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## MEDIA RELEASE

### ACCC misses the mark in Wine Grape Market Study

The ACCC Wine Grape Market Study Final Report contains a number of concerning recommendations for both growers and winemakers that threaten the long-term viability of businesses along the wine supply chain. Released today, the [report](#) makes ten recommendations including some relating to payment terms and price transparency which could dampen competition and push down grape prices.

"While the ACCC's report presents a number of recommendations we will support, the recommendations relating to payment terms and price transparency create the potential for unintended consequences that erode recent market improvements" said Tony Battaglene, Chief Executive of Australian Grape & Wine.

"The ACCC's recommendation relating to thirty-day payment terms would reduce competition. Growers will choose to sell to larger winemakers which would be required to pay for grapes in fewer days, while small and medium sized winemakers would face restrictions in both their ability to secure fruit and access finance".

The Report also seeks to artificially divide the market by setting different rules for different geographic zones. For example, grapes purchased from Victoria would be subject to much shorter payment terms than those from South Australia. Additionally, the ACCC has not explained why Riverina grape-prices should be published, but Yarra Valley prices should not.

"The suggestion that there can be one system in South Australia and another for the rest of the country is absurd. It would make it harder to do business and incentivise investment and production in one state over others".

As noted in the report, access to market information is important to both growers and winemakers. However, Australian Grape & Wine is concerned the ACCC's recommendations will create more problems than solutions.

"There is a recognition that growers need better market information. However, publicly identifying companies and prices will not solve the issue at hand, and will give our major retailers a free kick, enabling them to use this information to further tighten margins. The ACCC's lack of attention to retailer power is a clear flaw in this study given the retailers' effective duopoly and their role as winemaker competitors" said Mr. Battaglene.

There are some positives. Australian Grape & Wine will review the voluntary Wine Industry Code of Conduct to modernise its content and attract a greater number of signatories. "Australian Grape & Wine commenced a comprehensive review of the existing code this year and we expect a new code to be developed in time for the 2020 vintage. Quite simply, we believe that if we can find the right balance in the code, more industry participants will sign up, addressing many of the ACCC's concerns" said Mr. Battaglene.

Australian Grape & Wine also considers the ACCC's recommendations relating to quality assessment and contract terms will drive benefits across the wine supply chain. "While it's disappointing to receive such a mixed-bag of recommendations from the ACCC, we will now work with members to assess what can be implemented immediately and what requires more work. We support strengthening relationships along the wine supply chain, but it is a mistake to unnecessarily intervene in a market that is experiencing its best conditions in many years."

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