

**Submission
No 34**

INQUIRY INTO WINE GRAPE MARKET AND PRICES

Name: Name suppressed

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Partially Confidential

Inquiry into the wine grape industry

1. Wineries have been allowed to reduce the price of red grape by imposing colour parameters which is illegal. The process in which colour is determined can be manipulated.
2. The industry needs a continual safe guard for terms of payment which currently the Wine Grapes Marketing Board has legislative powers. But if the Board was to lose its powers in the future I believe that some wineries would take advantage of this and either fail to pay growers or stretch payments out to beyond 12 months.
3. Wineries in this area have failed to sign up to the industry's Code of Conduct, even though it was indorsed by the Winemakers Federation of Australia. This shows that they have very little intention of working fairly with growers.
4. Most importantly pricing. Wineries don't release grape prices in some cases until after harvesting has commenced. This does not allow us to negotiate a fair price, and because we have a perishable product with a limited window of about 10 days of opportunity we are held to ransom. But if there are cases where we do try to improve our position we are told that if we are not happy to leave through the door from which we entered.

We have been struggling for many years now and many of us cannot hang on for much longer. But what needs your upmost attention are the inconsistencies in which prices are payed for the same varieties of the same quality at different wineries.

Example :- Chardonnay, in 2010 had a price of \$100.00 per tonne, paid by some wineries and others paid over \$339.00.

Wineries claim that they need to keep grape prices down so to remain competitive but I believe that this is just a ploy to increase their bottom line at our expense.

Chardonnay when pressed out will produce approximately 750 litres of juice per tonne of grape, which will then fill 1000 bottles of 750ml. If a winery pays \$100.00 per tonne for the grape that went into that bottle that means that there is 10 cents worth of grape in that bottle. So then if that winery was to pay \$300.00 per tonne for that grape the price of grape in that bottle would increase to 30 cents. Under this scenario you can see that the facts of the matter are that the price of the grape does NOT significantly increase the price of that bottle of wine to the consumer if any at all.

With the average yield of Chardonnay in this area of 17 tonne per hectare and prices as low as \$100.00 per tonne the grower will receive a gross return of \$ 1700.00 per tonne. The cost to produce a hectare in this area is approximately \$6000.00 and this is similar to all varieties grown. This to me is abuse of market powers by these wineries.