



Australian Government

Australian Grape and
Wine Authority

Australian Grape and Wine Authority Annual Report

2015–16

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Australian Government

Australian Grape and Wine Authority

13 September 2016

Senator the Hon. Anne Ruston
Assistant Minister for Agriculture and Water Resources
Parliament House
CANBERRA ACT 2600

Dear Assistant Minister Ruston

On behalf of the Directors of the Australian Grape and Wine Authority, I have the pleasure of submitting the *Annual Report 2015-16* for the year ended 30 June 2016.

This *Annual Report* has been prepared in accordance with the *Australian Grape and Wine Authority Act 2013* and the *Public Governance, Performance and Accountability Act 2013* and relevant orders.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Brian Walsh', with a long horizontal flourish extending to the right.

Brian Walsh
Chair
Australian Grape and Wine Authority

AGWA highlights

93% of wineries and distributors who participated in user-pays and core events reported that they were satisfied.

Consumer perceptions of the quality of Australian wine improved as measured by a 1% increase in the consumer sentiment index.

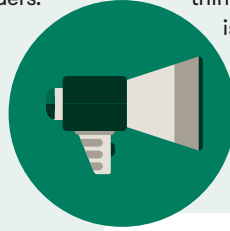
The number of key influencers hosted by Wine Australia on visits to Australian wine regions increased by 67%.



London's Australia Day Tasting on 26 January had record attendance exceeding 1230 guests and featured more than 1000 wines from more than 240 brands across 80 tables of exhibitors. As a new exhibitor, Vintelofer founder and winemaker David Bowley said he was impressed by the calibre of attendees. 'The Australia Day Tasting has been amazing. There are so many people here seeing my wines for the first time so I couldn't be happier to share that with them in this exciting environment - it's great.'

We developed and launched the Australian Wine Flavours Card. Since launching, 4482 cards have been requested from 681 individual orders.

This one-page tool helps our sector to better talk with Chinese customers about the sensory aspects of our wines, by linking an Australian wine descriptor with an equivalent taste that has been identified by Chinese consumers.



Research into perceptions held by our international customers and consumers identified that they think Australian wine is 'authentic' and 'exciting'. We are building on these positive perceptions in our marketing messages.

AGWA trading as Wine Australia hosted 122 marketing activities in key markets in 2015-16.

Increasing demand and the premium paid for Australian wine

The Wine Australia stand at ProWein included more than 500 wines from 79 Australian wine brands and 21 regions. The event attracted 55,000 trade visitors. Wakefield Wines General Manager of Exports Neil Hadley MW said 'the hall and this stand have been busier than most, so that's really encouraging for Australia. We've had visitors from Brazil to China as well as from Europe, which reflects the importance of ProWein as a world show and an opportunity to re-engage with the Australian wine story.'

Exports above \$10 per litre FOB hit a record value.

The number of Australian wine exporters increased by 17% to 1647.

69% of exporters contributed to growth in export value.



The average value of bottled exports increased by 9% to \$5.35 per litre FOB.

33 Export Market Guides were published covering 99% of the value of Australian exports.

297 risk-based audits were conducted to help protect the reputation of Australian wine.

Australia narrowed the gap on our competitor with the highest average value of bottled exports by 5%.

35 members of the Australian grape and wine community received leadership and personal development training.

78% of attendees of spray application workshops have adopted new practices.

AGWA took over responsibility for the collection of the wine export charge, generating significant operational efficiencies and cost savings.

The number of subscribers to AGWA's RD&E newsletter increased by 8% to 1928.

The number of products downloaded from Winefacts increased by 15% to 12,463.

AGWA's information products and services were rated 3.91 out of 5, a 1% increase.

81.4% of customers were satisfied with the market insights services, up from 80.3% in 2014–15.

PMapp, our smartphone app for powdery mildew assessment, launched to excellent feedback from stakeholders and was downloaded almost 1000 times.

The VitiCanopy app has now been downloaded onto 1447 devices.

Better management of grapevine trunk disease through new knowledge on pruning wound susceptibility to infection and timing of fungicide application for maximal efficacy.

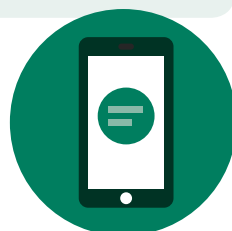
New diagnostic protocols developed for six exotic pests, plus two existing protocols updated. This enhances the sector's preparedness against exotic biosecurity threats.

Improved spray application through field test data demonstrating that airborne spray drift was far lower using recycle/recapture sprayers than the more common air-blast units.

The accentuated cut edges (ACE) device, an innovative winemaking technique, trialled with winemakers across Australia and ready for adoption.

AGWA's RD&E investments are yielding positive returns for levy payers. Independent analyses of a selection of AGWA R&D projects produced an aggregated benefit-cost ratio of 9.4 to 1.

Increasing competitiveness



Chair's report



Chair, Brian Walsh

In this, the first year of our five-year Strategic Plan, we have worked closely with the Australian grape and wine community to increase demand and the premium paid for all Australian wine, and to increase the competitiveness of the sector.

We have partnered with our winemakers to amplify the narrative on Australia's fine wines around the globe, and there are encouraging early signs of a positive change in perception amongst influencers and gatekeepers in key markets.

Pleasingly, we have seen growth in Australian wine's export earnings and growth in our higher value exports. In 2015–16, the average price per litre for Australian bottled exports grew 9 per cent to \$5.35, its highest level since October 2003; and wines of \$10 per litre and above now make up a record 24 per cent of exports.

Historically, these improvements might have been attributed solely to foreign exchange rates (forex). We need to be durable and resilient, and develop consistent demand for our fine wines that is able to weather changes in the value of the Australian dollar. Analysis by Efic (the Export Finance and Insurance Corporation) on the impact of exchange rate movements on Australian wine exports found that the recent growth in exports is not exclusively a result of favourable forex movements and that the value of the Australian dollar has minimal impact on demand for our higher priced wines, because consumers of fine wine are less sensitive to price. These findings

support our strategy of focusing on building genuine consumer demand for our premium wines.

We will continue our focus on taking Australia's best wines to the world in coming years, and we look forward to the increased demand and higher premiums being paid to lead to increasing profitability for grapegrowers and winemakers.

Australian wine back in vogue

While there remains much work to be done to increase profitability right along the value chain, 2015–16 has been a year of achievement and there have been solid gains in evolving the world's perception of our finest wines and unique regions.

We are an export-focused country and in partnership with the sector, we have determinedly worked to promote Australian wine all over the world. We've been more active in our key export markets; we've trialled new ideas and concepts, and we've increased engagement with influencers around the globe. We have shared our regional stories and driven greater awareness of Australian wine's history, the evolution of our traditional varieties and the innovations in our winemaking techniques.

During the year, some of the world's most respected wine influencers have proclaimed that Australian wine is 'back'. Headlines such as 'Savouring the new Australia', 'Australian wines coming on strong', 'Australia rediscovers its mojo' and 'Australia – in vogue again' reflect just some of the global sentiment that shows Australian wine is once again making the world sit up and take notice.

Landmark events and activities

We held some of our biggest events in 2015–16, all of which played a part in the renewed interest in and enthusiasm for our wines. The Australia Day Tasting in London saw record attendance and will be moved to a bigger venue in 2017; we increased our presence at ProWein by 30 per cent, allowing us to show more than 500 wines from 79 brands; the Grand Tastings in Japan and South Korea drew record numbers of guests; and, a partnership with *Wine & Spirits* saw a group of North America's finest sommeliers descend on Australia for the annual 'Sommelier Scavenger Hunt' to experience Australian wine, our wine regions and our people in a new way. We held our first stand at the growing ProWine China trade fair; and for the first time, we held the Exporter Forum in Adelaide, a one-day session of seminars, panels and insights to help exporters better understand their commercial opportunities and work towards increased profitability.

Collaboration

We have an impressive winemaking heritage in Australia, now spanning two centuries. We've taken traditional wines and techniques and evolved them to suit the Australian environment, and we've established ourselves as a world leader when it comes

to quality of wine and winemaking practices. All of this contributes to Australian wine being exported to 119 destinations across the world and approximately 30 million glasses of Australian wine being consumed every day.

We have worked closely with our grape and wine sector partners – in regions, states and nationally – to engage with the trade, media and influencers globally to build positive sentiment towards our wine, but we have also looked beyond our own community to work with others who complement our story.

This year, we continued to work with partners such as Tourism Australia, with whom our marketing teams are co-located in Sydney, London and Shanghai, supporting events including the announcement of the World's 50 Best Restaurants Awards coming to Australia in 2017. Wine is synonymous with food and our wine regions are also popular tourist destinations; so campaigns and events such as World's 50 Best Restaurants and Restaurant Australia help build international awareness of our fine food and wine culture.

We strengthened our partnership with Austrade that sees us working together in export markets where we don't have a permanent presence. We jointly run events to engage and delight the media, trade and consumers with fine Australian wine throughout Asia.

We undertook a first-of-its-kind collaboration with Dairy Australia, and Meat and Livestock Australia to promote Australia's strengths across food and agriculture in a pilot program rolled out at the Australia Week in China 2016 business mission in April. We are already planning to expand this joint messaging project in our high value export market with the aim to have China's sophisticated food and wine consumers equate products of Australian provenance with the highest quality.

Investing in innovation

This year, we have invested \$8.5 million in 12 new research and development (R&D) projects in our three priority areas of wine provenance and measures of quality, climate adaptation, and economic sustainability.

We were delighted to receive funding through the Rural R&D for Profit program for two projects: \$3 million to develop innovative processes for grape and cotton growers using advanced technology, and \$1.5 million to safeguard winegrapes from the effects of smoke from wildfires.

Knowledge generated from R&D means that grapegrowers can better manage grapevine trunk disease; the sector is better prepared against exotic biosecurity threats after new diagnostic protocols were developed; spray applications can be improved, with 78 per cent of attendees at spray application workshops adopting new practices; and the ACE device, an innovative winemaking technique, is ready for adoption after being trialled by winemakers across Australia.

We received great responses to new tools launched during the year: almost 1000 people downloaded PMapp, our smartphone app for powdery mildew assessment; the VitiCanopy app has been downloaded onto 1447 devices; and 4482 copies of the Australian Wine Flavours Card, a one-page tool that helps our sector to better talk with Chinese customers about the sensory aspects of our wine, have been ordered.

An independent benefit-cost evaluation of the value of our R&D investments by IDA Economics showed that the selected suite of projects generated a benefit-cost ratio of 9.4 to 1.

Safeguarding Australian wine's reputation

During the year, the Board cancelled the export licence held by a company that failed to produce records under the Label Integrity Program verifying a variety claim. We considered the breach to be of such seriousness that we also refused a licence application from a company believed to be subject to a significant degree of influence and control by individuals involved in the former company. The two companies applied to the Administrative Appeals Tribunal for a review of these decisions but later withdrew those applications.

These actions demonstrate our commitment to protecting the reputation of the Australian grape and wine sector. The fact that we rarely resort to such measures indicates the prevailing culture of compliance within the grape and wine community.

Government investment in Australian wine

In May, we welcomed the news that the Australian Government is planning to invest \$50 million over four years in Australian export growth and domestic wine-related tourism. The grape and wine sector brings together agriculture, sophisticated production and tourism, and it is a vital part of the rich fabric of regional Australia.

In 2016–17, the first year of the initiative, we will work with the grape and wine community to design a program that optimises international engagement and regional opportunities to strengthen employment opportunities and further increase the wine sector's contribution to the Australian economy.

Economic contribution

This year, we commissioned independent economic research that quantified the direct and indirect contribution of the Australian wine sector to the national economy. The research found that the Australian wine sector (defined as winegrape growing, winemaking and wine-related tourism) contributes \$40.2 billion to the value of gross output to the Australian economy. It also supports 172,736 full- and part-time jobs, most of which are located in regional Australia¹.

Ours is a vibrant and essential sector and we should all be proud of the considerable return we contribute to our nation's economy.

Thank you

I would like to thank our interim Board and the new Board for their strong commitment and contribution to the Australian grape and wine community.

Our interim Board, appointed until 30 September 2015, oversaw the extensive consultations that led to our inaugural five-year Strategic Plan. I would like to thank outgoing directors John Casella, John Forrest, Ian Henderson and Janice McDonald for their valuable input in setting our strategic path and the important role they played in establishing the new Australian Grape and Wine Authority (AGWA) – formed through the merger of the Grape and Wine Research and Development Corporation (GWRDC) and Wine Australia Corporation.

I would like to thank our continuing directors, Eliza Brown, Deputy Chair Brian Croser AO and Kim Williams AM, and the directors who joined us in October 2015, David Dearie, Edouard Peter, Mary Retallack and Keith Todd, for their strong support and commitment to the sector.

I would also like to thank our CEO Andreas Clark and the global team, who work each day to deliver value to our stakeholders and to support a prosperous Australian grape and wine community.

Looking ahead

When framing our five-year Strategic Plan, we believed it had the potential to be timeless. Our overriding ambition to both increase demand and the premium paid for all Australian wines and to increase competitiveness should result in a prosperous Australian grape and wine community. Naturally, in the future there will be changes in our research and marketing activities but we hope to be always guided by these priorities, working against a backdrop of a fiercely competitive marketplace.

In the coming year, we look forward to working closely with our levy payers to partner in marketing, to extend R&D knowledge and data insights, and to facilitate exports. I encourage all of our levy payers to partner with us so that we can support your strategy to achieve long-term prosperity.

¹ AgEconPlus and Gillespie Economics, 'Economic Contribution of the Australian Wine Sector', 18 December 2015

Chief Executive Officer's report



CEO, Andreas Clark

AGWA is focused on delivering opportunities for the Australian grape and wine sector, through marketing, by investing in R&D, by providing demand and supply data and insights, and by facilitating exports and helping producers meet market requirements.

Over the last year, we have sought to build stronger relationships with our key stakeholders and explore new opportunities for partnerships and collaboration in our marketing, research, development and extension (RD&E) and regulatory activities. We are introducing new ways to engage while striving to be nimble and responsive to the changing needs of the Australian grape and wine community.

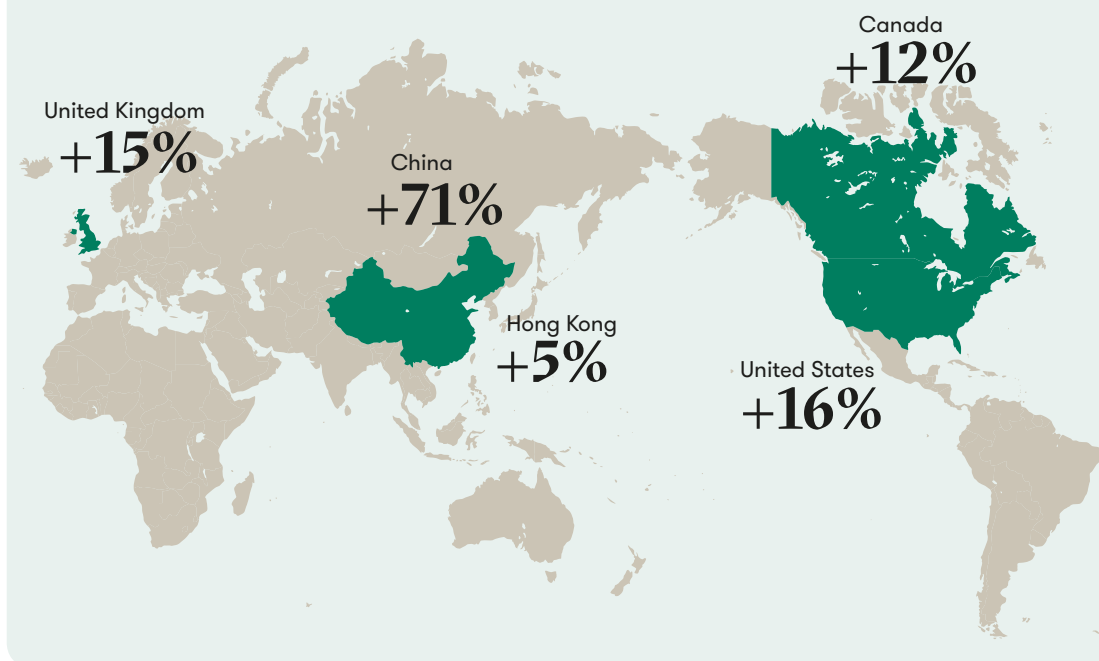
Three key projects demonstrate how we are focused on developing and delivering value to the sector:

- Following a refresh of our branding to ensure that it is aligned with our strategy, we are refreshing our digital assets so that we can effectively bring to life a world of discovery and enjoyment of, and passion for, Australian wine. With our refreshed digital assets, we will be better able to communicate with and engage wine influencers, trade, media and consumers internationally and domestically, and better communicate with, and extend information to, our grapegrowers and winemakers domestically.
- To facilitate more targeted research in our RD&E priority areas, we are developing bilateral agreements with key research organisations.

These agreements will address the priority research areas for our grapegrowers and winemakers as detailed in our Strategic Plan, provide funding certainty to research partners and build capacity. We have made good progress towards formalising a new long-term strategic partnership with the Australian Wine Research Institute that reflects its position as the sector's own RD&E organisation and builds on previous successful multi-year investment agreements. It is important to note that these agreements do not prevent cooperative investments in other areas outside the bilateral framework.

- A priority of the sector is to have better access to supply and demand data to support informed decision-making. During the year, we trialled software that can map vineyards from publically available satellite data and began developing VinSites, a free web-based tool that will be a single source of comprehensive supply and demand data for growers and winemakers. Next year, we will conduct pilots in Western Australia and the Riverland. If the pilots are successful, we anticipate a national rollout in 2017.

Australian wine exports priced \$10 and more FOB in our top five export markets



Australian fine wines in record demand

Through our quarterly Export Reports, we provided detailed information to our stakeholders on the value, variety, region and destination of Australian wines. In 2015–16, Australian wine exports continued their consistent and sustainable growth across global markets. There was double-digit growth in value, up 11 per cent to \$2.11 billion, while volume was up 0.5 per cent to 728 million litres.

Our priority is to increase demand and the premium paid for all Australian wines and to do this we are focusing on our finest wines. It was heartening that imports of these wines grew in each of Australia's top five markets over the year. Wines priced \$10 per litre and above free-on-board (FOB) now make up 24 per cent of Australia's exports, with a record

value of \$499 million. Over the year, this growth contributed an additional \$102 million to the total value of Australia's wine exports.

This growth reflects the hard work of the sector in building and defending markets, and we will work with them in the coming year to capture more opportunities for Australian wine. Free trade agreements with China, Japan and Korea provide added opportunities to grow these markets. In 2015–16, there was unprecedented demand for Certificates of Origin for exports destined for China.

Our goal is to see export growth sustained and the rewards shared along the entire value chain from grape to glass.

Developing our future leaders

One of our most important responsibilities is investing in the professional development of the next generation of leaders for the Australian grape and wine community. This year, we had 16 game changers and innovators graduate from our Future Leaders program and they are already collectively working towards positively influencing the direction of Australian wine.

We helped strengthen leadership in the regions with our three mentoring circles and we welcomed our first interns under our new wine sector-focused internships for university students.

We also supported the professional development of researchers with 12 new PhD scholarships.

Commonwealth investment in RD&E

Through the Australian Government's matching of R&D levies, Australian taxpayers make a substantial investment in grape and wine RD&E. Throughout the year, we actively focused on delivering public good through RD&E that aligned with the Rural Research and Development Priorities and the Science and Research Priorities, and will help build stronger rural communities.

Cross-sectoral collaboration

We continued our active participation as 1 of 15 members of the Council of Rural Research and Development Corporations (CRRDC), investing with other research and development corporations (RDCs) in cross-sectoral collaborative research including climate change, climate variability and carbon, plant biosecurity, the efficacy of inputs, and education and capacity building. These areas aligned closely with the research priorities of our representative organisations, Wine Grape Growers Australia (WGGA) and the Winemakers' Federation of Australia (WFA).

We are active participants in a number of strategies under the National Primary Industries R&D Framework, including the Climate Change Research Strategy for Primary Industries, of which we are an official partner; the Water Use in Agriculture RD&E Strategy, of which we are a member and have maintained an interest in its activities; the Plant Biosecurity RD&E Strategy Implementation Committee, of which we are a member, and the National Soil RD&E Strategy (known as the Australian Soil Network).

We are a member of the Wine Strategy Implementation Committee, chaired by Tony Battaglene from WFA. We actively participate in this committee and the two associated sub-committees, the National Wine Research Network and the National Wine Extension and Innovators' Network; the latter of which we chaired for most of 2015–16.

We also worked with Horticulture Innovation Australia to provide valuable input on impact and control of Queensland fruit fly (QFly) from an Australian wine sector perspective.

A new chapter in the Americas

Aaron Ridgway has joined our team as our new Head of Market, Americas. He joins us at an exciting time for Australian wine in one of our most valuable export markets. We are also relocating our Americas' Wine Australia office to San Francisco, California, positioning us in the same region as many key importers and trade. I expect this move will bring even greater benefits for all wineries and exporters already engaged in the American markets or seeking to export wine to these markets in the future.

Thank you

I would like to thank our Chair Brian Walsh and our Board for their considered guidance and support. I'd also like to thank Angela Slade, the outgoing Head of Markets, Americas, for her strong commitment to Australian wine and her leadership of the Americas team over the past four years.

Finally, I'd like to thank the AGWA team, each of whom has demonstrated an unwavering focus on the future prosperity of the sector and collectively delivered outstanding achievements for our levy payers.

Who we are

AGWA, which trades as Wine Australia, is governed by the *Australian Grape and Wine Authority Act 2013* (the Act).

Our role under the Act is to:

- coordinate or fund grape and wine R&D, and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- promote the sale and consumption of wine, both in Australia and overseas.

Our five-year *AGWA Strategic Plan 2015–2020* and our *AGWA Annual Operational Plan 2015–16* outline our key investment priorities, which are guided by the Australian grape and wine community's priorities.

The Strategic Plan was developed following extensive consultation with grapegrowers, winemakers, sector bodies, government and other key stakeholders. It shows:

- our vision is for a prosperous Australian grape and wine community
- our priorities are to increase demand and the premium paid for all Australian wine, and to increase competitiveness.

We seek to foster and encourage a prosperous Australian grape and wine community by investing in R&D, building markets, disseminating knowledge, encouraging adoption and ensuring compliance.

We work in partnership with a wide range of stakeholders along the supply chain. WFA and WGGA are our representative organisations under the Act.

We collaborate with our marketing and other like-minded partners on international engagement. These partners include wine businesses, Australian Government agencies such as Tourism Australia and Austrade, regional associations, state governments and other RDCs with market development responsibilities.

The Australian Government is a co-contributor of RD&E funding. We also work closely with the Australian Government to enhance market opportunities and reduce barriers to trade.

Our research providers include the Australian Wine Research Institute (AWRI), the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the National Wine and Grape Industry Centre, universities and state agencies.

We invest with other RDCs in cross-sectoral collaborative research to deliver RD&E benefits to the broader community.

Our governance and operations seek the best possible return on the investment of our RD&E, marketing and regulatory funds.



Significant contribution to the economy

The wine sector is an important and valuable contributor to Australia. Wine is a unique, premium product created in Australia's 65 wine regions by highly skilled winegrape growers and winemakers. The wine sector brings together agriculture, sophisticated production and tourism; and the sector's benefits extend well beyond direct economics, also contributing to the enhancement of our global reputation as both a tourism destination and fine wine producer.

Independent economic research¹ has quantified the important contribution of the Australian wine sector to the national economy. Australia's wine sector contributes \$40.2 billion to the national economy and supports 172,736 full- and part-time jobs, most of which are located in regional Australia. An integral part of Australia's tourism offering, wine-related tourism contributes \$9.2 billion to the economy; accounts for 15.8 million domestic visitor nights and 44.2 million international visitor nights.

The Australian wine sector's impact on the broader community is significant:

- the wider economy would gain an extra 1.53 jobs for every job gained in the wine sector
- the economy would gain an extra \$2.01 million for every additional \$1 million of gross output generated by the wine sector, and
- the economy would gain an extra \$2.17 million in contribution to value-added for every additional \$1 million of value-added generated by the wine sector.



Impact of free trade agreements

Tariffs, a tax that is only applied to imports, can be a key barrier to international wine trading. These taxes are relatively low in many of our traditional markets, for example, Canada, the United States (US), New Zealand and the European Union (EU), but can reach extreme levels in some emerging wine markets. India, for example, imposes a tariff of 150 per cent of the landed price, meaning a wine imported at \$10 FOB becomes \$25 even before various importer, distributor and retailer margins, and other state taxes are applied.

The only way to overcome these tariff barriers is through negotiated free trade agreements (FTAs) and this is the mechanism by which Australian wine producers have recently been able to gain an advantage over some of our competitors in the Chinese, Korean, Japanese and Thai markets, where tariffs have either been eliminated or will reduce incrementally to zero over a period of years.

¹ AgEconPlus and Gillespie Economics, op. cit.

Value

\$2.11 billion (+11%)

Volume (litres)

728 million (+0.5%)

Average value

\$2.89/litre (+11%)

Highest level since February 2010



**Exports
on the
rise**

1647
exporters

119
countries

Bottled exports

\$1.7 billion (+15%)

Average value \$5.35 (+9%)

Highest value since October 2003

Price points

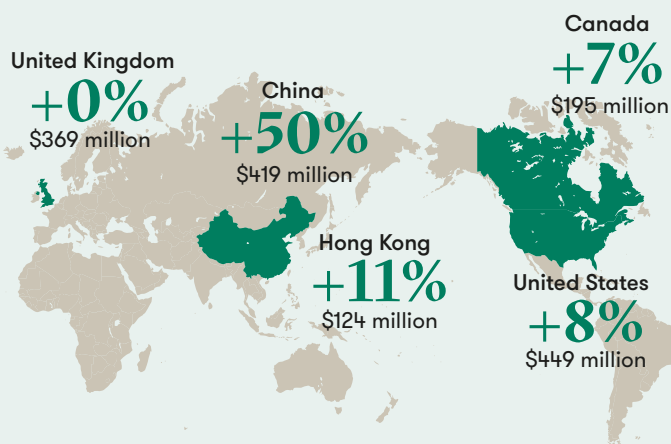
| | |
|---------------|--------------------|
| • \$5-7.49 | \$266 million +21% |
| • \$7.50-9.99 | \$146 million +12% |
| • \$10+ | \$499 million +26% |

Bulk exports

\$393 million (-1%)

Average value \$0.97 (+2%)

Top five export destinations by value



Red wine

**\$1.5 billion
+14%**



Top five red varieties

| Variety | Change | Value |
|--------------------------|--------|---------------|
| Shiraz | +18% | \$467 million |
| Cabernet Sauvignon | +20% | \$265 million |
| Shiraz/Cab. Sauv. blends | +12% | \$118 million |
| Merlot | +19% | \$103 million |
| Cab. Sauv./Shiraz blends | +27% | \$91 million |

72% of exports

White wine

**\$533 million
+5%**



Top five white varieties

| Variety | Change | Value |
|-----------------|--------|---------------|
| Chardonnay | +2% | \$166 million |
| Sauvignon Blanc | -6% | \$30 million |
| Pinot Grigio | +20% | \$28 million |
| Riesling | +24% | \$18 million |
| Pinot Gris | +25% | \$18 million |

25% of exports

Average purchase value

\$526/tonne (+14%)

Highest since 2009

Total crush (tonnes)

1.81 million (+6%)

100,000 tonnes above the five-year average

Cool/temperate regions (tonnes)

548,000 (+26%)

Average price \$1196/tonne (+4%)

Warm inland regions (tonnes)

1.26 million (-0.6%)

Average price \$331/tonne (+8%)



The increase in the national crush was due mainly to increased tonnages from the cool/temperate regions, particularly in South Australia such as Langhorne Creek, Barossa Valley, McLaren Vale, Coonawarra and Adelaide Hills, as well as other regions including Tasmania, Western Australia's Margaret River and Great Southern, and Victoria's King Valley, Heathcote and Mornington Peninsula.



Estimated total value

\$952 million (+20%)

The growth in Australian wine exports was reflected in a positive 2016 vintage. This year, the Australian wine sector recorded increases in the national winegrape crush and the average purchase price, according to the Vintage Report 2016 prepared by AGWA.

The results of the 2016 vintage are positive for the Australian grape and wine community. While there is still much work to do, the increase in average purchase prices for two successive years and the strong growth in exports allow for cautious optimism. The increased enthusiasm for our fine wines internationally is helping to support a stronger demand for premium fruit in Australia.



**Vintage
2016**



Red crush (tonnes)

935,466 (+10%)

Average purchase price, red varieties

\$651/tonne (+13%)



White crush (tonnes)

871,741 (+2%)

Average purchase price, white varieties

\$398/tonne (+12%)

Financial overview

We achieved an operating surplus of \$0.8 million for 2015–16.

Our revenue comes from two main sources: winegrape growers, processors and exporters who pay statutory levies, and the Australian Government, which matches the money raised by these levies when it is invested in eligible research and development activities.

There are three levies: the wine grape levy and the grape research levy, which are based on winegrape production, and the wine export charge, which is based on the FOB value of wine exports.

Approximately 48 per cent (\$18.2 million) of the 2015–16 revenue came from the two levies and export charge and 32 per cent of revenue (\$12.1 million) from the Australian Government matching contributions.

Revenue from regulatory fees made up 12 per cent (\$4.5 million) of income, and wine sector contributions to marketing activities made up 6 per cent (\$2.4 million) of total revenue for 2015–16.

Net assets were \$9.4 million at 30 June 2016 and financial assets were \$14.6 million, of which all was cash and term deposits, other than receivables of \$6.4 million. Payables were \$5.2 million, of which R&D contracts represented \$2 million.

Full details of our finances are included in the Financial Statements in this report.

Annual performance statement

This annual performance statement for the 2015–16 annual reporting period has been prepared in accordance with s. 35(1)(a) of the *Public Governance and Accountability Act 2013* (PGPA Act). The statement is made by the AGWA Board as the authority accountable pursuant to s. 12 of the PGPA Act, in accordance with sub-s. 16F of the PGPA Rule 2014.

In the opinion of the AGWA Board the annual performance statements:

- accurately present AGWA's performance during the reporting period, and
- comply with sub-s. 39(2) of the PGPA Act.

We confirm that this statement is made by the Board in accordance with a resolution of the Board.

Further information about our performance against the Annual Operating Plan can be found on pages 19–62.

We have nine key performance indicators against which we measure and report on our performance against our strategic priorities and the Australian Government priorities; these are detailed in Table 2 on page 50.

A balanced portfolio

In developing our Strategic Plan, we conducted extensive consultations with our stakeholders. We sought to engage with the whole Australian grape and wine community so that everyone had the opportunity to contribute. Special efforts were made to ensure that the views of grapegrowers and winemakers around the country were heard, and there was an impressive level of engagement by stakeholders.

To identify key research and marketing priorities:

- face-to-face meetings were held with the WGGA Board and Executive, the WFA Board and Executive, the Department of Agriculture and Water Resources (the Department), a number of the top 20 wine producers, AWRI, and grapegrowers and winemakers in the Riverland, Murray Valley, Riverina and broader NSW
- facilitated workshops were conducted with RD&E providers, the Future Leaders Alumni, state and regional association representatives and Innovation Policy Committee members, and
- we invited written submissions and received 60 identifying future priorities and suggested areas of focus.

We have used the strategic research priorities of the Australian Government and the Australian grape and wine community garnered through these consultations to inform our investments. Tables 4 and 5 on pages 51–52 contain detailed breakdowns of how our investments meet the Australian Government's priorities. While two separate levies are paid, we do not differentiate between viticultural and winemaking research as the distinction is artificial – viticultural research often has a winemaking outcome and winemaking research often requires viticultural input. Instead, our value chain approach to RD&E investments is aimed at increasing the sector's long-term profitability and sustainability, which benefits all levy payers and the wider community. Our investments range from both short- and long-term applied R&D to blue-sky research where success is less assured. We focus on extracting the full value of our investments in RD&E for the benefit of our levy payers, the Australian Government and the wider community.

Strategic priorities 2015–16

Priorities 1 and 2

Strategy 10: Extension and adoption

Strategy 1: Promoting Australian fine wine

- Asia Pacific
- North America
- China
- UK and Europe

Strategy 2: Protecting the reputation of Australian wine

- Annual analytical survey
- Label Integrity Program
- Regulatory services

Strategy 3: Building Australian vine and wine excellence

- Grapegrowing for excellence
- Wine provenance and measures of quality
- Customer insights

Priority 1:
Increasing demand and the premium paid for all Australian wine

Supporting functions

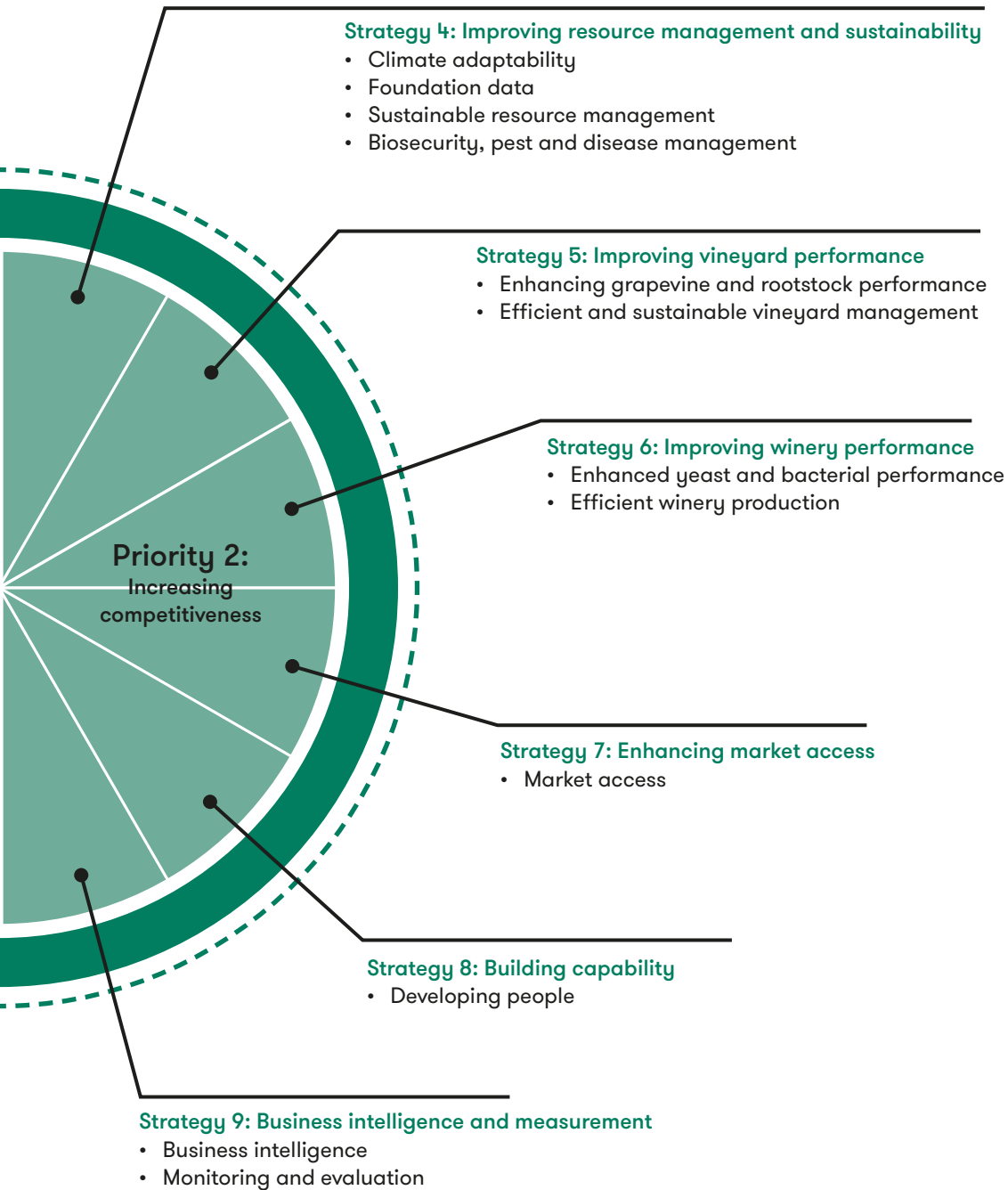
Strategy 11: Corporate affairs

- Corporate affairs
- Sector engagement

Strategy 12: Corporate services

- Finance and administration
- People and culture
- Information and communications technology

Goal: a prosperous Australian grape and wine community



Outcomes

The Board developed two measures to determine whether we achieved these priorities – above and beyond the measures of success in the Strategic Plan – these are detailed in Table 1.

Table 1: Targets to achieve our priorities

| Outcome: Improved returns for Australian wine exporters | | |
|--|---|---|
| Strategic Plan target | 2015–16 target | 2015–16 outcome |
| The average price per litre for Australian bottled wine exports increases to a point where it is at or near the highest average price per bottle of our global competitors by key markets. | The average price per litre for Australian bottled wine exports has increased year-on-year. | The average price per litre for Australian bottled wine exports increased 9 per cent to \$5.35. |
| Outcome: Improved productivity for Australian grapegrowers and winemakers | | |
| Strategic Plan target | 2015–16 target | 2015–16 outcome |
| The gap between the costs of managing an Australian vineyard and the average costs of our top 10 competitors as determined by an economic benchmarking study is reduced by June 2020. | Undertake an economic study to benchmark the vineyard costs of Australian growers against those of our top 10 global competitors. | Due to the lack of available data on the costs for our top 10 competitors, we were unable to undertake the two economic studies. As an alternative, two Australian regions were selected for benchmarking against similar regions in the US. First, the Riverland was benchmarked against the San Joaquin region in the Central Valley in California, with Chardonnay as the variety. Secondly, Barossa Valley was benchmarked against Napa Valley using Cabernet Sauvignon in the analysis. Revenue per hectare and yields were benchmarked. |
| The gap between the costs of managing an Australian winery and the costs of our top 10 competitors determined by an economic benchmarking study is reduced by June 2020. | Undertake an economic study to benchmark the winery costs of Australian producers against those of our top 10 global competitors. | |

Priority 1

Increasing demand
and the premium paid
for all Australian wine

Outcome

The average price per litre for Australian bottled wine exports increases to a point where it is at or near the highest average price per bottle of our global competitors.



Strategy 1:
Promoting Australian
fine wine

We promoted the sale and consumption of Australian wine through coordinated and collaborative marketing activities. We shared with the trade, media and consumers the stories about the natural advantages of the unique and diverse grapegrowing attributes of Australia – its terroirs – that are brought to life by its people.

We developed the market for Australian wine internationally and domestically. We supported winemakers’ strategies and underpinned their efforts by promoting the quality and diversity of Australian wine through marketing and promotional initiatives in Australia and overseas.

We identified opportunities to help our wine sector partners bring great Australian wines to the world’s retail shelves, online offerings and wine lists, and to ensure that they were included

in positive conversations across all media. We maintained broad networks across the world’s wine trade, media, wine educators and influencers, and we worked closely with these networks to deliver events and activities that reflected our market strategy and benefited Australian wine producers.

We maintained marketing staff in Australia, the United Kingdom (UK), North America and China, and we conducted 70 marketing activities and events that we fully-funded. Our in-market teams provided knowledge, insights and assistance to Australian wine companies wishing to develop new markets and build existing markets for their wine.

Education

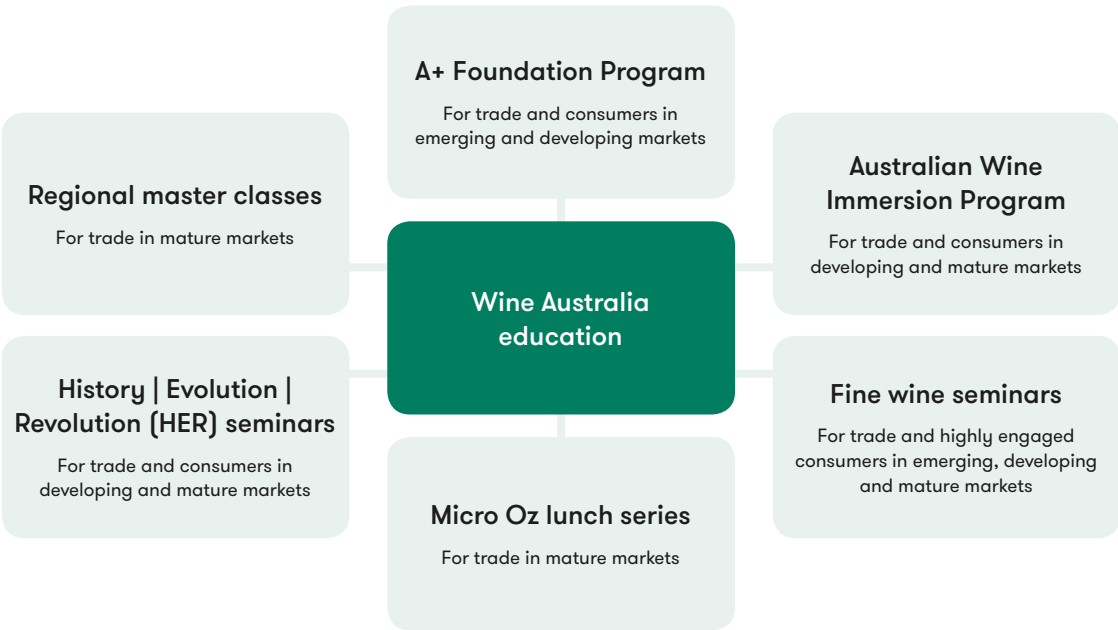
Over the past year, a key component of our core marketing activities was educating the world’s wine trade, media and consumers about distinctively Australian fine wines. This offering was provided through the A+ Wine Schools in the Asian market, One Day Wine Schools (ODWS)

in the domestic market, a global schedule of master classes, and major trade and consumer events.

This year, we clarified our formal education goals and undertook a review of our offering against these goals in the domestic and Asian markets. With the aim to positively change perceptions held about Australian wine, we have started to develop new educational materials for our Asian markets and a more goal-oriented offering for the domestic trade.

The future of this work will see a completed Wine Australia education package that offers a program of interlocking and complementary modules that are targeted at wine professionals (on-premise, importers and distributors) and identified educators throughout Asia. The programs are designed to be flexible and fluid in an effort to adapt to different market needs while maintaining consistent messaging across all platforms.

Figure 1: Wine Australia’s education modules



Education modules

Module 1 – A+ Foundation

A+ Foundation is our introductory program. Following the established 'Regional Heroes' theme, our key Asian markets are the focus of this program but it can also be used in mature markets and domestically.

Module 2 – Australian Wine Immersion Program

This is an evolved version of our ODWS. It follows our main themes of 'History | Evolution | Revolution' and can be tailored according to market needs. This is our main education module for the domestic market and the UK.

Module 3 – History | Evolution | Revolution

This is our key education module that shares our regional stories of Australia's winemaking heritage, the evolution of traditional grape varieties and innovation in winemaking techniques.

Module 4 – Regional focus

Individual master classes focus on a specific region or combination of regions tied to a theme.

User-pays activities

The core activities funded by levies were supplemented by 52 user-pays activities (UPAs) in 2015–16, in which we partnered with wine companies, regions and states to deliver targeted programs to engage with the trade, media and consumers.

Our UPAs were developed by our in-market teams in consultation with their in-country wine sector reference groups. We presented these opportunities to wine companies, regions and states, and invited them to invest in those activities and events that supported their own marketing strategies. We also tailor events

with our partners to deliver on their strategies.

Our UPAs helped create opportunities for our wine sector partners to achieve greater reach with their marketing efforts; provided an equitable, cost-effective approach for our wine producers, and state and regional partners, and removed barriers to entry for smaller producers.

Our UPAs included consumer and trade events, trade-only events, retail promotions, tastings and master classes, educational initiatives, advertorial opportunities, and sommelier and trade immersion activities.

In the US, we provided a structured and formal Market Entry Program that provided dedicated assistance to Australian wine brands wanting to enter or re-enter the US market.

We designed our UPAs to meet the needs of the wine community. We developed joint business plans with companies, regions and states so that our UPAs would help them achieve their objectives. We remained flexible and open to creating new activities to capture emerging opportunities and meet demand from the sector.

Strategic partnerships

Building collaborative partnerships with like-minded organisations to build awareness, understanding and demand for Australian wine is a core element of our strategy. These partnerships help us to have a greater impact by contributing to the overall elevation of Australian food and wine culture and produce through our collaborative efforts.

We worked closely with Tourism Australia and state tourism commissions to build international awareness of Australia's fine food and wine culture.

In April, we launched a pilot program in China during Australia

Business Week in collaboration with Dairy Australia and Meat and Livestock Australia. The program saw our three bodies collaborate on joint messaging to promote Australian provenance and quality to China's sophisticated food and wine consumers. We're already making plans for future activity and other potential partners.

We partnered with Austrade, particularly in markets where we do not have a permanent presence – mainly across Asia – to help the wine sector capture export opportunities. Within these markets, Austrade facilitated market entry arrangements by linking potential importers and distributors with Australian wine companies interested in exporting. Importantly, Austrade also supported our marketing strategies across Asia, and we worked closely with their in-market teams to deliver initiatives that helped promote and profile Australian wine.

In 2015–16, we also partnered with or supported the following organisations, campaigns and events:

- Court of Master Sommeliers
- *Gourmet Traveller WINE* 'Wine List of the Year Awards'
- Australian Wool's 'International Woolmark Prize'
- Sommeliers Australia
- Wine Communicators of Australia (WCA).

Marketing operations

This year, we have developed and streamlined processes and created efficiencies in how we work, that have helped us deliver on our strategic priorities. Initiatives in progress, or already completed, include the roll-out of the refreshed Wine Australia brand and development of new opportunities to amplify our activities in-market, making them more impactful and engaging beyond a standard event execution.



Aussie Wine Month

The 5th Aussie Wine Month, Australia's biggest celebration of Australian wine, returned in May with 259 registered events taking place across the country, our largest yet.

Aussie Wine Month is part of our broader strategy for the domestic market to raise awareness about the diversity and quality of Australian wines among consumers and other key influencers, such as sommeliers. We are actively engaging the 'gatekeepers' of the sector and endeavouring to 'influence the influencers' to push the boundaries with wine choice, embrace the diversity of options available and nurture a new mindset on the variety and excellence of Australian wine.

The month-long celebration of Australian wine included a range of events across every state in Australia, coordinated by the wine sector. Types of events included city-based wine tastings, regional festivals, food and wine dinners, and cellar door events.

Regions who put on multiple Aussie Wine Month events throughout the campaign included Adelaide Hills, Barossa Valley, Clare Valley, Coonawarra, Hunter Valley, Margaret River and Yarra Valley.

The microsite created for the campaign achieved more than 10,000 page views, while the newly launched Aussie Wine Month Facebook page accumulated more than 5000 fans by the end of the campaign.

Across Twitter and Instagram, there were 234 and 265 posts respectively using #AussieWineMonth. Twitter posts using the hashtag generated 452,200 impressions while Instagram generated 563,364 impressions.

We created more than 100 pieces of bespoke content and plans are already underway for expanding the Aussie Wine Month campaign in 2017.

Domestic activities

Bringing Australian wine influencers to our regions is a critical component of promoting Australian wine in the domestic market. We again hosted Australian sommeliers and trade on visits that took in wine regions across Australia as part of the Sommelier and Trade Immersion Programs.

The ODWS series returned for the fourth year, providing sommeliers and trade with a deeper understanding of Australian wine's history and evolution, its regions and current trends.

Asia Pacific

Australia commands significant market share in many of our focus markets in the Asian region – number one in Singapore and Malaysia and number two in Hong Kong. We must defend our

share in these markets as our competitors become more active in the region.

Australia's recent FTAs have presented opportunities for further growth in markets such as Japan and South Korea, which have traditionally been challenging markets for Australian wine.

In 2015–16, we offered a range of UPAs designed to excite and educate wine professionals across Asia on the quality, style and provenance of Australian fine wine. The Pan-Asian Visit, which brought trade and media from across Asia to Australia, and large-scale trade shows and tastings, such as Vinexpo Hong Kong, Hong Kong International Wine and Spirits Fair and the Australian Wine Grand Tastings in Tokyo (Japan) and Seoul (South Korea), not only made bold statements about contemporary Australian wine styles but also

shored up Australia's strong presence in these markets.

Educational activities

Educational activities aimed to create Australian wine advocates and ambassadors in these important export markets. Activities included themed seminars on Australian wine's 'History | Evolution | Revolution' in key markets including Hong Kong, Seoul, Singapore and Tokyo. We partnered with Phil Reedman MW to present Langton's Classification Tastings in Taipei, following similar iconic tastings in Hong Kong and Seoul in the previous year, to engage with wine influencers in each market and drive awareness of Australia's finest wine offerings.

We continued partnerships with leading in-market educators to deliver the A+ Wine School

curriculum in Hong Kong, Japan, Singapore, South Korea, Taiwan and India.

We explored new ways of engaging with influencers and the next generation of wine professionals by forming 'Asia's Young Sommeliers for Australia' tasting groups for a series of online tastings via Skype and targeting young, up-and-coming sommeliers in Hong Kong, Seoul and Tokyo.

China

The exceptional growth in Australian wine exports to the China mainland continued this year, aided by the introduction of the China-Australia Free Trade Agreement (ChAFTA) in December 2015, and the growing Chinese middle class' increased interest in wine. China is one of our most valuable export markets.

Exports to the China mainland grew by 50 per cent to \$419 million, despite a slowing economy. Volume into the China mainland also grew by 40 per cent to 74 million litres and the average value per litre increased by 7 per cent to \$5.60.

Australia remains well-placed in China, second behind France in bottled exports, and achieving the highest average value (US\$7.59 per litre) among the top five importing countries, according to Import Monitor as of the period ending June 2016.

Our strategy to continue our focus on education included delivery of the A+ Australian Wine School program, the Langton's Classification tasting with Andrew Caillard MW in Shanghai and the 'History | Evolution | Revolution' themed seminars in Beijing and Shanghai. We delivered activities that targeted off-premise trade, drove online promotions, and encouraged participation in consumer fairs, trade shows and tasting roadshows.

We held the 2015 Wine Australia China Awards, recognising those wine professionals who have shown the most support for promoting and selling Australian wines in the on- and off-premise trade.

We worked with partners including the China Wine List of the Year Awards, the China National Sommelier Competition and the China Young Sommelier Team Competition to promote Australian fine wine messages to key on-premise trade.

The Americas

The US has the largest wine market in the world, with 90 million regular wine drinkers and growing. It's one of Australia's largest wine export markets by value, up 8 per cent to \$449 million in the 12 months to June 2016. Canada is Australia's fourth largest market with exports valued at \$195 million, up 7 per cent for the same period.

Through education, trade and consumer activities, we continued to offer consistent visibility and support for the Australian wine category in the US and Canadian markets. With an emphasis on the diversity of Australia's fine wines and regions, and the premiumisation trend in North America, our messaging with trade and media is gaining traction. This year, exports priced \$10 and more per litre FOB increased by 16 per cent. In Canada, exports priced \$10 and more per litre FOB increased by 12 per cent.

Partnerships and collaborations with like-minded organisations are an important element of our long-term strategy to growing demand for Australian fine wine in our biggest export market. In 2015-16, these partnerships and collaborations included G'day USA events, LA Fashion Week and Savour South Australia.

Europe, Middle East and Africa

The value of Australian wine exports to the UK and Europe totalled \$576 million in 2015-16. Our strategy was to target key markets where we could deliver an educational message in addition to trade and consumer tastings. We revisited markets where we've not been active in recent years. We focused on Australia's fine wine and Italian varieties at the September Premium Tasting event in London before delivering master classes, and trade and consumer tastings in Finland, Norway and Sweden through the Nordic Roadshow.

Our biggest event on the UK wine calendar, the annual Australia Day Tasting, took place in January 2016 and extended to Edinburgh for the first time in seven years. In Düsseldorf, Germany, we had our largest presence ever at the international ProWein fair. UK consumer activity included Three Wine Men events, Winchester Wine Festival and the Oxford Wine Festival. The Langton's Classification roadshow visited Edinburgh, London and Manchester, and a tasting with Fine & Rare Wines for 35 of their top collectors has already resulted in the sale of more than 200 cases of fine Australian wine.

| Program | 2015-16 target | 2015-16 achievement |
|--------------------------------|--|--|
| Global marketing | Trade and consumer educational activities deliver key messages to support the strategy. | Each event was designed with a clear target audience and specific messages to deliver against the individual market strategy. Key messaging promoted Australia's fine wines with a focus on diversity and themes of 'History Evolution Revolution'. This messaging has contributed to a shift towards increased positive perceptions of Australia's fine wines and an increase in the average value of wine exports. |
| | At least 90 per cent of wineries and distributors who participate in UPAs and core activities report that they are satisfied. | Of surveyed wineries and distributors who participated in UPAs and core activities, 93 per cent reported that they were satisfied. |
| | Positive growth in consumer quality perception. | Consumer quality perception increased by 1 per cent overall in the 8 key markets examined. The average rating out of 10 increased from 7.68 to 7.77. |
| Asia Pacific | Positive growth in consumer quality perception in Hong Kong from 6.1, Japan from 7.32 and Singapore from 6.28. | Consumer quality perception in Hong Kong, Japan and Singapore is now 6.7, 7.37 and 7.2 respectively. |
| The Americas | Positive growth in consumer quality perception in the US from 7.63 and in Canada (excluding Quebec) from 8.25 and in Quebec from 7.78. | Consumer quality perception in the US, Canada (excluding Quebec) and Quebec is 8.09, 8.33 and 7.99 respectively. |
| China | Positive growth in consumer quality perception from 8.22. | Consumer quality perception in China is now 8.44. |
| Europe, Middle East and Africa | Positive growth in consumer quality perception in the UK from 8.20. | Consumer quality perception in the UK is now 8.04. |

Strategy 2: Protecting the reputation of Australian wine

Annual analytical survey

Wine marketed in Australia and exported from Australia must comply with the Australia New Zealand Food Standards Code (the Code), except for a limited number of exceptions. The Code identifies various limits on wine components, including those arising from the application of permitted agricultural chemicals in the vineyard, and others related to approved winery additives. Certain export destinations also impose limits on wine constituents that can derive from natural sources. Breaches of these limits can damage the reputation of Australian wine even in the absence of health implications. In 2015–16, we consulted with the wine community to determine which components were of particular interest, and we commissioned analyses of 495 wines, a representative range, to determine compliance.

Label Integrity Program

The Label Integrity Program is designed to safeguard the accuracy of statements made on labels about the provenance of Australian wines. Wines are largely differentiated from each other according to their region, variety and vintage so provenance claims are integral to the marketing of Australian wine. To substantiate claims made on labels of the origin of a wine, records must be kept throughout the wine supply chain. We conducted 297 audits of these records based on an assessment of risk, focusing on records relating to wine regions and varieties that are in particular demand.

During the year, we cancelled the export licence held by a company that failed to produce records under the Label Integrity Program verifying a variety claim. We considered the breach to be of such seriousness that we also refused a licence application from a company believed to be subject to a significant degree of influence and control by individuals involved in the former company. Furthermore, we reported our action to the customers who received the exported parcels of wine alleged to have been misrepresented.

The two companies applied to the Administrative Appeals Tribunal for a review of these decisions but later withdrew those applications.

These actions demonstrate our commitment to protecting the reputation of the Australian grape and wine sector, and the fact that we rarely resort to such measures indicates the prevailing culture of compliance within the grape and wine community.

Regulatory services

People exporting more than 100 litres of Australian wine require an export licence. We issue these licences and also certify each consignment planned for export. Certain export destinations also require additional certification prior to import. In 2015–16, we provided the required certification within 24 hours of receiving a written request during all but a 4-week window mid-year (we experienced a higher than normal volume of applications immediately following the implementation of ChAFTA).

| Program | 2015–16 target | 2015–16 achievement |
|--------------------------|---|---|
| Annual analytical survey | Independent analysis of up to 500 wines demonstrates compliance with the Code. | Samples of 495 wines were subject to independent analysis for a range of metals and residues of agricultural chemicals. No samples were determined to be in breach of Australian maximum residue limits. |
| Label Integrity Program | Undertake up to 300 winery audits to identify any breaches of the record-keeping requirements of the Act. | We conducted 297 audits based on an assessed risk to Australia's international reputation. This included audits of 2 wine bottling companies and inspections of 11 vineyards. |
| | Any minor breaches are remedied, while action is initiated in response to serious breaches. | There were 64 minor breaches of record-keeping requirements detected and the non-conformances have been corrected. We cancelled one export licence and refused a licence application. |
| Regulatory services | Exporters receive the required certification within 24 hours of receipt of written application. | We issued 50 per cent more export certificates in 2015–16 than in the previous year, the increase largely driven by demand from China. Nevertheless, we achieved our target response time of 24 hours with the exception of a 4-week window (which included the Christmas–New Year period) immediately following the implementation of ChAFTA. During the period of exceptional demand during these four weeks, exporters received the necessary documentation within three days. Of exporters surveyed, 99 per cent were satisfied with the quality of the assistance and responsiveness of the regulatory services team. |

Strategy 3: Building Australian grape and wine excellence

Grapegrowing for excellence

We sought to identify viticultural practices that enhance grape and wine quality. We looked to develop a better understanding of how grapevine genetics interact with the environment and viticultural management techniques to optimise expressions of terroir. Projects in 2015–16 assessed vine balance and its impact on yield, grape composition and wine quality; evaluated the performance of clones of Chardonnay and Shiraz in several wine regions, and examined new techniques to determine optimum grape maturity according to selected wine styles.

Further trials looked at the use of plant growth regulators (PGRs) and other bioactive compounds to alter the timing of grape ripening, and the use of precision viticulture approaches to explore similarities in the patterns of spatial variation in grape yield/vine vigour and indices of fruit quality.

In 2015–16, we also concentrated on identifying opportunities for viticulture in the broader area of digital agriculture and initiated R&D projects that focus on gaining a better understanding of Australia's unique terroirs and how they influence wine style and quality.

Wine provenance and measures of quality

We developed measures to assess provenance, and quality of wine and grapes, to optimise viticultural and winemaking practices. This will allow us to capture, enhance and preserve the influence of terroir.

In 2015–16, we identified measures of wine quality and style that can be developed for winery and vineyard assessment in the future. We delivered a smartphone app to objectively quantify the level of powdery mildew infection, a negative quality parameter, in vineyards. New methods for provenance were evaluated; the relationship between chemical measures and fruit grading systems that are currently in use by the sector were investigated; and markers for wine quality attributes relating to flavour, tannin and texture were identified. We researched where these potential quality markers come from and how they could be measured at the source or in their precursor forms as part of these activities.

Customer insights

Consumer and market insights were a priority area for investment in 2015–16. After conducting a gaps analysis and audit of relevant completed and currently commissioned research, recommendations were made and four new research projects approved. These projects focused on various elements of our three largest markets: the UK, US and China.

Throughout the year, we have continued to extend information gleaned from existing research projects to provide the Australian wine sector with a better understanding of what customers and potential customers of Australian wine find desirable; and with knowledge that will assist in increasing demand for Australian wine. We have used a variety of mechanisms to encourage practice change in wine businesses.

| Program | 2015–16 target | 2015–16 achievement |
|-----------------------------|--|---|
| Grapegrowing for excellence | Experimental data sets collected to assess the impact of canopy and crop load manipulation on vine physiology, yield and fruit composition, and the interactive effects of photosynthetic carbon supply and light exposure on fruit composition. | Results indicated that the environmental differences between treatments (e.g. exposure of flowers/bunches) play a larger role in determining fruit and wine composition than vine balance/maturation rate. |
| | Beta-version of smartphone app toolkit developed (leaf area index and berry sensory assessment). | The VitiCanopy app has been downloaded by 1447 users since its release in October 2015. A number of large wine/viticulture companies trialled the app this season. Numerous collaborators and industry partners have been using it in their vineyards for measuring canopy architecture and for other purposes e.g. to start creating a visual history of specific sites, and benchmarking vineyards and regions. |
| | Field performance and grape quality of clones evaluated in different regions. | Third season field trials evaluating Shiraz and Chardonnay clones continued in WA, SA and Vic. |
| | Whole genome of Shiraz clones sequenced. | Shiraz clones at the Nuriootpa Research Station were used as source material for DNA sequencing. |
| | Field trials result in an improved model to predict harvest dates targeting the ‘fresh’ and ‘mature fruit’ stages of the ripening period for Shiraz and Cabernet Sauvignon. | Model development continued, using 2016 seasonal data. Sector workshops were held to demonstrate the models in Griffith, Orange and the Barossa Valley. |
| | Field trials result in an improved model to profile the fruit ripening evolution of Chardonnay and Sauvignon Blanc grown in a cool/temperate climate at different altitudes. | Model development continued, using 2016 seasonal data. Sector workshops were held to demonstrate the models in Griffith, Orange and the Barossa Valley. |
| | Selected PGRs evaluated for their potential to affect ripening and flavour development. | Practical tools are being developed for controlling (i.e. delaying) ripening and harvest to counter the climate change-induced harvest season compression. For example, the auxin NAA was shown to be effective in delaying sugar accumulation, with no penalty for fruit weight and colour. PGRs such as IAA-Asp, cytokinins and tryptophan are also being tested. |
| | Second season of field data collected, including high resolution soil survey data, remotely sensed imagery, fruit sensor measurements and yield information. | Despite some practical issues with the ‘on-the-go’ canopy sensor equipment, data collection for season two was completed successfully. Customisation of the sensors will allow them to operate better in local conditions next season. |
| | The body of work relating to terroir examined, potential areas of future research identified and a new project(s) initiated. | A new collaborative project is being developed with multiple R&D providers, focusing on Shiraz. A scoping workshop was held in May 2016 to develop a consolidated project that addresses key aspects of terroir. |
| | The body of work relating to digital tools, sensors, robotics and automation is examined, potential areas of activities of benefit to viticulture are identified and a new project(s) is initiated. | Two new ‘digital viticulture’ projects were initiated in 2015–16. Several additional projects were approved under the Commonwealth’s Rural R&D for Profit programme and will commence in early 2016–17. |

| Program | 2015–16 target | 2015–16 achievement |
|---|---|---|
| Wine provenance and measures of quality | Produce a beta version of a smartphone app that enables objective quantification of powdery mildew. | The PMapp smartphone app was released through the iTunes store in December 2015. Feedback from grower groups and others has been positive. |
| | Assess feasibility of using the DNA in finished wine to infer grape and microbial inputs and strontium isotopes and other measures to infer region of production. | The use of strontium isotopes and other rare elements showed promise for regional differentiation; further work is required to purify isolated DNA prior to sequencing. |
| | Identify measures of sparkling wine style and quality that relate to consumer preferences and the production methods most likely to meet those preferences. | This project is in its final 'write-up' stage. Three papers have been published and several other manuscripts on research outcomes are currently in preparation, including manuscripts describing: (i) consumer preferences for different styles of Australian sparkling white wines and (ii) the influence of production method on the composition and quality of Australian sparkling white wines. |
| | Chemical compounds and/or physical characteristics of grapes are identified as markers of Cabernet Sauvignon and Chardonnay wine flavours, and Chardonnay and Shiraz wine styles. | GC-MS profiling, berry/wine sensory, physical, grape chemistry/biochemistry and gene expression methods have been used to identify relevant markers of flavour in Chardonnay and Cabernet Sauvignon. Work is continuing. |
| | Disseminate information on 'stone fruit' flavour and aroma attributes in white wine, 'green' and 'pepper' in Shiraz, and 'tropical' in Chardonnay. | Sensory reconstitution studies have confirmed the key aroma compounds including lactones and monoterpenes with regard to apricot/stone fruit aroma. A range of compounds (e.g. pinene and other terpenes) believed to contribute to 'green' aromas have been investigated. The role of natural light in the chemical oxidation of the peppery compound rotundone has been established. |
| | Generate robust and relevant data demonstrating the link between precursor levels in grapes and wines, and on the effect of the wine matrix on in-mouth flavour release. | Work in 2015–16 investigated the role of grape and wine glycosides, added to Riesling and Chardonnay wine to elevate flavour precursor concentrations. This study showed that breakdown of grape-derived glycosides in the mouth can play a role in wine flavour intensity and aftertaste, with a large variation in sensory response across individuals. |
| | Disseminate information on how macromolecules in wine affect its flavour, taste and texture, and on the effect of winemaking processes on macromolecule levels. | This project is investigating tannins, polysaccharides and protein macromolecules that have a significant impact on wine stability, clarity and filterability. Information was communicated to winemakers via roadshows, a webinar and at the CRUSH Symposium. An article was published in <i>Wine & Viticulture Journal</i> and a workshop and a number of posters were prepared for the Australian Wine Industry Technical Conference (AWITC) 2016. |
| | Disseminate information on the effect of timing of copper fining and SO ₂ additions on volatile sulfur compound levels in bottled wines. | Wines with differing levels of free and bound dissolved copper were used to examine copper speciation in wine, and the role of metal ions on the release of sulfur compounds. Analysis of volatile sulfur compounds at various time points was completed. A presentation on copper in wine was given at an AWRI roadshow, and a workshop and a number of posters were prepared for the AWITC 2016. |

| Program | 2015-16 target | 2015-16 achievement |
|-------------------|---|---|
| | Data linking metal speciation measures to wine oxidation, removal of hydrogen sulfide, casse formation, and the evolution of low molecular weight sulfur compounds in wine is developed into a strategy to complete the final phase of the project where research measures are developed into commercial-orientated measures. | Work focused on the collection of experimental data on copper and iron speciation in wines, its impact on wine oxidation, the nature of the binding of these metals to proteins, polysaccharides, polyphenols and tannins, and the evolution of low molecular weight sulfur compounds during aging. |
| Customer insights | A gaps analysis identifies the sector's research needs around customer insights. At least three new projects contracted that seek to better understand customer preferences, perceptions, behaviours and influencers in established and emerging markets. | Gaps analysis completed in collaboration with the University of South Australia. Sector panel established to provide an independent review of applications and four new projects were approved and have been contracted. |
| | Investigate and better understand the interaction between wine aroma, wine consumer emotions and their environment. | Studies continue to investigate the interactions between context, aroma and emotions. A final report summarising the results is due in 2016-17. |
| | Chinese wine purchasing and consumption behaviour identified through consumer surveys. | The third year of data tracking Chinese wine purchasing and consumption behaviours was conducted and interim results shared with the sector via webinar in partnership with WCA. |
| | Better understand the extent to which a wine brand's approach to social media influences consumer response to the brand. | This research was finalised and shared with the sector via a final report, trade magazine articles and a webinar in partnership with WCA. |
| | Better understand what consumers in emerging and developed markets associate with Australian wine and disseminate the research findings. | Interim results were provided to the marketing team and the Australian wine sector via face-to-face workshops and a webinar in partnership with WCA. |



Priority 2

Increasing competitiveness

Outcome

The gap between the costs of managing Australian vineyards and wineries and those of our competitors is reduced.

Strategy 4: Improving resource management and sustainability

Climate adaptability

We sought to provide the sector with information, tools and practical management options to manage the challenges of short-term climate cycles and long-term climate change.

In 2015–16, we focused on furthering the sector's understanding and knowledge of how increased temperature and CO₂ levels affect grape production and wine quality. Delayed pruning was shown to be a practical, environmentally sound and economically viable tool to offset earlier grape ripening brought on by hotter temperatures. Applied on a rotational basis, delayed pruning can spread harvest with no deleterious effects on vine vigour, yield, grape quality or wine quality. The practice was adopted in some commercial vineyards during the 2015–16 growing season. Another adaptation strategy, evaporative cooling, was shown to have little effect on the vine microclimate, but the dramatic positive effect on grape yield warrants further investigation.

We identified opportunities for viticulture in the broader area of climate change research and from this, developed R&D projects that aim to further expand climate adaptation strategies. Areas under investigation include vine cooling, climate prediction tools, stress tolerance in grapevines and general vine management strategies to alleviate the impacts of long-term warming and prolonged seasonal heat events.

Foundation data

There is a strong demand for more supply and demand information to assist sector planning. In 2015–16, we increased the data collected, analysed and disseminated to the sector.

We conducted the first Wine Production, Sales and Inventory Survey, which included new insights into direct-to-consumer sales in Australia.

To alleviate gaps in understanding of the changes to Australia's grape supply base, we engaged the ABS to conduct the Vineyard Survey for the first time since 2012. This delivered vineyard area, production and water usage data by geographical indication (GI) and variety.

We conducted the National Vintage Survey in 2016 and provided national, state and regional reports.

We prepared and released the quarterly Export Report, providing insights into the demand for Australian wine in 121 markets around the world. We also introduced detailed regional reports to provide insights to the 21 regions most focused on exports.

We commenced development of VinSites, a flexible and robust online knowledge management platform.

Sustainable resource management

This stream encompasses natural resource management, economic and environmental sustainability, and social license to operate. In 2015–16, we took the first steps

towards ensuring grapevine germplasm resources are preserved and available through a national collection by initiating a DNA fingerprinting project to identify all grapevine accessions currently residing in collections across Australia. We addressed our social responsibilities by providing balanced information on the health risk of wine consumption relative to that of other risk factors. We initiated activities that aim to enhance Australia's competitive advantage through new knowledge that leads to increased sustainability in the vineyard and/or winery through innovation.

Biosecurity, pest and disease management

We encouraged improved resource management and sustainability of the sector through more effective diagnostic protocols for exotic pest incursions, better management of pests and diseases, improved awareness of best-practice spray programs, and integrated pest-management strategies. In 2015–16, we assisted the sector in being better prepared for exotic pest incursions through additional diagnostic protocols identified in the sector's biosecurity plan. For endemic pests and diseases, the emphasis was on projects that would deliver improved management strategies for trunk diseases and fungicide resistance, evaluate new protocols for phylloxera testing and management, and optimise vineyard spray application practices to minimise off-target drift.

| Program | 2015–16 target | 2015–16 achievement |
|---------------------------------|---|---|
| Climate adaptability | Best practice(s) for optimal grape development and quality under warmer conditions is identified from pruning trials. | Late pruning delayed maturity by between nine days and two weeks. Vines pruned at budburst produced a greater yield of grapes than those with conventional winter pruning. The 2015 wines made from late-pruned vines showed interesting characters partially related to timing of ripening and partially related to possible changes in fruit:canopy balance. |
| | Identify the potential use of under-canopy micro-sprinklers as a potential effective climate adaptation management tool. | In year two trials, significant increases in yield (30 per cent and 10 per cent) were noted at two trial sites in the Riverland, through the use of only an additional 0.5 ML/ha of water for evaporative cooling purposes. Improved canopy condition, fruit composition and must fermentation parameters were also recorded, compared to the untreated rows. |
| | Better understand the potential impact of prolonged winter drought on grape production. | Year two experimental treatments were reapplied, following a hiatus due to staffing issues and the loss of field data in 2014–15. New research staff members were appointed in November 2015 and work during the 2015–16 season has been completed successfully. |
| | Quantify the effects of elevated temperature and CO ₂ on grapevine productivity, and better understand the potential impact on grape production. | Temperature was the major driver of accelerated phenological development in the first two seasons, but a CO ₂ effect was also evident in the 2015–16 season. Further work is underway to confirm the apparent interaction between elevated CO ₂ and temperature on grapevine photosynthesis and acclimation to elevated CO ₂ . |
| | Examine the body of work relating to long-term warming and prolonged seasonal heat events; identify potential areas of future research; and initiate a new project(s). | Five new projects were initiated on the topic of climate adaptability. They will investigate the impacts of longer- and shorter-term climatic variability on grapevine growth, and mitigation techniques to manage the effects of extreme weather on vine production, and fruit and wine quality. |
| Foundation data | Deliver a flexible and robust online knowledge management platform that provides the individual grower and/or winemaker with a business decision-making tool while delivering the sector with foundation data sets. | We have established that we can map vineyards, collect supply and demand data and increase the value of information available to the grape and wine sector. The VinSites pilot stage is currently underway in the Riverland and WA. |
| Sustainable resource management | Initiate a new project to verify the varietal identity of grapevine accessions in Australian germplasm collection through molecular methods. | A new project was initiated to DNA profile the publically-owned germplasm collections held by CSIRO and the South Australian Research and Development Institute, and unique material in other collections against international references. |
| | Examine the body of work relating to grapegrowing and winemaking practices; identify potential areas of future research; and initiate a new project(s). | A new project was initiated to develop an activity-based costing tool for wineries, and to encourage the uptake of this accounting method to enhance profitability and economic sustainability. |
| | Disseminate information on the risk of wine consumption relative to that of other risk factors on conditions and diseases associated with premature death, such as certain cancers. | Available information about the relative risk of wine consumption relative to that of other risk factors has been summarised in a review. |

| Program | 2015–16 target | 2015–16 achievement |
|--|--|--|
| Biosecurity, pest and disease management | Develop a diagnostic protocol for the high-priority plant pest <i>Lobesia botrana</i> (European grape berry moth), for consideration by the Subcommittee on Plant Health Diagnostics (SPHD) as a National Diagnostic Protocol (NDP). | A draft diagnostic method for <i>L.botrana</i> was completed and has been submitted to the SPHD for consideration as an NDP. |
| | Better understand the efficacy of a drastic pruning protocol for the eradication of angular leaf scorch (ALS) in US field trials. | Assessments of a drastic pruning protocol applied in May 2015 to vines at Cornell University (US) experimental station showed that the eradication strategy for ALS had been successful in the short term. Further assessments will be made to determine the longer term efficacy of the method. |
| | Germplasm with improved tolerance or resistance to trunk diseases (<i>Eutypa</i> and/or <i>Botryosphaeria</i>) is identified through trials. | Inoculation experiments using the two pathogens on putatively tolerant mature vines in germplasm repository and on vines propagated from putatively tolerant is continuing. The extent of colonisation of vine stems will be determined later in 2016. |
| | Updated fungicide resistance management strategies are endorsed and disseminated through the AWRI 'Dog book'. | Field testing of the spray program models has been deferred until the latter half of the 2016–17 season with input from agrochemical suppliers. |
| | Share knowledge with the sector on pathogen fungicide resistance through state-based workshops. | State-based workshops (SA, NSW and WA) will be held in late 2016. |
| | Directed airflow and recycled/re-captured sprayers are assessed as potential drift reduction technologies in vineyards. | Field tests showed that airborne drift was far lower using a recycle/recapture sprayer than with more common air-blast units. |
| | Vegetation and/or netting are assessed as potential drift reduction technologies. | A model has been developed for spray capture by barrier structures. Further field studies will be used to validate the model with various barrier types. |
| | Optimal drop size for specific spray formulations is identified via wind tunnel tests. | Wind tunnel testing has been completed and the data are being used to populate a drop size calculator that will be used for viticulture decision support and regulatory compliance purposes. |
| | Phylloxera disinfection using a grape homogenisation procedure is assessed against six endemic phylloxera strains. | Homogenisation of grape samples demonstrated effectiveness in destroying phylloxera. The report on the results of this trial is before the Victorian Viticulture Biosecurity Committee for endorsement as a potential new disinfection method. |
| | Phylloxera disinfection protocols are developed for the effectiveness of dry heat, hot water, steam and sodium hypochlorite (cuttings/ rootlings and clothing). | Five current and two novel disinfection protocols have been rigorously tested against six endemic phylloxera strains. Recommendations to modify the National Phylloxera Management Protocols for some disinfection procedures are being developed. |
| | The phylloxera DNA sampling protocol and guidelines are extended through workshops and journal articles. | A sector journal article was published in August 2015. Further scientific articles are scheduled for publication in the <i>Australian Journal of Grape and Wine Research</i> . Sector workshops will be held in late 2016. |

Strategy 5: Improving vineyard performance

Enhancing grapevine and rootstock performance

We investigated clones, varieties and rootstocks that possess desirable viticultural and winemaking properties. In 2015–16, we focused on projects that evaluate mildew-resistant germplasm from conventional breeding programs, and new disease-resistant grapevine

varieties for application in warm irrigated regions. Molecular (DNA) methods were used to identify genetic markers for bunch architecture to inform breeding strategies for the next generation of mildew- and rot-resistant varieties. These methods helped us identify markers for salt and heat stress tolerance in rootstocks. We evaluated promising new rootstock selections in the field to identify types suitable for further evaluation.

Efficient and sustainable vineyard management

We sought ways to improve efficiency in the vineyard through enhanced technology and processes. Projects in 2015–16 continued investigations to improve yield estimation using statistical methods, sensor technologies and image analysis. The use of native plants in the under-vine area was evaluated in field trials as a low-input management method aimed at reducing the use of herbicide sprays.

| Program | 2015–16 target | 2015–16 achievement |
|---|--|--|
| Enhancing grapevine and rootstock performance | Potential elite mildew-resistant selections are identified based on wine assessment. | Assessment of wines made from 60 white and 63 red selections have been completed, including a number of low alcohol wines. Sensory evaluation was carried out with the input of company winemakers, to identify selections of commercial interest. |
| | Information is available on field performance of mildew-resistant selections (flowering, veraison, maturity date and yield). | Anthesis, veraison and berry maturity dates were collected for close to 1200 field selections. Based on their performance, future field data will only be collected from vines targeted for winemaking, with the remaining vines to be culled during winter 2016. |
| | The second season of field data are collected on vine establishment, including monitoring of vegetative and reproductive development and disease levels. | Season two field data was collected for the trial plantings at Wagga Wagga (NSW). No disease incidence occurred in the 20 disease-resistant white varieties. Disease-resistant red varieties are in their first year of establishment at the trial site. |
| | Identify genetic markers for bunch architecture. | A number of genes involved in cell division in bunch rachis internodes were selected for further investigation of their role in regulating bunch architecture. Work is proceeding to identify the DNA markers linked to these candidate genes. |
| | Data are available on the combined effect of temperature, water deficit and salt on selected rootstock lines. | Experiments this year included a small trial of four plant lines from the <i>V. cinerea</i> × <i>V. vinifera</i> population to study the interaction of all three stressors. Some interesting data was collected, taking advantage of the Plant Accelerator ('Smart House') facilities at the Waite campus of the CSIRO. |
| | Undertake the functional characterisation of putative sodium exclusion genes in rootstocks. | A robust genetic marker for sodium exclusion (within a cluster of HKT sodium transporter genes) has been identified. This candidate gene has the potential to be the perfect genetic marker for screening a wide variety of rootstocks. |
| | Decisions are made about the commercial release of six experimental rootstocks. | Following input from a sector reference group, a further season of data will be collected before a decision is made regarding commercial release of the rootstocks. The six selections will be included in PBR comparator trials, commencing in spring 2016, to establish distinctness, uniformity and stability. |
| | | |

| Program | 2015-16 target | 2015-16 achievement |
|---|--|--|
| Efficient and sustainable vineyard management | Develop the strategy to optimise acid composition of berries through understanding the pathways involved in organic acid metabolism in grapevines, and determine next steps. | New metabolic models demonstrated links between organic acid and amino acid metabolism. Altering nitrogen supply in the vineyard may therefore provide a relatively straightforward means for manipulating berry acid levels. |
| | Develop image analysis yield forecasting software and select a low cost sensor suite for field use, to improve yield estimation. | Low cost GoPro cameras were field trialled in year one and software was developed to analyse images of vines and visible fruit. Based on first season experience, changes have been made to the hardware platform and the software, to improve image capture and reduce errors in the final yield estimate. |
| | Make available an impact assessment of native plant species on soil cover and weed competition, soil moisture, grapevine nutrition and soil biology. | A pasture assessment tool was used to measure the relative proportions of biomass and ground cover attributed to the sown and weed species. The sown species generally performed well. Treatment differences were noted in measurements of soil moisture, soil and cordon temperature, and nutrition. Assessment of soil biology impacts is continuing, next-generation sequencing techniques. |

Strategy 6: Improving winery performance

Enhancing yeast and bacterial performance

Our objective was to develop new and enhanced fit-for-purpose yeast and bacterial germplasm. Research in 2015–16 included a portfolio of projects aiming to develop and evaluate novel yeast strains and lactic acid bacteria. This enhanced wine sensory profiles, optimised fermentation kinetics and controlled spoilage organisms. Further work investigated the microbiology of winery wastewater treatment, and developed better controls to enhance treatment plant operation and process efficiency.

Efficient winery production

We gained an improved understanding of process efficiency and enhanced production methods to improve winery efficiency that will drive business sustainability.

Research in 2015–16 included the development of new colour extraction production techniques, low-alcohol strategies, oxygen management, fining agents for protein stabilisation, and lees removal devices. A life-cycle cost analysis for winery processing was finalised and this identified practical wine process efficiency changes that can be implemented by the sector.

| Program | 2015–16 target | 2015–16 achievement |
|---|---|---|
| Enhancing yeast and bacterial performance | Develop novel strains of robust and tailored yeast and lactic acid bacteria, and generate data on their practical suitability (fermentation performance and sensory impacts). | Trials are continuing on the fermentation performance of promising candidate yeast and malolactic bacteria (<i>O.oeni</i>) strains in laboratory-scale fermentations. DNA marker-assisted breeding is used for developing improved yeast strains with desirable flavour profiles and the development of fit-for-purpose yeast starter cultures. |
| | Data are available linking genetic characteristics of yeast to their fermentation performance and to other wine-relevant traits. | Genome-wide association studies are being used to mine genomic data for genetic elements linked to tolerance/sensitivity to copper. This approach should enable identification of genetic elements that are consistently associated with copper tolerance phenotypes in wine yeast. |
| | Disseminate information on the potential for sulfite-tolerant <i>Brettanomyces</i> strains to emerge, and methods to detect such strains. | Screening of <i>Brettanomyces</i> clones in adaptive evolution studies for sulfite tolerance continued. Dissemination activities will occur later in 2016 and in the final year of the project. A workshop was convened at the 2016 AWITC. |
| | Assess winery sites to better understand the unique microbiology of winery wastewater treatment in an effort to improve plant operation. | Work continued on monitoring microbial populations in winery wastewater streams, the impacts of operational parameters at start-up, peak vintage and quiescent phases, and the chemistry of the waste stream. Process changes have been trialled at wineries to improve plant performance. |
| | Increase the collection of yeast and bacterial strains generated from AGWA-funded projects; and identify unclassified strains in the collection. | The microbial germplasm collection held at the AWRI continues to be expanded, with new isolates added from research projects we fund. The collection is a valuable resource and regularly supplies yeast and bacterial material for the sector. |

| Program | 2015–16 target | 2015–16 achievement |
|-----------------------------|---|---|
| Efficient winery production | Via at least two extension methods, disseminate information on how oxygen exposure in juicing and during fermentation can affect the final wine style achieved. | A number of papers were prepared and contributions to webinars and AWITC workshops were planned. |
| | Identify alternatives to cold soak and relatively long skin contact time that are practical and commercially attractive. | Comparison trials using controlled phenolic release, berry pricking, and conventional extraction methods continued on Pinot Noir and Shiraz. Trials using ACE treatments showed 12 per cent higher wine tannin concentration and 80 per cent greater stable pigment concentration versus control wines. Sensory appraisal by winemakers showed the majority preferred wine made by ACE maceration, compared with control wines. |
| | Assess the viability of a winery tank lees-removal prototype. | Laboratory-scale lees settling and removal experiments have been completed. An article presenting findings from the project was submitted to the <i>ANZ Grapegrower & Winemaker Journal</i> . |
| | 'Novel Fining Agent Guidelines' are updated with data on polysaccharide performance. | Results from small-scale winemaking trials using pectin and carrageenan have been used to update the 'Novel Fining Agent Guidelines'. |
| | Identify at least one strategy for combining individual viticultural practices to produce flavour at lower ripeness levels, and winemaking techniques to reduce alcohol levels. | An initial draft of the integrated strategy for low-alcohol wines (alcohol/flavour/mouthfeel management practices) has been prepared. Promising results have been observed e.g. using an early harvest regime produced wines with lower alcohol content without any significant effect on the wine flavour profiles. Work is continuing. |
| | Identify at least one practical wine process efficiency improvement via life-cycle cost analysis studies. | Several efficiency improvements were identified and have been communicated to the sector. A user-friendly activity-based costing tool will be developed to allow wineries to identify specific changes in their own businesses. |

Strategy 7: Enhancing market access

Market access

Access to certain export destinations can be impeded by restrictive wine labelling, wine composition, wine production and wine certification requirements. Differences between the requirements that apply in Australia and the destination market can result in the need to produce specific wines for particular destinations, or to present wines with labels designed specifically for that market. In each case exporters incur considerable additional expense. To assist exporters, we published guides for the technical requirements of 33 major export markets. The guides contain detailed information on duties and taxes, wine standards, labelling requirements and import certification matters.

When a regulatory update required urgent action by Australian wine exporters, we issued bulletins to all licensed exporters that outlined the recommended actions. We fielded enquiries on various labelling and technical matters and generally responded within 24 hours if the enquiry was received via mail or email.

High tariffs on wine imports can present significant barriers to market access in certain markets. When the Australian Government intends to negotiate an FTA with another country, we will make submissions in support of removing such barriers and identifying any technical impediments to trading in those markets.

We actively participate in a number of international fora designed to identify and address key barriers to the free trade in wine across the globe. This year, Australia assumed the

Chair of one of these fora, the World Wine Trade Group (WWTG), and we hosted this group in Adelaide in conjunction with the Asia-Pacific Economic Cooperation (APEC) Wine Regulatory Forum in November. Through these initiatives we developed a protocol to combat wine counterfeiting, considered mechanisms to facilitate international distribution of wine trade samples, discussed the design of a single certificate to be used across the Asia Pacific region in place of multiple certificates, and promoted risk management principles as the proper basis for requiring inspection and analysis of imported wine shipments.

It is critical that we build relationships with regulatory authorities in export destinations and this year we focused on encouraging deeper engagement on regulatory issues between the WWTG and non-member countries such as China.

| Program | 2015–16 target | 2015–16 achievement |
|---------------|--|--|
| Market access | Australia’s reform agenda is pursued/ supported at meetings of the WWTG and APEC Wine Regulatory Forum. | We successfully planned and hosted the annual meetings of the WWTG and the APEC Wine Regulator’s Forum. One significant outcome was the efforts to improve international consistency in the conduct of wine analysis and the reporting of test results. |
| | Export Market Guides for 28 countries inform exporters about the technical requirements that must be met in order to access key international markets. | We published 33 Export Market Guides covering 99 per cent of the value of Australian wine exports. |
| | Timely communications to exporters are issued when critical issues emerge. | We alerted exporters to: technical issues identified in Japan, Indonesia and China; revised Certificate of Origin requirements in China; and amended rules for the use of the term ‘Apera’ in international markets. |
| | The Australian Government’s market access negotiations are informed by technical advice specific to wine exports. | <p>We contributed to the development of a model wine standard for possible use in future FTA negotiations.</p> <p>We attended all meetings of the market access group where we, and major sector participants, advised relevant government departments of the technical issues confronting the sector.</p> <p>We provided a submission to the Joint Standing Committee on Treaties supporting the ratification of the Trans-Pacific Partnership Agreement.</p> |

Strategy 8: Building capability

Developing people

To drive the sector forward and build value through innovation, we invest in the development of our sector’s leadership skills base and human resource assets.

We maintained our investment in developing the capability and capacity of those working in the grape and wine community – researchers, winemakers and grapegrowers.

For researchers, this included support for PhD, Masters and Honours scholarships and the offering of opportunities to extend knowledge through global collaboration.

For the broader sector, our investment focused on encouraging collaboration and the development of, and in, thought leaders, innovators and game changers. This year saw the

sixth graduating group of Future Leaders and our investment in developing people was extended to a suite of activities designed to meet regional needs.

| Program | 2015–16 target | 2015–16 achievement |
|-------------------|---|--|
| Developing people | At least 15 members of the grape and wine community undertake leadership and personal development training. | Future Leaders 2015 (FL2015) saw a group of 16 members of the grape and wine community undertake leadership and personal development training. |
| | At least three wine sector mentoring circles are active. | Pilot mentoring circles in McLaren Vale and the Barossa Valley continued with a second Barossa Valley mentoring circle established. |
| | An event is held for all AGWA-funded leadership program alumni and at least 30 per cent of them attend. | An event was scheduled to be run by FL2015 participants at the AWITC in July 2016 however it was postponed. |
| | More than 25 applications are received for the offered PhD, Masters and Honours scholarships. | Twenty-three applications were received for the offered PhD, Masters and Honours scholarships. |
| | At least 15 travel bursaries are offered for participation in international wine conferences. | Twenty travel applications were approved supporting international travel for PhD, early-career and experienced Australian researchers. |
| | At least two visiting scholars are funded to participate in information dissemination to the domestic sector. | Three visiting scholars were funded; extending information on pruning and extension to the Australian wine community. |

Strategy 9: Business intelligence and measurement

Business intelligence

We encouraged evidence-based and data-driven decision-making through the collection, presentation and dissemination of global wine market insights.

We acted as the sector's information hub, providing accurate, timely, fit-for-purpose, accessible and appropriately targeted information and analysis to stakeholders.

We responded to stakeholder queries in an accurate and timely manner.

The information we provided was used for purposes such as providing an evidential base for business and sector planning, informing government policy, benchmarking company performance, forecasting, and identifying market opportunities.

Data played a significant role in our strategic development, providing an evidential background to marketing strategies, assisting compliance through the maintenance of the export approvals database, and delivering market analysis to help with market access issues.

Our business intelligence included:

- sector overviews
- Australian wine export approvals
- overseas and domestic market intelligence
- establishing a weekly market bulletin that is sent to more than 485 subscribers
- grape and wine production information and statistics, and
- regional and variety snapshots.

In 2015–16, we delivered market insights and analysis including the quarterly Export Report and the National Vintage Report.

There was increased focus on varieties and higher price point breakouts to help smaller wineries, and analysis on the impact of exchange rates on exports. These reports generated significant media interest. For example, the National Vintage Report 2016 generated more than 300 media stories and the June Export Report generated close to 150 media stories.

We delivered regional strategy and export reports to assist regional planning and presented these reports at a range of regional roadshows.

We delivered consumer insights on seven markets through the Wine Intelligence Brand Health study and a much wider range of countries through their report shop subscription.

All reports continued to be freely available to Australian winegrape and export levy payers, accessible via the Winefacts page on our website (www.wineaustralia.com). The number of products downloaded from Winefacts increased by 15 per cent to 12,463.

We regularly delivered presentations on the state of play for Australian wine at relevant conferences, business seminars, state and regional association meetings, and to individual companies.

We promoted the availability of information, products and services through a range of communication channels including direct marketing, social media and presentations.

Our information products and services were rated 3.91 out of 5, a 1 per cent increase year-on-year.

Customer satisfaction with our market insights services was 81.4 per cent, up from 80.3 per cent in 2014–15.

Monitoring and evaluation

Performance evaluation is critical to ensure we add value to our levy payers and stakeholders. We aim to achieve a positive return on our investments and activities. For us to assess the return on the investments we undertake, we developed an Evaluation Framework.

A systematic approach was undertaken to evaluate performance across the business and management reports were prepared and delivered regularly. We also measured stakeholder satisfaction with our services. Our objective was to achieve high levels of satisfaction.

Under the two overarching priorities, each strategy and relevant program has measures of success that were evaluated and reported in our inaugural Performance Evaluation Report. The report showed that our RD&E investments are yielding positive returns for levy payers. Independent analyses of a selection of R&D projects produced an aggregated benefit-cost ratio of 9.4 to 1.

We invested \$38,400 in benefit-cost analyses of our R&D activities in 2015–16.

| Program | 2015–16 target | 2015–16 achievement |
|---------------------------|--|---|
| Business intelligence | Produce, deliver and communicate region-specific statistics and reports to support business decisions. | Delivered regional strategy and export reports at a series of roadshows to assist regional planning and help identify region-specific market opportunities. |
| | Produce, deliver and communicate market-specific statistics and reports for the sector, that guide business decisions and our investments in marketing and RD&E. | Delivered market insights and analysis including the quarterly Export Report and the annual Vintage Report. There was increased focus on variety and the breakdown of higher price points to help smaller wineries. |
| | | Conducted the first Production, Sales and Inventory Survey in 2015, replacing the relevant ABS surveys and delivering new insights into direct-to-consumer sales in Australia. |
| | | Engaged the ABS to conduct the Vineyard Survey in 2015, the first since 2012. |
| | | Conducted the National Vintage Survey in 2015 and 2016, and provided regional, state and national reports. |
| | | The number of products downloaded from Winefacts increased by 15 per cent to 12,463. These products and market insights services were rated 3.91 out of 5, up 1 per cent on 2014–15. |
| | Timely and accurate responses are provided to ad hoc questions. | Phone and email queries were answered accurately and generally within 24 hours. |
| Monitoring and evaluation | Seventy per cent of stakeholders indicate a high level of satisfaction with the services provided across the business. | 81.4 per cent of stakeholders were satisfied with the market insights services, up from 80.3 per cent in 2014–15. |
| | Benefit-cost analyses indicate programs achieve a positive return on investment. | Independent analyses of a selection of our R&D projects produced an aggregated benefit-cost ratio of 9.4 to 1. |

Priorities 1 and 2

**Extension
and adoption**

Outcome

Deliver new knowledge and encourage the personal and professional development of grapegrowers, winemakers and wine businesses to increase their competitiveness, profitability and sustainability.

Strategy 10: Extension and adoption

A clear pathway to market for R&D, from the initial project design to the extension of the results, is a cornerstone of all of our R&D activities and underpins our success. In 2015–16, we used a range of delivery networks and programs to disseminate R&D outcomes, and encourage the adoption of new technologies and practices. In particular, our Regional Program continued to be a valued vehicle for promoting the adaption and adoption of research outcomes.

| Program | 2015–16 target | 2015–16 achievement |
|------------------------|---|---|
| Extension and adoption | Likelihood of extension and adoption of R&D project outputs formally assessed and used as one of the criteria for approval. | The extension and adoption potential of all R&D project applications submitted in 2015–16 were assessed and this score contributed to the overall ranking of the proposals. |
| | At least 80 per cent of activities delivered with active participation by 11 regional clusters. | More than 80 per cent of planned activities have been delivered by the regional clusters. |
| | At least 85 per cent of collected roadshow survey respondents give an overall rating of 4 out of 5 or higher. | Twenty-six roadshow workshops and seminars were delivered by AWRI attracting 772 participants. Survey feedback collected at each event demonstrated more than 90 per cent of participants gave the workshops an overall rating of 4 out of 5 or higher. |
| | At least 80 per cent of survey respondents indicate that information provided was useful. | 100 per cent of survey respondents who participated in AGWA's 'LEAN Production' workshop, rated the workshop's usefulness a 4 out of 5 or higher. |



Supporting functions

Outcome

Provide commercially oriented services to the supply chain to support our strategic vision.

Enable us to operate cost-effectively through the efficient provision of a range of cross-company support services.

Strategy 11: Corporate affairs and strategy

Corporate affairs

Our corporate affairs function supported transparent and effective two-way communications with internal and external stakeholders.

This included media relations, government relations, corporate planning and reporting, and internal communication.

Sector engagement

We maintained strong and productive relationships with all of our stakeholders including all levy payers, WFA, WGGA, the Australian Government, state governments, state and regional associations, export partners such as Austrade, and tourism associations. We developed joint business plans and worked collaboratively.

We continued regular communications with the sector and delivered a program

of engagement activities across 2015–16 including state and regional wine strategy development; UPA promotion and delivery; R&D extension activities and events such as the Regional Roadshow and International Students Tasting.

We held our inaugural Parliamentary Tasting in Canberra in February with wines from each state and the Australian Capital Territory. Ned Goodwin MW guided federal politicians through a fun and informative education session.

| Program | 2015–16 target | 2015–16 achievement |
|---|---|--|
| Corporate affairs and sector engagement | Deliver new knowledge to, and encourage the personal and professional development of, grapegrowers, winemakers and wine businesses to increase their competitiveness, profitability and sustainability. | Drove consistency of messaging via formal and informal external communications. Engaged stakeholders through 53 e-newsletters and 56 media releases. Delivered new insights to 200 companies through the Regional Roadshow series. |

Strategy 12:

Corporate services

Finance and administration

We delivered effective and efficient support to our global operations, including guidance on fiscal matters and the provision of information and communications technology (ICT).

We continued to work with the Department to reduce the costs and improve the efficiency of levy collection, primarily by taking over responsibility for the collection of the wine export charge.

People and culture

We want our people to be the best they can be and we supported them with relevant training and development so they can achieve their best.

Each team member had clear accountabilities and a personal development plan, and we are progressing with plans to undertake an employee engagement survey to understand what further support is needed to help people achieve their best.

ICT

Our fit-for-purpose ICT is one way that we supported our team, providing them the necessary tools to deliver.

| Program | 2015–16 target | 2015–16 achievement |
|---------------------------------|--|---|
| Finance, administration and ICT | Provide commercially oriented services to the supply chain to support AGWA's strategic vision. | Assumed responsibility for the collection of the wine export charge, generating significant operational efficiencies and cost savings. |
| | Cost-effective operation via efficient provision of support services across the organisation. | Implemented a range of business systems to improve efficiency and effectiveness. Replaced core systems to provide stability to production applications. |

Key performance indicators

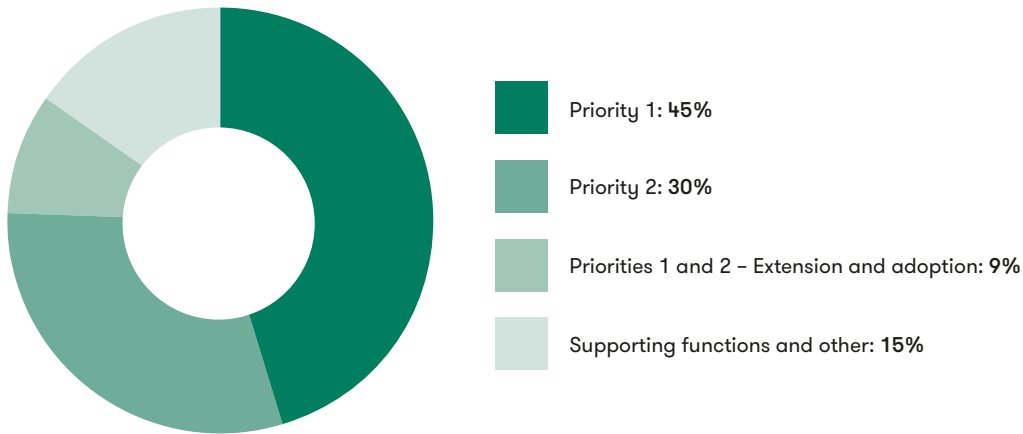
We have nine key performance indicators against which we measure and report on our performance against our strategic priorities and the Australian Government priorities; these are detailed in Table 2.

Table 2: Performance against Agriculture Portfolio Budget Statements 2015–16 measures

| Key performance indicators | Target | Outcome |
|--|--------|----------------------|
| R&D projects are funded in line with the approved Annual Operational Plan | 100% | 100% |
| R&D contracts are actively managed through regular and ongoing monitoring of the research | 100% | 100% |
| The number of UPAs hosted with wine sector partners to engage influencers in key markets | 42 | 52 |
| The number of AGWA-funded activities to engage influencers in key markets | 70 | 70 |
| Improvement in customer satisfaction rating for usage of market insights services, as measured by actual customer satisfaction | 73.5% | 81.4% |
| An increased number of Innovators' Network members | 1100 | 1928 |
| The number of regional clusters participating in the Regional Program is maintained | 11 | 11 |
| Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine | 300 | 297 audits completed |
| Export Market Guides provide accurate information about import requirements for our largest export markets | 28 | 33 guides published |

AGWA investment allocation 2015–16

Figure 2: AGWA expenditure by priority for 2015–16



| | \$m (rounded to 0.1) |
|---|----------------------|
| Priority 1: Increasing demand and the premium paid for all Australian wine | |
| Strategy 1: Promoting fine Australian wine | 8.6 |
| Strategy 2: Protecting reputation of Australian wine | 1.3 |
| Strategy 3: Building Australian grape and wine excellence | 6.9 |
| Total Priority 1 | 16.8 |
| Priority 2: Increasing competitiveness | |
| Strategy 4: Improving resource management and sustainability | 2.8 |
| Strategy 5: Improving vineyard performance | 2.3 |
| Strategy 6: Improving winery performance | 4.0 |
| Strategy 7: Enhancing market access | 0.6 |
| Strategy 8: Building capability | 0.7 |
| Strategy 9: Business intelligence and measurement | 1.0 |
| Total Priority 2 | 11.3 |
| Priorities 1 and 2: Extension and adoption | |
| Strategy 10: Extension and adoption | 3.4 |
| Total Priorities 1 and 2: Extension and adoption | 3.4 |
| Supporting functions | |
| Strategy 11: Corporate affairs | 0.6 |
| Strategy 12: Corporate services | 3.5 |
| Total supporting functions | 4.2 |
| Other | |
| Board, GI Committee and Australian Wine Overseas Program | 0.6 |
| Levy collection costs | 1.0 |
| Total other | 1.6 |
| Total | 37.3 |

Aligning priorities

Our research program investment (including administrative expenses) aligned with the Australian Government’s Science and Research Priorities (Table 4) and Rural Research and Development Priorities (Table 5).

Table 4: AGWA research program spending aligned with Science and Research Priorities

| AGWA priorities and strategies | Science and Research Priorities | | | |
|---|---------------------------------|---------------------|--------------------------|----------------------|
| | Food 1.1 | Food 1.3 | Environmental change 8.3 | Total |
| | \$000 | \$000 | \$000 | \$000 |
| Priority 1: Increasing demand and the premium paid for all Australian wines | | | | |
| Strategy 3: Building Australian grape and wine excellence | 202.7 (1.0%) | 6,446.4 (32.2%) | | 6,649.1 (33.2%) |
| Priority 2: Increasing competitiveness | | | | |
| Strategy 4: Improving resource management and sustainability | 240.1 (1.2%) | 1,314.0 (6.6%) | 1,232.4 (6.1%) | 2,786.5 (13.9%) |
| Strategy 5: Improving vineyard performance | | 2,092.9 (10.4%) | | 2,092.9 (10.4%) |
| Strategy 6: Improving winery performance | | 3,835.7 (19.1%) | | 3,835.7 (19.1%) |
| Strategy 7: Enhancing market access | 259.3 (1.3%) | | | 259.3 (1.3%) |
| Strategy 8: Building capability | 2.5 (<0.1%) | 563.3 (2.8%) | | 565.8 (2.8%) |
| Strategy 9: Business intelligence and measurement | | 590.9 (2.9%) | | 590.9 (2.9%) |
| Priorities 1 and 2 | | | | |
| Strategy 10: Extension and adoption | | 3,263.3 (16.3%) | 1.4 (<0.1%) | 3,264.7 (16.3%) |
| Total | 704.6 (3.5%) | 18,106.5 (90.3%) | 1,233.9 (6.2%) | 20,045.0 (100.0%) |

Table 5: AGWA research program spending aligned with Rural Research and Development Priorities

On 28 January 2016, the Minister for Agriculture and Water Resources advised us of the new rural RD&E priorities. We have reported against these updated priorities in this annual report.

| AGWA priorities and strategies | Rural Research and Development Priorities | | | | |
|--|---|-------------------------|--|----------------------------|------------------------------|
| | Advanced technologies | Biosecurity | Soil, water and managing natural resources | Adoption of R&D | Total |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Priority 1: Increasing demand and the premium paid for all Australian wines | | | | | |
| Strategy 3: Building Australian grape and wine excellence | 6,505.5 (32.5%) | | 99.6 (0.5%) | 44.0 (0.2%) | 6,649.1 (33.2%) |
| Priority 2: Increasing competitiveness | | | | | |
| Strategy 4: Improving resource management and sustainability | 240.1 (1.2%) | 936.3 (4.7%) | 1,587.0 (7.9%) | 23.1 (0.1%) | 2,786.5 (13.9%) |
| Strategy 5: Improving vineyard performance | | | 2,092.9 (10.4%) | | 2,092.9 (10.4%) |
| Strategy 6: Improving winery performance | 3,791.9 (18.9%) | | 43.8 (0.2%) | | 3,835.7 (19.1%) |
| Strategy 7: Enhancing market access | | | | 259.3 (1.3%) | 259.3 (1.3%) |
| Strategy 8: Building capability | 18.6 (0.1%) | | 15.2 (0.1%) | 532.1 (2.7%) | 565.8 (2.8%) |
| Strategy 9: Business intelligence and measurement | 109.9 (0.5%) | | -6.4 (<0.1%) | 487.4 (2.4%) | 590.9 (2.9%) |
| Priorities 1 and 2 | | | | | |
| Strategy 10: Extension and adoption | 866.2 (4.3%) | | 1.4 (<0.1%) | 2,397.1 (12.0%) | 3,264.7 (16.3%) |
| Total | 11,532.2 (57.5%) | 936.3 (4.7%) | 3,833.5 (19.1%) | 3,743.0 (18.7%) | 20,045.0 (100.0%) |



The organisation



The Board

The Board is established and governed under the Act. It must consist of a Chair and at least five, but not more than seven Directors. The current Chair has been appointed for a three-year term that ends 30 June 2017.

The current Board, other than the Chair, has been appointed for a three-year term that ends 30 September 2018.

Resolutions by the Board were made in respect of all contractual commitments exceeding \$100,000.



Board members

Mr Brian Walsh (SA) Chair from 1 July 2015

Brian boasts a 24 year career at Yalumba, spanning roles of Chief Winemaker, Director of Production and Director of Strategy and Business Development as well as 20 years working in winemaking and management positions in McLaren Vale.

Brian has previously held roles including President of the South Australian Wine Industry Association, Chair of the South Australian Wine Tourism Advisory Board, Chair of Barossa Winemakers Committee, Chair of the Wine Innovation Cluster, and is currently Independent Chair of Riverland Wine. Brian has been a strong supporter of the Australian wine show system and has been both Chairman of Judges at the Royal Adelaide Wine Show and Chair of its Wine Committee.

Brian lives in the Barossa and now works as a wine sector consultant.



Mr Brian Croser AO (SA) Deputy Chair as appointed by the Board; Director from 1 October 2015

Brian Croser began as a winemaker with Thomas Hardy and Sons in 1969.

In the early 70s Brian attained a Masters from The University of California at Davis and went on to establish the Wine Science program at Charles Sturt University.

By 1976 Brian had established Petaluma and in 1978 gave it a home in the Piccadilly Valley; and in 1986 established Argyle winery in Oregon (US).

Brian served as Chairman of the Adelaide, Canberra and Sydney wine shows and twice as President of WFA. For his service to Australian wine he was awarded an Order of Australia, the Maurice O'Shea award and was the Decanter Man of the Year in 2004.

Brian was Deputy Chancellor of the University of Adelaide from 1999 to 2007 and was awarded an Honorary Doctorate for his service, having also received the same honour from Charles Sturt University.

Brian still lives at the Tiers Vineyard in Piccadilly Valley and is the winemaker for Tapanappa and Tunkalilla Vineyard in Oregon.



Ms Eliza Brown (Vic.)
Director from 1 October 2015

Eliza Brown is from a fourth-generation wine family from Victoria, Australia.

She studied advertising/business at RMIT University and earned a role as Account Manager at the international advertising firm J. Walter Thompson.

After her years at the firm, Eliza decided to move to All Saints Estate & St Leonards Vineyard in Wahgunyah to join her father's business.

Currently Eliza is the CEO/Director of All Saints Estate and St Leonards Vineyards, located in Wahgunyah, and a director of Brown Brothers wines. Eliza currently serves on the Agricultural Industry Advisory Council.

Eliza believes strong leadership is essential within the wine sector; she completed the Future Leaders wine program in 2007 and for three years was Chair of Winemakers of Rutherglen.



Mr David Dearie (Vic.)
Director from 1 October 2015

David brings a wealth of global wine and business experience to AGWA, having lived and worked in eight countries across four continents over the past 30 years.

David's career has seen him take on leadership roles at organisations including Treasury Wine Estates (TWE) and Brown-Forman where he oversaw large-scale business restructuring for sustainable growth, organisational culture change, the building of market share, and the identification of new and emerging markets.

From 2009–2013, David was head of the wine business now known as TWE, overseeing the de-merger of the business from Fosters Group Limited and the listing of TWE on the stock exchange in 2011.

Prior to this, David spent more than a decade at Brown-Forman holding a number of roles including Managing Director of Brown-Forman Beverages for Western Europe and Africa, and President and COO of Brown-Forman Wine Group.

Currently, David is Managing Director of Eastwind Consulting providing strategic, brand and financial advice for clients in the wine and spirits sector.



Mr Edouard Peter (SA)
Director from 1 October 2015

An investment banker who has worked for some of the world's biggest financial institutions, Ed is the cornerstone investor, majority shareholder and founder of Dural Wines with approximately 350 acres under vine.

Dural is a controlling shareholder of Kaesler Wines (Barossa Valley), the Clare Valley Wine Company (Clare Valley), Naswauk Wines (McLaren Vale), and Yarra Yering and Warramate (Yarra Valley).

Ed is Chairman of Duxton Capital, which he founded in 2009 and grew from \$310 million in assets to \$870 million today, with investments in more than 20 agricultural products.

In 2014, Ed created Duxton Capital Australia and today Duxton has nine projects in Australia across cattle, dairy, fruit, grain and cotton, and lastly wine where Duxton Vineyards produces approximately 4.5 per cent of Australia's wine grapes.

Ed is also an investor in the South Australian hospitality sector with interests in the Crafers Pub and 2KW in Adelaide.



Ms Mary Retallack (SA)
Director from 1 October 2015

Mary Retallack is a third-generation viticulturist, who over the past two decades has worked in a wide range of practical, extension and consultancy roles in the wine sector both in Australia and overseas.

Mary has tertiary qualifications in conservation and park management, natural resource management, education, arbitration and viticulture.

Mary is currently Managing Director of Retallack Viticulture, which offers a broad range of viticultural consulting services throughout Australia.

Her many professional accomplishments include graduate of the Australian Institute of Company Directors Diploma course, a Fellow of the Australian Rural Leadership Foundation, a Future Leaders graduate, a past Director of WCA, a past Non-Executive Director of the GWRDC, a past member of the South Australian Wine Industry Council and a past founding member of the WGGA – Decision Support Network.

Mary is a current a member of the Adelaide University Wine Alumni Steering Group, an editorial panel member of The Australian and New Zealand Grapegrower and Winemaker Journal, and advisory board member of the 'Women of the Vine' Global Symposium.

She is currently a PhD candidate at the University of Adelaide studying the use of native insectary plants to boost beneficial arthropod populations in vineyards.

Mary was the Rural Industries Research and Development Corporation 'Rural Woman of the Year' in 2012 and a Len Evans Tutorial Scholar in 2014.



Mr Keith Todd (SA)
Director from 1 October 2015

In a career spanning more than 20 years, Keith has extensive global experience in food, beverage and agricultural processing, most recently in his role as General Manager of Global Operations at Accolade Wines, a position he's held since November 2013. Keith is responsible for overseeing all of Accolade's wine sourcing, wine production and wine packaging activities in Australia, the UK, North America, South Africa and New Zealand.

A qualified mechanical engineer, prior to Accolade Wines Keith spent 12 years at Graincorp Malt, 5 of those in the position of Director of Operations and Engineering where he was responsible for the production and operations of Graincorp Malt's North American facilities.

Keith brings in-depth knowledge of business strategy planning and implementation from the perspective of Australian wine and grape operations and supply chain economics.



Mr Kim Williams AM (NSW)
Director from 1 October 2015

Kim Williams has had a long involvement in the arts, entertainment and media industries here and overseas and has held various executive leadership positions since the late 1970s including as Chair of the Copyright Agency (current), Chief Executive at each of News Corp Australia, FOXTEL, Fox Studios Australia, the Australian Film Commission, Southern Star Entertainment and Musica Viva Australia.

Kim has also held numerous Board positions (and Chairmanships) in commercial and public life over more than three decades including as foundation Chairman of the Australian Film Finance Corporation; Chairman of the Sydney Symphony Orchestra and of Musica Viva Australia; chair of several media entities; and most recently as the Chairman of the Sydney Opera House Trust from 2005 until 2013.

He was appointed as a Member in the Order of Australia in June 2006 for his services to the arts and public policy formulation in the film and television industries. In October 2009, he was awarded a Doctorate of Letters (Honoris Causa) by Macquarie University for his contribution to the arts and entertainment industry in Australia and internationally.

Kim is the chairman of Vidcorp, the State Library of NSW Foundation and Cranlana. He is also a current board member of Thomson Reuters Original Share Company, Myer Family Investments, Executive Channel Inc., the University of Western Sydney Foundation, Australian Schools Plus and the Myer Foundation. He is also a commissioner of the Australian Football League.

Former Board members

Mr John Casella (NSW)
Director to 30 September 2015

John Casella comes from a long line of Italian winemakers. His father, Filippo Casella, moved the family from Sicily to Australia in 1957 and in 1969 established Casella Family Brands in the small town of Yenda, NSW. John grew up at the winery where wine was a huge part of the family culture.

John studied the art of winemaking at Charles Sturt University in Wagga Wagga and graduated with a degree in Oenology in 1982. In 1994, John joined the family business and became Managing Director of Casella Family Brands.

In 2001 he created [yellow tail] with the vision of producing a range of approachable, great-tasting, high-quality wines to be enjoyed by anyone, at any occasion. Today, Casella Family Brands exports 12 million cases of [yellow tail] to more than 50 countries around the world every year.

Under John's leadership, Casella Family Brands continues to prosper. In recent years, John has focussed on expansion into the premium wine sector through strategic acquisitions of wineries from Australia's most renowned regions, all with a history of family ownership.

Casella Family Brands is proud to present a portfolio of wines which alongside [yellow tail] brings together iconic Australia brands; Peter Lehmann Wines, Brand's Laira and Morris Wines.

Mr John Forrest (Vic.)
Director to 30 September 2015

John understands the challenges faced by table grape, wine grape and dried vine fruit producers through his experience and consultation with viticulture clients through irrigation development.

Mr Ian Henderson (Qld)
Director to 30 September 2015

Ian Henderson is the founder, CEO and principal vinegar maker at Australian Vinegar. The son of an Army Officer, Ian grew up in many states of Australia before settling on the Gold Coast and graduating with a Bachelor of Science (Mathematics and Physics) from Griffith University. He then pursued a 10 year career in the public and private sectors specialising in the areas of large-scale IT management.

In 1999, Ian and his wife Robyn, daughter of a third-generation wine family, undertook a tree change to the Granite Belt region in south east Queensland. He joined Ballandean Estate Wines as assistant winemaker before taking on responsibility for domestic sales. His role expanded to include export sales where he consolidated markets in Europe and established new outlets in North America and Asia. In 2003, Ian completed an Associate Degree in Winegrowing from Charles Sturt University, graduating with Distinction.

He identified an opportunity to diversify operations into vinegar production and in 2005 established LiraH Vinegar, later renamed Australian Vinegar. The following year, Ian was awarded a prestigious Churchill Fellowship to study vinegar making in Europe. He completed a Vinegar Making Diploma course in Austria before furthering his studies in Italy and Spain. Ian has enjoyed a long association with the wine show circuit as Chief Steward at the

Australian Small Winemakers Show for five years and as committee member for 15 years.

Ms Janice McDonald (WA)
Director to 30 September 2015

Since completing the Bachelor of Wine Science from Charles Sturt University in 1986, Janice has spent considerable time making wine and brewing beer. She is the Senior Winemaker at Burch Family Wines, the largest family-owned winery in WA with vineyard holdings and wineries in both Great Southern and Margaret River. The winery crushes 4000 tonnes of premium to super premium grapes for brands Howard Park, Marchand & Burch, Jeté Méthode Traditionelle and MadFish.

Before Burch Family Wines, Janice was the winemaker and creative force behind Stella Bella Wines, a leading producer of Margaret River wines (which she started as a single vineyard production of 200 cases in 1997 and grew to its current production of 40,000 cases), where she had a directorial responsibility for grapegrowing, winemaking, packaging and marketing. Between 1992 and 2000, she held the position of Senior Winemaker/ Winery Manager at Devil's Lair, Margaret River.

Janice's brewing exploits include Head Brewer and Brewery Manager of the Matilda Bay Brewing Company, from 1985 to 1990, producing 5 million cases of craft beer; and contract brewer for Little Creatures Brewing in Perth in 2000. She continues to brew today for the Margaret River Ale Company in her spare time.

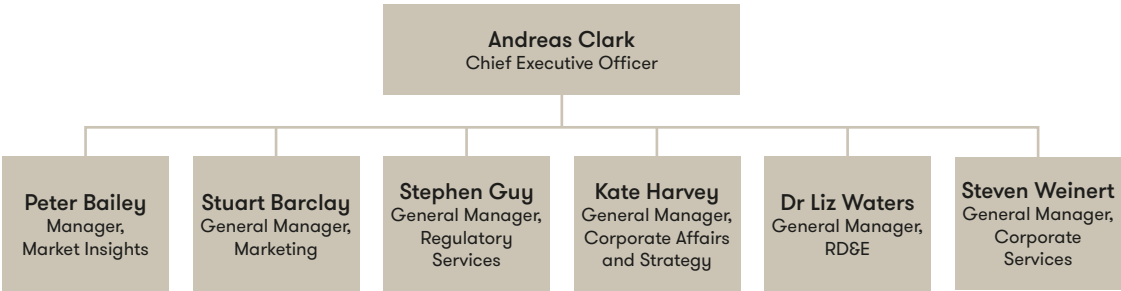
Organisational structure and statement on governance

We are committed to using and managing resources, information and our powers in an efficient, responsible and justifiable manner through implementation of risk management standards and practices. We ensure decisions have regard for the wellbeing of people and the environment, both now and for the future and strive to maximise return on investment of sector and public funds invested through us. We have robust internal accountability mechanisms that allow us to readily measure and review performance against well-considered objectives and seek to continuously improve our performance in light of such reviews.

As a corporate Commonwealth entity, we are bound by both our enabling legislation and by the PGPA Act and Rules. We are also party to a funding agreement with the Commonwealth of Australia, represented by the Department, which prescribes various corporate governance methods and reporting. We have met all of the requirements of the Funding Agreement in 2015–16. The Board is the authority accountable for AGWA. It is accountable to the Australian Parliament through the Assistant Minister for Agriculture and Water Resources.

In Australia, our head office is in Adelaide and we also have an office in Sydney. Overseas, we have subsidiary corporate bodies in London, Shanghai, Vancouver and San Francisco that facilitate our global marketing activities.

Figure 3: AGWA Senior Management



Education and performance review of Directors

Every year, the Chair meets confidentially with each Director of the Board to discuss their performance over the previous 12 months; and to agree on any action that may be taken to enable that Director to better fulfil their duties.

If at any time during the year the Chair has reason to be concerned about the performance of a Director, they will discuss the matter confidentially with the Director concerned. If that concern is unlikely to be remedied, they will report the matter to the responsible Minister and recommend a course of action.

If the Chair becomes aware that a Director has committed a breach of subsection 20(4) of the Act or has contravened Subdivision A of the PGPA Act in relation to the Authority, the Chair must immediately report the matter to the responsible Minister.

Board Directors acknowledge that pursuant to section 30 of the PGPA Act, only the responsible Minister has the power to terminate the appointment of a Director and, in doing so, the Minister must adhere to the requirements set out in section 30(2) of the PGPA Act that includes providing the Director with a statement of reasons for

the termination that must be tabled before each House of Parliament within 15 sitting days of that House after the day the responsible Minister gives the notice to the Director.

In the event that the Chair makes a report to the responsible Minister about the performance of any Director, they will, at the earliest opportunity, advise the Director concerned of the report and the reasons for the report.

In February of each year, the Deputy Chair will meet confidentially with the Chair to discuss the Chair’s performance over the previous 12 months; and to advise the Chair on any action that may be taken to enable the Chair to better fulfil their duties.

If any Director should have any serious concern with the performance of the Chair, they will discuss the matter with the Deputy Chair, who will consult with the other Directors before determining whether to discuss the matter with the Chair or report the matter to the responsible Minister.

If the Deputy Chair becomes aware that the Chair has committed a breach of subsection 20(4) of the Act, he will immediately report the matter to the responsible Minister. In the event that the Deputy Chair makes a report to the responsible Minister about the performance of the Chair, they will, at the earliest opportunity, advise the Chair of the report and the reasons for the report.

Table 6: AGWA Board meetings 2015–16

| Meeting number | Date held | Location |
|----------------|-----------|--------------|
| AGWA 7 | 20 Aug 15 | Adelaide, SA |
| AGWA 8 | 30 Sep 15 | Adelaide, SA |
| AGWA 9 | 13 Nov 15 | Adelaide, SA |
| AGWA 10 | 24 Feb 16 | Adelaide, SA |
| AGWA 11 | 26 Apr 16 | Adelaide, SA |
| AGWA 12 | 22 Jun 16 | Adelaide, SA |

Board committees

Audit Committee

Subsection 45(1) of the PGPA Act requires authorities accountable for all Commonwealth entities to ensure that the entity has an Audit Committee.

In 2015–16, the Audit Committee comprised the Directors:

- Keith Todd (appointed Chair on 13 November 2015)
- Edouard Peter (appointed Deputy Chair on 13 November 2015)
- John Forrest (Chair between 1 July – 30 September 2015)
- Ian Henderson (Deputy Chair between 1 July – 30 September 2015)
- Mary Retallack (appointed on 13 November 2015)
- Brian Walsh

The objective of the Audit Committee is to ensure:

- compliance with statutory obligations in respect to audit and financial matters
- the integrity of financial reporting
- the implementation of sound systems of internal control and risk management, and
- the maintenance of high standards of governance and fiscal responsibility.

Remuneration Committee

In 2015–16, the Remuneration Committee comprised the Directors:

- Brian Walsh (Chair)
- Brian Croser AO

The objective of the Remuneration Committee is to ensure the appropriate oversight and approval of the human resources and remuneration policies and practices. In particular, the Remuneration Committee makes recommendations on:

- the oversight of organisational design and human capability of AGWA commensurate and consistent with its strategic goals including:
- its recruitment strategies and practices
- the identification of talent including training and development
- retention and success, and
- diversity
- the behavioural and cultural framework, and practices of the Authority
- the human resources and remuneration strategies, policies and practices of AGWA
- the remuneration framework for all employees, and
- performance management practices and outcomes.

Table 7: AGWA Board attendance at board and committee meetings in 2015–16

| | Board meetings | | Audit Committee | | Remuneration Committee | |
|-----------------|----------------|------|-----------------|------|------------------------|------|
| | Attended | Held | Attended | Held | Attended | Held |
| Brian Walsh | 6 | 6 | 1 | 1 | 1 | 1 |
| Brian Croser AO | 6 | 6 | | | 1 | 1 |
| Eliza Brown | 6 | 6 | | | | |
| Kim Williams | 6 | 6 | | | | |
| David Dearie | 4 | 4 | | | | |
| Ed Peter | 4 | 4 | 3 | 3 | | |
| Keith Todd | 4 | 4 | 3 | 3 | | |
| Mary Retallack | 4 | 4 | 3 | 3 | | |
| John Casella | 2 | 2 | | | | |
| John Forrest | 2 | 2 | 1 | 1 | | |
| Ian Henderson | 2 | 2 | 1 | 1 | | |
| Janice McDonald | 1 | 2 | | | | |

Geographical Indications Committee

The Act establishes a Geographical Indications Committee (GIC) with its primary role being consideration of applications for new Australian and foreign GIs. The GIC comprises members appointed by AGWA, including one member nominated by WFA and one nominated by WGGA.

In 2015–16 the GIC comprised:

- Dennis Mutton, the Presiding Member appointed by AGWA
- Phillip Laffer, WFA's nominated member, and
- Brian Englefield, WGGA's nominated member.

The GIC met in December 2015 to discuss possible areas of legislative reform and some proposed omissions, additions and amendments to the list of European GIs contained in Part 1 of the Register of Geographical Indications and Other Terms.

The GIC did not receive any applications for determinations of GIs during the reporting period.

Other reporting requirements

Enabling legislation

AGWA is established by s. 6 of the Act.

Functions

Section 7 of the Act provides that AGWA has the following functions:

- to investigate and evaluate the requirements for grape or wine R&D
- to coordinate or fund the carrying out of grape or wine R&D activities
- to:
 - monitor
 - evaluate, and
 - report to the Parliament, the Minister and the representative organisations on;
grape or wine R&D activities that are coordinated or funded, wholly or partly, by the Authority;
- to:
 - assess, and
 - report to the Parliament, the Minister and the representative organisations on;
the impact, on the grape industry or wine industry, of grape or wine R&D activities that are coordinated or funded, wholly or partly, by the Authority
- to facilitate the dissemination, adoption and commercialisation of the results of grape or wine R&D
- to control the export of grape products from Australia
- to promote the consumption and sale of grape products, both in Australia and overseas
- such other functions as are conferred on the Authority by:
 - this Act
 - the regulations, or
 - any other law
- to do anything incidental to, or conducive to, the performance of any of the above functions.

Objects

The objects of the Act are:

- to support grape or wine R&D activities
- to control the export of grape products from Australia
- to promote the consumption and sale of grape products, both in Australia and overseas, and
- to enable Australia to fulfil its obligations under prescribed wine trading agreements and other international agreements.

Responsible Minister

The Assistant Minister for Agriculture and Water Resources is our responsible Minister. During the year in review, the Hon. Anne Ruston, MP was the Assistant Minister for Agriculture and Water Resources.

Ministerial directions

Ministerial direction may be given to AGWA by the responsible Minister under s. 31K of the Act, or by the Finance Minister under s. 22 of the PGPA Act. No such direction was given in the period under review.

Key activities and changes affecting the Authority

Historically, the wine export charge imposed on Australian wine exports has been collected by the Department. In 2015, we entered into an agreement with the Department allowing us to collect the charge direct from exporters on behalf of the Department. This has allowed exporters' returns to be automatically generated from our wine export approval system, avoiding them having to provide export information to the Department in addition to providing it for export approval. This has significantly cut red tape for exporters in line with the government's deregulation agenda.

Judicial decisions and reviews by outside bodies

We were not the subject of any:

- judicial or administrative tribunal decisions that have had, or may have, a significant impact on our operations, or
- reports by the Auditor-General [other than the report on the financial statements], or a parliamentary committee.

Freedom of information

Part 2 of the *Freedom of Information Act 1982* (FOI Act) establishes the Information Publication Scheme (IPS) for Australian government agencies subject to the FOI Act. The IPS commenced on 1 May 2011 and requires agencies to publish a broad range of information on their websites where possible. To find out more about the IPS see <http://www.oaic.gov.au/publications/factsheets.html>.

We are subject to the FOI Act and were required to comply with IPS requirements. As such, we prepared an Agency Plan (the Plan) as required by s. 8(1) of the FOI Act. The Plan describes how we implement and administer the IPS in respect to our information holdings. In recognition that public sector information is a national resource managed for public purposes, we built and fostered an agency culture that embraced appropriate proactive disclosure of our information holdings, leading to successful implementation and administration of the IPS. We received two requests under the FOI Act during the reporting period.

Environmental objectives

In accordance with the requirements of the *Environment Protection and Biodiversity Conservation Act 1999*, it is reported that we:

- supported the principles of ecologically sustainable development and sought to ensure that its activities accorded with those objectives by taking economic, environmental, social and equitable considerations into account in the decision making process
- aimed to enhance the operating environment for the benefit of the Australian wine sector – contributing to ecologically sustainable development by facilitating the development of the sector in a sustainable and responsible manner and,
- cared for the environment by minimising the consumption of power and recycling waste products where practicable and its activities had minimal impact on the environment.

Privacy policy

Our privacy policy is published on our website. The policy reflects the introduction of the Australian Privacy Principles that came into effect in March 2014.

Indemnities and insurance premiums for officers

AGWA had Directors’ and Officers’ Liability insurance through Comcover. The insurer recommended that details of the policy and the premium paid not be disclosed. No indemnities have been provided to any current or former officers.

People

Staff

We employed 68 people as at 30 June 2016.

Work health and safety

We are committed to providing a safe and pleasant work environment for both staff and visitors and acknowledge our responsibilities under the *Work Health and Safety Act 2011*. We updated our Work Health and Safety Policy, which includes detailed guidelines on incident reporting and emergency procedures. There were no notifiable incidents or injuries. There were no investigations conducted.

Table 8: Staff members by location

| Location | Males | | Female | | Total |
|-----------|-----------|-----------|-----------|-----------|-------|
| | Full time | Part time | Full time | Part time | |
| Australia | 17 | 0 | 22 | 12 | 51 |
| UK | 0 | 0 | 5 | 0 | 5 |
| US | 2 | 0 | 4 | 0 | 6 |
| Canada | 0 | 0 | 1 | 0 | 1 |
| China | 1 | 0 | 4 | 0 | 5 |
| Total | 20 | 0 | 36 | 12 | 68 |



Financial statements

Statements by Chair and Chief Financial Officer

Independent auditor's report

Income statement

Statement of financial position

Statement of changes in equity

Cash flow statement

Schedule of commitments

Notes to and forming part of the financial statements



Australian Government

**Australian Grape and
Wine Authority**

Statement made by the Board of the Australian Grape and Wine Authority

This statement is made by the Board of the Australian Grape and Wine Authority (AGWA) (as the accountable authority pursuant to section 12 of the PGPA Act) and the General Manager of Corporate Services (being the person responsible for the preparation of the financial statements), in accordance with subsection 42(3) PGPA Act.

We, being the undersigned, certify that in our opinion:

1. the Annual Financial Statements annexed to this statement and prepared for AGWA for the year ended 30 June 2016 in accordance with section 42 of the PGPA Act:
 - a) comply with subsection 42(2) of the PGPA Act; and
 - b) have been prepared based on properly maintained financial records as per subsection 41(2) of the PGPA Act.
2. There are, at the time of this statement being made, reasonable grounds to believe that AGWA will be able to pay its debts as and when they fall due.

We confirm that this statement is made by the Board in accordance with a resolution of the Board.

Signed:

Brian Walsh,
Chair of the Board of the Australian Grape and Wine Authority

A handwritten signature in black ink, appearing to be 'Brian Walsh'.

14 September 2016

Steven Weinert,
General Manager of Corporate Services (being the person
responsible for the preparation of the financial statements)

A handwritten signature in black ink, appearing to be 'Steven Weinert'.

14 September 2016



Australian Government

**Australian Grape and
Wine Authority**

Statement made by the Board of the Australian Grape and Wine Authority

This statement confirms that the 2015–16 Annual Report of the Australian Grape and Wine Authority (AGWA) was approved by the Board of AGWA in accordance with subsection 17BB of the *Public Governance, Performance and Accountability Act Rule 2014*.

The AGWA Board, as the accountable authority of AGWA in accordance with section 12 of the *Public Governance, Performance and Accountability Act Rule 2013* (PGPA Act), is the entity responsible for preparing and giving the Annual Report to the Minister in accordance with section 46 of the PGPA Act.

I, Brian Walsh, being the undersigned and being the Chair of the AGWA Board, confirm that the 2015–16 Annual Report of the Australian Grape and Wine Authority was approved by resolution of the Board on 12 September 2016.

Signed:

Brian Walsh, Chair of the Board of the Australian Grape and Wine Authority

A handwritten signature in black ink, consisting of a stylized 'B' followed by a long, sweeping horizontal line.

14 September 2016



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture and Water Resources

I have audited the accompanying annual financial statements of the Australian Grape and Wine Authority for the year ended 30 June 2016, which comprise:

- Statement by the Board of the Australian Grape and Wine Authority;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements which includes a Summary of Significant Accounting Policies and other explanatory information.

Opinion

In my opinion, the financial statements of the Australian Grape and Wine Authority:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Grape and Wine Authority as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Directors of the Australian Grape and Wine Authority is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Directors determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office

A handwritten signature in dark ink, appearing to read 'R. Tejani', with a stylized flourish at the end.

Rahul Tejani

Senior Director

Delegate of the Auditor-General

Canberra

14 September 2016

Statement of comprehensive income

for the period ended 30 June 2016

| | Notes | Actuals 2016 \$ | Actuals 2015 \$ | Budget 2016 \$ |
|---|-------------|-----------------------|-----------------------|----------------------|
| Net cost of services | | | | |
| Expenses | | | | |
| Expenditure on research and development contracts | 1.1A | 20,044,987 | 22,087,241 | 23,179,000 |
| Employee benefits | 1.1B | 7,755,399 | 6,221,634 | 7,235,000 |
| Suppliers | 1.1C | 8,247,093 | 7,051,573 | 6,739,000 |
| Depreciation and amortisation | 1.1D | 316,501 | 464,931 | 382,000 |
| Write-down of assets | 1.1E | 4,954 | 779 | 10,000 |
| Net losses from foreign exchange | 1.1F | 60,202 | 12,515 | - |
| Levy collection fees | 1.1G | 974,517 | 787,920 | 789,000 |
| Total expenses | | 37,403,653 | 36,626,593 | 38,334,000 |
| Less: | | | | |
| Own-source income | | | | |
| Own-source revenue | | | | |
| Industry contributions | 1.2A | 18,231,322 | 17,525,053 | 17,930,000 |
| Sale of goods and rendering of services | 1.2C | 7,097,493 | 6,096,603 | 5,867,000 |
| Rental income | 1.2D | 206,232 | 184,140 | 211,000 |
| Research and development expenditure refunds | 1.2E | 144,225 | 43,067 | - |
| Interest | 1.2F | 293,797 | 365,062 | 263,000 |
| Other | 1.2G | 80,818 | 43,440 | - |
| Total own-source revenue | | 26,053,887 | 24,257,365 | 24,271,000 |
| Net cost of services | | (11,349,766) | (12,369,228) | (14,063,000) |
| Revenue from Government | | | | |
| Australian Government matching contributions | | 12,105,465 | 12,079,745 | 12,800,000 |
| Other grants from Government | | 147,812 | 314,286 | 263,000 |
| Total revenue from Government | 1.2B | 12,253,277 | 12,394,031 | 13,063,000 |
| Surplus attributable to the Australian Government | | 903,511 | 24,803 | (1,000,000) |
| Total comprehensive income attributable to the Australian Government | | 903,511 | 24,803 | (1,000,000) |

The above statement should be read in conjunction with the accompanying Notes.

Commentary on budget variances has been included in Other information within the Notes.

Statement of financial position

as at 30 June 2016

| | Notes | Actuals 2016 \$ | Actuals 2015 \$ | Budget 2016 \$ |
|------------------------------------|-------|-----------------------|-----------------------|----------------------|
| Assets | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 2.1A | 1,563,038 | 1,715,784 | 3,222,000 |
| Trade and other receivables | 2.1B | 6,387,892 | 2,852,444 | 2,567,000 |
| Other investments | 2.1C | 6,616,647 | 7,127,257 | 6,982,000 |
| Total financial assets | | 14,567,577 | 11,695,485 | 12,771,000 |
| Non-financial assets | | | | |
| Leasehold improvements | 2.2A | – | 169,075 | 5,000 |
| Plant and equipment | 2.2C | 392,882 | 136,666 | 68,000 |
| Intangibles | 2.2E | 248,522 | 83,929 | 529,000 |
| Inventories | 2.2G | 673 | 4,135 | – |
| Prepayments | 2.2H | 345,316 | 366,154 | 196,000 |
| Total non-financial assets | | 987,393 | 759,959 | 798,000 |
| Total assets | | 15,554,970 | 12,455,444 | 13,569,000 |
| Liabilities | | | | |
| Payables | | | | |
| Suppliers | 2.3A | 802,908 | 674,227 | 866,000 |
| Research and development contracts | 2.3B | 1,921,425 | 2,025,161 | 3,728,000 |
| Other payables | 2.3C | 2,399,811 | 222,495 | 437,000 |
| Total payables | | 5,124,144 | 2,921,883 | 5,031,000 |
| Provisions | | | | |
| Employee provisions | 4.1 | 874,241 | 880,487 | 875,000 |
| Other provisions | 2.4A | 75,231 | 75,231 | 75,000 |
| Total provisions | | 949,472 | 955,718 | 950,000 |
| Total liabilities | | 6,073,616 | 3,877,601 | 5,981,000 |
| Net assets | | 9,481,354 | 8,577,843 | 7,588,000 |
| Equity | | | | |
| Retained surplus | | 9,454,798 | 8,411,838 | 7,399,000 |
| Asset revaluation reserve | | 26,556 | 166,005 | 189,000 |
| Total equity | | 9,481,354 | 8,577,843 | 7,588,000 |

The above statement should be read in conjunction with the accompanying Notes.

Commentary on budget variances has been included in Other information within the Notes.

Statement of changes in equity

for the period ended 30 June 2016

| | Actuals 2016 \$ | Actuals 2015 \$ | Budget 2016 \$ |
|--|-----------------------|-----------------------|----------------------|
| Retained earnings | | | |
| Opening balance | | | |
| Balance at the beginning of the reporting period | 8,411,838 | 8,364,279 | 8,399,000 |
| Opening balance | 8,411,838 | 8,364,279 | 8,399,000 |
| Comprehensive income | | | |
| Surplus for the period | 903,511 | 24,803 | (1,000,000) |
| Total comprehensive income | 903,511 | 24,803 | (1,000,000) |
| Transfers between equity components | 139,449 | 22,756 | - |
| Closing balance as at 30 June | 9,454,798 | 8,411,838 | 7,399,000 |
| Asset revaluation reserve | | | |
| Opening balance | | | |
| Balance at the beginning of the reporting period | 166,005 | 188,761 | 189,000 |
| Opening balance | 166,005 | 188,761 | 189,000 |
| Comprehensive income | | | |
| Surplus for the period | - | - | - |
| Total comprehensive income | - | - | - |
| Transfers between equity components | (139,449) | (22,756) | - |
| Closing balance as at June 30 | 26,556 | 166,005 | 189,000 |
| Total equity | | | |
| Opening balance | | | |
| Balance at the beginning of the reporting period | 8,577,843 | 8,553,040 | 8,588,000 |
| Opening balance | 8,577,843 | 8,553,040 | 8,588,000 |
| Comprehensive income | | | |
| Surplus for the period | 903,511 | 24,803 | (1,000,000) |
| Total comprehensive income | 903,511 | 24,803 | (1,000,000) |
| Transfers between equity components | - | - | - |
| Closing balance as at 30 June | 9,481,354 | 8,577,843 | 7,588,000 |

The above statement should be read in conjunction with the accompanying Notes.
 Commentary on budget variances has been included in Other information within the Notes.

Cash flow statement

for the period ended 30 June 2016

| | Notes | Actuals 2016 \$ | Actuals 2015 \$ | Budget 2016 \$ |
|--|------------|-----------------------|-----------------------|----------------------|
| Operating activities | | | | |
| Cash received | | | | |
| Australian Government matching contributions | | 11,378,395 | 11,635,136 | 13,145,000 |
| Other grants from Government | | 147,812 | 314,286 | 263,000 |
| Industry contributions | | 17,608,933 | 17,502,958 | 17,792,000 |
| Sale of goods and rendering of services | | 7,354,137 | 6,907,290 | 5,860,000 |
| Rental income | | 231,217 | 181,567 | 211,000 |
| Interest | | 323,657 | 399,504 | 270,000 |
| Research and development expenditure refunds | | 144,225 | 43,067 | - |
| Net GST received from operating activities | | 2,144,719 | 2,750,178 | 2,623,000 |
| Other receivables | | 80,818 | 35,920 | - |
| Total cash received | | 39,413,913 | 39,769,906 | 40,164,000 |
| Cash used | | | | |
| Employees | | (7,782,355) | (6,467,586) | (7,142,000) |
| Suppliers | | (9,570,126) | (8,907,510) | (8,537,000) |
| Expenditure on research and development contracts | | (22,153,221) | (25,603,272) | (23,851,000) |
| Total cash used | | (39,505,702) | (40,978,368) | (39,530,000) |
| Net cash used by operating activities | 3.2 | (91,789) | (1,208,462) | 634,000 |
| Investing activities | | | | |
| Cash received | | | | |
| Proceeds from sales of plant and equipment | | 3,101 | 511 | - |
| Proceeds from investments | | 11,944,980 | 17,400,662 | 1,000,000 |
| Total cash received | | 11,948,081 | 17,401,173 | 1,000,000 |
| Cash used | | | | |
| Purchase of plant and equipment | | (367,024) | (70,536) | (601,000) |
| Purchase of intangibles | | (207,644) | (35,457) | - |
| Purchase of investments | | (11,434,370) | (16,627,257) | - |
| Total cash used | | (12,009,038) | (16,733,250) | (601,000) |
| Net cash from investing activities | | (60,957) | 667,923 | 399,000 |
| Net decrease in cash held | | (152,746) | (540,539) | 1,033,000 |
| Cash and cash equivalents at the beginning of the reporting period | | 1,715,784 | 2,256,323 | 2,189,000 |
| Cash and cash equivalents at the end of the reporting period | 2.1A | 1,563,038 | 1,715,784 | 3,222,000 |

The above statement should be read in conjunction with the accompanying Notes.
 Commentary on budget variances has been included in Other information within the Notes.

Notes to and forming part of the financial statements

for the period ended 30 June 2016

Overview

Objectives of the Australian Grape and Wine Authority

The Australian Grape and Wine Authority is a corporate Commonwealth entity.

The objectives of the Australian Grape and Wine Authority (AGWA) are to:

- coordinate or fund grape and wine research and development (R&D), and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- promote the sale and consumption of wine, both in Australia and overseas.

Our vision is for a prosperous Australian grape and wine community.

Basis of preparation of the financial statements

The financial statements are general purpose financial statements and are required by s. 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to AGWA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

New Australian accounting standards

Adoption of new Australian Accounting Standards requirements

Of the new standards, amendments to standards, revised standards, and interpretations issued by the AASB that are applicable to the current reporting period, none have had a material financial impact on AGWA's financial statements.

AGWA has adopted the AASB 2015-6 *Amendments to the Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*. This amending standard applies to annual reporting periods beginning on or after 1 July 2016.

AGWA has adopted the AASB 2015-2 *Amendments to the Australian Accounting Standards – Disclosure Initiatives: Amendments to AASB 101*. This amending standard applies to annual reporting periods beginning on or after 1 July 2016. Early adoption impacts on the disclosure presentation. Instead of one note at the start, accounting policies are outlined in the relevant section of the Notes.

AGWA has adopted the AASB 2015-7 *Amendments to the Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. This amending standard applies to annual reporting periods beginning on or after 1 July 2016. Early adoption impacts on disclosure of fair value measurements of property, plant and equipment assets, with no effect on the face of the statements.

With the exception of the above mentioned, no other accounting standards have been adopted earlier than the application date as specified in the standard.

Future Australian Accounting Standard requirements

AASB 9 *Financial Instruments* has not been early adopted by AGWA. This new/reissued standard applies to annual reporting periods beginning on or after 1 July 2018. This standard will require most financial assets to be measured at fair value, except for those that are held only for the collection of the principal and interest. Also, wherever there has been a significant increase in credit risk, the standard will require an expense to be recognised for all expected losses over the life of financial assets. In other cases, an expense will be recognised for losses expected in the year after reporting date.

AASB 16 *Leases* has not been early adopted by AGWA. This new/reissued standard applies to annual reporting periods beginning on or after 1 July 2019. This standard will have a material impact on AGWA's financial statements due to the recognition criteria to hold leases held as assets.

With the exception of the above mentioned, no amendments to standards, revised standards and interpretations that have been issued by the AASB that are applicable to future reporting periods are expected to materially affect AGWA's financial statements.

Taxation

AGWA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST, except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and trade creditor payables.

Events after the reporting period

There has been no event after the reporting period with the potential to significantly affect the ongoing structure and financial activities of AGWA.

Financial performance

This section analyses the financial performance of AGWA for the period ended 30 June 2016.

Note 1.1: Expenses

| Note 1.1A: Expenditure on research and development contracts | 2016 \$ | 2015 \$ |
|--|-------------------|-------------------|
| Public sector | | |
| Australian Government entities (related parties) | 3,118,826 | 4,904,444 |
| State and Territory Governments | 1,894,780 | 2,473,690 |
| Universities/colleges | 3,206,770 | 3,380,935 |
| Private sector | | |
| The Australian Wine Research Institute | 8,638,024 | 8,420,464 |
| Other organisations | 2,667,280 | 2,696,828 |
| Market research costs | 519,306 | 210,880 |
| Total expenditure on research and development contracts | 20,044,987 | 22,087,241 |

| Note 1.1B: Employee benefits | 2016 \$ | 2015 \$ |
|--------------------------------|------------------|------------------|
| Wages and salaries | 7,123,147 | 5,595,343 |
| Superannuation | | |
| Defined contribution plans | 418,004 | 338,392 |
| Defined benefit plans | 91,329 | 81,511 |
| Leave and other entitlements | 122,919 | 159,880 |
| Separation and redundancies | - | 46,508 |
| Total employee benefits | 7,755,399 | 6,221,634 |

| Note 1.1C: Suppliers | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| Goods and services supplied or rendered | | |
| Occupancy costs | 148,144 | 201,169 |
| Contractors | 122,401 | 175,098 |
| Communications | 241,909 | 240,135 |
| Information technology | 822,405 | 401,137 |
| Marketing costs | 3,408,838 | 2,792,893 |
| Outside services | 697,181 | 502,111 |
| Travel and accommodation | 749,007 | 953,244 |
| Consulting fees | 292,817 | 262,603 |
| Goods purchased | 198,247 | 197,792 |
| Advertising | 319,154 | 1,639 |
| Other suppliers' expenses | 442,977 | 594,533 |
| Total goods and services supplied or rendered | 7,443,080 | 6,322,354 |

| Note 1.1C: Suppliers | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Other supplier expenses | | |
| Operating lease rentals | | |
| Minimum lease payments | 713,243 | 663,132 |
| Workers' compensation expenses (Comcare) | 48,244 | 21,110 |
| Liability insurance expenses (Comcover) | 42,526 | 44,977 |
| Total other supplier expenses | 804,013 | 729,219 |
| Total supplier expenses | 8,247,093 | 7,051,573 |

Leasing commitments

AGWA holds four significant lease arrangements, one with the National Wine Centre at our Adelaide head office, the remaining being lease contracts with Tourism Australia for the marketing offices interstate and overseas. AGWA holds one other lease agreement, however this is a month by month agreement, and therefore it is classed as a non-committed lease arrangement.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Within 1 year | 683,654 | 606,290 |
| Within 1 to 5 years | 2,208,292 | 739,141 |
| More than 5 years | - | - |
| Total operating lease commitments | 2,891,946 | 1,345,431 |

| Note 1.1D: Depreciation and amortisation | 2016 | 2015 |
|---|----------------|----------------|
| | \$ | \$ |
| Depreciation | | |
| Plant and equipment | 104,375 | 201,988 |
| Leasehold improvements | 169,075 | 213,001 |
| Total depreciation | 273,450 | 414,989 |
| Amortisation | | |
| Intangibles: computer software | 43,051 | 49,942 |
| Total amortisation | 43,051 | 49,942 |
| Total depreciation and amortisation | 316,501 | 464,931 |

| Note 1.1E: Write-down of assets | 2016 | 2015 |
|--|--------------|-------------|
| | \$ | \$ |
| Bad debts written-off | 4,954 | 779 |
| Total write-down of assets | 4,954 | 779 |

| Note 1.1F: Foreign exchange losses | 2016 | 2015 |
|---|---------------|---------------|
| | \$ | \$ |
| Non-speculative | 60,202 | 12,515 |
| Total foreign exchange losses | 60,202 | 12,515 |

| Note 1.1G: Levy collection fees | 2016 \$ | 2015 \$ |
|-----------------------------------|----------------|----------------|
| Collection agency fees | 974,517 | 787,920 |
| Total levy collection fees | 974,517 | 787,920 |

Expenses

Research and development contracts

Most research and development (R&D) contracts require the research provider to perform services, provide facilities or meet eligibility criteria. In these cases, liabilities are recognised only to the extent that the services required have been performed or the eligibility criteria have been satisfied by the research provider.

In cases where R&D contracts are made without conditions to be monitored, liabilities relating to the financial year ending 30 June 2016 are recognised on signing of the contract.

Market research costs include data and contract work completed for our market insights program. The financial year ending 30 June 2016 also included expenses relating to the research phase of VinSites, which will include the collection and collation of Australia-wide vineyard data.

Employee benefits

Accounting policies for employee-related expenses is contained in the People and Relationships section.

Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. Commitments shown are excluding GST.

Insurance

AGWA has insured for risks through the Government's insurable risk managed fund, Comcover. Workers' compensation is insured through Comcare.

Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate from the beginning of each month. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are brought to account in the Statement of Comprehensive Income.

Note 1.2: Revenue

The revenues described in this Note are revenues relating to AGWA's core operating activities.

| Note 1.2A: Industry contributions | 2016 \$ | 2015 \$ |
|-------------------------------------|-------------------|-------------------|
| Grape research levy | 3,444,617 | 3,391,953 |
| Wine grape levy | 11,563,222 | 11,794,918 |
| Wine export charge | 3,223,483 | 2,338,182 |
| Total industry contributions | 18,231,322 | 17,525,053 |

| Note 1.2B: Revenue from Government | 2016 \$ | 2015 \$ |
|---|-------------------|-------------------|
| Australian Government matching contributions | 12,105,465 | 12,079,745 |
| Export market development grant | 119,926 | 118,755 |
| Carbon Farming Futures: climate change research program | 27,886 | 195,531 |
| Total revenue from Government | 12,253,277 | 12,394,031 |

| Note 1.2C: Sale of goods and rendering of services | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| Goods sold | 242,870 | 243,903 |
| Services provided | 6,854,623 | 5,852,700 |
| Total income sale of goods and rendering of services | 7,097,493 | 6,096,603 |

| Note 1.2D: Rental income | 2016 \$ | 2015 \$ |
|----------------------------|----------------|----------------|
| Operating lease | | |
| Sublease | 206,232 | 184,140 |
| Total rental income | 206,232 | 184,140 |

Subleasing rental income commitments

AGWA subleases space to five tenants within the Adelaide head office. Three tenants have five-year commitments, in line with the head lease agreement. The other two tenants are month by month agreements, and therefore classed as non-committed lease arrangements.

Commitments for sublease rental income receivables are as follows:

| | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| Within 1 year | 110,677 | 108,137 |
| Within 1 to 5 years | 209,455 | - |
| More than 5 years | - | - |
| Total sublease rental income commitments | 320,132 | 108,137 |

| Note 1.2E: Research and development expenditure refunds | 2016 \$ | 2015 \$ |
|---|----------------|---------------|
| Unspent grant funding | 144,225 | 43,067 |
| Total research and development expenditure refunds | 144,225 | 43,067 |

| Note 1.2F: Interest | 2016 \$ | 2015 \$ |
|-----------------------|----------------|----------------|
| Term deposits at bank | 217,541 | 311,972 |
| Credit interest | 76,256 | 53,090 |
| Total interest | 293,797 | 365,062 |

| Note 1.2G: Other revenue | 2016 \$ | 2015 \$ |
|----------------------------|---------------|---------------|
| Sponsorship | 65,000 | 20,000 |
| Other revenue | 15,818 | 23,440 |
| Total other revenue | 80,818 | 43,440 |

Industry contributions

Industry contributions are recognised as revenue to the extent they have been received into AGWA's bank account or are entitled to be received by AGWA at year end.

Industry contributions comprise the:

Grape research levy – a levy imposed under schedule 13 of the *Primary Industries (Excise) Levies Act 1999* in respect of fresh and dried grapes, and grape juice produced in Australia. This levy is collected and paid to AGWA by the Australian Government – Department of Agriculture and Water Resources. The levy rate is \$2 per tonne, of which 1.6 cents per tonne is paid directly to Plant Health Australia.

Wine grapes levy – a levy imposed under schedule 26 of the *Primary Industries (Excise) Levies Act 1999* in respect of the manufacture of wine. The levy rate is \$5 per tonne, of which 2.4 cents per tonne is paid directly to Plant Health Australia.

Wine export charge – a levy imposed under schedule 13 of the *Primary Industries (Customs) Charges Act 1999* and calculated as a portion of the FOB value of wine exported. This levy is collected by AGWA in accordance with a collection agreement entered into between AGWA and the Department in 2015, in accordance with s. 11 of the *Primary Industries Levies and Charges Collection Act 1991*.

Revenue from Government

The Australian Government matches funding of grape and wine research equal to half of the expenditure of AGWA (excluding levy collection fees), but limited to 0.5 per cent of the estimated gross value of industry production and the cumulative total of industry contributions paid.

Other Australian Government grants are recognised when:

- AGWA obtains control of the contribution or the right to receive the contribution;
- it is probable that the economic benefits comprising the contribution will flow to AGWA; and
- the amount of the contribution can be measured reliably.

Goods and services

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- AGWA retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to AGWA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to AGWA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Rental income

Rental income arising from the sublease of a portion of the premises is recognised in revenue in the month to that it relates.

Financial position

This section analyses AGWA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee-related information is disclosed in the People and Relationships section.

Note 2.1: Financial assets

| Note 2.1A: Cash and cash equivalents | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| Cash at bank | 1,561,089 | 1,713,693 |
| Cash on hand | 1,949 | 2,091 |
| Total cash and cash equivalents | 1,563,038 | 1,715,784 |
| | | |
| Note 2.1B: Trade and other receivables | 2016 \$ | 2015 \$ |
| Goods and services receivables | | |
| Goods | 19,159 | 110,162 |
| Services | 2,982,399 | 581,634 |
| Total goods and services receivables | 3,001,558 | 691,796 |
| Other receivables | | |
| Australian Government matching contributions receivable | 2,441,669 | 1,714,598 |
| GST receivable from the Australian Taxation Office | 140,250 | 229,839 |
| Industry contributions receivable | 766,980 | 144,590 |
| Interest receivable | 19,777 | 49,638 |
| Other receivable | 17,658 | 21,983 |
| Total other receivables | 3,386,334 | 2,160,649 |
| Total trade and other receivables (gross) | 6,387,892 | 2,852,444 |
| Less impairment allowance | | |
| Goods and services | - | - |
| Total impairment allowance | - | - |
| Total trade and other receivables (net) | 6,387,892 | 2,852,444 |
| Trade and other receivables (net) expected to be recovered | | |
| No more than 12 months | 6,387,892 | 2,852,444 |
| More than 12 months | - | - |
| Total trade and other receivables (net) | 6,387,892 | 2,852,444 |
| Trade and other receivables (net) aged as follows: | | |
| Not overdue | 6,323,727 | 2,384,312 |
| Overdue by: | | |
| 0 to 30 days | 44,052 | 390,552 |
| 31 to 60 days | 15,494 | 55,451 |
| 61 to 90 days | 4,619 | 16,058 |
| More than 90 days | - | 6,071 |
| Total trade and other receivables (net) | 6,387,892 | 2,852,444 |

All trade and other receivables are expected to be settled within 12 months.

| Note 2.1C: Other investments | 2016 \$ | 2015 \$ |
|--------------------------------|------------------|------------------|
| Deposits at bank | 6,616,647 | 7,127,257 |
| Total other investments | 6,616,647 | 7,127,257 |

All investments are current assets.

Cash and investments

Cash and cash equivalents consist of cash on hand and deposits in bank accounts that are immediately available without notice. Cash is recognised at its nominal amount.

Investments are represented by a number of bank term deposits having various maturity dates, none more than six months from the reporting date. The value of the term deposits recognised is the nominal value of the cash invested. Accrued interest is treated as interest receivable.

Trade and other receivables

Receivables for goods and services are recognised at the nominal amounts due, less any impairment allowance account. Collectability of debts is reviewed as at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Note 2.2: Non-financial assets

| Note 2.2A: Leasehold improvements | 2016 \$ | 2015 \$ |
|-------------------------------------|------------|----------------|
| Fair value | 881,880 | 881,880 |
| Accumulated amortisation | (881,880) | (712,805) |
| Total leasehold improvements | - | 169,075 |

| Note 2.2B: Reconciliation of the opening and closing balances of leasehold improvements 2015–16 | Leasehold improvements \$ |
|---|------------------------------|
| As at 1 July 2015 | |
| Gross book value | 881,880 |
| Accumulated depreciation | (712,805) |
| Net book value as at 1 July 2015 | 169,075 |
| Additions | |
| By purchase | - |
| Depreciation expense | (169,075) |
| Impairments recognised in the operating result | - |
| Disposals | |
| Other disposals | - |
| Derecognition | - |
| Net book value as at 30 June 2016 | - |

| | |
|--|-----------|
| Net book value as at 30 June 2016 represented by: | |
| Gross book value | 881,880 |
| Accumulated depreciation and impairment losses | (881,880) |
| | - |

| Note 2.2B: Reconciliation of the opening and closing balances of leasehold improvements 2014–15 | Leasehold improvements \$ |
|---|------------------------------|
| As at 1 July 2014 | |
| Gross book value | 880,085 |
| Accumulated depreciation | (499,804) |
| Net book value as at 1 July 2014 | 380,281 |
| Additions | |
| By purchase | 1,795 |
| Depreciation expense | (213,001) |
| Impairments recognised in the operating result | - |
| Disposals | |
| Other disposals | - |
| Derecognition | - |
| Net book value as at 30 June 2015 | 169,075 |

| Note 2.2B: Reconciliation of the opening and closing balances of leasehold improvements 2014–15 | | Leasehold improvements \$ |
|---|--|------------------------------|
| Net book value as at 30 June 2015 represented by: | | |
| Gross book value | | 881,880 |
| Accumulated depreciation | | (712,805) |
| | | 169,075 |

| Note 2.2C: Plant and equipment | 2016 \$ | 2015 \$ |
|--|----------------|----------------|
| Plant and equipment – at fair value | 894,988 | 1,003,305 |
| Accumulated depreciation | (506,076) | (872,334) |
| Total plant and equipment | 388,912 | 130,971 |
| Furniture and fittings – at fair value | 8,523 | 8,523 |
| Accumulated depreciation | (4,553) | (2,828) |
| Total furniture and fittings | 3,970 | 5,695 |
| Total plant and equipment | 392,882 | 136,666 |

All revaluations are conducted in accordance with the revaluation policy. The Directors have undertaken a desktop revaluation during the 2015–16 reporting period, with no changes to the valuations noted. Formal revaluations are performed every three years, and will be due next year. The previous external revaluation was completed in 2014.

No indicators of impairment were found for plant or equipment.

No plant and equipment assets are expected to be sold or disposed of within the next 12 months.

Leasehold improvement

In the process of applying the accounting policies listed in this Note, AGWA has made a judgement that the fair value of leasehold improvements is based on the market value of similar properties as determined by an independent valuer. In some instances, authority buildings are purpose-built and may in fact realise more or less in the market. Leasehold improvements are depreciated in line with the initial lease contract. The initial lease ended March 2016.

A makegood provision has been established to restore the buildings back to their original form upon termination of the leases.

Property, plant and equipment

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

| Note 2.2D: Reconciliation of the opening and closing balances of plant and equipment 2015–16 | Plant and equipment \$ | Furniture and fittings \$ | Total \$ |
|--|---------------------------|------------------------------|----------------|
| As at 1 July 2015 | | | |
| Gross book value | 1,003,305 | 8,523 | 1,011,828 |
| Accumulated depreciation | (872,334) | (2,828) | (875,162) |
| Net book value as at 1 July 2015 | 130,971 | 5,695 | 136,666 |
| Additions | | | |
| By purchase | 367,024 | – | 367,024 |
| Disposals | | | |
| Gross book adjustment | (475,341) | – | (475,341) |
| Accumulated depreciation adjustment | 468,908 | – | 468,908 |
| Depreciation expense | (102,650) | (1,725) | (104,375) |
| Net book value as at 30 June 2016 | 388,912 | 3,970 | 392,882 |

| | | | |
|--|----------------|--------------|----------------|
| Net book value as at 30 June 2016 represented by: | | | |
| Gross book value | 894,988 | 8,523 | 903,511 |
| Accumulated depreciation | (506,076) | (4,553) | (510,629) |
| | 388,912 | 3,970 | 392,882 |

| Note 2.2D: Reconciliation of the opening and closing balances of plant and equipment 2014–15 | Plant and equipment \$ | Furniture and fittings \$ | Total \$ |
|--|---------------------------|------------------------------|----------------|
| As at 1 July 2014 | | | |
| Gross book value | 944,438 | 4,016 | 948,454 |
| Accumulated depreciation | (679,179) | (203) | (679,382) |
| Net book value as at 1 July 2014 | 265,259 | 3,813 | 269,072 |
| Additions | | | |
| By purchase | 66,030 | 4,507 | 70,537 |
| Disposals | | | |
| Gross book adjustment | (7,163) | – | (7,163) |
| Accumulated depreciation adjustment | 6,208 | – | 6,208 |
| Depreciation expense | (199,363) | (2,625) | (201,988) |
| Net book value as at 30 June 2015 | 130,971 | 5,695 | 136,666 |

| | | | |
|--|----------------|--------------|----------------|
| Net book value as of 30 June 2015 represented by: | | | |
| Gross book value | 1,003,305 | 8,523 | 1,011,828 |
| Accumulated depreciation | (872,334) | (2,828) | (875,162) |
| | 130,971 | 5,695 | 136,666 |

| Note 2.2E: Intangibles | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| Computer software: | | |
| Purchased at cost | 344,590 | 342,104 |
| Developed at cost: | | |
| In use | 1,356,647 | 1,356,647 |
| Work in progress | 205,158 | - |
| Total computer software (gross) | 1,906,395 | 1,698,751 |
| Accumulated amortisation | (1,657,873) | (1,614,822) |
| Total computer software (net) | 248,522 | 83,929 |
| Total intangibles | 248,522 | 83,929 |

Intangibles

AGWA's intangible assets include purchased software and internally-developed software for AGWA's own use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Purchased software is amortised on a straight-line basis over its anticipated useful life. Internally-developed software is amortised on a straight-line basis over three years from the date that the asset is first put into productive use.

All software assets have been assessed for impairment as at 30 June 2016 and no indicators of impairment were found for intangible assets.

All intangible assets are non-current assets. No intangibles are expected to be sold or disposed of within the next 12 months.

| Note 2.2F: Reconciliation of the opening and closing balances of intangibles 2015-16 | Computer software - purchased \$ | Computer software - developed \$ | Total \$ |
|--|-------------------------------------|-------------------------------------|----------------|
| As at 1 July 2015 | | | |
| Gross book value | 342,104 | 1,356,647 | 1,698,751 |
| Accumulated amortisation | (297,594) | (1,317,228) | (1,614,822) |
| Net book value as at 1 July 2015 | 44,510 | 39,419 | 83,929 |
| Additions | | | |
| By purchase | 2,486 | 205,158 | 207,644 |
| Disposals | | | |
| Gross book adjustment | - | (78,694) | (78,694) |
| Accumulated amortisation adjustment | - | 78,694 | 78,694 |
| Amortisation | (20,526) | (22,525) | (43,051) |
| Net book value as at 30 June 2016 | 26,470 | 222,052 | 248,522 |
| Net book value as at 30 June 2016 represented by: | | | |
| Gross book value | 344,590 | 1,561,805 | 1,906,395 |
| Accumulated amortisation | (318,120) | (1,339,753) | (1,657,873) |
| | 26,470 | 222,052 | 248,522 |

| Note 2.2F: Reconciliation of the opening and closing balances of intangibles 2014–15 | Computer software – purchased \$ | Computer software – developed \$ | Total \$ |
|--|-------------------------------------|-------------------------------------|----------------|
| As at 1 July 2014 | | | |
| Gross book value | 308,441 | 1,356,647 | 1,665,088 |
| Accumulated amortisation | (270,177) | (1,294,703) | (1,564,880) |
| Net book value as at 1 July 2014 | 38,264 | 61,944 | 100,208 |
| Additions | | | |
| By purchase | 33,663 | – | 33,663 |
| Amortisation | (27,417) | (22,525) | (49,942) |
| Net book value as at 30 June 2015 | 44,510 | 39,419 | 83,929 |
| Net book value as at 30 June 2015 represented by: | | | |
| Gross book value | 342,104 | 1,356,647 | 1,698,751 |
| Accumulated amortisation | (297,594) | (1,317,228) | (1,614,822) |
| | 44,510 | 39,419 | 83,929 |

Acquisition and maintenance of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Revaluations

Fair values for each class of asset are determined as shown below:

| Asset class | Fair value measured at: |
|------------------------|------------------------------|
| Leasehold improvements | Depreciated replacement cost |
| Plant and equipment | Market value |
| Furniture and fittings | Depreciated replacement cost |

Following initial recognition at cost, property, plant and equipment is carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amount of assets do not differ materially from the assets' fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets, however are usually carried out every three years.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation/amortisation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to AGWA using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

| Asset class | 2016 | 2015 |
|------------------------|--------------|--------------|
| Leasehold improvements | Lease term | Lease term |
| Plant and equipment | 3 years | 3 years |
| Intangibles | 3 to 5 years | 3 to 5 years |
| Furniture and fittings | 10 years | 10 years |

Impairment

All assets have been assessed internally for impairment as at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if AGWA was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

| Note 2.2G: Inventories | 2016 \$ | 2015 \$ |
|--------------------------------------|------------|--------------|
| Inventories held for sale | 673 | 4,135 |
| Total inventory held for sale | 673 | 4,135 |

| Note 2.2H: Prepayments | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| Prepayments | 345,316 | 366,154 |
| Total prepayments | 345,316 | 366,154 |
| Prepayments expected to be recovered | | |
| No more than 12 months | 221,027 | 284,490 |
| More than 12 months | 124,289 | 81,664 |
| Total prepayments | 345,316 | 366,154 |

Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Prepayments

Prepayments are for goods or supplies that relate to future periods. They are expensed in the period of use.

Note 2.3: Payables

| Note 2.3A: Suppliers | 2016 \$ | 2015 \$ |
|--------------------------------|----------------|----------------|
| Trade creditors and accruals | 802,908 | 674,227 |
| Operating lease rentals | - | - |
| Total supplier payables | 802,908 | 674,227 |

| Note 2.3B: Research and development contracts | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| Accrued approved project expenses | 1,921,425 | 2,025,161 |
| Total research and development contracts | 1,921,425 | 2,025,161 |

All research and development contracts payable are expected to be settled within 12 months.

| Note 2.3C: Other payables | 2016 \$ | 2015 \$ |
|--|------------------|----------------|
| Salaries and wages (including PAYG and superannuation) | 158,325 | 130,789 |
| Prepayments received/unearned income | 2,219,755 | 40,475 |
| Lease liability incentive | - | 44,134 |
| Other | 21,731 | 7,097 |
| Total other payables | 2,399,811 | 222,495 |

| | | |
|--|------------------|----------------|
| Total other payables are expected to be settled in: | | |
| No more than 12 months | 2,399,811 | 222,495 |
| More than 12 months | - | - |
| Total other payables | 2,399,811 | 222,495 |

Suppliers and research and development contracts

All payables are expected to be settled within 12 months.

Settlement is usually made:

- net 60 days for the Australian Wine Overseas Program;
- net 14 days for R&D contracts; and
- net 30 days for all other suppliers.

Other payables

Other payables include Government grants, marketing-related revenue and rents invoiced in advance.

Note 2.4: Provisions

| Note 2.4A: Other provisions | 2016 \$ | 2015 \$ |
|--|---------------|---------------|
| Makegoods | 75,231 | 75,231 |
| Total other provisions | 75,231 | 75,231 |
| Total other provisions are expected to be settled in: | | |
| No more than 12 months | - | - |
| More than 12 months | 75,231 | 75,231 |
| Total other provisions | 75,231 | 75,231 |

Makegoods

AGWA currently has four agreements for the leasing of premises which have provisions requiring AGWA to restore the premises to their original condition at the conclusion of the leases. AGWA has made a provision to reflect the present value of this obligation.

Funding

This section identifies AGWA's funding structure.

Note 3.1: Regulatory charging summary

| | 2016 \$ | 2015 \$ |
|------------------------|------------|------------|
| Expenses | | |
| Departmental | | |
| Direct costs | 1,658,919 | 1,305,403 |
| Indirect costs | 1,612,784 | 1,241,783 |
| Total expenses | 3,271,703 | 2,547,186 |
| External revenue | | |
| Departmental | 4,155,189 | 3,550,089 |
| Total external revenue | 4,155,189 | 3,550,089 |

Regulatory fees

Under s. 8(f) and (g) of the *Australian Grape and Wine Authority Act 2013* (the Act), AGWA can charge to provide services, such as its export control and certification activities.

Regulation 6(1)(a) requires exporters to be licenced, 6(1)(d) requires wines to be assessed as sound and merchantable, and 6(1)(f) requires export permits to be issued by AGWA before wine can be exported. Furthermore, s. 8(c) of the Act provides AGWA the power to issue certificates required to demonstrate that wine meets the requirements of the market to which Australian wine is exported.

The fees are designed to cover the costs incurred in conducting AGWA's export control activities and includes provision for replacement of the electronic approval system, which is nearing the end of its useful life.

Note 3.2: Cash flow reconciliation

| Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement | 2016 \$ | 2015 \$ |
|---|-----------------|--------------------|
| Cash and cash equivalents as per: | | |
| Cashflow statement | 1,563,038 | 1,715,784 |
| Statement of financial position | 1,563,038 | 1,715,784 |
| Difference | - | - |
| Reconciliation of net cost of services to net cash from/(used by) operating activities: | | |
| Net cost of services | (11,349,766) | (12,369,228) |
| Add revenue from Government | 12,253,277 | 12,394,031 |
| Adjustments for non-cash items | | |
| Depreciation/amortisation | 316,501 | 464,931 |
| Amortisation of lease incentive | (44,134) | (58,846) |
| Net write-down of assets | (4,954) | 779 |
| Loss on disposal of assets | 3,332 | 444 |
| Movements in assets and liabilities | | |
| Assets | | |
| Increase in net receivables | (3,530,494) | 489,776 |
| Decrease in inventories | 3,462 | 44,060 |
| Decrease in prepayments | 20,839 | (253,333) |
| Liabilities | | |
| Increase in suppliers | 128,681 | (229,160) |
| Decrease in research and development contracts | (103,736) | (1,460,544) |
| Increase in other payables | 2,221,450 | (391,251) |
| Decrease in employee provisions | (6,247) | 159,879 |
| Net cash used by operating activities | (91,789) | (1,208,462) |

Industry contributions (net receivables)

A charge is imposed on Australian-produced wine that is exported. Historically, this charge has been collected by the Department of Agriculture and Water Resources (the Department). In 2015, AGWA entered into an agreement with the Department allowing it to collect the charge direct from exporters on behalf of the Department. The funds are then remitted back to AGWA by the Department in accordance with the finance framework administered under AGWA's enabling legislation. These transactions are presented in the financial statements as a net cash inflow of industry contributions (net receivables).

People and relationships

This section describes a range of employment and post-employment benefits provided to our people, and our relationships with other key people.

Note 4.1: Employee provisions

| Note 4.1: Employee provisions | 2016 \$ | 2015 \$ |
|----------------------------------|----------------|----------------|
| Long service leave | 448,383 | 484,234 |
| Annual leave | 416,446 | 349,746 |
| Separation or redundancies | 9,412 | 46,507 |
| Total employee provisions | 874,241 | 880,487 |

| | | |
|--|----------------|----------------|
| Employee provisions are expected to be settled in: | | |
| No more than 12 months | 690,203 | 707,469 |
| More than 12 months | 184,038 | 173,018 |
| Total employee provisions | 874,241 | 880,487 |

Employee benefits

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within 12 months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of AGWA is estimated to be less than the annual entitlement for sick leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including AGWA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees as at 30 June 2016. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion, and inflation. The provision for long service leave is calculated using the short-hand method.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. AGWA recognises a provision for termination when it has developed a detailed formal plan for the termination and has informed those employees affected that it will enact the termination.

Superannuation

AGWA contributes to private superannuation plans for the majority of its employees and to the Public Sector Superannuation Scheme (PSS) for the remainder. The private funds are accumulation plans, while the PSS is a defined benefit scheme for the Australian Government.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

Note 4.2: Senior management personnel remuneration

| | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| Short-term employee benefits: | | |
| Salary | 1,747,856 | 1,594,802 |
| Motor vehicles and other allowances | 88,181 | 83,958 |
| Total short-term employee benefits | 1,836,037 | 1,678,760 |
| Post-employment benefits | | |
| Superannuation | 213,361 | 192,247 |
| Total post-employment benefits | 213,361 | 192,247 |
| Other long-term employee benefits | | |
| Annual leave accrued | 36,571 | 53,204 |
| Long service leave | 20,061 | 66,881 |
| Total other long-term employee benefits | 56,632 | 120,085 |
| Total senior executive remuneration expenses | 2,106,030 | 1,991,092 |

Senior executive remuneration expense

For the purpose of this note, AGWA has defined senior executives as Directors, the Chief Executive Officer (CEO), and those employees who report directly to the CEO.

These employees are the only employees considered to have the capacity and responsibility for decision-making that can have a significant and direct impact on the strategic direction and financial performance of AGWA. General Managers are classified as senior executives and are disclosed in this note.

The total number of senior management positions included in this table is 15 (15 in 2015).

Note 4.2 is prepared on an accrual basis.

Note 4.3: Related party disclosures

No loans or grants were made to any Directors or Director-related entities.

Note 4.4: Remuneration of auditors

| | 2016 \$ | 2015 \$ |
|---------------------------------------|---------------|---------------|
| Audit of the financial statements | 56,000 | 41,000 |
| Total remuneration of auditors | 56,000 | 41,000 |

Auditor fees

The fair value of services provided by the Auditor-General in auditing the financial statements for the reporting period.

In accordance with the funding agreement between AGWA and the Department of Agriculture and Water Resources, s. 11, a compliance assurance report was prepared by independent auditors, EY.

Managing uncertainties

This section analyses how AGWA manages financial risks within its operating environment.

Note 5.1: Financial instruments

| Note 5.1A: Categories of financial instruments | 2016 \$ | 2015 \$ |
|---|-------------------|-------------------|
| Financial assets | | |
| Held-to-maturity investments | | |
| Deposits at bank | 6,616,647 | 7,127,257 |
| Total held-to-maturity investments | 6,616,647 | 7,127,257 |
| Receivables | | |
| Cash and cash equivalents | 1,563,038 | 1,715,784 |
| Interest receivable | 19,777 | 49,638 |
| Australian Government matching contributions receivables | 2,441,669 | 1,714,598 |
| Industry contributions receivables | 766,980 | 144,590 |
| Other receivables | 3,019,216 | 713,779 |
| Total receivables | 7,810,680 | 4,338,389 |
| Total financial assets | 14,427,327 | 11,465,646 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | | |
| Suppliers | 802,908 | 674,227 |
| Research and development contracts | 1,921,425 | 2,025,161 |
| Total financial liabilities measured at amortised cost | 2,724,333 | 2,699,388 |
| Total financial liabilities | 2,724,333 | 2,699,388 |

Due to the short term nature of financial assets, their carrying value approximates their fair value.

Financial assets

AGWA classifies its financial assets in the following categories:

- a) held-to-maturity investments; and
- b) receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective interest method

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that AGWA has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

| Note 5.1B: Net gains or losses on financial assets | 2016 \$ | 2015 \$ |
|--|----------------|----------------|
| Held-to-maturity investments | | |
| Interest | 217,541 | 311,972 |
| Net gain on held-to-maturity investments | 217,541 | 311,972 |
| Receivables | | |
| Interest | 76,256 | 53,090 |
| Exchange loss | (60,202) | (12,515) |
| Net gain on receivables | 16,054 | 40,575 |
| Net gain on financial assets | 233,595 | 352,547 |

Note 5.1C: Credit risk

AGWA is exposed to minimal credit risk as the majority of loans and receivables are cash and fixed term deposits placed with the National Australia Bank (NAB). Receivables include user-pay charges, wine export approvals and charges, wine export levies and charges for other promotional activities.

The maximum exposure to credit risk is equal to the carrying amount of financial assets. In 2016, nil has been allocated to an impairment allowance account, in respect of financial assets whose recoverable amount is less than their gross carrying value.

AGWA manages its credit risk by undertaking background checks as appropriate prior to allowing a debtor relationship and monitors customer performance continuously. In some instances, terms and conditions are issued and signed prior to the event taking place. With other major investments, there are contracts put in place to minimise risk. In addition, AGWA has policies and procedures that guide employees on the debt recovery techniques to be applied.

AGWA holds no collateral to mitigate against credit risk.

| Credit quality of financial assets not past due or individually determined as impaired: | Not past due nor impaired | Past due or impaired | Total | Not past due nor impaired | Past due or impaired | Total |
|---|---------------------------|----------------------|-------------------|---------------------------|----------------------|-------------------|
| | 2016 \$ | 2016 \$ | 2016 \$ | 2015 \$ | 2015 \$ | 2015 \$ |
| Held-to-maturity investments | 6,616,647 | - | 6,616,647 | 7,127,257 | - | 7,127,257 |
| Receivables | 7,746,515 | 64,165 | 7,810,680 | 4,260,809 | 77,580 | 4,338,388 |
| Total financial assets | 14,363,162 | 64,165 | 14,427,327 | 11,388,066 | 77,580 | 11,465,646 |

| Ageing of financial assets that are past due but not impaired for 2016 | 0 to 30 days | 31 to 60 days | 61 to 90 days | More than 90 days | Total |
|--|--------------|---------------|---------------|-------------------|---------------|
| Receivables for goods and services | - | 44,052 | 15,494 | 4,619 | 64,165 |
| Total receivables for goods and services | - | 44,052 | 15,494 | 4,619 | 64,165 |

| Ageing of financial assets that are past due but not impaired for 2015 | 0 to 30 days | 31 to 60 days | 61 to 90 days | More than 90 days | Total |
|--|--------------|---------------|---------------|-------------------|---------------|
| Receivables for goods and services | - | 55,451 | 16,058 | 6,071 | 77,580 |
| Total receivables for goods and services | - | 55,451 | 16,058 | 6,071 | 77,580 |

Note 5.1D: Market risk

Currency risk

AGWA maintains offices and conducts promotional activities in a number of countries. AGWA is exposed to a 'currency risk' as expenses for the overseas offices are paid in local currencies. Movements in currency rates between when the funds are received and expended are recognised in the Statement of Comprehensive Income as gains/(losses) on foreign exchange.

In addition, AGWA holds financial reserves to fund working capital requirements, cover revenue fluctuations caused by changing seasonal conditions and short-term marketing opportunities.

AGWA does not have a significant exposure to currency risk as at 30 June 2016.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. AGWA is exposed to interest rate risk primarily from cash and cash equivalents and term deposits.

A 1 per cent basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

Details of AGWA's interest bearing financial assets and liabilities are as follows:

- Investments consist of fixed interest rate term deposits.
- Cash and cash equivalents attract fixed and variable rates of interest.
- The impact of reasonable changes in interest rates would not be material to the financial statements for the period ended 30 June 2016.

The weighted average interest rate as at 30 June 2016 on AGWA's cash, cash equivalents and investments is shown below:

| | 2016 | 2015 |
|---------------------------|-------|-------|
| Cash and cash equivalents | 2.01% | 2.40% |
| Investments | 2.74% | 3.24% |

Sensitivity analysis

| Sensitivity analysis of the risk that the entity is exposed to for 2016 | Risk variable | Change in risk variable % | Effect on net cost of services \$ | Effect on equity \$ |
|---|---------------|------------------------------|--------------------------------------|------------------------|
| Interest rate risk | | | | |
| Term deposit | Deposit rate | +1% | 81,797 | 81,797 |
| | Deposit rate | -1% | (81,797) | (81,797) |

| Sensitivity analysis of the risk that the entity is exposed to for 2015 | Risk variable | Change in risk variable % | Effect on net cost of services \$ | Effect on equity \$ |
|---|---------------|------------------------------|--------------------------------------|------------------------|
| Interest rate risk | | | | |
| Term deposit | Deposit rate | +1% | 88,430 | 88,430 |
| | Deposit rate | -1% | (88,430) | (88,430) |

AGWA is exposed to interest rate risk in relation to cash and term deposits with NAB. The impact of a change in interest rates is disclosed in the above table.

Note 5.1E: Liquidity risk

AGWA manages liquidity risk by preparing and reviewing monthly management reports, and financial reforecasts are undertaken to ensure any increased risk is identified on a timely basis.

AGWA also has a policy to ensure sufficient reserves are retained to manage short- and long-term liquidity requirements.

All financial liabilities are expected to mature in the next 12 months.

AGWA has no derivative financial liabilities in the current year.

Note 5.2: Fair value measurements

There was no formal revaluation in 2016. Therefore no increments or decrements were adjusted through the statement of financial position.

AGWA has a policy to complete a formal revaluation, normally undertaken once every three years. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the Statement of Financial Position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that AGWA can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5.2A: Fair value measurement

| Fair value measurements at the end of the reporting period | 2016 \$ | 2015 \$ | Level | Valuation techniques ¹ | Significant inputs used |
|--|------------|------------|-------|------------------------------------|---|
| Asset class | | | | | |
| Leasehold improvements (including fit out) | – | 169,075 | 3 | Depreciated replacement cost (DRC) | Replacement cost new (price per square metre) |
| | | | | Net present value | Current obligation costs (price per square metre) |
| | | | | | Indexation rates ² |
| | | | | | Discount rate ² |
| Plant and equipment | 392,882 | 136,666 | 2 | Market approach | Adjusted market transactions |
| Total assets measured at fair value | 392,882 | 305,740 | | | |

1. There have been no changes to valuation techniques.
2. Current restoration costs have been indexed to the obligation date (generally the expiry of the lease term) using industry building cost indices relevant to the asset’s city and then discounted, where the time value of money is material using the Australian Government 5-year bond rate. The estimated provision is depreciated in line with the corresponding leasehold improvement asset.

Note 5.2B: Reconciliation for recurring level 3 fair value measurements

| | Non-financial assets | |
|--|---|----------------|
| | Leasehold improvements (including fit out) | |
| | 2016 \$ | 2015 \$ |
| As at 1 July | 169,075 | 380,281 |
| Total losses in accumulated depreciation and amortisation | (169,075) | (213,001) |
| Purchases | – | 1,795 |
| Total as at 30 June | – | 169,075 |
| Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period | – | – |

These losses are presented in the Statement of Comprehensive Income under Depreciation/amortisation expense.

Other information

Note 6.1: Reporting of outcomes

AGWA is structured to meet a single outcome; to foster and enable a competitive Australian grape and wine community by investing in research and development, building markets, disseminating knowledge and ensuring compliance.

| | 2016 \$ | 2015 \$ |
|------------------------------|------------|------------|
| Departmental | | |
| Expenses | 37,403,653 | 36,626,593 |
| Own-source income | 26,053,887 | 24,257,365 |
| Net cost of outcome delivery | 11,349,766 | 12,369,228 |

Outcome is described in the Overview section of the Notes. Net cost shown includes intra-government costs that are eliminated in calculating the actual budget outcome.

Payments to corporate Commonwealth entities are not related to the outcomes of the entity.

All of AGWA's revenues and expenses, assets and liabilities are classified as Departmental.

Note 6.2: Budgetary reports and explanations of major variances

Note 6.2: Departmental major budget variances for 2016

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10 per cent or equal to or greater than \$150,000; and
- the variance between budget and actual is greater than 2 per cent of the relevant category (Income, Expenses and Equity totals); or
- an item below this threshold but is considered important for the reader's understanding.

| Explanations of major variances | Affected line items (and statement) |
|---|---|
| Sale of goods and services | |
| Export approval services generated approximately \$800,000 more revenue than budgeted, mainly due to a significant increase in new licence applications, and a higher demand for approvals and other certificates and services. Marketing revenue was also greater than expected with unbudgeted revenue generated by a US five-city tour initiated by Department of Primary Industries and Regions SA, but executed by AGWA. | Statement of Comprehensive Income/Statement of Financial Position |
| Industry contributions/trade and other receivables | |
| As of July 2016, AGWA collected the wine export charge as part of a collection agreement with the Department. The change in collection moved the process from a cash received method to an accrual method. This transition generated an extra quarter of export levies for the 2015-16 financial year. | Statement of Comprehensive Income |
| Employee benefits | |
| The budget was completed in April 2015 and there were many staff changes during the financial year, including the creation of new roles, changes in multiple employees' hours, maternity leave being taken as well as remuneration changes. | Statement of Comprehensive Income |

| Explanations of major variances | Affected line items (and statement) |
|--|---|
| Expenditure on research and development contracts | |
| The quantum of expenditure on research and development contracts was negatively impacted by the significantly below budget receipts of Commonwealth matching contributions and industry contributions. The actual costs incurred in managing the research and development function were also higher than budgeted, which impacted negatively on the quantum of funds available for investment. | Statement of Comprehensive Income |
| Suppliers | |
| Due to the additional funds collected through the wine export charge collection, there were more funds available for non-research related expenses with additional expenditure in key strategic areas, including marketing activities in key markets. | Statement of Comprehensive Income |
| Cash and cash equivalents/trade and other receivables/other payables | |
| Prior to 30 June 2016, there was a \$2.18 million invoice raised to the Department for the Rural Research and Development for Profit projects. AGWA anticipated that this would be physically received by 30 June 2016. In AGWA's accounts, it is recorded as prepaid revenue (Other payables on the Statement of Financial Position) and outstanding on the accounts receivable trial balance (Trade and other receivables on the Statement of Financial Position). | Statement of Financial Position/ Cash Flow Statement |
| Plant and equipment/intangibles | |
| The budget included two internally-developed ICT projects which began the capitalisation phase later than expected. AGWA also invested in a server upgrade in 2015–16. | Statement of Financial Position/ Cash Flow Statement |
| Prepayments | |
| As part of the server upgrade, AGWA has prepaid a five-year support service agreement. | Statement of Financial Position |
| Operating activities | |
| Commonwealth matching claims – AGWA reached the 80 per cent gross value of production (GVP) cap in April, and any further matching claims were not paid until July 2016. | Cash Flow Statement |
| Sale of goods and rendering of services – revenue generated was greater than budgeted in the Statement of Financial Position and was driven by the increased revenue in the Regulatory Services area (new licences and other export services). | |
| Employee benefits – there is a difference in the treatment of employee benefits between the budget and the actuals, which created the variance. | |
| Investment activities | |
| Term deposits – the budget included the net impact of term deposit investment, however, the actuals represent the movement of investments into term deposits and being brought back to working capital. | Cash Flow Statement |
| GST received | |
| The variance in GST was mainly due to the decrease in research and development contract expenses, and the increase in investment in overseas markets for which GST is not collectable. | Cash Flow Statement |

Appendices

Appendix I: RD&E funded projects

| Project number | Title | Approved funding 2015–16 \$ |
|---|---|-----------------------------|
| Priority 1 | | |
| Strategy 3: Building Australian vine and wine excellence | | |
| 3.1 Grapegrowing for excellence | | |
| AWR 1306 | Agreement for industry capability building activities and research and development program (2013–17) | 83,333 |
| AWRI 5.1.3 | Administration: grapegrowing for excellence | 825,626 |
| CSL 1401 | The yield:quality nexus. Substantiating similarity in the patterns of variation in grape yield/vine vigour and indices of fruit quality | 169,546 |
| CSP 1202 | Improving industry capacity to manage the yield and wine quality relationship through understanding the influence of vine carbon balance on berry composition | 101,475 |
| CSP 1401 | Understanding and manipulating small signalling molecules to affect the yield/flavour ('quality') nexus | 443,276 |
| CSU 1501 | Developing a phone-based imaging tool to inform on fruit volume and potential optimal harvest time | 106,050 |
| NWG 1301 | Optimising grape quality and value to improve vineyard profitability and sustainability | 223,212 |
| SAR 1303 | Assessing clonal variability in Chardonnay and Shiraz for future climate change | 550,608 |
| SAR 1501 | Smartphone-based image analysis to assess vine water stress | 161,966 |
| UA 1207 | Optimising vine balance in Australian vineyards: developing a toolbox for industry to ensure best practice, sustainability and profitability | 240,397 |
| 3.2 Wine provenance and measures of quality | | |
| AWR 1202 | Assessment of relationships between grape chemical composition and grape allocation grade | 31,572 |
| AWR 1501 | Defining and exploiting the microbial genetic diversity of regionality and terroir | 61,291 |
| AWR 1502 | Winemaking interventions to modulate glutathione status: effects on white wine quality | 99,608 |
| AWR 1503 | Objective measures of Shiraz grape and wine quality in premium Australian vineyards | 46,681 |
| AWR 1505 | Further development of origin verification tools using multi-elemental isotope ratio and trace elements | 87,437 |
| AWRI 2.2.2 | Feasibility study for origin verification of Australian wine | 3,065 |
| AWRI 3.1.1 | Identification and origin of volatile compounds responsible for important wine sensory attributes | 724,160 |
| AWRI 3.1.3 | Flavour precursors: contribution to wine aroma, in-mouth sensory properties and flavour release | 229,964 |

| Project number | Title | Approved funding 2015-16 \$ |
|--------------------------------|--|-----------------------------|
| AWRI 3.1.4 | Factors affecting wine texture, taste, clarity, stability and production efficiency | 783,189 |
| AWRI 3.5.3 | Formation and fate of positive and negative sulfur compounds | 263,530 |
| AWRI 5.1.3 | Administration: wine provenance and measures of quality | 151,876 |
| CSP 1201 | Grape quality parameters that influence wine flavour and aroma: identification, confirmation and application to industry | 229,442 |
| CSU 1301 | Determination of thresholds for bunch rot contamination of grapes and techniques to ameliorate associated fungal taints | 201,010 |
| NWG 1401 | Metal ion speciation: understanding its role in wine development and generating a tool to minimise wine spoilage | 236,247 |
| UA 1202 | Objective measures for powdery mildew | 77,567 |
| UA 1205 | Objective measures of Australian sparkling wine style and quality | 62,976 |
| UT 1502 | Building and measuring the quality of fine Australian sparkling wines, through identification of the impact compounds responsible for 'autolytic character' in sparkling wine, and novel winemaking technologies to hasten autolysis | 140,522 |
| UT 1503 | Pinot Noir provenance: Australian benchmarking to support growing, making, perception of quality, and marketing to add value to the Pinot Noir supply chain | 82,753 |
| 3.3 Customer insights | | |
| AGW 1508 | R&D for Profit: market and consumer insights to drive food value chain innovation and growth | 10,000 |
| AGW 1511 | Consultancy to assist with the preparation of application(s) in round 2 of the assistance grants – Access to industry priority uses of agvet chemicals programme | 5,496 |
| NWG 1202 | Characterisation of wine avoiders and how to transition avoiders to consumers in the Australian, Canadian, US, UK and Indian markets | 69,405 |
| UA 1203 | What exactly do Australian wine consumers like? Contextual effects on perceptions and preference and the role of the wine attributes that drive both emotions and willingness to pay using the online Triple C co-creation platform. | 4,762 |
| UA 1204 | Effective use of interactive media: a pathway for wine brand growth | 8,000 |
| UA 1206 | 'Advance Australia Fair?' Determining the country of origin associations for Australian wine in emerging and established markets | 33,945 |
| UA 1501 | Harnessing Chinese social media and accelerating Australian wine exports | 21,485 |
| USA 1101 | Understanding the effect of wine education on novice Asian consumers in Australia | (1,766) |
| USA 1202 | The China wine barometer (CWB): a look into the future | 4,457 |
| USA 1204 | The cellar door as catalyst for wine consumption changes and multiplier of sales in the Australian wine market | (17,695) |
| USA 1302 | Postdoctoral researcher in wine consumer behaviour | 22,500 |
| USA 1501 | Driving the strategic growth of Australian wines in the US export market | 43,115 |
| WOP 1401 | The opportunities for further market share expansion of Australia's regional and premium price segment wines in the US market | 27,000 |
| Subtotal for Priority 1 | | 6,649,083 |

| Project number | Title | Approved funding 2015–16 \$ |
|----------------|-------|-----------------------------|
|----------------|-------|-----------------------------|

Priority 2

Strategy 4: Improving resource management and sustainability

4.1 Climate adaptability

| | | |
|------------|--|---------|
| AGW 1406 | Solar efficiency case study | 5,000 |
| AGW 1504 | Gishen consultancy – assessment of PPAs | 6,790 |
| AGW 1507 | Victorian smoke composition taint project | 10,000 |
| CSP 1504 | Evaluation of new technology and new scion-rootstock combinations for improved water use efficiency and reduced costs | 55,141 |
| GWR 1101 | Climate change research strategy for primary industries (CCRSPI) | 22,500 |
| GWR 1104 | Provision of independent technical and secretarial services to the National Working Party on Pesticide Application (NWPPA) | 5,000 |
| AGWA CRRDC | Council of Rural R&D Corporations – CRRDC | 23,109 |
| DPI 1202 | Impact of elevated CO ₂ and its interaction with elevated temperature on production and physiology of Shiraz | 315,000 |
| SAR 1304 | Cost-effective viticultural strategies to adapt to a warmer, drier climate | 431,463 |
| UA 1304 | Translation of ‘whole-of-production-chain’ wine science research to industry outcomes | 155,273 |
| UA 1502 | Using in-canopy misters to mitigate the negative effects of heatwaves on grapevines | 63,131 |
| UA 1503 | Epi-breeding – using the epigenetic memory of stress to prime Australian grapevines for a changing environment | 46,356 |
| UT 1504 | Australia’s wine future: adapting to short-term climate variability and long-term climate change | 168,116 |

4.2 Foundation data

| | | |
|----------|---------------------------------|---------|
| ABS 1401 | 2015 Vineyard census collection | 240,124 |
|----------|---------------------------------|---------|

4.3 Sustainable resource management

| | | |
|------------|---|---------|
| AGW 1509 | Troy Fischer – assessment of research project applications | 27,356 |
| AGW 1512 | Testing of unique cultivars (90–95) in the AVIA collection at Dareton | 9,100 |
| AGW 1513 | Testing of all unique cultivars (90–95) in the AGFPS collection at Monash | 10,000 |
| AWRI 2.2.3 | Informing Australia’s wine consumers through understanding issues of wine consumption, health and nutrition | 60,515 |
| CSP 1501 | Grapevine germplasm variety identification | 201,233 |

4.4 Biosecurity, pest and disease management

| | | |
|----------|---|---------|
| AGW 1405 | Plant biosecurity RD&E strategy | 9,090 |
| CSE 1301 | Rapid molecular DNA identification method for the European invasive grapevine moth Lobesia botrana | 88,337 |
| DEP 1301 | Risks and management of exotic and endemic phylloxera | 131,010 |
| PGI 1201 | Sampling strategies for sensitive, accurate and cost effective detections of phylloxera for quantifying area freedom status | 39,100 |
| SAR 1201 | Developing a threat-specific contingency plan for the exotic pest angular leaf scorch | 89,124 |
| SAR 1204 | Understanding fungicide resistance in powdery and downy mildew | 143,112 |

| Project number | Title | Approved funding 2015–16 \$ |
|--|---|-----------------------------|
| SAR 1205 | Practical management of grapevine trunk diseases | 315,845 |
| UQ 1201 | A generic approach to improving spray coverage | 115,678 |
| Strategy 5: Improving vineyard performance | | |
| 5.1 Enhancing grapevine and rootstock performance | | |
| CSP 1301 | Identification and marker-assisted selection of genes for reducing the susceptibility of new winegrape cultivar to fungal pathogens | 337,714 |
| CSP 1302 | Genetic and mechanistic characterisation of rootstock traits conferring abiotic stress tolerance to grapevines | 240,269 |
| CSP 1303 | Towards elite mildew resistant selections suitable for industry use | 403,076 |
| CSP 1304 | New rootstocks for Australian conditions | 368,391 |
| CSP 1305 | Climate change-ready varieties and management technologies that reduce GHGs in the vineyard | 101,299 |
| CSP 1306 | Genetic transformation of grapevine to test significant abiotic stress and pest resistance genes | 61,218 |
| CSP 1402 | Evaluating and demonstrating new disease resistant varieties | 49,559 |
| 5.2 Efficient and sustainable vineyard management | | |
| DAF 1401 | Soil RD&E strategy implementation – DAFF | 10,000 |
| DPI 1102 | Harnessing soil biological functions to improve grapevine management for a sustainable industry | 37,243 |
| DPI 1401 | Improved yield prediction for the Australian wine industry | 133,372 |
| MQ 1401 | Accurate and early yield predictions through advanced statistical modelling | 53,830 |
| UA 1303 | The development of a low-input under-vinefloor management | 296,939 |
| Strategy 6: Improving winery performance | | |
| 6.1 Enhanced yeast and bacterial performance | | |
| AWR 1301 | Enhanced winemaking outcomes and wine style diversification through provision of fit-for-purpose yeast starter cultures | 676,068 |
| AWR 1302 | Defining the nutritional drivers of yeast performance and matching yeast to must | 457,705 |
| AWR 1303 | Efficient and reliable malolactic fermentation to achieve specification wine style | 559,932 |
| AWR 1304 | Ensuring the continued efficacy of Brettanomyces control strategies for avoidance of spoilage | 533,208 |
| AWRI 3.2.5 | Safeguarding and realising the potential of the Australian wine microbial germplasm collection | 99,654 |
| AWRI 5.1.3 | Administration: enhanced yeast and bacterial performance | 44,766 |
| AWRI 3.3.1 | Evaluating non-conventional yeast for the production of wine that contains less ethanol | 21,174 |
| UA 1301 | Developing a fundamental understanding of the microbiological treatment of winery wastewater | 122,960 |
| UA 1302 | Fit-for-purpose yeast and bacteria via directed evolution | 474,029 |
| 6.2 Efficient winery production | | |
| 2XE 1501 | Activity-based costing tool and benchmarking database development and extension project | 43,825 |

| Project number | Title | Approved funding 2015–16 \$ |
|--|--|-----------------------------|
| AWR 1307 | Removal of lees from underneath wine to reduce wine movements and tank cleaning | 137,106 |
| AWRI 3.3.2 | Influencing wine style through management of oxygen during winemaking | 342,752 |
| TWE 1301 | Novel fining agents to heat stabilise wine | 188,207 |
| UT 1301 | Improved red wine process efficiency and product quality through enhanced phenolic extraction by controlled phenolic release (CPR) and berry pricking | 134,335 |
| Strategy 7: Enhancing market access | | |
| 7.1 Market access | | |
| AWRI 2.2.1 | Collecting and disseminating information regarding agrochemicals registered for use and maximum residue limits in Australian viticulture | 83,797 |
| AWRI 2.2.4 | Increasing Australia's influence in market access, safety, regulatory and technical trade issues | 77,888 |
| AWRI 5.1.3 | Administration: market access | 72,603 |
| WFA 1201 | Market access impediments and opportunities for the Australian wine sector | 25,000 |
| Strategy 8: Building capability | | |
| 8.1 Developing people | | |
| AGW Ph1513 | Autonomous in-vivo determination of maturity parameters | 5,000 |
| AGW H1502 | Early yield prediction: assessment of inflorescence primordia and primary bud necrosis | 6,000 |
| AGW 1505 | Barossa mentoring – Project 2 | 3,000 |
| AGW L1502 | ARLF Scholarship 2016 (Ben Paxton) | 50,000 |
| AGW H1503 | Investigation of regional influences on varietal thiols concentrations in Chardonnay and Cabernet Sauvignon wines | 6,000 |
| AGW H1504 | Effect of soil minerals on flavour and aroma compounds in Shiraz as an expression of terroir | 6,000 |
| AGT 1524 | Collaboration with Bordeaux researchers to explore genotypic and phenotypic diversity of <i>Lachancea thermotolerans</i> – a promising non- <i>Saccharomyces</i> for winemaking | 2,500 |
| AGT 1525 | Identifying further opportunities and strategies for further strain optimisation: attendance at 14 th International Conference on Yeasts (Awaji Island, Hyogo, Japan) | 1,600 |
| AGT 1526 | Travel to South America to deliver a keynote presentation at the XVII International Botrytis Symposium | 3,000 |
| AGT 1527 | Presentation and attendance at the 14 th International Congress on Yeasts and a laboratory visit at Nihon University, Japan, September 2016 | 1,600 |
| AGT 1528 | Travel support for Glenn McGourty, Extension Specialist, UC Davis | 4,500 |
| AGT 1529 | Travel bursary application | 2,000 |
| AGT 1530 | Travel bursary application | 2,500 |
| AGT 1531 | Participation at the 7 th European Conference on Sensory and Consumer Research, Eurosense (A Sense of Time) 2016, 11–14 September 2016, Dijon, France and research visits to AgroTechParis and INRA | 2,500 |
| AGT 1532 | Participation in Eurosense – Dijon, France, September 2016 | 2,500 |

| Project number | Title | Approved funding 2015-16 \$ |
|----------------|--|-----------------------------|
| GWR Ph1104 | Understanding a key regulatory step in the auxin signalling pathway involved in the control of berry ripening | 1,568 |
| GWR Ph1109 | Interactions of <i>Pseudomonas syringae</i> and <i>Botrytis cinerea</i> with the grapevine defence system | 5,636 |
| GWR Ph1110 | Innovative strategies for managing flavour, mouthfeel and alcohol in Australian wines | 7,458 |
| GWR Ph1201 | Oxidative activation of the cell cycle and its role in axillary bud development and dormancy under optimal and stressed conditions | 14,625 |
| GWR Ph1202 | Entomopathogenic fungi as potential biocontrol agents of grape phylloxera | 20,463 |
| GWR Ph1203 | The biological origin of rotundone in <i>Vitis vinifera</i> cv. Shiraz grapevine | 6,674 |
| GWR Ph1204 | Environmental management accounting as a medium for improved water management in the Australian wine industry: an empirical analysis | 940 |
| GWR Ph1206 | Colour extraction in Pinot Noir wine: does viticultural climate have an impact? | (15,347) |
| GWR Ph1209 | Evaluating native insectary plant species to boost beneficial arthropod populations in vineyards | 1,950 |
| GWR Ph1210 | Development of quality assessment tools for Chardonnay in relation to grape and wine composition | 12,905 |
| GWT 1310 | Travel to 6 th International Symposium on Phylloxera Rootstock Perspectives, Bordeaux, France | (2,640) |
| GWR Ph1304 | Indicators of vine balance and their application to rapid estimation of yield and key crop parameters | 14,608 |
| GWR Ph1305 | Inoculated mixed culture fermentations for enhanced wine quality and reliable fermentation | 14,608 |
| GWR Ph1307 | Determination of key aroma compounds in Australian rosé wine | 13,067 |
| GWR Ph1308 | Isolation and characterisation of improved lactic acid bacteria strains for optimised malolactic fermentation performance | 19,600 |
| GWR Ph1309 | Understanding Australian wine consumers' preferences for sparkling wine | 10,956 |
| GWR Ph1311 | Optimising oak expression in wine through real-time flavour profiling of maturation products | 16,272 |
| GWR Ph1313 | Finding genes in lab and wine yeasts involved in efficient nitrogen assimilation | 10,231 |
| UA 1403 | Incubator initiative: phosphorus speciation in waste biomass streams: working towards closing the P loop in wine production | 1,299 |
| GWT 1400 | Attendance at 11 th International Conference on Grapevine Breeding and Genetics, July 2014 | (970) |
| GWT 1403 | Attendance at the 1 st International Plant Proteomics Organisation (INPPO) World Congress | (2,500) |
| GWT 1408 | Attendance at the 1 st International Symposium on Grapevine Roots | (2,830) |
| GWT 1409 | Presentation at the 29 th International Horticultural Congress 2014 | (1,140) |
| GWT 1411 | Participation in Macrowine 2014: macromolecules and secondary metabolites of grapevine and wine, Stellenbosch, South Africa, 7-10 September 2014 | (2,650) |
| GWR Ph1301 | Genetic structure, survival mechanisms and spread of grapevine downy mildew populations in Western Australian and Australian vineyards | 14,608 |
| GWR Ph1315 | Genomic insights into the nutrient utilisation and wine spoilage potential of <i>Dekkera bruxellensis</i> | 14,608 |
| GWR Ph1316 | Improved treatment of winery wastewater through a detailed microbial population analysis | 14,608 |

| Project number | Title | Approved funding 2015–16 \$ |
|----------------|--|-----------------------------|
| GWR Ph1317 | Enhanced biological control of light brown apple moth in vineyards | 12,608 |
| GWR 1309 | McLaren Vale Grape Wine and Tourism Association | (7,800) |
| GWR 1310 | Barossa Grape and Wine Association | (7,800) |
| GWT 1325 | Participation in the 7 th International Workshop on Grapevine | (2,368) |
| GWR Ph1102 | Flavouring wine: improving wine quality and understanding consumer acceptability | (16,272) |
| GWR M1301 | Assessment of vineyard performance to predict wine quality | 5,000 |
| GWR Ph1306 | The influence of grapevine balance and water status during berry maturation on internal carbohydrate dynamics and leaf function | 15,347 |
| GWR Ph 1312 | Selective and deliberate use of winemaking supplements to modulate sensory properties of wine | 11,285 |
| GWR H1402 | Deliberate use of oak-derived winemaking supplements to modulate the sensory properties of low alcohol wines | (6,000) |
| GWR Ph1402 | Investigating metal complexes in wine and their effect on sulfur species production | 5,000 |
| GWR Ph1405 | Assessing the effects of water and nutrient stress on wine quality using hyperspectral remote sensing | 14,151 |
| GWR M1401 | Developing Botrytis cinerea as a potent non-GM enzyme producer for the removal of haze-forming proteins under normal winemaking conditions | (7,151) |
| GWR Ph1401 | The impact of modes of climate on vineyard performance in Australia | 26,302 |
| GWR Ph1403 | The biochemical response of grapevines to smoke exposure | 11,285 |
| GWR Ph1404 | Measuring physical availability (distribution network) of alcoholic beverages categories in light of localisation trends in globalised markets. | 10,000 |
| GWR Ph1406 | Production of lower alcohol wines PhD support | 14,151 |
| GWR Ph1408 | Optimisation of an early harvest regime – impact on grape and wine quality, and content | 1,285 |
| AGW1401 | Future Leaders | 3,413 |
| GWR Ph1407 | Non-Saccharomyces yeasts in ethanol reduction and flavour enhancement – supplementary funding application | 1,285 |
| GWT 1421 | Development of rapid and sensitive molecular diagnostic tools to detect trunk disease pathogens from environmental and plant materials | 1,931 |
| AGW 1503 | 2016 Science and Innovation Awards for Young People in Agriculture, Fisheries and Forestry – Viticulture and Oenology Award category | 22,727 |
| AGT1510 | Australia-Italy Wine and Wheat Symposium (incoming scholars bursary) | 6,000 |
| AGW L1501 | Nuffield Scholarship 2016 | 51,000 |
| AGT 1511 | Participation in 10 th International Symposium on Grapevine Physiology and Biotechnology and Collaborative Links with researchers in Italy and France | 2,500 |
| AGT 1512 | Participation in the X International Symposium on Grapevine Physiology and Biotechnology, Verona, Italy – 13–18 June, 2016 | 2,500 |
| AGT 1513 | ClimWine 2016: sustainable grape and wine production in the context of climate change – travel 2016 | 3,000 |
| AGT 1514 | Fine wine export prospects for Australia | 3,000 |
| AGT 1516 | Travel to 18 th Reinhardtsbrunn Symposium on Modern Fungicides and Antifungal Compounds, Friedrichroda, Germany, 24–28 April 2016 | 2,500 |
| AGT 1517 | Present at ICCWS 2016: ACE maceration for improved processing efficiency | 2,500 |

| Project number | Title | Approved funding 2015–16 \$ |
|--|---|-----------------------------|
| AGT 1518 | Travel grant application for attending international conferences: the 9 th International Cool Climate Wine Symposium and the Sustainable Grape and Wine Production in the Context of Climate Change International Conference | 2,500 |
| AGT 1519 | Travel bursary application for the participation at the international conference Macrowine 2016: Macromolecules and Secondary Metabolites of Grapevine and Wine | 2,500 |
| AGT 1520 | Presentation of rootstock sodium exclusion findings at Salt and Water Stress in Plants, and IWPMB 2016 | 3,000 |
| AGT 1521 | Participation at the 11 th Wartburg Flavour Chemistry and Biology (Germany) and Macrowine 2016 (Switzerland) | 2,500 |
| AGT 1522 | Soft pruning to maintain long-term structure and health of grape vines | 4,000 |
| AGT 1515 | Participation in the Wartburg Flavour Chemistry and Biology symposium in Germany and the Macrowine 2016 symposium in Switzerland – the biochemical response of grapevines to smoke exposure | 3,000 |
| AGW Ph1501 | Bioprospecting the regional genetic diversity of Australian wine microbiota | 5,713 |
| AGW Ph1502 | Genetic mechanisms that underpin chloride and sodium exclusion in grapevine germplasm | 6,856 |
| AGW Ph1503 | Decoding the unique terroir of Australian wines using a multi-omics approach | 4,571 |
| AGW Ph1504 | A low power flexible sensor network system for viticulture | 6,856 |
| AGW Ph1505 | Process control of objective wine quality parameters during fermentation using novel simulation models | 6,856 |
| AGW Ph1507 | A cross-cultural study of the impact of Australian wines of provenance and food pairings on the consumer gastronomic experience | 6,856 |
| AGW Ph1508 | Objective measures of sparkling wine quality | 6,856 |
| AGW Ph1509 | Impacts of viticultural conditions and juice composition on the oxidative and reductive development of wine | 3,088 |
| AGW Ph1510 | Identification and understanding of Saccharomyces and Oenococcus interactions in co-inoculated cultures for development of robust inoculation pairs in wine fermentation | 4,571 |
| AGW Ph1511 | Developing Botrytis cinerea as a potent non-GM enzyme producer for the removal of haze-forming proteins under normal winemaking conditions | 20,568 |
| AGW Ph1512 | Origin of varietal thiols: environmental and winemaking effects | 6,856 |
| Strategy 9: Business intelligence and measurement | | |
| 9.1 Business intelligence | | |
| Market research | Market intelligence and research | 487,407 |
| Project Bacchus | Project Bacchus (was Foundation data) | 109,899 |
| 9.2 Measurement | | |
| GWR 1308 | Consultancy agreement – IDA Economics Pty Ltd | (6,400) |
| Subtotal for Priority 2 | | 10,131,159 |

| Project number | Title | Approved funding 2015–16 \$ |
|----------------|-------|-----------------------------|
|----------------|-------|-----------------------------|

Priorities 1 and 2

Strategy 10: Extension and adoption

10.1 Extension and adoption

| | | |
|---------------------------------|--|------------|
| AGW 1402 | Development of the 'Lean' guide and extension delivery plan | 40,168 |
| AGW 1502 | Grape & Wine 2015 [Winemakers' Federation of Australia] | 60,000 |
| AGW 1506 | Review and evaluate Wine Australia information resources | 5,475 |
| AGW 1510 | Review current extension-related activities delivered by the Australian Grape and Wine Authority (trading as Wine Australia) considering current practice, and provide recommendations on how best to evaluate extension to demonstrate value in social and economic terms | 29,000 |
| AWRI 4.1.1 | The staging and conduct of extension programs | 371,694 |
| AWRI 4.1.2 | Specialised technical troubleshooting and responsive helpdesk services for the Australian wine sector | 682,810 |
| AWRI 4.1.3 | Library service | 194,362 |
| AWRI 4.1.4 | Communication with stakeholders | 212,002 |
| AWRI 5.1.3 | Administration: extension and adoption | 653,655 |
| CSU 1401 | Information-seeking and research adoption (bridging funding) | 6,400 |
| DPI 1403 | NSW extension support | 7,500 |
| GRP 1301 | GWRDC Regional Plan – Riverina 2013–17 | 125,000 |
| GRP 1302 | GWRDC Regional Plan – Greater Victoria 2013–17 | 50,000 |
| GRP 1303 | GWRDC Regional Plan – Tasmania 2013–17 | 25,000 |
| GRP 1304 | GWRDC Regional Plan – SA North 2013–17 | 49,995 |
| GRP 1305 | GWRDC Regional Plan – Murray Valley 2013–17 | 124,940 |
| GRP 1306 | GWRDC Regional Plan – Limestone Coast 2013–17 | 48,445 |
| GRP 1307 | GWRDC Regional Plan – SA Central 2013–17 | 48,467 |
| GRP 1308 | GWRDC Regional Plan – Greater NSW and ACT 2013–17 | 37,170 |
| GRP 1309 | GWRDC Regional Plan – Western Australia 2013–17 | 47,796 |
| GRP 1310 | GWRDC Regional Plan – Queensland 2013–17 | 25,000 |
| GRP 1311 | GWRDC Regional Plan – Riverland 2013–17 | 116,920 |
| GWR 1303 | Rootstock selector tool | 1,440 |
| VIN 1501 | ACE winery trial | 39,398 |
| UA 1401 | Incubator initiative: wine industry RD&E: developing partner co-creation capabilities | 1,488 |
| WIT 1501 | Wine Tasmania extension support – Project 2 | 25,000 |
| AGWA IN | Innovators' Network | 50,487 |
| AGWA RP | Regional Program | 9,547 |
| AGWA W&R | Innovators' Network Review | 13,549 |
| AGWA PMS | Project Management System | 162,037 |
| Subtotal for Priorities 1 and 2 | | 3,264,745 |
| Grand total | | 20,044,987 |

Appendix II: Provider and management codes

| Code | |
|------------|---|
| 2XE | 2XE |
| ABS | Australian Bureau of Statistics |
| AGT | Travel bursary |
| AGW | AGWA |
| AGW H | Honours scholarships |
| AGW Ph | PhD scholarships |
| AGW L | Leadership investment |
| ARR | Arris |
| AWR | Australian Wine Research Institute |
| AWRI | Australian Wine Research Institute |
| CSL | CSIRO Land and Water |
| CSP | CSIRO Plant Industries |
| CSE | CSIRO Ecosystem Sciences |
| CSU | Charles Sturt University |
| DAF | Department of Agriculture, Fisheries and Forestry |
| DAW | Department of Agriculture and Food Western Australia |
| DEP | Department of Economic Development, Jobs, Transport and Resources |
| DPI | Department of Primary Industries |
| GRP | Regional Program |
| GWR | Grape and Wine Research and Development Corporation |
| GWR M | GWRDC Masters scholarships |
| AGWA CRRDC | GWRDC Council of Rural R&D Corporations – CRRDC |
| AGWA PMS | Project management (CIMS) |
| AGWA W&R | Workshops and reviews |
| GWT | GWRDC travel bursary |
| MQ | Macquarie University |
| NWG | National Wine Grape Industry Centre |
| PGI | Vinehealth Australia (Phylloxera and Grape Industry Board of South Australia) |
| SAR | South Australian Research and Development Institute |
| TWE | Treasury Wine Estates |
| UA | The University of Adelaide |
| UQ | University of Queensland |
| USA | The University of South Australia |
| UT | University of Tasmania |
| VIN | Vinventive |
| WIT | Wine Tasmania |
| WFA | Winemakers' Federation of Australia |
| WOP | Wine Opinions |

Appendix III: Glossary of acronyms and terms

| Term | Description |
|------------------------------|---|
| \$A | Australian dollar |
| A/B Grade | wine grapes purchased for \$1500 or more per tonne |
| ABS | Australian Bureau of Statistics |
| ACE | accentuated cut edges |
| AGWA | Australian Grape and Wine Authority |
| AGWA Act | <i>Australian Grape and Wine Authority Act 2013</i> |
| ALS | angular leaf scorch |
| APEC | Asia-Pacific Economic Cooperation |
| Auxin NAA | auxins are a class of plant hormones that promote growth by promoting both cell division and cell expansion. Naphthalene acetic acid (NAA) is a synthetic plant hormone in the auxin family |
| AWRI | The Australian Wine Research Institute |
| Brettanomyces | A spoilage yeast, also known as Dekkera |
| ChAFTA | China–Australia Free Trade Agreement |
| CSIRO | Commonwealth Scientific and Industrial Research Organisation |
| cytokinins | cytokines are a class of plant hormones that promote growth by promoting cell division |
| DNA | Deoxyribonucleic acid |
| Efic | Export Finance and Insurance Corporation |
| FL2015 | Future Leaders 2015 |
| FOB | Free-on-board |
| FOI Act | <i>Freedom of Information Act 1982</i> |
| FTA | Free trade agreement |
| GC-MS | Gas chromatography-mass spectrometry |
| GI | Geographical indication |
| GIC | Geographical Indications Committee |
| HKT sodium transporter genes | high-affinity potassium transporter (HKT) sodium transporter genes produce proteins that control sodium entry into plant roots |
| IAA-Asp | indole-3-acetic acid aspartate (IAA-Asp) is a conjugate form of the native auxin, indole-3-acetic acid; a plant hormone |
| ICT | Information and communications technology |
| IPS | Information Publication Scheme |
| Landed price | the total cost of a landed shipment including purchase price, freight, insurance, and other costs up to the port of destination. In some instances, it may also include the customs duties and other taxes levied on the shipment |
| Lean Production | A production philosophy centred on making obvious what adds value by reducing everything else |
| MS | Master Sommelier |
| MW | Master of Wine |
| NDP | National Diagnostic Protocol |
| NSW | New South Wales |
| ODWS | One Day Wine School |
| PBR | plant breeder's rights |
| PGPA Act | <i>Public Governance, Performance and Accountability Act 2013</i> |
| PGR | plant growth regulator |

| Term | Description |
|------------|--|
| RDC | Research and Development Corporation |
| RD&E | research, development and extension |
| R&D | research and development |
| SA | South Australia |
| SPHD | Subcommittee on Plant Health Diagnostics |
| the Code | Australia New Zealand Food Standards Code |
| tryptophan | tryptophan is a naturally occurring amino acid |
| TWE | Treasury Wine Estates |
| UK | United Kingdom |
| US | United States |
| US\$ | US dollar |
| UPA | User-pays activities |
| Vic. | Victoria |
| WA | Western Australia |
| WCA | Wine Communicators of Australia |
| WFA | Winemakers' Federation of Australia |
| WGGA | Wine Grape Growers Australia |
| WWTG | World Wine Trade Group |

Appendix IV: Compliance index

The Annual Report must be prepared by the Directors of AGWA in accordance with section 38 of the *Australian Grape and Wine Authority Act 2013*, section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the PGPA Rule 2014 and the Funding Agreement 2015–2019.

| Contractual/Legislation details | Report page No. |
|---|---------------------------------|
| AGWA Funding Agreement 2015–19 | |
| Contribution to the implementation of relevant Industry sector and cross-sectoral strategies under the RD&E Framework | 12, 14, 56 |
| The rationale for the mix of projects included in the Balanced Portfolio | 21–61 |
| Report on research extension activities | 54, 56 |
| Collaboration with industry and other research providers | 11, 12, 14, 32–56 |
| Identify sources of income including separate identification of the Levy, the Charge, Commonwealth Matching Payments and other form of income including Voluntary Contributions | 19, Financial Statements 63–101 |
| Full cost of R&D and other activities with costs being allocated in accordance with the Cost Allocation Policy | 19, Financial Statements 63–101 |
| Progress in implementing strategic plan including progress against the plan's KPIs | 21–59 |
| Bring the KPIs for each program in the strategic plan and AOP together and demonstrate how the deliverables funded advanced the outcomes | 22, 30–38, 43–58 |
| Assessment of the efficiency and effectiveness of investments | 22–58 |
| Progress in implementing the Guidelines* | 59–61 |
| Consultation with the ROs on plans and activities | 14, 57 |
| Other relevant matters notified to AGWA by the Commonwealth by 30 June | 72 |
| Australian Grape and Wine Authority Act 2013 | |
| Particulars of a Minister's direction and any impact of the direction on the operations of the Authority | 71 |
| A report on the operations of the Geographical Indications Committee and set out all final determinations and translations of such indications made by the Committee | 70 |
| Grape or wine R&D activities coordinated or funded, wholly or partly during the period | Appendix 1 |
| The amount spent in relation to each of those activities | Appendix 1 |
| Which of those activities related to ecologically sustainable development (if any) | 38–40, 43–45, 49 |
| The impact of those activities on the grape industry and wine industry | 38–40, 43–45, 49 |
| Agreements entered into under section 10A and/or 10B and the activities during the period in relation to agreements entered into under that section | Appendix 1 |
| Assessment of the extent to which AGWA's operations during the period have: | |
| • achieved the Authority's objectives as stated in its strategic plan | 5–13, 22–59 |
| • implemented the AOP applicable to the period | 5–13, 22–59 |
| Assessment of the extent to which AGWA has contributed to the attainment of the objects of the AGWA Act | Entire report |
| Information from its GIC on its operations | 70 |
| Public Governance, Performance and Accountability Act 2013 | |
| Include a copy of the annual performance statements | 20 |
| Include a copy of the annual financial statements and the Auditor-General's report | Financial Statements 63–101 |

| Contractual/Legislation details | Report page No. |
|--|--------------------------|
| Public Governance, Performance and Accountability Rule 2014 | |
| Report must be approved and signed by accountable authority and include details of how and when approval was given and state that accountable authority is responsible for the preparation and contents of the Annual Report (as required in s. 46 of the PGPA Act and in accordance with the Finance Minister's Orders) | 4 |
| Report must comply must comply with the guidelines for presenting documents to the Parliament | Entire report |
| Report must be constructed having regard to the interests of the Parliament and other users. Information included in the report must be relevant, reliable, concise, understandable and balanced | Entire report |
| Report must specify the enabling legislation and include a summary of its objects and functions and the purpose of the entity (from R&D Plan) | 14, 70–71 |
| Report must specify the name of the current and previous responsible Minister | 71 |
| Report must provide details of: | |
| • Directions issued under legislation by the responsible Minister, or other Minister | 71 |
| • General policy orders (GPO) that apply to the RDC under s. 22 (PGPA Act) | nil |
| Report must provide particular of any non-compliance of a direction or GPO | |
| Must include information about the directors including names, qualifications, experience, attendance of board meetings, and whether the director is an executive or non-executive director | 62–67 |
| Must provide an outline of the organisational structure, including subsidiaries*, location of major activities and facilities and information on the main corporate governance practices | 67–68, inside back cover |
| Must include information on the main corporate governance practices | 67–70, 72–73 |
| Highlight significant activities and changes that affected the operations or structure during the financial year | 5–13, 15–18 |
| Include particulars of judicial decisions and, decisions of administrative tribunals | 72 |
| Must include details of any indemnity given to the accountable authority, any member of accountable authority or officer against a liability, including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs | 73 |
| Must provide an index an index identifying where the requirements of s. 17BE are to be found | Appendix IV |

* 'Guidelines' for the 2015–16 Annual Report are the Rural R&D Priorities, the Science and Research Priorities and the Levy Principles and Guidelines in relation to the introduction of new levies or changes to existing levies (if applicable).

Appendix V: Alphabetical index

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| Annual Operational Plan 2015–16 | 10, 48, 114 |
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| <i>Australian Grape and Wine Authority Act 2013</i> | 1, 10, 26, 54, 59, 61, 90, 112, 114 |
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