

Ashridge Vineyards

Ms Maureen Weeks
Committee Secretary
Senate Rural and Regional Affairs & Transport References Committee
Parliament House
CANBERRA
ACT 2600

22 June 2005

Dear Ms Weeks

Re: Inquiry into the Wine Industry

I would like to forward my personal submission to the Senate Committee as a wine grape grower in the irrigated regions of the Murray Valley.

There is no doubt that wine grape prices are waning in this industry. I accept this as being largely due to market forces of supply and demand and the wineries passing on the declining terms of trade to the production sector – that's farming - although I suspect that many wineries in this region are tempted to lower their grape prices to fall in line with the hardest discounter or the lowest common denominator.

What I cannot accept is the current imbalance of power between wineries and grape growers in this region. This inequity in power is clearly resulting in distorted signals from the market back to the production sector.

It is well documented that in the absence of an objectively measured, transparent mechanism to measure the attributes that contribute to the quality of the farm products, whether it is meat, wool or dairy, there will be a poor allocation of resources in the production sector, undermining its competitiveness, progress and sustainability.


The Australian wine industry is seriously lacking such a mechanism. Each winery determines how it measures grape quality (often by tasting berries in the vineyard), grades its fruit and pays on those grades. Each year approximately \$200m is paid out to growers in these warm irrigated regions, based on grape assessment methodologies that are diverse, variable, inconsistent and unbelievable.

Although I accept that wineries cannot be dictated to on how much they should pay for a particular grade of fruit, all wineries should have equipment and methodologies of measuring grapes that are consistent and comply with industry standards.

I support the approach by the Murray Valley Winegrowers Inc. to empower wine grape growers through issues on dispute resolution clauses in supply contracts, price negotiation processes and a move to collective bargaining. This will go some way to establishing equity in trading relations in this industry.

However, in my opinion, this move towards equity will only result in real benefits to this potentially successful industry (in the long term), if it is coupled with sound, objective, transparent and consistent methodologies in measuring grape quality - the sort of systems that underpin the great primary industries in this country.

Yours sincerely



GARTH SWINBURN

