McLaren Vale Wine Region

Regional summary report

2006 South Australian Winegrape Utilisation and Pricing Survey

Phylloxera and Grape Industry Board of SA
October 2006

Vintage report

A dry winter, followed by heavy rains in spring, resulted in vines with healthy, balanced canopies on moist soils. A mild, early summer leading into a warmer period during veraison stopped vegetative growth, allowing vines to channel energy into the fruit. The cooler conditions following veraison were ideal for whites ensuring they had good canopy cover right through to harvest.

The two days of warmer conditions saw a rapid jump in Baume for the red varieties. Reds picked at this time were very fragrant with good acidity and length. Some parcels of Shiraz reached flavour ripeness at a lower Baume than usual but still showed excellent quality. Grenache ripened much faster than normal for the region. Although the hot weather caused some stress in late summer, across the region balanced vines had shown the greatest resilience and the highest potential.

The season was particularly challenging in terms of pests and diseases, with Downy Mildew primary and secondary events and weather conditions favourable to Powdery Mildew. Despite these challenges the majority of fruit was clean and disease-free at harvest, contributing to the overall quality. Botrytis and other bunch rots were not a problem this vintage as no significant rainfall events occurred during the ripening period.

Growers and winemakers are reporting a mixture of tonnages; the majority have observed crops to be 20-30% lower than in 2005, however others have reported increased fruitfulness, fruit set and bunch weight. It appears cropping levels varied across the region and have possibly been influenced by both wetter than usual soil profiles in some areas, pruning and other management practices implemented in response to the changing market demand and the usual seasonal effects.

Paula Edwards
McLaren Vale Grape, Wine and Tourism Association

Overview of vintage statistics

The harvest from McLaren Vale was 63,258 tonnes in 2006, compared with 65,151 in 2005. It is estimated that a further 5,500 tonnes may have been unharvested or harvested to waste[1]. The estimated total value of the grapes decreased from $82 million to $69 million, with the average purchase value for most of the major varieties falling by around $200 per tonne (Chardonnay by more than $300).

The estimated production from McLaren Vale for 2007 is around 66,000 tonnes (this estimate does not take into account recently increased water restrictions). 56,000 tonnes is already committed to the wineries, leaving around 10,000 tonnes uncontracted. By 2011, the estimated production is 69,000 tonnes, of which 62% (43,000 tonnes) is already under contract or winery grown fruit. This leaves an estimated 26,000 tonnes – more than one third of production - to be sold 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 McLaren Vale 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 that will be available – including the 26,000 tonnes from McLaren Vale. 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 McLaren Vale in 2005 (including top-working and replacements) were virtually non-existent (less than 50 hectares). While this is a very small amount, there is no indication of any significant removal of grapevines being undertaken in the region.

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

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	130	$600	$1,300	$110,527	$853	85	214	$182,740
Cabernet Sauvignon	7,204	$250	$3,300	$7,442,439	$1,033	3,833	11,037	$11,401,724
Grenache	1,971	$400	$3,000	$2,086,711	$1,059	1,559	3,531	$3,737,055
Malbec	0			$0		44	44	$49,580
Mataro	41	$900	$2,250	$61,408	$1,516	155	195	$295,805
Merlot	2,065	$300	$1,850	$1,881,552	$911	1,491	3,557	$3,240,114
Other red	56	$600	$1,900	$90,979	$1,634	383	439	$716,852
Petit Verdot	348	$400	$1,600	$358,871	$1,031	269	617	$636,284
Pinot Noir	845	$400	$1,050	$634,528	$751	138	983	$738,162
Ruby Cabernet	0			$0		14	14	$15,531
Sangiovese	163	$525	$1,400	$170,177	$1,042	227	391	$407,218
Shiraz	20,909	$90	$5,000	$25,172,452	$1,204	8,582	29,492	$35,504,623
Total red winegrapes	**33,732**			**$38,009,644**		**16,780**	**50,512**	**$56,925,686**
WHITE								
Chardonnay	4,927	$89	$1,600	$4,446,905	$903	2,519	7,446	$6,720,092
Chenin Blanc	177			$155,861	$879	66	243	$213,441
Colombard	11			$7,738	$700	0	11	$7,738
Muscat Gordo Blanco	0			$0		3	3	$2,937
Other white	146	$550	$1,800	$241,689	$1,656	118	263	$436,318
Pinot Gris	0			$0		15	15	$14,215
Riesling	658	$450	$1,900	$592,347	$900	445	1,103	$992,694
Sauvignon Blanc	976	$1,000	$2,200	$1,260,174	$1,292	554	1,529	$1,975,470
Semillon	982	$250	$1,100	$737,501	$751	538	1,520	$1,141,662
Traminer	37			$26,741	$717	0	37	$26,741
Verdelho	56	$1,150	$1,300	$66,495	$1,194	171	226	$270,254
Viognier	245	$1,200	$2,000	$478,458	$1,951	104	349	$680,807
Total white winegrapes	**8,215**			**$8,013,910**		**4,530**	**12,746**	**$12,482,369**
Total all winegrapes	**41,948**			**$46,023,554**		**21,310**	**63,258**	**$69,408,055**

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

McLaren Vale

Estimated supply and fruit availability 2007 to 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	194	71	112	11	194	71	68	55	198	71	30	97
Cabernet Sauvignon	10,256	3,902	6,022	332	10,275	4,324	3,171	2,781	10,482	4,687	3,066	2,729
Grenache	3,668	1,496	1,636	536	3,676	1,502	1,014	1,160	3,749	1,514	960	1,276
Malbec	72	47	0	25	72	33	0	39	73	33	0	40
Mataro	212	153	36	23	226	170	36	20	230	166	26	38
Merlot	2,869	1,428	1,618	-177	2,878	1,453	946	480	2,936	1,490	771	675
Other Red	495	206	39	250	576	219	23	334	588	218	23	346
Petit Verdot	607	273	375	-41	607	265	130	212	620	265	95	260
Pinot Noir	707	148	306	253	707	148	207	352	721	148	172	401
Ruby Cabernet	23	15	0	8	23	15	0	8	23	0	0	23
Sangiovese	365	227	156	-18	428	232	135	61	436	202	85	149
Shiraz	32,508	8,503	19,354	4,650	32,851	9,159	11,057	12,635	33,511	10,031	10,831	12,649
Tempranillo	0	114	40	-154	0	127	34	-161	0	127	36	-163
Red winegrapes	**51,975**	**16,582**	**29,694**	**5,700**	**52,513**	**17,717**	**16,820**	**17,975**	**53,568**	**18,951**	**16,094**	**18,523**
WHITE WINEGRAPES												
Chardonnay	8,720	2,469	3,129	3,122	9,078	2,692	1,999	4,387	9,261	2,647	1,560	5,054
Chenin Blanc	209	65	165	-21	209	65	170	-26	213	45	50	118
Colombard	0	0	14	-14	0	0	0	0	0	0	0	0
Muscat Gordo Blanco	0	5	0	-5	0	5	0	-5	0	5	0	-5
Other White	408	138	136	135	438	144	142	153	447	138	133	176
Pinot Gris	93	40	0	53	127	115	0	12	129	115	0	14
Riesling	1,072	328	634	110	1,090	333	573	184	1,112	323	425	364
Sauvignon Blanc	1,608	622	649	337	1,733	656	499	578	1,767	660	409	698
Semillon	1,516	492	616	408	1,516	472	488	556	1,547	467	468	612
Traminer	0	0	20	-20	0	0	0	0	0	0	0	0
Verdelho	279	148	35	96	279	148	37	94	284	148	37	99
Viognier	536	112	210	214	799	146	210	443	815	147	210	458
White winegrapes	**14442**	**4419**	**5607**	**4416**	**15268**	**4776**	**4118**	**6374**	**15575**	**4695**	**3292**	**7588**
TOTAL ALL VARIETIES	**66417**	**21001**	**35301**	**10115**	**67780**	**22494**	**20938**	**24349**	**69143**	**23646**	**19386**	**26111**

[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

Current plantings by year planted

Current area by year planted

Variety	Pre-2003	2003	2004	2005	Total area (ha)	*% planted in 2005*
RED WINEGRAPES						
BARBERA	7	0	0	1	8	10%
CABERNET FRANC	22	0	0	0	22	0%
CABERNET SAUVIGNON	1273	7	5	0	1284	0%
GRENACHE	406	1	1	0	408	0%
MALBEC	8	0	0	0	8	0%
MATARO (MOURVEDRE)	22	1	1	1	25	2%
MERLOT	318	0	2	0	320	0%
NEBBIOLO	9	0	0	0	9	3%
PETIT VERDOT	65	2	0	0	67	0%
PINOT NOIR	79	0	0	0	79	0%
RUBY CABERNET	3	0	0	0	3	0%
SANGIOVESE	39	1	3	4	46	8%
SHIRAZ	3188	44	37	13	3283	0%
TEMPRANILLO	21	1	2	1	25	4%
OTHER RED	12	1	6	2	22	10%
TOTAL RED WINEGRAPES	**5472**	**57**	**56**	**22**	**5607**	**0%**
WHITE WINEGRAPES						
CHARDONNAY	657	46	46	7	757	1%
CHENIN BLANC	17	0	0	0	17	0%
MARSANNE	14	0	0	0	14	0%
PINOT GRIS	7	0	1	1	10	15%
RIESLING	89	0	0	1	90	1%
ROUSSANNE	9	0	1	0	10	0%
SAUVIGNON BLANC	104	7	8	3	122	3%
SEMILLON	126	0	0	0	126	0%
VERDELHO	23	0	0	0	23	0%
VIOGNIER	38	2	10	12	62	19%
OTHER WHITE	10	0	1	1	12	8%
TOTAL WHITE WINEGRAPES	**1096**	**55**	**68**	**25**	**1243**	**2%**
ROOTSTOCK BLOCK	4	0	0	0	4	0%
TOTAL ALL VARIETIES	**6571**	**112**	**124**	**47**	**6854**	**1%**

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.