

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

INQUIRY into the WINE INDUSTRY

The Committee Members

The Australian Wine Industry is currently in crisis with declining prices and increasing **market rationalisation** of the industry by processors. These trends have acted harshly against wine grape producers who are unable to undertake comparatively quick short term rationalisation action which in many instances are reflected as **lower farm gate returns**.

Following are some of the issues which your committee should address urgently :-

- To a large extent the increasing volume of wine grapes available in Australia has been brought about by insufficient and misleading communications/ market signals to producers and investors from wineries.
- The establishment and development of sound relationships between growers and wine makers is essential to the long term success of the industry. Many current arrangements fail to promote this development and in many instances an attitude of “them “and “us” prevails.
A co-operative approach will achieve improvements in growing, grading and quality standards which will be mutual beneficial and continue the excellent international status of our industry.
- GROWER CONTRACTS are central to the development of better relationships. Many existing contracts do not contain adequate achievable incentives for growers to improve quality standards. Contracts are generally legal documents and binding. However, they are **not user friendly** and beyond the scope of many growers to negotiate, vary or contest.
- **Appropriate Industry Standards** are required for equity to be obtained. There is a wide variation in wine grape standards between winemakers and districts. These variations make it very difficult at the wine grape production level to either meet the standard consistently and obtain the so-called “benefits”of producing higher quality fruit. Some standards, if met, have the potential to reduce the productive life of vines.
- Growers need to establish collectives to improve their business skills so that they may deal with winemakers and others to achieve their objectives and operate on a more level field. Some government intervention would give growers better knowledge and skills.
- Taxation of wine is very high. Rationalisation of the tax system within the industry should be made with a view to improving farm gate returns and promote best management practices so that wine grape growing businesses are economically and environmentally sustainable.
- Pricing by the retail giants should be reviewed to ensure that it complies with the appropriate Acts and Regulations especially to avoid collusion and price fixing .Pricing competition inevitably is reflected in lower returns to growers.

Thank you for your consideration.

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