

Submission
No 8

INQUIRY INTO WINE GRAPE MARKET AND PRICES

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Partially Confidential

Prices.

Not all wineries are taking advantage of the so called over supply and are paying fair prices. But the majority of companies are using the over supply as a means to screw the growers to the hilt. For example in 2010 some wineries were paying \$130 a tonne for Chardonnay and Colombard, whilst others were paying around \$250-\$300 a tonne.

The costs of around \$80-\$90 a tonne for harvesting only, when you include all other costs associated with growing a tonne of grapes, the outcome means that business are making massive losses just to supply. It feels like grape growers are working for the sake of creating well paid jobs in the industry. We believe primary producers are the backbone of this nation, but when it comes to be rewarded for our labours we are given the leftovers if any.

We cannot see how wine makers can justify paying growers between 13 to 15 cents a bottle for wine that retails at \$4 to \$6 a bottle. We know they have cost in producing the wine and they also have to make a profit so do we, to be able to remain in the industry.

Wineries say this difference in prices is caused by the market they supply. We could believe this if the price difference was \$10 or \$20 a tonne not 100 - 200%. For example a grower supplying two wineries with a variety of grapes from the same block and therefore the same quality and winery number one pays \$150 per tonne and winery number two pays \$300 per tonne. Why, there is no rationale explanation provided for this.

If lower prices weren't bad enough some wineries also have introduced a cap on tonnes per hectare and moving the goal posts on quality parameters on a yearly basis using the grower guides as part of their contracts without any negotiation or approval. The Wine Grapes Marketing Board with the Winemakers Federation of Australian and Wine Grape Growers Australia have put a lot of effort and money in implimenting a voluntary code of conduct and to our knowledge very few in Australia and only one of our local wineries have signed to be part of this code. Why should they? This is the way they want it, wide open for them to do as they wish.

Therefore unless the code becomes mandatory growers have to be happy with what little is given to them. We would like to see the government introduce some mechanism that would collate powers for a collective bargaining with a mandatory code of conduct that will facillitate better legal binding contracts and prices.

What we are trying to say we love the land and what we grow on it we do not need to be rich, what we are asking for is to be able to make a reasonable living. With the price given and the cost of production going up and up such as chemicals, fuel, rates and water charges just to mention a few there is not much of a future if things don't change.

JUST GIVE US A FAIR GO PLEASE