

History of the Margaret River viticulture region – A personal perspective

John Gladstones

Editor's Note: An abridged version of the first half of Dr John Gladstone's paper appeared in the September/October 2005 issue of the *Wine Industry Journal*. We now present the paper in full.



Dr John Gladstones at the John Kosovich vineyard, Swan Valley, WA.

In his excellent chapter on Australian viticultural history in the new edition of *'Viticulture 1: Resources'* (Winetitles, Adelaide, 2004), Patrick Hand made one error on the origin of the Margaret River viticultural region which for my sake, and that of historical accuracy, needs to be corrected (as it will be in later printings). He wrote: "The Margaret River region was also identified in [Professor Harold] Olmo's report and this prompted further study by Dr John Gladstones into the suitability of this region".

Olmo did not identify Margaret River, and in fact advised against such high rainfall areas as having too much cloud and likely disease problems. His report (Olmo 1956) did strongly recommend the cooler southern areas of Western Australia as superior to the Swan Valley for table wine production, citing the work of Winkler in California and commercial experience there, and pointed to the Frankland Valley as a suitable place for trial. That choice has, of course, since been amply vindicated by trial and commercial results there and at neighbouring Mount Barker.

Olmo also suggested exploring the possibilities of other parts of southern Western Australia with annual rainfalls of 25-30 inches (535-760mm) and possibly 30-35 inches (760-890mm), noting areas south and east of Bridgetown and a small area on the coast just south of Bunbury. However, at no stage did he mention Margaret River. That, together with the present viticultural regions of Manjimup and Pemberton, and the high-rainfall coastal parts of the Great Southern, lay within the area he considered too wet.

My recommendation of Margaret River was independent of Olmo's report except to the extent that it, and personal acquaintance with him, inspired my interest in the southwest generally for viticulture as published in my first paper (Gladstones 1965): a fact I have always acknowledged and emphasised. That paper identified for the first time the potential advantages of the Margaret River-Busselton area, though only briefly. My follow-up report (Gladstones 1966) examined them in more detail, and was the basis for my firm recommendation and advocacy.

Having addressed that point, it has struck me that the early history of Margaret River is a story of general interest in its own right. The following is a personal account, which also gives an opportunity to highlight the contributions of the many others who played formative roles.

BACKGROUND TO AN INTEREST

Although from an abstemious family, I developed an interest in wine in early undergraduate years through visits to the Houghton Cellars in the Swan Valley with the family of a school and university friend Ian Pullen. We soon had our own (then illicit) cellar in the luggage locker of our shared rooms at university college.

On later independent visits I got to know Houghton's legendary winemaker Jack Mann quite well, especially after, when I came to do post-graduate research on lupins in the mid-1950s, Jack kindly arranged to give me the use of a hectare or so of then-vacant land on property opposite his house, together with some field help. Houghton then grew lupins extensively between the vines for green manure, and it was from a section of these, reserved to maturity, that I selected the genetic source of the white flowers and seeds that came to be bred into all my lupin varieties. The opportunities presented also led to a deepening interest in vines and wines.

The other influence at the time was, of course, Professor Harold Olmo's visit in 1955, when he spent eight months in Western Australia on leave from the University of California. Olmo was headquartered at the University of WA and, as it happened, occupied a room just over the corridor from the laboratory I shared. I got to know him a little, and like everyone was captivated by his infectious enthusiasm. I later visited him at Davis in 1958 on my way to take up a year's post-doctoral study in Canada, and was able to see his vine-breeding program.

GESTATION OF AN IDEA

In late 1959 I returned to take up a lectureship in agriculture at the University of Western Australia, where my lecturing responsibilities came in time to cover climatology, horticulture, crop physiology and crop ecology: a natural enough basis from which to take up where Olmo had left off. I wondered whether there might be wider possibilities than his rather brief reference had suggested.

Around the same time official moves were beginning with a view to establishing experimental vines at Mount Barker or Frankland, in direct response to Olmo's recommendation. Their history formed a background and parallel to what was to happen at Margaret River, and bore heavily on its politics.

That there had been such a long delay in responding to Olmo's recommendation was not entirely due to normal bureaucratic inertia. The then State Agriculture Minister, Crawford Nalder, was an ardent teetotaler, and reportedly not disposed to see his department promoting alcohol. That is how action, when it eventuated, came instead to be under the aegis of the Department of Industrial Development, and its energetic and more industry-sympathetic minister Charles (later Sir Charles) Court.

A Grape Industry Committee was formed in 1963, and on the recommendation of the Government viticulturist, Bill Jamieson, proposed a trial planting near Mount Barker. Several initially suggested sites proved unsuitable, but eventually one was found at Forest Hill, about 20km west of Mount Barker. Responsibility for the trial fell to Bill, who had to contend not only with the exigencies of the elements, but also with negative attitudes from his own department. The first cuttings, planted in 1966, failed due to waterlogging by unprecedented spring rains. Although urged to abandon the trial, Bill persisted the following year. This time the cuttings mostly took. The final gaps were filled with rooted vines in 1968 and thereafter all flourished. Successful commercial plantings followed soon after at both Mount Barker and Frankland.

I had no hand in any of this, beyond that my 1965 paper had broadly supported Olmo's thesis about Frankland and Mount Barker, as well as identifying Margaret River as an area of particular promise.

The idea of Margaret River for winegrapes started to crystallise in 1963. I already knew the district quite well, having travelled through it many times since earliest childhood. In the mid 1950s I had also had experimental lupin plots on the Bramley Research station, a little north of Margaret River town.

It was little more than a gut feeling at first. Part of the reason was the presence of well-drained ironstone gravel soils carrying healthy dominant marri (*Eucalyptus calophylla*), which had long been regarded in Western Australia as an indication of prime vineyard soils. Memories also came back of summer stone fruits at Augusta, produced locally on an orchard at Alexandra Bridge (near Karridale). When these came into the shop their rich aromas seemed far to exceed anything experienced in Perth. And if stone fruits, why not grapes?

A study of the limited available climate data suggested strong growing season similarities to Bordeaux, with Margaret River perhaps a little warmer and sunnier: hardly a disadvantage. Most importantly, the likely ripening period was much drier than in Bordeaux, despite Margaret River's higher annual rainfall. This was a clear advantage. Spring frost risk appeared minimal. The only potential drawback at Margaret River was that the high winter rainfall would necessitate careful attention to soil drainage; but at the same time it assured reliable recharge of subsoil moisture reserves and ample scope for surface catchment.

Comparison with Mount Barker likewise suggested greater safety at Margaret River, both as regards rainfall and frost, and possibly in safety of ripening. Experience and more complete climate data have now confirmed these differences in the main, but to smaller extents than I originally thought. Frankland has marginally low winter and annual rainfall but nearly equal freedom from ripening-period rain, while Mount Barker has adequate annual rainfall but a definitely higher risk of rain during ripening and of incomplete ripening of late varieties. The risk of spring frosts at Frankland and Mount Barker has proved less than originally feared (see Gladstones 2004, Figure 4.10). All three have a low risk by Australian and world viticultural standards.

A final climatic criterion highlighted then was equability of temperatures within the growing and especially ripening seasons. I pointed out (Gladstones 1966) that while Busselton was considerably warmer than Mount Barker in its averages, it was less subject to high temperature extremes. That was the germ of an idea now expressed in the Heat Stressfulness Index, HSI (Gladstones 2004). A moderate index, combined as at Margaret River with a maritime pattern of seasonal temperature change, means that grape varieties with a wide range of maturities can ripen within optimum temperature limits.

BEGINNINGS OF MARGARET RIVER VITICULTURE

Response to the ideas of my 1965 and 1966 papers came gratifyingly fast. The seeds were in fact sown in the spring of 1965, when the first paper was still in press. Dr Kevin Cullen, a Busselton medical practitioner who was also to achieve fame as the driving force behind the pioneering Busselton Health Study, and his wife Di owned a grazing property at Wilyabrup, near the coast north-west of Cowaramup. They contacted me for advice on growing lupins there. I visited and advised them to forget lupins, and plant vines instead. I later forwarded copies of the two papers when both were available in April 1966.

Kevin and Di sprang into characteristic Cullen action, organising a public meeting which was held at Busselton's Esplanade Hotel on 21 July 1966. With a nice sense of history they persuaded John Despeissis, a grazier on Cape Naturaliste, to chair the meeting. John was the son of Adrian Despeissis, author of what was then still the Department of Agriculture's authoritative handbook on viticulture, and himself a pioneer of large-scale viticulture in the Swan Valley in the 1890s. I was to speak at the meeting, which was also presented with a locally-prepared estimate of costs and

returns. (Regrettably I cannot recall who did that). In preparation for the meeting I wrote a letter to the Busselton-Margaret River Times, outlining my ideas, which was published on 14 July.

A hundred or more attended the meeting, which aroused much local interest and not a little enthusiasm. A comprehensive and optimistic article by John Lawson in the same day's issue of the *Western Australian Countryman* magazine took the message to a wider audience. Certainly the time was ripe for it. Margaret River was in a state of deep depression. A once-booming timber industry was now little more than a memory, while its one current industry, butterfat, was chronically unprofitable. The prospect of a quality wine industry gave grounds at least for hope.

Official reaction, however, was guarded at best. That was perhaps understandable, given the Agriculture Minister's views and the current difficulties even of getting the Mount Barker trial established. The following month the Department of Agriculture, citing Bill Jamieson, issued a press statement which was taken up by the main WA press, including the *West Australian* (17 August) and the *Countryman* and *Farmers Weekly* (both 18 August). The respective headlines read: "Busselton warned on grapes", "South-west wine growing 'not practical'", and "Commercial wine grapes unlikely at Busselton".

The headlines rather exaggerated the content of the release, but they did reflect most people's reaction to it. The introductory gist was as follows.

"Grapegrowing for the sale of wine grapes in the Busselton-Margaret River area is not an immediate practical possibility nor would it be highly profitable, according to Department of Agriculture viticulturist W.R. Jamieson.

"Mr Jamieson said that although the climate and some soils appeared promising the area was unproven in regard to the quality of the table wines that could be produced.

"At present there was no possibility of a commercial winery being established to process grapes.

"A recent newspaper report of a public meeting held at Busselton on 21 July to discuss grapegrowing possibilities in the district had been given an exaggerated estimate of the profits to be made from winegrape growing, said Mr Jamieson."

The release did, however, end by saying that the Department was prepared to give advice and cuttings to anyone wishing to establish a vineyard.

Some criticism of the Department followed, and even of Bill Jamieson. I thought the latter, at least, was unfair. Bill was obliged to be cautious in the circumstances, and was right to be so as we both later agreed. In the event it was largely Bill's unstinting practical help that enabled Margaret River's early grapegrowers to succeed, followed after his retirement by that of his successor Dorham Mann. Much of this was in Bill's own time at weekends. It should be added in fairness that later departmental regimes were highly supportive of the fledgling industry. Bill Jamieson's contribution, fortunately, came to be universally appreciated and acknowledged within his lifetime.

Meanwhile at the time I had to respond to the press Department's release, and did so in a letter to the *Countryman*

published on 28 August. In that I supported the warning that as yet there was no winery or other local outlet for winegrapes, and that prospective growers should seek expert advice. But I went on to re-state my belief "that the climate of the area could be uniquely suited to producing winegrapes of the highest quality... All known theoretical considerations point to a very good potential indeed."

One further point needs to be recorded. Unknown to me at the time, some vines had in fact been grown near Busselton much earlier. In his meticulously researched booklet 'A Vision of Fine Wine', Tom Jenkins (1997) describes how Jimmy Meleri planted the Doradillo variety on land he acquired at Yallingup in 1914, the first vintage being in 1917. His wine sold at local dances for a shilling a bottle, and he continued to produce until 1950. Another was Domenico Garuccio, who arrived in Western Australia in 1949 and a few years later bought land at Boallia, just south of Busselton. Other local families involved in early domestic production, all now emerging as participants in the modern industry, were the Credaros, the Maiolos, the Palandris and the Lepidis. For the developments we are concerned with here, however, the cardinal date was undoubtedly that of the 21 July 1966 public meeting in Busselton.

INITIAL PLANTINGS

A number of small experimental plantings followed immediately in the spring of 1966. The Busselton-Margaret River Times reported in February 1967 that the local viticultural society was pleased with their progress and had high hopes of more widespread plantings to follow. However to the best of my knowledge only one of the original plantings progressed directly to making wine, and then not on a commercial scale.

The Cullens themselves arranged for a small trial planting in 1966, on the property of a neighbour at Wilyabrup. To their intense disappointment this later suffered serious spray damage, and was ploughed in without their knowledge while they were absent overseas. The first main plantings of the Cullen vineyard, on the home property, were in 1971.

The true pioneering commercial vineyard, then, came to be that of Perth heart physician Dr Tom Cullity, which he planted at Wilyabrup and named Vasse Felix. The route to its establishment differed from that of the others in not stemming directly from the Busselton meeting. Tom later recorded his experiences in an unpublished memorandum dated 1987. He had already planted half an acre of Cabernet Sauvignon and Shiraz in 1966 at 'Tynedale', the property of his sister and brother-in-law in the Darling Range north-east of Bunbury. The same year he became aware of my two papers through his brother Gareth. I can now add the rest of the information chain. Gareth Cullity was a cricketing teammate of Clive Francis, one of my former students and now a colleague in clover research at the University. Clive had an interest in wines and we often discussed my ideas on viticulture. Copies of the papers went through Clive Francis to Gareth Cullity to Tom Cullity.



A view of the Margaret River region, WA. Photo: Australian Wine Export Council (AWEC Market Development)

Tom contacted me for discussions, and received further encouragement from Bill Jamieson and Jack Mann. He then spent many weekends over the 1967 winter inspecting, digging holes and negotiating purchase of a prospective site. During those times he stayed with the Cullens, who provided guidance and introductions. Bill Jamieson and I visited together late in the winter to pass our opinions on his final choice. We agreed he had chosen well.

The initial Vasse Felix planting comprised four acres (as they then were) of Riesling, two of Cabernet Sauvignon and a few rows each of Malbec and Shiraz. Four years later Tom negotiated the conditional purchase of four acres of adjacent gravel pit reserve, a fact which occasioned much mirth among sceptical locals. Two years later he acquired a further 14 acres to the west.

It was the 1972 Vasse Felix Riesling that first brought Margaret River forcibly to wider public notice, winning gold and high silver medals at the Perth Royal Show that year.

The third of the medical trio who pioneered commercial viticulture in Margaret River was Dr Bill Pannell, who with his wife Sandra developed the Moss Wood vineyard, also at Wilyabrup. Spectacular success came in 1976, when the Moss Wood Cabernet Sauvignon was awarded three gold and two silver medals at the Perth Royal Show.

The Cullen vineyard was not slow to catch up in show successes. The 1977 Riesling won a trophy at that year's Canberra Wine Show, while in 1982 Di, now making the wines herself, won the trophy in the Perth Royal Show for most successful exhibitor in the varietal classes. She was to become a major influence in the industry, both through her wines and in her single-minded pursuit of quality and the encouragement of others. Her unique contribution to Margaret River was recognised posthumously in 2004 by election to the Royal Agricultural Society of Western Australia's Hall of Fame.

What was it about Margaret River wines that, despite the still-miniscule size of the industry, youth of the vines and inexperience of the vignerons and winemakers, led them to be recognised immediately as something different and special? It was, I think, their strength and integrity of varietal character, combined with a length and freshness of palate that was European rather than typically Australian as seen in the wines of south-eastern Australia at the time. Today I believe we can see, to varying degrees, the same distinction generally throughout Australia between coast-influenced and more inland wines.

FURTHER GROWTH AND CONSOLIDATION

I had little further part in Margaret River viticultural development until much later, other than keeping in touch and monitoring the wines as best I could: an increasingly impossible task as time went on.

As I see it, the year Margaret River really came of age was 1990. By then the original vines had reached maturity, and equipment and expertise had improved vastly. From then on the vintages became more consistent, and started to express across the range the full potential of the region. Margaret River was also starting to make an impact in eastern Australian and export markets.

GEOGRAPHICAL INDICATIONS

The idea of a scheme to protect the reputation of Margaret River's wines by certifying origin and quality standard emerged during the late 1970s, with Tom Cullity and Di and Kevin Cullen leading proponents. A local committee had plans well advanced by late 1979. The WA Government and Agriculture Department were supportive, with the Department offering facilities for independent quality assessment and secretarial work, although the scheme itself remained unofficial and voluntary. Reaction from the longer-established industry, particularly interstate, was predictably scathing. Nonetheless the scheme did go ahead, and operated successfully for several years in the early to mid 1980s. Support gradually dwindled, however, and with a general lack of interest from later entrants to the industry it eventually lapsed.

Australia's present system of Geographical Indications (GI) came into force in 1994. Early that year the Margaret River Wine Industry Association (MRWIA) asked me to suggest boundaries for a proposed Margaret River wine region under the new scheme. This turned out (perhaps inevitably) to pose difficulties. Two awkward questions had to be faced. First, what comprised the Leeuwin-Naturaliste Ridge, which many thought should form the basis of the region? While clearly enough defined at its northern and southern ends, its central part had no clear eastern border: similar undulating country extended some 15-18km inland beyond the Bussell Highway to the edge of the State Forest. The inland country had a little higher winter rainfall, and parts were presumably less exposed to marine winds, but otherwise the climate and landscape remained much the same.

The second question concerned the northern part around Carbanup and inland to Jindong. Here the ridge graded away to the north-east with gently sloping to flat alluvial and intermediate soils; these were obviously suited to viticulture, if not necessarily to quality viticulture like the gravels of the ridge. Winters were drier and summer days probably a little warmer, similar to Busselton, while unlike most of Margaret River there was ground water available for irrigation. Importantly, vineyards were already established at Carbanup, and had been accepted into the MRWIA.

My thinking was influenced by another consideration. The definition of regions under the guidelines necessarily allowed some diversity within them, greater than the most narrowly

defined category of sub-region. The latter could be created later if needed. A primary need, then as now, was sufficient size and/or scale of production to achieve recognition in the market while still maintaining a broad affinity of styles. Fame for the quality of a small boutique production from a confined area was valuable, but not enough to be the basis of a major industry such as the region needed, and as the suitability of its climate showed was clearly possible.

Finally, I was concerned that the initial mapping for WA as a whole comprehended all prospective viticultural areas of the State: that is, that gaps were not left where well-located vineyards could find themselves excluded from being in any official region.

My recommendation in the end was that the region should simply comprise all land in the Margaret River and Busselton shires west of longitude 115°18'E. That took in all the land east of Margaret River to the State Forest, which, in any case could hardly be included in any other region. In the north it took in the whole of the controversial Carbanup-Jindong area of alluvial and transitional soils as described earlier. I reasoned that while on some grounds it might be better placed in the neighbouring Geographe, practical considerations favoured inclusion with the near-contiguous other vineyards of Margaret River. This recommendation was ultimately adopted.

SUB-REGIONS OF MARGARET RIVER?

Whether or not it would be desirable to delineate official sub-regions, and if so when, remains in debate. Part of the reason the question arose during the later 1990s was undoubtedly anxiety over the inclusion of Carbanup-Jindong. This was heightened by the growing development there of large-scale 'commercial' viticulture, with irrigation using ground water that was not available through most of the rest of the region. Also, experience was by then showing that the effective temperature gradient from south to north of the region was greater than the limited early temperature data had suggested, leading to differences in maturity time for given grape varieties of up to four weeks.

Early in 1999 Keith Mugford (Moss Wood) and Vanya Cullen (Cullens) approached me with the idea of my developing conceptual sub-regions, in preparation for their later official delineation if required. At a minimum, we all felt it would be desirable to create a vocabulary of area names for informal use within the region, based on natural features that might be relevant to viticulture and wine styles. Keith and Vanya further conceived the bold idea of testing the proposed subdivisions through a region-wide tasting of barrel samples from that year's Cabernet Sauvignon and Cabernet-dominated wines.

I concluded that the most logical approach was through the drainage basins of the region's rivers and creeks. These defined not only the locations of the most desirable terroirs (mainly on their middle and lower slopes), but also the patterns of air drainage and wind exposure. It was becoming apparent that primary up-valley wind exposure – whether to the north, west or south – could help to explain the gradient of effective temperatures from south to north. My resulting

recommendation was for six potential sub-regions, as listed below with suggested names. To avoid the impression of their being official sub-regions, I shall here refer to them as precincts. They are listed roughly from north to south.

Carbunup: the area of flat or gently shelving alluvial and transitional soils south-west of Busselton. Drainage is into Geographe Bay, northwards from the Whicher Range or north-east from the Leeuwin-Naturaliste Ridge. Climate data for Busselton are reasonably indicative.

Yallingup: the northern end of the Leeuwin-Naturaliste Ridge, draining either north-east to Geographe Bay or north-west to the open Indian Ocean.

Wilyabrup: immediately south of Yallingup, comprising the drainage basins of Wilyabrup Brook and its tributaries together with Cowaramup Brook, both of which flow west to the Indian Ocean.

Treeton: lies east of Wilyabrup and south of Carbunup. It comprises the hilly northern slope of the Whicher Range that drains north via Carbunup precinct to Geographe Bay.

Wallcliffe: consists of the Margaret River valley, east to the State Forest, together with the shorter drainage basins of Ellen Brook to the north and Boodjidup and Cardup brooks to the south. All flow west to the Indian Ocean.

Karridale: the largest and southernmost section, draining south and east into the Blackwood River. In addition to the gravelly soils that characterise most Yallingup, Wilyabrup and Wallcliffe, it has substantial areas on the Chapman and Upper Chapman brooks of deep yellow loamy sands over sandy loams and clays that are also well suited to viticulture.

The Margaret River Survey Co. prepared a map of the precincts, which showed as well the individual vineyards sites for all 69 wines included in the tasting. This took place in the Cowaramup Hall on 3 October 1999. Nearly all the region's grapegrowers and winemakers took part, together with some 30 wine journalists and others from around Australia and overseas. The previous two days the latter group also did tastings of a more limited selection of parallel wines from earlier vintages.

General opinion beforehand was that no consistent differences would be found, given the scattering of soil types, blending in some cases of differing amounts of Merlot and other varieties, and all the unique differences of vine age, viticulture and winemaking.

The outcome proved otherwise, as wine writer James Halliday (2000) later described. Broad relationships to the mapped precincts were apparent with a clearly climate-related trend overall from north to south. Only the Treeton precinct, with no entries, could not be characterised.

A consensus was also apparent that to register official sub-regions would be premature at this stage, a conclusion I fully agree with. The regional name Margaret River has attained market status and value in its own right, and is now too great an asset to dilute without compelling reason. Meanwhile, the exercise undoubtedly served a valuable purpose in systematising the natural environments and in providing a convenient vocabulary for them.

MARGARET RIVER TODAY

Recent years have seen big changes in Margaret River, with the arrival of large-scale, investment-driven plantings and steep increases in production that have placed downward pressure on prices. Margaret River wines, and cross-regional blends containing them, are becoming much more competitive in the mid-priced market. Some have seen this as a threat to the region's quality reputation and future. I do not, as discussed more fully below.

One pattern to have emerged is that the northern parts, especially Wilyabrup, are being seen as the natural focus for Bordeaux-style red wines, with the southern parts (Wallcliffe and Karridale) more for white wines. One reason for the latter has been the outstanding success of Chardonnay in the Wallcliffe precinct, led by Leeuwin Estate but now closely followed by others. The south is also becoming a major source of grapes for the Semillon/Sauvignon Blanc blends that have become a regional specialty, perhaps especially the large plantings south-east of the town on the Upper Chapman Brook, where exposure to the south creates a relatively cool climate and the yellow loamy sands are, by traditional belief, better suited to white than to red wines.

That is far from being the end of the story, however. Some believe the south may, in time, produce the region's greatest wines both white and red, once the best viticultural methods have been researched and adopted. Probably the first to say this was Dr Tom Cullity in his 1987 memorandum. He suggested that the greater cloudiness south of Margaret River town should result in more elegant wines than in the north. Erland Happ (1999a, 1999b, 2000) likewise argued from comparisons with Europe that ultimate grape and wine quality for all varieties depends on their ripening under the coolest possible conditions, provided that full ripeness is attained. Gladstones (2004) has reviewed recent evidence supporting the desirability of ripening-period cloudiness (without rain), but maintains that temperature equability (that is, evenness during that period) is at least as important as low absolute heat load.

To prove his point, Happ has now planted a substantial vineyard at Karridale, including a range of late maturing Mediterranean varieties that might just ripen fully in the area's prolonged mild autumn. Results to date have been promising, although there are inevitable risks from heavy autumn rain.

THE FUTURE

Australia's viticultural future stands at conceptual crossroads. Two schools of thought contend.

The first lays primary emphasis on large-scale, low-cost production from the inland irrigation areas of south-eastern Australia. It has been well summarised by Clancy (2004), commenting on figures from the Australian Wine and Brandy Corporation at the 2004 Wine Industry Outlook Conference.

"The clear message was the demand for warm inland fruit (Riverland, Sunraysia and the MIA) and the softening of requirement for 'cool climate' fruit – which refers to all regions not covered in the warm inland definition.

"Australia's wine exports are very largely based on products made from the wine industry's engine room – the warm inland areas. It has been our ability to produce premium wine from ripe fruit picked at relatively high yields, which has underpinned our export success..."

"Investors looking to place funds in the wine industry might do a lot worse than look at vineyards (particularly white varieties) in those warm areas."

"The prognosis for the rest of the industry is less clear. There is certainly not a raging demand for winegrapes from 'cool climate' regions and there is no doubt that too many growers and producers have staked their hopes on high-cost grapes and high cost wines."

The noted Australian wine industry leader Brian Croser places a contrasting emphasis on future directions. In an address to the Wine Press Club of NSW as reported by James Halliday (The Australian, 29 January 2005), he said:

"We have promoted Brand Australia beyond its use-by date. Brand Australia is a success and has been for some time, as evidenced by the continued growth of global sales of Australian commodity wine at less than \$5 per litre. The promotion of Brand Australia has obscured the global view of Australian fine wines and its great terroirs. Australia does have a domestically well-established hierarchy of terroirs, and we must systematically and energetically promote them to our export markets."

The two visions of the future, do nevertheless implicitly agree in one respect. Both draw a clear distinction between just two types of wine: branded commodity wines of anonymous irrigated origin on the one hand, and, high-cost 'terroir' wines from limited select sites in mainly 'cool' regions on the other. Croser (2004) goes further:

"The very attributes of premium differentiated wine are antithetical to the branded proposition. The unique, non-expandable sites with low yielding vines producing concentrated, complex wine. Varying in style and quality between vintages and between producers of the same varieties from the same region, are attributes impossible to reconcile with the standardised requirements of the branded commodity."

He maintains, moreover, that not only should branded wines not be grown in the same regions as terroir wines, for fear of debasing the reputations of the latter, but also that they should not be made or marketed by the same people.

While such a counsel of despair is understandable in a time of accelerating industry globalisation, I believe it is wrong for Australia, and in the long term can only lead to industry retrogression. The dichotomy between wine types is a false one, and will become more so in the future. Consider the following.

The traditional advantages of the irrigation areas have been economies of scale and mechanisation in the vineyard and winery; safe and ample water supplies; high yields; and relative freedom from disease, spring frosts and ripening period rain. Given suitable grape varieties and expert winemaking it has been possible to make commercially successful wines reaching up into the category of moderately priced branded bottles. However, heat during ripening undoubtedly limits potential for quality improvement much beyond that.

It has also to be remembered that reaching and maintaining this position has depended in no small part on yield reduction, with reduced water use and more intensive vine management. This negates much of the natural advantage. Part of recent success has also come from blending in wines from cooler areas as production has expanded there.

It is thus by no means clear that the irrigation areas can remain the best or only place to produce commodity wines, in the sense of their being everyday branded wines of exportable good quality. In this fiercely competitive segment of the market the standards of quality are rising, and with them the expectation of better still, together in many cases with the ability and willingness to pay for it.

The market in fact does not comprise just two extremes: it is a continuum, which the industry, whatever form it evolves into, must meet comprehensively if it is to be successful. Indeed, the middle part of the market pyramid is arguably the most crucial, both in its own right as a major and perhaps most profitable part of exports, and in providing consumer stepping stones to the higher-priced wines above. The reputations of these in turn feed back to enhance those below. Such is the evolution of a great wine region.

As Croser says, the Old World succeeds magnificently at the market peaks with its best individual terroir wines. The New World will increasingly match them as its terroirs become better identified, but will probably never exceed them. On the other hand the Old World has largely failed to compete at the intermediate levels, due to a variety of causes including unreliable climates, competition from other land uses, and restrictive production practices that have stifled innovation. Australia can do better across the board, as can other countries of the Southern Hemisphere.

As this scenario develops the quality standards of today's mid-priced wines will become those of tomorrow's commodity wines. With their inherent climatic limitations the existing irrigation areas will struggle to keep up. This will be more so to the extent (if any) that global warming disproportionately affects the present hot fringe of viticulture.

It does not mean going to the precarious cool limit of viticulture. There are still requirements for enough warmth and sunshine to ripen commercially adequate crops safely; for sufficient safe water supplies to meet a smaller need for controlled supplementary watering; and for at least similarly low risks from frost and untimely rains. Suitable land must also be available that allows reasonable economies of scale and mechanisation.

A number of areas of Australia meet these requirements, such as in South Australia (e.g. Langhorne Creek) and perhaps most notably the high-rainfall south-west of the continent. And, *pace* Brian Croser, there is no contradiction in growing grapes for branded everyday wines and site-specific terroir wines in the same regions. Both wines types have broadly similar climate needs for best quality. Indeed,

it could be argued that the simpler wines, made with minimal winemaking inputs, will in some ways reflect regional characteristics more directly. They are genuine *vins du pays*. If of honourable quality it is right that they should claim their origin, whether this be a region, zone or State.

Such appellations are not meaningless. The appellations Queensland, Tasmania and Western Australia, for instance, signal real contrasts in climatic environment that cannot fail to leave imprints on their wine styles and in determining best-adapted grape varieties. They also signal that the wine comes from a State with no bulk production in hot irrigated areas, and from an industry based overwhelmingly on quality bottled wines. Yet many of Western Australia's most successful wines are cross-regional blends sold in branded bottles at moderate prices. Their grapes are grown in the same regions as those for the top wines, and often enough alongside them, only on a larger scale and usually from younger vines. These wines are not anomalous. They are the way forward in a critical part of the market, and can only get better as the vines mature.

I cannot agree that regional, zone or State identification of such branded wines compromises super-premium and icon wines from the same regions. It is they that lead satisfied customers to explore a region's wines and terroir more deeply. By contrast, featureless, anonymous commodity wines from anywhere are hardly likely to inspire further interest or inquiry.

Nor, in any case, can even the best environments hope to make exclusively top-priced terroir wines. All have to cope with the produce of young vines, and all are subject to occasional bad seasons and market downturns. The facility is needed to downgrade wines into cheaper commercial blends with less restrictive appellations, but not total anonymity.

Croser is right in emphasising the need for Australian regions to identify and build on their particular strengths of grape variety and wine style. The rest of the New (and some of the Old) World is doing it and so must Australia if we are to keep up. Together with the spread of modern production technology it is how quality standards and expectations are rising worldwide. But again, while this is important for the elite terroir wines, it is equally so for the more affordable everyday wines that will determine whether wine becomes the world's preferred 'lifestyle' beverage as the industry hopes. Variety and choice are indeed the spice of life, there as at the top.

The challenge, for Australia as for others, is to displace the basic commodity wines of the past with better wines that are fresh, varied and interesting, but still affordable in today's and tomorrow's more prosperous societies. That certainly means taking advantage of all available technology and economies of scale. But it also means that the growing environments must be those with the best potential for grape and wine quality, as well as ease and reliability of

their attainment. Small scale commercial and hobby viticulture will undoubtedly survive widely for local and some specialist markets; but to the extent that technology and expertise become universal, it is environmental advantage that will determine in the end the locations of the world's major wine industries.

That brings me back at last to Margaret River. Where does it stand in this scenario? In short, Margaret River, and hardly less its neighbouring regions Geographe, Manjimup, Pemberton and Great Southern, has the required characteristics of environment to a degree perhaps greater than anywhere else in Australia other than in northern Tasmania for the coolest-climate wine styles. These areas have in the main a reliably dry ripening period for grapes of appropriate maturity; good winter rainfall for subsoil recharge and surface catchment of the limited amount of supplementary water needed; ripening under mostly mild and equable conditions, tempered by sea breezes from the Indian and Southern Oceans; and low spring frost risk throughout except in the most inland parts. Ample areas are available of suitable undulating topography with gravelly to loamy soils of only moderate fertility. Together, these regions have the natural advantages and potential to become one of the world's leading producers of high-quality commercial and icon wines. And among them, Margaret River epitomises perhaps most of all the climate requirements for success.

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