



QUENBY VITICULTURAL SERVICES

GOVERNMENT REVIEW OF NON-FORESTRY MANAGED INVESTMENT SCHEMES

A submission by Quenby Viticultural Services

Opening Statement

Quenby Viticultural Services (QVS) is a substantial, professional vineyard development and management company that has operations in the south west of Western Australia. Its directors have been involved in the wine industry of Western Australia for the past 16 years and a large portion of work undertaken by QVS has been generated by Great Southern Limited and the MIS industry over the past 8 years.

The wine industry is under considerable pressure at the moment due to a number of factors, including some of the larger wine companies being caught up in the global credit crisis, the value of the Australian dollar against the American dollar, the difficulties presented by exporting and the ever moving target of supply and demand within grape varieties.

To remain competitive in both the domestic and world markets, Australia's wine industry needs to find a sensible balance of small and large producers to adequately service all areas of supply. Our view is that the MIS industry has an important role to play as an efficient, large scale producer of wine grapes in Australia.

Economics

QVS runs all vineyards in an efficient and sustainable manner, using advanced management practices to allow high quality production in an economical manner.

Its association with Great Southern Limited began in 2004 and through the company's wine grape MIS projects, QVS has grown its business by about 4 fold and manages almost 700 ha of vineyard in Western Australia's south west and over \$36 million has been injected in Great Southern vineyard development.

The vineyards QVS manages on Great Southern's behalf range in size from 21ha to 267ha.

Social

The company's growth, as a result of its association with Great Southern, has resulted in QVS' full time work force increasing from 10 to 37 staff.

The vineyards it manages for Great Southern have created many opportunities for the country areas they are located in. There are now young people remaining in the district, skilled professionals with their families entering the area which helps the whole township.

As an example, the Rocky Gully Primary School was forced to close a few years ago because of a lack of children and Frankland Primary School was heading for the same fate. However, when planting of the large scale Vineyards began, things turned around for the better and Frankland's school remained open and is doing well.

The infrastructure in the township of Frankland has developed noticeably during this same period. Locals now have a new community centre, a larger general store and quite a few new houses being built as a result of the project. There is also talk of a caravan park development.

All of these projects would not have happened without Great Southern Limited.

Great Southern has also built a 30 person camp, to accommodate casual labour which also injects money into the local community.

Environmental

QVS is highly motivated to manage all its vineyards in the most environmentally friendly manner possible.

All water for irrigation purposes is harvested and stored on the property and various catchments have been constructed and treated with silicon based coatings to maximise run off.

QVS is also experimenting with various products applied on the surfaces of dams to reduce evaporation and although it is early days yet, the results have been encouraging so far.

QVS also uses highly sophisticated soil moisture monitoring equipment which allows it to water only to the depth of the plant roots and therefore, not waste any water beyond the root zone.

All Great Southern vineyards use a mineral based fertiliser programme so as to minimise any environmental impact and increase sustainability. Sheep are also being used in the vineyards during the dormancy period so as to reduce the herbicide input.

Trials of biological controls of various pests and diseases are being conducted with some encouraging results.

Conclusion

Great Southern has used the MIS vehicle to bring city money to country areas, in some cases, struggling country areas.

Its vineyard operations, managed by QVS, have had a profoundly positive effect on the Frankland region by providing positive flow-on effects to local businesses and therefore the economy, employment of local people as well as bringing new people to the region, the success of QVS as a business in itself, and in general, creating a sense of vibrancy and confidence within the region.

It is my personal opinion that the withdrawal of MIS from rural communities would be a backward step for all concerned.