

VETERAN PROUD OF AGRICULTURAL COUP WITH MIDDLE KINGDOM

# Crozier fierce supporter of foreign funds in farming

■ Brad Thompson

Will Crozier is brave enough to admit he might not live to see his Chinese grain deal reach its full potential.

His battle with a highly aggressive form of cancer has taken a toll on his body but not his spirit.

Mr Crozier said that if the cancer did get the better of him he'd "go out with his boots on" after shoring up one of the most significant deals in recent Australian agricultural history. The 49-year-old said: "It has kicked the s.t out of me. It has been very painful and debilitating. There's been so much to do. I've just tried to face up to the next day and do what I can."

He said it was important to remember that if he does bow out, on the same day more than 40,000 hungry babies will be born in China.

Mr Crozier has the sense of a



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proud father after conceiving the deal that will see the Chinese begin grain exports from Albany this summer.

Those first exports will be just the tip of the iceberg, with the Chinese hungry for millions of tonnes of grain from WA farmers and growers on the east coast.

"I feel I have done my job in cementing the Chinese into this marketplace. This has very significant implications for every grain grower not just in WA but in Victoria as well," he said. "They are

hungry and they won't just trade one year and not the next. They want a solid reliable supply from a clean environment in a country they can understand.

"They will be big traders in the markets like anyone else, the difference being they are locked in with the significant assets they have acquired in WA.

Mr Crozier is a fierce supporter of foreign investment in local agriculture, warning that unless it is embraced Australia will leave itself undercapitalised and put agricul-

ture at risk of becoming a second-rate industry.

He is a veteran of setting up export markets and currently deals in dairy cattle and grain in his role as managing director of Geelong-based Vicstock Global.

Mr Crozier was sitting on a train in China more than 10 years ago when he came up with the idea of creating a direct grain supply chain from Australia.

"Meat was our game and we were trying to break open new markets for veal. We went through the process mentally and decided we had to create a complete supply chain, not just trade commodities like everyone else, and to target grain," he said. "We identified Albany as a point where the existing supply chain was choking down and worked it back to Beidahuang as being big enough to handle multi-millions of tonnes."



Honour: Will Crozier

## Integrity in the great Chinese takeaway

◀ FROM P1

about substantial investment to make it suitable for some of the larger vessels," Mr Crozier said. "As the woodchip industry declines, we envisage taking up all the space as we upscale the operation for bulk grain.

"We want to have cutting edge technology in all facets of our grain delivery, we want a purpose-built site for nitrogen fumigation and we want quick turnarounds."

The deal has been structured so that Vicstock, with the financial backing of Chinese investors, runs the farms and controls the storage and loading facilities in Albany.

Heilongjiang Feng Agricultural, a company with links to Beidahuang, owns the farms.

HFA raised eyebrows when it paid huge sums for farms in deals involving three prominent WA farming families — the Joyces, Websters and the Becks — in the past six months. The purchase of another farm at Lake Grace is being finalised as the spree continues.

Mr Crozier said the sales (negotiated up to four years ago) had started to settle in the past six months.

"They offered premium prices to start with and I cannot believe how much integrity the Chinese have shown to honour those deals," he said. "They could have walked away but they said 'no, we cannot do that because our name will be in tatters'. They have honoured every single contract."

Mr Crozier said the deal was a windfall for WA grain growers.

"It creates new markets, it is going to help to keep land values up and it is going to improve efficiency in the grain handling industry," he said.

Mr Crozier said international grain traders Louis Dreyfus and Cargills had contacted him about access to the Albany facility.

Chinese grain buyers are also expected to rely on the CBH supply chain to meet their demand.

The Chinese deal is understood to have stalled late last year when the FIRB launched an inquiry, but is now over that hurdle.

## Retailers bin Penfolds on price

■ Ray Jordan

Wine editor



Independent liquor retailers are turning their backs on the annual release of the Penfolds Bin and Luxury wines, that include Grange, RWT, and St Henri, claiming the wines no longer represent value for money.

Recent price increases announced by Penfolds, which *West-Business* revealed exclusively on Thursday, have stunned some retailers. The cost into store for Grange initially jumped from \$445 to \$516.10 per bottle but then a series of favourable wine press reviews prompted them to increase the price again to \$580.16 a bottle.

And other famous wines also increased, with Bin 707 jumping from \$161.74 to \$225.85 and Bin 407 from \$42.14 to \$51.70 per bottle, the same as Bin 389.

In the Bin range, wines such as Bin 407 and 389 will not leave you much change out of \$100 a bottle. Penfolds quotes a recommended retail price of \$74.99 for these wines yet they will probably be anywhere between \$89 and \$95 at the independents.

And while the collective buying power of some of the independent groups gives them some leverage, it is unlikely they could match the massive buying power of the two liquor retailing giants Coles and Woolworths through their Vintage Cellars and Dan Murphy stores.

Those independents who do decide to take an allocation of Grange are faced with trying to sell it at close to \$800 a bottle. And Bin 707, which was originally expected to sell for nearly \$400 has now been withdrawn from retail and will be sold only en premise.

Managing director of Mt Lawley's Grand Cru Wineshop Vince Salpietro said he had decided not to bother with Grange and other luxury wines, including RWT and St



Stock struggle: Gran Cru wineshop's Vince Salpietro questions Penfolds' pricing strategy. Picture: Ian Munro

Henri. "The fact is it is a significant cost to incur in the first place and then I would have to offer the wines at next to no margin just to compete with the major retailers," he said.

"I can't expect my regular customers to pay full price for these wines when they can get them for a lot less elsewhere. And as well I have Granges from the superb '96 and '94 vintages that I can sell for less than the current Grange."

General manager of independent WA retailing group Liquor Barons Chris O'Brien said: "As a group, our buying power is more than adequate to enjoy very favourable pricing on Penfolds products, but the question for us therefore is not about price but instead about value and quality. Why would we recommend wines that no longer represent value?"

"The issue for Treasury is these price rises are not taken in a bubble. Today, in any good wine store there are a large number of quality alternatives to the Penfolds branded wines that in our experience are simply better value for money."

In some cases, those independents who still want to take the wines have had their allocations from Penfolds slashed.

This year's price increase across

the range and in particular with the icons, is almost certainly a result of Penfolds positioning the brand as a global brand, with soaring sales in China and traditional European and US markets.

Penfolds global brand business director Sandy Mayo said that more Penfolds wine from the Bin and Icon range up would be going in WA, but would not say which retailers were getting it.

She said that although Australia remained the biggest and most important market for Penfolds, demand was growing globally and some wines such as Bin 389 and Bin 707 could not keep up with demand. "We simply can't make enough of these wines," she said. "The pricing is simply a result of supply and demand, plus the fact that we are investing heavily in vineyard and winery upgrades to improve quality."

Ms Mayo denied that there was discrimination, saying that "we look after our independent customers as much as the supermarkets".

Coles Liquor general manager for business development Grant Ramage said the current Bin release included "spectacularly good 2010 vintage of Bins 28, 389 and 407".

"While the available quantities

of the individual wines vary from year to year, our allocation of stock generally allows us to meet the needs of our customers at the time of launch, and there is usually some stock available through to the end of the calendar year," he said.

Dan Murphy's national merchandise manager Campbell Stott said demand for Penfolds Bin and Luxury wines remained strong.

### CHEAPER OPTIONS

There are plenty of outstanding wines selling for a fraction of the cost of Penfolds Grange.

They're not Grange, but they're an alternative suited to more budgets.

Here are six:

- Kalleske Johann Georg Shiraz \$130
- Yalumba The Octavius \$120
- Glaetzer Amon Ra \$100
- Reschke Emphyrean Cabernet Sauvignon \$130
- Grant Burge Meshach \$180
- Moss Wood Cabernet Sauvignon \$120

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