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Winemakers' Federation of Australia

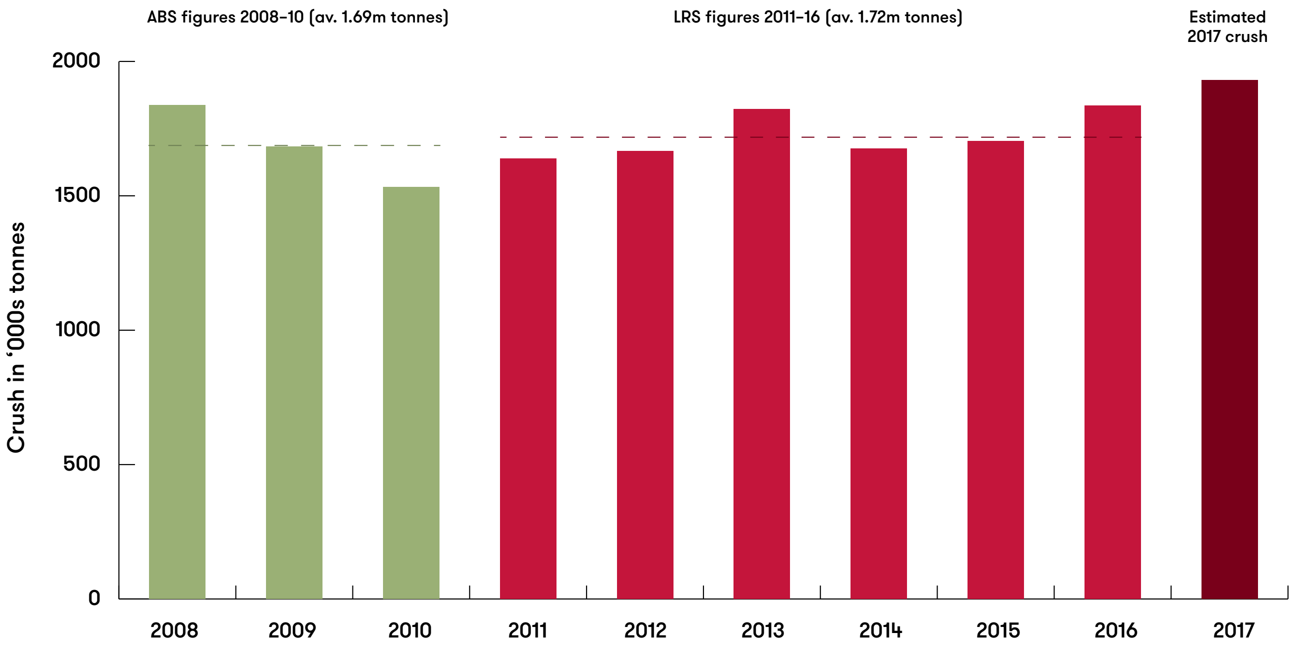
Australian Vignerons

National Vintage Report 2017

At a glance summary

- Crush grew by 5 per cent to 1.93 million tonnes
- The total estimated value of the Australian winegrape crush is $1.22 billion — an increase of 13 per cent from $1.08 billion in 2016
- Average purchase price across all varieties increased 7 per cent to $565 per tonne — the highest since 2008
- Red varieties crush grew by 12 per cent — increased its share from 52 per cent to 55 per cent of the total crush
- Shiraz tonnes crushed increased by 15 per cent, Cabernet Sauvignon by 8 per cent and Merlot by 10 per cent
- White varieties tonnes crushed fell 2 per cent overall
- Chardonnay crush down by 13 per cent — more than offsetting increased tonnes for Sauvignon Blanc (up by 4 per cent), Pinot Gris/Grigio (up by 2 per cent) and Muscat Gordo Blanco (up by 24 per cent)
- Crush in warmer inland regions grew by 3 per cent and cool/temperate regions increased by 9 per cent
- Average winegrape purchase prices paid increased across the board:
  - Warmer inland regions increased by 10 per cent to $345 per tonne and cool/temperate regions increased by 3 per cent to $1,232 per tonne
  - Red varieties increased by 6 per cent to $691 per tonne
  - White varieties grew by 6 per cent to $420 per tonne
  - Overall prices increased by 7 per cent, due to a higher proportion of reds in the mix
- The proportion of winery-owned fruit increased slightly from 32 per cent of the crush in 2016 to 33 per cent in 2017.

Total crush in Australia – past 10 years



Overview of the 2017 winegrape crush

The 2017 winegrape crush is estimated to be 1.93 million tonnes, based on responses received by the Wine Sector Survey 2017. This crush is 5 per cent higher than the 2016 final crush figure of 1.84 million tonnes (Department of Agriculture and Water Resources — Levies recorded figure). It is the third consecutive vintage where the tonnes crushed have increased.

Additional tonnes this year came relatively equally from the cool and temperate regions of Australia and the warmer inland regions (Riverina, Murray Darling–Swan Hill and Riverland). However, the tonnes from the cool and temperate regions increased by 9 per cent compared to a 3 per cent increase in the warmer inland regions. The increase in the warmer inland regions was lower principally due to a decline in tonnes in Murray Darling–Swan Hill, where a substantial area of vineyards has been removed from the production base.

The warmer inland regions' share of the crush was down slightly to 69 per cent and the cool and temperate's share was 31 per cent.

Most regions recorded an increase in tonnes crushed including: Riverland, Riverina, Barossa Valley, McLaren Vale, Coonawarra, Clare Valley, Wrattonbully, Margaret River, King Valley, Eden Valley, Heathcote, Tasmania, Orange, Gundagai, Grampians, Hunter Valley, Hilltops, Alpine Valleys and Rutherglen.

Regions where the tonnes crushed declined in 2017 included Murray Darling–Swan Hill, Langhorne Creek, Padthaway, Adelaide Hills, Currency Creek, Goulburn Valley, Cowra, Swan District, Mount Benson, Robe and Mudgee.

Crush by variety

The 2017 red variety crush is estimated to be 1,062,660 tonnes — an increase of 112,000 tonnes (up 12 per cent) compared with 2016. The white variety crush is estimated to be 866,970 tonnes, a decrease of 19,000 tonnes (down 2 per cent) compared with 2016. Red varieties increased their share of the crush to 55 per cent, compared with 52 per cent in 2016.

The crush of most major red varieties increased this year. Shiraz grew by 15 per cent, Cabernet Sauvignon by 8 per cent, Merlot by 10 per cent, Pinot Noir by 2 per cent, Petit Verdot by 15 per cent and Grenache by 33 per cent.

The top three red varieties by volume were Shiraz, Cabernet Sauvignon and Merlot, together accounting for 85 per cent of the total red crush. Shiraz accounted for 47 per cent of the red crush (up slightly from 2016), while the Cabernet Sauvignon share fell from 27 per cent to 26 per cent and Merlot remained at 12 per cent.

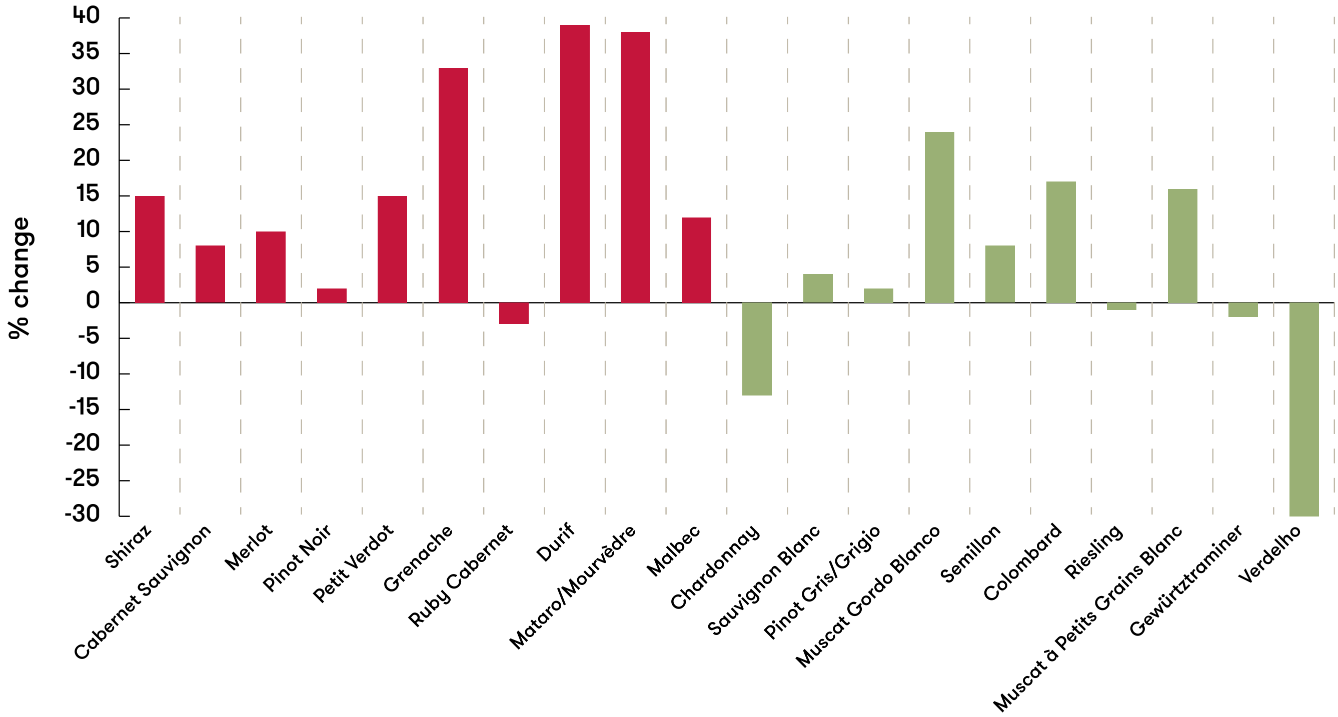
Among the whites, Chardonnay remains the dominant variety. However, its share fell from 47 per cent in 2016 to 42 per cent this year with the Chardonnay crush down 13 per cent.

The decline in the Chardonnay crush offset increases for most other white varieties. Sauvignon Blanc — second at 12 per cent of the white crush — had an increase of 4 per cent in tonnes crushed. Other top 10 white varieties with increased tonnes crushed included Pinot Gris/Grigio (up 2 per cent), Muscat Gordo Blanco (up 24 per cent), Semillon (up 8 per cent), Colombard (up 17 per cent) and Muscat à Petits Grains Blanc (up 16 per cent). The increase in Muscat Gordo Blanco reflects the increase in exports of Moscato in 2016–17.

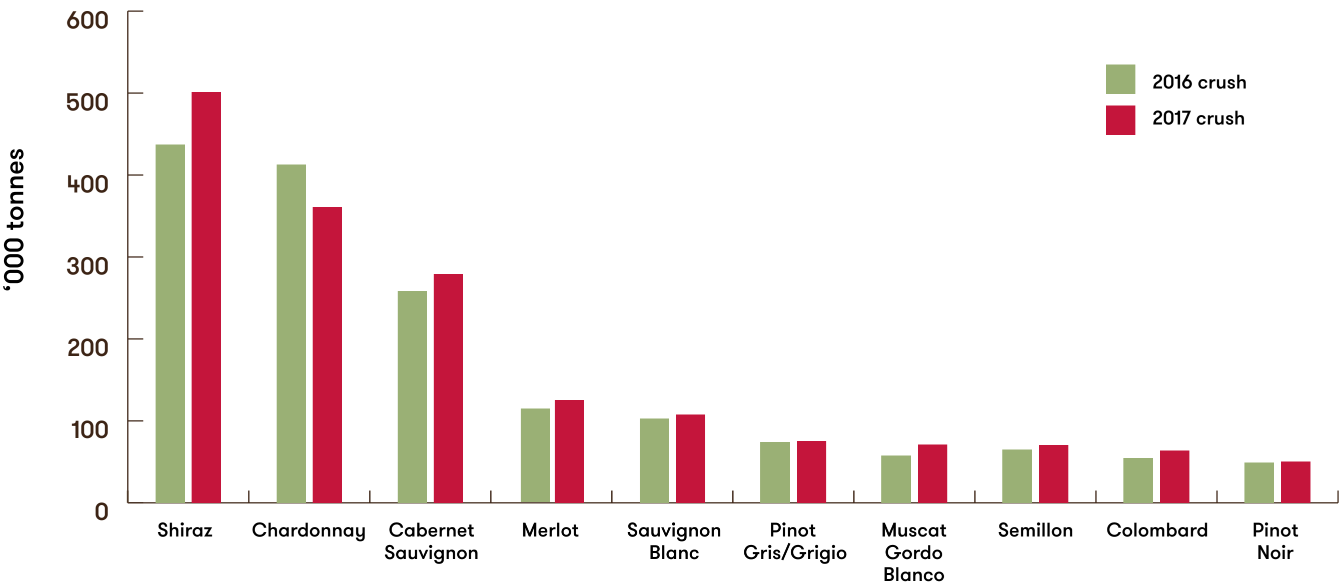
Overall, the top ten varieties did not change in 2017, although Muscat Gordo Blanco and Semillon swapped places. The two biggest movers outside the top ten were Mataro/Mourvèdre, which climbed from 26th to 20th place, and Prosecco, which jumped from 27th to 21st. The volume of Mataro/Mourvèdre increased by 38 per cent and Prosecco increased by 78 per cent.

Of the minor/alternative varieties, volumes increased significantly for Dolcetto, Pinot Meunier (most likely for use in sparkling wine), Montepulciano, Tarrango and Fiano.

Change in tonnes crushed 2016–2017 – reds and whites



Comparison of 2016 and 2017 crush – top 10 varieties



Crush by winery size

The Australian wine sector is made up of a small number of large wineries and a large number of small wineries. The Wine Sector Survey results demonstrate this.

There were 26 companies that crushed more than 10,000 tonnes and they accounted for 88 per cent of the crush, while the smallest group (crush less than 50 tonnes) accounted for 30 per cent of the respondents and less than 1 per cent of the crush.

Crush by winery size

Size of reported crush	# of respondents	% of crush
10,000 tonnes +	26	87.9%
5,000–10,000 tonnes	5	2.1%
1,000–5,000 tonnes	46	5.8%
500–1,000 tonnes	48	1.9%
50–500 tonnes	188	2.1%
Under 50 tonnes	145	0.2%
Total	**458**	**100%**

Analysis of grape purchase value

The winegrape purchases collected in the Wine Sector Survey 2017 totalled 1,135,333 tonnes, valued at $641,246,737. Over 35,000 transactions were collected and they form the basis of this analysis.

Dividing the total value by total tonnes purchased results in an average purchase price of $565 per tonne, up by 7 per cent on the average of $526 calculated in 2016. This figure is the highest since 2008 and above the average price across the previous five years of $477 per tonne. It is the third consecutive vintage where the average purchase price for winegrapes increased. Winegrape prices have been on an upward trend since 2011. Prior to that, prices had been on downward trend from 1999.

The average purchase price in the warmer inland regions increased by 10 per cent to $345 per tonne, while the cool/temperate regions grew at a lower rate of 3 per cent to $1232 per tonne.

The average purchase price of red grapes increased by 6 per cent from $651 per tonne to $691 per tonne, while the average price of white grapes also increased by 6 per cent from $398 to $420 per tonne. (The overall increase in price is higher than either the red or white increases because there was also an increase in the proportion of reds in the mix.)

All but two of the top ten varieties showed increases in the national average purchase price. Shiraz and Colombard had the greatest increases (each grew by 12 per cent) followed by Muscat Gordo Blanco (up 10 per cent), Pinot Gris/Grigio (up 9 per cent) and Chardonnay (up 7 per cent). The two exceptions were Cabernet Sauvignon (fell by 1 per cent) and Pinot Noir (down 0.3 per cent).

There was an increase in the proportion of A and B grades purchased (i.e. $1500 and above per tonne) from 6.4 per cent to 7.4 per cent, which has contributed to the overall increase in average purchase values. Red varieties have been responsible for this increase, with the share of reds purchased at $1500 per tonne or above increasing from 10.6 per cent to 11.8 per cent while there was no significant change for whites.

An analysis of the dispersion of prices by variety indicates that 12 per cent of reds were purchased at $1500 per tonne or above in 2017, while 71 per cent were purchased at below $600 per tonne.

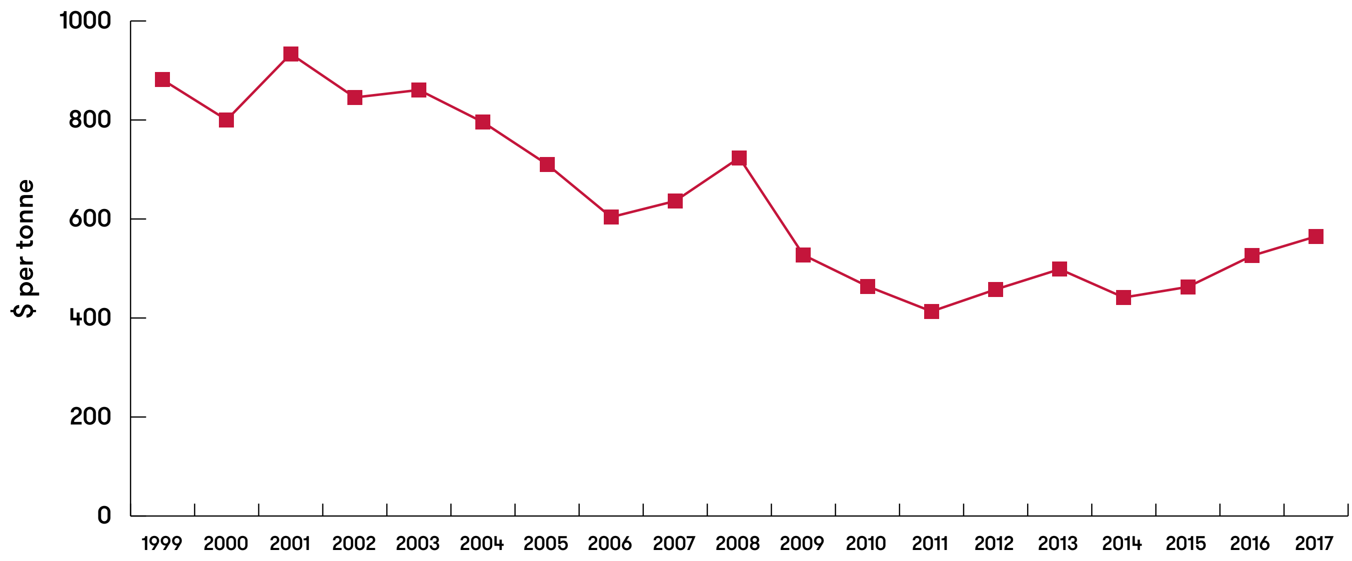
Shiraz was the biggest driver in the overall increase in the average purchase price as the share of Shiraz purchased at A and B grades increased from 13.3 per cent in 2016 to 15.5 per cent in 2017 and double the proportion from five years ago.

Whites are more heavily weighted to the lower end of the price scale, with 87 per cent of white varieties purchased at below $600 per tonne (D and E grades) and 3 per cent at A and B grades. For both reds and whites, the proportion purchased in the lowest price categories reduced slightly compared with 2016.

Extrapolating to the total crush by assigning the same average price to own-grown fruit at a variety and region level gives an estimated total value of the 2017 Australian winegrape harvest of $1.22 billion, compared with $1.08 billion in 2016 — an increase of 13 per cent.

The increase in the estimated value of the crush is due to the increased tonnes crushed as well as the increase in the price paid for purchased winegrapes.

Average winegrape purchase value 1999–2016



Crush value by variety

Major varieties	2017 tonnes	% change in tonnes	2017 weighted average price	% change in price
Red				
Shiraz	500,938	15%	$765	12%
Cabernet Sauvignon	279,041	8%	$647	-1%
Merlot	125,487	10%	$455	5%
Pinot Noir	50,108	2%	$884	0%
PetitsVerdot	23,647	15%	$362	5%
Grenache	17,911	33%	$859	-3%
Ruby Cabernet	12,594	-3%	$320	2%
Durif	9,189	39%	$537	12%
Mataro/Mourvèdre	7,494	38%	$766	0%
Malbec	6,553	12%	$656	-14%
Other red	29,697			
Red total	**1,062,660**	**12%**	**$691**	**6%**
White				
Chardonnay	361,047	-13%	$411	7%
Sauvignon Blanc	107,423	4%	$568	3%
Pinot Gris/Grigio	75,338	2%	$674	9%
Muscat Gordo Blanco	71,231	24%	$239	10%
Semillon	70,495	8%	$361	5%
Colombard	63,506	17%	$230	12%
Riesling	28,288	-1%	$871	13%
Muscat à PetitsGrains Blanc	25,836	16%	$313	2%
Gewürztraminer	14,176	-2%	$369	1%
Verdelho	7,755	-30%	$467	19%
Other white	41,877			
White total	**866,970**	**-2%**	**$420**	**6%**
Grand total	**1,929,630**	**5%**	**$565**	**7%**

Method

The Wine Sector Survey is a single annual crush and price survey conducted by Wine Australia on behalf of the Australian wine sector. This report has been prepared by Wine Australia based on an analysis of the survey results. The National Vintage Report is released jointly by Wine Australia, the Winemakers' Federation of Australia and Australian Vignerons. Wine Australia wine grape levy payers (approximately 2,000 businesses) were surveyed. Wine Tasmania conducted the survey in Tasmania. We thank them for their contribution.

Respondents were asked to provide individual transaction data by variety and region for grape purchases and a summary of their own-grown fruit by variety and region. This enables accurate reporting of crush (production) and price dispersion data by variety and GI region, as well as at a national and state level.

The response rate overall was 27 per cent of businesses surveyed; it includes all wineries known to have crushed over 10,000 tonnes, and is estimated to account for 88 per cent of all winegrapes crushed in 2017.

At a national level, the data collected has been scaled up to provide an estimate of the actual crush by variety. However, individual regional and state reports prepared based on these results use the reported raw figures and are therefore likely to underestimate their actual crush but do not build in any assumptions, which would be less reliable at a variety-region level of detail.

Calculating the national crush estimate

To estimate the total crush for 2017, wineries that responded to both the 2016 and 2017 surveys were compared and the crush difference for these businesses was found to be 5 per cent. This percentage increase was then applied to the crush figure for 2016 provided by Department of Agriculture and Water Resources – Levies, which collects levies based on crush and is the most accurate crush figure available (once it is finalised in approximately November each year). The Levies figure for 2016 is 1,836,372 tonnes. This figure should be considered the final crush figure for 2016 and replaces the estimate of 1,807,207 tonnes reported in the 2016 National Vintage Report.

To estimate the total crush for each variety, the proportion that each contributed to the reported (raw) numbers in each year is calculated and then applied to the total crush figure for that year. It should be noted that the 2016 figures reported in this report will vary slightly from those reported last year, as they have been adjusted for the actual Department of Agriculture and Water Resources – Levies recorded figure.

Please direct any questions on the method and data to Peter Bailey at Wine Australia:
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