

**Submission  
No 15**

## **INQUIRY INTO WINE GRAPE MARKET AND PRICES**

**Organisation:** High Security Irrigators - Murrumbidgee

**Date received:** 22/09/2010

---



17<sup>th</sup> September, 2010

Mr Peter Cremasco  
Chairperson  
High Security Irrigators – Murrumbidgee  
PO Box 1059  
Griffith  
New South Wales 2680

Submission into the Wine Grapes Market and Price

Dear Sir / Madam,

I am the Chairperson of High Security Irrigators – Murrumbidgee, we are the peak body for farmers who hold high security water entitlements. The holders of these entitlements and there are over 900 in the Murrumbidgee Valley, are horticultural framers. Approximately 60% of our members are grape growers.

Our members have had a number of years of suffering from a declining demand, reduced prices, excess stockpile of grape juice. There are numerous reasons as to why this has occurred.

1. The oversupply of grapes has been brought about from Taxation incentives and the lack of regulation in the Managed Investments Schemes (MIS). These schemes have look at the horticultural industry as cash cow to investor. Painting a romantic picture of grapes and wineries and a bottle of wine. But what the MIS scheme have left behind is an industry, in total disarray. While high net –worth individuals have received fantastic and substantial taxation benefits, they have left the industry with nothing. Vineyards that no one wants to buy, over supply of wineries, considering the 80% of the grapes are supplied to 20% of the wineries.

The question has to be raised as too why managed investments schemes in Australia and in particular the schemes in the horticultural industry always failed? There has been numerous schemes dreamed up in stone fruit, mangos and macadamias nuts, all have failed. And who picks up the pieces the individual farmer, who loves the industry and just desires to produce the best crop he can.

2. The Wine Industry Strategy (2025), this consultant feeding frenzy, only painted the industry in “clover and rose-tinted glasses”. This not the reality of the horticultural industry. The horticultural industry is littered with failures.

Level 1, 381 Banna Avenue  
PO Box 1059, Griffith NSW 2680  
Tel: 02 6964 2420 Fax: 02 69642409  
Web: [www.hsirrigators.org.au](http://www.hsirrigators.org.au)

3. The global financial crisis (GFC) has reduced the demand from overseas customers for a good Australia wine at a reasonable price. The very strong exchange rate has also not helped the ability to export Australia wine into good Australia wine at a reasonable price. The very strong exchange rate has also not helped the ability to export Australia wine into certain markets.
4. The treatment of grape growers by wineries has to come under some investigation. The ability to demand certain tonnages be delivered, weeks past their best harvestable date. Or the great variability of grapes prices been paid in the one district.

And who is left in the industry after the investors have left the vineyard or closed the little boutique winery. Answer – the family farm. This is the same family who has been growing grapes for the last ten or thirty years. These people are the ones suffering, they are not high net worth individuals, nor are they after the generous taxation benefits. They are just grape growers.

Yours Sincerely

Peter Cremasco  
Chairperson  
High Security Irrigators – Murrumbidgee