



WHERE TO FROM HERE?

Navigating The Industry Restructuring Challenge

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Scoping The Restructuring Challenge

- 1.7 MT 2009 vintage means industry oversupply is now chronic
- Industry Restructuring Action Agenda – designed to clearly communicate with the industry
- Focus on economically sustainable returns for growers & wineries
- Between 20,000 ha and 40,000 ha overplanted

Scoping The Restructuring Challenge

- 300,000 tonnes is unprofitable and unsustainable
- Mainly C and D grade in cool & temperate zones – mostly C grade
- Only 13% of warm zone D grade and 8% of E grade unsustainable

WGGA's Position On Restructuring

- Acknowledge that financial & climatic attrition will not remove enough vineyard
- A 40,000 ha or 25% cut in plantings will require major surgery
- Prefer a managed restructure rather than market forces alone – to achieve quick readjustment
- Government sponsored vine removal must now be considered

WGGA's Position On Restructuring

- WGGA preferred option would be a Dairy Adjustment style scheme
- Government funds provided up-front, with wine levy used to repay over future years
- Challenge - to target removals to zones where unsustainable vineyards predominate
- Vine Pull currently not favoured by WFA or by Government – must be unified industry position

WGGA's Position On Wineries Role

- Independent growers alone should not bear the burden
- Expect at least pro rata removal of winery vineyards –
4000 ha to 8000 ha
- WGGA call to Constellation & Fosters to sell off water
and remove vineyards
- Expect concurrent commitment by wineries to additional funding
for wine marketing
- Need clear communication with growers on future contracts

WGGA's Position On Government Role

- Small Irrigators Exit Package should be enhanced and extended.
- Government taxation policies largely to blame for overheating – must support Restructure Package
- Government must immediately apply moratorium on new MIS and eliminate preferential tax rules