



Australian Government

Wine Australia

Wine Australia Annual Report 2018–19





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Australian Government

Wine Australia

24 September 2019

Senator the Hon. Bridget McKenzie
Minister for Agriculture
Parliament House
CANBERRA ACT 2600

Dear Minister McKenzie

On behalf of the Directors of Wine Australia, I have the pleasure of submitting the *Annual Report 2018–19* for the year ended 30 June 2019.

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*, the *Annual Operational Plan 2018–19* and *Portfolio Budget Statements 2018–19*.

We have also reported on activities associated with the Australian Government's \$50 million Export and Regional Wine Support Package as they formed a substantial portion of our activities during 2018–19. An Annual Progress report has previously been submitted as required under the Grant's guidelines.

Yours sincerely,

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

Brian Walsh
Chair
Wine Australia

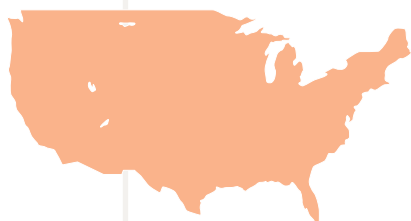
Highlights 2018-19

Positive trends



Exports to China (including Hong Kong and Macau) rose 7 per cent to a record \$1.2 billion.

Chinese wine drinkers' perception of the quality of Australian wine improved from 8.32 out of 10 in 2018 to 8.56, according to a Wine Intelligence study commissioned by Wine Australia.



In the USA, the perception score for Australian wine rose from 7.24 out of 10 before participating in a tasting event or visit to 8.95, an increase of 24 per cent.



↑ 4%

Australian wine exports grew to \$2.86 billion.

↑ 15%

There were a record 2729 active exporters.

↑ 10%

The average value per litre exported increased to \$3.58, the highest level since 2009.



The 2019 average grape purchase price was \$664 per tonne, up by 9 per cent on the price of \$565 per tonne for vintage 2017. This figure is the highest since 2008.

The 2019 winegrape crush of 1.73 million tonnes was 3 per cent lower than 2018, but close to the long-term average of 1.75 million tonnes.

Wine Australia events

Wine Australia hosted **120 marketing campaigns** in key markets in 2018–19.

Australia Decanted, US

‘What Wine Australia did this week (at Australia Decanted) is something I never thought possible... you showed Australian wine as most of us knew it to be – without question one of the greatest wine-producing countries on earth. What you gave us, that was unprecedented, was access. Access to the icons of Australian wine. Access to our peers. Access to the unobtainable. When you asked me to put it on my calendar, you sold it as the greatest event Wine Australia has ever put on. You undersold it. Period. I am honoured and humbled to have been invited. I felt this week more like I was in Australia than when I was in Australia.’

Past president of the Court of Master Sommeliers Andrew McNamara MS

Prowine China

‘...the undeniable star of the show was the large Australian pavilion which occupied an entire end of one of the halls ... The combination of the China–Australia Free Trade Agreement and Australia’s new AU\$50m (US\$35.8m) Export and Regional Wine Support Package had already helped lift exports to China by almost 25% over the previous year to more than A\$1bn. The buzz surrounding tastings at ProWine of “next wave” Shiraz from Victoria, Margaret River Cabernet Sauvignon, and McLaren Vale alternative varieties, offered little sign of that growth slowing...’

Robert Joseph, Meininger’s Wine Business International

At our events

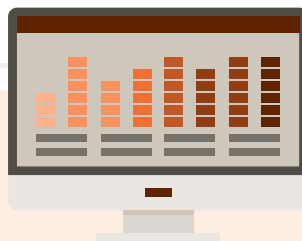
93% of surveyed exhibitors were satisfied.

96% of attendees were satisfied.



After attending events, participant’s perceptions of Australian wine rated, on average, **8.90 out of 10, an increase of 12 per cent** on their perceptions before the event.

Export assistance



When we surveyed our stakeholders:

92% of users are satisfied with the level of services provided by our Export Assistance Team.

83% of respondents find the Wine Export Approval System (WEA) easy to use.

91% of respondents find it very easy or somewhat easy to find the information they need for export.

88% of those who use the Export Market Guides find them very helpful or somewhat useful.

83% of respondents agree or somewhat agree that they learned something helpful about their regulatory obligations during the Wine Australia inspections of their winemaking records.

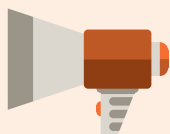
78% of respondents agree that they were likely to contact the Wine Australia auditing team if they needed regulatory assistance in the future.

Information

We engaged stakeholders through:

85

e-newsletters

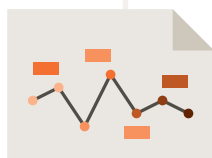


57

media releases



RD&E News subscriptions **increased by 34 per cent to 3673 subscribers.**
The Exporter Newsletter subscriptions **grew by 29 per cent to 7724.**
Subscriptions to the weekly Market Bulletin **rose by 37 per cent to 3264.**

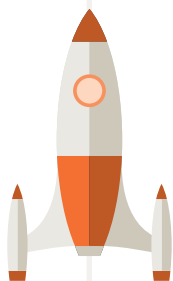


Our monitoring measured **4986 articles** about Wine Australia in print, broadcast and online media.



Subscriptions to Wine Australia news **increased by 51 per cent to 4454.**

Developing people



15 individuals from across the grape and wine community were selected from over 85 applications to participate in **Future Leaders 2019**.



We supported **7 new PhD scholarships** and **10 outgoing travel bursaries**.

Regulatory

We conducted **191 site inspections** to ensure the truth and reputation for truthfulness of Australian wine.

We **analysed more than 200 Australian wines** to monitor compliance with the Australia New Zealand Food Standards Code.



RD&E



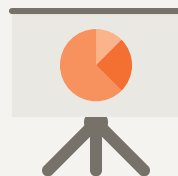
We managed **183 projects** during 2018–19, with 32 completed during the period.

Five early-career researchers were supported to undertake co-funded regionally focused research projects.

An independent analysis of Wine Australia-funded research across 6 projects showed an **aggregated benefit-cost ratio of 1.6 to 5.3** on the selected projects.



New projects are investigating under-vine cover crops to reduce the need for herbicide sprays, enhance soil moisture retention and nutrient cycling, and to maintain, or enhance, grape yields. We're evaluating sensor technology to measure vine canopy temperature in real time as a potential tool to improve irrigation and new work is underway to evaluate selected rootstock genotypes that perform well under reduced irrigation conditions.



Wine Australia funding supported the AWRI to deliver workshops and seminars.

Survey feedback found **85 per cent** of survey respondents indicated that information provided at workshops was useful.

Chair's report



Chair Brian Walsh

The 2018–19 year was the fourth in our current five-year Strategic Plan and it is clear the sector is enjoying solid growth.

Wine Australia's funders – our grapegrowing, winemaking and wine exporting businesses and the Australian government – provide the collective investment to improve the long-term profitability and sustainability of the sector and we have seen steady improvement in a range of key indicators over the past year.

The Australian grape and wine community is an integral part of regional communities across the country. Through grapegrowing, winemaking and wine-related tourism, the sector supports 163,790 direct and indirect full- and part-time jobs in 65 wine regions¹ and is a significant contributor to the Australian economy. In 2019, grapegrowing, winemaking and wine-related tourism were estimated to contribute \$45.5 billion to the economy.

Export success continues to be critical for the sector's future growth with more than 60 per cent of the wine produced being exported, making wine Australia's fifth-largest agricultural export² – and the only one that is fully value added before it leaves our shores.

In the past year, we have closed in on the goals of our five-year plan:

- exports were worth \$2.86 billion in the year ended June 2019, having increased by 51 per cent from \$1.9 billion in 2015.
- exports to China (including Hong and Macau) were worth \$1.2 billion in the year ended June 2019, having increased by 306 per cent from \$392 million in 2015.
- at June 2019, the average price for exports was \$3.85 per litre free on board (FOB), having increased by 48 per cent from \$2.61 in 2015.
- the national average winegrape purchase price was \$664 per tonne for vintage 2019, having increased 43 per cent from \$463/tonne in vintage 2015.

Export and Regional Wine Support Package

The third year of the Australian Government's \$50m Export and Regional Wine Support Package (\$50M Package) has seen bold initiatives to engage with the trade and consumers in China and the United States of America (USA) to challenge their perceptions and increase demand for Australia's outstanding wine offer. In China, there was a strong Australian presence at key events including the Hong Kong Wine and Dine Festival, Prowein China and the China National Food, Wine and Spirits Fair, as well as the Wine Australia four-city China Roadshow and the China Wine Awards.

1. Ag Econ Plus, Economic contribution of the Australian wine sector 2019, 19 August 2019, p ii.

2. op cit, p i



Australian Wine Discovered at
Australia Trade Tasting 2019, London

The \$50m Package has also allowed us to develop an award-winning, revolutionary educational platform, Australian Wine Discovered (AWD). Launched in London in January 2019, AWD is a comprehensive, free education program providing information, tools and resources to discover and share Australian wine. AWD has 25 modules available in English and 9 in Mandarin. Positive feedback from educators, wholesalers, retailers and restaurateurs culminated in AWD winning the Best Trade Campaign Award at the Drinks Business Awards in London.

Another enduring benefit is the global Market Explorer tool that allows exporters and those interested in exporting to explore potential markets and gain a better understanding of opportunities in different markets at different price points.

Importantly, the package has also delivered capability-building training for Australian wine businesses through the Growing Export Markets and Growing Wine Tourism education programs. Workshops have been delivered through 58 face-to-face workshops in 25 regions and also via webinar. Through the Wine Export Grants program, which concluded on 8 August 2019, 135 wine producers received \$1.5M to support in-market promotional activities in China and the USA.

Independent performance review

As required under our Funding Agreement with the Australian Government, we commissioned an independent performance review of our operations by Forest Hill Consulting, who has carried out similar reviews for other Research and Development Corporations (RDCs).

The review, available on our website, concluded that:

‘Wine Australia is a well-managed, high-performing organisation. There is no evidence of Wine Australia having failed to fulfil, or being at risk of not fulfilling, all of the obligations required by its Funding Agreement with the Commonwealth or the Wine Australia Act. It is generally well regarded by stakeholders, has strong relevant key performance indicators, has met the vast majority of its target over the period and reports in a meaningful way. Its export assistance and regulatory functions are especially regarded by the sector as are its market insights activities.’

The review made 11 recommendations in relation to better practice, all of which have been adopted by the Board and they are being progressively implemented; a recommended review of extension is currently underway.

Strategic Plan

Within Wine Australia’s 5-year Strategic Plan, we set out 2 priorities and 12 related strategies that guide investment in RD&E, information provision, marketing activities and regulation. The activities and achievements section of this report covers the delivery against those strategies in more detail.

The current Strategic Plan concludes in 2020 and planning commenced this year to allow thoroughly informed consultation on the new Strategic Plan in 2019–20. The performance evaluation report, benefit–cost analysis of research and development projects and marketing activities, as well as Wine Australia’s first comprehensive stakeholder survey, carried out in July 2019, will inform the new strategy.

Wine Australia is working closely with Australian Grape & Wine Inc (AG&W), the new sector representative body formed by the merger of Australian Vignerons and the Winemakers’ Federation of Australia in February 2019, which is developing an overarching 30-year vision for the whole sector that will inform Wine Australia’s *Strategic Plan 2020–25*.

Thank you

This is my last report as Chair as I will be stepping down on 30 September 2019. I thank my fellow directors both past and present for their unique and collective contributions of skills, intellect and support over the past five years. I am particularly grateful to Brian Croser who has been deputy chair for most of my tenure and has been a constant source of personal support, as well as an inspiration emanating from his life-long desire and drive to elevate the global perception of Australian wine.

I thank our CEO Andreas Clark who, from the outset, has strongly led and developed a geographically dispersed team focussed on delivering service and support to our levy payers. His quiet and considered leadership and ability to engage widely with our stakeholders has brought out the best in our hard-working and committed global team. Wine Australia exists to support a prosperous Australian grape and wine community and those associated with the organisation can be proud of their contribution during the past year; I thank you all.

It has been a great privilege to serve the Australian grape and wine community in this role and notwithstanding the considerable natural and other challenges to confront, I am happy to sense a generally renewed confidence and enthusiasm across our Great Southern Land.



CEO's report



CEO Andreas Clark

‘Wine is so important for regional communities as it brings a three-stage economy to the bush. Wine production adds incredible diversity, opportunity, and value to our communities; and increasing export is the key to the sector finding its greater potential.

When we connect across the whole sector, we give ourselves a chance to make better strategic decisions and capture a greater share of the international wine market.

When you focus on export collectively, you shift your competitiveness to other wine producing countries and not the grower next door.’

Colin Bell, Viticultural consultant, Western Australia

Colin, a graduate of our Future Leaders Program, eloquently summed up Australian grape and wine’s contribution to regional communities.

Sector outlook

This past financial year, wine export values reached \$2.86 billion and, importantly, the average price per litre for bottled wine exports lifted to \$6.54 per litre, a record value.

Reflecting tightening supply, export volumes declined by 6 per cent, resulting in higher average value across both bulk and bottled wine of \$3.58 per litre, an increase of 10 percent. The close correlation between export prices and winegrape prices continued, with winegrape prices increasing for the fifth year to an average price of \$664 per tonne, the highest level since 2009.

The 2019 vintage was again consistent with the long-term average – despite concerns driven by constrained vintages in a number of regions, that the vintage would be well below normal. The breadth of Australia’s wine regions, viticultural expertise and the availability of irrigation in key regions serves to moderate production variables allowing for more secure business planning and supply relationships.

This year, the number of active exporters grew again to 2729, exceeding the record set in 2017–18 by 19 per cent. The 1866 companies that either started exporting during this period or increased the value of their exports contributed \$386 million.



China Roadshow 2019

China

Australian wine exports to China (including Hong Kong and Macau) reached a financial year record, increasing 7 per cent in value to \$1.2 billion. Volume, however, decreased 16 per cent to 154 million litres (17 million 9-litre case equivalents) as exports of wines below \$2.50 per litre FOB declined.

Australia is well-placed in China. In the six months to June 2019, the value of Australia's wine imports to China (USD FOB) exceeded that of France by US\$55 million. Australia's imported market share has jumped 13 percentage points since 2015 to 24 per cent based on volume; compounded by the recent contraction of the total import market.

United States of America

Pleasingly there was growth of 2 per cent to \$432 million in exports to the USA in the year ended June 2019 but much work remains to increase our share in the world's biggest wine market.

The New-to-Market program continues to deliver results for exporters seeking to enter the complex three-tiered system, and our education outreach has been escalated with additional resources and the AWD armoury.



Prowein 2019 Düsseldorf, Germany

UK and Europe

Despite a slight decline in exports to the UK during 2018–19, driven largely by uncertainty associated with Brexit, Australia maintained a 24 per cent share of the retail market by volume and 23 per cent by value. Australian wine companies continued to dominate the market with 3 of the top 5 brands being Australian and Australia retaining first place in off-trade wine sales by value.

Research, development and extension

In 2018–19, we achieved the first step in our long-term goal of establishing foundation data for the wine sector. In the past, we have relied on costly sector surveys to gain an understanding of our vineyard footprint. Following a 2-year project with Consilium Technology, we released the first National Vineyard Scan of 5 million hectares last year, which revealed:

- the total area of vineyards (146,128 hectares)
- the total length of vine rows (463,718 kilometres – enough to wrap around the Earth 11 times)
- the average density of vine rows (3.17 kilometres/hectare)
- the number of individual blocks identified (75,961).

The scan also provided the first comprehensive data of vineyards by the geographic indication (GI) region, ranging from the largest (Riverland, South Australia) to the smallest (Hastings River, New South Wales).

The scan suggested that the vineyard footprint had increased by a modest 11,000 ha since the previous survey-based data was published in 2015. Some of this variation may be attributable to the differences between the methods: survey versus sophisticated satellite scan data. Crucially, the scan will be more easily replicated and more regular reviews of vineyard area can be planned, and we now know the locations of all significant vineyard blocks.

In terms of biosecurity, we have been cooperating with other plant-based R&D agencies on increasing preparedness for a number of key threats, particularly *Xylella fastidiosa*, a bacterium exotic to Australia, that kills plants by multiplying rapidly within their fluid conducting vessels. This bacterium has been causing problems in California's vineyards for over a decade but more recently has been causing devastation within Italy's historic olive groves in Puglia. The bacteria can infect more than 250 genera affecting not only grapevines but olives, citrus and stone fruit including almonds.

We have also focused on translating research into resources that can be used by grapegrowers and winemakers, such as the grapevine rootstock selector tool. The tool collates decades of research into a simple web-based application and allows grapegrowers to make more informed choices about rootstocks to suit their soil, climate and varieties.

Similarly, outcomes of winery wastewater research were collated into a series of user guides available from our website.

A benefit-cost analysis of Wine Australia's R&D investments found that, of the 6 key projects examined, the return ratio ranged from 1.6–5.3.



Wine Australia is collaborating with other Research and Development Corporations (RDCs) on projects where sharing research increases leverage, such as understanding and anticipating climate change, harnessing new technology in the fields of image analysis for better disease prediction and control, and yield assessment. We collaborate on two other cross-sector strategies: climate change and water use in agriculture under the National RD&E Framework and through Rural R&D for Profit programs.

Marketing

We are also collaborating with RDCs in marketing, including working with Meat & Livestock Australia, Dairy Australia and Hort Innovation promoting Australian food and wine in China.

The 2018–19 year has been a high watermark for marketing and promotion with the Australian Government's \$50m Package allowing us to deliver bigger, bolder events in the USA and China.

The year kicked off with 100 key USA influencers hosted at 'Australia Decanted' at Lake Tahoe in California. We took Australia to the USA and allowed the wine influencers to wrap themselves in Australian wine for four days, without the need to travel to Australia. Past president of the Court of Master Sommeliers, Andrew McNamara MS, told us:

What Wine Australia did this week (at Australia Decanted) is something I never thought possible...you showed Australian wine as most of us knew it to be – without question one of the greatest wine-producing countries on earth. What you gave us, that was unprecedented, was access. Access to the icons of Australian wine. Access to our peers. Access to the unobtainable. When you asked me to put it on my calendar, you sold it as the greatest event Wine Australia has ever put on. You undersold it. Period. I am honoured and humbled to have been invited. I felt this week more like I was in Australia than when I was in Australia.

Obviously, we plan to build on this success when we return in September with Far From Ordinary, our greatest ever promotion in that market. Starting with events in New York, we will be visiting six key states and concluding at Lake Tahoe with Australia Decanted II.



Australia Decanted 2018

The United States remains the single largest wine market in the world and our strategies are focussed on getting a greater share, particularly in premium segments of that market, by growing the awareness and understanding of the diversity and quality of Australia wine. A recent survey by Wine Intelligence found that fewer than 50 per cent of USA wine consumers were even aware that Australia produced wine, so there is a significant promotion and education effort ahead.

China has been the powerhouse driving Australian wine exports over the past 4 years and, backed by the \$50m Package, we have continued to consolidate Australia's presence in the market. New initiatives in 2018-19 included the Australian Wine Month promotion that saw 2 major retail chains and 79 retail stores conduct Australian wine sales promotions across China. We supported the inaugural China International Import Expo trade fair and launched the Chinese version of our consumer website.

We also stepped up activities in our long-term markets, the UK and Europe, where the Australia Trade Tasting in London and Edinburgh, Prowein in Düsseldorf and the Nordics Roadshow are our key events.

Regulation

The regulatory and audit teams have had a busy year too – record levels of export shipments, registrations and many new exporters have increased queries and the work rate.

We have worked with exporters to address challenges in export markets including working with the Department of Agriculture and trade agencies to address the challenges of Brexit by developing export protocols for the UK market that can be implemented if and when needed. The export team continues to produce and update guides on exporting to 36 key destinations and produces ad hoc advice on request.

A rigorous approach has been taken to protecting Australia's export reputation, with an export licence cancelled in the case of a business that did not keep proper records and sold wine that was incorrectly labelled.

Significant effort has been expended in the planning and development of new custom software for export approvals and an extensive communication and training program including both face-to-face and online training has been implemented to facilitate a smooth transition to the new system in the coming year.

Looking forward

In the coming year, the challenge is to maintain momentum as we push to deliver on the final year of the \$50m Package and the peak in promotional efforts that will entail, and we will also need to ensure that we deliver lasting impacts from the Package. At the same time, we will be consulting with our stakeholders about our next five-year strategic plan.

I'd like to thank the Wine Australia team who passionately focus on delivering outstanding service for levy payers.

I would like to thank the Board both past and present for their guidance and support. In particular, I'd like to thank Brian Walsh, who will be stepping down in September. As Chair, Brian has guided Wine Australia from its creation and ensured that our focus is always on delivering value to our stakeholder community. I will not be the only one to miss Brian's steady hand and considerable wisdom and generosity.

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 grape products from Australia, and
- promote the sale and consumption of grape products, both in Australia and overseas.

Our five-year *Strategic Plan 2015–2020* and our *Annual Operational Plan 2018–19* 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. Australian Grape & Wine Inc (the merged entity incorporating the antecedent organisations the Winemakers' Federation of Australia and Australian Vignerons) is our representative organisation under the Act.

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

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

Our research providers include 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 2018–19

Financial overview

In line with expectations, we recorded an operating deficit of \$1.85 million for 2018–19.

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

There are three levies: the Wine Grape Levy and the Grape Research Levy, which are based on winegrape production, and the Wine Export Charge, which is based on the FOB value of wine exports.

Approximately 32 per cent (\$19.7 million) of 2018–19 revenue came from the 2 levies and the export charge and 23 per cent of revenue (\$14.1 million) from the Australian Government matching contributions.

Revenue from regulatory fees made up 10 per cent (\$5.9 million) of income, and wine sector contributions to marketing activities made up 2 per cent (\$1.2 million) of total revenue for 2018–19.

The \$50m Package made up 29 per cent (\$17.5 million) of total revenue for 2018–19; this was made up of grant income, interest earned and sector contributions.

Net assets were \$21.4 million at 30 June 2019 and financial assets were \$17.8 million, of which all was cash or term deposits other than receivables of \$4.7 million. Payables were \$3.4 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 2018–19 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 within the Activities and Achievements section between pages 40 and 67.

A balanced portfolio

In developing our Strategic Plan, Wine Australia 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 Wine Grape Growers Association Board and Executive, the Winemakers' Federation of Australia Board and Executive (these organisations merged in February 2019 to create Australian Grape & Wine Inc), the 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.

The charts and tables on the following pages provide an overview of how our investments are allocated across term, risk, research or extension and geographical focus.

Figure 1: Investment by project term

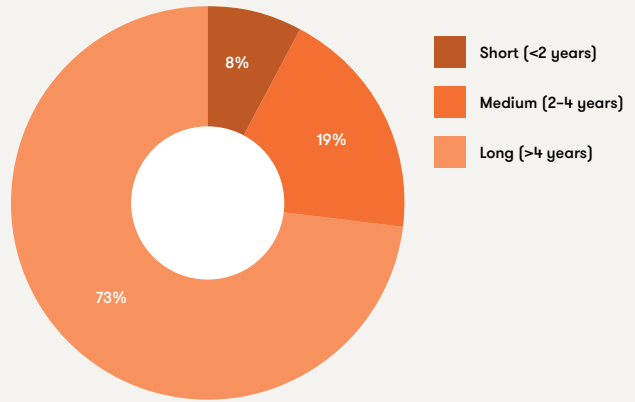


Table 1: Investment by project term

Project Term	Number of projects		Actuals 2018-19	
short (<2 years)	49	27%	\$1.74	8%
medium (2-4 years)	60	33%	\$4.41	19%
long (>4 years)	74	40%	\$16.74	73%
Total	183	100%	\$22.9	100%

Figure 2: Investment by risk category

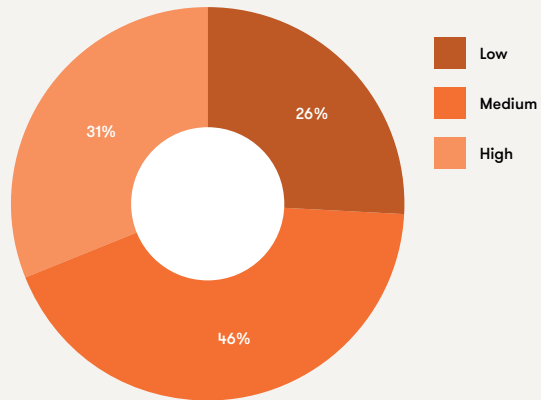


Table 2: Investment by risk category

Risk	Number of projects		Actuals 2018-19	
low	68	37%	\$5.2	23%
medium	65	36%	\$10.6	46%
high	50	27%	\$7.0	31%
Total	183	100%	\$22.9	100%

Figure 3: Investment by research type

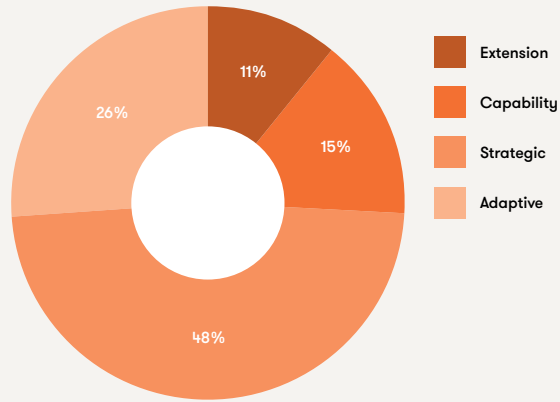


Table 3: Investment by research type

Research type	Number of projects		Actuals 2018-19	
Extension	30	16%	\$2.5	11%
Capability	50	27%	\$3.4	15%
Strategic	57	31%	\$11.0	48%
Adaptive	46	25%	\$5.9	26%
Total	183	100%	\$22.9	100%

Figure 4: Investment by geographic focus

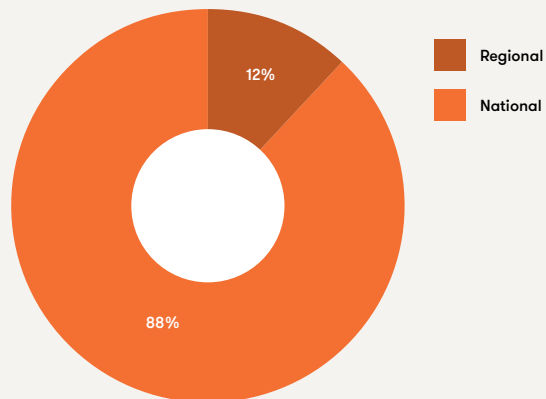


Table 4: Investment by geographic focus

Geographic focus	Number of projects		Actuals 2018-19	
regional	28	15%	\$2.7	12%
national	155	85%	\$20.2	88%
Total	183	100%	\$22.9	100%

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 PacificChinaNorth AmericaUK and Europe
	Strategy 2: Protecting the reputation of Australian wine <ul style="list-style-type: none">Annual analytical surveyRegulatory servicesLabel Integrity Program
	Strategy 3: Building Australian vine and wine excellence <ul style="list-style-type: none">Grapegrowing for excellenceWine provenance and measures of qualityCustomer insights
	Strategy 4: Improving resource management and sustainability <ul style="list-style-type: none">Climate adaptabilityFoundation dataBiosecurity, pest and disease managementSustainable resource management
Priority 2: Increasing competitiveness	Strategy 5: Improving vineyard performance <ul style="list-style-type: none">Enhancing grapevine and rootstock performanceEfficient and sustainable vineyard management
	Strategy 6: Improving winery performance <ul style="list-style-type: none">Enhancing yeast and bacterial performanceEfficient winery production
	Strategy 7: Enhancing market access <ul style="list-style-type: none">Market access
	Strategy 8: Building capability <ul style="list-style-type: none">Developing people
Extension and adoption	Strategy 9: Business intelligence and measurement <ul style="list-style-type: none">Business intelligenceMonitoring and evaluation
	Strategy 10: Extension and adoption
	Strategy 11: Corporate Affairs <ul style="list-style-type: none">Corporate AffairsSector engagement
	Strategy 12: Corporate Services <ul style="list-style-type: none">Finance and administrationInformation and communications technologyPeople and culture
Supporting functions	

Strategic plan

Targets and outcomes 2018–19

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 increase 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.

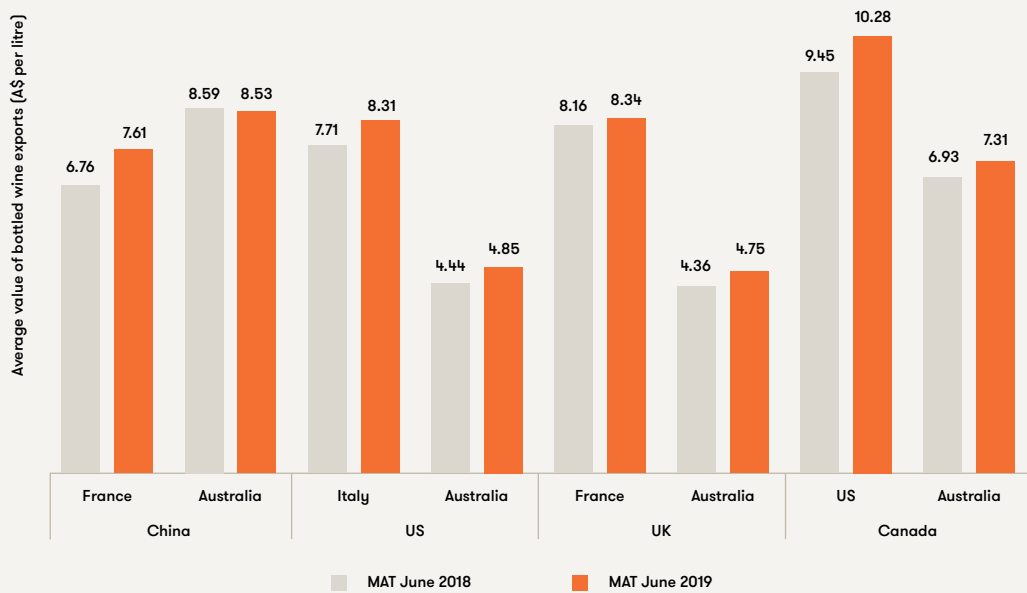
Target 1 is evaluated by tracking the average price per litre for Australian bottled wine exports in Australian dollars (A\$) against that of the top five competitors in the key markets of China, USA, UK and Canada using trade data sourced from the Global Trade Atlas.

2018–19 target: The average price per litre for Australian bottled wine exports increases year-on-year from \$5.87 in June 2018.

2018–19 result: The average price per litre for Australian bottled wine exports reached a record \$6.54 per litre in the year ending June 2019, an increase of 33 per cent from the level at the implementation of the 5-year Strategic Plan in July 2015

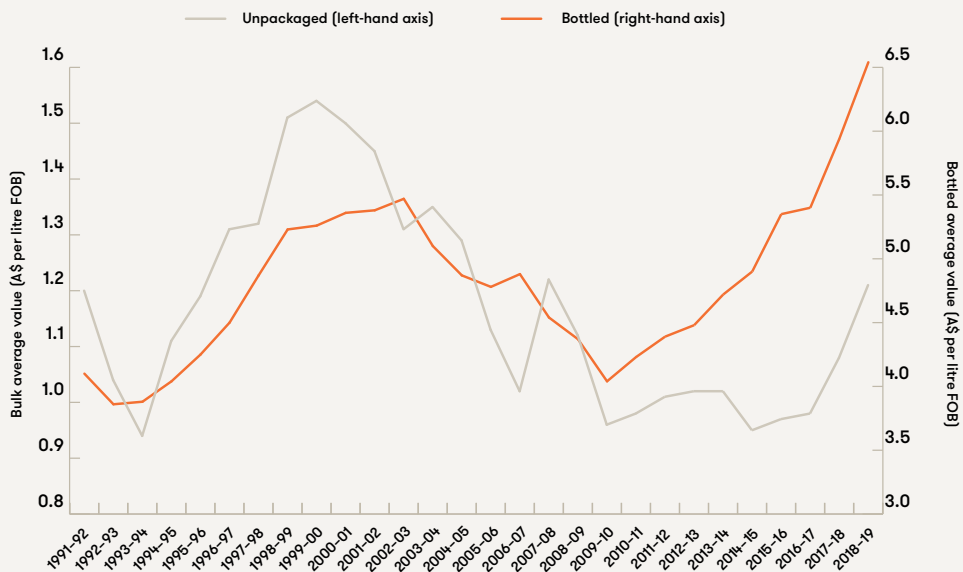
Figure 5 illustrates Australia's performance against Target 1. For simplicity, the performance of Australia's average bottled wine price has been ranked against the competitor nation with the nearest highest price in each market. As can be seen in each of the major markets, Australia has performed well against its nearest competitor. In China, while the average value fell a little, Australia still achieves a higher average value than France. In other markets, Australia lags the leading price setter but, positively, has increased its average bottled price over the preceding financial year.

Figure 5: Average Australian bottled wine prices compared with competitor nation average bottled wine prices



While Target 1 relates to bottled average value, the value of Australian unpackaged wine exports increased by 12 per cent to \$1.21 per litre, and as Figure 6 illustrates, is also showing a consistent positive trend since 2016-17.

Figure 6: Unpackaged and bottled wine average price trends



The increase in values for bottle and unpackaged wines have been reflected in increased winegrape prices, as illustrated in Figure 7.

Figure 7: 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. Firstly, 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.

Benchmarking adoption of viticultural practices and oenological practices

2018–19 target: Set benchmarks to measure practice change for the five viticultural and five winemaking practices identified.

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

2018–19 result: During 2017–18, a survey was carried out to set benchmarks for performance. This review found 56 per cent of respondents indicated that they had acted on information promoted by Wine Australia.

Drawing on data from the review, the following benchmarks were set:

- Level of awareness of Wine Australia's information and activities – 2018 result: 7.1 (out of 10).
- Usefulness of information provided – 2018 result: 7.4 (out of 10).
- Percentage who have acted on information promoted by Wine Australia – 2018 result: 56 per cent.
- Grape growers – 56 per cent select rootstocks to the specifications of their vineyard.
- Grape growers – 88 per cent actively taken steps to reduce spray drift.
- Wine producers – awareness of wine efficiency research – 5.0 (out of 10).

We have commissioned an independent review to identify how we can change our extension activities to enhance adoption, and we have also worked with our extension partners to make these 10 key viticultural and oenological practices a focus of their extension activities.

A follow-up survey has been commissioned to assess progress but had not been completed at the time of compiling this report.

Benefit–cost analysis of R&D projects

The second component of assessment against Target 2, a benefit–cost analysis of selected R&D investments, was conducted to assess performance in line with the strategic plan during 2018–19.

To evaluate the value of Wine Australia’s R&D investments, AgEconPlus was commissioned to undertake an ex-post benefit–cost analysis of six randomly selected projects.

The projects were:

- AWRI 2.2.1 Collecting and disseminating information regarding agrochemicals registered for use and maximum residue limits in Australian viticulture (MRL data)
- AWR 1304 Ensuring the continued efficacy of *Brettanomyces* control strategies for avoidance of [wine] spoilage (*Brettanomyces*)
- CSP 1401 Understanding and manipulating small signalling molecules to affect the yield/flavour (‘quality’) nexus (PGR)
- CSP 1402 Evaluating and demonstrating new disease-resistant varieties for warm irrigated regions (Varieties)
- NWG 1401 Metal ion speciation: Understanding its role in wine development and generating a tool to minimise wine spoilage (Ion Speciation), and
- DPI 1202 Impact of elevated CO₂ and its interaction with elevated temperature on production and physiology of Shiraz (CO₂ Shiraz)

AgEconPlus’ 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.

Consistent with Council of Rural Research and Development Corporation Guidelines for random project selection, projects in a list provided by Wine Australia were numbered 1 to 37, AgEconPlus then used an online random number generator to select projects. Projects were selected until research investment exceeded \$4.7 million or around 10 per cent of Wine Australia’s total RD&E investment.

Each of the six projects analysed involved a description of the projects including objectives, outputs, activities, costs, outcomes and benefits. Benefits were 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 were identified, the analysis focused on the most likely and most significant benefit stream.

Some identified benefits were not quantified mainly due to:

- suspected, weak or uncertain scientific or causal relationship between the research investment and the actual R&D outcomes and associated benefits; and/or
- The magnitude of the value of the benefit was thought to be only minor.

A number of potential benefits therefore remained unquantified and hence the estimated net benefits of some programs should be considered conservative.

The six investment analyses yielded positive results at the 5 per cent discount rate, with benefit-cost Ratios ranging from 1.6 [DPI 1202 Impact of elevated CO₂] to 5.3 [NWG 1401 Ion speciation]. The results show a positive result in terms of those benefits valued and also in terms of the range of benefits identified.

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.

Table 5: Benefit–Cost Analyses of six randomly selected Wine Australia R& D investments 2017–18

Investment criteria	Investment program					
	MRL data (AWRI 2.2.1)	Brettanomyces (AWR 1304)	PGR (CSP 1401)	Varieties (CSP 1402)	Ion Speciation (NWG 1401)	CO ₂ Shiraz (DPI 1202)
Benefit–cost ratio	1.80	2.13	5.07	3.38	5.28	1.57
Benefit–cost ratio range-core assumption sensitivity	0.72 to 3.60	1.07 to 4.48	2.38 to 11.64	0.79 to 13.19	2.64 to 10.57	0.79 to 2.36
Potential unquantified benefits	Grape juice with additional blending	Avoided remedial processing cost	Avoided grape loss – overripe fruit	Avoided cost of mildew	Avoided copper MRL breaches	Data on future irrigation water needs
	Minimisation of chemical residues on farm	Reduced waste and electricity use	Improved harvesting logistics		Capacity building in researchers and students	More productive regions



Table 6: Summary of economic, environmental and social benefits of selected Wine Australia projects.

Project	Benefits
AWRI 2.2.1 Collecting and disseminating information regarding agrochemicals registered for use and maximum residue limits (MRL) in Australian viticulture (MRL data)	<p>Economic</p> <ul style="list-style-type: none"> • Avoided cost of market closure due to failure to meet revised agrochemical residue limits. • Grapes and juice with lower agrochemical residues enhancing the flexibility of wine production in terms of increasing blending opportunities. • Maintenance of the status quo with respect to self-regulation and avoidance of high compliance costs associated with legislated regulation. <p>Environmental</p> <ul style="list-style-type: none"> • Minimisation of chemical residues on farm with the potential to avoid adverse impacts on biodiversity and water catchments. <p>Social</p> <ul style="list-style-type: none"> • Regulatory compliance on agrochemicals. • Additional AWRI staff trained in the identification and resolution of agrochemical issues and available for other research projects.
AWR 1304 Ensuring the continued efficacy of Brettanomyces control strategies for avoidance of [wine] spoilage (Brettanomyces)	<p>Economic</p> <ul style="list-style-type: none"> • Avoided quality downgrades due to premature failure of the Brettanomyces control strategy based on the use of sulfites. • Avoided cost of remedial processing activities (e.g. additional filtration and barrel washing/barrel replacement) due to premature failure of the Brett control strategy. <p>Environmental</p> <ul style="list-style-type: none"> • Reduced requirements for inputs and wastage including electricity generation (carbon) savings and avoided consequences of unnecessary waste treatment and disposal. <p>Social</p> <ul style="list-style-type: none"> • Possible negative health impacts from wine consumers adversely impacted by sulfite allergies (e.g. asthma, hay fever and hives). • AWRI staff trained in yeast analysis and available for other research projects.
CSP 1401 Understanding and manipulating small signalling molecules to affect the yield/flavour ('quality') nexus (PGR)	<p>Economic</p> <ul style="list-style-type: none"> • Avoided capital costs at wineries processing grapes grown in warm inland areas and requiring fewer tanks and other capital equipment to cope with compressed seasons. • Improved grape and wine quality realised as marginally higher prices for Shiraz grapes grown in warm inland areas. • Avoided grape loss associated with having to harvest overripe fruit. • Improved harvesting logistics/reduced costs due to decompression of the harvest window. <p>Environmental</p> <ul style="list-style-type: none"> • Application of a plant growth regulator (PGR) that is understood to be safe. • Reduced chemical inputs for the treatment of low acid ferments associated with high-sugar grapes. <p>Social</p> <ul style="list-style-type: none"> • Increased availability and consumption of flavoursome, moderate alcohol wines.

Table 6: Summary of economic, environmental and social benefits of selected Wine Australia projects. (continued)

Project	Benefits
CSP 1402 Evaluating and demonstrating new disease resistant varieties for warm irrigated regions (Varieties)	<p>Economic</p> <ul style="list-style-type: none"> • Saved operating costs from a reduction in the use of chemical fungicides for the control of powdery and downy mildew. • Increased saleable production with fewer grapes affected by powdery or downy mildew. <p>Environmental</p> <ul style="list-style-type: none"> • Reduced use of chemical fungicides in the vineyards to manage mildew. <p>Social</p> <ul style="list-style-type: none"> • Reduced health risks for vineyard employees working with fungicides.
NWG 1401 Metal ion speciation: Understanding its role in wine development and generating a tool to minimise wine spoilage (Ion Speciation)	<p>Economic</p> <ul style="list-style-type: none"> • Avoided loss in white wine quality. • Early warning on copper MRL breaches. <p>Environmental</p> <ul style="list-style-type: none"> • More judicious use of chemicals (copper overdosing) to control sulfidic off-odours and minimisation of the amount of waste produced. <p>Social</p> <ul style="list-style-type: none"> • Capacity – post-doctorate fellow and CSU research staff with additional skills in the analysis of metals and sulfur in wine. • Capacity – CSU and Adelaide University students trained with up-to-date information on sulfur and copper management in wine.
DPI 1202 Impact of elevated CO ₂ and its interaction with elevated temperature on production and physiology of Shiraz (CO ₂ Shiraz)	<p>Economic</p> <ul style="list-style-type: none"> • Avoided costs due to earlier development and uptake of adaptive vineyard management strategies (i.e. canopy management). <p>Environmental</p> <ul style="list-style-type: none"> • Information to help plan trade-offs between production and environmental water in a hotter, dryer Murray–Darling Basin. <p>Social</p> <ul style="list-style-type: none"> • Reassurance that climate change may not result in an increased demand for water from wine sector with increased optimism for the future. • More productive and profitable regional communities especially in the irrigated inland wine grape production areas of Australia. • Capacity – degree by research completed and additional skill sets developed in the research organisations DPR, CSIRO, University of Adelaide, University of Melbourne – Primary Industries Climate Change Centre (PICCC) and AWRI. • Capacity – creation of a unique research facility; an open topped chamber for the study of perennial crops with adjustment for both CO₂ and temperature.

Investment allocation

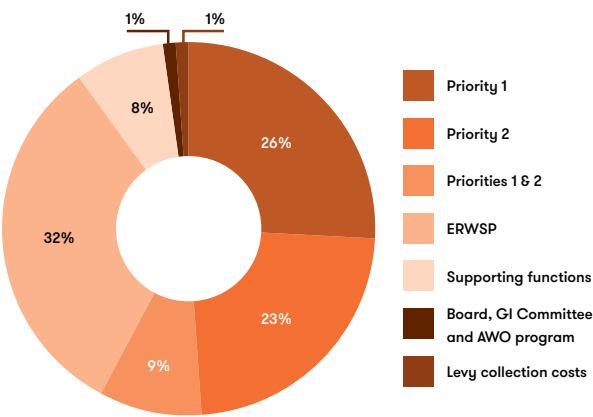


Table 7: Expenditure, by groupings and total, for 2017–18

Groupings	\$m
Priority 1: Increasing demand and the premium paid for all Australian wines	
Strategy 1: Promoting Australian wine	8.65
Strategy 2: Protecting reputation of Australian wine	2.01
Strategy 3: Building Australian grape and wine excellence	5.46
Total Priority 1	16.12
Priority 2: Increasing competitiveness	
Strategy 4: Improving resource management and sustainability	3.41
Strategy 5: Improving vineyard performance	5.26
Strategy 6: Improving winery performance	2.49
Strategy 7: Enhancing market access	0.71
Strategy 8: Building capability	1.11
Strategy 9: Business intelligence and measurement	1.52
Total Priority 2	14.49
Strategy 10: Extension and adoption	5.55
Total Priority 1 & 2: Extension and adoption	5.55
Supporting functions	
Strategy 11: Corporate Affairs	0.71
Strategy 12: Corporate Services	4.56
Total supporting functions	5.28
\$50m Package	19.84
Other	
Board, Geographical Indications (GIs) Committee and Australian wine overseas program	0.67
Levy collection costs	0.89
Other total	1.56
Total	62.84

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 8.

Table 8: Performance against Agriculture Portfolio Budget Statements 2018–19 measures

Key performance indicators	Target	Outcome
RD&E		
Projects are funded in line with the approved Annual Operational Plan.	100%	100%
Contracts are actively managed through regular and ongoing monitoring of the research.	100%	100%
An increased number of RD&E subscribers	2500	3599
The number of regional clusters participating in the Regional Program is maintained	11	11
Marketing		
Export and Regional Wine Support Package activities are completed in line with the funding agreement.	100%	100%
Wineries and distributors who participate in Wine Australia events report that they are satisfied.	At least 90%	93%
Market Insights		
Improvement in customer satisfaction rating for market insights services	75%	86%
Regulatory Services		
Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine.	300 audits	191*
Market export guides provide accurate information about import requirements for largest export markets	33 guides	36 guides

* A culture of compliance was reinforced outside the auditing program through direct engagement with stakeholders and education, more detail is provided on page 45.



Aligning priorities

Our research program investment (including administrative expenses) aligned with the Australian Government's Science and Research Priorities (Table 9) and Rural Research, Development and Extension Priorities (Table 10).

Table 9: 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	209.1 (0.9%)	5,003.2 (21.6%)		5,212.3 (22.6%)
Priority 2: Increasing competitiveness				
Strategy 4: Improving resource management and sustainability	123.8 (0.5%)	1,707.7 (7.4%)	1,296.4 (5.6%)	3,127.9 (13.5%)
Strategy 5: Improving vineyard performance		5,109.1 (22.1%)		5,109.1 (22.1%)
Strategy 6: Improving winery performance		2,417.9 (10.5%)		2,417.9 (10.5%)
Strategy 7: Enhancing market access	291.8 (1.3%)			291.8 (1.3%)
Strategy 8: Building capability	19.8 (0.1%)	906.3 (3.9%)	4.5 -	930.6 (4.0%)
Strategy 9: Business intelligence and measurement		908.9 (3.9%)		908.9 (3.9%)
Priorities 1 and 2				
Strategy 10: Extension and adoption		5,115.1 (22.1%)		5,115.1 (22.1%)
Total	644.5 (2.8%)	21,168.2 (91.6%)	1,300.9 (5.6%)	23,113.6 (100.0%)

Table 10: Wine Australia research program spending aligned with Rural Research, Development and Extension Priorities

Wine Australia priorities and strategies	Rural Research, 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	4,209.6 (18.2%)		851.3 (3.7%)	151.5 (0.7%)	5,212.3 (22.6%)
Priority 2: Increasing competitiveness					
Strategy 4: Improving resource management and sustainability	340.2 (1.5%)	1,011.8 (4.4%)	1,775.9 (7.7%)		3,127.9 (13.5%)
Strategy 5: Improving vineyard performance			5,109.1 (22.1%)		5,109.1 (22.1%)
Strategy 6: Improving winery performance	2,417.9 (10.5%)				2,417.9 (10.5%)
Strategy 7: Enhancing market access				291.8 (1.3%)	291.8 (1.3%)
Strategy 8: Building capability	167.5 (0.7%)	20.4 (0.1%)	37.7 (0.2%)	705.0 (3.1%)	930.6 (4.0%)
Strategy 9: Business intelligence and measurement	146.5 (0.6%)		167.8 (0.7%)	594.6 (2.6%)	908.9 (3.9%)
Priorities 1 and 2					
Strategy 10: Extension and adoption	168.7 (0.7%)		12.0 (0.1%)	4,934.3 (21.3%)	5,115.1 (22.1%)
Total	7,450.3 (32.2%)	1,032.2 (4.5%)	7,953.8 (34.4%)	6,677.2 (28.9%)	23,113.6 (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.

Since then, Wine Australia has worked with AG&W 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 the 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. 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.

Last year, 2018–19, was hugely exciting for the \$50m Package as many projects that will deliver enduring benefits to the Australian grape and wine community moved from design and development into implementation.

Projects that have come to fruition include our award-winning Australian Wine Discovered education program, our consumer website, which is available in English and Simplified Chinese, our online export market analysis tool Market Explorer, and the Growing Wine Exports and Growing Wine Tourism capability-building programs. These investments will continue to provide value well after the conclusion of the \$50m Package.

The year kicked off in amazing fashion with 100 key USA influencers hosted at Australia Decanted at Lake Tahoe. Other highlights included Aussie Wine Week USA, ProWine China, and China Food and Drinks Fair in Chengdu, before concluding with a record 88 producers joining us for Wine Australia's eighth China Roadshow.

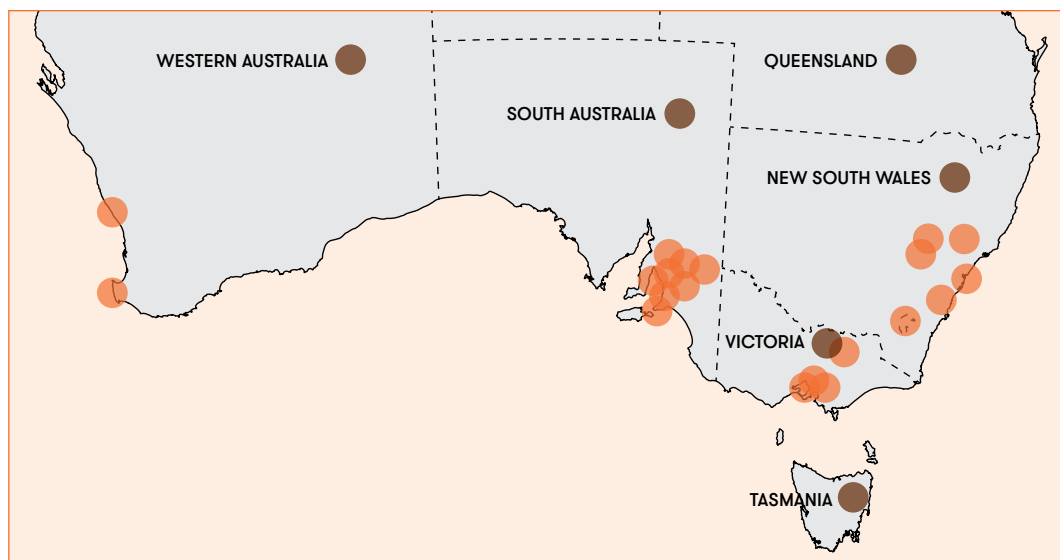
All events are now spearheaded by the Australian Wine Made Our Way branding and feature Australian Wine Discovered education sessions, two early products and enduring benefits of the \$50m Package.

These in-market events have been backed by an extensive visits program. In 2018–19, Wine Australia hosted more than 50 key influencers from China and USA trade, media and education, to provide an immersive Australian fine wine and tourism experience in regions across all major wine producing states.



State and competitive grants by region

- Competitive grant projects
- State grant projects



The grants program has awarded more than \$1.3 million in Wine Export Grants. This has facilitated over 120 wine businesses to travel overseas and promote their brand in-market.

There are 21 regional international wine tourism projects underway through the Competitive Grants program and 6 state-based projects through the State Grants program. These include international marketing and visiting friends and relatives (VFR) initiatives, virtual reality creations, website development and translation, wine trail establishment, research, strategy development and much more.

Development of the Growing Wine Exports and Growing Wine Tourism programs was completed with 40 workshops subsequently delivered in more than 30 wine regions and the information is also available online and in webinar formats.

The Growing Wine Exports workshops feature live discussions with Wine Australia's USA Market Entry Program Manager, Chinese dining experiences and insights into Chinese business practices, a review of key market analysis, the ins and outs of identifying and pitching to importers and distributors, and preparing for a market visit. The workshops also include a hands-on demonstration of the online Market Explorer tool that offers unprecedented access to export market data.

The Growing Wine Tourism workshops and webinars offer advice on developing or refining a winery's unique value proposition, mapping its visitor journey, pricing for profit, insights into visitor behaviour and perceptions, practical advice for navigating wine and travel distribution systems and more.



Growing Wine Tourism workshop
in Hunter Valley

The 2018–19 financial year has also seen the launch of the Australian craft cider category brand proposition and, in a world-first for cider, a trust mark that helps consumers identify ciders made with ‘100% Australian grown’ fruit.

The administration of the package was independently evaluated mid-term by strategic governance consultants Forest Hill Consulting. Forest Hill found that:

The ERWSP is very tightly managed by Wine Australia. Strong governance and delivery structures and processes have been established and these appear to be working effectively. Monitoring, evaluation and reporting is comprehensive, and risk is managed systematically’...‘Overall, the Package is on track for delivery against the workplan.

The Marketing Advisory Group of experts from the sector continues to provide advice on the capability development activities, the development and implementation of the Australian Wine Made Our Way brand and the China and USA marketing campaigns.

The 2019–20 year will be the final year of the \$50m Package and promises to be another significant year, with a major engagement program – the Far From Ordinary campaign planned for the USA – kicking off in New York in September and concluding with Australia Decanted at Lake Tahoe, with a six-city trade and consumer roadshow in between.

We will drive awareness of Australian fine wine across our social and digital media channels and with media partners such as Condé Nast.

In China we will continue to be active at Vinexpo Hong Kong, a four-city China Roadshow, the China Awards (for trade, media and educators who have raised the profile of Australian wine in China) and in-store promotions with large retail chains, such as Ole’ and Sam’s Club in China.



Activities and achievements

40-49 Priority 1: Increasing demand and premium paid for all Australian wine

50-63 Priority 2: Increasing competitiveness

64 Priorities 1 & 2: Extension and adoption

65-67 Supporting functions



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

Strategy 1: Promoting Australian fine wine

2018–19 was a year of strategic thinking, integrated marketing campaigns, bigger and better events and invigorated social and digital channels. The Australian Government's \$50m Package continued to enable Wine Australia to have a greater global marketing presence, be innovative and boost the scale of the marketing campaigns we were able to deliver in the USA and China.

The Australian Wine Made Our Way brand platform underpins all our marketing campaigns globally, resonating with the wine sector and target audiences. The brand and its key messaging pillars allowed us to talk confidently to trade and consumers, selling the story of Australian wine and weaving in tourism messages.

Leveraging the camaraderie, which is unique to our community and culture, we have brought the wine sector together around the world, engaging gatekeepers, key influencers, media, consumers and tens of thousands of members of the wine trade.

The Australian Wine Discovered (AWD) education platform was officially launched in January 2019, quickly setting the benchmark in wine education globally. The comprehensive, free, digitally-accessed education program provides detailed guides, presentations, videos, tools and resources for anyone to use. There are 25 modules available in English with 9 modules being translated into Mandarin for the China market.

This year we reset our engagement strategy across digital and social channels, allowing us to broaden our audience reach to include consumers and build awareness and understanding of Australian wine. We launched www.australianwine.com, amplifying Made Our Way and telling stories of our people and places.

We reset our social strategy to ensure relevant content is served to a relevant audience and invested in paid social media campaigns to amplify our message globally.

The marketing team delivered activations that lived up to the operational excellence for which we are known. There were over 110 integrated campaigns across different marketing channels: on-premise and online sales promotions, large trade events, media and influencer visits to Australia, educator training and always-on public relations activity.

Partnerships and sponsorships

We worked closely with regional associations, state tourism commissions, Austrade and Tourism Australia to build international awareness of Australia's fine food and wine culture. During 2018–19, we also partnered with the following organisations, campaigns and events:

- Court of Master Sommeliers, in Australia and global chapters
- Sommeliers Australia
- James Halliday Wine Companion Awards
- G'day USA
- Gourmet Traveller Wine List of the Year Awards, and
- the China collaboration project (with Dairy Australia, Horticulture Innovation Australia and Meat & Livestock Australia).

In-market activities

China (including Hong Kong and Macau)

China continues as our most valuable market for wine exports and our market position remains strong with growth in value and demand, reputational integrity and positive consumer perception. The China–Australia Free Trade Agreement, which saw tariffs eliminated on 1 January 2019, continues to bolster relations and support exports.

Premiumisation continues to be the focus of our marketing efforts, leveraging our food and wine credentials. Campaigns in market focus on reinforcing attributes that make Australia and our wines unique.

AWD is being rolled out through our Trade Specialist program members, our educator and retailer networks, and via social media. Modules are being translated into Mandarin to support the demand for wine knowledge among trade and consumers.

New initiatives were undertaken in 2018–19 such as the Australian Wine Month promotion, which saw 2 major retail chains and 79 retail stores conduct Australian wine sales promotions across China. The TMall store is always-on and a WeChat mini-program was trialled during the China Roadshow. We supported the inaugural China International Import Expo trade fair, launched the Chinese version of our consumer website – www.australianwine.com/zh-CN – and brought 12 key trade and media to Australia.

Our large-scale activities continued with Australia's strong presence at ProWine and the Chengdu Hotel Show and Food & Drinks Fair as well as our own four-city China Roadshow. The China Award categories were enhanced to recognise more media and key influencers and the VIP gala dinner was moved to the eve of ProWine, attracting leading international media and our VIP trade partners.

Key in-market activities in 2018-19 included:

- Hong Kong Wine and Dine Festival – October 2018
- CIIE – November 2018
- Wine Australia China Awards – November 2018
- ProWine China – November 2018
- Taiwan Trade Show – November 2018
- China National Food, Wine and Spirits Fair, Chengdu – March 2019
- China trade and media visit – April 2019
- Australian Wine Month – May 2019
- China Roadshow – May 2019
- TMall Store – year-round.



China Roadshow master class

Asia

The Emerging Markets Roadshow, which travelled to the Philippines, Thailand, Sri Lanka and Vietnam, was the major marketing activation in 2018-19. Some 18 wineries travelled to these markets to be connected with importers, wholesalers and distributors. Through our insights team and the Austrade partnership, detailed market consumer, regulatory and trade insights were provided to participants.

The Australian Grand Tastings were held in Japan and Korea and the media visit to Australia produced some excellent coverage in traditional and digital media.

Key in-market activities in 2018-19 included:

- Australian Wine Grand Tastings, Japan and South Korea – September 2018
- Emerging Market Roadshow – September & October 2018.

North America

Marketing efforts in the Americas focus on engaging key gatekeepers and increasing positive sentiment for premium Australian wine. The results of the Australian wine brand and campaigns are starting to show, with a welcome return to growth for the USA in 2018–19, by 2 per cent in value to \$432 million, with increases across most major price points.

Sentiment is starting to shift through media partnerships, public relations activity and world class events such as Aussie Wine Week and the three-day immersive educational program for 100 key influencers – Australia Decanted. Commentary in leading media such as The New York Times is extremely positive and our partnerships with key influencers are supporting the perception change.

The New-to-Market program continues to deliver results for exporters seeking to enter the complex three-tiered system, and our education outreach has been escalated with additional resources and the AWD armoury.

Wine Australia activities to support the important Canadian market included hosting key buyers, sommeliers and media in Australia as well as the Toronto Winter Trade Tasting, Australia Up Close roadshow and sponsored presence at Vancouver International Wine Festival.

Key in-market activities in 2018–19 included:

- Australia Decanted – July 2018
- Aussie Wine Week – September 2018
- Winter Trade Tasting, San Francisco – February 2019
- Wine Spectator Advertising and Media partnership – year-round
- Market Entry Program – year-round, and
- Buyer, media & influencer visits – year-round.

UK and Europe

Despite a slight decline in exports to the UK, driven by Brexit uncertainty, Australia maintains a 24 percent share in volume and 23 percent in value. The core campaigns in the UK and Europe are the Australian Trade Tastings (ATT), the biggest international wine trade show ProWein, and the Nordic Roadshow.

As the UK is the heartland of wine education globally, AWD was launched at ATT, where it received strong praise. Relationships with WSET and IMW are positive and educational tastings are held for trade and media throughout the year. Leading educators and media visited Australia and we continually build positive sentiment through proactive media outreach.

Key in-market activities in 2018–19 included:

- Nordic Roadshow, Denmark, Finland, Norway and Sweden – September to October 2018
- Off the Vine – September 2018
- Australian Wine Discovered launch – January 2019
- Australian Trade Tastings, Ireland, Scotland and England – January 2019
- ProWein International Wine Fair, Germany – March 2019
- The Big Fortified Tasting – April 2019, and
- Buyer, media & influencer visits.

Strategy 1: Promoting Australian fine wine

2018–19 targets	2018–19 achievements
Global	
An educational component at 70 per cent of events to promote Australian wine's strategic narrative – quality, diversity, innovation, terroir.	The 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 with post-event survey.	This target was achieved with exactly 75 per cent of attendees or visitors survey post event leaving with an improved perception of Australian wine.
Asia Pacific	
Growth in consumer sentiment index in Hong Kong from 7.52, in Japan from 7.38, in Singapore from 6.94 and in South Korea from 6.49.	The consumer sentiment index data derived by Wine Intelligence for Hong Kong fell slightly to 7.06 (out of 10), while Japan scored 7.33. Singapore moved up to 7.47 and South Korea moved up from 6.49 to 6.95.
China	
Growth in consumer sentiment index in mainland China from 8.32 .	The consumer sentiment index on mainland China moved from 8.32 to 8.56.
Europe, Middle East and Africa (EMEA)	
Growth in consumer sentiment index in the UK from 8.08.	The consumer sentiment index in the UK remained a solid 8.14, an increase over the previous year.
The Americas	
Growth in consumer sentiment index in Canada from 8.34 (English speaking) and from 7.96 (Quebec) and the USA from 8.14.	The consumer sentiment index for Canada (as assessed by Wine Intelligence) was 8.19 in the English speaking regions and 7.68 in Quebec while in the US it was assessed as 7.89.

Strategy 2: Protecting the reputation of Australian wine

Label Integrity

Wine Australia has coercive powers that allow its inspectors to enter wineries and inspect records kept under the Label Integrity Program to ensure the truth of claims made on wine labels, or made for commercial purposes in other ways, about the vintage, variety and geographical indication of wine manufactured in Australia. In 2018–19, we conducted 191 on-site inspections.

It is also open to us to request records kept under the Label Integrity Program to satisfy us that the description and presentation of wine exported from Australia is appropriate having regard to the requirements of the Act, other Australian laws, and the laws of other countries. In 2018–19, we inspected the records pertaining to approximately 3000 products to verify the accuracy of labelling claims prior to issuing export approval.

Export Controls

In 2018–19, Wine Australia issued 19,410 product approvals, approved 55,805 shipments, and issued 54,939 import certificates. At the end of 2018–19 there were 3,577 export licence holders, 2658 of whom exported in 2018–19.

A new system to administer the export controls for Australian wine was advanced in 2018–19 and is expected to be released in 2019–20. The system will manage licensing, product approvals, shipping applications, invoicing, Wine Export Charge declarations and import certification.

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 2018–19, we commissioned analysis of 200 samples from a variety of regions to verify compliance with the Code. All 200 wines demonstrated compliance with the Code.

Strategy 2: Protecting the reputation of Australian wine

2018–19 targets	2018–19 achievements
Annual analytical survey	
200 wines exported from Australia will be analysed to verify compliance with the compositional parameters of the Australia New Zealand Food Standards Code.	We commissioned analysis of 200 samples from a variety of regions to verify compliance with the Code. All 200 wines demonstrated compliance with the Code.
Label Integrity Program	
Any minor breaches of the record-keeping requirements of the <i>Wine Australia Act 2013</i> (the Act) that are identified through risk-based inspections are remedied, while action is initiated in response to serious breaches.	We conducted 191 on-site inspections and reviewed the records pertaining to over 3000 products before approving them for export. We suspended one licence and cancelled two. All labelling breaches were remedied.
Regulatory services	
The wine export approval system will be upgraded in a major project to ensure ongoing stability of the software and technology supporting the system, and to improve the business processes and functionality of the system.	A new system to administer the export controls for Australian wine was advanced in 2018–19 and is expected to be released in 2019–20. The system will manage licensing, product approvals, shipping applications, invoicing, Wine Export Charge declarations and import certification.

Strategy 3: Building Australian vine and wine excellence

This strategy focusses on the research that will enable the Australian grape and wine community to ceaselessly improve quality, a prerequisite of success in the competitive global fine wine market. We will do this by providing a deeper knowledge of our customers globally and what influences their purchasing decisions, information on Australia's unique terroirs and how they influence wine style and quality, by developing digital tools to help growers to produce grapes that meet desired quality targets and by developing measures to assess grape and wine provenance and quality.

During 2018–19 we:

- gained an understanding of how chemical measures can estimate a range of grape and wine quality parameters and provenance
- provided information from primary research projects on the creation of stronger business relationships across the USA and UK wine value chain, what drives choice in the USA market, who to target and how to sell fine wine in China
- provided greater insights on consumers, shoppers and occasions to assist wine producers better target and activate market strategies, and
- continued evaluation of digital technologies in a portfolio of projects using sensor technologies to assess disease, nutritional status, grape canopy structure, crop condition, quality and yield.

Grapegrowing for excellence

We provide new approaches and tools from the areas of digital technologies, recognition technologies, robotics and systems engineering to help growers optimise grape production towards desired quality targets, preferred wine styles and premium price points.

During 2018–19 we:

- collected another season of data to better understand the different terroirs of Australian Shiraz
- developed and released user friendly tools for spatial analysis of vineyards
- enhanced the VitiCanopy tool, and
- further developed smart spraying equipment.

Wine provenance and measures of quality

We work to develop new 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 2018–19 we:

- collected data on the feasibility of using elemental isotope ratios of finished wines to determine origin
- identified quality markers for Pinot Noir wines, and
- collected metagenomic data describing wild wine fermentation across Australia.

Customer insights

We focus on providing pre-competitive insights and research-evidenced tools to enable the Australian grape and wine community to grow demand for Australian wine.

During 2018–19 we:

- delivered the Market Explorer, an interactive, on-line tool for current and potential wine exporters to analyse global wine markets based on criteria that are relevant to their business objectives
- completed the fourth year of the five-year research project, 'Barriers in United States trade for developing premium Australian wine sales'
- undertook the annual Australian wine brand health study on 10 key wine markets, including China, the United States and the United Kingdom
- provided key market and customer insights through the weekly Market Bulletin and reports via the website
- provided presentations at various conferences, workshops and webinars
- delivered the USA Wine Marketing Tool as part of the research project, 'Driving the Strategic Growth of Australian Wines in the USA Export Market'; and
- convened a meeting of the Insights Advisory Group (IAG) to facilitate a collaborative approach between Wine Australia and wine producers that will ensure greater alignment in primary consumer research prior to investment.

Strategy 3: Building Australian vine and wine excellence

2018–19 targets	2018–19 achievements
Grapegrowing for excellence	
Data are available on the use of hyperspectral imaging for assessment of vine physiology (nutrition and disease).	The unexpected retirement of the lead researcher resulted in this target being re-scheduled to 2019–20. A new research scientist is being recruited to conduct the work. Preliminary data are available. CSA 1601
Results comparing hyperspectral imaging data with physical and chemical data on fruit condition (shrivel, disease) and quality (sugar, water, acid and anthocyanin levels).	Hyperspectral scans and fruit composition measurements of more than 3000 berries have now been collected from vines grown in the field and glasshouse. Spectral libraries were built to allow fruit composition predictions to be made from unknown fruit. Total soluble solids, total acidity and pH all showed high predictability on this laboratory-based collection with R^2 values above 0.9. Improvements were also made to an algorithm used for discriminating shrivelled berries and produced promising results when assessing proportion of shrivelled berries per bunch. CSA 1602
A user-friendly, open-source software tool is developed, which outputs to a freeware GIS platform for spatial analysis and experimentation in vineyards.	The project produced a suite of freely accessible Precision Agriculture Tools (PAT) for spatial analysis. PAT has been developed as a plug-in for QGIS, a freeware geographical information system. Users do not need to have expertise in spatial analysis and geostatistics to use PAT and it is therefore hoped its availability will greatly facilitate adoption of precision viticulture. Instructions for setting up QGIS for PAT are accessible from https://github.com/CSIRO-Precision-Agriculture/PAT_QGIS_Plugin#precision-agriculture-tools-pat-plugin-for-qgis . CSA 1603

Strategy 3: Building Australian vine and wine excellence

2018–19 targets	2018–19 achievements
Results are available from a field trial of an on-the-go NIR sensor to characterise fruit composition against maps of yield and remotely sensed vine vigour, to provide a better understanding of the yield:quality nexus.	A \$4000 NIR (near infra-red) spectrometer was fitted above the discharge chute on a machine harvester to collect spectral data on-the-go during harvest. Maps representing the variability in fruit composition across the vineyard were successfully produced, highlighting the future potential use of this technology by growers. The final project report is available online. CSL 1401
A dataset of grape and wine chemistry analytical results for vintage 2018 and vineyard environment dataset for 2019 vintage and knowledge on the differences and similarities within and between subregions and management practices.	All analysis from the 2018 season is complete and collection and collation of data from 2019 is underway. These two data sets will be compared to better understand the different terroirs in the Barossa Valley. UA 1602
An enhanced 'VitiCanopy' tool calibrated for different training systems and vine densities is available for beta testing.	VitiCanopy is now a cloud-based tool and mapping-enabled visualisation is functional on the app undergoing beta testing and will be transitioned to a web-based platform following sector feedback. UA 1701
A prototype cloud-based tool ('Vitiweb') is available with the ability to analyse canopy images and aerial images. Field trials are underway to evaluate a plant sensor-based precision irrigation system, to provide new tools for irrigation scheduling based on real-time measurements of vine water status.	The experimental setup was designed, proximal field data was collected, remote sensing platform was introduced, and remote data was collected at multiple timepoints through the season. Juice/wine chemical composition analysis was performed, and remote sensing data was processed to generate maps, which suggest that plant-sensor-based irrigation scheduling could be the preferred approach for high-quality wine production. UA 1705
A report is available on a prototype system for the assessment of bunch rot and material other than grapes (MOG) at the weighbridge, using Vis-NIR hyperspectral imaging.	This project applied rapid digital methods to assess grape quality on delivery to the winery, in particular Botrytis infection and presence of MOG. Spectral imaging identified Botrytis infection and MOG, differentiated types of fungal infection and identified grape sunburn and shrivel. The final report will be available on the Wine Australia website. AWR 1601
A PACE ('pesticide adjusted for canopy environment') model for dose adjustment and sensors for spray optimisation are available. Field data are available to compare the performance of an intelligent spray system mounted on ground-based and robotic platforms, on a fully foliated canopy.	Jointly collected data with Spanish collaborators demonstrated such models for dose adjustment can work for Australia. Sensor/PACE schemes using vineyard equipment such as tractors and sprayers were compared against robotic platforms at two of each vineyard type (wine and table grape) in full-leaf canopy at the two trial sites. Spray drones showed excellent, high coverage (equal to that from ground sprayers) in foliated canopies. Herbicides were able to be sprayed effectively using low heights, slow speeds and coarse sprays. UQ 1601

Strategy 3: Building Australian vine and wine excellence

2018–19 targets	2018–19 achievements
Wine provenance and measures of quality	
A detailed statistical analysis of survey data from Australian and international wines to define the capability of isotope ratio methodology to differentiate the origin of wines at a regional and international level.	A dataset comprising 292 Australian wines and 96 overseas wines showed that application of statistics using only the isotope ratios of four elements allowed a strong separation of Australian wines from those produced overseas. AWRI 1701-4.4.2
Data on the principal components driving chemical and sensory markers of quality in Pinot Noir. Identification of ‘end users’ along the provenance value chain with capacity to enact change based on principal components identified.	A number of important aroma volatiles were identified, including beta-damascenone, which overall was consistently higher in concentration in Pinot Noir wines from Oregon, followed by Southern Tasmania. Tasmanian regions displayed a wide range of values for most parameters measured, likely due to the larger geographical area of these regions, which are sub-GI. The only volatile that separated Burgundy wines from others in the dataset noticeably was hexan-1-ol, associated with perceived ‘greenness’. UT 1503
Report on the ability to characterise provenance of spectral fingerprinting data from juice for sparkling wine production.	Juice samples (46 Pinot Noir and 49 Chardonnay) were sourced from 30 different vineyard blocks across the Tamar Valley, Pipers Brook and Coal Valley and analysed using spectral phenolic fingerprinting and basic matrix analysis. There was clear separation according to region. UT 1502
Data available from metagenomic analysis, describing wild wine fermentations from across the spectrum of Australian winemaking regions.	Ferment samples from 2017–18 have been analysed. At least 53 different fungal genera were detected in these ferments. Sampling kits were distributed to 32 wineries and samples have been obtained from uninoculated Chardonnay and Shiraz wine fermentations from vintage 2019. AWRI 1701 4.4.2
Knowledge on the key sensory attributes of Barossa Shiraz is obtained. Grape samples from vintage 2019 ready for analysis and vintage 2019 trial wines and unfinished commercial wines ready for bottling.	Wines from the 2019 vintage have completed fermentation and are currently being bottled. Sensory evaluation is planned for October. UA 1602
Customer insights	
Information that will assist exporters in the creation of stronger business relationships across the USA and UK wine value chain.	The results from the project ‘The ties that bind: building strong importer and retailer relationships to drive premium wine export sales’ provides key insights on how to establish and maintain a relationship with operators in the USA market. 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.	Report and insights provided on fourth year of Wine Opinions study and Driving the Strategic Growth of Australian Wines in the USA Export Market. WOP 1401
Final research findings that provide information on who to target and how to sell fine wine in China.	Draft report delivered by UniSA – creating opportunity for Australian ‘fine’ wine in China. USA 1602
New investments made in key markets and an advisory board established to improve alignment, awareness and use of primary research and data with sector needs.	Insights Advisory Group met to discuss research priorities.

Priority 2: Increasing competitiveness

Strategy 4: Improving resource management and sustainability

Our focus is on enhancing and building Australia's competitive edge by developing and adopting new and better ways of growing grapes and making wines. Increasing competitiveness is about more than reducing costs; it's about using all of our resources to create and embrace new opportunities.

Activities in this strategy will continue to provide the sector with the information it needs to manage the challenges of short-term climate cycles and long-term climate change, to ensure that grapevine germplasm resources are preserved through a national collection, to better manage endemic pests and diseases, to maintain freedom from exotic pests and to develop a solution to the wine sector's information needs around grapes and wine.

During 2018–19 we:

- collected, stored and provided the Australian wine sector with data on supply and demand and ensured that the sector has access to key foundation data sets, including a region-by-region survey of vineyard data.
- delivered practical vineyard management strategies to deal with climate change conditions (elevated levels of CO₂, elevated temperature) and determined the feasibility of using UAV-assisted technology to inform vineyard decisions in response to extreme weather events.
- completed a body of research on the short-term and long-term climate impacts on grape growing in Australia, and improved our understanding of how such climate information can be used to drive vineyard management decisions.
- increased preparedness for exotic pest incursions by participating in cross-sectoral projects on pest surveillance, diagnostics and preparing for *Xylella fastidiosa*. New and improved prevention, detection and management strategies of trunk diseases and endemic species of phylloxera were also provided to the sector.
- preserved and managed access to grapevine germplasm resources by sharing knowledge with reference collections held overseas.

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-sectoral RD&E strategies. Our field trials focussed on assessing the impact of likely climate change scenarios and evaluating the utility of adaptation strategies for vineyards.

During 2018–19 we:

- continued to develop a ‘climate analogue’ tool that compares regions under current and future climates and to assess sensor technology for extreme weather events.
- used four seasons of data to show that elevated CO₂ levels in the future will not impact heavily on grape and wine quality and may even enhance yield. Confirming previous studies, research found that warmer temperatures were detrimental to grape and wine composition.
- showed that a plant growth regulator can promote better synchronisation as well as delayed grape ripening in the vineyard.

Foundation data

We focus on providing the Australian wine sector with data on supply and demand and ensure that the sector has access to key foundation data sets, including a region-by-region survey of vineyard data.

During 2018–19 we:

- delivered the results of the first National Vineyard Scan.
It was carried out using a machine learning algorithm developed by Consilium Technology with funding from Wine Australia and other sources. The algorithm scanned more than 5 million hectares of satellite imagery (selected based on the approximate known locations of vineyards) and identified a reported vineyard area of 146,128 hectares with an accuracy of 95 per cent compared with human manual labelling. The results of the National Vineyard Scan go much further than an overall vineyard area figure. The locations of all the vineyard blocks detected have been mapped, providing information that can be used for a range of purposes. Levy payers have free access to the GAIA platform.
- conducted and delivered the 2019 National Vintage Survey, which provides crush and pricing information by region and variety.
- conducted and delivered the inaugural Cellar Door and Direct to Consumer Survey.
- conducted and delivered the 2018 Production, Sales and Inventory Survey.

Sustainable resource management

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

During 2018–19 we:

- continued DNA profiling of Australian grapevine germplasm collections with a view to re-establishing public access to the material in the future and having available data that is comparable to those in international collections.

Biosecurity, pest and disease management

We support improved resource management and sustainability of the sector through better management of pests and diseases. Preparedness for exotic pest threats is improved by a number of new research initiatives.

During 2018–19 we:

- provided recommendations to update phylloxera disinfestation protocols to regulatory bodies and disseminated this new information to grower groups.
- provided training on an integrated phylloxera detection and surveillance method, which can be used in the future to determine area status in Australia.
- initiated new projects in the areas of Xylella, diagnostics and in the update of the Viticulture Industry Biosecurity Plan and Manual.
- continued research on the detection, susceptibility, incidence and management of trunk disease in grapevines.

Strategy 4: Improving resource management and sustainability

2018–19 targets	2018–19 achievements
Climate adaptability	
New knowledge shared from four years of data collected on the impact of elevated CO ₂ and increased temperature on vine phenology, physiology and resulting wine in Shiraz	The impact on grapevines of elevated CO ₂ and increased temperature, alone and in combination, were generally overridden by seasonal influences and ‘weather’. However, warmer air temperature advanced maturity and resulted in lower quality grapes and wine. Elevated CO ₂ levels in future will not impact heavily on grape and wine quality and may even enhance yield. Water use will remain static or diminish marginally. DPI 1202
A field experiment is underway in a commercial setting to test treatments using plant growth regulators to manipulate harvest timing in the three most highly planted cultivars (Shiraz, Cabernet Sauvignon, Chardonnay).	The plant growth regulator NAA was applied to Cabernet Sauvignon vines at various concentrations in the three weeks prior to veraison. The treatments delayed harvest by between 10 and 21 days and increased the synchronicity of ripening of berries within a bunch. Progress has also been made towards registration of NAA for use in wine grapes. CSA 1701-2.2
The feasibility of using UAV-based acoustic atmospheric tomography methods to inform vineyard processes potentially impacted by extreme weather events (e.g. heat, frost).	A system to precisely measure and monitor heat and frost events in vineyards has been successfully developed. The pattern and progress of significant frost and heat wave events that occurred during 2018 and 2019 were studied using the technology. The data gathered can potentially be used to inform management of these weather extremes. USA 1601
Data on the use of in-canopy misters to mitigate the negative effects of heatwaves on grapevine physiology and fruit and wine composition, and comparison with a passive cooling strategy.	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 where the trial was located. UA 1502
Provision of short- and mid-term climate trends to the sector in an accessible, usable form. Improved understanding of how such climate information can be used to drive vineyard management decisions in grapegrowing regions across Australia.	An electronic ‘atlas’, currently being finalised, is a significant extension output that will deliver information, tools and practical management options to grapegrowers to help them face not only the challenges of short-term climate cycles, but also long-term climate change. UT 1504

Strategy 4: Improving resource management and sustainability

2018–19 targets	2018–19 achievements
Foundation data	
Collect, store and present supply and demand data and insights, including a market attractiveness tool and deep dive market landscape reports on key markets.	Market Explorer tool delivered. Market insights delivered via 49 weekly Market Bulletins.
Ensure the sector has access to increasingly granular data, including a national scan of vineyard area by GI region.	First National Vineyard Scan was conducted and maps prepared for all GI regions.
Sustainable resource management	
Progress towards the establishment of international collaborative agreements, to facilitate the comparison of DNA markers from Australian grapevine germplasm with accessions held in relevant overseas reference collections.	A collaborative agreement was established with the Spanish group at the Instituto de Ciencias de la Vid y del Vino, which has allowed the initial DNA profiling of grapevine varieties in CSIRO, SARDI and other unique Australian germplasm collections. CSP 1501
New research and/or extension activities developed and initiated from examining grapegrowing and winemaking practices and identifying the gaps in knowledge on innovations to increase economic, social and/or environmental sustainability in the vineyard and/or winery.	Following gaps analysis, 38 new projects were developed and initiated in 2018–19. These projects span all aspects of grape and wine production and contribute either directly or indirectly to increase the sector's economic, social and/or environmental sustainability. (See Appendix I. All projects numbered 18XX)
The AWRI library maintains the relevant subscriptions and resources.	A total of 501 new items were added to the AWRI library's collections, including print books, eBooks and reprints. The library continues to subscribe to more than 35 print and online serial publications. A total of 242 full text eBooks were accessed across the library's 2 eBook platforms. The library responded to 461 queries. Approximately 62 per cent of these related to winemaking, 23 per cent to viticulture and 15 per cent to marketing, health and other topics. These inquiries resulted in the supply of 970 articles, with approximately 33 per cent sourced from the library's Technical Review collection, 41 per cent from the AWRI publications collection and 26 per cent from the library's other reprint collections. AWRI 1701-2.2.2

Strategy 4: Improving resource management and sustainability

2018–19 targets	2018–19 achievements
Biosecurity pest and disease management	
New activities initiated to prepare the sector for <i>Xylella fastidiosa</i> .	New initiatives in the area of <i>Xylella</i> preparedness include the appointment of a <i>Xylella</i> Co-ordinator, jointly funded with Horticulture Innovation, and a cross-sectoral project on potential native insect vectors of <i>Xylella</i> . WA 1812
Endorsement by the SPHD of six new and two updated National Diagnostic Protocols for high-priority exotic pest threats and inclusion of the protocols in a revised Industry Biosecurity Plan for the Viticulture Industry.	We are a partner in a new Rural R&D for Profit project on boosting diagnostic capacity for biosecurity. A key activity in this project will be to endorse and update National Diagnostic Protocols for high-priority plant pests.
Updated disinfestation procedures in the National Phylloxera Management Protocol (NPMP).	Fermentation treatment as a disinfestation protocol for grape products was validated and the latest disinfestation research communicated through industry bodies and via stakeholder meetings. DED 1701
Information on a grower-friendly, passive and integrated detection and surveillance system for phylloxera.	Information and in-field training on an integrated strategy for phylloxera detection and surveillance was delivered to several groups of wine growers, vineyard managers, contractor teams, biosecurity officers and researchers across Victoria and Tasmania. Processes to formally endorse the three methods as sampling protocols in the NPMP have begun. DED 1701
Preliminary data available on the genetic drivers for fungicide resistance in downy and powdery mildew, and on the link between results in the laboratory and efficacy of fungicides in the field.	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 <i>in-vitro</i> 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, AWR 1701-4.5.1
Updated knowledge on effective detection and management techniques for grapevine trunk diseases (eutypa and botryosphaeria).	A LAMP-based detection method for eutypa and botryosphaeria pathogens was developed for field testing and information generated on the relative sensitivity of different varieties and rootstocks to grapevine trunk disease. Trunk disease management techniques under evaluation include wound treatment options, pruning timing and watershoot induction during reworking. SAR 1701-1.1

Strategy 5: Improving vineyard performance

We invested in new or enhanced technologies and processes that improve vineyard efficiency such as enhanced or new grapevine varieties, clones and rootstocks that produce improved wine flavour profiles and tolerated biotic and abiotic stressors and improved yield prediction methods.

During 2018–19 we:

- continued field testing of ‘no-spray’, ‘no-prune’ vines, bred for their resistance to mildews and released information to the sector on the field performance of high-density plantings of ‘no-spray’, ‘no-prune’ vines.
- developed new grapevine scions and rootstocks and molecular methods and genetic markers for use in plant breeding trials.
- used traditional breeding techniques to incorporate genes for fungal disease resistance, salinity, heat and drought tolerance and resistance to phylloxera and root-knot nematodes, and used genetic transformation techniques to test and confirm the role of key resistance genes.
- initiated new projects on vine nutrition and cover crops, and evaluated opportunities in the agtech space.
- evaluated yield prediction methods.

Enhancing grapevine and rootstock performance

Grapevine breeding programs were augmented with molecular methods in an integrated program to generate enhanced or new varieties and rootstocks with traits such as improved wine flavour profiles and tolerance to biotic and abiotic stresses.

During 2018–19 we:

- successfully bred second generation mildew-resistant vines
- continued field evaluation of first generation mildew-resistant vines
- progressed rootstock breeding programs by identifying markers for nematode and phylloxera resistance and for chloride exclusion, and
- continued field evaluation of new rootstocks.

Efficient and sustainable vineyard management

Investments focussed on evaluation of new and improved methods for yield determination, examining the use of undervine cover crops to enhance vineyard performance and investigation of ready-to-use agricultural technologies for the sector.

During 2018–19 we:

- initiated new activities on covercrops with focus on soil health
- began work to develop a diagnostic mobile app for nutrition, and
- continued efforts to identify methods to better predict yield.

Strategy 5: Improving vineyard performance

2018–19 targets	2018–19 achievements
Enhancing grapevine and rootstock performance	
Further progress on the breeding of ‘second generation’ mildew-resistant scions combining additional powdery mildew and downy mildew resistance genes to further enhance their durability in the vineyard.	Second-generation vines, with additional ‘stacked’ resistance genes to both powdery mildew and downy mildew, were successfully bred and planted out in a small field trial for evaluation. These vines will also be used as the disease-resistant parents for breeding of varieties with desirable consumer traits. CSA 1701-1.1
Genetic markers to enable more rapid screening of new scion selections for desirable consumer traits or to eliminate those with potentially negative sensory attributes, at the seedling stage.	The research identified the genetic variation in grapevines that explains some of the difference in the volatile composition of wines related to fruity, green and floral sensory characters. In addition, markers were identified for genes already shown to be important for two wine sensory properties (methoxypyrazines and muscat character) and these will aid the selection of new varieties for specific wine styles. CSA 1701-1.2
Data on yield, vigour, fruit and wine quality from four existing rootstock field trials; a prerequisite for evaluation of suitability for commercial release. New work is underway to evaluate selected rootstock genotypes that perform well under reduced irrigation conditions.	The evaluation of the novel rootstocks continues at various sites, including on grower vineyards. Yield component data including cluster and berry number and weight were collected, in addition to fruit quality parameters such as: sugar content, yeast assimilable nitrogen, organic acids (malate and tartrate), total berry anthocyanin and phenolics, pH and titratable acid. In total, 220 new rootstock genotypes were evaluated for the 2018–19 season, and small-scale winemaking was conducted with some of the short-listed candidates. CSA 1701-1.3
Progress towards the identification of genetic markers linked to new root-knot nematode- and phylloxera-resistance loci, to advance the development of in vitro screening for germplasm with durable resistance at moderate to high temperatures.	Markers for three genes that confer resistance to phylloxera and nematodes were identified. The markers are now being used to detect superior seedlings in the rootstock breeding program. These seedlings will then be evaluated for resistance to virulent strains of nematodes and phylloxera to validate the marker selection process. CSA 1701-1.3
Progress towards developing rootstocks with enduring resistance to abiotic stressors such as salt, heat and drought through the use of gene identification, functional characterisation and marker-assisted breeding technologies, together with advanced phenotypic screening methods.	Progress has been made on several fronts. A likely mechanism for sodium exclusion in rootstocks has been proposed. In addition, markers that identify genes responsible for chloride exclusion were validated. These markers are being used to screen numerous rootstock genotypes for their salt tolerance. Canes of unique American <i>Vitis</i> species were imported and propagated, and are being evaluated for their ability to exclude salt compared to rootstocks readily available in Australia. CSA 1701-1.4
Data from field trials in a ‘no-spray’ vineyard, to calculate potential cost savings and benefits of different treatments.	The project is comparing the performance of high- and ‘standard’-density plantings of different scion-rootstock combinations, where the scions are resistant to both downy and powdery mildew. The comparison also includes disease-resistant ‘micro-vines’ planted at high-density. The data from the past year showed that the cost of production (\$/tonne) from the high-density ‘no-spray’ plantings was 20% lower than from the standard-density. Significantly, while the micro-vines cropped well, the fruit was susceptible to sunburn due to the vine’s unique canopy architecture, and therefore less fruit was harvested than from wild type vines. CSA 1701-1.5

Strategy 5: Improving vineyard performance

2018–19 targets	2018–19 achievements
Evaluation of new sensor technology for real-time measurement of vine canopy temperature, to investigate its potential as a decision-making tool to improve irrigation management and water-use efficiency.	A new multi-point sensor technology, 'Proxicrop', was developed to replace the previously tested single-point measurement sensor. The potential benefit of Proxicrop is that the sensor array combines a thermal imaging sensor with an RGB sensor for real-time, whole-canopy monitoring. Six Proxicrop units were built and deployed in the field to measure vine canopy temperature to determine if this technology is superior to soil moisture sensors for irrigation scheduling. This evaluation is ongoing. CSA 1701-1.5
Efficient and sustainable vineyard management	
New project initiated examining the use of under-vine cover crop plants to reduce the need for herbicide sprays, enhance soil moisture retention and nutrient cycling, and to maintain, or enhance, grape yields.	The major work this season was the establishment of field trials, which included the collection of soil samples and basic vineyard performance data (yield, fruit composition, vine nutrient status, LAI) and botanical surveys to establish species diversity. Soils were analysed for both bacterial/archeal and fungal microbiomes to gain a more complete picture of the microbiome, and will also be tested for mycorrhizal inoculum potential. Differences in soil biodiversity are obvious between vineyard management treatments. UA 1803-1.4
New project initiated to develop a diagnostic mobile app for vine nutritional disorders.	Version 1 of the app has been completed and achieved a high prediction of N deficiency. RGB images of old and young leaves were taken regularly to track the progression of nutrient deficiency and toxicity symptoms. The benchmarked dataset was developed through a laboratory ICP nutrient analysis of the petioles with matching symptom severity. The proposed algorithm has been developed to identify specific deficiency and toxicity symptoms through a machine-learning-based training and testing process. CSU 1702-3
New opportunities evaluated in agricultural technology and new investments made as appropriate.	Several new opportunities have been created, including the Farmers2Founders program that focuses on developing entrepreneurship and technology capabilities, so producers can solve critical industry challenges. Four grape and wine producers are developing entrepreneurial ideas through this program. F2F 1901
A mobile app, or other user interface, for a new tool to estimate grape yield using weather records and historical vineyard data.	The App element of this project has been delayed by the commercialisation partner and a final report on the models developed is being drafted. MQ 1401
A refined yield estimation dataset from trials of ultrawideband radar and 3D stereo imaging, based on improvements to image processing software.	The UWB radar sensor demonstrated great promise for counting bunches hidden within the canopy. In a test facility, the sensor was able to detect fewer than 10 berries hidden behind grapevine foliage. Both the UWB radar and RGB video imaging (e.g. Go Pro) methods of yield estimation produced the most encouraging results when the data was analysed with a machine learning approach rather than by conventional mathematical algorithms. CSA 1602
Field data from the third year of trials evaluating a hand-held NIR (near infrared) device to scan dormant grapevine buds in-situ as input to a new yield forecasting model based on bud fruitfulness measures.	This technique's success in predicting yield is dependent on the quality and depth of the calibration data set. Therefore the past year's focus was to expand the data set that correlates the NIR bud spectral data to potential inflorescence number and size in both Pinot Noir and Chardonnay, and to improve the performance of the hand-held NIR units in the field. UT 1601

Strategy 6: Improving winery performance

We continued to invest in new or enhanced technologies and processes that improve winery efficiency and performance.

During 2018–19 we:

- continued studies to evaluate optimised control strategies and detection methods for *Brettanomyces*.
- delivered extension materials to facilitate roll-out of activity-based costing (ABC) tool and benchmark database to the Australian grape and wine community.
- continued work to better understand the nutritional drivers of yeast fermentation performance with data available on the impact of grape juice composition on yeast performance.
- continued development of new yeast and bacterial strains with data available from laboratory and pilot-scale trials on performance.

Enhancing yeast and bacterial performance

Continued investment in the area of yeast and bacterial performance produced new hybrid strains, improved our understanding of strain-specific fermentation issues, and produced wines with modified aroma profiles.

During 2018–19 we:

- developed a new non-GM yeast that enhances rose aroma in wines
- continued work on *Brettanomyces* to better understand the risks of development of resistance to SO₂, and
- continued work to understand drivers of fermentation performance.

Efficient winery production

Improved production methods, including fermentation, water addition and protein stabilisation, were evaluated across a range of projects.

During 2018–19 we:

- assessed the impact of water addition on wine quality
- evaluated zeolites as an alternative to bentonite, and
- developed an activity-based costing tool to evaluate winery efficiency and performance.

Strategy 6: Improving winery performance

2018–19 targets	2018–19 achievements
Enhancing yeast and bacterial performance	
New interspecies hybrids developed to complete hybrid portfolio.	One approach to maximise the possibility for intergenic hybridisations involves the use of stable hybrids of <i>Saccharomyces cerevisiae</i> wine strains. Putative hybrids of <i>S. cerevisiae</i> with <i>Lachancea kluyveri</i> have been isolated and are being evaluated. AWRI 1701-3.2.1
Non-GM wine yeast with modified volatile or non-volatile profiles from alterations to amino acid biosynthetic pathways.	Sensory assessment of the 2018 Chardonnay wines produced using alternative 'rose' aroma yeasts has been completed. These wines were presented in a workshop at the AWITC and show elevated rose aroma. AWRI 1701 3.2.1

Strategy 6: Improving winery performance

2018–19 targets	2018–19 achievements
Knowledge of juice or wine compositional factors that give rise to yeast or bacteria strain-specific fermentation problems.	Several experiments have been undertaken in which <i>O. oeni</i> was inoculated simultaneously with <i>S. cerevisiae</i> when the concentration of oxygen in the juice approaches saturation. The condition was not conducive to effective implantation of <i>O. oeni</i> and timely malolactic fermentation did not commence. These experiments determined that an optimal timing for MLF may be 24 hours post-inoculation. AWRI 1701-3.2.2
Strains of <i>Brettanomyces</i> isolated, genotyped and phenotyped for sulfite tolerance, growth rate and volatile phenol production.	Fifty isolates sourced from the sector have been screened for growth rate and tolerance to SO ₂ . In addition, those strains showing the highest tolerance under screening conditions have had full growth kinetics performed under a variety of SO ₂ concentrations to confirm their tolerant phenotype. There is evidence of increased resistance to SO ₂ . AWRI 1701-3.4.1
Resources available on the Wine Australia website for winery wastewater management.	A new factsheet 'Managing the microbiology of winery wastewater treatment systems' drawing on and highlighting the outcomes from the Wine Australia project: Developing a fundamental understanding of the microbiological treatment of winery wastewater. Outcomes from the project reinforced previous material and practices and more detailed information can be found in the operational guidelines for winery wastewater treatment on the Wine Australia website at https://www.wineaustralia.com/growing-making/winery-wastewater-online-resource-kit
Efficient winery production	
Methods to assess and improve the efficiency of fermentation through the use of oxygen during alcoholic and malolactic fermentation.	A 'wild' Chardonnay juice was used to assess the effect of aeration on progress of non-inoculated ferments and the effect on volatile fermentation products. Ferments (2 L) were aerated at a fixed rate for variable times, have completed fermentation and have been analysed for wine chemistry. AWRI 1701-3.1.5
Data on the impacts of water addition on wine quality and style.	The results from the red wine dilution studies to date show that dilution reduced wine colour and tannin in Shiraz, but these parameters remained unchanged in diluted wines prepared from shrivelled Cabernet Sauvignon fruit. AWRI 1701-4.1.1
Novel or more efficient approaches to achieving protein stabilisation.	'Using zeolites to protein stabilise white wines' was published demonstrating the high efficacy of this natural porous mineral to remove proteins from wine as an alternative to bentonite. AWRI 1701-3.1.4
Extension materials to facilitate roll-out of Activity-based costing (ABC) tool and benchmark database to the sector, including a guide for undertaking ABC in wineries, short instructional videos/animations on ABC and how to use the ABC tool and benchmark database and case studies demonstrating how wineries have used ABC to benchmark and improve production cost performance and decision making.	A final report on this project has been submitted. The benchmarking portion of the ABC Tool collects anonymous aggregated data to develop an overall benchmark in relation to the size of the winery. As more wineries use the tool, the benchmarking information will continue to improve in accuracy, providing effective benchmarking for year-on-year performance. Promotion of the tool will be undertaken over the coming year. 2XE 1501

Strategy 7: Market access

The international trading environment is becoming increasingly complex and uncertain as trade tensions between major powers threaten existing global trade arrangements. In order to mitigate any impact on the wine sector, Wine Australia continued to pursue its strategy of engagement with key international fora aiming to harmonise or mutually recognise international wine production, labelling and compositional requirements.

Consequently, we worked with our colleagues from the Australian Wine Research Institute and Australian Grape & Wine to ensure the key issues confronting Australian wine exporters were addressed by:

- The Federation International du Vin et Spirit (FIVS), the international trade body representing the wine and spirits sector, (Wine Australia co-chairs the market access working group and the technical group advising on the content of the regulatory database)
- The World Wine Trade Group, which met twice during the year and is increasingly coordinating wine sector approaches to the World Health Organisation, the World Trade Organisation and to Codex Alimentarius
- The International Wine Technical Summit, which met in Livermore, California, at which papers were presented on best practice in measuring sugar in wine, the redundancy of analytical certificates accompanying wine shipments, the process for developing maximum residue limits for agricultural chemicals and on inter-laboratory proficiency testing; and
- The APEC Wine Regulatory Forum, which continued to emphasize the need for wine regulations to be proportionate to risk, and for analytical certificates to be required only in response to temporary threats to health. In particular, Wine Australia contributed a presentation arguing that disproportionate regulation of the legitimate wine market may have the unintended consequence of driving further growth in the production and supply of illicit, potentially dangerous, alternatives.

We complement these influences on the international wine regulatory agenda by maintaining comprehensive guides to the technical requirements of 36 major international wine markets. Each of these guides was reviewed during the year, providing an essential reference for the Australian wine exporting community.



Strategy 7: Market access

2018–19 targets	2018–19 achievements
Market access	
No new wine production or labelling constraints emerge in existing markets and conditions in developing markets converge towards international norms.	<p>A bilateral agreement on trade in wine between Australia and the United Kingdom was signed and will come into effect when the UK leaves the European Union.</p> <p>Wine Australia consulted regularly with trade and regulatory officials in the UK in an attempt to ensure minimal disruption to trade once the UK leaves the European Union.</p> <p>We liaised with regulators in Thailand and Brazil, both directly and through Embassy officials, to mitigate the impact of new analytical certification requirements being introduced in those markets.</p>
No Australian wine shipments are rejected at the point of import when produced, labelled and certified in accordance with the advice provided in our Export Market Guides.	<p>All 36 export market guides were reviewed during the year and updated where necessary.</p> <p>We were not made aware of the rejection of any products produced in accordance with our advice.</p>
Completed FTAs are ratified in as short a time as possible, while officials engaged in ongoing negotiations, either in bilateral or multilateral agreements or at the WTO, are provided with accurate advice regarding market conditions.	<p>The Comprehensive and Progressive Trans Pacific Partnership Agreement entered into force during the year and includes a specific annex addressing technical matters of importance to the wine sector.</p> <p>We provided assistance to Department of Foreign Affairs and Trade officials during their ongoing discussions towards a possible free trade agreement with the European Union.</p> <p>Advice and information was also provided to officials engaged in the dispute with Canada over wine taxation and marketing arrangements at the World Trade Organisation in Geneva.</p>

Strategy 8: Building capability

Developing people

We need leaders to pursue our ambitious cross-generational goal of being recognised as the world's preeminent wine-producing country.

To drive the sector forward and build value through innovation, we invest in developing the leadership capability of those working in the grape and wine community – across the value chain including researchers.

For the broader sector, we work to facilitate collaboration and encourage development of thought leaders, innovators and game changers. The 2019 Future Leaders program started in June and a range of new professional development opportunities to support alumni across all people development programs was developed and implemented including a coaching mastery program.

Research capacity is maintained through continuing to offer support for PhD scholarships and travel bursaries to extend knowledge through global collaboration, and for early career researchers to undertake regionally focussed research.

Strategy 8: Building capability

2018-19 targets	2018-19 achievements
Developing people	
At least 15 members of the grape and wine community commence leadership and personal development training in 2018-19.	15 individuals from across the grape and wine community were selected from over 85 applications to participate in Future Leaders 2019.
At least 30 members of the alumni will attend a professional development masterclass.	32 individuals from the Wine Australia leadership alumni attended a leadership professional development masterclass. 15 individuals from the alumni are participating in a coaching mastery program as part of Future Leaders 2019.
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.	We supported 7 new PhD scholarships and 16 outgoing travel bursaries. Five early-career researchers were matched and supported to undertake co-funded regionally focused research projects.

Strategy 9:
Business intelligence
and measurement

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 2018-19, 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) met for the second time to facilitate a collaborative approach between Wine Australia and Australian wine producers to help guide investments in market insights.

During 2018-19 we:

- provided the sector with a range of supply and demand data and insights to help inform decision making, including the annual National Vintage Report and quarterly Export Reports.
- undertook a national scan of Australian vineyards to identify the geolocation of vineyard blocks in Australia and to determine the area of vineyards for each GI region.
- created a market explorer tool and developed templates for deep dive market insights reports on key markets to assist wine producers identify opportunities for growth.
- delivered regular retail sales trends reports for the USA, the UK and domestic market.
- prepared 49 Market Bulletins that are emailed to our subscribers and available on our website.

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 2018–19, 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

2018–19 targets	2018–19 achievements
Business intelligence	
In-depth market insight reports delivered on China, the USA, the UK, Australia and selected emerging markets.	Drafts insight reports prepared for China, Australia and the USA. The UK to be finalised in 2019–20.
Produce, deliver and communicate market-specific statistics and reports for the sector that guide business decisions and our investments in marketing and RD&E.	Regular market insights provided through the weekly Market Bulletin and market-specific reports on the website.
Deliver targeted presentations aimed at increasing awareness of the global wine sector information that is available.	Presentations provided at various conferences, workshops and webinars.
Provide timely and accurate responses to ad hoc questions.	The Market Insights team provided timely and accurate responses to questions received via emails and phone-calls.
At least 75 per cent of stakeholders indicate a high level of satisfaction with the services provided across the business.	Some 86 per cent of surveyed stakeholders indicated a high level of satisfaction with the services provided across the business.
BCAs indicate at least 75 per cent of programs measured achieve a positive return on investment.	100 per cent of the programs randomly selected and measured achieved a positive return on investment



Priorities 1 and 2:

Extension and adoption

Strategy 10: Extension and adoption

To ensure the Australian grape and wine community obtains the full benefits of its investments, we champion the extension and adoption of R&D outcomes. Our focus is on supporting a clear pathway to market for R&D, from the initial project design to the extension of the results. We use a range of delivery networks, programs and partner with wine sector organisations to disseminate R&D outcomes and encourage the adoption of new technologies and practices. Our Regional Program is a valued vehicle for promoting the adaption of research outcomes and to deliver extension and practical trials that meet regional priorities. We communicate with our many audiences clearly and effectively.

During 2018–19 we:

- developed a focused campaign to extend the top 10 new oenological and viticultural practices to the sector
- continued to refine our surveys and follow-up sessions to better collect information on the effectiveness of our events and products in encouraging practice change
- continued to develop tools and resources to facilitate practice change
- maintained our partnership with 11 regional clusters to deliver extension and practical trials that met regional priorities, and
- continued to support the AWRI helpdesk to provide a free-of-charge advice service to Australia’s grapegrowers and winemakers who pay the Wine Grapes Levy and/or Grape Research Levy. Advice is available on technical issues from experienced winemakers, viticulturists and scientists.

Strategy 10: Extension and adoption	
2018–19 Targets	2018–19 Achievements
Extension and adoption	
R&D project assessment criteria include evaluation of the extension plan and the likelihood of adoption by levy payers.	Pathways to extension and adoption were incorporated into the planning and approval process of research projects.
All eleven regional clusters actively participate in delivering activities	The Regional Program delivered over 80 per cent of the planned activities across the 11 regional clusters.
At least 85 per cent of survey respondents who attend workshops provide an overall rating of at least 4 out of 5.	Over 90 per cent of survey respondents who attended workshops provided an overall rating of at least 4 out of 5 (above average to excellent).
At least 80 per cent of survey respondents indicate that information provided at workshops is useful in their business.	85 per cent of survey respondents indicated that information provided at workshops is useful.

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, Australian Grape & Wine, the Australian Government, state governments, state and regional associations, export partners such as Austrade, sponsors and tourism associations.

The excellence of our communications was recognised by Wine Communicators Australia, with our RD&E News winning the Wine Communicators Australia award for Best Wine Publication (Trade and Technical).

Strategy 11: Corporate affairs and strategy

2018–19 targets	2018–19 achievements
Corporate Affairs	
We increase the readership of our newsletters and bulletins.	During the year, we issued 85 newsletters and bulletins and we reached more readers:
Our information is available through a range of channels in a timely manner.	<ul style="list-style-type: none">• weekly Market Bulletin subscriptions rose 37 per cent to 3264 subscribers• monthly RD&E News subscriptions rose 34 per cent to 3673 subscribers• monthly Wine Australia news subscriptions rose 51 per cent to 4454 subscribers• monthly Export and Regional Wine Support Package News subscriptions rose 259 to 2154 subscribers• bi-monthly Exporter News subscriptions rose 29 per cent to 7724 subscribers.
General and specialist media reporting of our key messages continues to grow.	
Through regular engagement with national, state and regional representative bodies we build mutual awareness and understanding.	We meet regularly with our national, state and regional representative bodies to share information, collaborate and add value for our stakeholders.
Through regular communications and engagement, we build awareness of our priorities, activities and achievements.	We communicate timely information so that people know how Wine Australia can help them to do better business. Three quarters of our stakeholders (74 per cent) believe that the amount of contact they receive from Wine Australia is about right.

Strategy 12: Corporate services

Finance and administration

The finance and administration team focussed on providing the business with timely and accurate reporting to enable effective decision making, financial management and budgetary control.

People and culture

Wine Australia's focus is still firmly set on fostering a high-performance culture. We want our people to realise their full potential. All 100 employees underwent a performance review in Feb/March 2019 where they were given feedback on their performance and agreed their key performance indicators. Each staff member also agreed on a Development Plan that will help them achieve their individual and business objectives. Wine Australia invested over \$265,000 on staff training and development in 2018-19.

More than twenty employees were recruited across our global operations in 2018-19. We have robust recruitment practices in place to ensure we choose the right person to match our business needs.

We have introduced Employee Handbooks in each of our office locations, which ensure we comply with local and international employment legal requirements and staff adhere to our human resources policies.

Information communication technology

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

During 2018-19, we built upon the IT reliability focus of 2017-18. We completed an upgrade of the corporate WiFi and firewall solutions and reviewed and enhanced our backup processes and tools across all sites. In the Sydney and Shanghai offices IT was upgraded to align with the Adelaide office, and we commenced planning for upgrading the San Francisco office in July. We also had a significant focus on IT security, undertaking an external IT security review, implementing new IT security policies and developing a training and awareness program.

The Wine Export Approval system replacement project ramped up significantly during the year, with most of the functionality delivered and end-to-end testing commenced.

Other major new developments included the Market Explorer online market analysis tool and the national vineyard scan as part of the VinSites project.

A comprehensive IT project roadmap has been developed, following extensive consultation with each department, to deliver future IT needs commencing in 2019-20.

Strategy 12: Corporate services

2018–19 targets	2018–19 achievements
Finance and administration	
All contracts are paid as and when due.	All payments made in accordance with payment terms.
External audit reports 100 per cent adherence to Reserves policy.	Reserves policy adhered to for the 2018–19 financial year.
External audit reports 100 per cent maintenance of the reserve of \$3 million.	Balance of reserves at 30 June 2019 of \$16 million were higher than the \$3 million minimum requirement.
Externally provided services, events and activities meet our commercial needs.	We procured goods and services in such a way that met our commercial needs, complied with our procurement policy, and accorded with the Commonwealth Procurement Rules.
Annual briefing for staff on finance policy and procedures. Application of the policy and procedures mitigates risk of non-compliance.	We introduced a new Policy Governance and Probity Framework and maintained an appropriate level of risk management and oversight in accordance with our Risk Management Plan
People and culture	
Employee Engagement survey is undertaken and results communicated to all staff. Opportunities for improvement are recommended to the Leadership Team.	An Employee Engagement Survey was completed in September 2018 and the results were communicated to all staff. The Leadership Team analysed the results, which were overall very positive, and decided to focus on leadership, feedback and recognition, training and development and communication and collaboration to make Wine Australia an even better place to work.
Each team member has a personal development plan. Managers review implementation of plans with team members.	Each staff member had a performance review with their manager in Feb/March 2019 and agreed on a development plan that would help the individual and the business achieve its objectives.
Each team member complies with HR policies and procedures. Any issues of non-compliance are managed in a timely and effective manner.	Employee Handbooks were implemented in each of our office locations, so each staff member is aware and adheres to our HR policies and procedures. Any issues of non-compliance are dealt with by the employee's manager and HR Manager in a timely and effective manner.
Information communication technology	
Our external and internal stakeholders are able to access our systems to support their business.	Unplanned outages affected IT availability less than 1 per cent of the time. The outage assessment includes the period when roadworks cut the communications cable to the Adelaide office disrupting internet access for 24 hours. There were planned outages for scheduled upgrades, but these were timed to minimise business impacts.





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, which prescribes various corporate governance methods and reporting. We have met all requirements of the Funding Agreement in 2018–19.

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

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 2013*. It must consist of a Chair and at least five, but not more than seven, other Directors. The current Chair will conclude his term on 30 September 2019. The current Board other than the Chair has been appointed for a three-year term that ends 30 September 2021.

Five board members completed their terms on 30 September 2018, two board members were reappointed for an additional term and five new board members were appointed by the then Minister for Agriculture and Water Resources the Hon. David Littleproud, after an extensive recruitment process lead by Presiding Member Peter Hayes.

Resolutions by the Board are made in respect of all contractual commitments exceeding \$500,000.

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.

Dr Michele Allan (Victoria)

Deputy Chair as appointed by the Board from 23 November 2018. Director from 1 October 2018



Michele is currently Chair of the Boards of Apple and Pear Australia Limited, Charles Sturt University and Meat & Livestock Australia. She is a non-executive director of Wine Australia, CSIRO, Food and Agribusiness Growth Centre, CRC Food Agility, Nuffield Australia, Dairy Food Safety Victoria and Grain Growers Limited.

Her prior board roles include Tasmanian Irrigation, Innovation and Science Australia, Grape and Wine Research and Development Corporation, Forest and Wood Products Australia, William Angliss Institute, Callaghan Innovation (NZ) and Food Standards Australia and New Zealand. Michele held executive roles with Amcor Limited, Kraft Foods, Bonlac Foods Limited, ICI, Tasmanian Bioinformatics Centre of Excellence Tasmania, Johnson and Johnson and Nestle.

Michele has a Bachelor of Applied Science from University of Technology Sydney, Master of Management of Technology from Melbourne University, Master Commercial Law Deakin University and Doctorate from RMIT. She is a fellow of the Australian Institute of Company Directors and a Fellow of Australian Academy of Technology and Engineering.

Michele chairs the Audit Committee.



Ms Catherine Cooper (SA)

Director from 1 October 2018

Catherine is an experienced non-Executive Director having served on approximately 50 boards. After a professional career as a commercial lawyer, Catherine moved into the business world and developed wide knowledge and experience across a broad range of sectors such as agribusiness, food and health, energy, water, science and technology.

Catherine has been involved in start-ups, small to medium enterprises, public and private sectors, Australian Stock Exchange-listed (ASX), and not-for-profit organisations on a national and international basis. Career highlights include the establishment of national joint venture, Rural Bank, being a Telstra Business Woman of the Year finalist – twice, inclusion in an international management program at GE and winning a position in the Australian Institute of Company Director's ASX Top 200 Chairman's Mentoring Program. Catherine is an experienced Audit Committee Chair and is a Fellow of the Australian Institute of Company Directors.

Among other directorships Catherine has been Presiding Member of the South Australian Environmental Protection Authority since June 2018 and is a Director of Australian Eggs, a member owned not-for-profit company providing marketing and research and development services for Australian egg farmers. She also serves on the Board of ASX-listed Beston Global Food Company.

Catherine chairs the Remuneration Committee



Mr Brian Croser AO (SA)

Deputy Chair as appointed by the Board to 23 November 2018

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.



Professor Peter Høj AC (Qld)

Director from 1 October 2018

Peter has been Vice-Chancellor and President of The University of Queensland since 2012. He was previously Vice-Chancellor and President of the University of South Australia (2007–12), Chief Executive Officer of the Australian Research Council (2004–07) and Managing Director of The Australian Wine Research Institute (1997–2004).

He was educated at the University of Copenhagen, majoring in biochemistry and chemistry, and has a Master of Science degree in biochemistry and genetics, a PhD in photosynthesis and Honorary Doctorates from the Universities of Copenhagen, Adelaide and South Australia.

Peter is a Director of the Board of Group of Eight (Go8) Universities (and in 2017 was the Chair) and a member of the Australian Medical Research Advisory Board.

He served on the CSIRO Board 2011–14 and was member of the Prime Minister's Science Engineering and Innovation Council 1999–2004 and 2006–07.

He is a Companion of the Order of Australia, a Fellow of the Australian Academy of Technological Sciences and Engineering, a Fellow of the National Academy of Inventors, a Foreign Member of The Royal Danish Academy of Sciences and Letters and was awarded an Australian Government Centenary Medal for service to Australia through wine research and science.

Peter chairs the RDSE Committee.



Ms Cath Oates (WA)

Director from 1 October 2018

Cath's international winemaking career began after studying business and viticulture at Curtin University followed by oenology at University of Adelaide. Senior industry roles have included Group Winemaker at Mud House Wine Group (NZ) and Chief Winemaker at Plantagenet Estate.

Cath is currently Vice Chair of Wines of Western Australia and has previously served as President of Great Southern Wine Producers Association and Margaret River Wine Association. During her time in New Zealand she also served as the winemaking representative on the Advisory Board of Sustainable Winegrowing New Zealand.

A keen wine show judge, Cath has judged extensively both in Australia and overseas and is graduate of the Len Evans Tutorial. Currently Cath is the owner of Oates Ends, making wines from the vineyard on the intergenerational farming property in Margaret River. Cath also runs a consultancy business providing strategic winemaking services and wine education.



Dr 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, research, extension and consultancy roles in the global wine sector over the past 25 years. She is currently Managing Director of Retallack Viticulture Pty Ltd, 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. She also holds a PhD in viticulture and plant protection.

She is a member of the International Organisation of Vine and Wine (OIV) Viticulture Commission, and ENVIRO group, a member of the Food Agility CRC, Strategic Investment Council, AgriFutures™ Rural Women's Award Alumni Advisory Panel, 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 course, a Fellow of the Australian Rural Leadership Foundation, a Future Leaders graduate, a past Non-Executive Director of the Australian Grape and Wine Authority, Australian Wine Research Institute, Wine Communicators of Australia, and Grape and Wine Research and Development Corporation.

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 Women influencing agribusiness and regions ambassador, and a Businesswomen's Hall of Fame inductee.



Mitchell Taylor (NSW)

Director from 1 October 2018

Mitchell Taylor is third-generation Managing Director and winemaker for Clare Valley family-winery Taylors Wines. Mitchell worked in finance and stockbroking in both London and Sydney before joining Taylors Wines in 1988 and later becoming the Managing Director in 2000.

Mitchell currently oversees all aspects of the business. As an experienced winemaker, Mitchell maintains a very hands-on role at the winery, supervising all winemaking activities to ensure the quality and consistency of all Taylors wine is maintained.

His commitment to the Australian wine industry extends to involvement in key industry associations, including his role as a founding and current director of Australia's First Families of Wine, Director of The Drinks Association and a member of the Wine Australia Marketing Advisory Group. Previous roles include former Director and Vice President of the Winemakers' Federation of Australia, Chairman of the National Wine Foundation, Chairman and Vice-Chairman of Alcohol Beverages Australia, and a Founding and Past Chairman of YPO Sydney.

Mitchell is a Fellow of the Australian Institute of Company Directors.

Mitchell chairs the Marketing Committee.

Outgoing board members

Ms Eliza Brown (Vic.)

Director from 1 October 2015 to 30 September 2018

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 and St Leonards Vineyard in Wahgunyah, Victoria where she could use her honed marketing skills.

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 to 30 September 2018

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 to 30 September 2018

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 four 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 sultana producers.

Since the founding of 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, cotton and 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.

Mr Keith Todd (SA)

Director from 1 October 2015 to 30 September 2018

In a career spanning more than 20 years, Keith has extensive global experience in food, beverage and agricultural processing, serving as Chief Operating Officer and GM Global Operations at Accolade Wines, from October 2013 to February 2019. In these roles Keith was 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 delivered 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 to 30 September 2018

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 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 until 2013.

He is the current Chair of Thomson Reuters Founders Share Company and a board member of a variety of commercial and not for profit enterprises. He has been a commissioner of the Australian Football League since 2014.

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 11: Wine Australia Board meetings 2018–19

Date held	Location
18 September 2018	Adelaide SA
23 November 2018	Adelaide SA
15 February 2019	Hobart, Tas
26 April 2019	Adelaide, SA
18 June 2019	Canberra, ACT

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, they will discuss the matter confidentially with the Director concerned. If that concern is unlikely to be remedied, they will report the matter to the responsible Minister and recommend a course of action.

If the Chair becomes aware that a Director has committed a breach of subsection 20(4) of the 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.

Periodically, the Deputy Chair meets with the Chair to discuss the Chair's performance over the previous 12 months; and to advise the Chair on any action that may be taken to enable the Chair to better fulfil their duties.

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 2018–19, the Audit Committee from 1 July 2018 to 30 September 2018 comprised:

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

From 23 November 2018, the Audit Committee comprised:

- Dr Michele Allan (Chair)
- Catherine Cooper, and
- Mitchell Taylor.

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 1 July 2018 to 30 September 2018, the Marketing Committee comprised:

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

From 23 November 2018, the Marketing Committee comprised:

- Mitchell Taylor (Chair)
- Brian Croser AO
- Catherine Oates, and
- Brian Walsh.

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

From 1 July 2018 to 30 September 2018, the Remuneration Committee comprised:

- Brian Walsh (Chair), and
- Brian Croser AO.

From 23 November 2018, the Remuneration Committee comprised:

- Catherine Cooper (Chair), and
- Brian Walsh.

The objective of the Remuneration Committee is to ensure the appropriate oversight and approval of 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 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

From 1 July 2018 to 30 September 2018, the Research, Development and Extension Committee comprised:

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

From 23 November 2018, the Research, Development and Extension Committee comprised:

- Prof. Peter Høj AC (Chair)
- Dr Michele Allan
- Brian Croser AO, and
- Dr Mary Retallack.

The objectives of the Research, Development & Extension (RD&E) Committee are to provide advice to Wine Australia on the appropriate investment of the Grape Research Levy and the research and development component of the Wine Grapes Levy in research and development in accordance with the *Wine Australia Act 2013* by:

- providing input that assists Wine Australia in determining the long-term RD&E needs of the Australian wine sector
- providing input that assists with the development of the strategic plan of Wine Australia including advice on research and development investment priorities and the assessment of their progress, and
- advocating for RD&E opportunities that encourage sustained growth of the Australian wine sector.

Table 12: Attendance at Board and committee meetings 2018–19

	Board meetings		Audit Committee		Marketing Committee		Remuneration Committee		RD&E Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Brian Walsh	5	5			4	4	1	1		
Dr Michele Allan	4	4	3	3					3	2
Eliza Brown	1	1			1	1				
Catherine Cooper	4	4	3	3			1	1		
Brian Croser AO	5	5			3	3			3	3
David Dearie	1	1			1	1				
Prof. Peter Høj AC	4	4							3	3
Catherine Oates	4	4			3	3				
Edouard Peter	1	1	1	1	1	1				
Dr Mary Retallack	5	5	1	1					3	3
Mitchell Taylor	4	4	3	2	3	3				
Keith Todd	1	1	1	1						
Kim Williams AM	1	1			1	1				

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 (now AG&W).

In 2018–19, 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 did not make any determinations of new geographical indications for wine in 2018–19.

The GIC considered an application for the determination of Wilyabrup as a geographical indication for wine but did not decide whether to make the determination. Rather, it requested further information from the applicants.

On 23 November 2018, the GIC made a final determination of the European Geographical Indication Avola. Following an objection period during which no objections were raised, on 18 January 2019, Avola was entered onto the Register of Protected Geographical Indications and Other Terms.

Legislative Review Committee

Wine Australia's Legislative Review Committee (LRC) did not meet in 2018–19.

Management and staff

Senior management

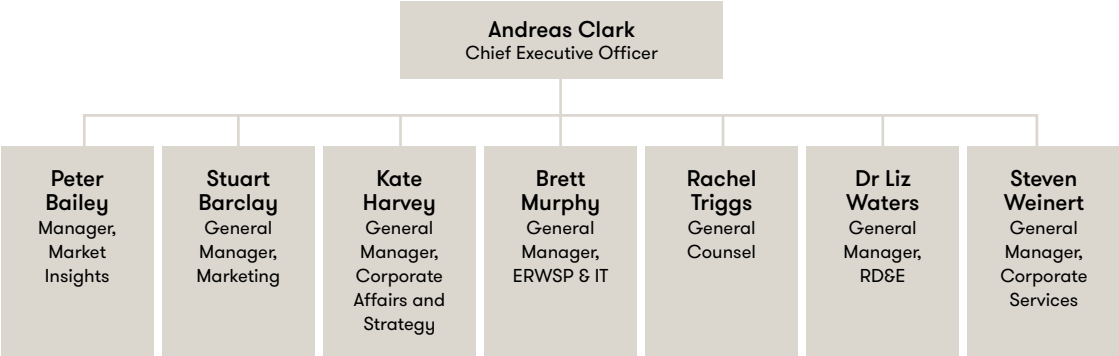


Table 13: Key Management Personnel remuneration 2018–19

Key Management Personnel remuneration		Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long Service Leave	Other long-term benefits	Termination benefits	Total remuneration
Clark, Andreas	Chief Executive Officer (CEO)	305,402	-	78,327	71,100	8,012	-	-	462,842
Barclay, Stuart	General Manager (GM)	303,148	-	6,053	28,228	7,956	-	-	345,386
Weinert, Steven	General Manager (GM)	244,031	-	6,358	22,827	6,396	-	-	279,612
Waters, Elizabeth	General Manager (GM)	206,291	-	4,463	18,761	5,631	-	-	235,145
Walsh, Brian	Board member	76,090	-	3,414	7,229	-	-	-	86,732
Retallack, Mary	Board member	38,050	-	388	3,615	-	-	-	42,053
Croser, Brian	Board member	38,050	-	-	3,615	-	-	-	41,665
Oates, Catherine	Board member	28,537	-	715	2,711	-	-	-	31,964
Allan, Michele	Board member	28,537	-	-	2,711	-	-	-	31,249
Cooper, Catherine	Board member	28,537	-	-	2,711	-	-	-	31,249
Høj, Peter	Board member	28,537	-	-	2,711	-	-	-	31,249

Table 13: Key Management Personnel remuneration 2018–19 (continued)

Key Management Personnel remuneration		Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long Service Leave	Other long-term benefits	Termination benefits	Total remuneration
Taylor, Mitchell	Board member	28,537	-	-	2,711	-	-	-	31,249
Brown, Eliza	Board member	9,512	-	-	904	-	-	-	10,416
Dearie, David	Board member	9,512	-	-	904	-	-	-	10,416
Peter, Edouard	Board member	9,512	-	-	904	-	-	-	10,416
Todd, Keith	Board member	9,512	-	-	904	-	-	-	10,416
Williams, Kimberley	Board member	9,512	-	-	904	-	-	-	10,416
17		1,401,312	-	99,719	173,448	27,995	-	-	1,702,474

Table 14: Senior executives remuneration 2018–19

Senior executives remuneration		Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Total remuneration bands	Number of senior executives	Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long Service Leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$0 - \$220,000	2	168,724	-	6,626	15,798	5,560	-	-	196,708
\$220,001 - \$245,000	2	196,077	-	4,713	26,900	5,492	-	-	233,182

Table 15: Other highly paid staff remuneration 2018–19

Other highly paid staff remuneration		Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Total remuneration bands	Number of other highly paid staff	Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long Service Leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$220,001 - \$245,000	1	219,928	-	13,243	2,012	-	-	-	235,182
\$270,001 - \$295,000	1	263,928	-	24,368	5,556	-	-	-	293,851
\$295,001 - \$320,000	1	291,232	-	6,142	-	-	-	-	297,374

Staff Wine Australia employed 99 people at 30 June 2019, compared with 89 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 16: Staff members by location

	Male		Female		Intersex and unspecified		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
Australia	16	1	41	18	0	0	76
UK	0	0	5	2	0	0	7
US	3	0	5	1	0	0	9
Canada	0	0	2	0	0	0	2
China	2	0	3	0	0	0	5
Total	21	1	56	21	0	0	99

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

During the year in review The Hon David Littleproud, as Minister for Agriculture and Water Resources, was our responsible Minister until 29 May 2019, with the Senator the Hon. Anne Ruston, as Assistant Minister for Agriculture and Water Resources, holding delegated responsibility until 28 August 2018. From 29 May 2019, Senator the Hon. Bridget McKenzie became Minister of Agriculture and holds 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 18 January 2019, an Agreement on Trade in Wine between the the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland was signed.

This means arrangements already in place between Australia and the EU, for wine and other exports, will continue to apply to the UK post-Brexit.

To give effect to the bilateral agreement, the Act was amended by the *Wine Australia Amendment (Trade with United Kingdom) Act 2019*, which was assented to on 12 March 2019.

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.





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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 year ended 30 June 2019 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 Board in accordance with a resolution of the Board.

Brian Walsh,
Chair of the Board of Wine Australia

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

24 September 2019

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 of 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 2018–19 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 2018–19 of Wine Australia was approved by resolution of the Board on 24 September 2018.

Brian Walsh,
Chair of the Board of Wine Australia

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

24 September 2019



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture

Opinion

In my opinion, the financial statements of Wine Australia ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 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 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 Entity 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Board is also responsible for such internal control as the Entity determines is necessary to enable the preparation 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 the ability of the Entity 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, as applicable, matters related to going concern 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 the Accountable Authority 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
Audit Principal
Delegate of the Auditor-General

Canberra
24 September 2019

Statement of comprehensive income

for the year ended 30 June 2019

	Notes	Actuals 2019 \$	Actuals 2018 \$	Budget 2019 \$
Net cost of services				
Expenses				
Expenditure on research and development contracts	1.1A	23,113,563	23,963,641	23,736,973
Employee benefits	1.1B	12,370,282	10,236,186	12,195,743
Suppliers	1.1C	20,981,701	18,688,066	17,030,617
Grants	1.1D	5,072,991	238,306	5,800,000
Depreciation and amortisation	1.1E	406,851	328,420	558,000
Write-down of assets – Bad debts written off	1.1	3,412	1,455	1,000
Net losses from foreign exchange – Non Speculative	1.1	136,964	76,452	-
Levy collection fees	1.1	891,694	898,531	842,666
Total expenses		62,977,458	54,431,057	60,165,000
Less:				
Own-source income				
Own-source revenue				
Industry contributions	1.2A	19,745,231	21,549,775	19,600,000
Sale of goods and rendering of services	1.2B	8,655,791	8,717,956	7,943,998
Rental income	1.2C	185,000	202,177	222,432
Research and development contributions	1.2D	1,169,187	1,169,010	859,010
Interest	1.2E	511,360	467,106	276,000
Other revenue	1.2F	5,872	25,714	5,000
Total own-source revenue		30,272,441	32,131,738	28,906,440
Net cost of services		(32,705,017)	(22,299,319)	(31,258,560)
Revenue from government				
Australian Government matching contributions	1.2	14,117,512	13,867,957	13,000,000
Other grants from Government	1.2G	16,737,996	18,514,630	16,258,560
Total revenue from Government		30,855,508	32,382,587	29,258,560
(Deficit)/Surplus attributable to the Australian Government		(1,849,509)	10,083,268	(2,000,000)
Total comprehensive income attributable to the Australian Government		(1,849,509)	10,083,268	(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 2019

	Notes	Actuals 2019 \$	Actuals 2018 \$	Budget 2019 \$
Assets				
Financial assets				
Cash and cash equivalents	2.1A	3,144,006	2,656,026	2,883,000
Trade and other receivables	2.1B	4,653,677	3,182,058	2,513,000
Other investments – Deposits at Bank		10,016,320	16,239,609	4,020,000
Total financial assets		17,814,003	22,077,693	9,416,000
Non-financial assets				
Leasehold improvements	2.2A	100,335	-	-
Plant and equipment	2.2B	281,791	429,282	114,000
Intangibles	2.2C	3,753,479	1,646,976	3,449,000
Inventories held for sale	2.2	-	7,900	-
Prepayments	2.2D	2,807,909	2,086,208	863,000
Total non-financial assets		6,943,514	4,170,366	4,426,000
Total assets		24,757,517	26,248,059	13,842,000
Liabilities				
Payables				
Suppliers - Trade Creditors and Accruals	2.3	892,263	1,481,142	743,000
Research and development contracts	2.3A	307,007	228,212	2,623,000
Other payables	2.3B	841,714	129,807	60,000
Total payables		2,040,984	1,839,161	3,426,000
Provisions				
Employee provisions	4.1	1,253,980	1,111,836	1,202,000
Other provisions	2.4A	110,000	95,000	95,000
Total provisions		1,363,980	1,206,836	1,297,000
Total liabilities		3,404,964	3,045,997	4,723,000
Net assets		21,352,553	23,202,062	9,119,000
Equity				
Retained surplus		21,352,553	23,202,062	9,119,000
Asset revaluation reserve		-	-	-
Total equity		21,352,553	23,202,062	9,119,000

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 2019

	Actuals 2019 \$	Actuals 2018 \$	Budget 2019 \$
Retained earnings			
Opening balance			
Balance at the beginning of the reporting period	23,202,062	13,118,794	11,119,000
Opening balance	23,202,062	13,118,794	11,119,000
Comprehensive income			
Surplus for the period	(1,849,509)	10,083,268	(2,000,000)
Total comprehensive income	(1,849,509)	10,083,268	(2,000,000)
Transfers between equity components	-	-	-
Closing balance as at 30 June	21,352,553	23,202,062	9,119,000
Total equity			
Opening balance			
Balance at the beginning of the reporting period	23,202,062	13,118,794	11,119,000
Opening balance	23,202,062	13,118,794	11,119,000
Comprehensive income			
(Deficit)/Surplus for the period	(1,849,509)	10,083,268	(2,000,000)
Total comprehensive income	(1,849,509)	10,083,268	(2,000,000)
Transfers between equity components	-	-	-
Closing balance as at 30 June	21,352,553	23,202,062	9,119,000

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 2019

	Notes	Actuals 2019 \$	Actuals 2018 \$	Budget 2019 \$
Operating activities				
Cash received				
Australian Government matching contributions		13,058,227	14,151,589	13,899,440
Other receipts from Government		16,703,943	18,895,877	16,258,560
Industry contributions		19,726,954	21,662,495	18,892,000
Sale of goods and rendering of services		10,849,721	9,097,264	6,022,000
Rental income		203,500	222,395	222,000
Interest		507,153	486,004	277,000
Research and development contributions and refunds		1,322,764	1,285,911	1,532,000
Net GST received		2,296,461	1,267,700	3,892,000
Other receivables		4,325	7,325	-
Total cash received		64,673,048	67,076,560	60,995,000
Cash used				
Employees		(12,269,428)	(9,969,833)	(11,611,541)
Suppliers		(25,525,782)	(21,483,589)	(19,150,459)
Expenditure on research and development contracts and other grants		(30,187,821)	(28,268,478)	(32,021,000)
Total cash used		(67,983,031)	(59,721,900)	(62,783,000)
Net cash used by operating activities		(3,309,983)	7,354,660	(1,788,000)
Investing activities				
Cash received				
Proceeds from sales of plant and equipment		5,904	8,025	-
Proceeds from investments		31,594,661	20,144,206	9,000,000
Total cash received		31,600,565	20,152,231	9,000,000
Cash used				
Purchase of plant and equipment		(36,503)	(231,227)	(30,000)
Purchase of leasehold improvements		(94,216)	-	-
Purchase of intangibles		(2,300,510)	(1,187,350)	(3,105,000)
Purchase of investments		(25,371,373)	(25,334,834)	(3,153,000)
Total cash used		(27,802,602)	(26,753,411)	(6,288,000)
Net cash from investing activities		3,797,963	(6,601,180)	2,712,000
Net decrease in cash held		487,980	753,480	924,000
Cash and cash equivalents at the beginning of the reporting period		2,656,026	1,902,546	1,959,000
Cash and cash equivalents at the end of the reporting period	2.1A	3,144,006	2,656,026	2,883,000

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 2019

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.

The basis of preparation

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); and
- Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements 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 that were issued prior to the sign-off date and that are applicable to the current reporting period, did not have a material effect on Wine Australia's financial statements.

The transition from AASB139 to AASB 9 Financial Instruments had minimal impact on Wine Australia. Wine Australia values its Assets either at Cost or at Fair Value, which have minimal variances.

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. A preliminary assessment by Wine Australia indicates the impact to be a \$1.6M increase on both assets and liabilities.

AASB 15 Revenue from Contracts with Customers 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 not have a material impact on Wine Australia's financial statements due to the recognition of revenue over time.

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 2019.

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 2019 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 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	2019 \$	2018 \$
Public sector		
Australian Government entities	3,873,828	4,885,650
State and territory governments	1,515,039	1,625,963
Universities/colleges	3,816,168	3,480,472
Private sector		
The Australian Wine Research Institute	8,645,000	8,933,333
Other organisations	2,235,065	938,282
Market research costs	671,448	659,427
Rural R&D for Profit Program	2,357,015	3,440,514
Total expenditure on research and development contracts	23,113,563	23,963,641

Note 1.1B: Employee benefits	2019 \$	2018 \$
Wages and salaries	11,062,463	9,327,808
Superannuation		
Defined contribution plans	898,255	572,059
Defined benefit plans	129,725	120,974
Leave and other entitlements	226,777	215,345
Separation and redundancies	53,062	-
Total employee benefits	12,370,282	10,236,186

Note 1.1C: Suppliers	2019 \$	2018 \$
Goods and services supplied or rendered		
Occupancy costs	216,399	193,876
Contractors	337,863	480,067
Communications	118,790	119,040
Information technology	1,857,481	1,416,246
Marketing costs	12,601,676	11,997,511
Outside services	645,952	433,958
Travel and accommodation	990,730	885,394
Goods purchased	153,815	118,082
Advertising	32,006	34,743
Professional fees	1,995,985	959,469
Publications and subscription	121,263	210,112
Postage and freight	130,774	145,554
Other supplier expenses	653,107	653,451
Total goods and services supplied or rendered	19,855,841	17,647,503
Other supplier		
Operating lease rentals	1,034,416	961,071
Workers' compensation expenses (Comcare)	25,440	33,747
Liability insurance expenses (Comcover)	66,004	45,745
Total other supplier expenses	1,125,860	1,040,563
Total supplier expenses	20,981,701	18,688,066

Leasing commitments

Wine Australia holds five significant lease arrangements (2018: 5). One is with the National Wine Centre at the Adelaide head office; the others are lease contracts for the marketing offices interstate and overseas.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	2019 \$	2018 \$
Within 1 year	1,131,766	919,491
Between 1 to 5 years	1,904,259	1,689,958
More than 5 years	-	-
Total operating lease commitments	3,036,025	2,609,449

Note 1.1D: Grants	2019 \$	2018 \$
State grants	2,440,000	150,000
Competitive grants	1,332,500	-
Wine Export grants	1,300,491	88,306
Total grants	5,072,991	238,306

Note 1.1E: Depreciation and amortisation	2019 \$	2018 \$
Depreciation		
Plant and equipment	183,963	195,827
Leasehold improvements	28,881	6,667
Total depreciation	212,844	202,494
Amortisation		
Intangibles: computer software	194,007	125,926
Total amortisation	194,007	125,926
Total depreciation and amortisation	406,851	328,420

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. 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 in 2015, in accordance with section 11 of the *Primary Industries Levies and Charges Collection Act 1991*.

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

Revenue from Government

The matching contribution from the Australian Government is provided to fund grape and wine research. It is equal to half of the expenditure of 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 9 *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	2019 \$	2018 \$
Grape research levy	3,549,142	4,113,727
Wine research levy	12,555,177	13,993,918
Wine export charge	3,640,912	3,442,130
Total industry contributions	19,745,231	21,549,775

Note 1.2B: Sale of goods and rendering of services	2019 \$	2018 \$
Sale of goods	258,731	183,897
Rendering of services	8,397,060	8,534,059
Total sale of goods and rendering of services	8,655,791	8,717,956

Note 1.2C: Rental income	2019 \$	2018 \$
Operating lease		
Sublease	185,000	202,177
Total rental income	185,000	202,177

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)	2019	2018
Commitments for sublease rental income receivables are as follows:	\$	\$
Within 1 year	202,228	196,498
Between 1 to 5 years	155,463	356,245
More than 5 years	-	-
Total sublease rental income commitments	357,691	552,743

Note 1.2D: Research and development contributions	2019	2018
	\$	\$
Rural R&D for Profit Program contributions from external sources	859,010	1,169,010
Other	310,177	-
Total research and development contributions and refunds	1,169,187	1,169,010

Note 1.2E: Interest	2019	2018
	\$	\$
Term deposits at bank	424,366	398,971
Credit interest	86,994	68,135
Total interest	511,360	467,106

Note 1.2F: Other revenue	2019	2018
	\$	\$
Sponsorship	-	18,000
Other revenue	5,872	7,714
Total other revenue	5,872	25,714

Note 1.2G: Other grants from Government	2019	2018
	\$	\$
Export and Regional Wine Support Package	15,924,000	17,344,000
Rural R&D for Profit Program	746,939	1,098,471
Export Market Development Grant	67,057	72,159
Total revenue from Government	16,737,996	18,514,630

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. Credit Terms for goods and services were within 30 days unless otherwise specified (2018: 30 days unless otherwise specified).

Note 2.1A: Cash and cash equivalents	2019 \$	2018 \$
Cash at bank	3,142,545	2,655,154
Cash on hand	1,461	872
Total cash and cash equivalents	3,144,006	2,656,026

Note 2.1B: Trade and other receivables	2019 \$	2018 \$
Goods and services receivables		
Goods	-	28,037
Services	1,235,875	616,613
Total goods and services receivables	1,235,875	644,650
Other receivables		
Australian Government matching contributions receivable	2,104,356	1,045,072
GST receivable from the Australian Taxation Office	302,820	467,818
Industry contributions receivable	981,662	963,385

Note 2.1B: Trade and other receivables (continued)	2019 \$	2018 \$
Interest receivable	6,039	1,833
Other receivable	22,925	59,300
Total other receivables	3,417,802	2,537,408
Total trade and other receivables (gross)	4,653,677	3,182,058
Refer to Note 1.2: Accounting Policy – Revenue		
Less impairment allowance		
Goods and services	-	-
Total impairment allowance	-	-
Total trade and other receivables (net)	4,653,677	3,182,058
Trade and other receivables (net) expected to be recovered		
No more than 12 months	4,653,677	3,182,058
More than 12 months	-	-
Total trade and other receivables (net)	4,653,677	3,182,058
Trade and other receivables (net) aged as follows		
Not overdue	4,578,877	3,116,319
Overdue by:		
0 to 30 days	63,767	52,808
31 to 60 days	10,283	12,167
61 to 90 days	750	109
More than 90 days	-	655
Total trade and other receivables (net)	4,653,677	3,182,058

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)

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.

Asset recognition threshold

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. This is particularly relevant to 'restoration' provisions taken up by the entity where there exists an obligation to restore leased premises to original condition. The improvement costs are included in the value of the entity's leasehold improvement with a corresponding provision for the 'make good' recognised.

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 less subsequent accumulated depreciation and accumulated impairment losses. 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.

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.

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.

No indicators of impairment were found for plant or equipment.

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

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	2019	2018
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 2019. 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.

Intangibles

Wine Australia's intangible assets include purchased software and internally-developed software for internal 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 to five 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 2019 and no indicators of impairment were found for intangible assets.

The current Wine Export Approval system is expected to be decommissioned and disposed of in 2019-20. No other intangibles are expected to be sold or disposed of within the next 12 months.

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: Reconciliation of the opening and closing balances of leasehold improvements	Leasehold improvements 2019 \$	Leasehold improvements 2018 \$
As at 1 July		
Gross book value	904,505	904,505
Accumulated depreciation	(904,505)	(897,838)
Total as at 1 July	-	6,667
Additions:		
Purchase	94,216	-
Internally developed	35,000	-
Depreciation expense	(28,881)	(6,667)
Disposals:		
Gross book adjustment	(20,000)	-
Accumulated depreciation adjustment	20,000	-
Total as at 30 June	100,335	-
Total as at 30 June represented by:		
Gross book value	1,013,721	904,505
Accumulated depreciation and impairment	(913,386)	(904,505)
	100,335	-

Note 2.2B: Reconciliation of the opening and closing balances of plant and equipment 2018–19	Plant and equipment \$	Furniture and fittings \$	Total \$
As at 1 July			
Gross book value	1,019,289	50,152	1,069,441
Accumulated depreciation	(629,696)	(10,463)	(640,159)
Total as at 1 July	389,593	39,689	429,282
Additions:			
By purchase	36,503	-	36,503
Depreciation expense	(179,227)	(4,736)	(183,963)
Disposals:			
Gross book adjustment	(69,077)	-	(69,077)
Accumulated depreciation adjustment	69,046	-	69,046
Total as at 30 June	246,838	34,953	281,791
Total as at 30 June represented by:			
Gross book value	986,715	50,152	1,036,867
Accumulated depreciation	(739,877)	(15,199)	(755,076)
	246,838	34,953	281,791

Note 2.2C: Reconciliation of the opening and closing balances of intangibles 2018-19	Computer software – purchased \$	Computer software – developed \$	Total \$
As at 1 July			
Gross book value	576,279	2,562,071	3,138,350
Accumulated amortisation	(336,275)	(1,155,099)	(1,491,374)
Total as at 1 July	240,004	1,406,972	1,646,976
Additions:			
Purchase	571,000	1,756,011	2,327,011
Amortisation	-	(194,007)	(194,007)
Disposals:			
Gross book adjustment	(26,501)	-	(26,501)
Accumulated amortisation adjustment	-	-	-
Total as at 30 June	784,503	2,968,976	3,753,479
Total as at 30 June represented by:			
Gross book value	1,120,778	4,318,082	5,438,860
Accumulated depreciation	(336,275)	(1,349,106)	(1,685,381)
	784,503	2,968,976	3,753,479

Internally developed software in 2018-19 is the capitalisation of the new Wine Australia wine export approval system.

Note 2.2D: Prepayments	2019 \$	2018 \$
Prepayments	2,807,909	2,086,208
Total prepayments	2,807,909	2,086,208
Prepayments expected to be recovered		
No more than 12 months	2,799,642	2,022,924
More than 12 months	8,267	63,284
Total prepayments	2,807,909	2,086,208

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	2019 \$	2018 \$
Accrued approved project expenses	307,007	228,212
Total research and development contracts	307,007	228,212

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

Note 2.3B: Other payables	2019 \$	2018 \$
Salaries and wages	53,543	109,333
Prepayments received/unearned income	787,008	18,925
Other	1,163	1,549
Total other payables	841,714	129,807
Total other payables are expected to be settled in:		
No more than 12 months	841,714	129,807
More than 12 months	-	-
Total other payables	841,714	129,807

Note 2.4: Provisions (Accounting Policy – Provisions)

Makegood

Wine Australia currently has three 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 2018	95,000	95,000
Additional provisions made	35,000	35,000
Amounts reversed	(20,000)	(20,000)
Total as at 30 June 2019	110,000	110,000
Total other provisions are expected to be settled in:		
No more than 12 months	-	-
More than 12 months	110,000	110,000
Total other provisions	110,000	110,000

Funding

This section identifies Wine Australia's funding structure.

Note 3.1: Regulatory charging summary

Note 3.1: Regulatory charging summary	2019 \$	2018 \$
Expenses		
Direct costs	2,428,892	2,322,412
Indirect costs	1,759,047	1,624,769
Total expenses	4,187,939	3,947,181
External revenue		
Sale of goods and rendering of services	5,300,608	4,901,560
Total external revenue	5,300,608	4,901,560

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 2019–20 year.

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 and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity'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 has been determined by reference to the work of an actuary as at 30 June 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

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

Superannuation

The entity's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. 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.

The entity makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

Note 4.1: Employee provisions	2019 \$	2018 \$
Long service leave	624,565	578,573
Annual leave	576,353	533,263
Separation or redundancies	53,062	-
Total employee provisions	1,253,980	1,111,836
Employee provisions are expected to be settled in:		
No more than 12 months	1,015,602	897,594
More than 12 months	238,378	214,242
Total employee provisions	1,253,980	1,111,836

Note 4.2: Key management personnel remuneration

Senior executive remuneration expenses

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 Wine Australia.

For the purpose of this note, Wine Australia has defined KMPs, as Directors, the Chief Executive Officer (CEO), and selected employees who report directly to the CEO. These employees are 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.

Wine Australia reviewed the updated guidance of RMG-138: Commonwealth entities Executive Remuneration Reporting Guide for Annual Reports and the total number of senior management positions included in this table is 17 (12 in 2017-18 with a total value of \$1.678M if this new guidance had been in place).

Name	Position	Term as KMP
Clark, Andreas	Chief Executive Officer (CEO)	Full year
Barclay, Stuart	General Manager (GM)	Full year
Weinert, Steven	General Manager (GM)	Full year
Waters, Elizabeth	General Manager (GM)	Full year
Walsh, Brian	Board member	Full year
Retallack, Mary	Board member	Full year
Croser, Brian	Board member	Full year
Allan, Michele	Board member	Part-year – Appointed 1st October 2018
Cooper, Catherine	Board member	Part-year – Appointed 1st October 2018
Høj, Peter	Board member	Part-year – Appointed 1st October 2018
Oates, Catherine	Board member	Part-year – Appointed 1st October 2018
Taylor, Mitchell	Board member	Part-year – Appointed 1st October 2018
Brown, Eliza	Board member	Part-year – Term completed 30th September 2018
Dearie, David	Board member	Part-year – Term completed 30th September 2018
Peter, Edouard	Board member	Part-year – Term completed 30th September 2018
Todd, Keith	Board member	Part-year – Term completed 30th September 2018
Williams, Kimberley	Board member	Part-year – Term completed 30th September 2018

Note 4.2: Key management personnel remuneration	2019 \$	2018 \$
Short-term employee benefits:		
Salary	1,307,888	1,899,507
Other benefits and allowances	99,719	87,478
Total short-term employee benefits	1,407,606	1,986,985
Post-employment benefits		
Superannuation	173,448	246,150
Total post-employment benefits	173,448	246,150
Other long-term employee benefits		
Annual leave accrued	93,424	151,710
Long service leave accrued	27,995	56,176
Total other long-term employee benefits	121,419	207,886
Total senior executive remuneration expenses	1,702,474	2,441,021

Note 4.3: Related party disclosures

Related party relationships

Wine Australia is an Australian Government controlled entity. Related parties to the entity are Directors and Key Management Personnel, and other Australian Government Entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of research grants. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

- A Grant was made to All Saints Estate, which Director, Eliza Brown owns shares in. They were approved under Wine Export Grant Scheme and were made on normal terms and conditions.
- Grants were made to Wine Communicators of Australia, which a Wine Australia Employee is a Director of. They were approved under Competitive Grant Scheme and were made on normal terms and conditions.

There was no balances outstanding at year end.

Note 4.4: Remuneration of auditors

Note 4.4: Remuneration of auditors	2019 \$	2018 \$
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

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI with recycling)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the writeoff directly reduces the gross carrying amount of the financial asset.

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 at amortised cost

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		AASB 139 original classification		AASB 139 carrying amount at 1 July 2018 \$	AASB 9 carrying amount at 1 July 2018 \$
Classification of financial assets on the date of initial application of AASB 9		AASB 9 new classification			
Financial assets class	Note				
Deposits at bank	2.1	Held-to-maturity	Amortised Cost	16,239,609	16,239,609
Cash and cash equivalents	2.1A	Receivables	Amortised Cost	2,656,026	2,656,026
Interest receivable	2.1B	Receivables	Amortised Cost	1,833	1,833
Australian Government matching contributions receivables	2.1B	Receivables	Amortised Cost	1,045,072	1,045,072
Industry contributions receivables	2.1B	Receivables	Amortised Cost	963,385	963,385
Other receivables	2.1B	Receivables	Amortised Cost	703,951	703,951
Total financial assets				21,609,876	21,609,876

Note 5.1A: Categories of financial instruments		2019 \$	2018 \$
Financial assets under AASB 139			
Held-to-maturity investments:			
Deposits at bank		10,016,320	16,239,609
Total held-to-maturity investments		10,016,320	16,239,609
Receivables:			
Cash and cash equivalents		3,144,006	2,656,026
Interest receivable		6,039	1,833
Australian Government matching contributions receivables		2,104,356	1,045,072
Industry contributions receivables		981,662	963,385
Other receivables		1,258,800	703,951
Total receivables		7,494,863	5,370,267
Total financial assets		17,511,184	21,609,876
Financial liabilities			
Financial liabilities measured at amortised cost:			
Suppliers		892,263	1,481,142
Research and development contracts		307,007	228,212
Total financial liabilities measured at amortised cost		1,199,270	1,709,354
Total financial liabilities		1,199,270	1,709,354

Wine Australia has no reclassifications or remeasurements of financial assets to disclose.

Note 5.1B: Net gains or losses on financial assets	2019 \$	2018 \$
Held-to-maturity investments:		
Interest revenue	424,366	398,971
Net gain on held-to-maturity investments	424,366	398,971
Receivables:		
Interest revenue	86,994	68,135
Exchange losses	(136,964)	(76,452)
Net gain on receivables	(49,970)	(8,317)
Net gain on financial assets	374,396	390,654

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	2019 \$	2018 \$	Level	Valuation techniques ¹	Significant inputs used
Leasehold improvements (including fit out)	100,335	-	3	Depreciated replacement cost (DRC)	Replacement cost new (price per square metre)
				Net present value	Current obligation costs (price per square metre)
					Indexation rates ²
					Discount rate ²
Plant and equipment	281,791	464,371	2	Market approach	Adjusted market transactions
Total assets measured at fair value	382,126	464,371			

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.

Other information

Note 6.1: Budgetary reports and explanations of major variances

Departmental major budget variances for 2018–19

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	
Milestone of the Rural R&D 4 Profit Program for April 2019 was for \$512K. This was not originally included in the PBS budget.	• Comprehensive Income
Sale of goods and services	
The variance of \$760K was made up predominately of under budgeted Marketing Revenue for user pays activities. Some marketing events are run on a cost recovery basis with additional levy funds invested, however some events are executed on a break even basis. Wine Australia invests levy funds as well as the user pays revenue to increase the scope and quality of the events in terms of the quality of venues, promotional materials and presentation.	• Comprehensive Income
Australian Government Commonwealth matching/Trade and other receivables	
The Commonwealth matching contributions are determined by the (Gross Value of Production) GVP. The claim is capped, and that cap is based on a three-year average yield. The budget assumed minimal growth in value or yield and was not budgeted to exceed last year’s claim.	• Comprehensive Income/ Financial Position
Research and development contributions	
The variance of \$310K is from co-contributions from research partners who are contributing towards new research projects contracted in 2018-19. This additional income was not budgeted for.	• Comprehensive Income
Interest income/Trade and other receivables	
The variance of \$235K is additional income generated through invested grant funds into Term Deposits until funds were acquitted.	• Comprehensive Income/ Financial Position
Expenditure on research and development contracts/ R&D payables	
Variance of \$625K. Each year Wine Australia makes a budget allowance for new projects. The variance is caused by a combination of two main reasons, that only some new projects were commenced and secondly, other variances were caused by variations to existing contracts due to project delays.	• Comprehensive Income

Explanations of major variances (continued)	Affected line items (and statement)
Grants	
Variance of \$727K. The PBS was based on estimated timing of grants payable for each of the State, Competitive and Wine Export Grant schemes. The timing of actual milestone payments was later than budgeted and therefore there was a timing variance. The grant programs will finish in 2019–20.	<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 additional employees for the facilitation and delivery of the \$50m Package	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Cash Flow Statement
Supplier expenditure	
Actual expenses were higher than anticipated due to expenditure relating to both the \$50m Package and our Levy funded activities. A deficit this year for the \$50m Package is reserves carried over from a surplus in 2017–18. In this area, more was spent on suppliers than the original budget caused by timing of spend between years.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Liabilities • Cash Flow Statement
Depreciation/Intangibles	
The depreciation expense variance for 2018–19 is timing issue. Wine Australia had two major projects during the year, the Wine Export Approval (WEA) replacement system and the GAIA (Geospatial Artificial Intelligence for Agriculture) platform. Depreciation will not commence until the systems are available for use which will be later than budgeted. Therefore the capital expenditure has occurred but the system is still a work in progress and not a depreciating asset by the end of the 2018–19 financial year.	<ul style="list-style-type: none"> • Statement of Comprehensive Income – Expenses • Statement of Financial Position – Asset • Cash Flow Statement
Plant and equipment	
The variance for Plant and Equipment relates to the opening balance and previous years purchases. More IT equipment was purchased last year than budgeted for, and due to the timing of the when the PBS is completed, the lower amount less this years depreciation reduced the balance at year end in the PBS.	<ul style="list-style-type: none"> • Statement of Financial Position – Asset • Cash Flow Statement
Prepayments	
In addition to the R&D and general creditors prepaid allowed for in the PBS, the actuals also include approximately \$1.5M prepaid costs for our major marketing campaign Far From Ordinary in September 2019.	<ul style="list-style-type: none"> • Statement of Financial Position – Asset
Term Deposits	
There is still unspent funds from year two of the \$50m Package EWRSP grant. The unspent grant has been held in term deposits, earning interest until the funds are required in 2019–20.	<ul style="list-style-type: none"> • Statement of Financial Position – Asset • Cash Flow Statement







Appendices

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- 140–141** Appendix III: Glossary of acronyms and terms
- 142–144** Appendix IV: Compliance index
- 145–148** Appendix V: Alphabetical index

Appendix I: RD&E funded projects

Project number	Title	Approved funding 2018–19 \$
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	36,435
CRD 1601	Digital technologies for dynamic disease management	413,000
CSA 1601	New technologies for dynamic canopy and disease management	399,606
CSA 1602	New non-destructive technologies for simultaneous yield, crop condition and quality estimation	380,949
CSA 1603	Simple tools for spatial analysis – key enabling technologies for Precision and Digital Viticulture	84,292
CSL 1401	The yield:quality nexus. Substantiating similarity in the patterns of variation in grape yield/vine vigour and indices of fruit quality	75,090
CSU 1501	Developing a phone-based imaging tool to inform on fruit volume and potential optimal harvest time	(62,093)
UQ 1601	LiDAR and PACE for Vineyards	113,311
USA 1601	Use of Unmanned Air Vehicles for early, real time detection of extreme weather events in vineyards	70,750
UT 1601	Taking grapevine yield forecasting into the digital age	120,472
3.2 Wine provenance and measures of quality		
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
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	146,093
CSU 1301	Determination of thresholds for bunch rot contamination of grapes and techniques to ameliorate associated fungal taints	80,386
CSU 1602	Benchmarking regional and subregional influences on Shiraz fine wines	33,171
CSU 1702-2	Determining thresholds for bunch rot tolerance in wine and detection of unwanted fungal aromas	106,804
UA 1602	Understanding the drivers of terroir in the Barossa Valley	998,216

Project number	Title	Approved funding 2018-19 \$
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.	279,399
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	182,785
3.3 Customer insights		
FU 1701	Ties that Bind: Building strong importer and retailer relationships to drive premium wine export sales	(11,475)
UA 1601	The Ties that Bind: Building strong importer and retailer relationships to drive premium wine export sales	(8,823)
USA 1501	Driving the strategic growth of Australian wines in the US export market	27,069
USA 1602	Creating opportunity for Australian 'fine' wine in China	40,604
WOP 1401	The opportunities for further market share expansion of Australia's regional and premium price segment wines in the US market	10,288
Sub-total for Priority 1		5,212,348
Priority 2		
Strategy 4: Improving resource management and sustainability		
4.1 Climate adaptability		
AGW 1706	MLA Contribution Agreement – Rural RnD4Profit-16-03-007 Forewarned is forearmed: managing the impacts of extreme climate events	50,000
AWR 1603	Mitigation of climate change impacts (Smoke Taint) on the national wine industry	216,363
AWR 1701-4.1.1	Managing the impact of vintage advancement and compression	160,173
LTU 1601	Mitigation of climate change impacts (Smoke Taint) on the national wine industry	521,837
SAR 1701-2.1	Climate adaptation: developing irrigation strategies to combat dry winters	234,575
SAR 1701-2.3	The establishment of Cabernet Sauvignon trials in preparation for the evaluation of clonal response to climate and management	80,000
UA 1502	Using in-canopy misters to mitigate the negative effects of heatwaves on grapevines	33,391
UA 1503	Epi-breeding – Using the epigenetic memory of stress to prime Australian grapevines for a changing environment	29,276
UT 1504	Australia's wine future: Adapting to short-term climate variability and long-term climate change.	211,387
WA 1904	Climate Research Strategy for Primary Industries CRSPI – Phase 3 Strategy	5,000

Project number	Title	Approved funding 2018–19 \$
4.2 Foundation data		
AWR 1701-4.3.1	Characterising genomic diversity in Australia's grapevine germplasm	76,882
WA 1808	AgriFutures Australia Phase II – \$100bn growth strategy	10,000
WA 1810	Re-digitise Geographical Indication boundaries for Australian wine regions	36,910
WA 1902	Australian Germplasm Register Project	45,000
4.3 Sustainable resource management		
2XE 1501	Activity based costing tool and benchmarking database development and extension project	30,600
4.4 Biosecurity, pest and disease management		
AGW 1606	Preparation of applications to DAWR under the Assistance Grants – Access to Industry Priority Uses of AgVet Chemicals Programme	13,408
AGW 1705	Plant Biosecurity Research Initiative	16,922
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	354,651
PHA 1801	Review of the Biosecurity Plan and Manual for the Viticulture Industry	51,355
SAR 1701-1.1	Grapevine trunk disease management for vineyard longevity in diverse climates of Australia	374,709
SAR 1701-1.2	Managing fungicide resistance in Australian viticulture	451,291
WA 1801	Upgrade of Powdery Mildew App developed for University of Adelaide to include Grapevine Trunk Disease assessment	4,250
WA 1805	Plant Biosecurity RD&E Strategy	9,090
Strategy 5: Improving vineyard performance		
5.1 Enhancing grapevine and rootstock performance		
CSA 1701-1.1	Scion genetics and improvement: development of new disease-resistance varieties	542,516
CSA 1701-1.2	Scion genetics and improvement: desirable consumer traits	284,268
CSA 1701-1.3	Rootstock genetics and improvement: new improved rootstocks with durable resistance to root-knot nematodes and phylloxera	411,819
CSA 1701-1.4	Rootstock genetics and improvement – tolerance to abiotic stress	600,179
CSA 1701-1.5	Field trials – new scion-rootstock combinations and evaluation of new technology for improved water use efficiency and reduced costs	256,291
CSA 1701-1.6	Regional evaluation of new germplasm – pathway to adoption	278,608
CSA 1701-1.7	Enabling technologies and genetic resources	251,501
CSP 1303	Towards elite mildew resistant selections suitable for industry use	272,127
CSP 1306	Genetic transformation of grapevine to test significant abiotic stress and pest resistance genes	70,505

Project number	Title	Approved funding 2018–19 \$
5.2 Efficient and sustainable vineyard management		
CSA 1701-2.1	Physiology of root:shoot interactions	358,127
CSA 1701-2.2	Adjusting grape berry ripening to suit a changing climate: plant growth regulator-based solutions	472,796
CSU 1702-1	SmartWine	73,126
CSU 1702-3	Vine nutrition	108,807
CSU 1702-5	Managing wine pH in a changing climate	103,438
CRD 1901	Australian Agriculture: Growing a Digital Future (P2D2 Phase 1)	50,000
DPI 1702	Manipulating winegrapes with antitranspirants	2,880
UA 1802	Integrated vineyard precision control system pilot	227,800
UA 1803-1.1	Digital tools for canopy management to increase competitiveness	221,876
UA 1803-1.2	Cell death in grape berries: causes, consequences, and control	158,127
UA 1803-1.3	Plant sensor-based precision irrigation for improved vineyard water use efficiency, grape and wine composition and quality, and vineyard profitability	127,762
UA 1803-1.4	Undervine cover cropping for healthy and productive soils	236,559
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 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 1707	New and improved yeast and bacterial starter cultures-novel attributes, process efficiency and wine distinctiveness	(114,744)
UA 1803-2.1	New and improved yeast and bacterial starter cultures-novel attributes, process efficiency and wine distinctiveness	318,179

Project number	Title	Approved funding 2018-19 \$
6.2 Efficient winery production		
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	150,216
CSU 1702-4	The impact of metal speciation on the development, shelf-life and sensory properties of wine	107,825
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	8,300
WFA 1801	Market access impediments and opportunities for the Australian wine sector	25,000
Strategy 8: Building capability		
8.1 Developing people		
AGW 1401	Future Leaders	(13,918)
AGW Ph1501	Bioprospecting the regional genetic diversity of Australian wine microbiota	9,855
AGW Ph1502	Genetic mechanisms that underpin chloride and sodium exclusion in grapevine germplasm	2,999
AGW Ph1503	Decoding the unique terroir of Australian wines using a multi-omics approach	10,997
AGW Ph1504	A low power flexible sensor network system for viticulture	12,569
AGW Ph1507	A cross cultural study of the impact of Australian wines of provenance and food pairings on the consumer gastronomic experience	6,427
AGW Ph1509	Impacts of viticultural conditions and juice composition on the oxidative and reductive development of wine.	6,180
AGW Ph1510	Identification and understanding of <i>Saccharomyces</i> and <i>Oenococcus</i> interactions in co-inoculated cultures for development of robust inoculation pairs in wine fermentation.	10,997
AGW Ph1511	Developing <i>Botrytis cinerea</i> as a potent non-GM enzyme producer for the removal of haze-forming proteins under normal winemaking conditions	1,856
AGW Ph1512	Origin of varietal thiols: environmental and winemaking effects	5,284
AGW Ph1513	Autonomous in-vivo determination of maturity parameters	5,000
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

Project number	Title	Approved funding 2018–19 \$
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
Alumnii Support	Alumnii Support	51,586
CSU 1701	Incubator initiative: Can we visually identify different sorts of herbicide injury in grapevines based on foliage and fruit symptoms?	432
CSU 1801	Incubator Initiative: What management strategies are most effective in minimising sunburn damage in Chardonnay vineyards around Orange?	20,000
CSU 1802	Incubator Initiative: How can we influence potassium (K) levels in the vineyard so wines don't need tartaric acid additions in the winery, and what is the mechanism of K accumulation within the grape berry?	20,000
CUT 1701	Incubator initiative: How can small producers in Western Australia achieve economies of scale efficiencies in logistics and distribution?	1,309
DPR 1801	Incubator Initiative: Do viral infection(s) in the Gingin clone of Chardonnay influence vine phenotype, performance and consequent wine quality?	16,933
F2F 1901	Farmers2Founders pilot program	65,000
GWR Ph1317	Enhanced biological control of light brown apple moth in vineyards	(787)
RDC PhDs	Workshop expenses	6,515
UA 1702	Incubator initiative: Is berry shrivel in Cabernet Sauvignon influenced by climate and does this potentially affect characteristics of the resulting wine?	2,925
UA 1708	Translation of Training Centre for Innovative Wine Production Research into Industry Outcomes	154,500
UA 1801	Incubator Initiative: What practices in the vineyard lead to the consistent production of medal-winning wines?	17,000
UM 1801	Incubator Initiative: Which grapevine rootstock performs the best for Mornington Peninsula Pinot Noir?	17,000
WA 1807	2017 Future Leaders (Pragmatic Thinking)	152,500
WA L1801	ABARES Science and Innovations Award 2019 (Rocco Longo)	22,727
WA L1802	Nuffield Scholarship 2018 (Richard Leask)	53,000
WA Ph1701	Isolation and characterisation of phytotoxins produced by the Botryosphaeriaceae and their role in grapevine trunk diseases	12,412
WA Ph1703	Assessing the suitability of indigenous Cypriot grape varieties for Australia's challenging and changing climate.	17,918
WA Ph1704	A systematic approach to understanding wine texture and mouthfeel	24,600
WA Ph1705	Novel approaches to autolysis manipulation and improving efficiencies in sparkling wine production	18,712

Project number	Title	Approved funding 2018-19 \$
WA Ph1706	The molecular diversity of viruses infecting Australian grapevines	17,918
WA Ph1707	Towards differential management to supply more fruit at desired price point	8,230
WA Ph1801	Exploration of macromolecular complexes in wine using the Vortex Fluidic Device	2,468
WA Ph1802	Understanding and managing grape berry heterogeneity in the vineyard to improve Cabernet Sauvignon wine quality	1,348
WA Ph1803	Identification of new precursors and factors affecting varietal thiols and their precursors in grapes and wines	6,348
WA Ph1804	Characterising the distinctive flavours of Australian Cabernet Sauvignon Wines	1,348
WA Ph1805	Breaking the sugar flavour nexus: Producing grapes with less sugar and more flavour.	1,348
WA PH1806	Developing and assessing different cordon establishment techniques for long term vineyard management	7,252
WA Ph1901	Rootstock effects on grape rachis (bunch-stem) composition and the implications for red wine flavour and aroma	14,167
WAT 1801	Presentation at the 21th GiESCO International Meeting, Thessaloniki, 23-28 June 2019	2,000
WAT 1802	Paper presentation and attend 21st GiESCO International Meeting, Greece 23-28th June	2,500
WAT 1803	Attendance and oral presentation at the 19th International Reinhardsbrunn symposium: Modern fungicides and antifungal compounds	2,500
WAT 1804	GiESCO 2019	2,500
WAT 1805	Presentation and attendance at the 21st GiESCO International Meeting, Greece, June 23-28, 2019	2,500
WAT 1806	Travel to New Zealand in 2019 to attendance at the 13th Australian and New Zealand sensory and Consumer Science Symposium and seminar to research organisations	1,500
WAT 1807	21th GiESCO International Meeting, (Thessaloniki, 23-28 June 2019) – attendance and presentation	2,500
Strategy 9: Business intelligence and measurement		
9.1 Business intelligence		
UA 1803-3.1	Market Intelligence and Research	69,650
GI & Vintage survey	GI and Vintage survey	4,200
Market Research	Market Intelligence and Research Data	520,748
VinSites	VinSites – imaging of vineyards	146,501
9.2 Measurement		
Evaluations	Performance Evaluations of RD&E Projects	167,765
Sub-total for Priority 2		12,786,155

Project number	Title	Approved funding 2018-19 \$
Priority 1 & 2		
Strategy 10: Extension and adoption		
10.1 Extension and adoption		
AGW 1607	ASVO Sponsorship	25,000
AWR 1701-2.1.1	The staging and conduct of extension programs	367,822
AWR 1701-2.1.2	Capital Funds	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
FHC 1901	Proposal to conduct strategic review of extension and adoption in the wine sector	27,686
CRRDC	Council of Rural R&D Corporations – CRRDC	53,839
GRP 1701	Regional Plan – Riverina 2017-22	125,000
GRP 1702	Regional Plan – Greater Victoria 2017-22	50,000
GRP 1703	Regional Plan – Tasmania 2017-22	17,833
GRP 1704	Regional Plan – SA North 2017-22	48,515
GRP 1705	Regional Plan – Murray Valley 2017-22	57,970
GRP 1706	Regional Plan – Limestone Coast 2017-22	44,730
GRP 1707	Regional Plan – SA Central 2017-22	50,000
GRP 1708	Regional Plan – Greater NSW & ACT 2017-22	49,610
GRP 1709	Regional Plan – Western Australia 2017-22	50,000
GRP 1710	Regional Plan – Queensland 2017-22	25,000
GRP 1711	Regional Plan – Riverland 2017-22	62,450
RDC IN	Innovators' Network	49,195
RDC PMS	Project Management System	115,003
RDC RP	Regional Plan General	42,267
WA 1802	Update the Rootstock Selector Tool: a web based application that is used by the Australia grape and wine sector to identify appropriate grapevine rootstocks	4,476
WA 1803	Review and evaluate the outputs of Project UA 1301 (Developing a fundamental understanding of the microbiological treatment of winery wastewater) for potential inclusion of key information in Wine Australia branded format.	1,300
WA 1804	Murray Valley Winegrowers strategic planning session	5,000

Project number	Title	Approved funding 2018-19 \$
WA 1806	Closures Factsheet	4,500
WA 1809	Rootstock Selector tool – Phase 2	8,360
WA 1811	Best Practice Management Guide (the BPMG)	5,000
WA 1901	WineOz Smart Grape App	7,555
WA 1903	Workshop at Australian Wine Industry Technical Conference, July 2019	12,000
WAC 1901	Grapevine Pinot Gris Virus Information Extension Program	7,075
WAC 1902	Agthentic Proposal for Identification and prioritisation of Ag+Food technology for installation to determine which existing technologies can create the greatest value for Australian grape and wine producers	18,182
WAC 1904	Stage 1 in developing the CSIRO component of the Variety Selector Tool	2,599
WAC 1905	Adoption survey and case studies 2019	5,000
Sub-total for Priority 1 & 2		5,115,060
GRAND TOTAL		23,113,563



Appendix II:

Provider and management codes

Code	
2XE	2XE
AGW	Australian Grape and Wine Authority*
Alumni Support	Alumni support for Future Leaders, travel bursaries
AWR	Australian Wine Research Institute
CRD	Cotton Research and Development Corporation
CRRDC	Council of Rural R&D Corporations
CSA	CSIRO Agriculture and Food
CSL	CSIRO Land and Water
CSP	CSIRO Plant Industries
CSU	Charles Sturt University
CUT	Curtin University of Technology
DED	Department of Economic Development, Jobs, Transport and Resources
DPI	Department of Primary Industries New South Wales
DPR	Department of Economic Development Jobs Transport and Resources Victoria
Evaluations	Performance evaluations of R&D Projects
FU	Flinders University
F2F	Farmers to Founders
FHC	Forest Hill Consultants
GI and Vintage	Wine Australia GI and Vintage survey
GRP	GWRDC Regional Program
LTU	La Trobe University
Market Research	Wine Australia
NWG	National Wine and Grape Industry Centre
PHA	Plant Health Australia
RDC	Regional Plan General
SAR	South Australian Research and Development Institute
UA	The University of Adelaide
UM	University of Melbourne
UQ	University of Queensland
USA	The University of South Australia

Code	
UT	University of Tasmania
Vinsites	Vinsites (imaging of vineyards)
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

Appendix III:

Glossary

Term	Description
3D	three dimensional
Agtech	Agricultural technology
Agvet	Agricultural and veterinary chemicals
AG&W	Australian Grape and Wine (the peak agripolitical organisation for the Australian grape and wine sector)
APEC	Asia-Pacific Economic Cooperation
AV	Australian Vignerons – grapegrower organisation merged with WFA in February 2019 to create AG&W
AWITC	Australian Wine Industry Technical Conference
AWRI	Australian Wine Research Institute
Brexit	Popular contraction of Britain's Exit from the European Union
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
FIVS	Federation International du Vin et Spirit – international alcohol producers forum
FTAs	free trade agreements
FT-NIR	Fourier transform near-infrared
FSANZ	Australia New Zealand Food Standards Code
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
NAA	1-Naphthaleneacetic acid (NAA) is a synthetic plant growth regulator in the auxin family and is an ingredient in many commercial plant rooting horticultural products
Non-GM	not Genetically Modified – usually in the context of traditional breeding or selection methods
MLA	Meat & Livestock Australia
MRL	Maximum residue limits

Term	Description
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
SPHD	The Subcommittee on Plant Health Diagnostics of the National Plant Biosecurity Diagnostic Network [of Australia]
the Act	<i>Wine Australia Act 2013</i>
TWE	Treasury Wine Estates
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.
WFA	Winemakers' Federation of Australia, winemaker organisation merged with AV in February 2019 to create AG&W
<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, stonefruit 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, 12-13, 22-29, 46, 64
The rationale for the mix of projects included in the Balanced Portfolio	18-20
Report on research extension activities	64
Collaboration with industry and other research providers	12-13, 16, 46-64
Identify sources of income including separate identification of the Levy, the Charge, Commonwealth Matching Payments and other form of income including Voluntary Contributions	17, 90 Financial Statements
Full cost of R&D and other activities with costs being allocated in accordance with the Cost Allocation Policy	17, 30
Progress in implementing strategic plan including progress against the plan's KPIs	22
Bring the KPIs for each program in the strategic plan and AOP together and demonstrate how the deliverables funded advanced the outcomes	40-67
Assessment of the efficiency and effectiveness of investments	22-29
Progress in implementing the Guidelines ¹	31-33
Consultation with the ROs on plans and activities	8, 16
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	81
Grape or wine R&D activities coordinated or funded, wholly or partly during the period	App I
The amount spent in relation to each of those activities	App I
Which of those activities related to ecologically sustainable development (if any)	50-53
The impact of those activities on the grape industry and wine industry	50-53
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 I
The making of grants under section 10C	n/a

1. 'Guidelines' for the 2018-19 Annual Report are the Rural RD&E Priorities, the Science and Research Priorities and the *Levy Principles and Guidelines* in relation to the introduction of new levies or changes to existing levies (if applicable).

Details	Page no.
Activities in relation to applying for patents for inventions, commercially exploiting patented inventions and granting licences under patented inventions	n/a
Activities of any companies 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 	40-67
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 Geographical Indications Committee on its operations	81
Public Governance, Performance and Accountability Act 2013	
Include a copy of the annual performance statements	90
Include a copy of the annual financial statements and the Auditor General's report	90 Financial Statements
The annual report must comply with any requirements prescribed by the rules	90-124
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)	90-93
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, 70, 85-86
Report must specify the name and title(s) of the responsible Minister(s) during the period	86
Report must provide details of: <ul style="list-style-type: none"> • Directions issued under legislation by the responsible Minister, or other Minister • General policy orders (GPO) that apply to the RDC under s22 (PGPA Act) 	n/a

Details	Page no.
Report must provide particulars 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	70-83
Must provide an outline of the organisational structure, including subsidiaries, location of major activities and facilities and information on the main corporate governance practices.	70, 78
Must include information on the main corporate governance practices	70, 78
Disclose the decision-making process undertaken by the board for related entity transactions	78
Highlight significant activities and changes that affected the operations or structure during the financial year	2-15, 22-24, 34-36, 86
Include particulars of judicial decisions and, decisions of administrative tribunals	86
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	86
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