

2014 Vintage Report: Time for action

The Winemakers' Federation of Australia 2014 Vintage Report out today gives the clearest vintage outlook to date and identifies a number of challenges requiring urgent action.

Federation Chief Executive Paul Evans said while the crush estimate of 1.70 million tonnes was 136,000 tonnes less than last year, any positive impact on the demand-supply imbalance would be offset by increased inventory levels and large vintages in the northern hemisphere.

"This year's vintage is down slightly on the high of 2013 which helps but we are still not seeing the structural adjustment required to deliver a transformational shift in favour of increased industry profitability," Mr Evans said.

"We must take immediate action with government to grow demand for our wine and accelerate the correction to the supply base.

"Otherwise we will continue to see downward pressure on prices around an already low base, with AGWA's latest figures showing an average grape purchase price of \$441 per tonne, down 12% on 2013.

"The case for government to supplement industry resources and invest \$25 million over four years in the international promotion and marketing of our wine is clear and urgent. This, along with changes to competition law in the domestic retail market and a fairer wine tax system that doesn't support competitor countries like New Zealand, are necessary steps in the right direction."

The 2014 vintage report findings include:

- 2014 beverage wine production estimate: 1,202 million litres – around 2% less than 2013.
- Projected stock-to-sales ratio for 2014 increased to 1.48;
- Average profitable production (includes breakeven, low & profitable) down to 16% from 23% in 2012;
- Red crush estimated at 884,000 tonnes – down 5% on 2013;
- White crush estimated at 813,000 tonnes – down 9% on 2013;
- Top 3 red varieties: Shiraz, Cabernet Sauvignon and Merlot;
- Shiraz dominates at 48% of red crush – up 3% on 2013.
- Chardonnay dominates at 44% of white crush despite decrease of 46,521 tonnes on 2013;

"Industry is doing its part by implementing the Federation's Action Plan. We are asking government to work with us to ensure we remain one of Australia's truly globally competitive industries," said Mr Evans

For the full 2014 Vintage Report and WFA Action Plan, go to www.wfa.org.au

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