



Australian Government

Australian Grape and
Wine Authority

Australian Grape and Wine Authority Annual Report 2016–17



Contents

1–23 Year in review

- 2–5 Highlights 2016–17
- 6–9 Chair’s report
- 10–13 CEO’s report
 - 14 Our role
 - 15 Strategic priorities
 - 16 Targets and outcomes 2016–17
- 17–23 Performance 2016–17

26–55 Activities and achievements

- 26–29 Performance against Strategic Plan
- 30–38 Priority 1: Increasing demand and premium paid for Australian wine
- 39–51 Priority 2: Increasing competitiveness
 - 52 Priorities 1 & 2: Extension and adoption
- 53–55 Supporting functions

58–70 The organisation

- 58 Organisational structure and statement on governance
- 58–63 The Board
- 64–65 Board Committees
 - 66 Geographical Indication Committee
 - 66 Legislative Review Committee
- 67 Management and staff
- 68–70 Other reporting requirements

74–111 Financial statements

- 74–75 Statements by Chair and Chief Financial Officer
- 76–77 Independent auditor’s report
 - 78 Statement of comprehensive income
 - 79 Statement of financial position
 - 80 Statement of changes in equity
 - 81 Cash flow statement
- 82–84 Notes to and forming part of the financial statements
- 85–90 Financial performance
- 91–98 Financial position
- 99–100 Funding
- 101–103 People and relationships
- 104–109 Managing uncertainties
- 110–111 Other information

114–132 Appendices

- 114–122 Appendix I: RD&E funded projects
- 123 Appendix II: Provider and management codes
- 124–125 Appendix III: Glossary of acronyms and terms
- 126–128 Appendix IV: Compliance index
- 129–132 Appendix V: Alphabetical index



Australian Government

Australian Grape and Wine Authority

20 September 2017

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 2016-17* for the year ended 30 June 2017.

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.

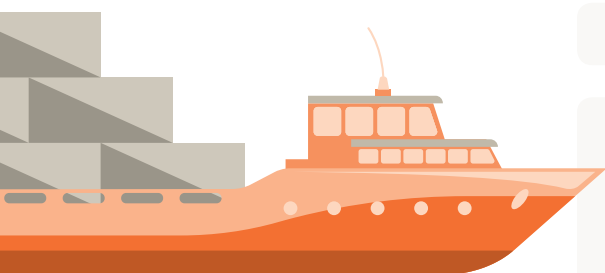
Yours sincerely,

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

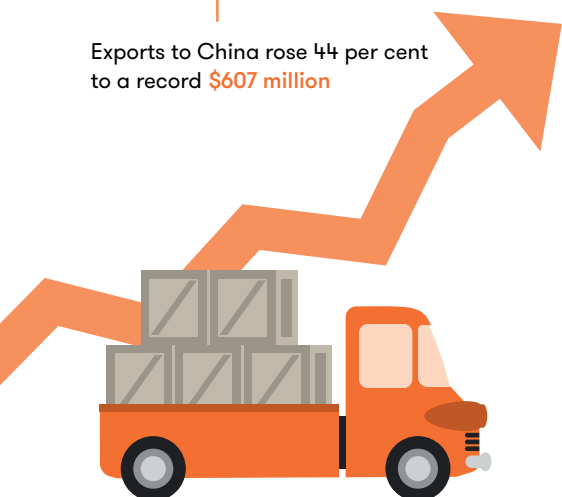
Brian Walsh
Chair
Australian Grape and Wine Authority

Highlights 2016-17

Wine sector growth



Exports to China rose 44 per cent to a record **\$607 million**



Australian wine was exported to **125 markets**

↑ **10%**

Australian wine exports grew 10 per cent in value.

↑ **21%**

There were a record **1997 active exporters** — an increase of 21 per cent.

67%

67 per cent of exporters contributed to the **overall increase in exports**.

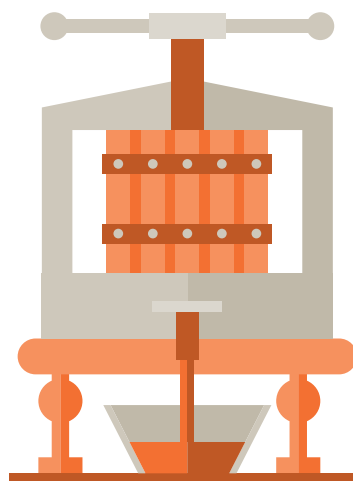


The average purchase price for grapes across all varieties was the **highest since 2008**.

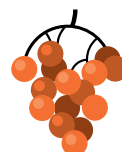
The average value of exports was the **highest since 2008-09**.



Research conducted by Wine Intelligence shows Australian wine has a **very positive image** among Chinese imported wine consumers.



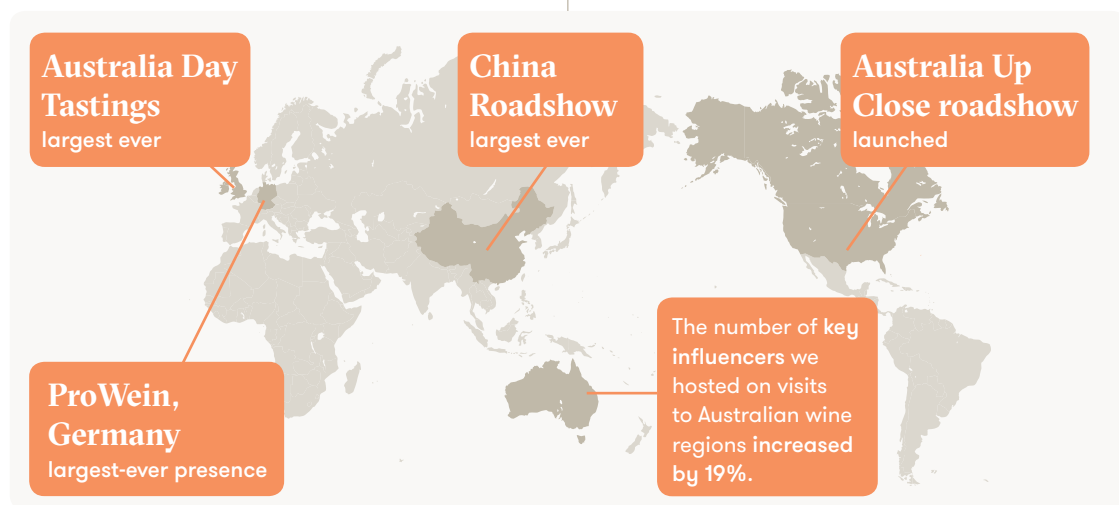
The **winegrape crush** rose 5 per cent in volume and 13 per cent in value.



The proportion of A and B grades purchased **increased** from 6.4 per cent to 7.4 per cent.

Wine Australia events

Wine Australia hosted **130 marketing activities** in key markets in 2016–17.



At our events

90% of surveyed exhibitors were satisfied.

97% of attendees were satisfied.

Participants in master classes rated the quality of Australian wine at 8.3/10 before the event and 9.2/10 afterwards — an **increase of 11%.**

We work closely with Tourism Australia, state tourism commissions and regional associations to **build international awareness** of Australia's fine food and wine culture.

ProWein comments

'I was impressed with the Wine Australia stand, and the events and wineries really showed off the diversity and quality of Australian wine.'

German wine educator

'Incredible tastings and master classes at the Wine Australia stand. Even if I had stayed here for the entire ProWein, I wouldn't have been able to discover all that Australia has to offer as there is so much.'

Italian wine consultant and sommelier

Export assistance

When we surveyed our stakeholders:

99.7% found our **Export Assistance Team** very helpful or somewhat helpful.

82% were satisfied with their **Label Integrity Program audit**.

94% found the **online export approval system** very easy or somewhat easy to use.

80.8% were satisfied with our **Market Insights services**, which have a National Promoter Score of 25 [where above 20 is 'good'].



Export Market Guides are now available for **33 key markets**.



We implemented an **automated system** for generating export certificates more efficiently.



We created a **joint Market Access Team** with the Winemakers' Federation of Australia (WFA) and the Australian Wine Research Institute (AWRI) to support the sector in export markets.

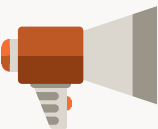
Information

We engaged stakeholders through

73 e-newsletters

41 media releases

11 campaign emails.



Our monitoring measured **3352 articles** about Wine Australia in print, broadcast and online media.



We handled more than **2000 enquiries**.



We **upgraded our digital assets**, including a bold new web site to better tell the stories of Australian wine.



Subscriptions to our RD&E e-news **increased by 13 per cent to 2189**.

Subscriptions to our Weekly Market Bulletin **rose 62 per cent to 861**. The average open rate was 47 per cent and the average click rate 17 per cent [industry averages for agriculture and food services are 25 per cent and 3 per cent].

Developing people

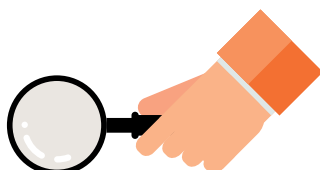


The seventh intake of the successful **Future Leaders program** began in June 2017, with 16 participants chosen from a very strong field.



We offered seven new **postgraduate scholarships** and supported travel for 20 outgoing scholars.

Regulatory



We conducted **246 audits** to ensure the truth and reputation for truthfulness of Australian wine. A culture of compliance was reinforced outside the auditing program through direct engagement with stakeholders and education initiatives.

We **analysed more than 300 Australian wines** to monitor compliance with the Australia New Zealand Food Standards Code.

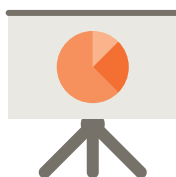
RD&E



We managed **246 research projects** during 2016–17, with 57 completed during the period.



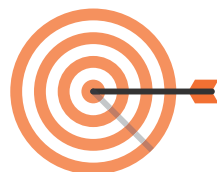
We introduced an **innovative Incubator Initiative** to support early career researchers and foster stronger links between wine regions and R&D.



AGWA funding supported the AWRI in delivering **46 roadshow workshops and seminars**, attracting 1152 participants. In surveys, 87.1% of participants rated these sessions at 4/5 or higher.



New projects are investigating the **use of digital technologies**, including hyperspectral imaging, ultra wideband radar, LiDAR and NIR, to simultaneously measure grapevine canopy parameters, crop condition, disease status, bud fruitfulness and yield.



An independent analysis of AGWA-funded research across five themes showed an **aggregated benefit-cost ratio of 2.4 to 1** on the selected projects.

Chair's report



Chair, Brian Walsh

It has been another very encouraging year for AGWA and for Australian wine, with both statistical and anecdotal evidence showing that we are back in vogue and that global consumers are increasingly aware of the quality of our wine and the diversity of our unique regions.

Australian wine exports grew an impressive 10 per cent by value to \$2.31 billion and 7 per cent by volume to 778 million litres in 2016–17. The average value of exports rose 3 per cent to \$2.97 per litre free on board (FOB), which is the highest level since 2008–09.

There was growth across virtually all price points, with the strongest rate in the \$30–49.99 per litre category. And there were more wineries keen to share their wines with the world. The number of active exporters rose from 1648 to a record 1997 during the year, with 1348 of them contributing to the overall increase in exports.

Importantly, the impact of this growth was felt throughout the sector. The 2017 winegrape crush was up 5 per cent by volume and an impressive 13 per cent by value, to \$1.22 billion. The average purchase price across all varieties increased 7 per cent to \$565 a tonne — the highest since 2008.

China leads the way

Australian wine's exceptional growth in mainland China continued, with the value of exports up 44 per cent to a record \$607 million. By value, Australia now holds a 24 per cent share of wine imported by mainland China, behind only France with a 41 per cent share. Our exports are growing at much faster rates than most major competitors.

During the year, we commissioned independent research from Wine Intelligence that showed pleasing signs about our positive image among Chinese consumers of imported wine. Of those surveyed:

- 90 per cent said they like the grape varieties we produce
- 86 per cent would be proud to serve wines from Australia
- 85 per cent believe Australia has distinctive wine-producing regions
- 84 per cent see Australian wine as being food friendly
- 78 per cent view Australian wine as an expensive/fine wine.

The picture is also good in the US, where exports rose 3 per cent to \$464 million, the highest value since 2011–12, and there was a significant 21 per cent increase, to \$43 million, in exports of \$10 per litre or more FOB.

Exports to the UK, our largest market by volume, fell 7 per cent by value to \$341 million, but there was strong growth at the higher price points.

Building our profile further

Given our strong growth in both China and the US, the timing could not be better for the start of activities under the Australian Government's four-year \$50 million Export and Regional Wine Support Package.

This major investment in our sector was announced in May 2016, and the 2016–17 financial year was dedicated to consultation with the grape, wine and tourism sectors and planning to ensure we developed a program that will optimise export growth and increase wine-related tourism.

I would like to thank the Winemakers' Federation of Australia (WFA) and Australian Vignerons (AV) for working so closely and collaboratively with us through the consultation and development phases. Their support has been invaluable. We had an impressive level of engagement through meetings in each state, facilitated workshops and written submissions.

An Industry Reference Group, chaired by the President of WFA, brought together expertise from each state wine industry association, winemaking, grape growing and tourism. The Group worked with ACIL Allen Consulting to help develop the Business Plan and associated planning.

Pleasingly, the Business Plan was approved by the Government, and in the new financial year our focus will turn to delivery of the activities and grants to underpin growth in exports and regional tourism. While we are responsible for delivery of the package, we will continue to work closely with WFA and AV to realise the full benefits.

Making an impact

Our activities through the Export and Regional Wine Support Package will be building on the strong foundation of improved perceptions of Australian wines that was created by our events and activities in 2016–17.

Our Artisans of Australian Wine event in London was named 'trade event of the year' by *Drinks Business*; the Australia Day Tastings in London, Dublin and Edinburgh go from strength to strength; we had our strongest ever presence at ProWein in Germany; more than 2000 wine buyers, trade and media attended the Wine Australia China Roadshow 2017; and we hosted 50 sommeliers at a special Somms of the World event in Australia to coincide with the World's 50 Best Restaurants 2017. Some 97 per cent of the attendees we surveyed said they were satisfied with our events.

When we spoke with the sommeliers who participated in the Somms of the World, 95 per cent gave the program a 5-star rating (and the other

5 per cent gave a 4-star rating) and 95 per cent said their knowledge of Australian wine had significantly or greatly improved.

The strong educational component of our activities led to improved perceptions of Australian wines more broadly. People who attended master classes rated the quality of Australian wine at 8.3/10 before the master class and 9.2/10 after it — an increase of 11% on the strength of what they had seen, heard and tasted.

Thinking about terroir

We asked the visiting sommeliers to play a small cameo in our \$5.3 million research initiative to understand and refine the expression of Australian Shiraz terroir that we launched in January 2017. At an event showcasing a selection of our finest Shiraz, we asked them how they perceive the differences and similarities between Australian Shiraz from different regions and between Australian and non-Australian wines.

There are five separate projects as part of this initiative, all aiming to develop knowledge that will allow grapegrowers and wine producers to optimise the expression of terroir in their wines, if they wish to do so. As Shiraz is the largest single wine variety in Australia, it seemed the obvious place to start.

We know that unique Australian terroirs exist and that climate, topography, soil chemistry and soil physical properties are the key factors contributing to the differences between wines from different sites. What these projects seek to do is to understand how these environmental signals translate into physiological changes in grapevines that result in changes in berry composition and in turn result in the expression of terroir in wines.

When we understand how these environmental signals work, we can then understand how grapegrowers can refine the expression of terroir and uniqueness in their vineyards, so that they can produce wines that express their unique terroir with greater confidence and obtain the premium such wines warrant.

Stronger research partnerships

During 2016–17, we developed a new model for grape and wine research funding based around developing longer-term investment agreements with the major institutions that are our key research providers.

Under these agreements, each organisation will receive funding for a pool of research in areas of recognised expertise, rather than funding for a series of individual projects. The aim is to provide greater certainty for researchers and the sector, and to ensure Australia's technical capabilities in key areas are maintained.

We believe longer-term bilateral agreements with those that are leading research efforts in specific priority areas of our Strategic Plan have several advantages. Our partners will be better able to make strategic investments and plan for the future, and they will have greater flexibility to pursue promising research results within an overall agreed framework. There also will be significant savings for us in administering the full research program.

We expect to finalise the first of these partnerships early in the new financial year.

Partnership with Efic continues

In February 2017, we renewed our partnership with Australia's export credit agency Efic, which provides export finance solutions for small and medium enterprise (SME) exporters and those in an export supply chain.

The aim is to help Australian wine producers better understand how Efic's range of loans and guarantees can assist them to take advantage of new export opportunities created by the growing demand for Australian wine.

Strategic and agile

The 2016–17 year was the second under AGWA's 5-year Strategic Plan, which sets out our 2 priorities and 12 related strategies that guide our investment in marketing activities, information provision, regulatory services and research, development and extension (RD&E). The *Activities and achievements* section of this report talks directly to those priorities and strategies.

Our goal as an organisation is to help create a prosperous Australian grape and wine community by:

- increasing demand and the premium paid for all Australian wine, and
- increasing competitiveness.

To achieve this in the current trading environment, it is more important than ever that we are agile, we monitor new trends, we continuously engage with our levy payers to better understand their commercial needs, and we act quickly on new opportunities.

I encourage all of our levy payers to partner with us so that we can support their strategies to achieve long-term prosperity.

Thank you

It has been a year of significant achievement and I would like to thank AGWA's directors Eliza Brown, Deputy Chair Brian Croser AO, David Dearie, Edouard Peter, Mary Retallack, Keith Todd and Kim Williams AM for their strong support and significant contributions.

I would also like to thank our CEO Andreas Clark and the global team for their hard work and commitment. AGWA exists to support a prosperous Australian grape and wine community, and everyone involved with the organisation can be proud of what has been achieved during the past year.

CEO's report



CEO, Andreas Clark

AGWA's goal is to support a prosperous Australian grape and wine community through strategic investment in marketing, RD&E, market insights and analysis, and by helping producers meet export and market requirements.

During 2016–17, in line with our Strategic Plan and priorities, there was a particular focus on expanding our presence and impact in key markets — highlighting the quality of Australian wine, our regional diversity and our unique stories.

Our strategy is based around promoting Australia's entire offering by sharpening the focus on, and understanding of, our more premium or fine wines. This is not because we only want to sell more premium wine, but because we know that our ability to motivate consumers to spend more on our wine is being hampered by a view in some key traditional markets, such as the US and UK, that the beginning and end of the Australian wine category is our affordable, commercial wine.

Our messaging is all about presenting and celebrating the diversity and depth of our wines, regions, people and stories. In a highly competitive marketplace, it is about finding and communicating those messages that will motivate the trade and consumers to choose our wines.

This provides enormous opportunities for grapegrowers, winemakers and wine businesses to shape the next chapter of the Australian wine story.

Talking to the world

This year was our biggest yet when it comes to engaging directly with key influencers in key markets.

In North America, we turned heads with our 20-day Australia Up Close roadshow, which visited LA, Dallas, Chicago, New York and Boston before heading north to Montreal, Toronto, Ottawa and Vancouver.

We explored a new theme in each of the US cities; 12 different Shiraz squared off against each other in Dallas, for example, while the likes of Dolcetto, Vermentino, Viognier and Savagnin told an alternative variety story in Chicago. In all, we introduced a high-profile audience to 200 wines from 74 wineries in 35 regions. I was able to be a part of the roadshow, and the feedback I received was as good as I've heard at any Wine Australia event.

ProWein in Düsseldorf is the pre-eminent global gathering for commercial business, so we upped the ante there as well, with support from the record 76 wineries that joined us on the Wine Australia stand. We invested in a lot more meeting space this year to make it easier for exhibitors to talk business. This comment from one of our participants

was particularly pleasing: ‘We sought and found quality new business at ProWein 2017 and expanded business with our current business partners. Visitors were higher quality customers who knew what they wanted and the interest in the Australian category has improved.’

In the UK, we introduced the Artisans of Australian Wine event to showcase new-wave craft winemakers. The venue was a nightclub in London’s trendy Shoreditch, and *Drinks Business* called it the trade event of the year. We also held an expanded Australia Day Tasting in London, Edinburgh and Dublin, and total attendances were just shy of 1200. This has become a much-anticipated event on the wine calendar and it was great to see 58 wineries exhibiting for the first time.

Our China Roadshow was the biggest yet, with more than 2000 wine buyers, trade and media attending. We held a networking dinner in Beijing and partnered with PIRSA (Primary Industries & Regions South Australia) to highlight the food and wine of South Australia. We also showcased the remarkable aging ability of some of Australia’s finest wines in a series of aged wine master classes in Beijing, Shanghai and Guangzhou. Wines from a range of regions were featured, with guests tasting a current vintage and one that was at least 10 years old.

Our final big-ticket event was held here in Australia. Somms of the World allowed us to leverage the decision to hold the prestigious World’s 50 Best Restaurants awards in Melbourne in April 2017 and treat some of the world’s leading sommeliers to a special wine experience. The sommeliers came from eight different countries — including China, the US, the UK, Japan and Singapore — and we took them to 5 cities and 13 regions on a tour that exposed them to 650 wines and around 125 winemakers. The response was fantastic, and we were delighted to again partner with Tourism Australia to showcase Australia’s outstanding food and wine culture to an international audience.

Efficient regulatory systems

It is critical that we build strong relationships with regulatory authorities in our main export destinations. To that end, we have initiated a series of reciprocal visits with the Chinese regulator, the CNCA, which will continue throughout 2017–18.

We also brought together key personnel from WFA and the Australian Wine Research Institute (AWRI) to work with our staff in a joint Market Access Team. This will ensure our activities in this area are coordinated, all critical matters are addressed and duplication of effort is avoided.

There has been a good response to the new automated system we developed and implemented for generating export certificates, which

has greatly increased the efficiency of the process and cut red tape for exporters.

During the year, we also analysed more than 300 Australian wines to monitor compliance with the Australia New Zealand Food Standards Code.

Supporting research strengths

The year saw two important developments that will further enhance our ability to support a vibrant and effective research community tailored to the needs of the sector.

As Brian has noted, we are close to finalising arrangements for new long-term investment agreements with key research organisations that will facilitate even more targeted RD&E in our priority areas. I have no doubt this will allow us to consolidate traditional research strengths and build new ones, while also providing greater certainty for all parties. Research remains one of Australia's great competitive advantages.

The second development was the introduction of an Incubator Initiative to foster stronger links between wine regions and R&D and support emerging researchers who wish to move into the grape and wine sector. It is open to all early career researchers (defined as someone who has less than five years' postdoctoral or post-Masters research experience) working for an Australian-based research organisation. The projects are selected from those that wine regions have identified as priorities. Up to \$20,000 is available per project, which is matched by a co-contribution — cash or in-kind — from the organisation where the researcher is employed.

You will find a detailed overview of our research program elsewhere in this report, but I would like to highlight four outcomes in particular:

- pMapp, the smartphone tool for powdery mildew assessment in vineyards, was released globally in November 2016, following its exclusive use in Australia for the 2015–16 season. A complementary website was launched at the same time, following extensive sector consultation.
- A diagrammatic key and smartphone app, with supporting online training resource, was developed to improve visual assessment of powdery mildew in vineyards. This was received enthusiastically by the sector.
- A project on smoke taint was initiated through the Rural R&D for Profit program. A network of seven remotely accessible smoke detectors has been established throughout Victoria to collect data during smoke events.
- New research is under way to investigate the effect of differing wine region climates on the incidence, severity and management of Eutypa and Botryosphaeria fungal trunk disease.

A dynamic new online presence

We unveiled a bold new web site during the year so that we can better tell the stories of Australian wine, its people and places. This was a significant investment in our digital assets that reflects the importance of continually presenting fresh, new and dynamic content to wine influencers, the trade, consumers, the media and other stakeholders.

The site also makes it easier for levy payers to find out about and access our expanding suite of services by bringing all of our marketing, RD&E, regulatory, market insights and educational information together in one place. A lot of work went into this project; the result is as aesthetic as it is functional and feedback has been very positive. I invite you to see for yourself at wineaustralia.com.

Investing in people

In June 2017, with WFA and AV we welcomed the next cohort of 16 people to participate in the Future Leaders program, with 6 face-to-face sessions exploring new avenues in business, marketing and governance. They also are looking at how global economics will shape the future, how they can amplify the innovative thinking that already exists in our sector, and contemporary approaches to people development and commercial success.

We also have put more emphasis on connecting the current participants with the Future Leaders Alumni — the 91 graduates from the 6 programs completed since the idea was launched in 2006.

Working for the sector

AGWA is focused on delivering value to the sector. Late in the year we started recruitment to support our growing range of activities and, in particular, the Export and Regional Wine Support Package that will be an important part of our work in the year ahead. It is an exciting time for us, as it is for Australian wine.

I would like to thank all AGWA staff, wherever they are in the world, for their focus on delivering well-targeted services to our levy payers. I also thank our Chair and our Board for their considered guidance and support.

Our role

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 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 five-year *AGWA Strategic Plan 2015–2020* and our *AGWA Annual Operational Plan 2016–17* 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 AV, formerly Wine Grape Growers Australia, 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 research and development corporations (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.

Strategic priorities

Goal: A prosperous Australian grape and wine community	
Priority 1: Increasing demand and the premium paid for all Australian wine	Strategy 1: Promoting Australian fine wine <ul style="list-style-type: none">• Asia Pacific• North America• China• UK and Europe
	Strategy 2: Protecting the reputation of Australian wine <ul style="list-style-type: none">• Annual analytical survey• Label Integrity Program• Regulatory services
	Strategy 3: Building Australian vine and wine excellence <ul style="list-style-type: none">• Grapegrowing for excellence• Wine provenance and measures of quality• Customer insights
Priority 2: Increasing competitiveness	Strategy 4: Improving resource management and sustainability <ul style="list-style-type: none">• Climate adaptability• Biosecurity, pest and disease management• Foundation data• Sustainable resource management
	Strategy 5: Improving vineyard performance <ul style="list-style-type: none">• Enhancing grapevine and rootstock performance• Efficient and sustainable vineyard management
	Strategy 6: Improving winery performance <ul style="list-style-type: none">• Enhanced yeast and bacterial performance• Efficient winery production
	Strategy 7: Enhancing market access <ul style="list-style-type: none">• Market access
	Strategy 8: Building capability <ul style="list-style-type: none">• Developing people
Extension and adoption	Strategy 9: Business intelligence and measurement <ul style="list-style-type: none">• Business intelligence• Monitoring and evaluation
	Strategy 10: Extension and adoption
Supporting functions	Strategy 11: Corporate Affairs <ul style="list-style-type: none">• Corporate Affairs• Sector engagement
	Strategy 12: Corporate Services <ul style="list-style-type: none">• Finance and administration• People and culture• Information and communications technology

Targets and outcomes 2016–17

Strategic Plan targets

Two key targets are defined in AGWA’s Strategic Plan:

- 1. 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, and
- 2. Australian vineyards and wineries are efficient by global standards.

Target 1 is evaluated by tracking the average price per litre for Australian bottled wine exports in A\$ against that of the top five competitors in the key markets of China, the US, the UK and Canada, using trade data sourced from the Global Trade Atlas.

Target 2 is evaluated through two methods. First, benchmarking the adoption of five viticultural practices and five oenological practices in Australia to establish a competitiveness indicator. Secondly, a benefit–cost analysis of selected R&D projects.

Targets and outcomes 2016–17

Strategic Plan target	2016–17 target	2016–17 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 increases year-on-year from \$5.32 in April 2016.	<p>The average price per litre for Australian bottled wine exports for 2016–17 was \$5.40.</p> <p>Among the top five importers in key markets, Australia extended its lead at the top in China, narrowed the gap to France in the US, and lost ground to France in the UK and to the US in Canada.</p>
Australian vineyards and wineries are efficient by global standards	There is greater transparency in the management practices and costs of Australian vineyards and wineries than for many other wine-producing countries. We will benchmark two Australian wine regions against two like regions in the US, where information about management practices and costs is available in a timely manner. We will also benchmark the adoption of five viticultural practices and five oenological practices in Australia to establish a competitiveness indicator.	<p>Five viticultural practices and five oenological practices in Australia have been selected to establish a competitiveness indicator.</p> <p>A benefit–cost analysis of selected R&D investments was conducted.</p>

For further detail see Performance against Strategic Plan 2016–17, page 28

Performance 2016–17

Financial overview

We achieved an operating surplus of \$3.6 million for 2016–17.

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 R&D 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 46 per cent (\$20.2 million) of the 2016–17 revenue came from the 2 levies and export charge and 27 per cent of revenue (\$12.0 million) from the Australian Government matching contributions.

Revenue from regulatory fees made up 12 per cent (\$5.0 million) of income, and wine sector contributions to marketing activities made up 4 per cent (\$1.9 million) of total revenue for 2016–17.

Net assets were \$13.1 million at 30 June 2017 and financial assets were \$16.2 million, of which all was cash and term deposits other than receivables of \$3.3 million. Payables were \$4.1 million, of which R&D contracts represented \$1.9 million.

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



Key performance indicators

We have nine key performance indicators against which we measure and report our performance against our strategic priorities and the Australian Government priorities. These are detailed in Table 1.

Table 1: Performance against Agriculture Portfolio Budget Statements 2016–17 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 user-pays events hosted with wine sector partners to engage influencers in key markets	42	28 UPA + 22 other visits*
The number of AGWA-funded activities to engage influencers in key markets	70	70
Improvement in customer satisfaction rating for market insights services, as measured by customer satisfaction survey	74%	81%
An increased number of RD&E newsletter subscribers	1500	2189
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	246 audits completed**
Export Market Guides provide accurate information about import requirements for our largest export markets	28	33

* The visits funding model changed in 2016. Visits are now solely funded by AGWA rather than through user-pays activities (UPAs). This has impacted the UPA target.

** A culture of compliance was reinforced outside the auditing program through direct engagement with stakeholders and education initiatives.

Investment allocation

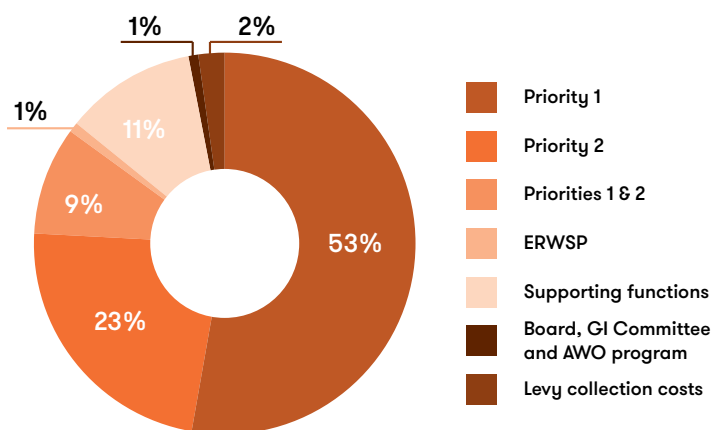


Table 2: AGWA expenditure by groupings for 2016-17

2016-17 Income and Expenditure	\$m
Priority 1: Increasing demand and the premium paid for all Australian wines	
Strategy 1: Promoting Australian wine	10.36
Strategy 2: Protecting reputation of Australian wine	1.31
Strategy 3: Building Australian grape and wine excellence	9.53
Total Priority 1	21.20
Priority 2: Increasing competitiveness	
Strategy 4: Improving resource management and sustainability	3.55
Strategy 5: Improving vineyard performance	0.88
Strategy 6: Improving winery performance	2.23
Strategy 7: Enhancing market access	0.53
Strategy 8: Building capability	0.75
Strategy 9: Business intelligence and measurement	1.29
Total Priority 2	9.23
Priorities 1 & 2: Extension and adoption	
Strategy 10: Extension and adoption	3.72
Total Priorities 1 & 2: Extension and adoption	3.72
Supporting functions	
Strategy 11: Corporate Affairs	0.49
Strategy 12: Corporate Services	3.88
Total supporting functions	4.37
Other	
Export and Regional Wine Support Package	0.53
Board, GI Committee & Australian wine overseas program	0.56
Levy collection costs	0.67
Total other	1.76
Total	40.28

Aligning priorities

Our research program investment (including administrative expenses) aligned with the Australian Government's Science and Research Priorities (Table 3) and Rural Research and Development Priorities (Table 4).

Table 3: 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	584.0 (2.8%)	8601.1 (41.2%)		9185.1 (44.0%)
Priority 2: Increasing competitiveness				
Strategy 4: Improving resource management and sustainability		1708.1 (8.2%)	1781.6 (8.5%)	3489.7 (16.7%)
Strategy 5: Improving vineyard performance		722.6 (3.5%)		722.6 (3.5%)
Strategy 6: Improving winery performance		2083.2 (10.0%)		2083.2 (10.0%)
Strategy 7: Enhancing market access	179.7 (0.9%)	71.1 (0.3%)		250.8 (1.2%)
Strategy 8: Building capability	11.7 (0.1%)	1273.4 (6.1%)	5.0 (<0.1%)	1290.1 (6.2%)
Strategy 9: Business intelligence and measurement		947.5 (4.5%)		947.5 (4.5%)
Priorities 1 & 2				
Strategy 10: Extension and adoption		2907.9 (13.9%)	0.2 (<0.1%)	2908.0 (13.9%)
Total	775.3 (3.7%)	18,314.8 (87.7%)	1786.7 (8.6%)	20,876.9 (100.0%)

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

AGWA priorities and strategies	Rural Research and Development Priorities				Total
	Advanced Technologies	Biosecurity	Soil, water and managing natural resources	Adoption of R&D	
	\$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	8134.5 (39.0%)		1104.2 (5.3%)	-53.6 -(0.3%)	9185.1 (44.0%)
Priority 2: Increasing competitiveness					
Strategy 4: Improving resource management and sustainability	319.7 (1.5%)	1145.1 (5.5%)	2002.9 (9.6%)	21.9 (0.1%)	3489.7 (16.7%)
Strategy 5: Improving vineyard performance			722.6 (3.5%)		722.6 (3.5%)
Strategy 6: Improving winery performance	2039.4 (9.8%)		43.8 (0.2%)		2083.2 (10.0%)
Strategy 7: Enhancing market access	71.1 (0.3%)			179.7 (0.9%)	250.8 (1.2%)
Strategy 8: Building capability	40.1 (0.2%)	2.5 ($<0.1\%$)	35.2 (0.2%)	1212.2 (5.8%)	1290.1 (6.2%)
Strategy 9: Business intelligence and measurement	447.9 (2.1%)		72.0 (0.3%)	427.5 (2.0%)	947.5 (4.5%)
Priorities 1 & 2					
Strategy 10: Extension and adoption	763.3 (3.7%)		160.0 ($<0.1\%$)	2144.6 (10.3%)	2908.0 (13.9%)
Total	11,816.0 (56.6%)	1147.6 (5.5%)	3980.9 (19.1%)	3932.3 (18.8%)	20,876.9 (100.0%)

Annual Performance Statement

This Annual Performance Statement for the 2016–17 annual reporting period has been prepared in accordance with section 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). In the opinion of the AGWA Board (as the authority accountable pursuant to section 12 of the PGPA Act), the Annual Performance Statements:

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

Further information about our performance against the Annual Operational Plan can be found on pages 28–57.

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 AV Board and Executive, the WFA Board and Executive, the Department of Agriculture and Water Resources, 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 to inform our investments. While we receive funding from two separate levies, 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.



History, Evolution, Revolution Tasting at
Quay Sydney – May 2017



Wine Australia's largest ever presence at
ProWein, Düsseldorf – March 2017



Wine Australia China Awards –
October 2016



Nucleus

Activities and achievements

- 26–29 Performance against the Strategic Plan
- 30–38 Priority 1: Increasing demand and premium paid for all Australian wine
- 39–51 Priority 2: Increasing competitiveness
- 52 Priorities 1 & 2: Extension and adoption
- 53–55 Supporting functions

Yoko

Export

Performance against the Strategic Plan

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

Strategic Plan target: 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.

2016–17 Target: The average price per litre for Australian bottled wine exports increases year-on-year from \$5.32 in April 2016.

2016–17 Result: The average price per litre for Australian bottled wine exports for 2016–17 was \$5.40. Among the top five importers in key markets, Australia extended its lead at the top in China, narrowed the gap to France in the US, and lost ground to France in the UK and to the US in Canada.

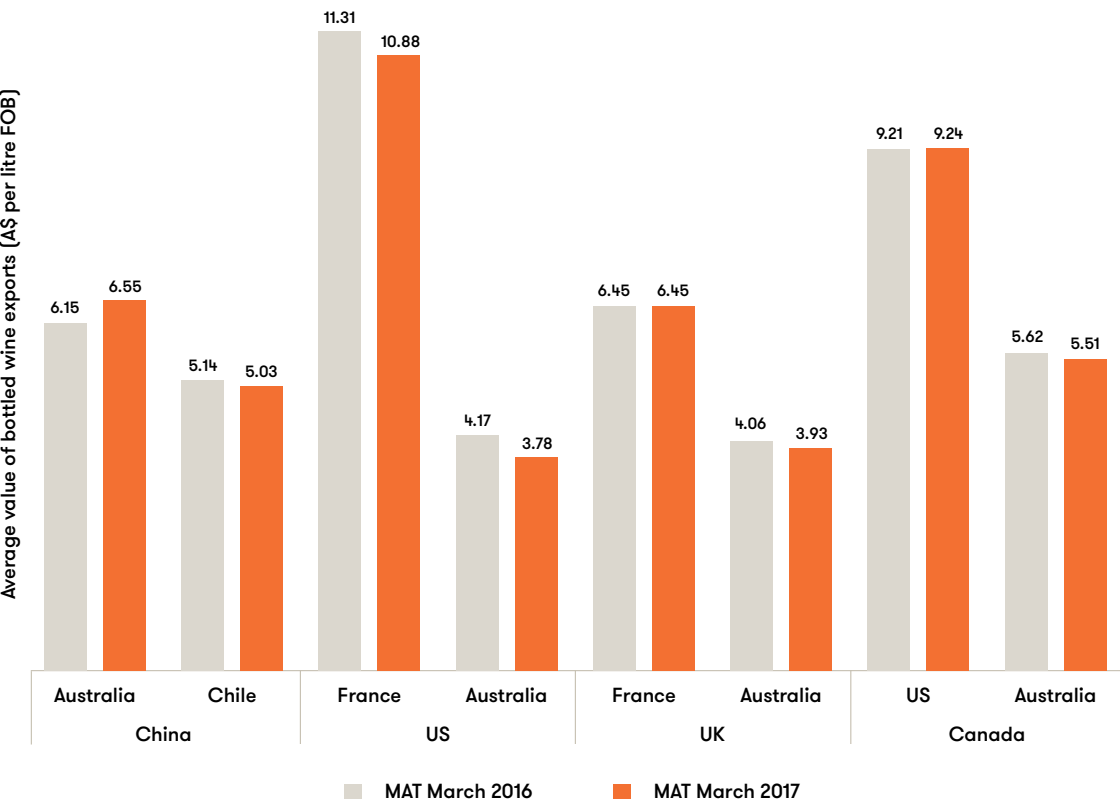


Figure 1: Average bottled value of wine exports for key wine markets and exporters • Source: Global Trade Atlas

Priority 2: Increasing competitiveness

Strategic Plan target: Australian vineyards and wineries are efficient by global standards.

2016–17 Target: There is greater transparency in the management practices and costs of Australian vineyards and wineries than for many other wine-producing countries. We will benchmark two Australian wine regions against two like regions in the US, where information about management practices and costs is available in a timely manner. We will also benchmark the adoption of five viticultural practices and five oenological practices in Australia to establish a competitiveness indicator.

2016–17 Result: Five viticultural practices and five oenological practices in Australia have been selected to establish a competitiveness indicator. A benefit–cost analysis of selected R&D investments was conducted.

Benchmarking adoption of viticultural practices and oenological practices

The five viticultural practices expected to most significantly improve competitiveness of the Australian vineyards are: pest and disease management (including trunk diseases and biosecurity); rootstocks use; spray application optimisation; adoption of vine balance/grape quality measures; and adaptation to climate change (including delayed pruning, clonal trials).

The five oenological practices are: clarification and filtration optimisation (including flotation/cross flow); improved cold stabilisation; increased wine efficiency (including Lean principles, activity-based costing and energy efficiency); improved fermentation monitoring; and removing faults and taints (including smoke taint and copper additions).

An approach to benchmarking the adoption of these 10 practices will be developed in 2017–18.

Benefit–cost analysis of R&D Projects

To evaluate the value of AGWA's R&D investments, we commissioned AgEconPlus to undertake an ex-post benefit–cost analysis of selected projects according to five themes:

- Lean
- Leadership – Future Leaders
- Varieties and clones
- Powdery mildew assessment
- Wine Flavours Card

The approach followed the general evaluation guidelines that are now well established within the Australian rural research sector, including Research and Development Corporations, Cooperative Research Centres and some universities. The assessments were consistent with the Council for Rural RDCs (CRRDC) 2014 Impact Assessment Guidelines. Comparisons to analyses of previous investments should be made with caution as the latest CRRDC guidelines require practitioners to take a conservative approach to the estimation of costs and benefits. This will result in lower benefit-cost ratios than for analyses of R&D projects in previous years.

Each of the five analyses provides a description of the constituent projects, including objectives, outputs, activities, costs, outcomes and benefits. Benefits are described qualitatively according to their contribution to the triple bottom line of economic, environmental and social benefits. While potential benefits of each program are identified, the analysis focused on the most likely and most significant benefit stream. A number of potential benefits therefore remained unquantified and hence the estimated net benefits of some programs may be considered conservative. The analyses were undertaken for total benefits and AGWA benefits, including those expected in the future as a result of the investment.

The estimated benefits and costs show that the returns on the grower, Commonwealth Government and co-investor monies have been significant. Investments in each of the five themes yielded positive results, with benefit-cost ratios ranging from 1.1 to 3.8 and the Internal Rates of Return well in excess of 5% (the discount rate used).

The aggregated benefit-cost ratio on the selected projects was 2.4 to 1.



Australia Up Close roadshow in LA – May 2017

Table 5: Summary of benefit–cost analysis of selected AGWA R&D projects

Investment criteria	Investment program				
	Lean	Wine Flavours Card	Future Leaders	Varieties	Powdery Mildew
Present value of benefits (\$m)	\$3.4	\$1.9	\$2.2	\$1.7	\$1.7
Present value of costs (\$m)	\$1.0	\$0.5	\$0.8	\$1.6	\$0.6
Net present value (\$m)	\$2.4	\$1.4	\$1.4	\$0.1	\$1.1
Benefit–cost ratio	3.4	3.8	2.7	1.1	2.9
Internal rate of return (%)	106%	34%	275%	6%	57%
Modified internal rate of return (%)	12%	12%	14%	5%	10%
Unquantified benefits	None	Unification in marketing of Australian wines to China	Better sector decisions	Germplasm knowledge to inform the wine grape breeding program	Research outputs to assist in future development of objective assessment methods
		Increased sales to domestic tourists of Chinese descent	Contributions to community initiatives in regional Australia		Additional consideration and knowledge of environmental sustainability



Somms of the World event – May 2017

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

Strategy 1: Promoting Australian fine wine

Our marketing mandate is to develop the market for Australian wine internationally and domestically. We support winemakers' strategies and underpin their efforts by promoting the quality and diversity of Australian wine through marketing initiatives in Australia and overseas.

In 2016–17 we:

- facilitated perception change of the Australian category through increased partnership and collaboration
- significantly increased the quality of our visitor program by working more closely with our national, state and regional partners to bring to life Australia's unique fine food, wine and lifestyle offering
- increased our investment in education and market-building events in Asia, particularly China
- developed a deeper portfolio of digital content and assets to support stronger engagement with the world's trade, media, wine educators and influencers.

We maintained our marketing staff in Australia, the UK, North America and China, and conducted around 70 core marketing activities.

We also maintained and utilised our range of education platforms that are tailored to engage with the trade, media and consumers on their journey of discovery and understanding about Australian wine.

Strategic partnerships

We work closely with Tourism Australia, state tourism commissions and regional associations to build international awareness of Australia's fine food and wine culture. During 2016–17, we also partnered with the following organisations, campaigns and events:

- The Woolmark Company
- Court of Master Sommeliers
- James Halliday Wine Companion Awards
- Young Gun of Wine Awards
- G'day USA
- The World's 50 Best Restaurants
- Ultimate Winery Experiences
- China Collaboration (in collaboration with Dairy Australia, Horticulture Innovation Australia and Meat & Livestock Australia).

In-market activities

China

China is the most valuable market for Australian wine exports and the growth is expected to continue with the China-Australia Free Trade Agreement now in place. Australia's average value of bottled imports (US\$7.98 per litre) is the highest among the top seven importing countries.

To capitalise on the market opportunities China presents, we have designed a program that includes activities targeting off-premise trade, online promotions, participation in consumer fairs, trade shows, tasting roadshows, Langton's tastings and the Wine Australia Annual Awards, which recognise wine professionals who have helped raise the profile of Australian wine in China.

Key in-market activities in 2016–17 included:

- Wine Australia China Awards – October 2016
- ProWine China – November 2016
- China National Food, Wine and Spirits Fair, Chengdu – March 2017
- China trade and media visit – April 2017
- China Roadshow – May 2017.

Asia

Our activities elsewhere in Asia are designed to excite and persuade wine professionals about the quality, style and innovation of Australia's fine wine. Initiatives such as the Asian trade and media visit aim to create Australian wine advocates and ambassadors. Trade tastings such as the Australian Wine Grand Tastings in Tokyo and Seoul focus on commercial successes and putting Australian wine's 'best foot forward'.

We have an active social media presence in Japan and Korea, in particular, with market-specific, tailored content in the local languages.

Key in-market activities in 2016–17 included:

- Australian Wine Grand Tastings, Japan and South Korea – September 2016
- Hong Kong Wine and Dine Festival – October 2016
- Leading Asian trade and media visit – November 2016
- Sommelier Immersion Program visit – May 2017
- Trade Immersion Program visit – June 2017.

North America

Australian wine represents 5 per cent of total US wine sales and is the second largest imported wine by volume, accounting for 15 per cent. Canada is now Australia's fourth largest export market by value.

We continue to showcase Australian fine wine in both markets through enhanced digital communications, trade education events, consumer engagement, restaurant and retail activations, and our on-going Market Entry Program.

Key in-market activities in 2016–17 included:

- LCBO In-Store Tasting Program – August to October 2016
- Winter Trade Tasting and Seminar, Toronto – January 2017
- Vancouver International Wine Festival, Vancouver – February 2017
- Australia Up Close Roadshow, North America – May 2017.

UK and Europe

Our strategy in the UK and Europe is to target key markets where we can deliver an educational message in addition to trade and consumer tastings, focusing on Australia's fine wine offering. Our biggest event, the annual Australia Day Tastings, attracted big crowds in London, Dublin and Edinburgh in January 2017. We also had a very strong presence at ProWein in Düsseldorf in March.

Key in-market activities in 2016–17 included:

- Nordic Roadshow, Denmark, Finland, Norway and Sweden – September to October 2016
- UK and European trade and media visit – October 2016
- Regional master classes, UK – October to November 2016
- Australia Day Tastings, Ireland, Scotland and England – January 2017
- ProWein International Wine Fair, Germany – March 2017
- Artisans of Australian Wine – September 2016.



The inaugural Artisans of Australian Wine event, London – September 2016

Strategy 1: Promoting Australian fine wine

2016–17 targets	2016–17 achievements
Asia Pacific	
Trade and consumer educational events deliver key messages to support the strategy.	All trade consumer educational events hosted by Wine Australia delivered our key messages.
Positive growth in consumer sentiment index in Hong Kong from 6.70, in Japan from 7.37 and in Singapore from 7.20.	Consumer sentiment in Hong Kong was 6.87, Japan 7.47, Singapore 7.29.
At least 90% of wineries and distributors who participate in user-pays and core events report they are satisfied.	90% of wineries that exhibited at a Wine Australia event were satisfied. The net promotor score was 34.97 (a score of 20+ is seen as good).
North America	
Trade and consumer educational events deliver key messages to support the strategy.	All trade consumer educational events hosted by Wine Australia delivered our key messages.
Positive growth in consumer sentiment index in the US from 8.09 and in Canada from 8.33 (English-speaking) and 7.99 (Québec).	Consumer sentiment in US was 8.13 in Canada (Eng) 8.05 and in Quebec 7.92. More funding is being allocated to Canada in 2017–18 to enhance marketing activities.
At least 90% of wineries and distributors who participate in user-pays and core events report they are satisfied.	90% of wineries that exhibited at a Wine Australia event were satisfied. The net promotor score was 34.97 (a score of 20+ is seen as good).
China	
Trade and consumer educational events deliver key messages to support the strategy.	All trade consumer educational events hosted by Wine Australia delivered our key messages.
Positive growth in consumer sentiment index in mainland China from 8.44.	Consumer sentiment in China was 8.26. As wine consumption increases in China, so do new consumer audiences who may not have a great awareness of Australian wine. The China wine market is still quite immature.
At least 90% of wineries and distributors who participate in user-pays and core events report they are satisfied.	90% of wineries that exhibited at a Wine Australia event were satisfied. The net promotor score was 34.97 (a score of 20+ is seen as good).
UK and Europe	
Trade and consumer educational events deliver key messages to support the strategy.	All trade consumer educational events hosted by Wine Australia delivered our key messages.
Positive growth in consumer sentiment index in the UK from 8.04.	Consumer sentiment in UK/Europe was 8.12.
At least 90% of wineries and distributors who participate in user-pays and core events report they are satisfied.	90% of wineries that exhibited at a Wine Australia event were satisfied. The net promotor score was 34.97 (a score of 20+ is seen as good).

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. In 2016–17, we consulted with the wine community to determine which components are of particular interest, then commissioned analysis of a representative sample 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. In 2016–17, we continued to conduct regular audits of these records based on an assessment of risk, focusing on records relating to wine regions and varieties that are in particular demand.

Regulatory Services

People exporting more than 100 litres of Australian wine require an export licence. Certain export destinations also require additional certification prior to import, including securing the benefits of free trade agreements (FTAs). In 2016–17, we developed an automated system for generating export certificates that greatly increased efficiency.

Strategy 2: Protecting the reputation of Australian wine

2016–17 targets	2016–17 achievements
Annual Analytical Survey	
Compliance with the Code is demonstrated through analysis of 300 Australian wines.	We analysed more than 300 Australian wines to monitor compliance with the Code. This included establishing the methanol, captan and glyphosate levels of the samples.
Label Integrity Program	
Any minor breaches of the record-keeping requirements of the Act that are identified through risk-based inspections are remedied, while action is initiated in response to serious breaches.	A high level of compliance with the record keeping requirements of the Act was demonstrated. Minor breaches were remedied through corrective measures being adopted by record keepers. No serious breaches were identified.
Regulatory Services	
We will develop and introduce an automated export certification process to (largely) replace the existing manual system.	We developed an automated system for generating export certificates that greatly increased the efficiency of the export certification process and cut red tape for exporters.

Strategy 3: Building Australian vine and wine excellence

Grapegrowing for excellence

We work to identify viticultural practices that enhance grape and wine quality, better understand how grapevine genetics interact with the environment and develop viticultural management techniques to optimise expressions of terroir.

During 2016–17 we:

- further developed our understanding of how canopy, crop load and carbon availability impact on yield, grape composition and wine quality.
- provided information on the performance of clones of Chardonnay and Shiraz in several wine regions to demonstrate the impact of region and climate on wine style.
- provided information on new ripening models for predicting the optimum aromatic window in which to harvest grapes for a chosen wine style.
- developed a new in-field imaging tool to help growers determine the optimum harvest window in white varieties based on skin colour evolution.
- initiated projects using innovative sensor technologies to estimate grape yield and bud fruitfulness, assess crop condition and quality, detect diseases and improve spraying efficiency.

Wine provenance and measures of quality

We work to develop measures to assess the provenance and quality of wine and grapes to allow grapegrowers and winemakers to capture, enhance and preserve the influence of terroir.

During 2016–17, we continued to identify objective measures of wine quality through a portfolio of projects exploring the occurrence of flavour markers in grapes and wine, the mechanisms of in-mouth flavour release, factors affecting textural composition and mouthfeel, and the production and impact of volatile sulfur compounds.

Further research was conducted to develop the use of multi-elemental isotope ratios and other trace elements to determine the geographic origin of wines and assist in the verification of label claims of provenance to deter counterfeiting.

New projects were commissioned to better understand the main drivers of regionality and typicality in Shiraz wines and examine the specific quality attributes and provenance of premium Tasmanian sparkling wines and Pinot Noir.

Customer insights

We focus on providing pre-competitive insights and research-evidenced tools that can be used to encourage demand for Australian wine.

During 2016–17 we:

- completed a range of customer insights projects and related extension activities and began a new wave focusing on China, the US and the UK.
- disseminated the results of research in relation to China and opportunities that exist in introducing ‘wine avoiders’ (but alcohol consumers) to the category.
- initiated new research looking at fine wine and social media use in China, the impact of relationships on demand for Australian wine by the customer in the US and the UK, and the key rejection and choice factors among trade and opinion leaders in the US.

Strategy 3: Building Australian vine and wine excellence

2016–17 targets	2016–17 achievements
Grapegrowing for excellence	
Knowledge of the impact of canopy, crop load and carbon availability manipulation on wine composition and sensory properties. Potential molecular markers for grape vine attributes associated with ‘vine balance’ identified.	<p>Wines made following different canopy treatments were scored for key aroma and flavour characteristics. Wines from the ‘early defoliation’ treatment showed more intense tannins and dark/stewed fruit characters, and were preferred by sensory panelists.</p> <p>Gene expression data representing the major regulatory points of the flavonol pathway were collected from field samples. Further sampling and more intensive examination of a few key genes are under way.</p>
Results from a three-year trial on the performance of selected Shiraz and Chardonnay clones in multiple regions is used to inform the sector on the influence of region and climate on wine style.	Results from the first three years were showcased at the 16th AWITC, to allow sector participants to gain a deeper understanding of differences in clonal wine styles.
New models to profile fruit ripening evolution and predict harvest dates for preferred wine styles are demonstrated and communicated to the sector.	Robust ripening models were delivered, providing a means to align specific wine styles with a harvest decision based upon berry sugar accumulation. Clear markers of berry maturation and wine styles in red wines have been identified, providing targeted and objective measures to assist in determining optimum harvest times. For white cultivars (Chardonnay and Sauvignon Blanc), grape berry skin colour evolution was used to optimise harvest decisions for specific wine styles. Numerous presentations and publications have communicated these outcomes to growers.
Beta testing of a portable, smartphone-based imaging tool to assess ripening development in white grape varieties and berry volume/irrigation requirements in the field.	Field testing was used to inform the user interface design and functional features of the app, to produce the beta version. Results of beta-testing are being used to further refine the app.

Strategy 3: Building Australian vine and wine excellence

2016–17 targets	2016–17 achievements
Third season results using remote and proximal canopy sensing tools to determine whether yield and quality follow the same patterns of spatial variability at the ‘within-vineyard’ scale.	Severe frost, hail and other canopy damage during the season led to the field sites being abandoned permanently. Equipment issues also led to a redesign of the experimental plan, involving an evaluation of a near infrared (NIR) sensor to map fruit quality parameters at an alternative field site in the coming season.
Four new digital viticulture projects initiated that use sensor technologies to improve the estimation of grape yield, condition and quality, disease detection, bud fruitfulness and spraying efficiency.	New projects are investigating the use of digital technologies, including hyperspectral imaging, ultra wideband radar, LiDAR and NIR, to simultaneously measure grapevine canopy parameters, crop condition, disease status, bud fruitfulness and yield. A further project is developing a PACE system (Pesticide Adjusted for Canopy Environment) to optimise and automate the application of agrichemical sprays according to the density of the canopy.
Wine provenance and measures of quality	
Results of a four-year study on in-field powdery mildew severity assessment and objective measurements for contamination available to the sector.	A diagrammatic key and smartphone app, with supporting online training resource, were developed to improve visual assessment of powdery mildew in vineyards. These were received enthusiastically by the sector. A DNA-based assay was developed for quantification of powdery mildew fungus in grapes, but spectroscopy methods were unable to discriminate powdery mildew severity in the range critical to the sector.
Data confirming the identity of ‘green flavour’ compounds in red wine, consumer responses to them and amelioration strategies.	Key compounds have been confirmed as important to ‘green’ flavour in Shiraz wine. The inclusion of grape stalks in Shiraz fermentations increased the concentration of these compounds in wine. There was lower consumer acceptance for wines with ‘green’ sensory attributes. A simple treatment option has been shown to successfully lower the concentration of ‘green’ compounds with limited influence on other aroma compounds.
Information disseminated to the sector on in-mouth flavour release from precursor compounds and their sensory significance in wine.	Two scientific papers have been published, together with an AWITC conference proceedings paper, and presentations have been made at the 16th AWITC and AWRI roadshows. The addition of glycosides isolated from grape marc to white juice or wine gave increased ‘floral’ and ‘fruit’ attributes in finished wine compared to a control, together with higher terpene concentration and no increase in bitterness. Moderate additions of the glycosides were well accepted by consumers.
Information disseminated on the effect of low concentrations of carbon dioxide (CO ₂) on the tastes and textures of still red and white wine, and on the potential of wine macromolecules to influence taste and texture.	The effect of dissolved CO ₂ at wine-realistic concentrations on the flavour and mouth-feel of still table white wine has been quantified for the first time. Specifically, examples of the same white wine with different dissolved CO ₂ levels, acidities and alcohol content were created, and these were presented for tasting in volumes and at a temperature typical of domestic wine consumption (150 mL at 10°C). Preliminary results suggest dissolved CO ₂ levels interact with wine acidity and alcohol levels to affect the bitterness, sweetness and hotness of still white wine.

Strategy 3: Building Australian vine and wine excellence

2016–17 targets	2016–17 achievements
Information disseminated on the fate of hydrogen sulfide (H ₂ S) in wine, the formation of volatile sulfur compounds from precursors and the role of metal ions on the release of sulfur compounds.	Information was disseminated through articles and publications, and presentations at roadshows and the 16th AWITC. The role of active oxygenation during fermentation in minimising H ₂ S in wine was emphasised. Precursors to H ₂ S and methanethiol have been identified from both grapes and yeast. The increase of undesirable sulfur compounds due to metal ions, particularly copper, acting on precursors has also been highlighted.
Develop a set of guidelines for winemakers to measure metal ion speciation in wines and information to interpret the results in relation to wine oxidation, removal of H ₂ S, and casse formation.	Copper has been found to predominantly exist in wine as copper sulfide, which can still catalyse oxygen consumption in wine but at a much lower level. Removal of copper sulfide from white wine via membrane filtration was found to be limited due to the size of the copper sulfide particles and due to wine macromolecules, such as proteins and polysaccharides, preventing the adsorption of the copper sulfide onto the membrane media. Conditions conducive to the conversion of copper to non-sulfide complexed forms in wine were identified.
Initiate two projects examining the provenance and quality of premium Tasmanian Pinot Noir and sparkling wines.	Two new projects on quality and provenance were initiated this year, one on Pinot Noir and one on sparkling wine.
Initiate a collaborative project to identify the main drivers of regionality/typicality for Australian Shiraz wine.	A new collaborative program was developed with multiple R&D providers, focusing on Shiraz terroir and commenced in January 2017.
Initiate a project to further develop the use of multi-elemental isotope ratios and other trace elements to verify the origin of wines.	The initial stages of this project have seen the successful development and validation in wine of analytical methods to determine a range of new isotopic ratios. These methods are currently being applied to previously studied wines to assess their efficacy in improving the accuracy of provenance determination.
Customer insights	
Finalise a guide to WeChat for Australian wineries.	A final report has been made available on a project about WeChat use. The guide has been delayed due to resource restraints.
Understand the route to Chinese market for a representative cohort of Australian wine brands.	We have an excellent understanding of the structure of the Shanghai retail market based upon 40 retail audits. Once the quantitative analysis of the audits is validated we will move to replication in other cities.
Run four sector-orientated webinars in collaboration with Wine Communicators of Australia.	Webinars on the following topics were presented in collaboration with Wine Communicators of Australia <ul style="list-style-type: none"> • China Wine Barometer • Preparing for export • Market update • Developing premium products.
Extend the research findings from the 'Advance Australia Fair?' project.	This project's findings were delivered by Robert Joseph to wine exporters at the Exporters forum in November 2016.
Extend the research findings from the China Wine Barometer project.	This project's findings were delivered to the sector by Armando Corsi at a webinar in May 2017, through a YouTube clip and through our newsletter.

Priority 2: Increasing competitiveness

Strategy 4: Improving resource management and sustainability

Climate adaptability

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

During 2016–17, we focused on increasing our understanding of how increased temperature, reduced winter rainfall and CO₂ levels affect grape production and wine quality. Projects included:

- evaluating adaptation strategies such as evaporative cooling as possible management options to offset heat impacts, improve yield consistency and enhance wine quality.
- assessing new grapevine varieties and different vineyard layouts and management approaches at a unique trial site already established in the Barossa Valley.
- investigating the genetic mechanisms and heritability of response to stress in grapevines, with a view to developing improved material for grapevine breeding programs.
- further research into the effects and mitigation of wildfire and burn-off smoke on grape and wine quality.

Foundation data

We have initiated a project to deliver a flexible and robust online knowledge management platform that will provide individual growers and winemakers with a business decision-making tool while providing the sector with accurate, current and complete foundation data sets. The platform will have the flexibility to deliver a basis for biosecurity and environmental management.

During 2016–17 we undertook a comprehensive proof of concept in one region (Riverland) and one state (Western Australia).

Sustainable resource management

This stream encompasses natural resource management, economic and environmental sustainability, and social licence to operate.

During 2016–17 we:

- progressed our initiative to coordinate a national collection of grapevine germplasm by completing DNA profiling for grapevine accessions in the publicly-owned collections held by CSIRO and SARDI and unique material in privately-owned Australian collections.
- provided balanced information on the health risk of wine consumption relative to those of other risk factors.

- initiated activities to enhance Australia's competitive advantage through knowledge that leads to increased sustainability in the vineyard and/or winery through innovation.

Biosecurity, pest and disease management

We support improved resource management and sustainability of the sector through 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.

During 2016–17 we:

- increased the sector's preparedness for exotic pest incursions through the national endorsement of diagnostic protocols identified in the sector's biosecurity plan.
- finalised a contingency plan specific for angular leaf scorch following collaborative field trials at Cornell University in the US.
- worked to better understand the impact of regional climates on the incidence, severity and management of eutypa and botryosphaeria dieback.
- made available revised management strategies to ameliorate fungicide resistance for economically important diseases such as downy mildew, powdery mildew and botrytis.
- developed new guidelines on best-practice agrichemical spraying.
- carried out robust evaluations of disinfestation protocols for the movement of material between declared phylloxera zones.



Strategy 4: Improving resource management and sustainability

2016–17 targets	2016–17 achievements
Climate adaptability	
Extend information on delayed pruning as a strategy to mitigate early grape ripening and decompress vintage.	The use of delayed pruning as a strategy to shift grape maturity was communicated to sector through journal articles, regional roadshow workshops and presentations at technical seminars. Three years of research showed that delaying pruning can delay maturity by up to two weeks without any major deleterious effects on yield or grape and wine quality.
Understand how winter drought may impact vine production and wine quality.	A second year of research has been completed to further understand the impacts of reduced winter rainfall on grapevine production. There was a significant change in yield response between the 2015–16 and 2016–17 growing seasons for vines that received the least amount of water during winter. Preliminary wine data have shown positive compositional and sensory attributes from the most ‘winter-drought’ vines.
Information is available on the impact of elevated temperature and elevated CO ₂ on the growth and production of Shiraz.	The resulting impact of four years of imposed elevated temperature and CO ₂ levels on Shiraz vines was conveyed to an industry reference group meeting held in Irymple, Victoria, in June 2017. Elevated CO ₂ has been shown to greatly affect photosynthesis, vine reserves and nutrition.
Further data is collected on the use of in-canopy misters and sprinklers to alleviate the effects of heatwaves on grapevine growth, yield and wine quality.	Critical information gained from the 2016–17 growing season will be used to inform the research methods in 2017–18. A longer misting time is needed to effectively reduce the impact of heatwaves on vine physiology.
Information is available on the cost, water and emission savings that can be achieved through the use of new grapevine varieties and different vineyard layouts and management approaches.	Details of the unique trial site established in the Barossa to collect critical data on vine performance, input and management costs for new disease resistant scion-rootstock combinations, commonly referred to as ‘no spray’ and ‘no-prune’ vines, were communicated to the sector through RD&E News. Encouraging preliminary results indicate that the mildew-resistant vines were not impacted by fungal infection, despite strong disease pressure, and received no fungicide sprays.
New knowledge is available on the genetics of stress response and its heritability during propagation of grapevines.	Significant work was carried out to investigate the heritability of stress response in grapevines. Cabernet Sauvignon vines were propagated under a range of stress treatments. DNA and RNA were extracted from leaf samples to assist in the analysis of gene expression.
An initial evaluation of smoke taint remediation technologies and techniques is available, based on season 1 laboratory and field trials.	A project on smoke taint was initiated through the Rural R&D for Profit program. Partner organisations include the AWRI and DEDJTR. A network of seven remotely accessible smoke detectors was established throughout Victoria and data from smoke events was collected. Several chemical agents with the potential to mitigate the effects of smoke taint in the vineyard or in the winery were identified and protocols for evaluating them were devised.

Strategy 4: Improving resource management and sustainability

2016–17 targets	2016–17 achievements
Foundation data	
Complete a proof of concept in the Riverland and Western Australia.	Work continues on the development of the system, with research into technical capability for determining vineyards from satellite images and ongoing work with regions and states to refine the data collection method.
Develop and release stage 1 of the platform nationally.	
Sustainable resource management	
DNA profiles are obtained for all publicly-owned grapevine germplasm and unique accessions from other Australian collections to allow comparison with international reference material.	Over 1500 leaf tissue samples were collected for analysis from grapevine varieties and clones in the ‘public’ germplasm collections held by CSIRO and SARDI and other participating private agencies holding unique accessions. DNA extraction of the samples is in progress and primer design for DNA profiling is under way following the identification of suitable SNP markers.
Information disseminated on wine and health.	Papers were published on links between alcohol consumption and health risk factors, on influences of wine consumption choices and on the evidence base for low risk drinking guidelines.
Biosecurity, pest and disease management	
Nationally-endorsed diagnostic protocols are developed for six new high-priority threats and two existing protocols are updated.	Eight draft diagnostic protocols for high-priority grapevine pests (six new and two updates) were submitted to the Subcommittee on Plant Health Diagnostics (SPHD) and are currently awaiting review and endorsement.
A detailed contingency plan is released and a diagnostic protocol for angular leaf scorch is submitted.	A simulated eradication of angular leaf scorch (by drastic pruning) was unable to be tested for a second season because of drought conditions at the trial site in New York State during 2016. The project was therefore extended for a further 12 months. A draft diagnostic protocol for angular leaf scorch, submitted to the SPHD in December 2014, will be updated prior to endorsement with information gathered from the New York field trials.
A website to support pMapp, the smartphone tool for powdery mildew assessment in vineyards, is launched for use during 2016–17 vintage.	pMapp was released globally in November 2016, following its exclusive use in Australia for the 2015–16 season. A website was launched at the same time, following extensive industry consultation. It supports pMapp by providing training in recognition and assessment of powdery mildew in the field.
New knowledge on fungicide resistance and updated resistance management strategies for downy mildew, powdery mildew and botrytis is disseminated to the sector.	Samples of downy mildew, powdery mildew and botrytis collected from vineyards in the main Australian viticultural regions were tested against a range of commonly used fungicides to determine the incidence and severity of fungicide resistance. The results showed the presence of resistant populations of the three causative pathogens to many commonly used fungicides. A field management approach involving fungicides with different modes of action can contribute to the mitigation of resistance. Knowledge was disseminated through over 24 presentations to growers and sector personnel, 11 industry journal articles and 6 conference presentations.

Strategy 4: Improving resource management and sustainability

2016–17 targets	2016–17 achievements
New guidelines for best practice agrichemical spraying to reduce spray drift, including a decision-support tool and a drop-size calculator smartphone app, are released.	Work completed on best management practices (BMPs), decision-support tools and droplet size calculators aligns with national initiatives (through the APVMA and the NWPPA) and is helping ensure drift regulations protect the environment and are flexible for growers. BMP guidelines have been presented to growers at workshops, with further extension events in progress and factsheets being developed.
The sector is informed on the latest grapevine trunk disease research and best management practice, with new knowledge available on pruning wound susceptibility, appropriate timing of fungicide application, and duration of efficacy for control of eutypa and botryosphaeria dieback.	A single application of fungicide to pruning wounds within six days of pruning was shown to protect grapevines from pathogen infection for up to three weeks. Remedial surgery was effective in the control of dieback, particularly for own-rooted vines, which regenerated readily. Findings were extended to the sector via industry publications, a workshop and presentations at the 2016 AWITC, several regional workshops and publication of a Eutypa Best Management Practice Guide.
New research is underway to investigate the effect of differing wine region climates on the incidence, severity and management of eutypa and botryosphaeria fungal trunk disease.	A new project, initiated in 2017, aims to optimise management techniques for eutypa and botryosphaeria dieback in grapevines across diverse climates. In addition, grapevine clones and rootstocks will be tested for their disease susceptibility, and the infection threshold in grapevine propagation material will be determined.
Recommendations are made on improved disinfestation protocols for the movement of diagnostic samples between declared phylloxera zones.	Current disinfestation protocols were extensively tested on at least seven endemic phylloxera strains. As a result, modification of existing disinfestation treatments for clothing, footwear, planting material, diagnostic samples and vineyard machinery has been proposed.
An in-field proof of concept trial is initiated on the use of detection dogs for preliminary screening of phylloxera infestation.	A pilot study under controlled conditions using sniffer dogs for early detection of phylloxera showed promising results. However, odour-based detection methods are yet to be trialled in the field.

Strategy 5: Improving vineyard performance

Enhancing grapevine and rootstock performance

We investigate clones, varieties and rootstocks that possess desirable viticultural and winemaking properties.

During 2016–17 we:

- continued in-field evaluations of new grapevine varieties bred with fungal disease resistance to assess their potential to produce desirable commercial wine styles.
- developed molecular (DNA) markers to provide a rapid screening method for rootstock characteristics that confer stress resistance to grafted vines and make them more resilient to harsher growing conditions and pests such as root-knot nematodes and phylloxera.

Efficient and sustainable vineyard management

We seek ways to improve efficiency in the vineyard through enhanced technology and processes.

During 2016–17:

- we continued to focus on improving grape yield estimation methods, including the assessment of promising estimation models using vineyard phenological data and historical weather records as inputs to statistical and machine learning methods.
- other research sought to develop software and an image acquisition system using a prototype smartphone device, for comparison with best practice manual yield estimation methods.

Results of a two-year trial evaluating the use of native plant species under-vine were made available as an alternative, more sustainable method for under-vine weed control.



Strategy 5: Improving vineyard performance

2016–17 targets	2016–17 achievements
Enhancing grapevine and rootstock performance	
New mildew-resistant grapevine varieties are evaluated in terms of their agronomic performance, yield and potential to produce desirable wine styles.	Seasonal conditions did not affect the disease resistance of the vines, with none showing any evidence of downy or powdery mildew infection. Data on the agronomic performance and wine attributes of elite selections in the source block over several seasons have been collated for inclusion in the final report.
Confirmed list is developed of DNA markers for predicting fruit and wine flavour, from elite mildew-resistant selections.	Four SNP markers for Muscat flavour have been assessed, with three now incorporated into a new SNP panel that can be used to identify loci for Muscat flavour, flower sex, vine stature and mildew disease resistance in a low-cost, high-throughput, single multiplex PCR test.
The third year of field trials evaluating and demonstrating 40 new disease-resistant varieties for warm, irrigated regions is completed.	Third year trials have been completed and vine performance data are being evaluated. Of note, and despite considerable disease pressure, no incidence of fungal disease was observed in either red or white disease-resistant varieties.
Molecular markers for marker-assisted breeding for bunch architecture traits are available.	Results indicated that bunch architecture is regulated by numerous genes, each contributing a limited amount of variation to the overall phenotype. Therefore, a major QTL controlling bunch architecture could not be identified. Further work will investigate differentially expressed genes that correlate with gibberellin-mediated internode elongation, to determine whether these are linked to bunch architecture.
A second generation of experimental germplasm containing multiple genes to improve mildew resistance in future grapevine breeding programs is produced.	Progeny from selected germplasm crosses are being screened with DNA markers to identify plants that have inherited both REN4 and RPV12 mildew resistance genes. Positive lines are being verified using powdery and downy mildew resistance assays.
DNA markers are developed and tested for abiotic stress resistance.	DNA markers for sodium and chloride exclusion have been generated. Experiments are under way to ascertain how widely in the available germplasm these markers can be utilised. Based on growth data from Plant Accelerator experiments, samples have been targeted for a transcriptomic analysis for heat and water use efficiency resistance markers.
A validated glasshouse screening method is developed to assist in rootstock selection.	Work has focused on physiological measurements on mature <i>V. cinerea</i> × <i>V. vinifera</i> selections. Full analysis of physiological and related molecular data from experiments in the smart house and in the field have demonstrated the extent to which traits determined in new rootstock selections are likely to be transferred to mature, field-grown vines.
Molecular markers for resistance to phylloxera and root-knot nematodes are identified, to provide new screening methods for rapid selection of rootstocks with these traits.	17 SNP markers have been identified for marker-assisted selection to predict resistance to the root-knot nematode <i>M. javanica</i> in grapevine. Screening work to identify molecular markers that predict phylloxera resistance has indicated that a single dominant locus conferred resistance to both G1 and G4 phylloxera genotypes. This provides confidence that it will be possible to identify markers to predict phylloxera resistance.

Strategy 5: Improving vineyard performance

2016–17 targets	2016–17 achievements
Shiraz plantlets are transformed to incorporate a new chloride exclusion gene. Plantlets are tested for chloride and sodium exclusion traits, and root-knot nematode resistance.	Constructs to reduce the activity of two putative chloride excluding genes have been made and used successfully to transform Shiraz plantlets to test their function. Work is also evaluating the effect of HKT genes on sodium exclusion. Over 100 transformed Shiraz plantlets have been propagated for in vitro testing of their ability to resist nematode attack.
Efficient and sustainable vineyard management	
Outcomes are communicated on field performance trials of native under-vine plant species on vine growth and nutrition, weed suppression, soil moisture and soil biology. Economic data for the trials is evaluated.	Project outcomes have been delivered through regional grower workshops. Factsheets are being prepared and the online decision support tool (CoverCropFinder.com.au) is being updated with the latest information on under-vine plant species. Economic data will be evaluated before the end of the project.
Preliminary yield prediction models are developed, based on traditional statistical methods and machine learning, and are applied to historical vineyard and weather data.	Model development is proceeding well, with additional yield data from growers being added to the database. These additional data points are used to train and continually improve the models. Options for the user interface are being considered.
Software is developed to support the acquisition and analysis of images to assess grape yields in four experimental vineyards using smart devices.	A prototype system was successfully developed for field testing at the experimental vineyard sites.
Evaluation of yield forecasting software and a prototype smart device for use with a tablet/phone.	Maps of shoot density have been automated, based on images acquired using smart devices. These are combined with images of inflorescences and bunches collected in the field, to generate the yield forecasts. The forecasts are being evaluated against best practice manual estimation methods, to assess their accuracy.



Strategy 6: Improving winery performance

Enhancing yeast and bacterial performance

Our objective is to develop new or enhanced fit-for-purpose yeast and bacterial germplasm.

During 2016–17 we:

- made available new information for managing problematic *brettanomyces* yeast, based on the outcomes of a four-year study.
- developed practical guidelines to help wineries better manage wastewater treatment plants through an improved understanding of the microbiological composition and the microbial ecology of waste streams.
- worked to develop promising new yeast and malolactic fermentation bacteria from directed evolution studies and use marker-assisted selection to breed yeast with improved characteristics for red winemaking.

Efficient winery production

We work to improve the sector's understanding of process efficiency and enhanced production methods in the winery that will drive business sustainability.

During 2016–17 we:

- focused on enhanced colour extraction techniques in Shiraz and Pinot Noir
- further assessed wine lees removal prototypes, the use of polysaccharides in wine fining as a replacement for bentonite, and the use of oxygen in grape juice and fermentation to enhance final wine style.

An activity-based costing tool for wine production was developed to identify resource consumption with a focus on improving process efficiency.

Strategy 6: Improving winery performance

2016–17 targets	2016–17 achievements
Enhancing yeast and bacterial performance	
The most promising yeast and/or lactic acid bacteria strains from directed evolution trials are evaluated in pilot- and commercial-scale fermentations.	Winery-scale fermentations using four lactic acid bacteria trial strains (<i>O. oeni</i>) were evaluated for performance in replicated 50-litre fermentations of Shiraz wine. Results are currently being collated for inclusion in the final report.
A novel wine yeast strain is developed with improved characteristics for red winemaking, through marker-assisted breeding.	Novel strains developed in this program have been undergoing trials this year to evaluate varietal and wine style suitability. Interspecific hybrid yeasts have been trialled in high sugar and low temperature fermentations and strains that elevate rose aroma profiles have been evaluated in Chardonnay, Riesling and Pinot Noir.

Strategy 6: Improving winery performance

2016–17 targets	2016–17 achievements
Knowledge on the effect of commercial fermentation nutrient addition on yeast strain performance is disseminated.	Determinations of yeast strain-specific performance have shown that while pre-fermentation juice variables such as free sulfur dioxide and copper concentrations are strong discriminating factors of yeast performance, commercial fermentation nutrients (composed primarily of nitrogen) appear to have equivalent effects on all yeast, improving overall performance. Articles are currently being prepared for industry and academic journals.
Data based on winery scale trials, processes and procedures to enhance malolactic performance and malolactic fermentation efficiency is collected.	Trials of regional bacterial isolates continued, with a focus on evaluating the suitability of strains for use in simultaneous inoculation regimes and high sulfur dioxide conditions. Isolates have been trialled in sparkling base and red wine scenarios at multiple sites.
Information is disseminated to sector stakeholders on control strategies and detection methods for brettanomyces yeast in wine.	Information on brettanomyces was distributed through presentations at the 16th AWITC and in an article published in the <i>Australian Journal of Grape and Wine Research</i> that reviews a range of control measures that can be used to limit the impact of brettanomyces in the winery.
Practical guidelines are developed for winery wastewater treatment plant operators, to maximise plant efficiency and reduce the likelihood of microbiology-related plant failures.	Guidelines relating to solids management / cleaner production, maintenance and preparation, system monitoring, provision of a healthy microbial environment and contingency planning were communicated to wastewater plant operators.
A microbial germplasm collection of yeast and bacterial strains is characterised and maintained as a sector resource.	The microbial germplasm collection held at the AWRI continues to expand, with new isolates added from AGWA-funded research projects.
Efficient winery production	
Sensory impact of polysaccharides used to heat-stabilise wines is understood.	Descriptive sensory analysis indicated that Sauvignon Blanc wines fined with carrageenan had more tropical fruit characters and a higher viscosity mouthfeel than wines fined conventionally with bentonite. No taints were observed in any wines fined with carrageenan.
Information on how oxygen exposure in juice and ferments can affect final wine style is made available.	A workshop was held at the 16th AWITC, an article was published and individual wineries were supported in their adoption of oxygen management practices. The greatest stylistic differentiation can be achieved in red wines with oxygenation during fermentation, while for white wines the primary benefit appears to be ensuring fermentation efficiency.
Framework created to develop an activity-based costing tool to allow process efficiency improvements.	The database framework and activity-based costing tool was created and populated with existing sector data averages, to establish an initial (core) dataset. The database is ready for data population in consultation with participating wineries.

Strategy 7: Market access

Access to certain export destinations can be impeded by restrictive wine labelling, wine composition, wine production and wine certification requirements.

During the year, we established a joint Market Access Team with WFA and the AWRI to ensure the sector's efforts in this area are coordinated, all critical matters are addressed and duplication of effort is avoided.

In addition, we actively participated in several international fora designed to identify and address key barriers to the free trade in wine across the globe. In particular, we:

- continued to co-chair the economic sustainability working group of the Paris-based international wine trade body, FIVS.
- introduced and discussed the concept of traceability at the APEC Wine Regulators Forum.
- attended the annual meeting of the World Wine Trade Group, at which member governments signed an Arrangement on Information Exchange, Technical Cooperation and Counterfeiting.
- attended the International Wine Technical Summit and shared wine regulatory information with various countries, notably India and China.

It also is critical to build relationships with regulatory authorities in export destinations. To that end, we have initiated a series of reciprocal visits with the Chinese regulator, the CNCA, which will continue throughout 2017-18.

To assist exporters, we produce written guides setting out the technical requirements in individual export markets. During the year, a new guide to Nigeria was completed, taking the total number of guides available to 33.

Strategy 7: Market access

2016-17 targets	2016-17 achievements
Market access	
Progress is made on the Regional Comprehensive Economic Partnership Agreement.	A draft Wine and Spirits Annex has been provided to DFAT and our preference noted for this to be a separate item rather than included in a specific chapter.
The Trade Barriers Report is updated twice during the year.	This report is continuously updated and shared with our World Wine Trade Group colleagues twice a year.
DFAT is supplied with a draft model wine standard for possible inclusion as an annex to any future FTAs.	DFAT was provided a draft standard for inclusion in the potential FTA with Hong Kong. Submissions were also made in support of an FTA with Indonesia and background material supplied to inform scoping activities towards an eventual agreement with the UK, if and when that country leaves the European Union.

Strategy 8: Building capability

Developing people

To drive the sector forward and build value through innovation, we invest in developing the capability and capacity of those working in the grape and wine community — researchers, winemakers and grapegrowers.

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

For the broader sector, we work to facilitate collaboration and encourage development of, and in, thought leaders, innovators and game changers. The 2017 Future Leaders program, which is funded by the sector and supported by AGWA, WFA and AV, began in June.

Strategy 8: Building capability

2016–17 targets	2016–17 achievements
Developing people	
At least 15 members of the grape and wine community commence leadership and personal development training in 2016–17.	16 members of the grape and wine community commenced the Future Leaders program in June 2017.
The capacity of the next generation of researchers is developed through at least 12 scholarships for PhD, Masters and Honours study.	7 new postgraduate scholarships were offered and accepted, taking the total number of postgraduate scholars supported by AGWA since July 2015 to 53.
Support is extended to at least 8 incoming or outgoing scholars.	Support for travel was extended to 20 outgoing scholars.



The 2017 Future Leaders participants in the Barossa Valley

Strategy 9: Business intelligence and measurement

Business intelligence

AGWA encourages evidence-based and data-driven decision-making through the collection, presentation and dissemination of global wine sector intelligence. We act as the sector's information hub, responding to stakeholder queries in an accurate and timely manner.

In 2016–17, there was a continued focus on market reporting of sales trends across price points, channels, varieties and wine-producing regions. Region-specific and market-specific insight reports were produced and delivered and regular presentations were made to regional associations.

Monitoring and evaluation

Performance evaluation is critical to ensure we are adding value to our levy payers and stakeholders. For us to assess the return on the investments we undertake, we need an evaluation framework. This is true for both RD&E and marketing activities.

In 2016–17, we engaged independent economists to conduct cost-benefit analyses (CBAs) on a range of RD&E activities and systematic CBAs were undertaken on marketing activities.

Strategy 9: Business intelligence and measurement

2016–17 targets	2016–17 achievements
Business intelligence	
Produce, deliver and communicate region-specific statistics and reports to support business decisions.	The Australian wine sector was provided with a wide range of reports and statistics including:
Produce, deliver and communicate market-specific statistics and reports for the sector that guide business decisions and our investments in marketing and RD&E.	<ul style="list-style-type: none"> • 2016 National Vintage Report • the inaugural 2016 Small Winemakers Production and Sales Survey Report • 2016 Production, Sales and Inventory Report • quarterly Export Reports • Market Insight reports on key markets such as the UK, the US, Canada, China and Australia • regular analysis through the Weekly Market Bulletin.
Deliver targeted presentations aimed at increasing the awareness of the global wine sector information that is available.	Presentations were delivered at various wine sector forums such as the Murray Valley Winegrowers Information Forum, NSW DPI Chardonnay clonal workshop, NSW DPI Shiraz clonal workshop, Drinks Association Credit Forum, NSW Innovators Forum, Wine Intelligence China Research Workshop, Alternative Varieties Workshop, Asian Cultural Workshop, Export Forum and Regional Roadshows.
Timely and accurate responses are provided to ad hoc questions.	Over 2000 queries were responded to in a timely and accurate manner.
Monitoring and evaluation	
75% of stakeholders indicate a high level of satisfaction with the services provided across the business.	87% of stakeholders indicated a high level of satisfaction with the services provided across the business.
CBAs indicate 75% of programs measured achieve a positive return on investment.	The aggregated cost-benefit ratio on the selected R&D projects was 2.4 to 1.

Priorities 1 and 2

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 our R&D activities and underpins our success.

During 2016–17 we:

- used a range of delivery networks and programs to disseminate R&D outcomes and encourage the adoption of new technologies and practices.
- supported better business decision-making by sharing information, analysis and customer insights.

Through our Regional Program, we partnered with Australian wine regions to promote the adaption and adoption of research outcomes.

Strategy 10: Extension and adoption

2016–17 targets	2016–17 achievements
Extension and adoption	
R&D project assessment criteria includes evaluation of the extension plan and the likelihood of adoption by levy payers.	The extension and adoption potential of all R&D project applications submitted in 2016–17 was assessed and this score contributed to the overall ranking of the proposals.
The Regional Program delivers at least 80% of activities across the 11 regional clusters.	More than 80% of planned activities were delivered by the regional clusters.
At least 85% of survey respondents who attend workshops provide an overall rating of at least 4 out of 5.	46 roadshow workshops and seminars were delivered by the AWRI, attracting 1152 participants. Survey feedback collected at these events demonstrated that 87.1% of participants gave the seminars and workshops an overall rating of 4 out of 5 or higher.
At least 80% of survey respondents indicate that information provided at workshops is useful.	80.5% of the survey respondents who participated in AWRI roadshow seminars and workshops rated their usefulness at 4 out of 5 or higher.

Supporting functions

Strategy 11: 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.

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

Parliamentarians and their staff showed great interest in wines from each state and the ACT at our second Parliamentary Tasting in Canberra in February, and they enjoyed the pairing of wines with seafood provided by Fisheries Research and Development Corporation.

Strategy 11: Corporate Affairs and Strategy	
2016–17 targets	2016–17 achievements
Corporate Affairs	
Timely, fit-for-purpose, accessible and appropriately targeted wine sector information and analysis is available to the wine sector through a range of channels.	We continued regular communications with the sector and engaged with stakeholders through 73 e-newsletters, 41 media releases and 11 campaign emails. Our monitoring measured 3352 articles about AGWA in print, broadcast and online media.
Sector engagement	
Engage in effective two-way dialogue and understanding with national, state and regional representative bodies.	We delivered a program of engagement activities across 2016–17, including state and regional wine strategy development.
Increase sector and stakeholder awareness of our activities and outcomes from benchmark in 2015.	

Strategy 12: Corporate Services

Finance and administration

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

People and culture

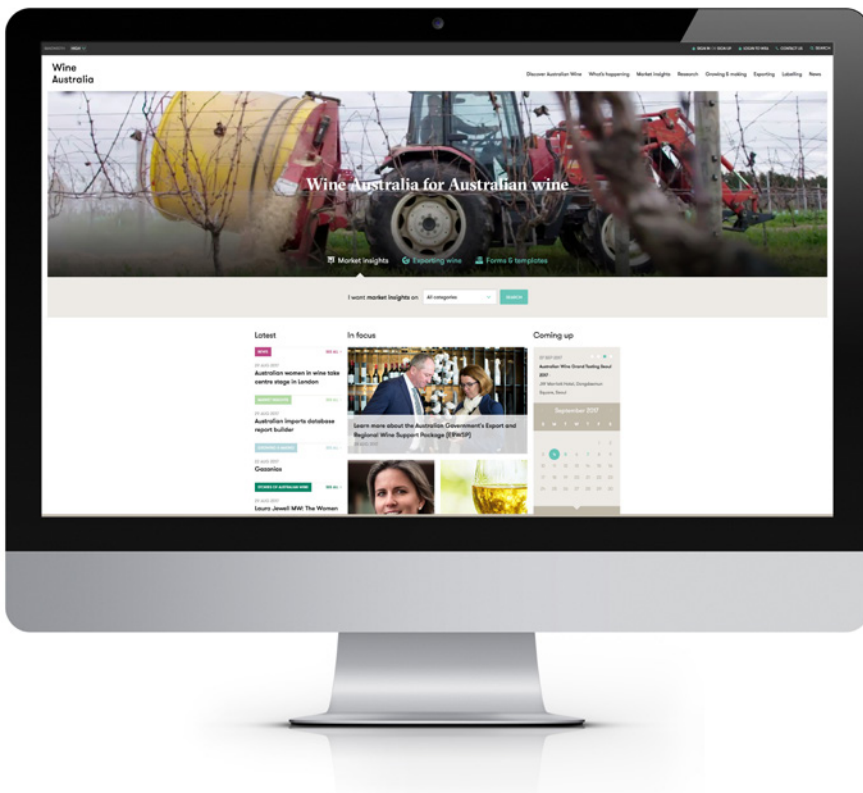
Our focus is set firmly on fostering a high-performance culture and we want our people to realise their potential. We will support them with relevant training and development so they can achieve their best.

Our focus is reinforced by our core values of integrity, trust, creativity, commercial focus and conviviality. These values are distilled into our fundamental principles, and clearly set expectations for the relationships we build with all of our stakeholders.

ICT

Our fit-for-purpose ICT is one way that we support our team by giving our people the necessary tools to deliver.

During 2016–17, we implemented a revised AGWA digital platform and began implementing a best-of-breed cloud-based operating platform to support our global teams. We also completed a pilot phase of a national system to collect foundation data from grapegrowers and winemakers.



Strategy 12: Corporate Services

2016–17 targets	2016–17 achievements
Finance and administration	
Balance of reserves at 30 June 2017 in adherence to reserves policy.	Balance of reserves at 30 June of \$13.1 were above the \$3 million minimum requirement.
Reserves greater than \$3 million at 30 June 2017.	
All commercial contracts and arrangements are prepared with considered and detailed statements of the parties' intentions and commitments, and reviewed by legal counsel prior to being executed.	The parties' intentions were clearly set out in each commercial contract and arrangement and staff training was delivered by the General Counsel to ensure best practice in this area. All commercial contracts were considered by the General Counsel prior to being executed.
Regular dissemination of single policies and procedures where adherence is identified as an issue to highlight the importance of compliance.	
People and culture	
Integrated internal communications are used to build engagement and disseminate information.	We share our values, what's happening and what's important using a variety of internal communications tools, including face-to-face and video updates, team and one-on-one meetings, social media and email.
Personal development plans are developed and actioned.	Personal development plans were developed and a wide range of personal development activities were funded.
Zero incidences of non-compliance with all statutory requirements.	All statutory requirements were complied with.
ICT	
In 2016–17, we will complete the rollout of Office 365 and deliver a new web presence.	The new web presence went live early 2017 and continues to evolve in look, feel and content. This has successfully integrated a range of web sites into one. The migration to Office 365 for mail services and collaboration through messaging has been completed globally.
The results of a pilot will be incorporated in the national release of a data collection system.	Work continues on the development of the system with research into technical capability for determining vineyards from satellite images and ongoing work with regions and states to refine the data collection method.
We will maintain ICT systems for our team.	ICT systems maintenance is continually improving the stability and availability of services to internal and external users. One out-of-hours unplanned outage occurred and was managed well, with a roll over to our redundancy systems completed within the expected timeframe.



15088

10
095

26

11
076



The organisation

58	Organisational structure and statement on governance
58–63	The Board
64–65	Board Committees
66	Geographical Indications Committee
66	Legislative Review Committee
67	Management and staff
68–70	Other reporting requirements

Organisational structure and statement on governance

As a corporate Commonwealth entity, AGWA is bound by both its enabling legislation, the AGWA Act, and by the PGPA Act and Rules. We are also party to a funding agreement with the Commonwealth of Australia, represented by the Department of Agriculture and Water Resources, which prescribes various corporate governance methods and reporting. We have met all requirements of the Funding Agreement in 2016–17.

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 based 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.

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.

The Board

The Board is established and governed under the AGWA Act. It must consist of a Chair and at least five, but not more than seven, other Directors. The current Chair has been appointed for a three-year term that ends 30 June 2020. The current Board other than the Chair has been appointed for a three-year term that ends 30 September 2018.

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

Board members

Mr Brian Walsh (SA)

Chair from 1 July 2014



Brian lives in the Barossa, working as a wine sector consultant since 2013 following a 24-year career at Yalumba.

He began at Yalumba in 1988 as Chief Winemaker, later joining the Board as Director of Wine, before becoming Director of Strategy and Business Development. His early career was in McLaren Vale working in various winemaking and management positions over a 20-year period.

Brian has held numerous wine sector 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 Independent Chair of Riverland Wine.

As a strong supporter of the Australian wine show system, Brian has been both Chairman of Judges at the Royal Adelaide Wine Show and Chair of its Wine Committee.

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, he 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. In 1986, he 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 and the Maurice O'Shea Award. He 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 went onto account management at some of Melbourne's leading agencies, including international advertising firm J. Walter Thompson.

Eliza never looked back, deciding to join her father at All Saints Estate & St Leonards Vineyard in Wahgunyah, Victoria where she could use her honed marketing skills.

Currently, Eliza is the CEO/ Director with her siblings, Angela and Nick, of All Saints Estate, St Leonards Vineyard and most recently Mount Ophir Estate.

She also is the first female director of Brown Brothers Wines, where she is a shareholder. With a keen interest in rural issues, she sits on the Agricultural Industry Advisory Council.

Eliza believes a keen interest in changing consumer taste preferences and fashion trends is essential to be at the forefront of the wine industry.



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 projects.

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. Duxton Vineyards produces approximately 4.5 per cent of Australia's wine grapes.

Ed and his wife are also investors in the South Australian hospitality sector with interests in the Crafers Pub, Uraidla Pub and 2KW in Adelaide.



Ms Mary Retallack (SA)
Director from 1 October 2015

Mary Retallack is a third-generation viticulturist who has worked in a wide range of practical, extension and consultancy roles in the global wine sector over the past two decades. She is currently Managing Director of Retallack Viticulture, which offers viticultural consulting services throughout Australia.

Mary has tertiary qualifications in conservation and park management, natural resource management, education, arbitration and viticulture and is currently a PhD candidate at the University of Adelaide, studying the use of native insectary plants to boost beneficial arthropod populations in vineyards.

She is a 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 the AWRI and Wine Communicators of Australia, a past Non-Executive Director of the GWRDC, a past member of the South Australian Wine Industry Council, and a past founding member of WGGA's Decision Support Network and the 'Women of the Vine' Global Symposium advisory board.

She also is a member of the Adelaide University Wine Alumni Steering Group and the *Australian and New Zealand Grapegrower & Winemaker* editorial panel.

Mary was the Rural Industries Research and Development Corporation 'Rural Woman of the Year' in 2012 and a Len Evans Tutorial Scholar in 2014. She was inducted into the Businesswomen's Hall of Fame in 2017.



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 Supply Chain and Operations at Accolade Wines. 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 held many senior executive roles in the entertainment and media industries, including as Chief Executive at each of News Corp Australia, FOXTEL, Fox Studios Australia, the Australian Film Commission, Southern Star Entertainment and Musica Viva Australia.

He is Chair of the Copyright Agency and previously has served as foundation Chairman of the Australian Film Finance Corporation, Chairman of the Sydney Symphony Orchestra and of Musica Viva Australia, and Chairman of the Sydney Opera House Trust from 2005.

He is also the current Deputy Chair of Thomson Reuters Founders Share Company and a board member of 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.

Kim was appointed 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 CaUS) by Macquarie University for his contribution to the arts and entertainment industry in Australia and internationally.

Table 6: AGWA Board meetings 2016–17

Meeting number	Date held	Location
AGWA13	14 Sept 16	Adelaide, SA
AGWA14	17 Nov 16	Adelaide, SA
AGWA15	12 Dec 16	Adelaide, SA
AGWA16	28 Feb 17	Adelaide, SA
AGWA17	19 Apr 17	Adelaide, SA
AGWA18	20 Jun 17	Adelaide, SA

Education and performance review of Directors

The Chair meets periodically and 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, he will discuss the matter confidentially with the Director concerned. If that concern is unlikely to be remedied, he 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 AGWA 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 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, he 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 AGWA 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, he will, at the earliest opportunity, advise the Chair of the report and the reasons for the report.

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 2016–17, the Audit Committee comprised the Board Directors:

- Keith Todd (Chair)
- Edouard Peter (Deputy Chair)
- Mary Retallack.

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.

Marketing Committee

In 2016–17, the Marketing Committee comprised the Board Directors:

- Brian Walsh (Chair)
- Eliza Brown
- David Dearie
- Edouard Peter.

The objective of the Marketing Committee is to advise on the directional strategies and priorities of marketing activities by:

- providing input that assists in determining the long-term marketing needs for the Australian wine sector
- providing input that assists with the development of the marketing strategic plan, including advice on investment priorities
- utilising market intelligence to identify areas in which new growth opportunities exist for the Australian wine sector, and
- advocating for various marketing opportunities that encourage sustained growth of the Australian wine sector.

Remuneration Committee

In 2016–17, the Remuneration Committee comprised the Board 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 the Authority
- the remuneration framework for all employees, and
- performance management practices and outcomes.

Research, Development and Extension Committee

In 2016–17, the Research, Development and Extension (RD&E) Committee comprised the Board Directors:

- Brian Croser AO (Chair)
- Mary Retallack.

The objectives of the RD&E Committee are to:

- provide advice to AGWA on the long-term RD&E and Market Insights needs for the Australian wine sector
- advise on investment priorities and their progress
- advocate for various RD&E and Market Insights opportunities that encourage sustained growth of the Australian wine sector.

Table 7: Attendance at Board and committee meetings 2016–17

	Board meetings		Audit Committee		Marketing Committee		Remuneration Committee		RD&E Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Brian Walsh	6	6			3	3	1	1		
Brian Croser AO	6	6					1	1	2	2
Eliza Brown	6	6			3	3				
Kim Williams AM	4	6								
David Dearie	6	6			3	3				
Edouard Peter	6	6	3	4	3	3				
Keith Todd	6	6	4	4						
Mary Retallack	5	6	4	4					2	2

Geographical Indications Committee

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

In 2016–17 the GIC comprised:

- Dennis Mutton, the Presiding Member appointed by AGWA
- Phillip Laffer, WFA's nominated member, and
- Peter Hayes, AV's nominated member.

The GIC met twice to discuss proposed amendments to the AGWA Regulations 1981 and to consider matters relating to the determination of foreign GIs. The GIC made interim and final determinations in respect of 69 European GIs, which will be entered onto the Register of Geographical Indications and Other Terms in 2017–18. The GIC also published a notice of application for registration of 906 European GIs to provide interested parties with an opportunity to object under Division 2 of the AGWA Regulations.

Legislative Review Committee

The AGWA Regulations will expire on 1 April 2018. Accordingly, AGWA has an opportunity to recommend, on behalf of the sector, changes to the Regulations to ensure they are fit for purpose. This is the first formal sunset review of the Regulations. The next sunset date is 1 April 2028.

To assist with identifying and reviewing the Regulations and to ensure that the sector is accurately represented, a Legislative Review Committee (LRC) was formed.

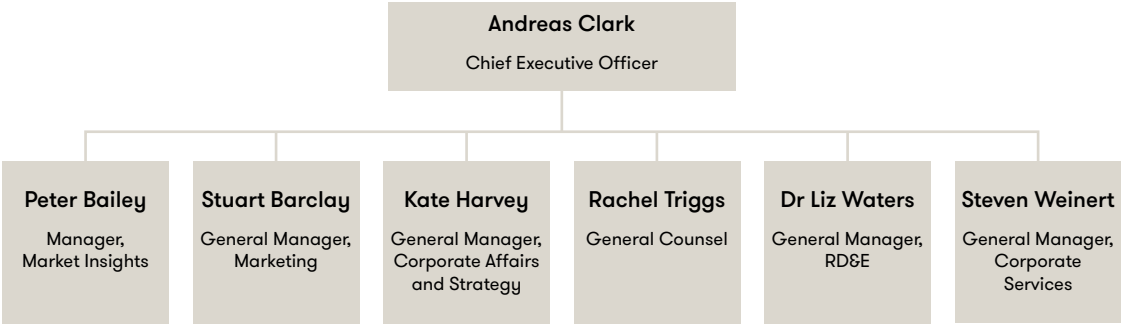
The LRC conducted a thorough review of the Regulations and recommended a series of amendments. It also sought input from the GIC in relation to all matters relating to GIs.

WFA and AV were each given an opportunity to comment on the recommendations.

Recommendations for which consensus was reached by WFA, AV and the AGWA Board were referred to the wine policy unit of the Department of Agriculture and Water Resources.

Management and staff

Senior management



Staff

We employed 69 people at 30 June 2017.

Table 8: Staff members by location

	Males		Female		Total
	Full time	Part time	Full time	Part time	
Australia	16	1	21	12	50
UK	0	0	6	0	6
US	3	0	3	0	6
Canada	0	0	2	0	2
China	1	0	4	0	5
Total	20	1	36	12	69

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.

Other reporting requirements

Enabling legislation

AGWA is established by section 6 of the AGWA Act.

Functions

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

- a) to investigate and evaluate the requirements for grape or wine R&D
- b) to coordinate or fund the carrying out of grape or wine R&D activities
- c) to:
 - i. monitor
 - ii. evaluate, and
 - iii. 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;
- d) to:
 - i. assess, and
 - ii. 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
- e) to facilitate the dissemination, adoption and commercialisation of the results of grape or wine R&D
- f) to control the export of grape products from Australia
- g) to promote the consumption and sale of grape products, both in Australia and overseas
- h) such other functions as are conferred on the Authority by:
 - i. this Act
 - ii. the regulations, or
 - iii. any other law
- i) to do anything incidental to, or conducive to, the performance of any of the above functions.

Objects

The objects of the Act are:

- a) to support grape or wine R&D activities
- b) to control the export of grape products from Australia
- c) to promote the consumption and sale of grape products, both in Australia and overseas, and
- d) 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, Senator the Hon. Anne Ruston was the Assistant Minister for Agriculture and Water Resources.

Ministerial directions

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

Key activities and changes affecting the Authority

In 2015, AGWA entered into a Collection Agreement with the Department under section 11 of the Collection Act.¹ Under that agreement, we collect the Wine Export Charge (WEC) payable by Australian wine exporters. This function was previously carried out by the Department.

In 2016–17 we identified areas for reform relating to the return process associated with the collection of the WEC. These were:

- removing the requirement for in-active exporters to submit ‘nil’ returns, and
- increasing the threshold from \$200 to \$1000 for submission of annual instead of quarterly returns.

These changes were approved and came into effect on 1 July 2017, meaning they will apply in relation to the 2017–18 levy year. This is an excellent result for licensed exporters as it removes the need to submit approximately 5000 returns and it will significantly reduce the administrative cost of collecting the WEC.

During 2016–17, we also undertook planning, consultation and staff recruitment in preparation for the delivery of activities and programs under the Australian Government’s \$50 million Export and Regional Wine Support Package. The activities and programs will start in 2017–18.

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.

1. Primary Industries Levies and Charges Collection Regulations 1991

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 are required to comply with IPS requirements. As such, we prepared an Agency Plan (the Plan) as required by section 8(1) of the FOI Act. The Plan describes how we implement and administer the IPS in respect of 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 one request 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 our 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
- cared for the environment by minimising the consumption of power and recycling waste products where practicable and ensuring our 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.







Financial Statements

74–75	Statements by Chair and Chief Financial Officer
76–77	Independent auditor's report
78	Statement of comprehensive income
79	Statement of financial position
80	Statement of changes in equity
81	Cash flow statement
82–84	Notes to and forming part of the financial statements
85–90	Financial performance
91–98	Financial position
99–100	Funding
101–103	People and relationships
104–109	Managing uncertainties
110–111	Other information



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 2017 in accordance with section 42 of the PGPA Act:
 - b) comply with subsection 42(2) of the PGPA Act; and
 - c) 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', with a long horizontal flourish extending to the right.

20 September 2017

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', with a stylized, somewhat circular flourish.

20 September 2017



Australian Government

**Australian Grape and
Wine Authority**

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

This statement confirms that the 2016–17 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 2016–17 Annual Report of the Australian Grape and Wine Authority was approved by resolution of the Board on 20 September 2017.

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', with a long horizontal flourish extending to the right.

20 September 2017



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture and Water Resources

Opinion

In my opinion, the financial statements of the Australian Grape and Wine Authority for the year ended 30 June 2017:

- (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 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Grape and Wine Authority, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement made 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, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Grape and Wine Authority in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Grape and Wine Authority the Directors are 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. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Australian Grape and Wine Authority's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Directors are also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

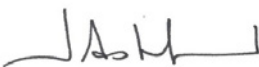
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jocelyn Ashford

Senior Executive Director

Delegate of the Auditor-General

Canberra

20 September 2017

Statement of comprehensive income

for the year ended 30 June 2017

	Notes	Actuals 2017 \$	Actuals 2016 \$	Budget 2017 \$
Net cost of services				
Expenses				
Expenditure on research and development contracts	1.1A	20,876,867	20,044,987	21,613,000
Employee benefits	1.1B	8,432,252	7,755,399	8,148,000
Suppliers	1.1C	10,120,662	8,247,093	8,520,900
Depreciation and amortisation	1.1D	205,562	316,501	443,000
Write-down of assets – Bad debts written off	1.1	4,591	4,954	22,000
Net losses from foreign exchange – non speculative	1.1	29,862	60,202	-
Levy collection fees	1.1	674,855	974,517	920,100
Total expenses		40,344,651	37,403,653	39,667,000
Less:				
Own-source income				
Own-source revenue				
Industry contributions	1.2A	20,204,581	18,231,322	17,601,000
Sale of goods and rendering of services	1.2B	7,440,634	7,097,493	6,430,000
Rental income	1.2C	237,477	206,232	216,000
Research and development contributions and refunds	1.2D	664,013	144,225	-
Interest	1.2E	298,499	293,797	240,000
Other revenue	1.2F	80,000	80,818	-
Total own-source revenue		28,925,204	26,053,887	24,487,000
Net cost of services		(11,419,447)	(11,349,766)	(15,180,000)
Revenue from government				
Australian Government matching contributions	1.2	12,033,714	12,105,465	12,080,000
Other grants from Government	1.2G	3,023,173	147,812	2,100,000
Total revenue from Government		15,056,887	12,253,277	14,180,000
Surplus attributable to the Australian Government		3,637,440	903,511	(1,000,000)
Total comprehensive income attributable to the Australian Government		3,637,440	903,511	(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 2017

	Notes	Actuals 2017 \$	Actuals 2016 \$	Budget 2017 \$
Assets				
Financial assets				
Cash and cash equivalents	2.1A	1,902,546	1,563,038	1,332,000
Trade and other receivables	2.1B	3,335,153	6,387,892	4,903,000
Other investments – Deposits at Bank	2.1	11,048,981	6,616,647	5,685,000
Total financial assets		16,286,680	14,567,577	11,920,000
Non-financial assets				
Leasehold improvements	2.2A	6,667	-	-
Plant and equipment	2.2C	394,193	392,882	254,000
Intangibles	2.2E	585,552	248,522	1,405,000
Inventories held for sale	2.2	8,599	673	-
Prepayments	2.2G	962,421	345,316	366,000
Total non-financial assets		1,957,432	987,393	2,025,000
Total assets		18,244,112	15,554,970	13,945,000
Liabilities				
Payables				
Suppliers – Trade Creditors and Accruals	2.3	771,386	802,908	1,019,000
Research and development contracts	2.3A	1,898,377	1,921,425	5,064,000
Other payables	2.3B	1,464,064	2,399,811	350,000
Total payables		4,133,827	5,124,144	6,433,000
Provisions				
Employee provisions	4.1	896,491	874,241	859,000
Other provisions	2.4A	95,000	75,231	75,000
Total provisions		991,491	949,472	934,000
Total liabilities		5,125,318	6,073,616	7,367,000
Net assets		13,118,794	9,481,354	6,578,000
Equity				
Retained surplus		13,118,794	9,454,798	6,412,000
Asset revaluation reserve		-	26,556	166,000
Total equity		13,118,794	9,481,354	6,578,000

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 year ended 30 June 2017

	Actuals 2017 \$	Actuals 2016 \$	Budget 2017 \$
Retained earnings			
Opening balance			
Balance at the beginning of the reporting period	9,454,798	8,411,838	7,412,000
Opening balance	9,454,798	8,411,838	7,412,000
Comprehensive income			
Surplus for the period	3,637,440	903,511	(1,000,000)
Total comprehensive income	3,637,440	903,511	(1,000,000)
Transfers between equity components	26,556	139,449	-
Closing balance as at 30 June	13,118,794	9,454,798	6,412,000
Asset revaluation reserve			
Opening balance			
Balance at the beginning of the reporting period	26,556	166,005	166,000
Opening balance	26,556	166,005	166,000
Comprehensive income			
Surplus for the period	-	-	-
Total comprehensive income	-	-	-
Transfers between equity components	(26,556)	(139,449)	-
Closing balance as at 30 June	-	26,556	166,000
Total equity			
Opening balance			
Balance at the beginning of the reporting period	9,481,354	8,577,843	7,578,000
Opening balance	9,481,354	8,577,843	7,578,000
Comprehensive income			
Surplus for the period	3,637,440	903,511	(1,000,000)
Total comprehensive income	3,637,440	903,511	(1,000,000)
Transfers between equity components	-	-	-
Closing balance as at 30 June	13,118,794	9,481,354	6,578,000

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 year ended 30 June 2017

	Notes	Actuals 2017 \$	Actuals 2016 \$	Budget 2017 \$
Operating activities				
Cash received				
Australian Government matching contributions		13,146,679	11,378,395	12,225,633
Other grants from Government		3,022,033	147,812	-
Industry contributions		19,895,456	17,608,933	16,798,367
Sale of goods and rendering of services		9,297,093	7,354,137	6,930,000
Rental income		268,308	231,217	-
Interest		297,546	323,657	242,000
Research and development contributions and refunds		663,653	144,225	-
Net GST received from operating activities		2,185,376	2,144,719	2,403,000
Other receivables		63,260	80,818	-
Total cash received		48,839,404	39,413,913	38,599,000
Cash used				
Employees		(8,508,288)	(7,782,355)	(8,465,000)
Suppliers		(12,025,721)	(9,570,126)	(9,789,000)
Expenditure on research and development contracts		(22,987,601)	(22,153,221)	(21,840,000)
Total cash used		(43,521,610)	(39,505,702)	(40,094,000)
Net cash used by operating activities	3.2	5,317,794	(91,789)	(1,495,000)
Investing activities				
Cash received				
Proceeds from sales of plant and equipment		1,800	3,101	-
Proceeds from investments		16,648,454	11,944,980	12,500,000
Total cash received		16,650,254	11,948,081	12,500,000
Cash used				
Purchase of plant and equipment		(138,572)	(367,024)	(107,000)
Purchase of intangibles		(409,179)	(207,644)	(1,275,000)
Purchase of investments		(21,080,789)	(11,434,370)	(9,500,000)
Total cash used		(21,628,540)	(12,009,038)	(10,882,000)
Net cash from investing activities		(4,978,286)	(60,957)	1,618,000
Net decrease in cash held		339,508	(152,746)	123,000
Cash and cash equivalents at the beginning of the reporting period		1,563,038	1,715,784	1,209,000
Cash and cash equivalents at the end of the reporting period	2.1A	1,902,546	1,563,038	1,332,000

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 2017

Overview Objective 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 section 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 Standard requirements

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

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. A detailed assessment is yet to be undertaken, however, based on a preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements.

AASB 15 Revenue from Contracts with Customers has not been early adopted by AGWA. This new/reissued standard applies to annual reporting periods beginning on or after 1 July 2018. The standard requires revenue from such contracts to be recognised as the entity transfers goods and services to the customer. A detailed assessment is yet to be undertaken, however, based on a preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements.

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 record operating leases on the balance sheet.

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 the 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 2017.

Note 1.1: Expenses (Accounting Policy – 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 2017 are recognised on signing of the contract.

Market research costs include data and contract work completed for our Market Insights Program. 2016–17 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 are 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.

Levy collection fees

The levy collection fee is a charge from the Department of Agriculture and Water Resources for the collection of the various wine industry levies. The costs are recognised as an expense in the Statement of Comprehensive Income on a monthly basis.

Note 1.1A: Expenditure on research and development contracts	2017 \$	2016 \$
Public sector		
Australian Government entities	972,203	3,118,827
State and territory governments	2,172,408	1,894,780
Universities/colleges	3,672,546	3,206,770
Private sector		
The Australian Wine Research Institute	7,557,920	8,638,024
Other organisations	2,271,829	2,667,280
Market research costs	875,440	519,306
Rural R&D for Profit Program	3,354,521	-
Total expenditure on research and development contracts	20,876,867	20,044,987

Note 1.1B: Employee benefits	2017 \$	2016 \$
Wages and salaries	7,840,840	7,123,147
Superannuation		
Defined contribution plans	461,971	418,004
Defined benefit plans	89,806	91,329
Leave and other entitlements	39,635	122,919
Separation and redundancies	-	-
Total employee benefits	8,432,252	7,755,399

Note 1.1C: Suppliers	2017 \$	2016 \$
Goods and services supplied or rendered		
Occupancy costs	140,642	148,144
Contractors	228,106	122,401
Communications	245,596	241,909
Information technology	1,308,170	822,405
Marketing costs	4,288,976	3,408,838
Outside services	672,320	697,181
Travel and accommodation	783,734	749,007

Note 1.1C: Suppliers (continued)	2017 \$	2016 \$
Goods purchased	147,656	198,247
Advertising	472,350	319,154
Professional fees	609,552	292,817
Other supplier expenses	342,389	442,977
Total goods and services supplied or rendered	9,239,491	7,443,080
Other supplier expenses		
Operating lease rentals		
Minimum lease payments	788,776	713,243
Workers' compensation expenses (Comcare)	47,540	48,244
Liability insurance expenses (Comcover)	44,855	42,526
Total other supplier expenses	881,171	804,013
Total supplier expenses	10,120,662	8,247,093

Leasing commitments

AGWA holds four significant lease arrangements. One is with the National Wine Centre at our Adelaide head office; the others are 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:	2017 \$	2016 \$
Within 1 year	722,740	683,654
Within 1 to 5 years	1,566,701	2,208,292
More than 5 years	-	-
Total operating lease commitments	2,289,441	2,891,946

Note 1.1D: Depreciation and amortisation	2017 \$	2016 \$
Depreciation		
Plant and equipment	130,683	104,375
Leasehold improvements	15,958	169,075
Total depreciation	146,641	273,450
Amortisation		
Intangibles: computer software	58,921	43,051
Total amortisation	58,921	43,051
Total depreciation and amortisation	205,562	316,501

Note 1.2: Revenue (Accounting Policy – Revenue)

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 'free on board' value of wine exported. This levy is collected by AGWA in accordance with a Collection Agreement entered into between AGWA and the Department of Agriculture and Water Resources in 2015, in accordance with section 11 of the Primary Industries Levies and Charges Collection Act 1991.

Refer to Note 3.2 Accounting Policy: Industry contributions (net receivable).

Revenue from Government

The matching contribution from the Australian Government is provided to fund grape and wine research. It is 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 that it relates.

Sponsorship revenue

Sponsorship revenue is recognised in revenue once the relevant agreements have been signed and an invoice is raised.

Note 1.2A: Industry contributions	2017 \$	2016 \$
Grape research levy	3,772,275	3,444,617
Wine research levy	13,495,448	11,563,222
Wine export charge	2,936,858	3,223,483
Total industry contributions	20,204,581	18,231,322

Note 1.2B: Sale of goods and rendering of services	2017 \$	2016 \$
Goods sold	176,258	242,870
Services provided	7,264,376	6,854,623
Total sale of goods and rendering of services	7,440,634	7,097,493

Note 1.2C: Rental income	2017 \$	2016 \$
Operating lease		
Sublease	237,477	206,232
Total rental income	237,477	206,232

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 a non-committed lease arrangements.

Note 1.2C: Rental income (continued)	2017	2016
Commitments for sublease rental income receivables are as follows:	\$	\$
Within 1 year	112,891	110,677
Within 1 to 5 years	168,379	209,455
More than 5 years	-	-
Total sublease rental income commitments	281,270	320,132

Note 1.2D: Research and development contributions and refunds	2017	2016
	\$	\$
Rural R&D for Profit Program contributions from external sources	662,513	-
Unspent grant funding	1,500	144,225
Total research and development contributions and refunds	664,013	144,225

Note 1.2E: Interest	2017	2016
	\$	\$
Term deposits at bank	237,536	217,541
Credit interest	60,963	76,256
Total interest	298,499	293,797

Note 1.2F: Other revenue	2017	2016
	\$	\$
Sponsorship	80,000	65,000
Other revenue	-	15,818
Total other revenue	80,000	80,818

Note 1.2G: Other grants from Government	2017	2016
	\$	\$
Export and Regional Wine Support Package	670,000	-
Rural R&D for Profit Program	2,182,281	-
Export Market Development Grant	110,955	119,926
Carbon Farming Futures: climate change research program	59,937	27,886
Total revenue from Government	3,023,173	147,812

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 (Accounting Policy – Financial 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 2.1A: Cash and cash equivalents	2017 \$	2016 \$
Cash at bank	1,901,323	1,561,089
Cash on hand	1,223	1,949
Total cash and cash equivalents	1,902,546	1,563,038

Note 2.1B: Trade and other receivables	2017 \$	2016 \$
Goods and services receivables		
Goods	27,668	19,159
Services	715,421	2,982,399
Total goods and services receivables	743,089	3,001,558
Other receivables		
Australian Government matching contributions receivable	1,328,704	2,441,669
GST receivable from the Australian Taxation Office	152,160	140,250
Industry contributions receivable	1,076,105	766,980

Note 2.1B: Trade and other receivables (continued)	2017 \$	2016 \$
Interest receivable	20,731	19,777
Other receivable	14,364	17,658
Total other receivables	2,592,064	3,386,334
Total trade and other receivables (gross)	3,335,153	6,387,892
Refer to Note 1.2: Accounting Policy – Revenue		
Less impairment allowance		
Goods and services	-	-
Total impairment allowance	-	-
Total trade and other receivables (net)	3,335,153	6,387,892
Trade and other receivables (net) expected to be recovered		
No more than 12 months	3,335,153	6,387,892
More than 12 months	-	-
Total trade and other receivables (net)	3,335,153	6,387,892
Trade and other receivables (net) aged as follows		
Not overdue	3,122,182	6,323,727
Overdue by:		
0 to 30 days	65,511	44,052
31 to 60 days	8,577	15,494
61 to 90 days	1,610	4,619
More than 90 days	137,273	-
Total trade and other receivables (net)	3,335,153	6,387,892

The debt showing in 'more than 90 days' has since been collected.
All trade and other receivables are expected to be settled within 12 months.

All investments are current assets.

Note 2.2: Non-financial assets (Accounting Policy – Non-financial assets)

Leasehold improvements

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.

A makegood provision has been established to restore the buildings 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 \$1,000, 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.

All revaluations are conducted in accordance with the revaluation policy. The policy was revised during the 2016–17 year and it was determined that all previous formal valuations resulted in immaterial differences. Therefore, it was recommended to the Board for AGWA to no longer have a formal valuation requirement. The Directors have undertaken a desktop revaluation during the 2016–17 reporting period, with no changes to the valuations noted based on the directors assessment.

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.

Intangibles

AGWA's intangible assets include purchased software and internally-developed software for the Authority'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 2017 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.

Any redistribution or reproduction of part or all of the contents of AGWA's internally generated software or website requires a creative commons licence from AGWA.

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. In accordance with the policy, valuations are performed by directors with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair value as at the reporting date.

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	2017	2016
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 2017. 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.

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 2.2A: Leasehold improvements	2017 \$	2016 \$
Fair value	904,505	881,880
Accumulated amortisation	(897,838)	(881,880)
Total leasehold improvements	6,667	-

Note 2.2B: Reconciliation of the opening and closing balances of leasehold improvements	Leasehold improvements 2017 \$	Leasehold improvements 2016 \$
As at 1 July		
Gross book value	881,880	881,880
Accumulated depreciation	(881,880)	(712,805)
Net book value as at 1 July	-	169,075
Additions:		
By purchase	22,625	-
Depreciation expense	(15,958)	(169,075)
Net book value as at 30 June	6,667	-

Note 2.2B: Reconciliation of the opening and closing balances of leasehold improvements (continued)	Leasehold improvements 2017 \$	Leasehold improvements 2016 \$
Net book value as at 30 June represented by:		
Gross book value	904,505	881,880
Accumulated depreciation and impairment losses	(897,838)	(881,880)
	6,667	-

Note 2.2C: Plant and equipment	2017 \$	2016 \$
Plant and equipment – at fair value	860,354	894,988
Accumulated depreciation	(468,406)	(506,076)
Total plant and equipment	391,948	388,912
Furniture and fittings – at fair value	8,523	8,523
Accumulated depreciation	(6,278)	(4,553)
Total furniture and fittings	2,245	3,970
Total plant and equipment	394,193	392,882

Note 2.2D: Reconciliation of the opening and closing balances of plant and equipment	Plant and equipment 2017 \$	Furniture and fittings 2017 \$	Total 2017 \$	Plant and equipment 2016 \$	Furniture and fittings 2016 \$	Total 2016 \$
As at 1 July						
Gross book value	894,988	8,523	903,511	1,003,305	8,523	1,011,828
Accumulated depreciation	(506,076)	(4,553)	(510,629)	(872,334)	(2,828)	(875,162)
Net book value as at 1 July	388,912	3,970	392,882	130,971	5,695	136,666
Additions:						
By purchase	138,572	-	138,572	367,024	-	367,024
Disposals:						
Gross book adjustment	(173,206)	-	(173,206)	(475,341)	-	(475,341)
Accumulated depreciation adjustment	166,628	-	166,628	468,908	-	468,908
Depreciation expense	(128,958)	(1,725)	(130,683)	(102,650)	(1,725)	(104,375)
Net book value as at 30 June	391,948	2,245	394,193	388,912	3,970	392,882
Net book value as at 30 June represented by:						
Gross book value	860,354	8,523	868,877	894,988	8,523	903,511
Accumulated depreciation	(468,406)	(6,278)	(474,684)	(506,076)	(4,553)	(510,629)
	391,948	2,245	394,193	388,912	3,970	392,882

Note 2.2E: Intangibles	2017 \$	2016 \$
Computer software:		
Purchased at cost	353,388	344,590
Developed at cost:		
In use	1,715,718	1,356,647
Work in progress	26,500	205,158
Total computer software (gross)	2,095,606	1,906,395
Accumulated amortisation	(1,510,054)	(1,657,873)
Total computer software (net)	585,552	248,522
Total intangibles	585,552	248,522

Note 2.2F: Reconciliation of the opening and closing balances of intangibles	Computer software – purchased 2017 \$	Computer software – developed 2017 \$	Total 2017 \$	Computer software – purchased 2016 \$	Computer software – developed 2016 \$	Total 2016 \$
As at 1 July						
Gross book value	344,590	1,483,111	1,827,701	342,104	1,356,647	1,698,751
Accumulated amortisation	(318,120)	(1,261,059)	(1,579,179)	(297,594)	(1,317,228)	(1,614,822)
Net book value as at 1 July	26,470	222,052	248,522	44,510	39,419	83,929
Additions:						
By purchase	8,798	400,381	409,179	2,486	205,158	207,644
Disposals:						
Gross book adjustment	-	(141,274)	(141,274)	-	(78,694)	(78,694)
Accumulated amortisation adjustment	-	128,046	128,046	-	78,694	78,694
Amortisation	(9,347)	(49,574)	(58,921)	(20,526)	(22,525)	(43,051)
Net book value as at 30 June	25,921	559,631	585,552	26,470	222,052	248,522
Net book value as at 30 June represented by:						
Gross book value	353,388	1,742,218	2,095,606	344,590	1,483,111	1,827,701
Accumulated amortisation	(327,467)	(1,182,587)	(1,510,054)	(318,120)	(1,261,059)	(1,579,179)
	25,921	559,631	585,552	26,470	222,052	248,522

Note 2.2G: Prepayments	2017 \$	2016 \$
Prepayments	962,421	345,316
Total prepayments	962,421	345,316
Prepayments expected to be recovered		
No more than 12 months	871,171	221,027
More than 12 months	91,250	124,289
Total prepayments	962,421	345,316

Note 2.3: Payables (Accounting Policy – Payables)

Suppliers and research and development contracts

All payables are expected to be settled within 12 months.

Settlement is usually made:

- net 60 days for Australian Wine Overseas Program,
- net 14 days for research and development 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 2.3A: Research and development contracts	2017 \$	2016 \$
Accrued approved project expenses	1,898,377	1,921,425
Total research and development contracts	1,898,377	1,921,425

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

Note 2.3B: Other payables	2017 \$	2016 \$
Salaries and wages (including PAYG and superannuation)	58,325	158,325
Prepayments received/unearned income	1,374,378	2,219,755
Other	31,361	21,731
Total other payables	1,464,064	2,399,811
Total other payables are expected to be settled in:		
No more than 12 months	1,464,064	2,399,811
More than 12 months	-	-
Total other payables	1,464,064	2,399,811

Note 2.4: Provisions (Accounting Policy – Provisions)

Makegood

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.

Note 2.4A: Other provisions	2017 \$	2016 \$
Makegood	95,000	75,231
Total other provisions	95,000	75,231
Total other provisions are expected to be settled in:		
No more than 12 months	-	-
More than 12 months	95,000	75,231
Total other provisions	95,000	75,231

Funding

This section identifies AGWA's funding structure.

Note 3.1: Regulatory charging summary

Note 3.1: Regulatory charging summary	2017 \$	2016 \$
Expenses		
Direct costs	1,582,516	1,658,919
Indirect costs	1,670,413	1,612,784
Total expenses	3,252,929	3,271,703
External revenue		
Sale of goods and rendering of services	4,591,582	4,155,189
Total external revenue	4,591,582	4,155,189

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 and is being scoped for replacement.

Note 3.2: Cash flow reconciliation (Accounting Policy – Cash flow)

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).

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement	2017 \$	2016 \$
Cash and cash equivalents as per:		
Cashflow statement	1,902,546	1,563,038
Statement of financial position	1,902,546	1,563,038
Difference	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:		
Net cost of services	(11,419,447)	(11,349,766)
Add revenue from Government	15,056,887	12,253,277
Adjustments for non-cash items		
Depreciation/amortisation	205,562	316,501
Amortisation of lease incentive	(22,625)	(44,134)
Net write-down of assets	(4,591)	(4,954)
Loss on disposal of assets	18,006	3,332
Movements in assets and liabilities		
Assets		
Decrease in net receivables	3,057,331	(3,530,494)
Increase in inventories	(7,926)	3,462
Increase in prepayments	(617,105)	20,839
Liabilities		
Decrease in suppliers	(31,522)	128,681
Decrease in research and development contracts	(23,048)	(103,736)
Decrease in other payables	(935,747)	2,221,450
Increase in other provisions	42,019	(6,247)
Net cash used by operating activities	5,317,794	(91,789)

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** **(Accounting Policy –** **Employee provisions)**

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 at 30 June 2017. 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

No provision has been made for separation and redundancy benefit payments in 2016–17. 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's administered schedules and notes.

Note 4.1: Employee provisions	2017 \$	2016 \$
Long service leave	451,588	448,383
Annual leave	444,903	416,446
Separation or redundancies	-	9,412
Total employee provisions	896,491	874,241
Employee provisions are expected to be settled in:		
No more than 12 months	708,603	690,203
More than 12 months	187,888	184,038
Total employee provisions	896,491	874,241

Note 4.2: Senior executive remuneration expenses

Key management personnel remuneration

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise of that entity).

For the purpose of this note, AGWA has defined senior executives as Directors, the Chief Executive Officer (CEO), and those employees (General Managers) 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 16 (15 in 2016).

Note 4.2 is prepared on an accrual basis.

Note 4.2: Key management personnel remuneration	2017 \$	2016 \$
Short-term employee benefits		
Salary	1,785,446	1,658,850
Motor vehicles and other allowances	82,506	88,181
Total short-term employee benefits	1,867,952	1,747,031
Post-employment benefits		
Superannuation	223,287	213,361
Total post-employment benefits	223,287	213,361
Other long-term employee benefits		
Annual leave accrued	110,594	116,633
Long service leave accrued	47,399	40,611
Total other long-term employee benefits	157,993	157,244
Total senior executive remuneration expenses	2,249,232	2,117,636

Note 4.3: Related party disclosures

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

Related party relationships

AGWA is an Australian Government controlled entity. Related parties to the entity are Directors and Executives, and other Australian Government Entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. There have been no transactions with related parties during the financial year that are material or are outside the normal terms of trade.

Note 4.4: Remuneration of auditors

Note 4.4: Remuneration of auditors	2017 \$	2016 \$
Remuneration of auditors		
Audit of the financial statements	55,545	56,000
Total remuneration of auditors	55,545	56,000

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 (Accounting Policy – Financial instruments)

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 5.1A: Categories of financial instruments	2017 \$	2016 \$
Financial assets		
Held-to-maturity investments:		
Deposits at bank	11,048,981	6,616,647
Total held-to-maturity investments	11,048,981	6,616,647
Receivables:		
Cash and cash equivalents	1,902,546	1,563,038
Interest receivable	20,731	19,777
Australian Government matching contributions receivables	1,328,704	2,441,669
Industry contributions receivables	1,076,105	766,980
Other receivables	757,453	3,019,216
Total receivables	5,085,539	7,810,680
Total financial assets	16,134,520	14,427,327

Note 5.1A: Categories of financial instruments (continued)	2017 \$	2016 \$
Financial liabilities		
Financial liabilities measured at amortised cost:		
Suppliers	771,386	802,908
Research and development contracts	1,898,377	1,921,425
Total financial liabilities measured at amortised cost	2,669,763	2,724,333
Total financial liabilities	2,669,763	2,724,333

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

Note 5.1B: Net gains or losses on financial assets	2017 \$	2016 \$
Held-to-maturity investments:		
Interest	237,536	217,541
Net gain on held-to-maturity investments	237,536	217,541
Receivables:		
Interest	60,963	76,256
Exchange loss	(29,862)	(60,202)
Net gain on receivables	31,101	16,054
Net gain on financial assets	268,637	233,595

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 2016–17, 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 2017 \$	Past due or impaired 2017 \$	Total 2017 \$	Not past due nor impaired 2016 \$	Past due or impaired 2016 \$	Total 2016 \$
Held-to-maturity investments	11,048,981	-	11,048,981	6,616,647	-	6,616,647
Receivables	4,872,567	212,972	5,085,539	7,746,515	64,165	7,810,680
Total financial assets	15,921,548	212,972	16,134,520	14,363,162	64,165	14,427,327

The debt showing in 'more than 90 days' has since been collected.

Ageing of financial assets that are past due but not impaired for 2017	0 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
Receivables for goods and services	-	65,512	8,577	138,883	212,972
Total receivables for goods and services	-	65,512	8,577	138,883	212,972
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

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 fund short-term marketing opportunities.

AGWA does not have a significant exposure to currency risk as at 30 June 2017.

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 2017.

The weighted average interest rate as at 30 June 2017 on AGWA's cash, cash equivalents and investments is shown below:

	2017	2016
Cash and cash equivalents	1.63%	2.01%
Investments	2.41%	2.74%

Sensitivity analysis

Sensitivity analysis of the risk that the entity is exposed to for 2017		Change in risk variable %	Effect on Net cost of services \$	Effect on Equity \$
Risk variable				
Interest rate risk				
Term deposits	Deposit rate	+1%	129,515	129,515
	Deposit rate	-1%	(129,515)	(129,515)
Sensitivity analysis of the risk that the entity is exposed to for 2016		Change in risk variable %	Effect on Net cost of services \$	Effect on Equity \$
Risk variable				
Interest rate risk				
Term deposits	Deposit rate	+1%	81,797	81,797
	Deposit rate	-1%	(81,797)	(81,797)

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. 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 were no material adjustments required for the internal revaluation, therefore no increments or decrements were adjusted through the statement of financial position.

There were disposals of previous plant and equipment which carried amounts held in the asset revaluation reserve account. These amounts were reversed against accumulated reserves on disposal.

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					
Asset class	2017	2016	Level	Valuation techniques ¹	Significant inputs used
Leasehold improvements (including fit out)	6,667	-	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	394,193	392,882	2	Market approach	Adjusted market transactions
Total assets measured at fair value	400,860	392,882			

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	
	2017 \$	2016 \$
As at 1 July	-	169,075
Total losses in accumulated depreciation and amortisation	(15,958)	(169,075)
Purchases	22,625	-
Total as at 30 June	6,667	-
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.

	2017 \$	2016 \$
Expenses	40,344,651	37,403,653
Own-source income	28,925,204	26,053,887
Net cost of outcome delivery	11,419,447	11,349,766

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

Departmental major budget variances for 2016–17

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	
Revenue from the sale of goods and services has a positive variance of \$1M. Regulatory Services income was over budget by \$840K, mainly driven by export licence applications and renewals (\$550K) and purchases of export certificates (\$150K). Also, the Australian Wine Overseas Program (\$175K) wasn't included in the initial budget.	<ul style="list-style-type: none">• Statement of Comprehensive Income – Revenue

Explanations of major variances	Affected line items (and statement)
Industry contributions/Trade and other receivables	
The budget was based on an estimated vintage of 1.65 mega-tonnes (MT), however the actual vintage was approximately 1.9MT. As a result, Levies received increased by an additional \$2.6M. Trade receivables were favourable mainly due to the collection of the Commonwealth Matching Claims. In previous years, the claims for April, May and June were outstanding at the end of the financial year, however, for the 2016–17 financial year, only June’s payment was outstanding.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Revenue • Statement of Financial Position – Assets • Cash Flow Statement
Research and development income/Other Payables	
In 2016–17, the Rural Research and Development for Profit (RRD4P) Program commenced. The budget didn’t include this income, which was \$2.8M. However the budget did include \$2.0M for the Export and Regional Wine Support Package (ERWSP), of which only \$670K is recognised in the Income Statement. The remaining balance of \$1.33M was carried over into the 2017–18 financial year and is shown under Other Payables.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Revenue • Statement of Financial Position – Liabilities • Cash Flow Statement
Expenditure on research and development contracts/ R&D payables	
In 2016–17, the budget included \$1.6M in R&D Projects that were all due to finish in June 2017. These projects were subsequently varied at the request of the research provider, and extended into 2017–18. This impacted the expenditure recognised, as well as the accruals at the end of the year.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Liabilities • Cash Flow Statement
Suppliers	
Due to the additional industry contributions and Regulatory Services income, more funds were available to spend. As a result, the Board increased its expenditure. Suppliers payable on the Balance Sheet was lower than budget due to a variance to budgeted supplier payment terms and a lower level of accruals.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Liabilities • Cash Flow Statement
Depreciation/Plant and equipment/Intangibles	
The scope of an intangible project that began in the 2016-17 was reassessed during the year due to the withdrawal of a key supplier. The budget included a \$1.0M capital spend in 2016-17, but due to the change in scope, expenditure of approximately \$450K was treated as an operating expense.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Asset • Cash Flow Statement
Prepayments	
A change in payment terms for the Australian Wine Research Institute resulted in a higher level of prepayments than budgeted levels.	<ul style="list-style-type: none"> • Statement of Financial Position – Liabilities
Operating activities	
The receipt of additional industry contributions, Regulatory Services income and the net profit, as compared to the budgeted operating loss, resulted in a variance in operating cash flows. The explanation for the major variances have been disclosed in this note.	<ul style="list-style-type: none"> • Cash Flow Statement
Investment activities	
Due to additional payments of larger grant funds, the management of the cash this year meant that more term deposits were realised earlier and reissued than what was budgeted. The closing balance also reflects the grant received in June 2017 and the surplus generated.	<ul style="list-style-type: none"> • Cash Flow Statement



Appendices

114-122	Appendix I: RD&E funded projects
123	Appendix II: Provider and management codes
124-125	Appendix III: Glossary of acronyms and terms
126-128	Appendix IV: Compliance index
129-132	Appendix V: Alphabetical index

Appendix I: RD&E funded projects

Project number	Title	Approved funding 2016-17 \$
Priority 1		
Strategy 3: Building Australian vine and wine excellence		
3.1 Grapegrowing for excellence		
AWR 1306	Agreement for industry capability building activities & research & development program (2013-2017)	(28,256)
AWR 1601	Digital solutions for grape quality measures at the weighbridge	176,315
AWRI 5.1.3	Administration Grapegrowing for excellence	808,531
CRD 1601	Digital technologies for dynamic disease management	715,000
CSA 1601	New technologies for dynamic canopy and disease management	419,421
CSA 1602	New non-destructive technologies for simultaneous yield, crop condition and quality estimation	343,123
CSA 1603	Simple tools for spatial analysis – key enabling technologies for Precision and Digital Viticulture	245,398
CSL 1401	The yield:quality nexus. Substantiating similarity in the patterns of variation in grape yield/vine vigour and indices of fruit quality	248,169
CSU 1501	Developing a phone-based imaging tool to inform on fruit volume and potential optimal harvest time	151,513
NWG 1301	Optimising grape quality and value to improve vineyard profitability and sustainability	168,458
SAR 1303	Assessing clonal variability in Chardonnay and Shiraz for future climate change	94,075
SAR 1501	Smart-phone based image analysis to assess vine water stress	170,433
UA 1207	Optimising vine balance in Australian vineyards: developing a toolbox for industry to ensure best practice, sustainability and profitability	72,325
UQ 1601	LiDAR and PACE for vineyards	204,600
USA 1601	Use of Unmanned Air Vehicles for early, real time detection of extreme weather events in vineyards	220,000
UT 1601	Taking grapevine yield forecasting into the digital age	120,664
3.2 Wine provenance and measures of quality		
AGW 1603	Arris website developed and hosting as part of project UA 1202	2,780
AWR 1202	Assessment of relationships between grape chemical composition and grape allocation grade	130,163
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	121,615
AWR 1503	Objective measures of Shiraz grape and wine quality in premium Australian vineyards	46,681

Project number	Title	Approved funding 2016-17 \$
AWR 1505	Further development of origin verification tools using multi-elemental isotope ratio and trace elements	87,437
AWR 1602	Rotundone and its role in defining terroir in iconic Australian cool climate 'peppery' Shiraz	238,777
AWRI 3.1.1	Identification and origin of volatile compounds responsible for important wine sensory attributes	669,069
AWRI 3.1.3	Flavour precursors: contribution to wine aroma, in-mouth sensory properties and flavour release	185,059
AWRI 3.1.4	Factors affecting wine texture, taste, clarity, stability and production efficiency	744,634
AWRI 3.5.3	Formation and fate of positive and negative sulfur compounds	285,338
AWRI 5.1.3	Administration – Wine provenance and measures of quality	148,731
CSP 1201	Grape quality parameters that influence wine flavour and aroma: identification, confirmation and application to industry	162,483
CSU 1301	Determination of thresholds for bunch rot contamination of grapes and techniques to ameliorate associated fungal taints	95,199
CSU 1602	Benchmarking regional and subregional influences on Shiraz fine wines	190,733
NWG 1401	Metal ion speciation: Understanding its role in wine development and generating a tool to minimise wine spoilage	136,954
UA 1202	Objective measures for powdery mildew	88,951
UA 1602	Understanding the drivers of terroir in the Barossa Valley	646,813
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.	306,411
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	186,101
3.3 Customer insights		
AGW 1508	RnD4Profit 14-01-034 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	3,598
CSU 1601	Information seeking & research adoption: Assessing communication strategies	7,500
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.	114,044
UA 1501	Harnessing Chinese social media and accelerating Australian wine exports	11,164
UA 1601	The ties that bind: Building strong importer and retailer relationships to drive premium wine export sales	162,992

Project number	Title	Approved funding 2016–17 \$
USA 1202	The China Wine Barometer (CWB): A look into the future	40,219
USA 1302	Postdoctoral researcher in wine consumer behaviour	(75,000)
USA 1501	Driving the strategic growth of Australian wines in the US export market	110,278
USA 1602	Creating opportunity for Australian 'fine' wine in China	116,890
WOP 1401	The opportunities for further market share expansion of Australia's regional and premium price segment wines in the US market	18,418
Sub-total for Priority 1		9,185,090
Priority 2		
Strategy 4: Improving resource management and sustainability		
4.1 Climate adaptability		
AWR 1603	Mitigation of climate change impacts (smoke taint) on the national wine industry	319,716
CSP 1504	Evaluation of new technology and new scion-rootstock combinations for improved water use efficiency and reduced costs	55,141
DPI 1202	Impact of elevated CO ₂ and its interaction with elevated temperature on production and physiology of Shiraz	350,000
GWRDC CRRDC	Council of Rural R&D Corporations – CRRDC	21,923
LTU 1601	Mitigation of climate change impacts (smoke taint) on the national wine industry	590,284
SAR 1302	Managing the impacts of climate change rainfall decline on vine balance and root activity	313,076
UA 1304	Translation of 'whole-of-production-chain' wine science research to industry outcomes	63,069
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.	346,856
4.3 Sustainable resource management		
AGW 1513	Testing of all unique cultivars (90–95) in the AGFPS collection at Monash	40,000
AWRI 2.2.3	Informing Australia's wine consumers through understanding issues of wine consumption, health and nutrition	56,741
CSP 1501	Grapevine germplasm variety identification	78,257
4.4 Biosecurity, pest and disease management		
AGW 1405	Plant Biosecurity RD&E Strategy	9,090
AGW 1604	AGVET Collaborative Forum – Plant Industry Investment Prospectus (Phase 3)	10,000
AGW 1606	Preparation of applications to DAWR under the Assistance Grants – Access to Industry Priority Uses of AgVet Chemicals Programme	6,049
DEP 1301	Risks and management of exotic and endemic phylloxera	250,000

Project number	Title	Approved funding 2016-17 \$
SAR 1201	Developing a threat-specific contingency plan for the exotic pest angular leaf scorch	4,313
SAR 1204	Understanding fungicide resistance in powdery and downy mildew	266,930
SAR 1205	Practical management of grapevine trunk diseases	157,589
SAR 1601	Grapevine trunk disease management for vineyard longevity in diverse climates in Australia	172,249
SAR 1602	Improving the understanding of fungicide resistance in Australian viticulture	217,391
UQ 1201	A generic approach to improving spray coverage	51,525

Strategy 5: Improving vineyard performance

5.1 Enhancing grapevine and rootstock performance

CSP 1302	Genetic and mechanistic characterisation of rootstock traits conferring abiotic stress tolerance to grapevines	191,107
CSP 1304	New rootstocks for Australian conditions	128,392
CSP 1305	Climate change ready varieties and management technologies that reduce GHGs in the vineyard	(52,188)
CSP 1306	Genetic transformation of grapevine to test significant abiotic stress and pest resistance genes	41,495
CSP 1307	Fast phenomics: Grapevine trait characterisation in the field	8,250
CSP 1402	Evaluating and demonstrating new disease resistant varieties	88,370

5.2 Efficient and sustainable vineyard management

AGW 1602	Commonwealth Grant – Accelerating precision agriculture to decision agriculture	30,000
DAF 1401	Soil RD&E Strategy Implementation – DAFF	9,091
DPI 1401	Improved yield prediction for the Australian wine industry	154,762
MQ 1401	Accurate and early yield predictions through advanced statistical modelling	68,821
UA 1303	The development of a low-input under-vinefloor management	54,457

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	372,486
AWR 1302	Defining the nutritional drivers of yeast performance and matching yeast to must	212,149
AWR 1303	Efficient and reliable malolactic fermentation to achieve specification wine style	272,257
AWR 1304	Ensuring the continued efficacy of Brettanomyces control strategies for avoidance of spoilage	223,424
AWRI 3.2.5	Safeguarding and realising the potential of the Australian wine microbial germplasm collection	95,387
AWRI 5.1.3	Administration – Enhanced yeast and bacterial performance	43,839

Project number	Title	Approved funding 2016–17 \$
UA 1301	Developing a fundamental understanding of the microbiological treatment of winery wastewater	66,954
UA 1302	Fit-for-purpose yeast and bacteria via directed evolution	302,914
6.2 Efficient winery production		
2XE 1501	Activity based costing tool & benchmarking database development & extension project	43,825
AWR 1307	Removal of lees from underneath wine to reduce wine movements and tank cleaning	20,450
AWRI 3.3.2	Influencing wine style through management of oxygen during winemaking	311,012
TWE 1301	Novel fining agents to heat stabilise wine	45,186
UT 1301	Improved red wine process efficiency and product quality through enhanced phenolic extraction by controlled phenolic release (CPR) and berry pricking.	73,323
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	80,068
AWRI 2.2.4	Increasing Australia's influence in market access, safety, regulatory and technical trade issues	74,593
AWRI 5.1.3	Administration – Market access	71,100
WFA 1201	Market access impediments and opportunities for the Australian wine sector	25,000
Strategy 8: Building capability		
8.1 Developing people		
AGT 1601	Attendance to the XXV Plant and Animal Genome Congress – San Diego, USA	3,385
AGT 1602	Invited oral presentation at 254th ACS National Meeting	2,500
AGT 1603	Attendance to the 20th GiESCO international meeting in Mendoza (Argentina) 5–10th Nov 2017	2,500
AGT 1604	Attend GiESCO 2017 in Argentina	2,500
AGT 1605	2017 Giesco international meeting, paper conference presentation	2,500
AGT 1606	Oral or Poster presentation at the 20th GiESCO International Meeting Mendoza 2017 (5–10 November)	2,500
AGT 1607	Travel application for participation in the In Vino Analytica Scientia conference in Spain	2,500
AGT 1608	Oral presentation at IVAS 2017 (Salamanca, Spain)	2,500
AGT 1609	Travel application for participation at the 10th In Vino Analytica Scientia Symposium (IVAS 2017) and laboratory visits in Spain and Germany	2,500
AGT 1610	Oral presentation at In Vino Analytica Scientia (17–20 July 2017) and meetings with international collaborators	2,500
AGT 1611	Attendance for the 12th International Symposium on Lactic Acid Bacteria	2,500

Project number	Title	Approved funding 2016-17 \$
AGT 1612	Attend and present PhD research findings at the 8th International Workshop on Grapevine Downy and Powdery Mildew in Oregon	2,500
AGT 1613	Travel bursary for the 8th International Workshop on Grapevine Downy and Powdery Mildew, July 2017, Oregon, USA	2,500
AGT 1614	Oral presentation at the 10th International Workshop on Grapevine Trunk Diseases in Reims, France	2,500
AGT 1615	10th International Workshop on Grapevine Trunk Diseases, France, July 2017	2,500
AGT 1616	Travel to the USA to collaborate with distribution strategy expert Professor Paul Farris and colleagues (University of Virginia), to carry out wine retail store checks, and to attend at the 13th International Conference on Machine Learning and Data Mining MLDM	2,500
AGT 1618	Strengthening the wine industry's biosecurity capacity and capability: analysis of current research, commercial management and government policy in California of three priority biosecurity pests to Australia	2,500
AGT 1619	Travel to 8th Specialized Conference on Sustainable Viticulture, Winery Wastes & Agri-industrial Wastewater Management	2,500
AGT 1620	Travel bursary for poster presentation at the 28th International Conference on Yeast Genetics and Molecular Biology in Prague, and undertake research at the University of Bordeaux, France.	2,500
AGW 1401	Future Leaders	6,823
AGW 1601	2017 Science and Innovation Awards for Young People in Agriculture, Fisheries and Forestry	22,727
AGW 1605	2017 Future Leaders (Pragmatic Thinking)	144,880
AGW L1601	Nuffield Scholarship 2017 (Tobias Bekkers)	52,000
AGW L1602	ARLF Sponsorship 2017 (Belinda Chambers)	50,000
AGW Ph1501	Bioprospecting the regional genetic diversity of Australian wine microbiota	13,712
AGW Ph1502	Genetic mechanisms that underpin chloride and sodium exclusion in grapevine germplasm	13,712
AGW Ph1503	Decoding the unique terroir of Australian wines using a multi-omics approach	13,712
AGW Ph1504	A low power flexible sensor network system for viticulture	13,712
AGW Ph1505	Process control of objective wine quality parameters during fermentation using novel simulation models	13,712
AGW Ph1507	A cross cultural study of the impact of Australian wines of provenance and food pairings on the consumer gastronomic experience	13,712
AGW Ph1508	Objective measures of sparkling wine quality	13,712
AGW Ph1509	Impacts of viticultural conditions and juice composition on the oxidative and reductive development of wine.	7,412
AGW Ph1510	Identification and understanding of Saccharomyces and Oenococcus interactions in co-inoculated cultures for development of robust inoculation pairs in wine fermentation	13,712
AGW Ph1512	Origin of varietal thiols: environmental and winemaking effects	13,712

Project number	Title	Approved funding 2016–17 \$
AGW Ph1513	Autonomous in-vivo determination of maturity parameters	10,000
AGW Ph1601	Developing digital tools for canopy management	9,159
AGW Ph1602	Microbial terroir: Understanding the importance of the soil-borne microbial community to Australian terroir	9,042
AGW Ph1603	Yeast strain construction using CRISPR/Cas9 mediated genome editing	9,159
AGW Ph1604	Locating terroir: understanding businesses' identification with their local environment, place and community, and how this influences wine purchasing decisions and corporate sustainability	9,154
AGW Ph1605	Alternative technology to modify and measure wine astringency, taste and quality	9,159
AGW Ph1606	Characterisation of the microbiome associated with grapevines and evaluation of endophytic microorganisms as biological control agents of grapevine trunk disease pathogens	5,959
AGW Ph1607	Improving grapevine yield and wine quality through optimised vine nutrition and pruning	7,633
GWR M1301	Assessment of vineyard performance to predict wine quality	2,500
GWR Ph1006	Contribution of grape berry lipids to wine aroma	607
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	1,750
GWR Ph1206	Colour extraction in Pinot Noir wine: does viticultural climate have an impact?	(2,054)
GWR Ph1301	Genetic structure, survival mechanisms and spread of grapevine downy mildew populations in Western Australian and Australian vineyards	7,304
GWR Ph1304	Indicators of vine balance and their application to rapid estimation of yield and key crop parameters	20,043
GWR Ph1305	Inoculated mixed culture fermentations for enhanced wine quality and reliable fermentation	11,434
GWR PH1306	The influence of grapevine balance and water status during berry maturation on internal carbohydrate dynamics and leaf function	2,674
GWR Ph1308	Isolation and characterisation of improved lactic acid bacteria strains for optimised malolactic fermentation performance	8,067
GWR Ph1309	Understanding Australian wine consumers' preferences for sparkling wine	2,304
GWR Ph1311	Optimising oak expression in wine through real-time flavour profiling of maturation products	1,356
GWR PH1312	Selective and deliberate use of winemaking supplements to modulate sensory properties of wine	9,403
GWR Ph1313	Finding genes in lab and wine yeasts involved in efficient nitrogen assimilation	2,674
GWR Ph1314	The biochemical pathways behind in H ₂ S generation by yeast	833
GWR Ph1315	Genomic insights into the nutrient utilisation and wine spoilage potential of <i>Dekkera bruxellensis</i>	2,435

Project number	Title	Approved funding 2016-17 \$
GWR Ph1317	Enhanced biological control of light brown apple moth in vineyards	4,203
GWR Ph1403	The biochemical response of grapevines to smoke exposure	9,837
GWR Ph1404	Measuring physical availability (distribution network) of alcoholic beverages categories in light of localisation trends in globalised markets	10,000
GWR Ph1405	Assessing the effects of water and nutrient stress on wine quality using hyperspectral remote sensing	(12,787)
GWR Ph1406	Production of lower alcohol wines – PhD Support	14,151
GWR Ph1407	Non-Saccharomyces yeasts in ethanol reduction and flavour enhancement – supplementary funding application	1,285
GWR Ph1408	Optimisation of an early harvest regime – Impact on grape and wine quality and content	1,285

Strategy 9: Business intelligence and measurement

9.1 Business intelligence

Market Research	Market intelligence and research	427,520
Project Bacchus	Project Bacchus (was Foundation Data)	447,920

9.2 Measurement

GWRD Evaluations	Consultancy Agreement – AGECON PLUS PTY	72,050
------------------	---	--------

Sub-total for Priority 2	8,110,440
---------------------------------	------------------

Priority 1 & 2

Strategy 10: Extension and adoption

10.1 Extension and adoption

AWRI 4.1.1	The staging and conduct of extension programs	537,601
AWRI 4.1.2	Specialised technical troubleshooting and responsive helpdesk services for the Australian wine sector	661,982
AWRI 4.1.3	Library service	185,102
AWRI 4.1.4	Communication with stakeholders	200,541
AWRI 5.1.3	Administration Extension and Adoption	640,120
DPI 1403	NSW Extension Support	(7,500)
DPI 1701	Annual NSW WIA RD&E Innovation Forum	20,000
GRP 1301	GWRDC Regional Plan – Riverina 2013-17	21,700
GRP 1302	GWRDC Regional Plan – Greater Victoria 2013-17	50,000
GRP 1303	GWRDC Regional Plan – Tasmania 2013-17	1,530
GRP 1304	GWRDC Regional Plan – SA North 2013-17	50,000
GRP 1305	GWRDC Regional Plan – Murray Valley 2013-17	65,684

Project number	Title	Approved funding 2016-17 \$
GRP 1306	GWRDC Regional Plan – Limestone Coast 2013-17	44,362
GRP 1307	GWRDC Regional Plan – SA Central 2013-17	50,000
GRP 1308	GWRDC Regional Plan – Greater NSW and ACT 2013-17	50,000
GRP 1309	GWRDC Regional Plan – Western Australia 2013-17	50,000
GRP 1310	GWRDC Regional Plan – Queensland 2013-17	25,000
GRP 1311	GWRDC Regional Plan – Riverland 2013-17	125,000
GWR 1303	Rootstock Selector Tool	160
GWRDC IN	Innovators' Network	18,294
GWRDC PMS	Project Management System	104,887
GWRDC RP	Regional Program	7,054
VIN 1501	ACE Winery trial	6,512
GRP 1701	Regional Plan – Riverina 2017-22	121,990
GRP 1702	Regional Plan – Greater Victoria 2017-22	50,000
GRP 1703	Regional Plan – Tasmania 2017-22	23,123
GRP 1704	Regional Plan – SA North 2017-22	50,000
GRP 1705	Regional Plan – Murray Valley 2017-22	79,224
GRP 1706	Regional Plan – Limestone Coast 2017-22	49,291
GRP 1707	Regional Plan – SA Central 2017-22	50,000
GRP 1708	Regional Plan – Greater NSW & ACT 2017-22	49,940
GRP 1709	Regional Plan – Western Australia 2017-22	50,000
GRP 1710	Regional Plan – Queensland 2017-22	24,740
GRP 1711	Regional Plan – Riverland 2017-22	125,000
Sub-total for Priority 1 & 2		3,581,336
Grand Total		20,876,867

Appendix II:

Provider and management codes

Code	
2XE	2XE
AGT	Travel bursary
AGW	AGWA
AGW Ph	PhD scholarships
AGW L	Leadership investment
AWR	Australian Wine Research Institute
AWRI	Australian Wine Research Institute
CRD	Cotton Research and Development Corporation
CSA	CSIRO Agriculture and Food
CSL	CSIRO Land and Water
CSP	CSIRO Plant Industries
CSU	Charles Sturt University
DAF	Department of Agriculture, Fisheries and Forestry
DEP	Department of Economic Development, Jobs, Transport and Resources
DPI	Department of Primary Industries
GRP	Regional Program
GWR M	GWRDC Masters scholarships
GWR Ph	GWRDC PhD scholarships
LTU	La Trobe University
MQ	Macquarie University
NWG	National Wine and Grape Industry Centre
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
WFA	Winemakers' Federation of Australia
WOP	Wine Opinions

Appendix III:

Glossary of acronyms and terms

Term	Description
\$A	Australian dollar
ABS	Australian Bureau of Statistics
AGWA	Australian Grape and Wine Authority
AGWA Act	Australian Grape and Wine Authority Act 2013
APEC	Asia-Pacific Economic Cooperation
APVMA	Australian Pesticides and Veterinary Medicines Authority
AWITC	Australian Wine Industry Technical Conference
AWRI	The Australian Wine Research Institute
Brettanomyces	A spoilage yeast, also known as Dekkera
CNCA	China National Certification and Accreditation Administration
CRRDC	Council of Rural R&D Corporations
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEDJRR	Department of Economic Development, Jobs, Transport and Resources (Victoria)
DFAT	Department of Foreign Affairs and Trade
DNA	Deoxyribonucleic acid
Efic	Export Finance and Insurance Corporation
FOB	Free-on-board
FOI Act	Freedom of Information Act 1982
FTA	Free trade agreement
GI	Geographical Indication
GIC	Geographical Indications Committee
GWRDC	Grape and Wine Research and Development Corporation
ICT	Information and communications technology
IPS	Information Publication Scheme
LiDAR	Light Detection and Ranging. A remote sensing method that uses light in the form of a pulsed laser to measure ranges.
MS	Master Sommelier
MW	Master of Wine
NDP	National Diagnostic Protocol
NSW	New South Wales
NWPPA	National Working Party on Pesticide Applications

Term	Description
PACE	Pesticide Adjusted for Canopy Environment
PCR	Polymerase Chain Reaction
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
QTL	Quantitative Trait Locus/Loci
RDC	Research and Development Corporation
RD&E	research, development and extension
R&D	research and development
RNA	Ribonucleic acid
SA	South Australia
SARDI	South Australian Research & Development Institute
SNP	Single Nucleotide Polymorphisms
SPHD	Subcommittee on Plant Health Diagnostics
the Code	Australia New Zealand Food Standards Code
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.

Details	Page no.
AGWA Funding Agreement 2015–19	
Contribution to the implementation of relevant Industry sector and cross-sectoral strategies under the RD&E Framework	5, 8, 18–21, 35–48, 52
The rationale for the mix of projects included in the Balanced Portfolio	22
Report on research extension activities	51, 52
Collaboration with industry and other research providers	30–55
Identify sources of income including separate identification of the Levy, the Charge, Commonwealth Matching Payments and other form of income including Voluntary Contributions	17, Financial statements
Full cost of R&D and other activities with costs being allocated in accordance with the Cost Allocation Policy	17, Financial statements
Progress in implementing strategic plan including progress against the plan's KPIs	18
Bring the KPIs for each program in the strategic plan and AOP together and demonstrate how the deliverables funded advanced the outcomes	18, 30–55
Assessment of the efficiency and effectiveness of investments	18–21, 30–55
Progress in implementing the Guidelines ¹	20–21
Consultation with the ROs on plans and activities	7, 11, 14, 22, 66
Other relevant matters notified to AGWA by the Commonwealth by 30 June	n/a
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	69
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	66
Grape or wine R&D activities coordinated or funded, wholly or partly during the period	App. 1
The amount spent in relation to each of those activities	App. 1
Which of those activities related to ecologically sustainable development (if any)	39–43, 70
The impact of those activities on the grape industry and wine industry	2–13, 26–55
Agreements entered into under section 10A and/or 10B and the activities during the period in relation to agreements entered into under that section	App. 1
The making of grants under section 10C	n/a

1. 'Guidelines' for the 2016–17 Annual Report are the Rural RD&E 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).

Details	Page no.
Activities in relation to applying for patents for inventions, commercially exploiting patented inventions and granting licences under patented inventions	n/a
Activities of any companies in which AGWA has an interest	n/a
Any activities relating to the formation of a company	n/a
Significant acquisitions and dispositions of real property (land and buildings)	n/a
Assessment of the extent to which AGWA's operations during the period have <ul style="list-style-type: none"> • achieved the Authority's objectives as stated in its strategic plan • implemented the AOP applicable to the period 	16, 18, 20–21, 30–54
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	66
Public Governance, Performance and Accountability Act 2013	
Include a copy of the annual performance statements	22, 26–55
Include a copy of the annual financial statements and the Auditor General's report	Financial statements
The annual report must comply with any requirements prescribed by the rules	Entire report
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 section 46 of the PGPA Act and in accordance with the Finance Minister's Orders)	1, 75
Report 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, 58
Report must specify the name and title(s) of the responsible Minister(s) during the period	69
Report must provide details of: <ul style="list-style-type: none"> • Directions issued under legislation by the responsible Minister, or other Minister • General policy orders (GPO) that apply to the RDC under s22 (PGPA Act) 	69 n/a
Report must provide particular of any non compliance of a direction or GPO	n/a

Details	Page no.
Include a copy of relevant years annual performance statement (PGPA Act s39(1)(b) and section 16F of PGPA Rule 2014)	22
Include a statement of any significant issue, and remedy action taken, reported to the responsible Minister under s 19(1)(e) of the PGPA Act that relates to non compliance with the finance law in relation to the entity.	n/a
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	58-65
Must provide an outline of the organisational structure, including subsidiaries, location of major activities and facilities and information on the main corporate governance practices.	58-67, inside back cover
Must include information on the main corporate governance practices	58-70
Disclose the decision-making process undertaken by the board for related entity transactions	n/a
Highlight significant activities and changes that affected the operations or structure during the financial year	2-13, 69
Include particulars of judicial decisions and decisions of administrative tribunals	n/a
Include particulars of any report on the entity by the Auditor-General (other than audit of financial statements – s43 PGPA Act), Parliamentary Committee, Commonwealth Ombudsman or Office of the Australian Information Officer.	n/a
Unable to obtain information from a subsidiary	n/a
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	70
Must provide an index identifying where the requirements of s17BE are to be found.	App. I V

Appendix V:

Alphabetical index

Term	Page no.
A	
Assistant Minister of Agriculture and Water Resources	1, 58, 68
annual analytical survey	15, 34
Annual Operating Plan (AOP)	14, 18, 127
annual report	1, 22, 75
audit	4, 5, 18, 34, 38, 64, 65
Audit Committee	64
Austrade	14, 53
Australian Government	14, 17, 18, 20, 22, 53, 69
Australian Grape and Wine Authority (AGWA)	1, 5, 6, 9, 11, 13, 14, 16, 20, 21, 22, 27, 28, 48, 50, 51, 53, 54, 58, 60, 62, 63, 65, 66, 68, 69, 70
<i>Australian Grape and Wine Authority Act 2013</i>	1, 14, 34, 58, 63, 66, 68, 69
Australian Vignerons (AV) – previously Wine Grape Growers Australia	7, 13, 14, 22, 66
Australian Wine Research Institute (AWRI)	4, 5, 11, 22, 37, 42, 48, 49, 52
B	
Board / Directors	9, 13, 22, 58–63, 66, 70
committees	64–65
meetings	65
Brown, Eliza	9, 60, 64, 65
C	
climate change and adaptation	27, 39, 41
Comcare	85
Comcover	70, 85
compliance	5, 12, 14, 18, 34, 55, 64
consumer	6, 10, 13, 30–33, 36, 37
corporate governance	58, 64
freedom of information	69
indemnities	70
insurance	70
privacy policy	70

Term	Page no.
risk management	58, 64
workplace health and safety	67
Council of Rural Research and Development Corporation	28
cross-sectoral collaboration	5, 8, 11, 12, 13, 14, 22, 66
Commonwealth Scientific and Industrial Research Organisation (CSIRO)	14, 39
Croser AO, Brian	9, 59, 64, 65
D	
Dearie, David	9, 60, 64, 65
Department of Agriculture and Water Resources	22, 58, 66, 69
Directors (see Board)	
E	
ecologically sustainable development	70
Efic (Export Finance and Insurance Corporation)	9
enabling legislation	14, 58, 68
expenditure	19–21
extension	19, 52, 65
F	
financial overview	17
financial statements	73–111
freedom of information	69
free trade agreements	34, 49
Future Leaders	5, 14, 22, 50
G	
geographical indication (GI)	19, 66
grapegrowers	8, 14, 22, 35, 50, 54
grape research levy	17
I	
income	17
indemnities	70
Information Publication Scheme	69
Incubator Initiative	5, 12
J	
judicial decisions	69
K	
KPIs (key performance indicators)	18
L	
leadership	5, 13, 27, 50

Term	Page no.
'Lean' production	27
levy, levies	9, 13, 17, 22, 51, 53, 69
M	
management	67
markets	10, 14, 16, 18, 26, 30–33, 36, 38, 51
market access	11, 19, 20, 21, 49
Marketing Committee	64
ministerial directions	69
N	
National Wine and Grape Industry Centre (NWGIC)	14
O	
organisational structure	58, 67
P	
partners	5, 8, 9, 14, 18, 30, 53
Peter, Edouard	9, 61, 64, 65
people	
Board / Directors	9, 13, 22, 58–63, 66, 70
management	67
performance management	64–65
performance review (Directors)	63
staff	67
workplace health and safety	67
PhD	50
planning	7, 8, 11, 53
annual operational plan (AOP)	14, 18–21
Priorities	9, 10, 14, 15, 18–21, 64, 65
Priority 1: Increasing demand	26, 30–38
Priority 2: Increasing competitiveness	27–29, 39–51
projectss	5, 8, 12, 16, 18, 27–8, App 1
<i>Public Governance, Performance and Accountability Act (PGPA Act)</i>	1, 22, 58, 63, 64, 69
R	
RD&E Committee	65
RD&E investment	5, 8, 12, 22, 27–8, 65
projects	5, 8, 12, 16, 18, 27–8, App 1
providers	8, 12, 14, App 1, App 2
Remuneration Committee	64
reports	51

Term	Page no.
representative organisations	
Australian Vignerons (AV)	7, 13, 14, 22, 66
Winemakers' Federation of Australia (WFA)	7, 13, 14, 22, 49, 66
resource management	39, 44
Retallack, Mary	9, 61, 64, 65
risk management	58, 64
Research and Development Corporations (RDCs)	14, 28
Rural Research and Development Priorities	21
S	
scholarships (PhD, Masters and Honours)	50
travel support	52
Science and Research Priorities	20
significant events	2-13, 69
South Australian Research and Development Institute (SARDI)	39
staff (also see people)	67
stakeholders	13, 14, 22, 51, 53
strategic plan	8, 9, 10, 14, 16, 22, 26-9
strategic priorities (see Priorities)	
sustainability	39, 44
T	
terroir	8, 35
Todd, Keith	9, 62, 64, 65
Tourism Australia	3, 11, 14, 30
travel support	52
W	
Walsh, Brian	6-9, 59, 64, 65
workplace health and safety	67
Williams AM, Kim	9, 64, 65
Wine Australia	3, 7, 10, 14, 18, 30-33
wine export charge (WEC)	17, 69
Wine Grape Growers Australia (see Australian Vignerons)	
wine grape levy	17
Winemakers' Federation of Australia (WFA)	7, 13, 14, 22, 49, 66
World Wine Trade Group	49

Corporate directory

Head office

National Wine Centre – Industry House
Corner Hackney and Botanic Roads
Adelaide SA 5000
Australia

PO Box 2733, Kent Town SA 5071

t 08 8228 2000

e enquiries@wineaustralia.com

w www.wineaustralia.com

Asia Pacific

Hiro Tejima
Head of Market, Asia Pacific

420 George Street
Sydney NSW 2000
Australia

t 08 8228 2000

e asia@wineaustralia.com

China

Willa Yang
Head of Market, China

Suite 5205, Wheelock Square
1717 West Nanjing Road
Shanghai 200040
People's Republic of China

e china@wineaustralia.com

Europe, Middle East and Africa

Laura Jewell MW
Head of Market, EMEA

Australia Centre, Strand
London WC2B 4LG
United Kingdom

t +44 207 438 4668

e uk@wineaustralia.com
europa@wineaustralia.com

Americas

Aaron Ridgway
Head of Market, Americas

650 California Street, 7th Floor
San Francisco CA 94108
United States

t +1 415 529 7652

e usa@wineaustralia.com
canada@wineaustralia.com

© Australian Grape and Wine Authority

Creative Commons Licence

Apart from logos and the Commonwealth Coat of Arms, all material in this publication is licenced under a Creative Commons Attributions 3.0 Australia Licence. The Creative Commons Attribution 3.0 Australian Licence allows the content of this publication to be used, copied and distributed under the condition that the source of that content is attributed to the Australian Grape and Wine Authority. The full terms and conditions of the Creative Commons Attribution 3.0 Australian Licence can be accessed at creativecommons.org/licenses/by/3.0/au/legalcode.

Disclaimer

In publishing this document, the Australian Grape and Wine Authority is engaged in disseminating information, not rendering professional advice or services. Authors and editors expressly disclaim any form of liability to any person in respect of anything done or omitted to be done by such person in reliance upon the whole or any part of the contents of this document.

ISSN 2206-3420



Wine
Australia
for
Australian
Wine

Proudly sponsored by

Efic

Finance for
Australian
Exporters