DISCLAIMER

PIRSA and its employees do not warrant or make any representation regarding the use, or results of the use, of the information contained herein as regards to its correctness, accuracy, reliability and currency or otherwise. PIRSA and its employees expressly disclaim all liability or responsibility to any person using the information or advice.

ALL ENQUIRIES

Steve Welfare
Primary Industries and Regions SA (PIRSA)
Level 15, 25 Grenfell Street
GPO Box 1671, Adelaide SA 5001
T 0+61 8 8429 0450
E steve.welfare@sa.gov.au
Contents

1. GRAPE AND WINE SCORECARD 2015–16 SUMMARY 4
   1.1. Gross Wine Revenue (GWR) – grew to $2.11 billion 5
   1.2. Grape production farmgate value – $581 million 5
   1.3. Wine processing value – $1.9 billion 8
   1.4. Overseas exports increase by $119 million – key destinations for South Australian wine exports 9
2. SUMMARY AND OUTLOOK 11
3. GLOSSARY OF TERMS 12
To track the advances in the South Australian food and wine industries, Primary Industries and Regions South Australia (PIRSA) has developed a series of industry ScoreCards, which provide detailed value-chain measures of annual performance. This report outlines the 2015–16 performance for South Australia’s wine industry.

1. GRAPE AND WINE SCORECARD 2015–16

SUMMARY

In 2015–16 South Australian Gross Wine Revenue (GWR) reflects the growth occurring within the wine industry.

Key indicators of the South Australian Wine ScoreCard for 2015–16 include:

- Overseas export value increased by $119 million (10%) to $1.34 billion despite volume decreasing by 8 million litres to 472 million litres. This contributed $1.3 billion to the $3.4 billion differentiated and processed food and wine exports result. This is on track to reach the 2016–17 target of $3.6 billion.
- Gross Wine Revenue grew to $2.11 billion (or 18%), an increase of $329 million in 2015–16.
- Average price per litre of exported wine increased by 12% from $2.53 to $2.83.
- Volume of grapes produced increased (11%), with a 24% rise in farmgate value to $581 million.
- South Australian winemakers produced 579 million litres, worth $1.9 billion.

After a slight decline in Gross Wine Revenue (GWR) in 2014–15 and after several previous years of declining values, the South Australian GWR increased $329 million (or 18%) in 2015–16. Table 1 shows the values that occurred along the value chain, while Table 2 demonstrates volumes of grapes produced and wine exported.

Table 1: South Australian Wine ScoreCard – value-chain – change over the year to 2015–16, value $ million

<table>
<thead>
<tr>
<th>Farm Gate Value of Grape Production</th>
<th>Wholesale Value of Wine made</th>
<th>Overseas exports</th>
<th>Interstate Sales + Change in Stocks</th>
<th>Retail &amp; Hospitality Consumption</th>
<th>Gross Wine Revenue (Sum of 3 to 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015–16</td>
<td>581</td>
<td>1 900</td>
<td>1 335</td>
<td>211</td>
<td>571</td>
</tr>
<tr>
<td>Change over year</td>
<td>111</td>
<td>307</td>
<td>119</td>
<td>147</td>
<td>12</td>
</tr>
<tr>
<td>% Change over year</td>
<td>24%</td>
<td>19%</td>
<td>10%</td>
<td>230%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded and discrepancies may occur between sums of the component number and totals.

Table 2: South Australian Wine ScoreCard change over the year to 2015–16, Volume

<table>
<thead>
<tr>
<th>Grape Production (tonnes)</th>
<th>Wine Making (million litres)</th>
<th>Overseas Exports (million litres)</th>
<th>Interstate Trade &amp; Change in Stocks (million litres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015–16</td>
<td>817 980</td>
<td>579</td>
<td>472</td>
</tr>
<tr>
<td>Change over year</td>
<td>80 177</td>
<td>72</td>
<td>-8</td>
</tr>
<tr>
<td>% change over year</td>
<td>11%</td>
<td>14%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded and discrepancies may occur between sums of the component number and totals.

1 Across the value chain, export and import values are based on ABS Trade data (unpublished) using detailed eight digit AHECC data. Note: slight differences in values between the ABS wine export data and other sources may be possible from time to time.
1.1 Gross Wine Revenue (GWR) — increased to $2.11 billion

In 2015–16, Gross Wine Revenue (GWR) reached $2.11 billion, an increase in value of $329 million on 2014–15. Figure 3 outlines the composition of GWR for 2015–16 and that 63% of the GWR was generated by wine exports.

Figure 3: 2015–16 South Australian Gross Wine Revenue: $2.11 billion

1.2 Grape production farmgate value — $581 million.

Over the 2016 vintage, South Australian grape growers produced 817,980 tonnes of grapes with a farmgate value of $581 million. After an increase in grape production, the farmgate value increased by $111 million (or 24%) over the year.

In South Australia there are currently 75,858 hectares of wine grape producing vines, with average yields estimated at 10.7 tonnes per hectare.

The average grape price (at weighbridge) in South Australia in 2015–16 was $710/tonne, up $73/tonne (or 11%) from 2014–15.

2 Gross Wine Revenue includes imports into the state, valued at an estimated $51 million based on apportioned national wine imports.

3 SA Winegrape Utilisation and Pricing Surveys.

4 Average grape prices are derived from the SA Winegrape Utilisation and Pricing Surveys. The survey notes that these prices exclude any bonuses or adjustments applied beyond the weighbridge and therefore represents a conservative estimate of total crop value. According to the 2006 SA Winegrape Utilisation and Pricing Survey: “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 the survey and some pay quality bonuses based on the end use of the product. These additional payments are not made in the reported figures. The average price does not include any indication of the distribution of prices, or variables that go into individual contracts. Therefore the average price should not be compared directly with any individual grower’s arrangements.”
Figure 4 shows there has been a steady increase in the farmgate volume and value of grapes in recent years.

**Figure 4: Volume and value of South Australian grape production, 2001–02 to 2015–16**

![Bar chart showing volume '000 tonnes and value $ million from 2001-02 to 2015-16.]

Figure 5 below highlights the change in average South Australian grape prices from 2001–02 to 2015–16. While still below the price of a decade ago, the average price in 2015–16 exceeds the lows experienced four or five years ago. It should be noted that Figure 5 only reflects the average price and not some of the premiums that are being achieved in some regions.

**Figure 5: Average grape prices (farmgate), $/tonne, 2001–02 to 2015–16 (nominal)**

![Line graph showing average grape prices from 2001-02 to 2015-16.]

---

WINE SCORECARD 2015–16
South Australia’s wine grape production is divided between Geographical Indicator zones. Figure 6 shows both the volumes and values of production across the state, with most production volume associated with the Lower Murray Region at 56%. However, values are more evenly distributed across the five zones shown ranging from the Lower Murray with 25% to the Mount Lofty Ranges with 11% of the total production value respectively. By comparing volume with value, Figure 6 indicates the variation of price being received for wine grapes across the various regions.

Figure 6: South Australian wine grape production by region, 2015–16 – Volumes and Values
1.3 Wine processing value - $1.9 billion

In 2015–16, the wholesale value of wine produced in South Australia increased by $307 million (19%) to $1.9 billion.\(^5\)

Figure 7 shows the annual wholesale value for wine produced in South Australia since 2001–02. Following some years of decline, the last five years have shown signs of improvement with an increase of 7% per annum since 2010–11.

**Figure 7: South Australia’s total processed wine value (wholesale), 2001–02 to 2015–16**

![Bar graph showing the annual wholesale value for wine produced in South Australia](image)

Figure 8 shows bulk wine processed as a percentage share of the total processed South Australian wine. This percentage has declined in the past three years.

**Figure 8: South Australian bulk wine as a percentage of total wine produced, 2001–02 to 2015–16**

![Bar graph showing the percentage share of bulk wine processed](image)

---

5 The value of wine processed (measured in wholesale prices) has been estimated by calculating the share of grapes going into bottled and bulk categories and then estimating separate per-litre values based on grapes and other cost inputs. Wine costs have been derived from various Deloitte ‘benchmark’ estimates for different scale wineries.
1.4 Overseas exports increased by $119 million – key destinations for South Australian wine exports

South Australia’s value of wine exports increased by $119 million (10%) to $1.34 billion. South Australia exported wine to 111 countries, up from 107 countries in 2014–15. Figure 9 depicts the leading destinations of wine exported from South Australia during 2015–16. China (including Hong Kong), the United Kingdom (UK), the United States of America (USA) and Canada are the key export destinations for South Australian wine, comprising almost three quarters (72%) of total South Australian wine export value.

Figure 9: Top ten overseas destinations for South Australian wine exports by value, 2015–16

Wine exports, comprising 11% of total South Australian merchandise trade, remain a significant contributor to achieving the South Australian Strategic Plan (SASP) Target No. 37 to increase the value of South Australia’s export income to $25 billion by 2020.

Wine exports to China and Hong Kong increased by $116 million (or 48%), Canada by $9 million (or 7%), the United States of America 2% increase and a decline in the United Kingdom market of 6%. In 2015–16 China, including Hong Kong, surpassed the United Kingdom as South Australia’s largest wine export market.

Red wine is the dominant category with a 57% share of overseas export value ahead of white wine with 41% and other wines with 2%. The average price per litre for red wine exports in 2015–16 from South Australia has increased by 12% and white wine exports by 8%.

In 2015–16, around 6.4 million litres of wine worth $51 million was imported into South Australia from overseas. This represents a 3% decrease in the volume of imports over the year and a 6% increase in the value of overseas wine imports.

---

6 ABS Trade Data, unpublished. Imports are derived using national wine imports (volumes and values) apportioned on a population share basis.
Figure 10 shows the average price per litre paid by the leading destinations of South Australia’s wine exports between 2001–02 to 2015–16. The price attained from sales to Hong Kong and China are well above the average price per litre. The average price per litre in 2015–16 for Hong Kong was $12.99; China $5.58; United States of America $2.35; United Kingdom $1.56 and the average of all wine exports to all countries was $2.83.

Figure 10: Average price of South Australian wine exports to top four destinations and the average price per litre of all South Australian wine exports
2. SUMMARY AND OUTLOOK

In 2015–16, the South Australian Gross Wine Revenue increased by $329 million from the previous year. The industry is well positioned for growth, predominantly through capitalising on changes in the export market consolidation arising from the Free Trade Agreements (FTAs) with China, Japan, and Korea.

In 2015–16, the value of South Australian wine exports grew 10% to $1.34 billion despite the decrease in volume of 2%. This indicates that South Australian wine exports are selling at an increased average price compared to the previous year.

South Australia’s largest export markets by value are China and Hong Kong, UK, USA and Canada. Together they account for almost three quarters of South Australia’s wine export value. China and Hong Kong continued to grow, overtaking the UK as South Australia’s biggest wine export market, a change that was reflected across the Australian wine industry. With a significant portion of South Australian wine being exported, a continuation of this market’s expansion in 2016–17 would be a positive outcome for the industry. Consolidation of larger wine companies in South Australia in recent times, coupled with the above mentioned FTAs and emphasised focus on expanding Asian markets, are very good indicators of strong growth for the South Australian wine industry in the coming years.
3. GLOSSARY OF TERMS

Farmgate

This measures the value of a commodity at the local level of production, which is known as farmgate. Farmgate value is calculated by multiplying the volume of production by the price received. This represents the value of production to the farmer or fisher person.

Wine value (measured in wholesale prices)

This measures the value of wines that are processed at their highest level of processing in South Australia. The value is represented by their wholesale price into the retail or export markets.

Wine retail sales

Wine retail sales measures the value of wine sales made through all retail stores including supermarkets and grocery stores, hotels and liquor retailing.

Wine service sales

Wine service sales measures the value of sales of wines through restaurants, hotels, and tourism operations within South Australia. The calculation estimates the percentage of total sales that occur through these outlets. Prices used in this calculation are usually higher than those used at the retail level.
Free on Board (FOB)

Free On Board (FOB) is the price of a commodity or product received by a supplier, including all costs incurred in getting the commodity or product to the port of departure, at which point the buyer takes responsibility of the costs.

Gross Revenue

An aggregate measure of revenue that includes international and interstate wine exports and the value of wine retail and service sales contributing to the South Australian economy. It is calculated by taking the sum of overseas export value (commodity and processed), interstate trade value (commodity and processed), wine retail sales and wine service sales. Gross revenue can be used in reference to wine or food and wine combined.

Interstate sales – commodity and finished food

This represents the difference in the value of goods exported interstate from those imported from interstate. A positive value represents net interstate exports – for example exports exceed imports. A negative value represents net interstate imports – for instance, imports exceed exports.