

Appendix 4

Sample comments by growers

Extracts of comments submitted with form letters by winegrape growers of the Riverina and Murray Valley regions:

‘The wineries are simply taking advantage of a good supply of grapes. The discount prices are certainly not reflective of declining sales figures. It’s not good business or fair to act this way.’

‘Earlier indication of colour score, should not have to wait until June to have an idea of how much we are getting paid for our grapes.’

‘The winery keep moving the goalposts. This harvest they raised the sugar level on the Gordo’s. The colour also varies from truckload to truckload.’

‘When they start paying growers \$200-300 for premium grapes, Shiraz, Chardonnay etc, they at the very least should be made to pay cash for goods or within 30 days.’

‘Winery grape price in Jan ‘05 for \$600 per tonne. Then in June receive a fax change in price to \$450 contracted fruit. Because they can pick up uncontracted fruit for between \$150-\$200 per tonne. What have we got contracts for?’

‘I think the biggest cause of overproduction of specific varieties is that there is no control on the numbers of vines which will make up the short fall of each variety which is needed to plant. Everybody goes in planting with no restriction.’

‘Uncontracted growers seem to be the most affected by pricing reductions - prices as low as \$100/t being offered, which is not sustainable. Contracts should be offered to growers in present/existing irrigation areas before larger corporate bodies plant areas currently outside of existing irrigation supplies.’

‘We growers must unite into a strong union if we are to survive.’

‘To control the planting in future so not to have an oversupply of grapes.’

‘No-one should get \$150-200 per tonne. Some contracts are probably too high. Everyone, and not just reds and chardonnay, should bring \$500-700 per tonne and we could survive.’

‘We understand we are in a world market and as growers we are prepared to ride the highs and lows that it will bring. Unfortunately we do not believe the large corporate wineries are prepared to ride the same wave as the growers. ***It is extremely easy for wineries to cut growers’ prices than it is to become more efficient within the industry.*** If this trend continues a large number of growers will be going to Centrelink for unemployment benefits.’

‘Due to extreme drop in prices (eg Chardonnay from \$825 per tonne in 2004 to \$450 per tonne in 2005 and possible \$250 per tonne in 2006) before harvest 2006 we will be facing a bankrupt situation. Mental and financial doom.’

‘A localised arbitration board must sit in on negotiations to set the prices. Arbitration means both parties must agree on a price that sustains viability in the industry for both wineries and growers. Otherwise too many growers will fall out, wineries will not meet their production figures, investors will not confidently go into the wine business leaving all parties looking a bit stupid.’

‘We feel it is long overdue to introduce a mandatory code of conduct to stop ‘scavenger’ wineries from undermining the whole wine industry using various underhanded methods of purchasing winegrapes from financially desperate growers and in so doing undermining the ‘good’ wineries in the market place with unsustainably low prices.’

‘Prices are dictated and any grower that dares to comment is victimized.’

‘We made the change to winegrapes after business plans encouraged us to do so, by way of the Kickstart Sunraysia, an initiative of Sunrise 21 in October 1997.... Some people get contracted to grow fruit that other people have to drop on the ground. This is not fair!’

‘Every year we are told that there is a surplus, yet after harvest every year wineries take more fruit than what they said pre-harvest was required. This is just a mechanism to lower fruit prices.’

‘We are fortunate to be with one of the better wineries and under contract however our production costs and winery revenue are about on par. I feel for growers that are uncontracted and are being paid \$1500 per acre for grapes that are costing \$2800 per acre to grow (not including interest on loan).’

‘Dispute resolution clauses aren’t the only answer. As this year I was warned if I used that clause in my contract it won’t be renewed in two years time.’

‘It is ridiculous that wineries can pay \$750 for chardonnay, \$600 shiraz, \$500 for merlot, and the scabs pay \$120 to \$200 for the same fruit.’

‘The individual grower has no hope of disputing prices, or they run a huge risk of losing their contract altogether.’

‘The unscrupulous practices of some wineries leaves a lot to be desired. For those growers striving for quality they need the traceability of their fruit indicated in accordance with payments.’

‘Payment in full should be made after 30-60 days after delivery.’

‘We have to be able to go to an independent body when being paid on quality.’

‘Collective bargaining for a fair price for all growers is urgently required.’

‘No other business or industry has to wait six months for final payment.’

‘There should be a restriction on plantings until supply and demand are back into balance.’

‘Wineries are taking advantage by coming to uncontracted growers late in the season when growers have no choice and offering as little as \$100 a tonne which does not cover picking and watering for the year.’

‘Colour payments for red grapes are not fair as readings vary dramatically from sample to sample. eg 1.52 for one load and 1.40 for another load of shiraz (same patch, same night’s harvest).’

‘My first payment for this year’s vintage was 17th June (not 31st May as originally in the contract) with the following payments on 31st July and 30th September. At \$225/tonne surely the winery could fast track these payments if a mandatory code of conduct was in place.’

‘I am a grower for a very large winery who have no scientifically objective way of measuring winegrape quality. Assessments are done “in the field”, “in the tank” and later as “made product”. I also independently have my grapes tested for wine grape colour, taste compounds and canopy architecture by a well respected independent viticulturalist. The latter consistently scores my grapes in the top 20% sometimes in the top 5% of grapes grown in the district. As the wine grape glut has increased, my grades at the winery have steadily diminished... Other industries in this country are subjected to regulation through empirical quality control. Please bring the winery corporates into line.’

‘In the early 2000s we were told grow quality and you will be paid extra. What a joke. Growers exceeded all expectations in the quality field only to be screwed even harder by wineries.’

‘As a current chardonnay grower, with plummeting prices we will not survive – even though we were advised by the winery and contracted to plant more chardonnay only two years ago.’

‘The government is partly to blame for the current oversupply by having encouraged outside interests to invest in winegrape production. While the “investors” can walk away at any time they choose, the genuine growers suffer the consequences.’

‘There is no third party to check quality of crush, we just take the winery’s word. The last few years the winery has become very arrogant and they make you wait until the grapes have become dehydrated that much, that they are only buying the quality in the berry (sugar and colour) and the weight is approx 20% less than it would if they were picked at the correct time.’

‘Future plantings of wine grapes should proceed only if permitted by M.V.W. Inc. and pursuant to demand.’

‘One particular winery insists on assessing and grading fruit by the particular “bottle” that the fruit ends up in. This method is totally non-transparent as the grower has no control as to what happens to the fruit once over the weighbridge. The fruit can be mixed with other fruit. The winemaker may make mistakes.... In other words the grower becomes the winery’s risk management service - the winery stuffs up, the grower pays for it. On many occasions I have had fruit delivered of same quality only to be paid different rates because of its “end use”.’

‘Ten years ago these same wineries encouraged growers to spend huge amounts on property development and even advised on varieties to plant. When tax incentives were introduced they then went ahead and planted the same varieties thus shutting many growers out.’

‘One of the major reasons the wine industry is in the difficult situation at present is primarily because of “investor money” going into the industry and subsequent planting of thousands of hectares of vineyards. Most of this money is for speculative investment and taxation reasons. The casualty of this will always be the smaller traditional grower.’

‘The co-operation and mutual goodwill between growers and wineries has been shafted by the attitude of the wineries. We all have made investments, many at the behest and persuasion of the wineries we supply, to be told “Too bad!”.’

‘Quality should be determined by wineries in consultation with the grower before harvesting.’

‘The wineries are a pack of mongrels who want it all their own way. It is not a game it is people’s lives they are dealing with.’

‘Very few, if any, agreements for the sale of winegrapes in the Murray Valley contain provisions for penalties in the event that the terms of payment are not adhered to.’

‘We are contracted. Our 2005 prices: Chardonnay \$400, Cab Sav \$270, Merlot \$270, Petit Verdot \$275, Shiraz \$400. Our latest costings to produce a ton of grapes is \$340 not including any bank interest, which should really be counted...I am 53 and worked on viticulture since I was 15. We own 70 acres and can’t make a living eg at these prices next year we will be bankrupt. We have already started to sell some assets (no cash flow).’

‘Growers under contract requested to plant varieties of vines, then four seasons later told no longer required or overproduction of same, therefore no longer required by winery.’

‘We are with a winery who has a dispute resolution clause. In 2004 the winery offered a price of \$800 for chardonnay and sent a document for growers to sign. We actually

wanted to take the next step to an expert determining a fair price. We had sultana grapes in a truck heading to the winery, we were told if we didn't accept the \$800 the trucks would be turned back at the winery gates. We had no choice in a blackmail situation.'

'As growers we strive for greater grape quality, adopt new technologies and management practices at some expense, only to wait until one month before harvest to be told by wineries that the quality parameters have changed again, so they can justify lowering grape prices.'

'The greatest debacle is winery contracts, when the industry was in rapid expansion mode wineries were handing out contracts freely and pushing growers to plant, now wineries are phasing out contracts, thereby forcing growers to sell on the spot market at greatly reduced prices, but the irony to this is that these same wineries are appointing agents to purchase these grapes at greatly reduced prices.'

'I have sent grapes to the same winery for some 15 years. Accepting the demands of market forces, and confident with the established relationship, I negotiated vineyard replantings with the winery. Contracts for supply exchanged. Immediately prior to this year's vintage and before the vines had achieved production the winery advised that it was invoking a two year termination clause. This was to apply to all contracted growers over the next two years. An outlay of \$300,000 by a family enterprise without a market has been devastating.'

'Wineries should give grape prices to growers earlier and not just weeks before picking. This harvest just gone our grapes were picked and crushed before were advised of our price...Cost of production should be included in price determination of all grape varieties.'

'To produce a superior quality product as our buyers require, carefully grow it and look after it until harvested, to then be kicked in the guts by wineries (buyers) offering pathetic prices is putting extreme pressure on our family's lifestyle, health, viability, to mention a few. Which in turn put pressure on communities, health system, environment, Centrelink and other social services.'

'In 1999 I objected to over \$8000 in deductions and penalties imposed by the winery. The winery refused any negotiation or consideration. The following year they advised my contract would not be renewed. It is common knowledge that most wineries blacklist any grower who disputes their rulings.'

'Some wineries treat growers reasonably, others act like Nazis. Government needs to provide a negotiation structure that provides some balance between buyer and seller. Governments should provide funding to assist growers to form co-operatives.'

'Increased volume of wine due to increased plantings out of control. Restrictions to be placed on new plantings of grape vines - e.g. rice farms are being converted to viticulture mainly due to low water allocations and low returns to the producer. This is

also placing a strain on our water resources, permanent plantings have been exempted from low allocations.'

'Wineries are making contracted local growers hold grapes too long, while they bring cheap grapes from SA and Vic filling their tanks. I would have lost 20% for this reason. The prices that we are receiving are well below cost of production.'