

# WINE GRAPES MARKETING BOARD

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



*Riverina*  
WINE GRAPES  
MARKETING BOARD

## MEDIA RELEASE

20 October 2008

### AUSTRALIA'S IDEAL HARVEST SIZE

The Wine Grapes Marketing Board has been invited to comment on a recently published statement made by Mr Paul Clancy as Chair of the South Australian Wine Grape Growers Council, a newly formed organisation representing all growers across that state. Mr Clancy believes that the ideal crop size in Australia should equal current sales and goes on to say that as many as 500-600,000 tonnes of wine grapes are not required to the industry.

The Board fails to understand whom Mr Paul Clancy is acting on behalf of by his media statements about the ideal harvest size of the Australian wine industry and believes that his comments are extremely harmful to the operation of the market in terms of prices to growers and wine sales. His statements have been headlined by suggesting that the industry needs to "unite to address the over-supply crisis", when in fact much of the crisis has been driven by unrealistic forecasts, investments and a lack of overall direction within industry that is only being marginally addressed in recent years. The industry is a collection of individual operators and states that are all competing, only true market forces will see a correction or do we want to be an industry that receives bailouts when times are hard.

To raise these issues in the forum that has been used is in the first instance far too early and is definitely not helpful to both sectors of the wine industry. Have we not learned from last season, when it was announced that a reduction in yields was likely? Surely the drop in export sales has been a direct response to media coverage of the industry as Australia's wine buyers looked toward other producing nations to fill shelves?

The Riverina which the Board operates within has been fortunate over the past years. There have not been many tonnes of winegrapes left on the vines at the end of each season, less than 1% and the majority of this is diseased or damaged. Perhaps for this we could be thankful for the local approach taken by our many family operated wineries. Primarily our fruit is harvested because the product made from it sells well and is the entry point for many consumers. Consumers love the freshness that is derived from the inland regions and as many are not prepared to lay down wine for 2 to 5 years before "ideal" consumption we should remain competitive.

Yes there may be structural problems in the industry and yes there are certainly some varieties that have slowed down in terms of sales but is it not just a reaction to uncertain economic times? The oversupply argument has been raised many times by industry over the past ten years but unless Mr Clancy wants to move into a wholly regulated market such occurrences will remain the norm. This is not a "head in the sand" approach but a realistic summation of the facts at play. Unfortunately the more media coverage we give these stories the more it can cause economic pain to the processors and producers of wine and winegrapes.

END

#### ENQUIRIES:

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