

**Submission
No 52**

INQUIRY INTO WINE GRAPE MARKET AND PRICES

Name: Name suppressed

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Partially Confidential

20th September 2010

The Director - Standing Committee on State Development
Parliament House
Macquarie St
SYDNEY NSW 2000

Re: Inquiry into the Wine Grape Market and Prices

The Australian wine grape industry has experienced enormous success over the last decade and the financial gains to business, Government, farmers and the community had exceeded all forecasted expectations. The success of the wine industry can be attributed to a cohesive relationship between wineries and farmers, to ensure that success can deliver prosperity to the community. We saw great successes in building a promising relationship and difficulties that may have previously been an issue were quickly bridged.

However as successful an industry was created, our community saw the industry fracture and fall at the first sign of trouble in the wine industry. Slowly we saw the promise of prosperity disintegrate and the relationships between the respective parties become hostile and closed. Our community has entered an area where most farmers, including ourselves feel isolated and victimised. We have tried to forge a relationship that will steer us through this turmoil, but we are bullied and tortured into accepting nothing less than can be described as bastardisation.

We have a very strong and committed organisation in the Wines Grape Marketing Board; and its board and employee's work under enormous strain to try to ensure a balanced outcome. However as it has slowly lost important provisions and powers, we can see that it has lost the ability to deliver in important areas where we need it most.

Our family has been part of the wine industry for over four generations and we still farm as a family business. We have invested heavily in adapting to the requirements of an ever changing environment and at the behest of the wine makers. This investment has had a continuing benefit to our community, the state and the nation. We contributed to the social fabric of our community and we participate in many organisations.

Our fear is that we may not be able to survive as a viable family business if change does not happen. We fear that the future generations will not be able to experience the benefits of farming and see the important contribution we as farmers play in the economy of this great country. Most importantly we fear seeing ourselves as failures.

The inquiry which I write outlines the terms of references that opinion is sought. We are by no means able to give a resolute answer to every issue that has affected us, but as humble guardians of a passionate industry, we hope that you may reflect on the following opinions.

The 2010 vintage in the Murrumbidgee Irrigation Area was a very traumatic year. We received extremely low prices and had very high quality parameters imposed onto us. The prices received were at historical lows, and comparing to our records, it compared favourably with prices from the early 1980's. We had no fore knowledge of impending prices until they were "over the weighbridge". We had no options available as our produce was a perishable product and had absolute no other options. We had yield quotas imposed onto us with a \$1 per tonne price paid on every gram over the quota. We had no bargaining powers and no opportunity to query any decisions. Any question asked would immediately be met with open hostility and anger. The opportunity to negotiate ceased to exist and the fear of rejection or dismissal would linger over our heads.

The pricing provisions of a previous generation had minimum prices as part of that core charter. This by no means was the saviour of that generation but at least it was a platform to start some sort of dialogue and negotiation between winemakers and the growers representative; the Wines Grape Marketing Board.

It is our opinion that the NSW Government legislate that indicative prices should be listed at least 120 days before the expected commencement of the upcoming vintage and that a recommended price be published no less than 14 days before the commencement of the vintage. This should be enshrined in legislation.

The reason of this is to allow individual growers, including ourselves to make an informed opinion whether it is financially viable to continue with the growing of the grape and/or seek to exit the upcoming vintage. It is not a favourable position to expect growers to commit to expensive inputs such as pesticides, fertilizers, water and capital without any accurate knowledge of what the returns will be.

The Wine Grape Marketing Board, as mentioned previously, has provided an important role in the community. We duly pay our levies to ensure that this statutory body has the ability to act effectively on our behalf. We have however noticed that its role as arbitrator has been significantly reduced in previous years.

It is our opinion that the WGMB regains its statutory authority that has been squandered over the years. We expect that the NSW Government give unequivocal support to this authority and empower it to ensure that it is able to deliver its core objectives. We hope that the WGMB will be empowered to obtain information from the wineries about accurate market information and individual winery data, including years to storage ratio data. We hope that contracts that form any agreements between growers and wineries be formulated and gazetted by the WGMB which would become an effective and balanced document. Finally, we expect the NSW Government become more proactive in supporting the Wine Grape Marketing Board, its members and staff.

Collective Bargaining is an important option for the farming industry as a whole, and would be a vital component in the ability of farmers to obtain a fair and reasonable outcome. At the moment, our wineries do not allow collective bargaining and prefer to deal with growers on a one to one basis. This has the effect of standing over small farmers who have little negotiating skills, and feel intimidated by the tactics of educated accountants, who only seek the bottom line. There is no code of conduct or the provisions to allow a representative to act on their behalf, as there is in the Fair Work Australia Act 2010. In this act, a worker may seek the services of another person or union official to engage on their behalf. In the grape industry, its "do as I say or there is the door!"

It is our opinion that an effective Code of Conduct be established and enforced, promoting the responsibility of both parties to engage in an open and transparent fashion. If a person is unable to effectively negotiate or

is unable to understand the dialogue thrust upon them, then it should be included in a charter that a person may act on that persons behalf without reprisal or incriminations.

It is also in our opinion that a mechanism be established to allow collective bargaining between growers to negotiate just terms. This can be mirrored on other industries wear this already occurs.

Wineries have access to absolute information about the markets and forecasts. This information is privy to individual wineries and winery organisations. Information about trends, global factors, environmental challenges and consumer attitudes play an important part of a wineries dynamics.

However this information is not available to individual growers or their grower bodies. At best, the information received is corrupted and outdated. Therefore, growers have no idea of what is happening in the global community.

It is our opinion that wineries be obliged to provide accurate information to Government about market changes and forecasts. This data can be accurately circulated to grower organisations; to allow growers to make effective and descive decisions about their future. This information should be made available on a quarterly basis. This should however be restricted to large wineries so that the data gathered will be more accurate.

We hope your committee will look at our submission with an open mind and appreciate the passion we have for our industry and the community. We envisage a bright future but in the current environment, it is extremely hard to see any light at the end of the tunnel. We hope your recommendations will allow our industry to prosper and grow; to ensure the state of New South Wales be the shining light that will lead us out of the darkness.