

Viticultural Society of the Canberra District Inc. (VSCD) Submission

The VSCD represents grape growers in the Canberra District some of whom are also wine producers and cellar door operators and fosters the growing of ultra premium grapes. The district is relatively small compared to some others and almost exclusively comprises small family owned businesses. The grape crop is mainly used locally but some is also sold to wineries elsewhere in NSW.

This submission focuses on three issues that are of most importance to our members.

*The extent and nature of any market failure in the Australian grape and wine industry supply chain.*

The grape and wine industry has suffered from an entrenched over supply problem for quite some years. As a consequence grape purchasers have been able to dictate prices and payment terms. There is legislation in South Australia that enables purchasers to pay three equal instalments commencing 30 days after delivery with the final payment being made in September. Locally some payments have been outstanding in excess of twelve months. Providing such interest free finance to purchasers adds to the struggle of grape growers remaining viable.

*The profitability of wine grape growers, and the steps industry participants have taken to enhance profitability.*

The price for wine grapes has remained fairly static over the last decade in our district but costs have risen considerably. Our district suffers particularly as the growing of ultra premium grapes requires a significant labour input and greater mechanization is not possible. Some growers have enhanced the value of their grapes by grafting to different varieties or clones and adopting best practice as advised by the latest research projects.

*The impact and application of the wine equalization tax rebate on grape and wine industry supply chains.*

The introduction of the rebate recognized the substantial financial hardship being faced by small rural and regional wineries and aimed to support their viability and consequent capacity to generate employment and wealth in local communities

This hardship still exists. Removal of the rebate would be detrimental to grape growers and regional economies. In the current climate wineries would be unable to increase their wine prices to reflect the loss of the rebate. This erosion of margins would lead to a reduced demand for grapes, closure of wineries/cellar doors, loss of employment and pressure on grape growers to accept lower prices.

The legislation should be reviewed to exclude any exploitation of the WET rebate.

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