

Are there alternatives to wine grapes?

Garth Swinburn, October 2009

Wine grape businesses in this region are currently sailing through the doldrums – a nautical term that describes the weather patterns on the equator as a combination of light and variable winds (often resulting in becalming) with intermittent heavy squalls and storms. Both conditions are uncomfortable at best and often damaging with long term implications.

In the past, wine growers have been told they have to be more productive; that is, produce more outputs with your inputs and I think considerable gains have been made in recent years in this respect. Growers have also been told they have to be sustainable, which means, in the broad sense that they have to be profitable, manage their businesses well and the environment in which they operate.

It seems that there is now an additional requirement for horticultural businesses and that is to be more resilient; this means that relying on a single crop, such as wine grapes or a narrow range of varieties within that crop, makes your business vulnerable in downturns of that crop or variety.

The cycle of diversification and specialization has always been around and there is no doubt that wine growers who also grow citrus, almonds or table grapes, are travelling better than those with only wine grapes, regardless of the size of the vineyard.

To be more resilient, a business has to keep the cash flowing when one part of the enterprise is suffering from low profitability for an extended period of time. Diversification can be within the fruit production sector (alternative crops) but can also be into a whole range of other horticultural crops for seed, oil, ornamental purposes and then even wider into animal industries, fibre, and energy production. And then there is real estate, for a bit of off-farm diversification. If we consider some opportunities for wine growers to diversify part of their enterprise away from grapes, then there is a variety of crops that may be suitable. This region has many attributes that make it attractive to build new horticultural industries.

The climate is good for growing a wide range of crops – the limitations are frost sensitivity and possible damage from severe heat during the height of summer. There are ways of reducing risks of frost or heat damage but you would have to weigh up the costs associated with crop protection infrastructure.

Our water supply situation is challenging at present; there is no doubt that if you stay in irrigated horticulture, your returns per megalitre of water used would need to improve. With wine grapes, in the main, currently returning \$500-\$2500 (gross) per megalitre, perhaps part of your property needs a crop that can return two or three times this amount. The human skills and expertise in this region are well established, from high level scientists to supporting services, labour contractors, industry organisations and processors. These resources already exist here and make building a new

industry in food production a lot easier than most other places.

The decision to become involved in an alternative crop, either as part of your existing wine grape business or instead of it, requires some broad decisions that you need to work through. These decisions are based on what skills you have (or what skills you are willing to develop through training), what resources you have (mainly capital but also land, water, plant and equipment) and how risk averse you are in your business. You need to place yourself in a broad category so you can narrow the range of options to consider.

Here are a few examples to illustrate the point.

Growing cut flowers, herbs, native foods or strawberries only requires small areas of land and they have (potentially) very high returns per hectare and per megalitre of water, compared to wine grapes. However, these crops require substantial investment in production, packing and storage facilities, considerable skills and expertise in management and carry with it potentially high risk of failure in any one year (adverse weather or disease). They also have relatively high levels of market risk (price volatility and demand).

At the other end of the spectrum, getting involved in agroforestry, carobs or some nut crops, you would need to have a reasonable area of land and the payback time is relatively long. However, the skills required and the level of annual risk is relatively low. Growing trees for timber or fire wood requires low annual inputs and carries very low production risks.



In between these extremes, there are many crops that have medium to high levels of risk, investment and required skills and still have (potentially) higher returns than wine grapes at the moment. Some examples are persimmon, pomegranates, passionfruit, stonefruit, table olives, dates, dried vegetables, vegetable seed, oil crops and garlic. Before you remove any wine grape trellis consider options to use the existing structures for an alternative crop.

Outside of the sphere of horticulture, there are opportunities worthy of investigation in animal industries, aquaculture, bees and energy production.

Not only are there alternative crops to consider, there are alternative methods of producing existing crops; for example, growing under plastic or netting to manipulate maturity and harvest times, kosher and halal production for specific market sectors both domestic and export, organic and ethical foods, functional foods (eg vital vegetables) and pre-prepared foods to move up the value chain.

Once you have convinced yourself that diversifying your wine grape enterprise will make your business, in theory, more resilient and you have decided on what broad category you are in, then the next step is to determine whether you develop your new crop as an individual or in conjunction with others i.e. collaboration.

Developing most perishable crops on your own, generally means that you grow the product, poke it into the domestic market and take whatever is on offer. If the returns are high (i.e. shortage of supply) then your neighbour will, without doubt, start to grow the same thing (unless you have very high walls), he becomes your competitor in the local market, supply goes up, prices become volatile and unpredictable and you very quickly become a fully fledged member of the peasant food farmers' society.

Building a successful new industry in this region is about a group of committed pioneers wanting to create some control over how the alternative crop is grown, harvested, graded, packed, branded and promoted. I am not referring to autocratic control imposed on the participants of a new industry, I am talking about consensual agreement within the group, based on well founded practices and procedures. Things like forming a strong industry body, developing strategies, having a management structure, putting in place a levy (at some stage), developing alliances with businesses along the value chain, developing quality standards based on market demand, market research etc are all part of establishing a successful and sustainable new industry. It is hard work, but it is the only option if you really want to make your wine grape business more resilient in the long term.