Eden Valley Wine Region

Regional summary report

2006 South Australian Winegrape Utilisation and Pricing Survey

Phylloxera and Grape Industry Board of SA
October 2006

Eden Valley

Vintage overview

Vintage report

Variable conditions during spring meant many vineyards in Eden Valley encountered an uneven bud burst, with some initial vine growth quite inconsistent. In addition, a number of vineyards throughout the region experienced some minor hail and wind damage.

Favourable weather conditions during flowering promoted good set on all varieties with conditions staying relatively cool and mild until mid December. Severe heat waves followed in late December and early January, which rapidly slowed overall vine growth.

Mild conditions during the early vintage period were ideal with no major heat spikes. Flavour ripeness and subsequent berry maturity together with lower crop potential advanced ripening in response to these conditions. However, in mid March a large rainfall event of over 60-80 mm delayed vintage for approximately one week. Some delays in ripeness occurred on Shiraz, Cabernet Sauvignon and Merlot but with weather conditions staying mild, adequate ripeness was achieved.

Robin Nettelbeck
Phylloxera and Grape Industry Board

Overview of vintage statistics

The harvest from Eden Valley was 12,703 tonnes in 2006, 3,000 tonnes (20%) below the 2005 crush. The total value of grapes from the region decreased from $20 million to $14 million, with the average purchase value for most of the major varieties falling (Riesling by $200 per tonne and Chardonnay by more than $350).

The estimated production from Eden Valley for 2007 is 18,500 tonnes (this estimate does not take into account recently increased water restrictions). 15,000 tonnes is already committed to the wineries, leaving around 3,500 tonnes uncontracted. By 2011, the estimated production is 19,000 tonnes, of which 74% (14,000 tonnes) is already under contract or winery grown fruit. This leaves an estimated 5,000 tonnes to be sold on the open market.

The overall supply vs demand picture for SA indicates that wineries are already committed to take more fruit in 2007 than they require, meaning that there is not likely to be a spot market for the uncontracted Eden Valley fruit next year. By 2011, the total requirement for South Australian fruit is 840,000 tonnes – well below the 2006 harvest and 190,000 tonnes below the estimated 2011 production of 1,030,000 tonnes. 700,000 tonnes is already committed, leaving a spot market demand of 140,000 tonnes, compared with an estimated 330,000 tonnes available – including 5,000 tonnes from Eden Valley. All major red and white varieties are expected to be in surplus (particularly Chardonnay), with small shortfalls possible in Colombard and minor varieties such as Sauvignon Blanc and Pinot Noir. Therefore there is unlikely to be a restoration of supply-demand balance within the five-year timeframe, assuming production forecasts prove to be reasonably accurate and the wineries' requirement does not change substantially.

New plantings in Eden Valley in 2005 (including top-working and replacements) amounted to 23 hectares (around 1% of the total area). While this is a very small amount, there is no indication of any significant removal of grapevines being undertaken in the region.

Eden Valley — Winegrape intake summary – vintage 2006

Variety	Tonnes purchased	Lowest price[1]	Highest price	Total value purchased grapes	Calc avg. purchase value per tonne	Winery grown fruit	Total crushed	Est total value ALL grapes
RED								
Cabernet Franc	21			$28,592	$1,395	3	24	$33,195
Cabernet Sauvignon	782	$350	$5,730	$766,952	$981	882	1,663	$1,631,554
Grenache	65	$250	$1,200	$43,134	$666	101	165	$110,180
Mataro	51			$76,651	$1,509	1	51	$77,556
Merlot	215	$500	$1,100	$184,256	$856	173	388	$332,596
Other red	8			$14,635	$1,763	28	37	$64,676
Petit Verdot	3			$3,979	$1,200	9	12	$14,779
Pinot Noir	259	$500	$1,100	$222,380	$859	179	438	$376,277
Shiraz	2,431	$250	$7,000	$2,976,721	$1,225	872	3,302	$4,043,977
Total red winegrapes	**3,834**			**$4,317,299**		**2,247**	**6,081**	**$6,684,790**
WHITE								
Chardonnay	839	$400	$1,300	$816,627	$973	1,148	1,987	$1,933,596
Other white	22	$500	$640	$11,292	$518	0	22	$11,292
Pinot Gris	41	$1,000	$1,600	$47,961	$1,174	66	107	$125,278
Riesling	1,902	$400	$2,300	$2,272,085	$1,195	1,497	3,399	$4,061,236
Sauvignon Blanc	82	$1,000	$1,575	$109,925	$1,344	205	286	$384,953
Semillon	361	$500	$1,400	$317,258	$878	71	432	$379,260
Traminer	106	$550	$1,800	$119,693	$1,133	38	144	$162,713
Verdelho	6			$4,143	$750	0	6	$4,143
Viognier	180			$282,713	$1,568	60	240	$376,010
Total white winegrapes	**3,538**			**$3,981,697**		**3,084**	**6,621**	**$7,438,481**
Total all winegrapes	**7,372**			**$8,298,996**		**5,331**	**12,703**	**$14,123,270**

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

Eden Valley

Estimated supply and fruit availability 2007 to 2011

Variety	2007 Est Supply [1]	2007 Winery grown grapes	2007 Contract purchases [2]	2007 Available supply [3]	2009 Est Supply [1]	2009 Winery grown grapes	2009 Contract purchases [2]	2009 Available supply [3]	2011 Est Supply [1]	2011 Winery grown grapes	2011 Contract purchases [2]	2011 Available supply [3]
RED WINEGRAPES												
Cabernet Franc	42	3	13	26	42	3	13	26	42	3	13	26
Cabernet Sauvignon	2,789	1,027	825	937	2,789	1,026	779	984	2,789	1,026	779	984
Grenache	238	15	128	95	238	15	101	122	238	15	101	122
Mataro	59	1	53	5	59	1	53	5	59	1	53	5
Merlot	706	210	273	223	729	220	231	278	729	230	231	268
Other Red	74	43	14	17	85	47	17	21	86	47	17	22
Petit Verdot	88	10	5	73	88	10	5	73	88	10	5	73
Pinot Noir	465	275	288	-98	475	275	166	34	490	275	166	49
Shiraz	5,415	1,785	2,317	1,313	5,458	1,145	1,881	2,432	5,472	1,185	1,881	2,406
Total red winegrapes	**9,874**	**3,369**	**3,916**	**2,589**	**9,962**	**2,742**	**3,246**	**3,974**	**9,990**	**2,792**	**3,246**	**3,952**
WHITE WINEGRAPES												
Chardonnay	2,495	1,281	769	445	2,551	1,333	720	498	2,580	1,333	720	527
Other White	340	0	20	320	363	0	22	341	372	0	39	333
Pinot Gris	147	99	25	23	202	107	55	40	238	177	65	-4
Riesling	4,622	1,890	2,205	528	4,890	1,993	2,043	855	4,919	2,013	1,985	921
Sauvignon Blanc	351	300	117	-66	420	304	152	-36	438	304	172	-38
Semillon	439	88	409	-58	439	88	388	-37	439	88	388	-37
Viognier	287	155	360	-228	321	155	372	-206	355	155	372	-172
Total white winegrapes	**8,681**	**3,813**	**3,905**	**964**	**9,185**	**3,980**	**3,752**	**1,454**	**9,341**	**4,070**	**3,741**	**1,530**
Total all winegrapes	**18,555**	**7,181**	**7,821**	**3,553**	**19,147**	**6,722**	**6,998**	**5,427**	**19,331**	**6,862**	**6,987**	**5,482**

[1] Supply forecast derived from planting details recorded on PGIB vineyard register (see planting report)

[2] Contracts already in place - not intended contracts

[3] A negative number indicates supply forecast is below wineries' estimated commitment

Eden Valley

Current plantings by year planted

Current area in hectares by year planted

Variety	Pre-2003	2003	2004	2005	Total area	% planted in 2005
CABERNET FRANC	5	0	0	0	5	0%
CABERNET SAUVIGNON	349	0	0	0	349	0%
GRENACHE	30	0	0	0	30	0%
MATARO (MOURVEDRE)	7	0	0	0	7	0%
MERLOT	87	2	2	0	91	0%
PETIT VERDOT	11	0	0	0	11	0%
PINOT NOIR	58	0	0	3	61	4%
SHIRAZ	671	11	0	2	683	0%
OTHER RED	8	2	1	0	11	2%
TOTAL RED WINEGRAPES	**1226**	**14**	**3**	**5**	**1248**	**0%**
SEMILLON	49	0	0	0	49	0%
SAUVIGNON BLANC	39	0	7	2	48	4%
CHARDONNAY	275	3	3	3	285	1%
RIESLING	499	24	18	4	546	1%
PINOT GRIS	15	2	3	4	24	16%
VIOGNIER	31	1	2	4	37	10%
OTHER WHITE	36	3	1	1	40	3%
TOTAL WHITE WINEGRAPES	**945**	**33**	**33**	**19**	**1029**	**2%**
TOTAL ALL VARIETIES	**2170**	**47**	**36**	**23**	**2277**	**1%**

Explanations and Definitions

INTAKE (CURRENT VINTAGE) DATA

Definition of regions

Regions have been defined in accordance with declared or interim Geographical Indication (GI) boundaries. If a GI region has not been declared, or produces less than 5,000 tonnes, then the data is aggregated into the relevant GI zone. Disaggregation of data into smaller regions such as Currency Creek, Southern Flinders Ranges and Mount Benson is available on request from the Board's office.

Total crush

The **total crushed** is the total tonnes of grapes crushed from a particular source region, whether processed in that region, another region in SA or interstate. All wineries in Australia who source fruit from South Australian vineyards are included in the survey collection process. Reported fruit is separated into fruit produced from the winery's own vineyards ("own grown") and from independent grower owned vineyards ("purchased").

Crop value data

On the survey forms, wineries are asked to record **total purchase value.** This is the total amount paid for fruit of a particular variety at the point of receival – NOT including freight. It includes any penalties or bonuses (eg Baumé) applied at the weighbridge, but DOES NOT INCLUDE other bonuses or adjustments such as end use quality bonuses, which are not available at the time the survey is conducted.

The **calculated average purchase value per tonne** is the average amount paid per tonne of fruit across all wineries. Winery grown grapes are not included in the calculation of average purchase value; nor are grapes grown by companies connected with the winery or under lease arrangements. The **estimated total value of purchased grapes** is calculated by multiplying the average purchase value per tonne by the total tonnes purchased. The **estimated total value of total grapes** is calculated by multiplying the average purchase value per tonne by all tonnes crushed. If there is a variety where there are no purchases, then the average purchase value across all other varieties of the same colour in the same region is used to determine an estimated value for the own grown grapes.

Note: in small varieties there may sometimes be only one winery contributing towards a calculated average purchase value per tonne.

Important note on average purchase value

There is considerable variation in the pricing arrangements made by different wineries. For example, some wineries make adjustment payments based on the average value per tonne reported in this survey and some pay quality bonuses based on the end use of the product. These additional payments are not included in the reported figures. The average price also does not give any indication of the distribution of prices, or variables that go into individual contracts. Therefore the average price should not be compared directly with an individual grower's arrangement.

Highest and lowest price

Wineries are asked to report the highest and lowest prices paid for any parcel of fruit of a particular variety, of any size. The highest of all highest prices, and the lowest of all lowest prices are reported – provided that at least three wineries have provided this information for any particular variety. *Note: the highest or lowest price may be for a very small parcel of fruit - and/or reflect an unusual pricing arrangement - eg payment by the hectare rather than per tonne, "spot market" sales of excess fruit etc.*

FORECASTS

Estimated supply

Supply forecasts have been calculated using planting data contained in the Phylloxera and Grape Industry Board's vineyard register – ie they are independent of the Utilisation and Pricing survey . Estimated bearing area is multiplied by expected yield per hectare, to give estimated production. The supply forecasts do not make any allowance for large-scale grubbings, yield capping or the effects of water restrictions/drought conditions.

Committed intake

Committed intake is the amount of fruit that wineries are *already* committed to take in, for a given future year. It is made up of winery grown fruit and contract purchases. Only existing or ongoing contracts are included – not intended future signings or renewals.

Explanations and Definitions

Available supply

Available supply (uncommitted fruit) is the difference between estimated supply and committed intake. It is the amount of fruit estimated to be available on the open (spot) market.

Demand (required intake)

T**he demand figure (required** intake) is the tonnage required by wineries to achieve sales forecasts. From 2006, demand figures are no longer reported for individual regions. This is because, for the majority of fruit purchased, the requirement is not specifically regional – but rather it is price/quality based and therefore interchangeable between regions. Demand (fruit requirement) is reported for "warm" vs "cool" climate fruit (Riverland vs. the rest of South Australia) and for the whole of South Australia. Therefore it is important to read the state summary report in conjunction with the individual regional reports.

The % required/committed intake shows the percentage of the wineries' requirement that is *already* committed for a given year. Eg a figure of 83% indicates that wineries already have contracts (or own grown fruit) to supply 83% of their demand for that year.

Note: not all wineries provide estimates of future intakes - particularly for the later forecast years. Therefore forecasts for later years tend to underreport actual demand. The projections of future intake should be interpreted and used cautiously. It should be noted that there is considerable variation from one survey to the next in demand projections for the same future forecast year, as marketing indications change. The projections should only be interpreted as general indications of current levels of confidence, and trends in varietal preferences.

PLANTING DATA

Derivation of planting data tables

Planting data is **not** derived from the 2006 South Australian Utilisation and Pricing Survey of wineries. The information is obtained from the vineyard register maintained by the Phylloxera and Grape Industry Board of South Australia.

The Board is required under the *Phylloxera and Grape Industry Act 1995* to maintain a complete and accurate register of grapegrowers in the state. All vineyard owners with more than 0.5 hectares are required by law to register with the Board, and to complete an accurate vineyard return each year, giving details of their plantings. This information is kept strictly confidential. An accurate vineyard register enables the Board to produce complete, up-to-date statistical information on vineyard plantings by variety, year planted and location.

For more information on registration of vineyards, please contact the Phylloxera and Grape Industry Board office on 08 8362 0488.

Explanatory notes for planting data tables

1. Planting data tables are current as at April 2006 and include all plantings from the 2005 planting season. Vines planted in a particular year may include topworked or replaced vines, as well as new plantings in virgin ground. Where vines have been replaced or topworked, the old variety record is removed. This explains why the area planted for earlier years may be different in the 2006 report compared with previous reports.
2. Vineyard plantings are recorded by Geographical Indication. Planting details for smaller regions not included in the survey report are available on request from the Board.
3. Where a 0 appears in a table, this may indicate the presence of a planting of less than 0.5 hectares, or it may indicate zero plantings. Rounding may produce a slight error in totals or percentages.