

## **1 Highlights**

### **2 The influence of resource use on yield versus quality trade-off in** **3 Australian vineyards**

#### **4 Author**

- 5     • Comparative analysis of resource use, quality and quantity in Aus-**  
**6         tralian winegrowing.**
- 7     • Regional comparison of outcomes and resource use in Australian wine-**  
**8         growing regions.**
- 9     • Baseline models for comparing wine crops.**
- 10    • Analysis of national, decade long data source.**

11 The influence of resource use on yield versus quality  
12 trade-off in Australian vineyards

13 Author<sup>1,1,1</sup>

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14 **Abstract**

When strategies for a sustainable winegrowing industry are assessed, there is a trade-off between balancing the amount of resources invested and the resultant yield and quality of the produce. In this analysis we observe relationships between resource use, yield and quality through the use of statistical models. The dataset used for this analysis includes data collected for the past 10 years from a multitude of vineyards located over a diverse range of Australian winegrowing regions. Yield and quality (measured as a ratio of sale price to area) was modelled to resource factors related to water usage and emissions. The analysis confirmed an expected strong relationship between size and resource use, with the overall space of a vineyard and its access to resources greatly determining the upper limit of potential yield. However, size was also negatively related to the potential quality, with higher quality being connected to high resource inputs per area; rather than to the overall expenditure of resources. Regional and yearly effects on Vineyard outputs were also identified. Overall, the analysis highlighted the importance of considering a vineyard's business goal, region, external pressures and economies of scale, with regional constraints also contributing to deciding the best resource use strategies to pursue when considering quality or quantity.

## 1. Introduction

The global focus on sustainability in agronomic industries has changed the way in which these enterprises do business. When strategies for a sustainable winegrowing industry are assessed, there is a trade-off between balancing the amount of resources invested and the resultant yield versus quality produced. This dilemma exists across agriculture through shared fundamental considerations such as water use and fuel usage (Hemming et al., 2020; Kawasaki and Uchida, 2016; ZHU et al., 2017). Quality in viticulture (the cultivation of grapes for wine production) is driven through its integration within the wine industry, with the potential quality of a wine being initially defined through the chemical makeup of the grapes used in its production. The consideration of sustainability within viticulture is further complicated by environmental and socio-demographic pressures. In the Australian context, these include biosecurity, climate and international market demands.

There is an extensive amount of research into the effects of a variety of factors on grape quality and yield (He et al., 2022; Laurent et al., 2022; Liakos et al., 2018). However, due to the lack of long-term and in-depth data, individual factors are often studied in isolation (Abbal et al., 2016). The lack of consolidated datasets also restricts the ability to gain statistical insights at large scales and across multiple regions (Keith Jones, 2002; Knight et al., 2019). The dataset used for this analysis includes data collected for the past 10 years from a multitude of vineyards located over a diverse range of Australian winegrowing regions. We aim to use this dataset to describe the relationship of resources related to water and fuel use with the output yield and quality of the resultant product, taking into account

Table 1: Summary of models; their predictors, covariates and variable interactions.

	Response	Predictors	Covariates	Interactions
<b>Model 1</b>	Yield	Water Used scope one Emissions	Area Harvested Year GI Region	N/A
<b>Model 2</b>	$\frac{\text{Yield}}{\text{Area Harvested}}$	Water Used scope one Emissions	Area Harvested Year GI Region	Area Harvested * scope one Emissions Area Harvested * Water Use Year * Region
<b>Model 3</b>	Yield $\times$ Average Sale Price	Water Used Scope One Emissions	Area Harvested Year GI Region	N/A
<b>Model 4</b>	Average Sale Price	Water Used Scope One Emissions	Area Harvested Year GI Region	Area Harvested * Scope One Emissions Area Harvested * Water Use Year * Region
<b>Model 5</b>	Average Sale Price	Water Used Scope One Emissions	Year GI Region	Year * Region

the size and location of the vineyard. The practical addition of this aim is a baseline for comparison: given a vineyard within Australia, one could estimate the comparative efficiency with regard to the tradeoff between invested resources, yield and quality. This is the first time that such a trade off has been confirmed explicitly across such varying regions, scales and climates in the Australian winegrowing industry.

## 2. Methods

### 2.1. Data

Data used in this analysis were obtained from Sustainable Winegrowing Australia and Wine Australia. Sustainable Winegrowing Australia is

50 Australia’s national wine industry sustainability program, which aims to fa-  
51 cilitate grape-growers and winemakers in demonstrating and improving their  
52 sustainability (SWA, 2022). Wine Australia is an Australian Government  
53 statutory authority governed by the Wine Australia Act 2013 (Win, 2019).

54 Predictor variables used in this analysis included yield, defined as the  
55 total tonnes of grapes harvested, and quality, defined as average sale price  
56 of grapes. It is acknowledged that quality can be defined in a variety of  
57 ways, for example by the grapes’: aroma, chemical composition and color  
58 (Kasimati et al., 2022; Mejean Perrot et al., 2022; Suarez et al., 2021). Using  
59 sale price was based on the reliance of market value of winegrapes on grape  
60 quality and because Wine Australia explicitly defines grape quality through  
61 the use of discrete price brackets in their annual reports. The generalisation  
62 made to reflect quality through using average price assumed a due diligence of  
63 those who purchased the grapes (Yegge, 2001). Both response variables were  
64 examined as totals and as scales of area harvested. Values were compared in  
65 this manner to observe how economies of scale affect the use of resources.

66 Data obtained from Wine Australia were collected via phone surveys and  
67 included: total tonnes purchased, average price per tonne and yearly change  
68 in price for region and grape varietal. Data recorded by Sustainable Wine-  
69 growing Australia was entered manually by winegrowers using a web based  
70 interface with some fields being optional. Required variables included: re-  
71 gion, harvest year, yield and area harvested. Optional variables included  
72 average sale price, water used and fuel used (diesel, petrol, biodiesel and  
73 LPG). To enable direct comparisons between fuels, fuel use was converted to  
74 tonnes of Carbon Dioxide equivalent and collectively referenced to as emis-

75 sions.

76 Average sale price was an optional field in the Sustainable Winegrowing  
77 Australia’s dataset. Missing values were improved using regional average  
78 prices from Wine Australia. Two subsets of data were then created for the  
79 analysis. The first subset contained all vineyards and was used for two models  
80 (Model 1 and Model 2, see Table 1). The second subset contained vineyards  
81 which either recorded a value for average price of sale per tonne through  
82 Sustainable Winegrowing Australia, or were within a region with an average  
83 price of sale recorded by Wine Australia; this subset was used for three  
84 further models (Models 3, 4 and 5, see Table 1. These subsets meant that  
85 the data would be limited to samples which had recorded values for the  
86 response variables (see Table 1), where every sample had a recorded value  
87 for yield but not average price of sale per tonne.

88 The first subset of data (used for Model 1 and Model 2, see Table 1)  
89 contained 5298 samples spanning the period from 2012 to 2022, covering 55  
90 GI Regions and 1261 separate vineyards.

91 The second subset of data (used for Model 3, Model 4 and Model 5, see  
92 Table 1) contained 2878 samples spanning the period from 2015 to 2022,  
93 covering 51 GI Regions and 944 separate vineyards. Average price of sale per  
94 tonne was extracted from both Wine Australia (1842 values) and Sustainable  
95 Winegrowing Australia (remaining 1036 values).

96 Additional variables were considered for analysis but were excluded due to  
97 being either underreported or had insignificant contributions to model accu-  
98 racies. Variables explored but not used due to low reporting values included  
99 fertiliser, and scope two emissions. Variables considered but ultimately re-

100 moved due to a lack of significant contributions to models, included the use  
 101 of renewable energy, contractor use, and pressures such as frost, fire and  
 102 disease.

103 Data preprocessing was conducted prior to analysis using the Python  
 104 programming language (G. van Rossum, 1995). Preprocessing included the  
 105 conversion from fuel to scope one emissions and prior calculations for all  
 106 continuous variables which included logarithmic transformations, centring  
 107 and scaling by standard deviation. The transformation of fuel use into scope  
 108 one emissions was done using the equation given from the Australian National  
 109 Greenhouse Accounts Factors, shown as

$$tCO_2e = \frac{Q \times EC \times EF1 + EF3}{1000}, \quad (1)$$

110 was used to convert the quantity of fuel in litres,  $Q$ , using a prescribed En-  
 111 ergy Content,  $EC$ , and emission factors of scope one,  $EF1$ , and scope three,  
 112  $EF3$ , to tonnes of Carbon Dioxide Emission equivalent,  $tCO_2e$  (Department  
 113 of Climate Change, Energy, the Environment and Water, 2022).

114 Differences in vineyard locations were captured through the use of Geo-  
 115 graphical Indicator Regions (GI Regions, see Figure 1). Each GI Region has  
 116 its own unique mixture of climatic and geophysical properties that describes  
 117 a unique winegrowing region within Australia; these regions were predefined  
 118 by Wine Australia (Halliday, 2009; Oliver et al., 2013; SOAR et al., 2008).  
 119 Both Wine Australia and Sustainable Winegrowing Australia used the same  
 120 GI Region format to describe location.

121 The site of a vineyard predetermines several physical parameters such as  
 122 climate, geology and soil, making location a widely considered key determi-

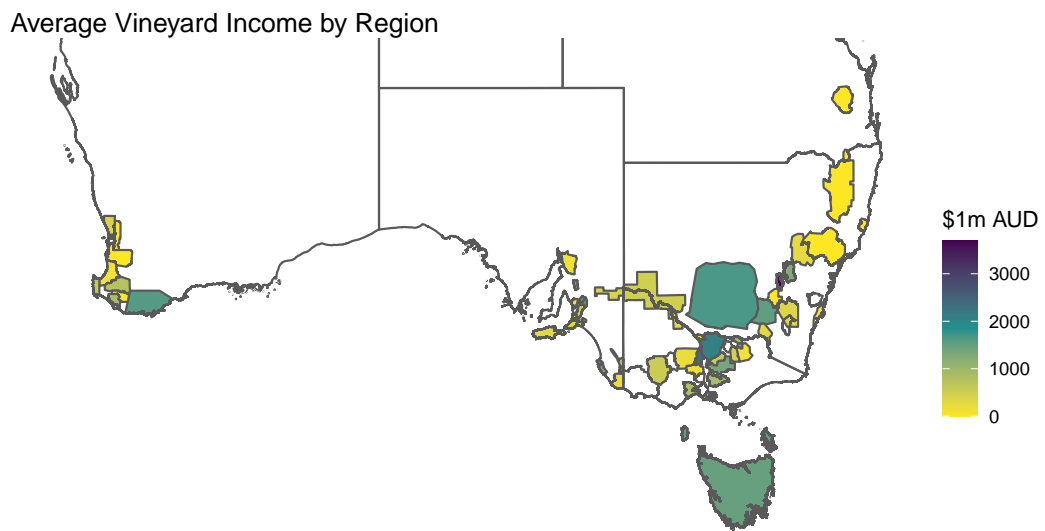


Figure 1: Map of vineyard average income for each of the used GI Regions.



123 nant of grape yield and quality (Abbal et al., 2016; Agosta et al., 2012; Fraga  
124 et al., 2017). The climatic properties of each GI Region were summarised by  
125 using predefined classifications as per the Sustainable Winegrowing Australia  
126 (2021) user manual. The user manual describes climates by rainfall and tem-  
127 perature, creating supersets of Regions of similar climatic properties. The  
128 climatic groups were used to illustrate similarities and differences occurring  
129 in areas larger than GI Regions.

## 130 *2.2. Analysis*

131 Pairwise Pearson Correlation Coefficients were calculated to assess the  
132 potential existence of linear relationships between the input and predicted  
133 variables. To determine if a coefficient was indicative of a strong relationship,  
134 confidence intervals were used. P-values reflected the significance of a given  
135 correlation coefficient with statistical significance being declared when the as-  
136 sociated value was lower than 0.05. Pairwise Pearson Correlation Coefficients  
137 were calculated for data on the original scale and for data as a logarithmic  
138 transform. Transforming data prior to calculating the coefficients changes  
139 several things. The logarithmic transform of the data alters the interpreta-  
140 tion of the coefficients to percentage change; a coefficient will be indicative  
141 of the change in percentage of one variable compared to the other, scaling  
142 by standard deviation also changes this interpretation to be a percentage  
143 of that variables standard deviation. When considering the logarithmically  
144 transformed variables, a coefficient of 1 would indicate that the change of one  
145 variable by one percentage of its standard deviation would correlate to the  
146 other variable changing by one percent of its own standard deviation. The  
147 importance of this is the dimensionless nature of these relationships and that

148 it can be translated directly to any vineyard’s case that has a well known  
149 distribution.

150 Five general linear models were created (see Table 1). General Linear  
151 Models were chosen as they offer the ability to produce statistical models that  
152 are explicit in the relationships between predictors and response variables.  
153 General Linear Models also allowed the exploration of interactions between  
154 predictors and allow for easily comparable differences in the influence and  
155 magnitude of relationships. Model fit was measured in  $R^2$  and adjusted  $R^2$  as  
156 well as F statistics. T-tests were used to determine if predictors significantly  
157 contributed to their models when accounting for other variables, showing  
158 which specific years and areas contributed significantly. Both the Pearson  
159 Correlation Coefficients and General Linear Models were created using the  
160 R statistical programming language (R Core Team, 2021) with the Caret  
161 package (Kuhn, 2008).

162 A variety of alternate methods were also explored, including splines, hier-  
163 archical regression, General Additive Models, and Generalised Linear Models.  
164 These alternative approaches were not used as final models due to offering  
165 no further insights or improvements in accuracy.

### 166 *2.3. Model Validation*

167 Models were validated using K-fold cross validation calculated. K-fold  
168 cross validation works by removing a subset of data from the sample used  
169 to train models and then predicts those variables to determine how sensitive  
170 the model is to changes in the sample data. For this analysis each model was  
171 validated using 10 folds, repeated 100 times.

Table 2: Summary statistics of each continuous variable.

Variable	Mean	Standard Deviation	Minimum	Maximum
Yield (tonnes)	7.757E+02	2.179E+03	1.000E+00	7.231E+04
Area Harvested ( $m^2$ )	6.670E+05	1.337E+06	7.000E+02	2.436E+07
Water Used (ML)	7.471E+06	5.646E+08	1.000E+00	4.268E+10
Scope One Emissions ( $tCO_2e$ )	4.173E+04	8.571E+04	6.755E+00	2.110E+06
$\frac{\text{Yield (tonnes)}}{\text{Area (m}^2\text{)}}$	1.009E+01	8.127E+00	4.000E-02	8.634E+01
Average Sale Price (AUD)	1.477E+03	9.216E+02	1.600E+02	2.600E+04
$\frac{\text{Average Sale Price (AUD)}}{\text{Area Harvested (m}^2\text{)}}$	1.347E+02	5.711E+02	1.753E-01	2.979E+04

### 172 3. Results

#### 173 3.1. Exploratory Analysis

174 Table 2 shows the summary statistics of each variable in its original units.  
175 The range of these values shows the level of difference between some vine-  
176 yards, with operations differing by orders of magnitude in size, yield and  
177 average price of sale (See Table 1).

178 Pearson Correlation Coefficients of the transformed, centred and scaled

Table 3: Pairwise Pearson correlation coefficients for logarithmically transformed values.

	Yield	Area Harvested	Water Used	Scope One Emissions	Yield by Area	Average Price	Average Price by Area
Yield	1.00	0.88	0.82	0.76	0.96	-0.46	-0.88
Area Harvested	0.88	1.00	0.78	0.83	0.73	-0.19	-0.81
Water Used	0.82	0.78	1.00	0.67	0.76	-0.49	-0.82
Scope One Emissions	0.76	0.83	0.67	1.00	0.65	-0.16	-0.67
Yield by Area	0.96	0.73	0.76	0.65	1.00	-0.54	-0.84
Average Price	-0.46	-0.19	-0.49	-0.16	-0.54	1.00	0.72
Average Price by Area	-0.88	-0.81	-0.82	-0.67	-0.84	0.72	1.00

variables are shown in Table 3. All correlations were found to be statistically significant ( $P < 2.200\text{E-}16$ ), and except for 'average price' all variables were positively correlated. With water use, area harvested and emissions being positively correlated to yield, it can be considered that more resources and area are likely to lead to greater yields. Average sale price's negative correlation to yield, water use, area and scope one emissions, indicated that size and fuel separately were not the determining factor for grape quality. The negative correlations are not causal relationships, that using more water does not cause lower quality, but relative are measures indicating that using greater amounts of water than others may lead lower quality.

### 3.2. General Linear Models

Each model had a high  $R^2$  value, indicating that a most of the variance within the data was described by the models (see Table 4). The models were found to be a good fit, with overall F-tests being statistically significant ( $P < 2.200\text{E-}16$ ). And, aside from 3 variables, F-tests across each model's variables

Table 4: Summary of models; their performance, F-statistics and Residual error.

	$R^2$	Adjusted $R^2$	F-Statistic	P-Value	Residual Standard Error	Residual Sum of Squares	Residual Mean of Squares
<b>Model 1</b>	0.9072	0.9061	775.3	2.200e-16	0.3065	491.3	0.1
<b>Model 2</b>	0.8291	0.8141	55.07	2.200e-16	0.4312	905.03	0.19
<b>Model 3</b>	0.9753	0.9748	1885	2.200e-16	0.1589	71.11	0.03
<b>Model 4</b>	0.9091	0.9006	106.1	2.200e-16	0.3153	261.41	0.10
<b>Model 5</b>	0.9089	0.9004	107.2	2.200e-16	0.3155	262.04	0.10

194 were also significant (with all being at least,  $P < 0.05$ ). The three exceptions  
 195 were: scope one emissions in Model 3 ( $P=0.22$ ) and Model 4 ( $P=0.039$ ), and  
 196 the interaction between area harvested and water used in model 2 ( $P=0.22$ ).  
 197 Note that, scope one emissions was included in all models to directly compare  
 198 the response variables as ratios of vineyard size to raw values and because  
 199 it was strongly correlated to the response variable in every model (except  
 200 model 5); especially for Models 1 and 4 (Table 3). A full list of regression  
 201 coefficients 95% CIs and p-values for each of the four models is provided in  
 202 the appendix.

203 Models' continuous variable's coefficient values are summarised in Table  
 204 5. Model 1 showed all coefficients except for the intercept were significantly  
 205 contributing to the model ( $P \leq 0.05$ ). Model 2's coefficients were all statis-  
 206 tically significant. However, for Models 3, 4 and 5 Scope one emissions did  
 207 not significantly contribute. And, Model 4 only saw statistically significant  
 208 contributions from the intercept and water use. Although the coefficient for  
 209 water use was statistically significant for each model, it did not have the

Table 5: Summary of each Models coefficients for continuous variables

		Intercept	Area Harvested	Water Used	Scope One Emissions	Area Harvested	Area Harvested
						Scope One Emissions	Water Used
Model 1	Coefficient	-0.0332	0.7418	0.0866	0.0673		
	Std Error	0.0196	0.0100	0.0089	0.0080		
Model 2	Coefficient	0.1696	0.5774	0.1079	0.0850	-0.0497	-0.0535
	Std Error	0.0591	0.0148	0.0131	0.0117	0.0081	0.0084
Model 3	Coefficient	0.0181	0.9713	-0.0231	-0.0070		
	Std Error	0.0130	0.0072	0.0069	0.0057		
Model 4	Coefficient	0.1450	0.0024	-0.0466	-0.0170	0.0115	0.0014
	Std Error	0.0528	0.0150	0.0143	0.0118	0.0079	0.0083
Model 5	Coefficient	0.1517		-0.0404	-0.0171		
	Std Error	0.0527		0.0113	0.0097		

highest value, instead area harvested, being an order of magnitude greater dominated the models. Model 5 was able to achieve a similar  $R^2$  to Model 4 without area harvested, having stronger influences from water use and scope one emissions.

The regression coefficients for the categorical variables year and GI region, and their interaction under each of the four models are depicted in 2. The first year for a model's data is used as the baseline. The Adelaide Hills is used as the regional baseline with the interaction between year and region using the first year and the Adelaide Hills as the baseline. Region and year contributed, in some but not all cases, more than the other variables. However, some years are not significant, as they are not statistically different from 0, given their error. Models 4 and 5 are very similar, indicating that the exclusion of area does not greatly affect the contribution from yearly influence. Models 4 and

223 5 have the most prominent trends, showing an increase in yearly effects over  
224 time, with Model 3 also increasing from 2016 to 2018 but plateau afterwards.  
225 Models 1 and 2 do not show a clear trend but do drop during 2017 and 2018  
226 after increasing in the first 3 years.

227 Regional differences are summarised in Figure 3. The most notable differ-  
228 ence is between vineyards within 'Hot' and 'Very Dry' regions (warm inland  
229 regions), where little emphasis is put on achieving high average sale prices,  
230 instead focussing on larger scale yield. Water Use changes dramatically be-  
231 tween these regions as well, with water being a driving force in the mass  
232 production of grapes but not necessarily the quality. The warmer and drier  
233 regions tend to also cater to larger vineyards, with greater areas.

234 Figure 4 further shows the emphasis that 'Hot' areas have on high yields  
235 with low average sale price compared with other regions. Scaling average  
236 price and yield by area shows a strong negative trend, trading quantity for  
237 higher sales prices.

238 Table 3.2 shows the validation results of each of the models. The  $R^2$  mea-  
239 sures of fit show similar results to the initial models, with a slight decrease.  
240 Indicating that the models are robust and consistent.

## 241 4. Discussion

242 There was an expected strong relationship between size and resource use,  
243 with the overall space of a vineyard and its access to resources greatly deter-  
244 mining the upper limit of potential yield. However, size was also inversely  
245 related to the potential quality, with higher quality being related to high  
246 resource inputs per area; rather than to the overall expenditure of resources.

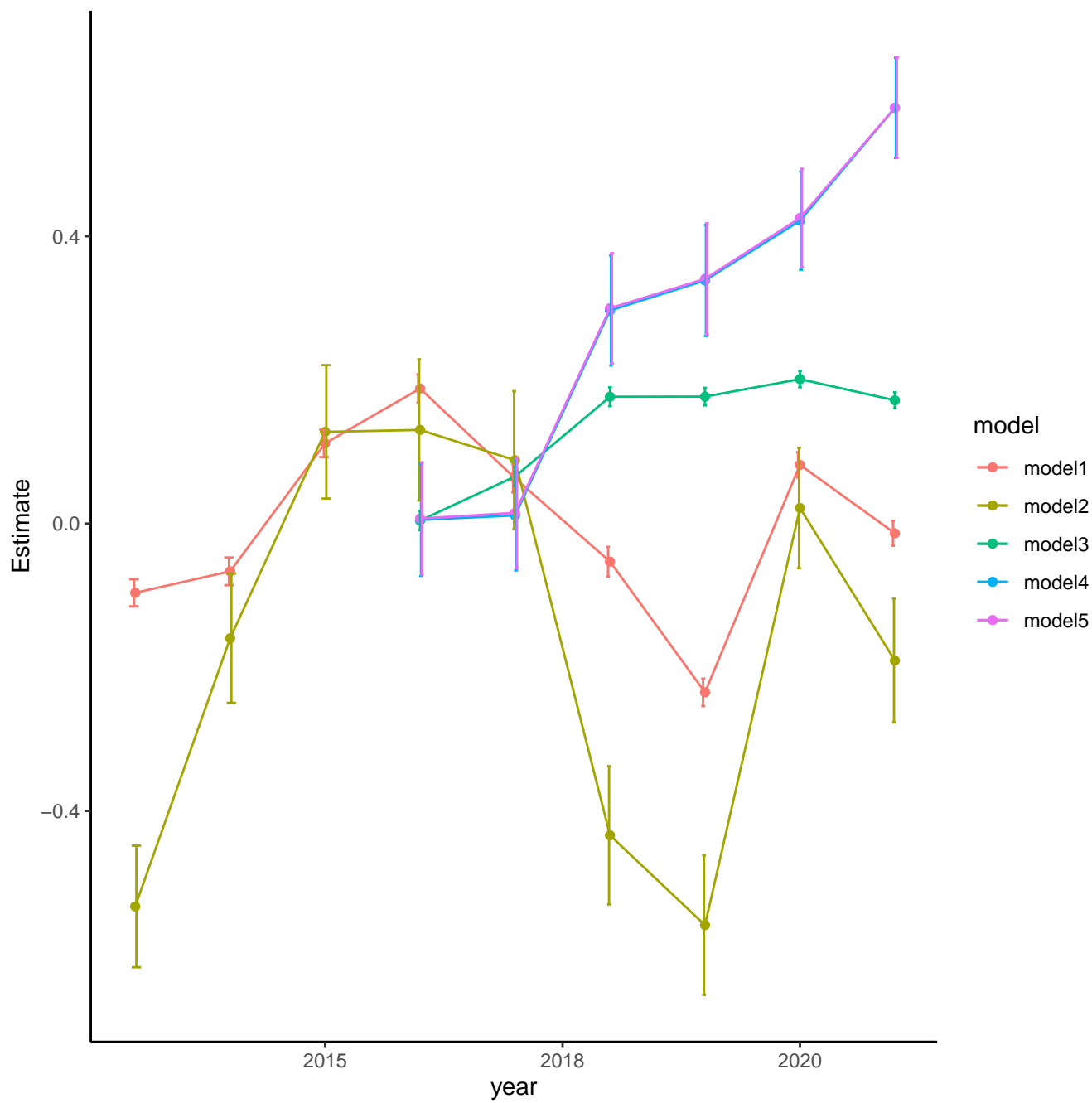


Figure 2: Model Coefficient values for Year, with standard error bars.



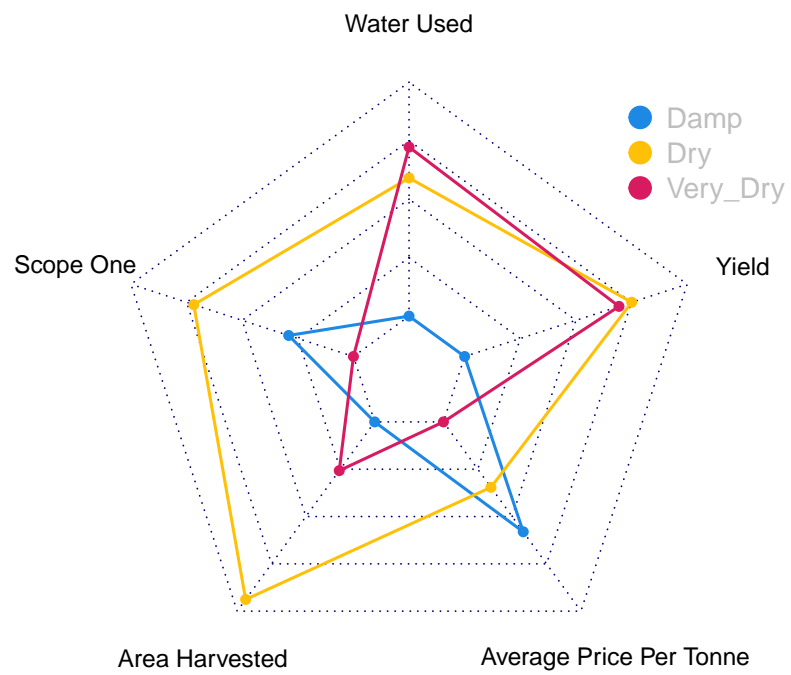


Figure 3: Radar plot of climatic profile's resource use, yield and average sale price.

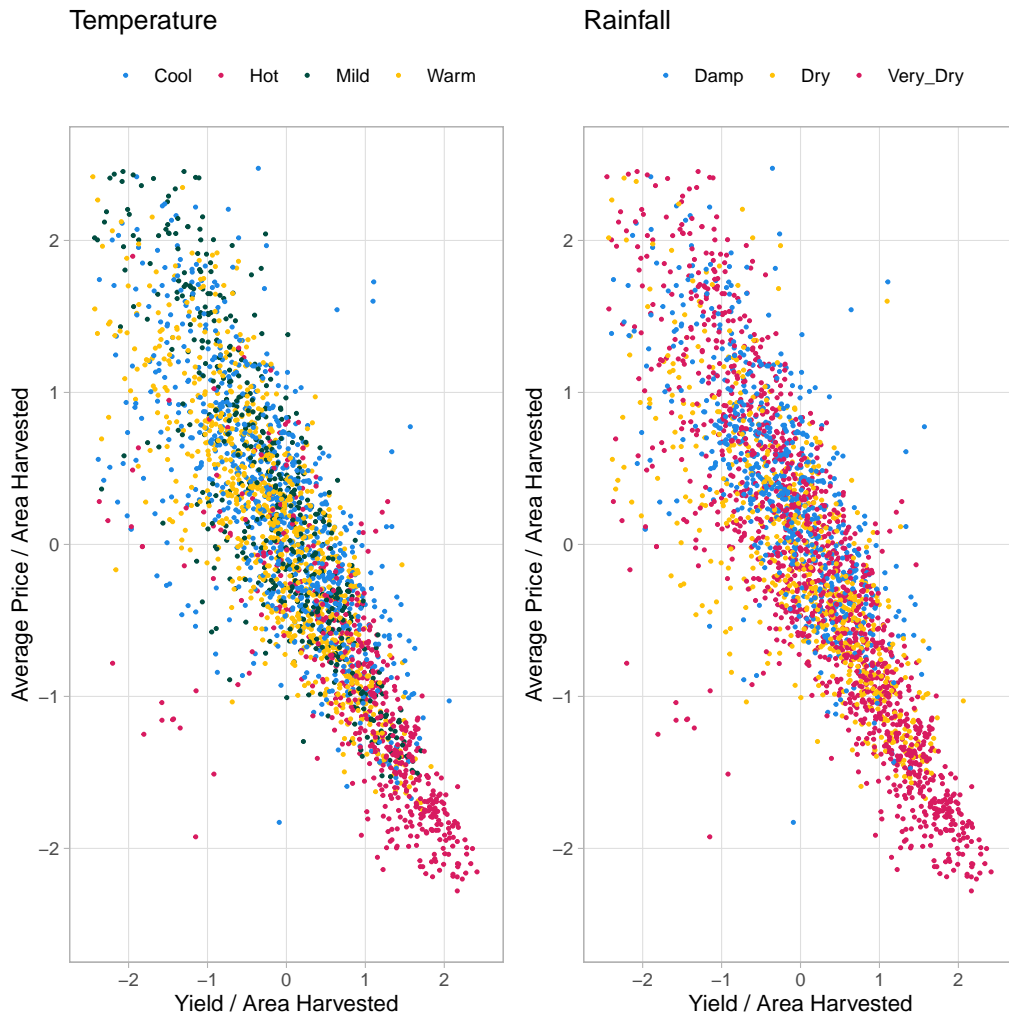


Figure 4: Scatter plot of vineyard yield against the average sale price as ratios to area harvested. The axes are in standard deviations with points coloured by climate.

Table 6: Model validation using k-fold cross validation, for 10 folds repeated 100 times.

	Residual Mean Squared Error	R2	Mean Average Error
<b>Model 1</b>	3.087E-01	9.045E-01	2.165E-01
<b>Model 2</b>	5.104E-01	7.409E-01	3.493E-01
<b>Model 3</b>	1.652E-01	9.723E-01	1.008E-01
<b>Model 4</b>	2.235E-01	9.500E-01	1.279E-01

247 Vineyard outputs were also augmented by regional and yearly affects. Even  
248 given regional and yearly changes, there was a strong connection between  
249 smaller vineyards and higher quality. This could have been due to the easier  
250 management of smaller properties.

#### 251 *4.1. Resource use and yield versus quality*

252 There are many on-the-ground decisions that influence both quality and  
253 yield. The decision to prioritise quality over quantity, is governed by com-  
254 plex physical and social forces, for example international market demands,  
255 disease pressures and natural disasters (Abad et al., 2021; Cortez et al., 2009;  
256 Hall et al., 2011; I. Goodwin, et al., 2009; Kasimati et al., 2022; Oliver et al.,  
257 2013; Srivastava and Sadistap, 2018), with many of these occurrences being  
258 highlighted throughout the reports from Wine Australia (Wine Australia,  
259 2019, 2021, 2022; Winemakers’ Federation of Australia, 2013, 2014, 2015,  
260 2016, 2017, 2018) over the past decade. However, the changes in the coeffi-  
261 cients are not reflective of many known occurrences, such as the 2020 bush  
262 fires, which had higher values for coefficients than prior years; During the

263 2020 bush fires 40,000 tonnes of grapes were lost across 18 different wine re-  
264 gions due to bush fires and smoke taint; the predicted incidence of wildfires  
265 is expected to increase (Canadell et al., 2021).

266 In comparison to countrywide pressures such as drought, this damage  
267 made up only 3% of the total amount of grapes for that year; although  
268 acknowledged as a considerable loss on an individual basis, it was deemed  
269 to be only a minor national concern by Wine Australia when compared to  
270 other environmental pressures such as drought (Wine Australia, 2020)

271 Climatic pressures are an important consideration for growers, especially  
272 those in warmer and drier regions. The Wine Australia reports also show  
273 that warm inland regions have seen a decline in profit over the past decade,  
274 whereas regions targeting quality did not. The warm inland regions also  
275 tend to contain larger vineyards, making up for lower sale prices with larger  
276 yields. Considering the negative correlation of average price to area, for this  
277 strategy to work economies of scale become an important factor. Given the  
278 large quantities of grapes that can be produced by some vineyards, even at  
279 low margins there is the potential to be profitable. However, the increasing  
280 climatic pressures mixed with the requirement for larger volumes of water,  
281 make the sustainability of some vineyards come into question. Furthermore,  
282 intensive farming in general is known to jeopardise the sustainability of an  
283 operation through the degradation of soil and waterways (Capello et al.,  
284 2019; Lin, 2012; Pisciotta et al., 2015) . There are established methods that  
285 can help to mitigate these affects, such as the use of cover crops and crop  
286 rotation. However, it has become more apparent that the active reduction of  
287 grape yield, through methods such as thinning, can help increase the quality

288 of grapes and improve soil health (Condurso et al., 2016; Wang et al., 2019).

289 Scope one emissions' lack of significance and contribution given its F-  
290 statistics, could be indicative that other vineyard activities requiring fuel are  
291 not leading factors for a vineyards grape quality. The relationship between  
292 yield, value and area was not simply about efficiently producing the most  
293 grapes. It is possible that the relationship of scope one emissions between  
294 yield and sale price was closely tied to a vineyard's area due to requiring more  
295 fuel to address more issues over greater distances. It is difficult to discern the  
296 connection of scope one emissions directly, as fuel can be used for a broad  
297 category of activities.

298 There are important considerations unique to winegrowing compared to  
299 other agricultural industries. The vertical integration of winegrowing within  
300 the wine industry ties winegrowers to secondary and tertiary industries, such  
301 as wine production, packaging, transport and sales. This results in unique  
302 issues and considerations for each vineyard, where on-the-ground decisions  
303 are influenced by other wine industry's choices, such as the use of sustainable  
304 practices in vineyards as a requirement for sale in overseas markets; notably  
305 these interactions can be further complicated by some winegrowers being  
306 completely integrated into a wine company, while others are not (Knight  
307 et al., 2019). Incorporating decisions into the model could help describe the  
308 contributing factors to regional differences beyond resource consumption and  
309 regional differences this motivates the call for more granular data and more  
310 sophisticated modelling.

311 Some regions appeared to produce many low quality grapes at scale whilst  
312 others focussed on producing higher quality grapes in lower volumes. This

313 emperical finding is consistent with Wine Australia’s annual reports, which  
314 shows that some GI regions, such as the Riverland, are known for producing  
315 large amounts of lower grade (low value per tonne) grapes Wine Australia  
316 (2022); Winemakers’ Federation of Australia (2017). Comparatively other  
317 regions, such as Tasmania, only produce high quality grapes but in smaller  
318 quantities. The difference in pricing per tonne between the lowest and highest  
319 graded grapes can be greater than a hundred times the difference in value per  
320 tonne. Not all regions target only one grade of grape, with some producing a  
321 variety of differently graded grapes; such as the Yarra Valley, which produces  
322 grades from C to A.

323 Some regions are known for their quality and may have a bias in pur-  
324 chasers or bring greater demand regardless of similarities and differences in  
325 production of quality of grapes (Halliday, 2009). This effect could stifle the  
326 potential for market opportunities within lesser known regions. A further  
327 possibility is the existence of regional upper limits on potential quality, or  
328 that there are diminishing returns in some regions when pursuing quality or  
329 quantity; however these types of relationships may be obfuscated by knowl-  
330 edgeable winegrowers who avoid this pitfall.

331 Due to regional differences, different strategies are also employed across  
332 different regions, such as some regions targeting mass production over quality.  
333 This is most notable when grouping regions by climate, especially when con-  
334 sidering GI Regions in the ‘Hot Very Dry’ climate (see Figure ??). Although  
335 not chosen over GI region, climate was considered to be a large determinant  
336 of the ability to produce larger quantities of grapes, as well as a determinant  
337 in grape quality (Agosta et al., 2012). The more granular GI Region likely

338 explained a broader mix of geographical phenomenon, such as soil, geology  
339 and access to water resources (Abbal et al., 2016; Carmona et al., 2011). The  
340 interaction between year and GI Region likely accounted for events such as  
341 bushfires, which would be impactful, but only at a local level, both in time  
342 and space.

#### 343 *4.2. Limitations*

344 Limitations in the analyses presented in this paper included overestimat-  
345 ing yield for models 1 and 2, and underestimating crop value in models 3  
346 and 4 (see appendix). The issue of model 1 and 2 over-predicting yield may  
347 have been due to preventative measures brought on by regional pressures  
348 such as fire, frost and disease. More resources were required to prevent these  
349 issues from spreading within a region, thus disproportionately affecting some  
350 vineyards compared to others locally. This type of maintenance is not well  
351 captured in the models, especially when considering that some regions, espe-  
352 cially those in warmer areas, are not as prone to disease as cooler climates  
353 and could potentially have lower operating costs per hectare. This could  
354 create a discrepancy in vineyards that utilised preventative measures in wet-  
355 ter regions, as opposed to those that did not, thus expending less fuel and  
356 energy but risking disease. When reviewing the differences between regions,  
357 it is important to consider that vineyards in 'Hot Very Dry' areas can be  
358 hundreds of times the size of those in other regions. This limitation could  
359 be overcome by incorporating the profitability of vineyards, comparing the  
360 financial success of working at different operational scales.

361 Variables such as the utilisation of renewable energy, contractors, and the  
362 occurrence of disease, fire and frost were originally explored to capture the

discrepancies between similar vineyards that produced different yields and crop values. However, none of these variables was significantly correlated with the response variables, and did not add to model accuracy, even when considered as interactions. Allowance for nonlinear relationships, specifically through splines, resulted in more normally distributed residuals but at a drastically reduced overall accuracy when comparing  $R^2$  and Residual Square Error. Attempts to fully explain small variations was always overshadowed by the dramatic differences in regional trends.

Having more data for each region would also be beneficial, allowing greater comparison between regions. More variables may also help to discern vineyards that can produce larger volumes of grapes at higher prices. The use of other models such as random forests and decision trees alongside more variables and data may help to uncover the reasons for under or overestimation. These differences could be caused by the use of alternative sustainable practices in the field. Moreover, while there is evidence to suggest that environmentally sustainable practices can reduce costs, and increase efficiency whilst improving the quality of grapes; more research is needed to link these benefits across different regions and climates (Baiano, 2021; Mariani and Vastola, 2015; Montalvo-Falc3n et al., 2023).

## 5. Conclusion

In summary, vineyard yield and crop value is well-defined by the resources used. However, it is important to consider a vineyard’s business goal, region, external pressures and economies of scale where larger vineyards are likely to produce greater overall yields, and have higher yield per area. Smaller



vineyards are likely to produce more value per area and a higher quality of grape. It is likely that regional constraints also contribute to the best strategy to pursue when considering quality or quantity.

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