

# RIVERINA WINE GRAPES MARKETING BOARD

For the City of Griffith and the local government areas of  
Leeton, Carrathool and Murrumbidgee

## MEDIA RELEASE

25 January 2017



### GRAPE PRICE CONCERNS FOR REGIONS GROWERS

The Wine Grapes Marketing Board is concerned that a lack of pricing information from Riverina wineries and low price offers noted to date will continue to see growers struggle to remain viable and impinge on their ability to produce quality winegrapes for the market. Growers need now to be communicating their concerns to their buyers amid increased on farm costs as the high disease pressure season has impacted on their costs and forecast price rises will not cover these increased costs of production.

Representatives of the Wine Grapes Marketing Board have been talking with local wineries amid comments that several are looking to purchase more winegrapes this season than in previous years. The Board is hopeful that this demand and a more buoyant bulk wine market would then impact positively on the per-tonne price offers but this has not been overly apparent to date. Many of the regions wineries have yet to disclose to producers how much they are going to offer to purchase winegrapes with growers hopeful that their management efforts this season will be rewarded and they can put some money back into their overdrafts.

"It is disappointing that all wineries do not provide a valid indication of the price that they will be paying to growers" Brian Simpson CEO of the Wine Grapes Marketing Board stated. "Growers in general that are not contracted with a price tend to find out at the last minute and some have reported finding out the price well after they have delivered, it is hard enough to operate in the current environment but operating on faith doesn't have a lot going for it."

Anecdotal evidence suggests that the 2017 harvest will not be as large as the 317,000 tonnes of winegrapes recorded in 2016 as vines have been through a wet winter and seasonal rains have caused higher disease risks to growers leading to greater input costs this season. Growers in general have needed to extend their overdrafts this season to keep their crops disease free and the current lack of certainty in prices shows a lack of respect to the efforts and money growers have invested this season. Vine removals are occurring in the region and with no viable price increase to signal for growers to continue to produce grapes this trend could continue.

"Growers have done their best to manage their crops in difficult conditions and to not know prices at this late stage in the game if their best efforts have been worth it is worse than disappointing." Brian advised, "This is definitely the problem that the ACCC and some members of the Senate have been raising as concerning behavior in the market, the newly appointed Agricultural Commissioner with the ACCC stated recently that this is not the equitable sharing of risk that they would like to see in good contracting practices."

Senator Nick Xenophon from South Australia, where 50% of the national grape crop is produced has been calling on the ACCC to investigate the industry more closely.

Currently the industry is waiting for the grapes to mature to commence vintage in a later start to the harvest than has been the case for the past decade or more. Growers are very anxious, price disclosure and a price recovery is needed if the industry is to move forward and rebuild confidence in the growers.

END

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