

WINE GRAPES MARKETING BOARD

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



MEDIA RELEASE

24 February 2010

Interest in Riverina Grapes

A disaster of a year for growers is perhaps the most polite way to comment on the 2010 vintage being experienced by Riverina winegrape growers. Prices in many instances the lowest in twenty years are going to send growers into financial despair and cripple their ability to produce quality. However, amid all the talk that the industry is vastly oversupplied there are some buyers seeking a bargain that some growers are being forced to take up rather than leave crops on the vines to perish.

In late 2009 the industry published a statement saying that up to 20% of the national vineyard holdings were needed to be removed for the industry to return to sustainable levels of production. However while many growers have not had time to consider this document they are being forced out of the industry by a downturn in their returns of such a magnitude that they have previously not seen. Reductions in prices and yield restriction are going to impact on the Riverina which was at one time poised to become Australia's largest production region due to massive declines in other regions.

"It is a shame that these signals were not provided to growers some years back," Brian Simpson CEO of the Wine Grapes Marketing Board stated. "For years the Board has been advising growers not to plant without a decent contract in place but some (growers) did not heed this or were not provided with a written enforceable agreement by their winery. The risk of investing in plantings has been laid squarely at the grower's feet."

The industry statement talks about removing vineyards that are no longer economical. The analysis that supports the statement, specially addressing the Riverina, states quite clearly that this region should not need to remove vines as the production coming from the region is termed economical production. Telling growers that the market price for their Chardonnay at \$130 per tonne is economical is not a very tenable position. At the price being offered after picking some growers are reporting returns per hectare well below a \$1,000. This is going to mean not only the grower being impacted but the local economy will also suffer.

"The fact that growers, in most instances this season, sell their production does not mean they are economical, giving your fruit away for someone else to try and make a profit is heart breaking" Mr Simpson said. "Most growers will sell a portion if not all, of their winegrapes this season but what can we do about the 7,000 tonnes of winegrapes that currently do not have a home this season because their contracts have not been renewed or the growers have been kicked out of the winery they previously delivered to is the most pressing issue facing the Board".

The Board is again running its online index of winegrapes available this season. So far this season the Board has provided details of growers to seven potential buyers in the market within the region and recently a buyer from South Australia advertised in the local media seeking winegrapes. While the prices being offered for their fruit are reported as being well below costs of production some growers are relieved just to be getting it off their vines. If growers want to list their available winegrapes with the Board they can simply contact the Board office on 02 6962 3944 or complete the application form that has previously been circulated.

"I should also warn the industry that any winegrapes that are sold at prices well below cost of production will increase the time that the industry as a whole will suffer from the current industry downturn." Mr Simpson stated.

END

ENQUIRIES:

Brian Simpson Chief Executive Officer 0438 388 828 or 02-6962 3944 (during office hours)