

**Submission  
No 51**

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

**Name:** Name suppressed

**Date received:** 30/09/2010

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**Partially Confidential**

30 September 2010

Parliament House  
Macquarie Street  
SYDNEY NSW 2000

**CONFIDENTIAL**

Re: Enquiry into the wine grape market and prices.

To The Director, Standing Committee on State Development, Legislative Council,

On behalf of the \_\_\_\_\_ we thank you for the opportunity to present our submission. The issue of oversupply of wine grapes and subsequent low prices not only affects farmers and wineries it impacts on our entire local economy and community.

We take this opportunity to list some of our opinions and recommendations on this important issue:

- A) Farmers and winemakers need to work closer together to plan forward, analysing markets and minimising risk of oversupply of varieties from shift in market forces.
- B) Although Government has stopped the accelerated depreciation rates for wine grapes, the impacts from corporate wine grape investment has had and continues to have detrimental effects on supply and demand and therefore price.
- C) The Wine Grape Growers' code of conduct found at

<http://www.wgga.com.au/policy/code/AUSTRALIAN%20WINE%20INDUSTRY%20CODE%20OF%20CONDUCT.pdf>

on page 10, states Where the Agreement requires a price offer or a negotiation

As part of the calculation of the price for the wine grapes, the wine grape Purchaser must, unless prevented due to unforeseen and extraordinary reasons By 15 December each year - provide to its wine grape growers. Although this is a Voluntary code, enforcement of this would empower growers to negotiate for a Fairer price, before the intense pressure of harvest is upon them.

- D) We feel that the Wine Grapes Marketing Board should change it's approach from being primarily a regulatory body to having a focus on creating a value add brand to the region, with only premium wines being allowed to use the brand, owned by the growers. This would enforce the region as a premium wine-growing region, and could be achieved by a provenance style of marketing of wine grown in our area. Creating strong consumer demand and recognition for high quality wine. King Island comes to mind as an example of this style of marketing. In the past most local wineries have labeled wines "South Eastern Australia" or under their other winery locations eg. Barossa, Hunter, Yarra. If consumers were educated and recognized our area as a premium producer, they would demand our product.
- E) Legislation needs to be imposed on Retail Food sector and duopoly issue should be addressed ensuring fair Farm Gate prices are respectful of the high value of limited water for food.

We thank you for your time and look forward to hearing your response to the recommendations.

Regards,