

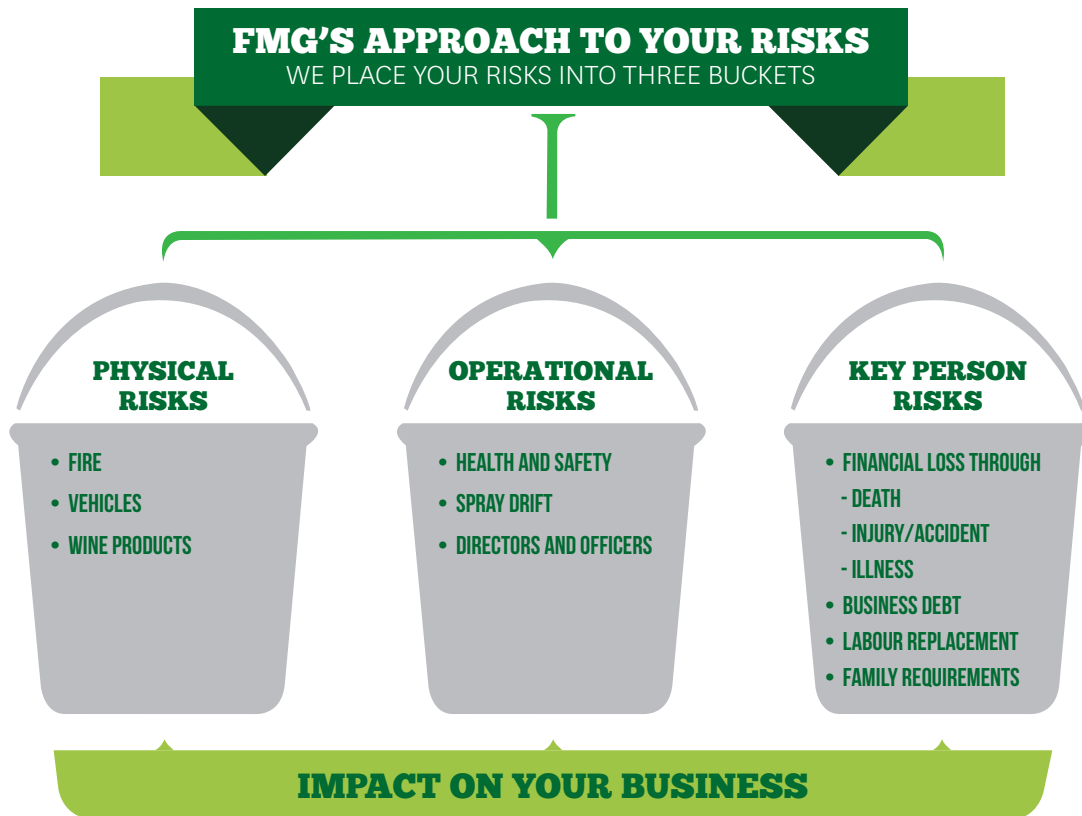
# VITICULTURE AND WINERY ADVICE WORTH LISTENING TO.



**FMG**  
Advice & Insurance

*We're here for the good of the country.*





## PHYSICAL RISKS

### Fire

As well as potentially widespread property loss, a fire can significantly interrupt your operations. Almost 70% of FMG's winery claims by value over the last five years were a result of fires; including claims for buildings, contents and stock.

To reduce the risk of fire we recommend that you:

- have your buildings switchboards thermal imaged to check for any electrical faults and hot spots and have an electrician rectify any issues. Temperature changes may cause terminals to expand and contract. If not tightened this may lead to arcing and fire.
- regularly check and clear bird nests, spider webs, dust and other matter from around switchboards in buildings and wiring and control panels of plant and machinery before use. It's also a good idea to check for any damage caused by rodents (which may be a particular issue at start of the season).
- install wall mounted fire extinguishers in buildings that are in close proximity to your vehicles and machinery. These should be serviced annually.
- do not use ceiling and roof space as a dumping ground for surplus equipment and waste materials (as this area often contains refrigeration and electrical equipment).

You should also maintain easy access to a reliable water supply or have sufficient water in tanks to suppress fire. Also ensure your water tanks have fire couplings.



## Vehicles

Motor vehicles are the most commonly claimed item for wineries insured with FMG. Nearly one in five claims made by wineries over the past five years was for damage to motor vehicles as a result of impact and accidents. A further 25% of all claims were for vehicle windscreens.

The New Zealand Transport Authority has identified several common factors in road vehicle accidents. Please see [www.nzta.govt.nz](http://www.nzta.govt.nz) for more information.

Take extra care when using on-road vehicles on farm as the tyres may not be suitable, slip and lose traction.

Your specialist vehicles and implements, including tractors, spraying equipment and harvesters are key parts of your operations. Even relatively small incidents can cause disruption. The most common claim for winery specialised vehicles is for damage to tractor door glass and tyres.

## Wine products

Your wine product is the most critical factor to the financial success and sustainability of your business. Things to consider to protect your grapes and wine:

- where possible, store your high value and vintage wines in a separate storage unit or facility. This will reduce the impact on your wine stock in the event of an incident involving your main wine-making and storage facility
- have a regular maintenance plan in place for your plant and equipment to prevent unnecessary interruption to your operation or your wine becoming spoiled or contaminated during the production process
- grapes damaged by birds is another common issue. Birds generally turn up towards the end of January, when the grapes begin to change colour, and stay until harvest time. Make sure you have your bird protection measures in place.

## OPERATIONAL RISKS

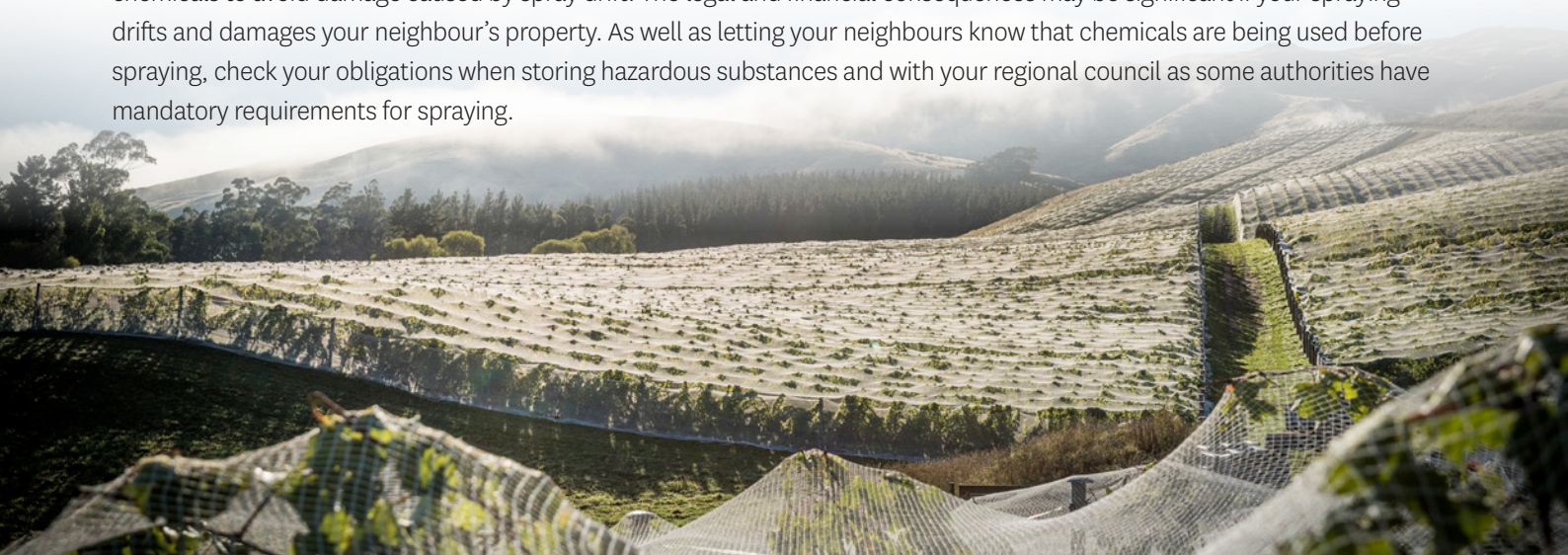
### Health and safety

Adopting good safety practices is very important. This minimises the risk that a health and safety incident will happen and reduce your exposure to prosecution under health and safety legislation. Breaches of this legislation can carry significant consequences such as fines, penalties, reparations and potentially significant legal defence costs.

The risk of incidents and your potential exposure under health and safety legislation is reduced through proactively identifying physical hazards and taking steps to mitigate them, including using a hazard risk register and having regular health and safety team meetings and training. For more information on health and safety requirements visit [www.business.govt.nz/worksafe](http://www.business.govt.nz/worksafe)

### Spray drift

If your property borders another with crops, plantations, waterways or is organic, extra care should be taken when you spray chemicals to avoid damage caused by spray drift. The legal and financial consequences may be significant if your spraying drifts and damages your neighbour's property. As well as letting your neighbours know that chemicals are being used before spraying, check your obligations when storing hazardous substances and with your regional council as some authorities have mandatory requirements for spraying.



## Directors and officers responsibilities

Directors and officers of companies have serious governance obligations that, if breached, expose them to personal liability, lengthy litigation and damage to their reputation. Trustees have a similar exposure.

The courts are insisting on stronger corporate governance, and liability appears to be becoming stricter with old 'excuses' offering little defence.

Examples when things can go wrong include:

- a director committing the company to substantial expenditure it cannot afford
- a director diverting company funds and resources to further their own personal interests
- directors failing to be adequately across company finances
- directors failing to be across health and safety, risk management or business plans.

Directors should have a good working understanding of their obligations under the company constitution, the Companies Act 1993, health and safety legislation and company reporting and recordkeeping requirements. If you are unsure of your obligations we recommend speaking to your lawyer or accountant about this.

[The Institute of Directors New Zealand](#) also offers a range of courses to upskill directors. [WorkSafe](#) and the Institute have also put together a guideline for company directors on their health and safety responsibilities.

## KEY PERSON RISKS

Personal injury, illness and death are risks that can have a devastating impact on your operations, financial stability and family. The full implications are not always considered and adequate personal risk protection is easy to underestimate.

Given the challenging conditions you may work in, the risk of injury, illness, disablement and death could be very real.

You should be able to answer scenario based questions such as, if I am in a position where I am unable to work for a prolonged period of time:

- Can my operation financially afford for me not to be there?
- Can my business function without me?
- Who will look after me personally and financially?
- Will I need extra labour?
- Can I afford to fund extra labour?
- How will I be able to meet my financial commitments to the bank and suppliers?
- Will the business survive to the next generation?

You should also consider if you have a key staff member and what would happen if they died or became disabled.

It is vital that you give consideration to the level of personal protection that you and the business have in place.

