

**Submission  
No 9**

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

**Name:** Name suppressed

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**Partially Confidential**

As a self employed viticulturalist of 25+ years, I wish to express my concerns with the current wine industry.

Most of these concerns are predominately winery based and highlight the lack of regulation on wineries in their behaviour towards growers.

#### (1) Notification of Prices

As growers, we are well aware that due to industry over-supply, prices are low. However, we are unable to understand why wineries are unable to give growers a projection or indication of price for produce months prior to harvest. All businesses need to have an indication of what their produce will sell for prior to outlaying monies in either growing or manufacturing the end product. Why is it that farmers are expected to outlay money well in advance (often up to 8 mths) prior to delivery of produce? Then, following delivery, they are advised of price and then still have to wait a further length of time (up to 10 mths) for full payment of produce?

#### (2) Terms of Payment

The current terms of payment held by and enforced by the Wine Grapes Marketing Board have proven to be effective in regulating wineries to at least make regular payments within an allotted time - following February/March harvest - 33% May, 33% June & 33% October. There have been cases whereby wineries make the payment schedule stretch out to a 10 month period of nine payments with no interest to the farmer or penalty imposed on the winery. In so saying, farmers that are forced under contract are not protected by these terms of payment.

#### (3) Market Oversupply

One needs to ask the question that in an industry whereby an oversupply has greatly dictated prices etc, why are wineries continuing to develop properties with large scale plantings? The wineries profess to have little return on their sale of wines however, as a private grower & knowing the cost involved in developing new properties, how can they:

- (a) afford such development
- (b) justify spending these large amounts when they are NOT paying their existing growers &
- (c) justifying new plantings in an already oversupplied market.

#### (4) Perishable Product

The sheer fact that grapes are an extremely perishable product gives the wineries the upper hand in dictating many factors and conditions. There would not be a grower that has not been told "if you don't like the conditions & terms, try & sell your grapes elsewhere".

#### (5) Privacy & Red Tape

Wineries are constantly requiring more & more information from the grower. For instance, satellite imaging maps of farms which gives them full knowledge of the entire structure of the farming business. It has been known for wineries to calculate & advise growers that they are making too much profit on their farm. These maps are expected to be accompanied with total plantings, all varieties, ages of vines, spacings between plantings, irrigation methods, fertiliser usage, chemical usage, fuel usage etc all in the name of making wine! Once again, growers are threatened that their produce will not be accepted WITHOUT this information.

#### (6) Unsafe Work Methods

Initially, growers changed their harvest methods from hand-picking to machine harvesting for 2 reasons:  
(a) to make the farming business more efficient and eliminate the uncertainty of locating reliable labour;  
(b) to be able to harvest selected blocks in a shorter time-frame which benefitted both winery & grower.  
This advancement in harvesting technique is now being exploited to the point whereby growers are forced to comply to stringent timeframes for delivery regardless of how many tonnes or how large an area they have to harvest. This has led to massive pushes into night harvesting with the same stringent timeframes.

These points need to be addressed urgently & are only the tip of the iceberg. The proof of what this is all doing to the industry and to farmers is quite clear when at local farmers meetings, there are more older members than the odd one or two young farmer.