

THE GOVERNMENT OF NEW SOUTH WALES

**REVIEW OF PROPOSED POWERS AND
FUNCTIONS OF THE
WINE GRAPES MARKETING BOARD**

FINAL REPORT

OCTOBER 2001

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EXECUTIVE SUMMARY

1. Introduction

1. The Wine Grapes Marketing Board for the City of Griffith and the Shires of Leeton, Carrathool and Murrumbidgee (WGMB or 'the Board') is a statutory authority constituted under the *Marketing of Primary Products Act 1983* (the MPP Act). There are over 500 independent wine grape growers within this area which, together with winery-owned vineyards, produce in excess of 150,000 tonnes of wine grapes annually.
2. The Board presently undertakes or funds various service activities through a compulsory levy on wine grape growers, and has traditionally carried out representative activities on behalf of Riverina wine grape growers, including maintaining membership of numerous State and national industry bodies.
3. A review of the Wine Grapes Marketing Board in accordance with the principles of the National Competition Policy was conducted in 1996. This 'first-round' review led to a NSW Government decision to extend, with certain constraints, the Board's vesting power to 31 July 2000.
4. With the Board's vesting power on the verge of lapsing, on 20 March 2000 the Board submitted a detailed proposal to the NSW Government in relation to its powers and functions after July 2000. Assessment of whether the powers and activities contained in the Board's proposal would create a net public benefit and achieve the desired objectives in a manner which least restricts competition, was the subject of this review (the Terms of Reference are at Appendix A).

2. Proposed Powers and Functions of the Board

5. Despite the substantial reduction in the Board's powers that occurred with the lapsing of vesting after 31 July 2000, the Board has retained the power to:
 - direct payment and set the terms and conditions of payment;
 - promote and encourage the use, sale or consumption of wine grapes;
 - carry out research and development into producing, marketing and using wine grapes; and
 - publish reports, information and advice concerning the producing, marketing or use of wine grapes.
6. The Board proposed that it retain its present functions, including industry representation, and be granted the following new or enhanced powers:
 - terms of payment enforcement, including a move towards greater enforcement powers, including the right to litigate on grower's behalf, charge commercial interest on outstanding payments, disqualify wineries from accepting more fruit while still owing on previous supplies, petition for the winding-up of companies

- and bankruptcy of individuals, and force wineries to display their prices prior to and during harvest; and
 - statutory annual production of indicative prices.
7. The Review Group considered the 1996 Review finding that the Board's information collection and dissemination and research, development and extension activities were in the public interest. It concurred with this finding early on in its deliberations and elected not to consider the issues further in the 2001 Review.

3. Objectives of the Proposed Legislation

8. A requirement of the Competition Principles Agreement is that the objectives of any anti-competitive legislation be clearly defined.
9. The MPP Act gives marketing boards vesting and price setting powers intended to provide primary producers with 'countervailing power' against the purchasers of their product. The Act also enables such boards to impose compulsory levies on growers to fund administration and industry service functions.
10. In considering the objectives, and benefits and costs of the legislation establishing the Board, the Review Group divided its analysis on the basis of the Board's countervailing market powers and its industry service functions.

Countervailing power

11. The majority of the 1996 Review Group concluded that continuation of the Board's countervailing powers (vesting and price setting) could not be justified. However, the eventual decision by the NSW Government reflected a compromise involving a transitional period, during which a constrained form of vesting and an associated price setting power would operate. The Board also retained its power to direct and set terms and conditions of payment for wine grapes.
12. This transitional period terminated on 31 July 2000 and the Board has not proposed that its vesting and price setting powers be extended. The Board is, however, concerned that some measures remain in place to ameliorate the so-called 'weak seller' position of wine grape growers, and has consequentially sought the continuation of its statutory power to establish and enforce terms and conditions of payment.
13. The need for countervailing power was a common theme in the submissions received by the Review Group. Some submitters cited the relative market power of the small number of winemakers in the MIA and the possibility of collusion between them. Similarly, numerous wine grape growers asserted that collective representation was necessary to counter the market power of winemakers, often comparing the Board's protection to that which a trade union provides for wage earners.
14. A related issue is that of anonymity. Many submitters expressed concern that any attempt on their part to address abuse of market power through the *Trade Practices Act 1974 (Cth)* would leave them vulnerable to retaliation by winemakers in following

vintages.

15. The Review Group agreed that, both theoretically and in practice, Riverina wine grape growers have less market power than the buyers of their produce. The Review Group further agreed that the unique combination of many small-scale growers and the dominance of a few local wineries could result in the failure of generic trade practices legislation to protect growers from unconscionable conduct.
16. The Review Group concluded that the reform process launched in 1997 should continue, but because the development of private marketing arrangements by MIA wine grape growers remains at a formative stage, it would be appropriate to provide a further adjustment period during which the Board would have only the minimum countervailing power necessary to discourage market power abuse by winemakers. It was concluded that an appropriate continuing objective of the legislation would be to provide some level of countervailing power to wine grape growers in order to facilitate the further development of private marketing arrangements.

Industry service functions

17. Many submitters expressed broad support for the Board's other major role, the provision of industry services, particularly industry promotion, research and development, and information collection and dissemination. Few submitters, however, were explicit in their reasons for this support.
18. The 'under-investment' form of market failure is often cited as the major reason why some services must be supplied on a regional or industry-wide basis. Under-investment occurs if a person is unable to capture sufficient benefits to make an investment personally worthwhile. Instances of under-investment might include research, where the individual cannot establish property rights to the benefits, and pest control, where the benefits generated may be eroded by the activity (or inactivity) of others. Industry-wide initiatives, funded through a compulsory levy, may therefore reduce the under-investment problem, leading to a more efficient level of investment and giving rise to public benefits in the form of increased economic efficiency and growth.
19. The 1996 Review found that the Board's information collection and dissemination, and research, development and extension industry service functions could be justified on under-investment grounds. The second-round Review Group therefore concentrated on the other industry service functions for which the Board sought approval in 2000, namely, indicative prices, regional promotion and industry representation. The appropriateness of imposing a compulsory levy to fund these activities was also examined.

4. Restrictions on Competition

20. The Review Group was required to identify the nature and extent of any restrictions on competition arising from the proposed powers and functions of the Board, and to assess whether any such restrictions generate net public benefits in a manner which least restricts competition.

21. The Board's proposal is to set the parameters of grower and winemaker behaviour in a number of ways, particularly by:
- requiring standardised payment procedures across industry participants;
 - standardising the way in which winemaker and grower price expectations are developed; and
 - making it mandatory for growers to invest in certain industry services through a compulsory charge.
22. With respect to the last point, two general issues were considered. First, whether the funding of industry service functions by a compulsory levy would result in a form of cross-subsidisation between industry participants, where growers who would normally make their own service arrangements are effectively forced to subsidise those who would not. Second, as National Competition Policy is concerned with the overall benefit to Australia rather than to a particular state or region, statutory arrangements that benefit one region at the expense of another should be avoided.

Terms and conditions of payment

23. The Board considered the introduction of statutory powers to establish and enforce terms and conditions of payment to wine grape growers to be the most crucial area of its submission. Terms and conditions of payment and the preservation of grower anonymity in any dispute were also the dominant issues raised in the submissions to the Review Group. The Review Group therefore considered the extent of payment default by wineries in the Riverina and whether this constitutes an 'abuse' of market power.
24. Many growers submitted that wineries would not make payments on time unless there was the threat of the Board taking action. Some included personal accounts of dealings with late-paying wineries. Reference was commonly made to adverse flow-on effects for local business and employment arising from the removal of the Board's statutory payment powers. Some submitters also expressed concern over the possibility of wineries accepting fruit when they are technically insolvent.
25. It was apparent to the Review Group that there was general support amongst both growers and winemakers for the continuation of Board powers to set terms and conditions of payment for wine grapes other than those sold under contracts entered into prior to harvest or that extended beyond one vintage.
26. The Review Group acknowledged that statutory terms and conditions of payment are a restriction on competition, but decided that they should be viewed in light of both grower and winemaker support for statutory terms and conditions of payment applying to spot sales, the existing rights of individual growers to pursue late payments, and the freedom of dissenting wineries to source grapes from elsewhere. Winemaker support for this approach was a key factor in the Review Group reaching this conclusion.
27. Given the evidence of net public benefits arising from a default set of statutory terms and conditions of payment, the Review Group made the following recommendations:

28. *Recommendation 1: It is recommended that the Board retain the power, after consultation with the Riverina Winemakers Association, to set and enforce terms and conditions of payment for wine grapes, including a default interest rate applying to late payments (see, however, Recommendation 3). Any default interest rate to be applied to late payments shall be no more than one percentage point above the overdraft default rate charged by a specified bank trading in Griffith and agreed upon by the Association and the Board. The default interest rate shall be applied only to that part of the payment that is in default.*
29. *Recommendation 2: It is recommended that the Board be allowed to disseminate to growers information and advice in relation to wineries that have defaulted on payments for wine grapes (acknowledging, however, that the Board would not be protected in the event of an injurious falsehood claim).*
30. *Recommendation 3: It is recommended that wine grapes which are the subject of written sale contracts that deal specifically with the both the price to be paid (including provisions relating to bonus and quality incentives) and the terms and conditions of payment, be exempt from the Board's statutory terms and conditions of payment (see Recommendation 1). Sale contracts that cover one vintage only and that are not signed until after 15 January will only be exempt from the Board's statutory terms and conditions of payment at the discretion of the Board.*
31. The Review Group also felt that positive action could and should be taken to encourage the use of supply contracts between MIA wine grape growers and winemakers.
32. *Recommendation 4: It is recommended that the Board, in consultation with winemakers, have the functions of:*
- *developing a voluntary Code of Conduct for contract negotiations between wine grape growers and winemakers;*
 - *developing voluntary draft contract provisions relating to price and terms and conditions of payment for wine grapes; and*
 - *promoting the establishment of private contractual arrangements between wine grape growers and winemakers.*

Indicative prices and display of prices at the weighbridge

33. In its submission to the NSW Government the Board proposed that the annual production of indicator prices for the various wine grape varieties and grades be formally made a function of the Board. The proposal incorporated a six-stage information collection and negotiation process leading to the publication of indicator prices.
34. The Board's statutory pricing powers were a major issue among submitters, with more than half of all submissions specifically addressing the issue. Many growers felt that published indicator prices were the minimum protection necessary to prevent exploitation of growers by wineries, as well as to allow accurate budgeting and investment planning. Other submitters claimed that the experiment with indicator

pricing during vintage 2000 was evidence of the need for a return to minimum pricing.

35. The related Board proposal of forcing winemakers to display their prices throughout harvest was based on the presumption that growers are at an information disadvantage because price boards are not displayed. Many growers expressed concern that they were not informed of the price to be paid for grapes until well after delivery.
36. The Review Group regarded the feasibility of arbitrage between the various wine grape growing regions of south-east Australia to be an important factor when considering the Board's future pricing powers. While it is possible to transport fresh MIA grapes to other wine making regions, the transit times involved may necessitate chemical treatment of the load to prevent oxidation and discolouration. Long distance transportation of grapes also requires a high degree of coordination between grower and winemaker, so that the grapes arrive at a suitable temperature and are crushed immediately. The Review Group found that the small scale of many MIA vineyards is not conducive to developing inter-region supply arrangements with winemakers, and it appears the scope for significant arbitrage is limited in the short term.
37. With respect to price competition between wineries, the Review Group regarded the lack of price display by wineries to be an impediment to growers selling non-contracted fruit 'shopping around' for the best price before delivering their grapes to a winery. The Review Group considered that the consequent lack of price competition in the market may lead to inefficient resource allocation decisions.
38. With respect to the market failure arguments presented in favour of indicative prices, the Review Group agreed that the production of indicator prices, in concert with the display of prices at the weighbridge, would help to address any information imbalance, where growers are less well informed of market conditions than winemakers at the time of harvest and sale. Accordingly, the Review Group recommended:
39. ***Recommendation 5: It is recommended that the Board have the power to produce and publish indicator prices as an approved industry service function, and to have the right to consult winemakers, where the latter's involvement is voluntary.***
40. ***Recommendation 6: It is recommended that:***
 - *each winery accepting non-contract deliveries of wine grapes be required to furnish, on request, growers or the Board with a dated price schedule that outlines their minimum price offered for each variety being accepted as well as any discounts relating to baume, MOG and any other variable that is objectively measured at the weighbridge;*
 - *wineries must give at least 24 hours notice of a change to their minimum price schedule; and*
 - *delivery dockets are to state the variety, baume, clean weight, MOG and any other objectively measured characteristics of the load used to adjust the minimum price.*

Industry representation

41. The Review Group determined that a distinction needs to be drawn between industry representation activity in support of the Board's approved functions and 'broader' industry representation activities, such as that which is associated with membership of industry associations. It was recognised in this regard that industry representation activity in support of approved functions is an inherent aspect of performing those functions, whereas membership of an association may involve the Board supporting (through its membership fees) functions and activities which fall outside of those approved by the NSW Government.
42. Numerous submissions received by the Review Group expressed support for the representative functions of the Board, including its membership of other industry bodies. A small number of submissions were received in relation to the Board performing its approved functions by proxy through contributing to activities conducted by other bodies. The Review Group was also aware that State and Commonwealth Governments have in the past encouraged peak industry bodies to become involved with certain industry organisations and that these governments often use these organisations to communicate their own policy decisions or extension messages to wine grape growers.
43. The use of compulsory charges to fund industry representation functions is a restriction on competition because it forces growers to pay for and be affiliated with the representations made by a particular organisation, which may or may not adequately reflect a particular grower's views. A closely related issue is that statutory authorities may only expend funds on their approved functions and it is therefore inappropriate for them to make payments for undefined purposes (such as membership subscriptions).
44. It is acknowledged that industry bodies, such as local and national grower associations, may be in a position to provide market information and other approved services to statutory authorities on a purchaser-provider basis. In these circumstances, payment of a fee-for-service would be justified.
45. ***Recommendation 7: It is recommended that the Board not have a broad industry representation function but, rather, its industry representation activity be constrained to be only in relation to and in support of its approved functions.***

Regional industry promotion

46. Imposing a compulsory charge for regional industry promotion may allow a coordinated, industry-wide, approach to promotion, which expands market opportunities that would not otherwise be realised by individual growers. This is a variation of the under-investment problem. Mandatory contributions are, however, a restriction on competition and may involve costs to growers that they would not have otherwise faced.

47. Another consideration is the *national* rather than state or regional focus of Competition Policy. A particular concern with regionally-focused wine grape industry promotion initiatives is that the benefits they deliver to one industry in a particular region may come at the expense of other industries in the region or the wine grape industry in other regions. Conversely, there may be an argument in favour of regional promotion where under-investment at the national level means that collective promotional action within one region may serve to raise the profile of the entire wine industry and thereby generate spill-over benefits to other regions. The Review Group considered that this latter argument may be more applicable to the promotional functions of the Board, as there appears to be considerable potential for further growth in Australian wine exports.
48. A significant number of submissions to the Review Group cited regional promotion as being an important function of the Board. Most of these comments were based on a perception that the promotion of Riverina wine increased the prices received for wine grapes by local growers and/or the quantity sold. With respect to the issue of national versus regional benefits, some submitters claimed that continuing consumer perception problems regarding Riverina wines make the MIA a special case for intervention, where misconceptions could be overcome through consumer education and regional promotion, which would in turn have spill-over benefits for the wider community.
49. The Review Group accepted that the Board's regional promotion activity is perceived by both wine grape growers and winemakers to be delivering net benefits, and concluded that, in this case, regional industry promotion most likely yields net benefits to the local region. The Review Group was satisfied that, in light of the consistent growth in Australian wine exports, the Board's regional promotion activity would impose negligible, if any, costs on other regions.
50. ***Recommendation 8: It is recommended that regional industry promotion be included as an approved function of the Board, subject to the continuing support of wine grape growers.***

5. The Future Powers and Functions of the Board

The Board's future role: marketing or facilitation

51. A key issue for the Review was whether the Board should continue in its traditional role of acting on behalf of growers in the marketing of their wine grapes, or whether it should now adopt a more facilitatory role to encourage greater use of comprehensive contracts between growers and winemakers.
52. The Review Group was concerned that the existence of the Board has encouraged growers to be dependent on its marketing services to the detriment of contractual marketing arrangements with wineries, although the past behaviour of a minority of wineries has also played a part in this dependence. Consequently, the Review Group decided that the Board should be obliged to foster more efficient grower-winery relationships through:

- developing a Code of Conduct for Contract Negotiations and draft provisions for contracts between wine grape growers and wineries (Recommendation 4); and
 - exempting grapes sold under written contracts which specifically deal with both the price to be paid and the terms and conditions of payment and which extend beyond one vintage (Recommendation 3).
53. It is envisaged that both the Code and the contract provisions would explicitly address the issues of price determination and the terms and conditions of payment. Given that contracted fruit would be exempt from the Board's enforcement powers, this strategy is intended to, over time, guide growers away from 'spot' marketing of wine grapes towards comprehensive contractual arrangements with built-in price, quality and payment provisions. Such arrangements would provide both growers and wineries with enhanced price and supply certainty, while covering the full range of risks faced by growers, such as buyer default.

List of approved functions

54. In light of the evidence presented during this Review, the Review Group believed retention of a statutory authority, with the powers and functions listed in Recommendation 9, to be justified under Competition Policy principles. The Review Group also supported the continuation of compulsory levies to fund these powers and functions in order to avoid under-investment in the provision of certain industry services.
55. ***Recommendation 9: It is recommended that the legislation constituting the Board (or its successor) authorise the compulsory collection of levies from growers, and remittance to the Board by wineries, to fund the following powers and functions:***
- (i) *setting and enforcing terms and conditions of payment for wine grapes not subject to written contracts (see Recommendations 1 and 3);*
 - (ii) *developing, in consultation with winemakers, a Code of Conduct for contract negotiations between wine grape growers and winemakers, and draft contract provisions relating to price and terms and conditions of payment for wine grapes;*
 - (iii) *promoting the establishment of private contractual arrangements between wine grape growers and winemakers;*
 - (iv) *collection and dissemination of market and industry information, including producing and publishing indicator prices for wine grapes grown in the Board's area of operations;*
 - (v) *research, development, plant health and extension, education and training relating to wine grape production and marketing;*
 - (vi) *promoting the quality and consumption of wine grapes grown in the Board's area of operations; and*
 - (vii) *industry representation and as a point of access, but only in relation to and in support of the above powers and functions.*
56. Nevertheless, as these findings in large part depend on current market conditions and the assessed need to provide temporary arrangements to facilitate the transition from

statutory to commercial marketing arrangements, it was considered appropriate that the arrangements sunset in 2007.

- 57. *Recommendation 10: It is recommended that the regulatory intervention in the marketing of wine grapes grown in the MIA proposed by this Review continue until 30 June 2007, with any extension being subject to a further review at that time.***

Legislative arrangements

58. The Review Group gave consideration to which of the existing legislative instruments would be most appropriate for providing the Board with the types of functions recommended in this report. That is, whether the Board should remain a marketing authority under the *Marketing of Primary Products Act 1983* (MPP Act), or be reconstituted either under the *Agricultural Industry Services Act 1998* (AIS Act) as an industry service committee, or under its own Act.
59. Having noted that the AIS Act is a more modern and flexible piece of legislation than the MPP Act, and that its provisions better reflect contemporary government policy relating to the provision of compulsory charge powers to industry groups, it was considered most appropriate for the Board to become an industry services committee. It was not clear to the Review Group, however, that all of the agreed powers and functions of the continuing Board could be accommodated under the AIS Act.
- 60. *Recommendation 11: It is recommended that the Wine Grapes Marketing Board (or its successor) be constituted under the legislative framework that is most appropriate for providing the powers and functions recommended in this Report.***

1. INTRODUCTION

THE MIA WINE GRAPE INDUSTRY AND THE WINE GRAPES MARKETING BOARD

- 1.1 The Wine Grapes Marketing Board for the City of Griffith and the Shires of Leeton, Carrathool and Murrumbidgee (WGMB or 'the Board') is a statutory authority constituted under the *Marketing of Primary Products Act 1983* (the MPP Act). As indicated in its title, the Board's area of jurisdiction consists of the City of Griffith and the Shires of Leeton, Carrathool and Murrumbidgee.
- 1.2 There are over 500 independent wine grape growers within this area which, together with winery-owned vineyards, produce in excess of 150,000 tonnes of wine grapes annually. Detailed information on Australian and MIA wine grape production is provided in Appendix D.
- 1.3 The Board presently undertakes or funds the following activities through a compulsory levy on wine grape growers:
- setting the terms and conditions of payment for winegrapes;
 - collection and dissemination of industry information;
 - promotion of the use, consumption or sale of Riverina wine grapes; and
 - research, development and extension relating to producing, marketing and using wine grapes.
- 1.4 The Board has also traditionally carried out representative activities on behalf of Riverina wine grape growers, including maintaining membership of numerous State and national industry bodies.

THE COMPETITION PRINCIPLES AGREEMENT

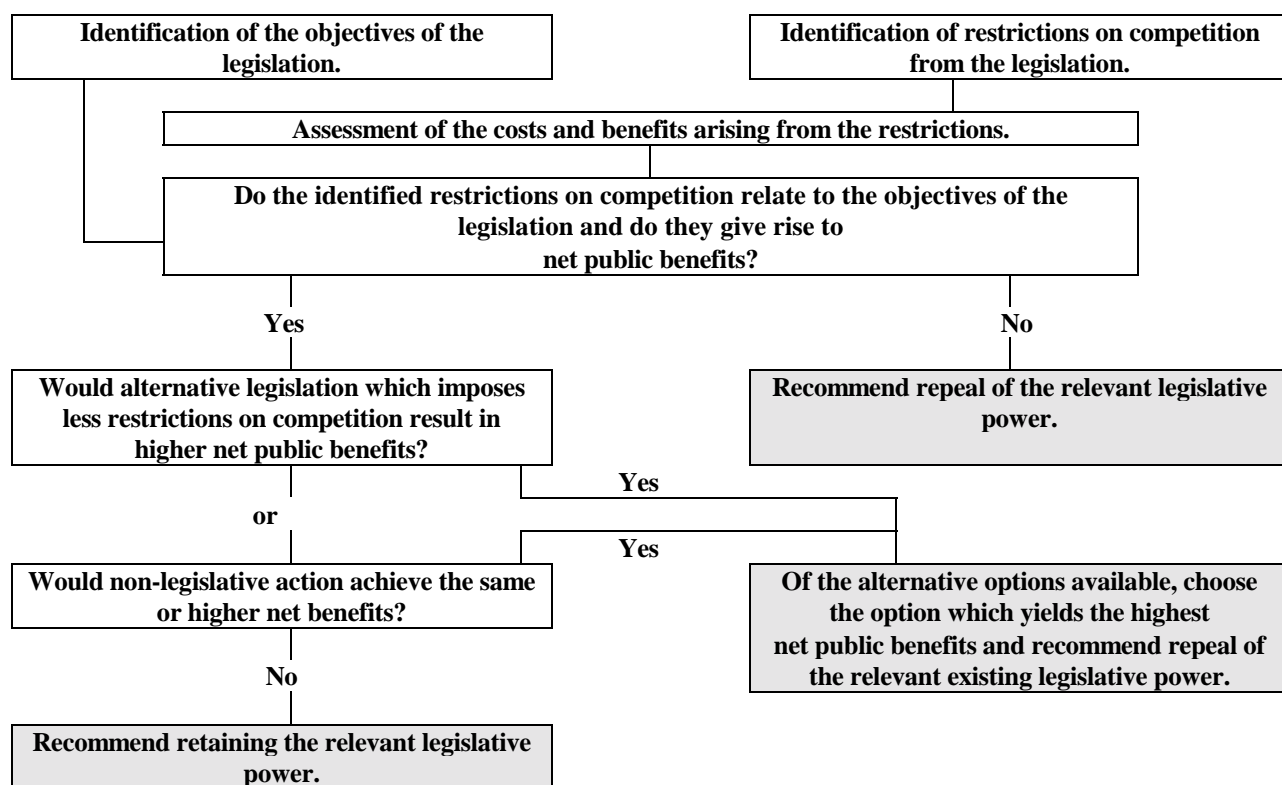
- 1.5 The Competition Principles Agreement, endorsed by all members of the Council of Australian Governments (COAG) in April 1995, commits the NSW Government to undertake a review of, and where appropriate reform, all State legislation which restricts competition by the year 2000. This deadline has recently been extended to 30 June 2002.
- 1.6 The Agreement requires that legislation should not restrict competition unless it can be demonstrated that the benefits to the community as a whole outweigh the costs, and that the objectives of the legislation require that competition be restricted.
- 1.7 In endorsing the agreement, governments agreed that:
- the objectives of legislation would be clarified;
 - the nature of the restriction/s would be identified;
 - the likely effects of any restriction on competition and the economy generally would be analysed;

- the costs and benefits of each restriction would be assessed and balanced;
 - alternative means for achieving the same result should be considered;
 - any anti-competitive legislation must conform to the net public benefit principle; and
 - retained anti-competitive legislation must be reviewed at least once every ten years to determine if it is still required.
- 1.8 In assessing the costs and benefits of particular legislation, COAG agreed that the following matters, where relevant, would be taken into account:
- government legislation and policies relating to ecologically sustainable development;
 - social welfare and equity considerations, including community service obligations;
 - government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
 - economic and regional development, including employment and investment growth;
 - the interests of consumers generally; or of a class of consumers;
 - the competitiveness of Australian business; and
 - the efficient allocation of resources.
- 1.9 The review of the existing and proposed powers and functions of the Wine Grapes Marketing Board was undertaken in accordance with these principles. The process that was used for each of the major issues considered by the Review Group in relation to this review is illustrated in Figure 1 overleaf.

THE 'FIRST ROUND' COMPETITION POLICY REVIEW

- 1.10 A review of the Wine Grapes Marketing Board in accordance with the principles of the National Competition Policy was conducted in 1996. This 'first-round' review considered, among other things:
- clarification of the Government's objectives for the Board under the relevant legislation;
 - identification of the nature, costs and benefits of any restriction on competition of the Board's activities, and alternative means for achieving the same result, including non-legislative approaches; and
 - principles for and against empowering any organisation to levy a compulsory charge on producers and the application of such principles to the Board.
- 1.11 The 1996 Review Group, apart from the Board's representative on the Group, found that some of the Board's activities unnecessarily restricted competition, stating in its Final Report:
- "...the Review Group was unable to identify any public benefits from the Board's vesting and price setting powers, and found that these powers ... are likely to have resulted in public costs, albeit unquantifiable".*

Figure 1: Review Decision Framework



1.12 Having examined the principles for and against compulsory producer levies, both generally and how they may apply to the Board, the 1996 Review Group found that:

“...compulsory levies have the potential to correct a market failure whereby certain individuals free-ride on the benefits generated by others, typically those associated with research and development and promotion. The Review Group concluded that these functions undertaken by the Board generate a public benefit by overcoming under-investment in these activities”.

1.13 However, in relation to the Board’s use of its vesting power to compel all payments to be made through the Board, thus simplifying the collection of its levies, the 1996 Review Group made the following assessment:

“...alternative legislative arrangements are available to enable the imposition of a compulsory levy on growers that are less restrictive on competition and therefore avoid the public costs associated with the Board using vesting for this purpose”.

1.14 As a consequence of these findings, the majority 1996 Review Group recommendations were:

Recommendation 1: The NSW Government note the Review Group’s finding that the vesting and price setting powers of the Board create public costs in the form of reduced investment and innovation in the MIA wine industry, which are not exceeded

by the public benefits associated with the Board overcoming under-investment in activities such as research and promotion through the imposition of a compulsory levy.

Recommendation 2: The Board's vesting power not be continued beyond 30 November 1996.

Recommendation 3: That the Board become an industry service organisation, using existing powers under the MPP Act, to fund services to growers such as negotiating indicative prices and terms and conditions of payment, and undertaking research and development and promotion.

1.15 The 1996 Review Final Report was submitted to the Minister for Agriculture in November 1996. The NSW Government subsequently made a decision to extend the Board's vesting power to 31 July 2000, subject to three constraints that the industry proposed in the review process. Broadly, these constraints were that:

- (i) the Board negotiate the sale of the entire crop to third parties and not process the grapes itself or have them processed on its behalf, to ensure the Board set minimum prices which would clear the market;
- (ii) the Board maintain its policy of not equalising grape prices, either across growers or across wineries, to allow growers to retain the benefits of producing and delivering better quality grapes; and
- (iii) the Board allow growers to freely enter into long-term contracts with wineries, to foster longer term planning by wineries and grape growers.

1.16 To effect these changes, the *Marketing of Primary Products Amendment (Wine Grapes Marketing Board) Act 1997* was passed.

1.17 With the Board's vesting power on the verge of lapsing, the Board submitted a detailed proposal to the NSW Government on 20 March 2000 in relation to its powers and functions after July 2000. Assessment of whether the powers and activities contained in the Board's proposal would create a net public benefit and achieve the desired objectives in a manner which least restricts competition, was the subject of this review.

THIS REVIEW

1.18 The 2001 Review Group was chaired by NSW Agriculture (Mr Don Hayman) and comprised one representative nominated by:

- the Wine Grapes Marketing Board (Mr Bruno Brombal);
- the MIA Winemakers' Association (Mr David Hammond);
- The Cabinet Office (Mr David Bernauer/ Ms Shayleen Thompson);
- NSW Treasury (Mr Frank Jordan); and
- NSW Agriculture (Mr Scott Davenport).

- 1.19 As part of the consultation process, the Review Group held meetings with the MIA Winemaker's Association and the Board itself. A public presentation and discussion was also held in Griffith on 17 October 2000, which attracted around 300 people.
- 1.20 The closing date for submissions was 17 November 2000. A total of 300 submissions were received from growers, winemakers, local businesses and professionals.
- 1.21 The Review Group met on four occasions to consider the submissions and discuss its position on the major issues. This Report was finalised by the Review Group in October 2001 for submission to the Minister for Agriculture.

STRUCTURE OF THE REPORT

- 1.22 This Report comprises chapters detailing the Board's residual powers following the removal of vesting, the objectives of the Board's proposal and any legislative provisions required to achieve them, whether such provisions might restrict competition, and a discussion of future legislative options. Where relevant, the major issues considered by the Review Group are identified along with their associated recommendations.
- 1.23 Throughout this Report, the previous Review and Review Group are referred to as the 1996 Review and 1996 Review Group, respectively. The 'second-round' Review Group is referred to as the 2001 Review or simply as the Review Group.

2. PROPOSED POWERS AND FUNCTIONS OF THE BOARD

EXISTING POWERS OF THE WINE GRAPES MARKETING BOARD

- 2.1 With the lapsing of vesting after 31 July 2000, the Wine Grapes Marketing Board's powers were substantially reduced as many provisions of the Marketing of Primary Products Act, as amended, apply only to vested wine grapes¹. Nevertheless, the Board has retained a number of powers and functions, as indicated in the following list:
- (a) the Board may direct payment and set the terms and conditions of payment, including requiring the purchaser to deduct Board charges (Schedule 5 Clause 25). This allows the Board to require payment for wine grapes to be made to itself or a nominee, and in a manner and time period specified by the Board, and to take legal proceedings to recover overdue payments;
 - (b) the Board must pass on to producers payments for wine grapes made to it by purchasers, less Board charges, within a reasonable time after payments for the wine grapes have been received by the Board from purchasers, and without discrimination as to time or manner of payment between producers (Schedule 5 Clause 26);
 - (c) the Board may employ such staff and engage such consultants as it thinks fit (Section 15);
 - (d) the Board may establish grades, classes or descriptions of the commodity (Section 47);
 - (e) the Board may deal in other primary products (Section 49);
 - (f) the Board may appoint any person to be an authorised agent to act as the Board's agent for the purpose of exercising specified functions of the Board (Section 50);
 - (g) the Board may act as agent for any person for the purpose of marketing any wine grapes which that person is entitled to sell, or (with the approval of the Minister) any other primary product which that person is entitled to sell (Section 52);
 - (h) the Board may, with the approval of the Minister, act as agent for any persons for the purpose of purchasing equipment, machinery, seed, fertiliser or any other article or thing for use in the production of wine grapes (Section 53);
 - (i) the Board may promote and encourage the use, sale or consumption of wine grapes or any other product with which the Board is associated (Section 54 (1c));

¹ The Governor retains the power to again declare wine grapes to be vested in the Board under the Act, although present Government policy makes this unlikely.

- (j) the Board may carry out research and development into producing, marketing and using wine grapes (Section 54 (1d, e and f)); and
 - (k) the Board may publish reports, information and advice concerning the producing, marketing or use of wine grapes or any other product with which the Board is associated (Section 54 (1h)).
- 2.2 When considering the above powers and functions, it should be noted that the Board is specifically prohibited from:
- arranging with a producer for the delivery to it of any commodity or other primary product (Schedule 5 Clause 4);
 - processing wine grapes or arranging for the processing of such grapes by any person on its behalf (Schedule 5 Clause 5); and
 - fixing or negotiating a price for the sale of wine grapes (Schedule 5 Clause 6).

THE WINE GRAPES MARKETING BOARD PROPOSAL

2.3 The Wine Grapes Marketing Board's proposal lists the priorities of both growers and the MIA Winemakers Association (MIAWA), and has the support of the MIAWA. The issues in the proposal were identified and prioritised through consultative planning sessions with both winemakers and grower groups.

2.4 Grower priorities include:

- income security;
- standardised fruit quality assessment procedures;
- increased education and training;
- representation of grower interests to government;
- promotion of the Riverina;
- increased research into grape growing in the Riverina; and
- ensuring sufficient investment in winery capacity.

2.5 Winemaker priorities cited include:

- marketing orders to replace the vesting power of the Board;
- price negotiations based on production levels and conditions;
- increased fruit quality;
- better data to assist grower / winemaker planning; and
- marketing and promotion.

2.6 In its proposal, the Board stated that it was mindful of achieving a workable balance between these priorities when it developed its proposal. The Board proposed that it retain the following functions:

- **information collection and dissemination**, including collecting and disseminating to growers production and other wine grape industry statistics, market intelligence, and weather/climate data;

- **research, development and extension**, including: identifying and coordinating research priorities for the MIA wine grape industry; funding, conducting and collaborating on research projects; coordinating and organising extension activities; and providing advice to growers on vineyard management and pest and disease control;
- **industry representation**, including membership or financial support of the Winegrape Growers' Council of Australia and the NSW Wine Industry Association to represent the interests of western Riverina wine grape growers to government and contribute to these organisations' training, research and development, information dissemination, and tourism/regional wine promotion activities; and
- **promotion of the Riverina as a winemaking region**, aimed at increasing the sales of Riverina wine.

2.7 Additionally, the Board proposed that it be granted the following new or enhanced powers:

- **terms of payment enforcement**, including a move from the present ability to negotiate with late-paying winemakers on behalf of growers towards enforcement powers, including the right to litigate on grower's behalf, charge commercial interest on outstanding payments, disqualify wineries from accepting more fruit while still owing on previous supplies, petition for the winding-up of companies and bankruptcy of individuals, and force wineries to display their prices prior to and during harvest; and
- **statutory annual production of indicative prices**, derived in conjunction with the MIAWA through a process of crop surveys, crop forecasting, public consultation and negotiation.

2.8 The 1996 Review found the Board's information collection and dissemination and research, development and extension activities to be in the public interest. Accordingly, the Review Group chose not to revisit those issues in this review, but rather to focus on the following major issues:

- industry representation;
- promotion of the Riverina as a winemaking region;
- terms of payment enforcement; and
- statutory annual production of indicative prices.

2.9 The Board has estimated the cost of its activities for 2000-01, as shown in Table 1. These estimates are based on a forecast tonnage (non-winery fruit) of 137,670 tonnes (obtained from the Riverina Utilisation and Pricing Survey). Forecast total income of \$536,913 is based on a levy of \$3.90 per tonne.

Table 1: Budget Forecast for the Proposed Functions of the Board, 2000-01

INDUSTRY FUNCTIONS	BUDGET
Industry Information Collection, Dissemination and Communication	\$ 99,000
Industry Research and Development	\$ 77,000
Industry Representation	\$ 75,000
Promotion	\$ 90,000
Statutory Requirements	\$ 30,000
Administration	\$ 165,913
TOTAL	\$ 536,913

3. OBJECTIVES OF THE PROPOSED LEGISLATION

- 3.1 A requirement of the Competition Principles Agreement is that the objectives of any anti-competitive legislation be clearly defined. The objectives of the legislation establishing the Wine Grapes Marketing Board were examined by the 1996 Review Group.
- 3.2 The Board is established under the Marketing of Primary Products Act. Under this Act, marketing boards are provided with vesting and price setting powers intended to provide primary producers with 'countervailing power' against the purchasers of their product. The Act also contains provisions that enable compulsory levies to be imposed on growers to fund administration and industry service functions, such as promotion and research.
- 3.3 In considering the objectives, and benefits and costs of the legislation establishing the Board, the 1996 Review Group divided its analysis on the basis of the Board's countervailing market powers and its industry service functions. This approach was also adopted for this Review.

COUNTERVAILING POWER

- 3.4 The market for farm produce, like many markets, is characterised by businesses with varying degrees of market power. The provision of countervailing power to certain market participants who were perceived to be 'weak sellers' was in the past a traditional reaction by governments and industry to these market power differences. A more contemporary view, however, is that it is the possible abuse of market power which needs to be avoided, rather than attempting to equalise market power between market participants.
- 3.5 In considering this issue in relation to the market for wine grapes under the Board's jurisdiction, the majority of the 1996 Review Group concluded that continuation of the Board's countervailing powers (vesting and price setting) could not be justified. It was thought to be more appropriate to address any abuse of market power through the *Trade Practices Act 1974 (Cth)* rather than through the provision of countervailing market power.
- 3.6 It is apparent from the 1996 Review Report, that this was not a universally held view and the eventual decision by the NSW Government reflected a compromise position involving a transitional period, during which a constrained form of vesting and an associated price setting power would operate. As noted in Chapter 2, the Board also retained its power to direct and set terms and conditions of payment for wine grapes.
- 3.7 This transitional period terminated on 31 July 2000 and the Board has not proposed that its vesting and price setting powers be extended. The Board is, however, concerned that some measures remain in place to ameliorate the so-called 'weak seller' position of wine grape growers. As summarised in the previous chapter, the principal countervailing measure sought by the Board in its proposal to the Government is continued statutory power to establish and enforce terms and conditions of payment.

3.8 The Review Group was therefore required to again determine whether the provision of countervailing power to growers via the Board is an appropriate objective of intervention by the NSW Government in the MIA wine grape industry.

3.9 The need for countervailing power was a common theme in the submissions received by the Review Group. Some submitters cited the relative market power of the small number of winemakers in the MIA and the possibility of collusion between them. For instance, the Director of a local business consultancy stated:

“It is essential that growers within the MIA have strong market power. Unlike in other regions, the Riverina has a few very large wineries that are able to exercise considerable market power against usually small producers.”

3.10 Similarly, numerous wine grape growers asserted that collective representation was necessary to counter the market power of winemakers, often comparing the Board’s protection to that which a trade union provides for wage earners. For example, one grower wrote:

“Collectively, we have power - against the abuse of ‘market powers’. This is why we need our WGMB. Individually, we stand alone, vulnerable to forces of ‘big business’ and industry corruption.”

3.11 A related issue is that of anonymity. Many submitters expressed concern that any attempt on their part to address abuse of market power through the *Trade Practices Act 1974 (Cth)* would leave them vulnerable to retaliation by winemakers in following vintages. A member of the Board’s staff wrote:

“I have spoken to growers who have complaints about their wineries but refuse to leave their name in case the winery finds out and won’t take their grapes in the coming vintage. When the winery was informed of the complaint they asked who made the complaint because they might find it difficult to deliver their fruit in the coming vintage. Is it any wonder that growers are afraid to go directly to the winery? The Board is their answer. We go to the winery on behalf of the grower and raise their concerns for them and they can remain anonymous.”

3.12 The Board’s solicitor also wrote:

“In the last two vintages the growers exclusively had the right to take action [on defaulting wineries]. Yet to my knowledge no grower has availed themselves of this right. Growers who were aware of their rights to take direct action would refuse to do so for fear of future vintages being refused. Such fears were not unfounded as individual wineries had indicated privately to growers and to the Board that growers who did so would be looking at having to take their fruit elsewhere regardless of whether they had a long term contract or not. What was of more concern to growers was that even if the winery was forced to honour their contract the fruit would be rejected at the delivery time for capricious reasons which because of the nature of the produce would be difficult to disprove.”

Discussion

- 3.13 The Review Group agreed that, both theoretically and in practice, Riverina wine grape growers have less market power than the buyers of their produce. The Review Group further agreed that the unique combination of many small-scale growers and the dominance of a few local wineries could result in the failure of generic trade practices legislation to protect growers from unconscionable conduct.
- 3.14 For more than 60 years, i.e., since the establishment of the Board in 1933 until the partial deregulation that occurred in 1997, wine grape growers in the MIA had been able to rely on the Board to market their product, to guarantee minimum prices and to seek surety of payment. It is understandable, therefore, that there was minimal development of private marketing arrangements.
- 3.15 The majority view of the 1996 Review Group was that a case could not be made that there was greater incidence of market power abuse by winemakers in the MIA relative to other sectors of the economy and that, therefore, countervailing power should not be provided to wine grape growers. The temporary, constrained vesting arrangements that were introduced in 1997 reflected this conclusion, but also the need for a transitional period to provide growers with some 'breathing space' while they developed independent marketing skills and arrangements. Exempting grapes sold under long-term contracts from the Board's constrained vesting powers, which was meant to encourage increased use of such contracts, was an important element of the 1997 reforms.
- 3.16 There was no evidence presented to the 2001 Review to challenge the findings of the 1996 Review in relation to the need for the countervailing powers of vesting and price setting. It was hence concluded that the reform process launched in 1997 should continue. It was noted, however, that the development of private marketing arrangements by MIA wine grape growers remains at a formative stage. The Review Group considered, therefore, that it would be appropriate to provide a further adjustment period during which the Board would have only the minimum countervailing power necessary to discourage market power abuse by winemakers, but importantly, to provide it in a way that would further encourage a shift to contractual arrangements and encourage positive relationships between growers and winemakers. It was concluded that an appropriate continuing objective of the legislation would be to provide some level of countervailing power to wine grape growers as a measure to facilitate the further development of private marketing arrangements.
- 3.17 This approach is consistent with the public policy objectives underpinning the regulatory changes initiated as a consequence of the 1996 Review.
- 3.18 In this regard, it was acknowledged that the Board has not requested extension of vesting or price setting powers, the major forms of countervailing power it has traditionally had. This is despite the unopposed support expressed for a motion calling for the reinstatement of the Board's former minimum pricing powers without vesting, at a meeting of around 300 growers on 17 October 2000. The Board has, however, requested retention of the remaining countervailing power, that being the right to set terms and conditions of payment for wine grapes. As discussed in Chapter 4, the

Review Group gave detailed consideration to whether or not this would be an appropriate power for the Board to retain.

INDUSTRY SERVICE FUNCTIONS

- 3.19 The other broad role of the Board considered by the Review Group was the delivery of industry service functions.
- 3.20 Many submitters expressed broad support for the Board's traditional industry service functions, particularly industry promotion, research and development, and information collection and dissemination, though few were explicit in providing reasons for such support. A specific reference to the value of information collection and dissemination was, however, given by the Director of a local business consultancy, who wrote:

"It is the aim of governments to encourage efficient water use and grapes are often cited as a suitable high value crop for efficient water use. ... It is ... essential that there is a credible agency responsible for the collection of industry information and dissemination of research information."

Discussion

- 3.21 If a person undertaking an activity is unable to capture sufficient benefits to make the investment personally worthwhile, it is to be expected that they will not invest in the activity even though its provision may benefit the industry as a whole. In these circumstances it could be said that the market 'fails' to deliver a socially optimal level of investment. That is, there is 'under-investment', and the industry and wider community would be better-off if a higher level of investment could be achieved.
- 3.22 For example, individuals may be unable to fully capture benefits from investments because:
- the benefits generated are of a 'public good' nature and the individual cannot establish property rights to them; or
 - the benefits generated are eroded by the activity (or inactivity) of others.
- 3.23 The benefits from research can be an example of a public good, where establishing property rights to the information generated may be difficult and, therefore, in the absence of industry-wide approaches to funding certain research activities, under-investment may occur. Similarly, while pest and disease control may have very large potential benefits, the benefit from individual investment in this activity may be eroded because of the risk of continual reinfestation from neighbouring properties. Industry-wide initiatives, funded through a compulsory levy, may reduce the under-investment problem, leading to a more efficient level of investment and giving rise to public benefits in the form of increased economic efficiency and growth.
- 3.24 The 1996 Review found that the Board's information collection and dissemination, and research, development and extension industry service functions could be justified on under-investment grounds. The second-round Review Group therefore concentrated on the other industry service functions for which the Board sought approval in 2000, namely, indicative prices, regional promotion and industry

representation. The appropriateness of imposing a compulsory levy to fund these activities was also examined.

- 3.25 The Review Group felt it to be appropriate that the merits of industry service functions funded by compulsory levies be assessed on a case-by-case basis. It would then automatically follow that functions approved under NCP principles could justifiably be funded through compulsory levies. These assessments are described in the next chapter.

4. RESTRICTIONS ON COMPETITION

- 4.1 The Review Group was required to identify the nature and extent of any restrictions on competition arising from the proposed powers and functions of the Wine Grapes Marketing Board, and to assess whether any such restrictions generate net public benefits in a manner which least restricts competition.
- 4.2 ‘Restriction on competition’ can mean obvious and major impositions on trade or where the effects of restrictions are more subtle. A simple definition is that a restriction on competition occurs when the behaviour of individuals or firms is changed from that which would occur in the absence of the legislation under consideration.
- 4.3 The guiding principle of the Review was that competition should not be restricted unless it can be demonstrated:
- (a) that the benefits of the restriction to the community as a whole outweigh the costs; and
 - (b) that the objectives of the legislation can only be achieved by restricting competition.
- 4.4 Under Competition Policy principles, where criterion (a) and (b) are met, competition restrictions in legislation may be retained. However, where competition restricting provisions of the Act are identified, and it is determined that either the provisions do not yield a net public benefit or that the same objective could be achieved without restricting (or by a lesser restriction on) competition, then it is necessary to recommend repeal of those provisions.
- 4.5 The Review Group recognised that legislation which restricts competition in a particular market, but which effectively addresses instances of market failure, will result in positive outcomes for the community. Conversely, it is recognised that legislation can generate public costs where it:
- is ineffective or inefficient in addressing market failure problems;
 - duplicates other legislation aimed at addressing the problem; or
 - does not address a market failure at all.
- 4.6 The Board’s proposal is to set the parameters of grower and winemaker behaviour in a number of ways, particularly by:
- requiring standardised payment procedures across industry participants;
 - standardising the way in which winemaker and grower price expectations are developed; and
 - making it mandatory for growers to invest in certain industry services through a compulsory charge.
- 4.7 With respect to the last point, two general issues were considered. First, would the funding of industry service functions by a compulsory levy result in a form of cross-subsidisation between industry participants? For example, large wine grape growers

may undertake their own market research and therefore may not require the same marketing information as small growers. If this was the case, the provision of market intelligence to all industry participants could be likened to a form of cross-subsidisation, where those growers who would have sought their own information in the absence of the levy subsidise those growers who would not. In effect, an area of competitive advantage among industry participants may be lost.

- 4.8 The second issue was the scale on which industry service functions are provided. As National Competition Policy is concerned with the overall benefit to Australia rather than to a particular state or region, statutory arrangements that benefit one region at the expense of another must be avoided. An issue in this regard would be whether regional industry promotion results in an overall increase in the demand for wine grapes, or whether it simply results in the winegrape industry in one region gaining market share at the expense of other industries or regions.
- 4.9 The public benefits and costs associated with specific competition restricting Board functions are considered in the following sections.

TERMS AND CONDITIONS OF PAYMENT

4.10 The Board has requested the introduction of statutory powers to establish and enforce terms and conditions of payment to wine grape growers. The Board's proposal, later clarified by a separate submission to the Review Group, suggested that the Board should have:

- the discretion to enforce, through litigation, terms of payment as if it were the principal creditor;
- the discretion to impose interest charges on late payments at one percentage point higher than the default interest rate charged by trading banks on unsecured overdraft accounts;
- the discretion to refuse the right of a winery to accept fruit unless payment has been made for all fruit supplied during the previous vintage;
- the right, on behalf of growers, to take security in the form of a floating charge over the business assets of the purchaser;
- the right, on behalf of growers, to petition for the winding up or liquidation of a company under the Corporations Law; and
- the right, on behalf of growers, to petition for the bankruptcy of individuals.

4.11 The importance of statutory terms and conditions of payment was highlighted by the Board's submission to the Review Group:

“This area stands as the most crucial of the entire submission. Growers and winemakers share the same concerns – there must be a mechanism that encourages all wineries to pay growers within a prescribed schedule, and ensures that wineries don't enjoy a competitive advantage over others through abusing payment terms.”

4.12 The need for the Board to set terms and conditions of payment and the preservation of grower anonymity in any dispute were the dominant issues raised in the

submissions to the Review Group. Around 90 per cent of all submissions raised concern over the potential loss of statutory Board power over terms and conditions of payment.

- 4.13 The Review Group therefore considered the extent of payment default by wineries in the Riverina and whether this constitutes an ‘abuse’ of market power. The Board’s submission cited numerous recent instances of wineries varying the number of payments (despite the Board’s existing power in this regard), breaching payment terms and making late payments. These recent digressions from the Board’s stipulated terms and conditions of payment involved seven wineries.
- 4.14 Many growers submitted that wineries would not make payments on time unless there was the threat of the Board taking action. Some included personal accounts of dealings with late-paying wineries. For example, a grower wrote:

“We have already seen wineries try to vary the current terms of payment, and without the Board growers would still be waiting for these grape payments. The Board has negotiated with these wineries to ensure that the payments are made when due, not at their discretion, something that an individual grower would have great difficulty doing, especially without running the risk of jeopardising future deliveries. If the Board was not there to act on our behalf who would stop the other wineries following suit when they see others getting away with it?”

- 4.15 Reference was also commonly made to adverse flow-on effects for local business and employment arising from the removal of the Board’s statutory payment powers.
- 4.16 Some submitters also expressed concern over the possibility of wineries accepting fruit when they are technically insolvent. Numerous references were made to the demise of Wilton Estate Wines and the consequent financial problems experienced by the growers who had supplied that winery. These concerns appeared to be at least partially responsible for the Board’s proposal to have power to take security over wineries’ assets on behalf of growers and to disallow wineries in default of payment from accepting more fruit.

Discussion and Recommendations

- 4.17 It was apparent to the Review Group that there was general ‘in principle’ support amongst both growers and winemakers for continuation of the Board’s current powers to set terms and conditions of payment for wine grapes. However, while there was agreement across the industry for ‘default’ terms and conditions of payment, there was also support for growers and winemakers who would prefer a different set of payment terms and conditions to those set by the Board to be free to establish alternative arrangements.
- 4.18 The majority view of the 1996 Review Group, and the findings of a number of other Competition Policy reviews of agricultural legislation in NSW, have been to the effect that statutory terms and conditions of payment are not justified. Such a position has, however, related to the imposition of terms and conditions of payment on all sales, rather than just non-contract sales.

4.19 Despite the prominence given to the issue in the second-round review, few submissions addressed why the Riverina was in need of statutory terms and conditions of payment when other regions appear to prosper without them. Some submissions argued broadly that growers in the Riverina needed countervailing power given the concentration of grape purchasing by just a small number of wineries operating in the region. As discussed in Chapter 3, statutory terms and conditions of payment and associated enforcement powers are countervailing powers.

4.20 Dr Bill Pritchard, in his commissioned appendix to the Board's submission to the Review Group, asserted that the payment arrangements in other regions were not relevant for this review, and added:

“The MIA has a different social history to other wine growing regions. It has developed mechanisms that suit its needs, and to which industry participants feel comfortable. These mechanisms may restrict competition, but net public benefits are generated from doing so. Statutory terms and conditions of payment represent a regionally specific articulation of grower-winery relationships that are distinctive, efficient, and equitable. As discussed earlier, in recent years social scientists from across many disciplines have taken closer notice of the role of social knowledge and regional cohesion as drivers of economic efficiency and development. It would be entirely inappropriate for the Review Team to dismiss the benefits of statutory provisions on terms and conditions of payment in the MIA, on the grounds that a different wine-growing region (with a different history) has a different set of institutional relationships.”

4.21 The Review Group acknowledged that statutory terms and conditions of payment are a restriction on competition, but decided that they should be viewed in light of the following:

- (a) both growers and wineries support the Board's power to set and enforce terms and conditions of payment for the spot wine grape market and, therefore, any efficiency cost from the arrangement are perceived by those affected to be more than offset by benefits;
- (b) the Board's existing and proposed powers to pursue late payments are no greater than those available to individual growers alone, but the Board's greater resources provide additional countervailing power to growers in their relationship with winemakers; and
- (c) the potential efficiency costs are limited because the power of the Board to set payment terms and conditions that are advantageous to a particular section of the industry is constrained because if wineries are not happy with the arrangement, they are free to source grapes from their own vineyards and other regions.

4.22 Given the evidence presented to it, the Review Group found that establishment of a default set of statutory terms and conditions of payment would yield net public benefits. Winemaker support for this approach was a key factor in reaching this conclusion. The Review Group therefore makes the following recommendation:

- 4.23 ***Recommendation 1: It is recommended that the Board retain the power, after consultation with the Riverina Winemakers Association, to set and enforce the terms and conditions of payment for wine grapes, including a default interest rate applying to late payments (see, however, Recommendation 3). Any default interest rate to be applied to late payments shall be no more than one percentage point above the overdraft default rate charged by a specified bank trading in Griffith and agreed upon by the Association and the Board. The default interest rate shall be applied only to that part of the payment that is in default.***
- 4.24 The Review Group was not prepared to recommend that the Board be given the power to disqualify wineries from accepting fruit or the right to take security over the business assets of wineries (as described in paragraph 4.10). However, the Review Group did find that information relating to a winery's reliability of payment would aid growers' supply decisions.
- 4.25 ***Recommendation 2: It is recommended that the Board be allowed to disseminate to growers information and advice in relation to wineries that have defaulted on payments for wine grapes (acknowledging, however, that the Board would not be protected in the event of an injurious falsehood claim).***
- 4.26 With respect to exemptions from the Board's terms and conditions of payment for wine grapes, the Review Group unanimously agreed that wine grapes subject to a written contract that explicitly addresses price and terms and conditions of payment, should be exempt. It was further agreed, however, that to deter the potential for short-term abuse of market power in the use of contracts, sale contracts that cover one vintage only and that are not signed before harvest, will not be exempt, except at the discretion of the Board. The agreed date for signature of contracts was 15 January.
- 4.27 ***Recommendation 3: It is recommended that wine grapes that are the subject of written sale contracts that deal specifically with the both the price to be paid (including provisions relating to bonus and quality incentives) and the terms and conditions of payment, be exempt from the Board's statutory terms and conditions of payment (see Recommendation 1). Sale contracts that cover one vintage only and that are not signed until after 15 January will only be exempt from the Board's statutory terms and conditions of payment at the discretion of the Board.***
- 4.28 The Review Group also felt that positive action could and should be taken to encourage the use of written contracts between MIA wine grape growers and winemakers. It was considered in this regard that appropriate functions of the Board would be to, in consultation with winemakers:
- develop a Code of Conduct for Contract Negotiations;
 - develop draft contract provisions relating to price and terms and conditions of payment; and
 - promote the establishment of private contractual arrangements between wine grape growers and winemakers.
- 4.29 ***Recommendation 4: It is recommended that the Board, in consultation with winemakers, have the functions of:***

- *developing a voluntary Code of Conduct for contract negotiations between wine grape growers and winemakers;*
- *developing voluntary draft contract provisions relating to price and terms and conditions of payment for wine grapes; and*
- *promoting the establishment of private contractual arrangements between wine grape growers and winemakers.*

INDICATIVE PRICES AND DISPLAY OF PRICES AT THE WEIGHBRIDGE

4.30 Prior to the lapsing of vesting in July 2000, the Board moved away from setting minimum prices and introduced a system of indicator prices for vintage 2000. In its submission to the NSW Government the Board proposed that the annual production of indicator prices for the various wine grape varieties and grades be formally made a function of the Board.

4.31 The proposal incorporates a six stage negotiation process leading to the publication of indicator prices as follows:

- collection of the Riverina Winegrape Prices and Utilisation Survey (existing) to determine the quantity and prices paid by wineries within the Board's jurisdiction during the last harvest and elicit winery projections of likely regional supply and demand over the next four years;*
- attendance at the National Winegrape Outlook Conference (existing) to obtain national supply and demand projections, particularly for the Riverina, Riverland (SA) and the Murray Valley (Vic/NSW);*
- forecasting of the coming vintage by an external organisation;*
- public presentation of the information gathered in stages one to three in early January each year by the Board and the MIA Winemakers Association;*
- negotiation between the Board and the MIA Winemakers Association under an independent Chairman to determine indicative prices. An arbitration mechanism could apply in case of dispute; and*
- public presentation of recommended indicative prices by the Board and the MIA Winemakers Association in mid January each year, followed by publication of indicative prices.*

4.32 The Board's statutory pricing powers were a major issue among submitters, with more than half of all submissions specifically addressing the issue. Many growers felt that published indicator prices were the minimum necessary protection required to prevent exploitation of growers by wineries, as well as to allow accurate budgeting and investment planning. For example, three growers wrote:

"[Indicator pricing] is needed as a basis to commence negotiation with the winery. Otherwise they will use their market power to dictate the price I will receive for my grapes. Minimum prices would be good, but I would like the winery to reward me for the effort I put into the growing of my grapes and reward justly for the quality. Why is it that other regions similar to this one are receiving prices higher than us?"

“I believe that the wineries this vintage colluded in their pricing after the Board set indicator prices. We need a minimum price so that I can get a just price for my product.”

“Although indicator pricing provides some protection for farmers, I would like to see the Board given back its powers of setting minimum prices. This is important for farmers as it allows us to budget income levels so that we know how much we can apply to investment, to achieve more efficient practices.”

- 4.33 The price exploitation issue received winemaker support from the Managing Director of a local grower/winemaker, who submitted:

“The bulk market has been corrupted by the undercutting of several of the larger winemakers in this region. This activity erodes the market price paid to growers and creates a problem in the selling of wine into the metropolitan markets. The Board should be able to undertake some price setting activity to prevent the winemakers from pulling down the market which ultimately degrades this region and the value of wine made in this region.”

- 4.34 Other submitters claimed that the experiment with indicator pricing during vintage 2000 was evidence of the need for a return to minimum pricing. For example, a grower Board member, wrote:

“The WGMB's historical role in setting 'market prices' and more recently 'minimum prices' has not been a totally effective tool in addressing market failure in the MIA. The 2000 crop prices however, are a good indication of what happens in this area when minimal influences or constraints are withdrawn. The WGMB's experiment of 'Indicator Prices' for the 2000 crop allowed a few of the larger winemakers to flex their muscle and the smaller leaderless winemakers towed the line with the result that red grape prices were between \$200-\$300 per tonne cheaper in this area than those in the comparable irrigated areas.”

- 4.35 Similarly, another grower wrote:

“I want the Board to retain the ability to fix prices. The wineries have always paid above the price set by the Board and now that the Board changed and went to an indicator price the wineries pulled the prices down too low. The wineries used the baume to change the way prices were set this vintage.”

- 4.36 On the issue of whether the production of indicator prices should be funded through compulsory levies rather than by a voluntary industry association, the Board submitted:

“The only impediment to an industry association being responsible for indicator prices is funding. The whole process involves expenditure of about \$20,000 annually. But provision of the service every year could not be guaranteed under a system of voluntary funding. Not because the service is not wanted, but because in some years (the buoyant years) growers may be apathetic about such issues. If in just one year the system collapsed through

lack of funding, the continuity of data would be broken and recovery of the process difficult to achieve. Besides, as demonstrated at numerous grower and winemaker forums, growers and winemakers want a prices system.”

- 4.37 The related Board proposal of forcing winemakers to display their prices throughout harvest is also based on the presumption that growers will be at an information disadvantage if price boards are not displayed. The Board submitted:

“The Board contends that the public display of prices would enhance competition between winemakers. Growers would have the option of taking their fruit elsewhere if, on arriving at the winery, the displayed price was thought to be unsuitable. The situation as it exists has growers arriving at the winery, not being informed of the price, but delivering their load anyway because going to another winery would be pointless as it, too, would not be disclosing prices. Petrol stations are forced to display prices so that motorists can elect to choose. Why should wineries be any different?

The Review Group may point to contracts as a means of solving the problem. The low rate of contracts in the Riverina has already been canvassed, as has the paucity of price information in the contracts that do exist.”

- 4.38 Many growers also expressed concern that they were not informed of the price to be paid for grapes until well after delivery. The Review Group found that the issue of displaying prices at the weighbridge was often linked in submissions to the issue of indicator prices. For example, when referring to indicator prices, a wine grape grower wrote:

“Where pricing is not set, as seen last year, farmers must supply their fruit to wineries without knowing the value of their produce. This I believe leads to anti-competitive behaviour, as wineries are no longer required to compete with each other by way of prices with farmers, as the farmers fruit is already delivered before prices are set.”

- 4.39 This link was also made by the Chief Executive Officer of Murrumbidgee Irrigation:

“We are aware that there are instances where growers are forced to deliver their produce to wineries with no agreement on price, and no price advertised, at the time of delivery. This appears to be an unreasonable use of market power on the part of any wineries that have this practice.

If indicator prices help in this respect, then unless there is some way the apparently unreasonable practice can be made to stop, the indicator prices or some similar alternative should continue.”

- 4.40 Similarly, a wine grape grower wrote:

“Indicative pricing should be [a] power of the Board as long as wineries are forced to display their prices well in advance of vintage harvest.”

- 4.41 The possibility of the negative implications of such anti-competitive behaviour affecting the wider community and other wine grape growing regions was also raised by another wine grape grower, who wrote that following the Board's decision to move to indicator prices in 2000:

“ ... almost all local winemakers immediately established the indicator prices as the maximum prices, and ... paid local growers up to \$300 per tonne below prices paid for grapes in the Murray region.”

“ The price differences to growers amounted to approximately \$15M being lost to [the] local economy and the obvious flow-on effects throughout the community.

My concern is that already we are hearing how winemakers in the Murray regions are telling growers they cannot pay significantly higher prices for grapes than their competition in the MIA and to expect the coming season's prices to be more in line with the MIA.”

Discussion and Recommendations

- 4.42 The Review Group regarded the feasibility of arbitrage between the various wine grape growing regions of south-east Australia to be an important factor when considering the Board's future pricing powers. It would be expected that, should sufficient arbitrage opportunities exist, inter-regional price differences for a given grape variety and grade would be closely related to the cost of transporting grapes from one region to another. Evidence was received, however, of considerable inter-regional price discrepancies.
- 4.43 While it is possible to transport fresh MIA grapes to other wine making regions, the transit times involved may necessitate chemical treatment of the load to prevent oxidisation and discolouration. Long distance transportation of grapes also requires a high degree of coordination between grower and winemaker, so that the grapes arrive at a suitable temperature and are crushed immediately. The Review Group found that the small scale of many MIA vineyards is not conducive to developing inter-region supply arrangements with winemakers, and it appears the scope for significant arbitrage is limited in the short term.
- 4.44 The Board asserted during the Review that loyalty of growers to specific wineries is the principal reason that large scale arbitrage does not occur. The Board also cited higher negotiation requirements, the risk of growers losing the ability to deliver locally in the future, and the existing contracted supply of must by Riverina wineries to inter-regional wineries, as additional factors limiting arbitrage.
- 4.45 With respect to price competition between wineries, the Review Group regarded the lack of price display by wineries to be an impediment to growers of non-contracted fruit 'shopping around' for the best price before delivering their grapes to a winery. The Review Group considered that the consequent lack of price competition in the market may lead to inefficient resource allocation decisions.

- 4.46 It was concluded, therefore, that the making available of the prices offered by wineries, either in the form of 'price boards' or price sheets available on request, while imposing some costs on wineries, had the potential to substantially improve the functioning of the market. The Review Group noted that the majority of MIA winemakers had indicated their support for this proposal.
- 4.47 The Review Group agreed to recommend the mandatory display of price boards or the supply of price sheets on request by wineries in the MIA, containing information on the prices offered for each variety accepted, along with the corresponding quality grade and 'matter other than grapes' (MOG) discounts. It was thought that the regulations relating to price boards at petrol stations might provide a relevant model for implementing this requirement.
- 4.48 The Board expressed a desire to go further than this but stopped short of putting forward a minority recommendation. The Board's preferred model would require all wineries purchasing non-contracted grapes to display their prices for all varieties sought seven days prior to the commencement of harvest, with failure to comply punishable by fines. The Board felt that such a requirement would open up competition in the wine grape market and enable the Board to produce a comparative analysis of the prices offered by Riverina wineries for use by growers.
- 4.49 The Review Group also gave close consideration to whether the production of indicator prices as proposed by the Board would be in conflict with the *Trade Practices Act 1974*. Consideration of this issue was broken into two parts - the publication of indicative prices and the process by which the indicative prices are generated.
- 4.50 On the matter of publishing and otherwise disseminating indicative prices (or, more generically, market outlook information), it is understood that the Australian Competition and Consumer Commission (ACCC) is generally supportive of such activity. It is clearly an important means of reducing any imbalance in the level of market information held by buyers and sellers and thereby improving competition and the efficiency of markets.
- 4.51 With respect to the market failure arguments presented in favour of indicative prices, the Review Group agreed that the production of indicator prices, in concert with the display of prices at the weighbridge, would help to address any information imbalance, where growers are less well informed of market conditions than winemakers at the time of harvest and sale.
- 4.52 A subsequent question that arises under Competition Policy is whether the production of indicative prices should be funded through a compulsory charge or on a user pays basis. Given the relatively small level of funding required to undertake the activity, and the strong support from growers, the Review Group considered that the production of indicative prices should be an approved function of the Board, funded by a compulsory charge on wine grape growers.
- 4.53 The process proposed by the Board for generating indicative prices through a meeting of representatives of buyers and sellers, raised the question of legality from a trade practices and fair trading perspective. It could not be conclusively determined

whether the proposed process would of itself breach the *Trade Practices Act 1974*. Discussions between NSW Agriculture and the ACCC on this issue indicated, however, that there was a risk that subsequent market behaviour by any combination of growers and/or winemakers might be attributed to a collusive contract, agreement or understanding which developed in the course of the meeting.

- 4.54 Even though the NSW Government might legislate an exemption from the *Trade Practices Act 1974* for the proposed indicative price discovery process, the Commonwealth Government would have the power to override the State's action.
- 4.55 Notwithstanding these comments, the Review Group was of the view that any activity that brings together winemakers and/or growers in significant numbers to consider price-related issues, is a matter on which the Board should obtain its own legal advice.²
- 4.56 With respect to the proposal to require the Board and the MIA Winemakers' Association to hold formal price negotiations prior to harvest, the Review Group found that such a requirement would restrict competition to the extent that both growers and winemakers would be forced to participate in such a process.
- 4.57 ***Recommendation 5: It is recommended that the Board have the power to produce and publish indicator prices as an approved industry service function, and to have the right to consult winemakers, where the latter's involvement is voluntary.***
- 4.58 ***Recommendation 6: It is recommended that:***
- ***each winery accepting non-contract deliveries of wine grapes be required to furnish, on request, growers or the Board with a dated price schedule that outlines their minimum price offered for each variety being accepted as well as any discounts relating to baume, MOG and any other variable that is objectively measured at the weighbridge;***
 - ***wineries must give at least 24 hours notice of a change to their minimum price schedule; and***
 - ***delivery dockets are to state the variety, baume, clean weight, MOG and any other objectively measured characteristics of the load, used to adjust the minimum price.***

INDUSTRY REPRESENTATION

- 4.59 In considering the issue of industry representation, the Review Group determined that a distinction needs to be drawn between industry representation activity in support of the Board's approved functions and 'broader' industry representation activities, such as that which is associated with membership of industry associations. It was recognised in this regard that industry representation activity in support of approved functions is an inherent aspect of performing those functions, whereas

² The Review Group noted that, in the latter part of 2000, the Victorian Government amended its *Agricultural Industry Development Act 1990* by deleting all reference to negotiating committees, of which the former Murray Valley Wine Grape Industry Negotiating Committee had been an example. It is understood that possible breach of the *Trade Practices Act 1974* underpinned this action.

membership of an association may involve the Board supporting (through its membership fees) functions and activities which fall outside of those approved by the NSW Government.

4.60 Numerous submissions received by the Review Group expressed support for the representative functions of the Board, including its membership of other industry bodies. Most of these claimed that the Board was the ‘voice’ of growers in the MIA, but did not explicitly state whether they supported the Board’s membership of other industry bodies as an extension of the Board’s own approved functions or industry representation in some broader sense.

4.61 A small number of submissions were received in relation to the Board performing its approved functions by proxy through contributing to activities conducted by other bodies. A Board staff member wrote:

“I currently am the secretary to the R&D sub-committee of the NSW Wine Industry Association and can see huge benefits that the growers receive from this body. ... If the Board was unable to continue to be a vital part of such committees due to not being able to collect a compulsory levy it would mean the growers in this region would not be represented and possibly risk the chance of not having a voice in such important issues such as phylloxera.”

4.62 The Review Group was also aware that State and Commonwealth Governments have in the past encouraged peak industry bodies to become involved with certain industry organisations, such as Plant Health Australia and the National Vine Health Steering Committee, and that these governments often use these organisations to communicate their own policy decisions or extension messages to wine grape growers.

4.63 A wine grape grower highlighted this fact when he submitted:

“Although in theory it is easy to argue for voluntary levies, in reality governments and wineries need to know that when they are discussing issues concerning the industry, they are receiving true representation. Not a small minority group within the industry.”

4.64 There was also support for broader representation from another grower:

“Having all growers contribute [levies] also gives the Board confidence in representing the views of all growers in many forums, giving growers a strong, united voice when debating many issues of importance to the industry and thus their livelihoods.

It therefore follows that we have no objection to these levies being used by the Board to become members of industry representative organisations like the MIA Council of Horticultural Associations and the Winegrape Growers Council of Australia. Grower’s views and input are always sought and the Board’s representation of MIA growers on these and other organisations, as well as to government, are always accurate and popularly supported by growers. This representative function of the Board on behalf of growers is

much appreciated, as it is important work growers do not have the time (or indeed the skills) to perform themselves to the same standard. Growers are concerned with the successful running of their businesses and rely on the Board to undertake the lobbying work necessary to shape and secure the future of their industry.”

4.65 In its own submission to the Review Group, the Board wrote:

“The Board vehemently rejects any suggestion that it wittingly would become involved in political activity, nor does it believe that organisations to which it provides financial and policy support are linked with any political activity.”

4.66 The Board’s submission contained a list of functions performed by the Winegrape Growers’ Council of Australia and the NSW Wine Industry Association - the two major recipients of financial support from the Board. The list is reproduced below:

- R&D extension;
- Education and training;
- Vine health, vine quality;
- Pest and disease management;
- Data Collection and collation;
- Natural resource management;
- Coordinating industry involvement in statutory bodies; and
- Tourism promotion and development.

4.67 The Board added:

“The Board submits that most, if not all, the activities undertaken by both the WGCA and NSWWIA would be at risk of under-investment if the Board were prevented from diverting a portion of levies income to their operation.”

4.68 The Board completed the section of its submission dealing with industry representation with:

“It is clear that the Review Group cannot take an all-inclusive approach to industry representation and dismiss it as a restriction on competition. There are too many elements and the real issue is: which of those can be included as Board Approved Functions? The Board contends that all qualify, but that activities and guidelines should be defined.”

Discussion and Recommendations

4.69 The use of compulsory charges to fund industry representation functions is a restriction on competition because it forces growers to pay for and be affiliated with the representations made by a particular organisation, which may or may not adequately reflect a particular grower’s views.

4.70 While the 1996 Review did not give specific consideration to the appropriateness of the industry representation activities of the Board, this Review Group was aware that Competition Policy reviews of similar arrangements in other industries since that

time have been consistent in rejecting broad industry representation, as might be done by a grower association, as a function of statutory bodies. The primary issue in this regard is statutory authorities have a clearly defined and limited set of functions, whereas industry associations are not constrained in the activities they may undertake. Thus, for example, an industry body may undertake political activity, whereas most enabling legislation expressly prohibits statutory authorities from doing so.

- 4.71 A closely related issue is that statutory authorities may only expend funds on their approved functions and it is therefore inappropriate for them to make payments for undefined purposes (such as membership subscriptions). It is appreciated, however, that there may be circumstances where payment of a 'token' membership fee (eg., associate membership) would give the authority a voice and an ear at key industry forums and thereby enhance the performance of the authority. In these circumstances, payment of a small amount for membership of an industry body may be justified.
- 4.72 It is also acknowledged that industry bodies, such as local and national grower associations, may be in a position to provide market information and other services to statutory authorities. Where this is the case, it may be entirely appropriate for a statutory authority to purchase these services, i.e., provide funds to the industry body on a fee-for-service basis.
- 4.73 The Review Group was aware that these principles have already been applied by the NSW Government to the MIA Citrus Fruit Promotion Marketing Committee and the Murray Valley (NSW) Wine Grape Industry Development Committee, and are currently being implemented in relation to the Murray Valley Citrus Marketing Board. It was considered therefore that the regulatory underpinning and functions of the Wine Grapes Marketing Board should also be required to reflect these principles and, hence, the recommendations of the Review Group were developed in that context.
- 4.74 ***Recommendation 7: It is recommended that the Board not have a broad industry representation function but, rather, its industry representation activity be constrained to be only in relation to and in support of its approved functions.***
- 4.75 The recommended list of approved functions is provided in Recommendation 9 at paragraph 5.10. Giving such a list statutory status would assist the Board in determining whether potential projects fall within an approved function area and growers in proposing or challenging activities of the Board.

REGIONAL INDUSTRY PROMOTION

- 4.76 Imposing a compulsory charge for regional industry promotion may allow a coordinated, industry-wide, approach to promotion, which expands market opportunities that would not otherwise be realised by individual growers. This is a variation of the under-investment problem.
- 4.77 Mandatory contributions are, however, a restriction on competition and may involve costs to growers that they would not have otherwise faced. For example, a grower

may prefer resources to be devoted to private marketing campaigns, or may feel that they receive little benefit from the Board's regional promotion activity. Moreover, forcing growers to contribute to the Board's industry promotion activities raises the growers' production costs and may therefore limit their capacity to undertake other activities.

- 4.78 Another consideration in relation to regional promotion is the nature of the public interest test for Competition Policy purposes, which has a *national* rather than state or regional focus. A particular concern with regionally-focused wine grape industry promotion initiatives is that the benefits they deliver to one industry in a particular region may come at the expense of other industries in the region or the wine grape industry in other regions.
- 4.79 Conversely, there may be an argument in favour of regional promotion where there is under-investment at the national level. For instance, collective promotional action within one region may serve to raise the profile of the entire wine industry and thereby generate spill-over benefits to other regions. This would be particularly the case in an under-supplied market, where all regions can expand production rather than simply competing for shares of a static or declining national or international market.
- 4.80 The Review group considered that this latter argument may be more applicable to the promotional functions of the Board, as there appears to be considerable potential for further growth in Australian wine exports.
- 4.81 A significant number of submissions to the Review Group cited regional promotion as being an important function of the Board. Most of these comments were based on a perception that the promotion of Riverina wine increased the prices received for wine grapes by local growers and/or the quantity sold. For example, one wine grape grower wrote:

"I want the Board to fund promotion of this region so that we can get more money for our grapes."

- 4.82 In its submission to the Review Group, the Board pointed out that no grower dissatisfaction with its funding of regional promotion has been recorded, despite numerous recent opportunities for growers to do so, and claimed that this implies growers are happy for these activities to continue.
- 4.83 With respect to the issue of national versus regional benefits, some submitters claimed that continuing consumer perception problems with wines originating in the Riverina make a special case for intervention. For instance, a wine grape grower submitted:

"Our wine goes to many other regions to be relabelled; it is because this region is not promoted well enough that our winemakers send the grape away."

- 4.84 The synergy between tourism and consumer perceptions of wine quality was cited by numerous submitters, where wine industries based in high profile regions like the

Hunter Valley also benefit from closer geographic proximity to large cities, and consequently, a stronger tourism sector. It was asserted that consumer misconceptions of MIA wine quality could be overcome through consumer education and regional promotion, which would have spill-over benefits for the wider community. For example, one grower wrote:

“The Riverina is an isolated region from all major capital cities; without a strong promotional drive using compulsory levies, the awareness of this area would be compromised. We need the growing demand of our products for the growth of the area, which in turn provides employment growth and a strong viable winegrowing industry.”

4.85 Similarly, another grower submitted:

“We have had an image problem in the past, but due to a concerted effort by the WGMB, we have promoted ourselves as a genuine wine district. I support this issue strongly and actually urge the effort to be expanded – not reduced. Promotion is the key to success and this in turn will help other industries as well.”

4.86 In supporting its promotion activity, the Board wrote:

“The Board’s main promotions thrust comes from its association with the Winemakers’ of the Riverina Promotions Committee (WRPC). The Board assists with its funding, and provides a delegate to all meetings of the group.

The WRPC hosts visits to the region of wine and food journalists, coordinates a regional presence at Wine Australia (the largest wine exhibition in the Southern Hemisphere), has devised and implemented marketing and promotions strategy for botrytis and Semillon wines, and participates in regional tourism promotions such as Taste of the Riverina.

4.87 In response to the possibility that other industries or regions might suffer as a result of compulsorily funded promotion of the Riverina wine industry, the Board submitted:

“First, the Board cannot perceive there ever being an instance where other industries in the Riverina may be disadvantaged through the Board supporting wine industry promotion. The reverse would be the case. ...

Regarding the winegrape industry in other regions and the impact of the Board contributing to regional promotion: the Riverina region, located seven hours from Sydney and five hours from Melbourne, has to work harder to raise profile. Nor does the Riverina benefit from government-funded tourism promotions, such as those highlighted in Appendix B [print promotions featuring the Canberra and Yarra Valley wine industries run by public tourism agencies].

It could be argued that the Riverina is placed at a competitive disadvantage by such promotions. It is highly unlikely that any government-funded tourism

advertising will feature the Riverina wine industry in the same way as these advertisements, because of the region's remoteness from major population centres.

... The conclusion is that the Riverina has to devote more time, effort and money to promoting its wine industry. Any success it has adds to the popularity of Riverina wine, which results in additional sales and more income for local wineries. They, in turn, have greater capacity to expand and employ more people. The flow-on benefits are obvious, and surely satisfy the Net Public Benefits requirement of National Competition Policy."

Discussion and Recommendations

- 4.88 In light of the evidence, the Review Group accepted that the Board's regional promotion activity is widely supported by wine grape growers, and is thus perceived by them to be delivering net benefits. Given that winemakers also support the Board's continued involvement in these activities, it was concluded that, in this case, regional industry promotion most likely yields net benefits to the local region.
- 4.89 Less clear was whether such promotion yields a net public benefit nationally. Given, however, the consistent growth in Australian wine exports, the Review Group was satisfied that the Board's regional promotion activity would impose negligible, if any, costs on other regions. It follows that, in the view of the Review Group, under current market conditions, regional industry promotion by the Board has the potential to deliver net benefits not only to the local economy, but also nationally.
- 4.90 ***Recommendation 8: It is recommended that regional industry promotion be included as an approved function of the Board, subject to the continuing support of wine grape growers.***

5. THE FUTURE POWERS AND FUNCTIONS OF THE BOARD

THE BOARD'S FUTURE ROLE: MARKETING OR FACILITATION?

- 5.1 A key issue for the Review was whether the Board should continue in its traditional role of acting on behalf of growers in the marketing of their wine grapes, or whether it should now adopt a more facilitatory role to encourage greater use of comprehensive contracts between growers and winemakers.
- 5.2 As noted in Chapter 3, the Review Group was concerned that the existence of the Board has encouraged growers to be dependent on its marketing services and enforcement powers to the detriment of the development of innovative and efficient direct marketing arrangements with wineries. However, the Review Group considered that the past behaviour of a minority of wineries has also played a part in this dependence. Consequently, the Review Group's recommendations relating to the future powers and functions of the Board have been made with a view to enabling the Board to encourage growers to progressively enter into soundly based commercial arrangements with wineries.
- 5.3 This approach is consistent with the thrust of the policy decisions implemented in the *Marketing of Primary Products Amendment (Wine Grapes Marketing Board) Act 1997*.
- 5.4 To this end, the Review Group decided that the Board should be obliged to foster more efficient grower-winery relationships through:
- developing a Code of Conduct for Contract Negotiations and draft provisions for contracts between wine grape growers and wineries (Recommendation 4); and
 - exempting grapes sold under written contracts which extend for more than one vintage specifically deal with both the price to be paid and the terms and conditions of payment (Recommendation 3).
- 5.5 It is envisaged that both the Code and the contract provisions would explicitly address the issues of price determination and the terms and conditions of payment. Given that contracted fruit would be exempt from the Board's enforcement powers, this strategy is intended to, over time, guide growers away from 'spot' marketing of wine grapes towards comprehensive contractual arrangements with built-in price, quality and payment provisions.
- 5.6 The Review Group deemed the Board to have sufficient standing in the community to persuade growers to gradually embrace more efficient marketing arrangements for their produce and thereby reduce growers' reliance on statutory intervention. Such arrangements would provide both growers and wineries with price and supply certainty, while covering the full range of risks faced by growers, such as buyer default.

LIST OF APPROVED FUNCTIONS

5.7 The following functions were deemed to satisfy Competition Policy principles in the 1996 Review of the Board and, therefore, were *a priori* accepted by this Review as functions that should continue to be provided and funded through compulsory grower levies:

- (i) information collection and dissemination; and
- (ii) research, development and extension.

5.8 In light of the evidence presented during this Review, the Review Group believed retention of a statutory authority, with the following powers and functions, would be justified under Competition Policy principles:

Countervailing Powers

- (i) Setting and enforcing terms and conditions of payment for wine grapes not subject to written contracts.

Industry Service Functions

- (ii) Collection and dissemination of market and industry information, including reviewing contemporary contract provisions and the production and publishing of indicator prices for wine grapes grown in the Board's area of operations.
- (iii) Research, development, extension, education and training relating to wine grape production, plant health and marketing.
- (iv) Promoting the quality and consumption of wine grapes grown in the Board's area of operations.
- (v) Developing, in consultation with winemakers, a Code of Conduct for contract negotiations between wine grape growers and winemakers, and draft contract provisions relating to price and terms and conditions of payment for wine grapes.
- (vi) Promoting the establishment of private contractual arrangements between wine grape growers and winemakers.

5.9 It should be noted that the Board's power to collect compulsory levies to fund its approved functions was supported during the 1996 Review. That Review concluded that there was a risk that individuals may be able to "free ride" on the positive spillovers associated with the Board's activities in the absence of a compulsory levy. Accordingly, the present Review Group supports the continuation of compulsory levies to fund the powers and functions listed in Recommendation 9.

5.10 ***Recommendation 9: It is recommended that the legislation constituting the Board (or its successor) authorise the compulsory collection of levies from growers, and remittance to the Board by wineries, to fund the following powers and functions:***

- (i) ***setting and enforcing terms and conditions of payment for wine grapes not subject to written contracts (see Recommendations 1 and 3);***
- (ii) ***developing, in consultation with winemakers, a Code of Conduct for contract negotiations between wine grape growers and winemakers, and***

- draft contract provisions relating to price and terms and conditions of payment for wine grapes;*
- (iii) *promoting the establishment of private contractual arrangements between wine grape growers and winemakers;*
 - (iv) *collection and dissemination of market and industry information, including producing and publishing indicator prices for wine grapes grown in the Board's area of operations;*
 - (v) *research, development, extension, education and training relating to wine grape production, plant health and marketing;*
 - (vi) *promoting the quality and consumption of wine grapes grown in the Board's area of operations; and*
 - (vii) *industry representation and as a point of access, but only in relation to and in support of the above powers and functions.*

5.11 Nevertheless, the findings of the Review Group in large part depended on current market conditions and the assessed need to provide temporary arrangements to facilitate the transition from statutory to commercial marketing arrangements. It was considered appropriate, therefore, that continuation of the recommended regulation for more than six harvests be subject to a further review.

5.12 ***Recommendation 10: It is recommended that the recommended regulatory intervention in the marketing of wine grapes grown in the MIA continue until 30 June 2007, with any extension being subject to a further review at that time.***

LEGISLATIVE ARRANGEMENTS

5.13 The existing legislative instruments in NSW that provide for the types of functions recommended for the Board in this report include the *Marketing of Primary Products Act 1983* (the MPP Act), under which the Board is currently constituted, and the *Agricultural Industry Services Act 1998* (the AIS Act).

5.14 The Review Group therefore gave consideration to whether the Board should remain a marketing authority under the MPP Act, or be reconstituted either under the AIS Act as an industry service committee or under its own Act.

5.15 It was noted, in this regard, that the AIS Act is a much more modern and flexible piece of legislation than the MPP Act and that its provisions better reflect contemporary government policy relating to the provision of compulsory charge powers to industry groups. It was concluded, therefore, that provided the recommended powers and functions of the Board could be provided under the AIS Act, the preferred option would be to constitute under that legislation. The Review Group was not certain, however, that the recommended powers and functions of the Board could be accommodated under the AIS Act.

5.16 ***Recommendation 11: It is recommended that the Wine Grapes Marketing Board (or its successor) be constituted under the legislative framework that is most appropriate for providing the powers and functions recommended in this Report.***

6. LIST OF RECOMMENDATIONS

Recommendation 1: It is recommended that the Board retain the power, after consultation with the Riverina Winemakers Association, to set and enforce terms and conditions of payment for wine grapes, including a default interest rate applying to late payments (see, however, Recommendation 3). Any default interest rate to be applied to late payments shall be no more than one percentage point above the overdraft default rate charged by a specified bank trading in Griffith and agreed upon by the Association and the Board. The default interest rate shall be applied only to that part of the payment that is in default.

Recommendation 2: It is recommended that the Board be allowed to disseminate to growers information and advice in relation to wineries that have defaulted on payments for wine grapes (acknowledging, however, that the Board would not be protected in the event of an injurious falsehood claim).

Recommendation 3: It is recommended that wine grapes which are the subject of written sale contracts that deal specifically with the both the price to be paid (including provisions relating to bonus and quality incentives) and the terms and conditions of payment (see Recommendation 1), be exempt from the Board's statutory terms and conditions of payment. Sale contracts that cover one vintage only and that are not signed until after 15 January will only be exempt from the Board's statutory terms and conditions of payment at the discretion of the Board.

Recommendation 4: It is recommended that the Board, in consultation with winemakers, have the functions of:

- *developing a voluntary Code of Conduct for contract negotiations between wine grape growers and winemakers;*
- *developing voluntary draft contract provisions relating to price and terms and conditions of payment for wine grapes; and*
- *promoting the establishment of private contractual arrangements between wine grape growers and winemakers.*

Recommendation 5: It is recommended that the Board have the power to produce and publish indicator prices as an approved industry service function, and to have the right to consult winemakers, where the latter's involvement is voluntary.

Recommendation 6: It is recommended that:

- *each winery accepting non-contract deliveries of wine grapes be required to furnish, on request, growers or the Board with a dated price schedule that outlines their minimum price offered for each variety being accepted as well as any discounts relating to baume, MOG and any other variable that is objectively measured at the weighbridge;*
- *wineries must give at least 24 hours notice of a change to their minimum price schedule; and*
- *delivery dockets are to state the variety, baume, clean weight, MOG and any other objectively measured characteristics of the load used to adjust the minimum price.*

Recommendation 7: It is recommended that the Board not have a broad industry representation function but, rather, its industry representation activity be constrained to be only in relation to and in support of its approved functions.

Recommendation 8: It is recommended that regional industry promotion be included as an approved function of the Board, subject to the continuing support of wine grape growers.

Recommendation 9: It is recommended that the legislation constituting the Board (or its successor) authorise the compulsory collection of levies from growers, and remittance to the Board by wineries, to fund the following powers and functions:

- (i) setting and enforcing terms and conditions of payment for wine grapes not subject to written contracts (see Recommendations 1 and 3);***
- (ii) developing, in consultation with winemakers, a Code of Conduct for contract negotiations between wine grape growers and winemakers, and draft contract provisions relating to price and terms and conditions of payment for wine grapes;***
- (iii) promoting the establishment of private contractual arrangements between wine grape growers and winemakers;***
- (iv) collection and dissemination of market and industry information, including producing and publishing indicator prices for wine grapes grown in the Board's area of operations;***
- (v) research, development, plant health and extension, education and training relating to wine grape production and marketing;***
- (vi) promoting the quality and consumption of wine grapes grown in the Board's area of operations; and***
- (vii) industry representation and as a point of access, but only in relation to and in support of the above powers and functions.***

Recommendation 10: It is recommended that the regulatory intervention in the marketing of wine grapes grown in the MIA proposed by this Review continue until 30 June 2007, with any extension being subject to a further review at that time.

Recommendation 11: It is recommended that the Wine Grapes Marketing Board (or its successor) be constituted under the legislative framework that is most appropriate for providing the powers and functions recommended in this Report.

APPENDIX A: TERMS OF REFERENCE

1. The MIA Wine Grapes Marketing Board has submitted to the NSW Government a detailed proposal (dated March 2000) as to its powers and functions post-31 July 2000, when its vesting power lapses.
2. A review of the proposed powers and functions of the Board shall be conducted in accordance with the principles for legislation reviews set out in the Competition Principles Agreement. The guiding principle of the review is that the proposed legislation should not restrict competition unless it can be demonstrated that:
 - (a) the benefits of the restriction to the community as a whole outweigh the costs; and
 - (b) the objectives of the legislation can only be achieved by restricting competition.
3. The review shall assess the proposal submitted by the Board in the light of the findings of the 1996 review of the Board in relation to:
 - (a) the objectives of the legislation as identified and clarified by that review; and
 - (b) those elements of the proposal identified as restrictions on competition.
4. The review shall identify which elements of the Board's proposal clearly satisfy the net public benefit test (and which can therefore *a priori* be justified under Competition Policy) and shall assess the remaining elements of the proposal in accordance with standard Competition Policy review provisions. That is, in respect of these elements of the proposal the review is to:
 - (a) analyse the likely effect of any identified restriction on competition on the economy generally;
 - (b) assess and balance the costs and benefits of the restrictions identified; and
 - (c) consider alternative means for achieving the same result, including non-legislative approaches.
5. When considering the matters in (4), the review should also:
 - (a) identify any issues of market failure which need to be, or will be addressed by the proposed legislation; and
 - (b) consider whether the effects of the proposed legislation would contravene the competitive conduct rules in Part IV of the *Trade Practices Act 1974 (Cth)* and/or the NSW Competition Code.
6. The review shall consider and take account of relevant regulatory schemes in other Australian jurisdictions and any recent reforms or reform proposals, including those relating to Competition Policy in those jurisdictions.
7. The review shall consult with and take submissions from winegrape growers, winegrape processors, winemakers and other interested parties.

8. The Review Group shall report to the Minister for Agriculture.

APPENDIX B: SUBMISSIONS TO THE REVIEW BY ORDER OF RECEIPT

No.	First Name	Surname	Position	Town
1	Melissa	Mezzomo	Wine grape grower	Griffith NSW
2	Gavin	Raccanello	Director, Josant Pty Ltd	Yenda NSW
3	Tom	Harmer	Managing Director, Yenda Producers' Cooperative Society	Yenda NSW
4	Sebastian	Raciti	Wine grape grower	
5	G.	Damini	Wine grape grower	Yoogali NSW
6	Bryan	Clark	Director, Kealey Clark Pty Ltd	Griffith NSW
7	K.	Altin	Wine grape grower	Griffith NSW
8	Leo	De Paoli	Wine grape grower	Hanwood NSW
9	Sid	Gugliemio	Wine grape grower	Hanwood NSW
10	Raymond	Cucinotta	Wine grape grower	Yoogali NSW
11	George	Aloisi	Wine grape grower	Griffith NSW
12	John	Strano	Wine grape grower	Yenda NSW
13	Dale	McCleary	Wine grape grower	Yenda NSW
14	Gaetano	Previtera	Wine grape grower	Yenda NSW
15	Frances	Pietroboni	Wine grape grower	Yenda NSW
16	F & P	Cirillo	Wine grape grower	Hanwood NSW
17	Dennis	Ryan	Wine grape grower	Yenda NSW
18	Tim	Doyle	Manager, Yenda Diggers Club	Yenda NSW
19	Sam	Alampi	Wine grape grower	Leeton NSW
20	G.R.	Peruch	Wine grape grower	Yenda NSW
21	L & B	Gullotta	Wine grape grower	Leeton NSW
22	Frank	Franco	Wine grape grower	Leeton NSW
23	Aldo	Saraceno	Wine grape grower	Yoogali NSW
24	Christopher	Pastro	Wine grape grower	Yenda NSW
25	Raymond	Zahra	Wine grape grower	Yenda NSW
26	Peter	Baratto	Managing Director, Baratto Wines	Hanwood NSW
27	Anthony	Gulloni	Wine grape grower	Griffith NSW
28	L & A	Pellizzer	Wine grape grower	Griffith NSW
29	D & A	Surian	Wine grape grower	Bilbul NSW
30	Maria	Previtera	Wine grape grower	Yenda NSW
31	John	Schirrpa	Director, D Schirrpa Pty Ltd	Hanwood NSW
32	Vince	Schirrpa	Director, D Schirrpa Pty Ltd	Hanwood NSW
33	Lou	Dal Nevo	Director, V & LF Dal Nevo	Hanwood NSW
34	Adrian	Raccanello	Wine grape grower	Yenda NSW
35	Antonio	Pastro	Wine grape grower	Yenda NSW
36	Joe	Zucco		Leeton NSW
37	Mick	Calabria	Wine grape grower	Griffith NSW
38	Guisseppa	Strano	Wine grape grower	Yenda NSW
39	R J B & G	De Paoli	Wine grape grower	Yanco NSW
40	Glen	Bavaresco	Wine grape grower	Griffith NSW
41	GN & LM	De Paoli	Wine grape grower	Leeton NSW
42	Michael	Scali	Wine grape grower	Leeton NSW
43	Frank	Scali	Wine grape grower	Leeton NSW
44	Vince	Iannelli	Wine grape grower	Leeton NSW
45	Barbara	Gullotta	Wine grape grower	Leeton NSW
46	Michael	Ciccica	Wine grape grower	Leeton NSW
47	Sam	Ciccica	Wine grape grower	Leeton NSW
48	Antonetta	Ciccica	Wine grape grower	Leeton NSW
49	Paul	Morrison	Wine grape grower	Leeton NSW
50	Harpreet	Singh	Wine grape grower	Leeton NSW

51 Nat	Nardi	Wine grape grower	Leeton NSW
52 Dominic	Vecchie	Wine grape grower	Leeton NSW
53 Trevor	Protheroe	Wine grape grower	Leeton NSW
54 Ralph	Mallamace	Wine grape grower	Leeton NSW
55 Victor	Nardi	Wine grape grower	Leeton NSW
56 Orazio	Cocco	Wine grape grower	Yenda NSW
57 George	Nardi	Wine grape grower	Leeton NSW
58 Agostino	Cristofaro	Wine grape grower	Leeton NSW
59 Frank	Nardi	Wine grape grower	Leeton NSW
60 Sam	D'Ambrosio	Wine grape grower	Yenda NSW
61 John	Zandona	Wine grape grower	Yenda NSW
62 Serge	Busnello	Wine grape grower	Yenda NSW
63 Gloria	Brombal	Wine grape grower	Hanwood NSW
64 Peter	Raccanello	Wine grape grower	Yenda NSW
65 Louis	Raccanello	Wine grape grower	Yenda NSW
66 Adrian	Zandona	Wine grape grower	Yenda NSW
67 Pat	Sergi	Wine grape grower	Tharbogang NSW
68 Mario	Cremasco	Wine grape grower	Yoogali NSW
69 Giulio	Toscan	Wine grape grower	Griffith NSW
70 Robert	Gulloni	Wine grape grower	Hanwood NSW
71 Angelo	Monteleone	Wine grape grower	Hanwood NSW
72 Frank	Sergi	Wine grape grower	Tharbogang NSW
73 Paul	Romeo	Wine grape grower	Griffith NSW
74 Tony, Michael & Joe	Mandaglio	Wine grape grower	Leeton NSW
75 Tony	Sergi	Wine grape grower	Hanwood NSW
76 Rosie	Galluzzo	Wine grape grower	Beelbangera NSW
77 Brian	Foggiato	Wine grape grower	Griffith NSW
78 Allen	Zalunardo	Wine grape grower	Hanwood NSW
79 Ron	Calabria	Wine grape grower	Griffith NSW
80 Dennis	Forner	Wine grape grower	Griffith NSW
81 Lance	Hicken	Wine grape grower	Hanwood NSW
82 Steven	Barbon	Wine grape grower	Hanwood NSW
83 Francis & Nerril	Smith	Wine grape grower	Leeton NSW
84 Joe	Borgese	Wine grape grower	Merungle Hill NSW
85 Peter	Cirillo	Wine grape grower	Leeton NSW
86 Wally	Quarisa	Wine grape grower	Griffith NSW
87 C&M	Guadagnini	Wine grape grower	Griffith NSW
88 Tony	Galluzzo	Wine grape grower	Beelbangera NSW
89 V	Monteleone	Wine grape grower	Hanwood NSW
90 Erildo	Berton	Wine grape grower	Griffith NSW
91 Pat	Sergi	Wine grape grower	Hanwood NSW
92 Lui	Piromalli	Wine grape grower	Warburn NSW
93 Dennis	Mengon	Wine grape grower	Griffith NSW
94 Joe	D'Aquino	Wine grape grower	Griffith NSW
95 Joe	Sergi	Wine grape grower	Hanwood NSW
96 Peter	Royal	Manager, P&S Bartter Vineyard	Griffith NSW
97 Dino	Ceccato	Wine grape grower	Hanwood NSW
98 Anthony	Pastro	Wine grape grower	Yenda NSW
99 James	Foscarini	Wine grape grower	Yenda NSW
100 Leno	Foscarini	Wine grape grower	Yenda NSW
101 Gabriele	Armanini	Wine grape grower	Yenda NSW
102 J&H	Joeky	Wine grape grower	Yenda NSW
103 David	Busnello	Wine grape grower	Yenda NSW
104 L&GG	Forner	Wine grape grower	Yenda NSW
105 Peter	Cremasco	Wine grape grower	Yenda NSW
106 Bruno	Raccanello	Wine grape grower	Yenda NSW
107 Paul	Belfiore	Wine grape grower	Griffith NSW

108 Dominic	Nardi	Executive Officer, MIA Citrus Fruit Promotion Marketing Committee	Griffith NSW
109 Frank	Calabria	Wine grape grower	Griffith NSW
110 Peter	Tavella	Wine grape grower	Leeton NSW
111 Pat	Calabria	Wine grape grower	Hanwood NSW
112 Dino	Zalunardo	Wine grape grower	Yoogali NSW
113 Joe	Raccanello	Wine grape grower	Yenda NSW
114 Roy	Calabria	Wine grape grower	Hanwood NSW
115 Tony	Agresta	Wine grape grower	Griffith NSW
116 Julie	Franco	Wine grape grower	Leeton NSW
117 G, A&R	Valeri	Wine grape grower	Lake Wyangan NSW
118 Patrick	Gullotta	Wine grape grower	Leeton NSW
119 Gary	Davidson	Wine grape grower	Leeton NSW
120 John	D'Ambrosio	Wine grape grower	Yenda NSW
121 Pascal	Guertin	Wine grape grower	Bilbul NSW
122 Mario	Fattore	Wine grape grower	Hanwood NSW
123 MC&MJ	Bianchini	Wine grape grower	Yenda NSW
124 Alfio	Battiato	Wine grape grower	Yenda NSW
125 Jeremy	Cass	Manager, MIA Vine Improvement Society	Yenda NSW
126 Reno	Mezzomo	Wine grape grower	Griffith NSW
127 Gus	Tomasella	Wine grape grower	Griffith NSW
128 Gavan Augustus	Jongebloed	Wine grape grower	Leeton NSW
129 Tony	Cristofaro	Wine grape grower	Wamoon NSW
130 Phillip	Pietroboni	Wine grape grower	Yenda NSW
131 Dino	Salvestrin	Wine grape grower	Griffith NSW
132 Manminder	Singh	Wine grape grower	Yenda NSW
133 Kevin	Vitucci	Wine grape grower	Yoogali NSW
134 Robert	Vitucci	Wine grape grower	Hanwood NSW
135 Mick	Colpo	Wine grape grower	Hanwood NSW
136 Silvano	Salvestro	Wine grape grower	Hanwood NSW
137 Elizabeth	Cremasco	Wine grape grower	Yenda NSW
138 Michael	Careri	Wine grape grower	Hanwood NSW
139 A&V	Belfiore	Wine grape grower	Griffith NSW
140 Sam	Agresta	Wine grape grower	Griffith NSW
141 Tony	Coslovich	Farm worker	Tharbogang NSW
142 LF&RA	Butcher	Wine grape grower	Hanwood NSW
143 Ross	Vecchio	Wine grape grower	Hanwood NSW
144 David	Vitucci	Wine grape grower	Hanwood NSW
145 Mick	Careri	Wine grape grower	Hanwood NSW
146 Gloris	Manente	Wine grape grower	Yoogali NSW
147 Bob	Henderson	Wine grape grower	Griffith NSW
148 John	Andriolo	Farm hand	Griffith NSW
149 John	Bisetto	Wine grape grower	Lake Wyangan NSW
150 Renzo	Manente	Wine grape grower	Yoogali NSW
151 Parmjit	Kaur	Wine grape grower	Hanwood NSW
152 Don	Vitucci	Wine grape grower	Yoogali NSW
153 Satvir	Singh	Wine grape grower	Yenda NSW
154 Surinder	Kaur	Wine grape grower	Hanwood NSW
155 Jagraj	Singh	Wine grape grower	Hillston NSW
156 Gurnam	Singh	Wine grape grower	Griffith NSW
157 Sukhjit	Singh	Wine grape grower	Hanwood NSW
158 Giuliano	Gatti	Wine grape grower	Griffith NSW
159 Amarjit	Singh	Wine grape grower	Hanwood NSW
160 Shirley	Calabria	Wine grape grower	Hanwood NSW
161 Dom	Calabria	Wine grape grower	Hanwood NSW
162 Jasbir Singh	Kalkat	Wine grape grower	Yoogali NSW
163 Raymond	Bagatella	Wine grape grower	Yenda NSW
164 PJ&V	Conlon	Wine grape grower	Hanwood NSW
165 Joe	Bagiante	Wine grape grower	Griffith NSW

166 Kuldip	Singh	Wine grape grower	Bilbul NSW
167 S&A	Vasta	Wine grape grower	Beelbangera NSW
168 L&S	Vasta	Wine grape grower	Beelbangera NSW
169 Susan	Raccanello	Wine grape grower	Yenda NSW
170 G&S	Zordon	Wine grape grower	Yenda NSW
171 Lenny	Panarello	Wine grape grower	Yenda NSW
172 Marhese	Rosa	Wine grape grower	Yenda NSW
173 Ron	Santalucia	Wine grape grower	Yenda NSW
174 Sam	Panarello	Wine grape grower	Yenda NSW
175 Shane	Piva	Wine grape grower	Yenda NSW
176 Neville	Twigg	Wine grape grower	Yenda NSW
177 Andy	Wood	Wine grape grower	Yenda NSW
178 Nancy	Wood	Wine grape grower	Yenda NSW
179 Miriam	Rossetto	Wine grape grower	Griffith NSW
180 Adrian	Ceccato	Wine grape grower	Yoogali NSW
181 Rosanna	Ceccato	Wine grape grower	Yoogali NSW
182 Pasqualie & Anna	Bugge	Wine grape grower	Yenda NSW
183 Rudolf	Panazzolo	Wine grape grower	Yenda NSW
184 Elio	Farranato	Wine grape grower	Bilbul NSW
185 Sharon	Maugeri	Wine grape grower	Hanwood NSW
186 Michael	Nehme	Wine grape grower	Yenda NSW
187 Roy E	Sainty	Wine grape grower	Hanwood NSW
188 Joe	Del Gigante	Wine grape grower	Griffith NSW
189 Steven	Torresan	Wine grape grower	Yenda NSW
190 Jack	Torresan	Wine grape grower	Yenda NSW
191 Mick	Catanzariti	Wine grape grower	Griffith NSW
192 Pierina	Lazzaratto	Wine grape grower	Griffith NSW
193 Roger	Lazzaratto	Wine grape grower	Griffith NSW
194 Peter	Norbiato	Managing Director, Yenda Fruit & Case Supply	Yenda NSW
195 Giovanni	Zandona	Wine grape grower	Yenda NSW
196 Giorado	Bienzobas	Wine grape grower	Yenda NSW
197 Bruno	Reginato	Wine grape grower	Yenda NSW
198 Rob	Berry	Wine grape grower	Yenda NSW
199 Perry & Rosie	Alpen	Wine grape grower	Yenda NSW
200 Steven	Torresan	Wine grape grower	Bilbul NSW
201 David	Torresan	Wine grape grower	Yenda NSW
202 Mario	Torresan	Wine grape grower	Bilbul NSW
203 Jasminder	Kaur	Wine grape grower	Hillston NSW
204 Linda	Panazzolo	Wine grape grower	Yenda NSW
205 Ignazio & Maria	Zappacosta	Wine grape grower	Yoogali NSW
206 Pierina	Raccanello	Wine grape grower	Yenda NSW
207 Peter	Raccanello	Chairman, Yenda Grape Growers Association Inc.	Yenda NSW
208 Maurice & Elda	Cappello	Wine grape grower	Griffith NSW
209 Cedric & R	Hoare	Wine grape grower	Griffith NSW
210 Louis	Cadorin	Director, Codemo Machinery Services	Griffith NSW
211 P & CJ	Poscoliero	Wine grape grower	Yenda NSW
212 David	Fattore	Wine grape grower	Yenda NSW
213 Lewis	Quarisa	Electrician	Hanwood NSW
214 Steven	Canzian	Wine grape grower	Yenda NSW
215 John	Rossetto	Wine grape grower	Griffith NSW
216 Rodney	Zuccato	Wine grape grower	Hanwood NSW
217 Maria	Agresta	Wine grape grower	Griffith NSW
218 Joe	Agresta	Wine grape grower	Yoogali NSW
219 Nicky	Agresta	Wine grape grower	Yoogali NSW
220 Garry	Cimador	Wine grape grower	Hanwood NSW
221 John & Sharon	Barzan & Kelly	Wine grape grower	Hanwood NSW

222 Livio	Mazzon	Director, Mazzon Systems Engineering	Griffith NSW
223 Bernard	Connellan	Wine grape grower	Coleambally NSW
224 Leo L	Zandona	Wine grape grower	Griffith NSW
225 Mary L	Zandona	Wine grape grower	Griffith NSW
226 Maryann	Battistel	Wine grape grower	Griffith NSW
227 Frank	Battistel	Wine grape grower	Griffith NSW
228 D & E	Galluzzo	Wine grape grower	Beelbangera NSW
229 T & E	Bavaresco	Wine grape grower	Griffith NSW
230 Dario	Serafin	Manager, Serafin Vineyards	Yenda NSW
231 Dario	Serafin	Manager, Serafin Harvesting	Yenda NSW
232 Dario	Serafin	Wine grape grower	Yenda NSW
233 Phillip	Johns	Wine grape grower	Griffith NSW
234 Ivo & Wanda	Brighenti	Wine grape grower	Griffith NSW
235 Phillip	Alvaro	Solicitor	Griffith NSW
236 Cedric	Hoare	Chief Executive Officer, Murrumbidgee Irrigation	Leeton NSW
237 RP & PM	Dickie	Wine grape grower	Yenda NSW
238 Kerry	DeGaris	Industry Development Officer, WGMB	Beelbangera NSW
239 Jorge	Wood	Wine grape grower	Yenda NSW
240 Frank	Sergi	Wine grape grower	Griffith NSW
241 Barbara	Sergi	Wine grape grower	Widgelli NSW
242 Joe	Sergi	Wine grape grower	Griffith NSW
243 RJ & NC	Snaidero	Wine grape grower	Whitton NSW
244 Ian	Oag	Wine grape grower	Yanco NSW
245		Wine Grapes Marketing Board	Griffith NSW
246 Lou	Cremasco	Wine grape grower	
247 Steven	Cremasco	Wine grape grower	
248 Brian	Simpson	Board employee (executive officer)	Griffith NSW
249 WT, EJ & PW	Carver	Wine grape grower	Yenda NSW
250 Garry	Bugno	Wine grape grower	Hanwood NSW
251 Evan J	Conner	Wine grape grower	Coleambally NSW
252 Dick & Etta	Busnelle	Wine grape grower	
253 Fay	Maccagnan	Wine grape grower	Yenda NSW
254 Brian & Anne	Bortolin	Wine grape grower	Lake Wyangan NSW
255 Bruce G	Conner	Wine grape grower	Coleambally NSW
256 Frank	De Rossi	Wine grape grower	Bilbul NSW
257 Albert & Tony	Scarfone	Wine grape grower	Griffith NSW
258 Damien	Cerrito	Wine grape grower	Griffith NSW
259 Giovanni	Zirilli	Wine grape grower	Tharbogang NSW
260 Frank	Zirilli	Wine grape grower	Tharbogang NSW
261 John	Vitucci	Wine grape grower	Lake Wyangan NSW
262 Deanne	Raccanello	Wine grape grower	Yenda NSW
263 Rodney	Maguire	Wine grape grower	Hanwood NSW
264 Catherine	Semmler	Board employee (technical assistant)	Griffith NSW
265 Bruno	Holzapfel	Senior Research Viticulturalist, NSW Agriculture	Wagga Wagga NSW
266 Singh	Bains	Wine grape grower	Beelbangera NSW
267 RF & V	Bellato	Wine grape grower	Griffith NSW
268 Lance	Hicken	Chairman, Hanwood Grapegrowers Association	Hanwood NSW
269 Roger	McGann	Wine grape grower	Hanwood NSW
270 Bruce	McGann	Wine grape grower	Hanwood NSW
271 Winsome	McGann	Wine grape grower	Hanwood NSW
272 Myrtle	Hicken	Wine grape grower	Hanwood NSW
273 Angelo	Cirrillo	Wine grape grower	Hanwood NSW
274 Virginia	Cirrillo	Wine grape grower	Hanwood NSW
275 Livio	Andrighetto	Wine grape grower	Griffith NSW
276 P & E	Zirrilli	Wine grape grower	Griffith NSW
277 V & G	Febo	Wine grape grower	Griffith NSW

278	Orizio	Vecchio	Wine grape grower	Griffith NSW
279	John	Zirrilli	Wine grape grower	Tharbogang NSW
280	Catherine	Merrylees	Board employee (office manager)	Carrathool NSW
281	Laurence	Tovo	Wine grape grower	Griffith NSW
282	Joseph	Nehme	Wine grape grower	Yenda NSW
283	A & P	Baggio	Wine grape grower	Griffith NSW
284	Florence	Roberts	Wine grape grower	Yenda NSW
285	Peter	Vitucci	Wine grape grower	Griffith NSW
286	Luciano & Diane	Zanotto	Wine grape grower	Yoogali NSW
287	George & Antonietta	Nardi	Wine grape grower	Wamoon Via Leeton NSW
288	Harley	Delves	Wine grape grower	Hanwood NSW
289	Harley	Delves	Chairman, MIA Council of Horticultural Associations	Griffith NSW
290	Allan & Denise	Bennett	Wine grape grower	Griffith NSW
291	John P	Dal Broi	Wine grape grower	Hanwood NSW
292	Len	Bertoldo	Wine grape grower	Griffith NSW
293	Ellis	Colpo	Wine grape grower	Griffith NSW
294	Julian	Raccanello	Wine grape grower	Griffith NSW
295	Rhett	Marlowe	Chief Executive Officer, Winegrape Growers Council of Australia	
296	Domenico	Fattore	Wine grape grower	Beelbanger NSW
297	Alessio	Martinello	Wine grape grower	Griffith NSW
298	R A	Rombola	Perosin & Sergi Pty Ltd (accountants)	Griffith NSW
299	Rick	Ceccatto	Wine grape grower	Yoogali NSW
300	P & G	Cornale	Wine grape grower	Bilbul NSW

APPENDIX C: SUBMITTERS TO THE REVIEW BY ALPHABETICAL ORDER

No.	First Name	Surname	Position	Town
218	Joe	Agresta	Wine grape grower	Yoogali NSW
217	Maria	Agresta	Wine grape grower	Griffith NSW
219	Nicky	Agresta	Wine grape grower	Yoogali NSW
140	Sam	Agresta	Wine grape grower	Griffith NSW
115	Tony	Agresta	Wine grape grower	Griffith NSW
19	Sam	Alampi	Wine grape grower	Leeton NSW
11	George	Aloisi	Wine grape grower	Griffith NSW
199	Perry & Rosie	Alpen	Wine grape grower	Yenda NSW
7	K.	Altin	Wine grape grower	Griffith NSW
235	Phillip	Alvaro	Solicitor	Griffith NSW
275	Livio	Andrighetto	Wine grape grower	Griffith NSW
148	John	Andriolo	Farm hand	Griffith NSW
101	Gabriele	Armanini	Wine grape grower	Yenda NSW
163	Raymond	Bagatella	Wine grape grower	Yenda NSW
283	A & P	Baggio	Wine grape grower	Griffith NSW
165	Joe	Bagiante	Wine grape grower	Griffith NSW
266	Singh	Bains	Wine grape grower	Beelbangera NSW
26	Peter	Baratto	Managing Director, Baratto Wines	Hanwood NSW
82	Steven	Barbon	Wine grape grower	Hanwood NSW
221	John & Sharon	Barzan & Kelly	Wine grape grower	Hanwood NSW
124	Alfio	Battiato	Wine grape grower	Yenda NSW
227	Frank	Battistel	Wine grape grower	Griffith NSW
226	Maryann	Battistel	Wine grape grower	Griffith NSW
40	Glen	Bavaresco	Wine grape grower	Griffith NSW
229	T & E	Bavaresco	Wine grape grower	Griffith NSW
139	A&V	Belfiore	Wine grape grower	Griffith NSW
107	Paul	Belfiore	Wine grape grower	Griffith NSW
267	RF & V	Bellato	Wine grape grower	Griffith NSW
290	Allan & Denise	Bennett	Wine grape grower	Griffith NSW
198	Rob	Berry	Wine grape grower	Yenda NSW
292	Len	Bertoldo	Wine grape grower	Griffith NSW
90	Erildo	Berton	Wine grape grower	Griffith NSW
123	MC&MJ	Bianchini	Wine grape grower	Yenda NSW
196	Giorado	Bienzobas	Wine grape grower	Yenda NSW
149	John	Bisetto	Wine grape grower	Lake Wyangan NSW
84	Joe	Borgese	Wine grape grower	Merungle Hill NSW
254	Brian & Anne	Bortolin	Wine grape grower	Lake Wyangan NSW
234	Ivo & Wanda	Brighenti	Wine grape grower	Griffith NSW
63	Gloria	Brombal	Wine grape grower	Hanwood NSW
182	Pasqualie & Anna	Bugge	Wine grape grower	Yenda NSW
250	Garry	Bugno	Wine grape grower	Hanwood NSW
252	Dick & Etta	Busnelle	Wine grape grower	
103	David	Busnello	Wine grape grower	Yenda NSW
62	Serge	Busnello	Wine grape grower	Yenda NSW
142	LF&RA	Butcher	Wine grape grower	Hanwood NSW
210	Louis	Cadorin	Director, Codemo Machinery Services	Griffith NSW
161	Dom	Calabria	Wine grape grower	Hanwood NSW
109	Frank	Calabria	Wine grape grower	Griffith NSW
37	Mick	Calabria	Wine grape grower	Griffith NSW
111	Pat	Calabria	Wine grape grower	Hanwood NSW

79 Ron	Calabria	Wine grape grower	Griffith NSW
114 Roy	Calabria	Wine grape grower	Hanwood NSW
160 Shirley	Calabria	Wine grape grower	Hanwood NSW
214 Steven	Canzian	Wine grape grower	Yenda NSW
208 Maurice & Elda	Cappello	Wine grape grower	Griffith NSW
138 Michael	Careri	Wine grape grower	Hanwood NSW
145 Mick	Careri	Wine grape grower	Hanwood NSW
249 WT, EJ & PW	Carver	Wine grape grower	Yenda NSW
125 Jeremy	Cass	Manager, MIA Vine Improvement Society	Yenda NSW
191 Mick	Catanzariti	Wine grape grower	Griffith NSW
180 Adrian	Ceccato	Wine grape grower	Yoogali NSW
97 Dino	Ceccato	Wine grape grower	Hanwood NSW
181 Rosanna	Ceccato	Wine grape grower	Yoogali NSW
299 Rick	Ceccatto	Wine grape grower	Yoogali NSW
258 Damien	Cerrito	Wine grape grower	Griffith NSW
48 Antonetta	Ciccica	Wine grape grower	Leeton NSW
46 Michael	Ciccica	Wine grape grower	Leeton NSW
47 Sam	Ciccica	Wine grape grower	Leeton NSW
220 Garry	Cimador	Wine grape grower	Hanwood NSW
16 F & P	Cirillo	Wine grape grower	Hanwood NSW
85 Peter	Cirillo	Wine grape grower	Leeton NSW
273 Angelo	Cirillo	Wine grape grower	Hanwood NSW
274 Virginia	Cirillo	Wine grape grower	Hanwood NSW
6 Bryan	Clark	Director, Kealey Clark Pty Ltd	Griffith NSW
56 Orazio	Cocco	Wine grape grower	Yenda NSW
293 Ellis	Colpo	Wine grape grower	Griffith NSW
135 Mick	Colpo	Wine grape grower	Hanwood NSW
164 PJ&V	Conlon	Wine grape grower	Hanwood NSW
223 Bernard	Connellan	Wine grape grower	Coleambally NSW
255 Bruce G	Conner	Wine grape grower	Coleambally NSW
251 Evan J	Conner	Wine grape grower	Coleambally NSW
300 P & G	Cornale	Wine grape grower	Bilbul NSW
141 Tony	Coslovich	Farm worker	Tharbogang NSW
137 Elizabeth	Cremasco	Wine grape grower	Yenda NSW
246 Lou	Cremasco	Wine grape grower	
68 Mario	Cremasco	Wine grape grower	Yoogali NSW
105 Peter	Cremasco	Wine grape grower	Yenda NSW
247 Steven	Cremasco	Wine grape grower	
58 Agostino	Cristofaro	Wine grape grower	Leeton NSW
129 Tony	Cristofaro	Wine grape grower	Wamoon NSW
10 Raymond	Cucinotta	Wine grape grower	Yoogali NSW
291 John P	Dal Broi	Wine grape grower	Hanwood NSW
33 Lou	Dal Nevo	Director, V & LF Dal Nevo	Hanwood NSW
120 John	D'Ambrosio	Wine grape grower	Yenda NSW
60 Sam	D'Ambrosio	Wine grape grower	Yenda NSW
5 G.	Damini	Wine grape grower	Yoogali NSW
94 Joe	D'Aquino	Wine grape grower	Griffith NSW
119 Gary	Davidson	Wine grape grower	Leeton NSW
41 GN & LM	De Paoli	Wine grape grower	Leeton NSW
8 Leo	De Paoli	Wine grape grower	Hanwood NSW
39 R J B & G	De Paoli	Wine grape grower	Yanco NSW
256 Frank	De Rossi	Wine grape grower	Bilbul NSW
238 Kerry	DeGaris	Industry Development Officer, WGMB	Beelbangera NSW
188 Joe	Del Gigante	Wine grape grower	Griffith NSW
288 Harley	Delves	Wine grape grower	Hanwood NSW
289 Harley	Delves	Chairman, MIA Council of Horticultural Associations	Griffith NSW
237 RP & PM	Dickie	Wine grape grower	Yenda NSW
18 Tim	Doyle	Manager, Yenda Diggers Club	Yenda NSW

184 Elio	Farranato	Wine grape grower	Bilbul NSW
212 David	Fattore	Wine grape grower	Yenda NSW
296 Domenico	Fattore	Wine grape grower	Beelbangera NSW
122 Mario	Fattore	Wine grape grower	Hanwood NSW
277 V & G	Febo	Wine grape grower	Griffith NSW
77 Brian	Foggiato	Wine grape grower	Griffith NSW
80 Dennis	Forner	Wine grape grower	Griffith NSW
104 L&GG	Forner	Wine grape grower	Yenda NSW
99 James	Foscarini	Wine grape grower	Yenda NSW
100 Leno	Foscarini	Wine grape grower	Yenda NSW
22 Frank	Franco	Wine grape grower	Leeton NSW
116 Julie	Franco	Wine grape grower	Leeton NSW
228 D & E	Galluzzo	Wine grape grower	Beelbangera NSW
76 Rosie	Galluzzo	Wine grape grower	Beelbangera NSW
88 Tony	Galluzzo	Wine grape grower	Beelbangera NSW
158 Giuliano	Gatti	Wine grape grower	Griffith NSW
87 C&M	Guadagnini	Wine grape grower	Griffith NSW
121 Pascal	Guertin	Wine grape grower	Bilbul NSW
9 Sid	Gugliemio	Wine grape grower	Hanwood NSW
27 Anthony	Gulloni	Wine grape grower	Griffith NSW
70 Robert	Gulloni	Wine grape grower	Hanwood NSW
45 Barbara	Gullotta	Wine grape grower	Leeton NSW
21 L & B	Gullotta	Wine grape grower	Leeton NSW
118 Patrick	Gullotta	Wine grape grower	Leeton NSW
3 Tom	Harmer	Managing Director, Yenda Producers' Cooperative Society	Yenda NSW
147 Bob	Henderson	Wine grape grower	Griffith NSW
81 Lance	Hicken	Wine grape grower	Hanwood NSW
268 Lance	Hicken	Chairman, Hanwood Grapegrowers Association	Hanwood NSW
272 Myrtle	Hicken	Wine grape grower	Hanwood NSW
236 Cedric	Hoare	Chief Executive Officer, Murrumbidgee Irrigation	Leeton NSW
209 Cedric & R	Hoare	Wine grape grower	Griffith NSW
265 Bruno	Holzapfel	Senior Research Viticulturalist, NSW Agriculture	Wagga Wagga NSW
44 Vince	Iannelli	Wine grape grower	Leeton NSW
102 J&H	Joeky	Wine grape grower	Yenda NSW
233 Phillip	Johns	Wine grape grower	Griffith NSW
128 Gavan Augustus	Jongebloed	Wine grape grower	Leeton NSW
162 Jasbir Singh	Kalkat	Wine grape grower	Yoogali NSW
203 Jasminster	Kaur	Wine grape grower	Hillston NSW
151 Parmjit	Kaur	Wine grape grower	Hanwood NSW
154 Surinder	Kaur	Wine grape grower	Hanwood NSW
192 Pierina	Lazzaratto	Wine grape grower	Griffith NSW
193 Roger	Lazzaratto	Wine grape grower	Griffith NSW
253 Fay	Maccagnan	Wine grape grower	Yenda NSW
263 Rodney	Maguire	Wine grape grower	Hanwood NSW
54 Ralph	Mallamace	Wine grape grower	Leeton NSW
74 Tony, Michael & Joe	Mandaglio	Wine grape grower	Leeton NSW
146 Gloris	Manente	Wine grape grower	Yoogali NSW
150 Renzo	Manente	Wine grape grower	Yoogali NSW
295 Rhett	Marlowe	Chief Executive Officer, Winegrape Growers Council of Australia	
297 Alessio	Martinello	Wine grape grower	Griffith NSW
185 Sharon	Maugeri	Wine grape grower	Hanwood NSW
222 Livio	Mazzon	Director. Mazzon Systems Engineering	Griffith NSW
13 Dale	McCleary	Wine grape grower	Yenda NSW

270 Bruce	McGann	Wine grape grower	Hanwood NSW
269 Roger	McGann	Wine grape grower	Hanwood NSW
271 Winsome	McGann	Wine grape grower	Hanwood NSW
93 Dennis	Mengon	Wine grape grower	Griffith NSW
280 Catherine	Merrylees	Board employee (office manager)	Carrathool NSW
1 Melissa	Mezzomo	Wine grape grower	Griffith NSW
126 Reno	Mezzomo	Wine grape grower	Griffith NSW
71 Angelo	Monteleone	Wine grape grower	Hanwood NSW
89 V	Monteleone	Wine grape grower	Hanwood NSW
49 Paul	Morrison	Wine grape grower	Leeton NSW
108 Dominic	Nardi	Executive Officer, MIA Citrus Fruit Promotion Marketing Committee	Griffith NSW
59 Frank	Nardi	Wine grape grower	Leeton NSW
57 George	Nardi	Wine grape grower	Leeton NSW
287 George & Antonietta	Nardi	Wine grape grower	Wamoon Via Leeton NSW
51 Nat	Nardi	Wine grape grower	Leeton NSW
55 Victor	Nardi	Wine grape grower	Leeton NSW
282 Joseph	Nehme	Wine grape grower	Yenda NSW
186 Michael	Nehme	Wine grape grower	Yenda NSW
194 Peter	Norbiato	Managing Director, Yenda Fruit & Case Supply	Yenda NSW
244 Ian	Oag	Wine grape grower	Yanco NSW
171 Lenny	Panarello	Wine grape grower	Yenda NSW
174 Sam	Panarello	Wine grape grower	Yenda NSW
204 Linda	Panazzolo	Wine grape grower	Yenda NSW
183 Rudolf	Panazzolo	Wine grape grower	Yenda NSW
98 Anthony	Pastro	Wine grape grower	Yenda NSW
35 Antonio	Pastro	Wine grape grower	Yenda NSW
24 Christopher	Pastro	Wine grape grower	Yenda NSW
28 L & A	Pellizzer	Wine grape grower	Griffith NSW
20 G.R.	Peruch	Wine grape grower	Yenda NSW
15 Frances	Pietroboni	Wine grape grower	Yenda NSW
130 Phillip	Pietroboni	Wine grape grower	Yenda NSW
92 Lui	Piromalli	Wine grape grower	Warburn NSW
175 Shane	Piva	Wine grape grower	Yenda NSW
211 P & CJ	Poscoliero	Wine grape grower	Yenda NSW
14 Gaetano	Previtera	Wine grape grower	Yenda NSW
30 Maria	Previtera	Wine grape grower	Yenda NSW
53 Trevor	Protheroe	Wine grape grower	Leeton NSW
213 Lewis	Quarisa	Electrician	Hanwood NSW
86 Wally	Quarisa	Wine grape grower	Griffith NSW
34 Adrian	Raccanello	Wine grape grower	Yenda NSW
106 Bruno	Raccanello	Wine grape grower	Yenda NSW
262 Deanne	Raccanello	Wine grape grower	Yenda NSW
2 Gavin	Raccanello	Director, Josant Pty Ltd	Yenda NSW
113 Joe	Raccanello	Wine grape grower	Yenda NSW
294 Julian	Raccanello	Wine grape grower	Griffith NSW
65 Louis	Raccanello	Wine grape grower	Yenda NSW
64 Peter	Raccanello	Wine grape grower	Yenda NSW
207 Peter	Raccanello	Chairman, Yenda Grape Growers Association Inc.	Yenda NSW
206 Pierina	Raccanello	Wine grape grower	Yenda NSW
169 Susan	Raccanello	Wine grape grower	Yenda NSW
4 Sebastian	Raciti	Wine grape grower	
197 Bruno	Reginato	Wine grape grower	Yenda NSW
284 Florence	Roberts	Wine grape grower	Yenda NSW
298 R A	Rombola	Perosin & Sergi Pty Ltd (accountants)	Griffith NSW
73 Paul	Romeo	Wine grape grower	Griffith NSW

172	Marhese	Rosa	Wine grape grower	Yenda NSW
215	John	Rossetto	Wine grape grower	Griffith NSW
179	Miriam	Rossetto	Wine grape grower	Griffith NSW
96	Peter	Royal	Manager, P&S Bartter Vineyard	Griffith NSW
17	Dennis	Ryan	Wine grape grower	Yenda NSW
187	Roy E	Sainty	Wine grape grower	Hanwood NSW
131	Dino	Salvestrin	Wine grape grower	Griffith NSW
136	Silvano	Salvestro	Wine grape grower	Hanwood NSW
173	Ron	Santalucia	Wine grape grower	Yenda NSW
23	Aldo	Saraceno	Wine grape grower	Yoogali NSW
43	Frank	Scali	Wine grape grower	Leeton NSW
42	Michael	Scali	Wine grape grower	Leeton NSW
257	Albert & Tony	Scarfone	Wine grape grower	Griffith NSW
31	John	Schirrupa	Director, D Schirrupa Pty Ltd	Hanwood NSW
32	Vince	Schirrupa	Director, D Schirrupa Pty Ltd	Hanwood NSW
264	Catherine	Semmler	Board employee (technical assistant)	Griffith NSW
230	Dario	Serafin	Manager, Serafin Vineyards	Yenda NSW
231	Dario	Serafin	Manager, Serafin Harvesting	Yenda NSW
232	Dario	Serafin	Wine grape grower	Yenda NSW
241	Barbara	Sergi	Wine grape grower	Widgelli NSW
72	Frank	Sergi	Wine grape grower	Tharbogang NSW
240	Frank	Sergi	Wine grape grower	Griffith NSW
95	Joe	Sergi	Wine grape grower	Hanwood NSW
242	Joe	Sergi	Wine grape grower	Griffith NSW
67	Pat	Sergi	Wine grape grower	Tharbogang NSW
91	Pat	Sergi	Wine grape grower	Hanwood NSW
75	Tony	Sergi	Wine grape grower	Hanwood NSW
248	Brian	Simpson	Board employee (executive officer)	Griffith NSW
159	Amarjit	Singh	Wine grape grower	Hanwood NSW
156	Gurnam	Singh	Wine grape grower	Griffith NSW
50	Harpreet	Singh	Wine grape grower	Leeton NSW
155	Jagraj	Singh	Wine grape grower	Hillston NSW
166	Kuldip	Singh	Wine grape grower	Bilbul NSW
132	Manminder	Singh	Wine grape grower	Yenda NSW
153	Satvir	Singh	Wine grape grower	Yenda NSW
157	Sukhjit	Singh	Wine grape grower	Hanwood NSW
83	Francis & Nerril	Smith	Wine grape grower	Leeton NSW
243	RJ & NC	Snaidero	Wine grape grower	Whitton NSW
38	Guisseppa	Strano	Wine grape grower	Yenda NSW
12	John	Strano	Wine grape grower	Yenda NSW
29	D & A	Surian	Wine grape grower	Bilbul NSW
110	Peter	Tavella	Wine grape grower	Leeton NSW
127	Gus	Tomasella	Wine grape grower	Griffith NSW
201	David	Torresan	Wine grape grower	Yenda NSW
190	Jack	Torresan	Wine grape grower	Yenda NSW
202	Mario	Torresan	Wine grape grower	Bilbul NSW
189	Steven	Torresan	Wine grape grower	Yenda NSW
200	Steven	Torresan	Wine grape grower	Bilbul NSW
69	Giulio	Toscan	Wine grape grower	Griffith NSW
281	Laurence	Tovo	Wine grape grower	Griffith NSW
176	Neville	Twigg	Wine grape grower	Yenda NSW
117	G, A&R	Valeri	Wine grape grower	Lake Wyangan NSW
168	L&S	Vasta	Wine grape grower	Beelbangera NSW
167	S&A	Vasta	Wine grape grower	Beelbangera NSW
52	Dominic	Vecchie	Wine grape grower	Leeton NSW
278	Orizio	Vecchio	Wine grape grower	Griffith NSW
143	Ross	Vecchio	Wine grape grower	Hanwood NSW
144	David	Vitucci	Wine grape grower	Hanwood NSW
152	Don	Vitucci	Wine grape grower	Yoogali NSW

261 John	Vitucci	Wine grape grower	Lake Wyangan NSW
133 Kevin	Vitucci	Wine grape grower	Yoogali NSW
285 Peter	Vitucci	Wine grape grower	Griffith NSW
134 Robert	Vitucci	Wine grape grower	Hanwood NSW
245	Wine Grapes Marketing Board		Griffith NSW
177 Andy	Wood	Wine grape grower	Yenda NSW
239 Jorge	Wood	Wine grape grower	Yenda NSW
178 Nancy	Wood	Wine grape grower	Yenda NSW
25 Raymond	Zahra	Wine grape grower	Yenda NSW
78 Allen	Zalunardo	Wine grape grower	Hanwood NSW
112 Dino	Zalunardo	Wine grape grower	Yoogali NSW
66 Adrian	Zandona	Wine grape grower	Yenda NSW
195 Giovanni	Zandona	Wine grape grower	Yenda NSW
61 John	Zandona	Wine grape grower	Yenda NSW
224 Leo L	Zandona	Wine grape grower	Griffith NSW
225 Mary L	Zandona	Wine grape grower	Griffith NSW
286 Luciano & Diane	Zanotto	Wine grape grower	Yoogali NSW
205 Ignazio & Maria	Zappacosta	Wine grape grower	Yoogali NSW
260 Frank	Zirilli	Wine grape grower	Tharbogang NSW
259 Giovanni	Zirilli	Wine grape grower	Tharbogang NSW
279 John	Zirrilli	Wine grape grower	Tharbogang NSW
276 P & E	Zirrilli	Wine grape grower	Griffith NSW
170 G&S	Zordon	Wine grape grower	Yenda NSW
216 Rodney	Zuccato	Wine grape grower	Hanwood NSW
36 Joe	Zucco		Leeton NSW

APPENDIX D: OVERVIEW OF THE MIA WINEGRAPE INDUSTRY

MIA WINE GRAPE PRODUCTION

There are presently around 530 independent wine grape growers within the Board's area of jurisdiction. The MIA, including winery-owned vineyards, produces around 11 per cent of Australia's wine grapes and comprises approximately 8 per cent of national wine grape plantings by area. The farm-gate value of the 1999 harvest was approximately \$90 million.

Tables 1 to 5 show the estimated wine grape production, area planted and relative prices of the major production regions of Australia in 1999-2000.

While Table 3 gives a good indication of the relative areas planted to wine grapes across the major Australian growing regions, the MIA Council of Horticultural Associations maintains a local industry database from which a more accurate estimate of the wine grape plantings within the MIA can be obtained (Table 4).

Table 1: State Production of Winegrapes (tonnes)

Fresh grapes crushed by:	1997-98	1998-99	1999-00
South Australia	484,555	515,521	510,643
Victoria	157,777	189,928	197,474
New South Wales (a)	308,414	384,622	397,161
Western Australia	22,157	32,206	35,933
Tasmania	2,544	2,711	2,722
Queensland	204	852	1,305
Australia	9,75,699	1,125,840	1,145,238

(a) Includes Australian Capital Territory and Northern Territory

Source: ABS 1329.0, 2000 (p.24)

Table 2: Regional Viticulture and Wine Production 1999-00

Region	Bearing	Not yet bearing	Winemaking	Other	Grapes crushed (a)	Beverage wine production (a)
	ha	ha	t	t	t	'000L
Central District	9,738	3,262	79,820	468	62,153	43,885
Barossa District	8,294	1,750	52,323	291	132,486	127,510
Riverland	17,177	4,583	274,132	4,822	250,573	154,912
Northern District	3,562	1,099	17,464	49	11,506	7,738
South Eastern District	9,640	2,035	63,873	6	45,787	31,602
Total SA	48,412	12,729	487,612	5,635	502,505	365,648
Murrumbidgee	10,444	2,350	143,168	2,807	185,266	136,050
Hunter Valley	4,087	266	25,965	163	208,297	148,689
Sunraysia (NSW)	6,050	1,376	74,492	34,272		
Rest of NSW	7,479	2,787	58,633	1,694		
Total NSW	28,060	6,780	302,257	38,937	393,563	284,739
Sunraysia (VIC)	16,394	3,917	196,576	117,168	108,466	86,745
Kerang-Swan Hill	5,197	1,396	49,172	32,805	82,517	44,823
Rest of Victoria	8,130	3,328	59,512	790		
Total Victoria	29,721	8,641	305,260	150,763	190,983	131,568
Margaret River	2,265	873	14,667	262	13,374	9,015
Swan Shire	869	128	4,643	2,042	16,469	13,968
Rest of WA	3,319	1,105	18,671	1,731		
Total WA	6,454	2,107	37,982	4,035	29,870	22,983
Total Qld	1,700	518	2,018	3,842	-	-
Total Tas	524	237	3,369	-	1,729	1,074
Total Australia (b)	115,068	31,109	1,138,585	204,229	1,118,650	806,011

(Source: ABS, Australian Wine and Grape Industry, 1329.0, 2000, p25);

a) Winemakers crushing more than 400 tonnes

b) Total for area of vines and grape production includes ACT and NT

Table 3: MIA Wine Grape Plantings

Grape Colour	At 1996	1997	1998	1999	2000
	ha	ha	ha	ha	ha
Red Plantings		886.57	1355.74	405.03	?
White Plantings		249.62	160.33	180.58	?
Other Plantings		0.20	-	-	?
Total Plantings		1136.39	1516.07	585.61	?
Bearing		9737.06	9737.06	10873.45	12389.52
Non-bearing		1136.39	2652.46	2101.68	<585.61
Total		9737.06	10873.45	12975.13	?

Source: MIACHA database (Wine Grapes Marketing Board Annual Horticultural Survey).

Table 4: Wine Grape Price and Tonnage Regional Comparison

	Riverina (weighted avg)			Sunraysia (weighted avg)		
	1999	2000	Change	1999	2000	Change
WHITE	\$	\$	\$	\$	\$	\$
Chardonnay	686	565	-121	565	679	114
Chenin Blanc	358	318	-40	318	355	37
Colombard	346	325	-21	325	350	25
Doradillo	303	267	-36	267	225	-42
Marsanne	367	314	-53			
Muscadelle	516	352	-164			
Muscat Blanc	384	363	-21	363	324	-39
Muscat Gordo	382	356	-26	356	327	-29
Pedro	306	263	-43			
Palomino	329	296	-33	296	246	-50
Riesling	438	401	-37	401	389	-12
Sauv. Blanc	431	383	-48	383	446	63
Semillon	377	338	-39	338	497	159
Sultana	303	283	-20	283	311	28
Traminer	497	491	-6	491	450	-41
Trebbiano	339	309	-30			
Verdelho	408	348	-60	348	418	70
RED						
Cabernet Sauv.	989	670	-319	670	804	134
Durif	793	447	-346			
Grenache	600	442	-158	442	606	164
Mataro	688	427	-261	427	679	252
Merlot	988	565	-423	565	773	208
Pinot Noir	635	557	-78	557	626	69
Ruby Cabernet	804	518	-286	518	707	189
Shiraz	877	506	-371	506	812	306

Source: 1. Riverina Utilisation & Pricing Survey 2001 to 2005 (Wine Grapes Marketing Board August 2000); 2. Australian Regional Wine Grape Crush Survey 2000, Victoria/NSW Murray Valley.