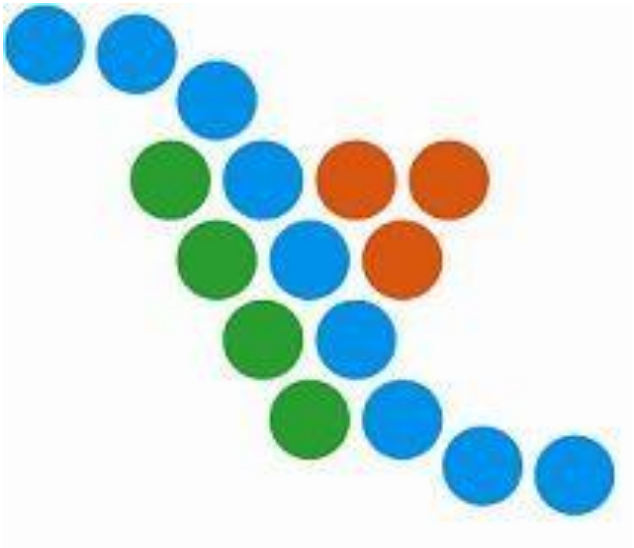
Riverland Wine Industry Development Council Inc.

Australian Government
Grape and Wine Research and Development Corporation

Riverland Viticulture Technical Group – Strategic Planning Forum



FINAL REPORT to

GRAPE AND WINE RESEARCH & DEVELOPMENT CORPORATION

Project Number: RT 07/05-2

Principal Investigator: **Tim Smythe**

Research Organisation: **Riverland Wine Industry Development Council**

Date: 4 June 2009

RITA Final Report – RVTG Strategic Planning Forum – Project Number RT 07/5-2

Executive Summary:

The Riverland Viticulture Technical Group (RVTG), a sub-committee of the Riverland Wine Industry Development Council (RWIDC), was formed in 2002 with a view to establishing a presence at the forefront of wine industry development. Collectively, representatives (winegrape growers, researchers, liaison officers and viticulturists) of the Group aspire to shape a healthy future; hence the mission statement *'Working together to support a healthy Riverland wine industry'*.

The RVTG Strategic Planning Forum was organised in response to the enormous change in the operating environment of the Riverland wine industry; acknowledging a lot had occurred since 2002. In a bid to stay relevant there was a need to take stock, look at the 'big picture' and set direction.

The Forum could not afford to be insular, a professional facilitator, Dr. Georges Baume (Adelaide University), was engaged and detailed invitations were sent to a wide cross section of industry participants both from within and outside of the Riverland. The Forum ran over the course of two days on the 30th and 31st of July 2008 with 40 industry representatives in attendance.

Importantly, the focus was on the need for a regional response; acknowledging there were issues facing the broader industry for which only the impacts could be managed. An action plan needed to consider the capability of the Group, the strength of the network and the resource base available. This did not deter the Strategic Planning Forum invitees from discussing the drivers of change impacting the industry. Indeed, the Forum ensured that matters that would not normally be considered part of the technical realm were captured; recognising they would need to be addressed as part of the wider industry issues response network.

With the above approach agreed, the management committee of the RVTG, the RWIDC executive and the Facilitator met on the 10th July 2008 and formulated a bold program that concentrated on four key areas:

- climate change;
- improvements to management;
- market orientation; and
- succession and education.

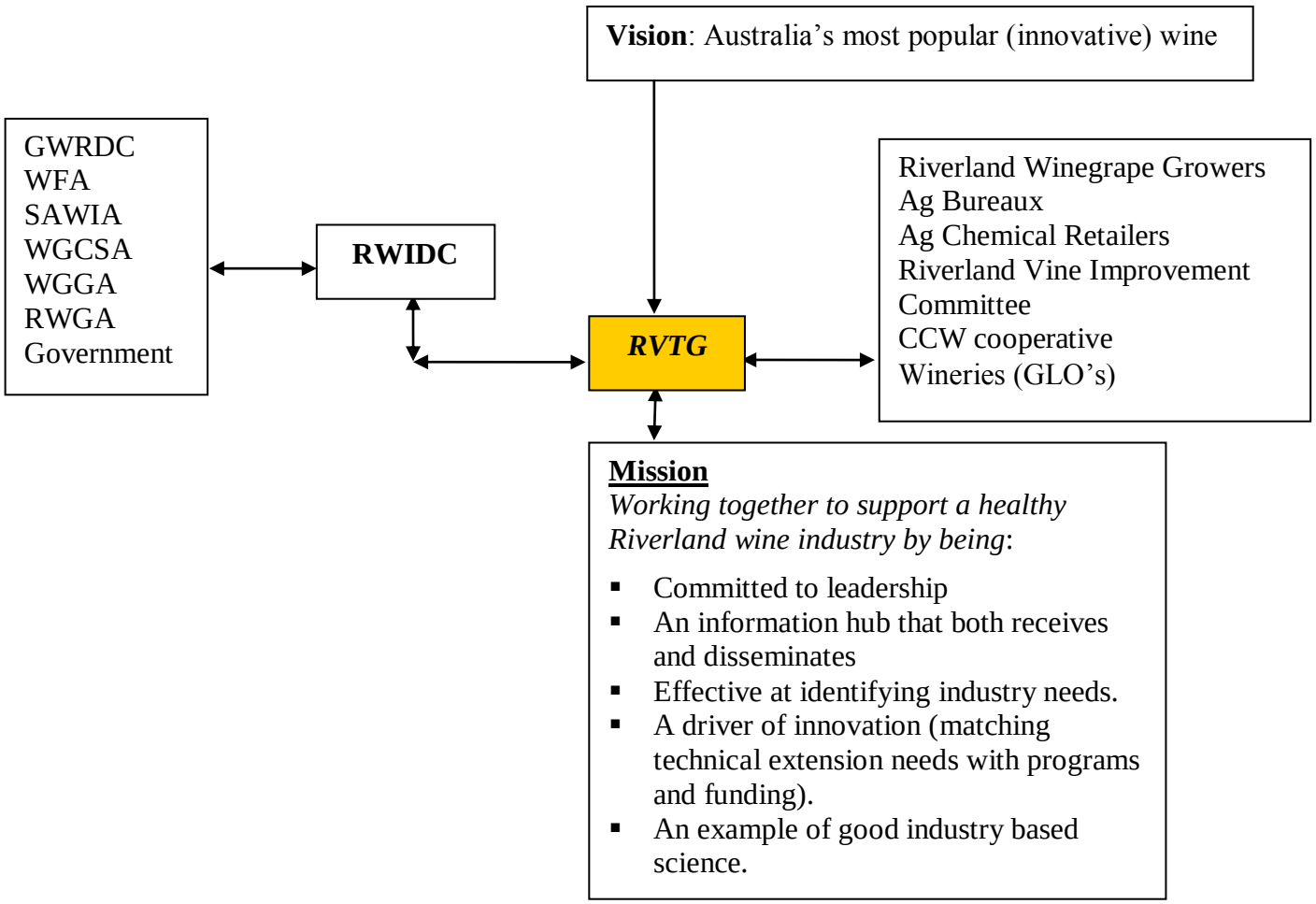
It was clear a new era was unfolding in the wine industry and the four key areas identified needed to be addressed in the context of the Riverland; so as to recognise opportunities and respond within a 'transition for success' context. The region would need to consider its outlook, the changing environment, capability it wished to retain and how it might appeal to the market. Technical agendas had previously been geared towards production and whilst there was a need for continued improvement in efficiency there was also a need understand the relationship with 'value' attributes and the consumer i.e. production had to be geared towards sustainable market objectives.

Outcomes

Throughout the course of the two days, information flows and communication issues were raised many times as impediments to success, with the general consensus being that the industry could do it better. From an RVTG perspective, it needed to recognise the structure in which it was operating and the stakeholders it was wishing to engage. To facilitate information flows, key relationships needed to be addressed; winegrape grower information needs had to be married to the preferences of wineries, retailers and ultimately the consumer.

Table 1 shows the structure in which the RVTG resides and the information flows required for successful communication to occur. To this end, engaging industry was identified as a high priority for the Group.

Table 1: Organisation Structure, information flow and how it relates to the RVTG



What can the RVTG do to support a healthy Riverland wine industry?

- Recognise the Group is filled by volunteer representatives and that professional development opportunities must be garnered through involvement eg. Field trips, networking and RVTG (specific) technical and industry briefings.
    - Determine how best to use 'working group' structures to develop project initiatives and steer activity.

- Understand the information and communication needs of stakeholders and develop a strategy to cover the diversity of the population.
    - Support measures to improve winegrape grower access to CropWatch;
    - Review – Dignam M, (2003) 'Winegrape grower information needs survey'; and
    - Investigate examples of successful stakeholder engagement and extension models used in other industries.

- Align technical objectives with market objectives and consumer preferences. Confidence in a sustainable future will drive investment on-farm.

- Lead regional community efforts to deliver appropriate information on climate change and define opportunities for industry adaptation.
    - Coordinate a strategic approach to the identification of varieties, clones and wine styles that are suited to a changing climate and a changing market place.
    - Use network structures to support regional measurement of greenhouse gas emission (Wine Industry Sector Agreement) and aim to have an uptake that exceeds the national average.

- Identify young industry participants and encouraging their involvement.

- Build relationships with institutions that have both a capability and an ability to leverage an opportunity for skill development among young industry participants.

- Revisit the 'Priority Matrix' and maintain its relevance (regional focus). Commit to projects that:
    - Support the region's environmental profile – a clean and green, low impact industry with minimal chemical interference, greenhouse gas emissions and high water use efficiency.
    - Improve the diversity of the Riverland's offering – eg. a coordinated regional review of alternate winegrape varieties, clones and rootstocks.
    - Build and improve on the resilience and flexibility of Riverland management systems, particularly in the light of projected climate shifts.
    - Benchmark performance and establish a clear understanding of the dynamics at play within the grower population and define the scope for change within identified areas.

- Use the Priority Matrix to establish a management plan that targets regional technology adoption and innovation initiatives over specified time frames (12 months and 3 years).

- Seek appropriate briefings and develop positions on political matters that have the potential to significantly impact industry development i.e. regional research and development capacity.

<u>Promoting our (Riverland wine industry) success and forging a future</u>

Discussions at the Forum highlighted the global nature of the wine industry and acknowledged the role the Riverland had played in providing fruit to some of the most successful wine brands in history. This strength had to be built on, with fruit from the region promoted to wineries and retailers alike. The message had to be clear: *Riverland wine, Australia's most popular wine, consistently delivers quality wines to world markets (hence the reputation of Australian wine) and does so on the basis of some of the most flexible management systems in the world.* With the right information, producers in the Riverland can manage production to meet the most demanding of markets and compete at a range of price points.

The contribution from a maturing boutique industry was not lost on the group either. Innovation was a necessity for these producers and, as an example, a willingness to try alternate varieties and styles required support from the broader industry. Success at a boutique level does not go unnoticed by the commercial sector and has, in the past, driven change in the industry.

<u>Key Recommendations</u>

For an industry with a strong record in production success the Forum represented a change in attitude. A new paradigm was acknowledged as having arrived and there was a need for a holistic move to a market driven industry that retained flexibility, improved efficiency, broke barriers, built understanding and most importantly created value.

With this in mind there were several key recommendations to come from the Forum and the RVTG. There appears no better time in the cycle of industry than now to start addressing the fundamentals for positive change within the Riverland and Australian wine industry. The recommendations were as follows:

- The Australian wine industry needs a ***central information portal*** that allows for succinct and simple assessment of past scientific endeavours and has an ability to portray a regional relevance;
- Good ***leadership*** and ***appropriate policy*** are required to protect both current and future investment in warm irrigated wine regions.
- ***Demonstration sites*** are required in warm irrigated regions - properly designed sites have the ability to create a legacy of innovation for industry.
- The industry needs to ensure a coordinated approach to ***vine improvement and the assessment of new varieties suitable for warm climates*** is implemented;
- ***Objective measures of quality*** that are quick and reliable (allows for benchmarking) must be developed and winemaking objectives must be shared with, and embraced by, winegrape growers;
- ***Harvest logistics*** need to be reviewed. Warmer temperatures are likely to truncate vintages and winery throughput needs to be improved if grape quality is to be captured in the wine.
- ***Decision support tools*** (disease models, irrigation, economic etc.) are required by the industry if risk is to be better managed and sensitivities analysed;
- ***A fundamental shift from production to business strategy and value creation is required***. The disconnect between winemakers and winegrape growers needs to be addressed;
- The Riverland needs to improve and ***promote the diversity*** of its offering and technical programs need to support this venture;
- The Riverland wine industry has to embrace generational change and provide ***capacity building*** opportunities for its young participants (regional leadership programs);
- The region needs to develop ***strong links with state national and international organisations*** to build awareness of the Riverland's offering, assist with the promotion and improvement of the offering and gain critical market feedback necessary for the development of the industry.

1. Background:

The Riverland Wine Industry Development Council initiated the formation of a Riverland Viticulture Technical Group (RVTG) in late 2002. The Group is comprised of Riverland Grower Liaison Officers, Viticulturists, Winegrape producers and Research Scientists.

Aims for the Group included:

- To provide a forum to exchange information and discuss viticulture research projects of particular benefit to the Riverland wine industry (eg. sustainable irrigation practices),
- To provide a high standard of extension services to Riverland Winegrape Growers (individual and corporate) through Grower Liaison Officers, Viticulturists and Consultants (eg. facilitate communication of research findings to growers), and
- To provide advice and consider ways to improve quality standards at the weighbridge (eg. post harvest quality control).

Roles for the Group included:

- To liaise with Riverlink and all organisations involved with viticulture research,

- To invite scientists from outside the Region to visit and share their experience,
- To identify research projects of particular value to the Riverland,
- To make application (through RWIDC) for GWRDC/RITA funding for Riverland research,
- To make recommendations to RWIDC regarding matters relating to the development of the wine industry in the Riverland and extension services to Growers, and
- To represent the Riverland on the Riverlink Wine Industry Network.

In early 2008 an internal review of the RVTG acknowledged the efficiency with which it dealt with industry matters and the platform it had set for industry discussion, but also indicated that difficulties existed with engaging the broader viticultural community. Furthermore, it was thought that more could be done to promote the region through a technical program.

Much RVTG time since its inception had been devoted to developing a 'Priority Matrix'; in affect prioritising the R&D needs of the region. The process had delivered direction to the group but a common difficulty for many of the identified projects came when confronted by the scope: it was evident that much relevant research had been done and indeed innovation had occurred but there was still a demand for science to contribute to positive change in industry. Many of the listed priorities seemingly had research and extension components; determining how to proceed with such topics was limited by an inability to conduct and resource feasibility studies or literature reviews. The manner in which the detail of scientific endeavours from past eras had been package did not lend itself well to quick review and hence made quantification of regional relevance a burden. Given this experience, questions were raised over the Australian winegrape industry's ability to value add to its scientific pursuits and deliver meaningful results back to the regions.

Change in the industry since 2002 had been dramatic. Oversupply threatened the core sustainability of wine production in Australia. The retail sector continued to consolidate and drought and over allocation of the Murray Darling Basin System continued to restrain the natural resource base (altering the cost structures of vineyard businesses). Given this background, it was timely for the regional industry to look at the 'big picture', chart a course for future success and look at the drivers of change.

The RVTG recognised its leadership role and believed that a collective effort was required. As Australia's largest wine growing region, with over 1,200 winegrape growers' producing over $230 million (farm gate value, vintage 2008) of produce, the regional industry needed to take stock; determine a regional response and identify opportunities that would shape its future. To this end the RVTG believed a professionally facilitated strategic planning forum was required.

A move in this direction was also considered timely in light of the earlier release of GWRDC's Five Year R&D Plan and the strategy outlined in the Australian wine industry's 'Direction to 2025' document. Aligning the objectives of the RVTG with the direction of the GWRDC and with an understanding of the direction of the Australian wine industry would improve access to opportunities and highlight the need for the industry to work together.

With the above mentioned in mind the RVTG formed a management group and set about planning for a robust Forum that would challenge industry to think about its future.

2. Objectives:

The RVTG Strategic Planning Forum Management team, including the RWIDC executive held a briefing session with the Dr. Georges Baume (the professional facilitator) on the 10th of June 2008. The following objectives were set for the Forum:

- To define the role and purpose of RVTG in the context of the Riverland wine industry, stakeholders' interest, mission, goals, current capabilities and resources;
- Identify and deal with four prominent industry and regional issues, namely: Climate Change; Market Orientation; Improvements to Management; Succession and Education;
- Conduct group discussions and seek input around the above key industry and regional issues;
- Identify what can be done about these issues over a designated timeframe and with the resources available;
- Identify the capacity and capability of the region to deliver against changing expectations at regional, national, and international level;
- Build an action plan with both direct individual and organisational inputs;
- Allocate responsibilities, accountability, and resources towards achieving a manageable time line for selected 'issue' projects; and,
- Work toward the development of a blueprint for other regions based on the outcome of the strategic model developed during the workshop.

3. Method:

Following the meeting with Dr. Baume a program was developed and the RVTG Management Team constructed briefing papers for the four prominent and regional issues (climate change, market orientation, improvements to management and succession and education). These can be found in Appendix 1.

Attendance at the Forum was by invitation only, with personnel selected by the Management Team. The groups were limited to 10 and the Group Leaders ensured that key members within each group were prepared for open discussion on the selected matter. A conscious effort was directed to ensuring the appropriate mix of skills, experience and personalities were shared in each discussion group

At the end of day 1 a dinner was served at a riverfront venue (River's Edge Restaurant) and the menu prepared highlighted the strengths of Riverland wine and food. The evening acted to cement the group and allowed discussion to take place in a social environment.

The Forum ultimately took a regional focus on the current plight of the wine industry. Regional capability was discussed in the context of the global industry, with a mandate to establish an action plan that would lend direction to the RVTG as it strived to play its role in working toward a healthy future.

4. Results/Discussion:

A lot of enthusiasm was generated by the Forum. The process itself empowered members of the RVTG and ensured they had input into future directions.

A bold program generated much discussion with attendees passionate about building a sustainable future for the Riverland wine industry. In fact, the discussion was so rich that the difficulty came when confronted by the process of consolidating the ideas into an action plan that the RVTG had the capability to deploy. The need for action, however, was not lost on the Group and ideas from the forum were consolidated as follows:

What can the RVTG do to support a healthy Riverland wine industry?

- Recognise the Group is filled by volunteer representatives and that professional development opportunities must be garnered through involvement eg. Field trips, networking and RVTG specific, technical and industry briefings/presentations.
    - Determine how best to use 'working group' structures to develop project initiatives and steer activity.

For the Group to function, the nature of its activities must compliment the professional expectations of the representatives. A range of expectations naturally exist, with some members happy for involvement to continue at a consultative level, while others desire to extend to a more progressive hands on role. Most however, have business interests or work for organisation with business interests in the region and the industry. Commercial realities therefore suggest that the activities of the Group must bring a benefit for the time allocated and contribute, to varying degrees, to the higher order personal needs of belonging, esteem and self actualisation (Maslow's Hierarchy).

In considering the implementation of such a plan, the Group will need to ensure that its meeting programs and activities (field trips, presentations, work group activities) cater to the dynamics of the collective. Ensuring that the networking capacity of the Group is functioning well will be important; representatives need to understand that communication amongst the Group is not limited to the meeting structure. Indeed the sharing of skills and experience beyond the structured meeting formats encompasses the potential to empower individual representatives, the Group and even the broader industry. Having representatives work collaboratively on industry development initiatives is a must.

Measures:

- *Arrange at least four industry briefings a year(coordinated speakers program)*
- *Arrange at least two field trips a year*

- Understand the information and communication needs of stakeholders and develop a strategy to cover the diversity of the population.
    - Support measures to improve winegrape grower access to CropWatch;
    - Review – Dignam M, (2003) 'Winegrape grower information needs survey'; and
    - Investigate examples of successful stakeholder engagement and extension models used in other industries.

Communication during a downturn is incredibly important but also very difficult. During times of downturn people tend to feel less empowered and the focus often turns to survival. Further to this, at such times, an urgency to engage the community is revealed by many organisations; stakeholders (winegrape growers in this instance) become burdened and overwhelmed by the endeavour.

To instigate change in this area, the RVTG will need to review past surveys of grower information needs (Dingnam, 2003) and gain an appreciation of how changing circumstances might have had an impact. Ultimately the RVTG (and RWIDC) must acknowledge the difficulties of the present time and engage stakeholders in a future outlook, with a range of contingencies based on both optimistic and pessimistic forecasts.

The RVTG must also look to work collaboratively with other agencies so as to provide workshop programs of relevance to the Riverland wine industry. The current situation sees the market

(information) saturated. Workshops will need to consider the most appropriate time of day and format for the winegrape growing/winemaking community.

CropWatch was the focus of much discussion throughout the forum and it was the simple, succinct and consistent manner in which it delivered information that drew the attention. With information overload, economic pressures and time constraints (staff reductions and off farm income demands) listed as impediments to communication, CropWatch was seen an ideal medium for information transfer.

The RVTG needs to support the uptake of CropWatch by all growers and use its networks to ensure that access to the service is not limited. Recommendations regarding the growth and development of the service should be forwarded to the RWIDC for attention.

Measures:

- *Improve the uptake of CropWatch to at least 400 recipients*
- *Develop and run at least one major workshop a year*
- *Run a survey to determine the preferred delivery of information*

- Align technical objectives with market objectives and consumer preferences. Confidence in a sustainable future will drive investment on-farm.

The Riverland wine industry must combine the *want* to improve production with the *need* to: improve businesses skills; better understand the market; and ultimately sell wine. From this perspective the RVTG is obliged to be innovative in the manner it structures and delivers a technical agenda. If managed correctly, there is an opportunity to surreptitiously address business and market needs whilst also fulfilling the desired production efficiency wants.

In terms of practical delivery, the use of benchmarking exercises must figure strongly. Benchmarking offers the ability to extract data that is useful for production comparisons and population analysis. For example, extracted data could be used to support claims such as those pertaining to environmental stewardship – the regional climate lends itself to 'green' production; practices have to be shown to support the preservation of the natural resource.

Measures:

- *Improve the presence (at least two a year) of leading edge Riverland based viticulture stories (diverse, progressive, flexible, environmental, and sustainable) that appear in national industry and non-industry magazines.*
- *Conduct at least one basic benchmarking study within a 3 year timeframe (rationalising powdery control and know your numbers know your risk???)*

- Lead regional community efforts to deliver appropriate information on climate change and define opportunities for industry adaptation.
    - Coordinate a strategic approach to the identification of varieties, clones and wine styles that are suited to a changing climate and a changing market place.
    - Use network structures to support regional measurement of greenhouse gas emission (Wine Industry Sector Agreement) and aim to have an uptake that exceeds the national average.

Climate change remains a hotly debated issue in the world and Australian political scenes. Popular media has taken a strong interest and increasingly looks to attract an audience with articles on the debate. Links to the drought have been made as political leaders struggle to explain the scarcity of water. Carbon trading schemes have been announced in an effort to mitigate possible shifts in climate.

Recognition that climate change models project a level of sensitivity to a problem, which can not be ignored, must be balanced by an improved awareness of the regions ability to adapt. The drought and hotter than average conditions had already shown the capability of the region; fruit quality, if anything, improved during this period. This strength needs to be acknowledged and supported by good policy, science (regional R&D resources) and innovation.

As far as information goes there is need to ensure that stakeholders have access to balanced array of appropriately sourced data. For example, a summary report to the Australian Government from the CSIRO Murray Darling Basin Sustainable Yield Project titled 'Water Availability in the Murray' (http://www.csiro.au/files/files/pllz.pdf) states; "The best estimate (median) of climate change by 2030 is less severe than recent past…average surface water availability for the region would fall by 14%".

It is important that the drought is seen as an extreme circumstance, a result of climate variability and not 'unequivocally a result of climate change' as has been suggested by some on the political stage.

In recognising that the very public debate on climate change has the ability to influence policies and the market place, the RVTG must ensure that it drives and supports initiatives that calculate greenhouse gas emissions. This will involve working with SAWIA and WGCSA to ensure that the Riverland is appropriately represented when greenhouse gas emissions are calculated on a regional basis through the Wine Industry Sector Agreement.

The RVTG must also look to the future and strategically investigate the possibilities of building diversity by identifying varieties that are suited to the region and are accepted by the market. This will involve collaborative work with organisations such as the Riverland Vine Improvement Committee Inc. (RVIC), winemakers, wine writers, marketers and vignerons.

Measures:

- Attract better than the national average response to Wine Industry Sector Agreement surveys
- Have a functioning subcommittee - *Riverland Alternate Wine Grape Group* - and hold approximately two tutored wine dinners a year and prioritise varieties for regional review.
- Provide input to regional small lot wine making initiatives (prioritise potential varieties)
- Document the regional review of alternate grape varieties over the course of three years.

- Identify young industry participants and encourage their involvement.

To do this the RVTG must first build a database of young industry participants. From this targeted initiatives must be implemented to instigate involvement, build leadership and ensure that generational change brings a healthier industry.

Measures:

- *Construct a database of young industry participants prior to September2009*

- Build relationships with institutions that have both a capability and an ability to leverage an opportunity for skill development among young industry participants.

If meaningful change is to be made in the Riverland wine industry there is a need to continually improve the capability and competence of its constituents. The RVTG must ensure that viticulture is portrayed as a professional option not just a lifestyle choice.

The RVTG must work with organisations and institutions (including the RWIDC and GWRDC) to ensure that opportunities exist for young industry participants to gain training and/or mentoring that will develop their business and leadership skills.

Measures (RVTG & RWIDC):

- *Have a working group construct a regional leadership program.*
- *Have 10 young industry participants undertake the regional leadership program (2011)*

- Revisit the 'Priority Matrix' and maintain its relevance (regional focus). Commit to projects that:
    - Support the region's environmental profile – a clean and green, low impact industry with minimal chemical interference, greenhouse gas emissions and high water use efficiency.
    - Improve the diversity of the Riverland's offering – eg a coordinated regional review of alternate winegrape varieties, clones and rootstocks.
    - Build and improve on the resilience and flexibility of Riverland management systems, particularly in the light of projected climate shifts.
    - Manage the heat loads in vineyards and in particular the bunch zone
    - Benchmark performance and establish a clear understanding of the dynamics at play within the grower population.

The RVTG must use the 'Priority Matrix' to identify opportunities for development within the region. In considering the betterment of the region, the RVTG must expand on ideas that not only fortify production but deliver meaningful results that compliment marketing efforts. A position worth pursuing in this regard is the notion of low impact viticulture. The region has a natural advantage, with the climate of the region proving less favourable to pest and disease pressure than many other regions of the world. The region needs to ensure that its producers have the practices that allow the promotion of such 'clean and green' principles. Benchmarking needs to be used if the region is to map and measure its performance.

Given the problems confronted with previous priority setting attempts the RVTG must leverage support from GWRDC regional programs and use it to quantify the extent (effect) of issues identified. In essence, feasibility studies or literature reviews are required to ascertain the scope of the problem and determine if enough regionally relevant information exists to effectively deal with identified topics. In the instance that a literature review or feasibility study does not show enough regionally specific content, for extension to Riverland stakeholders, the information must be used to make recommendations to GWRDC and RWIDC on how best to address the specified need.

Furthermore, the RVTG must use the Priority Matrix to establish a management plan that targets regional technology adoption and innovation initiatives over specified time frames (12 months and 3 years).

Measures:

- *Have a new priority matrix constructed by June 09*

- *Have a business plan constructed (July 09) that outlines how activities will proceed in the following areas: benchmarking for low impact viticulture (practices that minimise chemical intervention and maximise economic return); improving water use efficiency and soil health (PAM, mulch and organic carbon); assessing nematode impacts and investigating additives (Surround, Screen and Parasol) that can assist with managing vineyard heat loads.*

- Seek appropriate briefings and make recommendations on political matters that have the potential to significantly impact industry development i.e. regional research and development capacity.

The centralisation of research is a key example of the deliberations required here. The closure of research stations such as the CSIRO facility at Merbein have been met with extreme disappointment by regional industry members.

The RVTG needs to better understand the political motivation for such decisions and forward alternate recommendations to the RWIDC for policy consideration and action. Given the contribution of the Riverland and other warm viticulture districts to R&D levies, the agencies responsible for the fiscal management and scientific provision must be accountable to industry.

Measures:

- *Quantify the regional contribution to industry R&D funding and determine the return via the Loxton Research Centre – seek briefing from SARDI on GWRDC funding received at Loxton in the last 5 years.*
- *Develop industry recommendations for improved investment in warm climate viticulture innovation.*

Key Recommendations

Given the broad representation from industry at the forum, discussions were not purely aimed at the pursuits of the RVTG. The industry was in a state of flux and recommendations were forthcoming about the actions required for sustained long term success. The most notable of these are detailed below:

- The Australian wine industry needs a ***central information portal*** that allows for succinct and simple assessment of past scientific endeavours and has an ability to portray a regional relevance;

Archiving of scientific works has not kept up with technological advances. Locally based research scientists and extension officers who use to be the source of regionally adapted information have dwindled in number and are no longer seen has viable propositions by their respective government agencies. In the growing absence of these regional positions there has been a loss of information and expertise.

The internet is fast replacing this human interface but little has been done to secure a well archived, centrally located repository of scientific information. Regional communities, already isolated by distance, find it harder to access simple and succinct information with a defined relevance to their situation. There is a real need to improve access to regionally relevant information.

- Good ***leadership*** and ***appropriate policy*** are required to protect both current and future investment in warm irrigated wine regions.

With a downturn in industry coinciding with a global economy in a downward spiral, a vibrant climate change debate, drought and social concerns about alcohol abuse, the Riverland wine industry must ensure its voice is heard.

Issues such as a volumetric tax on alcohol have the potential to have a big impact, whilst drought and a scarce water supply have already altered cost structures within vineyard enterprises. The Riverland wine industry must recognise its responsibility for good corporate, social and environmental citizenship and offer policy frameworks that will take the lead on such critical issues. Such campaigns must seek transparency and equality within the mechanisms that provide governance (eg. water allocations).

The wine industry is capitally intensive, appropriate policy, promoted at an organisational level and presented to government, must act to preserve confidence in the sector.

- ***Demonstration sites*** are required in warm irrigated regions - properly designed sites have the ability to create a legacy of innovation for industry.

Demonstration sites have enormous potential to improve the industries ability to manage climate change and improve water use efficiency. Areas of interest include:

- high density planting;
- sustainable irrigation practices (including subsurface drip);
- vineyard cooling (practices that can manage bunch zone temperatures);
- alternate vineyard structure (row directions);
- mid row management; and
- spray and irrigation additives.

If properly designed, the data harvested from such sites would provide benefits for many years to come.

In terms of practice change and education, demonstration sites can act as powerful tools. Adult learning principles espouse the value of being able to see the process of (and be involved in) implementation. Demonstration sites take this to a new level and concepts of this nature allow industry to grow and develop with the site.

- The industry needs to ensure a coordinated approach to ***vine improvement and the assessment of new varieties suitable for warm climates*** is implemented.

This is a basic necessity for an industry that wants to continually improve its product. The Australian wine industry has had wonderful success with varieties such as shiraz and chardonnay but more effort is required to build on this success and add diversity to the offering. Consideration needs to be given to varieties that will contribute to the regional significance of the warm, irrigated wine regions.

A coordinated effort is required to avoid the failures of the past. Development of a new (alternate) variety can take many years. Failures need to be recognised early and a systematic approach that includes market intelligence must be used to assess varieties of promise.

- ***Objective measures of quality*** that are quick and reliable must be developed and winemaking objectives must be shared with, and embraced by, winegrape growers.

'If you can't measure it, you can't manage it' - The Australian wine industry must continue to pursue objective measurements of wine grape quality. Philosophically, debate will remain over the definition of quality but winemakers and winegrape growers need to agree to move in a common direction with objectivity on their side.

Objective measures will allow winegrape growers to evaluate the performance of their management techniques, which inturn will improve targeted production for market requirements.

- ***Harvest logistics*** need to be reviewed. Warmer temperatures are likely to truncate vintages and winery throughput needs to be improved if grape quality is to be captured in the wine.

Large volumes of a limited number of varieties (Chardonnay, Shiraz, and Cabernet Sauvignon) dominate the Australian wine crush. Recent vintages have experienced warm harvest periods and synchronous ripening (between varieties). As a consequence wineries have struggled to manage fruit intake and quality has subsequently been lost. With climate change projections indicating that truncated vintages might become the norm; the industry needs to investigate how it can better manage fruit intake.

A review of harvest logistics needs to include:

- the components of intake (harvesting, transport, receipt and processing);
- determination of the limiting factors; and
- recommendations beyond simple (expensive) infrastructure improvements.

Consideration might include:

- the use of geographic information systems (GIS) to manage data, forecast (model) harvest requirements and streamline operations; and
- a diversion of R&D resources to look at ways to manage wine quality with reduced fermentation time.

- ***Decision support tools*** (disease models, irrigation, economic etc.) are required by the industry if risk is to be better managed and sensitivities analysed.

In the same way the Australian wine industry requires a central information portal, it needs decision support tools. The information contained in detailed scientific papers needs to be better presented and used by industry.

For change to occur and innovation to succeed, winegrape growers need to have confidence that changes to their management regime will bring tangible benefits. Beyond being able to see the results in a field trial or through the observation of a neighbours practice, there needs to be tools available that will allow simple planing and evaluation to take place.

As an example, a grower wishing to move to minimal impact viticulture, by extracting more from applied inputs, would have greater confidence in implementing management change if there was evidence that others may have had success (benchmarking data) and/or tools were available to assist with managing the risk. Furthermore, business skills and strategy would benefit from tools that provided simple sensitivity analysis; showing the relationship between different components within an operation and how costs can alter if changes are made.

- ***A fundamental shift from production to business strategy and value creation is required***. The disconnect between winemakers and winegrape growers needs to be addressed;

The Australian wine industry needs to work cohesively to better match its productive capacity to sustainable market objectives. Information flow will be critical and time lags at a vineyard level need to be recognised.

Production without an affiliation to the marketable product has a tendency to lead to agricultural boom and bust cycles. Information regarding winemaking objectives and the relationship to market requirements need to be shared with and understood by the winegrape growing fraternity.

- The Riverland needs to improve and ***promote the diversity*** of its offering and technical programs need to support this venture;

The Riverland has had great success in supplying fruit to some of the most successful wine brands in the history of the industry. Australia's 'New world' charge has now been match by a number of other countries and the market place has become increasingly competitive. The Riverland wine industry needs to ensure that the wine consumers of the world remain intrigued by innovative wines from the region. The technical agenda must support the process by highlighting the diverse and innovative nature of producers in the region. The Riverland must take pride in its achievements and commit to promoting a diversified offering, built on innovation and delivered by the most flexible, environmentally friendly production systems in the world.

- The Riverland wine industry has to embrace generational change and provide ***capacity building*** opportunities for its young participants (regional leadership programs);

A survey conducted by ABARE (2006), at the request of GWRDC, showed that the average age of Riverland winegrape growers was 56 years old. In coming years, generational change will present an opportunity for in industry. If managed correctly the industry can not only secure continuity but improve capacity and competency. The industry must ensure that a new batch of regional leaders is equipped with the right skill set, expertise and opportunities to gain experience, so as to guarantee appropriate representation (to the community and policy makers) and future prosperity.

- The region needs to develop ***strong links with state, national and international organisations*** to build awareness of the Riverland's offering, assist with the promotion and improvement of the offering and gain critical market feedback necessary for the development of the industry.

Despite the contribution that the Riverland has made to the success of the Australian wine industry little recognition has been given to its achievements. If future success is to bring a sustainable benefit, the region must obtain and retain equity within the Riverland Wine brand. To do this a concerted effort must be directed to the promotion of the region and its ability to make world class wines that

can compete at a variety of price points. The effort must extend beyond the borders of Australia and create opportunity for the winemakers of the region to grow markets.

Securing key relationships with organisations capable of influencing a market and providing the right intelligence must be embraced as a priority of high importance.

A requirement of this direction will be to secure the establishment of linkages to 'value chain' work, via RWIDC or other delegated working groups, so as to participate in work of the SA Government and develop relationships with key stakeholders (retailers etc.).

Summary

Evidence that a new mind set was being developed by industry was apparent at the Forum. The discussions about information flow and the need to develop holistic programs that keep a firm eye on market requirements, the drivers for change and the consumer was motivated by a desire to escape the increasingly difficult trading conditions that currently plague the Australian wine industry. Furthermore, deliberations about the future of the industry prescribed a need to identify the young leaders that will steer the industry forward.

There was agreement that the wine industry was never short of ideas. Converting ideas into innovation and innovation into wine sales was the challenge. The Riverland was well position to compete on a global stage but more needed to be done to diversify the offering, promote the region and engage the customers. For the RVTG new ground had to be covered. Technical programs had traditionally been based around production expectations and whilst new found efficiencies might ease the pain of oversupply, technical expertise had to support the promotional activities of a region in pursuit of sustainable markets.

5. Budget reconciliation:

The funds granted by GWRDC for this project totalled $5,500 (GST inc).

As outlined below, the funds granted were expended in full during the course of this project.

Budgeted Expenditure

Budget	GWRDC Funds Expended	Local Contribution
Project Brief Development	$ -	$ 1,500 (in kind)
Program	$ 160 -	$ 200
Professional Facilitator	$ 4,000	$
Accommodation	$ 410	$
Room Hire	$ 540	$
Guide Printing	$	$ -
Catering	$ -	$ 2,700
Total	$ 5,000	$ 4,400
Goods & Services Tax	$ 500	$ 440
Total incl. GST	$ 5,500	$ 4,880

APPENDIX 1: RVTG Strategic Planning Forum Program

Riverland Viticulture Technical Group (RVTG)

Strategic Management Planning Forum

Riverland Wine Industry Development Council Inc.

Wednesday 30 and Thursday 31 July 2008
Renmark Country Club

DAY 1 – July 30

		Topics	Presenters and guest speakers
9.00	Welcome and Introduction		TBA
9.15	RVTG	Who are we? Why do we exist? What are our goals? Who do we represent? Who are our stakeholders and what do they expect? What's our mission? Are we more than just an advisory board? What are our capabilities? Where and when are we best able to help our stakeholders?	Andrew Weeks, Cameron Hills and Tim Smythe
10.30	Morning Tea		
10.45	Key Industry and Regional Issues: Group Discussions	Climate Change Market Orientation Improvements to Management Succession and Education	Team Leaders: Ashley Ratcliff Andrew Weeks Elise Heyes Sheridan Alm & Steve Kirby
12.45	Lunch		
14.00	Key Industry and Regional Issues: reporting back	Climate Change Market Orientation Improvements to Management Succession and Education	Team Leaders plus Georges Baume
15.30	Afternoon Tea		
15.45	RVTG	What can we do about these issues: wishes versus realities?	Georges Baume, Cameron Hills and Tim Smythe
17.00	Close Day 1		

Riverland Viticulture Technical Group (RVTG)

Strategic Management Planning Forum

Riverland Wine Industry Development Council Inc.

DAY 2 – July 31

		Topics	Presenters and guest speakers
9.30	Review of Day 1	Emerging themes	Georges Baume
10.00	RVTG	Working towards a new paradigm (replacing the priority matrix as the working document) Setting objectives What is the capacity and capability of the region to deliver against set objectives?	Andrew Weeks, Cameron Hills and Tim Smythe
10.30	Morning Tea		
10.45	Key Industry and Regional Issues: building the plan	Building an action plan with both direct individual and organisational input	Team leaders as appropriate
12.45	Lunch		
14.00	Key Industry and Regional Issues: consolidating actions	Allocating responsibilities, accountability, resources and time line for selected projects	Georges Baume, and team leaders
15.00	RVTG	Do we have the right mix of membership and executives?	Andrew Weeks
15.30	Afternoon Tea		
15.45	Industry and regional framework	Can our blueprint be a model for other Australian regions? Follow-up actions.	Cameron Hills, Tim Smythe and Georges Baume
17.00	Close Day 2		


Riverland
Wine Industry
Development
Council Inc.
DAY 1
Discussion Groups
Briefs

Climate Change Discussion Group

Riverland Wine Industry Development Council Inc.

TEAM LEADER: Ashley Ratcliff

According to the recently published Berry Bros and Rudd "A glimpse into the world of wine in 2058", Australia will become too hot and arid to support large areas of vineyards and it will become a niche wine player in the global market. Will climate change be this dramatic to our industry? If so will the intensifying of the harsh surroundings and extreme environmental conditions already associated with the Riverland spell the end for grape growers in a hotter and drier landscape?

While the international media plans the downfall of the Riverland wine industry at the hands of climate change, a focused approached is required to utilise and develop existing and future technologies to allow adaptation for climate change and to remain a strong presence in the global wine market.

The focus of the 'Climate Change' session of the Riverland Viticulture Technical Group's strategic planning forum will be to identify how wineries, researchers, growers, government and industry can safeguard themselves from the implications of climate change. Participants in this forum should consider strategies that could be implemented to manage climate change. These strategies may include:

- Improving the water use efficiencies of vineyards.
- Planting drought/heat tolerant grape varieties or rootstocks.
- Changing the mechanics of a vineyard to better to adapt to extreme heat.
- Applying additives to vineyards to lessen the impact of climate change.
- Altering the styles of wine.
- Genetically modified grapes.

Market Orientation Discussion Group

Riverland Wine Industry Development Council Inc.

TEAM LEADER: Andrew Weeks

Much of the fruit from the Riverland has in recent times successfully supplied the "popular premium" quality level. Since the release of "The Marketing Decade" through to the current policy pursued under "Directions to 2025", the industry is aiming at improving the return on Australian wine sold overseas.

The release of the Australian wine industry's "Directions to 2025"document, divided product types into four segments, these being:

Brand Champions	Wines that appeal to a broad range of markets through a strong premium brand message about product and country
Generation Next	Wines that appeal through innovation and marketing and appeal through social occasion and/or peer group affinity, rather than wine attribute.
Regional Heroes	"Wines from somewhere rather than anywhere" – wines that foster a clear connection between region and wine style
Landmark Australia	High-profile wines built on inherent quality and world-class reputation

The "Market Orientation" section of the strategic planning workshop will explore possible strategies to aid an understanding of how Riverland fruit and wine can meet future marketing demands. The session will address questions such as the following:

- Are we currently meeting market needs?
- Where does wine grape production in the Riverland fit in relation to the segments above?
- Are there reliable and timely market signals to growers and producers to enable production of fruit and wine suitable for the purpose?
- Do growers receive adequate information regarding fruit and fitness for purpose?
- What improvements can be made?

Improvements to Management Discussion Group

Riverland Wine Industry Development Council Inc.

TEAM LEADER: Elise Heyes

Science has delivered a great deal to the Riverland wine industry. Practices such as mechanical harvesting and pruning, combined with advances in irrigation have lead to dramatic improvements in production efficiency. The success of these innovations in association with strong market signals lead to an Australian wine boom – the rest of the world took notice!

Today the Australian wine industry is very different and wine grape producers are faced with a new paradigm. Our production far exceeds domestic consumption and we are now heavily exposed to the global market. Increased market pressure is placing significant strain on the viability of viticultural enterprises and the communities they support. The 'clean and green' image of Australian viticulture is being challenged by social movements that require environmental accounting to be exhibited right the way through the supply chain. The agriculture economy across the world is changing with events such as the energy crisis and food shortages placing increasing pressure and competition on resources.

To date, the main driver for vineyard success in the Riverland region has been from an economic sense. However, the challenge now for grape growers in the Riverland is not only to maintain vineyard profitability but to also become more efficient and effective in managing the resources that are available. This will encompass the implementation of practices that are aligned with ecologically sustainable development principles demanded by global customers.

The mounting pressure of a very competitive global environment brings with it a challenge for innovation. Science has delivered results in the past and is suggesting that many opportunities still exist. With this in mind, science must rise to meet the expectation of industry and deliver outcomes that can easily be transferred to on-ground management practice, bringing with it the reward of improved efficiency and viability.

The rationale for the Riverland Viticulture Technical Group Strategic Planning Forum is to:

- Identify what research has been undertaken.
  - Are the outcomes relevant in a practical sense for Riverland viticulture and/ or can they be incorporated.
  - Are these practices effective and efficient? Will they also be profitable and sustainable?
  - Establish best management practices (BMP) for Riverland viticulture.
- How can this information be disseminated to our stakeholders?
  - What forms of communication do we currently use? Are they effective? What methods will best deliver this information?
- How can this research be implemented in a practical sense?
  - Are all growers capable of achieving and implementing BMP?
  - Should we set benchmarks for the region?
- How do we review practices to ensure they are aligned with customer and management expectations?
  - Will this improve our competitive edge?

Succession and Education Discussion Group

Riverland Wine Industry Development Council Inc.

TEAM LEADERS: Sheridan Alm and Stephen Kirby

'The future of our industry is in the hands of tomorrows growers'. Of no lesser importance than Climate, Improvements to Management and Market Orientation in the Riverland wine industry is the issue of Succession and Education. The facts are somewhat alarming, 99.6% of farms in Australia are family owned and less than one third of these will survive the transition to the next generation. The Riverland wine industry is not immune to these statistics with the average grower age estimated at over 55 years of age. The RWIDC conducted a grower survey in 2005 which indicated that over 50% had no succession plan in place for their vineyard business.

The issue of succession is present along the entire length of the value chain and is not assigned to family business or winegrape growers alone. Winemakers face similar problems in sustaining the organisations that produce and market wine. The wine industry produces a wide range of products which are differentiated by region, price point and brand within a highly competitive market. To do so requires a great diversity in skills and knowledge and as a result the 'people in the business' are possibly the industry's most important asset.

The "Succession and Education" session of the Riverland Viticultural Technical Group's strategic planning forum aims to seek direction from industry stakeholders to create a strategy to effectively address these issues going forward and identify responsibilities. The prosperity of the Riverland wine industry will reside in the investment we make in the leaders of tomorrow; increasing their confidence and capacity to participate in industry debate and improving the growth and development of their businesses is of utmost importance. The directions taken may include;

- Succession Planning assistance including entry and exit strategies
- Education at secondary to tertiary level including recognition for prior learning and on-farm training
- Attraction and retention of young professionals in the industry including R&D
- Retaining next generation of growers in the industry through business and strategic planning training
- Financial Incentives to study and/or invest in viticulture (low interest loans)

Appendix 2: Acknowledgments

The RVTG gratefully acknowledges the professional and financial support of GWRDC both in preparing for and the running of the 'Strategic Management Forum'.

Thanks must also go to those who attended the Forum and gave of their time to contribute to a planning session that will mould the future of the Riverland wine industry.

Climate Group
Peter Hayman (SARDI)
Nick Bakkum (Angove's – RVTG)
Warwick Billings (Angove's)
Peter Burne (CCW – RVTG)
Kim Chalmers (Chalmers Nurseries)
Peter Clingeleffer (CSIRO – RVTG obs)
David Nitschke (Riverland Vine Improvement Committee)
Ashley Ratcliff (Yalumba – RVTG)
Scott Wall (Australian Vintage – RVTG)

Improvements to Management Group
Glen Arnold (RWIDC/RWGA)
Catherine Cox (PGIBSA)
Jan Dearden (Orlando Wines - RVTG)
Elise Heyes (Constellation Wines)
Mark Krstic (GWRDC)
Peter Magarey (SARDI – RVTG)
Mike McCarthy (SARDI - RVTG)
Shane Phillips (Tandou - RVTG)
Robert Strachan (Yalumba)

Market Orientation Group
Chris Byrne (RWGA – RVTG)
Chris Grigoriou (RWIDC/Salena Estate Wines)
Cameron Hills (RWIDC)
Paul Kassebaum (RWIDC/Constellation)
Terry Lee (GWRDC)
Garry Manhire (Orlando Wines – RVTG)
Eric Semmler (919 Wines)
Stephen Strachan (WFA)
Andrew Weeks (Jubilee Park Vineyards – RVTG)

Sucession and Education
Sheridan Alm (Yatco Horticulture – RVTG)
John Angove (RWIDC/Angove's)
Peter Arnold (Fosters Group - RVTG)
Ashley Chabrel (Chabrel Vineyards)
John Harvey (GWRDC)
Sam Johnson (Rabobank)
Stephen Kirby (Constellation Wines – RVTG)
Philippa Patterson (ASVO)
Steve Winnall (Constellation Wines – RVTG)
David Zadow (JF Zadow and Sone Vineyards)