



Australian Government

Wine Australia

Wine Australia Annual Report 2017-18





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Australian Government

Wine Australia

21 September 2018

The Hon. David Littleproud MP
Minister for Agriculture and Water Resources
Parliament House
CANBERRA ACT 2600

Dear Minister Littleproud

On behalf of the Directors of Wine Australia, I have the pleasure of submitting the *Annual Report 2017–18* for the year ended 30 June 2018.

This Annual Report has been prepared in accordance with the *Wine Australia Act 2013*, section 46 of the *Public Governance, Performance and Accountability Act 2013*, the *Funding Agreement 2015–19* and relevant orders.

Our activities and achievements are reported against our *Strategic Plan 2015–2020*, and our *Annual Operational Plan 2017–18* and our *Portfolio Budget Statements 2017–18*.

We have also reported on activities in associated with the Australian Government's \$50 million Export and Regional Wine Support Package as they formed a substantial portion of our activities during 2017–18. An Annual Progress report has previously been submitted as required under the Grant's guidelines.

Yours sincerely,

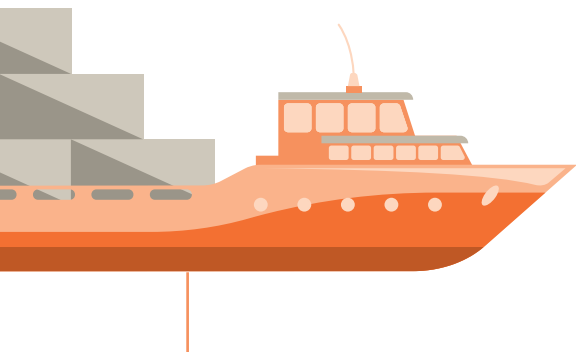
Brian Walsh

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

Chair
Wine Australia

Highlights 2017-18

Positive trends



Exports to China (including Hong Kong and Macau) rose 55 per cent to a record **\$1.12 billion**



Chinese wine drinkers' perception of the quality of Australian wine **improved from 7.69 out of 10 in 2010 to 8.32 in 2018**, according to a Wine Intelligence study commissioned by Wine Australia.

Similarly, in the **USA**, **quality perceptions** have seen a significant increase from 7.82 in 2010 to 8.14 in 2018.

Australian wine was exported to **128 markets**

↑ 20%

Australian wine exports grew 20 per cent in value to \$2.76 billion, the highest rate of growth in 15 years.

↑ 15%

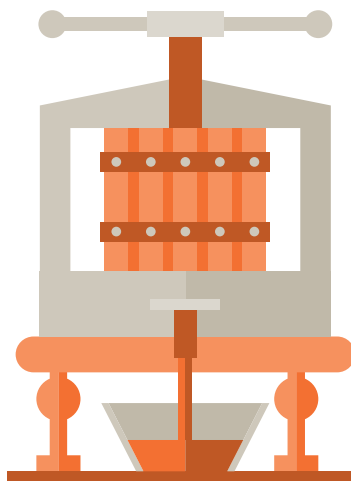
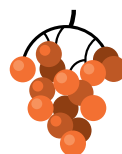
There were a record **2298 active exporters** – an increase of 15 per cent.

70%

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



The average value of exports increased by 9 per cent to **\$3.24 per litre**, the **highest since 2008-09**.

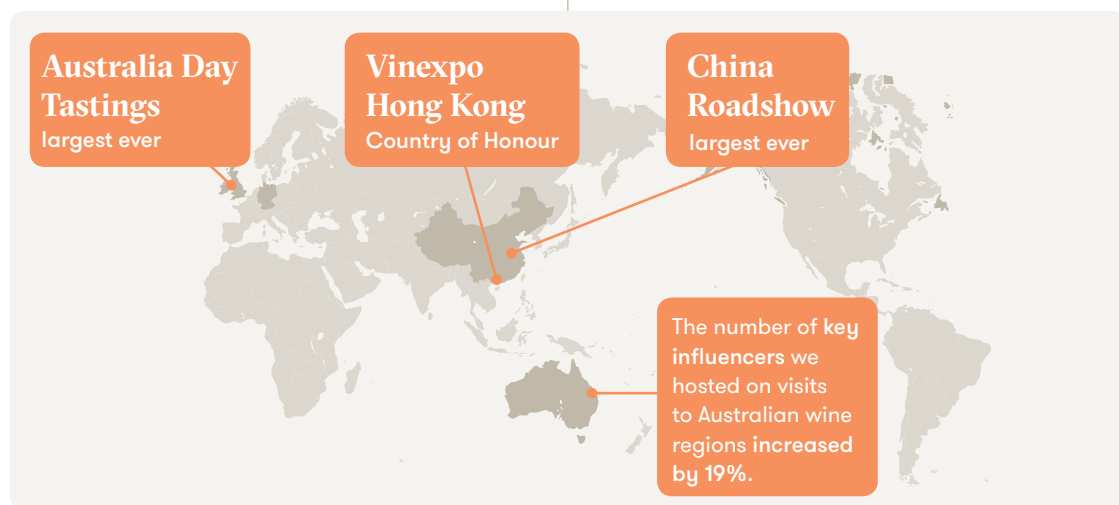


The 2018 **average grape purchase price** was \$609 per tonne, up by 8 per cent on the price of \$565 per tonne for vintage 2017. This figure is the highest since 2008 and above the average price across the past 10 years of \$508 per tonne.

The winegrape crush declined by 10 per cent in volume, returning to long-term averages, and increased 3 per cent in value.

Wine Australia events

Wine Australia hosted **99 marketing campaigns** in key markets in 2017–18.



At our events

93% of surveyed exhibitors were **satisfied**.

98% of attendees were **satisfied**.

After attending events, participants' perceptions of Australian wine were rated, on average, at **8.99, an increase of 9 per cent** on their perceptions before the event.

Wine Australia drew on \$1.5 million from the Australian Government's \$50 million Export and Regional Wine Support Package to partner with Tourism Australia in a marketing campaign in the USA capitalising on the Crocodile Dundee legend. A 60-second advertisement during the 'Super Bowl' reached a TV audience of more than 100 million people.

Vinexpo Hong Kong comments

'I like Australian wines very much. They have purity, are lingering, elegant and complex. It is very good to meet with Australian wineries at Vinexpo.'

Qingquan Yu, Cofco Great Wall

'It is very helpful for us because we have never imported Australian wine before, so we are very eager to find Australian wineries, and I think this fair gives us a lot of opportunity to search for new cooperation.'

Emma Yu, Product Consultant China

Export assistance

When we surveyed our stakeholders:

98.9% found our **Export Assistance Team** very helpful or somewhat helpful.

94.2% of respondents found the **Wine Export Approval System (WEA)** very easy or somewhat easy to use.

95.8% of respondents find it very easy or somewhat easy to **find the information** they need for export.

97.5% of those who use the **Export Market Guides** find them very helpful or somewhat helpful.

97.6% of respondents agreed or somewhat agreed that they learned something helpful during the Wine Australia audit of their winemaking records that they didn't know previously about their **regulatory obligations**.

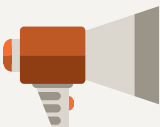
92.9% of respondents agreed that they are likely to contact the **Wine Australia auditing team** if they need regulatory assistance in the future, 7.1% somewhat agreed.

Information

We engaged stakeholders through

86 e-newsletters

 **63** media releases



Our monitoring measured **9682 articles** about Wine Australia in print, broadcast and online media.



We handled more than **2000 enquiries**.

Subscribe



Subscriptions to our RD&E e-news **increased by 24 per cent to 2713**.



Subscriptions to our **Weekly Market Bulletin** **rose 178 per cent to 2386**. The average open rate was **40.4 per cent** and the average click rate **11.6 per cent** (industry averages for agriculture and food services are 25 per cent open rate and 3 per cent click rate).

Developing people



Sixteen members of the grape and wine community graduated from the seventh intake of the successful **Future Leaders program**.



We offered 6 new **postgraduate scholarships** and supported travel for 10 outgoing scholars.

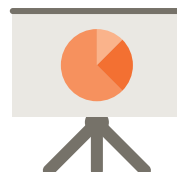
Regulatory



We conducted **277 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 222 Australian wines** to monitor compliance with the Australia New Zealand Food Standards Code.

RD&E



We managed **201 research projects** during 2017–18, with 47 completed during the period.

We supported **3 researchers in an innovative Incubator Initiative** to support early career researchers and foster stronger links between wine regions and R&D.

An independent analysis of Wine Australia-funded research across 5 themes showed an **aggregated benefit-cost ratio of 2.6 to 1** on the selected projects.

New projects are investigating the expression of terroir on Australian Shiraz, the use of digital technologies to map vineyard areas, field testing a radical pruning method to eradicate angular leaf scorch, providing new information to improve vineyard spraying and reduce drift and field testing new technologies and software.

Wine Australia funding supported the AWRI in delivering **44 roadshow workshops and seminars, attracting 1037 participants**. Survey feedback collected at roadshows and seminars delivered by AWRI indicates **91 per cent of participants rated them as good or excellent**.

Chair's report



Chair, Brian Walsh

There are gratifying signs that the Australian grape and wine community is moving into more sustainable financial territory as Wine Australia heads into the fourth year of our five-year Strategic Plan.

During the 2017–18 year, a number of key indicators moved in a positive direction – not only did the value of exports grow by 20 per cent to \$2.76 billion (the highest rate of growth in 15 years) but the average value of exported wine increased by 9 per cent to \$3.24 per litre, the highest level since 2008–09. This growth in export value was accompanied by an increase in the average grape purchase price, of 8 per cent to \$609 per tonne in the 2018 vintage – again, the highest level in a decade.

The positive signs were reflected in both bottled wine exports, which reached a record value of \$5.94 per litre, and also in bulk exports, which increased in average value to \$1.08 per litre.

Research and Development

The foundation of the wine sector's success in domestic and international markets is growing grapes that meet style and quality parameters and allow the crafting of uniquely Australian, safe, high-quality and desirable wines.

We support Australian growers and winemakers by investing in the research, development and extension (RD&E) that generates and delivers the knowledge to help them to meet challenges and capture opportunities. Our RD&E investments support the wine sector strategy and contribute to two cross-sector strategies: climate change and water use in agriculture under the National RD&E Framework. During the year, a number of practical applications were delivered from research projects, including digital applications that allow growers to assess levels of a range of vine diseases. The knowledge generated by our RD&E investments – and its applications – are detailed later in the report.

To understand the success of practice change, we set benchmarks for the uptake of research in five viticultural and five winemaking practices. In setting these benchmarks, we found that viticulturists and oenologists have a high level of awareness of key information and 56 per cent indicated that they had already taken action and changed practices based on new information promoted by Wine Australia.

During 2017–18, we implemented a new model for research funding partnerships by executing longer-term research agreements with our key research partners the Australian Wine Research Institute (AWRI), Commonwealth Scientific and Industrial Research Organisation (CSIRO), the South Australian Research and Development Institute

(SARDI) and the National Wine and Grape Industry Centre (NWGIC). Bilateral negotiations are continuing with the University of Adelaide.

Exports

The future of Australia's wine sector is inextricably linked to export success – 60 per cent of our production is exported. This year saw a 15 per cent increase in the number of active exporters to 2298. The 1616 exporters who either started exporting or increased exports contributed \$653 million to the growth in overall export value.

The Export and Regional Wine Support Package

Wine Australia is vested with delivering the Australian Government's \$50 million Export and Regional Wine Support Package (\$50m Package) to grow exports, particularly in China and the United States of America (USA) and to increase international tourism to wine regions. The second year of activities saw the launch of the Australian Wine Made Our Way platform, delivery of a hugely successful Vinexpo Hong Kong where Australia was Country of Honour, followed by an equally successful China Roadshow and partnering with Tourism Australia in its cut-through 'Son of Dundee' Super Bowl campaign. We also administered three grants programs and developed programs to grow export and tourism capability. Legislation to effect delivery of the \$50m Package also formalised our name change to Wine Australia, something sought by our stakeholders.

China

A considerable proportion of Australian wine's export success over the past few years is attributable to changing tastes and trends in China, with grape wine consumption becoming part of the lifestyle of the growing middle class and millennials, and improved competitiveness through tariff reductions under the China–Australia Free Trade Agreement (ChAFTA).

Exports to China (including Hong Kong and Macau) increased by 55 per cent to \$1.12 billion in 2017–18 – with exports to mainland China reaching \$1 billion for the first time. Volume increased by 47 per cent to 184 million litres (equivalent to 20.5 million 9L cases), leading to a 6 per cent increase in the average value to \$6.06 per litre.

While all price points contributed to value growth, it is apparent that the Chinese taste for Australian fine wine is the biggest driver, with exports valued above \$10 per litre more than doubling in the past 12 months.

France is the largest exporter of wine to China, followed by Australia. However, Australia experienced the highest rate of growth for imports

into China and the highest average value per litre of the top five countries exporting to China.

United States of America (USA)

While the USA remains one of Australia's top five export destinations in terms of both volume and value, we have struggled to regain our pre-GFC success and it is one of the few markets where market share declined slightly in the past year.

The story is not entirely negative, with good growth at higher price points, admittedly off relatively low bases, but a welcome trend none the less. The critical factor affecting Australia wine sales in the USA is the premiumisation trend and the accompanying decline in sales in the under \$10 category where Australia holds 28 per cent of the market for imported wines. As this market declines, Australian sales have shrunk too. Back in 2006–07, Australia had 364 companies exporting wines in the premium segment – wines exported free on board (FOB) at \$45 a case or more. After a very challenging decade that included the Global Financial Crisis and a high Australian dollar, 138 companies stopped exporting premium wines.

We are working to change the perception of Australian wines and grow sales in the above US\$10 per bottle segment and in 2018–19 we will deliver events and activities in key USA states to reset perceptions and build demand.

UK and Europe

After a brief downturn in UK retail prompted by the Brexit decision, 2017–18 saw an uplift in Australian wine sales with increases in both value and volume, to \$384 million and 246 million litres (equivalent to 27.3 million 9L cases). The value increase slightly outpaced volume so that the average value increased by 1 per cent to \$1.56 per litre. This value reflects the fact that more than 80 per cent of wine exported to the UK is shipped in bulk and it does not reflect the final packaged price.

Australia exported to 30 different countries within Europe, which collectively exceed the export value of North America. Exports to 19 of these countries increased, contributing an extra \$65 million to exports.

Germany is a crucially important market, remaining the largest imported wine market in the world by volume and, although there is fierce competition from domestic production, other European countries and New World exporters such as Chile, Australia enjoyed the highest growth rates of the top 9 countries of origin in overall wine exports, increasing 19 per cent in value to \$59 million.

Regulation

The significant growth in wine exports has meant a busy year for the regulatory team.

The regulations guiding Wine Australia's activities in export licencing and label integrity were reviewed and refreshed for the first time in 40 years, in close consultation with the sector and government, with extended powers to protect the reputation of Australian wine exports.

The Board approved significant investment in new custom software for wine export approvals. The new software, to be launched in early 2019, will reduce complexity for exporters and will be easier to operate and more robust than our current ageing system.

Strategic Plan

Within Wine Australia's 5-year Strategic Plan, we set out 2 priorities and 12 related strategies that guide our investment in marketing activities, information provision, regulatory services and RD&E. The Activities and achievements section of this report covers those priorities and strategies in detail.

The current Strategic Plan concludes in 2020, and during the coming year we will be working with our grape and wine community to commence developing the new plan. As part of this process we have commissioned an independent performance review across our portfolio of activities to inform the strategic review.

Thank you

The past year has been both demanding and rewarding and I would like to thank my fellow directors Eliza Brown, Deputy Chair Brian Croser AO, David Dearie, Edouard Peter, Mary Retallack, Keith Todd and Kim Williams AM for their support and contributions.

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

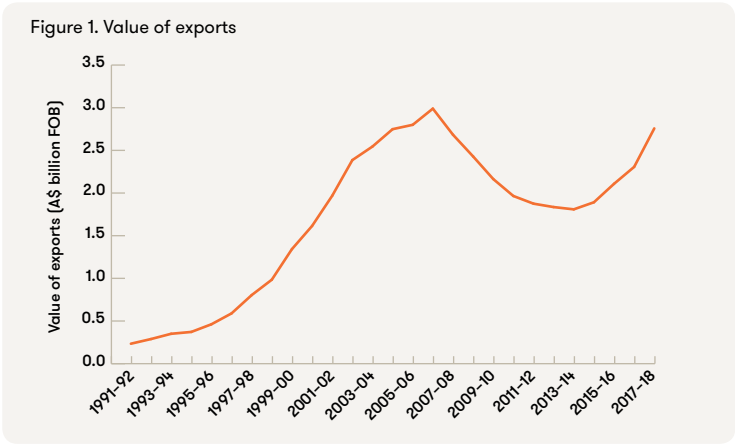
CEO's report



CEO, Andreas Clark

Pleasingly, our grape and wine community performed strongly in 2017-18, the third year of our current Strategic Plan, which was supported by the formal launch of the Australian Government's \$50m Package.

The export data on the value of exports below tells the story succinctly; after falling from a peak in 2006-07, exports are growing in value and the benefits are flowing through to the sector and our stakeholders.



Taking our story to the world

Funding from the \$50m Package allowed Australia to secure the status of Country of Honour at the prestigious Vinexpo Hong Kong – the largest showcase for the wine trade in Asia. In addition, grant funding for exhibitors ensured that we could build on that status by gathering the largest ever cohort of Australian wine exhibitors at an international event. It was uplifting that we were able to impress potential customers not only with a very strong presence at the exhibition under our new Australian Wine Made Our Way marketing platform, but also to have a very palpable esprit de corps that lent vibrancy and excitement to our engagement. This camaraderie is emblematic of the Australian wine community and a unique point of difference.

The excitement around Australian wine is part of the story we are telling the world through Australian Wine Made Our Way. The Australian wine sector's deep respect for history and technical excellence combined with our capacity to innovate and our irreverence resonate in our wines, which do not just meet expectations but challenge perceptions.

The team spirit from Vinexpo Hong Kong carried through to our China Roadshow, which, while an annual event, rose to the next level this past year with 71 of the 151 exhibitors in Hong Kong moving immediately to the 4-city tour of Shenyang, Jinan, Wuhan and Shanghai.



We partnered with Tourism Australia, contributing \$1.5 million to its 'Son of Dundee' campaign, broadcast during the Super Bowl that, in addition to garnering millions of eyes during the broadcast, generated more than 100 million views on social media, more than 12,000 media articles and \$74 million in estimated advertising value based on Tourism Australia data.

Changing influencer perceptions of Australian wine is an important element of our strategy in the USA and considerable effort was put in during the year to ensure that Australia Decanted, our largest ever in-market event in July 2018, went off without a hitch. This event is the first step in a comprehensive development plan that will be executed in the USA over the next 18 months.

While the focus of the \$50m Package has escalated our efforts in the China and USA, we continued active programs in our other key markets: Canada, Europe, Asia and the United Kingdom (UK).

We partnered with Jane Thomson, Founder of the Australian Women in Wine Awards, to host the Awards in London in September, assembling the largest gathering of Australian women winemakers offshore, appropriately in the beautiful environs of Australian Embassy in London, where not long before, the Wonder Woman movie had been filmed.

More than 60 Australian women winemakers and principals gathered for the awards and a subsequent tasting, significantly lifting the profile of the Australian wine community in the UK and Europe.

The long-standing Australia Day Tasting in January in London showcased nearly 1100 wines from 41 different regions. Some 38 winemakers and winery owners flew over to pour their wines and meet the trade. More than 1000 visitors attended from across the UK and European wine trade, including buyers from multiple retailers and independent specialists, sommeliers, journalists and educators. We also continued to participate in events such as Prowein and conducted tastings and educational events in northern Europe.



Further boosting the promotional efforts of the Australian wine community, in May we announced an additional \$2.8 million in regional grant funding from the \$50m Package. This, together with matching funding from regions across Australia, will see \$7.4 million invested in successful wine tourism projects that will diversify our wine tourism offering and create a lasting impression of Australian wine, in terms of visitor enjoyment and satisfaction.



Investing in research to deliver value

Research outcomes this year mean that the sector has a better understanding of the benefits of under-vine cover crops, disease measurement, ways to improve fermentation outcomes, and objective measures for Australian sparkling wine style and quality.

In major research initiatives this year we:

- initiated a new five-year study to understand the expression of terroir for Australian Shiraz.
- showed that it is possible to alter veraison and harvest timing through in-vineyard treatments with selected plant growth regulators without yield loss and with little or no impact on wine, except for a (desirable) increase in pepper notes in some Shiraz plots – this project has the potential to help reduce the capital pressure caused by vintage compression
- upgraded our smartphone application for powdery mildew, PMapp, and enhanced the renamed Grape Assess, an application that allows smart phone assessment of multiple vine diseases and disorders, including bunch rot, insect damage and sunburn
- confirmed that reduced winter rainfall significantly impacts yield and that top-up irrigation in winter can only partially restore it – this research was disseminated in a timely fashion as autumn 2018 was dry, conditions that could be ameliorated using information from the study
- provided recommendations to update phylloxera disinfestation protocols to regulatory bodies and worked with Vinehealth Australia to disseminate this new information to growers
- continued field testing of ‘no spray’, ‘no prune’ vines, bred for their resistance to mildews
- published individual country summaries on the impact of Australia’s country image on the perception of Australian wine by our customers and consumers in China, India, Indonesia, Korea, UK, USA and Vietnam
- evaluated late pruning as a method to delay grape ripening and spread harvest duration, and the use of evaporative cooling to alleviate the effect of heatwaves on grapevines
- extended information to the sector on the relative performance of conventional drip irrigation versus sub-surface drip irrigation methods with regard to rootzone salinity, grape yield and water use efficiency, and
- continued development of new yeast and bacterial strains.

Investing in people

During 2017–18, 16 emerging leaders of the grape and wine community completed the 7th Future Leaders program, a joint initiative with the Winemakers' Federation of Australia (WFA) and Australian Vignerons (AV). Our future leaders learned from thought leaders both within and beyond the wine sector, including some of Australia's best speakers on the topics of innovation, leadership and culture, and connected with people from across the grape and wine community, including Future Leaders alumni. They will continue developing their skills through our alumni program to ensure they can make myriad valuable contributions to the sector.

We also supported 6 new PhD scholarships, offered travel support to 10 outgoing scholars and supported 3 early-career researchers under the Incubator Initiative, which supports regional research. Another 5 researchers were selected for Incubator Initiative projects in June 2018.

Collaboration

The Australian grape and wine community is internationally recognised for its collaboration – within and between individuals, businesses and regions.

We also actively collaborate as a member of the Council of Rural Research and Development Corporations (CRRDC) and in 8 Rural R&D for Profit program projects, 7 of which are with other Research and Development Corporations (RDCs).

We are one of seven plant industry RDCs that, with the CRRDC, have formed a partnership with Plant Health Australia and the Department of Agriculture and Water Resources to focus on improved coordination and collaboration for plant biosecurity research in Australia. The Plant Biosecurity Research Initiative will also facilitate a more formal connection between the RDCs and the national plant biosecurity RD&E strategy. This year, we participated in the CRRDC-led project to explore and define a vision for the future of rural research and development in the context of the Australian economy and community to 2040 to deliver improved opportunities, activities and investments. The project will report in 2018.

Protecting our reputation

Following consultation between the Department of Agriculture and Water Resources, WFA, AV and the Wine Australia Legislative Review Committee, new regulations were introduced in April to replace the Grape and Wine Authority Regulations that were sunset after 40 years.

The Regulations set out the export controls for grape products at a product, shipment and licence level, and broaden the scope of issues that Wine Australia can consider in determining whether an exporter is eligible to hold a licence, whether products should be granted product approval, and whether an export certificate should be issued for consignments of grape products.

Wine Australia may now apply a 'fit and proper person test' that allows the consideration of a broad range of matters, including matters relating to intellectual property and non-payment of the

Wine Export Charge, in determining a person's eligibility to hold a licence to export grape products from Australia.

The Regulations also allow Wine Australia to deny export approval where a product could not be legally sold in the export destination, which means we can prevent the export of a wine that infringes intellectual property rights.

Other aspects of export controls have been liberalised. For example, there is no longer a prohibition on labelling 'grape products' with a vintage indication.

Financial management

We recorded an operating surplus of \$10.1 million for 2017-18. A large part of this surplus, \$7.6 million, reflected timing issues between receipt and expenditure of funds from the \$50m Package. We continue to manage our funds closely to ensure optimal outcomes for our stakeholders.

Working for the sector

Wine Australia is focused on delivering value to our stakeholder community. This year, we have had the opportunity through the \$50m Package to lift our investment in promotion and education activities that will continue to gain momentum in 2018-19 and hopefully support further sustainable export growth.

I would like to thank the global Wine Australia team for their passion and dedication to deliver outstanding support for our stakeholders. It is gratifying to regularly receive messages of appreciation from our grape and wine community. Rest assured we are constantly striving to improve our performance in support of the sector's commercial success.

The esprit de corps everyone remarked on at Vinexpo Hong Kong was underpinned by our team – not only the people who were there to support our promotion but the many team players who worked behind the scenes – and is evident in all parts of our business.

Finally, I would also like to thank our Chair and Board for their ongoing guidance and support.

Our role

Wine Australia is governed by the *Wine Australia 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 *Strategic Plan 2015–2020* and our *Annual Operational Plan 2017–18* 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 research, development and extension (RD&E), 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 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 AWRI, CSIRO, the NWGIC, 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.

Performance 2017–18

Financial overview

We achieved an operating surplus of \$10.1 million for 2017–18, \$7.6M of which was driven by timing issues between the receipt and expenditure of the \$50m Package.

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 free on board (FOB) value of wine exports.

Approximately 33 per cent (\$21.5 million) of 2017–18 revenue came from the 2 levies and the export charge and 22 per cent of revenue (\$13.9 million) from the Australian Government matching contributions.

Revenue from regulatory fees made up 8 per cent (\$5.5 million) of income, and wine sector contributions to marketing activities made up 2 per cent (\$1.4 million) of total revenue for 2017–18.

The \$50m Package made up 30 per cent (\$19.2 million) of total revenue for 2017–18; this was made up of grant income, interest earned and sector contributions.

Net assets were \$23.2 million at 30 June 2018 and financial assets were \$22.1 million, of which all was cash or term deposits other than receivables of \$3.2 million. Payables were \$3.0 million.

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



Annual Performance Statement

This Annual Performance Statement for the 2017–18 annual reporting period has been prepared in accordance with section 39(1)(a) of the PGPA Act. In the opinion of the Wine Australia Board (as the authority accountable pursuant to section 12 of the PGPA Act), the Annual Performance Statements:

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

Further information about our performance against the Annual Operating Plan can be found on pages 38–65.

A balanced portfolio

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

To identify key research and marketing priorities:

- face-to-face meetings were held with the WGGA Board and Executive (now AV), the WFA Board and Executive, the then Department of Agriculture, 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 assess the likelihood of success and the extension and adoption potential of all RD&E project applications as part of the overall ranking of proposals. 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.

Our strategic priorities

To achieve our goal of a prosperous Australian grape and wine community, we focus on 2 priorities and 12 strategies.

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">• Enhancing 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
	Strategy 9: Business intelligence and measurement <ul style="list-style-type: none">• Business intelligence• Monitoring and evaluation
Extension and adoption	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

Strategic plan

Targets and outcomes 2017–18

Strategic plan targets

Two key targets are defined in Wine Australia'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
2. Australian vineyards and wineries are efficient by global standards

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

Target 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.

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

2017–18 target: The average price per litre for Australian bottled wine exports increases year-on-year from \$5.42 in May 2017.

2017–18 result: The average price per litre for Australian bottled wine exports reached a record \$5.94 during the year.

The volume and value of Australian bulk wine exports increased by 10 per cent to reach \$1.08 per litre.



Figure 2: Value of Australian export vs competition in China, USA, UK and Canada

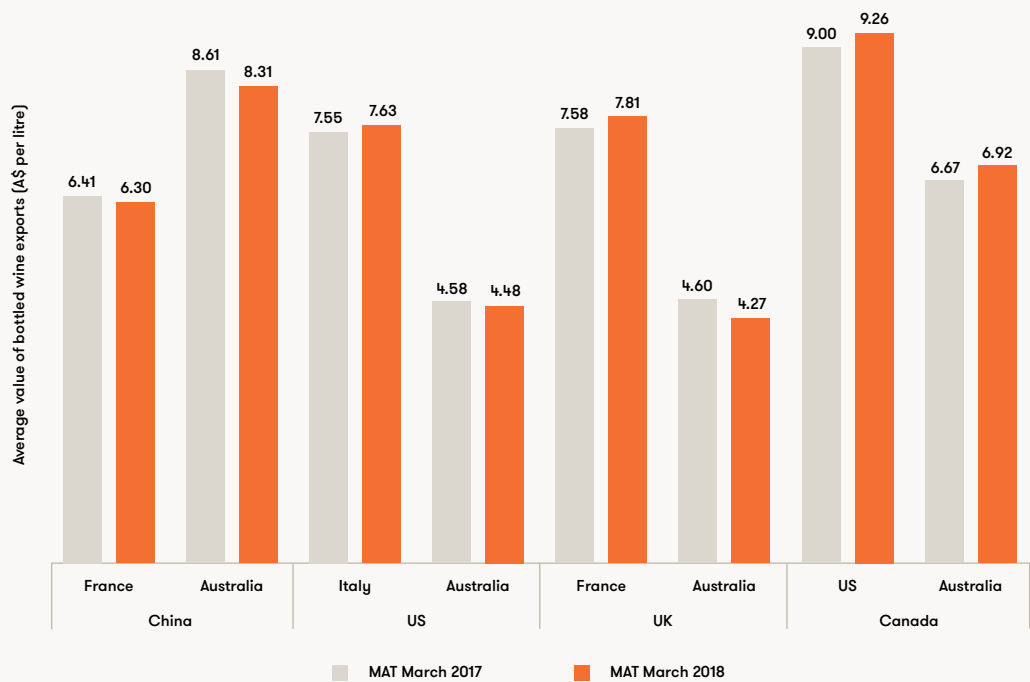
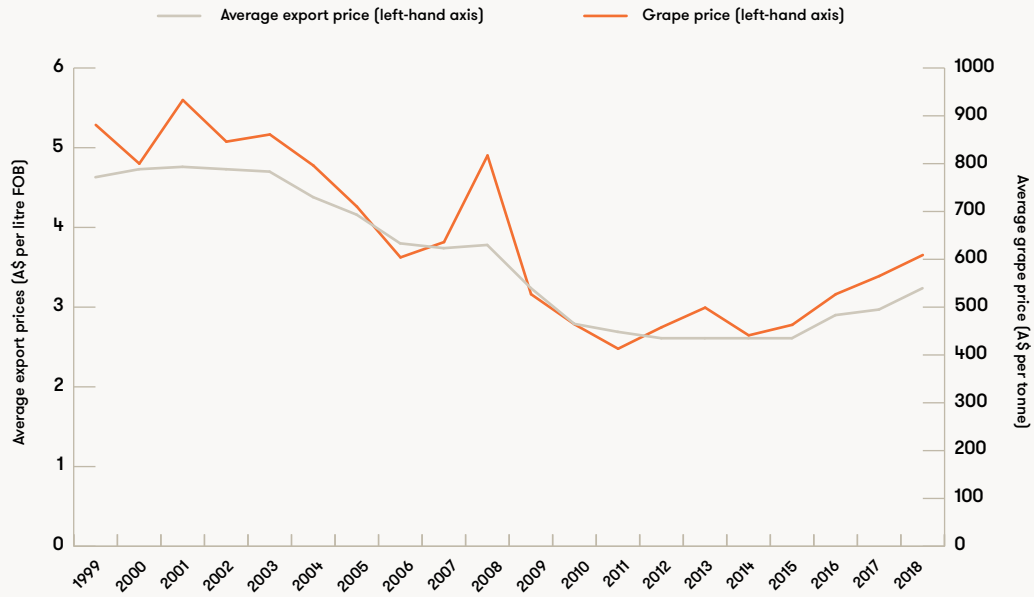


Figure 3: Average value of Australian bottled and bulk wine exports from 1991.



Pleasingly the growth in exports and the improved prices have flowed through the sector with grape prices during the 2018 vintage returning to levels not seen since 2008.

Figure 4: Average export price and average winegrape purchase price over time.



Priority 2: Increasing competitiveness

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

Target 2 is measured in two ways. First, by benchmarking the adoption of five viticultural practices and five oenological practices in Australia to establish a competitiveness indicator. And secondly, through a benefit-cost analysis of selected R&D projects.

2017–18 target: Set benchmarks to measure practice change for the five viticultural and five winemaking practices identified.

2017–18 result: A survey was carried out to set benchmarks for performance. Some 56 per cent of respondents indicated that they had acted on information promoted by Wine Australia.

In addition, a benefit-cost analysis of selected R&D investments was conducted to assess performance in line with the strategic plan.

Benchmarking adoption of viticultural practices and oenological practices

Consultants Coutts J & R were engaged to assess the adoption of 10 key viticultural and oenological practices expected to most significantly improve competitiveness of Australian vineyards and wineries.

The five key viticultural activities identified were pest and disease (including trunk diseases and biosecurity); rootstocks; spray application; vine balance/grape quality measures; and adaptation to climate change (including delayed pruning, clonal trials).

The five oenological practices were: clarification and filtration (including flotation/cross flow); cold stabilisation; wine efficiency (including Lean principles, ABC tool and on energy); fermentation monitoring; and faults and taints (including smoke taint and copper additions).

The consultants found Wine Australia was playing a key role in providing R&D support to the Australian grape and wine community. The survey respondents (71 grapegrowers and winemakers) considered they had a high level of access to information and activities that led to a high level of awareness about key information.

Research on smoke taint had the highest overall level of recall at 63 per cent. The majority of grapegrowers were aware of best-practice treatment of pruning wounds to prevent trunk disease infection, 56 per cent had selected rootstocks for their vineyards and 53 per cent indicated there were other factors preventing their adoption of rootstocks ranging from availability through cost to perceived impacts on wine quality. The majority of grapegrowers had actively taken steps to minimise spray drift (88 per cent) and bunch thinning and leaf plucking were used to achieve wine balance/grape quality. A third of grapegrower respondents had implemented practices to deal with changes in climate and variability.

Wine producers reported they were moderately aware of research being undertaken on wine efficiency, while Wine Australia information tools and extension activities were overall rated as moderately influential in helping them successfully make changes.



Benefit-cost analysis of R&D projects

To evaluate the value of Wine Australia's R&D investments, we commissioned AgEconPlus to undertake an ex-post benefit-cost analysis of five randomly selected projects. The resulting areas of analysis were phylloxera, root zone salinity, lees, extension and market access through the following projects: :

- PGI 1201 Sampling strategies for sensitive, accurate and cost-effective detections of Phylloxera for quantifying area freedom status
- SAR 0902 Managing vineyard root zone salinity and maximising water saving by sub-surface irrigation techniques
- AWR 1307 Removal of lees from underneath wine to reduce wine movements and tank cleaning
- AWRI 4.1.1 The staging and conduct of extension programs, and
- AWRI 2.2.4 Increasing Australia's influence in market access, safety, regulatory and technical trade issues.

The approach followed the general evaluation guidelines that are now well established within the Australian rural research sector including RDCs, Cooperative Research Centres and some universities. The assessments were consistent with the 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 a range of 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 Wine Australia benefits, including those expected in the future as a result of the investment.

Overall, the estimated benefits and costs of the Wine Australia projects show that the returns on the grower, Commonwealth Government and co-investor monies have been significant. There were mixed results, with benefit–cost ratios ranging from 0.83 to 4.21 and the Internal Rates of Return well in excess of 5 per cent (the discount rate used) for 3 out of the 5 projects. Two of the projects, lees and market access, had benefit–cost ratios of less than one, meaning the benefits were not greater than the costs. The lees project was a relatively high-risk project that aimed to develop a novel method to remove lees from the bottom of a tank and thus reduce costs of production. The project developed fundamental knowledge on the properties and physical characteristics of various lees but was not successful in engineering a novel solution to their removal. The quantified benefits derived from the market access project were also less than the costs. This is in part due to attribution. Success in maintaining market access for Australian wine results from activities across several fronts, not just this project. The quantified benefits for this project also rely in part on there being serious issues to solve; and this is an aspect that we have no control over.

The aggregated benefit–cost ratio on the selected projects was 2.6 to 1.

Table 1: Summary of benefit–cost analysis of selected R&D projects

Investment criteria	Investment program				
	Phylloxera	Root zone salinity	Lees	Extension	Market Access
Present value of benefits (\$m)	\$4.21	\$1.82	\$0.58	\$7.28	\$0.31
Present value of costs (\$m)	\$1.00	\$1.04	\$0.70	\$2.42	\$0.37
Net present value (\$m)	\$3.21	\$0.78	-\$0.12	\$4.86	-\$0.06
Benefit–cost ratio	4.21	1.75	0.83	3	0.84
Internal rate of return (%)	30%	40%	2%	16%	2%
Modified internal rate of return (%)	10%	8%	4%	9%	4%
Potential unquantified benefits	Creation of a tool that will collect data on phylloxera exotics.	Project findings relevant to other irrigated agriculture.	Nil.	Improvements in public policy formulation for wine industry.	Project findings relevant to industries in other countries.
	Growers with new skills in phylloxera testing.	Project findings relevant to industries in other countries.		Capacity – grape growers and winemakers with new skills	Enhanced Australian wine industry reputation and capacity.

Investment allocation

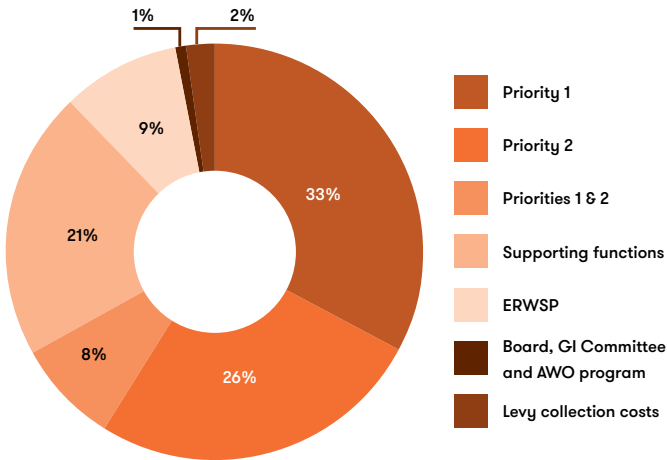


Table 2: Expenditure, by groupings and total, for 2017-18

Groupings	\$m
Priority 1: Increasing demand and the premium paid for all Australian wines	
Strategy 1: Promoting Australian wine	8.70
Strategy 2: Protecting reputation of Australian wine	1.96
Strategy 3: Building Australian grape and wine excellence	7.05
Total Priority 1	17.71
Priority 2: Increasing competitiveness	
Strategy 4: Improving resource management and sustainability	3.58
Strategy 5: Improving vineyard performance	5.36
Strategy 6: Improving winery performance	2.76
Strategy 7: Enhancing market access	0.64
Strategy 8: Building capability	0.71
Strategy 9: Business intelligence and measurement	1.27
Total Priority 2	14.32
Total Priority 1 & 2: Extension and adoption	4.41
Supporting functions	
Strategy 11: Corporate Affairs	0.67
Strategy 12: Corporate Services	4.15
Total supporting functions	4.82
\$50m Package	11.58
Other	
Board, Geographical Indications (GIs) Committee & Australian wine overseas program	0.63
Levy collection costs	0.90
Other total	1.53
Total	54.37

Key performance indicators

We have nine overarching key performance indicators against which we measure and report on our performance against our strategic priorities and the Australian Government's priorities. These are detailed in Table 3.

Table 3: Performance against Agriculture Portfolio Budget Statements 2017–18 measures

Key performance indicators	Target	Outcome
RD&E		
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%
RD&E newsletter has more subscribers	1800	2386
The number of Regional Program partners is maintained	11	11
Marketing		
Export and Regional Wine Support Package activities are completed in-line with the funding agreement	100	100
The number of user-pays events hosted with wine sector partners to engage influencers in key markets	42	45
The number of Wine Australia-funded activities to engage influencers in key markets increases	70	70
Market Insights		
Improvement in customer satisfaction rating for market insights services, as measured by customer satisfaction survey	74%	87%
Regulatory Services		
Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine	300	277*
Market export guides provide accurate information about import requirements for our largest export markets	32 markets	36 markets

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



Aligning priorities

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

Table 4: Wine Australia research program spending aligned with Science and Research portfolio

Wine Australia 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	316.8 (1.3%)	6491.3 (27.1%)		6808.1 (28.4%)
Priority 2: Increasing competitiveness				
Strategy 4: Improving resource management and sustainability	76.9 (0.3%)	2140.0 (8.9%)	1217.4 (5.1%)	3434.3 (14.3%)
Strategy 5: Improving vineyard performance		5150.4 (21.5%)		5150.4 (21.5%)
Strategy 6: Improving winery performance		2692.3 (11.2%)		2692.3 (11.2%)
Strategy 7: Enhancing market access	275.5 (1.1%)			275.5 (1.1%)
Strategy 8: Building capability	23.3 (0.1%)	562.0 (2.3%)		585.3 (2.4%)
Strategy 9: Business intelligence and measurement		770.3 (3.2%)		770.3 (3.2%)
Priorities 1 and 2				
Strategy 10: Extension and adoption		4247.4 (17.7%)		4247.4 (17.7%)
Total	692.5 (2.9%)	22053.7 (92.0%)	1217.4 (5.1%)	23963.6 (100.0%)

Table 5: Wine Australia research program spending aligned with Rural Research, Development and Extension Priorities

Wine Australia priorities and strategies	Rural Research and Development, and Extension Priorities				
	Advanced Technologies	Biosecurity	Soil, water and managing natural resources	Adoption of R&D	Total
	\$000	\$000	\$000	\$000	\$000
Priority 1: Increasing demand and the premium paid for all Australian wines					
Strategy 3: Building Australian grape and wine excellence	5575.4 (23.3%)		1081.2 (4.5%)	151.5 (0.6%)	6808.1 (28.4%)
Priority 2: Increasing competitiveness					
Strategy 4: Improving resource management and sustainability	395.2 (1.6%)	841.2 (3.5%)	2174.3 (9.1%)	23.6 (0.1%)	3434.3 (14.3%)
Strategy 5: Improving vineyard performance			5150.4 (21.5%)		5150.4 (21.5%)
Strategy 6: Improving winery performance	2686.6 (11.2%)	5.7 (0.0%)			2692.3 (11.2%)
Strategy 7: Enhancing market access				275.5 (1.1%)	275.5 (1.1%)
Strategy 8: Building capability	87.6 (0.4%)	10.0 (0.0%)	29.7 (0.1%)	458.0 (1.9%)	585.3 (2.4%)
Strategy 9: Business intelligence and measurement	149.3 (0.6%)		110.9 (0.5%)	510.1 (2.1%)	770.3 (3.2%)
Priorities 1 and 2					
Strategy 10: Extension and adoption	272.8 (1.1%)			3974.7 (16.6%)	4247.4 (17.7%)
Total	9166.9 (38.2%)	856.8 (3.6%)	8546.6 (35.7%)	5393.4 (22.5%)	23963.6 (100.0%)

Export and Regional Wine Support Package

The background

The Australian Government’s \$50 million Export and Regional Wine Support Package (the \$50m Package) is an exciting, one-off allocation of \$50 million over four years, which aims to grow the Australian wine sector by showcasing the nation’s wine tourism offering and driving demand for Australian wine exports. In 2017-18, it entered its delivery phase following extensive consultation.

The first year of implementation began with the official launch of the \$50m Package in August 2017. This was where the Government formally announced how its one-off allocation of \$50 million will grow Australian wine exports and drive international tourists to our wine regions.

Since then, Wine Australia has worked with AV, WFA and Cider Australia to implement the four programs within the \$50m Package. These include international marketing campaigns (\$32.5 million), wine export, state-based and competitive grants (\$11 million), capability development (\$2 million) and development of a brand strategy for the craft cider industry (\$500,000).

The strategy underpinning the \$50m Package is to target markets with the strongest growth potential: namely, China and the USA. A portion of funding is also allocated to allow flexibility to respond to signals in other markets where there is potential for export value growth.

In the USA, the opportunity for growth is at the higher price points so our focus is on raising the perception of, and demand for, Australian wine. While in China, the challenge for the Australian wine category is to maintain and build on our strong image and continue to capture growth in this highly competitive market.

The four programs within the \$50m Package

China and USA marketing (\$32.5m)	Capability development (\$2m)	Grants (\$11m)	Transforming cider businesses (\$0.5m)
Targeted multi-year marketing campaigns that improve the perception and awareness of Australian wine in China and US markets, as well as the premium paid.	Development and delivery of education programs and toolkits to improve the capability of wine businesses to capture export opportunities and develop wine tourism products and services.	Wine Export Grants that build the capacity of small and medium wine businesses to capture export opportunities in China and the USA. State-based and competitive grants for initiatives that increase international wine tourist numbers and expenditure across the states and regions.	Development of a brand proposition and go-to-market strategy for the Australian cider industry based on detailed market analysis.

The headline \$50m Package activities for 2017-18 were:

- record attendance and an amplified presence at major international trade events, such as Aussie Wine Week in New York (7-14 September 2017), Hong Kong Wine and Dine Festival (26-29 October 2017), Vinexpo New York (5-6 March 2018), China Food and Drinks Fair (18-24 March 2018), Vinexpo Hong Kong (29-31 May 2018) and China Roadshow (4-11 June 2018)
- a \$7.4 million investment boost for 21 international wine tourism projects
- national implementation of state-based international wine tourism strategies
- development of the Growing Wine Exports and Growing Wine Tourism capability building programs
- the launch of the Australian Wine Made Our Way platform
- a surge in applications for the \$1 million of Wine Export Grants available to eligible wine producers, and
- development of the brand proposition to market Australian craft cider internationally.

Engagement with the sector is a key component of the \$50m Package. The Wine Industry Committee, comprising the President of WFA and Chairs of AV and Wine Australia, meets twice yearly – once to recommend the Annual Operational Plan (the AOP) to the Wine Australia Board and again for a mid-year review of progress against the AOP.

The Marketing Advisory Group (the MAG) continues to provide strategic guidance for the international marketing and capability development components of the \$50m Package and endorsed the investment strategy in the Business Plan.

The MAG members are:

- Darryn Hakof, Pernod Ricard Australia
- Simone Horgan-Furlong, Leeuwin Estate
- Angus Lilley, Treasury Wine Estates
- Bill Moularadellis, Kingston Estate Wines
- Libby Nutt, Casella Family Brands
- Andrew Stark, Accolade Wines
- Mitchell Taylor, Taylors Wines
- Nick Waterman, Yalumba Family Vignerons, and
- Simon West, Fullglass Management.

China and USA marketing (Program 1)

The first half of 2017–18 was spent evolving the strategy into detailed operating and delivery plans, recruiting project team resources, establishing governance and operational processes, and running tenders to select suppliers across the four programs.

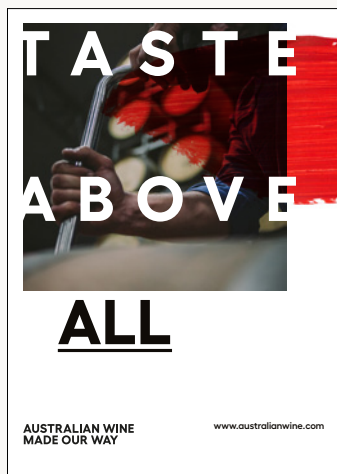
A major project was undertaken to identify the key attributes of Australian wine and develop those characters into a branding platform that would move perceptions to a more sophisticated appreciation of the diversity and uniqueness of Australian wine.

A comprehensive, seven-country study found that importers, retailers and consumers saw Australians and Australian wine as bold, exciting and authentic, and this is reflected in the new campaign.

AUSTRALIAN WINE MADE OUR WAY

Australian Wine Made Our Way, developed by international branding agency R/GA, celebrates the authenticity of Australian wine, the strong bonds of camaraderie in our community and the excitement of striving for excellence and being innovative to produce engaging, authentic wines.

The campaign conveys Australia's freedom to experiment – and that while we respect tradition, we are not forced to adhere to the strait-jackets of regimented regional rules; our winemakers have the liberty and creativity to take traditional techniques and apply them in new ways.



"The new logo, the new presentation from Wine Australia I think is fantastic. It's been really well researched, really well done and I love the 'Made Our Way'. It's a bit of, for the rest of the world, an up yours! This is who we are. We don't have to copy you or have to change because of who you are. If you want to be on top you better follow us!"

Bruce Tyrrell, Tyrrell's Wines

‘... It reminds of when I was the Next Gen back in the 80s and 90s and we were doing something similar. We were breaking the rules and pushing the boundaries so the Australian category became really sexy and had sizzle. I think we are just on the lip of that happening again, but it won't be me and my peers doing it. It will be the next generation hopefully repeating and doing even better than what some of the older brigade did back in the day.’

Alister Purbrick, Tahbilk



‘This feels like a watershed moment, it feels good to be out and proud and positive again, like we're crawling out from under a rock onto the world stage.’

**Corrina Wright,
Oliver's Taranga Vineyards**

The Australian Wine Made Our Way platform was launched at Vinexpo Hong Kong, where, with the support of the \$50m Package, Australia secured the status of Country of Honour.

Encouraged in part by the prospect of reclaiming expenditure via the \$50m Package Wine Export Grants, a record 151 exhibitors attended, showcasing more than 225 Australian wine brands from 51 wine regions.

One of the biggest-ever exhibition events, Vinexpo Hong Kong included:

- 5 Regional tasting bars (Barossa, Coonawarra, Margaret River, McLaren Vale and Orange)
- 26 master classes on Australian wine
- Market Conference – Australian wine in China
- Australian wines featured at every opportunity across Vinexpo activities from the opening night to the final event.

Many exhibitors segued from Vinexpo Hong Kong into the four-city tour of the China Roadshow, taking in Shenyang, Jinan and Wuhan before culminating in Shanghai. Some 71 exhibitors showcased 119 brands and 700 wines to more than 3000 importers, distributors, wholesalers, sommeliers, buyers, media, influencers and VIP consumers.

In the USA, Wine Australia kicked off its engagement by partnering with Tourism Australia with a strategic investment from the \$50m Package of \$1.5 million in the 'Son of Dundee' Super Bowl campaign.



This successful investment delivered wine tourism messaging to the Super Bowl audience equating to nearly \$3 million in commercial airtime value.

The advertising and the 'teaser' campaign beforehand suggesting that another 'Dundee' movie was in the offing generated 14,000 media articles with an advertising value estimated by Tourism Australia approaching \$85 million.

In the digital advertising that followed the Super Bowl advertisement, the wine and food pillar had almost 12 million completed views and had the highest recall of the 'why Australia' engagements.

Considerable effort was committed during 2017-18 to ensure that Australia Decanted, a four-day, invitation-only symposium in July 2018 exploring the varieties, regions and styles of wine that make Australia's one of the world's most diverse wine producers, was delivered at an unparalleled standard.

Led by 13 eminent Australian winemakers, key American influencers explored classic expressions, new interpretations and the influence of altitude, attitude and terroir on Australian wine at beautiful Lake Tahoe, California.

Australia Decanted featured seminars, tastings and a vibrant program that gave the invited national retail and on-premise buyers, selected educators, Master Sommeliers, Masters of Wine and media a fresh understanding of the people, the culture and the places shaping Australian wine today.

Capability development (Program 2)

During 2017–18, we identified capability gaps, developed programs and engaged educational program providers for two skills development programs: Growing Wine Exports and Growing Wine Tourism. The programs will be launched in October 2018.

International wine tourism grants (Program 3)

In May 2018, we approved \$2.8 million in regional grant funding from the \$50m Package. This, together with matching funding from regions across Australia, will result in \$7.4 million invested in successful international wine tourism projects that will diversify our wine tourism offering.

Grant applicants were required to provide matching funding on a dollar-for-dollar basis and projects were selected through a competitive merit-based process, based on the recommendations of an independent Expert Assessment Panel. A list of approved projects is available on our website.

Also in May, the responsible Minister at that time, Senator Anne Ruston, the Assistant Minister for Agriculture and Water Resources, approved the first of the state grant funding packages for South Australia.

The remaining state grants are expected to be announced in the first half of 2018–19.

Transforming cider businesses (Program 4)

Wine Australia is working with Cider Australia (CA) to develop a brand proposition for marketing Australian craft cider overseas. In 2017–18, after considering various proposals with CA, Wine Australia engaged an external consultant to conduct brand proposition testing and consultation with Australian cider producers. The consultation will be used to inform development of the brand proposition that will be launched in 2018–19.

Towards tomorrow

The many targeted events, media and education campaigns backed by the \$50m Package have created positive sentiment, interest and excitement around the Australian premium wine category. The remaining two years will be focused on the delivery of an ambitious program of activities. The challenge will be the sector's ability and capacity to ramp up even further to deliver what represents 80 per cent of the \$50 million investment in that timeframe.





Activities and achievements

- 38–49 Priority 1: Increasing demand and premium paid for all Australian wine
- 50–61 Priority 2: Increasing competitiveness
- 62 Priorities 1 & 2: Extension and adoption
- 63–65 Supporting functions

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

Strategy 1: Promoting Australian fine wine

The Australian Government's \$50m Package played a substantial role in not only boosting activity in the USA and China but it also provided the means to develop a new global marketing campaign to drive international demand for Australian wine that was launched in May 2018.

The new Australian Wine Made Our Way platform aims to raise the perception and demand for Australian wine in key export markets – including China and the USA – by highlighting what's unique about Australian wine and celebrating its authenticity.

Our marketing efforts globally are about selling the story of Australian wine to the world and delivering a brand strategy that can be leveraged by Australian wine regions and wineries.

Our passionate and dedicated marketing teams in Australia, China, North America and the UK professionally delivered 100 core marketing campaigns targeted at trade, educators, influencers and consumers. Our campaigns included large trade events, roadshows, consumer wine and food events, tailored media and influencer events, sales promotions and visits to Australia.

Partnerships and sponsorships

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 2017–18, we also partnered with the following organisations, campaigns and events:

- Court of Master Sommeliers
- James Halliday Wine Companion Awards
- Young Gun of Wine Awards
- G'day USA
- Margaret River Gourmet Escape
- Ultimate Winery Experiences
- Gourmet Traveller Wine Wine List of the Year Awards
- China collaboration (in collaboration with Dairy Australia, Horticulture Innovation Australia and Meat & Livestock Australia).

In-market activities

China (including Hong Kong and Macau)

The pace of growth for exports into China has continued, and China is the most valuable market for Australian wine exports and the growth is likely to continue. The final step of the China–Australia Free Trade Agreement tariff reduction takes effect on 1 January 2019, further supporting opportunities for growth.

Australia's average value of bottled imports is A\$7.82 per litre and is the highest rate amongst the top five importing countries, by quite a wide margin. Bulk wine imports have also grown strongly, and now represent just under a third of the total exported volume.

With the support of the \$50m Package, Australia secured 'Country of Honour' status at Vinexpo Hong Kong, significantly elevating the reputation of our wine sector and ensuring high levels of engagement with trade and media.

The new Australian Wine Made Our Way platform, launched at the event, was extremely well received by exhibitors and attendees. The event also provided a good platform for the signing of the Memorandum of Understanding with Alibaba, signalling the commitment of the Australian wine community to the region.

To capitalise on the market opportunities China presents, we designed a wide variety of programs that included activities targeting off-premise, on-line promotions, participation in trade shows, our four-city China Roadshow, and the Annual China Awards, which recognise wine professionals who have helped raise the profile of Australian wine in China.

Key in-market activities in 2017–18 included:

- Watsons Wine Retail Promotion – September 2017 & May 2018
- Wine Australia China Awards and inaugural Australian Wine Fair – October 2017
- Hong Kong Wine and Dine Festival – October 2017
- ProWine China – November 2017
- China National Food, Wine and Spirits Fair, Chengdu – March 2018
- China trade and media visit – April 2018
- Vinexpo Hong Kong – Country of Honour – May 2018
- China Roadshow – June 2018.

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. The Australian Wine Grand Tastings in Tokyo and Seoul were our biggest ever, engaging both trade and consumer audiences.

These events and promotions in market are supported by active social media activity in Japan and Korea and excellent relationships with Austrade offices in market.

Key in-market activities in 2017–18 included:

- Australian Wine Grand Tastings, Japan and South Korea – September 2017
- Leading Asian trade and media visit – November 2017.

North America

Australian wine exports to the USA ended the year at \$424 million, an 8 per cent decline in value over the previous year.

There were promising signs in premium wine export numbers but continued challenges in the sub-US\$10 retail segment, where the majority of Australian wine sales are concentrated. Key Wine Australia activities such as Aussie Wine Week, Vinexpo New York and sponsorship of *Wine Spectator's* New York Experience were critical in reinforcing visibility and category viability at premium price points.

Canada remains a critical market for Australian wine and exports rose by 7 per cent to \$199 million. Wine Australia activities including Toronto Winter Trade Tasting, Australia Up Close roadshow and sponsored presence at Vancouver International Wine Festival drove market presence and key message delivery throughout the year.

Key in-market activities in 2017–18 included:

- Winter Trade Tasting, San Francisco – February 2018
- Winter Trade Tasting, Toronto – February 2018
- Vinexpo New York – March 2018
- COSTCO Spring Wines Promotion – April–May 2018
- *Wine Spectator* Advertising and Media partnership – year round, and
- Marketing Entry Program – year round.

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 premium wine offering. Our biggest event, the annual Australia Day Trade Tastings, attracted our largest attendance in London, Dublin and Edinburgh in January 2018. We also had a very strong presence at ProWein in Düsseldorf in March.

Key in-market activities in 2017–18 included:

- Women in Wine event including the Australian Women in Wine Awards, trade and consumer tastings and trade seminar – September 2017
- Nordic Roadshow, Denmark, Finland, Norway and Sweden – September to October 2017
- UK and European independent retailer visit – October 2017
- Regional master classes, Ireland, Germany, Belgium and the Netherlands – October to November 2017 and April 2018
- Australia Day Trade Tastings, Ireland, Scotland and England – January 2018, and
- ProWein International Wine Fair, Germany – March 2018.

Strategy 1: Promoting Australian fine wine

2017-18 targets	2017-18 achievements
Global	
An educational component at 70 per cent of events to promote Australian wine's strategic narrative – quality, diversity, innovation, terroir.	70 per cent target was achieved at all events through master classes, seminars, tasting events and supporting social media content.
Strengthen existing relationships and develop new relationships with key in-market wine trade, media and other wine influencers.	Media and influencer KPIs were achieved or exceeded for all campaigns with new relationships formed, particularly with lifestyle media and influencers.
At least 75 per cent of guests indicate a positive/ improved perception change towards Australian wine, captured through post-event survey.	Analysis of post-event feedback surveys indicates that 70 per cent of guests left with an improved perception of Australian wine – while below target this is still a very positive result.
At least 20 per cent increase in positive sentiment in media coverage and other published content on Australian wine.	Positive sentiment in media coverage and other published content on Australian wine has increased by 22 per cent.
At least 90 per cent of wineries and distributors who participate in Wine Australia events report that they are satisfied.	Post-event surveys of exhibitors at Wine Australia events found 93 per cent of exhibitors were satisfied.
Asia Pacific	
Growth in consumer sentiment index in Hong Kong from 6.87, in Japan from 7.47, in Singapore from 7.29 and in South Korea from 6.51.	According to a Wine Intelligence study commissioned by Wine Australia, consumer sentiment in Hong Kong improved to 6.94, in Japan to 7.52, Singapore to 7.38 and in South Korea moved to 6.94 on a scale of 1 to 10.
China	
Growth in consumer sentiment index in mainland China from 8.26.	Chinese consumers of Australian wine rated Australian wine as 8.32 on a scale of 1 to 10.
Europe, Middle East and Africa (EMEA)	
Growth in consumer sentiment index in the UK from 8.12.	The UK was one of the few markets survey where a slight decline in sentiment was recorded with a decrease to 8.08.
The Americas	
Growth in consumer sentiment index in Canada from 8.05 (English speaking) and from 7.92 (Québec) and the USA from 8.13.	In Canada, the consumer sentiment index moved to 8.24 in English-speaking markets and to 7.96 in Québec. In the USA, quality perceptions increased significantly from 7.82 in 2010 to 8.14 in 2018.

Strategy 2: Protecting the reputation of Australian wine

New export control regulations for wine commenced on 1 April 2018, following consultation by Wine Australia and the Department of Agriculture and Water Resources with the Wine Australia Legislative Review Committee, WFA and AV.

In accordance with section 50 of the *Legislative Instruments Act 2003*, on 30 March 2018 the Australian Grape and Wine Authority Regulations 1981 sunsetted and were replaced by the Wine Australia Regulations 2018 [Regulations] on 1 April 2018.

The Regulations set out the export controls for grape products at a product, shipment and licence level.

The commencement of the Regulations broadened the scope of matters that Wine Australia may consider in determining whether an exporter is eligible to hold a licence, whether products should be granted product approval, and whether an export certificate should be issued for consignments of grape products.

In deciding whether to grant, suspend or cancel export licences, Wine Australia may now apply a 'fit and proper person test'. This makes it open to Wine Australia to consider a broad range of matters, including matters relating to intellectual property and non-payment of the Wine Export Charge, in determining a person's eligibility to hold a licence to export grape products from Australia.

The Regulations provide that Wine Australia may deny export approval where a product could not be lawfully sold in the country to which it will be exported. This makes it open to Wine Australia to prevent the export of a wine that infringes private intellectual property rights in the destination country.

In accordance with the Regulations, exporters are no longer permitted to export on behalf of associates that are not themselves eligible to hold an export licence (such as where a licence has been cancelled).

Other aspects of the export controls have been liberalised. For example, there is no longer a prohibition on labelling 'grape products' with a vintage indication. Where non-Australian material is used to make a wine, the requirement to indicate the percentage of foreign material has been removed for additions less than two per cent.

The Regulations have the effect of allowing the continued use of grape varieties that are also GIs.

Annual analytical survey

Except for a limited number of circumstances, wine sold in Australia or exported from Australia must comply with the Australia New Zealand Food Standards Code [the Code]. 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 2017-18, we commissioned analysis of 222 samples from a variety of regions to verify compliance with the Code. The analytes included sulphur dioxide, volatile acidity and alcohol. Because a limit was imposed on Ochratoxin A levels for wines in China in 2017-18, we also conducted analyses to establish Ochratoxin A concentrations. No wines were found to have concentrations exceeding

the permitted limits for China (2 parts per billion).

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 2017–18, 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, product approval and shipping approval. Certain export destinations also require additional certification prior to import, including securing the benefits of free trade agreements (FTAs). In 2017–18, we embarked on a major project to upgrade the IT system used to facilitate administration of the export controls. This will greatly increase the efficiency of the export approval process and the quality of data that can be extracted from the system. The new system is expected to be launched in February 2018.

We launched a new regular e-newsletter, the 'Exporter News', through which information about market access, regulatory issues and compliance issues is now communicated to licenced exporters bi-monthly.

Strategy 2: Protecting the reputation of Australian wine

2017–18 targets

2017–18 achievements

Annual analytical survey

Compliance with the Code is demonstrated through analysis of 300 Australian wines.

Analysis was conducted to verify compliance with the parameters of the Food Standard Code set out in standard 4.5.1 that is specific to Australian wine. The results verify that there is strong compliance with the analytic parameters set out in the Food Standards Code.

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.

All minor breaches of the record keeping requirements of the Act were remedied. There were no serious breaches identified.

Regulatory services

We will develop and introduce an automated export certification process to (largely) replace the existing manual system.

The percentage of licenced exporters using the automated certification system increased. We embarked on a major project to replace the wine export approval system.

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 2017–18 we:

- field tested new technologies, tools and software to help growers assess vineyard performance metrics in a portfolio of related projects.
- initiated a new five-year study to understand the expression of terroir for Australian Shiraz.
- showed that it is possible to alter veraison and harvest timing through in-vineyard treatments with selected plant growth regulators without yield loss and with little or no impact on wine, except for a (desirable) increase in pepper notes in some Shiraz plots.
- showed that simple measures of vine balance (fruit to leaf ratio) are not a good predictor of fruit and wine composition; canopy architecture and bunch environment likely play a significant role.
- provided more information on the use of the 'VitiCanopy' app to capture canopy architecture differences that resulted in fruit and wine compositional changes and berry and wine sensory differences.

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 2017–18 we:

- continued to investigate and identify compounds responsible for both preferred and less-desirable flavours in wines, including their origins and formation. This will give us an understanding of the mechanisms of in-mouth flavour release, 'green' flavours in red wines, the production and impact of volatile sulfur compounds, and the autolytic character in sparkling wine.
- continued 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.
- upgraded our smartphone app PMapp and enhanced the renamed GrapeAssess, an application that allows assessment of multiple vine diseases and disorders, including bunch rot, insect damage and sunburn.

Customer insights

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

During 2017–18 we:

- completed a range of customer insights projects and related extension activities and continued research efforts focusing on China, the USA and the UK.
- published individual country summaries on the impact of Australia's country image on the perception of Australian wine by our customers and consumers in China, India, Indonesia, Korea, UK, USA and Vietnam.

- Wine Australia established the Insights Advisory Group (IAG) in 2017–18 to facilitate a collaborative approach between Wine Australia and wine producers that will ensure a greater alignment in primary consumer research prior to investment. The IAG will also be a mechanism for better integrating deliverables from primary research with secondary source market insights, along with improving awareness and use of existing (and future) findings.

Strategy 3: Building Australian vine and wine excellence

2017–18 targets	2017–18 achievements
Grapегrowing for excellence	
First field testing data available from the application of new digital sensor technologies for assessment of canopy architecture, disease management, yield, crop condition and quality estimation. New software tools for routine precision viticulture (spatial) analysis.	<p>Field data were collected from vineyards in several regions, using LiDAR sensors, 3D photogrammetry and an RGB camera, for the assessment of canopy structure.</p> <p>Data on canopy condition were collected with hyperspectral imaging sensors, as a step towards developing systems for the assessment of leaf composition (nutrition) and early detection of disease.</p> <p>Data on fruit condition and quality were collected, to compare hyperspectral imaging with physical and chemical measurements. Field experiments using canopy-penetrating radar to detect fruit began, with work focusing on the choice of appropriate wavebands for reliable bunch detection for yield estimation.</p> <p>Development of new, user-friendly GIS tools for precision viticulture applications that can be run from within a freeware GIS platform (QGIS) progressed well. A workflow and suite of tools were beta tested by a selected user group, for further refinement. CSA 1601-1603</p>
Obtain further field data to assess the spatial similarity between patterns of variation in yield and indices of grape quality.	Field data were collected from a near infrared (NIR) sensor attached to a harvester during vintage 2018, to map fruit quality parameters against yield and remotely sensed vine vigour, to provide a basis to better understand the yield:quality nexus. CSL 1401
Field data aligning the prediction of the optimal harvest 'window' and grape and wine compositional marker compounds with preferred wine styles.	Predictive models of wine style have been developed based on grape berry sugar accumulation profiles (for red varieties) and berry skin colour (for whites), to create a harvest decision framework. NWG 1301
Recommendations and strategies for the application of selected plant growth regulators to control (delay) berry development / ripening.	Field and laboratory studies using techniques including sensory analysis and cutting-edge analytics have shown that it is possible to alter veraison and harvest timing through in-vineyard treatments with selected plant growth regulators without yield loss and with little or no impact on wine, except for a (desirable) increase in pepper notes in some Shiraz plots. CSP 1401

Strategy 3: Building Australian vine and wine excellence

2017–18 targets	2017–18 achievements
A robust assessment on the role of ‘vine balance’ on wine quality is available to the sector, based on three years of wine compositional data and field tests.	A study on Shiraz across three contrasting regions and three seasons showed that while changing vine balance consistently altered the rate of ripening, there was no conclusive evidence that the changes achieved had any significant effect on fruit or wine composition when fruit was harvested at the same sugar ripeness. The results suggested a significant role for bunch environment on fruit and wine composition. CSP 1202
Initiate a new five-year study that seeks to understand the environmental drivers that relate to physiological changes in grapevines that lead to changes in berry composition and the optimal expression of terroir for Australian Shiraz.	Vineyard, grape and wine sampling and analysis protocols have been finalised across regions and research institutions. Environment, vineyard and fruit maturity data including canopy architecture, have been collected and elemental analysis has been performed across the six sub-regional Barossa Valley trial sites. Grape chemistry parameters have been collected, fruit harvested and small lot winemaking completed. UA 1602
New knowledge available on the sensory and chemical properties of wine from Shiraz and Chardonnay grapevine clones grown in different regions.	Significant differences were recorded for nearly all sensory descriptors for Shiraz and Chardonnay wines. Regional tasting workshops continued to be well received with favourable comments regarding the overall quality of the wines and the observed clonal variation. The project is in its final stages and results across all seasons are being compiled for reporting and further dissemination. SAR 1303
First season of results available from a new project investigating rotundone and its role in defining terroir in iconic Australian cool climate ‘peppery’ Shiraz.	The first of two consecutive vintage maps of <i>α-guaiene</i> and rotundone for multiple trial sites have been produced. In 2017, sites showed substantial intra-vineyard variability and a clear spatial structure. The 2018 grape samples from the same sites have been collected and analysed. AWR 1701–4, 4, 4
Improve understanding of the relationship between yield and canopy parameters and vine performance, based on three seasons’ data.	The ‘VitiCanopy’ app successfully captured canopy architecture differences that resulted in fruit and wine compositional changes and berry and wine sensory differences. VitiCanopy measurements of leaf area index, canopy porosity and growth rate were highly correlated with vine performance and quality and can be measured early in the growing season, allowing within-season management decisions to be made. These outcomes provide new information and tools that will lead to more informed vineyard management. UA 1207
New smartphone apps beta-tested for application as an in-field tool to assess vine water stress.	A range of smartphone-based tools for measuring vine water status in the field was evaluated and benchmarked against conventional methods e.g. stem water potential and stomatal conductance. A thermal infrared smartphone camera system was selected as the most accurate and robust option, and the app was beta tested by a panel of experienced viticulturists. SAR 1501
Progress towards the release of a smartphone-based imaging tool to estimate the optimal harvest window for white wine varieties according to wine style/flavour profile, and berry volume.	Development of an Android app is being finalised, following user testing and training of early adopters. An integrated desktop software package (Excel) for temporal and spatial records and analysis of berry volume and colour parameters has been developed. CSU 1501

Strategy 3: Building Australian vine and wine excellence

2017–18 targets	2017–18 achievements
Proof of concept completed for disease assessment of grapes and the detection of contaminants at the weighbridge, using hyperspectral imaging and/or spectroradiometer probes.	Hyperspectral and multispectral imaging were demonstrated in the laboratory to discriminate botrytis and sour rot-infected grapes/bunches (in red and white varieties) and contaminants i.e. material other than grapes (MOG). The method also offers promise for the identification of sunburn and berry shrivel in grape loads. Testing of the imaging method at the weighbridge is planned for the coming season, in collaboration with a wine company. AWR 1601
Wine provenance and measures of quality	
New knowledge available to inform on the relationship between objective chemical measures of grape composition and fruit quality grading.	Completed. Final report has been accepted and published online . Objective measures were identified that can be used to distinguish grape grades and support decision making for streaming of grapes to wine styles. AWR 1202
Experimental data to assess the robustness of the use of stable isotope and trace metals assays to discriminate regional source of origin for grape (and wine) samples.	Commercial wines have been sourced that reflect the diversity of element geology across the wine-producing regions of Australia and key international regions. Analysis of these wines for the most effective stable isotopes to distinguish regions is underway. AWR 1704 4.4.2
Data from two seasons available to validate objective measures of quality (e.g. GC/MS analysis for off-flavours) and the creation of acceptable thresholds for bunch rot contamination in wine.	Spectroscopy (ATR FTIR) successfully discriminated individual grape berries inoculated with the different types of fungi responsible for bunch rots. Each of the fungi investigated produced a different suite of secondary compounds, some of which were implicated in deleterious effects on wine quality. Threshold for botrytis contamination of grapes was estimated to be between 0.3 and 1.0 gram dry weight of fungus per kilogram wet weight of grapes. A final project report is available, summarising these measures of bunch rot contamination of wine grapes. CSU 1301
A metal speciation 'How to' guide is available for winemakers, to assist in the routine measurement and interpretation of the impact of metal ion speciation in wines.	A colorimetric method was developed to allow colorimetric determination of copper concentration in wine. A final report summarising the ways iron and/or copper can influence the rate of oxidation reactions and accumulation of reductive flavour compounds in wine is available online. NWG 1401
Assessment of spectroscopy as an objective measure of powdery mildew infection in grapes, increased sector use of an improved diagrammatic key and smartphone app for estimation of disease severity in the field.	Completed. Final report has been accepted and published online. The project confirmed that spectroscopy alone is not sensitive enough to measure severity of powdery mildew infection at levels useful to the sector. Based on feedback from users, the smartphone app was upgraded to improve the GPS function and allow assessment of multiple vine diseases and disorders, including bunch rot, insect damage and sunburn. The improved app, Grape Assess, was made available to the sector in June. UA 1202 (COMPLETED) AND UA 1703
Two projects investigate the drivers of Australia's unique terroirs on Shiraz wine style and quality, seeking to understand how to optimally express those terroirs in finished wine.	Shiraz wines from Hunter Valley, Canberra, Yarra Valley and Heathcote have been characterised according to key wine styles, regional characteristics and winemaking interventions. Barossa and McLaren Vale wine assessments are underway. A project to understand the drivers of terroir in Barossa Valley Shiraz has been initiated. CSU 1602 AND UA 1602

Strategy 3: Building Australian vine and wine excellence

2017–18 targets	2017–18 achievements
Disseminate information on consumer preferences for and identity of compounds responsible for ‘green’ flavour in red wines, including the origins and formation of the compounds and possible amelioration strategies.	Final report accepted and published online . Regarding ‘green’ flavour in red wines, grapevine proximity to Monterey Cypress trees was shown to be a cause, with grape rachis included in Shiraz ferments also a major influence. ‘Green tannin’ was found to be related to both ‘green’ volatiles and elevated bitterness, probably related to specific tannins. AWR 3.1.1
Disseminate knowledge via workshops and seminars, on the link between flavour precursor levels in grapes and wines, and their sensory significance in wine.	Completed. Final report accepted and published online . This project demonstrated the potential of non-volatile glycosides as flavour precursors during wine consumption. The studies showed the ability of in-mouth enzymes, most likely from salivary bacteria, to quickly liberate volatile aroma compounds from their bound form during wine drinking, enhancing flavour and contributing to a lingering aftertaste. AWR 3.1.3, AWR 3.1.1
Improve sector understanding of the utility and feasibility of new tools and strategies to assess and achieve protein stability in wines, the mechanism of haze formation and the impact of wine colloids and matrix on new protein haze control processes.	Completed. Final report accepted and published online . The existing heat test was improved, and the new method has decreased the turnaround time for results from 24 hours to 5 hours without compromising accuracy. Trials explored some natural proteases, protein-adsorbing material including coated magnetic nanoparticles, surface-engineered silica and macrosponges. Pasteurisation of juice (with or without aspergillopepsin enzymes) remains a viable bentonite alternative and magnetic nanoparticles show promise but require some further development. AWR 3.1.4
Greater sector awareness on the influence of metal chelation/removal on the formation of volatile sulfur compounds and factors that regulate their formation by yeast during fermentation.	Completed. Final report accepted and published online . The results from this project suggest that differing metal chelation environments can be established using additives and that these can have a significant effect on H ₂ S generation. It is more desirable to add copper during the final phase of active fermentation rather than at the end. The project identified several yeast markers associated with the formation of important sulfur compounds, such as the ‘tropical’ thiols and hydrogen sulfide from their precursors. AWR 3.5.3
Preliminary information available from a project that seeks to identify impact compounds responsible for ‘autolytic character’ in sparkling wine, and results from spectral fingerprinting of juices to determine provenance.	Metabolomics data is being analysed to identify molecules associated with sensorially preferred treatments, which showed ‘more development’ and ‘more autolytic’ character than the other treatments imposed. For the 2018 season, 183 juice samples from different regions were spectrally assessed and data analysis is ongoing to determine whether provenance can be determined. UT 1502
Proof of concept for chemometric integration of site (soil, clone, region), chemical and sensory markers of quality to identify Pinot Noir provenance drivers.	Some 54 representative ‘2015’ Pinot Noir wines from 10 Australian winegrowing regions were analysed. A subset of 25 ‘2015’ Pinot Noir wines was selected based on chemometric results and 5 representative wines for each of the 5 regions has been selected. Analysis of provenance drivers is ongoing. UT 1503

Strategy 3: Building Australian vine and wine excellence

2017-18 targets	2017-18 achievements
Customer insights	
Submit final report and share with the sector details of current perceptions of Australian wine among global consumers.	This was the first empirical investigation of Australia's country image, comprising qualitative and quantitative data collection from frequent wine buying consumers, wine importers and retailers in seven international markets. We published individual country summaries covering China, India, Indonesia, Korea, UK, USA and Vietnam. The findings show that Australians are viewed as bold, exciting, authentic, prosperous, strong, charming, sincere, honest, imaginative/innovative and down to earth. These positive country of origin attributes have significant and substantial influences on spend-related buying behaviour. UA 1206
Extend key findings to the sector synopsis how to effectively use WeChat and Sina Weibo in the China market.	Completed. Final report accepted and published online . Guides to the effective use of WeChat and Sina Weibo have been incorporated into the Growing Wine Exports capability building program. UA 1501
Provide information that will assist exporters in the creation of stronger business relationships across the US and UK wine value chain	Australian exporting success is significantly dependent on the support and endorsement of wine importers and retailers. This research is in its final stages and explores in some depth the drivers of premium wine sales in the USA and UK along with the strategies necessary to build long-lasting business relationships. An article on this research was published in the Wine and Viticulture Journal Nov/Dec 2017. FU 1701
Final project results that inform the Australian wine community about what drives choice in the US market, and how Australia and our key competitors perform on these choice factors.	An in-depth study with the USA wine trade is underway and will extend into 2018-19. The project will measure the USA wine trade and opinion leaders' views of what drives choices in the USA market and how Australia and its key competitors perform on these choice factors; develop and simulate testing marketing strategies to overcome the issues identified; and develop a simple Excel-based decision support system to allow wine marketers to adjust their strategies to better meet the needs of the American wine trade and opinion leaders. USA 1501
Final research findings that provide information on who to target and how to sell fine wine in China.	This research is continuing and will be extended into 2018-19. The findings will assist Australian wine brands invest in activities and strategies designed to increase volume and value of sales in China. USA 1602
Publish new information on objective measures for Australian sparkling wine style and quality, including insights on consumer preferences for different product segments.	Completed. Final report accepted and published online . Other articles include: Insights for Australian sparkling wine , Market Bulletin Issue 40, Dec 2016. UA 1205

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, one of the cross-sector RD&E strategies.

During 2017–18, we continued to develop a ‘climate analogue’ tool that compares regions under current and future climates and to assess new sensor technology for improved water efficiency. Our field trials focussed on assessing the impact of likely climate change scenarios and evaluating the utility of adaptation strategies for vineyards. We:

- showed that elevated CO₂ levels in the future will not impact heavily on grape and wine quality, and may even enhance yield. Warmer temperatures were detrimental to grape composition, confirming previous studies.
- confirmed that reduced winter rainfall significantly impacts on yield and that top-up irrigation in winter can only partially restore it, and
- evaluated late pruning as a method to delay grape ripening and spread harvest duration, and the use of evaporative cooling to alleviate the effect of heatwaves on grapevines.

Foundation data

In February 2018, Wine Australia engaged Consilium Technology to undertake a proof of technology exercise to detect vineyards using their Geospatial Artificial Intelligence for Agriculture (GAIA) platform.

This study was to determine the feasibility of GAIA to:

- map national winegrape plantings
- determine total hectares by GI across Australia, and.
- repeat, update and track changes to winegrape plantings over time.

The proof of technology exercise successfully demonstrated that GAIA can accurately identify vineyards in Margaret River and the selected areas of Tasmania.

Sustainable resource management

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

During 2017–18 we:

- continued DNA profiling of Australian grapevine germplasm collections with a view to re-establishing public access to the material in the future and have available data that is comparable to those in international collections, and
- progressed the development of a user-friendly ‘activity-based costing’ tool and a database for use by wineries to assess and benchmark production costs, model the impact of process efficiency improvements and inform decision-making that leads to increased sustainability.

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 2017–18 we:

- field tested a radical pruning method designed to eradicate angular leaf scorch; together with other outputs from the project, this provides a contingency plan for the sector in the event of an incursion
- provided recommendations to update phylloxera disinfestation protocols to regulatory bodies and disseminated this new information to grower groups
- provided new information on improved vineyard spraying and drift reduction technologies, to optimise coverage and reduce spray buffer zones, and
- initiated a grapevine trunk disease project that will collect data to study the impacts of regional climate diversity on trunk disease incidence and management.



Strategy 4: Improving resource management and sustainability

2017–18 targets	2017–18 achievements
Climate adaptability	
Three seasons of data on how elevated levels of CO ₂ and elevated temperature impact the growth and production of Shiraz, including grape quality parameters, and wine sensory and chemical characters.	The project showed that seasonal influences and ‘weather’ generally override any effects of elevated CO ₂ and increased temperature. However, results suggest that elevated CO ₂ levels in future will not impact heavily on grape and wine quality, and may even enhance yield. Warmer temperatures were detrimental to grape composition, confirming previous studies. DPI 1202
Continue evaluation of new scion–rootstock combinations and new sensor technology for improved water efficiency, reduction in greenhouse gas emissions and reduced costs in the vineyard.	A second season of data has been collected on management costs of different scion–rootstock combinations in a ‘no-spray’ vineyard that does not require sprays for downy and powdery mildew as the scions are resistant to these diseases. These scions not only reduce spray costs but also reduces vineyard greenhouse gas emissions due to reduced tractor usage. New technology being assessed includes ArduCrop sensors that measure the temperature of leaves based on thermal infrared reflectance. New thermal infrared sensors with RGB imaging capability have been custom built and also being evaluated in the field, together with soil moisture monitors. CSP 1504
Three seasons of data investigating how reduced winter rainfall may impact vine production and wine quality, by analysing vine activity during dormancy.	The project has demonstrated vine responses to reduced winter rainfall and a range of irrigation replenishment options. Low or no winter rainfall impacts significantly on yield. Top-up winter irrigation to levels similar to natural winter rain, using either sprinklers or drippers, still resulted in reduced yield, likely due to the pattern of soil wetting influencing root growth and longevity and then vine performance in the subsequent season. Work will continue for a further season to confirm these findings. SAR 1302
Complete evaluation of late pruning as a method to delay grape ripening and spread harvest duration and use of evaporative cooling to alleviate the effect of heatwaves on grapevines.	Three seasons of data showed that late pruning of Shiraz was able to delay the harvest date of grapes, with little net effect on yield, grape quality and wine quality. Evaporative cooling, assessed over two seasons, didn’t appear to reduce temperature in the vine canopy but improved yield, reduced sunburn damage and improved wine quality at Riverland trial sites. SAR 1304
Additional results on whether in-canopy misters can mitigate the effect of heatwaves on grapevine performance and grape ripening and composition.	Following on from the work above, this project collected two seasons of data on canopy cooling systems for mitigation of heatwaves in grapevines. Different cooling approaches varied in their effect on vine performance with season, site and cultivar, making general recommendations difficult. However, any cooling approach had positive effects on vines in the warm inland region. UA 1502

Strategy 4: Improving resource management and sustainability

2017–18 targets	2017–18 achievements
Map climate suitability for key grapevine varieties under current and future climates; compile crop calendars for six case study grapegrowing regions of Australia.	The maps of climate suitability have been changed to a more useful ‘climate analogy’ approach that compares regions under current and future climates. Accordingly, a climate analogue tool has been developed and is being refined. Interviews with key viticulturists in all case study regions have been completed, allowing refinement of crop calendars. The calendars provide a graphical display of climate and weather information, grapevine phenology and climate risk factors for a vintage year. An explanatory guide has been produced to support the use and application of these calendars. UA 1504
Foundation data	
Collect, store and present the supply and demand data.	Data is sourced and presented on global and Australian grape and wine supply and demand, through various means such as the National Vintage Survey, the Production, Sales and Inventory Survey, the wine export approvals process, and a range of third-party information suppliers such as IWSR, Euromonitor International, Global Trade Atlas and IRI. Insights are provided via reports on Wine Australia’s website, through presentations at sector conferences and workshops, the market insights hotline and the weekly Market Bulletin.
Ensure the sector has access to increasingly granular data.	Wine Australia provides disaggregated data where possible to help provide greater clarity in decision making. For example, the national vintage survey provides grape price data at the region by variety level and across the price spectrum. Export data is provided by variety and region, by price point and market. Market depletions data is provided at the most granular level possible. For example, for the USA, depletions data is reported by geographic location by country of origin, variety and price point.
Sustainable resource management	
Continue DNA profiling of the major public and private Australian grapevine germplasm collections with comparison of profiles against reference samples provided by international collaborators.	There have been delays in securing agreements with international germplasm reference collection holders. These are essential to the success of the project and the timeline will be extended to permit further negotiations and options to be explored. CSP 1501
Progress on the development of a user-friendly ‘activity-based costing’ tool and a database for use by wineries to assess and benchmark production costs, model the impact of process efficiency improvements and inform decision-making.	A robust web-based winery collection system for participant information has been developed and is being populated by wineries. Development of case studies, sector journals, articles, and public reports is ongoing from the data collected. 2XE 1501
Review the previous activities and determine optimal way to continue to support a balanced discussion on wine and health.	A review was undertaken, including stakeholder consultation. Final report describing previous activities through AWRI 2.2.3 accepted and published online . No ongoing investment required. A balanced discussion on wine and health will continue through the activities of other agencies.

Strategy 4: Improving resource management and sustainability

2017–18 targets	2017–18 achievements
Biosecurity, pest and disease management	
Field test a radical pruning method designed to eradicate the exotic pest angular leaf scorch and include the method in the Viticultural Industry Biosecurity Plan.	A radical pruning method was tested at a trial site in New York State over two seasons and shown to successfully eradicate angular leaf scorch. Together with other outputs from the project, this provides a contingency plan for the sector in the event of an incursion, which will be included in the Viticultural Industry Biosecurity Plan to be updated in the next year. SAR 1201
Endorsement by the Subcommittee on Plant Health Diagnostics of five new and two updated National Diagnostic Protocols for high-priority exotic pest threats to viticulture.	The seven protocols were submitted to the subcommittee over two years ago but are yet to be endorsed, largely due to a lack of resources. We are attempting to address the delay by working with our counterpart plant RDCs to manage and support the process. Protocols are described in Final Report for DEP 1302 available on our website.
Provide recommendations to inform national disinfestation protocols following completion of disinfestation trials using alternative treatments to sodium hypochlorite against selected endemic phylloxera strains.	Recommendations to update disinfestation protocols were made to regulatory bodies and disseminated to grower groups at several meetings across Victoria and SA. A number of alternatives for treatment of footwear were tested, with one product effective on seven endemic phylloxera strains. This provides a viable alternative to sodium hypochlorite. DED 1701
Outcomes available from an in-field trial using sniffer dogs to screen for phylloxera infestation.	A pilot study under controlled conditions using sniffer dogs for early detection of phylloxera showed promising results. The in-field trial has been delayed to evaluate the practicalities of using sniffer dogs in-field in phylloxera areas and the potential of new odour-sensing approaches for phylloxera detection. DED 1701
Disseminate information to the sector on a quantitative real-time polymerase chain reaction assay for the detection of phylloxera DNA in soil, as a primary detection method.	A soil sampling and handling protocol for detection of phylloxera DNA in soil was developed. Information on the method has been disseminated to the sector via presentations, grower field days, media releases, newsletters articles and a journal article. Further information will be made available following consultation with state regulators and other relevant bodies and once the method is integrated into existing protocols and systems. PGI 1201
Deliver workshops and disseminate new information on improved vineyard spraying and drift reduction technologies, to optimise coverage and reduce spray buffer zones.	Information on the effects of spray nozzle selection, air velocity and spray pressure, tank mix composition, adjuvants and sprayer design on spray efficiency and drift potential was disseminated to growers at workshops and forums in several regions. Further information and tools will be made available when the current APVMA regulatory reform process regarding ‘no-spray’ buffer zones has been completed. UQ 1201
Initiate project to develop and evaluate a PACE (pesticide adjusted for the canopy environment) system for vineyards, using LiDAR and 4D canopy imaging sensors.	A project initiated within the Rural R&D for Profit Program is testing the performance of a LiDAR sensor on a multi-head spray unit, to develop a PACE system that can turn sprayer heads on and off independently, according to the detection (or absence) of grapevine canopy and can vary the rate of spray application in real time, according to canopy density. Significant chemical savings have been demonstrated on canopies at different developmental stages. UQ 1601

Strategy 4: Improving resource management and sustainability

2017–18 targets	2017–18 achievements
Evaluate in vitro methods for testing botrytis and powdery mildew fitness; provide further information on the relationship between laboratory phenotype and genotype, and how these relate to the field efficacy of fungicides.	This project is unravelling the complex relationship between fungicide resistance, fitness, and genetics of fungal grapevine pathogens using a combination of field sites, greenhouse experiments and in vitro testing. The ultimate aim of the work is to use improved knowledge of resistance mechanisms to strategically manage fungicide chemistries in the vineyard. SAR 1701-1.2 and AWR 1701-4.5.1
Initiate project studying the impacts of regional climate diversity on trunk disease (eutypa and botryosphaeria) incidence and management.	A new project is building on previous work to develop management strategies for trunk disease in different climates. This includes optimisation of wound coverage and remedial surgery techniques and evaluating the role of grapevine propagation in the spread of trunk disease pathogens. Rootstock and clonal trials have already identified a number of grapevine clones with potential tolerance or resistance to trunk disease. SAR 1701-1.1

Strategy 5: Improving vineyard performance

Enhancing grapevine and rootstock performance

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

During 2017–18 we:

- continued developing new grapevine scions and rootstocks and the molecular methods and genetic markers available for use in plant breeding trials to incorporate genes for fungal disease resistance, salinity, heat and drought tolerance, resistance to phylloxera and root-knot nematodes, and genetic transformation techniques to test and confirm the role of key resistance genes, and
- continued field testing of ‘no spray’, ‘no prune’ vines, bred for their resistance to mildews.

Efficient and sustainable vineyard management

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

During 2017–18 we:

- further progressed and evaluated several novel yield prediction methods
- extended information to the sector on the relative performance of conventional drip irrigation versus sub-surface drip irrigation methods with regard to rootzone salinity, grape yield and water use efficiency, and
- developed new information on the impact of native under-vine plants, on grape yield and soil microbe populations in the rhizosphere.

Strategy 5: Improving vineyard performance

2017–18 targets	2017–18 achievements
Enhancing grapevine and rootstock performance	
Further refinement of molecular methods and genetic markers for use in plant breeding trials to incorporate genes for fungal disease resistance, salinity, heat and drought tolerance, and resistance to phylloxera and root-knot nematodes.	<p>Marker-assisted selection technology, in combination with the rapid flowering microvine, has been used to rapidly introgress powdery and downy mildew resistance genes from wild Chinese <i>Vitis</i> species into <i>Vitis vinifera</i> breeding lines, which will be used to develop second generation mildew-resistant varieties with increased durability of resistance in the field. CSP 1301</p> <p>Genes involved in sodium exclusion have been mapped and characterised. Candidate genes for chloride exclusion traits have also been identified. CSP 1302</p> <p>Field trials identified three new rootstocks that maintain productivity in replant situations and produce fruit with acceptable composition and are resistant to selected root knot nematode and phylloxera isolates. CSP 1304</p>
Provide information on the field performance of high density plantings of 'no spray', 'no prune' vines, bred for their resistance to mildews.	During a three-year trial in the Barossa Valley, mildew infections were not observed on the vines, despite no fungicide sprays being applied at the field site. The 'no prune' scion selections also performed as expected and no pruning or canopy management was required for these selections, either on own roots or grafted onto rootstocks. CSP 1305
Continued development of genetic transformation techniques to test and confirm the role of key resistance genes important in grapevine breeding lines.	Development of genetic transformation methods provided vital support for a range of current plant breeding studies on biotic and abiotic resistance traits, allowing testing and confirmation of gene function for a range of stressors. CSP 1306
Efficient and sustainable vineyard management	
Release results and recommendations from a five-year field evaluation of the relative performance of conventional drip irrigation versus sub-surface drip irrigation methods, with regard to rootzone salinity, grape yield and water-use efficiency.	Completed. Final report accepted published online . Results showed that under non-restricted irrigation allocations there were no water use savings or improvements in rootzone salinity using subsurface irrigation. The yield from subsurface irrigated vines was significantly lower than the standard drip system. Only under severely reduced irrigation volume was there any yield advantage with subsurface irrigation. This is a significant outcome that is contrary to previous findings. Several trade and newsletter articles published. SAR 0902
New information available on the impact of native under-vine plants, on grape yield and soil microbe populations in the rhizosphere.	At four South Australian sites, annual pasture legume and grass undervine cover crops generated yields and financial gross margins equivalent to or greater than undervine herbicide controls. Microbial populations (bacteria and fungi) of soil and the grapevine rhizosphere were analysed by next-generation sequencing. Some significant differences between grapevine rhizosphere populations of different vineyard treatments were observed. Correlations with the observed productivity improvements will be investigated as part of a new project commencing in 2018–19. UA 1303

Strategy 5: Improving vineyard performance

2017–18 targets	2017–18 achievements
Complete a field evaluation of yield forecasting software and a prototype smart device for use with a tablet/phone and compare against best practice ‘manual’ yield forecasting methods.	A system for yield estimation was trialled, using images captured with consumer video and smartphone cameras. The system, based on counting florettes or berries per shoot, outperformed manual yield estimation at all growth stages, achieving 5.5 per cent error at flowering, 14 per cent at pea-sized and 12 per cent at harvest. DPI 1401
Progress towards optimised yield prediction models based on statistical analysis of historic vineyard data. Create a preliminary user interface that combines the models with a centralised database of vineyard phenological and weather data.	Development of yield estimation models is well advanced, including testing with data from season 2017–18. The user interface is currently being developed, in collaboration with a commercial partner that provides existing smartphone apps for agri-businesses, across multiple platforms. MQ 1401
Initiate proof-of-concept project to evaluate the feasibility of Raman and FT-NIR spectroscopic scanning methods for the detection of inflorescence primordia (the cells from which the leaves and berries grow) in grapevine buds and investigate their potential for determining bud fruitfulness and providing an early prediction of yield.	Following practical evaluation, NIR was the preferred spectroscopic method for continued development in the project, with the Raman method proving unfeasible. An initial model correlating bud dissection and NIR imaging has been developed, with the model predictions correlating closely with the actual values. A prototype portable hand-held UV-Vis-NIR scanning device is being trialled in the field on buds in situ and is producing promising results when compared with bud dissection data to predict final bunch development. UT 1601



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 2017–18 we:

- continued development of new yeast and bacterial strains
- continued studies to evaluate optimised *brettanomyces* control strategies and detection methods, and
- continued work to better understand the nutritional drivers of yeast fermentation performance.

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 2017–18, we finalised work on winery wastewater treatment and initiated new projects developing and assessing new or enhanced technologies and processes that improve winery efficiency. This aligns with the cross-sector RD&E strategy water use in agriculture.

Strategy 6: Improving winery performance

2017–18 targets	2017–18 achievements
Enhancing yeast and bacterial performance	
Progress towards the development of novel yeast strains and malolactic bacteria for improved fermentation performance and flavour profiles; a better understanding of nutritional drivers and dissemination of new knowledge to winemakers.	Final reports for AWR 1301 , AWR 1302 and AWR 1303 and UA 1302 have been accepted and published online. A range of ways to improve fermentation outcomes are reported and will translate into further improvements to sustainable and economical wine production with enhanced or consistent wine quality.
Disseminate updated information on <i>brettanomyces</i> control strategies and detection methods.	Completed. Final report has been accepted and published online and development of extension material is ongoing. AWR 1304
Efficient winery production	
Release a set of practical guidelines for winery wastewater treatment plant operators to help maximise plant efficiency and reduce the likelihood of plant failures.	Final report has been accepted and published online and development of extension material is ongoing.

Strategy 7: Market access

Tariffs, or taxes that apply only to imported products, can severely impede international trade in wine, but equally problematic are technical barriers relating to wine production, composition, labelling and certification. To that end, Wine Australia, in conjunction with our market access team partners at WFA and AWRI, seeks to promote either the harmonisation or mutual recognition of standards relating to wine production and presentation through an array of international fora.

In particular, we:

- continued to co-chair the economic sustainability working group of the Paris-based international wine trade body, FIVS. The deliberations of this group covered the planned introduction of draconian wine analysis and certification requirements in Thailand, the restrictive wine labelling and retailing legislation being debated in Ireland, and the response to the European Commission's call for an industry proposal covering ingredient and nutritional labelling, from which wine has, historically, been exempted
- made a submission to the UK House of Commons enquiry into the UK's trade relationship with Australia, with a view to guaranteeing, and improving, access for Australian wine to the UK market once the UK leaves the European Union
- attended two meetings of the World Wine Trade Group, at which we presented the first draft of a new agreement for consideration by that group, and
- introduced the topic of illicit alcohol production to the APEC Wine Regulators Forum for discussion during the final year of its eight-year programme.

To assist exporters, we produce written guides setting out the technical requirements in individual export markets. During the year, new guides to Kenya, Peru and New Caledonia were introduced, taking the total number of guides available to 36.

Strategy 7: Market access

2017-18 targets	2017-18 achievements
Market access	
No new unjustified technical impediments to trade are introduced in existing markets and the APEC Wine Regulatory Forum makes progress in all five priority areas by the conclusion of its five-year program in 2018.	<p>We identified the analysis and certification regime being contemplated by Thailand as being a significant and unjustified trade impediment and worked closely with international partners to delay the introduction of this draconian requirement.</p> <p>The APEC Wine Regulator's Forum proficiency testing program has now undergone three iterations, the model wine certificate developed through this forum has now been adopted, four regulatory compendia have been completed, technical seminars have been conducted and access has been provided to regulators across the APEC region to the technical database established and maintained by FIVS. Thus progress has been made in relation to all five priority areas.</p>

Strategy 7: Market access

2017–18 targets	2017–18 achievements
No Australian wines that comply with the advice provided through our Export Market Guides are justifiably rejected by international authorities.	We have not been made aware of any Australian wine being justifiably rejected by regulatory authorities in international markets.
The Australian Government is well informed in any action it takes regarding the restrictive trading measures recently introduced by various Canadian provinces.	We have provided support to Department of Foreign Affairs and Trade (DFAT) in the gathering of evidence for action they are contemplating regarding the practices of British Columbia, Ontario, Nova Scotia and Quebec.
Provide appropriate advice to the Australian Government in relation to the three key agreements most likely to be progressed in 2017–18: the Regional Comprehensive Economic Partnership and FTAs with Indonesia and India.	We have drafted and provided DFAT with a document addressing various technical impediments to the international trade in wine, intended to be used as an Annex to various FTAs currently being negotiated.

Strategy 8: Developing people Building capability

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 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 concluded in October 2017.

Strategy 8: Building capability

2017–18 targets	2017–18 achievements
Developing people	
At least 15 members of the grape and wine community commence leadership and personal development training in 2017–18.	Some 16 members of the grape and wine community graduated from the Future Leaders program in October 2017.
The capacity of the next generation of researchers is developed through at least six scholarships for PhD and Masters study; travel support is extended to at least eight incoming or outgoing scholars; and at least six early career researchers work with Australia's wine regions to lead a co-funded locally-focused research project.	Six new PhD scholarships were awarded in December 2017. Travel support was extended to 10 outgoing scholars. Three early career researchers finalised regional specific projects under the Incubator Initiative. In June 2018, another five early career researchers were selected to work with our Regional Program partners on projects under the Incubator Initiative.

Strategy 9: Business intelligence and measurement

Business intelligence

Wine Australia 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 2017–18, 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 and more broadly.

The Insights Advisory Group (IAG) was formed to facilitate a collaborative approach between Wine Australia and Australian wine producers to help guide investments in market insights.

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 2017–18, we engaged independent economists to conduct benefit-cost analyses on a range of RD&E activities and the effectiveness of marketing activities was measured using a systematic and consistent approach.

Strategy 9: Business intelligence and measurement

2017–18 targets	2017–18 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"> • 2017 National Vintage Report • the 2017 Small Winemakers Production and Sales Survey Report • 2017 Production, Sales and Inventory Report • quarterly Export Reports • Market Insight reports on key markets such as the UK, the USA, Canada, China and Australia, and • 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, WCA webinars, NSW Innovators Forum, Exporter Update and Regional Roadshows.
Provide timely and accurate responses to ad hoc questions.	Over 2000 queries were responded to in a timely and accurate manner.
Monitoring and evaluation	
At least 75 per cent of stakeholders indicate a high level of satisfaction with the services provided across the business.	Some 87 per cent of stakeholders indicated a high level of satisfaction with the services provided across the business.
Benefit-cost analysis indicate 75 per cent of programs measured achieve a positive return on investment.	Investments in Phylloxera soil sampling strategies, managing root zone salinity and Extension all yielded positive results at a 5 per cent discount rate, with benefit-cost ratios ranging from 1.8 to 4.2.

Priorities 1 and 2

Strategy 10: Extension and adoption

We focus on supporting a clear pathway to market for R&D, from the initial project design to the extension of the results.

During 2017–18 we:

- identified the top five new oenological and viticultural practices. We will use these to develop a focused adoption campaign to extend these practices among the sector
- continue to partner with 11 regional clusters in our Regional Program to deliver extension and practical trials that meet regional priorities, and
- continue to support the AWRI helpdesk, which provides a free-of-charge advice service to Australia’s grapegrowers and winemakers who pay the grape research and/or wine grapes levies.

Strategy 10: Extension and adoption

2017–18 targets	2017–18 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 2017–18 were assessed and this score contributed to the overall ranking of the proposals.
The Regional Program delivers at least 80 per cent of the planned activities across the 11 regional clusters.	More than 80 per cent of planned activities have been delivered by the regional clusters.
At least 85 per cent of survey respondents who attend workshops provide an overall rating of at least 4 out of 5.	Survey feedback collected at roadshows and seminars delivered by AWRI indicates 91 per cent of participants rated them as good or excellent.
At least 80 per cent of survey respondents indicate that information provided at workshops is useful to their business and/or for their decision making.	Survey feedback collected at roadshows and seminars delivered by AWRI indicates 84 per cent found the information useful. In terms of intention to adopt, 56 per cent of participants indicated they would seek further information and discuss adoption with peers and other key influencers.

Supporting functions

Strategy 11:
Corporate affairs
and strategy

Corporate affairs

Our corporate affairs function supported transparent and effective two-way communications with internal and external stakeholders. This included media relations, government relations, corporate planning and reporting, and internal communication.

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 worked collaboratively with WFA to develop a sector crisis management strategy and provided support to regions and wine businesses involved in issues that threatened the reputation of the Australian wine sector.

Strategy 11: Corporate affairs and strategy

2017-18 targets	2017-18 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.	<p>We continued regular communications with the sector and engaged with stakeholders through 86 e-newsletters and 63 media releases. Our monitoring measured 9682 articles about Wine Australia in print, broadcast and online media.</p> <p>Subscriptions to our RD&E e-news increased by 24 per cent to 2713. Subscriptions to our Weekly News Bulletin rose 178 per cent to 2386. Open and click rates exceed industry averages.</p> <p>We produced and widely distributed brochures for stakeholders explaining how Wine Australia can help their businesses, explaining the levy system and explaining record keeping for the Label Integrity Program.</p>
Sector engagement	
<p>Engage in effective two-way dialogue and understanding with national, state and regional representative bodies.</p> <p>Increase sector and stakeholder awareness of our activities and outcomes.</p>	<p>We delivered a program of engagement activities across 2017-18, including state and regional wine strategy development. We provided support to regions involved in issues that potentially threatened the reputation of Australian wine.</p>

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 that 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 that we build with all of our stakeholders.

ICT

Our fit-for-purpose ICT continued to support our team by giving our people the necessary tools to deliver.

During 2017–18, we continued to implement the best-of-breed cloud-based operating platform with the completion of our Microsoft Office 365 and OneDrive rollouts. We also launched a new cloud-based intranet and data warehouse and commenced a project to replace the legacy Wine Export Approval system with a software as a service solution. As well as advancing our operating platform, we also completed a refresh of our personal computer environment to all sites and implemented a unified threat solution to address the ever-increasing ICT security threats.



Strategy 12: Corporate services

2017-18 Targets	2017-18 achievements
Finance and administration	
<p>Provide the business with timely and accurate reporting to enable effective decision-making, financial management and budgetary control.</p> <ul style="list-style-type: none"> • Budget preparation, management and reporting, including quarterly reviews and reforecasting • Annual financial statements and audit sign off • Internal audit reviews completed as per Internal Audit plan • Adhere to operating reserves policy 	<p>Value added information, including budgets and forecasts, are provided to facilitate informed and timely decision making.</p> <p>Annual financial statements signed off by Audit Committee and Board.</p> <p>Internal audits completed in accordance with schedule and identified areas for improvement implemented.</p> <p>Balance of reserves at 30 June, 2018 of \$15.4 million were above \$3 million minimum requirement.</p>
Ensure our commercial needs are reflected in our contracts.	We examined our legal review and procurement processes resulting in the development of a new procurement policy. The new policy encourages the use of simple precedent contracts drafted on fair commercial terms that clearly define deliverables and milestones. Significant efficiencies have been realised by this process.
Adherence to Human Resources policies	HR policies were reviewed and key policies such as travel amended and communicated to staff. All policies are now available via the intranet. All policies were adhered to.
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 completed and implemented by each team member.	Personal development plans were developed and a wide range of personal development activities were funded.
Compliance with local and international employment legal requirements.	All statutory requirements were complied with.
ICT	
In 2017-18, we will complete the rollout of Microsoft OneDrive and deliver a new Data Warehouse	<p>Microsoft OneDrive and new Data Warehouse were both completed.</p> <p>Additionally, a new intranet was launched on our Office 365 platform.</p>
Implement a national release of a data collection system.	A proof of technology was successfully completed using an alternative data collection system.
We will maintain ICT systems for our team.	All services were delivered as planned except for an overnight outage during November 2017.





The organisation

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Organisational structure and statement on governance

As a corporate Commonwealth entity, Wine Australia is bound by both its enabling legislation, the *Wine Australia Act 2013*, 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 2017–18.

The Board is the authority accountable for Wine Australia. It is accountable to the Australian Parliament through the Minister for Agriculture and Water Resources.

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

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 *Wine Australia 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.

A Board selection committee was appointed during the reporting period. Board nominations were submitted by the committee in June 2018 in accordance with the Minister for Agriculture and Water Resources' request, pursuant to section 27E of the *Wine Australia Act*. No appointments were made during the reporting period.

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 began his career as a winemaker with Thomas Hardy and Sons in 1969.

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

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

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

Brian was Deputy Chancellor of the University of Adelaide from 1999 to 2007 and was made a Doctor of the University for his service, having received a similar 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 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 Mount Ophir Estate.

She also is the first female director of Brown Brothers wines, where she is also a shareholder. With a keen interest in rural issues, she was formerly a member of 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 Wine Australia, having lived and worked in 8 countries across 4 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

Edouard is 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).

Over the past three years, Ed has created and is the largest shareholder of Duxton Vineyards. Duxton Vineyards produces approximately five per cent of Australia's wine grapes, and its sister company Duxton Dried Fruit is one of Australia's largest producers of sultanas.

Since the founding Duxton Capital in 2009, he has been the group Chairman. Duxton manages or advises on more than a billion dollars of investments including 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. Ed and his wife are also investors in the South Australian hospitality sector with interests in the Crafers Hotel, Uraidla Pub, Stanley Bridge Hotel, and 2KW in Adelaide.



Ms Mary Retallack (SA)
Director from 1 October 2015

Mary is an experienced director, agricultural scientist and third-generation viticulturist who brings a wide range of skills and experience from 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 and agribusiness consulting services throughout Australia and is recognised internationally as a Certified Practicing Agriculturist.

Mary has tertiary qualifications in conservation and park management, natural resource management, education, arbitration and viticulture and is a PhD candidate at the University of Adelaide, studying the use of native insectary plants to boost predatory arthropod populations in vineyards. She also is a member of the Adelaide University Wine Alumni Steering Group, and the *Australian and New Zealand Grapegrower and Winemaker* editorial panel.

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 Non-Executive Director of the AWRI and 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.

Mary's leadership capabilities and excellence in science have been acknowledged via the RIRDC Rural Woman of the Year (national winner), as a 100 Women in Australian Agribusiness inductee, a Len Evans Tutorial Scholar, a PIRSA's Women influencing agribusiness and regions ambassador, and a Businesswomen's Hall of Fame inductee.



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 Chief Operating Officer at Accolade Wines, a position he's held since November 2013. Keith is responsible for overseeing all of Accolade's wine sourcing, wine production and wine packaging activities in Australia, the UK, North America, South Africa and New Zealand.

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

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



Mr Kim Williams AM (NSW)

Director from 1 October 2015

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



Table 6: Wine Australia Board meetings 2017-18

Meeting number	Date held	Location
Wine Australia 19	20 Sept 17	Renmark, SA
Wine Australia 20	15 Nov 17	Adelaide, SA
Wine Australia 21	22 Feb 18	Yarra Valley, Victoria
Wine Australia 22	17 Apr 18	Adelaide, SA
Wine Australia 23	20 Jun 18	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 Wine Australia 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 in accordance with 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 include providing the Director with a statement of reasons for the termination that must be tabled before each House of Parliament within 15 sitting days of that House after the day the responsible Minister gives the notice to the Director.

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

In February of each year, the Deputy Chair will meet confidentially with the Chair to discuss the Chair's performance over the previous 12 months; and to advise the Chair on any action that may be taken to enable the Chair to better fulfil his 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 Wine Australia 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 2017–18, the Audit Committee comprised the Directors:

- Keith Todd (Chair)
- Edouard Peter (Deputy Chair), and
- 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

From July 2017 to January 2018, the Marketing Committee comprised the Directors:

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

From January 2018 to July 2018, the Marketing Committee comprised the Directors:

- David Dearie (Chair)
- Eliza Brown
- Edouard Peter, and
- Kim Williams.

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
- using market intelligence, 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 2017–18, the Remuneration Committee comprised the Directors:

- Brian Walsh (Chair), and
- 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 Wine Australia 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 Wine Australia
- the human resources and remuneration strategies, policies and practices of Wine Australia
- the remuneration framework for all employees, and
- performance management practices and outcomes.

Research, Development and Extension Committee

In 2017–18, the Research, Development and Extension (RD&E) Committee comprised the Directors:

- Brian Croser AO (Chair), and
- Mary Retallack (Deputy Chair).

The objectives of the RD&E Committee are to:

- provide advice to Wine Australia on the long-term RD&E and market insights needs of the Australian wine sector
- advise on investment priorities and their progress, and
- 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 2017–18

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

Geographical Indications Committee

The *Wine Australia Act 2013* establishes a Geographical Indications Committee (GIC) with its primary role being consideration of applications for new Australian and foreign GIs. The GIC comprises members appointed by Wine Australia, including one member nominated by WFA and one nominated by AV.

In 2017–18 the GIC comprised:

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

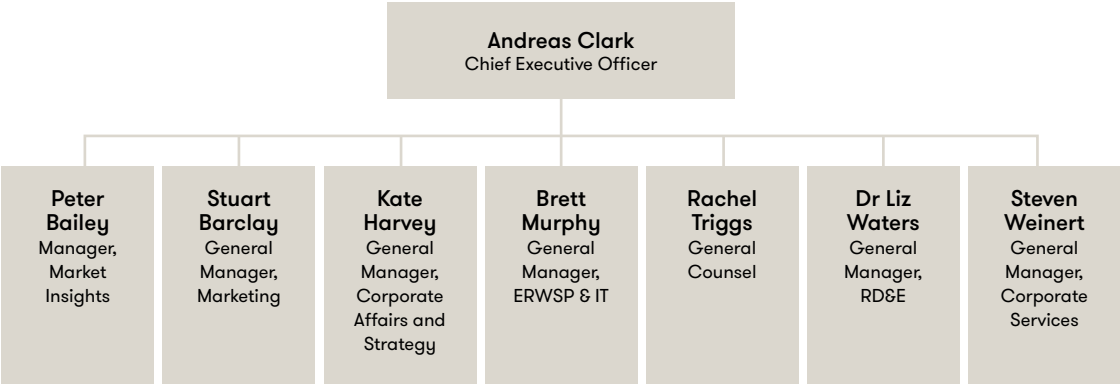
The GIC held two meetings in 2017–18 – the primary focus being to consider applications made for the determination of European (EU) GIs already registered in the EU. On 15 September 2017, 69 European GIs were entered onto the Register of Geographical Indications and Other Terms (Register) after a final determination being made by the GIC in 2016–17. On 21 March 2018, the GIC made a final determination in respect of 906 European GIs. These terms were entered onto the Register on 28 May 2018. In October 2017, the GIC received an application for the determination of Wilyabrup as a GI. Persons were invited to make written objections to the Registrar of Trade Marks in relation to the proposed GI on a ground set out in section 40RB of the Act. The Registrar of Trade Marks did not receive any objections. The GIC has not yet formally considered the application but has requested further particulars from the applicants.

Legislative Review Committee

Wine Australia's Legislative Review Committee (LRC) held two meetings to consider the new Wine Australia Regulations 2018. The LRC is comprised of wine law experts from the Australian grape and wine sector.

Management and staff

Senior management



Staff Wine Australia employed 89 people at 30 June 2018, compared with 68 the preceding year. The additional roles are related to the implementation of the \$50m Package and are contract based to reflect the duration of the additional funding.

Table 8: Staff members by location

	Males		Female		Intersex and unspecified		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
Australia	19	1	32	15	0	0	67
UK	0	0	6	0	0	0	6
US	3	0	4	0	0	0	7
Canada	0	0	2	0	0	0	2
China	2	0	5	0	0	0	7
Total	24	1	49	15	0	0	89

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

The Australian Grape and Wine Authority was established by section 6 of the *Australian Grape and Wine Authority Act 2013* and continues in existence by force of section 6 of the *Wine Australia Act 2013* as a body corporate, under the name Wine Australia.

Functions

Section 7 of the Act provides that Wine Australia 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 Wine Australia
- ea) to implement, facilitate and administer programs, as directed by the Minister, in relation to:
 - i. wine, and
 - ii. cider (as defined by section 33-1 of the *A New Tax System (Wine Equalisation Tax) Act 1999*), and
 - iii. international wine tourism, and services, products and experiences that complement international wine tourism
- eb) to administer grant programs in relation to wine (as defined by section 33-1 of the *A New Tax System (Wine Equalisation Tax) Act 1999*), as directed by the Minister
- 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
- aa) to support the growth of the wine industry, and other industries that make wine (within the meaning of section 33-1 of the *A New Tax System (Wine Equalisation Tax) Act 1999*)
- ab) to support the growth of international wine tourism, and services, products and experiences
- 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 Minister for Agriculture and Water Resources is our responsible Minister. During the year in review, Senator the Hon. Anne Ruston, the Assistant Minister for Agriculture and Water Resources, held delegated responsibility.

Ministerial directions

Ministerial direction may be given to Wine Australia by the responsible Minister under section 31K of the *Wine Australia 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

On 6 November 2017, the *Australia Grape and Wine Authority Amendment (Wine Australia) Act 2017* came into force. That Act changed the name of the Australian Grape and Wine Authority to the Authority's trading name, Wine Australia.

The amendment also changed the name of the establishing legislation from the *Australian Grape and Wine Authority Act 2013* to the *Wine Australia Act 2013*.

The statutory powers of Wine Australia were expanded by the amending legislation to allow Wine Australia to conduct and fund activities associated with the administration of the ERWSP (\$50m Package). Specifically, the objects set out in section 3 of the Act were expanded to include:

- a) to support the growth of the wine industry, and other industries that make wine (within the meaning of section 33-1 of the *A New Tax System (Wine Equalisation Tax) Act 1999*); and
- b) to support the growth of international wine tourism, and services, products and experiences that complement international wine tourism.

In accordance with the Act and section 25B of the *Acts Interpretation Act 1901*, the original legal entity continues in existence under the new name and its identity is not affected.

On 30 March 2018, the Australian Grape and Wine Authority Regulations 1981 sunsetted in accordance with section 50 of the *Legislative Instruments Act 2003* and were replaced by the *Wine Australia Regulations 2018 (Regulations)* on 1 April 2018.

Judicial decisions and reviews by outside bodies

We were not the subject of any:

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

Freedom of information

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

We are subject to the FOI Act and 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:

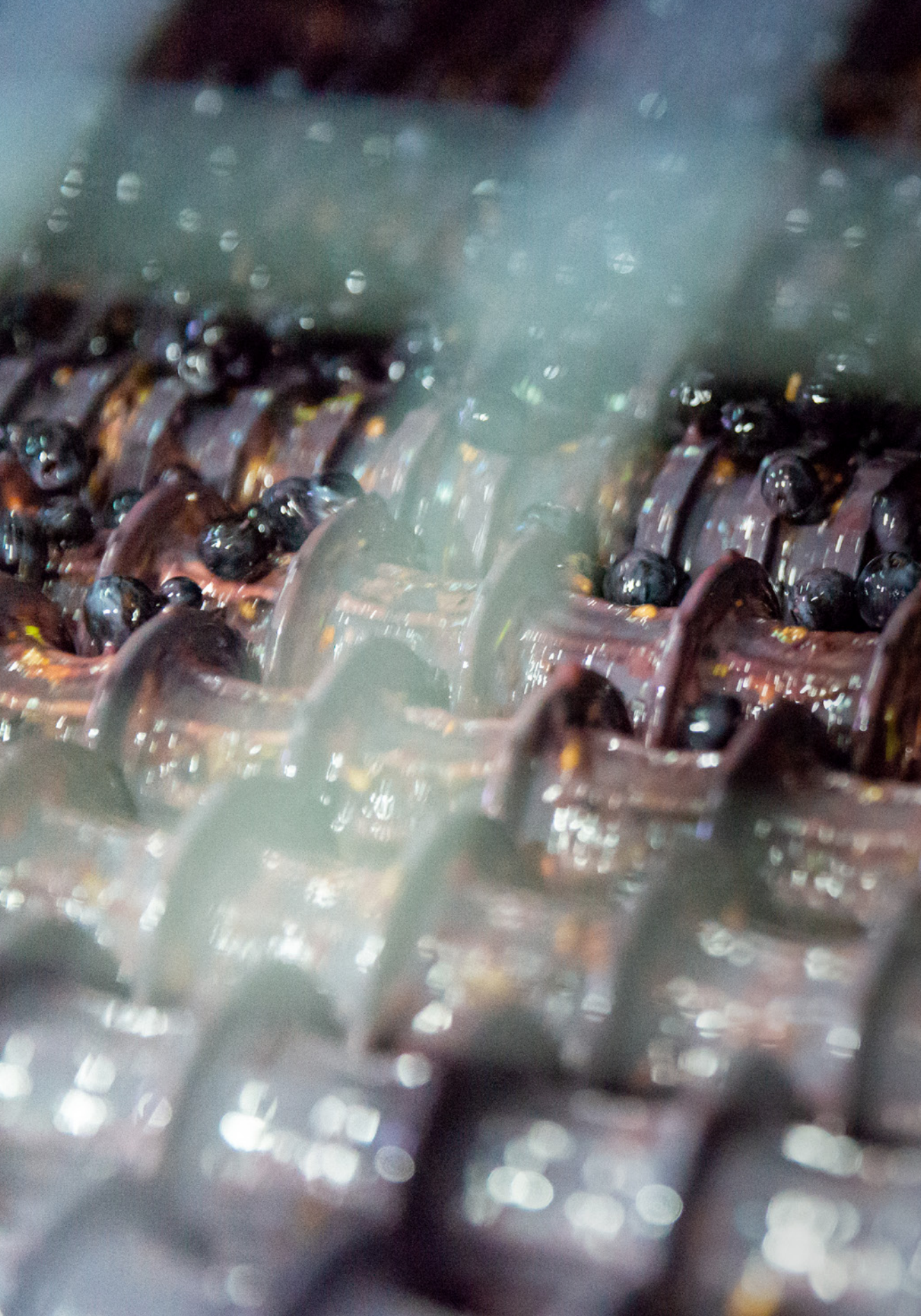
- supported the principles of ecologically sustainable development and sought to ensure that our activities accorded with those objectives by taking economic, environmental, social and equitable considerations into account in the decision-making process
- aimed to enhance the operating environment for 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, and
- 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 and the General Data Protection Regulation introduced in the European Union on 25 May 2018.

Indemnities and insurance premiums for officers

Wine Australia 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

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Australian Government

Wine Australia

Statement made by the Board of Wine Australia

This statement is made by the Board of Wine Australia (as the accountable authority pursuant to section 12 of the PGPA Act¹) and the General Manager of Corporate Services (being the person responsible for the preparation of the financial statements), in accordance with subsection 42(3) of the PGPA Act and section 10 of the Public Governance Performance and Accountability Rule 2014.

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

1. The Annual Financial Statements annexed to this statement and prepared for Wine Australia for the reporting period ended 30 June 2018 in accordance with section 42 of the PGPA Act:
 - a) comply with subsection 42(2) of the PGPA Act², and
 - b) have been prepared based on properly maintained financial records as per subsection 41(2) of the PGPA Act³.
2. There are, at the time of this statement being made, reasonable grounds to believe that Wine Australia will be able to pay its debts as and when they fall due.

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

Brian Walsh,
Chair of the Board of Wine Australia

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

Steven Weinert,
General Manager of Corporate Services

A handwritten signature in black ink, appearing to be 'Steven Weinert', with a stylized, scribbled appearance.

18 September 2018

¹ Public Governance Performance and Accountability Act 2013.

² Being that they comply with the accounting standards and any other requirements prescribed by the PGPA Rule and present fairly our financial position, financial performance and cash flows.

³ Being that the Board has ensured that they are kept in a way that:

- complies with any requirement prescribed by the PGPA Rule
- enables the preparation of annual financial statements required by sections 42 and 48 (preparation of Annual Financial Statements and preparation of annual consolidated financial statements), and
- allows those financial statements to be conveniently and properly audited in accordance with the PGPA Act.



Australian Government

Wine Australia

Statement made by the Board of Wine Australia

This statement confirms that the *Annual Report 2017-18* of Wine Australia was approved by the Board of Wine Australia in accordance with subsection 17BB of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

The Wine Australia Board, as the accountable authority of Wine Australia in accordance with section 12 of the *Public Governance, Performance and Accountability Act 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 Board, Wine Australia, confirm that the *Annual Report 2017-18* of Wine Australia was approved by resolution of the Board on 18 September 2018.

Brian Walsh,
Chair of the Board of Wine Australia

A handwritten signature in dark ink, appearing to be 'BW', followed by a long horizontal flourish.

18 September 2018



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture and Water Resources

Opinion

In my opinion, the financial statements of Wine Australia for the year ended 30 June 2018:

- (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 Wine Australia as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of Wine Australia, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

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

In preparing the financial statements, the Board is responsible for assessing Wine Australia'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 Board is 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



Rahul Tejani
Acting Executive Director
Delegate of the Auditor-General

Canberra
19 September 2018

Statement of comprehensive income

for the year ended 30 June 2018

	Notes	Actuals 2018 \$	Actuals 2017 \$	Budget 2018 \$
Net cost of services				
Expenses				
Expenditure on research and development contracts	1.1A	23,963,641	20,876,867	23,005,000
Grants	1.1	238,306	-	-
Employee benefits	1.1B	10,236,186	8,432,252	9,131,000
Suppliers	1.1C	18,688,066	10,120,662	25,553,284
Depreciation and amortisation	1.1D	328,420	205,562	558,000
Write-down of assets – Bad debts written off	1.1	1,455	4,591	21,000
Net losses from foreign exchange – Non speculative	1.1	76,452	29,862	-
Levy collection fees	1.1	898,531	674,855	631,716
Total expenses		54,431,057	40,344,651	58,900,000
Less:				
Own-source income				
Own-source revenue				
Industry contributions	1.2A	21,549,775	20,204,581	18,700,000
Sale of goods and rendering of services	1.2B	8,717,956	7,440,634	7,499,231
Rental income	1.2C	202,177	237,477	231,288
Research and development contributions	1.2D	1,169,010	664,013	1,942,481
Interest	1.2E	467,106	298,499	228,000
Other revenue	1.2F	25,714	80,000	60,000
Total own-source revenue		32,131,738	28,925,204	28,661,000
Net cost of services		(22,299,319)	(11,419,447)	(30,239,000)
Revenue from government				
Australian Government matching contributions	1.2	13,867,957	12,033,714	12,125,000
Other grants from Government	1.2G	18,514,630	3,023,173	16,114,000
Total revenue from Government		32,382,587	15,056,887	28,239,000
Surplus attributable to the Australian Government		10,083,268	3,637,440	(2,000,000)
Total comprehensive income attributable to the Australian Government		10,083,268	3,637,440	(2,000,000)

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 2018

	Notes	Actuals 2018 \$	Actuals 2017 \$	Budget 2018 \$
Assets				
Financial assets				
Cash and cash equivalents	2.1A	2,656,026	1,902,546	1,449,000
Trade and other receivables	2.1B	3,182,058	3,335,153	6,529,000
Other investments – Deposits at Bank	2.1	16,239,609	11,048,981	2,566,000
Total financial assets		22,077,693	16,286,680	10,544,000
Non-financial assets				
Leasehold improvements	2.2A	-	6,667	-
Plant and equipment	2.2C	429,282	394,193	293,000
Intangibles	2.2E	1,646,976	585,552	3,102,000
Inventories held for sale	2.2	7,900	8,599	-
Prepayments	2.2G	2,086,208	962,421	109,000
Total non-financial assets		4,170,366	1,957,432	3,504,000
Total assets		26,248,059	18,244,112	14,048,000
Liabilities				
Payables				
Suppliers – Trade Creditors and Accruals	2.3	1,481,142	771,386	1,998,000
Research and development contracts	2.3A	228,212	1,898,377	4,439,000
Other payables	2.3B	129,807	1,464,064	146,000
Total payables		1,839,161	4,133,827	6,583,000
Provisions				
Employee provisions	4.1	1,111,836	896,491	888,000
Other provisions	2.4A	95,000	95,000	95,000
Total provisions		1,206,836	991,491	983,000
Total liabilities		3,045,997	5,125,318	7,566,000
Net assets		23,202,062	13,118,794	6,482,000
Equity				
Retained surplus		23,202,062	13,118,794	6,455,000
Asset revaluation reserve		-	-	27,000
Total equity		23,202,062	13,118,794	6,482,000

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 2018

	Actuals 2018 \$	Actuals 2017 \$	Budget 2018 \$
Retained earnings			
Opening balance			
Balance at the beginning of the reporting period	13,118,794	9,454,798	8,455,000
Opening balance	13,118,794	9,454,798	8,455,000
Comprehensive income			
Surplus for the period	10,083,268	3,637,440	(2,000,000)
Total comprehensive income	10,083,268	3,637,440	(2,000,000)
Transfers between equity components	-	26,556	-
Closing balance as at 30 June	23,202,062	13,118,794	6,455,000
Asset revaluation reserve			
Opening balance			
Balance at the beginning of the reporting period	-	26,556	27,000
Opening balance	-	26,556	27,000
Comprehensive income			
Surplus for the period	-	-	-
Total comprehensive income	-	-	-
Transfers between equity components	-	(26,556)	-
Closing balance as at 30 June	-	-	27,000
Total equity			
Opening balance			
Balance at the beginning of the reporting period	13,118,794	9,481,354	8,482,000
Opening balance	13,118,794	9,481,354	8,482,000
Comprehensive income			
Surplus for the period	10,083,268	3,637,440	(2,000,000)
Total comprehensive income	10,083,268	3,637,440	(2,000,000)
Transfers between equity components	-	-	-
Closing balance as at 30 June	23,202,062	13,118,794	6,482,000

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 2018

	Notes	Actuals 2018 \$	Actuals 2017 \$	Budget 2018 \$
Operating activities				
Cash received				
Australian Government matching contributions		14,151,589	13,146,679	12,378,000
Other grants from Government		18,895,877	3,022,033	16,014,000
Industry contributions		21,662,495	19,895,456	17,898,000
Sale of goods and rendering of services		9,097,264	9,297,093	7,909,000
Rental income		222,395	268,308	-
Interest		486,004	297,546	228,000
Research and development contributions and refunds		1,285,911	663,653	-
Net GST received from operating activities		1,267,700	2,185,376	3,180,000
Other receivables		7,325	63,260	-
Total cash received		67,076,560	48,839,404	57,607,000
Cash used				
Employees		(9,969,833)	(8,508,288)	(9,334,000)
Suppliers		(21,483,589)	(12,025,721)	(10,472,000)
Expenditure on research and development contracts and other grants		(28,268,478)	(22,987,601)	(45,545,000)
Total cash used		(59,721,900)	(43,521,610)	(65,351,000)
Net cash used by operating activities	3.2	7,354,660	5,317,794	(7,744,000)
Investing activities				
Cash received				
Proceeds from sales of plant and equipment		8,025	1,800	-
Proceeds from investments		20,144,206	16,648,454	14,000,000
Total cash received		20,152,231	16,650,254	14,000,000
Cash used				
Purchase of plant and equipment		(231,227)	(138,572)	(200,000)
Purchase of intangibles		(1,187,350)	(409,179)	(2,000,000)
Purchase of investments		(25,334,834)	(21,080,789)	(4,000,000)
Total cash used		(26,753,411)	(21,628,540)	(6,200,000)
Net cash from investing activities		(6,601,180)	(4,978,286)	7,800,000
Net decrease in cash held		753,480	339,508	56,000
Cash and cash equivalents at the beginning of the reporting period		1,902,546	1,563,038	1,393,000
Cash and cash equivalents at the end of the reporting period	2.1A	2,656,026	1,902,546	1,449,000

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 2018

Overview Objective of Wine Australia

Wine Australia is a corporate Commonwealth entity.

The objectives of Wine Australia 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 2017; 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 Wine Australia 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 Wine Australia's financial statements.

Future Australian Accounting Standard requirements

AASB 16 Leases has not been early adopted by Wine Australia. This new/reissued standard applies to annual reporting periods beginning on or after 1 July 2019. This standard will have a material impact on Wine Australia'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 Wine Australia's financial statements.

Taxation

Wine Australia 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 Wine Australia.

Financial performance

This section analyses the financial performance of Wine Australia for the period ended 30 June 2018.

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 2018 are recognised on signing of the contract.

Market research costs include data and contract work completed for our Market Insights Program.

Grants

Grants are awarded after review of applications and all criteria and/or obligations are met.

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

Wine Australia 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	2018 \$	2017 \$
Public sector		
Australian Government entities	4,885,650	972,203
State and territory governments	1,625,963	2,172,408
Universities/colleges	3,480,472	3,672,546
Private sector		
The Australian Wine Research Institute	8,933,333	7,557,920
Other organisations	938,282	2,271,829
Market research costs	659,427	875,440
Rural R&D for Profit Program	3,440,514	3,354,521
Total expenditure on research and development contracts	23,963,641	20,876,867

Note 1.1B: Employee benefits	2018 \$	2017 \$
Wages and salaries	9,327,808	7,840,840
Superannuation		
Defined contribution plans	572,059	461,971
Defined benefit plans	120,974	89,806
Leave and other entitlements	215,345	39,635
Separation and redundancies	-	-
Total employee benefits	10,236,186	8,432,252

Note 1.1C: Suppliers	2018 \$	2017 \$
Goods and services supplied or rendered		
Occupancy costs	193,876	140,642
Contractors	480,067	228,106
Communications	119,040	245,596
Information technology	1,416,246	1,308,170
Marketing costs	11,997,511	4,288,976
Outside services	433,958	672,320
Travel and accommodation	885,394	783,734
Goods purchased	118,082	128,169
Advertising	34,743	472,350
Professional fees	959,469	609,552
Publications and subscription	210,112	90,094
Postage and freight	145,554	102,623
Other supplier expenses	653,451	169,158
Total goods and services supplied or rendered	17,647,503	9,239,491
Other supplier expenses		
Operating lease rentals		
Minimum lease payments	961,071	788,776
Workers' compensation expenses (Comcare)	33,747	47,540
Liability insurance expenses (Comcover)	45,745	44,855
Total other supplier expenses	1,040,563	881,171
Total supplier expenses	18,688,066	10,120,662

Leasing commitments

Wine Australia 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. Wine Australia 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:	2018 \$	2017 \$
Within 1 year	919,491	722,740
Within 1 to 5 years	1,689,958	1,566,701
More than 5 years	-	-
Total operating lease commitments	2,609,449	2,289,441

Note 1.1D: Depreciation and amortisation	2017 \$	2016 \$
Depreciation		
Plant and equipment	195,827	130,683
Leasehold improvements	6,667	15,958
Total depreciation	202,494	146,641
Amortisation		
Intangibles: computer software	125,926	58,921
Total amortisation	125,926	58,921
Total depreciation and amortisation	328,420	205,562

Note 1.2: Revenue (Accounting Policy – Revenue)

Industry contributions

Industry contributions are recognised as revenue to the extent they have been received into Wine Australia's bank account or are entitled to be received by Wine Australia 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 Wine Australia 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 Wine Australia in accordance with a Collection Agreement entered into between Wine Australia 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 receiveable).

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 Wine Australia (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:

- Wine Australia 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 Wine Australia, 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,
- Wine Australia 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 Wine Australia.

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 Wine Australia.

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.

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

Note 1.2A: Industry contributions	2018 \$	2017 \$
Grape research levy	4,113,727	3,772,275
Wine research levy	13,993,918	13,495,448
Wine export charge	3,442,130	2,936,858
Total industry contributions	21,549,775	20,204,581

Note 1.2B: Sale of goods and rendering of services	2018 \$	2017 \$
Goods sold	183,897	176,258
Services provided	8,534,059	7,264,376
Total sale of goods and rendering of services	8,717,956	7,440,634

Note 1.2C: Rental income	2018 \$	2017 \$
Operating lease		
Sublease	202,177	237,477
Total rental income	202,177	237,477

Subleasing rental income commitments

Wine Australia subleases space to four tenants within the Adelaide head office. Three tenants have five-year commitments, in line with the head lease agreement. The other tenant is a month by month agreement, and therefore classed as a non-committed lease arrangement.

Note 1.2C: Rental income (continued)	2018	2017
Commitments for sublease rental income receivables are as follows:	\$	\$
Within 1 year	196,498	112,891
Within 1 to 5 years	356,245	168,379
More than 5 years	-	-
Total sublease rental income commitments	552,743	281,270

Note 1.2D: Research and development contributions and refunds	2018	2017
	\$	\$
Rural R&D for Profit Program contributions from external sources	1,169,010	662,513
Other	-	1,500
Total research and development contributions and refunds	1,169,010	664,013

Note 1.2E: Interest	2018	2017
	\$	\$
Term deposits at bank	398,971	237,536
Credit interest	68,135	60,963
Total interest	467,106	298,499

Note 1.2F: Other revenue	2018	2017
	\$	\$
Sponsorship	18,000	80,000
Other revenue	7,714	-
Total other revenue	25,714	80,000

Note 1.2G: Other grants from Government	2018	2017
	\$	\$
Export and Regional Wine Support Package	17,344,000	670,000
Rural R&D for Profit Program	1,098,471	2,182,281
Export Market Development Grant	72,159	110,955
Carbon Farming Futures: climate change research program	-	59,937
Total revenue from Government	18,514,630	3,023,173

Financial position

This section analyses Wine Australia’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	2018 \$	2017 \$
Cash at bank	2,655,154	1,901,323
Cash on hand	872	1,223
Total cash and cash equivalents	2,656,026	1,902,546

Note 2.1B: Trade and other receivables	2018 \$	2017 \$
Goods and services receivables		
Goods	28,037	27,668
Services	616,613	715,421
Total goods and services receivables	644,650	743,089
Other receivables		
Australian Government matching contributions receivable	1,045,072	1,328,704
GST receivable from the Australian Taxation Office	467,818	152,160
Industry contributions receivable	963,385	1,076,105

Note 2.1B: Trade and other receivables (continued)	2018 \$	2017 \$
Interest receivable	1,833	20,731
Other receivable	59,300	14,364
Total other receivables	2,537,408	2,592,064
Total trade and other receivables (gross)	3,182,058	3,335,153
Refer to Note 1.2: Accounting Policy – Revenue		
Less impairment allowance		
Goods and services	-	-
Total impairment allowance	-	-
Total trade and other receivables (net)	3,182,058	3,335,153
Trade and other receivables (net) expected to be recovered		
No more than 12 months	3,182,058	3,335,153
More than 12 months	-	-
Total trade and other receivables (net)	3,182,058	3,335,153
Trade and other receivables (net) aged as follows		
Not overdue	3,116,319	3,122,182
Overdue by:		
0 to 30 days	52,808	65,511
31 to 60 days	12,167	8,577
61 to 90 days	109	1,610
More than 90 days	655	137,273
Total trade and other receivables (net)	3,182,058	3,335,153

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, Wine Australia 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 Wine Australia to no longer have a formal valuation requirement. All assets are held at carrying amount. The last formal revaluation on each asset classed was performed for year end 30 June 2014.

No indicators of impairment were found for plant or equipment.

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

Intangibles

Wine Australia's intangible assets include purchased software and internally-developed software for the entity'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 2018 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 Wine Australia's internally generated software or website requires a creative commons licence from Wine Australia.

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 amount 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 Wine Australia 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	2018	2017
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 2018. 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 Wine Australia 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	2018 \$	2017 \$
Fair value	904,505	904,505
Accumulated amortisation	(904,505)	(897,838)
Total leasehold improvements	-	6,667

Note 2.2B: Reconciliation of the opening and closing balances of leasehold improvements	Leasehold improvements 2018 \$	Leasehold improvements 2017 \$
As at 1 July		
Gross book value	904,505	881,880
Accumulated depreciation	(897,838)	(881,880)
Net book value as at 1 July	6,667	-
Additions:		
By purchase	-	22,625
Depreciation expense	(6,667)	(15,958)
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 2018 \$	Leasehold improvements 2017 \$
Net book value as at 30 June represented by:		
Gross book value	904,505	904,505
Accumulated depreciation and impairment losses	(904,505)	(897,838)
	-	6,667

Note 2.2C: Plant and equipment	2018 \$	2017 \$
Plant and equipment – at fair value	1,019,289	860,354
Accumulated depreciation	(629,696)	(468,406)
Total plant and equipment	389,593	391,948
Furniture and fittings – at fair value	50,152	8,523
Accumulated depreciation	(10,463)	(6,278)
Total furniture and fittings	39,689	2,245
Total plant and equipment	429,282	394,193

Note 2.2D: Reconciliation of the opening and closing balances of plant and equipment 2017–18	Plant and equipment \$	Furniture and fittings \$	Total \$
As at 1 July			
Gross book value	860,354	8,523	868,877
Accumulated depreciation	(468,406)	(6,278)	(474,684)
Net book value as at 1 July	391,948	2,245	394,193
Additions:			
By purchase	189,598	41,629	231,227
Disposals:			
Gross book adjustment	(30,663)	-	(30,663)
Accumulated depreciation adjustment	30,352	-	30,352
Depreciation expense	(191,642)	(4,185)	(195,827)
Net book value as at 30 June	389,593	39,689	429,282
Net book value as at 30 June represented by:			
Gross book value	1,019,289	50,152	1,069,441
Accumulated depreciation	(629,696)	(10,463)	(640,159)
	389,593	39,689	429,282

Note 2.2D: Reconciliation of the opening and closing balances of plant and equipment 2016–17	Plant and equipment \$	Furniture and fittings \$	Total \$
As at 1 July			
Gross book value	894,988	8,523	903,511
Accumulated depreciation	(506,076)	(4,553)	(510,629)
Net book value as at 1 July	388,912	3,970	392,882
Additions:			
By purchase	138,572	-	138,572
Disposals:			
Gross book adjustment	(173,206)	-	(173,206)
Accumulated depreciation adjustment	166,628	-	166,628
Depreciation expense	(128,958)	(1,725)	(130,683)
Net book value as at 30 June	391,948	2,245	394,193
Net book value as at 30 June represented by:			
Gross book value	860,354	8,523	868,877
Accumulated depreciation	(468,406)	(6,278)	(474,684)
	391,948	2,245	394,193

Note 2.2E: Intangibles	2018 \$	2017 \$
Computer software:		
Purchased at cost	576,279	353,388
Developed at cost:		
In use	1,572,422	1,715,718
Work in progress	989,649	26,500
Total computer software (gross)	3,138,350	2,095,606
Accumulated amortisation	(1,491,374)	(1,510,054)
Total computer software (net)	1,646,976	585,552
Total intangibles	1,646,976	585,552

Note 2.2F: Reconciliation of the opening and closing balances of intangibles 2017-18	Computer software – purchased \$	Computer software – developed \$	Total \$
As at 1 July			
Gross book value	353,388	1,742,218	2,095,606
Accumulated amortisation	(327,467)	(1,182,587)	(1,510,054)
Net book value as at 1 July	25,921	559,631	585,552
Additions:			
By purchase	224,201	963,149	1,187,350
Disposals:			
Gross book adjustment	(1,310)	(143,296)	(144,606)
Accumulated amortisation adjustment	1,310	143,296	144,606
Amortisation	(10,118)	(115,808)	(125,926)
Net book value as at 30 June	240,004	1,406,972	1,646,976
Net book value as at 30 June represented by:			
Gross book value	576,279	2,562,071	3,138,350
Accumulated amortisation	(336,275)	(1,155,099)	(1,491,374)
	240,004	1,406,972	1,646,976

Internally developed software in 2017-18 is the capitalisation of the new Wine Australia wine export approval system.

Note 2.2F: Reconciliation of the opening and closing balances of intangibles 2016-17	Computer software – purchased \$	Computer software – developed \$	Total \$
As at 1 July			
Gross book value	344,590	1,483,111	1,827,701
Accumulated amortisation	(318,120)	(1,261,059)	(1,579,179)
Net book value as at 1 July	26,470	222,052	248,522
Additions:			
By purchase	8,798	400,381	409,179
Disposals:			
Gross book adjustment	-	(141,274)	(141,274)
Accumulated amortisation adjustment	-	128,046	128,046
Amortisation	(9,347)	(49,574)	(58,921)
Net book value as at 30 June	25,921	559,631	585,552
Net book value as at 30 June represented by:			
Gross book value	353,388	1,742,218	2,095,606
Accumulated amortisation	(327,467)	(1,182,587)	(1,510,054)
	25,921	559,631	585,552

Note 2.2G: Prepayments	2018 \$	2017 \$
Prepayments	2,086,208	962,421
Total prepayments	2,086,208	962,421
Prepayments expected to be recovered		
No more than 12 months	2,022,924	871,171
More than 12 months	63,284	91,250
Total prepayments	2,086,208	962,421

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	2018 \$	2017 \$
Accrued approved project expenses	228,212	1,898,377
Total research and development contracts	228,212	1,898,377

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

Note 2.3B: Other payables	2018 \$	2017 \$
Salaries and wages (including PAYG and superannuation)	109,333	58,325
Prepayments received/unearned income	18,925	1,374,378
Other	1,549	31,361
Total other payables	129,807	1,464,064
Total other payables are expected to be settled in:		
No more than 12 months	129,807	1,464,064
More than 12 months	-	-
Total other payables	129,807	1,464,064

Note 2.4: Provisions (Accounting Policy – Provisions)

Makegood

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

Note 2.4A: Other provisions	Provision for restoration	Total
As at 1 July 2017	95,000	95,000
Additional provisions made	-	-
Amounts used	-	-
Amounts reversed	-	-
Unwinding of discount or change in discount rate	-	-
Total other provisions	95,000	95,000
Total other provisions are expected to be settled in:		
No more than 12 months	20,000	20,000
More than 12 months	75,000	75,000
Total other provisions	95,000	95,000

Funding

This section identifies Wine Australia's funding structure.

Note 3.1: Regulatory charging summary

Note 3.1: Regulatory charging summary	2018 \$	2017 \$
Expenses		
Direct costs	2,322,412	1,582,516
Indirect costs	1,624,769	1,670,413
Total expenses	3,947,181	3,252,929
External revenue		
Sale of goods and rendering of services	4,901,560	4,591,582
Total external revenue	4,901,560	4,591,582

Regulatory fees

Under s. 8(f) and (g) of the *Wine Australia Act 2013* ('the Act'), Wine Australia 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 Wine Australia before wine can be exported. Furthermore s. 8(c) of the Act provides Wine Australia 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 Wine Australia'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 replaced in the 2018–19 year.

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. Wine Australia has an agreement with the Department allowing it to collect the charge direct from exporters on behalf of the Department of Agriculture and Water Resources. The funds are then remitted back to Wine Australia by the Department in accordance with the finance framework administered under Wine Australia'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	2018 \$	2017 \$
Cash and cash equivalents as per:		
Cashflow statement	2,656,026	1,902,546
Statement of financial position	2,656,026	1,902,546
Difference	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:		
Net cost of services	(22,299,319)	(11,419,447)
Add revenue from Government	32,382,587	15,056,887
Adjustments for non-cash items		
Depreciation/amortisation	328,420	205,562
Amortisation of lease incentive	-	(22,625)
Net write-down of assets	(1,455)	(4,591)
Loss on disposal of assets	(7,714)	18,006
Movements in assets and liabilities		
Assets		
Decrease in net receivables	154,550	3,057,331
Increase in inventories	699	(7,926)
Increase in prepayments	(1,123,787)	(617,105)
Liabilities		
Increase in suppliers	709,755	(31,522)
Decrease in research and development contracts	(1,670,165)	(23,048)
Decrease in other payables	(1,334,256)	(935,747)
Increase in other provisions	215,345	42,019
Net cash used by operating activities	7,354,660	5,317,794

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 Wine Australia 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 Wine Australia'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 2018. 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 2017–18. Wine Australia 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

Wine Australia 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	2018 \$	2017 \$
Long service leave	578,573	451,588
Annual leave	533,263	444,903
Separation or redundancies	-	-
Total employee provisions	1,111,836	896,491
Employee provisions are expected to be settled in:		
No more than 12 months	897,594	708,603
More than 12 months	214,242	187,888
Total employee provisions	1,111,836	896,491

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, Wine Australia has defined senior executives deemed to be KMPs as Directors, the Chief Executive Officer (CEO) and those employees who report directly to the CEO.

These employees are the only employees considered to have the capacity and responsibility for decision-making that can have a significant and direct impact on the strategic direction and financial performance of Wine Australia. 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 (16 in 2016–17).

Note 4.2: Key management personnel remuneration	2018 \$	2017 \$
Short-term employee benefits		
Salary	1,899,507	1,785,446
Motor vehicles and other allowances	87,478	82,506
Total short-term employee benefits	1,986,985	1,867,952
Post-employment benefits		
Superannuation	246,150	223,287
Total post-employment benefits	246,150	223,287
Other long-term employee benefits		
Annual leave accrued	151,710	110,594
Long service leave accrued	56,176	47,399
Total other long-term employee benefits	207,886	157,993
Total senior executive remuneration expenses	2,441,021	2,249,232

Note 4.2 is prepared on an accrual basis.

Note 4.3: Related party disclosures

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

Related party relationships

Wine Australia 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 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	2018 \$	2017 \$
Remuneration of auditors		
Audit of the financial statements	41,000	41,000
Total remuneration of auditors	41,000	41,000

Auditor fees

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

Managing uncertainties

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

Note 5.1: Financial instruments (Accounting Policy – Financial instruments)

Financial assets

Wine Australia 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 Wine Australia 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	2018 \$	2017 \$
Financial assets		
Held-to-maturity investments:		
Deposits at bank	16,239,609	11,048,981
Total held-to-maturity investments	16,239,609	11,048,981
Receivables:		
Cash and cash equivalents	2,656,026	1,902,546
Interest receivable	1,833	20,731
Australian Government matching contributions receivables	1,045,072	1,328,704
Industry contributions receivables	963,385	1,076,105
Other receivables	703,951	757,453
Total receivables	5,370,267	5,085,539
Total financial assets	21,609,876	16,134,520

Note 5.1A: Categories of financial instruments (continued)	2018 \$	2017 \$
Financial liabilities		
Financial liabilities measured at amortised cost:		
Suppliers	1,481,142	771,386
Research and development contracts	228,212	1,898,377
Total financial liabilities measured at amortised cost	1,709,354	2,669,763
Total financial liabilities	1,709,354	2,669,763

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	2018 \$	2017 \$
Held-to-maturity investments:		
Interest	398,971	237,536
Net gain on held-to-maturity investments	398,971	237,536
Receivables:		
Interest	68,135	60,963
Exchange loss	(76,452)	(29,862)
Net gain on receivables	(8,317)	31,101
Net gain on financial assets	390,654	268,637

Note 5.1C: Credit risk

Wine Australia 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 2017-18, nil has been allocated to an impairment allowance account, in respect of financial assets whose recoverable amount is less than their gross carrying value.

Wine Australia manages its credit risk by undertaking background checks as appropriate prior to allowing a debtor relationship and regularly monitors customer performance. 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, Wine Australia has policies and procedures that guide employees on the debt recovery techniques to be applied.

Wine Australia 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 2018 \$	Past due or impaired 2018 \$	Total 2018 \$	Not past due nor impaired 2017 \$	Past due or impaired 2017 \$	Total 2017 \$
Held-to-maturity investments	16,239,609	-	16,239,609	11,048,981	-	11,048,981
Receivables	5,304,528	65,739	5,370,267	4,872,567	212,972	5,085,539
Total financial assets	21,544,137	65,739	21,609,876	15,921,548	212,972	16,134,520

Ageing of financial assets that are past due but not impaired for 2018	0 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
Receivables for goods and services	-	52,808	12,167	764	65,739
Total receivables for goods and services	-	52,808	12,167	764	65,739

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

Note 5.1D: Market risk

Currency risk

Wine Australia maintains offices and conducts promotional activities in a number of countries. Wine Australia 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, Wine Australia holds financial reserves to fund working capital requirements, cover revenue fluctuations caused by changing seasonal conditions and to fund short-term marketing opportunities.

Wine Australia does not have a significant exposure to currency risk as at 30 June 2018.

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. Wine Australia 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 Wine Australia'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 2018.

The weighted average interest rate as at 30 June 2018 on Wine Australia's cash, cash equivalents and investments is shown below:

	2018	2017
Cash and cash equivalents	1.55%	1.63%
Investments	1.85%	2.41%

Sensitivity analysis

Sensitivity analysis of the risk that the entity is exposed to for 2018		Change in risk variable %	Effect on Net cost of services \$	Effect on Equity \$
Risk variable				
Interest rate risk				
Term deposits	Deposit rate	+1%	188,956	188,956
	Deposit rate	-1%	(188,956)	(188,956)
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)

Wine Australia 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

Wine Australia 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.

Wine Australia 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.

Wine Australia 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.

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 Wine Australia 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	2018 \$	2017 \$	Level	Valuation techniques ¹	Significant inputs used
Leasehold improvements (including fit out)	-	6,667	3	Depreciated replacement cost (DRC) Net present value	Replacement cost new (price per square metre) Current obligation costs (price per square metre) Indexation rates ² Discount rate ²
Plant and equipment	429,282	394,193	2	Market approach	Adjusted market transactions
Total assets measured at fair value	429,282	400,860			

1. There have been no changes to valuation techniques.

2. Current restoration costs have been indexed to the obligation date (generally the expiry of the lease term) using industry building cost indices relevant to the asset's city and then discounted, where the time value of money is material using the Australian Government 5-year bond rate. The estimated provision is depreciated in line with the corresponding leasehold improvement asset.

Note 5.2B: Reconciliation for recurring level 3 fair value measurements		Non-financial assets Leasehold improvements (including fitout)	
		2018 \$	2017 \$
As at 1 July		6,667	-
Total losses in accumulated depreciation and amortisation		(6,667)	(15,958)
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		-	-

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

Other information

Note 6.1: Reporting of outcomes

Wine Australia 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.

	2018 \$	2017 \$
Expenses	54,431,057	40,344,651
Own-source income	32,131,738	28,925,204
Net cost of outcome delivery	22,299,319	11,419,447

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 Wine Australia’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 2017–18

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)
Other grants from Government	
Actual revenue is greater than budgeted primarily due to achievement of milestones for the \$50m Package was higher than anticipated as part of budget process.	• Statement of Comprehensive Income – Revenue
Sale of goods and services	
The main driver of the revenue variance is from our user-pay-activity revenue. Wine Australia hosted Vinexpo Hong Kong 2018 in May, our major marketing event for the financial year, which generated more revenue than estimated in PBS. This event was largely funded by the \$50m Package, however there were also co-contributions from exhibitors.	• Statement of Comprehensive Income – Revenue

Explanations of major variances	Affected line items (and statement)
Industry contributions/Trade and other receivables	
Industry contributions include levy revenue streams (Wine grapes levy, research levy and wine export levy fees). The 2017 vintage, which determines levies revenue for the 2017–18 year was greater, at 1.99 million tonnes, than the budgeted 1.8 million tonnes in the PBS version, and therefore higher returns were received.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Revenue • Statement of Financial Position – Assets • Cash Flow Statement
Research and development contributions/Other grants from Government	
This variance is a classification variance. The PBS Research and development contributions revenue includes the government grant in relation to the Rural R&D 4 profit program worth \$1.1M. In the actuals, this revenue is shown under Other grants from Government.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Revenue
Interest income/Trade and other receivables	
Due to the timing of expenditure of the \$50m Package funds, term deposits were entered into to maximise investment. Additional income of \$150,000 was generated in interest income from the term deposits which will be used in future years to contribute towards the \$50m Package administration program.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Revenue • Statement of Financial Position – Assets • Cash Flow Statement
Expenditure on research and development contracts/ R&D payables	
In 2017–18 we entered into four bi-lateral arrangements with our major research partners. These contracts ensure funds are spent in a more accurate and timely manner. It allows us to have more suitable time-frames which impact less on the financial year timings. This meant that most milestones were met and payments made prior to end of year, leaving minimal accruals at June 30. There were also timing issues relating to the previous financial year. There were several projects due to finish June 30 2017, which were varied out after the PBS was published into this financial year.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Liabilities • Cash Flow Statement
Employee expenditure	
Actual expenses were higher than anticipated primarily associated with facilitation and delivery of the \$50m Package.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Liabilities • Cash Flow Statement
Supplier expenditure	
Actual expenses were lower than anticipated due to expenditure relating to to the \$50m Package being partly used for suppliers for delivery of events and implementation of systems. Due to the timing of when the events are scheduled there was a surplus held at the end 2017–18, this will be used in 2018–19 as the events are completed.	<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 depreciation expense for 2017–18 is again another timing issue. Wine Australia had three major projects during the year, and the WEA replacement system is still in progress. Depreciation will not commence until the system is available for use.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Asset • Cash Flow Statement





Appendices

126–135	Appendix I: RD&E funded projects
136–137	Appendix II: Provider and management codes
138–139	Appendix III: Glossary of acronyms and terms
140–142	Appendix IV: Compliance index
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Appendix I: RD&E funded projects

Project number	Title	Approved funding 2017-18 \$
Priority 1		
Strategy 3: Building Australian vine and wine excellence		
3.1 Grapegrowing for excellence		
AWR 1601	Digital solutions for grape quality measures at the weighbridge	246,196
CRD 1601	Digital technologies for dynamic disease management	725,000
CSA 1601	New technologies for dynamic canopy and disease management	494,213
CSA 1602	New non-destructive technologies for simultaneous yield, crop condition and quality estimation	372,016
CSA 1603	Simple tools for spatial analysis – key enabling technologies for Precision and Digital Viticulture	232,256
CSP 1202	Improving industry capacity to manage the yield and wine quality relationship through understanding the influence of vine carbon balance on berry composition	235,268
CSP 1401	Understanding and manipulating small signalling molecules to affect the yield/flavour ('quality') nexus	186,341
CSU 1501	Developing a phone-based imaging tool to inform on fruit volume and potential optimal harvest time	55,513
NWG 1301	Optimising grape quality and value to improve vineyard profitability and sustainability	3,582
UA 1207	Optimising vine balance in Australian vineyards: developing a toolbox for industry to ensure best practice, sustainability and profitability	142,374
UQ 1601	LiDAR and PACE for vineyards	195,489
USA 1601	Use of unmanned air vehicles for early, real-time detection of extreme weather events in vineyards	215,000
UT 1601	Taking grapevine yield forecasting into the digital age	116,344
3.2 Wine provenance and measures of quality		
AGW 1704	Wine diagnostics services	2,579
AWR 1501	Defining and exploiting the microbial genetic diversity of regionality and terroir	(3,758)
AWR 1505	Further development of origin verification tools using multi-elemental isotope ratio and trace elements	(22,552)
AWR 1602	Rotundone and its role in defining terroir in iconic Australian cool climate 'peppery' Shiraz	(6,516)
AWR 1701-3.1.1	Identification and control of volatile compounds responsible for important sensory attributes	655,861
AWR 1701-3.1.2	Using glycosides and other flavour precursors for improved wine flavour	124,594
AWR 1701-3.1.3	Molecular drivers of wine texture and taste	336,441

Project number	Title	Approved funding 2017-18 \$
AWR 1701-3.3.1	Objective measures of quality and provenance in Australian vineyards	154,596
AWR 1701-3.4.2	Formation and fate of sulfur compounds associated with negative attributes in wines	246,258
AWR 1701-4.4.1	Defining regional variability and uniqueness of premium Australian Shiraz	26,820
AWR 1701-4.4.2	Development of tools to verify origin and varietal nature of wines	151,450
AWR 1701-4.4.4	Rotundone and its role in defining terroir in iconic Australian cool climate 'peppery' Shiraz	248,830
CSP 1201	Grape quality parameters that influence wine flavour and aroma: identification, confirmation and application to industry	301,596
CSU 1602	Benchmarking regional and subregional influences on Shiraz fine wines	293,533
CSU 1702-2	Determining thresholds for bunch rot tolerance in wine and detection of unwanted fungal aromas	127,440
NWG 1401	Metal ion speciation: understanding its role in wine development and generating a tool to minimise wine spoilage.	150,844
UA 1602	Understanding the drivers of terroir in the Barossa Valley	365,889
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.	165,889
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	103,348
3.3 Customer insights		
AGW 1508	RnD4Profit 14-01-034 Market and consumer insights to drive food value chain innovation and growth	10,000
FU 1701	Ties that Bind: Building strong importer and retailer relationships to drive premium wine export sales	38,889
UA 1601	The Ties that Bind: Building strong importer and retailer relationships to drive premium wine export sales	(23,752)
USA 1602	Creating opportunity for Australian 'fine' wine in China	113,197
WOP 1401	The opportunities for further market share expansion of Australia's regional and premium price segment wines in the US market	27,000
Sub-total for Priority 1		6,808,068

Project number	Title	Approved funding 2017-18 \$
Priority 2		
Strategy 4: Improving resource management and sustainability		
4.1 Climate adaptability		
AGW 1706	MLA Contribution Agreement – Rural RnD4Profit16-03-007 Forewarned is forearmed: managing the impacts of extreme climate events	50,000
AGW 1707	Updating the Rootstock Selector Tool (CSIRO)	5,000
AWR 1603	Mitigation of climate change impacts (Smoke Taint) on the national wine industry	318,341
AWR 1701-4.1.1	Managing the impact of vintage advancement and compression	160,173
CSP 1504	Evaluation of new technology and new scion-rootstock combinations for improved water use efficiency and reduced costs	16,350
DPI 1202	Impact of elevated CO2 and its interaction with elevated temperature on production and physiology of Shiraz	165,000
GWRDC CRRDC	Council of Rural R&D Corporations – CRRDC	23,613
LTU 1601	Mitigation of climate change impacts (Smoke Taint) on the national wine industry	525,659
SAR 1701-2.1	Climate adaptation: developing irrigation strategies to combat dry winters	264,006
SAR 1701-2.3	Climate adaptation: developing irrigation strategies to combat dry winters	70,000
UA 1304	Translation of ‘whole-of-production-chain’ wine science research to industry outcomes	53,544
UA 1502	Using in-canopy misters to mitigate the negative effects of heatwaves on grapevines	62,957
UA 1503	Epi-breeding – Using the epigenetic memory of stress to prime Australian grapevines for a changing environment	73,188
UT 1504	Australia’s wine future: Adapting to short-term climate variability and long-term climate change.	178,741
4.2 Foundation data		
AWR 1701-4.3.1	Characterising genomic diversity in Australia’s grapevine germplasm	76,882
CSP 1501	Grapevine germplasm variety identification	98,174
4.3 Sustainable resource management		
2XE 1501	Activity based costing tool and benchmarking database development and extension project	85,750
4.4 Biosecurity, pest and disease management		
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	7,330
AGW 1702	Scale insects and the vitis vinifera cv. Shiraz – reason for high incidence of scales	6,336
AGW 1705	Plant Biosecurity Research Initiative	16,429

Project number	Title	Approved funding 2017-18 \$
AGW 1710	Improving plant pest management through cross industry deployment of smart sensor, diagnostics and forecasting	50,000
AWR 1701-4.5.1	Understanding the basis of agrochemical resistance in biotrophic grapevine pathogens	60,789
DED 1701	Integrated management of established grapevine phylloxera	181,274
DEP 1301	Risks and management of exotic and endemic phylloxera	(15,844)
SAR 1201	Developing a threat-specific contingency plan for the exotic pest angular leaf scorch	29,450
SAR 1701-1.1	Grapevine trunk disease management for vineyard longevity in diverse climates of Australia	365,789
SAR 1701-1.2	Managing fungicide resistance in Australian viticulture	437,728
UA 1703	Updating PMapp, a smartphone application for assessing powdery mildew	8,060
VHA 1701	A comprehensive review of Grapevine Pinot Gris Virus (GPGV)	49,600

Strategy 5: Improving vineyard performance

5.1 Enhancing grapevine and rootstock performance

CSA 1701-1.1	Scion genetics & improvement: development of new disease-resistance varieties	492,820
CSA 1701-1.2	Scion genetics & improvement: desirable consumer traits	277,110
CSA 1701-1.3	Rootstock genetics & improvement: new improved rootstocks with durable resistance to root-knot nematodes and phylloxera	383,629
CSA 1701-1.4	Rootstock genetics & improvement – tolerance to abiotic stress	542,976
CSA 1701-1.5	Field trials – new scion–rootstock combinations and evaluation of new technology for improved water use efficiency and reduced costs	227,659
CSA 1701-1.6	Regional evaluation of new germplasm – pathway to adoption	268,957
CSA 1701-1.7	Enabling technologies & genetic resources	245,160
CSP 1301	Identification and marker-assisted selection of genes for reducing the susceptibility of new winegrape cultivars to fungal pathogens	210,278
CSP 1302	Genetic and mechanistic characterisation of rootstock traits conferring abiotic stress tolerance to grapevines	277,122
CSP 1304	New Rootstocks for Australian conditions	232,267
CSP 1307	Fast Phenomics: grapevine trait characterisation in the field	36,750
CSP 1402	Evaluating and demonstrating new disease resistant varieties for warm irrigated regions	39,520
DPI 1702	Manipulating winegrapes with antitranspirants	16,320

5.2 Efficient and sustainable vineyard management

AGW 1602	Commonwealth Grant – Accelerating precision agriculture to decision agriculture	20,000
AGW 1703	Development of a digital support tool for improved vineyard management	19,980
CSA 1701-2.1	Physiology of root:shoot interactions	323,455

Project number	Title	Approved funding 2017-18 \$
CSA 1701-2.2	Adjusting grape berry ripening to suit a changing climate: plant growth regulator-based solutions	462,493
CSU 1702-1	SmartWine	80,626
CSU 1702-3	Vine nutrition	211,614
CSU 1702-5	Managing wine pH in a changing climate	40,432
DPI 1401	Improved yield prediction for the Australian wine industry	121,578
UA 1303	The development of a low-input under-vine floor management system which improves profitability without compromising yield or quality	130,355
UA 1404	Incubator initiative: Improving vineyard water efficiency by addition of biochar derived from grape stalks and vineyard prunings	(2,927)
UA 1701	Digital tools for canopy management to increase competitiveness	182,750
UA 1704	Cell death in grape berries: causes, consequences and controls	77,895
UA 1705	Plant sensor-based precision irrigation for improved vineyard water use efficiency, grape and wine composition and quality, and vineyard profitability	62,937
UA 1706	Undervine cover cropping for healthy and productive soils	168,613

Strategy 6: Improving winery performance

6.1 Enhanced yeast and bacterial performance

AWR 1303	Efficient and reliable malolactic fermentation to achieve specification wine style	(5,980)
AWR 1701-3.2.1	Putting microbial diversity to work in shaping wine style	387,494
AWR 1701-3.2.2	The relationship between grape juice composition and the progress of alcoholic and malolactic fermentation	402,793
AWR 1701-3.2.3	Management and optimisation of the AWRI Wine Microorganism Culture Collection	121,500
AWR 1701-3.4.1	Understanding Brettanomyces and its adaptation to control measures	156,286
AWR 1701-4.4.3	Bioprospecting Australian microbial genetic diversity	302,097
UA 1302	Fit for Purpose Yeast and Bacteria via Directed Evolution	357,132
UA 1707	New and Improved yeast and bacterial starter cultures-novel attributes, process efficiency and wine distinctiveness	114,744

6.2 Efficient winery production

2XE 1701	Black fungus cleaning economics	5,700
AWR 1701-3.1.4	Managing wine extraction, retention, clarity and stability for defined styles and efficient production	320,168
AWR 1701-3.1.5	Influencing wine style and efficiency through management of oxygen during wine production	266,063
AWR 1701-3.1.6	Winemaking interventions to modulate glutathione status	233,736
CSU 1702-4	The impact of metal speciation on the development, shelf-life and sensory properties of wine	39,888

Project number	Title	Approved funding 2017–18 \$
UT 1301	Improved red wine process efficiency and product quality through enhanced phenolic extraction by Controlled Phenolic Release (CPR) and Berry Pricking.	(9,324)
Strategy 7: Enhancing market access		
7.1 Market access		
AWR 1701–1.3.1	Supporting market access, safety and regulation	95,159
AWR 1701–1.5.1	Collecting and disseminating information on agrochemicals	124,106
AWR 1701–5.3.1	Tracking trends in Australian wine composition and vineyard and winery practices	39,246
WFA 1201	Market access impediments and opportunities for the Australian wine sector	17,000
Strategy 8: Building capability		
8.1 Developing people		
AGT 1603	Attendance to the 20th GiESCO international meeting in Mendoza (Argentina) 5–10 Nov 2017	(2,500)
AGT 1610	Oral presentation at In Vino Analytica Scientia (17–20 July 2017) and meetings with international collaborators	(2,500)
AGW 1401	Future Leaders	690
AGW 1605	2017 Future Leaders (Pragmatic Thinking)	58,479
AGW 1701	2018 Science and Innovation Awards for Young People in Agriculture, Fisheries and Forestry (Monica Kehoe)	22,727
AGW L1701	Nuffield Scholarship 2017 (Martin Gransden)	52,000
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	7,999
AGW Ph1505	Process control of objective wine quality parameters during fermentation using novel simulation models	9,141
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	9,141
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 Ph1511	Developing Botrytis cinerea as a potent non-GM enzyme producer for the removal of haze-forming proteins under normal winemaking conditions	20,568

Project number	Title	Approved funding 2017-18 \$
AGW Ph1512	Origin of varietal thiols: environmental and winemaking effects	13,712
AGW Ph1513	Autonomous In-Vivo Determination of Maturity Parameters	10,000
AGW Ph1601	Developing digital tools for canopy management	18,318
AGW Ph1602	Microbial terroir: Understanding the importance of the soil-borne microbial community to Australian terroir	18,084
AGW Ph1603	Yeast strain construction using CRISPR/Cas9 mediated genome editing	18,318
AGW Ph1604	Locating terroir: understanding businesses' identification with their local environment, place and community, and how this influences wine purchasing decisions and corporate sustainability	18,303
AGW Ph1605	Alternative technology to modify and measure wine astringency, taste and quality	18,318
AGW Ph1606	Characterisation of the microbiome associated with grapevines and evaluation of endophytic microorganisms as biological control agents of grapevine trunk disease pathogens	12,018
AGW Ph1607	Improving grapevine yield and wine quality through optimised vine nutrition and pruning	18,318
CSU 1701	Incubator initiative: Can we visually identify different sorts of herbicide injury in grapevines based on foliage and fruit symptoms?	17,000
CUT 1701	Incubator initiative: How can small producers in Western Australia achieve economies of scale efficiencies in logistics and distribution?	16,948
GWR Ph1202	Entomopathogenic fungi as potential biocontrol agents of grape phylloxera	(20,463)
GWR Ph1301	Genetic structure, survival mechanisms and spread of grapevine downy mildew populations in Western Australian and Australian vineyards	2,304
GWR PH1306	The influence of grapevine balance and water status during berry maturation on internal carbohydrate dynamics and leaf function	(446)
GWR PH1312	Selective and deliberate use of winemaking supplements to modulate sensory properties of wine	114
GWR Ph1316	Improved treatment of winery wastewater through a detailed microbial population analysis	9,608
GWR Ph1317	Enhanced biological control of light brown apple moth in vineyards	2,304
GWR Ph1401	The impact of modes of climate on vineyard performance in Australia	2,192
GWR Ph1403	The biochemical response of grapevines to smoke exposure	(276)
GWR Ph1404	Measuring physical availability (distribution network) of alcoholic beverages categories in light of localisation trends in globalised markets.	6,667
GWR Ph1406	Production of Lower Alcohol Wines PhD Support	7,076
GWR Ph1407	Non-Saccharomyces yeasts in ethanol reduction and flavour enhancement – supplementary funding application	643
GWR Ph1408	Optimisation of an early harvest regime – Impact on grape and wine quality and content	1,071

Project number	Title	Approved funding 2017-18 \$
UA 1702	Incubator initiative: Is berry shrivel in Cabernet Sauvignon influenced by climate and does this potentially affect characteristics of the resulting wine?	16,575
UA 1708	Translation of Training Centre for Innovative Wine Production Research into Industry Outcomes	54,968
WA Ph1701	Isolation and characterisation of phytotoxins produced by the Botryosphaeriaceae and their role in grapevine trunk diseases	6,206
WA Ph1703	Assessing the suitability of indigenous Cypriot grape varieties for Australia's challenging and changing climate.	8,965
WA Ph1704	A systematic approach to understanding wine texture and mouthfeel	12,300
WA Ph1705	Novel approaches to autolysis manipulation and improving efficiencies in sparkling wine production	9,356
WA Ph1706	The molecular diversity of viruses infecting Australian grapevines	7,466
WAT 1701	19th Conference of the International Council for the Study of Virus and Virus-like Diseases of the Grapevine, Santiago, Chile	2,500
WAT 1702	Collaboration with UC Davis to explore US consumer behaviour towards Australian fine wines of provenance and food pairings to support a component of a Wine Australia funded PhD project	2,500
WAT 1703	Travel bursary application for participating in the international conference "MACROWINE 2018, Macromolecules and Metabolites which Make Wine Magic"	2,500
WAT 1704	Travel bursary application for the participation in the international conference "MACROWINE 2018, Macromolecules and metabolites which make wine magic"	2,500
WAT 1705	XIIth International Terroir Congress, Zaragoza, Spain, June 2018	1,155
WAT 1706	Oral Presentation at 3rd International Plant Proteomics Organization (INPPO) World Congress 2018, Padua, Italy. Dates: 7-12 September 2018.	2,000
WAT 1707	Participation at the Eurosense (A Sense of Taste) 2018, Eighth European Conference on Sensory and Consumer Research, 02-05 September 2018, Verona, Italy.	2,500
WAT 1708	Identifying new ideas for an improved 'microbial toolkit' for Australian winemaking: attendance of ISSY34 - 'Yeast Odyssey from Nature to Industry' and 1st International Workshop on Brewing (Bariloche, Argentina).	2,000
WAT 1709	Poster Presentation at the Yeast Genetics Meeting, Stanford University, California. August 22-26, 2018. And visit to University of California, Davis	2,500
WAT 1710	Travel application for participation in the 18th European Conference on Sensory and Consumer Research in Italy	2,500
WAT 1711	17th International Symposium on Microbial Ecology (ISME), Leipzig	2,500
WAT 1712	Oral or poster presentation at XII International Conference on Grapevine Breeding and Genetics, 15-20 Jul 2018	2,450

Project number	Title	Approved funding 2017-18 \$
Strategy 9: Business intelligence and measurement		
9.1 Business intelligence		
Market Research	Market Intelligence and Research	503,236
GI & Vintage su	GI & Vintage survey	6,900
VinSites	VinSites – imaging of vineyards	149,291
9.2 Measurement		
GWRDC Evaluations	Consultancy Agreement	110,922
Sub-total for Priority 2		12,908,132

Project number	Title	Approved funding 2017-18 \$
Priority 1 & 2		
Strategy 10: Extension and adoption		
10.1 Extension and adoption		
AWR 1306	Agreement for industry capability building activities & research & development program (2013-2017)	(59,118)
AWR 1307	Capital Funds	200,000
AGW 1603	Arris website developed and hosting as part of project UA 1202	1,000
AGW 1708	Updating the Rootstock Selector Tool (EnvysUs)	840
AGW 1709	Winegrape Selector Tool Prototype	1,200
AWR 1701-2.1.1	The staging and conduct of extension programs	367,822
AWR 1701-2.1.2	Communication with stakeholders	325,481
AWR 1701-2.2.1	AWRI Helpdesk	723,723
AWR 1701-2.2.2	Library Services	157,830
AWR 1701-2.2.3	Regional Program	57,740
AWR 1701-5.1.1	Efficient Administration	1,923,397
AWR 1701-5.1.2	Information and knowledge management	35,858
AWR 1701-5.2.2	Research Services	548,064
DPI 1403	NSW Extension Support	(9,339)
GRP 1301	GWRDC Regional Plan – Riverina 2013-17	(62,707)
GRP 1302	GWRDC Regional Plan – Greater Victoria 2013-17	(3,758)
GRP 1303	GWRDC Regional Plan – Tasmania 2013-17	(22,964)
GRP 1305	GWRDC Regional Plan – Murray Valley 2013-17	(31,371)
GRP 1306	GWRDC Regional Plan – Limestone Coast 2013-17	(4,167)
GRP 1310	GWRDC Regional Plan – Queensland 2013-17	(11,272)
GRP 1311	GWRDC Regional Plan – Riverland 2013-17	(18,759)
UA 1401	Incubator initiative: Wine Industry RD&E: developing partner co-creation capabilities	(1,905)
GWRDC IN	Innovators' Network	6,343
GWRDC PMS	Project Management System	123,504
Sub-total for Priority 1 & 2		4,247,441
GRAND TOTAL		23,963,641

Appendix II:

Provider and management codes

Code	
2XE	2XE
AGT	Australian Grape and Wine Authority* Travel bursary
AGW	Australian Grape and Wine Authority*
AGW Ph	Australian Grape and Wine Authority* PhD scholarships
AGW L	Australian Grape and Wine Authority* Leadership investment
AGWA CRRDC	Australian Grape and Wine Authority Council of Rural R&D Corporations – CRRDC
AWR	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
CUT	Curtin University of Technology
DAF	Department of Agriculture, Fisheries and Forestry
DED	Department of Economic Development, Jobs, Transport and Resources
DPI	Department of Primary Industries New South Wales
FU	Flinders University
GI and Vintage	Wine Australia GI and Vintage survey
GRP	GWRDC Regional Program
GWR M	Grape and Wine Research and Development Corporation [†] Masters scholarships
GWR Ph	GWRDC [†] PhD scholarships
GWRDC CRRDC	GWRDC Council of Rural R&D Corporations [†] – CRRDC
LTU	La Trobe University
Market Research	Wine Australia
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

Code	
UT	University of Tasmania
VHA	Vinehealth Australia
VIN	Vinventive
WA	Wine Australia
WAT	Wine Australia Travel
WFA	Winemakers' Federation of Australia
WOP	Wine Opinions

* Australian Grape and Wine Authority, the name of the agency prior to its formal name change to Wine Australia in November 2018

† Grape and Wine Research and Development Corporation (GWRDC), a predecessor organisation prior to the merger of GWRDC and Wine Australia Corporation in 2014.

Appendix III:

Glossary

Term	Description
Agtech	Agricultural technology
Agvet	Agricultural and veterinary chemicals
APEC	Asia-Pacific Economic Cooperation
APVMA	Australian Pesticides and Veterinary Medicines Authority
AWRI	Australian Wine Research Institute
Brexit	Popular contraction of Britain's Exit from the European Union
Colorimetric	Paul Smith NWG 1401
CRISPR-CAS9	gene editing technology
CRRDC	Council of Rural Research and Development
DFAT	Department of Foreign Affairs and Trade
EMEA	Europe, Middle East and Africa
3D	three dimensional
FIVS	Federation International du Vin et Spirit – international alcohol producers forum
FTAs	free trade agreements
FT-NIR	Fourier transform near-infrared
GC/MS	gas chromatography/mass spectrometry
GI	Geographical Indications, place names associated with specific, geographically-defined and regulated grapegrowing regions
GI Committee	Geographical Indications Committee
GIS	geographic information system generally designed to capture, store, manipulate, analyse, manage, and present spatial or geographic data
In-vitro	a process performed in a test tube or culture dish usually referring to tests carried out in a laboratory rather than in the field or within a living organism
LiDAR	light detection and ranging
Non-GM	not Genetically Modified – usually in the context of traditional breeding or selection methods
MLA	Meat and Livestock Australia
Ochratoxin A	Ochratoxin A (OA) is a toxin produced by certain fungi belonging to the genera <i>Aspergillus</i> and <i>Penicillium</i> . The EC has modified existing regulations, setting a limit of 2 µg/L in wine
OIV	International Organisation of Wine and Vine
PACE	Pesticide adjusted for the canopy environment
RD&E	research, development and extension
R&D	research and development

Term	Description
SPHD	The Subcommittee on Plant Health Diagnostics of the National Plant Biosecurity Diagnostic Network [of Australia]
the Act	<i>Wine Australia Act 2013</i>
FSANZ	Australia New Zealand Food Standards Code
Vis-NIR	Visible and near infrared spectroscopic techniques have shown promise as rapid and non-destructive tools to evaluate the various internal quality attributes of fruits and vegetables.
<i>Xylella fastidiosa</i>	The Latin name for the bacteria associated with Pierce's Disease. The exotic to Australia pathogen, transmitted by insects, is associated with economically devastating effects in grapevines – the bacteria also causes severe economic losses in citrus and olives.

Appendix IV:

Compliance index

The Annual Report must be prepared by the Directors of Wine Australia in accordance with section 38 of the *Wine Australia 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.
Wine Australia Funding Agreement 2015–19	
Contribution to the implementation of relevant Industry sector and cross-sectoral strategies under the RD&E Framework	6, 13, 20–29, 44–58, 60, 62
The rationale for the mix of projects included in the Balanced Portfolio	18
Report on research extension activities	5, 6, 13–14, 23–29, 44–58, 60, 62
Collaboration with industry and other research providers	6, 14, 44–58
Identify sources of income including separate identification of the Levy, the Charge, Commonwealth Matching Payments and other form of income including Voluntary Contributions	17, 88, Financial statements
Full cost of R&D and other activities with costs being allocated in accordance with the Cost Allocation Policy	17, 26, Financial statements
Progress in implementing strategic plan including progress against the plan's KPIs	20–25, 38–65
Bring the KPIs for each program in the strategic plan and AOP together and demonstrate how the deliverables funded advanced the outcomes	20–25, 38–65
Assessment of the efficiency and effectiveness of investments	20–27, 38–65
Progress in implementing the Guidelines ¹	27–29, 32, 33
Consultation with the ROs on plans and activities	14, 30, 31
Other relevant matters notified to Wine Australia by the Commonwealth by 30 June	n/a
Wine Australia Act 2013	
Particulars of a Minister's direction and any impact of the direction on the operations of the Authority	n/a
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	77
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)	50, 52–55
The impact of those activities on the grape industry and wine industry	52–55
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

1. 'Guidelines' for the 2017–18 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.
The making of grants under section 10C	n/a
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 Wine Australia 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 Wine Australia'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 	20–25, 38–65
Assessment of the extent to which Wine Australia has contributed to the attainment of the objects of the Wine Australia Act	Entire report
Information from its GIC on its operations	
Public Governance, Performance and Accountability Act 2013	
Include a copy of the annual performance statements	18, 20–25, 27, 38–65
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, 84–87
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)	16, 68, 79–80
Report must specify the name and title(s) of the responsible Minister(s) during the period	80

Details	Page no.
Report must provide details of:	
• Directions issued under legislation by the responsible Minister, or other Minister	n/a
• General policy orders (GPO) that apply to the RDC under s22 (PGPA Act)	n/a
Report must provide particular of any non compliance of a direction or GPO	n/a
Include a copy of relevant years annual performance statement (PGPA Act s39(1)(b) and section 16F of PGPA Rule 2014)	18
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	68–76
Must provide an outline of the organisational structure, including subsidiaries, location of major activities and facilities and information on the main corporate governance practices.	68, inside back cover
Must include information on the main corporate governance practices	68, 73–81
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	2–35, 77, 80
Include particulars of judicial decisions and decisions of administrative tribunals	81
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	81
Must provide an index identifying where the requirements of s17BE are to be found.	App. IV

Appendix V:

Alphabetical index

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Australian Vignerons (AV) – previously Wine Grape Growers Australia	14, 16, 18, 30, 31, 42, 63, 77
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Hard copy ISSN 2209-8585

Digital copy ISSN 2209-8593



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