

Senate Rural & Regional Affairs
& Transport References Committee
SG 62
Parliament House
CANBERRA ACT 2600

Inquiry into the Wine Industry

To Whom It May Concern

The Australian wine industry is currently in crisis with declining prices and increasing market rationalisation of the industry by processors has seen the balance of market power move strongly against wine grape producers.

The key issues that I/we would like to make in my submission to the inquiry are:

- The increasing volume of wine grapes available in Australia have been brought on by wineries by providing insufficient communications to producers and inappropriate market signals.
- Supply and demand factors are not applied within the market effectively by the purchasers, hereby creating an unstable environment not conducive to investment activity.
- The relationship between growers and wine makers has continued to degrade by their general disregard for the sustainability of producers. The industry needs to be able to operate closely but this is rarely achieved through the inconsistent approach to grading and quality standards.
- Contracts within the industry are not secure and are at best only made workable by legal intervention, which is cost prohibitive for individual producers.
- Quality wine grapes are not worth producing as wineries use quality to drive down grower returns by lower yields and the potential production life of the vine. Variations from winery to winery are confusing as a grower – consistent industry standards should be applied to the industry.
- Growers require intervention by government to balance the market power of the wineries. Growers also need to be trained and provided with detailed assistance to development collectives for bargaining with wineries and be better skilled at negotiating with wineries to ensure their needs are adequately addressed in terms of pricing. Federal funding is needed to develop our skills base.
- Investigation by government is needed into the power of the retail giants Coles and Woolworths and their pricing policy of Australian wine to consumers and its effects on growers farm gate returns.
- Taxation of wine is very high and while this may have forced much of Australia's production to overseas markets the industry is selling more for less return.
- As a primary producer it constantly feels that the financial squeeze is being applied to the grass roots, the producer. Growers of quality should be able to ensure that they receive a viable return for their produce.
- Other comments: _____