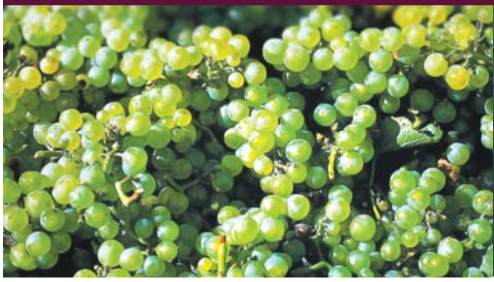
June 2013

Winemakers' Federation of Australia

Vintage Report

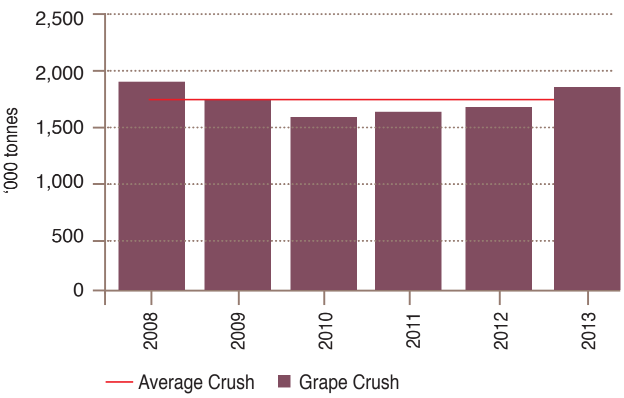


Crush rises by 10%, despite the heat

Estimate of 1.83 million tonnes the highest since 2008, with both warm and cool regions up

Despite reports of average to below average yields per hectare, the 2013 vintage overall was up by more than 10% compared with 2012, and was the highest since 2008 at 1.83 million tonnes in total. This figure is 100,000 tonnes above the average for the past six years of 1.73 million tonnes and 170,000 tonnes higher than the 2102 crush of 1.66mt[1].

Figure 1: Total Winegrape Crush in Australia



Source: Levies Revenue Service figures determined as part of levies collection process except 2013 figure - WFA estimate.

The increased crop is attributable to an absence of major events such as disease or flooding which affected the previous vintages, as well as the availability of sufficient water for irrigation. In the warm inland regions, conditions were generally good for growing – despite the heat. Conditions early in the season are thought to have contributed to a good growing season.

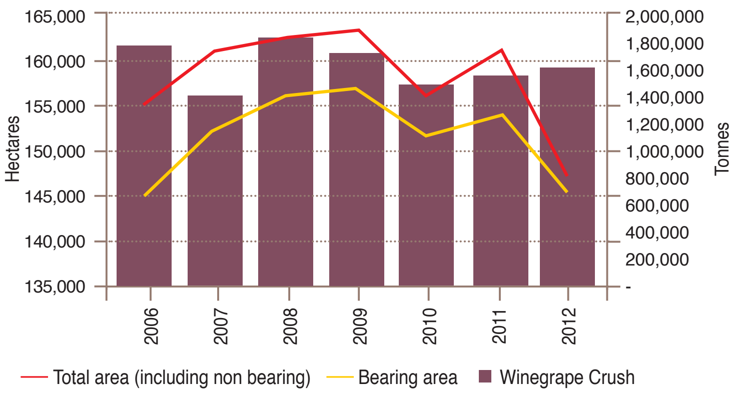
2013 could not be described as an "easy" vintage. The Bureau of Meteorology reported that the 2013 summer had been the hottest on record and it was also one of the driest. In addition to heatwaves across south-eastern Australia, there were bushfires in the southern parts of SA and Victoria and very heavy rains along the coast, and extending some way inland, from south-east Queensland almost to Sydney. The sustained warm dry periods produced unusual ripening rates and patterns and an early and very condensed harvest in many regions.

However, the impact of the hot and dry conditions was reduced by the availability of water in the irrigated areas and generally good winter rains. Given a general sense that yields were not exceptionally high, this suggests that the crop of 1.83mt may be a reasonable indication of a "normal" vintage – unaffected by major seasonal variations or events.

In 2009, total bearing area of vines in Australia was around 157,000 hectares, according to ABS figures. However, since then it has been declining and in 2012 the bearing area was around 145,000 hectares, while the non-bearing area was approximately 3,000 hectares.

Complementing the WFA Vintage Survey, Wine Australia has completed its annual Winegrape Purchases Price Dispersion Report. It shows that, overall, red wine grapes recorded a significantly stronger price increase than white wine grapes. The price paid for red wine grapes increased on average by 13% to $619 per tonne while the price for white wine grapes increased on average by 2% to $388 per tonne. *Further details can be found on page 4.*

Figure 2: Vineyard area and Winegrape crush in Australia 2006-2012



Source: ABS vineyard survey data

1. *Levies Revenue Service crush figure for 2012. See methodology section for explanation.*

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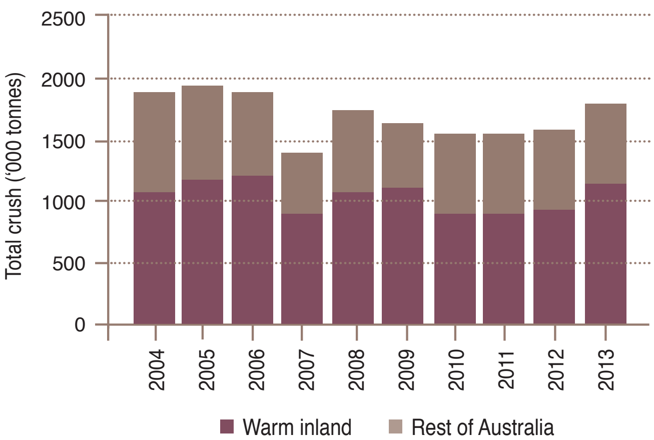
Distribution of vintage between warm inland and other regions

The warm inland regions are estimated to account for approximately 1.1 million tonnes – an increase of 120,000 tonnes (13%) over last year and the highest combined crop from these regions since 2006. The crush from cool regions is also estimated to be up by around 80,000 tonnes and to account for around 39% of the national crush[2].

The share of the crush between warm inland and cool/temperate regions has fluctuated over the past 10 years – without showing a consistent adjustment in either direction.

This is considered to be primarily due to seasonal factors which have often differentially affected warm vs cooler regions. The average share of warm inland fruit over this period is 60%[3].

Figure 3: Contribution to crush by region type 2004-2013



Crush by variety

In 2013 the crush of red and white varieties increased compared with 2012, but the increase was much greater for reds. Their contribution to the total crush increased to nearly 52% while whites fell to 48% – with reds accounting for 946,000 tonnes and whites for 888,000 tonnes.

The top three red varieties were Shiraz, Cabernet Sauvignon and Merlot – together accounting for 86% of the red crush.

However, the share of the crush accounted for by these varieties was reduced compared with 2012, with the tonnage of minor varieties including Mataro, Tempranillo, Durif, Sangiovese and Barbera increasing by a greater percentage than the tonnage of the top five varieties. Dolcetto was the only variety to show a significant decrease in tonnage as a percentage of its 2012 crush.

In the whites, Chardonnay dominated with 45% of the white crush – the next highest contributor being Sauvignon Blanc with 11%, with Semillon falling further behind at 9%.

While the red crush increased overall by 14%, the white crush only increased by 7%. Muscat Blanc more than doubled its 2012 crush, while Muscadelle and Viognier also showed moderate increases. Chenin Blanc, Palomino/Pedro, Riesling, Semillon and Traminer all showed small reductions in crush against the trend, while Doradillo was down by 50% (although from a small base).

Figure 4: Variety crush change 2012 - 2013 (Red)

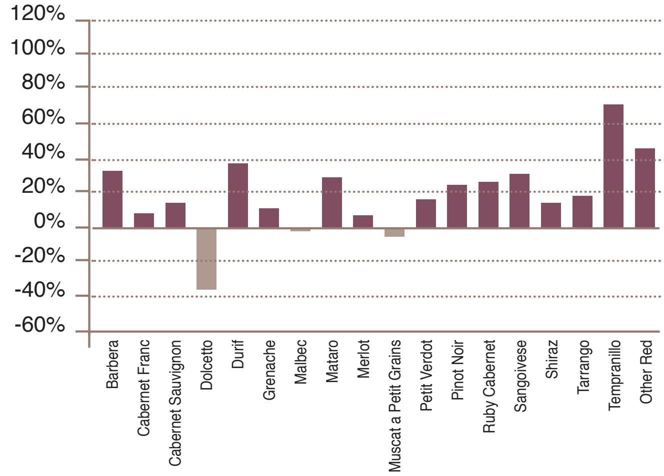
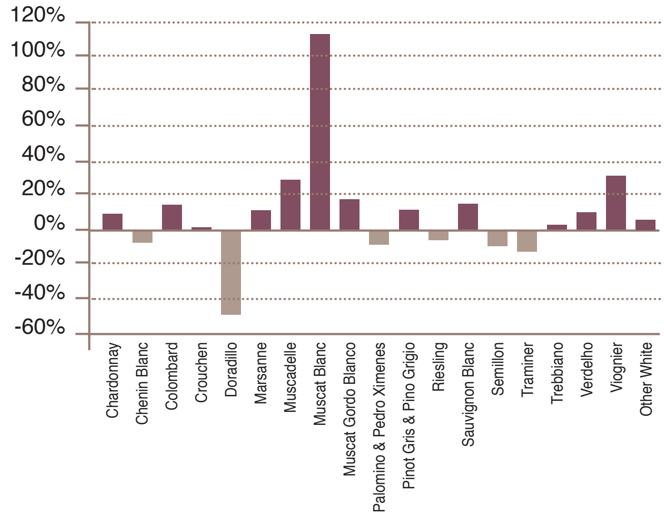
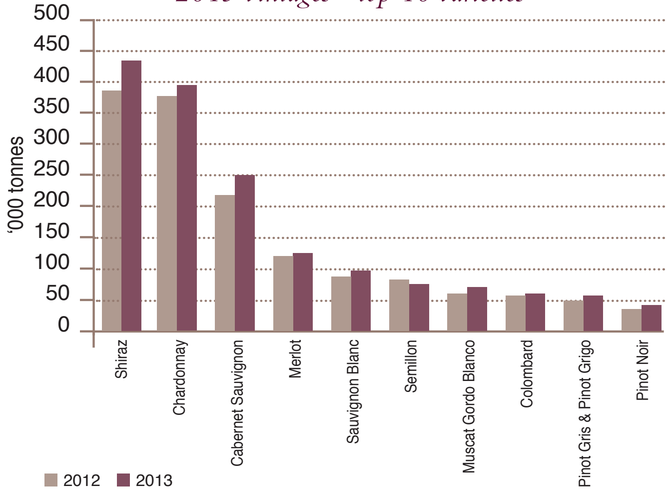


Figure 5: Variety crush change 2012 - 2013 (White)



There was no change in the composition of the top 10 varieties in 2013, nor their order. However, the relatively greater increase in red varieties meant that Shiraz tonnes exceeded Chardonnay by 35,000 tonnes, whereas in 2012 there was very little difference between the two varieties.

Figure 6: Comparison of 2012 and 2013 vintages - top 10 varieties



2. Based on estimates of the 2013 crush obtained from the Riverina Winemakers' Association, Riverland Winegrape Growers' Association and Murray Valley Winegrowers. Note that final figures for Riverland and Murray Valley were not available at time of publication.3. Historical figures obtained from regional utilisation reports. Figure for 2013is an estimate (see note 3).

Crush by wine industry structure

The Australian wine industry is made up of a small number of very large processors and a large number of small processors. The respondents to the WFA vintage survey reflect this distribution (see table).

Size of reported crush	*# of respondents*
10,000 tonnes +	26
5,000 - 10,000 tonnes	14
1,000 - 5,000 tonnes	52
500 - 1,000 tonnes	24
Under 500 tonnes	174
Total	**290**

In 2013, the largest wineries (over 10,000 tonnes crushed) accounted for 86% of the crush, whereas the smallest wineries (under 500 tonnes) accounted for 7% of the crush. NB These figures relate to physical processing, not necessarily ownership. There is no differentiation in the survey between wineries and contract processing facilities.

The crush in all size categories except the 1,000 – 5,000 tonne category increased by approximately 10% this vintage. The top 20 wineries/processing facilities crushed an additional 100,000 tonnes in 2013 compared with 2012.

Survey methodology

This survey is the first quantitative national measure of the 2013 vintage, and is used widely by winemakers and grapegrowers, industry analysts and media.

In April 2013, all known wineries in Australia were sent a request to provide details of their grape crush for both 2012 and 2013 for processing into wine, brandy, spirit or juice. Wineries were asked to record all fruit crushed at their facilities, regardless of ownership. This method increases accuracy as only physical crushing entities are included in the collection process.

Responses were received and collated from 290 wineries with processing facilities. Using the Levies Revenue Service (LRS) figure for the total crush in 2012 to determine our non-response rate, it was estimated that the tonnages collected from survey respondents accounted for 93% of the crush.

Therefore in reporting the crush figures here, all tonnages have been raised to allow for the estimated non-response rate of 7%[4].

Variety	*2012*	*2013*	*Change 2012-2013 (tonnes)*	*% change 2012-2013*	*% of grape crush*
Red Varieties					
Barbera	359	479	120	34%	0%
Cabernet Franc	1,356	1,450	94	7%	0%
Cabernet Sauvignon	218,964	249,689	30,725	14%	14%
Dolcetto	1,479	966	-513	-35%	0%
Durif	3,558	4,923	1,364	38%	0%
Grenache	14,514	15,857	1,344	9%	1%
Malbec	2,501	2,490	-11	0%	0%
Mataro	5,296	6,823	1,527	29%	0%
Merlot	124,676	131,575	6,899	6%	7%
Muscat a Petit Grains	1,262	1,239	-24	-2%	0%
Petit Verdot	19,418	22,318	2,900	15%	1%
Pinot Noir	33,647	41,726	8,080	24%	2%
Ruby Cabernet	10,543	13,206	2,663	25%	1%
Sangiovese	3,739	4,856	1,117	30%	0%
Shiraz	377,891	432,340	54,449	14%	24%
Tarrango	598	703	105	18%	0%
Tempranillo	2,785	4,736	1,952	70%	0%
Other red varieties	6,978	10,209	3,231	46%	1%
Total Red Grapes	**829,564**	**945,586**	**116,022**	**14%**	**52%**
White Varieties					
Chardonnay	371,621	397,239	25,618	7%	22%
Chenin Blanc	7,090	6,799	-292	-4%	0%
Colombard	60,982	66,852	5,871	10%	4%
Crouchen	1,834	1,835	1	0%	0%
Doradillo	1,058	527	-531	-50%	0%
Marsanne	1,498	1,621	123	8%	0%
Muscadelle	378	484	106	28%	0%
Muscat Blanc	6,260	13,414	7,154	114%	1%
Muscat Gordo Blanco	61,345	70,564	9,220	15%	4%
Palomino & Pedro Ximenes	182	169	-12	-7%	0%
Pinot Gris & Pinot Grigio	57,082	62,228	5,146	9%	3%
Riesling	32,772	31,310	-1,462	-4%	2%
Sauvignon Blanc	88,085	98,212	10,127	11%	5%
Semillon	82,385	77,187	-5,199	-6%	4%
Traminer	10,534	9,543	-991	-9%	1%
Trebbiano	427	437	10	2%	0%
Verdelho	10,935	11,582	648	6%	1%
Viognier	8,739	11,274	2,536	29%	1%
Other white varieties	25,230	26,334	1,104	4%	1%
Total White Grapes	**828,436**	**887,613**	**59,176**	**7%**	**48%**
Total All Varieties	**1,658,000**	**1,833,199**	**175,199**	**11%**	**100%**

Collected tonnages have been multiplied up by 7.6% to estimate the total crush (see section on methodology)

In previous years, we have used the ABS published crush number as the baseline from which to estimate our non-response rate. However, it is now considered that the LRS figure is more accurate given the basis on which it is collected. The difference between the two numbers in any case is only around 2% from year to year; however, the LRS figure is invariably higher.

WFA would like to thank all the wineries that contributed to the survey, without whom this publication would not be possible.

For more information about the vintage survey report, please contact Katrina Edillor at WFA on 8133 4308 or katrina@wfa.org.au.

4. The raising factor is 1/0.93 or 1.076 because the non-response rate (7%) is a percentage of the total, not of the respondent sample.

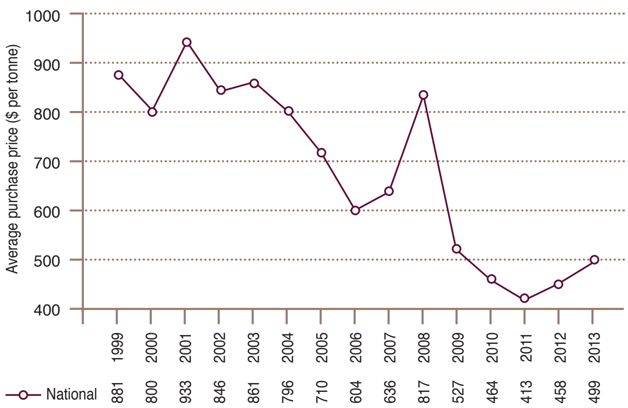
2013 Winegrape Purchases Price Dispersion Report Summary

Wine Australia recently released the 2013 Australian Winegrape Purchases Price Dispersion report. The report presents tonnages purchased in 2013, as they are distributed across the price spectrum. The data has been collected from a relatively small sample of major winegrape purchasers and others that are significant in key regions but covers an estimated 80% of winegrape purchases. Over 31,000 separate transactions were collected and form the basis of the report. The reporting provides price dispersion read-outs and average purchase prices for varieties-by-region.

The winegrapes purchases collected in the 2013 survey totalled 1,067,360 tonnes valued at $533 million, equating to an average purchase price of $499 per tonne, up 9% on the average of $458 per tonne recorded in the equivalent survey in 2012. The average purchase price was the highest recorded since 2009 *(see Figure 1)*.

Source: Australian Regional Winegrape Crush Survey, Australian Winegrape Purchases Price Dispersion Report

Figure 1: Winegrape average purchase prices over time



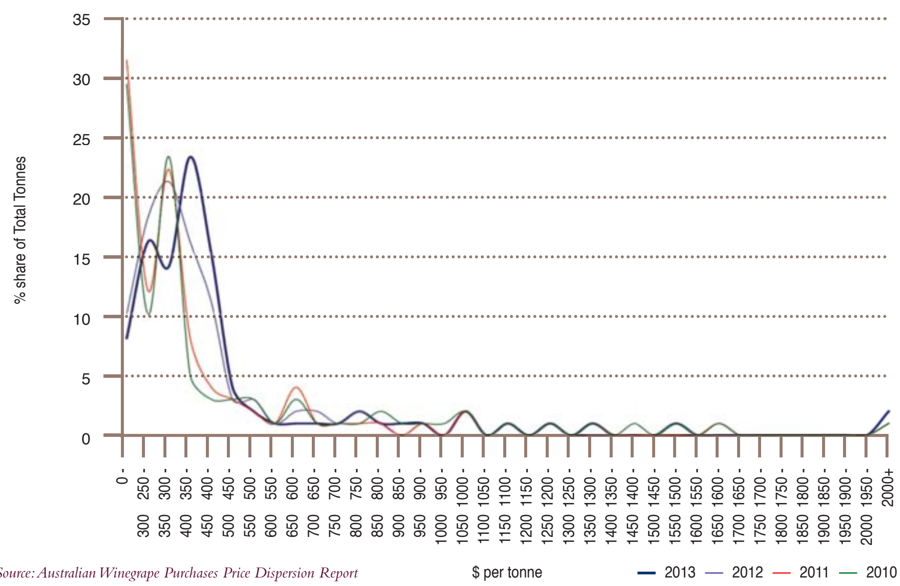
A summary of the price outcomes for 2013 by key variety is shown in Figure 2. Of the varieties shown in the table, price increases were recorded by Chardonnay, Shiraz, Cabernet Sauvignon, Merlot, Sauvignon Blanc, Colombard, Grenache, Pinot Noir and Pinot Gris. Riesling, Muscat Gordo Blanco and Semillon all recorded price declines.

Figure 2: National Winegrape Average Purchase Prices by Variety ($ per tonne)

	2013	2012	Change
Chardonnay	372	351	6%
Shiraz	637	556	15%
Cabernet Sauvignon	664	571	16%
Merlot	473	460	3%
Sauvignon Blanc	497	481	3%
Riesling	594	596	-0.3%
Colombard	226	222	2%
Muscat Gordo Blanco	371	407	-9%
Grenache	583	566	3%
Semillon	337	347	-3%
Pinot Noir	870	740	18%
Pinot Gris	553	499	11%

Source: Australian Winegrape Purchases Price Dispersion Report

Figure 3: National Winegrape Purchases Price Dispersion



Source: Australian Winegrape Purchases Price Dispersion Report

Figure 3 shows the dispersion of the tonnages across the price spectrum for the total collection in 2013, compared to the 2012, 2011 and 2010 collections. Contributing to the increase in the average price has been a fall in the share of grapes purchased at the low end of the price spectrum, particularly in comparison to 2011 and 2010. In 2013, 24% of wine grapes were sold at below $300 per tonne compared to 28% in 2012, 43% in 2011 and 39% in 2010.

The full Winegrape Purchases Price Dispersion Report can be viewed at *www.wineaustralia.com/winefacts*

Wine Australia

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