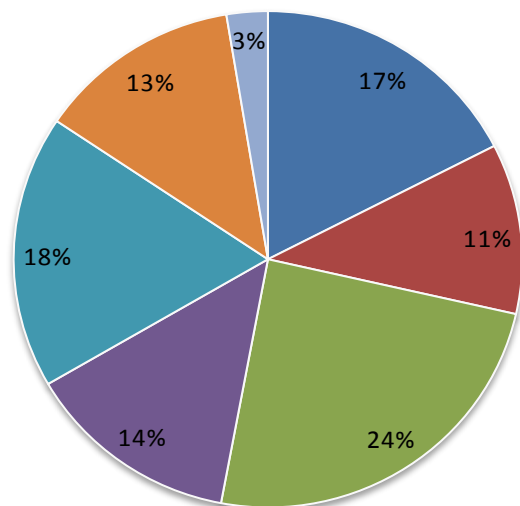
included vineyard hygiene, trace back and vineyard registration practices, pest biology, impact of abandoned vineyards and national Biosecurity policies and industry responsibilities.

Phylloxera identification and management Workshop

Due to low registration numbers, the 2010 Phylloxera Workshop was cancelled. The Board plans to promote a 2011 workshop that will be held in the Yarra Valley. An alternative study tour was undertaken by the Coonawarra Grapegrowers Association, which the Board participated in and found it to be a very useful learning experience by all, especially when considering vineyard and winery Biosecurity practices.

Our financial overview

Balance sheet summary as at 30 April 2011



Grower communication 24%

Prevention program 18%

Office expenses 17%

Phylloxera detection program 14%

Rootstock program 13%

Board expenses 11%

Statistical collection 3%

	2011	2010
ASSETS		
Cash and cash equivalents	1,222,843	1,052,805
Trade and other receivables	142,072	89,360
Total assets	1,364,915	1,142,165
LIABILITIES		
Sundry creditors	46,656	17,834
Employee benefits	40,770	73,314
Provision for budgeted programs	150,000	68,000
Total liabilities	237,426	159,148
NET ASSETS	1,125,838	981,867
MEMBER'S FUNDS		
Reserves	1,125,838	981,867
TOTAL MEMBER'S FUNDS	1,125,838	981,867

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 2011 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: 18th Day of August 2011

NB: Signed Auditors Report in detailed Financial Statements

From the CEO

Over the past 12 months, the Board has continued to build on strengthening relationships across the regions and interstate.

We have continued to improve the efficiency of the vineyard register with the introduction of new software, with the ultimate aim of enabling grower's to have direct access to their own records, via the web.

Highlights for the year include:

- Simulation outbreaks in Coonawarra and Adelaide Hills;
- Consolidate rootstock trial sites with replacements;
- Exploring research options in early detection and surveillance methodologies;
- Established as a partner in the Plant

Biosecurity Collaborative Research Centre rebid for 2011. (Outcome to be known by December 2011);

- Continued to work closely with Tourism SA and the Local Government on the 2012 Tour Down Under route, informing grower's to ensure that their vineyard hygiene practices are in place;
- Supported Queensland in their quest to attain PEZ status by area freedom surveying; and
- Collaborated with GWRDC and DPI-Vic in funding research into the impact of Phylloxera on rootstocks.

Whilst recognizing that the challenges of supply and demand are still very much forefront of industry minds, the Board has remained focused on ensuring protection of the industry from phylloxera and major pests and diseases. The Board is

committed for the long term to ensure that South Australia has a healthy vineyard base to take advantage of the eventual improvement in the industry's prosperity.

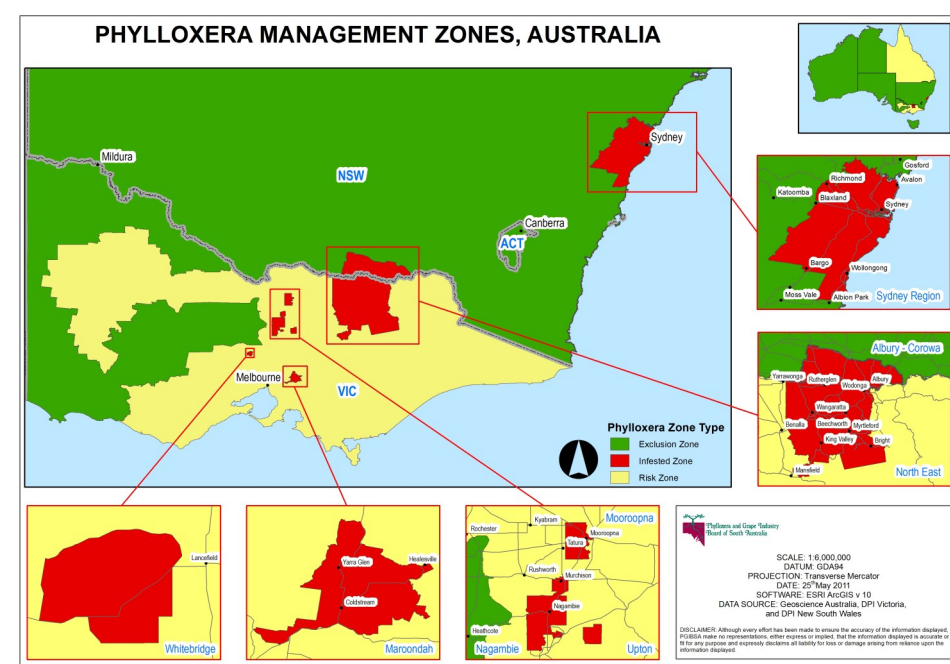
I wish to thank staff for their professional commitment to the vision of the Board and their enthusiasm to always look to improving processes and their own learning. Sandy Hathaway and Catherine Cox resigned during the year to peruse other career opportunities and I thank them for their sterling contribution to the life and culture of the Board and wish them well as they take their next career steps.

I also thank the new Board members, and in particular the new chair Robin Nettelbeck, for their guidance and support over the last 12 months.

Alan Nankivell, Chief Executive Officer

Strategic Plan 2009–2014

Strategy 1 Research Development and Extension	Strategy 2 Communication	Strategy 3 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.



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

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. This responsibility was through the Minister for Agriculture, Food and Fisheries, Hon. Michael O'Brien MP is responsible.



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

46 Nelson St, Stepney SA 5069
Phone (08) 8362 0488
Fax (08) 8362 0499
admin@phylloxera.com.au
www.phylloxera.com.au

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Board of South Australia

August 2011

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
2010-2011	76,495	3,649	\$749,902
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

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.

2010-2011 South Australian grape industry overview

Total area of vineyards (ha)		
Major varieties	Area	%
Shiraz	24,865	32.5
Cabernet Sauvignon	16,542	22
Chardonnay	10,365	13.5
Merlot	4,272	5.5
Riesling	2,973	4
Sauvignon Blanc	2,431	3
Grenache	1,782	2
Other white	6,155	8
Other red	4,224	5.5
Unknown/non winegrape	807	1
Number of registered grapegrowers	3,649	