

NATIONAL CRUSH REPORT 2019

At a glance summary

The Australian winegrape crush in 2019 was 1.73 million tonnes – a decrease of 3 per cent from the 2018 harvest. The crush was very close to the long-term average of 1.75 million tonnes. Warm regions decreased less than cool/temperate regions:

- The crush in cool/temperate regions decreased by 5 per cent
- The crush in warm regions decreased by 2 per cent
- Warm inland regions increased their share of the overall crush from 72 per cent to 73 per cent

Red varieties fared better than white varieties in terms of production:

- Red varieties overall up by 2 per cent
- White varieties down by 8 per cent
- Shiraz down by 2 per cent
- Cabernet Sauvignon up 3 per cent
- Merlot up 13 per cent
- Chardonnay down 12 per cent

Average winegrape purchase prices increased across the board:

- The average across all varieties increased by 9 per cent to \$664 per tonne – the highest since 2008]
- The average across all red varieties increased by 9 per cent to \$845 per tonne
- The average across all white varieties grew by 4 per cent to \$462 per tonne

The total estimated value of the crush increased by 6 per cent to \$1.17 billion, with the lower tonnages offset by higher average prices

The proportion of winery grown fruit was up slightly to 32 per cent of the 2019 crush.

Overview of the 2019 winegrape crush

The 2019 winegrape crush is estimated to be 1.73 million tonnes, based on responses received by the National Vintage Survey 2019. The estimated crush is 3 per cent lower than the 2018 final crush figure of 1.78

million tonnes and only 1 per cent below the average over the past 10 years (2009-2018) of 1.75 million tonnes. This further reinforces Australia's ability to deliver consistent winegrape harvests and mitigate the effects of difficult weather conditions such as those widely reported prior to the 2019 harvest.

The result of the recently published National Vineyard Scan 2018 indicates that the total area of vineyards in Australia is 146,128 hectares. Therefore, the average yield in 2019 across all vineyards was 11.8 tonnes per hectare, compared with 12.2 tonnes per hectare in 2018 and 13.6 tonnes per hectare in 2017 (assuming the same vineyard area for all three years).

The decline in tonnes was higher in percentage terms from the cool/temperate regions, which were down by 5 per cent overall, while the warm inland regions (Riverina, Murray Darling-Swan Hill and Riverland) were down by 2 per cent. This led to a small increase in the warm regions' share of the crush from 72 per cent in 2018 to 73 per cent in 2019.

Across the states, South Australia's reported crush was down 1 per cent, New South Wales was down 3 per cent, Victoria was down 4 per cent and WA was down 6 per cent. South Australia accounted for 50 per cent of the crush.

Editors Note: Pages 4 & 5 of this newsletter provides more detail regarding the prices paid for winegrapes in the Riverina. Please note that the tonnages do not line up with what actually occurred in the Riverina. This is due to the survey coverage not capturing all the regions winegrape processors.

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BOARD ACTIVITIES REPORT



3rd Party Audit for HACCP

The Board's HACCP system that is used by many growers in the region will undergo a 3rd party system audit to confirm that it is meeting the needs of its grower base.

This is not the first time this has occurred and it is important for the system to be checked by an independent party every few years.

Riverina Field Day 2019

The Board provided free entry tickets to all our members 2 per business entity which equates to 590 tickets. After a final tally up of the event at which we were happy to speak to around 50 members at our marquee over the 2 days it can be reported that 251 tickets were handed in at the gates. These tickets are what the Board pays.

The Board encourages all growers to come to the Riverina Field Day and support this excellent rural day which has something for almost everybody.

Leeton Chill and Grill 2019 gets sponsorship

The Board agreed to continue to sponsor this event to be held at Leeton's No 1 Oval carpark on Saturday 26th October. Sponsorship cost was \$2,500.

Griffith Tourism Ambassador Program

The Board has agreed for \$2,700 to be part of the Griffith visitors guide for 2019-2021.

This will provide the Board with 1 page to promote the regions winegrape industry to regional visitors.

ACCC Winegrape Market Study

The Board was pleased with the interim report from the ACCC into the winegrape industry. It highlights everything that is not right within the industry and provided definitive answers to many of these problems.

Annual General Meeting

30 growers attended the AGM held 27th June 2019. Guest speaker for the event was the Chair of the Inland Wine Regions Alliance, Jim Caddy.

The meeting talked about the ACCC report and that

winegrape prices need to rise and pricing information was needed to be available from wineries to allow growers to make informed decisions about their vineyards. High water prices in both temporary and permanent markets were discussed.



Annual General Meeting: Chairman Bruno Brombal providing his report

Inland Wine Regions Alliance

This group is the coming together of the Riverland SA, Murray Valley VIC/NSW and Riverina NSW. At a recent Board meeting members discussed the policy's of the IWRA which included Water, R&D Priorities, Marketing and Communication.

The main aim of the Alliance is to represent nationally the views of the inland regions. We would like recognition of the value that this sector within the industry provides to the industry.

The majority of the R&D levy nationally comes from the inland regions, as does the marketing levy.

Murrumbidgee Water Sharing Plan

The Board has been liaising with the NSW Government in relation to the 5% of High Security water that is provided to the environment in almost every year. The Board would like to see this water acknowledged and/or returned to growers.

As we know under the Murray Darling Basin Plan water that is used for environmental purposes is purchased or obtained through the development of infrastructure. The current 5% that is taken and irrigators pay for is at odds with the principals of the MDBP and this needs to be addressed.

ACCC INTERIM REPORT IS WELCOMED BY INDUSTRY

After a number of teleconference, interviews, meetings and lengthy submissions the Board is pleased that the ACCC is looking closing at the industry. The Board is now working with them toward a final report which will give back to growers some of the market power that has been lost.

This market inquiry has come on the back of lots of calls over the years to the ACCC by the Board, growers and other representative bodies. It is also because in the Riverina not a single winery wanted to sign onto the Industry Code of Conduct - which is voluntary and the terms and conditions of payment for winegrapes are in a shambles. It seems that every winery is doing its own thing and that is not good enough.

Issues and implications

The ACCC has identified a range of concerning practices resulting from the bargaining power imbalance and information asymmetry in grower-winemaker relationships, including:

- growers being largely price takers and unable to effectively negotiate with winemakers
- a lack of transparency and certainty over pricing and quality assessment procedures
- multi-year supply agreements without price certainty or verifiable price benchmarks
- delayed payment terms for growers, sometimes up to nine months after delivery of grapes
- imbalances in supply agreements which disproportionately allocate transactional risk to growers, allow winemakers to act unilaterally and have the potential to cause significant detriment to growers, and
- a low level of competition between winemakers acquiring grapes in warm climate regions.

These industry features result in practices which ultimately produce inefficient outcomes in grape production and pricing.

The ACCC is considering options to improve industry contracting practices, to foster stronger competition between winemakers, and to provide a greater level of certainty and transparency to growers. Increased competition for grapes and improved price transparency will benefit growers, enabling them to make better-

informed production decisions. In particular, growers will be better placed to decide which winemaker or winemakers to supply, which grape varieties to grow, how much key inputs such as water and fertiliser to apply, how to optimise other viticultural decisions. The interim findings and recommendations arising from this market study focus on encouraging practices that will facilitate more efficient grape production and processing. As such, these recommendations are focused on improving the efficiency of the industry as a whole.

The interim recommendations are as follows:

Quality assessments

1. The ACCC recommends the National Measurement Institute (NMI) and the Australian Wine Research Institute (AWRI) work with industry to develop uniform standards for testing and measuring grape sugar levels and colour.
2. The ACCC recommends that winemakers should use well-documented and objective testing and sampling techniques for quality assessments.
3. The ACCC recommends that supply agreements should clearly outline the testing and sampling methods that winemakers will use to assess grape quality.

Price transparency

4. The ACCC recommends that winemakers be required to provide indicative prices to an independent body by 8 December for all grapes intended to be purchased from growers in warm climate regions during the subsequent harvest.
5. The ACCC recommends that, after communicating final prices directly to growers, winemakers be required to provide final prices (both the non-quality adjusted price and a quality-adjusted weighted-average price) to an independent body which will then make that pricing information publicly available on 1 May [or another date considered suitable by industry].

Payment periods

6. The ACCC recommends that long-term payment periods should be phased out of standard form contracts and an industry standard be introduced

RIVERINA WINEGRAPE GROWERS

FRANCE, ITALY AND AUSTRALIA TOP CHINESE WINE LISTS

Origin	UK	Canada	USA	Aus	China OP	China Imports	Difference
Italy	26.3%	27.0%	26.1%	11.6%	17.9%	6.3%	183%
France	24.3%	17.7%	12.2%	10.5%	36.7%	39.7%	-8%
Spain	13.0%	6.1%	5.9%	3.0%	4.8%	6.1%	-21%
Chile	7.7%	1.9%	1.0%	0.2%	2.7%	10.1%	-73%
Australia	5.9%	4.2%	1.3%	63.9%	10.8%	27.1%	-60%
Argentina	4.7%	3.7%	4.6%	1.7%	2.5%	1.0%	154%
South Africa	4.7%	1.1%	0.6%	0.1%	1.8%	1.2%	46%
New Zealand	4.5%	3.5%	2.9%	7.1%	6.4%	1.1%	493%
USA	3.4%	14.6%	40.2%	0.4%	8.2%	2.8%	189%
Germany	0.7%	1.1%	2.1%	0.4%	2.6%	1.0%	169%

Note - Share of imports value as at Nov 2018 ex China Customs.

All other figures are share of On-Premise listings ex Wine Business Solutions Research.

France has the biggest share of wine lists in greater China followed by Italy, Australia and New Zealand, a report into the on-premise market has revealed.

The report is based on what its authors, Wine Business Solutions (WBS) and China's Wine List of the Year Awards, have described as the first research into the Chinese on-premise market which saw 36,000 listings from all key markets including Hong Kong and Macau examined.

The report notes that France's share of China's wine listings is in line with its share of imports into the

country. In contrast, Italy only has a 6% share of total imports but an 18% share of wine listings.

Australia has a 27% share of imports but only 11% of listings – an improvement on how Australia performs in other markets, such as the UK and US where it has a 6% and 1% share of listings, respectively.

New Zealand represents just 1% of imports but is the fourth largest supplier country to the on-premise market.

lot of bulk wine trading, so their image and share of on-premise listings is correspondingly low.

Image from Chassagne-Montrachet, near Beaune, is pretty amazing (via Instagram). Anti-frost candles, Sunday morning 14/4/2019.



Frost protection with fire in French vineyards last night, April 13/14th. Photo: Titouan Rimbault via Meteo Tras os Montes



14/04/19 - Chablis lutte contre le gel - Titouan Rimbault Photographe

ACCC INTERIM REPORT - CONTINUED

(Continued from page 3)

to require payment in full for grapes no later than 30 days after delivery.

The Voluntary Code of Conduct

7. The ACCC recommends that the Code be substantially strengthened, and that all winemakers in Australia with crushing capacities above 10,000 tonnes become signatories to the Code.

Contracting practices

8. The ACCC recommends that winemakers review their standard form contracts and remove any unfair contract terms.

Summary - editors note

The ACCC will release a final report in September 2019.

It is what industry does with this report that will ultimately lead to change. The matter will need to be taken up with the Federal Government and a national mandatory code of conduct introduced.

Many of the issues raised above have been met by wineries with a level of understanding and a willingness to address these issues. Other harder issues such as price notification and payment terms are being cautiously talked about as wineries and some growers

think these could have unintended consequences for the industry in general.

Either side of the argument has its merits but for growers this presents the first real opportunity in a long time to bed down a number of poor industry practices.

How baume and colour are assessed are not standardised, payment procedures and timing should also conform with a standard across the entire industry

The Board's submissions to date on this have not been in relation to the price that is being paid for wine grapes but how the relationship and the business transactions occur.

Growers wanting to find out more about the Wine Grape Market Study can call the Board office or go online and search the ACCC for Winegrape Market Study. The full report findings are there and make for very compelling reading about the industry's issues and the market power currently held by wineries and how the ACCC believes that these should be addresses.

The Board would also like to thank those growers that provided their input into the process, coming to meetings with the ACCC, talking to them privately on their vineyards.

It is these real contributions that have made the entire process better for the industry.

AWRI ADVISES CHANGE TO EU MRL FOR IPRODIONE

Grapes used to make wines destined for the EU should not be sprayed with iprodione this coming season, the Australian Wine Research has advised, following changes to the maximum residue limit (MRL) for the fungicide.

The MRL for iprodione, which is registered with the Australian Pesticides and Veterinary Medicines Authority for the control of botrytis bunch rot in grapes, will revert

from 20mg/kg to the default 0.01mg/kg from 31 July 2019, meaning all wines entering the EU after that date, regardless of vintage and provenance, must not contain detectable residues of the fungicide.

Some registered products containing iprodione include Aquaflo 500 SC, Chief (250 Liquid, Aquaflo, Topflo), Ippon 500 Aquaflo, Ipral 250, Iprine (250, 500), Iprodex

250, Iprodione (250, Aquaflo 500), Rovral (Aquaflo, Liquid), Shelby 250, Sindon 500 SC and Transact.

"It is recommended that all wines be analysed for residues of iprodione before shipment to the EU," the AWRI said in a bulletin to members of the wine industry, adding that wines that were already in the EU or that arrive before 31 July 2019 are not required to meet the new MRL.

"Iprodione is not recommended for use on grapes if the resultant wine is destined for the EU," the bulletin noted, referring growers to the 'Dog Book' for export wine which lists the preferred agrochemicals for use in the production of grapes for export wine, and any restrictions on their use, for the 2019-20 season.

Source: AWRI 26th June 2019

RIVERINA WINGRAPE GROWERS

NSW WINE ON PREMISE PERFORMANCE INCREASES

NSW Wine Newsletter 16th July 2019

The latest figures (commissioned from Wine Business Solutions by the NSWWIA) on the On-Premise performance of the NSW wine industry are the last calendar year has been the best year for wines from NSW in over 10 years.

Listings of NSW wines (including those from the ACT) on NSW wine lists (including those from the ACT) grew by 28% in the last 12 months. Our wines used to hold 11% of the space on a NSW wine list, and now we hold 14%, making us the second largest players on the list behind South Australia (who hold 23% of the list). This increase at home has helped us towards a 12% increase on wine lists nationally. Of the other major wine producing States, only Tasmania has grown more strongly than us (at 17%).

Change in Share of Wine Listings (for State and Countries) by State

Origin	NSW	VIC	QLD	WA	SA
SA	-5%	-8%	-5%	-5%	7%
NSW/ACT	28%	0%	-6%	-36%	-51%
France	13%	2%	8%	9%	-10%
Italy	-15%	24%	61%	96%	-36%
VIC	-5%	-1%	-14%	5%	3%
New Zealand	1%	-6%	-14%	-24%	24%
WA	-8%	-4%	-11%	-9%	-1%
Spain	-17%	-7%	76%	497%	-51%
TAS	15%	16%	-3%	-42%	29%

Imports continue to provide our greatest competition – particularly Italy, Spain and Argentina which continue to grow - now holding 36% of all listings nationally and 41% of all listings in NSW.

The research also suggests that some of our regions, including Canberra and Orange, currently aren't achieving their potential. The cool climate regions of Tasmania, Eden Valley and Mornington are all gaining

ground on wine lists, so our cool climate regions should be growing right alongside them, but aren't.

Chardonnay has re-taken leadership from Sauvignon Blanc as the white wine of choice. Pinot Gris and Semillon have also performed well. Merlot and Cabernet Merlot blends continue their decline. Replacing these styles are blends of Grenache, Sangiovese, Tempranillo, Gamay and Nebbiolo.

Style	2019	2018	CHG
Chardonnay	19.1%	17.9%	7%
Sauv Blanc	18.9%	18.8%	0%
Pinot Gris/Grigio	16.5%	15.6%	6%
Riesling	14.9%	15.2%	-2%
SSB/SBS	6.1%	6.7%	-9%
Semillon	2.9%	2.8%	5%
White Blend	2.1%	2.1%	2%
Fiano	1.8%	1.3%	40%
Vermentino	1.6%	1.7%	-5%
Chenin Blanc	1.6%	2.5%	-35%
Soave	1.6%	1.1%	45%
Verdelho	1.3%	1.4%	-7%
Gewurztraminer	1.2%	1.4%	-14%
Viognier	1.1%	1.1%	-4%
Pinot Blanc/Bianco	1.0%	1.0%	0%
Albarino	1.0%	1.1%	-5%
Gruener Veltliner	1.0%	1.5%	-31%
Arneis	0.8%	0.7%	8%
Verdicchio	0.5%	0.2%	116%
Cortese	0.4%	0.4%	-14%
Trebbiano	0.3%	0.3%	10%
Viura	0.3%	0.1%	230%
Grillo	0.3%	0.2%	33%
Godello	0.3%	0.1%	105%
Pecorino	0.3%	0.4%	-38%
Marsanne	0.3%	0.4%	-33%
Others	3.0%	3.9%	-23%

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