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STATE OF AFFAIRS

DELIVERING wine courses over a semester, I often run a session on general information about the Australian wine industry. Just a simple summary of what I consider general knowledge, but it always surprises me that wine professionals actually don't often know the size and shape of their industry, and that unawareness goes for the general wine lover as well.

So, this is a summary of the industry and some comments on the facts and figures. The information comes from various sources, including the Australian Bureau of Statistics (ABS), Winemakers' Federation of Australia (WFA), Australian Grape and Wine Authority and the annual Wine Industry Directory published by Winetitles.

The size of the industry can be looked at in different ways. The total area of productive vineyards currently sits around 133,000ha. This has declined rapidly since 2008 when it stood at 172,626ha. So what this simply means is that while there are still some vineyards being planted we are pulling out unwanted or unproductive ones. In comparison, France has over 800,000ha and Australia's vineyards are about equivalent to Bordeaux and Burgundy (Chablis, Cote de Nuit/Cote de Beaune) put together, which is 118,800ha and 14,000ha respectively.

The annual production is another way of looking at the size of the industry. In 2014 Australia crushed 1.7 million tonnes of grapes, which was a 7 per cent decrease from the previous year. The figures have remained fairly static since 2008, despite the fall in the number of vineyards. Why? Well it is due to fluctuations in the yield and in 2008 we were in the grips of the millennium drought, which officially ended in 2009, although in many regions it went on until 2012 and some would argue it is still going on.

In production terms, it's approximately a 50/50 spread between red and white grapes, with red grapes slightly ahead at 52 per cent. Each year we see spikes in one variety or another, often due to new vineyards coming on line and producing its first crop. In 2014 for instance, we saw a dramatic increase in marsanne production. It is more interesting to compare the varietal production over a longer period of say five years. We see pinot gris/grigio rise in popularity soaring from 39,000 tonnes in 2010 to 61,500 in 2014 and over the same period tempranillo production has doubled. The average price paid per tonne of grapes is $441; this has fluctuated over the past 15 years but the trend has been downwards from a high of $933 in 2001. If only other operating costs had also gone down it wouldn't have been so bad for profitability, which is at an all-time low.

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Company and brand names get confused all the time. Currently there are about 2481 wine companies. This year saw a fall in the numbers compared to the previous year, with 195 wine companies either going out of business, being taken over, or not registering their details. The top five companies - Accolade Wines, Treasury Wine Estate (TWE), Casella Wines, Australian Vintage and Pernod Ricard account for a staggering 50 per cent of the national production. The top 10, which includes the likes of De Bortoli and McWilliams, produces 80 per cent of our entire wine production, which doesn't leave much left for the remaining 2381 companies. Inside the top 10 you find unfamiliar names such as Qualia Wine Services, sitting at number nine in tonnage and larger in grape intake than more familiar names like Brown Brothers or Yalumba. Qualia was founded in 2009 after acquiring Neqtar Wines and specialises in made-to-order wines for supermarket chains. It is an export-driven company doing business in over 25 different countries. It produces wine brands such as Little Eden, Calder Grove and Spee'wah, and is based in the Murray Darling.

Accolade Wines came into existence with the purchase of US-owned Constellation Australia by Champ Private Equity Company in 2011. It owns brands such as Hardys, Leasingham, Houghtons, Banrock Station, House of Arras, Bay of Fires and Berri Brothers. In the same year Accolade was born, Treasure Wine Estate (TWE) came about when it broke away from the Foster's Group. Initially it was rumoured that this was to allow a takeover or a way of selling off brands, but nothing has materialised and TWE remains with an impressive portfolio of labels, including Penfolds, Coldstream Hills, Great Western, Heemskerk, Leo Buring, Saltrams, Seppelt, T'Gallant, Wolf Blass, Wynns Coonawarra, Yellowglen, Rosemount Estate and Annie's Lane. Australian Vintage is probably a mystery to most, but some of its brands are well known - McGuigan, Tempus Two, Nepenthe and Miranda. Originally called McGuigan Simeon, it was publicly listed on the stock market in 2008. Casella is the family behind the brand Yellow Tail from the Riverina, and finally Pernod Ricard is the Australia arm of the global French spirit company that controls one of the most iconic Australian labels - Jacob's Creek. It also sells Wyndham Estate, St Hugo, Orlando and Morris, as well as providing some well-known New Zealand wines such as Deutz, Stoneleigh and Brancott Estate.

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Finally, to complete our state of play on the wine industry let's look at the retail scene. A whopping 77 per cent of wine is purchased through our two main supermarket chains - Woolworths and Coles (Westfarmers). Dan Murphy's and BWS stores belong to Woolworths and Coles has Vintage Cellars, Liquorland and First Choice. If you are thinking of avoiding these players and purchase through the likes of Cellarmasters or Langton's, think again, as both are owned by Woolworths.