

Welcome to our Winter Newsletter for 2007. So far it has been a busy and varied year, with a range of new projects being completed.

INDUSTRY COMMENT

Drought and Water Restrictions

Drought and water restrictions have been uppermost in the minds of all of the clients, industries and agencies that we work with.

Recent projects we have completed are;

- Drought business skilling program for River Murray Irrigators (PIRSA).
- Preparation of case studies for an Exceptional Circumstances (EC) submission for Federal drought relief for River Murray Irrigators (Drought Committee & Murraylands RDB).
- Development of a paper on *Drought Effects on Almonds* for the Almond Board of Australia.
- Our consultants are also accredited to prepare Business Plans for drought affected businesses by PIRSA and DAFF.

Scholefield Robinson has also been asked to give several presentations to local grower groups on ways grapegrowers can cope with water restrictions. We have recently given talks at the Landmark Regional Conference and to the Langhorne Creek Grapegrowers.

The crisis facing irrigators is not over, despite rainfall so far in late autumn/winter being higher than in 2006. Because of low reserves in storage, irrigators in Victoria currently have 0% allocation; SA 4% and NSW 0% with some "survival" or "contingency" water available for perennial crops. Carry over of unused water from 2006/07 will be possible, dependent on winter rains and storage reserves.



Wine Industry Situation

The Australian Wine Industry has experienced a season it would rather forget in 2006/07. It started off with high levels of wine stocks and the potential for another large crop at vintage 2007 because of more young vineyards coming to maturity. Prices for grapes and wine were falling and confidence was waning. Then drought and frost drastically reduced crops in many regions. These factors and other seasonal conditions have led to a projected Australian vintage in 2007 of about 1.3m tonnes, almost 700,000t less than in 2006. Yields in most districts were down, with McLaren Vale producing only about half of a normal crop. Vintage was several weeks early because of the lower crop.

In most districts, particularly in the warmer regions, the shortage of grapes did not result in large increases in prices and grape growers were faced with much reduced yield and continuing low prices.

Many growers in the Riverland, Sunraysia and Murrumbidgee regions that were "out of contract" did not manage their vines because of

the expectation of no market, and they missed out on the increased market demand at vintage, albeit at low prices.

The Australian Wine & Brandy Corporation *Wine Export Approval Report* for March 2007 showed export volume increased by 10%, to 789 million litres, total value increased by 4% to \$2.9billion, while average unit value for wine decreased by 6% to \$3.69 per litre.

The low crop in 2007 is expected to reduce excess wine stocks by about 400 million litres, which should bring some temporary balance back to the industry. Whether this results in higher prices to grape growers in 2008 is hard to predict.

With the continuing drought, the economic plight of many small growers in warmer areas, and some carry over effects from frost, are expected to lead to a below average year in 2008.

Nut Industry Growth

Data from a recent publication by the Australian Nut Industry Council has shown how the nut industries have grown in recent years.

Nut Type	Area (ha)	% Non-bearing	Main Areas Where Grown	Production (t)	Value (\$m)	Export Value (\$m)	Comment
Almond	18,593	55%	Vic/SA/NSW	16,509 (kernel)	\$116m	\$29m	MIS corporate & family farms
Macadamia	17,700	25%	NSW/Qld	40,000 (shell)	\$183m	\$149m	Corporate & family farms Aust is largest producer in world
Pecan	1,010	10%	NSW	2,350 (kernel)	\$28m	\$15m	Corporate & family farms
Chestnut	1,040	na	Tas/Vic/NSW	1,200 (shell)	\$7m	\$1m	Family farms
Pistachio	840	10%	Vic/NSW	1,000 (shell)	\$9m	Nil	Corporate & family farms
Walnut	1,140	50%	Tas/Vic/NSW	400 (shell)	\$2m	Nil	Corporate & family farms
TOTAL	40,323ha			61,459t	\$345m	\$194m	

Source: ANIC Industry statistics and personal contacts

Almonds and Macadamias are the dominant nut crops, while the area of non-bearing trees for almonds is 55% and walnuts 50%.

Industry projections are that by 2020 orchard plantings will double, production will increase four-fold, farm gate value will increase four times and export value will increase six times.

Scholefield Robinson is proud to work closely with clients in these growing industries.

MAJOR PROJECT WORK

NVHSC

The National Vine Health Steering Committee (NVHSC) has continued to address national grape vine health issues during the last year, with Scholefield Robinson again serving as the Secretariat. The NVHSC activities have included: updating and development of new protocols within the National Phylloxera Management Protocols; consideration of the benefits of a vine registry and the possible biosecurity implications of abandoned vineyards; legislation harmonisation across states; grapevine leaf rust eradication; incursion management training and awareness; and input to Biosecurity Australia on the import conditions for Californian table grapes.

Grape Price Determinations

Charles Drew was recently engaged to determine two grape price disputes for the 2007 vintage. He commented that there are substantial differences in the provisions in grape supply contracts from different winemakers. Consequently, a great deal of care is required in interpretation of the contracts when making grape price determinations.

Almond Projects

Prue McMichael and Lucy Pumpa recently completed and submitted to HAL the Final Report on the Angle Vale Leaf Tatter and Defoliation Disorder (LTD) of almonds. This disorder occurs in the northern Adelaide Plains region and results in leaf spotting and tatter in the spring, premature defoliation and dieback.

Other almond work has included the almond budwood investigation (completed in April), and the review of almond planting material from import conditions to dispatch of trees (due for completion in October 2007).

Yarra Valley Water Survey

Following on from the Yarra Valley Irrigators' Survey last November, the Department of Sustainability and Environment (DSE) and Melbourne Water (MW) engaged Scholefield Robinson to undertake interviews with water licence holders within the Steels, Pauls and Dixons Creek, Olinda Creek and Stringybark Creek Catchments located in the Yarra Valley, Victoria. The aim of the survey was to gauge their responses to stream flow management plans for the region. This required meeting with 127 licence holders.

ADFA Economic Sustainability Project

Scholefield Robinson Mildura has developed an economic sustainability model for dried grapes to investigate the relationship between property size, its associated management inputs and profitability and return on investment. Dried grape growers, and producers of most horticultural crops, need to know that if they increase the size of their enterprise, at what stage do they need to employ additional full time staff or purchase major items of equipment. Growers are also interested to know whether larger enterprises do in fact have economies of scale, if so where are they and how big are the benefits.

Our model not only tested the levels of profitability for different size enterprises but it also generated some interesting benchmarks for each scenario, such as returns/ML of water use, hours of labour per hectare, production costs per tonne and rate of return on capital invested in the enterprise. These benchmarks allowed us to very quickly evaluate the relative performance of the different property sizes tested. The model is very flexible and can be used to investigate options for individual growers thinking of expanding their dried grape business.

GWRDC Soil pH Project

The GWRDC funded project to study soil pH changes in drip irrigated vineyards across Australia has been completed. Soil samples were collected from vineyards in the major winegrape growing regions and, using this data, calculators on liming and rate of soil pH change were developed. Recently, Ben Thomas travelled to NSW, Vic and WA to present the project results to grower groups.

APVMA Selection Panel

Prue McMichael recently Chaired the Selection Panel for the position of Members of the Australian Pesticides & Veterinary Medicines Authority (APVMA) Advisory Board. This occurred in June and the appointments will be made by the Minister and Parliamentary Secretary in the near future.

SERVICES

Bud Fruitfulness Dissections

Winter 2007 has been a busy time for our technical staff with over 21,000 buds passing through the office for bud dissection! Overall bud fruitfulness appears to be relatively good in all districts; however, growers with severely frosted blocks need to keep in mind the decreased fruitfulness of buds on secondary wood when making pruning decisions.

Plant and Soil Analysis

With more financial pressure on growers, the use of soil and/or plant tests may indicate that applications of fertilisers are not required thus enabling growers to save money. Another way growers can save money is to have their fertiliser and foliar spray programs reviewed. If you are interested in this service or any other aspect of soil and plant analysis, please contact Ben Thomas at our Adelaide office.

STAFF

Farewell to Stuart Pettigrew

The team at Scholefield Robinson farewelled Stuart Pettigrew in May. Stuart was a Senior Consultant with Scholefield Robinson for over three years and was a valued member of our team. He is now travelling in Europe, with the aim of spending time with his wife's family in Sweden, and gaining experience with horticulture overseas (including olive and grape growing in Spain).

New Senior Consultant

Scholefield Robinson welcomes new Senior Consultant, Lauren Thompson, to the team at our Adelaide Office. Lauren has experience with a wide range of horticultural crops in both California and Australia and previously she managed her own horticultural consulting business in Moama, NSW.



Promotion Within the Ranks

At the 2007 Staff Review, Mary Retallack and Ben Thomas were promoted to Senior Consultant, and Amanda Schapel and Lucy Pumpa to Consultant, in recognition of their development in the horticultural consulting profession - *Congratulations!*

Future Leader

Mary Retallack has been awarded a position in the *Future Leaders Program*, which is a joint initiative of the Winemakers' Federation of Australia, the Australian Wine & Brandy Corporation, the Grape & Wine Research & Development Corporation and Wine Grape Growers Australia. This program is designed to develop leadership talent within the wine industry, ensuring the next generation of leaders can continue to exploit and develop the industry's collaborative networks. Graduates of the program may be invited to become members of boards and/or committees of the industry peak bodies. Mary has also been accepted into the Department of Agriculture, Fisheries and Forestry (DAFF) *Pathways to Rural Leadership* course, which will be held in early August.

Australian Institute of Agricultural Science and Technology (IAIST)

Charles Drew has completed 3 years as National President and Chairman of the Board and has now stepped down. He was also Acting CEO since mid March and has overseen the transfer of the National Office to Canberra. This move will allow IAIST to focus on advocacy and representation, particularly for national issues regarding Agricultural Science and Natural Resource Management.

Spain Study Trip

Garth Swinburn has just returned from a study trip to Spain to better understand how horticultural industries are travelling. The winegrape sector continues to grapple with the restrictions of appellation laws that dictate varieties, planting densities and number of buds per vine. Unfortunately this "uniform" system of vineyard management doesn't take into account the wide range of soil types and microclimates across the region. Some companies are however seeing the benefits of breaking the shackles and trying management practices similar to Australian viticulture.

An interesting trend in places like Rioja, Ribera del Duero and Rueda was the huge investment in winery buildings and facilities (some around \$10-20m) for relatively small vineyards (50-100ha) - the return on the wine doesn't seem that relevant. La Mancha, home to around 200,000ha of bush vines largely used for brandy and ethanol production, is moving (slowly) towards irrigated vineyards with trellis systems and modern viticulture practices and producing some very drinkable wines for €3-5. Another trend in this area is high density olive orchards. Generally however the olive plantings and almond plantings in central Spain are old, non-irrigated orchards with very low inputs.