Adelaide Hills Wine Region

Regional summary report

2006 South Australian Winegrape Utilisation and Pricing Survey

Phylloxera and Grape Industry Board of SA
October 2006

Vintage report

The Adelaide Hills Wine Region enjoyed exceptional early growing season rainfall, which continued during the growing season with many observers commenting on some of the largest and healthiest canopies seen for many years.

A cruel black-frost in mid-October touched parts of many vineyards that have not been frosted before. The extent of this setback on the tiny flowers and crop was masked by how well the vines recovered and only really showed up on the weighbridge at vintage when yields for some frosted blocks were much lower than forecast.

Further rain, particularly in early November and around Christmas, followed by steady ongoing rain, proved to be quite challenging for disease prevention and control systems.

Vintage this year was right on target in terms of timing relative to other years. It started in late February and peaked at about the end of March. By early May there were only a few reds left to pick.

Yields this vintage have been generally below average for all varieties, certainly relative to the last two large vintages.

Some small parcels of fruit were left un-harvested or picked straight onto the ground this vintage as prices for winegrapes remain depressed.

Tom Ayers
Adelaide Hills Wine Region, Viticulture Committee

Overview of vintage statistics

The harvest from the Adelaide Hills was 24,786 tonnes in 2006, 5% below 2005, and well below the record crop of nearly 40,000 tonnes in 2004. It is estimated that an additional 1,000 tonnes approximately was unharvested or harvested to waste[1]. The total value of grapes from the region decreased by 10% from $38 million to $34 million. The average purchase value for Chardonnay and Shiraz both fell by around $300 per tonne, while the average price for Sauvignon Blanc and Pinot Noir remained the same.

The estimated production from the Adelaide Hills region for 2007 is 30,500 tonnes (this estimate does not take into account recently increased water restrictions). 27,000 tonnes is already committed to the wineries, leaving around 4,000 tonnes uncontracted. By 2011, the estimated production is 32,500 tonnes, of which 50% (16,000 tonnes) is already under contract or winery grown fruit. This proportion of already committed fruit is low compared with most other regions, and leaves around 16,000 tonnes likely to be made available on the open market.

The overall supply vs demand picture for SA indicates that wineries are already committed to take more fruit in 2007 than they require, meaning that there is not likely to be a spot market for the uncontracted Adelaide Hills fruit next year. By 2011, the total requirement for South Australian fruit is 840,000 tonnes – well below the 2006 harvest and 190,000 tonnes below the estimated 2011 production of 1,030,000 tonnes. 700,000 tonnes is already committed, leaving a spot market demand of 140,000 tonnes, compared with an estimated 330,000 tonnes available – including the estimated 16,000 tonnes from the Adelaide Hills region. All major red and white varieties are expected to be in surplus (particularly Chardonnay), with small shortfalls possible in Colombard and minor varieties such as Sauvignon Blanc and Pinot Noir. Therefore there is unlikely to be a restoration of supply-demand balance within the five-year timeframe, assuming production forecasts prove to be reasonably accurate and the wineries' requirement does not change substantially.

New plantings in the Adelaide Hills in 2005 (including top-working and replacements) amounted to 110 hectares (3% of the total area). Although this is not a large amount, there is no indication of any significant removal of grapevines being undertaken in the region.

[1] *From the Board's "Harvest Outcomes and Plantings Intentions" survey of growers conducted in May 2006.*

Adelaide Hills — Winegrape intake summary – vintage 2006

Variety	Tonnes purchased	Lowest price[1]	Highest price	Total value purchased grapes	Calc avg. purchase value per tonne	Winery grown fruit	Total crushed	Est total value ALL grapes
RED								
Cabernet Franc	27			$17,776	$650	2	30	$19,272
Cabernet Sauvignon	1,318	$300	$2,184	$1,791,857	$1,359	271	1,589	$2,160,049
Grenache	8			$4,482	$560	5	13	$7,283
Malbec	0			$0	$0	1	1	$788
Merlot	2,175	$300	$2,184	$2,325,355	$1,069	155	2,330	$2,491,194
Other red	255	$600	$2,316	$377,659	$1,480	44	299	$442,443
Petit Verdot	26			$34,600	$1,311	1	27	$35,911
Pinot Noir	4,133	$525	$2,471	$5,709,661	$1,381	283	4,416	$6,100,576
Sangiovese	64	$600	$1,000	$45,061	$706	0	64	$45,061
Shiraz	1,462	$300	$3,000	$2,127,943	$1,456	376	1,838	$2,675,490
Total red winegrapes	**9,470**			**$12,434,395**		**1,138**	**10,608**	**$13,978,068**
WHITE								
Chardonnay	5,119	$400	$2,700	$6,431,057	$1,256	1,028	6,146	$7,721,963
Other white	16			$14,561	$899	0	16	$14,561
Pinot Gris	503	$600	$2,471	$978,439	$1,945	554	1,057	$2,055,598
Riesling	537	$700	$1,440	$444,598	$829	202	738	$611,656
Sauvignon Blanc	3,272	$600	$2,300	$5,219,041	$1,595	1,438	4,710	$7,513,087
Semillon	832	$500	$2,000	$961,642	$1,156	106	939	$1,084,475
Traminer	121			$114,572	$947	40	161	$152,463
Verdelho	109			$220,522	$2,026	0	109	$220,522
Viognier	248	$400	$2,800	$501,652	$2,021	55	303	$612,720
Total white winegrapes	**10,756**			**$14,886,084**		**3,422**	**14,179**	**$19,987,044**
Total all winegrapes	**20,226**			**$27,320,479**		**4,560**	**24,786**	**$33,965,112**

[1] *Lowest and highest prices paid are only reported where there are at least three purchasers*

Adelaide Hills — Estimated supply and fruit availability 2007 - 2011

Variety	2007 Est Supply [1]	2007 Winery grown grapes	2007 Contract purchases [2]	2007 Available supply [3]	2009 Est Supply [1]	2009 Winery grown grapes	2009 Contract purchases [2]	2009 Available supply [3]	2011 Est Supply [1]	2011 Winery grown grapes	2011 Contract purchases [2]	2011 Available supply [3]
RED WINEGRAPES												
Cabernet Franc	90	2	17	71	91	2	5	84	91	2	5	84
Cabernet Sauvignon	2,336	303	1,615	418	2,161	452	634	1,075	2,161	470	147	1,544
Grenache	0	5	0	-5	0	5	0	-5	0	5	0	-5
Malbec	0	1	0	-1	0	1	0	-1	0	1	0	-1
Merlot	2,366	157	2,091	118	2,367	224	1,193	950	2,367	205	635	1,527
Other Red	527	41	281	206	531	42	251	239	531	42	251	239
Petit Verdot	0	1	24	-25	0	1	24	-25	0	1	0	-1
Pinot Noir	4,889	354	3,679	856	4,929	416	2,162	2,351	4,929	410	2,073	2,446
Sangiovese	90	0	41	49	90	0	41	49	90	0	0	90
Shiraz	2,662	399	1,465	798	2,711	624	666	1,421	2,711	677	355	1,679
Tempranillo	0	16	49	-65	0	25	44	-69	0	25	45	-70
Total red winegrapes	**12,960**	**1,279**	**9,262**	**2,419**	**12,881**	**1,792**	**5,020**	**6,069**	**12,881**	**1,838**	**3,511**	**7,532**
WHITE WINEGRAPES												
Chardonnay	8,163	1,269	5,738	1,156	8,790	1,343	3,562	3,885	8,790	1,445	2,652	4,693
Other White	34	0	5	29	40	0	5	35	40	0	5	35
Pinot Gris	975	556	488	-69	1,414	566	558	290	1,414	566	586	262
Riesling	980	255	821	-96	993	275	330	388	993	275	36	682
Sauvignon Blanc	5,545	1,580	3,732	233	6,580	1,683	3,022	1,875	6,580	1,800	2,548	2,232
Semillon	930	134	694	102	963	179	359	425	963	198	295	470
Traminer	208	40	256	-88	208	40	90	78	208	40	0	168
Verdelho	210	0	201	9	210	0	40	170	210	0	40	170
Viognier	543	92	338	113	564	91	253	220	564	87	134	343
Total white winegrapes	**17,587**	**3,926**	**12,273**	**1,389**	**19,762**	**4,177**	**8,219**	**7,366**	**19,762**	**4,411**	**6,296**	**9,055**
Total all varieties	**30,547**	**5,204**	**21,535**	**3,809**	**32,643**	**5,969**	**13,239**	**13,435**	**32,643**	**6,249**	**9,807**	**16,587**

[1] Supply forecast derived from planting details recorded on PGIB vineyard register (see planting report)

[2] Contracts already in place - not intended contracts

[3] A negative number indicates supply forecast is below wineries' estimated commitment

Adelaide Hills

Current plantings by year planted

Current area in hectares by year planted

Variety	Pre 2003	2003	2004	2005	Total area	% planted in 2005
RED WINEGRAPES						
CABERNET FRANC	11	0	0	0	11	0%
CABERNET SAUVIGNON	291	1	0	2	295	1%
MERLOT	295	1	0	0	296	0%
MEUNIER	25	0	0	0	25	0%
NEBBIOLO	6	0	0	0	6	2%
PINOT NOIR	541	1	3	2	546	0%
SANGIOVESE	11	0	0	0	11	0%
SHIRAZ	329	3	3	5	340	2%
TEMPRANILLO	13	0	0	0	13	0%
OTHER RED	21	1	0	0	23	1%
TOTAL RED WINEGRAPES	**1543**	**7**	**7**	**9**	**1566**	**1%**
WHITE WINEGRAPES						
CHARDONNAY	815	80	55	23	973	2%
PINOT GRIS	56	44	12	16	129	13%
RIESLING	109	0	1	2	111	1%
SAUVIGNON BLANC	544	42	78	54	718	8%
SEMILLON	93	0	0	4	97	4%
TRAMINER	21	0	0	0	21	0%
VERDELHO	26	0	0	0	26	0%
VIOGNIER	65	2	2	1	71	2%
OTHER WHITE	3	0	0	1	4	17%
TOTAL WHITE WINEGRAPES	**1731**	**169**	**148**	**101**	**2150**	**5%**
ROOTSTOCK BLOCK	3	0	0	0	3	0%
TOTAL ALL VARIETIES	**3277**	**176**	**155**	**110**	**3718**	**3%**

Explanations and Definitions

INTAKE (CURRENT VINTAGE) DATA

Definition of regions

Regions have been defined in accordance with declared or interim Geographical Indication (GI) boundaries. If a GI region has not been declared, or produces less than 5,000 tonnes, then the data is aggregated into the relevant GI zone. Disaggregation of data into smaller regions such as Currency Creek, Southern Flinders Ranges and Mount Benson is available on request from the Board's office.

Total crush

The **total crushed** is the total tonnes of grapes crushed from a particular source region, whether processed in that region, another region in SA or interstate. All wineries in Australia who source fruit from South Australian vineyards are included in the survey collection process. Reported fruit is separated into fruit produced from the winery's own vineyards ("own grown") and from independent grower owned vineyards ("purchased").

Crop value data

On the survey forms, wineries are asked to record **total purchase value.** This is the total amount paid for fruit of a particular variety at the point of receival – NOT including freight. It includes any penalties or bonuses (eg Baumé) applied at the weighbridge, but DOES NOT INCLUDE other bonuses or adjustments such as end use quality bonuses, which are not available at the time the survey is conducted.

The **calculated average purchase value per tonne** is the average amount paid per tonne of fruit across all wineries. Winery grown grapes are not included in the calculation of average purchase value; nor are grapes grown by companies connected with the winery or under lease arrangements. The **estimated total value of purchased grapes** is calculated by multiplying the average purchase value per tonne by the total tonnes purchased. The **estimated total value of total grapes** is calculated by multiplying the average purchase value per tonne by all tonnes crushed. If there is a variety where there are no purchases, then the average purchase value across all other varieties of the same colour in the same region is used to determine an estimated value for the own grown grapes.

Note: in small varieties there may sometimes be only one winery contributing towards a calculated average purchase value per tonne.

Important note on average purchase value

There is considerable variation in the pricing arrangements made by different wineries. For example, some wineries make adjustment payments based on the average value per tonne reported in this survey and some pay quality bonuses based on the end use of the product. These additional payments are not included in the reported figures. The average price also does not give any indication of the distribution of prices, or variables that go into individual contracts. Therefore the average price should not be compared directly with an individual grower's arrangement.

Highest and lowest price

Wineries are asked to report the highest and lowest prices paid for any parcel of fruit of a particular variety, of any size. The highest of all highest prices, and the lowest of all lowest prices are reported – provided that at least three wineries have provided this information for any particular variety. *Note: the highest or lowest price may be for a very small parcel of fruit - and/or reflect an unusual pricing arrangement - eg payment by the hectare rather than per tonne, "spot market" sales of excess fruit etc.*

FORECASTS

Estimated supply

Supply forecasts have been calculated using planting data contained in the Phylloxera and Grape Industry Board's vineyard register – ie they are independent of the Utilisation and Pricing survey . Estimated bearing area is multiplied by expected yield per hectare, to give estimated production. The supply forecasts do not make any allowance for large-scale grubbings, yield capping or the effects of water restrictions/drought conditions.

Committed intake

Committed intake is the amount of fruit that wineries are *already* committed to take in, for a given future year. It is made up of winery grown fruit and contract purchases. Only existing or ongoing contracts are included – not intended future signings or renewals.

Explanations and Definitions

Available supply

Available supply (uncommitted fruit) is the difference between estimated supply and committed intake. It is the amount of fruit estimated to be available on the open (spot) market.

Demand (required intake)

T**he demand figure (required** intake) is the tonnage required by wineries to achieve sales forecasts. From 2006, demand figures are no longer reported for individual regions. This is because, for the majority of fruit purchased, the requirement is not specifically regional – but rather it is price/quality based and therefore interchangeable between regions. Demand (fruit requirement) is reported for "warm" vs "cool" climate fruit (Riverland vs. the rest of South Australia) and for the whole of South Australia. Therefore it is important to read the state summary report in conjunction with the individual regional reports.

The % required/committed intake shows the percentage of the wineries' requirement that is *already* committed for a given year. Eg a figure of 83% indicates that wineries already have contracts (or own grown fruit) to supply 83% of their demand for that year.

Note: not all wineries provide estimates of future intakes - particularly for the later forecast years. Therefore forecasts for later years tend to underreport actual demand. The projections of future intake should be interpreted and used cautiously. It should be noted that there is considerable variation from one survey to the next in demand projections for the same future forecast year, as marketing indications change. The projections should only be interpreted as general indications of current levels of confidence, and trends in varietal preferences.

PLANTING DATA

Derivation of planting data tables

Planting data is **not** derived from the 2006 South Australian Utilisation and Pricing Survey of wineries. The information is obtained from the vineyard register maintained by the Phylloxera and Grape Industry Board of South Australia.

The Board is required under the *Phylloxera and Grape Industry Act 1995* to maintain a complete and accurate register of grapegrowers in the state. All vineyard owners with more than 0.5 hectares are required by law to register with the Board, and to complete an accurate vineyard return each year, giving details of their plantings. This information is kept strictly confidential. An accurate vineyard register enables the Board to produce complete, up-to-date statistical information on vineyard plantings by variety, year planted and location.

For more information on registration of vineyards, please contact the Phylloxera and Grape Industry Board office on 08 8362 0488.

Explanatory notes for planting data tables

1. Planting data tables are current as at April 2006 and include all plantings from the 2005 planting season. Vines planted in a particular year may include topworked or replaced vines, as well as new plantings in virgin ground. Where vines have been replaced or topworked, the old variety record is removed. This explains why the area planted for earlier years may be different in the 2006 report compared with previous reports.
2. Vineyard plantings are recorded by Geographical Indication. Planting details for smaller regions not included in the survey report are available on request from the Board.
3. Where a 0 appears in a table, this may indicate the presence of a planting of less than 0.5 hectares, or it may indicate zero plantings. Rounding may produce a slight error in totals or percentages.