

## Wine Grapes Marketing Board Annual Report for the IREC

The 2018 vintage yielded 328,000 tonnes of winegrapes down by around 10% from the prior season.

This seasons crush was made up of 220,000 produced by independent winegrape growers in the region with the remainder owned and grown by regional wineries. 40 wineries were recorded as purchasing winegrapes in 2018 with the top 10 locally based wineries processing 85% of the total crush.

Grape prices in the Riverina region lifted with the highest district average price increases being noted in red varieties, up 31% from the prior vintage and up 5% in white varieties. Overall pricing increases for the region as recorded by Wine Australia was 20% with the region coming closer to profitable averages last seen in 2008. However with a decline in yield from the prior year the average returns to growers increased by only approximately 10%.

<b>Riverina (Average District Prices)</b>	<b>2018</b>	<b>2017</b>	<b>% Change</b>
<b>Cabernet Sauvignon</b>	\$480	\$366	31.15%
<b>Chardonnay</b>	\$352	\$321	9.66%
<b>Merlot</b>	\$460	\$324	41.98%
<b>Muscat Gordo Blanco</b>	\$290	\$263	10.27%
<b>Pinot Gris</b>	\$490	\$474	3.38%
<b>Ruby Cabernet</b>	\$426	\$312	36.54%
<b>Sauvignon Blanc</b>	\$402	\$388	3.61%
<b>Semillon</b>	\$302	\$267	13.11%
<b>Shiraz</b>	\$465	\$344	35.17%
<b>All Whites</b>	<b>\$348</b>	<b>\$333</b>	<b>4.50%</b>
<b>All Reds</b>	<b>\$464</b>	<b>\$353</b>	<b>31.44%</b>
<b>All Varieties</b>	<b>\$399</b>	<b>\$333</b>	<b>19.82%</b>

*Source: Winegrape Purchases: Price Dispersion Report 2018 & 2017  
Wine Australia*

The remarkable red grape price resurgence is primarily being driven by developing exports into China. The Chinese market has a strong thirst for red winegrape varieties and Australian exporters are also trying to get their palates comfortable with white winegrape varieties. Continued efforts in this market should see prices remain strong and riser even further in coming years or until more production is available in the Australian market.

The region grows in excess of 20,000 hectares, this has declined in recent years through prolonged pricing pressure and a lack of direction (what varieties to plant) has seen growers in many instances leave parts of their enterprise vacant, selling excess water entitlement on the temporary market as an alternative earner.

Seasonal conditions were ideal this season with little to no incidence of disease being recorded in the vineyards. Harvest conditions were optimal with the accumulation of sugar in grapes occurring at a steady pace that allowed the harvest process to occur with little difficulty compared to prior years. Previous years have been plagued by stalled maturation and multiple varieties maturing simultaneously therefore creating logistical problems for wineries to manage intakes optimally with growers losing yield and return as a result.

Business behaviour in the industry is being reviewed currently by the ACCC with an industry survey recently closing looking at the contracting practices of wineries nationally. This is a long overdue review of the industry that has struggled to gain optimum levels of adoption of the voluntary industry code of conduct. The code which has been in operation for 10 years still has no signatories in the Riverina despite this region growing close to 20% of the national crop and processing almost 25% of it.

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Wine Grapes Marketing Board