

Submission
No 7

INQUIRY INTO WINE GRAPE MARKET AND PRICES

Name: Name suppressed

Date received: 20/09/2010

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

Partially Confidential

Date: September 20Th 2010.

The Director - Standing Committee on State Development.
Parliament House
Macquarie Street
Sydney N.S.W. 2000.

We are writing in regard to the hardships facing wine grape growers in the Riverina on the facts of unfair pricing of our produce and the lack of security in contracts. Our company has been in the wine industry for over 30 years and the variations of contracts and pricing has been disastrous to our industry.

We have built our business up with the hope of it carrying on with our children, but in the past few years the wineries have had all the control over our industry and we are at their mercy as no-one has any control over them.

As wine grape growers we have all tried to adjust with the good years and bad years but it has gotten to the point of give in or give up completely. Yes there is an over supply of wine grapes on the market, but it is not the growers that have caused this problem, it is the wineries that have encouraged growers to plant more and more acres and varieties to suit their needs. The growers have gone into debt with banks in some belief that you need to be big to survive and if we don't try to work with wineries and adhere to their needs then you will lose that winery and possibly have nowhere else to place your grapes.

We have had a well known winery ask us to plant *[omitted at the request of the author]* acres of Chardonnay. We spent close to \$500,000.00 on the vineyard with planting, training and drip irrigation, only to be told a few years later that they didn't need us anymore. We now have *[omitted at the request of the author]* acres of grapes that gets dumped on the ground every year as no other winery wants it. Where is there any control over this industry? How far do we as grape growers need to go to survive? The prices we received for our grapes last year were as low as \$100.00 per tonne to \$250.00 per tonne.

Other growers in the region were getting a minimum of \$250.00 per tonne, so how can the price between wineries be so different to such an extent? We are a family run company and do all the work ourselves, we do not hire outside workers as there is no money for that. Even with trying to keep costs down to as little as possible, it still costs us on average \$300.00 per tonne to grow these winegrapes, when you take into account the sprays, fuel to run tractors and harvesters and water prices, there are your costs. On top of that we have bank debts and overdrafts to pay, so how can anyone in this industry survive?

We as growers need to have a Wine industry code of conduct put in place and managed by a committee so that we can address these problems. Someone who can represent us and work towards a better industry for all concerned is needed.

We need this now as so many of us are going under and unless there is some control over fairer pricing and more security, then this industry will die and it will be just another industry lost in Australia.
With Regards and hopes of a better future,

[name suppressed at the request of the author]