The woes of the wine industry are well known. What is far less clear is how and when we will come through this storm and what our industry will look like when the clouds break and the sun shines through. Needless to say, that is an evolving question with green shoots and dark clouds arising from every new piece of information and data released.

One piece of data is *Wine Australia's Wine Production, Sales and Inventory Report* which for 2023-24 stated that Australian winemakers sold 1.08 billion litres of wine, equivalent to approximately 1.48 million tonnes of fruit. With the 2025 vintage coming in at 1.57 million tonnes, notionally this suggests the oversupply is approximately 100,000 tonnes, roughly seven percent more than is needed.

At face value this is not a terrible result, and one could argue a small uptick in sales or minor fall in production would have us in balance. However, this statistic just doesn't resonate with what we are seeing on the ground in respect to vineyard transactions and the profound lack of optimism growers and winemakers express.

Perhaps a big clue lies in the recently released Wine Grape Council of SA's *2025 SA Crush & Pricing Report*. A deep dive into this data starts to quantify the true extent of the pain so many are experiencing and certainly rings true to us the desire for so many to sell into a market with so few willing to buy, regardless of the region.

In a rather crude Excel analysis, we have estimated cost of production per hectare for each region and divided this by the average yield achieved, giving us a benchmark 'break even' price per tonne. We have then overlayed this with WGCSA's price dispersion data which breaks down the volume of fruit purchased into five price brackets. Less than $600 per tonne, $600 to $900 per tonne, $900 to $1,500 per tonne, $1,500 to $2,000 per tonne and greater than $2,000 per tonne.

Our objective is to quantify the total volume of fruit purchased at or below our benchmark break even price, rounded to the nearest price bracket.

Across the analysed regions of the Barossa and Clare Valleys, Adelaide Hills, McLaren Vale, Padthaway, Coonawarra, Wrattonbully and Langhorne Creek, we estimate nearly 70 percent of purchased fruit was purchased at break-even prices or less. That's approximately 100,000 tonnes or 40 percent of the total crush.

If these numbers are even remotely representative of the national landscape, then plausibly we are talking circa 600,000 tonnes purchased at loss-making prices.

Such a large volume of processed but unprofitable fruit begs the question – is supply and demand balance for the Australian wine industry reached when production equals sales, or is it when there is sufficient value from sales that profitability is shared through the supply chain, all the way back through to the grower?

The pain that is also being felt by winemakers demonstrates they are not taking advantage of growers by using 'oversupply' to short-change them for their fruit. Indeed, having looked under the hood of many of our wine business clients, we can assure you that for the most part, they pay as much as they can reasonably afford and often more.

The concern for the industry is that 1.08 billion litres of domestic and export sales is not a true reflection of demand for our wine as it is only achieved through losses along the supply chain, particularly at the farm gate. To put simply, it is demand that exists at an unsustainable price.

Can winemakers, distributors and retailers push through price increases to consumers to support the production base (growers and winemakers) without driving consumers away from their products or the category as a whole?

As we peer into the future and imagine a prosperous Australian wine industry, it seems highly likely it will be a vastly smaller industry with far fewer vineyards. Transitioning to that point without a coordinated, strategic approach risks being a long and painful journey.

Many vineyards will be removed and returned to farming or grazing land or converted to other horticultural crops. Weaker vineyards on poorer sites will be the first to go; many are already on the way. But many quality vineyards will also go. Regardless of whether it's government, industry or privately funded – or branded 'transition' or 'structural adjustment' – a vine pull is upon us. ♦

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Average breakeven price of purchased tonnes in vintage 2025

Region	Total Planted Area (ha)	Total V25 Yield	V25 Yield/ha	Vineyard Costs/ha	Break Even $/t	Tonnes Purchased	Tonnes purchased below cost	% Tonnes purchased below cost
Barossa Valley	11915	53592	4.50	$10,000	$2,223.28	33621	20520	61%
Wrattonbully	2618	16927	6.47	$10,000	$1,546.64	9453	6909	73%
Coonawarra	5666	32457	5.73	$10,000	$1,745.69	9687	8553	88%
Langhorne Creek	5642	32457	5.75	$10,000	$1,738.30	21566	21330	99%
McLaren Vale	7166	36104	5.04	$10,000	$1,984.82	22055	16715	76%
Clare Valley	4881	17579	3.60	$10,000	$2,776.61	8077	4661	58%
Adelaide Hills	3629	24763	6.82	$15,000	$2,198.24	15230	3024	20%
Padthaway	4028	36878	9.16	$10,000	$1,092.25	29477	22188	75%
TOTAL	**45545**	**250757**	**5.51**			**149166**	**103900**	**70%**

Planted areas, V25 yield and purchased tonnes data as per Wine Grape Council of SA Report.
Vineyard costs an estimate of operational costs for relatively large efficient private grower excluding water.
Depending on growers' water source, this can materially increase costs.