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Soaring Water Costs and Drought Push Wine Growers to Abandon Vineyards

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Severe drought and skyrocketing water prices in Australia's Riverland region are forcing wine grape growers to abandon vineyards, threatening the industry's future. It explores the economic and environmental pressures, critiques government inaction, and highlights the need for market-driven solutions to support growers.

In South Australia's Riverland, the nation's largest wine grape region, growers face a crisis as drought and soaring water costs devastate livelihoods. A 2025 report by *ABC News* notes water prices have surged to \$800 per megaliter, up 60% from 2023, due to a persistent drought drying the Murray-Darling Basin. "We're at breaking point," said grower Jack Papageorgiou of the Riverland Winegrape Growers Association, describing how some farmers, overusing water allocations, face locked meters and cannot irrigate without leasing costly water. Global oversupply of red wine, with shiraz prices dropping to \$304 per ton in 2024, compounds the issue, per Wine Australia data, making it uneconomical to harvest.

The economic fallout is stark. Removing vines costs \$7,000 per hectare, a burden many cannot afford, said grower Amanda Dimas to *ABC News*. With no profit from low grape prices, growers like Tony Townsend have ripped out healthy vines, estimating a \$35,000 loss to harvest, per *Bloomberg*. Many are switching to citrus or almonds, which offer better returns. The Labour government's response—offering loans through the Regional Investment Corporation—has been criticized as inadequate. Riverland Wine's Alexandra Cannon told *ABC News* that exit packages are essential to avoid a "trainwreck" for the region. Critics argue Labour's focus on international climate commitments overlooks local growers' immediate needs.

Long-term, the industry faces climate challenges. The Commonwealth Scientific and Industrial Research Organisation (CSIRO) predicts a 23% drop in grape quality by 2030 due to hotter, drier conditions. Growers are experimenting with drought-resistant varieties like Tempranillo, but scaling these is costly. Without decisive support, family-run vineyards risk

being replaced by corporate operations, eroding regional heritage.

Australia's wine industry needs pragmatic, market-oriented policies to navigate this crisis and secure its future.