

Tasmania *Delivers...*



The **wine industry** in Tasmania

A guide for investors

2014



2	Tasmania – a unique island of opportunity
4	The Tasmanian wine industry – history
5	The Tasmanian wine industry – the industry today
8	Value proposition
14	The market for Tasmanian wines
16	Indicative timeline and cost and returns for cool-climate wine production
20	Licensing, investment approval and entry to Australia
21	Assistance for investors
	Contacts

This marketing document was developed by the Department of State Growth.

For further information on the plan please visit www.stategrowth.tas.gov.au

This document was developed with the assistance of consultants Sue Henderson (Wine IP Pty Ltd) and Gary Baldwin (Wine Network Consulting Pty Ltd) following industry consultation in November and December 2011.

Disclaimer:

The information in this paper has been prepared with care, but no warranty is given as to the correctness of the information, or for any advice given, or for omissions from this paper. Readers rely on the information at their own risk and should seek their own independent legal and financial advice.

© State of Tasmania April 2012

Reprinted and updated November 2014

Images courtesy of Josef Chromy, Stefano Lubiana Wines, Wine Tasmania, Winemaking Tasmania, Mark Gordon, Simon de Salis and Michael Walters.





Key reasons for investing in the Tasmanian wine industry.

- » Tasmania enjoys a temperate maritime climate, perfect for the production of outstanding cool-climate wines.
- » Tasmania is the only state in Australia that currently has a market for its total wine grape output.
- » Demand is increasing for cool-climate wines, particularly Pinot Noir. Tasmania is in a unique position where demand for its high-quality Pinot Noir and other wines exceeds its current capacity to supply.
- » While mainland Australian producers have faced oversupply issues and a continuing decline in return per litre in export markets since 2007, Tasmanian wine has held a return approximately 2.5 times the Australian average over this period. Domestically, Tasmanian wine has continued to sell at super-premium prices and above¹.
- » Tasmanian grapes attract a price premium in the market, consistently generating a higher average price per tonne compared to other Australian wine producing areas. The average purchase price paid per tonne of Tasmanian grapes in 2013 was \$2 393. The quality of the Tasmanian product is apparent when that figure is compared to the national average purchase price of just \$499 per tonne².
- » Land prices are lower than those in other premium Australian wine regions.
- » In addition to the state's natural water resource advantage, the Tasmanian and Australian Governments are co-investing with industry to establish a number of large-scale irrigation development projects, which will double the amount of irrigable land available for production purposes.
- » Tasmania has an opportunity to build on its reputation as a producer of premium cool-climate wines, and to further develop the wine industry's links with the state's tourism sector and the Tasmanian brand.
- » The state is covered by a single Geographic Indication (GI), which provides marketing and branding advantages to Tasmanian producers.
- » There is an opportunity to further develop the domestic market, with a focus on interstate trade and increasing brand recognition, and also to explore emerging international markets such as China, Hong Kong and Canada.
- » Tasmania's climate is not predicted to change as rapidly as other Australian regions³ and the forecasted temperature changes are not likely to impact significantly on the state's suitability for grape growing.
- » Tasmania has a reputation for producing premium food products such as salmon, dairy, fruit, vegetables and red meat. The wine industry complements this production. This creates an excellent opportunity to leverage the Tasmanian brand profile and continue to build links between the state's gourmet food and wine industries.
- » As an island state Tasmania enjoys a natural biosecurity advantage. The state enjoys relative freedom from pests, diseases and weeds and is free from grape vine phylloxera.
- » The state is also gaining international recognition as an investment location. Tasmania has been recognised by one of Europe's leading wine publications, *The Drinks Business*, as one of the top two wine investment locations in the world.

1. For the purposes of this document and in line with common industry understanding, the category of 'super-premium' wine means wine retailing at A\$15-\$25 per bottle, and 'ultra-premium' can be taken to mean wine retailing at above A\$25 per bottle. Almost all of Tasmania's wine falls into these categories

2. Wine Australia, *Winegrape Purchases: Price Dispersion Report 2013*

3. Grose MR, Barnes-Keoghan I, Corney SP, White CJ, Holz GK, Bennett JB, Gaynor SM and Bindoff NL 2010, *Climate Futures for Tasmania: general climate impacts technical report*, Antarctic Climate and Ecosystems Cooperative Research Centre, Hobart, Tasmania

Tasmania – a unique island of opportunity



Tasmania is a cool-climate wine producing region, well known for award-winning Pinot Noir, sparkling wine, Chardonnay, Riesling and Sauvignon Blanc.

Tasmania is the only island state of Australia and is separated from mainland Australia by Bass Strait, a 240 kilometre stretch of water.

The state has an area of 68 330 square kilometres and 3 300 kilometres of coastline, making Tasmania approximately one quarter the size of Victoria, similar in size to Ireland and half the size of Fujian Province in China. Tasmania is a small, beautiful and pristine part of the world with unique features and rich natural resources.

The potential to produce naturally elegant wines was first noticed by George Bass, best known for the first circumnavigation of Tasmania with Matthew Flinders. Whilst sailing up the Derwent in 1802, Bass remarked in his diary that “the banks of the Derwent seemed admirably adapted for grain, vines and pasturage.”⁴

From those early beginnings Tasmania is now home to a diverse wine region, including the Tamar Valley and north east areas, the north west, along the east coast and the Coal River, the Derwent Valley and Huon/Channel districts in the south.

With a cool climate and long, sunny and dry autumns, Tasmania has ideal

growing conditions for developing intensely flavoured and aromatic wines.

Tasmania enjoys a national and international reputation as a leading producer of premium cool-climate wines, winning high praise, not to mention an array of medals, from wine judges and critics alike.

The industry is seen as a priority sector with excellent growth prospects and the Tasmanian Government is interested in securing value-adding investment within the state.

4. The Tasmanian Wine Centre, A Brief History of Tasmanian Wine, available at: <http://tasmanianwinecentre.myshopify.com/pages/about-tasmanian-wine>, as at 20 January 2012

Tasmania at a glance

Location	Located broadly at latitude 41-42° south and longitude 144° east and separated from the Australian continent by Bass Strait. Tasmania is a group of over 300 islands, with the main island being 315 km (180 miles) from west to east, and 286 km (175 miles) north to south.
Climate	Tasmania has a mild, temperate maritime climate with four distinct seasons, making it the ideal location for production of premium food and wine. In summer (December to February) the average maximum temperature is 21° Celsius (70° Fahrenheit). In winter (June to August) the average maximum is 12° Celsius (52° Fahrenheit) and the average minimum is 4° Celsius (40° Fahrenheit).
Government	Tasmania is a parliamentary democracy governed according to the principles of the Westminster System. Since 1901 Tasmania has been a state of the Commonwealth of Australia.
Population	At March 2013, the estimated resident population of Tasmania was 512 900.
Capital city	The capital of Tasmania is the city of Hobart. The greater Hobart area has a population of approximately 216 000 people.
Major industries	Food and agriculture, tourism, mining and mineral processing, forestry and related products, specialist manufacturing, science research, Antarctic-related industries, building and construction, renewable energy, and information and communications technology.
Community and lifestyle	<p>Tasmania's exceptional natural heritage, its diverse range of arts and cultural experiences, its lifestyle opportunities and its public spaces are advantages that help to make the state one of the world's most liveable places.</p> <p>Lonely Planet's <i>Best in Travel in 2013</i> has nominated Hobart as one of the best cities in the world to visit; the only Australian city to feature in the list. While in the north of the state, Launceston is ranked as Australia's most family-friendly city, in the 2012 Suncorp Bank Family Friendly Index.</p>
History and heritage	Aboriginal people are thought to have first moved onto the island 30 000 years ago during an ice age which exposed a land bridge between the island and mainland Australia. Europeans from the British Isles established a penal colony in 1803. During this time the island was called Van Dieman's Land. The transportation of convicts ended in 1853. The island was renamed Tasmania in 1856.



Recent awards



Decanter World Wine Awards 2013

- » Best International Chardonnay Over £15 and Best Australian Chardonnay Over £15 - Josef Chromy Chardonnay 2011
- » Best Australian Pinot Noir Over £15 Trophy - Bay of Fires Pinot Noir 2011
- » Best Australian Sparkling Wine Over £15 - Heemskerk Chardonnay Pinot Noir 2008

2013 Royal Hobart Wine Show

- » Best Pinot Noir, Best Wine in Show, Best Tasmanian Red, Best Tasmanian Wine and Best Red Wine in Show Trophies - Wine Society Directors' Selection Pinot Noir 2012
- » Best White Wine in Show, Best Individual Vineyard Wine and Best Tasmanian White Wine Trophies - Riversdale Crater Chardonnay 2011
- » Best Tasmanian Sparkling Wine and Best Sparkling Wine Trophies - Grant Burge Helene 2004
- » Most Successful Tasmanian Exhibitor - Pressing Matters
- » Best Sweet Dessert Wine Unfortified - Pressing Matters R69 Riesling 2010
- » Best Sauvignon Blanc Trophy - Freycinet Sauvignon Blanc 2013

National Wine Show 2013

- » International Judge's Award - Eddystone Point Pinot Noir 2011
- » Kit Stevens Memorial Trophy for Sparkling White or Pink and Chair of Judges' Award - House of Arras Blanc de Blancs 2001

International Wine Challenge 2013

- » Gold Medals to Josef Chromy Chardonnay 2011, Frogmore Creek Fumé Blanc 2011 and Penfolds Yattarna Chardonnay 2010 from Tasmania.

2013 International Cool Climate Wine Show

- » 2012 Pinot Noir Trophy - Ghost Rock "Two Blocks" Pinot Noir
- » 2010 Pinot Noir Trophy - Frogmore Creek Forty Two Degrees South Pinot Noir 2010
- » Best Riesling Trophy - Waterton Riesling 2012

Sydney International Wine Show 2013

- » Best Wine of Show, Best Red Wine of Show and Best Pinot Noir Trophies - Bay of Fires Pinot Noir 2011
- » Best Sparkling Wine of Show - Arras Grand Vintage 2004

2013 National Cool Climate Wine Show

- » Champion Wine of Show, Pinot Noir and Dry Red Table Wine Trophies Pooley Wines Coal River Pinot Noir 2012

Royal Adelaide Wine Show 2013

- » Sauvignon Blanc Trophy - Devil's Corner Sauvignon Blanc 2013
- » Pinot Trophy - Wine Society Director's Selection Pinot Noir 2012

Six Nations Wine Challenge 2013

- » Riesling Trophy and Best White Wine of Show Trophy - Pressing Matters R9 Riesling 2012

Industry accolades for Tasmania flowed freely in 2013, with Tasmanian wines collecting three trophies, three gold medals, six silver, nine bronze and three commendations at the prestigious Decanter World Wine Awards, which attract more than 14 000 entries globally. The International Wine Challenge 2013 saw Tasmania awarded 17 medals, including three gold, and five high commendations. Closer to home at the 2013 Royal Hobart Wine Show, all of the gold medals in the Pinot Noir classes were awarded to Tasmanian wines, and James Halliday's definitive Australian Wine Companion recognised five Tasmanian wineries in the 2014 'best of the best' list, with a further 24 wineries achieving the coveted five star rating.⁵

5. Wine Tasmania, email correspondence, 7 February 2014

The Tasmanian wine industry



Early settlers identified Tasmania as suitable for wine grape production and vineyards were quickly established throughout the state. By 1827 Matthew Broughton, who had a vineyard near Hobart, was advertising, “grape wine made in imitation of champagne” and other still wines from his property.

After an early surge of vineyard plantation, Tasmania’s wine industry floundered until the 1950s, when Italian and French immigrants recognised that Tasmania’s soils and climate were similar to the great grape growing regions of their homelands. Their pioneering work inspired others and the state is now home to over 200 vineyards.⁶

Tasmania is well-established as one of Australia’s finest cool-climate wine producing regions. This is an integral part of the state’s tourism sector and makes a significant contribution to the Tasmanian brand.

Yet with only 1 538 hectares under vine, the Tasmanian wine industry still has great potential for growth.⁷ The growing global market for cool-climate wines means demand for Tasmanian wine continues to outstrip supply.

Over the five years to 2013, average annual production in Tasmania has been approximately 7 800 tonnes.⁸ The state has around one per cent of the national vineyard area and produces less than 0.5 per cent of Australia’s wine.⁹ The Tasmanian wine industry directly provides approximately 1 100 full-time-equivalent positions.¹⁰

Despite its size, the state is developing a well-earned global reputation for high-quality wine. Pinot Noir and Chardonnay have done particularly well in Tasmania, although other early ripening varieties are suitable for planting.

While vineyards are being removed in other areas of Australia and in New Zealand, the Tasmanian wine industry is enjoying strong and sustainable growth, with recent investments and awards confirming the state’s position as a premium cool-climate wine region.

Despite demonstrable geographic and style variations in viticultural areas across the island, Tasmania remains the only Australian statewide zone in its own right. This single GI gives Tasmanian producers the advantage of a united marketing approach, with wide

recognition of ‘Tasmania’ as a brand and place in national and international markets.

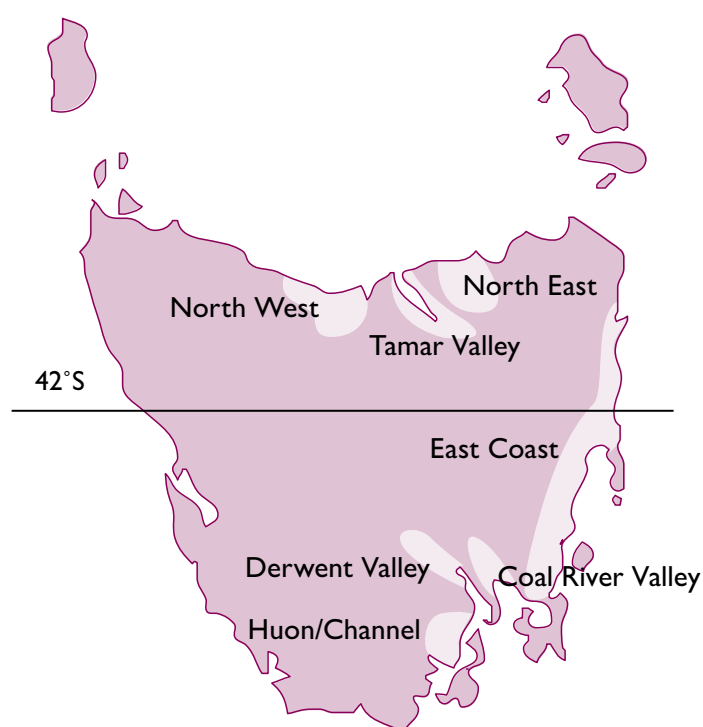
Wine Tasmania is the peak body for Tasmanian grape growers and wine producers. Its members represent 98 per cent of total wine production in the state.

6. Tasmanian Wine Centre, A Brief History of Tasmanian Wine, available at: tasmanianwinecentre.myshopify.com/pages/about-tasmanian-wine, as at 20 January 2012
7. Wine Tasmania’s Tasmanian Vintage Report 2013, available at: www.winetasmania.com.au/resources/downloads/I30981_Wine_Tasmania_Vintage_Report_2013.pdf, as at 28 January 2014
8. *ibid*
9. Calculated from Wine Tasmania’s Tasmanian Vintage Report 2013, Winemakers’ Federation of Australia 2013 Vintage Report, and Australian Bureau of Statistics 1329.0.55.002 - Vineyards, Australia available at: www.abs.gov.au/ausstats/abs@.nsf/mf/1329.0.55.002 as at 28 January 2014
10. Wine Tasmania, submission to 2014/15 Tasmanian state budget, October 2013, available at: www.winetasmania.com.au/resources/downloads/Wine_Tasmania_Budget_Submission_2014-15.pdf, as at 28 January 2014

Area and yield by variety – 2013 vintage¹¹

Variety	Bearing area (hectares)	Yield (tonnes)	Percentage of yield
Pinot Noir	623	4 950	43.5%
Chardonnay	330	2 649	23.3%
Sauvignon Blanc	158	1 364	12%
Pinot Gris	120	1 210	10.6%
Riesling	107	585	5.1%
Cabernet Sauvignon	46	305	2.7%
Merlot	19	95	0.8%
Other varieties	135	234	2%
Total	1 538	11 392	

In 2013 around 45 per cent of the Pinot Noir tonnage and around 59 per cent of the Chardonnay tonnage (over 30 per cent of the total yield) was made into sparkling wine.¹²



Wine regions of Tasmania

While Tasmania is a single GI, there are seven distinct growing areas around the state.

Yield by wine growing area – 2013 vintage¹³

Area	Bearing area (hectares)	Yield (tonnes)	Percentage of yield
Tamar Valley	508	4 521	39.7%
East Coast	299	2 272	19.9%
North East	285	2 109	18.5%
Coal River Valley	245	1 470	12.9%
Derwent Valley	99	713	6.3%
North West	21	161	1.4%
Huon and Channel	76	144	1.3%
Total	1 538	11 392	100%

Note that total tonnes and hectares have been rounded in the above table.

Tasmania is currently home to over 200 vineyards, 160 licensed wine producers and 29 wineries.¹⁴

11. Wine Tasmania's Tasmanian Vintage Report 2013, available at: www.winetasmania.com.au/resources/130981_Wine_Tasmania_Vintage_Report_2013.pdf, as at 27 November 2013

12. *ibid*

13. *ibid*

14. Department of Primary Industries, Parks, Water and Environment, 2010 Tasmanian Wine Industry Fact Sheet, available at: www.dpiw.tas.gov.au/inter.nsf/WebPages/CART-76B35M?open, as at 20 January 2012



Major investors

Despite its small size, Tasmania's suitability for producing premium cool-climate wine has attracted a number of local, national and international businesses to invest in operations in the state. Major producers include:

Bay of Fires Wines

Owned by Accolade Wines, recently acquired by Champ Equity, Bay of Fires Wines has a vineyard, winery and cellar door at Pipers River. Accolade Wines also owns the premium sparkling wine producer House of Arras which sources fruit from vineyards across Tasmania.

www.bayoffireswines.com.au

www.houseoffarras.com.au

Brown Brothers

Brown Brothers of Milawa, Victoria, one of Australia's most recognised and respected wine businesses, purchased the then-named Tamar Ridge Estates in 2010. The company now operates over 300 hectares of vineyards in Tasmania.

www.brownbrothers.com.au

Frogmore Creek

Frogmore Creek expanded through the purchase of the Roslyn Estate Vineyard in 2009 and the acquisition of neighbouring Meadowbank Estate in 2010. In addition to the Frogmore Creek

label, Frogmore Creek produces and markets the Meadowbank Estate, 42 Degrees South and Storm Bay labels.

www.frogmorecreek.com.au

Hill-Smith Family Vineyards

The Hill-Smith family, owner of fine wine brands Jansz Tasmania and Dalrymple Vineyard, recently increased its investment in Tasmania through the purchase of around 300 hectares of land in the Coal River Valley near Hobart.

www.jansz.com.au

www.dalrymplevineyards.com.au

Josef Chromy Wines

The Josef Chromy cellar door, recently expanded restaurant and function centre, vineyard and state-of-the-art winery are part of a 61 hectare estate at Relbia, near Launceston. Josef Chromy Wines produces the Zdar, Josef Chromy and Pepik labels.

www.josefchromy.com.au

Kreglinger

Encompassing the Kreglinger, Pipers Brook, Ninth Island and Norfolk Rise labels, Kreglinger Wine Estates was established as a wholly owned subsidiary of Belgian based G & C Kreglinger. Its operations in Tasmania commenced following the 2001 acquisition of majority ownership of the Pipers Brook Winery.

www.kreglingerwineestates.com

Shaw + Smith

Adelaide Hills winemaker Shaw + Smith purchased the Tolpuddle vineyard in the Coal River Valley in 2011 and commenced making single vineyard Chardonnay and Pinot Noir from the 2012 vintage.

www.shawandsmith.com

Treasury Wine Estates

Treasury Wine Estates, one of the world's largest wine businesses, continued its investment in premium grape resources by purchasing the 83 hectare White Hills vineyard in Tasmania's Tamar Valley in 2013.

www.tweglobal.com

Vignerons of the World

In testimony to the state's suitability for the variety, Grant Burge's family-owned Vignerons of the World has recently released its Tasmanian 'Catch Cry' Pinot Noir.

www.catchcrywines.com

Winemaking Tasmania

Winemaking Tasmania provides expert contract winemaking services from its Cambridge winery, which is outfitted with the very best winemaking and monitoring equipment. Wines produced by Winemaking Tasmania have consistently received national and international recognition.

www.winetas.com.au

Value proposition



Tasmania has clear potential to become the most productive and distinctive cool-climate wine producing region in Australia. Indeed, the state's potential received international endorsement in 2012 when one of Europe's leading wine publications, *The Drinks Business*, named Tasmania as one of the top two wine investment locations in the world.

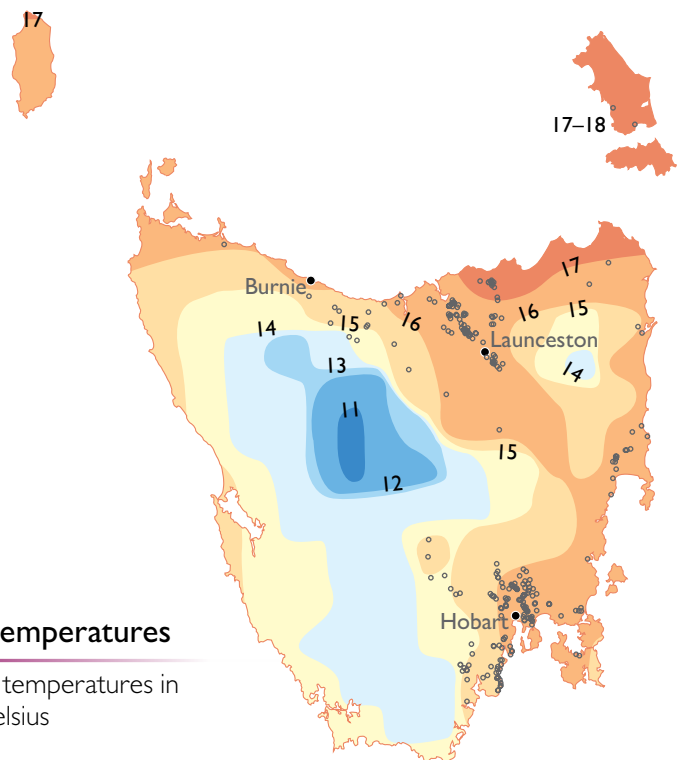
Climate

Tasmania has a temperate maritime climate. It is constantly cooled by prevailing westerly winds off the Southern Ocean, creating conditions that are generally free from extremes in temperature.

Mild spring and summer temperatures with warm autumn days and cool nights allow grapes to ripen slowly on the vine, resulting in maximum varietal flavour development and the retention of high natural acidity.

It is worth noting that Tasmania's climate is very similar to parts of New Zealand, a successful 'new world' wine producer with a reputation for premium quality cool-climate wines, particularly Sauvignon Blanc.

Tasmania lies at a similar southern latitude to famous wine-producing regions in the northern hemisphere including Bordeaux (France), Chianti (Italy) and the Willamette Valley, Oregon (USA).



January temperatures

Mean daily temperatures in degrees Celsius

Source: 'Tasmania Wine and Gastronomy Map' ©2009 Martin von Wyss, vW Maps Pty Ltd. Vineyard locations (represented by dots) provided by VineFinders



Growing degree days

This graph provides a comparison between growing degree days (GDD) for Tasmanian regions and a range of world wine regions. GDD is defined as a seven month sum above 10 degrees Celsius base temperature, October to April inclusive in the southern hemisphere, and April to October in the northern hemisphere.

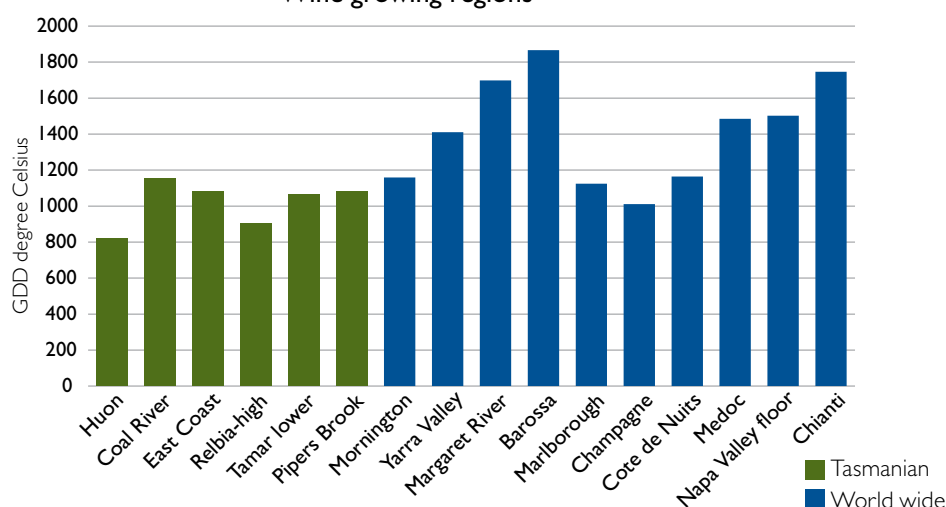
The graph shows the similarity between Tasmanian wine producing regions and world renowned cool-climate regions such as Champagne and Cote de Nuits (Burgundy) in France and Marlborough in New Zealand.

Data shown in the graph was prepared by Dr Andrew Pirie, M ScAgr PhD.

Climate change

Projected temperature changes for Tasmania are less than the Australian and global average changes, and are much less than predicted changes in some individual regions of the globe. This is partly due to the Southern Ocean storing the excess heat and thus moderating the future Tasmanian climate.¹⁵

Wine growing regions



In *Wine, Terroir and Climate Change*, eminent West Australian agronomist, Dr John Gladstones states that “Any warming will increase the likelihood of viticulture spread polewards and to higher altitudes, and such vineyards may be needed to maintain cool-climate wine styles in their purest forms”.

This could be interpreted as meaning that many premium wine producers in areas currently considered cool will need to shift to even cooler climates. Tasmania is an obvious destination for consideration.

Recent investors in the Tasmanian wine industry, Brown Brothers and Shaw + Smith, have indicated that the future impact of climate change was a key driver for their investment in Tasmania.

15. Grose MR, Barnes-Keoghan I, Corney SP, White CJ, Holz GK, Bennett JB, Gaynor SM and Bindoff NL 2010, Climate Futures for Tasmania: general climate impacts technical report, Antarctic Climate & Ecosystems Cooperative Research Centre, Hobart, Tasmania

Water availability

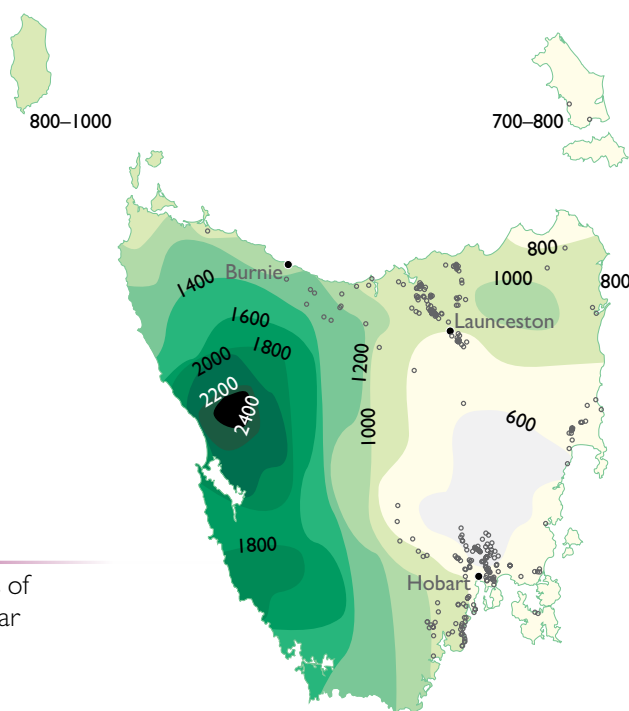
The key to sustainable viticulture is the availability of a reliable water supply at key phases in the growing season. Tasmania's most significant natural resource advantage is water. Tasmania receives 13 per cent of the nation's annual rainfall run-off. This is more than twice the run-off of the entire Murray Darling Basin in South Eastern Australia. Tasmania does not have the water-supply issues experienced in other parts of Australia and much of the world.

An ongoing priority in Tasmania is the completion of major irrigation schemes, which will double the amount of irrigated land. The Tasmanian and Australian Governments have committed funding to develop irrigation schemes with at least 95 per cent reliability of water supply, in partnership with local communities around the state. At full uptake, private sector investment of up to \$95 million is also anticipated, which will generate additional on-farm investment of approximately \$270 million.

More information is available at: www.tasmanianirrigation.com.au and www.dpipwe.tas.gov.au

Rainfall

Average millimetres of precipitation per year



Source: 'Tasmania Wine and Gastronomy Map' ©2009 Martin von Wyss, vW Maps Pty Ltd. Vineyard locations (represented by dots) provided by VineFinders

Soil

Tasmania's diverse landscape offers great potential for viticulture development. It is dominated by dolerite-capped mountains that shelter the state's wine regions from prevailing winds and rainfall.

The soils under greatest viticultural development in Tasmania are the brown and red soils derived from both dolerite and basalt.

The brown soils on dolerite offer stony, shallow, free draining and warm soils suitable for long, warm ripening. Brown soils from both sandstone and windblown sands also appear to be highly suitable because of free drainage and warmth. Soils on deeply weathered tertiary clays and soils on steeper sunny aspects above the Permian rocks also offer potential.

More information (including soil maps) is available from the Department of Primary Industries, Parks, Water and Environment at: www.dpipwe.tas.gov.au

Land availability and affordability

Currently, only 0.06 per cent of the available agricultural land in Tasmania is planted to grapevines.¹⁶

In addition to available land around the state's established wine producing areas, the large-scale irrigation projects currently under development in Tasmania will deliver water to an increased area of the state.

Access to water may present opportunities for viticulture in areas of the state not previously considered for such development.

The cost of purchasing land in Tasmania is low when compared to other wine producing regions of Australia or New Zealand. While land costs can vary considerably across the state, potentially suitable land can be found from as little as around \$5 000 per hectare.¹⁷

16. Calculated using 1 594 ha vineyard area and DPIPW Land Capability Classification System, available at www.dpiw.tas.gov.au/inter.nsf/webpages/tpry-6bf8d2?open, as at 12 November 2012

17. Wine Tasmania, email correspondence, 23 January 2012



Biosecurity

As an island state, Tasmania has a clear biosecurity advantage. Tasmania's biosecurity system is at the very core of the Tasmanian brand, as its natural environmental values and quality produce rely upon the state's relative freedom from pests, diseases and weeds.

Integrated pest management systems are commonly implemented by Tasmanian viticulturists. This ensures effective spray regimes, with applications kept to a minimum. Tasmania is free from grape vine phylloxera.

Research and development

Australian Wine Research Institute

Australia's leading wine research organisation, the Australian Wine Research Institute (AWRI) established a Tasmanian 'node' in collaboration with the Tasmanian Institute of Agriculture in 2008 – the first time the AWRI has expanded outside of its South Australian headquarters. Research focuses primarily on the two key wine products created in Tasmania: Pinot Noir and sparkling wine. www.awri.com.au

Tasmanian Forests Intergovernmental Agreement Funding

The Tasmanian Institute of Agriculture (TIA) has received state and federal funding to identify and report on climatically suitable sites to expand Tasmanian wine production, and to provide research, development and extension services to support industry growth.

In coordination with other government and industry activities, the climate study will involve detailed temperature measurements in potential vineyard regions. Of particular interest will be studies regarding landform and frost, a major limitation to grape production.

Sense-T

Sense-T is creating the world's first economy-wide sensor network. It combines research excellence with practical outcomes, demonstrating how real-time data can help us be more competitive, efficient and sustainable.

Sense-T is using real-time data from sensors, with spatial and historical data to build a digital view of the entire state.

Viticulture research is being led by scientists at TIA and CSIRO, working closely with Wine Tasmania and local vineyards. Sense-T aims to support the wine industry to:

- » minimise diseases such as botrytis and only spraying when really needed
- » provide early response to frost and smoke
- » optimise water and irrigation
- » reduce on-farm chemical, energy and fertiliser use
- » improve grape yield and quality
- » access markets through demonstrating provenance and sustainable practices.

www.sense-t.org.au

International Cool Climate Symposium

The 8th International Cool Climate Symposium was held in Hobart in February 2012. The four-day international meeting was jointly hosted by Wine Tasmania, AWRI and TIA and attracted approximately 330 delegates from the major cool-climate regions of the globe.

Industry Development Officer

With the support of the Tasmanian Government, Wine Tasmania has engaged an Industry Development Officer since 2009. The officer is an employee of the Tasmanian Institute of Agriculture (TIA) and is embedded in industry through Wine Tasmania and directed by the wine sector.

Key activities undertaken by the Industry Development Officer include:

- » identifying opportunities to assist industry in achieving sustainable growth, aligned with the Tasmanian wine industry's marketing strategy
- » providing strategic information to industry and government that will drive improvement, growth and investment
- » ensuring that industry's investment in research and development delivers real benefits to the Tasmanian wine industry at the vineyard and winery level.

Infrastructure

Transport and travel

Tasmania has well-developed transport systems encompassing sea, land and air travel. The state's transport systems provide fast and efficient links between the major Tasmanian centres, mainland Australia and international markets.

Each week, approximately 500 flights carry passengers and airfreight into, and out of, the state. Qantas, Jetstar, Virgin Australia and Tiger Airways fly into the state from many mainland capitals including direct flights from Sydney, Melbourne and Brisbane.

A dedicated freight rail system provides important transport for bulk freight. There is a network of public transport servicing and connecting the urban areas of Hobart, Launceston, Devonport and Burnie.

Tasmania has a comprehensive road system linking all of its major cities and towns, which provides access to rural areas suitable for viticulture. The short distance between major centres and rural areas allows commuting with minimal traffic congestion.

The state possesses four deep-water sea ports located in Hobart, Burnie, Devonport and Bell Bay. There are regular shipping services linking Tasmania to Europe, North America and Asia via other Australian ports.

The two passenger, vehicle and freight ships, *Spirit of Tasmania I* and *II* provide daily sailings across Bass Strait, linking the north west coast city of Devonport to the Port of Melbourne.

Energy options

Tasmania's energy network complements the state's natural environment.

The majority of Tasmania's energy is supplied by renewable hydro-electricity. An undersea power cable linking Tasmania with Victoria has provided further competition to the Tasmanian energy market and allows electricity to be exported during high-priced peak demand periods, while still meeting the needs of customers in Tasmania.

The connection of a gas pipeline from mainland Australia brings natural gas and gas-generated electricity to Tasmania. This provides greater choice and reliability of energy supply to customers and can be used to supplement the hydro-electricity system.

The development of wind farms on Tasmania's coast has the potential to add a further 500 megawatts of installed energy capacity and will place Tasmania at the forefront of renewable energy developments.

These projects continue to guarantee Tasmanians a safe, clean and reliable energy source. Importantly, the supply of energy to Tasmania has never been interrupted by industrial action.

Adaptive and innovative workforce

Tasmania continues to attract bright, passionate and knowledgeable winemakers from across the country, as well as developing its own world-class winemakers.

These winemakers are drawn by Tasmania's natural advantages, which help them to produce top wines, and by the lifestyle the island state offers.

As part of its partnership with the wine sector, the government is committed to the ongoing delivery of traineeships and pre-employment training in viticulture, and the creation of a workforce development plan for the wine sector.

Government support

The Tasmanian Government has identified the wine industry as a priority sector with excellent growth prospects. The government works with potential investors to secure value-adding investment for the wine industry.

Invest Tasmania

Part of the Department of State Growth, Invest Tasmania drives investment attraction and facilitation within the state and provides tailored assistance to suit the requirements of potential investors.

www.investtasmania.com.au

Tourism Tasmania

Quality food and wine is an important part of the Tasmanian visitor experience. Tourism Tasmania offers support to the wine industry through promotion of cellar-door sales and wine businesses throughout the state, and integration of wine into the Tasmanian brand through Tourism Tasmania's consumer messaging.

www.discovertasmania.com

www.tourism.tas.gov.au

Department of Primary Industries, Parks, Water and Environment

The Department of Primary Industries, Parks, Water and Environment is responsible for the sustainable management and protection of Tasmania's natural and cultural assets for the benefit of Tasmanian communities and the economy.

www.dpipwe.tas.gov.au

Tasmanian Institute of Agriculture (TIA)

TIA is a joint venture between the University of Tasmania and the Tasmanian Government.

TIA has a state, national and international mandate. At the state level, TIA works closely with partners in government and industry to improve the performance of Tasmania's agricultural sector, across all industries and value chains. Nationally, TIA shows leadership in research excellence and partners with many organisations. Internationally, TIA is rapidly increasing its research portfolio, influence and student numbers.

www.tia.tas.edu.au

Industry support

Wine Tasmania

The peak body for Tasmanian grape growers and winemakers focuses on building the profile and market for Tasmania's premium cool-climate wines. Wine Tasmania's mission is to assist its members to be recognised as world leaders in the sustainable production of premium cool-climate wine.

Wine Tasmania represents more than 98 per cent of Tasmanian wine



grape production, with more than 90 state-wide industry members and 34 associated member businesses.

More information about Wine Tasmania, including its Strategic Plan, can be found at:

www.winetasmania.com.au

The Tasmanian brand

Tasmania's pristine natural environment is just one reason the location is widely recognised as a desirable tourist location of historical and environmental significance, and as a producer of high-quality food and wine.

Tasmania is an island of difference. Its people are resourceful; applying the kind of creativity that arises from geographical isolation to their business activities, scientific research and artistic endeavours.

Tasmanian companies are world leaders in many areas of specialisation, including large, high-speed catamarans, marine evacuation gear, high-performance radio antennae and aquaculture equipment. The common thread is quality as the competitive advantage.

The state is a natural larder with clean air, water and rich soils giving rise to the production of 100 varieties of specialty cheeses, as well as other dairy products, rock lobsters, oysters, scallops and abalone,

Atlantic salmon, beef, premium beers, leatherwood honey, mineral waters, fine chocolates, fresh berry and stone fruits, apples, vegetables and, of course, award-winning cool-climate wines.

Other export products include essential oils such as lavender, pharmaceutical products and premium wool sought after in Europe and Asia.

Due to its single GI, the Tasmania wine industry has chosen to work with the strengths of the total geographical position as its 'regional hero' brand message. The focus is on marketing the whole state, avoiding any fragmenting of its marketing, such as subsets of smaller wine regions or valleys. This means Tasmania's wine is marketed with a single, powerful and cohesive message.

Tasmania is increasingly recognised for producing the highest quality Pinot Noir in Australia. This is fundamental to its differentiation from other wine regions. It is difficult for other regions in Australia to consistently replicate the quality of Tasmanian Pinot Noir.

Tasmania will also continue to build a reputation for premium sparkling wine, Chardonnay and aromatic whites such as Riesling and Pinot Gris. However the number one goal is to be recognised as the best producer of quality Pinot Noir.

Testimonials

Tasmania's wine industry is increasingly attracting international media attention, and independent acclaim from influential commentators.¹⁸

"The wines reflect the pristine atmosphere of the island"

Jancis Robinson OBE MW (UK)

"Tasmania offers some of Australia's finest Pinot Noirs, Rieslings with more finesse than anything grown outside Germany's Mosel; Sauvignon Blancs that are challenging New Zealand's best."

Tom Stevenson (UK)

"Tasmanian Pinot Noir is fast on the ascent, with new benchmarks redefining the top end"

Tyson Stelzer, Wine Taste Weekly

"The best sparkling wines are now predominantly sourced from Tasmania"

James Halliday, 2014 Australian Wine Companion

"Tasmanian wine is set to become the flagship of Australia's premium wine future"

Winsor Dobbin, Selector, Summer 2013

"Tassie Chardy shines... They lack for little when compared with the greatest chardonnays from Burgundy, and they cost a fraction of those wines."

Huon Hooke

"Tasmanian is rapidly becoming Australia's 'Little Champagne'"

Anthony Rose, The Independent (UK).

¹⁸ Wine Tasmania, email correspondence, as at 7 February 2014

The market for Tasmanian wines



Tasmania is in a unique position where demand for its high-quality Pinot Noir and other premium wines exceeds the current capacity to supply. Furthermore, Tasmanian grapes and wine tend to fetch higher average prices compared to that of other Australian wine producing regions.

While mainland Australian producers have faced oversupply issues and a continuing decline in return per litre in export markets since 2007, Tasmanian wine has held a return approximately 2.5 times the Australian average over this period.¹⁹

Global trends for cool-climate wines

Consumption of cool-climate wine styles at super-premium and ultra-premium prices is growing in the established markets of the United Kingdom, United States of America, Canada, Scandinavia, Hong Kong and Singapore. For example, sales of Pinot Noir in the USA are achieving rapid growth in an otherwise flat market.

Sales are estimated at one million cases per annum and this represents annual growth of 30 per cent, which is a very strong performance. Sales of other cool-climate wines, such as sparkling wines and Pinot Gris are also trending upwards at super-premium and ultra-premium price points.²⁰

There is currently a limited supply of cool-climate Pinot Noir from Burgundy, Oregon and New Zealand to meet global demand. The growth of cool-climate wine sales, especially Pinot Noir, represents an opportunity for the Tasmanian wine industry in the global marketplace.²¹

Speaking at the 8th International Cool Climate Symposium for Viticulture and Oenology held in Hobart in February 2012, world-renowned wine commentator Jancis Robinson OBE MW confirmed these trends. She remarked that more 'refreshing' wines, such as those generally produced in cool climates like Tasmania, are easier to match with food and are in growing demand right around the world.

Australian trends for cool-climate wines

An oversupply of Australian wine and the impact of the strong Australian dollar have led to a decrease in the per litre value of Australian wine since 2007. The total sales value has fallen from \$3 billion in 2007 to \$1.94 billion in 2011.²²

Despite this, and consistent with global trends, demand for Pinot Noir and sparkling wine is increasing in the Australian market. For example, in the Australian retail sector, Pinot Noir represents only 6.3 per cent of all red wine sales, but sales are growing at an impressive 15.4 per cent per annum.

Growth rates of this scale have not been seen in the Australian red wine market since the emergence of Cabernet Sauvignon as a popular variety in the late 1970s.²³

19. Australian Wine Export Council - Wine Export Approvals reports

20. Sue Henderson, Wine IP Pty Ltd, presentation to Tasmanian wine producers (based on Wine Australia statistics), 14 December 2011

21. *ibid*

22. *ibid*

23. *ibid*

Sales of Tasmanian grapes and wine

Tasmanian grapes attract a premium price in the market. The average purchase price paid per tonne of Tasmanian grapes in 2013 was \$2 393. The quality of the Tasmanian product is apparent when that figure is compared to the national average purchase price of just \$499 per tonne.²⁴

The table below compares the prices paid per tonne in 2013 for specific varieties from a number of Australian wine regions. As can be seen, Tasmanian grapes attract significantly high prices.²⁵

Region	Pinot Noir	Chardonnay	Sauvignon Blanc	Riesling	Pinot Gris
Tasmania	\$2 578	\$2 322	\$2 010	\$2 153	\$2 080
Mornington Peninsula (Victoria, Australia)	\$2 703	\$2 263	-	-	\$2 362
Yarra Valley (Victoria, Australia)	\$1 979	\$1 660	\$1 304	-	\$1 353
Adelaide Hills (South Australia)	\$1 526	\$1 286	\$1 070	\$780	\$1 282

By volume, approximately 45 per cent of Tasmanian wine is sold within the state, 47 per cent is sold to mainland Australia and the remaining eight per cent is exported internationally.²⁶ The domestic market is therefore crucial to Tasmanian wine producers and this reinforces the industry's close linkage with tourism.

It is also important to note that over 156 100 people visited Tasmanian vineyards/cellar doors over the one-year period to September 2013. So almost one in six visitors to the state will visit a Tasmanian vineyard during their stay.²⁷

Tasmania also has strength in sales in the lucrative on-premise channel, where higher margins are attainable.²⁸ Despite producing 0.5 per cent of Australia's wine, Tasmania has a 6.1 per cent share of Australian wine listings by region through this channel. Of Australia's 60-plus designated wine regions, Tasmania is the fifth-most listed region and listings of Tasmanian wines are growing faster than any other state of Australia and every country except New Zealand.²⁹

Pinot Noir listings represent 18.4 per cent of all red wine listings, and the variety is Australia's second-most listed red wine after Shiraz. Tasmania is the most listed Pinot Noir producing region in Australia and the average price for the Tasmanian product in this channel is \$58.32 per bottle. Tasmanian sparkling wines also have a strong presence on wine lists, consolidating the state's reputation as a premium sparkling winemaking location.³⁰

Exports

Total exports of Tasmanian wine by value in 2012-13 was A\$2.12m. Additionally, a further A\$0.33m of Tasmanian wine blended with wine from other Australian regions was exported in 2012-13.

The average export price per litre of Tasmanian wine in 2012-13 was A\$12.01 compared to the national average for bottled wine of A\$4.72 per litre.

In order, the top five export markets by value for Tasmanian wine in 2012-13 were:

1. UK
2. China
3. Canada
4. Japan
5. Finland

Exports of Tasmanian wine to China have been growing strongly.³¹

24. Wine Australia, Winegrape Purchases: Price Dispersion Report 2013

25. Adapted from – Wine Australia, Winegrape Purchases: Price Dispersion Report 2013

26. Wine Tasmania, email correspondence 13 December 2013

27. Tourism Tasmania data, Report: Table 1 Activities Undertaken in Tasmania, Visitors Aged 14 Years and Over, Oct 2012-Sept 2013

28. 'On-premise' is commonly taken to include sales at restaurants, hotels, pubs, catering and special events venues

29. Wine On-Premise: Tasmania 2013, Wine Business Solutions report commissioned by Wine Tasmania

30. *ibid*

31. All figures in this section are from the Australian Wine Export Council – Wine Export Approvals Reports

Indicative timeline and cost and returns for cool-climate wine production



Timeframes for a return on investment from cool-climate winemaking differ considerably from other types of viticulture and winemaking. A number of issues impact the return on investment period. Viticulture, like all agriculture ventures, is subject to the influences of climatic events. Taking the prevailing and longer term climate change predictions into account and selecting only the most appropriate sites is therefore an important part of the investment process. Frost mitigation and irrigation where appropriate, combined with best practices in vineyard management, and seeking professional advice, are always recommended.

The graphic below illustrates the potential timelines for the establishment of a cool-climate wine producer. Note that the times indicated are a conservative estimate. With ideal conditions and/or the application of excellent viticultural practices, timelines could be accelerated:

Activity/milestone:	Year	1	2	3	4	5	6	7	8	9	10
Select land											
Vineyard layout											
Prepare irrigation infrastructure											
Order rootlings or planting material											
Soil analyses, deep ripping and other preparation											
Install trellis including irrigation system											
Plant vines											
Train vines, manage vines											
First crop (expect 50 per cent of normal yield)											
First wine to market											
Second and third crop (expect 75 per cent of normal yield)											
Normal crop (100 per cent yield)											
High-quality crop for premium wine styles											
Establishment costs by per cent of total		50%	20%	20%	10%						



The size of any vineyard investment will clearly be determined by any number of factors. Two indicative models are presented to assist in understanding the very basic economics of vineyard establishment in Tasmania. In both models it is assumed that the vineyard will be planted to premium varieties supported by appropriate infrastructure.³²

The chosen sizes represent an ultra-premium boutique operation (10 hectares) and a medium-sized commercial venture (100 hectares).

The cost of land will vary significantly across the various areas within the state and land that is suitable for viticulture may be available for as little as \$5 000 per hectare. However, for the purposes of these models pricing of \$25 000 per hectare for the 10 hectare model and \$10 000 per hectare for the 100 hectare model has been adopted.

These prices represent the potential cost of land in areas already established as premium areas for viticulture. Note that the land cost per hectare is higher for the 10 hectare model than the 100 hectare model, reflecting the general real estate trend that large land parcels are cheaper per hectare than smaller parcels.

To take advantage of only the most suitable aspects, slope, soil types and other geographical or mesoclimate features, the models assume that for every hectare of vineyard to be planted two hectares of land are purchased.

The models also include a number of scenarios for annual vineyard revenue, demonstrating the potential affect of differing yields and price received for fruit.

The assumption in both models shown below is that the vineyard is set up with a relatively standard Vertical Shoot Positioned trellis system incorporating two sets of movable foliage wires. The trellis is set at 2.4 metre spacing and the vines are 1.2 metres apart, giving a planting density of approximately 3 500 vines per hectare.

It should be noted that the models below do not include the provision of a cellar door. While a cellar door facility would obviously add costs, wine tourism and cellar door opportunities are an important part of many wine businesses in Tasmania. Cellar door facilities present an ideal opportunity to add value through the ability to directly market products and provide a sense of place.

32. Models developed by Sue Henderson (Wine IP Pty Ltd) and Gary Baldwin (Wine Network Consulting Pty Ltd)

Model A – 10 hectare hypothetical vineyard

Investment required	Detail	Total costs/returns
Land	20ha at \$25 000/ha	\$500 000
Establishment costs (including irrigation infrastructure)	\$60 000/ha	\$600 000
Vineyard machinery	\$100 000	\$100 000
Total capital investment		\$1 200 000
Annual operating costs (including water)	\$14 000/ha	\$140 000
Potential annual vineyard revenue from fruit sales – after 5 years		
Potential annual revenue (scenario 1)	Yield 7t/ha and revenue received \$2 000/t	\$140 000
Potential annual revenue (scenario 2)	7t/ha and \$2 400/t*	\$168 000
Potential annual revenue (scenario 3)	6t/ha and \$3 500/t	\$210 000

*The average price of Tasmanian fruit from vintage 2013 was \$2 393 per tonne³³

Model A – Winemaking, distribution and sales to market³⁴

While the above table presents information related to the establishment and operation of a vineyard and sale of fruit, the information below relates to a business instead turning the fruit into wine.

Under this model, production is in the ultra-premium category and is led by Pinot Noir. It is envisaged that it will take at least six years from vineyard establishment until the launch of the first wine. There is a strong focus on distribution and supply from cellar door and in Tasmanian outlets. This is a boutique winery and very small in Australian terms.

The returns and prices outlined below assume a fully mature business operating after approximately 10 years of vineyard establishment and five years of wine production, distribution and sales. If wine was made from grapes of lesser maturity, it would not be of the quality required to command ultra-premium price-points in the market place. The potential returns are indicative only and represent an optimal situation.

Pinot Noir and Chardonnay are specifically selected as they provide the best market opportunity to build a successful sales and marketing model and to realise returns on investment. Selections of other niche varieties could come into production in a shorter timeframe, but would not significantly change the performance of the model.

Using scenario 1 or 2 from the above table, where yield is 7 tonnes per hectare, 70 tonnes of grapes would be produced. This could be made into approximately 4 550 cases of wine and, if sold at an average net return of \$279.83 per case, would represent gross sales revenue of \$1 273 227.³⁵

In determining profitability and returns one would need to deduct the cost of sales and winemaking costs. These costs can vary considerably and are therefore not included in the model.

Assumptions

- » Sales are led by an ultra-premium Pinot Noir brand.
- » Sales are 60 per cent Pinot Noir at a retail selling price (RSP) of \$61.50 per bottle, 20 per cent methode champenoise sparkling at a RSP \$58.00 per bottle, and 20 per cent Chardonnay at a RSP of \$50.00 per bottle.³⁶

- » Approximately 34 per cent of sales (1 525 cases) are through high-margin, direct channels (cellar door, online etc).
- » Approximately 44 per cent of sales (2 000 cases) to Australian on-premise outlets and independent retailers are via an appointed distributor(s) in the eastern states.
- » Approximately 23 per cent of sales (1 025 cases) to export markets, focusing on adopters of Pinot Noir in established European and North American markets and in the top three markets of Asia (China, Hong Kong and Singapore).

33. Wine Australia, Winegrape Purchases: Price Dispersion Report 2013

34. Model developed by Sue Henderson (Wine IP Pty Ltd) and Gary Baldwin (Wine Network Consulting Pty Ltd)

35. Average return per case calculated based on sales of three products through three channels: Cellar door and direct; Australian distributors and export markets. Wine Equalisation Tax and GST have not been included. Revenue is estimated for a fully mature business, operating approximately ten years from now

36. Retail selling prices assume maximum margin across the supply chain for all stakeholders, before discount and promotion

Model B – 100 hectare hypothetical vineyard

Investment required	Detail	Total costs/returns
Land	200ha at \$10 000/ha	\$2 000 000
Establishment costs (including irrigation infrastructure)	\$50 000/ha	\$5 000 000
Vineyard machinery	\$500 000	\$500 000
Total capital investment		\$7 500 000
Annual operating costs (including water)	\$12 000/ha	\$1 200 000
Potential annual vineyard revenue from fruit sales – after 5 years		
Potential annual revenue (scenario 1)	Yield 7t/ha and revenue received \$1 500/t	\$1 050 000
Potential annual revenue (scenario 2)	7t/ha and \$2 400/t*	\$1 680 000
Potential annual revenue (scenario 3)	8t/ha and \$1 500/t	\$1 200 000
Potential annual revenue (scenario 4)	8t/ha and \$2 400/t*	\$1 920 000
Potential annual revenue (scenario 5)	8t/ha and \$3 000/t	\$2 400 000

*The average price of Tasmanian fruit from vintage 2013 was \$2 393 per tonne³⁷

Model B – Winemaking, distribution and sales to market³⁸

While the above table presents information related to the establishment and operation of a vineyard and sale of fruit, the information below relates to a business instead turning the fruit into wine.

Under this model, production is focussed on sparkling wine. It is envisaged that it will take at least six years from vineyard establishment until the launch of the first wine. There is a strong focus on the mainland Australian market. This is a commercial winery model and is small-medium scale in Australian terms.

The returns and prices outlined below assume a fully mature business operating after approximately ten years of vineyard establishment and five years of wine production, distribution and sales. If wine was made from grapes of lesser maturity, it would not be of the quality required to command ultra-premium price-points in the market place. The potential returns are indicative only and represent an optimal situation.

Sparkling wine, Pinot Noir and Chardonnay are specifically selected

as they provide the best market opportunity to build a successful sales and marketing model and to realise returns on investment. Selections of other niche varieties could come into production in a shorter timeframe, but would not significantly change the performance of the model.

Using scenario 1 or 2 from the above table, where yield is 7 tonnes per hectare, 700 tonnes of grapes would be produced. This could be made into approximately 42 000 cases of wine and, if sold at an average net return of \$154.34 per case, would represent gross sales revenue of \$6 482 280.³⁹

In determining profitability and returns one would need to deduct the cost of sales and winemaking costs. These costs can vary considerably and are therefore not included in the model.

Assumptions

- » Sales are led by a major premium sparkling brand.
- » 60 per cent of production is premium sparkling sold at \$33.00 RSP per bottle, 20 per cent of production is Pinot Noir sold at \$34.00 RSP per bottle, 20 per cent of sales are Chardonnay at \$34.00 RSP per bottle.⁴⁰

- » Approximately 17 per cent of sales (6 930 cases) are through high-margin, direct channels (cellar door, online etc).
- » Approximately 63 per cent of sales (26 390 cases) to on-premise outlets and independent retailers via an appointed distributor(s) in all states.
- » Approximately 21 per cent of sales (8 680 cases) to export markets, focussing on adopters of Pinot Noir in established European and North American markets and in the top three markets of Asia (China, Hong Kong and Singapore).

37. Wine Australia, Winegrape Purchases: Price Dispersion Report 2013

38. Model developed by Sue Henderson (Wine IP Pty Ltd) and Gary Baldwin (Wine Network Consulting Pty Ltd)

39. Average return per case calculated based on sales of three products through three channels: Cellar door and direct; Australian distributors and export markets. Wine Equalisation Tax and GST have not been included. Revenue is estimated for a fully mature business, operating approximately ten years from now

40. Retail selling prices assume maximum margin across the supply chain for all stakeholders, before discount and promotion

Licensing, investment approvals and entry to Australia



Licensing

Most wine producers and cellar doors in Tasmania operate under a 'Special Licence'. A Special Licence authorises the sale of liquor between times and subject to conditions specified in the licence. More information is available from the Liquor and Gaming Branch of the Department of Treasury and Finance at www.gaming.tas.gov.au

Investment approvals

The Australian Government's foreign investment guidelines recognise the substantial contribution that foreign investment has made, and continues to make, to the development of Australia.

The administration of foreign investment policy is based on guidelines rather than inflexible rules. It is both practical and non-discriminatory.

Proposals by foreign companies to establish new businesses may require prior approval and government notification under the Australian Government's foreign investment policy.

More information is available from the Foreign Investment Review Board website at www.firb.gov.au

Entry to Australia

The Australian Government provides several visa options for overseas business people and investors to enter Tasmania. From short-stay visas allowing exploratory visits and business meetings all the way through to visas providing permanent residency. The Department of State Growth can provide assistance. More information is available at www.migration.tas.gov.au

Assistance for investors



Australian Government assistance

The Australian Government offers a range of assistance and incentives for businesses wishing to establish in Tasmania. Incentives could include grants, tax relief or the provision of infrastructure services.

AusIndustry

AusIndustry delivers programs on behalf of the Australian Government to help existing and new Australian businesses innovate, grow and succeed.

www.ausindustry.gov.au

Austrade

The Australian Trade Commission (Austrade) is the Australian Government's trade and investment development agency. Austrade assists Australian companies to succeed in international business, attracts productive foreign direct investment into Australia and promotes Australia's education sector internationally.

www.austrade.gov.au

Tasmanian Government assistance

Invest Tasmania is the Tasmanian Government's investment promotion and facilitation arm which provides free confidential services and professional advice to investors, including:

- » dedicated project teams and case management
- » a focus on lead projects that have the potential to transform a supply chain and that leverage Tasmania's advantages and resource endowments
- » case management and planning pre-audits to support approval processes.

Invest Tasmania's specialist team will provide you with tailored, confidential assistance by providing information and support, which includes:

- » connections with local industry associations and government departments
- » information on business opportunities, investment regulations and government assistance
- » insights on business costs, skills, availability, taxation and research opportunities
- » expert advice on Tasmania's industry capabilities and strengths
- » site visits to identify suitable locations in Tasmania for your business
- » links with potential partners
- » connections with infrastructure and service providers
- » information on industry strategies.

www.investtasmania.com.au



Contacts

Australian Wine Research Institute

Phone: +61 3 6226 6277

Email: bob.dambergs@awri.com.au

Web: www.awri.com.au

Department of Primary Industries, Parks, Water and Environment

Australian enquiries: 1300 368 550

International enquiries: +61 3 6233 8011

Web: www.dpipwe.tas.gov.au

Department of State Growth

GPO Box 536

22 Elizabeth Street

Hobart Tasmania

Australia 7000

Phone: +61 3 6777 2786

Email: info@stategrowth.tas.gov.au

Web: www.stategrowth.tas.gov.au

Office of the Coordinator-General

GPO Box 1186

Level 1 Cornwall Square

12-16 St John Street

Launceston Tasmania

Australia 7250

Phone: +61 3 6777 2786

Email: cg@cg.tas.gov.au

Web: www.cg.tas.gov.au

Tasmanian Institute of Agriculture

Phone: +61 3 6226 6368

Email: tia.enquiries@utas.edu.au

Web: www.tia.tas.edu.au

Wine Tasmania

147 Davey Street, Hobart TAS 7000

Phone: +61 3 6223 3770

Email: mail@winetasmania.net.au

Web: www.winetasmania.com.au