
Location of vineyard: Griffith NSW

Size of vineyard/s: 110ha

Tonnes of fruit harvested from vineyard/s in 2015: 1700

Q. How important is the recently announced Senate inquiry?

A. Very important. The wine grape industry has been manipulated into the current mess by government actions and lack of actions since the mid 1990s.

Q. Do you think this inquiry will be able to deliver anything in addition to the previous Senate inquiry into the industry in 2005 and the industry's own internal reviews (e.g., WGGA's Taking Stock and Setting Directions project of 2006, the 2009 Wine Restructuring Action Agenda, WFA's Expert Review on the Profitability & Dynamics of the Australian Wine Industry in 2013)? In other words, do we really need another inquiry?

A. We need action more than inquiries. There was a NSW state inquiry a few years ago which came up with a list of recommendations which would have helped the industry, but they were shelved after the 2011 NSW state election despite bipartisan support for the inquiry. Please visit the website below for more information.

www.parliament.nsw.gov.au/Prod/Parlment/committee.nsf/0/77ED8B2AB43C19B1CA25779200170A94

Q. Senator Nick Xenophon has raised the prospect of placing a temporary levy on bottled wine sales to raise at least \$100 million to help winegrape growers who are failing to break even.

Is such a call sensible?

If it were to get up, where would you suggest such funds be directed?

A. No, a levy on wine will not fix the problem. Scrap the Wine Equalisation Tax (WET) Rebate and use the money as described further down. The WET rebate is only serving to lower the floor price in the market place which keeps unprofitable businesses viable and strings the rest of us along.

Q. The industry has been talking about the need to reduce the national vineyard size to redress the supply-demand imbalance and improve grower returns for those who remain in the industry for some 10 years now.

How has your operation fared during this time? e.g., decline in grape payments, decline in contracts, mothballed/pulled vines, expanded to improve economies of scale, restructured, planted other crops, sought other off-farm income.

A. Over the past 10 years we've seen our grape prices fall by about 60 - 80% (depending on varieties) from their peak on average. We've removed some grapes to replace with more favourable varieties (An extremely expensive exercise.)

We have stopped employing people to help us where ever possible which means very long days for

myself, and my father who has back problems is forced to help out where he can. Sometimes I am working all day and night trying to keep up.

We've slowed machinery replacement considerably and have ceased repairs on soil moisture monitoring and stopped any costly trials.

We are using more of the cheaper chemicals to control weeds and disease, which we don't like doing as some are more dangerous than their more expensive alternatives. (ie: Sprayseed is half the price of Basta. But Sprayseed is one of the most dangerous chemicals to the user with no antidote if poisoning occurs.)

Q. What does the future lie in store for your operation in the coming years? e.g., will you have to explore some of the options mentioned in the previous question, will you bow out of the industry altogether

A. I am young enough to continue to put in the very long hours and hope that some of the older generation abandon their farms and let their grapes die due to their age and health reasons.

The aging population of grape growers and the very few young people choosing to stay on the farm means that sooner or later grapes will become profitable again, but a lot of knowledge will be lost in the process.

Q. Many Australians would be of the view that if grapegrowers can't make a profit then it is time for them to diversify at their own expense or get out of the industry. However, there have been multiple examples of Government providing funds for industry adjustment, the Vine Pull Scheme of the 1980s being just one of them.

Where do your stand on Government-funded industry adjustment?

A. Government got us into this mess by giving accelerated depreciation schemes to any man and his dog to plant grapes. Then when we were in oversupply government propped up unprofitable wine companies by giving a WET Rebate which lowered the price of wine even further, and created a plague of "virtual wineries" who don't need to make a profit as the WET rebate of up to \$500,000 is more than enough compensation for selling wine at or slightly below cost. These people who didn't have a place to sell their grapes would have been forced out of the industry, instead government forced them to dump cheap wine in the market via the WET Rebate.

Q. What initiatives do you see could change the plight of growers?

A. We need the WET rebate to be removed completely. No one in the wine industry should be subsidised.

The money saved should be divided 3 ways for 3 years.

1. 33% should be used to help the older generation remove their vineyards and retire with dignity.
2. 33% should be used to promote Australian wines overseas.
3. 33% should be spent on more Research and Development to help us be more efficient in both growing grapes and making wine so that we can remain more profitable in a global market place.

Q. There are minimum wages. Should there be minimum grape prices?

A. No. There shouldn't be a minimum grape price per se. However a licence system to be able to grow grapes might be worth considering.

Q. If you look back across the past 10 years do you think the pressures on the industry have been part of a cyclical process or is it a reflection of significant structural change going on within the

wine industry, more globally?

A. The problems over the past 10 years have been a combination of issues.

1. Accelerated depreciation scheme caused overplanting to be exhasibated.
2. WET rebate caused unprofitable growers/winemakers to dump wine onto the market
3. A very high dollar for a prolonged period caused exports to slow and become less profitable
4. The control of Coles, Woolworths and increasingly Aldi of the liquor market have left very few options for winemakers as to where and for what price they can sell their wine in Australia.
5. The buyers own brands of wine have reduced profitability of winemakers by loss of premium shelf space, and saturation of brands in the market.

If you have further questions or want clarity on something please feel free to contact me.

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