

Submission  
No 5

## INQUIRY INTO WINE GRAPE MARKET AND PRICES

**Name:** Name suppressed

**Date received:** 19/09/2010

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Parts of this submission have been omitted at the request of the author

Partially Confidential

16 September 2010

The Director

Standing Committee on State Development

Parliament House

Macquarie St

Sydney NSW 2000

RE: Inquiry into Wine Grape Market and Price

Dear Sir/Madam

I am a grape grower in the Riverina region of New South Wales. I have a few concerns regarding the state of the industry. Before I begin I would ask that my name and details remain confidential, thank you.

[omitted at the request of the author]

My first issue is with the use of colour testing to determine the price paid for my red grapes. The problem is that there is no national standard for measuring colour in grapes in the wine industry. Every winery tests colour using different processes and the result will be different from the same grape sample. Even samples taken from the same row will differ using the same test! This practice is seen by growers as a way to decrease the price paid for the grapes. Many wineries have gone away from this practice as they have realised that the colour in the field is not always reflected by the colour in the bottle. Our winery insists that it is the only way to have a price structure for red grapes. I think that an inspection by winemakers in the field with visual and taste would be a better system of grading.

Another issue is the fact that the price paid for the grapes is announced late. Many times in the past we have delivered our first load of grape to the winery before knowing how much we were being paid! If the winery was to adhere to the Australian Wine Industry Code of Conduct which at the moment is only voluntary we would be notified a long time before harvest started. The fact that we deal with a perishable product does affect our bargaining power and the winery is well aware of that!

There is also the fact that the winery we deliver to has different grading requirements. However with most white grape varieties the factor that determines which grade we get paid on is not the quality but what the winemakers require on that given day. For example the ripest fruit will get scheduled in for harvest first; if our fruit is ready it will be scheduled for the next available day when they need that variety regardless of the grade of my fruit (with the exception of the top grade perhaps). I will get paid for that grade. As our winery has a greater need of lower grade grapes, most of the fruit gets paid accordingly regardless of its quality.

Finally I would like to add that the price received in the last couple of years has been well below the cost of production. Those prices are not sustainable and I fear for the future of the industry if things don't improve. With the wineries encouragement many growers and new comers to the industry

planted thousands of hectares, naturally the price dropped but not by the same dramatic level for every winery. For examples our winery paid \$130.00 per tonne for Chardonnay while another competing in a similar market paid \$375.00!!! Same variety, same grade, this is just one example, there are many. Sometimes these grapes came from the same paddock where the farmer supplies two different wineries.

Is it that some wineries are taking advantage of the oversupply and the fact that unlike wheat or wool we cannot store our produce and wait for a better offer? I think that it is to their advantage to keep the industry in over supply.

Many growers had to harvest fruit on to the ground this year and we were amongst them. Our winery put a cap on our cropping level and any fruit delivered above that cap was paid at a miserable \$80.00 per tonne, I am sure that the wine made from that fruit was not sold at a discount!

Thank you for taking the time to read my letter of concerns.

Regards

[omitted at the request of the author]