

Federal Senate Inquiry into the **State of the Wine Industry**.
Parliament house,
CANBERA, ACT 2600
27June 2005.

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Attn: Senator Ursula Stephens,
After attending the Senate Inquiry at Berri this afternoon I feel it is imperative that I forward my opinion of the wine industry and why it is now in this perilous position.

The Federal Government interfered with the wine industry through the Tax Office, by issuing tax incentives that encouraged broad acre corporate vineyards to be established throughout the country. This development occurred at such a rate that by the time the tax office reduced the incentives there was already surplus grapes in the industry.

The surplus of wine grapes is having a huge effect on the Riverland, the engine room of the wine industry. Growers that had previously had contracts with wineries are now being told that their contracts wont be renewed and that they must find a new outlet for their grapes (imposable during a glut). The surplus of wine grapes is very mobile, it can be transported from region to region overnight if necessary in a fleet of tankers.

I feel that it was the Federal government that created this mess and that the small family farms are again the ones that are going to wear all the pain.

Please step up and take responsibility for what **YOU** (Parliament) have done and fix this mess!

With the shortage of fuel there is an opportunity for the Riverland to play a very important part. Historically the Riverland made very large volumes of spirit out of grapes (Dora dillo/variety). If the Government were to encourage Private enterprise to crush and refine the surplus uncontracted grapes into ethanol or biodiesel it would help the wine industry and reduce our dependence on fossil fuels. The Vineyards that remain uncontracted to wineries could over time be contracted to grow varieties that produce high tonnages specifically for the ethanol/ bio-diesel refinery, (example 60ton per hectare at \$250. /ton =\$15000.00/hectare).

By processing the surplus grapes we have put a floor in the market for wine grapes, i.e. the wineries cannot purchase grapes at unrealistic prices to make record profits for greedy shareholders.

There are numerous advantages for doing this:

1. Growers already have the necessary expertise.
2. Processing infrastructures already in place i.e. crushing facilities.
3. Storage can be achieved through membrane-lined bunkers.
4. Distillation factory available i.e. Renmarno winery / distillery.
5. Present district infrastructure would be utilized i.e. irrigation/roads/power/etc.

Unless a new outlet for surplus grapes is found, growers in the Riverland will convert their land to almond orchards and in a few years time when production of almonds increase the government will find that is in the same situation again and we will have an inquire into why almonds are unviable.

It is interesting to note that millions of dollars have been spent restructuring the dairy and sugar industries. These industries caused most of their own problems unlike the wine industry which had its problems thrust upon it by a greedy Government trying to increase exports at an unsustainable rate. The Sugar Industry Reform Package is worth \$400 Million dollars and is prepared to fund each sugar grower \$100 Thousand dollars Tax free to exit the industry. Wouldn't it be appropriate that the wine industry receive exceptional circumstance funding while it adjusts through this turbulent period?

Yours Sincerely

Joe Gropler JP
Wine Grape Grower