Clare Valley 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 2006 vintage was very compressed, with most fruit picked by the end of March despite yields being about average.

The overall conditions during the growing season were very favourable. After a late break to the season there were good winter and spring rains with the yearly total slightly above average. Conditions from September through December were very close to average except that October was wetter than usual. January was considerably hotter than 2005 with a heatwave just after the middle of the month causing some concern, but, given the very mild lead up to January, most vines were in very good condition and held up well. The weather in February is always critical to the overall outcome of vintage and, as was the case last year, there were no days over the old century mark. Most were in the upper-twenties providing ideal conditions for ripening. Very late in February we had a small amount of rain that had a bigger impact than would have been expected, causing some splitting of Riesling in most parts of the Clare Valley but not in a uniform way. Many blocks were left unaffected. March was warm and although there was significant rain late in the month it had little or no effect on the fruit that was still to be picked.

Some fruit was picked quite early but overall the start to vintage was about normal. After that it was frenetic with a significant amount of fruit picked in a ten day period from early- to mid-March. Some wineries reported that the order of picking was different from normal with a significant overlap of white and red varieties, and Cabernet Sauvignon being picked before Shiraz.

Consistency is one of the hallmarks of the Clare Valley and 2006 has seen another vintage in which the unique geography and favourable climate have allowed the production of high quality fruit with the resultant wines showing significant potential.

Andrew Mitchell (chairman)
Clare Valley Winemakers Inc

Overview of vintage statistics

The harvest from the Clare Valley was 35,351 tonnes in 2006, 10% more than in 2005. It is estimated that a further 4,500 tonnes may have been unharvested or harvested to waste[1]. The total value of grapes from the region remained about the same ($38 million), with the average purchase value for most of the major varieties falling (Riesling by more than $300 per tonne).

The estimated production from the Clare Valley for 2007 is 39,500 tonnes (this estimate does not take into account recently increased water restrictions). 37,000 tonnes is already committed to the wineries, leaving only around 2,000 tonnes uncontracted. By 2011, the estimated production is 41,000 tonnes, of which 71% (29,000 tonnes) is already under contract or winery grown fruit. This leaves an estimated 11,500 tonnes 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 any uncontracted Clare Valley 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 11,500 tonnes from the Clare Valley. 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 Clare Valley in 2005 (including top-working and replacements) were negligible. 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.*

Clare Valley 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	30			$20,332	$686	41	71	$48,451
Cabernet Sauvignon	3,914	$200	$2,700	$3,903,459	$997	3,044	6,957	$6,939,052
Grenache	311	$400	$2,000	$317,161	$1,020	107	418	$426,560
Malbec	220	$400	$2,175	$163,673	$744	302	522	$388,122
Mataro	123	$400	$1,000	$60,080	$488	20	143	$69,929
Merlot	1,361	$400	$1,632	$1,427,277	$1,049	834	2,196	$2,302,175
Other red	14			$16,588	$1,168	121	136	$158,439
Petit Verdot	35			$25,423	$731	49	84	$61,103
Pinot Noir	37			$34,620	$930	83	120	$111,813
Ruby Cabernet	0			$0		8	8	$9,327
Sangiovese	74			$39,129	$529	107	181	$95,739
Shiraz	8,197	$225	$3,000	$9,896,315	$1,207	3,781	11,978	$14,461,448
Total red winegrapes	**14,316**			**$15,904,056**		**8,498**	**22,814**	**$25,072,158**
WHITE								
Chardonnay	983	$400	$1,600	$976,156	$993	1,639	2,622	$2,603,851
Chenin Blanc	2			$1,428	$714	13	15	$10,424
Muscat Gordo Blanco	0			$0		1	1	$1,236
Other white	12	$500	$1,000	$7,629	$630	81	93	$58,447
Pinot Gris	25			$34,356	$1,402	16	41	$57,213
Riesling	5,318	$450	$2,800	$5,457,372	$1,026	2,510	7,828	$8,033,840
Sauvignon Blanc	74	$1,000	$2,000	$110,456	$1,484	154	228	$338,288
Semillon	895	$375	$1,300	$898,531	$1,004	548	1,443	$1,448,301
Traminer	17			$20,928	$1,200	156	174	$208,224
Verdelho	0			$0		22	22	$22,149
Viognier	62	$1,400	$1,850	$103,154	$1,672	11	73	$122,046
Total white winegrapes	**7,388**			**$7,610,011**		**5,150**	**12,538**	**$12,904,020**
Total all winegrapes	**21,703**			**$23,514,067**		**13,648**	**35,351**	**$37,976,177**

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

Clare Valley

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	145	53	11	81	145	53	11	81	145	53	7	85
Cabernet Sauvignon	7,376	3,552	3,673	151	7,397	3,561	1,636	2,200	7,397	3,746	1,282	2,369
Grenache	521	70	124	327	524	80	73	371	524	80	73	371
Malbec	514	716	61	-263	521	336	49	137	521	341	17	164
Mataro	157	29	10	118	172	40	10	123	172	40	10	123
Merlot	2,014	982	1,257	-225	2,059	1,018	639	402	2,059	1,028	745	285
Other Red	253	137	20	96	280	157	50	73	280	157	50	73
Petit Verdot	146	61	35	50	146	61	15	70	146	61	15	70
Pinot Noir	100	94	48	-42	100	94	15	-9	100	94	15	-9
Sangiovese	256	97	0	159	256	97	0	159	256	97	0	159
Shiraz	12,407	3,964	7,467	977	12,670	4,188	4,192	4,291	12,670	4,329	3,690	4,652
Total red winegrapes	**23,891**	**9,754**	**12,705**	**1,432**	**24,272**	**9,684**	**6,689**	**7,898**	**24,272**	**10,026**	**5,903**	**8,343**
WHITE WINEGRAPES												
Chardonnay	3,385	1,826	1,036	524	3,517	1,841	687	989	3,517	1,776	482	1,260
Other White	126	66	3	57	126	66	3	57	126	66	3	57
Pinot Gris	97	21	30	46	173	110	40	23	173	132	40	1
Riesling	9,621	3,172	6,380	69	10,382	3,387	6,693	302	10,382	3,532	5,792	1,059
Sauvignon Blanc	278	196	83	-1	291	218	80	-7	291	253	70	-32
Semillon	1,731	717	1,095	-81	1,738	722	407	609	1,738	747	346	644
Traminer	182	189	0	-7	206	189	0	17	206	189	0	17
Verdelho	37	22	0	15	37	22	0	15	37	22	0	15
Viognier	151	28	30	93	199	46	30	123	199	55	30	114
Total white winegrapes	**15,608**	**6,237**	**8,656**	**715**	**16,668**	**6,601**	**7,940**	**2,127**	**16,668**	**6,772**	**6,763**	**3,134**
Total all winegrapes	**39,499**	**15,991**	**21,361**	**2,147**	**40,940**	**16,285**	**14,630**	**10,026**	**40,940**	**16,797**	**12,666**	**11,477**

[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

Clare Valley

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	21	0	0	0	21	0%
CABERNET SAUVIGNON	1224	3	5	0	1233	0%
GRENACHE	73	1	0	0	75	0%
MALBEC	71	2	1	0	74	0%
MATARO (MOURVEDRE)	19	3	2	0	25	2%
MERLOT	273	21	0	0	294	0%
PETIT VERDOT	21	0	0	0	21	0%
PINOT NOIR	14	0	0	0	14	0%
SANGIOVESE	37	0	0	0	37	0%
SHIRAZ	1728	37	39	7	1810	0%
TEMPRANILLO	9	5	4	0	19	0%
OTHER RED	21	1	0	0	22	0%
TOTAL RED WINEGRAPES	**3512**	**73**	**52**	**7**	**3644**	**0%**
WHITE WINEGRAPES						
CHARDONNAY	357	15	17	2	391	1%
PINOT GRIS	5	2	9	2	18	9%
RIESLING	928	156	64	6	1154	1%
SAUVIGNON BLANC	30	0	1	1	32	2%
SEMILLON	191	2	0	0	193	0%
TRAMINER	14	9	0	0	23	0%
VERDELHO	4	0	0	0	4	0%
VIOGNIER	15	1	6	2	24	9%
OTHER WHITE	14	0	0	0	14	0%
TOTAL WHITE WINEGRAPES	**1558**	**185**	**98**	**13**	**1854**	**1%**
TOTAL ALL VARIETIES	**5070**	**258**	**149**	**20**	**5498**	**0%**

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.