



Committee Secretary  
Senate Standing Committees on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600

## **Inquiry into the Australian Grape and Wine Industry**

As a wine grape producer in the Murray Valley (Murray-Darling/Swan Hill wine regions) I'm deeply concerned for the future of the Australian wine industry. Profitability has been in decline for most of the past decade, particularly in the large inland regions, which are responsible for about 60 percent of production.

A report produced last year for the Winemakers Federation of Australia suggested that more than 90 percent of inland-region vineyards were not profitable in 2014. These are the same vineyards that were the backbone of Australia's dramatic export growth in the late 1990s and early 2000s, employing thousands of people across Australia.

Once all the numbers have been crunched, they're likely to tell us that the vintage of 2015 will go down as the tipping point for many more growers. Average prices for most varieties were the lowest in 10 years.

Here, we know our cost of production through benchmarking surveys conducted by Murray Valley Winegrowers (MVW). We know that, on average, it costs around \$7000/hectare to produce wine grapes in this region. This year, there's little likelihood of that benchmark being reached.

It's not as if we haven't tried to help ourselves. Our side of the industry has led the way on trying to improve the commercial environment in which we operate, through development of the Australian Wine Industry Code of Conduct. But less than half of all production is covered by the code, which means that many commercial dealings between growers and grape buyers are sub-standard, with all power vested in the grape buyer. After six years' experimenting with the voluntary code, this inquiry should support the creation of a mandatory code to guarantee that wine grape buyers comply with a minimum set of standards.

I would like to think that the Australian government would meet with our industry leaders to thrash out a program of realistic assistance to give us a hand in taking advantage of emerging opportunities. The lower value of the Australian dollar should aid our wine export efforts, and the free trade agreements with South Korea, Japan and China should open the door to more Australian wine getting to consumers in those countries. To grab these opportunities and to grow the demand for Australian wine, our industry needs to be on a much firmer footing.

Recommendations that the committee makes following its investigation of the Australian grape and wine industry could lay the groundwork for this to happen.

Yours sincerely

Signed:

Print Name: ..... Vicki Watson

**Wine grape grower**