

A photograph of a wine cellar. In the foreground, a large, cylindrical metal tank is partially visible, wrapped in clear plastic. Behind it, several wooden barrels are stacked on metal racks. The barrels have white markings, including the letter 'W' and the year '2009'. The lighting is warm and focused on the barrels.

Wine
Australia

Australian Wine: Production, Sales and Inventory 2022-23

November 2023

Summary

- 
- The Australian winegrape crush in 2023 was 1.32 million tonnes, 24 per cent below the 2022 crush and 26 per cent below the 10-year average of 1.78 million tonnes.
 - Total Australian wine production in 2022–23 was 964 million litres (107 million 9-litre case equivalents) – the lowest since 2006–07 and the first time since then that wine production in Australia has fallen below 1 billion litres.
 - Reds made up 54 per cent of wine production compared with 55 per cent in 2021–22 and 58 per cent in 2020–21.
 - The total sales volume of Australian wine in 2022–23 was 1.07 billion litres (118 million 9-litre cases), almost identical to the sales figure for 2021–22, and 13 per cent below the average for the past 10 years of 1.22 billion litres. Domestic sales increased by 1 per cent to 444 million litres, while exports declined by 1 per cent to 621 million litres. As a result, the domestic sales share of total sales increased by one percentage point to 42 per cent of total sales volume.
 - Sales exceeded production by 100 million litres, making 2022–23 the first time that sales have been higher than production since 2019–20.
 - Inventory of Australian wine as at 30 June 2023 is estimated to be 2.2 billion litres, a decrease of 4 per cent compared with the same time the previous year. The total inventory was 15 per cent above the 10-year average of 1.9 billion litres.
 - Total industry storage capacity is estimated to be approximately 3 billion litres, or 37 per cent more than the national stock level as at 30 June 2023.
 - The stock-to-sales ratio decreased by 3 per cent to 2.06, the first decrease since 2018–19. The stock-to-sales ratio decreased for both red wine (down 7 per cent to 2.57) and white wine (down 2 per cent to 1.49). Despite the decrease, it remained 31 per cent above the 10-year average of 1.57.
 - Global conditions remain very challenging, due to declining wine consumption and a prolonged oversupply of wine putting increasing pressure on all wine-producing countries. However, some export growth opportunities exist, particularly in SE Asian markets, the United States (US) and – subject to the removal of tariffs on Australian packaged wine – in mainland China.
 - The domestic market is expected to decline in volume over the next five years, with an increased share of sales being taken by imported wines.
 - Conditions remain very tough for growers and winemakers ahead of the 2024 vintage, particularly with respect to red grapes.

Overview

Production Vintage 2023



1.32m ↓ -24%

TONNES OF GRAPES CRUSHED



964m ↓ -26%

LITRES OF WINE PRODUCED

Sales 2022-23



\$4.99b ↓ -6%

TOTAL VALUE (AUD)



1.07b ↓ -0.1%

LITRES OF WINE



\$1.9b ↓ -10%

EXPORT VALUE (AUD)



\$3.1b ↓ -2%

DOMESTIC VALUE (AUD)



621m ↓ -1%

EXPORT VOLUME (LITRES)

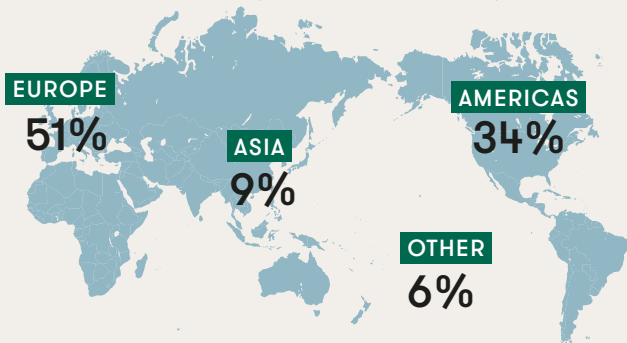


444m ↑ 1%

DOMESTIC VOLUME (LITRES)

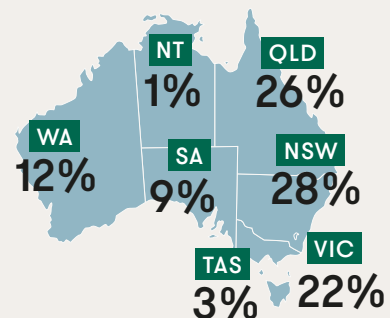
58%

EXPORTED VOLUME (SHARE OF EXPORTS)



42%

DOMESTIC VOLUME (SHARE OF OFF-TRADE SALES)



Inventory 30 June 2023



2.19 billion ↓ -4%

LITRES OF WINE

Key statistics

Table 1: Grape crush by colour (thousand tonnes)

	2022	2023	Change	10-year average	Change
Red grapes	959	712	-26%	943	-25%
White grapes	775	605	-22%	839	-28%
Total grape crush	1734	1317	-24%	1782	-26%

Table 2: Wine production by colour (million litres)

	2021-22	2022-23	Change
Red wine	713	519	-27%
White wine	594	444	-25%
Total wine production	1307	964	-26%

Table 3: Extraction rates (litres of wine per tonne)

	2021-22	2022-23	Change	10-year average	Change
Red	743	729	-2%	719	1%
White	766	734	-4%	702	5%
Total	753	732	-3%	711	3%

Table 4: Wine inventory by colour (million litres)

	2021-22	2022-23	Change
Red and rosé wine	1440	1295	-10%
White wine	690	689	0%
Total still wine	2130	1984	-7%
Sparkling	49	76	56%
Fortified and other	92	129	40%
Total wine inventory	2271	2189	-4%

Table 5: Stock-to-sales ratios (years)

	2021-22	2022-23	Change	10-year average
Red	2.77	2.57	-7%	1.77
White	1.52	1.49	-2%	1.35
Total	2.13	2.06	-3%	1.57

Table 6: Domestic wine sales by wine style (million litres)

	2021-22	2022-23	Change
Red and rosé	176	174	-1%
White	185	187	1%
Sparkling (inc carbonated)	62	62	1%
Fortified and other	18	21	21%
Total	441	444	1%

Table 7: Domestic wine sales value

	2021-22	2022-23	Change
Total value (\$ million)	3197	3120	-2%
Average value (\$/litre)	7.25	7.02	-3%

Table 8: Export wine sales by wine style (million litres)

	2021-22	2022-23	Change
Red and rosé	343	331	-3%
White	268	277	3%
Sparkling (inc carbonated)	14	12	-12%
Fortified and other	0.86	0.71	-17%
Total	625	621	-1%

Table 9: Export wine sales value (A\$ million FOB)

	2021-22	2022-23	Change
Export sales	2082	1865	-10%
Average value (\$/litre FOB)	3.33	3.00	-10%

Table 10: Total sales volume (million litres)

	2021-22	2022-23	Change
Red and rosé	519	505	-3%
White	453	463	2%
Sparkling (inc carbonated)	76	75	-1%
Fortified	18	22	20%
Total sales	1066	1065	-0.1%

Table 11: Total sales value (A\$ million)

	2021-22	2022-23	Change
Total sales	5279	4985	-6%





Production

Winegrape crush

The 2023 Australian winegrape crush was 1.32 million tonnes, 24 per cent (416,721 tonnes) below the 2022 crush of 1.73 million tonnes, and 26 per cent (465,177 tonnes) below the 10-year average¹ of 1.78 million tonnes (see Figure 1). It was the lowest reported crush in over 20 years.

Based on the total estimated vineyard area of 146,244 hectares², the estimated yield was just over 9 tonnes per hectare, 28 per cent below the 10-year average of 12.59 tonnes per hectare.

Figure 1: Australian winegrape crush and average yield 2013 to 2023



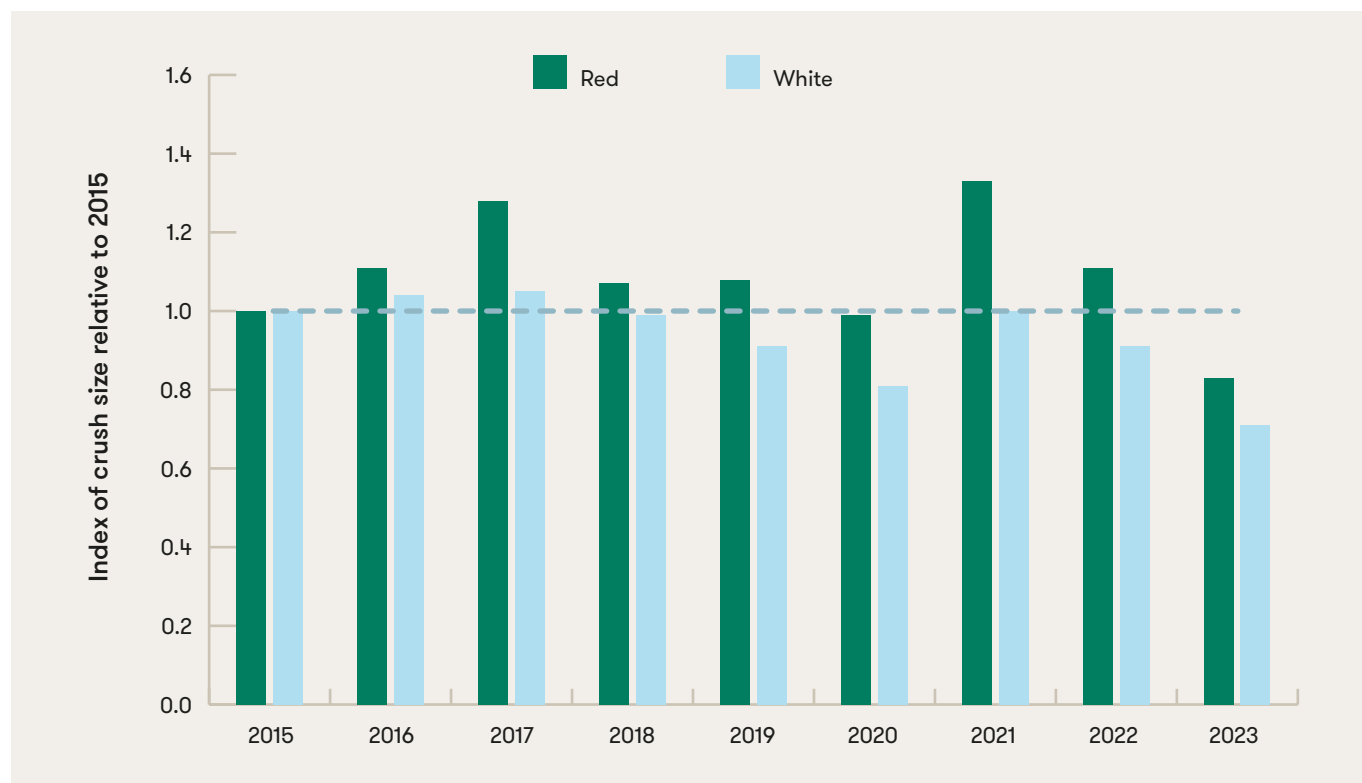
Source: Wine Australia National Vintage surveys

- 1 All 10-year averages in this report refer to the period 2012-13 to 2021-22
- 2 National Vineyard Scan 2019

Most of the reduction came from red grapes. The crush of red grapes decreased by 26 per cent (247,120 tonnes) to 711,777 tonnes, while the crush of white grapes decreased by 22 per cent (169,601 tonnes) to 605,321 tonnes.

The smaller decrease in whites led to their share of the total crush increasing from 45 per cent in 2022 to 46 per cent in 2023. Despite this, the crush of white grapes has still fallen by more in percentage terms over the past 8 years than the crush of red grapes (Figure 2).

Figure 2: Change in composition of crush by colour since 2015



Source: Wine Australia National Vintage surveys

The small vintage was the result of very difficult seasonal conditions, compounded by active steps by some growers and winemakers to reduce intake.

A third consecutive La Niña event produced the wettest year since 2011 and it was also Australia's coolest year since 2012. Persistent winter and spring rainfall across much of South-Eastern Australia made access to vineyards difficult as well as causing flooding in some regions. The cool, wet conditions through spring and summer in some regions also led to lower yields, delayed ripening and challenges managing disease, but were conducive in many situations to good flavour development.

Winery inventory pressures and low winegrape prices resulted in some yield caps being imposed, uncontracted grapes not being sold or harvested and/or vineyards being temporarily taken out of production.

For more details on the 2023 vintage, see the [National Vintage Report](#) or the [National Vintage Survey dashboard](#) on the Wine Australia website.

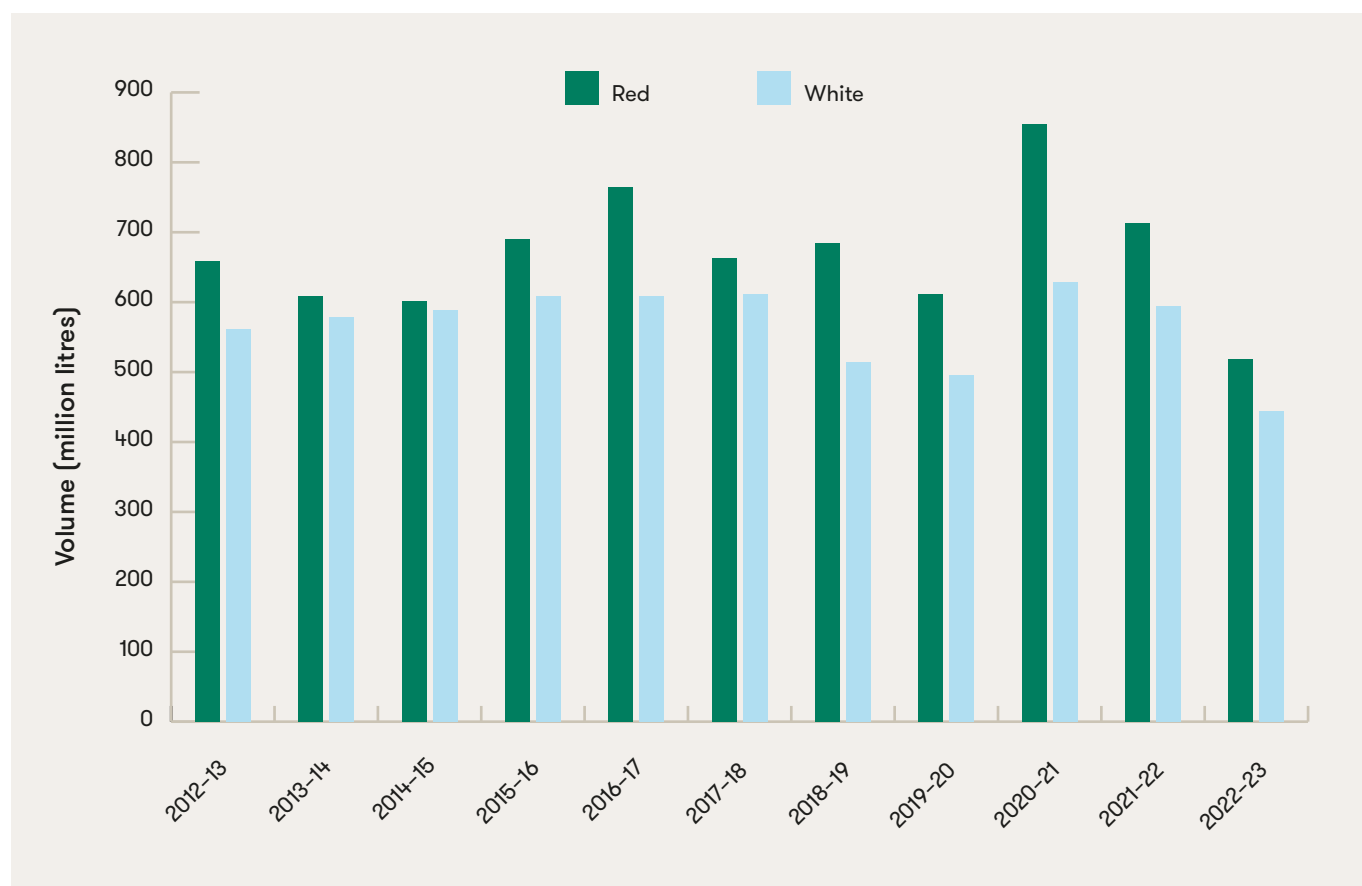
Wine production

Total Australian wine production from the 2023 vintage is estimated³ to be 964 million litres, or 107 million 9-litre case equivalents. This is the lowest figure since 2006–07 (949 million litres), and the first time since then that wine production in Australia has fallen below 1 billion litres.

The 2022–23 wine production estimate is nearly 300 million litres (38 million cases) – or 24 per cent – below the 10-year average of 1.26 billion litres.

Red wine production decreased by 194 million litres (27 per cent) to 519 million litres in 2022–23, while white wine production decreased by slightly less – down 149 million litres (25 per cent) to 444 million litres (Figure 3). As a result, white wine's share of production increased from 45 per cent to 46 per cent, in line with its share of the crush. Red wine was down 24 per cent from its 10-year average of 685 million litres, and white was 23 per cent below its 10-year average of 579 million litres.

Figure 3: Australian wine production by colour over time

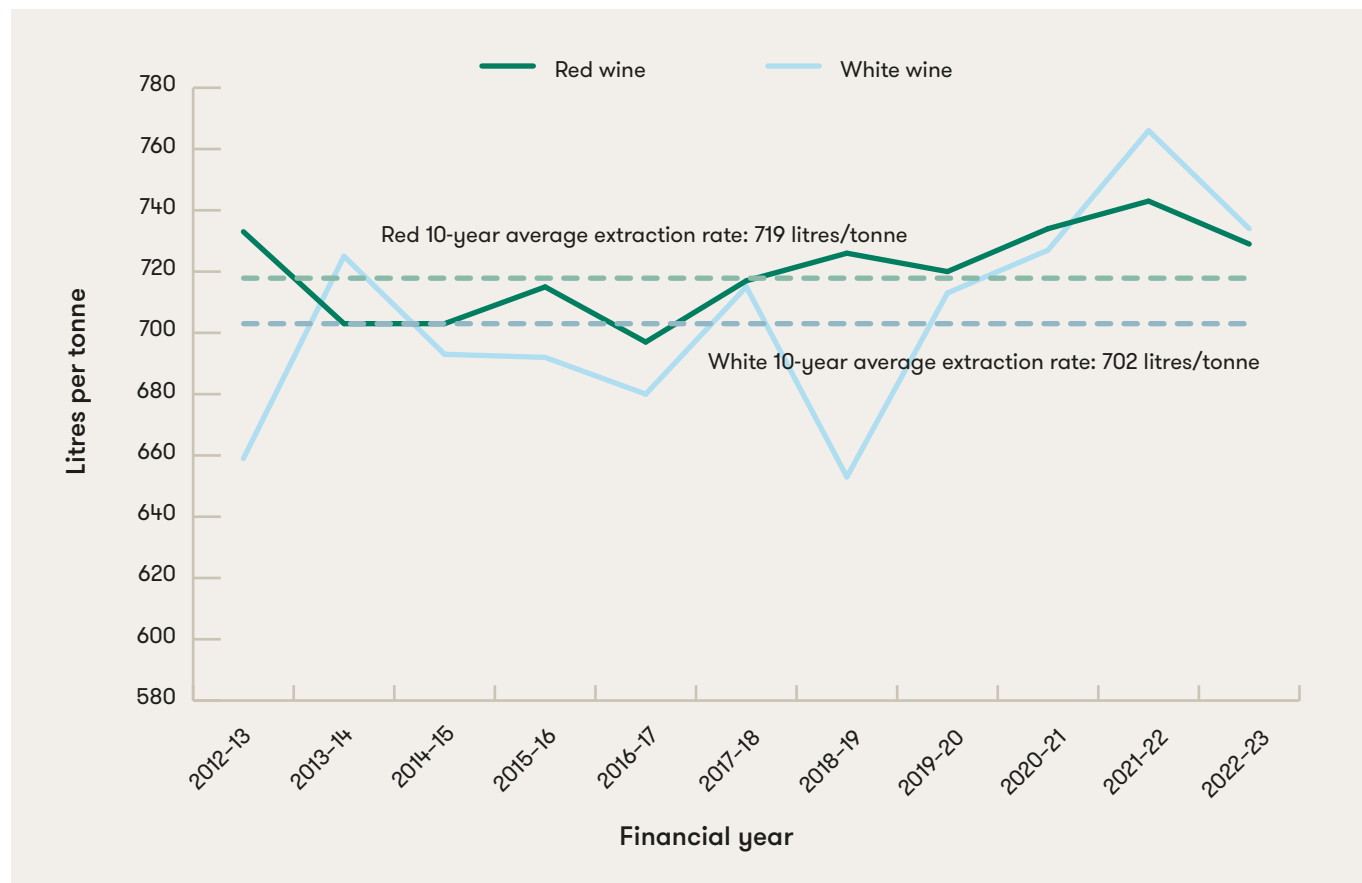


Source: Wine Australia Production, Sales and Inventory surveys and ABS

³ Estimate based on the annual Wine Production, Sales and Inventory survey – see Method section page 23

Extraction rates for red and white wine were both lower than in 2022, but above their 10-year averages. The extraction rate for whites has generally been lower than for reds historically, but has been higher in the past two years and peaked in 2022 at a record 766 litres per tonne (Figure 4). The higher demand for white wine compared with red may have resulted in more red grapes being diverted to white wine, thus increasing the apparent overall extraction rate for white wine. There may also have been less diversion of white grapes into concentrate or other wine products, which are not counted in the extraction rate but reduce the amount of wine made from the same tonnage of grapes.

Figure 4: National extraction rates by colour over time



Source: Wine Australia Production, Sales and Inventory surveys and ABS

Production volumes for sparkling and fortified wines are incorporated in the total red and total white wine figures. Sparkling wine production⁴ in 2022-23 is estimated to be 28 million litres, of which 96 per cent was white. Fortified wine production⁵ is estimated to be 8 million litres, of which 23 per cent was white. These wine styles are difficult to report accurately, as the volumes are relatively small, and they may not be able to be identified at the point that wine production is measured, depending on the reporting system used by the winery.

In addition to wine, it is estimated that a total of 42 million litres of 'other products'⁶ was made from the 2023 crush in addition to wine. This represents an increase of 11 per cent compared with last year.

⁴ Bottled and bulk fermented sparkling wine produced in the 2022-23 financial year

⁵ Could include wine from earlier vintage grapes

⁶ Wine products and wine-based beverages, juice and concentrate. Estimate is of the total volume including other ingredients.

Sales

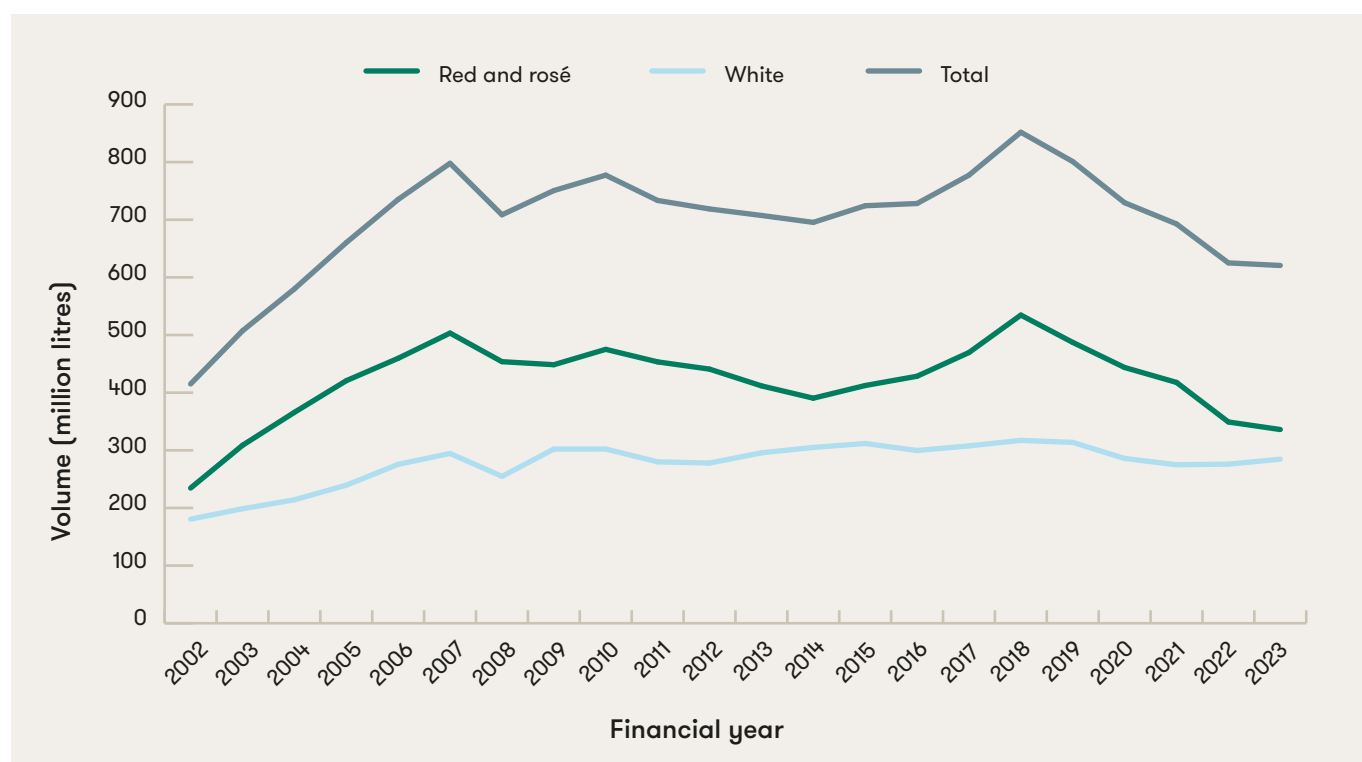
Exports

The volume of Australian wine exported in 2022–23 was 621 million litres (69 million 9-litre case equivalents), a decrease of 1 per cent compared with 2021–22 and the lowest for a financial year since 2003–04⁷.

Red and rosé exports decreased by 3 per cent to 331 million litres, while whites increased by 3 per cent to 277 million litres (45 per cent of the total).

Exports have shown two distinct growth phases in the past 20 years: from 2002 to 2007, and from 2015 to 2018. In between these periods, total export volume has largely been flat or in decline (Figure 5) although the performance of individual export markets has varied.

Figure 5: Australian wine exports by colour over time



Source: Wine Australia Licensing and Approval System

The first growth phase was driven by exports to the US and United Kingdom (UK) in the early 2000s, and the second primarily by exports to mainland China from 2016–17 to 2017–18. The second peak was enhanced in 2017–18 by increased international demand following a record low global harvest in 2017, when Australia and Argentina were the only major wine-producing countries to have an above-average crop.

As can be seen from Figure 5, both of these growth phases (and subsequent declines) were driven by red wine⁸: Australian red wine exports grew by 128 per cent from 2001–02 to 2017–18, while white wine exports grew by 76 per cent over the same period. By contrast, red wine has declined by 37 per cent since its peak in 2017–18, while white wine has only declined by 10 per cent, and in fact increased by 3 per cent in 2022–23, compared with a decline of 4 per cent for reds.

⁷ Export data extracted from the Wine Australia Licensing and Approval system.

⁸ Red and white wine in this analysis includes sparkling and fortified as well as table wine



Sparkling wine (including carbonated) accounted for just 2 per cent of total exports (12 million litres) and declined by 12 per cent in 2022–23. ‘Other’ exports – ie fortified and dessert wine plus vermouth – accounted for less than 1 million litres (0.1 per cent of exports) and declined by 17 per cent in volume, although average value increased by 9 per cent to \$9.80 per litre.

In addition to the above categories, wine products and wine-based beverages accounted for around 4 million litres of exports in 2022–23, a similar amount to that of recent years and less than 1 per cent of total exports.

Domestic sales

The Australian domestic wine market is the largest single market for Australian wine, accounting for more than 40 per cent of all Australian wine sales by volume.

The results of the Wine Production, Sales and Inventory (PSI) survey 2023 indicate that the volume of Australian wine sold domestically in 2022–23 was 444 million litres (49 million cases), 0.7 per cent higher than in 2021–22 and the first time for 6 years that domestic sales of Australian wine have not declined overall. According to the survey results, sales of Australian wine on the domestic market declined by a total of 11 per cent between 2016–17 and 2021–22.

Still red wine sales were 174 million litres in 2022–23, 1 per cent below 2021–22, but 10 per cent below the 10-year average and the lowest since 2010–11. Still white wine sales were 187 million litres, 13 per cent below the 10-year average but 1 per cent higher than in 2021–22.

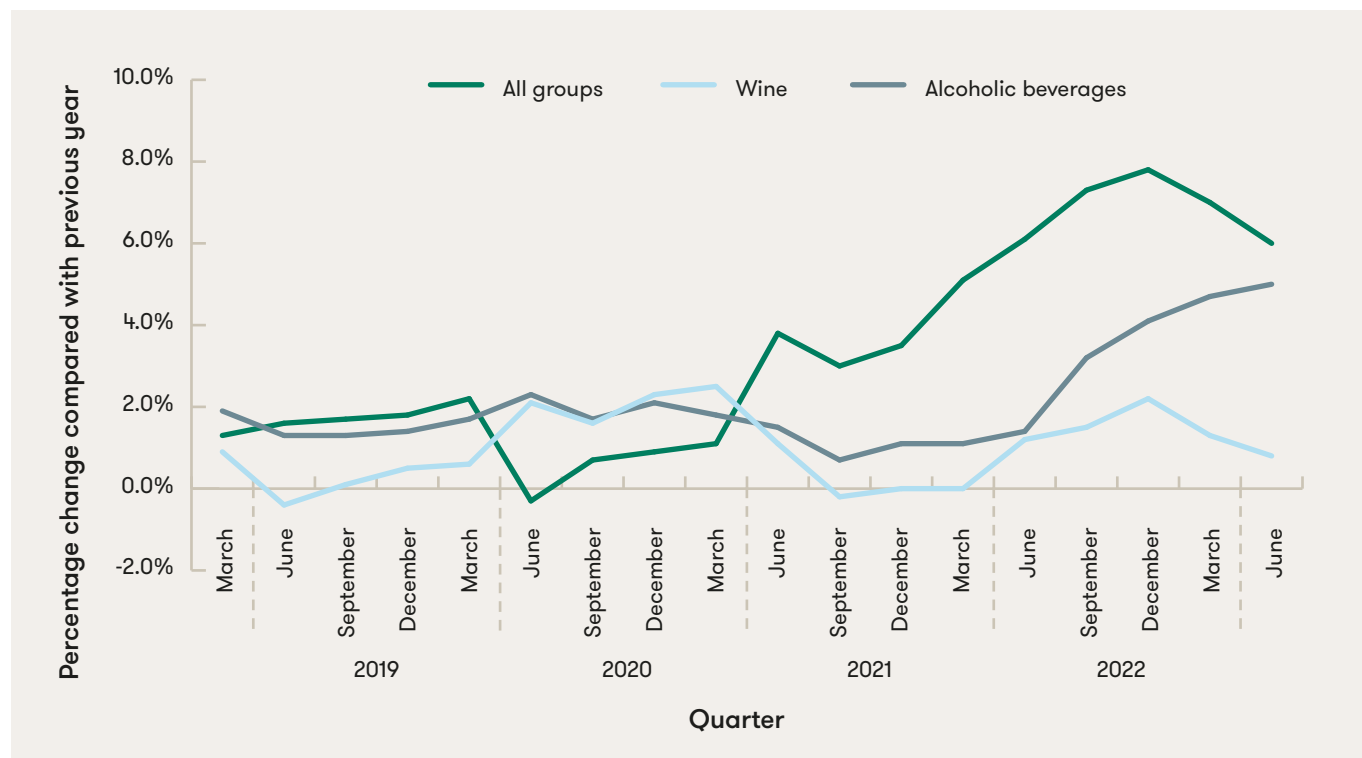
Still white wine accounted for 42 per cent of sales, red/rosé accounted for 39 per cent and sparkling, carbonated, fortified and ‘other’ wine products made up the remaining 19 per cent. All categories were almost flat in terms of growth, except for fortified/other, which increased by 21 per cent (but from a low base).

Based on the survey results, the average value of domestic sales was found to decrease by 3 per cent to \$7.02 per litre in 2022–23. This was primarily driven by a decrease in the average value of sales to off-trade retailers, which declined by 5 per cent in average value and accounted for 94 per cent of total sales for the survey respondents. Direct-to-consumer (DTC) sales accounted for 2 per cent of sales volume⁹ and increased by 4 per cent in average value.

⁹ Previous research by Wine Australia has shown that DTC sales account for 10 per cent of domestic sales across the whole sector. The smaller share reported here reflects the fact that respondents to the Production, Sales and Inventory survey are the largest wineries in Australia.

Inflation (change in the Consumer Price Index or CPI) across all products in Australia was 6 per cent for the year to June 23. While value can be affected by changes in the product mix, the fact that the overall average value to winemakers has remained flat indicates that, overall, they have not been able to increase prices in line with inflation. This is consistent with the fact that the CPI increase for wine (retail price) was just 0.8 per cent in the same period, meaning that the same wine cost just 0.8 per cent more in June 23 than it did in June 22 (Figure 6).

Figure 6: Australian Consumer Price Index (selected products)



Source: Australian Bureau of Statistics data in Wine Australia [Grape Price Indicators dashboard](#)

The decline in average value combined with the static sales volume resulted in a net decrease of 2 per cent in overall estimated domestic sales value to Australian winemakers, from \$3.2 billion in 2021-22 to \$3.1 billion. This amount is a mix of wholesale and retail value.



Total sales

The total sales volume of Australian wine in 2022–23 was 1.07 billion litres (118 million 9-litre cases), a reduction of just 1.4 million litres (0.1 per cent) compared with 2021–22, and 13 per cent below the average for the past 10 years of 1.22 billion litres. Domestic sales made up 42 per cent of total sales, up by one percentage point from the previous year and 5 percentage points higher than in 2017–18, when exports were at their peak.

Red (including rosé) wine sales accounted for a total of 505 million litres, a reduction of 14 million litres (3 per cent) compared with 2021–22 and 19 per cent below the 10-year average of 623 million litres. Its share of total sales reduced from 49 per cent in 2021–22 to 47 per cent.

White wine sales accounted for 463 million litres (44 per cent of total sales volume), an increase of 10 million litres (2 per cent) but 8 per cent below their 10-year average. White wine sales have been virtually flat for nearly 20 years, with an overall decline of just 3 per cent between 2005–06 and 2022–23. Red wine sales have decreased by 17 per cent over the same timeframe, with almost all the decrease occurring in the past 5 years (Figure 7).

Figure 7: Total sales of Australian wine by colour over time



Source: Wine Australia Production, Sales and Inventory surveys and ABS

Sparkling wine sales accounted for 7 per cent of total sales (75 million litres) and decreased by 1 per cent, while fortified and 'other' accounted for 2 per cent of sales (22 million litres) and increased by 4 million litres (20 per cent).

The total revenue to Australian wine producers from export and domestic sales is estimated to be \$4.99 billion, a decrease of 6 per cent compared with the previous year. The decrease reflects the combination of the 10 per cent reduction in export value and 2 per cent reduction in domestic sales value.

Inventory

Current stock levels and industry storage capacity

The national inventory of Australian wine as at 30 June 2023 is estimated to be 2.2 billion litres, a decrease of 82 million litres (4 per cent) compared with the same time last year but 288 million litres (15 per cent) above the 10-year average of 1.9 billion litres¹⁰.

The reduction was driven by still red wine stocks, which decreased by 10 per cent (145 million litres), while still white wine stock levels did not change significantly, and the other categories increased. Sparkling, fortified and 'other' wine products increased from 141 million litres to 205 million litres – an increase of 45 per cent. However, these accounted for only 9 per cent of the total inventory.

Respondents to the PSI survey were asked for their total owned storage capacity in tanks and barrels. The responses indicate that the total storage capacity of the sector is around 3.2 billion litres, which is 37 per cent higher than the national inventory on 30 June 2023.

Without taking into account that some of the current inventory may be in final packaging rather than tanks or barrels, the *available* tank and barrel storage as at 30 June 2023 is calculated to be approximately 1 billion litres. However, a buffer of at least 15 per cent is required to enable products to be moved between tanks or barrels; therefore, the amount of available or working capacity at the end of June is likely to be around 830 million litres.

The amount of capacity available for receiving vintage 2024 will depend on how much wine is sold (or transferred to retail packaging) before next year's intake. It is expected that around 8 months of sales will occur before vintage commences (July 2023 to February 2024), which should free up another 700 million litres or so of capacity, leaving room for close to 1.4 billion litres (2 million tonnes) of intake. Based on these calculations, capacity is not likely to be a limitation overall on intake in 2024, although this may vary for individual wine businesses.

Stock-to-sales ratio and supply-demand balance

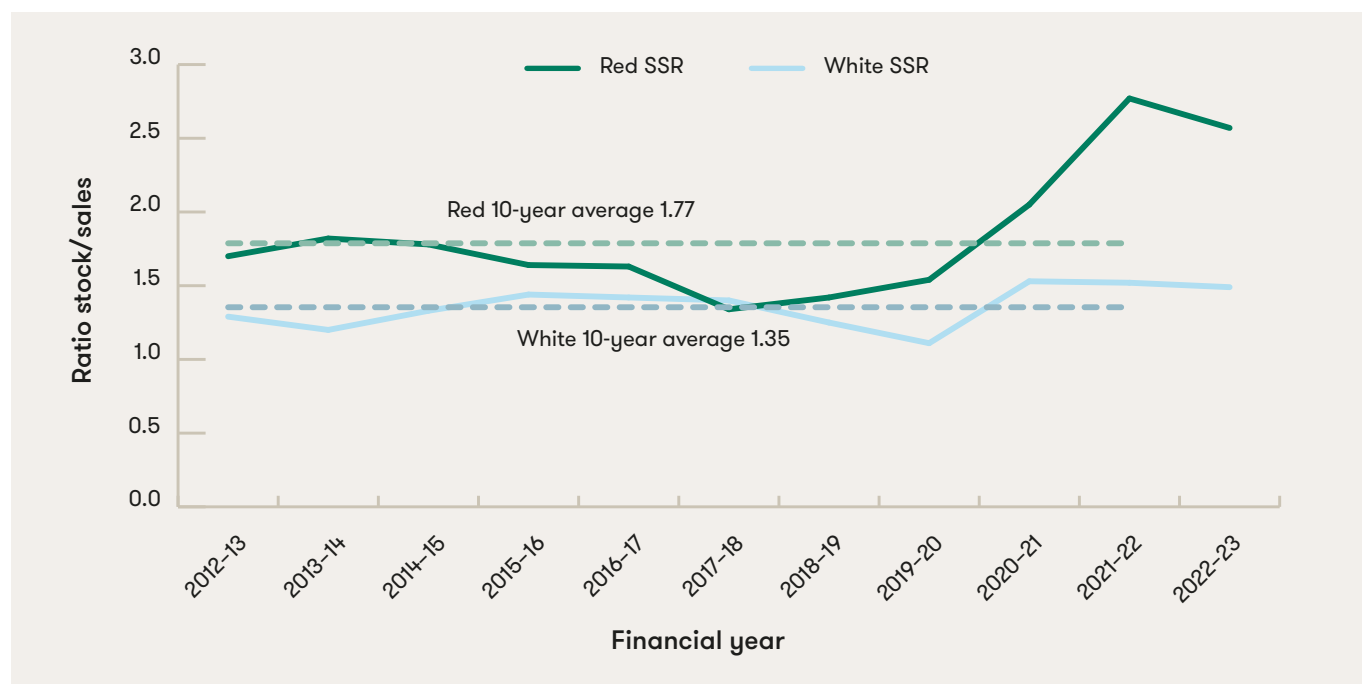
The stock-to-sales ratio (SSR) is the amount of wine held in stock relative to a year of sales. An SSR of 1.5 means the amount of wine held in stock is the equivalent of 1.5 years' worth of sales.

If the ratio is too high, there is too much wine in stock, putting pressure on winery capacity and reducing demand for grapes. If the ratio is too low, it suggests a shortage of wine, which tends to mean increased demand, putting upward pressure on wine and grape prices.

After hitting a record of 2.13 in 2021–22, the overall national SSR declined by 3 per cent in 2022–23 to 2.06. The SSR for reds declined 7 per cent to 2.57, an improvement compared with the record set in 2021–22, but still 45 per cent higher than the 10-year average of 1.77. The SSR for white wine declined 2 per cent to 1.49, still 10 per cent above the 10-year average of 1.35 (Figure 8).

¹⁰ The reduction in inventory is less than the difference between production and sales (100 million litres). This is likely to be the result of limitations in reporting accuracy and differences in the respondent cohort between 2022 and 2023, as the difference in inventory is measured based on the reported inventory in the 2022 PSI survey.

Figure 8: Stock-to-sales ratios for red and white wine over time

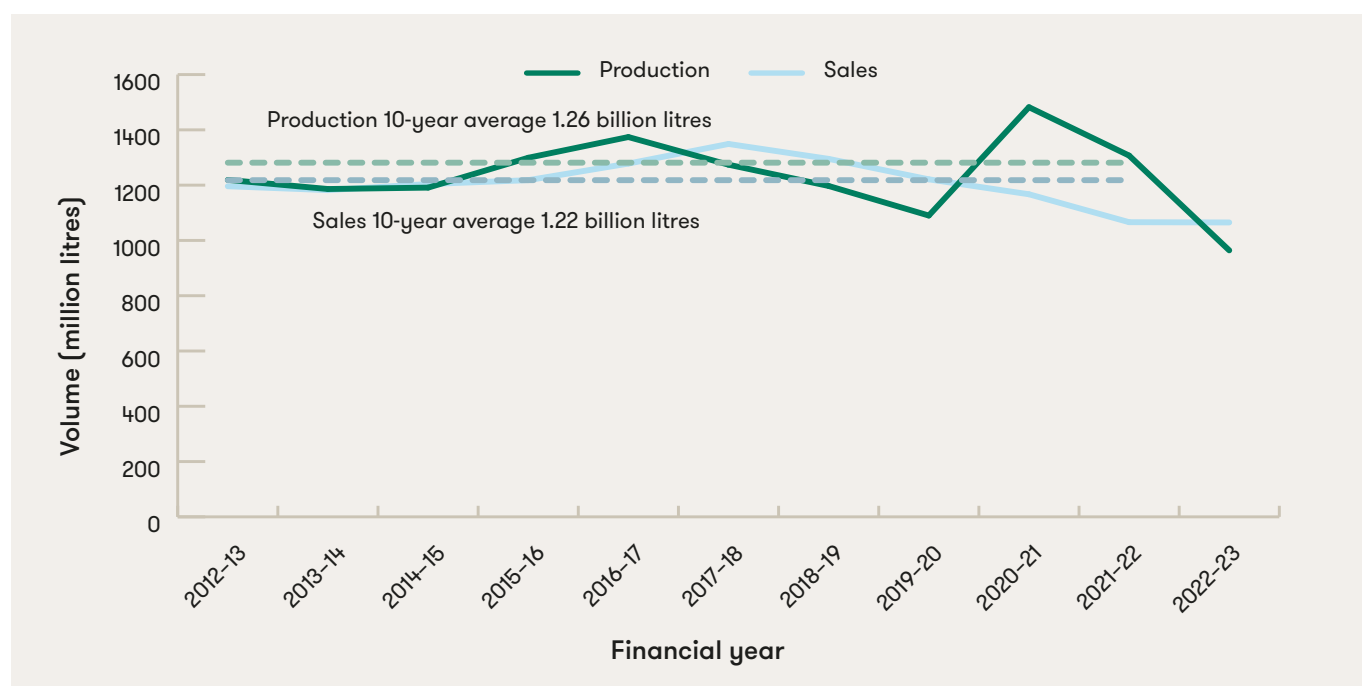


Source: Wine Australia Production, Sales and Inventory surveys and ABS

Production and sales have been closely aligned for at least the past 15 years. The average production for the past 10 years has been 1.26 billion litres, while average sales volume has been 1.22 billion litres.

However, for the past 3 years (including 2022-23) total sales volume has averaged 1.1 billion litres, whereas wine production has averaged 1.25 billion litres per year over the same timeframe, with a record of 1.48 billion litres in 2021 (Figure 9). This has created an abrupt and acute imbalance between production (supply) and sales (demand), leading to an accumulated surplus of around 450 million litres.

Figure 9: Production and sales of wine over time



Source: Wine Australia Production, Sales and Inventory surveys and ABS



Outlook

The global context

Wine consumption is declining around the world – albeit very slowly. Global wine consumption has declined by a total of 4 per cent over the past 10 years¹¹, and IWSR¹² forecasts that it will decline by a further 1.5 per cent between 2022 and 2027 – losing a total of 386 million litres over that timeframe, or approximately 30 per cent of Australia’s total annual production.

Declining global wine consumption is principally a result of three major trends: an overall health/moderation trend leading to general decreases in alcohol consumption, changing consumer tastes – mainly among younger demographics – leading to increased competition from other drink categories (particularly ready-to-drink (RTDs) and cocktails), and increased cost-of-living pressures and/or economic downturns reducing consumer spending in many countries.

The overall decline, in spite of population growth, is small, but means that increases in demand at a macro level are unlikely to occur in the next 5 years, so any growth in sales volume for Australia is likely to come as a result of taking market share from other wine-producing countries. Free trade agreements are important in this regard.

Opportunities for export growth exist particularly in Southeast Asian markets where wine consumption is growing at the expense of traditional spirits and beer, and the on-premise and international tourism numbers continue to recover from the effects of the pandemic. Exports from Australia to Southeast Asian markets grew by 14 per cent in the year ended June 2023, with Thailand and Vietnam being the strongest drivers of volume growth. Still red wine exports hold a 75 per cent volume share in the region and increased by 7 per cent in volume. Still white wine exports increased by 48 per cent in volume, increasing from an 11 per cent volume share in 2021–22 to 15 per cent in 2022–23.

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12 Global alcohol market research and data company

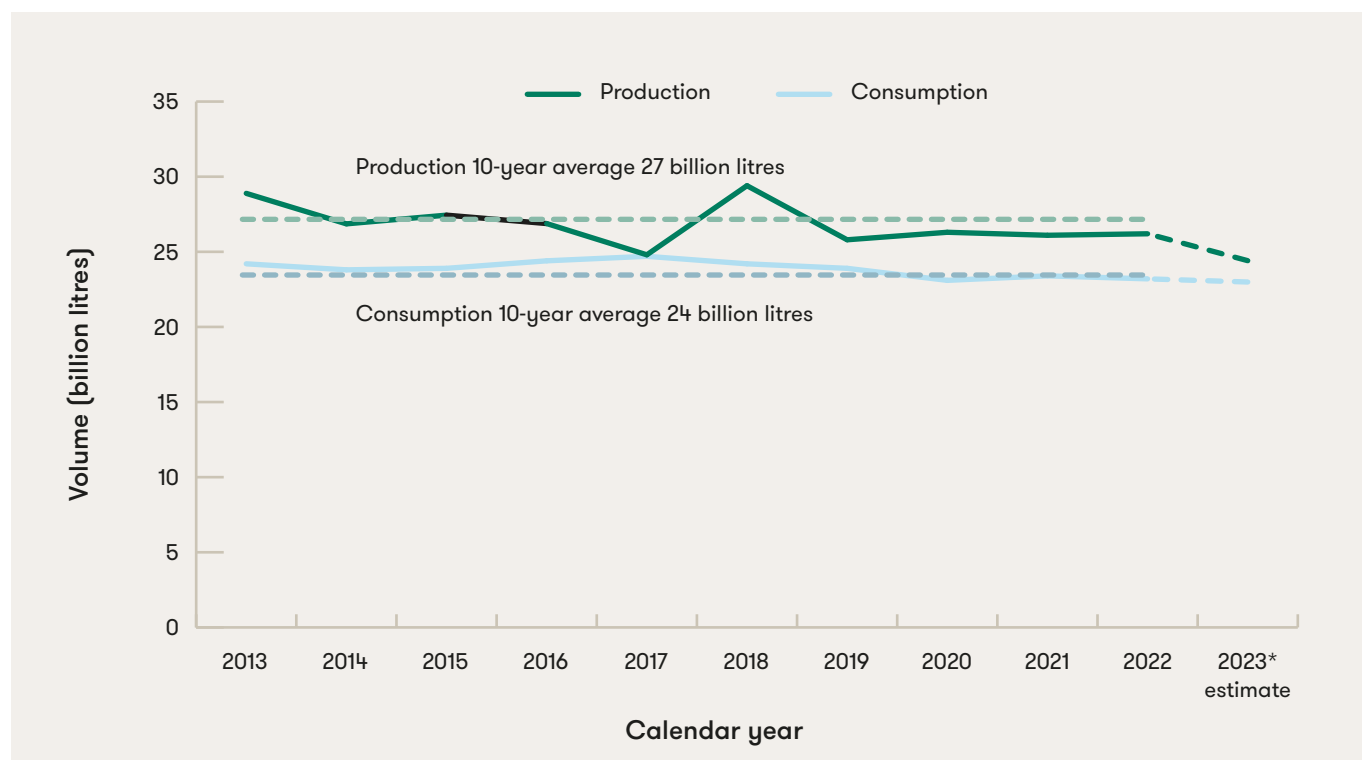
China is the tenth-most attractive global wine market according to Wine Intelligence¹³ and was the seventh-largest wine importer in 2022, but its volume of imported wine has dropped from 745 million litres in 2017 to 334 million litres in 2022. As and when the tariffs on Australian packaged wine into this market are lifted, the opportunity is likely to be much smaller than it was at its peak in 2017–18, when it reached 120 million litres of almost entirely red wine.

The US is still considered the most attractive wine market in the world¹⁴ with 86 million regular wine drinkers. Australian exports to the US have been generally declining for the past 10 years in both volume and value. Recently, however, white wine exports have shown growth: increasing by 12 per cent in 2022–23 to 78 million litres, driven by Chardonnay, which grew by 16 per cent to 53 million litres.

On the other side of the supply-demand equation: despite having declined by 9 per cent over the past 10 years, global wine production has exceeded consumption every year over this timeframe (with the exception of 2017) with the average surplus being 2.9 billion litres per year (10 per cent) – see Figure 10. This prolonged oversupply – the equivalent of more than twice Australia’s total average annual production – has put increasing pressure on all wine-producing countries, leading to government-subsidised distillation schemes, vine removals and calls for a fundamental “re-invigoration of the role of wine as part of a healthy lifestyle”¹⁵.

A small positive in the outlook is that global production is expected to be the lowest on record in 2023, according to preliminary estimates by the OIV¹⁶. The OIV estimate of 24.4 billion litres is 7 per cent below the already below-average 2022 vintage, but is still likely to exceed global consumption by at least 1 billion litres, based on the IWSR forecast of a further decline in global consumption of 1 per cent in 2023.

Figure 10: World wine production and consumption over time



Source: OIV and IWSR

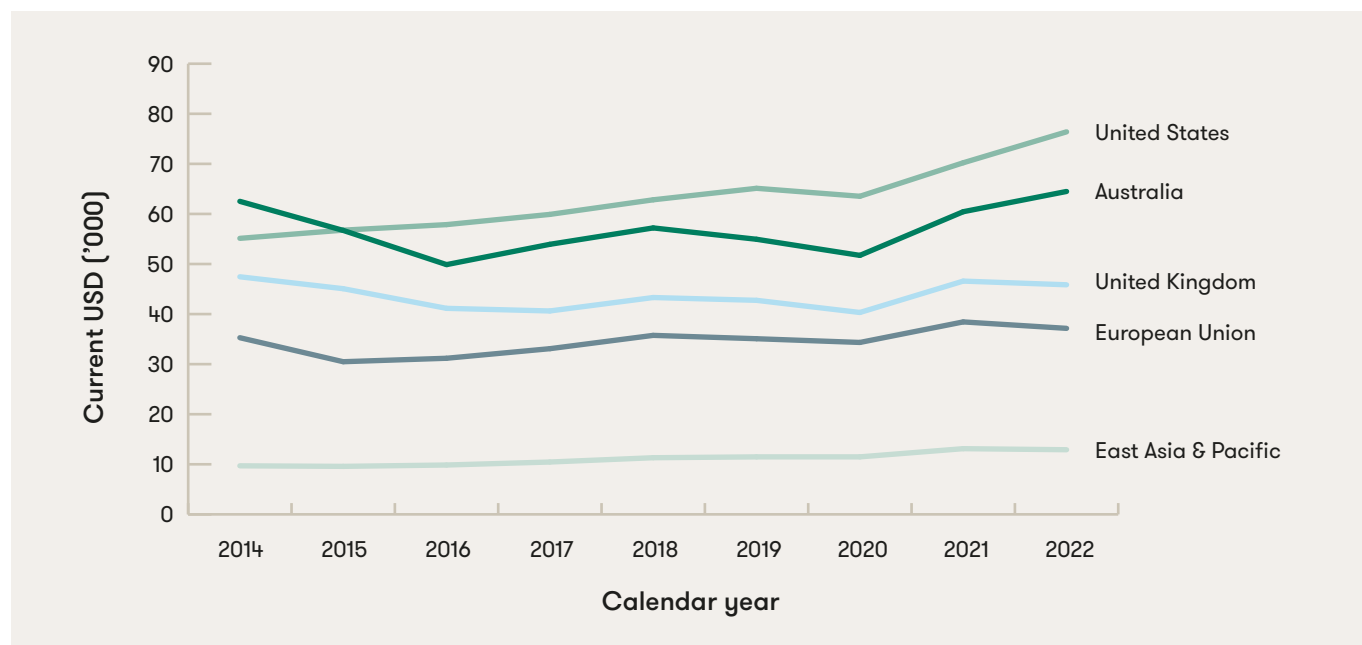
- 13 Wine Intelligence *Global Compass* 2023
- 14 As above
- 15 Ciatti *Global Market Report* June 2023
- 16 International Organisation of Vine and Wine

Domestic market

Wine Intelligence ranks Australia as the eighth-most attractive wine market in the world, increasing nine places in 2022 as a result of improved socio-economic metrics: increased population, increased Gross National Income and Gross Domestic Product (GDP) per capita and low unemployment.

According to World Bank figures, Australia's GDP per capita grew by 17 per cent in 2022, while the figures for other major geographic regions including the European Union (down 3 per cent) and United Kingdom (down 2 per cent) declined (Figure 11).

Figure 11: GDP per capita in major countries/geographic regions over time



Source: World Bank data in Wine Australia's [Grape Price Indicators dashboard](#)

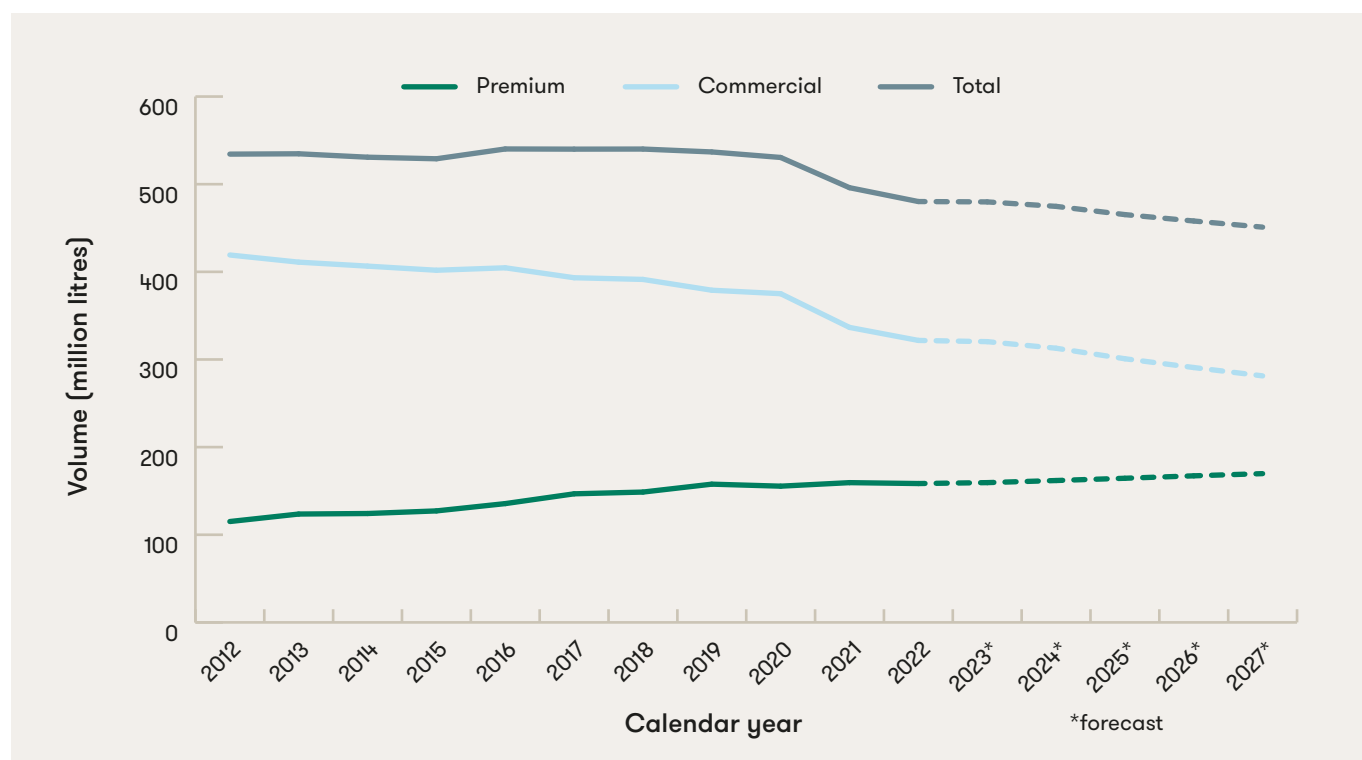




Despite this, IWSR forecasts that wine consumption in Australia will decline by 6 per cent over the next four years, with a 9 per cent decline in consumption of Australian wine partially offset by an increase of 7 per cent in consumption of imported wine. This forecast reflects the global trends of moderation and category switching, together with increased competition from imported wines – particularly driven by Champagne and Italian Prosecco.

If this forecast proves to be correct, Australian wine sales on the domestic market will reduce by around 40 million litres by 2027. This reduction is expected to be concentrated in commercial wines (retail price \$10 per bottle or below), with premium wine expected to increase very slightly in volume (up 9000 litres) over that timeframe (Figure 12).

Figure 12: Commercial vs premium wine consumption in Australia over time (and forecasts)



Source: IWSR



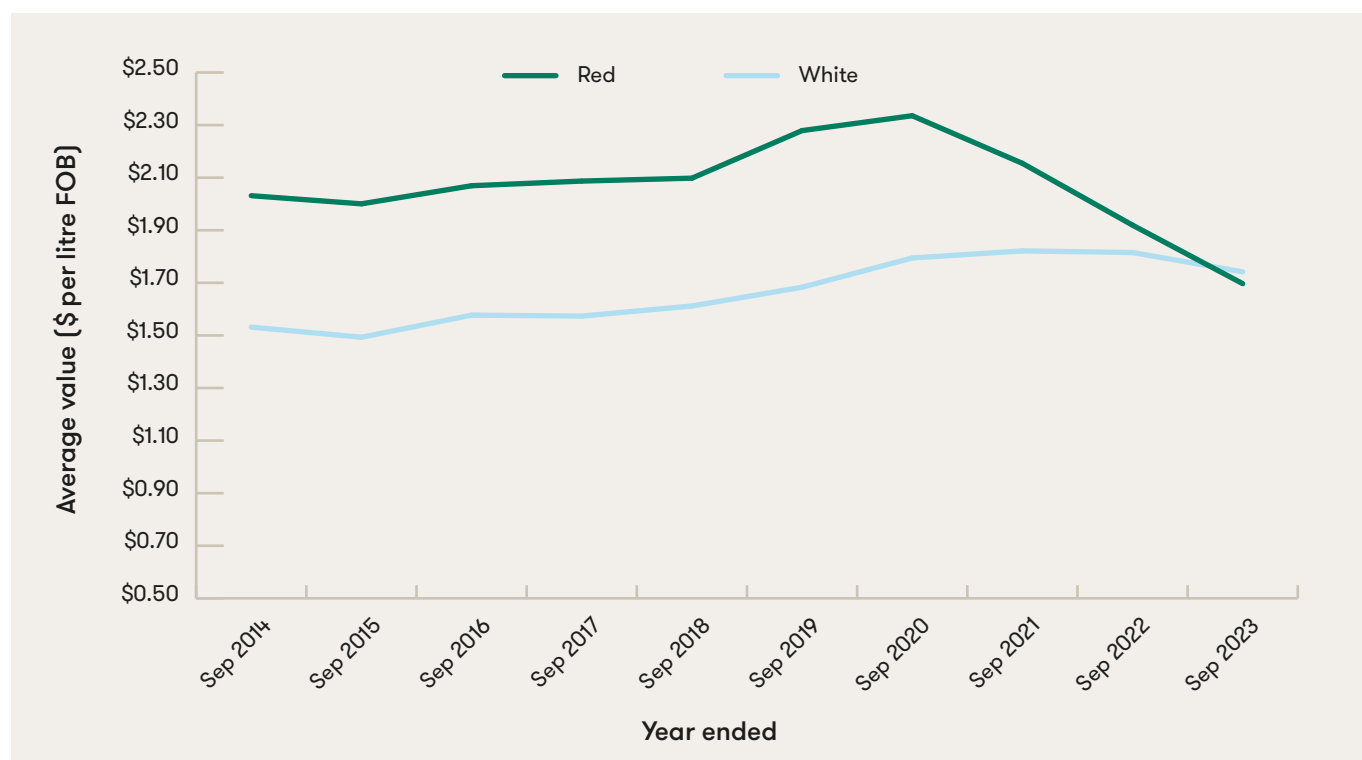
Looking ahead to vintage 2024

The 2023–24 season could have above-average crop potential, given the expected dry conditions following three wet seasons, which should produce good ripening weather and low disease pressure, as well as plentiful (and cheap) water.

However, the high national inventory levels, continuing decline in exports and downward trend in wine consumption globally are putting significant continuing pressure on wineries ahead of the 2024 vintage.

The situation for reds is far worse than for whites. The stock-to-sales ratio for whites is much closer to its long-term average, while the average value for commercial¹⁷ white wine exports is now (year ended September 2023) higher than that of reds for the first time (Figure 13).

Figure 13: Average value for commercial wine exports by colour over time

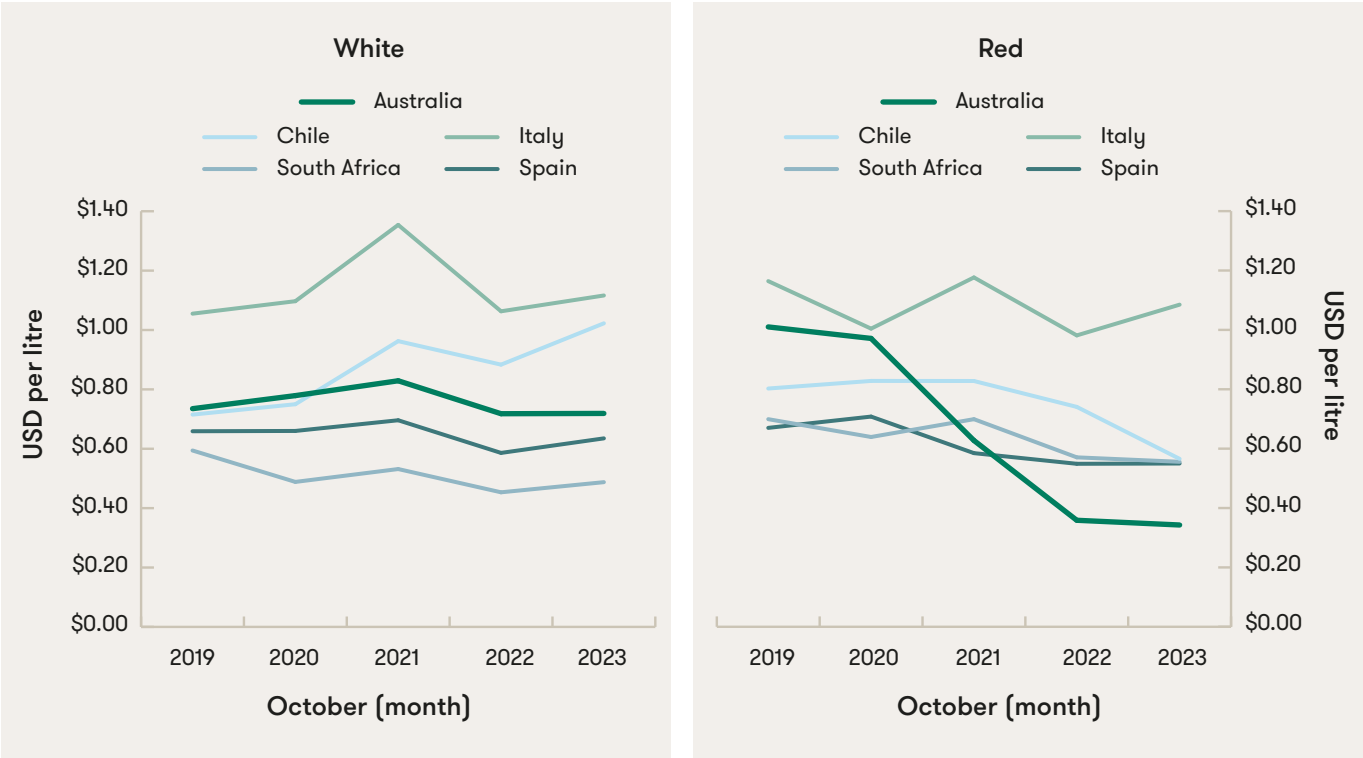


Source: Wine Australia Licensing and Approval System export data

¹⁷ Below \$5 per litre FOB

Global bulk wine offer prices for Australian red wines are also substantially lower than for Australian white wines (Figure 14), and lower than for other competitive countries.

Figure 14: Bulk wine offer prices (average over key varieties)



Source: Ciatti data in Wine Australia's [Grape Price Indicators dashboard](#)

In summary, given the high national inventory levels and downward global trend in wine consumption, conditions remain very tough for growers and winemakers ahead of the 2024 vintage, particularly with respect to red grapes.¹⁸

While supply and demand for white varieties appear to be more balanced, it should be noted that sales of white wine in 2022-23 were approximately 460 million litres, which is the equivalent of approximately 627,000 tonnes. This is considerably lower than the 10-year average crush of 839,000 tonnes.



¹⁸ For more data and insights on Australian winegrape price indicators, refer to the Wine Australia [Grape Price Indicators dashboard](#).

Historic wine production sales and inventory statistics

		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Red												
Crush	(thousand tonnes)	870	832	861	958	1100	920	934	849	1151	959	712
Extraction rate	(litres per tonne)	733	703	703	715	697	717	726	720	734	743	729
Wine production	(million litres)	658	609	602	690	764	663	684	612	854	713	519
Red share of total production	(percentage)	54	51	51	53	56	52	57	56	58	55	54
Inventory	(million litres)	987	1014	1027	1010	1085	990	990	997	1242	1440	1295
Exports (still wine)	(million litres)	406	385	406	424	465	530	483	440	412	343	331
Domestic sales (still wine)	(million litres)	182	182	183	191	202	208	212	206	194	176	174
Total sales (still wine)	(million litres)	588	567	589	615	667	738	695	646	607	519	505
SSR	(years)	1.70	1.82	1.78	1.64	1.63	1.34	1.42	1.54	2.05	2.77	2.57
White												
Crush	(thousand tonnes)	953	843	854	892	898	849	777	694	855	775	605
Extraction rate	(litres per tonne)	659	725	693	692	680	715	653	713	727	766	734
Wine production	(million litres)	561	578	589	609	609	611	514	495	628	594	444
Inventory	(million litres)	633	615	677	743	739	731	643	544	706	690	689
Exports (still wine)	(million litres)	286	297	304	292	296	307	306	280	263	268	277
Domestic sales (still wine)	(million litres)	230	230	223	225	224	215	208	210	199	185	187
Total sales (still wine)	(million litres)	511	526	527	518	520	522	515	490	463	453	463
SSR	(years)	1.29	1.20	1.33	1.44	1.42	1.40	1.25	1.11	1.53	1.52	1.49
Total												
Crush	(thousand tonnes)	1823	1674	1715	1850	1998	1769	1711	1543	2005	1734	1317
Extraction rate	(litres per tonne)	697	713	698	704	690	716	691	717	731	753	732
Wine production	(million litres)	1219	1186	1191	1299	1374	1274	1197	1090	1482	1307	964
Inventory (table wine)	(million litres)	1620	1629	1704	1752	1824	1721	1633	1541	1948	2130	1984
Inventory (total*)	(million litres)	1776	1785	1850	1905	1970	1876	1769	1701	2103	2271	2189
Exports (table wine)	(million litres)	693	682	710	716	761	837	789	719	675	611	608
Exports (sparkling, fortified)	(million litres)	15	14	14	13	17	15	12	11	18	15	13
Domestic sales (still wine)	(million litres)	412	411	406	416	426	423	420	416	394	362	360
Domestic sales (sparkling, fortified)	(million litres)	76	75	74	73	74	74	74	75	81	79	84
Total sales*	(million litres)	1196	1182	1204	1218	1278	1349	1295	1221	1167	1066	1065
SSR	(years)	1.49	1.51	1.56	1.56	1.54	1.39	1.37	1.39	1.80	2.13	2.06

* includes fortified, sparkling and wine products

Explanatory notes

Survey method

Wine Production, Sales and Inventory survey 2023

Wine Australia's Wine Production, Sales and Inventory survey 2023 was sent to the top 35 wineries based on grape crush size in 2023. The survey was conducted in October 2023.

Wine Australia received responses from 30 wineries, including 18 of the top 20 by volume, accounting for an estimated 74 per cent of the total grape crush in 2023. While the data accounts for a substantial share of the Australian wine production and sales, it is not representative of smaller wine business models and is likely to under-state the average sales value for the whole wine sector. Estimates of production relating to sparkling wine, fortified wine and other products are considered to be less reliable than estimates of total still white and red wine production.

Other data sources

In addition to the survey results, a number of other data sources are used to inform the final figures, including: Australian Bureau of Statistics, Circana (formerly IRI MarketEdge), Growth Scope, IWSR, Levies Revenue Service, OIV and Wine Australia.

Notes on calculations

Extraction rates

Extraction rates are calculated as beverage wine produced divided by total tonnes crushed (excluding any juice sold and including any juice purchased). Wine-based beverages and other grape products are excluded from the calculation of extraction rates.

Wine production

Wine production is estimated by calculating the average extraction rates for wine (by colour) for the survey respondents, and multiplying these rates by the total grape crush reported in the *National Vintage Survey 2023*.

Domestic sales value

Domestic sales value is based on winemaker receipts comprising mostly wholesale transactions but also cellar door and direct sales and is therefore a mix of wholesale and retail prices (excluding GST and WET). Total domestic sales value has been estimated by multiplying the average value per litre (calculated from the survey results) by the total estimated sales volume.

Exports

Export sales figures are obtained from the Wine Australia *Licensing and Approval System*, which records the volume and value of all exported shipments of Australian wine over 100 litres.

Inventory

The inventory figures published in this report are obtained from the survey, with a raising factor applied based on the respondents' share of the crush.

The calculated figure has been validated by checking the balance calculation (*production minus sales equals change in inventory*). While the alignment is not perfect due to a number of variables such as change in use of red grapes to white wine, production of sparkling and fortified from different vintage grapes and allowance for process losses and wastage etc., overall it is within 1 percent of the reported figure.

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