Wine ScoreCard 2012-13

Information current as of November 2013

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ALL ENQUIRIES

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To track the advances in the South Australian agrifood 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 2012-13 ScoreCard results for South Australia's grape and wine industry.

1. OVERVIEW – WINE SCORECARD 2012-13 RESULTS

After several years of declining values, the South Australian grape and wine industry Scorecard showed signs of a turnaround in 2011-12 and this has continued in 2012-13. Tables 1 and 2 highlight the changes over the year in the key performance indicators including: production, wine making, exports and consumption.

Table 1: SA Wine Scorecard—Value-chain
—Change over the year to 2012-13, Value $ million

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>474</td>
<td>1,696</td>
<td>1,168</td>
<td>$140</td>
<td>$562</td>
<td>$1,870</td>
</tr>
<tr>
<td>Change over year</td>
<td>$53</td>
<td>$243</td>
<td>$25</td>
<td>$46</td>
<td>$53</td>
<td>$119</td>
</tr>
<tr>
<td>% Change over year</td>
<td>13%</td>
<td>17%</td>
<td>2%</td>
<td>49%</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Table 2: SA Wine ScoreCard—Change over the year to 2012-13, Volume

<table>
<thead>
<tr>
<th></th>
<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>2012-13</td>
<td>700,524</td>
<td>544</td>
<td>457</td>
<td>45</td>
</tr>
<tr>
<td>Change over year</td>
<td>2,520</td>
<td>61</td>
<td>47</td>
<td>14</td>
</tr>
<tr>
<td>% Growth over year</td>
<td>0.4%</td>
<td>13%</td>
<td>11%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Tables 1 and 2 show increases across all of the Wine ScoreCard's value-chain measures over the year:

- Gross Wine Revenue increased by $119 million or 7% to reach $1.87 billion.
- Grape Production values increased by 13% to $474 million, following a 0.4% increase in volume to 700,524 tonnes, and an increase in average farm gate grape prices from $603/tonne to $677/tonne (up 12%);
- Wine making values increased by 17% to $1.69 billion, with volumes up 13% to 544 million litres;

1 These measures include: primary production, measured in farm gate terms; secondary Finished Food values measured in wholesale prices; trade and tertiary consumption through retail and food service sales, and measured at point of sale.
Overseas Exports values increased by $25 million (2%) to $1.17 billion, with export wine volumes up by 11% to 457m litres.

Local Consumption values increased by $53 million (10%) to reach $562 million.

Interstate Sales/Stocks have increased by $46 million (49%).

Average price per litre of exported wine declined from $2.78 to $2.55 (down 8%).

The continued improved quality coupled with an increase in demand has had a positive impact on the price of SA’s 2012-13 grape production. Increases in the volume and value of exports have turned around after last year, which had slowed in comparison to the previous four years.

2. GROSS WINE REVENUE

- increased by 7% to $1.87 billion

The ‘headline’ Gross Wine Revenue (GWR) figure measures the final values of wine either exported or consumed in SA. In this way GWR is the sum of SA retail and hospitality sales, overseas exports and combined interstate exports and changes in wine stocks.

In 2012-13 GWR reached $1.87 billion, a rise of $119 million or 7% over the year.

Figure 1 outlines the composition of GWR for 2012-13 showing that 62% of the total value was generated through wine exports.

![Figure 1: 2012-13 Gross Wine Revenue: $1.87 billion](image-url)

GWR measures the total turnover (including all inputs) associated with grape and wine sales. Through additional analysis it is estimated that the direct value-adding from the grape growing sectors, wine making,

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2 Export and Import values are based on Australian Bureau of Statistics (ABS) Trade data (unpublished) using detailed 8 digit Australian Harmonized Export Commodity Classification (AHECC) data. Note: slight differences in values between the ABS wine export data and other sources may be possible from time to time.

3 Net interstate sales and wine stock changes are calculated as a residual or balance item between wine production and local consumption for a given period, taking overseas trade into consideration.

4 GWR includes imports into the State, valued at an estimated $72m based on apportioned national wine imports.
trade, and wine retail and services sectors has contributed slightly more than 1% (or $1.2 billion) to total Gross State Product (GSP).

3. GRAPE PRODUCTION

– increased by $53 million (13%)

Over the 2013 season, South Australian grape growers produced 700 thousand tonnes of grapes with a farm gate value of $474 million. This saw grape production values increase by 13% ($53 million) over the last year, following a 17% ($60 million) increase the previous year.

Currently in SA there are over 76,533 hectares of wine grape producing vines, with average yields estimated at slightly over 9 tonnes per hectare. Grape growing conditions in 2012-13 were similar to the previous year, due to relatively drier conditions and therefore less disease threats.

The average grape price (weighbridge) in 2012-13 was $677/tonne, up $74/tonne (or 12%) from 2011-12. The improvement on the 2011-12 average grape prices indicate both an improvement in quality and demand for the product.

Figure 2 shows how the Farm Gate Value of wine grape production value peaked over this period at $813 million in 2003-04 declining to $421 million last year before recovering to this year’s level of $474 million.

Figure 2: Volume and Value of SA Grape Production, 2001-02 to 2012-13

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5 ABS source, Vineyard estimates 2011/12 (cat.no.1329.0.55.002)
6 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.”
7 Grape Production volumes & values are estimated using estimates from the ABS Vineyard estimates 2010/11, and regionally derived SA Wine grape Utilisation & Pricing Survey, Phylloxera & Grape Industry Board SA and are largely in line with Phylloxera Board forward estimates on this occasion.
Figure 3 highlights the change in average SA grape prices from 2001-02 to 2012-13. By way of comparison, 2012-13 price, although improved on the previous year is still significantly lower than prices being received a decade ago.

**Figure 3: Grape Prices (Farm Gate), $ / tonne, 2001-02 to 2012-13 (nominal)**

SA’s wine grape production is divided between seven Geographical Indicator (GI) zones. Figure 4 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 ranging from the Lower Murray with 29% to the Mount Lofty Ranges with 12% of the total production value respectively.

**Figure 4: SA Wine Production by Region, 2012-13 – Volumes and Values**
Figure 5 shows the average farm gate price received in each of the GI regions. This varies from $1,315 in the Barossa down to $346 per tonne in the Lower Murray region.

![Figure 5: South Australian, Farm Gate Price by Region](image)

4. WINE MAKING

- Increased by 17%, to $1.69 billion

Following upward trends in grape production, the wholesale value of wine making in the State increased by $243 million (17%) to reach $1.69 billion over the year.  

Figure 6 shows the trends in wholesale value for wine produced in South Australia since 2001-02, with the share of bulk wine highlighted in the dashed pink line. It shows fluctuations in the bulk-to-bottled wine ratio depending on market demand and season.

![Figure 6: Value of SA Wine Processing, $m, 2001-02 to 2012-13 (nominal)](image)

8 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 Deloittes ‘benchmark’ estimates for different scale wineries.
5. OVERSEAS TRADE

- EXPORTS increased by 2% to $1.17b - IMPORTS increased by 47% to $46m - (FOB)^2

South Australia’s value of wine exports improved, increasing by $25 million (2%) to $1.17billion.

An increase in the volume (11%) and price (2%) contributed to total wine export values increasing over the year. Wine exports, however, still comprise 11% of total SA Merchandise trade worth $10.7 billion. As such, wine exports remain a significant contributor to achieving the SASP Target No. 37 to increase the value of South Australia’s export income to $25 billion by 2020.

The increase in export value was despite the lowest average wine price of $2.55 per litre since ScoreCard records commenced in 1996/97.

Figure 6 shows the leading destinations of wine exports from SA over 2012-13. SA exported wine to over 115 countries, down from 119 countries in 2011-12. Both the United Kingdom (UK) and the United States of America (US) remain the key export destinations for SA wine, comprising almost half (43%) of total SA wine export value.

In contrast growth in wine exports to China (including Hong Kong) increased rapidly over the year, to become SA’s third biggest export market, representing over 16% of the total export value.

In 2012-13 around 7.4 million litres of wine worth $46m was imported into South Australia^9 from overseas. This represents a 40% increase in the volume of imports over the year and a 47% rise in the value of wine imports.

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^9 ABS Trade Data, unpublished. Imports are derived using national wine imports (volumes and values) apportioned on a population share basis.
6. SUMMARY AND OUTLOOK

A small recovery of the SA Grape and Wine industry is evident in the results of the latest 2012-13 Wine Scorecard.

At the production level, volume, price and value all increased, reflecting good seasonal conditions along with improved quality and demand.

Gross Wine Revenue actually increased by $119 million to $1.87 billion, with overseas exports improving by 2% to $1.17 billion.

Encouraging signs are emanating from China, with exports to China and Hong Kong increasing by a further 16% to become our third largest export destination behind the United Kingdom and United States.