17 June 2016

The Secretary Environment and Planning Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Via: epc@parliament.vic.gov.au

Dear Secretary

Re: INQUIRY INTO FIRE SEASON PREPAREDNESS

I am pleased to make a submission on behalf of Wine Victoria to the Parliamentary Environment and Planning Committee’s inquiry into fire season preparedness.

About Wine Victoria

Wine Victoria (WV) is the peak body representing the Victorian wine industry. We advocate on behalf of the wine industry ensuring our members remain a high priority with the Victorian Government and our national governing bodies. Our mission is to develop and enhance the long-term sustainability of the Victorian wine industry.

The association represents 21 distinct wine regions, with more than 800 wineries that produce a wide range of wine varieties and associated wine-tourism experiences. Our members span the state from east to west, north to south, with over 600 cellar doors that receive 1.5 million winery visitors per year. The Victorian wine industry has an estimated economic value of $1.04 billion per annum.

The wine industry is one of the last regionally-based manufacturing industries that value-adds, directly employing over 2,600 regional Victorians in grape growing and winemaking, and indirectly employing more than 11,500 through administration, tourism and hospitality function.

A shared commitment to community safety

Wine Victoria’s members own businesses and work in an industry that is a vital contributor to regional communities across the state. The clear priority for our members and those who work with them is to keep their communities as safe as possible from bushfire. Our members have experienced the distress and the damage that bushfires can cause families, communities and businesses. Wine Victoria and the broader wine industry support the efforts of the Victorian Government and the Department of Environment, Land, Water and Planning (DELWP) to keep Victorians safe from bushfires.

Planned burns and the Wine industry

Smoke from a planned burn can destroy or discount the selling price for an entire season’s product, which can be devastating. While weather and bushfire events are part and parcel of the risks inherent in any type of farming, it is much harder for wine-grape growers to manage the damage done by an act of Government, through a decision taken to undertake a planned burn in a way which causes smoke taint and financial detriment to the grower / wine-maker.
By taking action to reduce the risk wine-grape growers face from adverse events such as smoke-taint, DELWP and the Victorian Government can support individual wine makers to continue to work, invest and contribute to the communities and economy of regional Victoria.

**What is smoke-taint?**

“Smoke exposure of grapevines and the development of smoke-related characteristics in the resulting wines is an increasing issue for the wine industry. As Australia faces a warmer climate with more bushfires, smoke exposure in vineyards is becoming more regular... Unsable wine results in financial losses for producers with costs flowing on to wine brands, market presence and future sales.1”

Smoke taint can occur as a result of bushfires as well as from planned burns which are undertaken to reduce the risk of bushfires.

Research conducted by the Department of Agriculture and Food in Western Australia (DAFWA) found that “a single heavy smoke experience at a sensitive stage of growth (from seven days after veraison to harvest) was sufficient to create smoke related aromas, flavours and compounds in wine.2

The risk of smoke taint to wine-grapes is greatest between 'veraison' and harvest. Wine Victoria is working with wine-grape growers to produce a regional wine-harvest calendar each year. This calendar will provide the expected dates for that part of the wine-grape growth cycle when the impact of a smoke-taint event would be greatest across each region.

**Recommendation 1**

That DELWP utilise the wine harvest calendar to assist in their decision making at local and regional level as to the possible impact that scheduled planned burns may have on wine-grape crops at key stages of development.

**Impact of smoke-taint on business**

Smoke taint is a significant risk to wine growers and wine makers. Wines affected by smoke taint are unpalatable, unfit for purpose and un-saleable. A smoke taint event effecting grapes can lead to significant financial loss to both a wine-grape grower and/or a wine company. Depending on the size of the fire that caused the smoke taint the scope of the impact can move anywhere between one grower in a local area, to a number of producers within a sub-region or many producers across an entire region.

The scale and severity of the financial impact of smoke taint on a wine-grape grower or wine maker differs between grape varieties and the destination market of the grapes – whether the wine is to be sold into the bulk or premium wine markets.

**Supply contracts and smoke taint**

1 *Effect of smoke in grape and wine production*, Department of Food and Agriculture, Government of Western Australia, August 2013, page 5

2 *Effect of smoke in grape and wine production*, Department of Food and Agriculture, Government of Western Australia, August 2013, page 9
The perception that smoke taint has had an impact on the crop of one grower or a number of growers across a region can result in loss of income and the cancellation of wine-grape supply contracts for producers not otherwise directly impacted by a smoke taint event.

The supply contract of one large wine company requires growers to notify the winemaker if a material smoke haze event of more than 24 hours duration occurs during the period from ‘veraison’ to picking. Such an event gives the winemaker the option of rejecting the fruit grown to fulfill this contract, forcing the grower to seek an alternate market to sell the downgraded product at significant discount. Growers can be required to provide crop samples to determine if a harvest has been affected by smoke-taint. Where taint is identified the product can be disposed of at a significant loss against expected revenues.

Some contracts contain provisions that provide where smoke taint is not identified during harvest but is detected during the winemaking process that the wine produced from the tainted grapes can be totally rejected by the wine maker. Where this occurs the grower would generally be required to take ownership of the wine as well as the costs associated with its production. In such situations the grower retains the risk associated with smoke-taint impacts throughout the wine making process.

While these are not standard clauses in grower contracts, they provide an example of how the industry has adapted to deal with the risks associated with smoke taint.

Smoke Taint and Tourism

Boutique wineries are one of the key draw cards for tourists across regional Victoria. These businesses earn income from produce generated by the wine-grape crop as well as their tourist offering. The presence of smoke from planned burns can influence perceptions that wine available for purchase at the cellar door is smoke taint affected are inhibitors of tourist spending in regional Victoria.

A smoke taint event can result in small businesses experiencing loss of product (no wine), significantly reduced income from sales (or no income) and higher costs being compounded by loss of income through reduced taking from tourists. Many businesses would struggle to recover from such a significant hit to the budget, not many businesses could survive a repeat of such an event.

Wine Victoria believes that the impact of a smoke taint event on a wine grower, or growers across a sub-region / region is so significant that planned burns undertaken in the vicinity of vineyards during the vintage period pose an unacceptable risk of affecting the wine-grape crops with smoke taint.

**Recommendation 2:**

That DELWP not conduct planned burns in the vicinity of wine-grape growing vineyards during the vintage period

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3 While the vintage period in Victoria will generally occur between February and early May, the actual dates will vary from region to region and year to year, depending on weather and climate over the course of the season.
Reducing the risk of smoke-taint as a result of planned burns

Wine Victoria acknowledges that planned burns are an important strategy to reduce the bushfire risk that communities experience.

Concern about the impact of smoke-taint across Victoria followed implementation of the 2009 Bushfires Royal Commission recommendation of a 3-fold increase in fuel reduction burning on public land. The increased area-based burn-targets that resulted significantly increased the risk and impact of smoke-taint on the Victorian wine industry. Wine Victoria welcomed the revised risk-based approach to bushfire fuel management announced by the Victorian Government in November 2015.

Wine Victoria believes that planned burns can be managed to achieve their community safety objective while also limiting the risks of smoke taint to individual wine makers across the 21 wine regions of Victoria.

Wine Victoria believes that there is a significant opportunity for collaboration between DELWP and industry members across the state to promote community safety while also protecting the core business interests of the Victorian wine industry.

The Victorian Government’s response to the Inspector-General for Emergency Management’s report (into the review of performance targets for the bushfire fuel management program) was welcomed by the wine industry. In particular the industry supported the move to a risk-reduction approach to fuel management as well as the explicit mandate for DELWP to partner with local communities in undertaking the work to reduce risks associated with bushfires.

As a result of concerns raised by industry following planned burns undertaken in previous years regional wine associations and DELWP offices across regional Victoria have implemented communication agreements. The content of these agreements varies between regions and includes both written and verbal agreements. Wine growers and producers also receive DELWP burn forecasts.

In order to bring statewide accountability to this process there would be benefit in DELWP and Wine Victoria developing an overarching communications protocol to support engagement at the statewide level, provide feedback from all stakeholders on regional communications agreements and identify and resolve issues that may be emerging across regions.
Recommendation 3

a) That DELWP and Wine Victoria develop a protocol to identify communications expectations about planned burns on a statewide basis and work to improve exchange of information that will assist DELWP and the wine industry respond to emerging issues.

b) That regional offices of DELWP work with Regional Wine Associations (RWA) and Wine Victoria to review the regional communications agreements used to inform wine growers of planned burns in their region, with a view to ensuring that the expectations of all stakeholders are met. Where communications agreements are not in place, that DELWP undertake to develop a communications agreement with RWAs that nominate to be part of this process.

Burn forecasts

Wine Victoria acknowledges that burn forecasts are developed to meet the specific needs of a wide range of stakeholders who have at times, competing interests.

Documentation for the management of Planned burns over the three year cycle is incredibly extensive, can be difficult to interpret and be of little value in the day to day planning of wine businesses. For many growers the decision as to when each parcel of land is to be scheduled for burning is what they are interested in learning about as it can impact on their businesses viability. If this part of the process lacks transparency and is not communicated adequately then it can undermine for local wine businesses all the work and planning that has been undertaken by the Department to get to that point.

By nominating such a broad range of areas that are possible to be targeted for planned burns over a three-year period, it is difficult for local wine-growers and makers to know where the burns will actually occur in any given month / week / day. Until the fire manager exercises their discretion the industry is uncertain as to when they may be actually required to respond to a planned burn.

The development of GIS mapping of wine-grape growers and wine companies across Victoria would support improved notification of planned burns during vintage season. Department of Food and Agriculture in Western Australia (DAFWA) has developed a process to capture and map vineyard locations that has been piloted in WA and can be reproduced elsewhere in Australia. DAFWA also operate a ‘Sensitive Sites WA’ service designed to help DAFWA locate sensitive agricultural production systems within the agricultural regions. A sensitive site is defined as a property whose owner and DAFWA believe may be sensitive to impact from activities on nearby land.

4 Effect of smoke in grape and wine production, Department of Food and Agriculture, Government of Western Australia, August 2013, page 12

5 Effect of smoke in grape and wine production, Department of Food and Agriculture, Government of Western Australia, August 2013, page 15
Recommendation 4

That DELWP investigate:

a) the development of a GIS mapping process to capture vineyard locations across Victoria to support local DELWP officers provide adequate local notification of planned burns that may cause smoke;
b) the benefits of a service similar to DAFWA’s ‘Sensitive Sites WA’ to improve the notification of local wineries about planned burn activities.

Wine Victoria supports the principal that decision making about planned burns activities should where possible be undertaken at the local level based on access to the best possible information.

This allows local decision making processes that promote transparency as to how and why decisions are made, provides the local community and industry with ample opportunity to appropriately influence these decisions and promotes feedback and accountability to local communities.

These local area decisions should be placed within a statewide policy framework to implement regional priorities by utilising transparent and open approaches to engage local communities so that the community is seen to be able to influence decision outcomes and that the Department is accountable to the community for the quality of decisions.

Recommendation 5

That DELWP develop a standardised and transparent decision-making process for DELWP staff in regions / sub-regions to support decisions around planned burns.

The Government’s approach to reducing the risk of bushfire in Victoria promotes partnership between Government, community and businesses. This is an approach that Wine Victoria endorses and one that our members and industry partners will embrace in the coming years to protect both the safety of our communities and the sustainability of the Victorian wine industry.

Representatives of Wine Victoria would be pleased to attend a hearing of your Committee to further speak to this paper and any issues that may be of interest to the Committee.

Should you require any additional information please contact Rachael Sweeney - Wine Victoria Executive Officer at [redacted] or on [redacted]

Yours sincerely,

Damien Sheehan
Chair
Wine Victoria