1998 1329.0

Australian Bureau of Statistics

AUSTRALIAN WINE AND GRAPE INDUSTRY

EMBARGO: 11:30AM (CANBERRA TIME) THURS 24 DEC 1998

CONTENTS

■ For further information about these and related statistics, contact Peter Carmalt on Adelaide 08 8237 7632, or any ABS office shown on the back cover of this publication.

NOTES

ABOUT THIS PUBLICATION

This publication is a summary of statistics on grape and wine production and related activities collected by the Australian Bureau of Statistics (ABS) and from other sources.

SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
L al	Litres of alcohol
OIV	Office International de la Vigne et du Vin
n.a.	not available
n.c.	not collected
n.p.	not available for publication but included in totals where applicable, unless otherwise indicated
p	preliminary
r	figure or series revised since previous issue
—	nil or rounded to zero

Where figures have been rounded, discrepancies may occur between sums of the component items and totals.

SOURCE MATERIAL

With the exception of the Special Article and chapter 13, all sources cited in tables and graphs are to ABS publications and/or unpublished data.

W. McLennan
Australian Statistician

CHAPTER 1 OVERVIEW

INTRODUCTION

For the first time since they were first presented in 1994, all the grape-growing and winemaking indicators in the table below reached record levels in 1997–98. There were generally more favourable seasonal conditions than were experienced in 1996–97 leading to high levels of production. Sales of wine and, in particular export sales, also improved in 1997–98.

WINE AND GRAPE INDUSTRY, Statistical Summary—1997–98

Area of bearing vines (ha)	p78 709
Total grape production (t)	p1 097 381
Fresh grapes crushed (t)	975 669
Beverage wine production (million L)	695.2
Beverage wine stocks (million L)	900.3
Domestic sales of Australian wine (million L)	338.8
Exports of Australian wine (million L)	192.4
Imports of wine (million L)	25.6

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0); unpublished data, Wine Statistics Survey, 1997–98; unpublished data, Wine and Spirit Production Survey, 1997–98; unpublished data, Stocks of Australian Wine and Brandy and Vineyards Survey, 30 June 1998.

GRAPE-GROWING

The total area of vines at harvest increased by 10% from the previous record of 89,797 hectares in 1997 to a new record of 98,439 hectares in 1998. Of this area 78,709 hectares were bearing grapes and 19,729 hectares were not yet bearing. The total grape production from the 1998 harvest was 1,097,381 tonnes, up 154,268 tonnes or 16% on the 1997 harvest and up 1% on the record production in 1996. Increases in total grape production were recorded in the major grape-growing States with South Australia up 21%, Victoria up 18% and New South Wales up 4%.

WINEMAKING

Winemakers who crush 50 tonnes or more reported a record 975,669 tonnes of fresh grapes crushed for the 1998 vintage, up 22% or 177,677 tonnes on 1996–97 and up 10% on the previous record 1996 crush. Beverage wine produced by these winemakers during 1997–98 was 695.2 million litres, up 20% on 1996–97 and 12% on the previous record volume in 1995–96. Beverage wine production levels rose in all winemaking States with South Australia up by 25% (or 68.4 million litres), New South Wales up 13% (24.7 million litres) and Victoria up 18% (17.6 million litres) between 1996–97 and 1997–98. Stocks of Australian produced beverage wine rose 10% to a record 900.3 million litres at 30 June 1998.

WINEMAKING *continued*

Australian wine production is highly concentrated amongst a few producers. While 224 winemaking businesses crushed 50 or more tonnes of grapes in 1997–98, the largest 10 of these businesses crushed 68% of these grapes and produced 70% of beverage wine.

GRAPES CRUSHED AND WINE PRODUCED—1997–98

Size	*Winemakers*	*Grapes crushed*	*Beverage wine produced*
tonnes crushed	no.	t	'000 L
50–400	131	21 344	(a)15 000
401–10 000	75	168 923	104 165
10 001–20 000	8	120 448	87 693
20 001 or more	10	664 954	488 381
Total	**224**	**975 669**	**695 239**

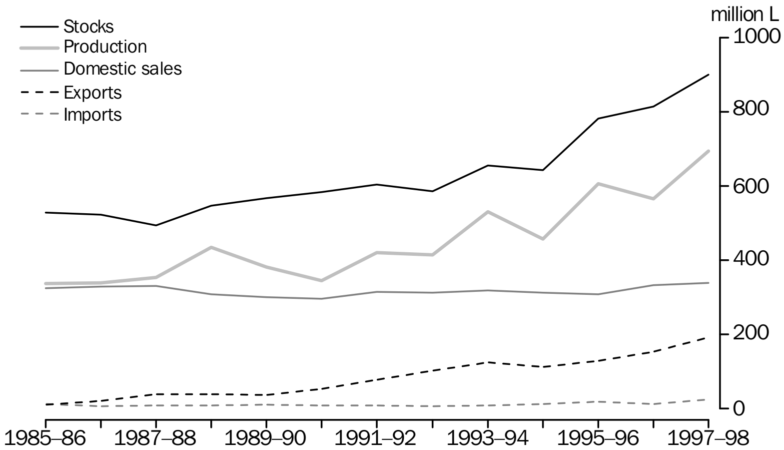
(a) Wine production is not collected from winemakers who crushed 50–400 tonnes but it is estimated to be 15 million litres (based on 700 litres per tonne extraction rate).

Source: Unpublished data, Wine Statistics Survey, 1997–98; unpublished data, Wine and Spirit Production Survey, 1997–98.

INTERNATIONAL TRADE

Wine exports in 1997–98 were a record 192.4 million litres, up 25% on the previous record in 1996–97. The value of wine exported continued to increase, reaching a record high of $873.7 million in 1997–98, up 45% on 1996–97. Imports of wine into Australia were 25.6 million litres in 1997–98, up 89% on 1996–97 and up 26% on the previous record high of 20.3 million litres in 1995–96.

BEVERAGE WINE TRADE



Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0); unpublished data, Wine Statistics Survey, 1997–98; unpublished data, Wine and Spirit Production Survey, 1997–98; unpublished data, Stocks of Australian Wine and Brandy Survey, 30 June 1998.

INTERNATIONAL TRADE *continued*

While the amount of Australian-produced wine available for disposal is affected by previous vintages and movement in stocks, domestic demand over the past four financial years has been met in part with imports, while substantial quantities of Australian wine were exported. The apparent move to maintain exports of Australian wine and make up the shortfall in domestic demand with imported product seemed to lessen in 1996–97, but was more evident in 1997–98.

CONSUMPTION

Wine available for consumption in Australia remained relatively constant between 1991–92 and 1995–96, increasing by 2% in this period. In the two financial years since, wine available for consumption has increased by 11%, with a 9% rise in domestic sales of Australian-produced wine and a 26% increase in imports cleared for home consumption. Over a 50-year period consumption of wine in Australia has risen sevenfold from an average of 3 litres per person in the late 1930s to 20 litres per person in the late 1980s but has remained between 18 and 20 litres in recent years.

WINE AVAILABLE FOR CONSUMPTION IN AUSTRALIA

Period	*Domestic sales of Australian-produced wine* '000 L	*Imports cleared for home consumption* '000 L	*Available for consumption* '000 L	*Apparent per capita consumption* L
1991–92	314 830	8 703	323 533	18.6
1992–93	312 081	7 832	319 913	18.3
1993–94	319 534	8 341	327 875	18.6
1994–95	313 357	14 057	327 414	18.4
1995–96	309 463	20 256	329 719	18.3
1996–97	333 591	13 589	347 180	19.0
1997–98	338 814	25 622	364 436	p19.7

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0); *Apparent Consumption of Selected Foodstuffs, Australia, Preliminary, 1997–98* (Cat. no. 4315.0).

DISPOSALS

Disposals of Australian-produced wine have risen by 35% since 1991–92, with domestic sales of Australian-produced wine up 8% and exports up 145% over this period.

DISPOSALS OF AUSTRALIAN-PRODUCED WINE

	Domestic sales of Australian-produced wine	*Exports of Australian-produced wine*	*Total disposals*
Period	'000 L	'000 L	'000 L
1991–92	314 830	78 679	393 509
1992–93	312 081	102 832	414 913
1993–94	319 534	125 464	444 998
1994–95	313 357	113 663	427 020
1995–96	309 463	129 671	439 134
1996–97	333 591	154 393	487 984
1997–98	338 814	192 400	531 214

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

PRICES

While the prices paid for wine grapes continues to increase, the rate of increase has slowed from the peak in 1994. Average grape prices for the 1998 vintage were up 5.9% following a 0.4% increase for the 1997 vintage. Prices paid by winemakers for grapes increased significantly in the mid-1990s, by 33% in 1994, 22% in 1995 and a further 7% in 1996. Over the last eight vintages grape prices have increased 85%. In contrast, during the same period the average price of wine produced by winemakers (wholesale price) rose by 30% while the average price of table wine exported from Australia also rose by 30%.

CHAPTER 2 VITICULTURE

AREA OF VINES

Season 1998 was another record year for Australia's grape growers, with 98,439 hectares of vines being cultivated. This was an increase of 10% on the previous record of 89,797 hectares in season 1997. The total area of vines increased in every State, with South Australia recording the highest total increase of 5,370 hectares, followed by New South Wales with an increase of 1,897 hectares.

The area of vines planted or grafted during season 1998 increased by 26% compared with season 1997, to 10,196 hectares. South Australia was once again the major State for new plantings, accounting for 47% of the newly planted vines for season 1998. The total area of vines currently not bearing grapes increased by 12% to 19,729 hectares, while the area of vines bearing grapes increased 9% to 78,709 hectares. The proportion of the total area not bearing grapes in season 1998 increased slightly to 20%.

Existing vineyards expect to plant a further 9,508 hectares of vines before the 1999 harvest. This represents 10% of the current plantings. Of these new plantings, South Australian vineyards intend to plant 5,171 hectares (54%), and Victoria 1,913 hectares (20%).

GRAPE PRODUCTION

The 1998 grape harvest was a record 1,097,381 tonnes, an increase of 16% on the 1997 harvest, and slightly above the previous production high recorded in 1996. Total grapes harvested rose in all States. South Australia recorded the largest rise in production with an increase of 79,651 tonnes or 21%, and remained the largest grape-producing State with a harvest of 454,240 tonnes. Victoria recorded the next highest production with 390,112 tonnes.

The yield per hectare of bearing vines increased to 13.9 tonnes in season 1998. Victoria achieved the highest yield per hectare of 18.0 tonnes, up from 15.5 tonnes per hectare in season 1997.

GRAPE VARIETIES

Red grape varieties covered 47,675 hectares at harvest 1998, an increase of 24% on the 1997 figure. The area covered with white grape varieties decreased marginally to 50,764 hectares. White grape varieties comprised 52% of the total area of vines grown in season 1998, down on the 57% recorded the previous year.

The new plantings of red grape varieties totalled 7,905 hectares with the main varieties being Cabernet Sauvignon (2,937 hectares) and Shiraz (2,854 hectares). There were 2,292 hectares of new plantings of white grape varieties during season 1998, with the main varieties being Chardonnay (882 hectares) and Semillon (434 hectares).

The main red varieties which grape growers intend to plant in season 1999 are Shiraz (3,036 hectares), Cabernet Sauvignon (2,809 hectares), and Merlot (1,018 hectares). The main white variety is Chardonnay (472 hectares).

AREA AND PRODUCTION OF VINEYARDS

	AREA OF VINES					GRAPE PRODUCTION(a)			
		Not yet bearing (planted or grafted)							
	Bearing	Prior to collection year	During collection year	Total	Intended plantings before next harvest(b)	Wine-making(c)	Drying	Table and other	Total
	ha	ha	ha	ha	ha	t	t	t	t
New South Wales									
1994	13 288	487	546	14 322	n.c.	141 145	37 671	8 669	187 485
1995	12 626	729	1 082	14 437	n.c.	104 687	25 823	8 439	138 950
1996	13 768	1 932	1 182	16 883	n.c.	167 556	46 687	10 841	225 084
1997r	15 898	1 802	2 290	19 990	1 448	174 265	24 364	11 273	209 901
1998p	17 007	2 371	2 510	21 887	1 768	174 468	31 971	11 286	217 724
Victoria									
1994	19 535	732	779	21 047	n.c.	167 083	164 058	28 092	359 233
1995	18 989	1 094	1 509	21 591	n.c.	137 613	112 981	26 840	277 435
1996	19 834	1 506	1 763	23 103	n.c.	199 325	193 156	34 522	427 002
1997r	21 338	2 416	1 602	25 356	1 584	181 772	106 662	41 253	329 687
1998p	21 651	2 287	2 135	26 072	1 913	208 406	139 285	42 421	390 112
Queensland									
1994	1 001	60	93	1 154	n.c.	413	—	3 636	4 049
1995	894	85	71	1 050	n.c.	380	—	3 523	3 903
1996	967	92	113	1 171	n.c.	618	—	3 366	3 984
1997r	1 048	123	154	1 325	38	746	—	3 784	4 530
1998p	1 041	199	165	1 405	97	693	—	4 113	4 806
South Australia									
1994	24 842	1 253	1 382	27 477	n.c.	338 558	9 880	2 499	350 936
1995	27 237	2 274	3 092	32 603	n.c.	320 169	6 714	2 913	329 797
1996	27 153	4 826	3 310	35 289	n.c.	395 834	7 229	3 769	406 832
1997r	30 270	4 741	3 535	38 546	2 731	367 792	4 245	2 551	374 589
1998p	35 013	4 104	4 799	43 916	5 171	448 561	3 120	2 560	454 240
Western Australia									
1994	2 435	167	111	2 713	n.c.	12 959	1 261	2 561	16 781
1995	2 415	197	175	2 788	n.c.	12 314	1 487	2 740	16 541
1996	2 803	453	385	3 642	n.c.	17 234	1 398	3 288	21 920
1997r	3 106	430	432	3 969	313	17 295	1 164	3 337	21 796
1998p	3 511	461	518	4 490	506	20 741	989	4 070	25 799
Tasmania									
1994	260	72	29	362	n.c.	1 125	—	—	1 125
1995	293	67	40	400	n.c.	2 200	—	—	2 200
1996	324	88	63	475	n.c.	1 988	—	1	1 989
1997r	341	102	41	484	27	1 497	—	—	1 497
1998p	379	111	45	535	21	3 136	—	—	3 136
Australia(d)									
1994	61 362	2 771	2 940	67 074	n.c.	661 282	212 870	45 456	919 608
1995	62 454	4 446	5 969	72 869	n.c.	577 364	147 006	44 456	768 827
1996	64 858	8 900	6 816	80 574	n.c.	782 565	248 470	55 786	1 086 821
1997r	72 119	9 615	8 063	89 797	6 144	743 382	136 435	63 296	943 113
1998p	78 709	9 533	10 196	98 439	9 508	856 074	175 364	65 943	1 097 381

(a) Fresh weight.

(b) Planted or grafted after current vintage but prior to next years vintage.

(c) Wine grape production data are less than grape-crushings data in chapter 4 (see Explanatory Notes, paragraph 4).

(d) Includes Australian Capital Territory and Northern Territory for 1998, 1997 and 1994 but excludes them for other years.

Source: Unpublished data, Vineyards Survey, 1998.

AREA AND PRODUCTION OF GRAPE VARIETIES—At Harvest 1998p

	AREA OF VINES					GRAPE PRODUCTION(a)			
		Not yet bearing (planted or grafted)							
	Bearing	*Prior to collection year*	*During collection year*	*Total*	*Intended plantings 1998 to 1999(b)*	*Wine-making*	*Drying*	*Table and other*	*Total*
	ha	ha	ha	ha	ha	t	t	t	t
Red grapes									
Cabernet Franc	520	10	13	544	53	5 195	—	—	5 195
Cabernet Sauvignon	9 637	2 121	2 937	14 695	2 809	91 876	—	2	91 878
Currant	958	29	18	1 006	6	5 117	8 697	50	13 863
Grenache	1 867	57	64	1 988	85	23 842	23	17	23 882
Malbec	282	15	24	320	12	3 641	—	—	3 641
Mataro	576	59	61	696	83	8 238	41	21	8 300
Merlot	1 572	996	1 233	3 802	1 018	13 881	—	—	13 881
Muscat a Petit Grains Rouge/Rosé	246	17	24	287	21	1 523	—	190	1 713
Pinot Noir	1 751	217	223	2 192	281	19 123	—	—	19 123
Ruby Cabernet	710	195	179	1 083	343	12 990	—	14	13 004
Shiraz	12 753	2 322	2 854	17 930	3 036	131 427	—	18	131 444
Tarrango	70	1	4	75	5	2 297	9	8	2 314
Other red grapes	2 530	258	271	3 059	308	7 462	510	21 155	29 128
Total red grapes	*33 472*	*6 298*	*7 905*	*47 675*	*8 060*	*326 611*	*9 281*	*21 474*	*357 367*
White Grapes									
Chardonnay	12 532	1 248	882	14 662	472	148 515	—	3	148 518
Chenin Blanc	766	30	11	806	7	15 940	32	—	15 972
Colombard	1 179	57	96	1 333	123	30 263	—	—	30 263
Crouchen	112	1	1	113	4	2 100	—	3	2 103
Doradillo	383	5	6	394	2	9 418	—	—	9 418
Marsanne	105	22	43	170	17	1 059	—	—	1 059
Muscadelle	260	7	3	269	14	2 603	—	1	2 604
Muscat a Petit Grains Blanc	260	3	4	267	1	3 756	—	22	3 777
Muscat Gordo Blanco	2 942	77	45	3 064	17	59 152	7 476	295	66 922
Palomino	232	1	1	234	—	3 739	—	—	3 739
Pedro Ximenes	166	2	1	168	—	2 583	—	—	2 583
Riesling	3 204	82	59	3 345	47	33 811	—	—	33 811
Sauvignon Blanc	1 573	225	106	1 904	135	18 405	—	—	18 405
Semillon	4 181	672	434	5 287	175	57 112	—	—	57 112
Sultana	13 305	312	217	13 834	182	108 708	154 512	30 266	293 486
Taminga	33	—	—	33	—	762	—	—	762
Traminer	525	30	2	556	1	6 047	—	—	6 047
Trebbiano	758	3	3	763	4	11 530	—	—	11 530
Verdelho	536	169	100	804	67	4 187	—	—	4 187
Waltham Cross	439	9	12	460	33	1 890	3 516	1 613	7 019
Other white grapes	1 753	280	268	2 301	147	7 884	547	12 267	20 698
Total white grapes	*45 238*	*3 235*	*2 292*	*50 764*	*1 448*	*529 463*	*166 083*	*44 468*	*740 014*
Total grapes	**78 709**	**9 533**	**10 196**	**98 439**	**9 508**	**856 074**	**175 364**	**65 943**	**1 097 381**

(a) Fresh weight.

(b) Planted or grafted after 1998 vintage but prior to 1999 vintage.

Source: Unpublished data, Vineyards Survey, 1998.

GRAFTED ON NON-VINIFERA ROOTSTOCK

In 1998 data were collected for two premium red and two premium white varieties according to whether they were planted on own or grafted to other vinifera roots, or whether they were grafted on non-vinifera rootstock. Early analysis of the data suggests that all the selected varieties produce a higher yield per hectare when grafted on non-vinifera rootstock.

SELECTED GRAPE VARIETIES GRAFTED ON NON-VINIFERA ROOTSTOCK(a)—At Harvest 1998p

	AREA OF VINES					GRAPE PRODUCTION(b)			
		Not yet bearing (planted or grafted)							
	Bearing	*Prior to collection year*	*During collection year*	*Total*	*Intended plantings 1998 to 1999(c)*	*Wine-making*	*Table and other*	*Total*	*Yield*
	ha	ha	ha	ha	ha	t	t	t	t/ha
Red grapes									
Cabernet Sauvignon									
Planted on own or grafted to other vinifera roots	8 011	1 640	2 387	12 037	2 102	74 545	—	74 545	9.3
Grafted on non-vinifera rootstock	1 585	474	547	2 606	708	17 052	2	17 054	10.8
Total	*9 595*	*2 114*	*2 934*	*14 643*	*2 809*	*91 597*	*2*	*91 599*	—
Shiraz									
Planted on own or grafted to other vinifera roots	10 430	1 585	2 279	14 294	2 470	102 459	5	102 464	9.8
Grafted on non-vinifera rootstock	2 323	737	575	3 635	566	28 965	13	28 978	12.5
Total	*12 752*	*2 322*	*2 854*	*17 928*	*3 036*	*131 425*	*18*	*131 442*	—
White grapes									
Chardonnay									
Planted on own or grafted to other vinifera roots	9 013	820	576	10 409	308	96 803	—	96 803	10.7
Grafted on non-vinifera rootstock	3 391	388	287	4 066	160	50 660	3	50 662	14.9
Total	*12 405*	*1 208*	*862*	*14 475*	*468*	*147 463*	*3*	*147 465*	—
Semillon									
Planted on own or grafted to other vinifera roots	3 240	335	308	3 882	153	41 445	—	41 445	12.8
Grafted on non-vinifera rootstock	939	336	127	1 402	22	15 632	—	15 632	16.6
Total	*4 179*	*671*	*434*	*5 284*	*175*	*57 078*	—	*57 078*	—

(a) Excludes Tasmania.

(b) Fresh weight.

(c) Planted or grafted after 1998 vintage but prior to 1999 vintage.

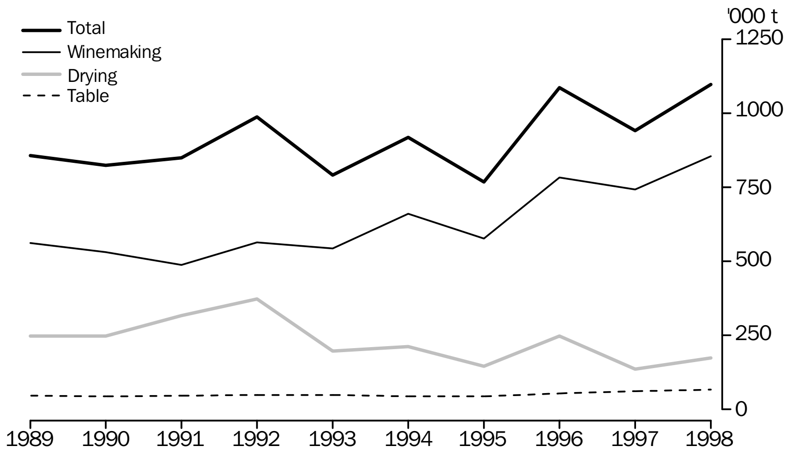
Source: Unpublished data, Vineyards Survey, 1998.

INTENTIONS OF USE

In season 1998, a record 856,074 tonnes of grapes were harvested for winemaking, an increase of 15% over the previous year's harvest. The proportion of total grape production which was intended for use in winemaking fell slightly to 78% for season 1998 compared with 79% in the previous season. The production of grapes for drying increased 29% to 175,364 tonnes and represents 16% of total grape production. The harvest of table and other grapes increased by 4% to 65,943 tonnes or 6% of the total grapes produced.

The graph below illustrates the variation in the amounts and proportions of intended usage over the last ten years. In more recent years the increase in total grape production appears to have been directed to winemaking while production for drying has exhibited a downward trend over the same period.

GRAPE PRODUCTION AND INTENDED USAGE



Source: Unpublished data, Vineyards Survey, 1998.

In season 1998 total production of the multi-purpose Sultana grapes rose by 20% to 293,486 tonnes (27% of total grape production) following a 38% decrease in the previous season. Sultana grapes accounted for 88% of dried grape production, 46% of table and other grapes production and 13% of winemaking production.

VARIETIES LOST

Grape growers were asked about varieties lost during the 1998 season. Data were collected on varieties that were either pulled out, or changed to another variety (e.g. by grafting), after the 1997 harvest and before the 1998 harvest. Sultanas accounted for 54% of the white grape area lost and 47% of the total area lost.

AREA OF VARIETIES LOST—1998p

	NSW	*Vic.*	*Qld*	*SA*	*WA*	*Aust.(a)*
	ha	ha	ha	ha	ha	ha
Red grapes						
Cabernet Franc	1.4	0.9	—	1.9	—	4.2
Cabernet Sauvignon	19.1	8.7	—	12.8	3.0	43.6
Currant	9.0	26.2	—	46.3	9.9	91.4
Grenache	8.4	0.2	0.5	34.3	2.5	45.9
Malbec	0.1	0.4	—	1.7	—	2.2
Mataro	0.8	0.7	—	8.2	—	9.7
Merlot	3.6	7.0	—	—	—	10.6
Muscat a Petit Grains Rouge/Rosé	0.9	0.5	2.4	0.9	—	4.7
Pinot Noir	14.1	2.3	—	1.9	1.4	19.7
Ruby Cabernet	8.2	1.7	1.0	1.4	—	12.3
Shiraz	18.8	7.1	1.6	7.9	2.1	37.5
Tarrango	—	3.6	—	—	—	3.6
Other red grapes	13.1	23.6	13.6	2.9	9.9	63.1
Total red grapes	*97.5*	*82.9*	*19.1*	*120.2*	*28.8*	*348.5*
White grapes						
Chardonnay	7.9	9.5	—	44.4	4.3	66.1
Chenin Blanc	—	—	—	21.0	0.6	21.6
Colombard	3.5	3.7	—	5.0	—	12.2
Doradillo	19.1	8.3	0.3	38.2	—	65.9
Muscadelle	0.4	2.7	—	26.6	0.4	30.1
Muscat a Petit Grains Blanc	3.9	—	—	15.9	1.0	20.8
Muscat Gordo Blanco	52.2	65.9	0.6	101.4	0.9	221.0
Palomino	5.5	0.4	—	24.8	—	30.7
Pedro Ximenes	—	—	—	34.8	—	34.8
Riesling	4.5	26.1	—	183.1	1.6	215.3
Sauvignon Blanc	7.3	3.4	—	30.3	0.1	41.1
Semillon	37.8	1.6	0.5	15.9	0.6	56.4
Sultana	222.9	800.4	3.0	162.5	2.1	1 190.9
Traminer	7.0	—	—	14.7	—	21.7
Trebbiano	40.2	—	—	26.1	—	66.3
Verdelho	—	—	—	—	0.2	0.2
Waltham Cross	4.7	23.0	2.2	4.2	0.2	34.3
Other white grapes	9.5	24.2	10.3	29.5	6.5	80.0
Total white grapes	*426.4*	*969.2*	*16.9*	*778.4*	*18.5*	*2 209.4*
Total grapes	**523.9**	**1 052.1**	**36.0**	**898.6**	**47.3**	**2 557.9**

(a) Excludes Tasmania, Australian Capital Territory and Northern Territory.

Source: Unpublished data, Vineyards Survey, 1998.

CHARDONNAY UNDER-PERFORMANCE

Chardonnay grape growers were asked if their Chardonnay had under-performed relative to their yield expectations for season 1998. Of the 2,467 growers of Chardonnay, 691 reported losses from under-performance, with 36% citing weather conditions as a reason for the loss.

ESTABLISHMENTS REPORTING CHARDONNAY UNDER-PERFORMANCE—Season 1998

	NSW	*Vic.*	*Qld*	*SA*	*WA*	*Tas.*	*Aust.(a)*
Estimated losses							
1–10 %	39	43	1	54	6	3	146
11–25 %	60	65	3	101	18	10	257
26–50 %	60	37	3	66	16	7	189
Greater than 50 %	22	34	6	14	19	4	99
Total	**181**	**179**	**13**	**235**	**59**	**24**	**691**
Reasons for losses							
Restricted spring growth	33	27	1	72	1	2	136
Australian Grapevine Yellows	5	20	1	12	—	—	38
Poor planting material	12	12	1	17	4	2	48
Other disease	6	7	1	8	5	3	30
Irrigation problems	21	19	4	21	4	3	72
Weather conditions	75	73	7	65	21	11	252
Other	28	31	6	44	24	6	139
Total(b)	**181**	**179**	**13**	**235**	**59**	**24**	**691**

(a) Excludes Australian Capital and Northern Territory.

(b) The components do not add to the total because of the occurrence of multiple reporting. That is, a respondent may report more than one reason for losses that have occurred.

Source: Unpublished data, Vineyards Survey, 1998.

DRIED GRAPE PRODUCTION

Total dried grape production increased by 29% in season 1998. Whilst production of Currants (including Carina) declined 17%, Raisins and Sultanas increased by 41% and 33% respectively on 1997 production figures.

PRODUCTION OF DRIED GRAPES(a)

Season	*Currants (incl. Carina)* '000 t	*Raisins* '000 t	*Sultanas* '000 t	*Total* '000 t
1996	4.4	2.1	48.2	54.6
1997r	2.9	1.7	25.3	29.9
1998p	2.4	2.4	33.6	38.3

(a) Dried weight.

Source: Unpublished data, Vineyards Survey, 1998.

PRINCIPAL GRAPE-PRODUCING REGIONS

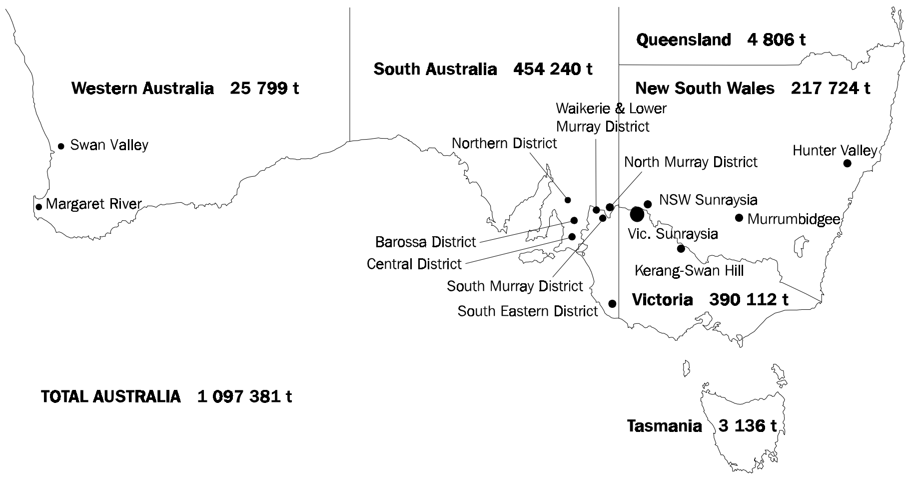
South Australia remains the principal red grape-growing State with 63% of total red grape production. In season 1998, South Australia produced 68% of the red grapes used for winemaking. The major South Australian regions for red wine grape production in season 1998 were the South Eastern District, Central District and North Murray District. South Australia also accounted for 43% of the total production of white grapes used for winemaking.

Victoria produced 44% of all white grapes harvested in 1998. The Victorian Sunraysia region was the largest producer of white wine grapes with 119,413 tonnes or 23% of total white wine grape production, followed by the New South Wales region of Murrumbidgee with 12%.

Victoria also produced 79% of the total grapes harvested for drying, and 64% of total table and other grape production, in 1998. Almost 47% of Victoria's production was used for dried and table and other grapes. The main regions producing drying and table and other grapes in Victoria were Sunraysia and Kerang–Swan Hill. Together with Sunraysia (New South Wales), these three regions made up 97% of total dry grape production and 76% of the total table and other grape production.

The regions with the largest areas of vines planted or grafted during season 1998 were the North Murray District in South Australia and the Sunraysia region of Victoria.

SELECTED GRAPE-PRODUCING REGIONS—1998p



Source: Unpublished data, Vineyards Survey, 1998.

AREA AND PRODUCTION OF RED AND WHITE GRAPES, By Principal Grape-Producing Regions—At Harvest 1998p

	AREA OF VINES	Not yet bearing (planted or grafted)				GRAPE PRODUCTION(a)			
	Bearing	*Prior to collection year*	*During collection year*	*Total*	*Intended plantings 1998 to 1999(b)*	*Wine-making*	*Drying*	*Table and other*	*Total*
	ha	ha	ha	ha	ha	t	t	t	t
NEW SOUTH WALES									
Murrumbidgee									
Total red grapes	2 142	689	514	3 345	608	29 421	—	15	29 436
Total white grapes	4 019	318	126	4 464	94	63 210	37	17	63 265
Total	*6 161*	*1 008*	*640*	*7 809*	*702*	*92 631*	*37*	*32*	*92 701*
Hunter Valley									
Total red grapes	928	39	81	1 048	30	4 350	—	6	4 355
Total white grapes	2 345	143	57	2 545	91	14 648	—	—	14 648
Total	*3 272*	*182*	*138*	*3 593*	*121*	*18 998*	—	*6*	*19 004*
Sunraysia (New South Wales)									
Total red grapes	681	156	441	1 277	286	6 417	1 073	2 413	9 903
Total white grapes	3 284	118	190	3 593	82	30 379	30 861	5 899	67 139
Total	*3 965*	*274*	*631*	*4 870*	*369*	*36 796*	*31 934*	*8 312*	*77 042*
Rest of New South Wales									
Total red grapes	1 630	508	810	2 948	464	9 812	—	1 088	10 900
Total white grapes	1 979	399	291	2 668	113	16 231	—	1 847	18 078
Total	*3 609*	*907*	*1 101*	*5 616*	*577*	*26 043*	—	*2 936*	*28 978*
Total New South Wales									
Total red grapes	5 380	1 392	1 846	8 618	1 388	49 999	1 073	3 523	54 595
Total white grapes	11 627	978	665	13 270	380	124 469	30 898	7 763	163 130
Total	*17 007*	*2 371*	*2 510*	*21 887*	*1 768*	*174 468*	*31 971*	*11 286*	*217 724*
VICTORIA									
Sunraysia (Victoria)									
Total red grapes	1 917	583	871	3 371	740	19 163	5 303	5 189	29 655
Total white grapes	10 960	497	331	11 789	213	119 413	117 041	12 035	248 489
Total	*12 877*	*1 080*	*1 203*	*15 160*	*954*	*138 576*	*122 344*	*17 224*	*278 144*
Kerang–Swan Hill									
Total red grapes	990	126	215	1 331	129	7 473	547	6 353	14 372
Total white grapes	3 221	106	90	3 416	52	27 268	16 136	18 535	61 939
Total	*4 211*	*232*	*305*	*4 747*	*181*	*34 740*	*16 683*	*24 888*	*76 311*
Rest of Victoria									
Total red grapes	2 613	661	462	3 736	603	18 648	4	181	18 833
Total white grapes	1 950	314	166	2 430	175	16 443	254	128	16 825
Total	*4 563*	*975*	*628*	*6 166*	*778*	*35 090*	*258*	*309*	*35 657*
Total Victoria									
Total red grapes	5 519	1 370	1 548	8 437	1 472	45 283	5 854	11 722	62 859
Total white grapes	16 131	917	587	17 635	440	163 123	133 431	30 699	327 253
Total	*21 651*	*2 287*	*2 135*	*26 072*	*1 913*	*208 406*	*139 285*	*42 421*	*390 112*

(a) Fresh weight.

(b) Planted or grafted after 1998 vintage but prior to 1999 vintage.

Source: Unpublished data, Vineyards Survey, 1998.

AREA AND PRODUCTION OF RED AND WHITE GRAPES, By Principal Grape-Producing Regions—At Harvest 1998p *continued*

	AREA OF VINES	Not yet bearing (planted or grafted)				GRAPE PRODUCTION(a)			
	Bearing	*Prior to collection year*	*During collection year*	*Total*	*Intended plantings 1998 to 1999(b)*	*Wine-making*	*Drying*	*Table and other*	*Total*
	ha	ha	ha	ha	ha	t	t	t	t
QUEENSLAND									
Total Queensland									
Total red grapes	638	60	50	749	34	367	—	2 403	2 770
Total white grapes	402	139	115	656	63	326	—	1 711	2 037
Total	*1 041*	*199*	*165*	*1 405*	*97*	*693*	—	*4 113*	*4 806*
SOUTH AUSTRALIA									
Central District									
Total red grapes	3 824	626	738	5 188	701	43 855	—	25	43 880
Total white grapes	1 737	182	132	2 051	85	24 535	10	—	24 546
Total	*5 561*	*808*	*870*	*7 238*	*786*	*68 390*	*10*	*25*	*68 425*
Barossa District									
Total red grapes	3 486	337	453	4 276	564	34 315	2	—	34 317
Total white grapes	2 881	135	119	3 134	31	33 082	—	10	33 092
Total	*6 367*	*472*	*572*	*7 410*	*595*	*67 396*	*2*	*10*	*67 408*
Waikerie and Lower Murray District									
Total red grapes	1 919	439	360	2 719	459	26 787	389	58	27 234
Total white grapes	2 255	158	111	2 525	39	43 259	450	126	43 834
Total	*4 175*	*598*	*471*	*5 244*	*498*	*70 046*	*839*	*184*	*71 068*
North Murray District									
Total red grapes	2 744	560	1 094	4 397	1 137	41 387	849	428	42 664
Total white grapes	3 121	155	146	3 422	117	60 584	919	1 166	62 668
Total	*5 865*	*714*	*1 240*	*7 820*	*1 254*	*101 970*	*1 768*	*1 594*	*105 332*
South Murray District									
Total red grapes	2 418	152	248	2 818	398	20 488	204	200	20 892
Total white grapes	1 700	85	41	1 826	49	34 337	267	479	35 082
Total	*4 118*	*237*	*289*	*4 644*	*448*	*54 824*	*471*	*679*	*55 974*
Northern District									
Total red grapes	1 145	195	542	1 881	717	8 984	29	—	9 013
Total white grapes	1 051	66	115	1 231	59	9 772	—	68	9 840
Total	*2 195*	*261*	*657*	*3 113*	*776*	*18 756*	*29*	*68*	*18 853*
South Eastern District									
Total red grapes	4 598	889	683	6 170	796	45 975	—	—	45 975
Total white grapes	2 135	126	17	2 278	18	21 203	—	—	21 203
Total	*6 733*	*1 014*	*700*	*8 448*	*814*	*67 179*	—	—	*67 179*
Total South Australia									
Total red grapes	20 133	3 198	4 118	27 449	4 773	221 790	1 474	711	223 975
Total white grapes	14 880	906	681	16 467	398	226 771	1 646	1 848	230 265
Total	*35 013*	*4 104*	*4 799*	*43 916*	*5 171*	*448 561*	*3 120*	*2 560*	*454 240*

(a) Fresh weight.

(b) Planted or grafted after 1998 vintage but prior to 1999 vintage.

Source: Unpublished data, Vineyards Survey, 1998.

AREA AND PRODUCTION OF RED AND WHITE GRAPES, By Principal Grape-Producing Regions—At Harvest 1998p *continued*

	AREA OF VINES					GRAPE PRODUCTION(a)			
		Not yet bearing (planted or grafted)							
	Bearing	*Prior to collection year*	*During collection year*	*Total*	*Intended plantings 1998 to 1999(b)*	*Wine-making*	*Drying*	*Table and other*	*Total*
	ha	ha	ha	ha	ha	t	t	t	t
					WESTERN AUSTRALIA				
Swan Shire									
Total red grapes	321	15	14	351	6	958	337	1 390	2 684
Total white grapes	373	20	7	399	2	2 563	57	1 518	4 138
Total	*694*	*35*	*21*	*750*	*9*	*3 520*	*394*	*2 908*	*6 822*
Margaret River									
Total red grapes	418	110	160	687	147	2 469	—	225	2 694
Total white grapes	658	117	81	857	45	4 657	—	2	4 659
Total	*1 076*	*227*	*241*	*1 544*	*192*	*7 126*	—	*227*	*7 354*
Rest of Western Australia									
Total red grapes	842	109	151	1 102	225	4 122	543	859	5 525
Total white grapes	900	89	105	1 094	81	5 972	52	75	6 099
Total	*1 742*	*199*	*256*	*2 196*	*305*	*10 094*	*595*	*935*	*11 624*
Total Western Australia									
Total red grapes	1 581	235	325	2 140	378	7 549	880	2 474	10 903
Total white grapes	1 931	226	193	2 350	127	13 192	109	1 595	14 896
Total	*3 511*	*461*	*518*	*4 490*	*506*	*20 741*	*989*	*4 070*	*25 799*
					TASMANIA				
Total Tasmania									
Total red grapes	184	43	18	244	13	1 589	—	—	1 589
Total white grapes	196	68	28	292	8	1 546	—	—	1 546
Total	*379*	*111*	*45*	*535*	*21*	*3 136*	—	—	*3 136*
					AUSTRALIA				
Total Australia(c)									
Total red grapes	33 472	6 298	7 905	47 675	8 060	326 611	9 281	21 474	357 367
Total white grapes	45 238	3 235	2 292	50 764	1 448	529 463	166 083	44 468	740 014
Total	**78 709**	**9 533**	**10 196**	**98 439**	**9 508**	**856 074**	**175 364**	**65 943**	**1 097 381**

(a) Fresh weight.

(b) Planted or grafted after 1998 vintage but prior to 1999 vintage.

(c) Includes Australian Capital Territory and Northern Territory.

Source: Unpublished data, Vineyards Survey, 1998.

CHAPTER 3 STRUCTURE OF THE WINE MANUFACTURING INDUSTRY

NUMBER AND SIZE OF WINERIES

Wine industry commentators estimate there are around 900 wineries manufacturing, blending or selling wine in Australia. Many of these are very small establishments which do not crush grapes and have their wine made elsewhere. Those that do crush grapes range in size from small family businesses without employees, producing a few thousand litres of wine, to large corporations producing around one hundred million litres.

For the 1998 vintage there were 267 locations around Australia which crushed 50 tonnes or more of grapes, owned by 224 winemaking businesses. While all States crushed some grapes, just on one-third of all locations are in South Australia and these account for almost one-half of the Australian wine grape crush.

SIZE OF GRAPE CRUSH AND NUMBER OF WINE-PRODUCING LOCATIONS—1997–98

	NSW	*Vic.*	*Qld*	*SA*	*WA*	*Tas.*	*Aust.*
Grapes crushed ('000 t)	308.4	157.8	—	484.6	22.2	2.5	975.7
Proportion (%)	32	16	—	50	2	—	100
Locations crushing							
50–400 t (no.)	22	42	3	26	37	6	136
More than 400 t (no.)	30	25	—	62	13	1	131
Total locations (no.)	*52*	*67*	*3*	*88*	*50*	*7*	*267*
Proportion (%)	19	25	1	33	19	3	100

Source: Unpublished data, Wine Statistics Survey, 1997–98; unpublished data, Wine and Spirit Production Survey, 1997–98.

The following table gives details of the 224 winemaking businesses that crush 50 tonnes or more of grapes. It shows that these businesses are diverse in size with the 92 smallest crushing just over 1% of all grapes, averaging about 108 tonnes each, and the 10 largest crushing 68% of all grapes and averaging about 66,500 tonnes each.

WINEMAKERS, Size of Production—1997–98

Size	*Winemakers*	*Grapes crushed*	*Beverage wine produced*
tonnes crushed	no.	t	'000 L
50–99	49	3 619	n.a.
100–149	23	2 876	n.a.
150–199	20	3 429	n.a.
200–400	39	11 420	n.a.
401–1 000	35	23 720	17 168
1 001–3 000	20	35 525	23 482
3 001–5 000	10	37 445	22 676
5 001–10 000	10	72 233	40 839
10 001–20 000	8	120 448	87 693
20 001 or more	10	664 954	488 381
Total	**224**	**975 669**	**(a)695 239**

(a) Includes production from those crushing less than 400 tonnes. This is estimated to be 15 million litres.

Source: Unpublished data, Wine Statistics Survey, 1997–98; unpublished data, Wine and Spirit Production Survey, 1997–98.

MANUFACTURING OPERATIONS

An alternative view of the wine manufacturing industry is available from the annual manufacturing industry collection which covers establishments mainly engaged in the manufacturing or blending of wine which had some employment at 30 June.

At 30 June 1997 the wine manufacturing industry employed 6,970 persons and had a total turnover of $2,269.7 million. These data do not include very small winemaking businesses run by sole proprietors and partnerships which do not employ other staff.

The tables below show details from the 1996–97 collection.

WINE MANUFACTURING ESTABLISHMENTS—1996–97p

Employment size group	*Employment at end of June*	*Wages and salaries*	*Turnover*	*Industry gross product*
	no.	$'000	$'000	$'000
Less than 5 persons	256	5 265	40 780.0	14 944.0
5–19 persons	829	17 885	177 934.0	63 858.0
20–99 persons	2 241	58 811	494 244.0	153 189.0
100 or more persons	3 645	122 388	1 556 721.0	536 443.0
Total	**6 970**	**204 349**	**2 269 681.0**	**768 434.0**

Source: Unpublished data, Manufacturing Industry Survey, 1996–97.

MANUFACTURING OPERATIONS *continued*

South Australia accounted for 45% of total employment in the wine manufacturing industry, 51% of total wages and salaries, 56% of total turnover and 57% of the industry gross product. Victoria employed a slightly higher proportion of people in the industry (22%) and accounted for more turnover compared with New South Wales, (21% and 18% respectively). Victoria also contributed 25% of the total industry gross product, more than double that of New South Wales (12%).

WINE MANUFACTURING ESTABLISHMENTS—1996–97p

	Employment at end of June	*Wages and salaries*	*Turnover*	*Industry gross product*
	no.	$'000	$'000	$'000
New South Wales	1 479	42 257	402 445	94 143
Victoria	1 535	41 670	477 151	192 221
Queensland	32	573	2 110	670
South Australia	3 160	103 897	1 269 732	440 676
Western Australia	738	15 551	116 448	40 018
Tasmania	n.p.	n.p.	n.p.	n.p.
Australian Capital Territory	n.p.	n.p.	n.p.	n.p.
Australia	**6 970**	**204 349**	**2 269 681**	**768 434**

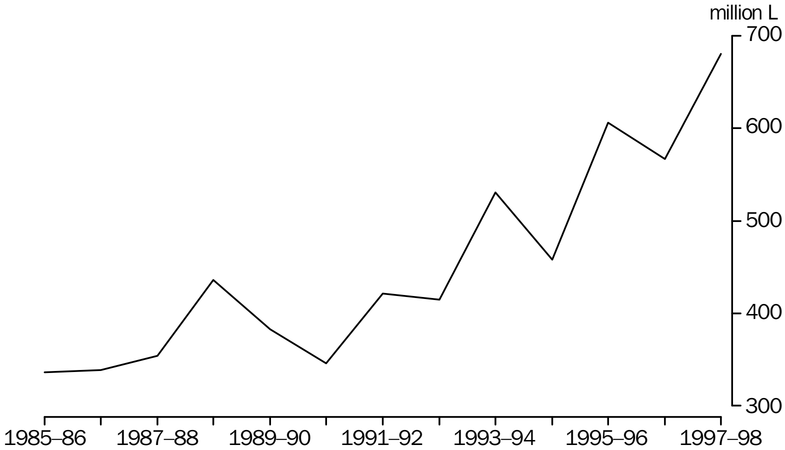
Source: Unpublished data, Manufacturing Industry Survey, 1996–97.

CHAPTER 4 # WINE PRODUCTION AND MATERIALS USED .

PRODUCTION

Detailed wine production data are collected from Australian winemakers who crush more than 400 tonnes. They reported a record 680.2 million litres of beverage wine production in 1997–98, up 20% on 1996–97 and up 12% on the previous record volume of 606.1 million litres in 1995–96. Unfortified wine production accounted for most of this increase, up 21% to 651.3 million litres. Production of fortified wine increased by 1% to 28.9 million litres. Fortified wine fell from a 5% share of total beverage wine production in 1996–97 to the current 4%.

BEVERAGE WINE PRODUCTION



Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

Production of distillation wine increased to 61.3 million litres in 1997–98, up 21% on last year but still down 9% on the record production level of 67.3 million litres in 1995–96.

WINE PRODUCTION

Type	*1993–94* '000 L	*1994–95* '000 L	*1995–96* '000 L	*1996–97* '000 L	*1997–98* '000 L
Beverage wine					
Fortified(a)	30 458	25 399	28 874	28 656	28 947
Unfortified	500 076	433 005	577 272	538 123	651 291
Total	*530 534*	*458 404*	*606 146*	*566 779*	*680 239*
Distillation wine(b)	*56 842*	*44 393*	*67 299*	*50 601*	*61 309*
Gross total wine	**587 377**	**502 796**	**673 445**	**617 379**	**741 547**
Net total wine(c)	582 213	498 381	668 087	612 906	736 850

(a) Relates only to production from unfortified wine of the same vintage.

(b) For manufacturing brandy and grape spirit. Includes wine obtained from marc.

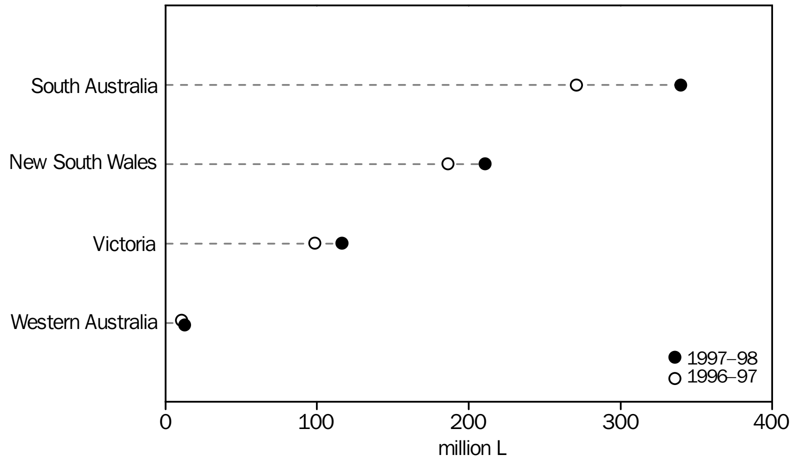
(c) Excludes grape spirit used for fortifying (assumes 95.6% alcohol by volume).

Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

STATE PRODUCTION

Beverage wine production in 1997–98 increased in all States with the three major wine-producing States accounting for 98% of the increase in production. The production of wine in South Australia increased by 25% (or 68.4 million litres), in New South Wales by 13% (24.6 million litres) and in Victoria by 18% (17.6 million litres). The larger Western Australian winemakers also increased their wine production by 20% to 12.7 million litres while the Tasmanian contribution reached 1.0 million litres. The additional contribution of the smaller winemakers in these last two States is also significant—see the next section on grapes crushed.

BEVERAGE WINE PRODUCTION, By State



Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

Production of fortified wine increased by 1% in 1997–98 to 28.9 million litres. The only States to record an increase in fortified production were South Australia (up 8%) and Western Australia (up 110% on a low base). New South Wales fell 8% to 6.0 million litres and Victoria fell 11% to 4.4 million litres. South Australia produced 64% of the total fortified wine with 18.5 million litres.

WINE PRODUCTION—1997–98

Type	*SA* '000 L	*NSW* '000 L	*Vic.* '000 L	*WA* '000 L	*Tas.* '000 L	*Aust.* '000 L
Beverage wine						
Fortified(a)	18 521	6 017	4 379	30	—	28 947
Unfortified	320 996	204 673	111 904	12 692	1 027	651 291
Total	*339 516*	*210 690*	*116 283*	*12 722*	*1 027*	*680 239*
Distillation wine(b)	*44 073*	*9 696*	*7 540*	—	—	*61 309*
Gross total wine	**383 589**	**220 386**	**123 823**	**12 722**	**1 027**	**741 547**
Net total wine(c)	380 845	219 309	122 954	12 717	1 027	736 850

(a) Relates only to production from unfortified wine of the same vintage.

(b) For manufacturing brandy and grape spirit. Includes wine obtained from marc.

(c) Excludes grape spirit used for fortifying (assumes 95.6% alcohol by volume).

Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

GRAPES CRUSHED

In 1997–98 there was a record 975,669 tonnes of grapes crushed by winemakers crushing 50 tonnes or more, an increase of 22% or 177,677 tonnes on 1996–97 and up 10% on the previous record crush in 1995–96. The larger winemakers (crushing more than 400 tonnes of fresh grapes) contributed 98% or 954,325 tonnes to the 1997–98 total.

FRESH GRAPES CRUSHED(a)

(a) By winemakers crushing 50 tonnes or more.

Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

With the exception of Queensland, which recorded a fall of 26%, all States recorded an increase in grapes crushed. South Australian wineries recorded an increase of 24% in grapes crushed and were responsible for nearly half of all grapes crushed in Australia. Grapes crushed in New South Wales, Victoria and Western Australia increased by 17%, 13% and 23% respectively on their 1996–97 crush. Except for Queensland, the total crush in all States was a record.

The increase in the total crush for 1997–98 was spread between both red and white varieties. Red grapes crushed increased by 36% on 1996–97 and represented 37% of the total crush. The tonnage of white grapes crushed increased by 15% and represented 63% of the total crush . The larger winemakers (those crushing more than 400 tonnes) reflected these proportions, while the smaller winemakers (crushing between 50 and 400 tonnes) crushed slightly more red grapes (55%) than white (45%). The smaller winemakers recorded an increase of 13% in red grapes crushed and 6% in white grapes crushed.

In using data on quantities of grapes processed and quantities of wine made by States shown in this chapter it should be noted that there is interstate movement of unfermented grape juice. As no reliable information is available on this movement, data should be used with some caution. Data presented here are based on State of production as reported by winemakers.

GRAPE CRUSH(a)

Fresh grapes crushed by	*1995–96*	*1996–97*	1997–98 *Red*	*White*	*Total*
	t	t	t	t	t
Winemakers crushing more than 400 tonnes					
South Australia	424 971	382 974	226 236	253 387	479 623
New South Wales	278 857	260 938	75 465	229 376	304 841
Victoria	144 608	119 898	42 071	108 716	150 787
Western Australia	13 256	14 267	5 528	11 940	17 468
Tasmania	1 166	485	715	891	1 606
Australia	*862 858*	*778 562*	*350 015*	*604 310*	*954 325*
Winemakers crushing 50 to 400 tonnes					
South Australia	7 182	6 301	3 672	1 260	4 932
New South Wales	3 146	3 603	1 489	2 084	3 573
Victoria	4 843	4 694	4 052	2 938	6 990
Western Australia	4 635	3 784	2 014	2 693	4 707
Tasmania	n.p.	772	494	444	938
Queensland	n.p.	276	97	107	204
Australia	*20 460*	*19 430*	*11 818*	*9 526*	*21 344*
Total of winemakers crushing 50 tonnes or more					
South Australia	432 153	389 275	229 908	254 647	484 555
New South Wales	282 003	264 541	76 954	231 460	308 414
Victoria	149 451	124 592	46 123	111 654	157 777
Western Australia	17 891	18 051	7 542	14 633	22 175
Tasmania	n.p.	1 257	1 209	1 335	2 544
Queensland	n.p.	276	97	107	204
Australia	**883 318**	**797 992**	**361 833**	**613 836**	**975 669**

(a) Grape crush data are greater than wine grape production data in chapter 2 (see paragraph 4 of the Explanatory Notes).

Source: Unpublished data, Wine Statistics Survey, 1997–98; unpublished data, Wine and Spirit Production Survey, 1997–98.

GRAPE SPIRIT USE

The grape spirit used in fortifying current vintage wine increased by 5% to 4.5 million litres of alcohol in 1997–98 with only New South Wales recording a decrease.

GRAPE SPIRIT USED IN CURRENT VINTAGE WINE

	1993–94	*1994–95*	*1995–96*	*1996–97*	*1997–98*
	'000 L al	'000 L al	'000 L al	'000 L al	'000 L al
South Australia	2 979	2 215	2 842	2 302	2 624
New South Wales	1 462	984	1 405	1 152	1 030
Victoria	492	1 021	873	821	832
Other States	2	1	2	2	5
Australia	**4 936**	**4 221**	**5 122**	**4 277**	**4 490**

Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

CHAPTER 5 REGIONAL SUMMARY

BACKGROUND

Over 40 major winemaking areas have been identified in Australia. Many contain small or boutique wineries. While grape-growing data are available for smaller areas (vines are cultivated in more than 250 local government areas across Australia) the following table contains details of regions for which comprehensive statistical information is available.

Regions may obtain some of their grape supply from outside their area. For example, grapes crushed by Barossa Valley wineries may also be sourced from the South Australian Riverland, while some New South Wales wineries may also source from Victorian Sunraysia and the South Australian Riverland.

The top two wine regions in terms of volume of wine produced continue to be the Barossa and Riverland regions in South Australia.

REGIONAL VITICULTURE AND WINE PRODUCTION—1997–98

	AREA OF VINES AT HARVESTp		GRAPE PRODUCTIONp			
	Bearing	Not yet bearing	Winemaking	Other	Grapes crushed(a)	Beverage wine production(a)
Region	ha	ha	t	t	t	'000 L
Central District	5 561	1 678	68 390	35	59 505	38 030
Barossa District	6 367	1 044	67 396	12	153 276	144 610
Riverland	14 158	3 549	226 840	5 535	199 495	113 320
Northern District	2 195	918	18 756	97	14 589	9 101
South Eastern District	6 733	1 714	67 179	—	52 758	34 454
Total South Australia	*35 013*	*8 903*	*448 561*	*5 680*	*479 623*	*339 516*
Murrumbidgee	6 161	1 648	92 631	69	140 930	102 876
Hunter Valley	3 272	320	18 998	6		
Sunraysia (NSW)	3 965	905	36 796	40 246	163 911	107 814
Rest of New South Wales	3 609	2 008	26 043	2 936		
Total New South Wales	*17 007*	*4 881*	*174 468*	*43 257*	*304 841*	*210 690*
Sunraysia (Vic.)	12 877	2 283	138 576	139 568	n.p.	n.p.
Kerang–Swan Hill	4 211	537	34 740	41 571	n.p.	n.p.
Rest of Victoria	4 563	1 603	35 090	567	n.p.	n.p.
Total Victoria	*21 651*	*4 422*	*208 406*	*181 706*	*150 787*	*116 283*
Swan Shire	694	56	3 520	3 302	n.p.	n.p.
Margaret River	1 076	468	7 126	227	n.p.	n.p.
Rest of Western Australia	1 742	455	10 094	1 530	n.p.	n.p.
Total Western Australia	*3 511*	*979*	*20 741*	*5 059*	*17 468*	*12 722*
Total Queensland	*1 041*	*364*	*693*	*4 113*	—	—
Total Tasmania	*379*	*156*	*3 136*	—	*1 606*	*1 027*
Total Australia(b)	**78 709**	**19 729**	**856 074**	**241 307**	**954 325**	**680 239**

(a) Winemakers crushing more than 400 tonnes.

(b) Totals for Area of vines and Grape production includes Australian Capital Territory and Northern Territory.

Source: Unpublished data, Wine and Spirit Production Survey, 1997–98; unpublished data, Vineyards Survey, 1998.

CHAPTER 6 WINE STOCKS

WINEMAKER STOCKS

Stocks of Australian beverage wine owned by winemakers at 30 June 1998 were a record 900.3 million litres, an increase of 10% or 84.7 million litres compared with stocks held at 30 June 1997. However not all the wine types recorded an increase with fortified wine down 1% and flavoured wine down 12%.

Stocks rose despite an increase in the total disposals of Australian wine (domestic sales plus export sales) in 1997–98 due to the record level of beverage wine production. However it should be noted that differences in collection methodologies make an exact reconciliation of production, sales and stocks impossible, see Explanatory Note 11.

STOCKS OF AUSTRALIAN WINE AND GRAPE JUICE HELD BY WINEMAKERS

	1994	*1995*	*1996(a)*	*1997*	*1998*
Stocks at 30 June	'000 L	'000 L	'000 L	'000 L	'000 L
Beverage wine					
Fortified					
Sherry	25 601	24 141	25 868	22 169	21 042
Port	55 132	53 768	51 613	49 953	49 031
Other(b)	6 276	5 715	5 536	7 703	9 256
Total	*87 009*	*83 623*	*83 017*	*79 824*	*79 329*
Sparkling wine(c)					
Bottle fermentation	59 860	58 335	62 403	60 730	63 466
Bulk fermentation	1 940	1 847	2 414	2 796	4 326
Total	*61 800*	*60 182*	*64 817*	*63 527*	*67 792*
Carbonated	1 051	n.p.	546	666	882
Flavoured(d)	2 189	2 583	2 694	2 078	1 829
Vermouth	561	n.p.	425	624	633
Table wine					
White	307 710	281 753	364 605	377 328	386 031
Red and rosé	196 385	211 933	266 177	291 511	363 803
Total	*504 095*	*493 685*	*630 782*	*668 839*	*749 834*
Total beverage wine	**656 706**	**642 459**	**782 281**	**815 558**	**900 299**
Distillation wine	427	753	674	550	664
Unfermented grape juice					
Unfermented grape juice	16 228	13 329	22 455	22 201	17 418
Concentrated must (single strength)	4 270	n.p.	5 168	3 634	5 692

(a) Break in series, stocks owned at 30 June. See paragraph 11 of the Explanatory Notes.

(b) Includes muscat, madeira, tokay and white port.

(c) Spritzig wines are included with table wines.

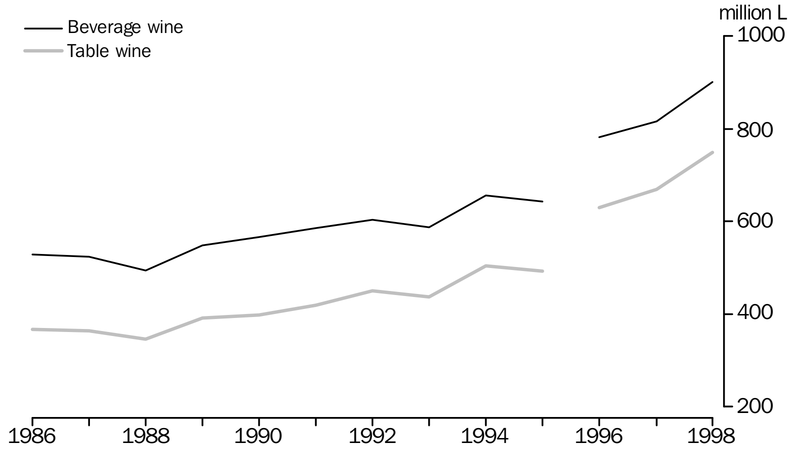
(d) Includes wine cocktails, marsala, aperitif and tonic wines.

Source: Unpublished data, Stocks of Australian Wine and Brandy Survey, 30 June 1998.

WINE TYPES

In 1998, 83% of all beverage wine stocks was table wine, 9% was fortified wine and 8% was sparkling wine.

STOCKS OF AUSTRALIAN WINE—At 30 June(a)

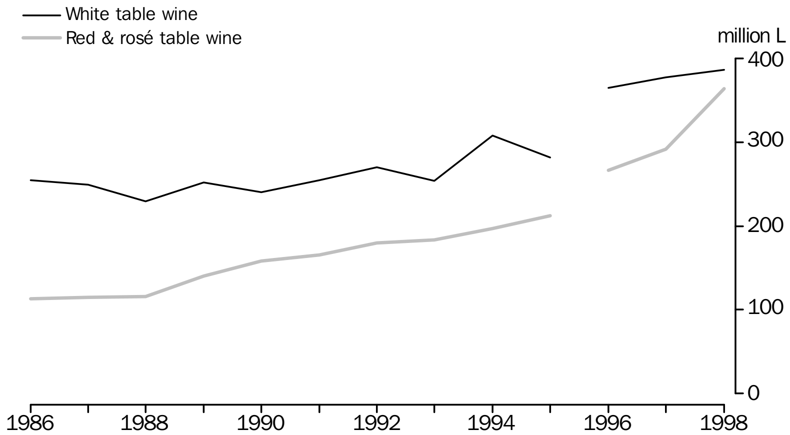


(a) Break in data indicates a break in series, new definition used in 1996. See paragraph 11 of the Explanatory Notes.

Source: Unpublished data, Stocks of Australian Wine and Brandy Survey, 30 June 1998.

Table wine stocks rose 12% to 749.8 million litres in 1998. Stocks of white table wine accounted for 51% and 49% was red and rosé wine. Total red and rosé wine stocks have continued to increase over the last few years while stocks of white wine have fluctuated.

STOCKS OF AUSTRALIAN TABLE WINE—At 30 June(a)



(a) Break in data indicates a break in series, new definition used in 1996. See paragraph 11 of the Explanatory Notes.

Source: Unpublished data, Stocks of Australian Wine and Brandy Survey, 30 June 1998.

Fortified wine stocks were 79.3 million litres, of which 62% was port and 27% was sherry. Despite the break in series in 1996, the general fall in the fortified wine stocks has been continuous since 1990.

Sparkling wine stocks rose 7% to 67.8 million litres with bottle fermentation representing 94% of the total.

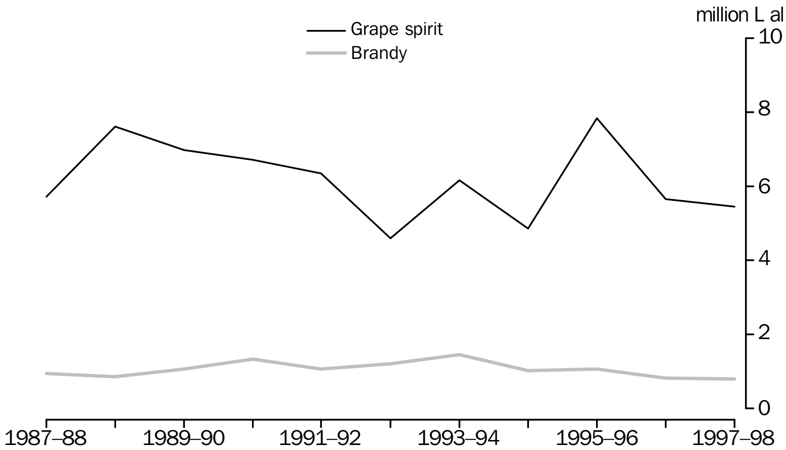
CHAPTER 7

BRANDY AND GRAPE SPIRIT

PRODUCTION

Production of Australian brandy remained steady at 0.8 million litres of alcohol in 1997–98. Grape spirit production recorded a 4% decrease to 5.4 million litres of alcohol. South Australia continued to be the main producer of brandy and grape spirit with 99% and 71 % respectively of the total Australian production.

BRANDY AND GRAPE SPIRIT PRODUCTION



Source: Unpublished data, Wine and Spirit Production Survey, 1997–98.

STOCKS

Total stocks of brandy and grape spirit increased 14% in 1997–98. Stocks of brandy in bond fell to 5.5 million litres of alcohol (down 2%) while rectified grape spirit and grape spirit unused increased 18% to 6.8 million litres of alcohol. However, spirit held in work in progress rose by 131% to 1.2 million litres of alcohol in 1997–98.

STOCKS OF AUSTRALIAN BRANDY AND GRAPE SPIRIT

Particulars at 30 June	*1994* '000 L al	*1995* '000 L al	*1996(a)* '000 L al	*1997* '000 L al	*1998* '000 L al
Brandy in bond by age					
Under 2 years	3 166	2 512	2 781	2 654	2 125
2 years and over	2 475	2 639	2 655	2 938	3 363
Total	*5 641*	*5 151*	*5 435*	*5 592*	*5 488*
Rectified grape spirit for fortifying wine and grape spirit unused	3 370	3 012	5 315	5 735	6 763
Spirit held in work in progress (feints and low wine)	812	685	788	538	1 245

(a) Break in series, new definition used in 1996. See paragraph 11 of the Explanatory Notes.

Source: Unpublished data, Stocks of Australian Wine and Brandy Survey, 30 June 1998.

BRANDY SALES

Domestic sales of Australian brandy continued to decline in 1997–98, down 1% on 1996–97 and extending an unbroken downward trend since 1980–81. Exports of Australian brandy are relatively small and tend to fluctuate from year to year. In 1997–98, 90% of these exports originated from South Australia while 8% originated from New South Wales.

The volume of imported brandy cleared for home consumption in Australia increased 5% in 1997–98. France was the source of 94% of brandy imports, similar to the proportions in previous years.

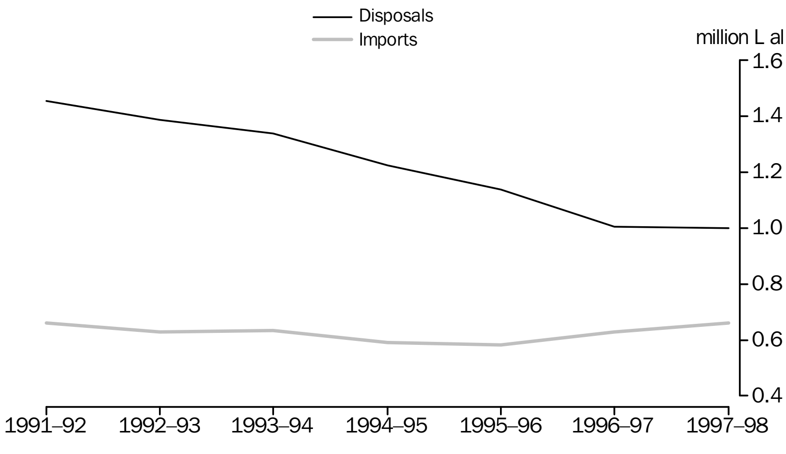
DOMESTIC SALES, Exports and Imports of Brandy

	1992–93	*1993–94*	*1994–95*	*1995–96*	*1996–97*	*1997–98*
	'000 L al	'000 L al	'000 L al	'000 L al	'000 L al	'000 L al
Australian brandy						
Domestic sales	1 312	1 301	1 188	1 113	987	974
Exports	73	36	36	24	17	26
Imported brandy	629	634	590	583	r628	661

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

Disposals of Australian brandy (domestic sales plus exports) have declined significantly (26%) from 1.4 million litres of alcohol in 1992–93 to 1.0 million litres of alcohol in 1997–98. Over the same period, imports of brandy rose by 5% with imports for 1997–98, being 0.7 million litres of alcohol.

IMPORTED BRANDY AND DISPOSALS OF AUSTRALIAN BRANDY



Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

SPIRIT SALES

Australia did not export any alcohol in grape spirit for 1997–98.

Imports of grape spirit for 1997–98 decreased by 5% to 10,314 litres of alcohol. The main country of origin was Turkey (40%).

SPECIAL ARTICLE—AUSTRALIA'S WINE BOOM: AN HISTORICAL PERSPECTIVE ....

INTRODUCTION

This article draws on a report from a new wine economics research project at the University of Adelaide's Centre for International Economic Studies. The authors have compiled a summary of their report and this is presented below. For further reading and detailed statistics see the full report: R. Osmond and K. Anderson, *Trends and Cycles in the Australian Wine Industry, 1850 to 2000*.

PRESENT SITUATION

During the past decade the land area in Australia devoted to grapevines has almost doubled and the real value of wine production has grown at more than 10% per year. Nearly one-third of annual wine sales are now in export markets, compared with just 2% or 3% in the decade to the mid-1980s when Australia was a net importer of wine. This is rightly being hailed as a remarkable success because the industry's current healthy state is a dramatic turnaround from the mid-1980s: as recently as 1985 the wine industry's prospects were considered so dire that a government-funded vine-pull compensation scheme was introduced to encourage grapegrowers to move to alternative crops.

The present export-oriented boom is showing no signs of slowing down. In fact it has accelerated in the latter 1990s. Yet this is an industry with a long history of fluctuating fortunes, which raises the obvious question of whether/when it is to be followed by yet another crash, at least in winegrape prices if not in wine production and exports.

The wine industry has been very bullish about its future. Others, aware of the boom-bust cycles of the past, are sceptical or at least still need to be convinced that this time the expanded demand is here to stay long enough for those associated with the expansion to recoup a return on their investments.

LESSONS FROM THE PAST

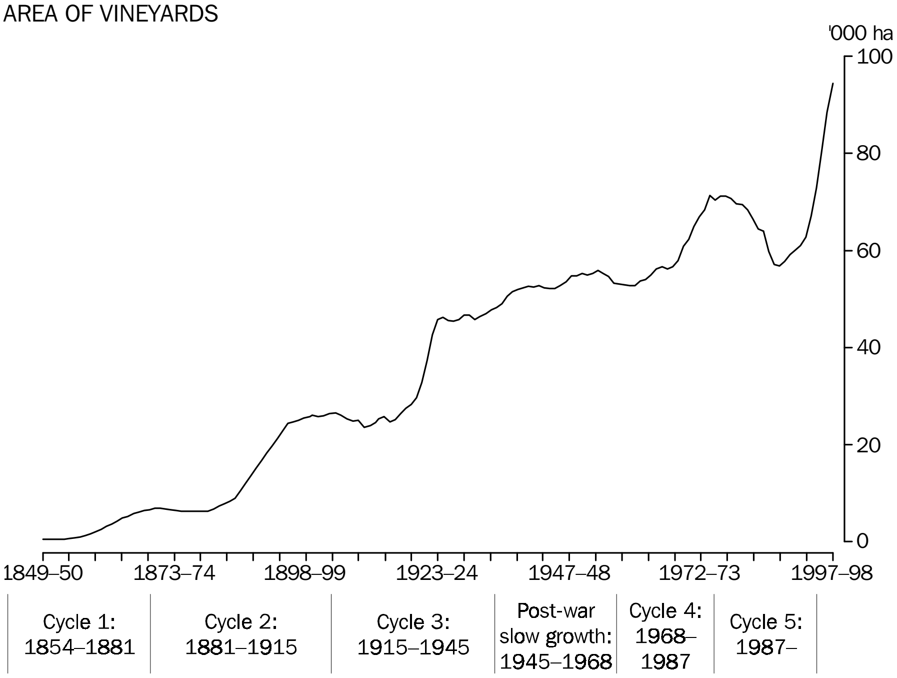
What lessons can we learn from the industry's history? This article examines the industry's long-run trends and its four previous cycles around those trends since 1850. It shows also the structural changes towards and then away from fortified wines in the middle half of this century and, more recently, the swings from red to white and back to red table wines and from non-premium to premium production and consumption. It then looks more closely at the rapid developments of the past decade, the industry's fifth major boom. Details of the growth in grape and wine production volumes, and in wine sales domestically and abroad, are documented. Data are shown separately for premium red, premium white and non-premium types—distinctions that turn out to be crucial in assessing the industry's future prospects. Projections to the turn of the century are then compared with the industry's targets for the year 2025. The article finishes with some tentative conclusions as to the industry's prospects, pending the next stage of the research project.

LESSONS *continued*

A key conclusion is that past history is both sobering and encouraging for those currently involved or contemplating investing in the industry. On the one hand, it is difficult not to be sobered by the past because, as is clear from the graph below and the table at the end of this article, each of the first four booms in the Australian wine industry finished with a plateau in vineyard area, and hence in winery output growth—periods when returns to grape growers and often also winemakers were depressed for years because of the extent of new plantings during the boom. Nor is this phenomenon unique to Australia. On the contrary, it has periodically been the case in grape and wine markets elsewhere in the world for at least two millennia. Surely Australia's current boom too will have to slow or plateau eventually.

Yet, on the other hand, history is also encouraging because it shows the current boom to have features that differ from those of earlier booms. Those differences suggest the present boom may go on for longer than previous ones.

AREA OF VINEYARDS



Source: Osmond & Anderson 1998.

FIRST CYCLE

The first boom, from the mid-1850s, was almost exclusively driven by domestic demand growth following the gold-rush induced trebling in Australia's non-Indigenous population in the 1850s. However, the wine produced from that excessive expansion was not able to be exported profitably, largely because of high duties on inter-colonial trade on the Australian continent plus poor marketing and high transport costs in exporting to the Old World. Hence returns slumped quite quickly in that first cycle.

SECOND CYCLE

The second boom, from the 1880s, was due to a mixture of domestic and export demand growth, the latter involving better marketing and lower transport costs for what were mostly generic bulk (rather than winery bottled and branded) dry red wine sales to a relatively open British market. The Old World absorbed one-sixth of Australia's production early this century, before the First World War intervened.

THIRD CYCLE

The acreage boom induced by soldier settlement after the First World War provided the basis for the next export boom, from the mid-1920s. That boom was helped by irrigation and land development subsidies, a fortified wine export subsidy, and a 50% imperial tariff preference in the British market for fortified wines. The decline in domestic consumption, induced by the export subsidy and the Depression, added to wine exports in the 1930s—which by then accounted for more than one-fifth of production. The subsequent removal of the export subsidy, and the huge hike in British tariffs on fortified wine in the latter 1940s, caused a severe decline in export orientation. As well, the return to normal beer consumption after war-induced grain rationing kept down domestic wine sales growth.

FOURTH CYCLE

The fourth boom, following two post-war decades of slow growth in the industry, was entirely domestic. It emerged as tastes became more European, as licensing and trade practice laws changed with income growth, as corporatisation of wineries led to more sophisticated domestic marketing and new innovations (including casks, or wine-in-a-box), and as Britain's wine import barriers rose again with its accession to the European Economic Community. These consumption changes are reflected in the dramatic changes in per capita production of wine and beer. Initially domestic demand grew for red wine. Then the cask attracted a new clientele of white wine drinkers, causing per capita consumption to more than treble during the fourth cycle.

FIFTH CYCLE

How does the fifth and latest boom, which began in the late 1980s, differ from the earlier booms? One difference is that it is overwhelmingly export-oriented. This contrasts with the first and fourth booms at least which were overwhelmingly domestic. It also differs from the inter-war boom which took on exports more as a way of disposing of soldier-settlement induced surplus production than as a pre-planned growth strategy.

Secondly, both the current and the previous boom were mainly market driven, which is not unlike the first two booms but contrasts markedly with the third (inter-war) boom: that third boom evaporated once government assistance measures were withdrawn. In the present boom the only form of assistance offered and hence able to be withdrawn is the tax incentive to expand plantings via the tax-reducing accelerated depreciation allowance for some vineyard construction costs.

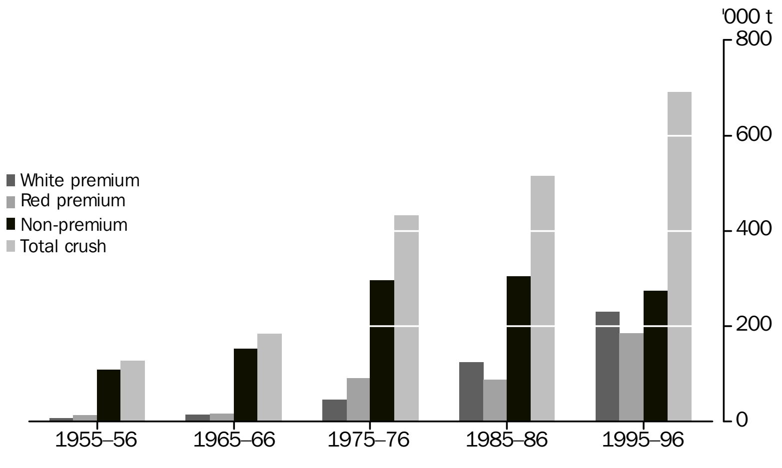
FIFTH CYCLE *continued*

Another major difference between now and the past is that the quality of wine output has improved vastly during the past decade. The graph below shows the rapid growth in the proportion of Australia's wine that is from premium winegrape varieties. Moreover, for the first time, the industry is in a position to build brand, regional, and varietal images abroad to capitalise on those improvements in the quality of its grapes and wines. That image building has been partly generic, with the help of the Australian Wine Bureau's activities in Europe; but increasingly, and especially since the late 1980s, it is coming also from the promotional activities of individual corporations and their local representatives abroad as those firms have become ever larger and more multinational via mergers and takeovers.

A fourth feature distinguishing the current situation is the health factor. An ever wider appreciation of the desirability of moderate over heavy drinking, and of the possible health benefits of a moderate intake of red wine, are ensuring that the consumer trend towards spending on quality rather than quantity of wine (and on wine in preference to beer and spirits) will continue for the foreseeable future.

And fifth, Australian wines are still exceptionally good value for money in Northern Hemisphere markets, despite the real price increases of the 1990s. The recent depreciation of the Australian dollar will allow that to continue for a while longer. Should other countries lower their tariff and non-tariff barriers to imports, Australia will be well poised to expand sales there. And with nearly half of Australia's wine exports going to the United Kingdom and another fifth to North America, plenty of scope exists for geographic market diversification through greater penetration of other high-income and rapidly industrialising countries.

WINEGRAPE CRUSH, By Variety Group(a)



(a) Three-year average around year shown except 1955–56 and 1965–66.

Source: Osmond & Anderson 1998.

These are all reasons to be optimistic about Australia's long-term future as a successful exporter of premium wines. However, there are some causes for concern.

CONCERNS ABROAD

One cloud is the current financial crisis in East Asia. While Australian wine exporters are only very slightly exposed to East Asian markets, and are in a very advantageous position vis-a-vis other wine-exporting countries to penetrate them once those economies recover, that increased penetration will be delayed by the crisis. In so far as it also lowers income growth rates in other parts of the world, it will dampen demand growth elsewhere as well. Yet wine exports to Japan have been growing rapidly in the past year or so despite the economic slowdown there.

Another cause for concern with developments abroad is the rapid expansion in plantings of premium grape varieties in numerous other countries in the past few years. California reportedly has doubled its area of premium grapes in the past five years, Chile and South Africa have been expanding and upgrading also, and in both East and West Europe attention is being focused increasingly on replacing non-premium varieties with better-quality ones. In Spain, that has been accompanied by the addition of irrigation for the first time to huge areas of winegrapes. Those trends, together with the continuing decline in (especially non-premium) wine consumption per capita in many traditional wine-drinking countries, will put downward pressure on export prices of Australian wine. They in turn will be reflected, in a proportionately amplified way, in declines in winegrape prices.

The prospect for such a downturn in winegrape prices is likely to be reinforced by another trend also. With both Europe and the New World seeking to expand their output of high-quality wine, individuals and firms with expertise in the Australian industry are being sought as consultants or joint venture partners. This is a part of the globalisation of the world wine industry that the international transport, information, and communications cost revolutions have generated. An important consequence is that Australia's grape producers will face increasing international competition because the wine industry's technological innovations and marketing skills are being transferred rapidly to other producing regions. Thus not only are wineries more easily able to import wine for blending with local product (as is happening in making cask wine, for example), but as well they are able to take some of their capital and skills in winemaking and marketing to other countries. These possibilities will help to keep profits of Australian-based multinational wine companies higher than they otherwise would be, but eventually will tend to put more downward pressure on the currently very high prices for winegrapes in Australia.

CONCERNS AT HOME

Some uncertainties at home also could affect the industry's future. Changes in the tax system are likely to be introduced soon. If that results in an increase in wine consumer taxes, it could push more Australian wine into international markets. It could also see a switch from an *ad valorem* to a specific or volumetric means of taxation. The latter would harm non-premium producers relative to premium producers, especially since Australia is not very competitive internationally in the non-premium market and so there is less of an option of exporting a tax-induced excess supply of cask-quality wine. There is also the possibility that the accelerated depreciation provision in the income tax law that has encouraged vineyard construction since 1993 might be withdrawn—although that would directly affect prospective investors rather than current producers.

CONCERNS AT HOME *continued*

Water-pricing reforms also are under active consideration, which will raise irrigation costs. However, since vines use relatively little irrigation water, grape growers may benefit relative to other agricultural producers from higher pricing of water.

SUMMARY

On balance, the wine industry's future looks very bright for the next few years at least. Beyond that, grape growers' returns will continue at high levels only if demand for Australian wines continues to grow more rapidly than supply. That each of the booms in vineyard area in the past has been followed by a long plateau and a large decline in grape prices is sobering. Yet the reasons as to why this present boom may be sustained for a longer than usual period are encouraging new investments to continue at a high level. A more precise assessment of export prospects requires better information on recent and intended plantings of premium grapes around the world, on the changing nature of consumer preferences in different parts of the globe, and on the extent to which government domestic taxes, subsidies and trade policies might change. With that information it would be possible to develop and use forward-looking economic simulation models for obtaining projections into the future. Of particular interest in such projections exercises would be the impact on returns to grape growers relative to winemakers. The former have enjoyed a rising share of the benefits of the current boom so far, but for how much longer? Should international prices of Australian wines fall, winemakers will inevitably pass the decline back to grape growers. Since the grape growers' share of the pre-tax wholesale price of wine is currently at the top end of the usual 20–30% range, the proportional decline in their returns could be considerable, perhaps as much as three times as large as any decline in wholesale wine prices. Potential investors in vineyards need to be aware of that risk, and to seek advice on the likely timing and magnitude of any downturn in prices of the various varieties of winegrapes.

SUMMARY OF BOOMS AND PLATEAUS IN AUSTRALIAN WINE INDUSTRY DEVELOPMENT

	Boom/plateau/ cycle number	Years	Increase in vine area	Increase in wine production	Increase in wine export volume	Share of wine production exported	Annual per capita consumption
		no.	% p.a.	% p.a.	% p.a.	%	L
1854–1871	1st boom	17	15.5	18.4	14.1	1.8	n.a.
1871–1881	1st plateau	10	–1.1	–0.6	–5.2	1.6	n.a.
1854–1881	1st cycle	27	8.4	10.7	8.2	1.7	n.a.
1881–1896	2nd boom	15	9.7	7.5	23.0	9.8	n.a.
1896–1915	2nd plateau	19	–0.1	–0.4	0.4	16.5	5.1
1881–1915	2nd cycle	34	3.9	3.3	8.7	14.4	n.a.
1915–1925	3rd boom	10	7.0	12.7	4.5	8.5	5.8
1925–1945	3rd plateau	20	0.9	0.1	–1.2	16.4	4.0
1915–1945	3rd cycle	30	2.4	3.6	4.9	14.9	4.7
1945–1968	Slow growth	23	0.2	2.1	0.2	5.4	6.2
1968–1975	4th boom	7	3.3	6.2	–1.4	2.7	10.9
1975–1987	4th plateau	12	–1.7	1.0	8.4	2.2	19.1
1968–1987	4th cycle	19	0.2	3.1	2.5	2.4	16.0
1987–1998	5th boom	14	4.6	5.3	18.8	17.9	21.0
1850–1998	. .	148	2.6	n.a.	n.a.	9.7	n.a.
1900–1998	. .	98	1.6	3.6	n.a.	9.8	n.a.
1950–1998		48	0.7	3.7	n.a.	9.1	n.a.

Source: Osmond & Anderson 1998.

CHAPTER 8 DOMESTIC WINE SALES ....

INTRODUCTION

Information on the volume of domestic sales of Australian-produced wine is obtained from approximately 50 winemaking enterprises which have annual sales of at least 250,000 litres of wine. These are estimated to account for around 95% of domestic sales of Australian-produced wine by all winemakers.

In recent years the volume of sales has been affected by increasing exports of Australian-produced wine and the use of imported wine to supplement domestic demand. These factors should be borne in mind when reading this chapter. An analysis taking international trade into account is contained in chapter 1.

WINE TYPES

In 1997–98 a record 338.8 million litres of Australian-produced wine was sold. This is an increase of 2% from the previous record of 333.6 million litres in 1996–97. Table wine had the largest volume of sales with 278.4 million litres, accounting for 82% of total wine sales, followed by sparkling wine with 31.1 million litres. Fortified wine accounted for 24.6 million litres of total wine sales.

DOMESTIC SALES OF AUSTRALIAN WINE BY WINEMAKERS

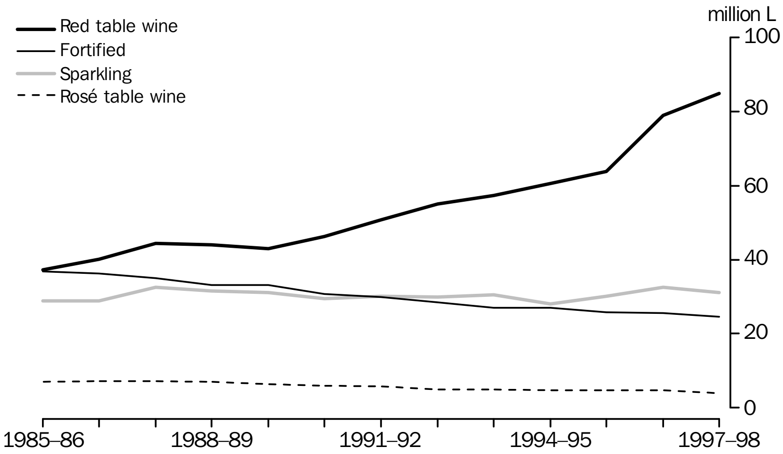
Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

WINE TYPES *continued*

Between 1985–86 and 1997–98 total wine sales have remained within the range of 300 million litres to 340 million litres. Movements in the types of wine sold demonstrate changes in consumer preferences over this time. In 1997–98 table wine sales achieved a record high of 278.4 million litres, an increase of 4% on the previous high of 268.8 million litres in 1996–97. This increase was largely due to the continued rise in the sales of red table wine in 1997–98 to a record 84.9 million litres, up 5.9 million litres on the previous financial year and more than double the quantity sold in 1985–86. White table wine sales rose by 2% over 1996–97, accounting for more than two-thirds of table wine sales. Sales of rosé continued a steady decline, falling 44% since 1985–86 to 4.0 million litres in 1997–98.

Between 1985–86 and 1997–98 sales of fortified wine and vermouth have decreased steadily, down 33% and 67% respectively. Sparkling wine sales fell by 5% from 32.6 million litres in 1996–97 to 31.1 million litres in 1997–98, however, this was 7% higher than for 1985–86. Of all sparkling wine sold in 1997–98, bottle fermentation accounted for 72% of sales.

DOMESTIC SALES OF AUSTRALIAN WINE BY WINEMAKERS, Selected Wine Type



Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

DOMESTIC SALES OF AUSTRALIAN WINE BY WINEMAKERS

	TABLE...........................				SPARKLING...........			
	White	*Red(a)*	*Rosé*	*Fortified*	*Bottle fermented*	*Bulk fermented*	*Other(a)*	*Total*
Period	million L	million L	million L	million L	million L	million L	million L	million L
1985–86	208.7	37.2	7.1	36.8	17.7	11.3	6.4	325.2
1986–87	210.8	40.1	7.2	36.2	20.6	8.2	6.7	329.8
1987–88	204.2	44.4	7.2	35.1	25.0	7.6	7.0	330.5
1988–89	186.7	44.0	7.1	33.3	25.3	6.3	n.p.	309.1
1989–90	180.4	43.0	6.5	33.1	25.6	5.6	6.3	300.6
1990–91	176.2	46.2	6.0	30.7	25.7	3.7	7.8	296.3
1991–92	190.2	50.8	5.7	29.9	25.4	4.7	8.1	314.8
1992–93	186.4	55.1	4.9	28.4	25.3	4.7	7.4	312.1
1993–94	192.5	57.4	4.9	27.0	26.3	4.2	7.2	319.5
1994–95	186.2	60.6	4.8	27.0	23.6	4.4	6.7	313.4
1995–96	178.7	63.9	4.7	25.9	22.9	7.2	6.2	309.5
1996–97	185.0	79.1	4.7	25.6	23.4	9.2	6.6	333.6
1997–98	189.5	84.9	4.0	24.6	22.3	8.8	4.7	338.8

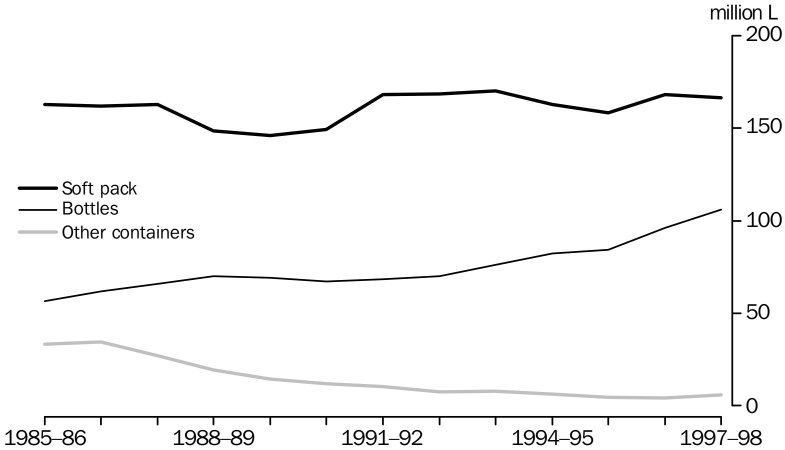
(a) Prior to 1997–98, data for 'other' wine includes some spritzig style wine which was mis-reported. It now appears in 'Red table wine'.

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

CONTAINER TYPE

In 1997–98, sales of table wine in glass containers 1 litre or less (mostly 750 ml bottles) increased to 106.1 million litres, from 96.4 million litres the previous year, a rise of 10%. Soft pack sales decreased to 166.6 million litres (down 1%). Table wine sold in glass containers over 1 litre and bulk containers increased 33% from 4.3 million litres to 5.8 million litres.

DOMESTIC SALES OF AUSTRALIAN TABLE WINE, Container Type



Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

The proportion of table wine sold in bottles remained at 38% in 1997–98, up from 22% in 1985–86. The proportion sold in soft pack fell slightly to 60%, down from 63% in 1996–97, while wine sold in other containers remained at 2%, compared with 13% in 1985–86.

DOMESTIC SALES OF AUSTRALIAN TABLE WINE, Container Type

	GLASS CONTAINERS 1 LITRE AND UNDER			SOFT PACK			OTHER CONTAINERS		
	White	*Red(a)*	*Rosé*	*White*	*Red*	*Rosé*	*White*	*Red*	*Rosé*
Period	million L	million L	million L	million L	million L	million L	million L	million L	million L
1985–86	38.9	16.8	1.0	140.8	16.9	5.2	29.1	3.4	0.9
1986–87	41.7	19.0	1.1	138.8	17.7	5.4	30.4	3.5	0.6
1987–88	42.6	22.1	1.1	138.2	19.0	5.6	23.4	3.2	0.5
1988–89	46.1	22.9	1.1	124.7	18.2	5.6	15.9	2.9	0.4
1989–90	45.5	22.9	1.0	122.8	18.2	5.3	12.2	1.9	0.3
1990–91	42.9	23.2	0.9	123.4	21.2	4.8	9.9	1.8	0.2
1991–92	43.5	24.0	0.8	138.1	25.2	4.8	8.6	1.5	0.2
1992–93	44.1	25.3	n.p.	135.9	28.7	4.1	6.4	1.1	n.p.
1993–94	48.1	27.6	0.6	137.8	28.4	4.2	6.6	1.4	0.1
1994–95	51.9	30.0	0.6	129.3	29.5	4.1	5.0	1.2	0.1
1995–96	50.6	33.2	0.5	124.4	30.0	4.1	3.8	0.7	0.1
1996–97	55.2	40.6	0.5	126.5	37.5	4.0	3.3	0.9	0.1
1997–98	59.4	46.3	0.4	125.3	37.9	3.4	4.9	0.8	0.1

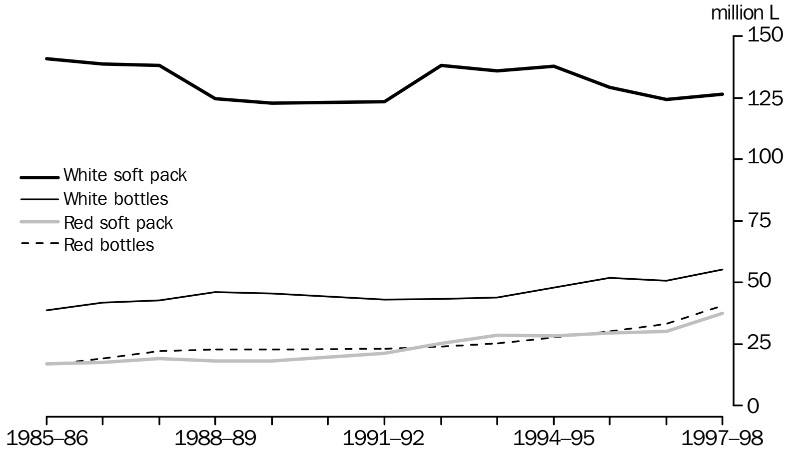
(a) Prior to 1997–98, non-table wine data includes some spritzig style wine which was mis-reported. It now appears in this category.

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

The volume of imported wines blended with Australian wine, largely in soft packs and flagons, is not included in these data.

Sales of red table wine increased over the period 1985–86 to 1997–98, which is reflected in the two main container type categories. Bottled red table wine sales increased by 29.5 million litres (176%) to 46.3 million litres while red wine soft pack sales rose by 21.0 million litres (124%) to 37.9 million litres. White wine sales over the same period also show an increase in bottled wine sales, rising 20.5 million litres (53%) to 59.4 million litres in 1997–98. However, white wine soft pack sales decreased by 15.5 million litres (11%). Sales of rosé continued to decline for all container types.

DOMESTIC SALES OF AUSTRALIAN RED AND WHITE TABLE WINE



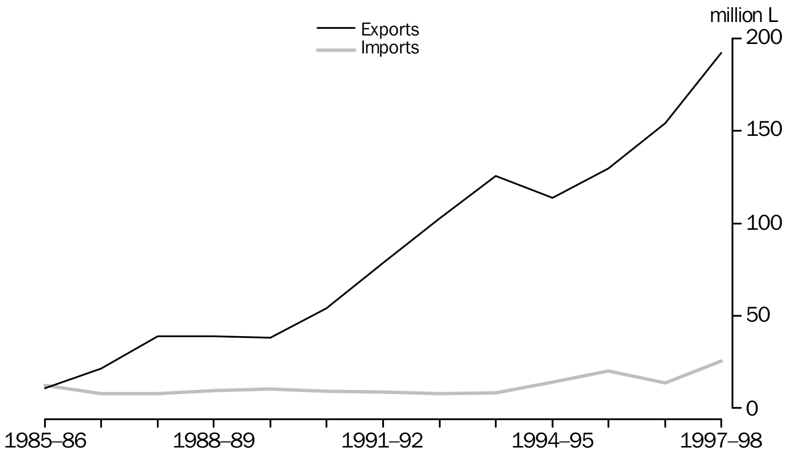
Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

CHAPTER 9 INTERNATIONAL TRADE

INTRODUCTION

In 1997–98 Australia exported a record 192.4 million litres of wine, valued at $873.7 million, continuing the strong growth in Australian wine exports since the mid-1980s. In 1985–86 the quantity of wine imported (12.4 million litres) was greater than the quantity of wine exported (10.8 million litres) but since then the trade balance has been in surplus. While domestic sales of Australian wine increased 1.6% since the previous financial year, the large volume of exports in 1997–98 also resulted in a large increase of imports to make up for the shortfall in domestic demand. Most of this increase in imports has been from Spain and was classified by customs as bulk table wine.

IMPORTS OF WINE AND EXPORTS OF AUSTRALIAN WINE



Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

EXPORTS OF WINE

The 192.4 million litres of wine exported in 1997–98 represented an increase of 25% on the previous record of 154.4 million litres exported in the previous year. The number of litres exported increased dramatically since 1986–87 when 21.3 million litres were exported. Five years later exports had more than doubled to 78.7 million litres and in the next five years doubled again to reach 154.4 million litres last year. The value of wine exported also continues to rise, reaching a record high of $873.7 million in 1997–98, up 45% on 1996–97. The average value of these exports was $4.54 per litre in 1997–98, up from $3.91 in 1996–97.

Table wine was the predominant type of wine exported in 1997–98 with 183.0 million litres or 95% of the total quantity. Sparkling wine exports remained steady at 6.1 million litres or 3% of the total quantity. There were 2.5 million litres of fortified wines exported in 1997–98. During the last five years the rise in Australian wine exported has been largely influenced by table wines which have increased from 116.7 million litres in 1993–94 to 183.0 million litres while fortified wines and sparkling wines have remained relatively static.

EXPORTS OF AUSTRALIAN WINE

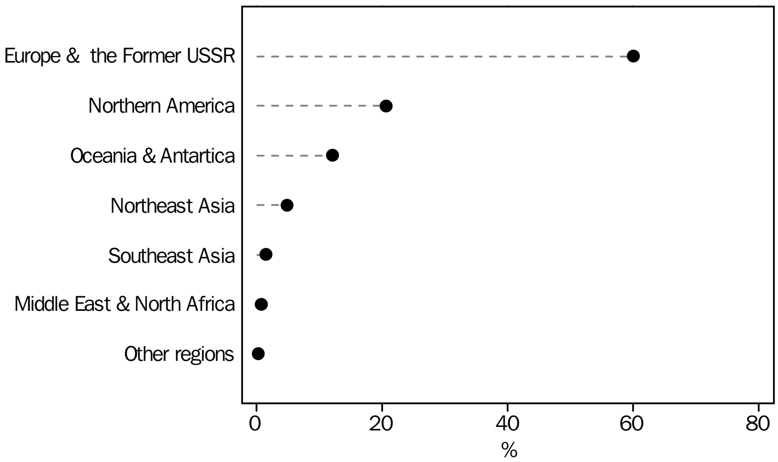
	WINE TYPE...............................				TOTAL WINE.......	
	Table	*Fortified*	*Sparkling*	*Other*	*Quantity*	*Value*
Period	'000 L	'000 L	'000 L	'000 L	'000 L	$'000
1985–86	9 227	894	433	287	10 842	20 541
1986–87	18 627	1 232	826	638	21 324	44 620
1987–88	35 022	1 411	1 603	1 088	39 124	96 157
1988–89	35 873	1 106	1 764	301	39 044	114 521
1989–90	32 095	1 936	2 074	2 015	38 120	121 248
1990–91	46 890	2 765	3 180	1 321	54 156	179 588
1991–92	71 752	2 384	3 904	639	78 679	243 526
1992–93	95 468	1 851	4 730	784	102 832	293 157
1993–94	116 655	2 873	5 042	893	125 464	366 574
1994–95	105 542	2 475	5 109	537	113 663	385 704
1995–96r	121 037	2 506	5 489	639	129 671	471 576
1996–97	144 892	2 490	6 046	966	154 393	603 297
1997–98	183 014	2 505	6 107	764	192 391	873 694

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

DESTINATION OF EXPORTS

The European Union is the major region for the export of Australian wine, taking 109.2 million litres valued at $476.5 million. This was 57% of the total quantity of wine exported in 1997–98 and 94% of the total for the Europe and the Former USSR region. Shares of other regions are Northern America 21%, Oceania and Antarctica 12%, Northeast Asia 5% and Southeast Asia with 1%.

DESTINATION OF AUSTRALIAN WINE EXPORTS—1997–98



Source: Unpublished data, International Trade database.

DESTINATION OF EXPORTS *continued*

The United Kingdom was the major country of destination of Australian wine with 89.8 million litres up 23% from last year and valued at $393.0 million, followed by the United States of America with 31.9 million litres valued at $201.6 million and New Zealand with 21.7 million litres valued at $50.7 million. Most of the other major export markets increased when compared with last year especially Japan which has become a significant market for Australian wine increasing from 2.6 million litres in 1996–97 to 5.3 million litres in 1997–98, with the value of Australian wine exported to Japan increasing from $12.1 million to $27.1 million.

The United Kingdom imported the largest quantity of both sparkling and fortified wines (58% and 36% of exports respectively).

EXPORTS OF AUSTRALIAN WINE, By Destination—1997–98

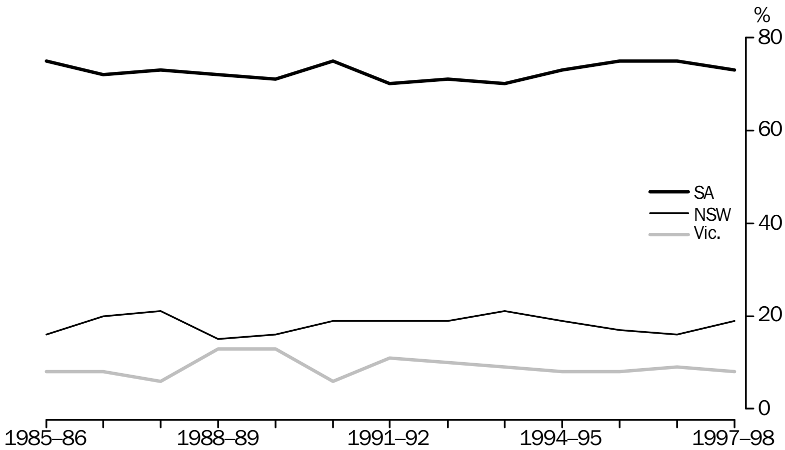
	WINE TYPE				TOTAL WINE	
	Table	*Fortified*	*Sparkling*	*Other*	*Quantity*	*Value*
Principal country/region	'000 L	'000 L	'000 L	'000 L	'000 L	$'000
New Zealand	20 596	290	696	97	21 678	50 695
Total Oceania & Antarctica	*22 076*	*344*	*856*	*106*	*23 382*	*56 709*
Denmark	2 380	—	1	—	2 381	10 177
Germany, Federal Republic of	3 408	1	34	3	3 445	15 216
Ireland	4 375	—	20	7	4 402	22 324
Sweden	3 439	—	156	—	3 596	12 403
United Kingdom	85 252	891	3 557	80	89 780	393 022
Total European Union	*104 359*	*896*	*3 825*	*117*	*109 197*	*476 546*
Norway	2 397	—	43	—	2 440	8 628
Switzerland	2 025	1	125	97	2 248	15 455
Total Europe and the Former USSR	*110 532*	*898*	*4 001*	*214*	*115 645*	*505 635*
Total Middle East and North Africa	*1 180*	*8*	*76*	*2*	*1 266*	*2 749*
Total Southeast Asia	*2 567*	*84*	*91*	*89*	*2 830*	*17 134*
Hong Kong	2 098	29	61	105	2 294	12 381
Japan	4 809	95	339	98	5 342	27 111
Total Northeast Asia	*8 373*	*159*	*450*	*262*	*9 244*	*50 629*
Canada	6 931	496	182	1	7 610	36 770
United States of America	30 939	492	415	85	31 932	201 617
Total Northern America	*37 887*	*989*	*597*	*86*	*39 559*	*238 508*
Total other regions	*400*	*24*	*36*	*6*	*466*	*2 331*
Total all countries	**183 014**	**2 505**	**6 107**	**764**	**192 391**	**873 694**

Source: Unpublished data, International Trade database.

STATE OF ORIGIN OF EXPORTS

South Australia was the predominant source of Australian wine exports, supplying 138.3 million litres (72%) with a value $564.0 million in 1997–98. New South Wales provided the second largest quantity of exports at 36.3 million litres (19%), with a value $177.8 million and Victoria contributed 16.7 million litres (9%), valued at $121.4 million. State shares of exports have varied little over the last 10 years. The average prices per litre of wine exported in 1997–98 were $4.08 for wine from South Australia, $4.90 for wine from New South Wales and $7.25 for wine from Victoria.

EXPORTS OF AUSTRALIAN WINE, By State of Origin(a)



(a) Proportion of total wine exports.

Source: Unpublished data, International Trade database.

EXPORTS OF AUSTRALIAN WINE, By State of Origin

Period	*NSW*	*Vic.*	*Qld*	*SA*	*WA*	*Tas.*	*NT & ACT*	*Aust.*
	'000 L	'000 L	'000 L	'000 L	'000 L	'000 L	'000 L	'000 L
1985–86	1 777	857	4	8 127	59	4	—	10 830
1986–87	4 194	1 211	1	15 842	75	—	—	21 323
1987–88	7 872	3 253	30	26 815	184	8	—	38 161
1988–89	5 870	5 081	2	27 990	100	1	—	39 044
1989–90	6 053	5 123	12	26 829	89	14	1	38 120
1990–91	10 088	3 387	10	40 487	194	11	20	54 197
1991–92	15 004	8 271	3	55 122	241	34	5	78 680
1992–93	19 225	10 481	51	72 605	445	20	5	102 832
1993–94	25 825	11 629	40	87 370	547	31	21	125 464
1994–95	21 480	8 600	3	82 823	724	31	2	113 663
1995–96	22 410	10 331	155	96 146	596	32	—	129 671
1996–97	r25 400	r13 548	149	r114 408	842	45	—	r154 393
1997–98								
Quantity	36 292	16 746	77	138 317	910	49	—	192 391
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Value	177 795	121 438	572	563 964	9 461	464	—	873 694

Source: Unpublished data, International Trade database.

IMPORTS OF WINE

Wine imports cleared for home consumption increased 89% in 1997–98 to reach a record 25.6 million litres with a value of $92.9 million. Table wine was largely responsible for this increase, rising from 10.1 million litres in 1996–97 to 21.4 million litres in 1997–98. The large increase in the number of litres imported into Australia can be attributed to the success of the Australian export market which has caused a shortfall in domestic supply which has been supplemented by importation from countries such as Spain. In previous years this shortfall has been supplied by various countries such as Chile and Argentina.

Although there has been a large increase in the number of litres imported in the past year the average price per litre has decreased from $4.89 in 1996–97 to $3.62 in 1997–98.

WINE IMPORTS CLEARED FOR HOME CONSUMPTION, By Wine Type

	WINE TYPE				TOTAL WINE	
	Table	*Fortified*	*Sparkling*	*Other*	*Quantity*	*Value*
Period	'000 L	'000 L	'000 L	'000 L	'000 L	$'000
1985–86	8 546	333	3 044	436	12 359	46 410
1986–87	5 106	205	1 967	389	7 667	37 585
1987–88	5 302	178	2 031	635	8 146	41 358
1988–89	6 086	311	2 264	1 076	9 737	46 871
1989–90	6 595	184	2 736	937	10 453	52 692
1990–91	5 604	191	2 285	919	8 999	46 779
1991–92	5 190	160	2 373	979	8 703	45 649
1992–93	4 833	106	2 346	546	7 832	46 984
1993–94	4 432	152	2 301	1 456	8 341	47 637
1994–95	9 398	272	3 065	1 322	14 057	61 057
1995–96	16 649	105	2 673	830	20 256	60 478
1996–97	r10 105	105	2 387	r993	r13 589	r66 503
1997–98	21 447	135	2 996	1 044	25 622	92 926

Source: Sales of Australian Wine and Brandy by Winemakers (Cat. no. 8504.0).

As mentioned in the previous paragraph imports of wine from Spain have shown a large rise during 1997–98, supplying 39% of the total quantity of imported wine although representing only 11% of the total value. Traditionally Italy has been the main contributor to Australian imports, however in 1997–98 it became the second largest source of imports (6.5 million litres or 26%) followed by France 2.9 million litres (11%). Although France is third in terms of volume it is ranked first in regard to value with imports of $34.4 million having an average price per litre $11.97. This is in contrast to Spain which is ranked first in volume but averages $1.01 per litre.

WINE IMPORTS CLEARED FOR HOME CONSUMPTION, By Country of Origin

	1995–96		1996–97		1997–98	
	Quantity	*Value*	*Quantity*	*Value*	*Quantity*	*Value*
	'000 L	$'000	'000 L	$'000	'000 L	$'000
Chile	3 649	3 246	820	1 826	565	1 652
France	2 649	20 543	2 093	28 101	2 875	34 400
Germany	424	1 695	419	1 580	443	1 473
Greece	318	646	467	867	377	786
Hungary	111	348	121	307	159	400
Italy	6 030	19 295	r5 655	r18 083	6 536	23 062
New Zealand	1 622	6 428	r1 843	r8 748	2 834	14 497
Portugal	594	2 105	565	2 137	527	2 263
South Africa	104	446	86	388	95	429
Spain	778	2 239	388	1 821	10 083	10 195
United States of America	1 338	1 746	125	r708	132	923
Other	2 640	1 741	1 007	1 937	996	2 846
Total	**20 256**	**60 478**	**13 589**	**66 503**	**25 622**	**92 926**

Source: Unpublished data, International Trade database.

FRESH AND DRIED GRAPES

Australia exported a record 27,183 tonnes of fresh grapes in 1997–98. This was up slightly on last year's total of 26,806 tonnes. The value of the fresh grapes exported was $52.5 million.

EXPORTS AND IMPORTS OF FRESH AND DRIED GRAPES

	FRESH GRAPES				DRIED GRAPES			
	Exports		*Imports*		*Exports*		*Imports*	
Period	t	$'000	t	$'000	t	$'000	t	$'000
1985–86	8 693	15 336	—	—	51 433	71 499	2 453	3 343
1986–87	14 228	25 516	31	53	57 041	96 798	4 084	5 784
1987–88	22 390	42 374	2	3	42 824	78 087	4 749	6 692
1988–89	10 943	21 159	53	87	51 496	88 226	6 046	7 174
1989–90	10 680	21 434	—	—	38 794	69 056	5 475	7 296
1990–91	8 473	20 794	—	—	36 386	74 156	5 683	8 027
1991–92	15 408	36 102	14	18	44 592	82 886	9 681	13 800
1992–93	12 621	31 513	—	—	55 047	96 927	5 335	7 429
1993–94	11 702	28 695	7	8	41 087	73 340	4 725	6 070
1994–95	13 359	32 337	2	12	14 681	29 642	7 369	9 090
1995–96	21 056	46 718	—	—	15 216	34 275	9 265	12 158
1996–97	r26 806	r67 065	5	32	r25 260	r52 173	10 282	14 162
1997–98	27 183	52 535	1	8	12 277	29 829	11 852	19 604

Source: Unpublished data, International Trade database.

FRESH AND DRIED GRAPES *continued*

After the large increase in the exports of dried grapes in 1996–97 (to 25,260 tonnes) the figure for this year has fallen to 12,277 tonnes which is around the level recorded in 1994–95 and 1995–96. The levels recorded over the past four years have been substantially lower than the previous nine years when exports ranged from a low of 36,386 tonnes in 1990–91 to 57,041 tonnes in 1986–87.

Imports of dried grapes were a record high in 1997–98, measuring 11,852 tonnes and valued at $19.6 million. This was an increase of 15% from the previous year in terms of volume and 38% in terms of value.

INTERNATIONAL TRADE IN FRESH AND DRIED GRAPES

Source: Unpublished data, International Trade database.

The Asian countries of Hong Kong, Singapore and Malaysia were the main markets for Australian fresh grapes, accounting for 75% of total fresh grape exports in 1997–98. The value of these exports were $52.5 million, down $14.5 million from last year.

The major destinations of dried grapes were Canada with 3,271 tonnes, the United Kingdom, 2,764 tonnes and Germany with 2,238 tonnes. The total value of exports of dried grapes were $29.8 million in 1997–98.

Turkey was the major supplier of dried grapes to the Australian market, with imports at 7,047 tonnes valued at $11.4 million. This was 59% of total imports of 11,852 tonnes in 1997–98 and 58% of the total value of imports of dried grapes.

EXPORTS AND IMPORTS OF FRESH AND DRIED GRAPES, By Country

	1995–96		1996–97		1997–98	
	Quantity	*Value*	*Quantity*	*Value*	*Quantity*	*Value*
	t	$'000	t	$'000	t	$'000
Exports of fresh grapes						
Hong Kong	2 913	6 950	5 373	14 362	10 669	19 535
Indonesia	4 993	10 227	5 197	12 852	767	1 397
Malaysia	3 798	8 557	4 973	11 953	4 365	8 177
New Zealand	1 736	3 078	2 071	3 980	2 484	4 504
Singapore	4 245	9 702	4 898	12 418	5 378	11 170
Thailand	872	2 961	1 700	5 532	338	809
Other countries	2 499	5 513	2 595	5 967	3 181	6 943
Total	**21 056**	**46 718**	**26 806**	**67 065**	**27 183**	**52 535**
Imports of fresh grapes						
New Zealand	—	—	5	32	1	8
Total	**—**	**—**	**5**	**32**	**1**	**8**
Exports of dried grapes						
Canada	1 948	4 173	7 640	16 055	3 271	7 942
Germany	4 815	11 437	8 682	17 021	2 238	5 392
Japan	685	1 555	1 160	2 348	640	1 470
New Zealand	2 031	4 642	2 341	4 843	2 095	4 728
United Kingdom	3 248	6 924	3 061	7 125	2 764	7 318
Other countries	2 489	5 544	2 376	4 781	1 270	2 979
Total	**15 216**	**34 275**	**25 260**	**52 173**	**12 277**	**29 829**
Imports of dried grapes						
Greece	570	1 045	2 255	3 382	2 631	4 281
Iran	2 461	2 921	2 133	2 394	870	1 352
Turkey	5 689	7 399	5 282	7 430	7 047	11 385
Other countries	545	793	611	955	1 304	2 612
Total	**9 265**	**12 158**	**10 282**	**14 162**	**11 852**	**19 604**

Source: Unpublished data, International Trade database.

GRAPE JUICE

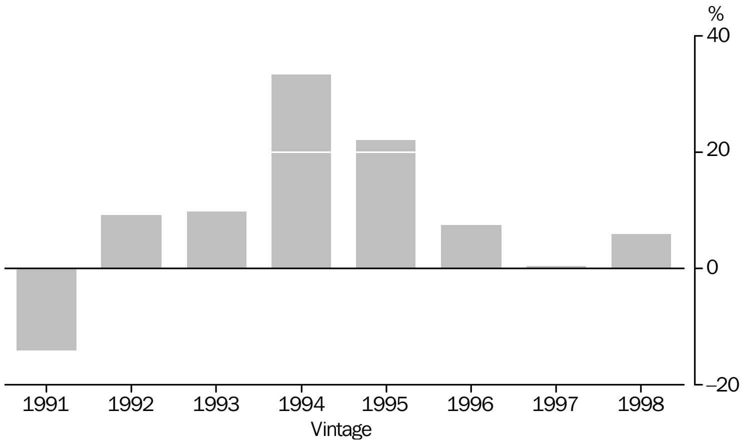
In 1997–98 Australia exported 4.1 million litres of grape juice valued at $10.7 million. Grape juice (including grape must) is defined as unfermented juice not containing added spirit and with an alcoholic strength by volume not exceeding 0.5%.

CHAPTER 10 GRAPE AND WINE PRICES

WINE GRAPE PRICES

While the prices paid for wine grapes continues to increase, the rate of increase has slowed from the peak in 1994. Average grape prices for the 1998 vintage were up 5.9% and over the last eight vintages grape prices have increased 85%. The grape price index is calculated by using the movement in prices for each of the varieties included in the survey. The index excludes price movements caused by a change in the mix of varieties.

PRICE INDEX OF GRAPES USED IN WINE PRODUCTION, Change on Previous Vintage(a)



(a) Value for 1997 is 0.4%.

Source: Price Indexes of Materials Used in Manufacturing Industries (Cat. no. 6411.0).

Over the past three years the collection of price data has been extended so that weighted average prices for various grape varieties are now available at the Australian level and for major grape-growing regions. This calculation is based on the weighted average price of each variety crushed. For 1998 these data indicate an increase in average weighted price for red grapes of 17.5% and 3.1% for white grapes. Using the average weighted prices for each grape type, the 1998 grape harvest for winemaking was estimated to be worth $477.4 million for red grapes and $346.2 million for white grapes.

WHOLESALE AND RETAIL WINE PRICES

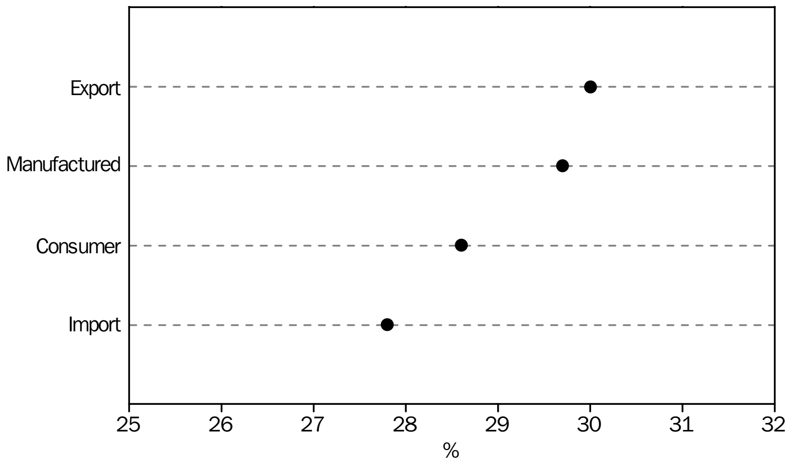
Prices received by winemakers for wine have generally shown steady growth in recent years. The 3% increase in wholesale prices for wine in 1997–98 reflects a price increase of 3% for both table and fortified wine. Between 1989–90 and 1997–98 wholesale prices for wine rose by 30%, with table wine rising by 31% and fortified wine by 24%. At the retail level, wine price rises have also shown steady growth in recent years to record an increase of 29% since 1989–90, very similar to the wholesale price increase.

CONSUMER PRICE INDEX, Change on Previous Financial Year

Source: Consumer Price Index (Cat. no. 6401.0).

During the last seven financial years retail wine prices rose more steeply than the general consumer price index. The retail wine group index for 1997–98 increased by 3.4%, while the all groups index remained constant. This compares with increases of 1.9% for wine and 1.3% for all groups the previous financial year. The impact of a significant increase in grape prices and the influence of increasing wine exports would have contributed to increases in wine prices.

SELECTED PRICE INDEXES OF WINE, Change 1989–90 to 1997–98



Source: Price Indexes of Materials Used in Manufacturing Industries (Cat. no. 6411.0); unpublished data, Export Price Index Survey, 1998; unpublished data, Import Price Index Survey, 1998; *Consumer Price Index* (Cat. no. 6401.0).

EXPORT AND IMPORT PRICES

Export prices for table wine rose by 12% between 1996–97 and 1997–98. This follows the 6% increase recorded in 1996–97. In 1997–98 the import price index rose by 3%, after a slight fall in 1996–97.

SELECTED PRICE INDEXES, Percentage Change

	MANUFACTURING INDUSTRY				CONSUMER		EXPORT	IMPORT
Period	*Wine grapes*	*Table wine*	*Fortified wine*	*Wine*	*Wine*	*All groups*	*Table wine*	*Wine*
1990–91	–14.1	–3.3	2.7	–1.6	0.9	5.3	7.0	12.1
1991–92	9.2	5.9	–1.0	4.2	2.8	1.9	0.4	5.5
1992–93	9.9	2.7	3.1	2.8	1.8	1.0	1.6	5.8
1993–94	33.4	3.8	3.2	3.6	4.5	1.8	0.2	–5.8
1994–95	22.2	6.5	4.1	5.9	5.1	3.2	1.0	3.1
1995–96	7.5	5.6	3.8	5.2	5.2	4.2	–0.6	3.0
1996–97	0.4	3.5	2.9	3.4	1.9	1.3	6.2	–0.6
1997–98	5.9	3.2	3.1	3.1	3.4	0.0	11.6	2.5
1989–90 to 1997–98	84.5	31.1	23.9	29.7	28.6	20.3	30.0	27.8

Source: Price Indexes of Materials Used in Manufacturing Industries (Cat. no. 6411.0); unpublished data, Export Price Index Survey, 1998 ; unpublished data, Import Price Index Survey, 1998; *Consumer Price Index* (Cat. no. 6401.0).

CHAPTER **11** **WINE CONSUMPTION** ....

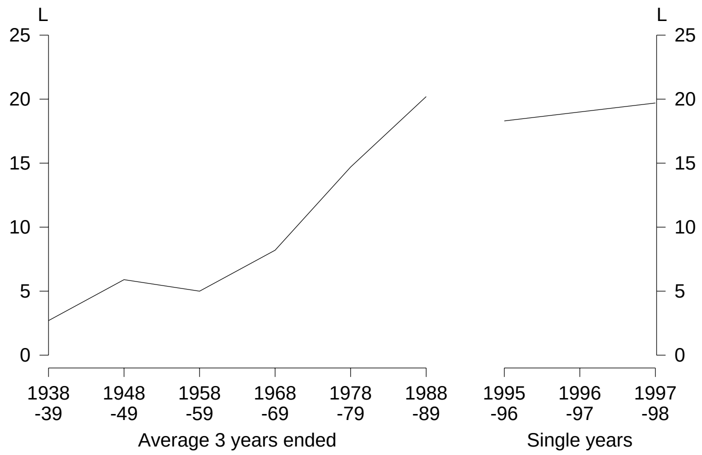
INTRODUCTION

Data on the consumption of wine in Australia are available from measures of apparent consumption of foodstuffs and from periodic surveys in which members of individual households provide information on their consumption of alcohol. Details of household spending on alcohol are also available from a periodic household expenditure survey.

APPARENT CONSUMPTION

Using aggregates of domestic sales of wine by winemakers and imports cleared for home consumption, estimates of wine available for consumption are made each year and a mean population is applied to derive per capita apparent consumption. Per capita consumption of wine in Australia has recorded strong growth since the late 1930s, rising from 2.7 litres over the three years to 1938–39 to 20.2 litres over the three years to 1988–89. The growth in each decade of the 50-year period was interrupted only by a dip at the end of the 1950s.

PER CAPITA CONSUMPTION OF WINE



Source: Apparent Consumption of Foodstuffs and Other Nutrients, Australia, 1996–97 (Cat. no. 4306.0); *Apparent Consumption of Foodstuffs and Other Nutrients, Australia, Preliminary, 1997–98* (Cat. no. 4315.0).

The more than sevenfold increase in average wine consumption which has occurred in this 50-year period can be contrasted with a twofold increase in beer consumption over the same period, rising from 53.2 litres in 1938–39 to 111.6 litres in 1988–89.

Per capita consumption of wine had fallen to 17.8 litres in 1990–91, but since then has been over 18.0 litres. In 1997–98, 364.0 million litres of wine were consumed in Australia, a 4% increase on the previous year. Based on the population aged 18 years and over the 1997–98 apparent consumption of wine was 26.2 litres per person, a slight increase on the past few years.

APPARENT PER CAPITA CONSUMPTION OF ALCOHOL

	1990–91	*1991–92*	*1992–93*	*1993–94*	*1994–95*	*1995–96*	*1996–97*	*1997–98p*
BEVERAGE (litres)								
Wine	17.8	18.6	18.3	18.6	18.4	18.3	19.0	19.7
Beer	110.6	104.0	99.5	98.0	96.8	95.3	95.5	95.0
ALCOHOL (litres of alcohol)								
Wine	2.1	2.2	2.1	2.1	2.1	2.1	2.2	2.3
Beer	4.9	4.5	4.3	4.3	4.3	4.2	4.2	4.1
Spirits	1.2	1.1	1.2	1.4	1.3	1.4	1.3	1.4
Total alcohol	**8.2**	**7.8**	**7.6**	**7.8**	**7.7**	**7.6**	**7.6**	**7.8**

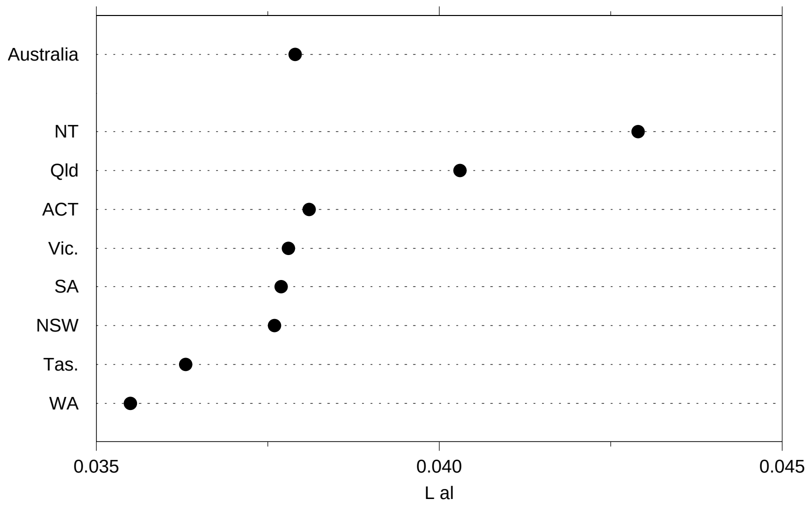
Source: Apparent Consumption of Foodstuffs and Nutrients, Australia, 1996–97 (Cat. no. 4306.0); *Apparent Consumption of Selected Foodstuffs, Australia, Preliminary, 1997–98* (Cat. no. 4315.0).

CONSUMPTION PATTERNS

Results from the 1995 National Health Survey indicate that an estimated 55% of the adult population (those aged 18 years and over) consumed a drink containing alcohol in the week prior to the survey. The average daily consumption of alcohol of people who drank wine was 0.038 litres of alcohol, well below that for beer (0.060 litres of alcohol) and spirits (0.054 litres of alcohol).

Alcohol consumption through wine varied between the States and Territories with the Northern Territory recording the highest consumption (0.043 litres of alcohol) and Western Australia (0.036 litres of alcohol) the lowest. The daily amount of alcohol consumed through wine decreased with age, with people aged 18–24 years having the highest average intake of 0.055 litres of alcohol per day, compared with 0.029 litres of alcohol for people aged 65–74 years. Males consumed 0.046 litres of alcohol through the consumption of wine compared with the average female consumption of 0.032 litres of alcohol.

AVERAGE DAILY WINE CONSUMPTION—1995

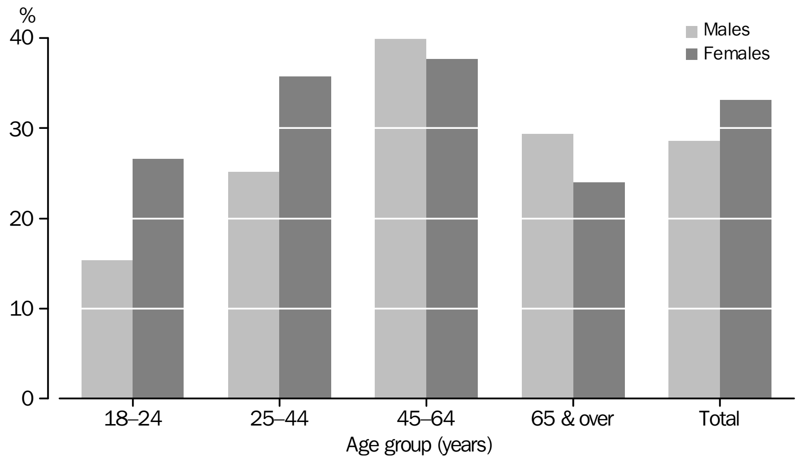


Source: National Health Survey: Summary of Results, 1995 (Cat. no. 4364.0).

PROFILE OF WINE DRINKERS

It is estimated that 4.1 million people, or 31% of the population aged 18 years and over, drank some wine in the last week of either February or May 1998. 33% of females drank wine compared with 29% of males. In the age groups between 18 and 44 years a higher proportion of females drank wine than males, whereas in the age groups over 45 years, a higher proportion of males drank wine.

PERSONS WHO DRANK WINE—February and May 1998



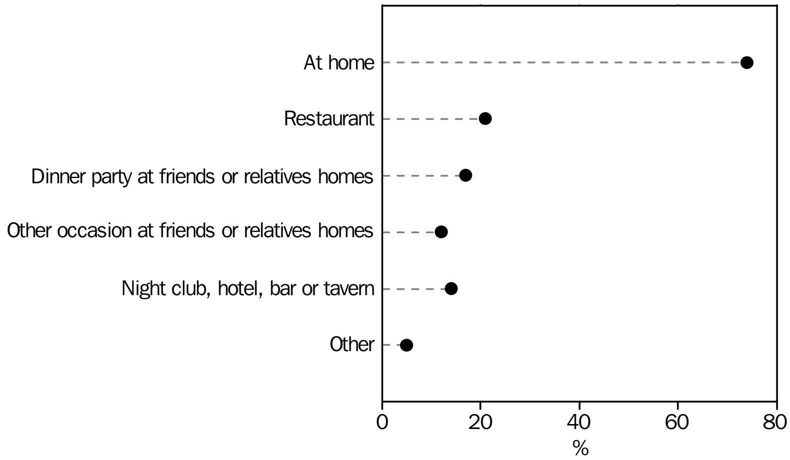
Source: Unpublished data, Population Survey Monitor, February and May 1998.

White wine was more likely to have been consumed by females than males. Of the adult population it is estimated that 22% of females drank white wine compared with 15% of males. The reverse was true for red wine consumption—17% of males compared with 13% of females. Sparkling wine was consumed by 4% of the adult population, and 2% drank fortified wine.

PROFILE OF WINE DRINKERS *continued*

It is estimated that 89% of those persons who drank wine consumed it mainly with a meal. Wine was consumed at home by 74% of wine drinkers, while 21% drank wine at restaurants and 17% at dinner parties held at friends or relatives homes. Saturday was the most popular day of the week for drinking wine with 57% of wine drinkers consuming on that day, followed by Sunday (45%) and Friday (39%).

PLACE WHERE WINE WAS CONSUMED—February and May 1998



Source: Unpublished data, Population Survey Monitor, February and May 1998.

HOUSEHOLD EXPENDITURE ON WINE

During 1993–94 Australian households spent an average of $3.76 per week on wine. Households in the Australian Capital Territory spent the most with $5.87 and those in Tasmania the least ($2.90). Australian Capital Territory households also had the highest proportion of their total expenditure on alcohol spent on wine (31%) while Darwin households spent 16% of total weekly alcohol expenditure on wine.

AVERAGE WEEKLY HOUSEHOLD EXPENDITURE, Alcoholic Beverages—1993–94

	NSW	*Vic.*	*Qld*	*SA*	*WA*	*Tas.*	*NT(a)*	*ACT*	*Aust.*
	$	$	$	$	$	$	$	$	$
Wine	4.10	3.65	3.18	3.81	3.70	2.90	4.20	5.87	3.76
Beer	9.41	8.45	10.37	7.82	9.94	9.55	13.26	8.51	9.29
Spirits	2.84	3.16	3.30	3.90	3.35	1.74	4.63	3.06	3.13
Total(b)	**17.85**	**16.52**	**17.92**	**16.45**	**18.19**	**15.42**	**25.94**	**18.65**	**17.46**

(a) Darwin and environs only.

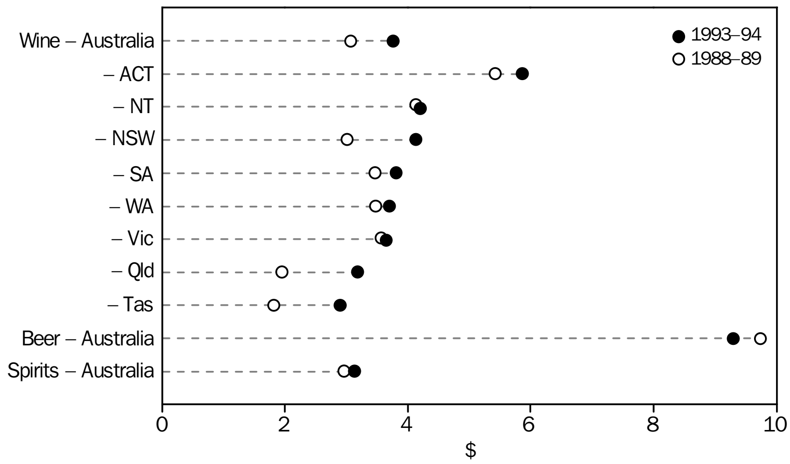
(b) Including alcoholic beverages n.e.c.

Source: Household Expenditure Survey, Australia: Detailed Expenditure Items, 1993–94 (Cat. no. 6535.0).

HOUSEHOLD EXPENDITURE ON WINE *continued*

From 1988–89 to 1993–94 there has been a 22% increase in weekly expenditure on wine, compared with a 5% fall in expenditure on beer. Weekly beer expenditure of $9.29 was 53% of the total weekly alcohol expenditure in 1993–94. Expenditure on spirits increased marginally over the five-year period to $3.13. The percentage increase in wine expenditure was greater than that of non-alcoholic beverages, which increased by 14% over the same period.

AVERAGE WEEKLY HOUSEHOLD EXPENDITURE, Alcoholic Beverages



Source: Household Expenditure Survey, Australia: Detailed Expenditure Items, 1993–94 (Cat. no. 6535.0).

CHAPTER 12 PERSONS EMPLOYED IN THE WINE AND GRAPE PRODUCTION INDUSTRIES

The Population Census of 6 August 1996 identified 7,420 persons whose main job was in grape-growing and 8,328 persons whose main job was in the manufacturing or blending of wine. This excludes casual workers such as grape pickers and other seasonal workers not working in those industries in the week prior to the Census. It also excludes people who worked in wine and grape production as a second job. Of the grape industry workers, 44% were farmers and farm managers, 41% were agriculture and horticulture labourers and 2% were plant and machine operators. For the wine manufacturing industry, 7% were farmers and farm managers, 21% were agriculture and horticulture labourers, 4% were plant and machine operators, 14% were clerical sales and service workers, 10% were professionals and 5% were technicians and associate professionals.

A further 4,878 persons were employed in establishments mainly engaged in wholesaling beer, wine and spirits and 7,639 persons were employed in retail liquor stores.

Just over 72% of all persons employed in the grape-growing industry were employees compared with 96% in wine manufacturing and 91% across all industries.

At the time of the Census, the proportion of persons working full-time in the grape-growing and wine manufacturing industries was slightly higher than for all industries.

LABOUR FORCE, Selected Characteristics of Employed Persons—1996

	Grape-growing	*Wine manufacturing*	*All industries*
	%	%	%
Status in employment			
Employee	72.2	95.9	90.6
Employer	9.2	1.5	2.5
Own account worker	15.3	1.8	5.8
Contributing family worker	3.3	0.7	1.0
Full-time	71.3	75.7	67.8
Part-time	27.7	23.5	29.9
Not stated	1.1	0.8	2.2
Annual individual income			
Less than $15 600	33.1	18.5	22.8
$15 600–$25 999	38.9	39.1	28.2
$26 000–$51 999	19.8	34.0	37.6
$52 000 and over	5.7	6.7	9.3
Not stated	2.6	1.7	2.0

Source: Unpublished data, 1996 Census of Population and Housing.

There was a higher proportion of low income earners, (workers with an annual income of less than $15,600) in the grape-growing industry (33%) than in wine manufacturing (19%) and for all industries (23%). At the upper end of the income ranges, 6% of workers whose main job was in the grape-growing industry earned $52,000 or more compared with 7% in the wine manufacturing industry. Both figures are lower than that for all industries (9%).

Educational qualifications were less common among workers in both the grape-growing and wine manufacturing industries than the average across all industries. Of those employed in grape-growing, 6% had a degree or higher compared with 10% in wine manufacturing and 16% for all industries.

The grape-growing and wine manufacturing industries have a slightly higher male to female ratio than for all industries. Grape-growing workers tend to be older with 42% aged 45 years and over compared with 29% of wine manufacturing workers.

The grape-growing and wine manufacturing industries have a higher proportion of Australian-born workers compared with all industries. However, of those grape-growing workers born overseas, the proportion of workers born in southern Europe was more than four times that of wine manufacturing and more than twice that of all industries.

SOCIAL CHARACTERISTICS OF EMPLOYED PERSONS—1996

	Grape-growing	*Wine manufacturing*	*All industries*
	%	%	%
Level of highest qualification			
Degree or higher	5.7	10.1	15.5
Other qualification	18.0	22.9	26.0
No qualification	71.0	61.1	51.3
Inadequately described or not stated	5.3	5.8	7.3
Sex			
Male	67.8	63.2	55.9
Female	32.2	36.8	44.1
Age (years)			
15–24	13.9	16.7	18.0
25–34	19.5	26.8	25.4
35–44	24.6	27.6	26.3
45–54	23.8	19.9	20.9
55 or more	18.3	9.0	9.5
Birthplace			
Australia	81.7	84.5	74.5
Overseas main English-speaking countries	5.7	9.0	11.1
Southern Europe	7.8	1.9	3.5
Other Europe	1.8	2.0	2.6
Other	3.0	2.6	8.3

Source: Unpublished data, 1996 Census of Population and Housing.

CHAPTER 13 WORLD COMPARISONS

GRAPE PRODUCTION, AREA OF VINES AND YIELD

Of the countries for which 1996 data are available, Australia remained ranked twenty-fourth for area of vines and tenth for wine production, but increased to fifteenth for total grape production and eleventh for wine exports.

World grape production in 1996 increased by 6% to 58.7 million tonnes and followed a 2.0% increase in 1995. Production of grapes in Australia in 1996 was 1.9% of the world total, up from 1.4% in 1995.

GRAPE PRODUCTION, Area of Vines and Yield of Selected Countries—1996

	PRODUCTION			
	Total grapes	*Wine grapes*	*Area of vines(a)*	*Yield*
Country	'000 t	'000 t	'000 ha	t/ha
Italy	9 458.9	7 929.2	922	10.3
France	7 701.4	7 575.4	917	8.4
United States of America	5 033.0	1 904.7	311	16.2
Spain	4 845.9	4 418.9	1 224	4.0
Turkey	3 550.0	n.a.	567	6.3
Argentina	2 039.9	1 994.1	211	9.7
Iran	1 900.0	n.a.	252	7.5
China	1 883.0	n.a.	165	11.4
Chile	1 629.9	546.2	116	14.1
South Africa	1 439.4	1 148.1	106	13.6
Romania	1 422.7	1 272.7	256	5.6
Germany	1 296.3	1 296.3	105	12.3
Portugal	1 270.5	1 270.5	259	4.9
Greece	1 226.8	516.8	132	9.3
Australia	**1 086.5**	**782.4**	**81**	**13.4**
Moldova	850.0	n.a.	185	4.6
Hungary	664.9	n.a.	131	5.1
Bulgaria	590.1	519.7	109	5.4
Uzbekistan	580.0	n.a.	125	4.6
Former Yugoslav Republics of Serbia and Montenegro	515.0	498.4	86	6.0
Ukraine	498.4	n.a.	148	3.4
Russian Federation	350.0	n.a.	103	3.4
Georgia	350.0	n.a.	85	4.1
Azerbaijan	275.0	n.a.	85	3.2
Other countries	8 223.6	n.a.	1 061	7.8
World total	*58 681.2*	*n.a.*	*7 742*	*7.6*

(a) Includes area of vines not yet bearing.

Source: Dutruc-Rosset 1998.

GRAPE PRODUCTION, AREA OF VINES AND YIELD *continued*

In Australia, 72% of all grapes grown were used for winemaking. The world's two largest producers, Italy and France, used a higher proportion of their grape production for winemaking; 84% and 98% respectively.

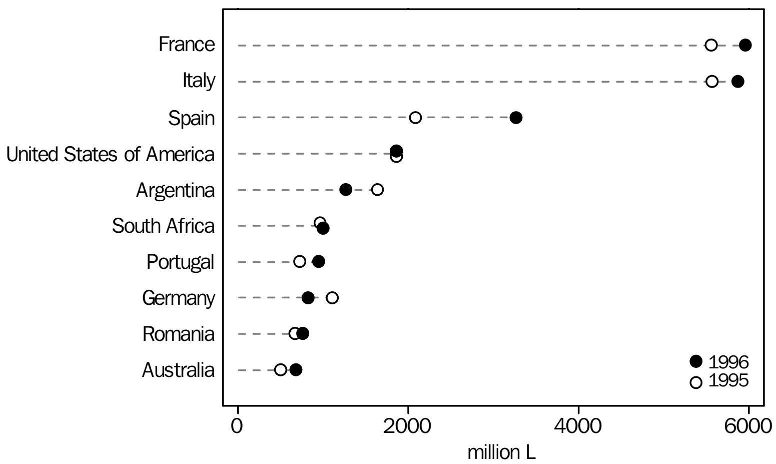
The area of vines in the world fell 18,000 hectares in 1995 to 7,742,000 hectares, continuing a decline from the 8,539,000 hectares recorded in 1991. In contrast, the area under vines in Australia increased by 8,000 hectares to 81,000 hectares and was 1% of the world total. Spain, the largest cultivator, had an area of vines over 15 times greater than the Australian area.

Australia, recovering from unfavourable seasonal conditions in 1995, recorded an increase in yield from 10.5 tonnes of grapes per hectare in 1995 to 13.4 tonnes per hectare in 1996. Of the countries in the preceding table, the United States of America had the highest yield with 16.2 tonnes per hectare, despite declining from 17.7 tonnes per hectare in 1995. The largest cultivator, Spain, had a yield of 4.0 tonnes per hectare in 1996.

WINE PRODUCTION

Australia ranked tenth in volume of world wine production in 1996, accounting for 678.4 million litres or 2% of the total world production. France (5,965.0 million litres) overtook Italy (5,877.3 million litres) as the largest producer of wine, together accounting for 43% of world production, down from 45% in 1995.

PRODUCTION OF WINE, Principal Countries



Source: Dutruc-Rosset 1998.

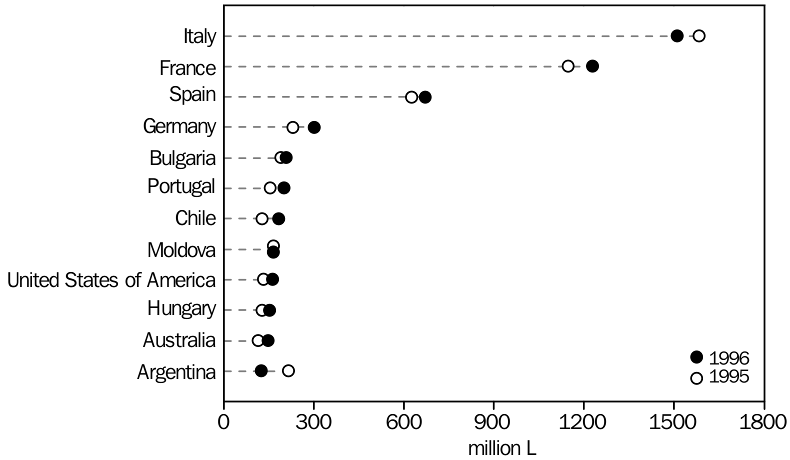
EXPORTS OF WINE

The countries exporting the largest volumes of wine were Italy, France and Spain, with Italy exporting over 10 times the volume of Australian wine exports.

In 1996 Australia exported 147.1 million litres of wine, an increase of 28% from the 114.8 million litres reported in 1995. Australia's ranking moved up one place to eleventh.

Australia exported 22% of its total wine production while Italy exported 26% and France exported 21%.

EXPORTS OF WINE, Principal Countries



Source: Dutruc-Rosset 1998.

WINE PRODUCTION, EXPORTS AND CONSUMPTION, Selected Countries—1996

Country	*Wine production* million L	*Share of world production* %	*Wine exports* million L	*Exports as a proportion of production* %	*Wine consumption* million L	*Per capita consumption* L
France	5 965.0	21.9	1 229.0	20.6	3 479.5	60.0
Italy	5 877.3	21.6	1 511.5	25.7	3 562.3	59.4
Spain	3 267.5	12.0	672.9	20.6	1 475.0	37.7
United States of America	1 864.3	6.8	163.8	8.8	2 046.3	7.7
Argentina	1 268.1	4.7	125.4	9.9	1 355.1	41.5
South Africa	1 000.0	3.7	99.6	10.0	405.6	9.3
Portugal	952.9	3.5	200.0	21.0	580.0	58.5
Germany	830.0	3.0	300.8	36.2	1 866.0	(a)22.9
Romania	766.3	2.8	46.7	6.1	725.2	31.5
Australia	**678.4**	**2.5**	**147.1**	**21.7**	**329.7**	**18.1**
China	430.0	1.6	(b)2.6	0.6	394.1	(a)0.8
Hungary	418.8	1.5	151.7	36.2	305.0	30.0
Greece	410.9	1.5	30.7	7.5	320.0	30.9
Chile	382.4	1.4	184.1	48.1	229.1	15.8
Bulgaria	200.0	0.7	209.1	104.6	70.9	(a)12.4
Other countries	2 941.5	10.8	n.a.	n.a.	5 178.7	n.a.
World total	*27 253.4*	*100.0*	*n.a.*	*n.a.*	*22 322.5*	*n.a.*

(a) 1993.

(b) Includes Taiwan.

Source: Dutruc-Rosset 1998.

CONSUMPTION

More wine was consumed in Italy (3,562.3 million litres) than in France (3,479.5 million litres) in 1996, together accounting for 32% of world consumption of wine. By comparison, Australia consumed 1% or 329.7 million litres. Even though a large producer, Germany consumed 1,036.0 million litres more than it produced.

Consumption in Australia of 18.1 litres for each person in 1996 compares with more than 58.0 litres recorded by France, Italy and Portugal.

TABLE AND DRIED GRAPES

Statistics available on table and dried grapes in 1996 are incomplete. Australia produced 55,800 tonnes of table grapes (less than 1% of world production of 7,742,300 tonnes). Italy was the largest producer followed by the United States of America, Chile and Turkey. Australia exported 21,200 tonnes of table grapes, up 51% on 14,000 in 1995, compared with the largest exporter, Chile, with 570,000 tonnes.

PRODUCTION AND EXPORTS OF TABLE AND DRIED GRAPES—1996

	TABLE GRAPES(a)		DRIED GRAPES(b)	
	Production	*Exports*	*Production*	*Exports*
Country	'000 t	'000 t	'000 t	'000 t
Italy	1 529.7	429.5	n.a.	0.3
United States of America	1 034.9	233.2	273.0	118.9
Chile	878.5	570.0	20.8	13.1
Turkey	862.7	n.a.	360.0	169.7
Brazil	417.6	n.a.	n.a.	n.a.
Spain	362.0	96.8	1.5	0.3
Greece	257.0	n.a.	86.0	51.0
Japan	219.7	n.a.	n.a.	n.a.
Syria	192.0	n.a.	19.4	n.a.
South Africa	165.3	109.3	30.0	22.0
Afghanistan	158.0	n.a.	28.0	20.0
Portugal	150.0	n.a.	n.a.	n.a.
Romania	149.8	0.2	n.a.	n.a.
Morocco	138.0	n.a.	0.5	n.a.
France	126.0	16.1	n.a.	0.0
Egypt	126.0	n.a.	n.a.	n.a.
Algeria	109.9	n.a.	n.a.	n.a.
Mexico	92.0	n.a.	6.7	9.0.
Lebanon	88.0	n.a.	7.6	n.a.
Moldavia	78.8	n.a.	n.a.	n.a.
Australia	**55.8**	**21.2**	**54.0**	**22.2**
Iran	30.0	n.a.	90.0	64.0
Netherlands	n.a.	82.8	n.a.	11.1
Other countries	468.1	n.a.	10.3	n.a.
World total	*7 742.3*	*n.a.*	*987.3*	*n.a.*

(a) Data from significant producers India and the former USSR are not available.

(b) Data from India and Iraq not available.

Source: Dutruc-Rosset 1998.

Australia contributed 5% (54,000 tonnes) of the world dried grape production in 1996 compared with the largest producer, Turkey, with 360,000 tonnes and world production of 987,300 tonnes. Australia exported 22,200 tonnes of dried grapes compared with the largest exporter, Turkey, with 169,700 tonnes.

IMPORTS

Australia is a relatively small importer of grape products. In 1996 Australia imported 14.1 million litres of wine, no table grapes and 9,600 tonnes of dried grapes. Germany was the largest importer of wine followed by the United Kingdom and France and these three countries combined took nearly half (46%) of the world imports of 5,083.8 million litres. Traditionally, Germany is the largest importer of table grapes, however data were not available for 1996. From the information available, the United Kingdom was the largest dried grape importer, taking 113,200 tonnes.

IMPORTS OF WINE, TABLE AND DRIED GRAPES, Selected Countries—1996

	Wine	*Table grapes*	*Dried grapes*
Country	million L	'000 t	'000 t
Germany	1 076.0	n.a.	68.9
United Kingdom	746.1	99.7	113.2
France	530.6	136.8	22.0
United States of America	347.2	341.8	12.1
Russian Federation	234.7	n.a.	30.6
Belgium and Luxembourg	229.9	n.a.	n.a.
Netherlands	216.5	106.5	43.1
Switzerland	185.2	37.3	4.5
Canada	169.8	129.7	31.5
Denmark	152.5	10.0	6.1
Sweden	117.2	27.4	6.2
Japan	116.0	6.8	30.8
Spain	114.3	8.1	7.5
Portugal	66.7	n.a.	1.7
Czech Republic	56.7	21.0	3.0
Poland	47.4	n.a.	11.8
Slovakia	45.2	4.3	0.8
Norway	36.0	17.8	3.9
Bulgaria	30.0	n.a.	0.4
Angola	30.0	n.a.	n.a.
Ireland	27.3	n.a.	6.1
Finland	26.4	n.a.	2.6
Austria	23.1	n.a.	5.2
Brazil	23.0	n.a.	38.5
Slovenia	22.5	n.a.	0.7
Lithuania	21.8	n.a.	0.9
New Zealand	21.3	n.a.	7.9
Italy	17.0	9.6	18.9
Australia	**14.1**	**n.a.**	**9.6**
Other countries	339.3	n.a.	n.a.
World total	*5 083.8*	*n.a.*	*n.a.*

Source: Dutruc-Rosset 1998.

WORLD TRENDS

World wine consumption for 1996 increased marginally, from 22,274.4 million litres to 22,322.5 million litres, after a downward trend since 1980. In 1996, world wine production increased by 7% from 25,361.2 million litres to 27,253.4 million litres, ending the downward trend evident since 1982. Production exceeded consumption by 4,930.9 million litres (18% of production). This surplus was 60% more than in 1995 and reverses the downward trend since 1992.

Against this background, Australia has increased production by 68% since the early 1990s, and increased exports almost 140%. Since the late 1980s total wine consumption by Australians has remained steady and in 1996 was 329.7 million litres.

SOURCE

The international comparisons in this section are sourced from the Office International de la Vigne et du Vin (OIV), are incomplete or inaccurate for some countries and are subject to revision. The OIV does not distinguish zero and not available figures in its statistical publication and these have been shown as ‘n.a.’ (not available) in this section. The Australian figures used in this world comparison have been revised in the earlier chapters of the compendium, e.g. chapter 2 and chapter 4 but the original figures are shown here to enable a world comparison to be made. The OIV requests calendar year data and the ABS complies with this where possible.

EXPLANATORY NOTES

INTRODUCTION

1 This publication is a summary of statistics on grape and wine production and related activities collected by the ABS and from other sources. Most of the data used in this publication were obtained from various ABS collections for which publications with appropriate explanatory notes are already available. The bibliography contains a list of these publications. However, much of the data contained in chapters 2, 4, 5, 6 and 7 are only available in this publication and the following notes are provided to assist users.

2 Chapter 2 replaces the previous publication *Viticulture, Australia* (Cat. no. 7310.0) and contains information on area of vines and production of red and white grapes for the 1998 season. Details are shown at the level of major grape-growing regions, States and Australia. Varietal data are shown at the Australian level only, but are available on a regional basis for a charge, on application to the ABS. The continuing collection of varietal data is partly funded by the Grape and Wine Research and Development Corporation.

3 Chapters 4, 6 and 7 contain information on commercial production of wine, materials used in winemaking and stocks of wine, brandy, grape spirit and unfermented grape juice classified according to end use. Chapter 5 has a table showing small area data on wine production for South Australia and New South Wales. Small area data for other States may be available on request.

4 Differences exist between the grape production intended for winemaking reported by grape growers in the viticulture collection and the quantity of fresh grapes crushed by winemakers reported in the Wine and Spirit Production collection. While the viticulture data in this publication are preliminary, the size of the discrepancy is being investigated. Differences in the collection methodologies, as outlined below, mean some difference should always be apparent between the series.

SCOPE AND COVERAGE OF VITICULTURE SURVEY

5 Viticultural statistics in chapter 2 relate to the year in which the harvest occurred and are derived from information obtained in a collection of all growers.

6 The scope of the 1998 collection is based on establishments undertaking agricultural activity and having an estimated value of agricultural operations of $5,000 or more. The scope of the collection from season 1994 to season 1998 was also $5,000. Prior to season 1994 the scope has varied. Details are available on request.

7 The change in scope means viticulture results for the last five years are not directly comparable with previous results. To assist users in making comparisons, selected data from the 1994 viticulture collection were retabulated on both the $5,000 and $22,500 basis. Bridging tables were included in the publication *Viticulture, Australia, 1993–94* (Cat. no. 7310.0).

8 Tasmanian data are derived from a collection undertaken by the Appellation of Origin Board under the authority of The Commissioner of Licensing. The scope of the collected data is the same as for other States.

SCOPE AND COVERAGE OF VITICULTURE SURVEY *continued*

9 Statistics are provided for the several recognised grape-producing regions of each State which are described in the table below.

Region	*Local Government Area*
	NEW SOUTH WALES
Hunter Valley	Greater Cessnock, Muswellbrook, Scone and Singleton
Murrumbidgee Irrigation Area	Leeton and Griffith
NSW Sunraysia	Wakool, Balranald and Wentworth
	VICTORIA
Victorian Sunraysia	Rural City of Mildura
Kerang–Swan Hill	Rural City of Swan Hill and the Shire of Gannawarra
	SOUTH AUSTRALIA(a)
Central District	Adelaide Hills, Alexandrina, Mount Barker, Victor Harbor, Yankalilla, and Kangaroo Island and the Corporations of Adelaide, Burnside, Campbelltown, Charles Sturt, Holdfast Bay, Norwood Payneham and St Peters, Marion, Mitcham, Onkaparinga, Playford, Port Adelaide Enfield, Prospect, Salisbury, Tea Tree Gully, Unley, West Torrens, and the Municipalities of Gawler and Walkerville
Barossa District	Barossa, Mallala, Kapunda and Light, those portions of the district council of Wakefield south of the River Wakefield, the Hundreds of Dutton and Jellicoe in the district council of Mid Murray
Waikerie and Lower Murray District	The former district councils of Waikerie, Mannum, and Meningie and the district council of Morgan and Murray Bridge and the Hundreds of Anna and Skurray in the former district council of Ridley–Truro
North Murray District	Berri Barmera and Renmark Paringa and the Hundred of Katarapko and the Counties of Young and Hamley not otherwise included
South Murray District	Loxton, Browns Well and Peake and the district councils of Karoonda no dash East Murray and Southern Mallee
Northern District	Portions of the district council of Wakefield north of the River Wakefield, the district councils of Clare and Gilbert Valleys and the former district councils of Eudunda and Robertstown and the remainder of the State north and west of these areas which are not included in the above five districts
South Eastern District	Tatiara and Lacepede, the former district council of Coonalpyn Downs and the remainder of the State south and south-east of these areas which are not included in the above districts
	WESTERN AUSTRALIA
Swan Shire	Shire of Swan
Margaret River	Augusta–Margaret River and Busselton

(a) The regions adopted in South Australia correspond to the Phylloxera and Grape Industry Board's districts.

Note: In some tables in this publication, the Waikerie and Lower Murray District, North Murray District and the South Murray District are combined to form 'Riverland'.

SCOPE AND COVERAGE OF WINE SURVEYS

10 Wine production data are collected only from winemakers who crush more than 400 tonnes of grapes. The grapes crushed by these wineries includes grapes owned by others and crushed on a commission or contract basis, often for wine producers who do not have their own crushing facilities. These wineries account for approximately 98% of total crushings by all winemakers crushing 50 or more tonnes. Limited information on the quantity of grapes crushed and domestic wine sales are also obtained from winemakers crushing between 50 and 400 tonnes. The main purpose for this supplementary collection is to establish the scope and coverage of both the main production collection and the monthly wine sales collection.

11 Details on stocks of Australian beverage wine by wine type are collected at 30 June from winemakers with wine sales of 250,000 litres or more in the previous year. All data are collected on an Australia-wide basis only and State figures are therefore not available. Stocks data collected from 1996 include all Australian-produced wines owned by these winemakers and held anywhere in Australia. In years previous to 1996, stocks included only those Australian-produced wines held by winemakers on any of their own premises, regardless of ownership. This change in the measurement of stocks means that data for 1996 and later are not directly comparable with earlier years.

12 The number of winemakers who fall within the scope of the wine stocks collection (see paragraph 11) may vary from year to year as sales vary and individual wineries are included in, or excluded from, the sales collection. It is possible that stock data may vary slightly each year as new wineries, with either large or small stocks, come into the scope of the collection. In particular, the published (i.e. closing) stocks figures for any one year may not equate with the opening stocks for the following year.

13 The wine content of products consisting of a mixture of wine and fruit juice, commonly known as 'coolers', is included in the appropriate wine category of the wine from which it is made, which is generally table wine.

ABS PUBLICATIONS

14 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (Cat. no. 1101.0). The ABS also issues on Tuesdays and Fridays, a *Release Advice* (Cat. no. 1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

BIBLIOGRAPHY

Much of the ABS data used in this publication were sourced from various ABS collections. In some cases previously unpublished more detailed data were used. In the list of ABS publications below a catalogue number is quoted whenever possible to enable users to access explanatory information about various data sets. Further inquiries about these data, and the availability of more detailed unpublished data, can be made either to Peter Carmalt (Adelaide 08 8237 7632) or to the contact officer named in the specific publications.

ABS PUBLICATIONS

1996 Census of Population and Housing: Basic Selected Family and Labour Force Characteristics, Australia, Cat. no. 2017.0, ABS, Canberra.

Apparent Consumption of Foodstuffs and Nutrients, Australia, Cat. no. 4306.0, ABS, Canberra.

Apparent Consumption of Selected Foodstuffs, Australia, Preliminary, Cat. no. 4315.0, ABS, Canberra.

Consumer Price Index, Cat. no. 6401.0, ABS, Canberra.

Export Price Index, Cat. no. 6405.0, ABS, Canberra.

Household Expenditure Survey, Australia: Detailed Expenditure Items, 1993–94, Cat. no. 6535.0, ABS, Canberra.

Import Price Index, Cat. no. 6414.0, ABS, Canberra.

International Merchandise Trade, Australia, Cat. no. 5422.0, ABS, Canberra.

Manufacturing Industry, Australia, Cat. no. 8221.0, ABS, Canberra.

National Health Survey: Summary of Results, 1995, Cat. no. 4364.0, ABS, Canberra.

Population Survey Monitor, Cat. no. 4103.0, ABS, Canberra.

Price Indexes of Articles Produced by Manufacturing Industries, Australia, Cat. no. 6412.0, ABS, Canberra.

Price Indexes of Materials Used in Manufacturing Industries, Australia, Cat. no. 6411.0, ABS, Canberra.

Sales of Australian Wine and Brandy by Winemakers, Cat. no. 8504.0, ABS, Canberra.

ABS SURVEYS AND DATABASES

Export Price Index Survey.

Import Price Index Survey.

International Trade database.

Manufacturing Industry, 1996–97.

Population Survey Monitor.

Stocks of Australian Wine and Brandy, 30 June 1998.

Vineyards, 1998.

Wine and Spirit Production, 1997–98.

Wine Statistics, 1997–98.

NON-ABS SOURCES

Dutruc-Rosset, D. 1998, *The State of Vitiviniculture in the World and the Statistical Information in 1996,* Office International de la Vigne et du Vin, Paris.

Osmond, Robert & Anderson, Kym 1998, *Trends and Cycles in the Australian Wine Industry, 1850 to 2000*, Centre for International Economic Studies, University of Adelaide.

SELF-HELP ACCESS TO STATISTICS

PHONE Call 1900 986 400 for the latest statistics on CPI, Labour Force, Earnings, National Accounts, Balance of Payments and other topics. (Call cost is 75c per minute)

INTERNET http://www.abs.gov.au

LIBRARY A range of ABS publications is available from public and tertiary libraries Australia wide. Contact your nearest library to determine whether it has the ABS statistics you require.

WHY NOT SUBSCRIBE?

PHONE +61 1300 366 323

FAX +61 3 9615 7848

CONTACTING THE ABS

ABS provides a range of services, including: a telephone inquiry service; information consultancy tailored to your needs; survey, sample and questionnaire design; survey evaluation and methodological reviews; and statistical training.

INQUIRIES

	By phone	*By fax*
Canberra	02 6252 6627	02 6253 1404
Sydney	02 9268 4611	02 9268 4668
Melbourne	03 9615 7755	03 9615 7798
Brisbane	07 3222 6351	07 3222 6283
Perth	08 9360 5140	08 9360 5955
Adelaide	08 8237 7400	08 8237 7566
Hobart	03 6222 5800	03 6222 5995
Darwin	08 8943 2111	08 8981 1218

POST Client Services, ABS, PO Box 10, Belconnen, ACT 2616

EMAIL client.services@abs.gov.au

ABS Catalogue no. 1329.0 **Australian Wine and Grape Industry** 1998

2132900001981
ISSN 1320-6486

RRP $21.00

Produced by the Australian Bureau of Statistics