



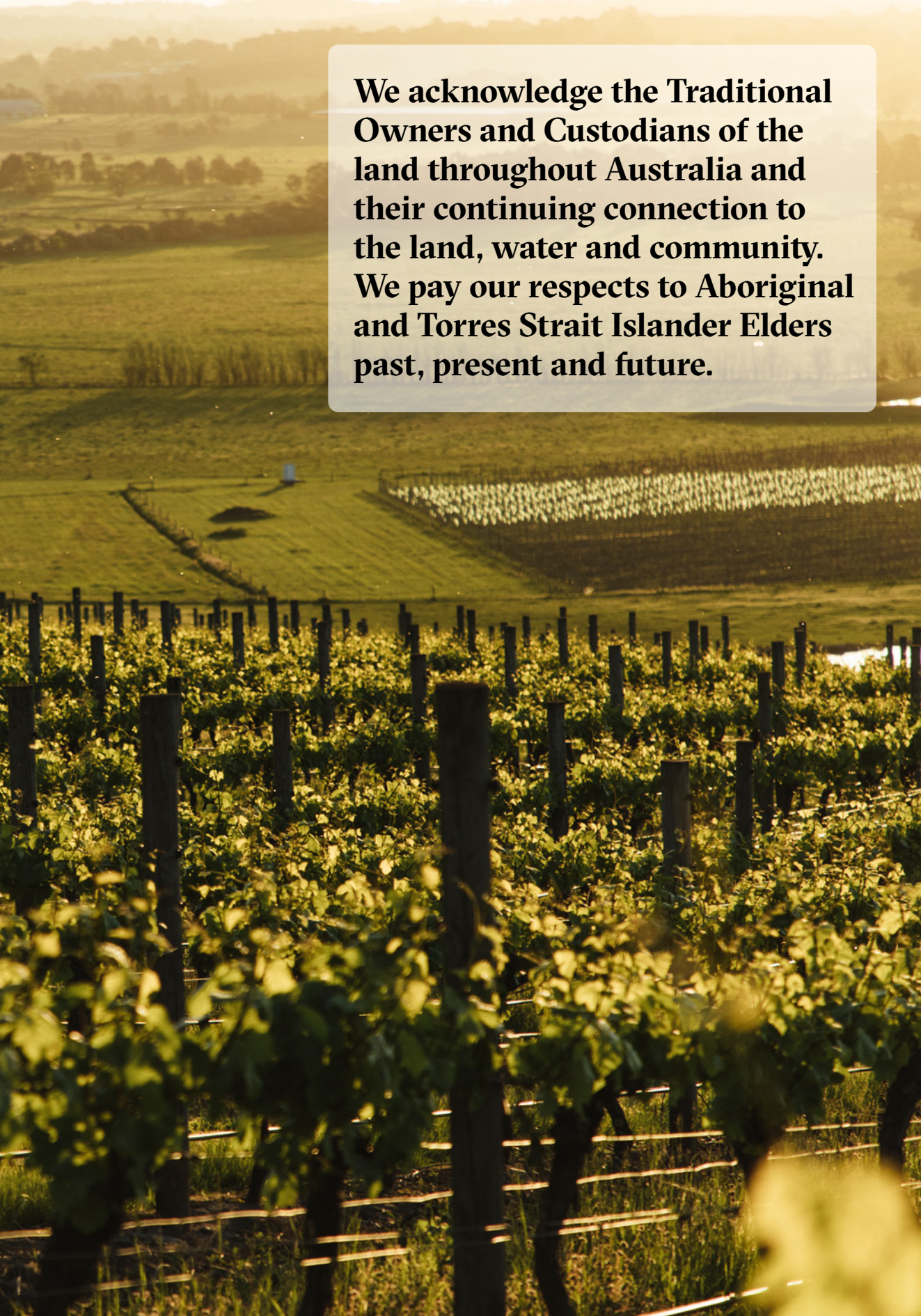
Australian Government

Wine Australia

# Wine Australia Annual Report 2019–20





A photograph of a vineyard at sunset. The foreground is filled with rows of grapevines, their leaves and dark wooden support posts illuminated by the warm, golden light of the setting sun. In the background, a green field stretches out, with a small white building and a fence line visible. The sky is a soft, hazy orange. A semi-transparent white box with a thin grey border is positioned in the upper right, containing a formal acknowledgment in bold black text.

**We acknowledge the Traditional Owners and Custodians of the land throughout Australia and their continuing connection to the land, water and community. We pay our respects to Aboriginal and Torres Strait Islander Elders past, present and future.**

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**Australian Government**

**Wine Australia**

30 September 2020

The Hon. David Littleproud MP  
Minister for Agriculture, Drought and Emergency Management  
Parliament House  
CANBERRA ACT 2600

Dear Minister Littleproud

On behalf of the Directors of Wine Australia, I have the pleasure of submitting the *Annual Report 2019–20* for the year ended 30 June 2020.

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 *Statutory Funding Agreement 2020–2030* and relevant orders.

Our activities and achievements are reported against our *Strategic Plan 2015–2020*, our *Annual Operational Plan 2019–20* and our Portfolio Budget Statements 2019–20.

We have also reported on activities in associated with the Australian Government's \$50 million Export and Regional Wine Support Package (\$50m Package) as they formed a substantial portion of our activities during 2019–20. A separate Annual Progress report for the \$50m Package has previously been submitted, as required under the Grant's guidelines.

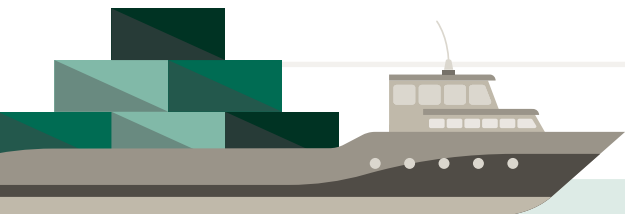
Yours sincerely,

A handwritten signature in dark ink, appearing to read 'M. Allan'.

Michele Allan  
Chair  
Wine Australia

# Key statistics 2019–20

## Exports



↓ -1%

Total exports \$2.84 billion

↑ 3%

Exports to Europe \$615 million

↑ 9%

Average value 3.89 per litre



There were a record **3101 active exporters**.

## 2020 Vintage

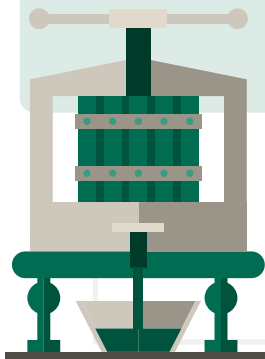


↑ 5%

The 2020 **average grape purchase price** was \$694 per tonne.

↓ -9%

**Total value of the crush** was \$1.07 billion.



The 2020 winegrape crush of **1.52 million tonnes** was 12 per cent lower than 2019 and 13 per cent below the 10-year average of 1.75 million tonnes.



# Wine Australia events

Wine Australia hosted **90 marketing campaigns** in key markets in 2019–20.

## Far From Ordinary Roadshow, USA

‘The events were all so well organised and managed, as well as being lots of fun and a great opportunity to make a whole bunch of contacts, so my thanks to all that were involved in curating the event and making it such a success. Almost every single consumer only had positive things to say with regard to the wines, the event installation and the level of quality and unique character on display at the New York – Far From Ordinary event.’

## Sam Berketa, Winemaker, Alpha Box & Dice

‘This is by far the most effective US sales initiative in Wine Australia’s history. Turning wine reps, who have a book of buyers that they see every week, into Australian advocates is the most direct way of boosting Australia’s wine presence in the USA. A good rep has the ear of their buyers. If they tell a buyer this is a wine that they need and can sell, it will pass right on down the chain.’

## Gordon Little, Founder, Little Peacock (wholesaler)

## Australia Decanted, USA

‘You absolutely changed my thoughts on Australia for the better. I never looked down on Australia, I just never truly understood how great it was. I’m happy I know now and am ready to pay it forward by spreading what I’ve learned.’

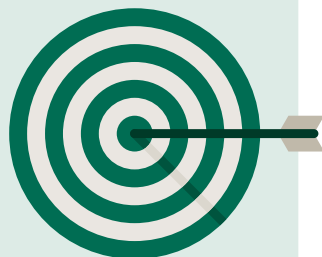
## Robin Wright, Buyer, The Nomad NYC

### At our events

**73%** of surveyed guests indicated a positive perception change to Australian wine were **satisfied**.

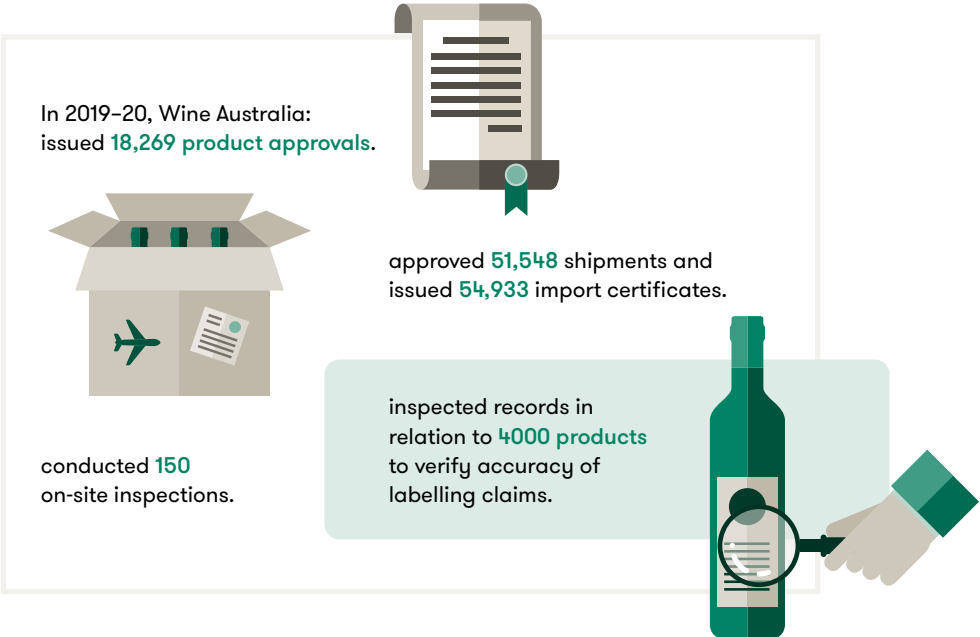
**96%** of wineries and distributors who attended Wine Australia events reported they were **satisfied**.

After attending events, participant’s perceptions of Australian wine rated, on average, **8.9 out of 10, an increase of 12 per cent** on their perceptions before the event.

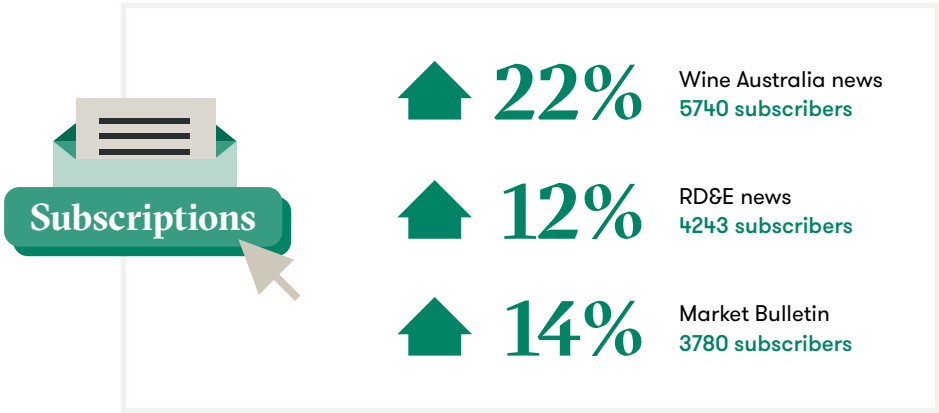


# Key statistics 2019–20

## Regulatory activities

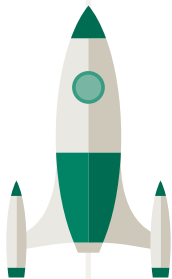


## Stakeholder engagement





# Developing people



15 individuals from across the grape and wine community participated in *Future Leaders 2019*.



12 new PhD scholarships were awarded.

# RD&E



We managed 193 projects during 2019–20, with 45 completed during the period.



Continued to develop new grapevine scions and rootstocks and field tested vines bred for their resistance to mildew.



Made an activity-based costing online tool available to the sector, together with case studies and a benchmarking database.



Increased preparedness for exotic pest incursions by reviewing the Viticulture Industry Biosecurity Plan and participating in cross-sectoral projects on pest surveillance and *Xylella fastidiosa* planning.



Provided short- and mid-term climate trends to the sector in the Climate Atlas – to assist informed decision making.

# Chair's report



Chair Michele Allan

It is my privilege to present Wine Australia's *Annual Report 2019–20* on behalf of the Board and the team.

The year was a busy and successful one, where we delivered the final year of the *Strategic Plan 2015–20*, developed our new *Strategic Plan 2020–25* and rose to the challenges of fires and the coronavirus pandemic.

We sought to improve returns for Australian wine exporters and improve the global competitiveness of vineyards and wineries. These targets were met in 2019–20 with the average price per litre for Australian bottled wine exports increasing by 8 per cent to \$7.08 per litre free on board (FOB) and greater focus on education and extension programs targeting tourism, exports and 10 priority viticultural and oenological practices to help improve competitiveness.

In the first 6 months, we delivered key face-to-face components of the Federal Government's \$50 million Export and Regional Wine Support Package (\$50m Package) that showcased the quality and diversity of Australia's fine wine and tourism offering, and raised the perception of – and demand for – Australian wine in China and the United States of America (USA).

The keystone Far From Ordinary campaign in September and October delivered the largest-ever promotion of Australian wine to the trade, consumers and media in the USA. In November, back-to-back events in Shanghai celebrated Australian wine at the China International Import Expo, Wine Australia's China Awards, the Wine Australia Pavilion at ProWine China and the Decanter Shanghai Fine Wine Encounter.

It was likewise with our research, development and extension (RD&E) investments and activities and our regulatory responsibilities; the focus in the first six months was on delivering against our *Annual Operational Plan 2019–20 (AOP)*.

Without downplaying the impact on the individuals affected, the sector was fortunate that the fires over summer affected less than one per cent of vineyards. Wine Australia, together with the sector's peak representative body Australian Grape & Wine Incorporated (AGW) and the Australian Wine Research Institute (AWRI), worked to ensure that growers and winemakers had access to the latest information on vineyard remediation and grape testing to inform their decision making. We also invested in further research to ensure Australia stays at the forefront of managing the challenges from wildfires.

As the coronavirus pandemic evolved, we had to change the way we delivered our in-market activities, increasing our emphasis on social and digital engagement and retailer and distributor promotions. Elements



of the \$50m Package could not be delivered within the originally envisaged timeframes and, with the Federal Government's approval, the Package was extended to 30 June 2021.

Domestically we worked with AGW to ensure that the sector was properly informed as the way we worked and ran our businesses changed. Wine Australia focused on continuing to deliver our services to the sector while reducing our operating costs.

## Looking forward

We conducted face-to-face stakeholder consultations on the wine sector's priorities for our new Strategic Plan across the country in 2019 in concert with AGW as it developed the sector's new, 30-year *Vision 2050*. Our plan sets out how Wine Australia's activities and investments will contribute to *Vision 2050* and its goal of profitable, resilient and sustainable winegrape and wine businesses.

Over the next five years, we will invest more than \$200 million in R&D, marketing, regulation and adoption. We have laid the foundations to ensure that we are well placed to respond to future challenges by strengthening our governance structures (following an independent performance review of our board) and reducing operational expenditure.

Wine Australia is a founding member of the new collaborative Research and Development Corporation (RDC) investment vehicle being established to address cross-sectoral issues at scale such as climate change, water use and biosecurity. We consider a joint approach to broader issues will help deliver better value and outcomes for our stakeholders.

## Thank you

In closing, I would like to acknowledge the stellar contribution of Brian Walsh, Wine Australia's inaugural Chair, who stepped down at the end of September 2019. Brian's service to the wine community and his contribution, compassion and commitment cannot be overstated. I would also like to recognise Cath Oates' stewardship as Acting Chair during the year and to thank all of my fellow Directors for their contribution and support. Thanks also to Chief Executive Officer Andreas Clark and the global Wine Australia team for their dedication to the Australian grape and wine sector and their constant focus on delivering value for the sector's investment.

# CEO's report



CEO Andreas Clark

In the past year, we delivered on the goals of our *Strategic Plan 2015–20* with the average value of Australian wine exports reaching \$3.89 per litre FOB, the highest level since 2004–05, and winegrape prices increasing by 5 per cent to \$694 per tonne.

The total value of exports decreased marginally over the previous year, dropping 1 per cent to \$2.84 billion. The first half of the year saw exports tracking the growth trajectory of previous years, but the second half stalled due, indirectly, to measures imposed world-wide to address COVID-19. Export volumes dropped by 9 per cent due to a reduction in available supply following three consecutive years of lower vintages.

## COVID-19 pandemic

Uncertainty remains around the extent, duration and impact of the COVID-19 pandemic in health and economic terms however, there are some clear trends emerging in relation to wine sales: consumers have continued to buy wine during the pandemic but there has been a strong shift to purchasing online.

The first two quarters of 2019–20 showed increases in exports compared with same periods in the preceding year, but in the third quarter ending March 2020 there was a decline of 7 per cent when compared with the same quarter in 2018–19. The fourth quarter was slightly stronger with exports declining by 4 per cent when compared with the corresponding period in the previous year.

Wine Australia's activities in all areas of operation were impacted by the pandemic. Our staff around the globe followed local guidance and moved to working from home wherever possible. We also changed how we delivered on our priorities. Rather than face-to-face engagement at events we moved to social platforms and our regulatory team responded to restrictions on travel by switching to 'virtual' audits reviewing records and carrying out interviews online.

## Marketing

We were fortunate that we were able to execute significant elements from the \$50m Package including our largest-ever USA trade and consumer engagement program, the Far from Ordinary campaign, and back-to-back trade and media engagement in Shanghai with the China Awards, ProWine China and the Decanter Shanghai Fine Wine Encounter before the pandemic brought travel and public engagement to a halt.

As key events in Europe and Asia were postponed or cancelled, we redeployed our marketing resources into social media engagement, retail and distributor promotions and online engagement in Canada, China, the USA and the UK. Our previous investment of \$50m Package funding in content creation, the Australian Wine Made Our Way branding and in the Australian Wine Discovered (AWD) education program meant that we were able to draw on the wealth of assets to enrich engagement opportunities and the response was overwhelmingly positive.

In the coming 12 months, we will continue engaging trade, media and customers and building demand for Australian wine with a firm emphasis on social media, digital and retail channels to increasing online engagement.



Christina Pickard, Honorary Australian Woman in Wine USA 2019 and Andreas Clark, Australian Women in Wine Awards 2019

## RD&E

Our research and development (R&D) investments continued to focus on delivering practical outcomes for grapegrowers and winemakers. We also provide the sector with timely insights and analysis on supply and demand, domestic and international competitors and markets and consumer trends to allow them to make informed business decisions.

Through the Australian Government's Rural R&D for Profit program, 17 new technologies have been developed for the wine sector that are at various stages of sector readiness. These include:

- a package of 'precision agriculture tools'
- a prototype hand-held NIR instrument and calibration set that can predict bud fruitfulness in the vineyard
- a data processing pipeline combined with machine learning to process video captured from Go-Pro cameras to accurately count inflorescences down a vineyard row and thereby provide a yield prediction shortly after budburst
- technology to provide on-the-go, non-contact measurement of canopy size and structure, whole vineyard nutrition status, and detection of disease, and
- a kit for sprayers that uses LiDAR and radar to automatically assess canopies and adjust application in response and an 'electronic leaf' to measure spray coverage were developed.

We released the ground-breaking Climate Atlas, the result of a four-year research project led by the University of Tasmania, that models potential climate change impacts for each of Australia's wine regions in ten year increments out to 2100. The Climate Atlas provides grapegrowers and winemakers with a decision-making platform and we commenced a series of webinars to help rollout and explain the concepts underlying the Climate Atlas at a regional level.

Wine Australia is a key player in the Council of Rural Research and Development Corporations group looking to share climate-based research. We are also working collaboratively with other plant-based Research and Development Corporations (RDCs) on biosecurity projects, in particular *Xylella fastidiosa*, a plant pathogen that impacts a broad range of plant species from blueberries and citrus to grapevines and olives and an enormous range of ornamental plants.

We started implementing the findings of an independent review of our extension and adoption investments. Our Extension and Adoption Strategy will see us implement best-practice knowledge transfer to accelerate the adoption of new knowledge.

Congratulations to Joseph Marks from the University of Adelaide, who was the inaugural recipient of the Dr Tony Jordan OAM Award, which recognises the most outstanding applicant among a field of exciting and high-calibre PhD scholarship candidates and honours the late Dr Jordan's myriad contributions to the Australian grape and wine sector.



## Regulation

During the year, there were 3101 active exporters and the team issued 18,629 product approvals and approved over 50,000 shipments.

After extensive consultation in development, rigorous testing and a series of workshops, webinars and the creation of on-line tutorials, the Wine Australia Licensing and Approval System (WALAS) went live in June. WALAS provides enhanced access and self-service functionality and has been warmly received by exporters.

The regulatory team adapted its operations to manage the COVID-19 restrictions, replacing onsite audits with web-based interviews and the online reviews of records of nearly 4000 products to verify the accuracy of labelling claims prior to issuing export approvals.

In the coming year, the team will be developing the Wine Label Intellectual Property Directory (Label Directory), which will require exporters to upload label images as a precursor to obtaining shipping approval for labelled products. The Directory will be publicly accessible and searchable by image matching and by text fields.

## Looking forward

Our focus for the next 12 months will be on delivering value to the grape and wine sector through our new *Strategic Plan 2020–25*. With the 2020 vintage being the lowest in more than a decade, we have planned for lower levy income and have reduced our operational expenditure and will draw on reserves to maximise the investment in R&D, marketing and regulation. The declining value of our levies in real terms year on year will continue to place pressure on our ability to invest across the sector's priorities.

We will strive to deliver value to stakeholders and deploy resources within a strict governance and risk framework to ensure the most efficient and effective use of funds.

## Thanks

I would like to thank the global Wine Australia team who have retained their focus on delivering outstanding service for levy payers in a very fluid environment. We have all had to adapt to new ways of working and I congratulate the team on embracing change. As the \$50m Package funding draws to a close we have farewelled colleagues who have contributed significantly to the wine sector and to Wine Australia's activities and I thank them for their efforts.

I would like to join with the Chair in recognising Brian Walsh, who guided Wine Australia from 2014. Brian's wisdom, vision and generosity helped shape not only Wine Australia but the broader sector.

# Our role

Wine Australia is governed by the *Wine Australia Act 2013*.

Our role under the *Wine Australia Act* is to:

- coordinate or fund grape and wine R&D, and facilitate the dissemination, adoption and commercialisation of the results
- control the export of 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 2019–20* 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 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. AGW 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, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the National Wine Grape Industry Centre (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 2019–20

## Financial overview

In line with expectations, Wine Australia recorded an operating deficit of \$376,758 for 2019–20.

Our revenue comes from two main sources: winegrape growers, processors and exporters who pay statutory levies, and the Australian Government, which matches levies 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 28 per cent (\$18.8 million) of 2019–20 revenue came from the 2 levies and the Wine Export Charge and 20 per cent of revenue (\$13.5 million) from the Australian Government matching contributions.

Revenue from regulatory fees made up 8 per cent (\$5.4 million) of income, and activity-based user-pays wine sector contributions to marketing activities made up 1 per cent (\$0.5 million) of total revenue for 2019–20.

The \$50m Package made up 26 per cent (\$17.4 million) of total revenue for 2019–20; this was made up of grant income, interest earned and sector contributions.

Net assets were \$21.0 million at 30 June 2020 and financial assets were \$17.4 million, all of which was cash or term deposits other than receivables of \$2.4 million. Payables were \$2.2 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 2019–20 annual reporting period has been prepared in accordance with section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In the opinion of the 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 Operational Plan can be found within the Activities and Achievements section between pages 36 and 63.

## 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 AGW), 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 RD&E 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 project term, risk category, research type and geographical focus.



Figure 1: Investment by project term (dollar value)

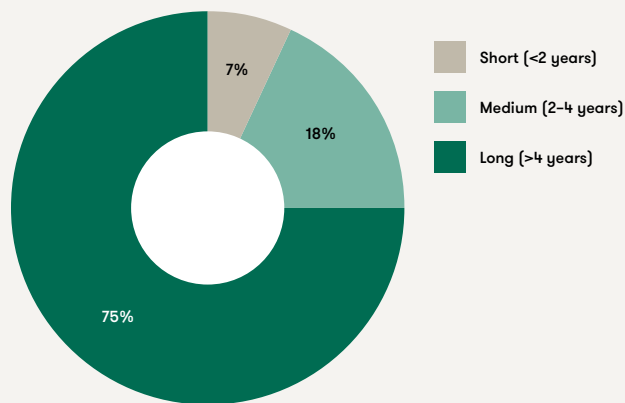


Table 1: Investment by project term

Project Term	Number of projects		Actuals 2019-20	
Short (<2 years)	59	31%	\$1.6	7%
Medium (2-4 years)	64	33%	\$4.0	18%
Long (>4 years)	70	36%	\$16.8	75%
Total	193	100%	\$22.4	100%

Figure 2: Investment by risk category (dollar value)

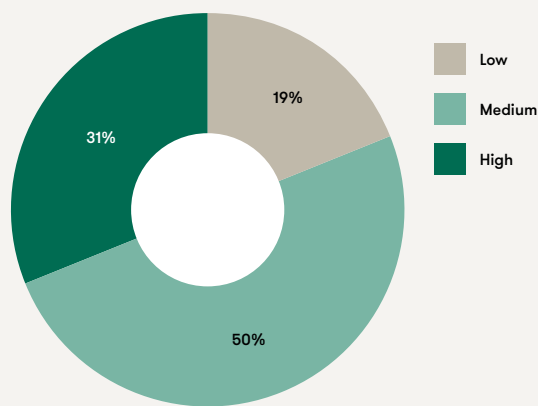


Table 2: Investment by risk category

Risk	Number of projects		Actuals 2019-20	
Low	62	32%	\$4.3	19%
Medium	84	44%	\$11.2	50%
High	47	24%	\$6.9	31%
Total	193	100%	\$22.4	100%

Figure 3: Investment by research type (dollar value)

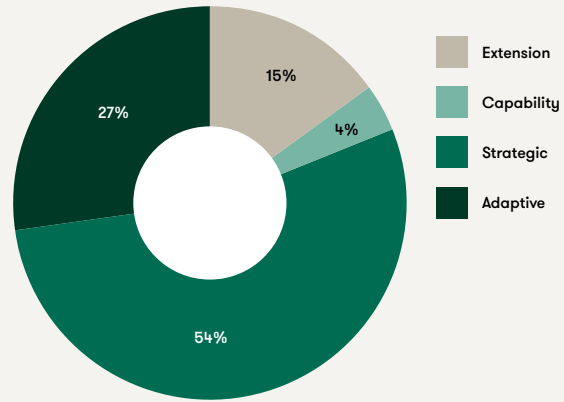


Table 3: Investment by research type

Research type	Number of projects		Actuals 2019-20	
Extension	31	16%	\$3.4	15%
Capability	63	33%	\$0.9	4%
Strategic	54	28%	\$12.1	54%
Adaptive	45	23%	\$6.0	27%
Total	193	100%	\$22.4	100%

Figure 4: Investment by geographic focus (dollar value)

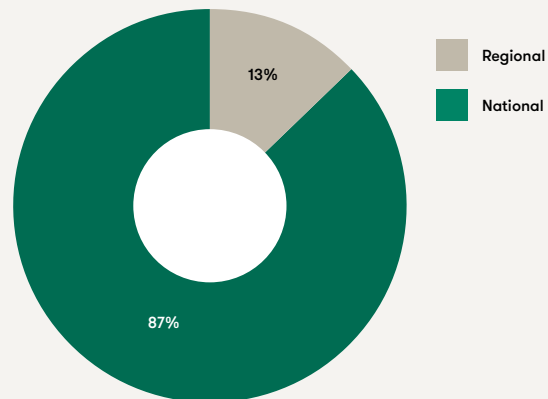


Table 4: Investment by geographic focus

Geographic focus	Number of projects		Actuals 2019-20	
Regional	33	17%	\$2.9	13%
National	160	83%	\$19.5	87%
Total	193	100%	\$22.4	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"><li>Asia Pacific</li><li>China</li><li>North America</li><li>UK and Europe</li></ul>
	Strategy 2: Protecting the reputation of Australian wine <ul style="list-style-type: none"><li>Annual analytical survey</li><li>Regulatory services</li><li>Label Integrity Program</li></ul>
	Strategy 3: Building Australian vine and wine excellence <ul style="list-style-type: none"><li>Grapегrowing for excellence</li><li>Wine provenance and measures of quality</li><li>Customer insights</li></ul>
	Strategy 4: Improving resource management and sustainability <ul style="list-style-type: none"><li>Climate adaptability</li><li>Foundation data</li><li>Biosecurity, pest and disease management</li><li>Sustainable resource management</li></ul>
Priority 2: Increasing competitiveness	Strategy 5: Improving vineyard performance <ul style="list-style-type: none"><li>Enhancing grapevine and rootstock performance</li><li>Efficient and sustainable vineyard management</li></ul>
	Strategy 6: Improving winery performance <ul style="list-style-type: none"><li>Enhancing yeast and bacterial performance</li><li>Efficient winery production</li></ul>
	Strategy 7: Enhancing market access <ul style="list-style-type: none"><li>Market access</li></ul>
	Strategy 8: Building capability <ul style="list-style-type: none"><li>Developing people</li></ul>
Extension and adoption	Strategy 9: Business intelligence and measurement <ul style="list-style-type: none"><li>Business intelligence</li><li>Monitoring and evaluation</li></ul>
	Strategy 10: Extension and adoption
	Strategy 11: Corporate Affairs <ul style="list-style-type: none"><li>Corporate Affairs</li><li>Sector engagement</li></ul>
	Strategy 12: Corporate Services <ul style="list-style-type: none"><li>Finance and administration</li><li>Information and communications technology</li><li>People and culture</li></ul>
Supporting functions	

# Strategic plan

## Targets and outcomes 2019–20

### Strategic plan targets

Two key targets are defined in Wine Australia's Strategic Plan:

1. The average price per litre for Australian bottle wine exports increased 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.

**2019–20 target:** The average price per litre for Australian bottled wine exports increases year-on-year from \$6.24 in March 2019.

**2019–20 result:** The average price per litre for Australian bottled wine exports reached a record \$7.08 per litre in the year ending June 2020, an increase of 8 per cent on the previous year and an increase of 44 per cent from \$4.91, the average bottled price at the implementation of the five 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 with the exception of the UK, Australia has increased its average price per bottle and performed well against its nearest competitor. This is particularly apparent in relation to China.

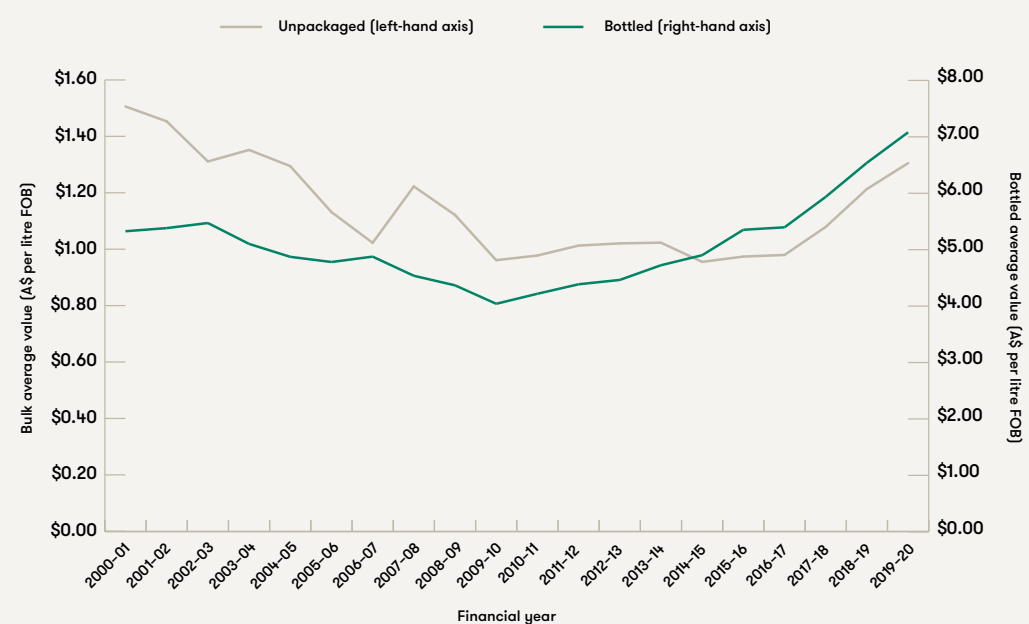


Figure 5: Average Australian bottled wine prices compared with competitor nation average bottled wine prices



While Target 1 relates to bottled average value, the value of Australian unpackaged wine exports increased by 8 per cent over the previous year to \$1.31 per litre (FOB). As Figure 6 illustrates a consistent positive trend since 2016-17. At the end of June 2015 – the start of the Strategic Plan period – the unpackaged wine price was an average of \$0.95 per litre. The price has increased by 38 per cent over the five years to June 2020.

Figure 6: Unpackaged and bottled wine average price trends



The increase in values for bottled and unpackaged wines have been reflected in increased wine grape 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.

First, by measuring the change in the adoption rate targets for 10 viticultural and oenological practices that have been identified to help improve competitiveness by benchmarking the adoption of 5 viticultural practices and 5 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

**2019–20 target:** Measure the change in the adoption rate targets for the 10 viticultural and oenological practices that have been identified to help improve competitiveness.

The five key viticultural activities are pest and disease management (including trunk diseases and biosecurity); rootstock use; spray application; vine balance/grape quality measure use; and adaptation to climate change (including delayed pruning, clonal trials).

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

**2019–20 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.

A follow-up survey completed in October 2019 by Coutts J&R found that survey respondents were quite aware of Wine Australia activities and information (2018 benchmark: 7.1/10 avg and 2019: 7.2/10 avg.). Wine Australia extension activities were again rated as highly useful (2018: 8.0 avg. and 2019: avg. 8.1) and there was a solid increase in the percentage of respondents indicating an awareness of promoted topics, for example a 28 per cent increase in those aware of adapting to difficult vintages. The percentage of respondents accessing information using online or mobile increased, each by 21 per cent over 2018. The report found that Wine Australia continued to be viewed as moderately influential on grape growers (2018: 5.9 avg. and 2019: 5.8 avg.) and wine producers (2018: 4.9/10 avg. and 2019: 5.7 avg.) successfully implementing changes.

The report also found most respondents surveyed could recall specific information promoted by Wine Australia in recent years, indicating that material and activities had been well targeted and communicated. More than half of respondents (2018: 56 per cent and 2019: 60 per cent) continued to take action as a result of information promoted by Wine Australia.

Biosecurity and pest and disease management were the areas most mentioned in relation to change, followed by irrigation in dry winters, rootstock selection and smoke taint.

Workshops (79 per cent) and roadshows (63 per cent) were the two most common extension activities respondents had participated in over the past 2 to 3 years. Wine Australia extension activities overall were rated as highly useful.

## **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 2019–20.

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

The projects were:

- UA 1503 Epi-breeding – Using the epigenetic memory of stress to prime Australian grapevines for a changing environment
- UA 1502 Using in-canopy misters to mitigate the negative effects of heatwaves on grapevines, and
- CSP 1303 Towards elite mildew resistant selections suitable for industry use.

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.

Projects were randomly selected by an online random number generator until research investment exceeded \$440,000 or around 10 per cent of Wine Australia’s total completed RD&E projects for the year.

Each of the three cases 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.

Two of the three investment analyses yielded positive results at the 5 per cent discount rate, with benefit-cost ratios ranging from 2.2 (CSP 1303) to 4.5 (UA 1502). The third project (UA 1503) was close to ‘break-even’ with a benefit-cost ratio of 0.98.

Table 5: Benefit-Cost Analyses of three randomly selected Wine Australia R&D investments 2018–19

Investment criteria	Investment program		
	Epigenetic memory (UA 1503)	In-canopy misters (UA 1502)	Towards elite mildew resistant selections (CSP 1303)
Benefit-cost ratio	1.76	4.53	2.24
Internal rate of return (%)	9.0	17.8	7.4
Present value of costs (\$m)	0.59	1.45	5.17
Present value of benefits (\$m)	1.04	6.59	11.60





AgEconPlus' summary of the economic, environmental and social benefits of the reviewed projects is presented in Table 6.

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

Project	Benefits
Epigenetic memory (UA 1503)	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Efficiencies (cost savings and/or enhanced varieties sooner) in Australian wine grape breeding programs.</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Nil.</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Capacity – additional scientific knowledge on the epigenetic response of long-lived plants to environmental stresses.</li> </ul>
In-canopy misters (UA 1502)	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Avoided loss of yield and quality during heatwave conditions.</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Nil.</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Capacity – additional scientific knowledge on the value and application of cooling systems for grapevines in warm inland areas, and</li> <li>• Long-term protection of the grape and wine industry in warm inland areas, which will maintain income and employment in these areas (spill over impact).</li> </ul>
Towards elite mildew resistant selections (CSP 1303)	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• improved vineyard profitability with wine grape varieties that require fewer chemical sprays to control mildew, have consistent yields and produce wines with desirable attributes, and</li> <li>• future research cost savings with new techniques for the rapid assessment of fruit (SNP DNA techniques) and micro-scale wine making for sensory analysis</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• fewer chemical sprays in the vineyard and less risk of spray drift into the vineyard's surrounds</li> <li>• less use of fuel to apply sprays with resultant small reductions in greenhouse gas emissions, and</li> <li>• fewer chemical sprays will allow use of beneficial insects to control pests such as caterpillars, mealy bugs, aphids and thrip.</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• capacity – additional scientific knowledge and new techniques for grapevine genetic selection</li> <li>• production and consumption of lower alcohol wines with the potential for improved human health outcomes</li> <li>• reduced potential for chemical fungicide residues in wine with potential for improved human health outcomes, and</li> <li>• long-term protection of the grape and wine industry, which will maintain income and employment in regional Australia (spill-over impact).</li> </ul>

# Investment allocation

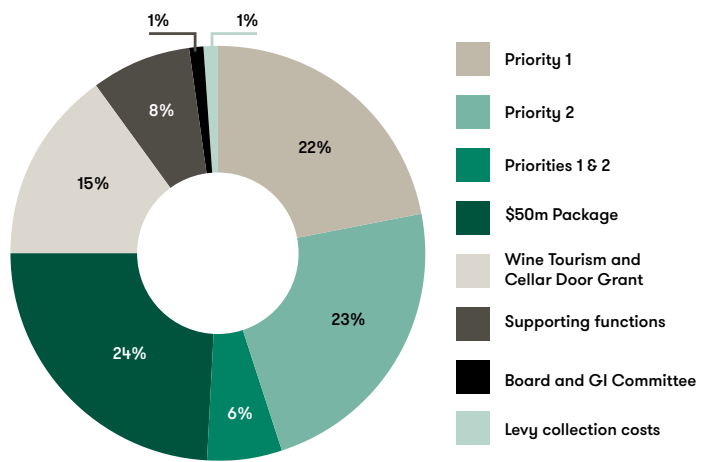


Table 7: Expenditure, by groupings and total, for 2019–20

Groupings	\$m
Priority 1: Increasing demand and the premium paid for all Australian wines	
Strategy 1: Promoting Australian wine	7.59
Strategy 2: Protecting reputation of Australian wine	2.07
Strategy 3: Building Australian grape and wine excellence	5.25
Total Priority 1	14.91
Priority 2: Increasing competitiveness	
Strategy 4: Improving resource management and sustainability	3.37
Strategy 5: Improving vineyard performance	5.43
Strategy 6: Improving winery performance	3.74
Strategy 7: Enhancing market access	0.80
Strategy 8: Building capability	0.98
Strategy 9: Business intelligence and measurement	1.36
Total Priority 2	15.68
Total Priority 1 & 2: Extension and adoption	4.26
Supporting functions	
Strategy 11: Corporate Affairs	0.76
Strategy 12: Corporate Services	4.37
Total supporting functions	5.13
\$50m Package	16.25
Wine Tourism and Cellar Door grant	10.01
Board and Geographical Indications (GIs) Committee	0.46
Levy collection costs	0.83
Other total	1.29
Total	67.53

## Key performance indicators

We have nine key performance indicators against which we measure and report our activities and outcomes in support of our strategic priorities and the Australian Government priorities.

The key performance indicators for 2019–20 and outcomes are detailed in Table 8.

**Table 8: Performance against Agriculture Portfolio Budget Statements 2019–20 measures**

Key performance indicators	Target	Outcome
<b>RD&amp;E</b>		
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%
Newsletter has more subscribers.	2700	4243
The number of regional clusters participating in the Regional Program is maintained.	11	11
<b>Marketing</b>		
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%	92%
<b>Market Insights</b>		
Improvement in customer satisfaction rating for market insights services, as measured by actual customer satisfaction survey.	75.5%	86%
<b>Regulatory Services</b>		
Risk-based audits reinforce a culture of compliance and help protect the reputation of Australian wine.	250	150 COVID-19 travel restrictions affected the capacity to carry out audits. This is covered in detail on page 41
Export Market Guides provide accurate information about import requirements for our largest export markets.	36	36

\* Due to COVID-19, a number of key marketing activities could not be completed due to the postponement of key events and activities outside of Wine Australia's control – the Agreement was varied to allow activities to be delivered during 2020–21.

## 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 the Science and Research Priorities**

Wine Australia priorities and strategies	Science and Research Priorities			
	Food 1.1	Food 1.3	Environmental Change 8.3	Total
	\$000	\$000	\$000	\$000
<b>Priority 1: Increasing demand and the premium paid for all Australian wines</b>				
Strategy 3: Building Australian grape and wine excellence	48.6 (0.2%)	4604.2 (20.5%)		4652.8 (20.7%)
<b>Priority 2: Increasing competitiveness</b>				
Strategy 4: Improving resource management and sustainability		1907.4 (8.5%)	1245.9 (5.6%)	3153.3 (14.1%)
Strategy 5: Improving vineyard performance		5226.8 (23.3%)		5226.8 (23.3%)
Strategy 6: Improving winery performance		3747.6 (16.7%)		3747.6 (16.7%)
Strategy 7: Enhancing market access	480.1 (2.1%)			480.1 (2.1%)
Strategy 8: Building capability	13.3 (0.1%)	887.6 (4.0%)		900.9 (4.1%)
Strategy 9: Business intelligence and measurement		840.6 (3.7%)		840.6 (3.7%)
<b>Priorities 1 and 2</b>				
Strategy 10: Extension and adoption		3440.6 (15.3%)		3440.6 (15.3%)
<b>Total</b>	<b>542.0 (2.4%)</b>	<b>20654.8 (92.0%)</b>	<b>1245.9 (5.6%)</b>	<b>22442.7 (100.0%)</b>

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
<b>Priority 1: Increasing demand and the premium paid for all Australian wines</b>					
Strategy 3: Building Australian grape and wine excellence	4539.7 (20.2%)		113.1 (0.5%)		4652.8 (20.7%)
<b>Priority 2: Increasing competitiveness</b>					
Strategy 4: Improving resource management and sustainability	150.8 (0.7%)	1202.7 (5.4%)	1769.3 (7.9%)	30.6 (0.1%)	3153.4 (14.1%)
Strategy 5: Improving vineyard performance	656.5 (2.9%)		4570.3 (20.4%)		5226.8 (23.3%)
Strategy 6: Improving winery performance	3747.6 (16.7%)				3747.6 (16.7%)
Strategy 7: Enhancing market access				480.1 (2.1%)	480.1 (2.1%)
Strategy 8: Building capability	149.1 (0.7%)	20.8 (0.1%)	15.2 (0.1%)	715.8 (3.2%)	900.9 (4.1%)
Strategy 9: Business intelligence and measurement				840.6 (3.7%)	840.6 (3.7%)
<b>Priorities 1 and 2</b>					
Strategy 10: Extension and adoption	30.0 (0.1%)		22.7 (0.1%)	3387.8 (15.1%)	3440.5 (15.3%)
<b>Total</b>	<b>9273.7 (41.3%)</b>	<b>1223.5 (5.5%)</b>	<b>6490.6 (29.0%)</b>	<b>5454.9 (24.2%)</b>	<b>22442.7 (100.0%)</b>

# Export and Regional Wine Support Package

## The background

The Australian Government's \$50 million Package is an ambitious one-off allocation, initially, over four years, 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 AGW and Cider Australia to implement the four programs within the \$50m Package. These were planned as 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). In the period between the inception of the plan and delivery, there has been some realigning of funding between components of the Package, with the approval of the Minister of Agriculture, Drought and Emergency Management, as responsible Minister, on each occasion.

The \$50m Package's underpinning strategy is to target markets with the strongest growth potential: namely, China and the USA.

In the USA, the growth opportunity is at the higher price points so the focus has been on raising the perception of, and demand for, Australian wine.

In China, the challenge for the Australian wine category has been to maintain and build on our strong image growth in this highly competitive market.

The original intent was that \$50m Package-funded activities would conclude in 2019–20 however, the COVID-19 pandemic caused the postponement of a number of significant planned activities and events, and again, with the approval of the Minister, the existing funding has been extended to 2020–21 to allow postponed or delayed activities to be completed.



Table 11: \$50m Package funding as planned and as adjusted

	China and USA marketing	Capability development	Grants	Transforming cider businesses
	Targeted multi-year marketing campaigns to 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 ability 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.
2017–20 Plan	\$32.5m	\$2m	\$11m	\$0.5m
2017–20 Actual	\$28.597m	\$2.357m	\$8.433m	\$0.435m
2020–21 Plan	\$3.453m	\$0.163m	\$2.447m	\$0.065m



## Activities China and USA marketing

Wine Australia's global marketing team worked tirelessly in 2019–20 to deliver an ambitious program of events. The core aim was to:

- showcase the quality and diversity of Australia's fine wine and tourism offering, and
- raise the perception of, and demand for, Australian wine in China and the USA.

The global marketing team received unparalleled support from the state and regional wine associations, wine businesses and other wine stakeholders to deliver superb events that showcased the quality and diversity of Australia's fine wine and tourism offerings in our key markets, China and the USA.

Wine Australia delivered the largest-ever promotion of Australian wine in the USA in September and October 2019. The Far From Ordinary campaign attracted more than 100 Australian wine exhibitors with activities that included: an awards evening to celebrate women in the Australian wine sector, 3 nights of consumer events, a 6-city roadshow of trade tastings, an immersive event in Lake Tahoe for 100 key trade and media influencers, and a business development program to build and/or strengthen relationships with retailers, influential on-premise accounts and wholesalers. These activities were underpinned by a bold marketing strategy designed to lift the perception and demand for Australian wine among US trade, consumers and media.

In November 2019, Australian wine producers travelled to Shanghai for back-to-back trade and media engagement opportunities. The campaign kicked off with participation at the China International Import Expo (CIIE) 2019 and was followed by Wine Australia's China Awards, the Wine Australia Pavilion at ProWine China and the Decanter Shanghai Fine Wine Encounter.

All events were spearheaded by the Australian Wine Made Our Way branding and featured AWD education sessions; two enduring benefits of the \$50m Package.

Due to the significant impact of COVID-19 and associated travel restrictions, participation in the China Food and Drinks Fair in Chengdu in March 2020 was postponed and participation in Vinexpo Hong Kong in May 2020 was cancelled. Wine Australia's cornerstone campaign across 4 cities, the China Roadshow, has been postponed to May 2021. Due to domestic and international travel restrictions, our visits program was cancelled and videography and photography in Langhorne Creek, Adelaide Hills and Eden Valley have been postponed.

While the impacts of COVID-19 are still evolving, Wine Australia is focused on innovative strategies for continuing to build demand for Australian wine in market so that the sector is well positioned for the recovery. The sector has made considerable progress towards the \$50m Package's key performance indicators in the 2019–20 financial year, despite the challenges of COVID-19.



Australia's Minister for Trade Senator the Hon Simon Birmingham explores the AWD program at CIIE 2019, Shanghai China.

## Capability development

### Growing Wine Exports and Growing Wine Tourism

From July to December 2019, the Growing Wine Exports (GWE) and Growing Wine Tourism (GWT) workshops for new and experienced wine businesses were delivered 46 times to 443 participants in online, face-to-face and webinar formats, in partnership with the Australian Tourism Export Council (ATEC). The aim of the workshops was to help wine businesses capture export and wine tourism opportunities with the latest tools, insights and business strategies.

An online, six-part Growing Wine Tourism webinar was delivered from February to April 2020 for 71 participants, with a further 52 participants requesting access to webinar recordings. All recordings have been made available on the Wine Australia website for other interested producers.

Leanne Puglisi-Gangemi of Ballandean Estate Wines said 'The Growing Wine Tourism webinar has been, without a doubt, the most valuable seminar I've done in the last 12 months. The tools and spreadsheets help you to understand how to price experiences'.

Growing Wine Tourism received the Wine Industry Suppliers Association's Wine Industry IMPACT Award for the Tourism category in October.

Workshops planned for post-2020 vintage period in March to June were cancelled due to COVID-19 impacts. However, two additional six-part Growing Wine Tourism webinar series were delivered and the participation fee was waived in recognition of the hardships caused by bushfire, drought and COVID-19 impacts.

Growing Wine Exports/Tourism hybrid workshop content has been developed and re-designed for online instead of face-to-face delivery in 2020-21. Two days of content will be delivered, with an introductory stream for first-time participants and an advanced stream for previous participants of the Growing Wine Exports or Growing Wine Tourism workshops.

Growing Cider Exports webinar content was also designed and developed for delivery in 2020-21.



New Yorkers queuing for a Far From Ordinary consumer event.

## Wine Export Grants

The Wine Export Grants program completed in August 2019 with the \$1.5 million funding from Program 2b of the \$50m Package fully distributed to eligible wineries. Some 135 wineries received an average grant payment of \$11,100. Collectively, this group has achieved a 3 per cent compound annual growth rate in export value in the two years ending April 2020.

## International Wine Tourism grants

Wine Australia continues to administer two grant programs designed to support the growth of international tourism to wine regions with funding from Program 3 of the \$50 million Package:

- International Wine Tourism State Grants, and
- International Wine Tourism Competitive Grants.

The state-based grants provide state wine sector associations with access to a pre-determined funding allocation. These funds are intended to support a collaborative, strategic approach towards attracting and maximising international wine tourism in each state.

The competitive grants provide a range of stakeholders with the opportunity to apply for funding on a competitive basis, towards initiatives that will grow either the number of and/or spend by international tourists in wine regions.

In March 2020, the state and competitive international wine tourism projects that received grants were afforded the opportunity to extend project delivery to April 2021 as a result of the COVID-19 pandemic. Project delivery and ongoing monitoring and evaluation of the international wine tourism grant projects will be completed in 2020–21.

There are 21 regional international wine tourism projects either underway or mostly completed through the International Wine Tourism Competitive Grants program, and 5 state-based projects underway with 1 project completed through the International Wine Tourism State Grants program. These include international marketing and visiting friends and relatives initiatives, virtual reality creations, website development and translation, wine trail establishment, research, strategy development, and much more. The sum of the parts is truly impressive and will raise Australia's wine tourism offering to another level.

## **International Wine Tourism Platform**

In 2019–20, due diligence was completed with Tourism Australia, the State Tourism Organisations and Australian Tourism Data Warehouse (ATDW) to determine whether a collaboration was viable to develop an international wine tourism platform and operate it on an ongoing basis. The preferred option was for Wine Australia to work with the ATDW to develop wine sector functionality in ATDW's existing platform to help wineries more effectively market their businesses and increase their online exposure through tourism distribution networks.

Owned by all State Tourism Organisations, ATDW is Australia's national platform for digital tourism information, with more than 90,000 tourism operator listings.

Wine Australia has collaborated with ATDW to deliver wine-related functionality that enables wineries to enhance their listings and allows consumers to more readily search for wine tourism experiences. This has included adding wine-related cuisine types to the food and drink category, facility attributes, wine regions (i.e. geographical indication), accreditation attributes, membership attributes, and wine varieties and styles.

Further enhancements will continue to be rolled out monthly in 2020–21, including online booking capabilities, expanded distribution, itinerary building and expanded content partnerships. Completion is expected by February 2021.









# Activities and achievements

- 36-44** Priority 1: Increasing demand and premium paid for all Australian wine
- 45-55** Priority 2: Increasing competitiveness
- 56-57** Priorities 1 & 2: Extension and adoption
- 58-63** Supporting functions

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

## Strategy 1: Promoting Australian fine wine

In 2019–20, we delivered the Far From Ordinary campaign, the largest single campaign in Wine Australia's history, in the USA. This campaign combined the desire for bigger and bolder activities with a significant increase in social media and digital engagement.

Investments were made in driving digital engagement through a media partnership with *Bon Appetite* in the USA and continued investment with *Wine Spectator* and *Wine Enthusiast*. We developed a significant retailer and distributor promotional calendar that was coordinated alongside a six-city roadshow and a three-night consumer activation, that saw hundreds of Australians actively in the market promoting Australian wine.

All Far From Ordinary activity was underpinned by the 'Made Our Way' brand platform and it culminated in our key influencer event 'Decanted' at Lake Tahoe in October 2019.

AWD, launched in January 2019, was integrated across all global programs. AWD was promoted through a major social media campaign that ran from February to June 2020, achieving significantly higher than benchmark results in LinkedIn in all our key markets. Downloads of AWD educational material following its first annual content review have spiked considerably and this award-winning educational platform goes from strength to strength.

The content services a wide community of users including importers, wineries, retailers and consumers. In China, AWD benefited from the launch of the Wechat Mini Program, which allowed Chinese users to download the information within the WeChat environment, enhancing the user experience and making it exceptionally easy for users of the AWD material to benefit from this key investment.

We hosted the 7th annual Wine Australia China Awards Gala Dinner in Shanghai in November to recognise and celebrate our Chinese wine community. The CIIE and Prowine expositions ran concurrently in Shanghai in November, making it an exceptionally busy time to promote Australian wine.

In January, we launched a consumer-facing WeChat channel and invested significantly in promoting social and digital content to a consumer audience, allowing us to maximise the Australian Wine Made Our Way brand platform in China. This activity drove more than 50 million impressions and engagement with more than one million Chinese wine consumers. With the relaxation of pandemic controls in China, we were able to increase delivery of more traditional AWD workshops in key cities across the country.



Far From Ordinary Roadshow, 2019

Through the \$50m Package, we were able to capture engaging digital content in 18 key regions involving over 300 personalities. This has allowed us to tell the stories of our people and places globally through an ‘always on’ paid social strategy, while continuing to populate content on our consumer website, [www.australianwine.com](http://www.australianwine.com). Assets produced for this project have been made available to the sector through Wine Australia’s Digital Asset Library and are being used in all key markets.

In the United Kingdom (UK) and Europe we continued to focus on key trade awareness across Europe in its troubled Brexit phase. We also undertook the popular four-city Nordic roadshow, our Australian Trade Tasting in London and Edinburgh in January 2020, promoted AWD and arranged key visits from Ireland and Germany. Prowein Germany was postponed for 12 months until March 2021.

In Asia we hosted physical tastings and workshops in Japan and Korea in October and in Taiwan in November, before moving entirely online with AWD webinar tastings for audiences in Hong Kong, India, Singapore and Japan.

In the first half of the year, we hosted influential media from Europe and Asia Pacific and key buyers and sommeliers from Ireland, Finland, Sweden and Canada before our visits program was cancelled because of ongoing travel restrictions.



## Strategy 1: Promoting Australian fine wine

2019-20 targets	2019-20 achievements
<b>Global</b>	
AWD is promoted at all events.	AWD was promoted at all Wine Australia events and was seamlessly incorporated into the programming where relevant.
Brand messages and messaging pillars are incorporated into all event narratives.	Australian Wine Made Our Way brand messaging was incorporated into all event narratives as well as online activities such as live streaming.
Captured content is used in the promotion of, and at, all events.	Content produced from the content capture program was used extensively in all marketing campaigns and events.
Strengthen existing relationships and develop new relationships with key in-market wine trade, media and other influencers.	We continued to strengthen and grow new relationships with key influencers across all markets. Even when our physical events were cancelled, we maintained engagement with influencers online through webinars and regular communications.
At least 75 per cent of guests indicate a positive perception change toward Australian wine, captured in a post-event survey.	We came close to achieving this ambitious target with 73 per cent of attendees or visitors who were surveyed leaving events reporting an improved perception of Australian wine.
At least 20 per cent increase in positive sentiment in media coverage and other published content on Australian wine.	The bushfires and COVID-19 had a significant impact on the sentiment of coverage around Australian wine leading to only 85 per cent of coverage achieving a positive or neutral sentiment compared with 94 per cent in the preceding year.
At least 90 per cent of wineries and distributors who participate in Wine Australia events report that they are satisfied.	Of the wineries and distributors who completed post-event surveys, 92 per cent reported that they were satisfied.
<b>Asia Pacific</b>	
Growth in consumer sentiment index in Hong Kong from 7.06, in Japan from 7.33, in Singapore from 7.47 and in South Korea from 6.95.	The consumer sentiment index in Hong Kong declined slightly to 6.93, while there were increases in Japan to 7.52, Singapore to 7.56 and South Korea to 6.98.
<b>China</b>	
Growth in consumer sentiment index in mainland China from 8.56.	Consumer sentiment in China declined slightly to 8.41.
<b>Europe, Middle East and Africa (EMEA)</b>	
Growth in consumer sentiment index in the UK from 8.14.	The consumer sentiment index in the UK declined to 8.07.
<b>The Americas</b>	
Growth in consumer sentiment index in Canada from 8.19 (English speaking) and from 7.68 (Quebec) and in the USA from 7.89.	The consumer sentiment in English-speaking Canada declined to 8.11 while in Quebec it increased slightly to 7.80. In the USA it rose slightly to 7.96.

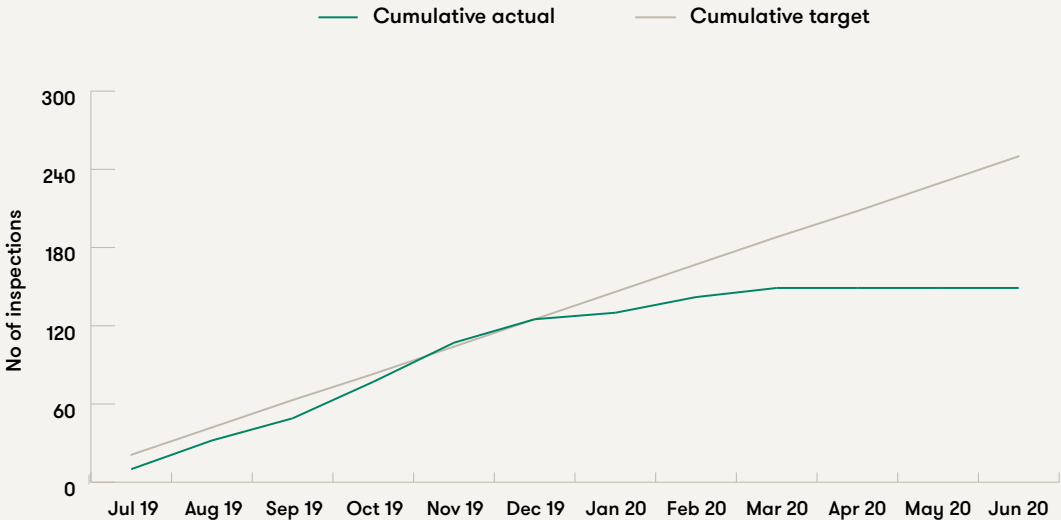
Strategy 2:  
Protecting the  
reputation of  
Australian wine

Label integrity

Wine Australia has coercive powers that allow its inspectors to enter wineries and inspect records kept under the Label Integrity Program (LIP) 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 2019–20, we conducted 150 on-site inspections. This was less than anticipated due to the travel restrictions imposed as a result of COVID-19.

We also request records kept under the LIP 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. To compensate for the reduction in the number of on-site inspections, in 2019–20, we inspected the records for approximately 4000 products to verify the accuracy of labelling claims before issuing export approval.

Figure 8: 2019–20 LIP inspections, actual vs target



## Export controls

In 2019–20, Wine Australia issued 18,269 product approvals, approved 51,548 shipments and issued 54,933 import certificates. At the end of 2019–20, there were 3,488 export licence holders, 3,101 of whom exported during the year.

The Wine Australia Licensing and Approval System (WALAS), a new system to administer the export controls for Australian wine, was implemented in June 2020. The system manages licensing, product approvals, shipping applications, invoicing, Wine Export Charge declarations and import certification, and provides enhanced access, greater flexibility and self-service functionality to its users.

WALAS brings with it improvements in the alignment of the system with the Wine Australia Regulations 2018 by ensuring LIP records can be uploaded as a precursor to product approval, allowing Wine Australia to ensure the truth and the reputation for truthfulness of wine labels through targeted label inspections.

## Label Directory

In 2019–20, we furthered the development of the Label Directory, which was initially proposed by the then Winemakers' Federation of Australia (now AGW) to allow Australian exporters to identify brands that infringe their intellectual property rights and to subsequently take action to protect those rights.

Wine Australia will administer the Label Directory as part of its export control function.

Amendments will need to be made to the Wine Australia Act and the Wine Australia Regulations to expand our powers in such way that allows us to mandate the provision of labels as a precursor to approving products for export, and to allow us to create a public-facing register.

The Label Directory will be publicly accessible and searchable by image matching as well as text fields.

The initial development will be funded through the \$50m Package.

## Annual analytical survey

In 2019–20, we commissioned a targeted analytical survey to assess the chemical residues resulting from the use of Mancozeb in vineyards, ahead of new maximum residue limit regulations being introduced in the European Union.

As a result of the COVID-19 pandemic and in an attempt to cut red tape for exporters, we did not insist on the provision of samples to validate compliance with the Australia New Zealand Food Standards Code (Food Standards Code), but rather, we continued to monitor compliance with the Code through the collection and verification of analytical information prior to products being approved for export.



Strategy 2: Protecting the reputation of Australian wine

2019–20 targets	2019–20 achievements
<b>Annual analytical survey</b>	
Up to 300 samples requested pursuant to section 16(1)(c) of the Regulations to satisfy Wine Australia of the matters set out in section 14(3) of the Regulations, being that the products comply with the Code and are sound and merchantable.	We commissioned a targeted analytical survey assessing the chemical residues resulting from the use of Mancozeb in vineyards. We monitored compliance with the Code through the collection and verification of analytical information prior to products being approved for export.
<b>Label integrity</b>	
Ensure the truth and the reputation for truthfulness of statements made on wine labels and associated marketing materials about vintage, variety and geographical indications.	We conducted 150 on-site LIP inspections before travel restrictions to verify records. We inspected the records for approximately 4000 products to verify the accuracy of labelling claims prior to issuing export approval.
<b>Regulatory services</b>	
An efficient export approval process supports Australian wine sector exports.	Turnaround times for product approvals, shipment approvals and import certificates did not exceed five days.  In June 2020 WALAS was launched, providing enhanced access, greater flexibility and self-service functionality for exporters.



### Strategy 3: Building Australian vine and wine excellence

This strategy focuses 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 have sought to do this by providing a deeper knowledge of our customers globally and what influences their purchasing decisions, by providing 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. We expect that grape and wine excellence will continue to be a key priority for the sector. A deeper understanding of the potential for Ag+Food Tech solutions to give a significant commercial advantage will position us well for future investment.

With our customer insights research, 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 2019–20 we:

- continued development of a better understanding of how grapevine genetics interact with environment and viticultural management techniques to optimise the expression of terroir
- developed and evaluated precommercial digital technologies in a portfolio of projects including using sensor technologies to determine whole vineyard nutritional status, characterise canopy size and structure, monitor basic fruit composition and detect disease
- developed a strategy and initiated a project to support agricultural technology (agtech) adoption by the grape and wine sector using demonstration sites from our Regional Program
- updated macro-economic data to analyse Australia's changing competitiveness in global wine markets
- shared the results of the final year of the five-year research project, 'Barriers in United States trade for developing premium Australian wine sales'. A final report was published on the website, a Market Bulletin summarising the key outcomes was prepared and the findings were presented at a WCA webinar
- commissioned the annual Australian wine brand health study on 10 key wine markets, and provided key market and customer insights through the weekly Market Bulletin and reports via the website
- engaged regularly with the Insights Advisory Group to facilitate a collaborative approach between Wine Australia and wine producers that will ensure greater alignment in primary consumer research prior to investment, and
- shared business intelligence, insights and analysis with our stakeholders (see Strategy 9).

### Strategy 3: Building Australian vine and wine excellence

2019–20 targets	2019–20 achievements
<b>Grapegrowing for excellence</b>	
<p>Information is available on the efficacy of hyperspectral sensor platforms to assess leaf physiology, fruit condition and compositional parameters in the field.</p> <p>Commercially available global Ag+Food Tech solutions and their likely potential to give significant competitive advantage to the Australian grape and wine community are identified.</p>	<p>Several potential ‘non-contact’ technologies have been developed, each at various stages of readiness, to determine whole vineyard nutritional status, characterise canopy size and structure, monitor basic fruit composition and detect disease. Some still require further investment and research, while some prototypes are being tested in the vineyard. <a href="#">CSA 1601</a>, <a href="#">CSA 1602</a></p> <p>A strategy was developed and a project initiated to support agtech adoption using demonstration sites from our Regional Program. <a href="#">WAC 1902</a></p>
<p>Knowledge on the differences and similarities within and between Barossa subregions and their management practices and on the key sensory attributes of Barossa Shiraz is available.</p>	<p>Sensory evaluations of selected 2018 and 2019 Barossa Shiraz wines have been performed to identify key sensory features and to compare and contrast sub-regions, management interventions and commercial unfinished wine. Clear separation between Eden Valley and the other sub-regions has been found. <a href="#">UA 1602</a></p>
<p>An upgraded version of the ‘VitiCanopy’ app is available, with new features to measure different pruning systems and pruning weights.</p> <p>Progress is made towards the development of an irrigation scheduling / decision support system based on real-time measurements of vine water status, using UV-based thermal remote sensing, prototype thermal sensors and micro-tensiometers.</p>	<p>VitiCanopy has been upgraded with features that allow it to be used for different training systems and as described above it is a very promising tool for pruning weight assessment. The new version will be released during the next growing season. <a href="#">UA 1803-1.1</a></p> <p>Acquisition, installation, testing and integration is underway for development of an irrigation scheduling / decision support system based on real-time measurements of vine water status, using UV-based thermal remote sensing, prototype thermal sensors and micro-tensiometers. <a href="#">UA 1803-1.3</a></p>
<p>A final report is available on the development of a PACE (‘pesticide adjusted for canopy environment’) system for vineyards, based on tractor-mounted and robotic sprayer platforms.</p> <p>Recommendations are provided to agrichemical manufacturers and regulators on changes to chemical labels appropriate to the implementation of PACE.</p>	<p>The final report for the project to develop a system to optimise and automate vineyard spraying has been submitted. Chemical savings of 70–90 per cent are possible early in the season with open canopies, with savings of 30 per cent at full canopy maturity. Spray drift is also much reduced. A workshop was held with regulators and the agrochemical sector to discuss the implications of the research for changes to chemical labels. The project also developed an electronic ‘leaf’ to measure spray coverage, and a cheap but accurate method to determine chemical dose required per metre of row (PACE). <a href="#">UQ 1601</a></p>
<b>Wine provenance and measures of quality</b>	
<p>Data is available from the survey of Australian and international wines for discriminating place of origin.</p>	<p>New measures of assessing grape and wine provenance using isotopes have been developed. Further development is required to make them available for use by grapegrowers and winemakers. <a href="#">AWR 1701-4.4.2</a></p>
<p>Yeast and bacterial isolates sourced from wild fermentations and natural sources are deposited in the AWRI culture collection.</p> <p>Data from 25 Australian exemplar 2016 Pinot Noir wines used to identify chemical and sensory markers of quality are available.</p>	<p>152 yeast strains isolated from the 2018 and 2019 vintages have been deposited in the AWRI culture collection and been whole genome sequenced. <a href="#">AWR 1701-4.4.3</a></p> <p>Chemometric analysis of data from national and international benchmark Pinot Noir wines has identified molecular markers associated with particular regions and sensory styles. <a href="#">UT 1503</a></p>

2019–20 targets	2019–20 achievements
<b>Customer insights</b>	
<p>Investments are made in updated macro-economic data to analyse Australia’s changing competitiveness in global wine markets including changing consumer preferences, technology developments, regional trade agreements and other regulations affecting alcohol consumption, along with challenges such as climate change and its effects on water availability and prices.</p> <p>Information is available that will assist exporters in the creation of stronger business relationships and selling fine wine across the USA, UK and China.</p> <p>New investments are made in key markets and we continue to work with an advisory group to improve alignment, awareness and use of primary research and data with sector needs.</p>	<p>A new global model of beverage markets and data analysis is underway. The model was tested with simulations of the 2019–20 summer bushfires and of initial COVID shocks. See Wittwer, G. (2020) The 2019–20 Australian Economic Crisis Induced by Bushfires and COVID-19 from the Perspective of Grape and Wine Sectors. All publications are available at <a href="https://economics.adelaide.edu.au/wine-economics/publications">https://economics.adelaide.edu.au/wine-economics/publications</a>. <b>UA 1803-3.1</b></p> <p>Outcomes of research projects are considered and used across relevant market insights reports.</p> <p><a href="#">Driving the strategic growth of Australian wines in the US export market</a> was published with an accompanying US Wine Marketing Tool to help Australian wine exporters focus on the best-matched trade and consumer groups to their offering along with the best fitting communication strategy for each. <b>USA 1501</b></p>



# Priority 2: Increasing competitiveness

## Strategy 4: Improving resource management and sustainability

Activities in this strategy continued 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, and to maintain freedom from exotic pests.

### During 2019–20 we:

- provided the Australian wine sector with data on supply and demand and ensured that the sector had access to key foundation data sets, including a region-by-region survey of vineyard data
- delivered the results of the second National Vineyard Scan, carried out using a machine learning algorithm developed by Consilium Technology with funding from Wine Australia and other sources. The data was used to conduct analysis of the impact of bushfires on Australia's vineyards.
- provided short- and mid-term climate trends to the sector in the Climate Atlas – in an accessible, usable form
- developed and provided information on practical management strategies to deal with environmental conditions under climate change scenarios that affect grape and wine production and the impact of these strategies on wine quality
- completed the initial DNA profiling of Australian grapevine germplasm collections and prepared a dataset of the planting material held with a view to re-establishing public access to the material in the future
- increased preparedness for exotic pest incursions by reviewing the Viticulture Industry Biosecurity Plan and participating in cross-sectoral projects on pest surveillance and *Xylella fastidiosa*,
- continued to provide the updated knowledge to prevent, detect and manage trunk diseases and phylloxera via industry articles and regional webinars
- conducted and delivered the 2020 National Vintage Survey, which provides crush and pricing information by region and variety and, for the first time, information on the impact of bushfires on the crush, the 2019 Cellar Door and Direct to Consumer Survey and the 2019 Production, Sales and Inventory Survey.
- delivered four Export Reports, the last two heavily focused on the impacts of COVID-19 on Australia's export performance, and
- delivered the Global Supply Monitor that provides updates on the global winegrape harvest for the latest vintage and corresponding global wine consumption to give an analysis of the global supply-demand position.



## Strategy 4: Improving resource management and sustainability

2019–20 targets	2019–20 achievements
<b>Climate adaptability</b>	
New knowledge continues to be shared from four years of data collected on the impact of elevated CO <sub>2</sub> and increased temperature on vine phenology, physiology and the resulting wine.	Climate adaptability continues to be a strong theme delivered via our extension mechanisms, including the Regional Program.
Short- and mid-term climate trends are shared with the sector in an accessible, usable form.	The 'Climate Atlas', which charts climate trends across all Australian wine regions to 2100, was released in June 2020 to significant media and sector attention. The Atlas itself is available for download and a series of 11 webinars is being delivered to provide region-specific climate information and assist with adaptation planning. <b>UT 1504</b>
Data is available from field testing of veraison-harvest-delaying treatments using auxin plant growth regulators (PGRs), including assessments of berry/wine compositional parameters and auxin residue measurements.	The plant growth regulator NAA continues to show promise for delaying harvest in winegrapes. An analytical method to support the registration of NAA for use on winegrapes is being developed. <b>CSA 1701-2.2</b>
Improved knowledge on the most effective application times for PGR sprays is available, based on the identification of suitable biochemical markers in grapes.	
Information is available from field trials linking soil, vine and berry potassium, wine pH and titratable acidity, to better understand, and potentially ameliorate, the impacts of a warming climate on potassium uptake, which contributes to high pH in grape berries.	Pot and field trials have been established to determine the role of soil potassium, vine potassium and berry potassium on berry composition, and its ultimate impact on wine acidity. Data from the first season has been collected and wines made. <b>CSU 1702-5</b>
Data from glasshouse and field trials is available to contribute to understanding the impacts of climate warming (and other variables) on the occurrence of significant losses in berry mass due to berry cell death.	A sensor has been developed to detect the onset of berry cell death. The prototype device has been tested in the field and glasshouse and returned stable and consistent results. The device is being used to investigate the effect of viticultural practices (row orientation, bunch shading, rootstock, water stress, kaolin) on the incidence of cell death and consequent crop loss. <b>UA 1803-1.2</b>
An understanding of the impact of water addition on wine quality and style is available.	Updated knowledge on the impact of water addition on wine quality and style was communicated via a factsheet, a conference presentation and scientific publications. <b>AWR 1701- 4.1.1</b>
A set of protocols for land/fire managers and vineyard managers on the planning and management of controlled burns is developed.	Protocols were developed and are in use. They set out the steps involved in planning of burns and essential communication between grape growers and fire managers to reduce the risk of smoke taint. <b>LTU 1601</b>
Datasets linking smoke composition with the risk of smoke-affected grapes and wine is available.	The bushfires of 2020 provided a unique opportunity to add to the dataset linking smoke composition with smoke taint development in grapes and wine. Data compilation is ongoing. <b>AWR 1603</b>
Improved knowledge on the impact of dry winters on grapevine yield is available.	In season two of the trial, the supplementary irrigation treatments were able to restore yield in vines with low winter rainfall. Data collected will contribute to knowledge on the cumulative impact of dry winters on vine growth, development and grape yield. <b>SAR 1701-2.1</b>



## Strategy 4: Improving resource management and sustainability

2019–20 targets	2019–20 achievements
Cabernet Sauvignon clone plantings in three contrasting climates are established.	Initial Cabernet Sauvignon planting stock was found to be virus-infected and was destroyed. Trials will be established this spring with clean planting material at Coonawarra and Nuriootpa in SA and a top-worked site in WA. <a href="#">SAR 1701-2.3</a>
<b>Foundation data</b>	
Collect, store and present supply and demand data and insights, including maintaining the Market Explorer and providing deep dive market reports on key markets.	We populated the Market Explorer with the latest market and export data and provided Market Insight reports on China, the USA and Australia.
Ensure the sector has access to increasingly granular data, including a national scan of vineyard area by GI region.	Conducted the second National Vineyard Scan to identify the area of hectares under vine by GI region.
<b>Sustainable resource management</b>	
A SNP DNA marker database to facilitate the confirmation of grapevine variety identity is completed.	A set of 48 internationally recognised SNP markers was used to DNA profile a total of 1514 accessions, including all germplasm in the CSIRO and SARDI grapevine collections. Of these, 237 unique genotypes were assigned definitive variety names and form the nucleus of an Australian national collection. Vine resampling will be carried out this spring to resolve anomalies and develop a database containing the validated varieties. <a href="#">CSP 1501</a>
A dataset of DNA profiles for accessions held in the CSIRO and SARDI grapevine germplasm collections is available.	
A dataset is available of planting material held by grapevine germplasm collection curators.	A register was compiled of grapevine germplasm material held by vine improvement organisations, nurseries, individuals and companies and contains 1821 entries. The listing contains as much information as could be gathered about each selection, including type, cultivar, clone, origin, collection, identity validation and health status. <a href="#">WA 1902</a>
New extension activities are 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.	We continued a focused communication campaign to extend the top five new oenological and viticultural practices to the sector and we developed and updated tools and resources to facilitate practice change.
The AWRI library maintains the relevant subscriptions and resources.	A total of 463 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.
<b>Biosecurity pest and disease management</b>	
Participate in a cross-sectoral project to develop the capacity, tools and co-ordination between sectors for diagnosis of high-priority exotic plant pests is improved.	The Rural RnD4P 'Boosting diagnostic capacity for plant production industries' project was initiated. It includes all seven plant RDCs and aims to deliver a more effective, efficient and networked diagnostic system for our National Priority Plant Pests.
Initiate a new Xylella project to develop knowledge of native Australian insects that are capable of vectoring Xylella and spreading Pierce's Disease.	Detailed planning for a project studying potential insect vectors of Xylella in Australia was completed with field surveillance and glasshouse trials to commence in Spring 2020.
The Viticulture Industry Biosecurity Plan and Manual is revised.	The Biosecurity Plan for the Viticulture Industry v4.0 was endorsed by the government and released to peak sector bodies. A draft Manual is being reviewed by the viticulture industries.

Strategy 4: Improving resource management and sustainability

2019–20 targets	2019–20 achievements
There is a nationally co-ordinated approach to surveillance, diagnostics and management of Xylella.	The preparedness program is underway with the first year focused on developing greater awareness of the threat within potentially affected industries and developing linkages into overseas research and management activities to support local preparedness and research activities.
A set of scientifically validated disinfestation phylloxera protocols for improved quarantine and new and improved tools for early detection and biocontrol options for phylloxera are available.  Information is available on the resistance of commonly-used rootstocks to specific strains of phylloxera.	The remaining disinfestation protocols (for footwear and fermentation products) were tested in laboratory bioassays. The national phylloxera management protocols were reviewed in light of validated disinfestation procedures. A DNA-based portable 'LAMP' assay was developed and is able to rapidly and accurately diagnose phylloxera in-field. A comprehensive review of biological control options showed that significant potential exists in this space. <a href="#">DED 1701</a>  Rootstock 5C Teleki was screened for resistance to the panel of phylloxera strains and in-field rootstock screening demonstrated the validity of lab/greenhouse screening methods. <a href="#">CSA 1701-1.3</a>
Improved knowledge is available on the efficacy of fungicides in the presence of resistant pathogen populations (powdery mildew, downy mildew and Botrytis).	Extensive fungicide testing using a variety of assay methods showed that some fungicides are more effective than others against resistant strains of pathogens and pathogen populations with varying frequencies of resistance alleles. A mini-greenhouse system is in development that will allow reliable propagation of fungal isolates and a new method for fungicide sensitivity. <a href="#">SAR 1701-1.2</a>
Updated knowledge on effective detection and management techniques for grapevine trunk diseases (eutypa and botryosphaeria).	Trials continued on wound susceptibility, biocontrols for wound coverage, remedial surgery for managing infection and susceptibility of different clones and scion-rootstock combinations to trunk disease pathogens. Updated knowledge was communicated via industry articles and regional webinars. <a href="#">SAR 1701-1.1</a>

Strategy 5:  
Improving vineyard  
performance

Activities in this strategy continued to progress 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 tolerate biotic and abiotic stressors and improved yield prediction methods.

During 2019–20 we:

- continued to develop new grapevine scions and rootstocks and continued field testing of vines bred for their resistance to mildews
- provided knowledge on the impact of undervine cover crops
- explored several technologies for improved yield estimation, and
- developed a prototype vine nutrition smart phone app.

## Strategy 5: Improving vineyard performance

2019–20 targets	2019–20 achievements
<b>Enhancing grapevine and rootstock performance</b>	
Genetic mapping is completed of at least two consumer traits related to important wine sensory properties in existing plant populations and identification of suitable germplasm for genetic mapping of other important consumer traits.	Genetic markers were identified in grapes for traits important to consumer wine preference, including colour, methoxypyrazine (IBMP) production and muscat-character. New work is exploring novel markers for negative green/cut-grass [(Z)-3-hexenol] notes in wine, and positive fruity (acetate ester) characters. This expanded library of markers will aid the selection of new varieties for specific wine styles and consumer preference. <a href="#">CSA 1701-1.2</a>
Selected rootstock genotypes that perform well under reduced irrigation are evaluated.	The breeding of next generation rootstocks with durable resistance to phylloxera and root knot nematode is continuing, however progress was interrupted by COVID-19 and access to a third-party testing facility. <a href="#">CSA 1701-1.3</a>
New material is identified to combine with existing resistance genes to create elite, third-generation rootstocks with durable resistance to root-knot nematodes and phylloxera.	
Sensory data is available for wines made from a near-to-commercial-release rootstock grafted with Shiraz and Pinot Gris, grown under challenging saline conditions.	A marker for the exclusion of sodium in rootstocks has been developed and successfully tested across 45 rootstocks. In addition, further studies have been conducted to confirm markers that identify genes responsible for chloride exclusion as well as the mechanism involved. These markers are being used to screen numerous rootstock genotypes – including newly developed rootstock varieties – for their salt tolerance. <a href="#">CSA 1701-1.4</a>
A decision is made on the commercial release of a new CSIRO rootstock, including consideration of Plant Breeders Rights (PBR) and nursery distribution options.	
Functional characteristics of sodium and chloride exclusion genes are determined, and loci for salt exclusion are mapped in newly imported, high-salt-tolerant germplasm.	
Information is available from trials over several seasons on the field performance and management costs of mildew-resistant, ‘no-spray’, high-density vineyard plantings.	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, and a reduced irrigation treatment. Much of the experimental data has now been collected with analysis and interpretation yet to occur. Results collated this year showed that growing wild-type varieties in standard density plantings under reduced irrigation was least cost effective. In contrast, wild-type vines in high-density plantings under reduced irrigation had the lowest cost per tonne of fruit. <a href="#">CSA 1701-1.5</a>
Performance data are available on different scion–rootstock combinations for yield, vine vigour, fruit composition and wine attributes.	
Four regional sites are established spanning cool climate and warm irrigated regions, to evaluate field performance, fruit composition and wine quality using elite first-generation mildew-resistant scion selections.	Vineyards of first-generation breeding selections, resistant to both powdery and downy mildew, have been established in Nuriootpa SA, Irymple Vic, Wagga Wagga NSW and Orange NSW. No evidence of either disease has been detected in any of the plantings. Wine has been made from these disease-resistant selections and ranked for preference by a panel of winemakers. A workshop showcasing these new varieties and the wines was held as part of the Australian Wine Industry Technical Conference 2019. <a href="#">CSA 1701-1.6</a>

Strategy 5: Improving vineyard performance

2019–20 targets	2019–20 achievements
Efficient and sustainable vineyard management	
Knowledge is available on the rate of soil improvement (physical, chemical and biological parameters) possible under various under-vine cover crop species and on the impacts of the different options on the diversity of the soil microbiome, grape and wine composition, sensory characteristics and quality.	Significant differences were observed in the abundance of earthworms under different cover crop treatments. Preliminary results indicate that under-vine cover crops may also modify canopy temperature and grape ripening. <a href="#">UA 1803-1.4</a>
A prototype vine nutrition smartphone app is developed, informed by grower feedback, incorporating machine learning outcomes from successive versions of a digital image library of known nutritional disorders and data from field observations.	A smartphone app developed to determine nutrient deficiency and toxicity symptoms in grape leaves has been further refined by significantly expanding the reference image library and incorporating deep learning models into the data processing. <a href="#">CSU 1702-3</a>
Outcomes are available from a three-season trial of digital technologies to estimate grape yield, evaluating several sensor systems to determine the best sensor(s) for data collection and yield prediction accuracy.	Colour digital video and machine learning could be used to automatically count inflorescences in the vineyard and thereby predict yield shortly after budburst. The same method works reliably for bunch counting but needs further optimisation for vineyards with heavier canopies. Significantly, low-power radar was able to detect fruit hidden behind foliage, but its ability to reliably quantify fruit mass still needs to be demonstrated. A final report is now available. <a href="#">CSA 1602</a>
A final model is available to correlate bud dissection, imaging and field observations, including a software package to forecast bud fruitfulness in the vineyard.	Hand-held Near Infrared Spectroscopy (NIR) instruments were successfully used to non-destructively predict grapevine bud fruitfulness in Pinot Noir and Chardonnay over four consecutive seasons. Software has been developed to collate the gathered data to inform pruning decisions at a block level. A final report is now available. <a href="#">UT 1601</a>
Progress is made on commercialisation of algorithms to predict yield based on historical data and weather information.	A final report has been published regarding algorithms to predict yield based on historical data and weather information. Commercialisation of project intellectual property owned jointly by Wine Australia and Macquarie University is unlikely to occur as commercial providers have already begun to deliver such services based on this approach. <a href="#">MQ 1401</a>

Strategy 6:  
Improving winery  
performance

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

During 2019–20 we:

- continued to develop new yeast and bacterial strains
- evaluated zeolites and magnetic nanoparticles as new strategies to achieve protein stabilisation
- made the activity-based costing online tool available to the sector, together with case studies and a benchmarking database, and
- provided updated knowledge on best practice winery wastewater management through a new factsheet.

## Strategy 6: Improving winery performance

2019–20 targets	2019–20 achievements
<b>Enhancing yeast and bacterial performance</b>	
New interspecies hybrids developed to complete hybrid portfolio.	Eight interspecific hybrid yeast were evaluated in red winemaking trials. Sensory evaluation is pending. No further hybridisation research is anticipated. <b>AWR 1701-3.2.1</b>
Non-GM wine yeast with modified volatile or non-volatile profiles from alterations to amino acid biosynthetic pathways are developed.	Non-GM wine yeast with modified volatile profiles from alterations to amino acid biosynthetic pathways have been developed. <b>AWR 1701-3.2.1</b>
Knowledge of juice or wine compositional factors that give rise to yeast or bacteria strain-specific fermentation problems.	Genetic elements that give rise to growth limitation in SO <sub>2</sub> -tolerant strains in juices with high copper concentrations have been identified. <b>AWR 1701-3.2.2</b>
Strains of <i>Brettanomyces</i> isolated, genotyped and phenotyped for sulfite tolerance, growth rate and volatile phenol production.	A number of <i>Brettanomyces</i> strains have been isolated from commercial wines, screened for sulfite tolerance, growth rate and/or taint molecule production and their genomes sequenced in order to identify the genetic basis of resistant isolates. <b>AWR 1701-3.4.1</b>
Resources available on the Wine Australia website for winery wastewater management.	A new <a href="#">factsheet</a> on managing the microbiology of winery wastewater treatment systems was added to resources already available on the Wine Australia website.
More efficient approaches to achieving protein stabilisation are available.	A scale-up study to assess zeolite and magnetic nanoparticle effects on wine stability and sensory attributes has been performed. These new production methods are not yet available for adoption. <b>AWR 1701-3.1.4</b>
Knowledge is available of how to modulate extraction and retention of key compounds for given wine styles.	Data from the application of a grape maceration technique (DTMA/Della Toffola) on macromolecule extraction and retention has been obtained. The technique is able to diversify the phenolic outcome of a red wine. <b>AWR 1701-3.1.4</b>
Extension materials to facilitate roll-out of activity-based costing (ABC) tool and benchmark database to the sector are available.	A final report, case studies and an activity-based costing (ABC) tool and benchmark database to the sector are available. <b>2XE 1501</b>



## 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 AWRI and AGW to ensure the key issues confronting Australian wine exporters were addressed by:

- engagement with the Federation International du Vin et Spirit (FIVS), the international trade body representing the wine and spirits sector (Wine Australia sits on the Scientific Technical Advisory Committee, the Social Sustainability Working Group and the Codex Taskforce)
- the World Wine Trade Group, which met once during the year and is increasingly coordinating wine sector approaches to the World Health Organisation, the World Trade Organisation and to Codex Alimentarius, and
- the International Wine Technical Summit, which met remotely, at which papers were presented on best practice in wine regulation and on inter-laboratory proficiency testing. 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.

We continued to identify disparities between authorised winemaking practices in our major markets and those permissible under the Food Standards Code and to consider ways in which such disparities might be addressed.

We strengthened our relationship with the UK Food Standards Agency to ensure no disruption to trade in wine between Australia and the UK following that country's departure from the European Union.

We provided trade negotiators with a compilation of technical measures that could be addressed during discussions towards a free trade agreement between Australia and the European Union with a view to facilitating wine trade into European markets.

We provided trade negotiators with a compilation of technical measures that could be addressed during discussions as above between Australia and the UK with a view to facilitating wine trade into the UK.

## Strategy 7: Market access

2019–20 targets	2019–20 achievements
<b>Market access</b>	
No new wine production or labelling constraints emerge in existing markets and conditions in developing markets converge towards international norms.	No new wine production or labelling constraints emerged in existing markets.
The certification regime applying to wine shipments to the European Union is not disrupted following the United Kingdom's exit from that Customs Union.	The certification regime applying to wine shipments to the united union was not disrupted following the UK's exit from that Customs Union.
Progress is made towards harmonising the winemaking practice frameworks that apply in our major international markets.	Progress was made towards harmonising winemaking practises that apply in on major international markets.
Technical issues are covered during negotiations towards a free trade agreement with the European Union and, where possible, the agreement includes provisions that overcome existing technical impediments to wine trade.	Information was provided to free trade agreement negotiators to assist them in overcoming existing technical impediments to wine trade.

## Strategy 8: Building capability

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.

Fifteen emerging leaders from across the Australian grape and wine community graduated in November 2019 from the intensive five-month leadership development program, Future Leaders, ready to make their contribution as confident, committed wine sector professionals.

We conducted the inaugural Future Leaders coaching mastery program, undertaken by 15 alumni who then coached a Future Leader participant. Given the change and uncertainty occurring as a result of the bushfires and COVID-19, we arranged several online professional development programs for the alumni including a Virtual Leader Skills webinar, a Navigating Uncertainty program focussing on practical tools to navigate mental wellbeing and access to a number of online governance training modules through the Australian Institute of Company Directors.

Research capacity was maintained by continuing to offer support for PhD scholarships. Joseph Marks from the University of Adelaide was the inaugural recipient of the Dr Tony Jordan OAM Award, which recognises the most outstanding applicant among a field of exciting and high-calibre candidates. Mr Marks will be investigating how under-vine cover crops affect arbuscular mycorrhizal associations (the symbiotic relationship between plant roots and fungi that allow plants to capture nutrients), soil organic carbon composition and soil carbon stocks.

Travel bursaries that extend knowledge through global collaboration and support for early career researchers to undertake regionally focussed research will continue but are on hold pending changes to COVID-19 restrictions.



## Strategy 8: Building capability

2019–20 targets	2019–20 achievements
<b>Developing people</b>	
At least 15 members of the grape and wine community complete leadership and personal development training.	15 individuals from across the grape and wine community participated in Future Leaders 2019.
At least 20 members of the alumni attend a professional development opportunity.	Over 60 individuals from across the leadership alumni participated in one or more professional development opportunities.
At least 20 members of the grape and wine community commence a Next Crop program.	41 individuals were selected to participate in the Next Crop program in the Barossa Valley and Langhorne Creek. The program has been postponed to 2021 as a result of COVID-19 restrictions.
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.	12 new PhD scholarships were awarded. 7 travel bursaries were awarded. No new Incubator research projects for early-career researchers commenced due to the impacts of COVID-19 restrictions and capacity of Regional Program partners.

## 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 2019–20, there was a continued focus on market reporting of sales trends across price points, channels, varieties and wine-producing regions. We engaged closely with the Insights Advisory Group and other wine businesses to keep abreast of the latest trends and issues.

### During 2019–20 we:

- made enhancements to the website layout and introduced new report to support provision of information for growers.
- updated the Market Explorer tool and produced deep-dive market insights reports on China, the USA and Australia to assist wine producers identify opportunities for growth.
- delivered regular retail sales trends reports for the USA, the UK and domestic market
- prepared 45 Market Bulletins with the advent of the COVID-19 pandemic, we focused on providing weekly insights into the impacts of the pandemic on our key markets. This including providing updates to the Boards of Wine Australia and AGW, and
- provided presentations at conferences, workshops and webinars and regular contributions to a range of sector publications to keep the sector informed of the latest information, trends and analysis.

## 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 2019–20, we engaged independent economists to conduct benefit–cost analyses on a range of RD&E activities and for the first time on marketing activities.

An independent economist was also engaged to provide an assessment of the economic contribution of the Australian wine sector to the Australian economy.

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### Strategy 9: Business intelligence and measurement

2019–20 targets	2019–20 achievements
<b>Business intelligence</b>	
In-depth market insight reports delivered on China, the USA, the UK, Australia and selected emerging markets.	Reports were produced on China, the USA and Australia while the UK and emerging markets reports were delayed due to focus shifting to tracking and reporting on the impacts of the COVID-19 pandemic.
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 reports, market bulletins and presentations were provided to the keep the sector informed and to guide decisions.
<b>Monitoring and evaluation</b>	
At least 75 per cent of stakeholders indicate a high level of satisfaction with the services provided across the business.	Stakeholders rated satisfaction with our export assistance services at 84 per cent and satisfaction with our market insights services at 76 per cent.
BCAs indicate at least 75 per cent of programs measured achieve a positive return on investment.	Two out of three projects analysed returned a positive rate of 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 use a range of delivery networks, programs and partnerships with trusted wine sector organisations to disseminate R&D outcomes and encourage the adoption of new technologies and practices.

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

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 continue to communicate practices with our many audiences clearly and effectively.

#### During 2019–20, we:

- conducted an independent review of Wine Australia's approach to extension and adoption. With sector stakeholder input we developed a national extension and adoption strategy that will guide future planning.
- identified and showcased four case studies resulting in successful extension approaches and outcomes as part of the [review](#): Growing Wine Exports, Grapevine trunk disease, Demonstration vineyards and Brettanomyces.
- began implementing the results of the review to achieve the best outcomes for our levy payers and the Australian Government. This included expanding the role of the AGW Research Advisory Committee to provide sector advice guiding extension priorities, a move towards targeted adoption programs drawing on innovative approaches to behaviour and practice change, and a focus on demonstrating agtech and enhancements to our Regional Program.
- continued a focused communication campaign to extend the top five new oenological and viticultural practices to the sector.
- continued to refine our approaches to better collect information on the effectiveness of our events and products in encouraging practice change.
- developed and updated tools and resources to facilitate practice change.
- maintained and supported the ongoing partnerships with our 11 regional clusters to deliver extension and practical trials that met regional priorities.
- continued our significant support of 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

2019–20 Targets	2019–20 Achievements
<b>Extension and adoption</b>	
R&D project assessment criteria include evaluation of the extension plan and the likelihood of adoption by levy payers.	<p>Pathways to extension and adoption were incorporated into the planning and approval process of research projects.</p> <p>The review of extension and adoption identified an improved process to take into account pathways to adoption with researchers.</p>
All 11 regional clusters actively participate in delivering activities.	The Regional Program delivered over 80 per cent of the planned activities across the 11 regional clusters. Some activities were redesigned or postponed as a result of the impacts of COVID-19 restrictions from March to June 2020.
<p>At least 85 per cent of survey respondents who attend workshops provide an overall rating of at least 4 out of 5.</p> <p>We will review grape and wine extension and consider how to achieve the best outcomes for levy payers and the Australian government.</p>	<p>Over 95 per cent of survey respondents who attended workshops provided an overall rating of at least 4 out of 5 (above average to excellent).</p> <p>A review of extension and adoption was completed and investments in the future will be aligned against the Extension and Adoption Strategy 2020–25.</p>
At least 80 per cent of survey respondents indicate that information provided at workshops is useful in their business.	Some 89 per cent of survey respondents indicated that information provided at workshops is useful.

# Supporting functions

## Strategy 11: Corporate Affairs

### Corporate Affairs

Our corporate affairs and strategy function supported clear and effective two-way communications with internal and external stakeholders. This included media relations, government relations, corporate planning and reporting, and internal communication. Through our targeted and timely communications, we help our grape and wine business stakeholders to do business better. We communicated the latest research outcomes and analysis, marketing activities and regulatory requirements through our weekly Market Bulletin, monthly Wine Australia News and RD&E News and bimonthly Exporter News.

In concert with AGW, we consulted with our stakeholders around the country to understand their priorities for our new Strategic Plan.

We used a multi-channel strategy to ensure that our stakeholders had access to the latest information on how to manage the effects of fire on their vines and how to measure the impact of smoke on their fruit, as well as the assistance available to manage the economic and psychological impact of fires. With the COVID-19 pandemic, we again used all of our communication channels – and added webinars – to communicate the effect of the pandemic on supply and demand and strategies that businesses could use to respond to the changed conditions.

We maintained strong and productive relationships with all of our stakeholders, including levy payers, AGW, the Australian Government, state governments, state and regional associations, export partners such as Austrade, sponsors and tourism associations.

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## Strategy 11: Corporate affairs and strategy

2019–20 Targets	2019–20 Achievements
<b>Corporate Affairs</b>	
We increase the readership of our newsletters and bulletins.	More people subscribed to our key stakeholder publications, through which we share timely information. Readership increased for:
Our information is available through a range of channels in a timely manner.	<ul style="list-style-type: none"><li>• the Market Bulletin from 3264 to 3780 subscribers</li><li>• Wine Australia News from 4454 to 5740 subscribers</li><li>• RD&amp;E News from 3673 to 4243 subscribers, and</li><li>• Exporter News from 7724 to 10,809 subscribers.</li></ul>
General and specialist media reporting of our key messages continues to grow.	
<b>Sector engagement</b>	
Through regular engagement with national, state and regional representative bodies we build mutual awareness and understanding.	We engaged weekly with national, state and regional representative bodies, sharing marketing opportunities, RD&E outcomes and regulatory updates.
We will engage with Parliamentarians to build awareness of the value Wine Australia delivers to its stakeholders.	We shared information about our marketing, RD&E and regulatory activities with Parliamentarians through formal and informal events.
Through regular communications and engagement, we build awareness of our priorities, activities and achievements	Through increased subscribers to our newsletters and media release distribution list, we increased the reach of our communications and built awareness of our priorities, activities and achievements.



## 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, through:

- budget preparation, management and reporting, including regular reviews and reforecasting
- annual financial statements and audit sign off, and
- adherence to operating reserves policy.

We enabled cost-effective operations through the efficient and timely provision of a range of support services.

### People and culture

Wine Australia has focused on supporting employees and maintaining their engagement and performance through the COVID-19 pandemic. The COVID-19 Pulse survey showed that staff had confidence in Wine Australia's response to the pandemic and they felt supported. Staff felt they had what they needed to effectively work remotely, and they felt connected to their manager and colleagues.

Ten contractors and two permanent employees left the business at the end of June because elements of the \$50m Package were finalised. They were offered outplacement services and support from our Employee Assistance Program.

As part of a review of Wine Australia's governance framework all the Human Resources and Work Health and Safety policies were reviewed. We also launched a new on-line learning platform called ELMO learning. Staff have received communication and training about all the revised policies via ELMO, and have access to over one hundred on-line courses.

### Risk management

In 2019–20, we conducted a review of our risk management practices. In April, the Board approved a new Risk Management Policy and Framework that:

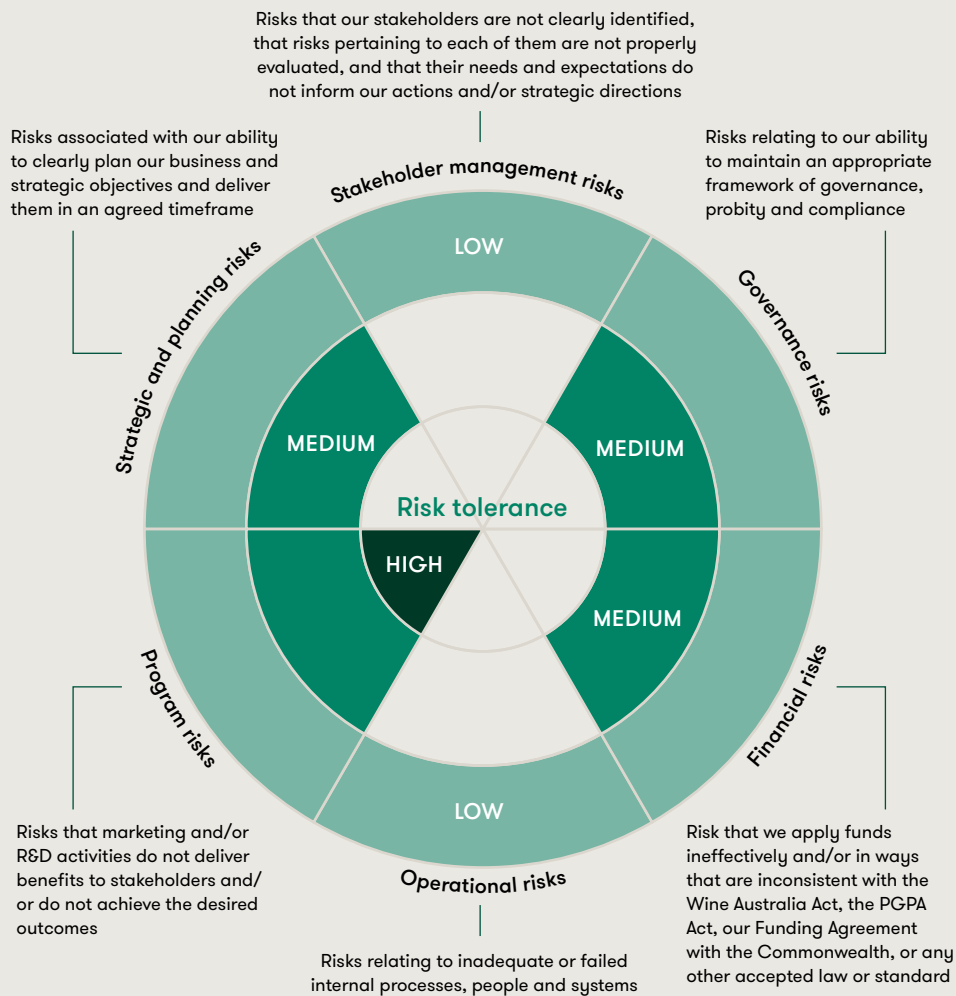
- explains how risks are identified, assessed and managed, and
- establishes a framework that underpins the management of risk.

The Framework is aligned with and reflects existing standards and guidance such as AS/NZS ISO 31000:2009 – risk management – principles and guidelines.

The Framework acknowledges the importance of engaging with risk in our operating environment to deliver programs that are innovative, efficient and dynamic and recognises that a positive risk culture promotes an open and proactive approach to managing risks.

In conjunction with the approval of the new Framework, the Board set its risk tolerance against six defined risk categories as illustrated in Figure 9.

Figure 9: Wine Australia's risk tolerance



At an operational level, risk was managed through regular meetings of the Risk Management Committee, which provides risk reports to each meeting of the Audit and Risk Committee. The Audit and Risk Committee reported on risks to the Board every six months.

## **Information communication technology (ICT)**

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

During 2019–20, we continued to build upon the IT reliability and security focus of 2018–19. We implemented multifactor authentication across our Office 365 environment for all users (employees, contractors, consultants and Board members). We reviewed and updated our Business Continuity Plan for our Regulatory Services functions and undertook a Disaster Recovery test of our Adelaide data centres.

The Wine Export Approval system replacement project progressed well with WALAS going live on 8 June 2020. Post go-live defect management has been tracking well with the warranty period ending in early September.

We completed request for proposal processes for two key projects; migration to the cloud for our adelaide data centres and an interactive dashboard for export reporting. This ensured we had vendors selected so these projects could start as soon as possible after WALAS went live.

A comprehensive IT project roadmap has been developed, following extensive consultation with each department, to deliver future IT needs commencing in 2020–21.

## Strategy 12: Corporate services

2019–20 Targets	2019–20 Achievements
<b>Finance and administration</b>	
All contracts are paid as and when due.	All payments made in accordance with payment terms.
External audit reports 100 per cent adherence to the policy.	Reserves policy adhered to for the 2019–20 financial year.
External audit reports 100 per cent maintenance of the reserve of \$3 million.	The 30 June 2020 reserve balance of \$14.5 million was higher than the \$3 million minimum requirement.
Externally provided services, events and activities meet our commercial needs.	Goods and services were procured so that our commercial needs were met while complying with our procurement policy, and with the Commonwealth Procurement Rules.
Policies and procedures communicated via intranet, staff induction and annual training schedule.	We implemented ELMO learning, so staff could receive communication and training on all policies and procedures. There has been 100% compliance with this training.
Maintain and promote compliance with Risk Management Plan	In April 2020, the Board approved a new Risk Management Policy and Framework that is aligned with and reflects existing standards and guidance such as AS/NZS ISO 31000:2009 – risk management – principles and guidelines.
<b>People and culture</b>	
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 December 2019 and a COVID-19 Pulse survey was completed in May 2020. The results were communicated to staff and opportunities for improvement were recommended to and implemented by the leadership team.
Each team member has a personal development plan. Managers review implementation of plans with team members.	Each staff member had a performance review and created a development plan that was reviewed by their manager.
Each team member complies with HR policies and procedures. Any issues of non-compliance are managed in a timely and effective manner.	Each staff member has a contract and staff handbook that complies with local employment laws. These contracts and handbooks are regularly reviewed and this year all the HR policies and procedures were also reviewed.
<b>Information communication technology</b>	
Our external and internal stakeholders are able to access our systems to support their business.	There were no unplanned outages to any key systems.







# 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, and by the PGPA Act and PGPA Rules. We are also party to a funding agreement with the Commonwealth of Australia, represented by the Department of Agriculture, Water and the Environment, which prescribes various corporate governance methods and reporting. We have met all requirements of the Funding Agreement in 2019–20.

The Board is the authority accountable for Wine Australia. It is accountable to the Australian Parliament through the Minister for Agriculture, Drought and Emergency Management.

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

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

## The Board

The Board is established and governed under the Wine Australia Act. It must consist of a Chair and at least five, but not more than seven, other Directors. All members of Wine Australia's Board are non-executive Directors. The current Chair's term commenced on 4 July 2020. The current Board other than the Chair has been appointed for a three-year term that ends 30 September 2021.

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

## Board members

### **Dr Michele Allan (Victoria)**

**Chair from 4 July 2020.**

**Deputy Chair 28 November 2018 to 20 October 2019,**

**Director from 1 October 2018 to 20 October 2019.**



Michele is an experienced non-executive director and has a strong understanding of agribusiness, public policy and regulation within food and agriculture industries, R&D portfolio structure and management, enterprise risk management and science and innovation.

Michele currently chairs Apple and Pear Australia Limited, Defence CRC Trusted Autonomous Systems, the Food and Agribusiness Growth Centre and is Chancellor of Charles Sturt University. She is also a director of CSIRO, Smart Sat CRC, Dairy Food Safety Victoria, MJ Chicken and CRC Food Agility.

She has previously held chair positions with Meat & Livestock Australia and the Wheat Industry Advisory Taskforce and was a director of Wine Australia and the Grape and Wine Research and Development Corporation. Other prior board roles include Tasmanian Irrigation, Innovation and Science Australia, 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.

### **Ms Cath Oates (Western Australia)**

**Director from 1 October 2018**

**Deputy Chair from 5 February 2019 and**

**Acting Chair 15 April to 3 July 2020**



Cath's international winemaking career began after studying business/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 has 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. Currently, Cath is the owner of Oates Ends Wines making wine from the vineyard on the intergenerational farming property in Margaret River. Cath also runs a consultancy business providing strategic winemaking and wine education.



## **Ms Catherine Cooper (South Australia)**

**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, nominated as a Telstra Business Woman of the Year finalist, 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 is the Chair of the South Australian Environmental Protection Authority, a director of Australian Eggs, a director of Beston Global Foods Pty Ltd and a director of the Energy CRC RACE for 2030.



## **Mr Brian Croser AO (South Australia)**

**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 (USA).

Brian served as Chairman of the Adelaide, Canberra, Sydney and Perth wine shows and twice as President of the Winemakers' Federation of Australia. 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 lives at the Tiers Vineyard in Piccadilly Valley and is the winemaker for Tapanappa and Tunkalilla Vineyard in Oregon.



## **Professor Peter Høj AC (Queensland)**

**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 AWRI (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 RD&E Committee.



## Dr Mary Retallack (South Australia)

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 Managing Director of Retallack Viticulture Pty Ltd, which offers viticultural and agribusiness consulting services, 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, ENVIRO and PROTEC groups, a director of the Primary Industries Education Foundation Australia, a member of the Food Agility CRC, Strategic Investment Council, AgriFutures™ Rural Women's Award Alumni advisory panel, and the Australian and New Zealand Grapegrower and Winemaker editorial panel.

Mary 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, AWRI, 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 AgriFutures™ Rural Women's Award (national winner), as a 100 Women in Australian Agribusiness inductee, a Len Evans Tutorial Scholar, a Businesswomen's Hall of Fame inductee and as a participant in the National Farmers' Federation inaugural Diversity in Agriculture Leadership program. Mary is an ambassador for PIRSA's Women Influencing Agribusiness and Regions, and Great Wine Capitals Knowledge Exchange initiatives and is a Stepping into Leadership program mentor.

Mary chairs the Remuneration Committee.



## **Mitchell Taylor (New South Wales)**

**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**

### **Mr Brian Walsh (South Australia)**

**Chair 1 July 2014 to 30 September 2019**

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.



# Wine Australia Board meetings 2019–20

Table 12: Wine Australia Board meetings 2019–20

Date held	Location
5 August 2019	Teleconference
24 September 2019	Adelaide
19 November 2019	Adelaide
4 March 2020	Adelaide
19 March 2020	Teleconference
30 April 2020	Videoconference
16 June 2020	Videoconference

## 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

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

## Audit and Risk Committee

In 2019–20, the Audit and Risk Committee comprised:

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

Dr Allan stepped down from November 2019, Cath Oates chaired the November meeting.

Following an external governance review, the remit of the Audit Committee was extended to include risk from January 2020. To ensure the highest levels of governance and probity an external chair Mr Geoff Knuckey was appointed. Mr Knuckey's skills and experience are detailed on Wine Australia's website together with those of Board Directors.

The functions of the Audit and Risk Committee includes reviewing:

- financial reporting
- performance reporting
- system of risk oversight and management, and
- system of internal control.

## Marketing Committee

The Marketing Committee from July 2019 to September 2019 comprised:

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

Mr Walsh stepped down in September 2019 when he retired as Board Chair.

The Marketing Committee's objective 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 July to September 2019 the Remuneration Committee comprised:

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

When Mr Walsh retired as Board Chair in September 2019, Dr Mary Retallack assumed the role of Chair.

The Remuneration Committee's objective 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 July 2019 to November 2019, the RD&E Committee comprised:

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

Dr Allan stepped down in November 2019.

The objectives of the RD&E Committee are to provide advice to Wine Australia on the appropriate investment of the Grape Research Levy and the R&D component of the Wine Grapes Levy in R&D in accordance with the Wine Australia Act 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 R&D investment priorities and the assessment of their progress, and
- advocating for RD&E opportunities that encourage sustained growth of the Australian wine sector.

Table 13: Attendance at Board and committee meetings 2019–20

	Board meetings		Audit and Risk Committee		Marketing Committee		Remuneration Committee		RD&E Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Dr Michele Allan	2	1	1	1					1	1
Catherine Cooper	7	7	5	5			2	2		
Brian Croser AO	7	7			5	5			5	5
Prof. Peter Høj AC	7	7							5	5
Catherine Oates	7	7	1	1	5	5	2	2		
Dr Mary Retallack	7	7					2	2	5	5
Mitchell Taylor	7	6	5	3	5	5				
Brian Walsh	2	2			1	1				

## Geographical Indications Committee

The Wine Australia Act establishes a Geographical Indications Committee (GIC) with its primary role being consideration of applications for new Australian and foreign geographical indications (GIs). The GIC comprises members appointed by Wine Australia, including two members nominated by AGW.

In 2019–20, the GIC comprised:

- Dennis Mutton, the Presiding Member appointed by Wine Australia
- Phillip Laffer (AGW nominated member), and
- Peter Hayes (AGW nominated member).

The GIC did not make any determinations of new geographical indications for wine in 2019–20.

The GIC considered an application for the determination of Wilyabrup as a geographical indication for wine but did not decide to make a final determination.

## Legislative Review Committee

Wine Australia's Legislative Review Committee (LRC) did not meet in 2019–20.

# Management and staff

## Senior management

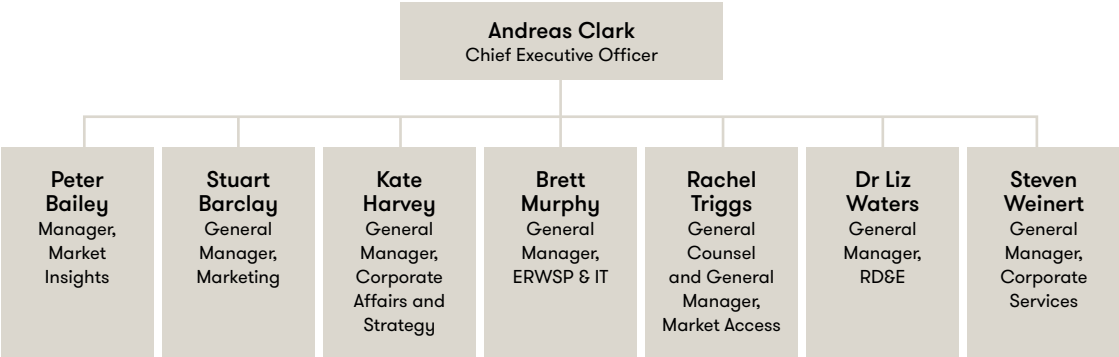


Table 14: Key Management Personnel remuneration 2019-20

Key Management Personnel remuneration			Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Name	Position title	Term as KMP	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)	Full year	330,749	-	81,616	73,202	7,954	-	-	493,521
Barclay, Stuart	General Manager (GM)	Full year	307,694	-	6,233	25,000	9,329	-	-	348,256
Weinert, Steven	General Manager (GM)	Full year	257,727	-	-	22,466	7,145	-	-	287,338
Waters, Elizabeth	General Manager (GM)	Full year	194,248	-	5,338	19,136	5,842	-	-	224,564
Cooper, Catherine	Board member	Full year	38,810	-	-	3,687	-	-	-	42,497
Croser, Brian	Board member	Full year	38,810	-	-	3,687	-	-	-	42,497
Høj, Peter	Board member	Full year	38,810	-	-	3,687	-	-	-	42,497
Oates, Catherine	Board member	Full year	48,423	-	715	4,600	-	-	-	53,738
Retallack, Mary	Board member	Full year	38,810	-	-	3,687	-	-	-	42,497

Table 14: Key Management Personnel remuneration 2019–20 (continued)

Key Management Personnel remuneration			Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Name	Position title	Term as KMP	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long Service Leave	Other long-term benefits	Termination benefits	Total remuneration
Taylor, Mitchell	Board member	Full year	38,810	-	-	3,687	-	-	-	42,497
Walsh, Brian	Board member	Part year – until 30 Sep 2019	19,405	-	707	1,843	-	-	-	21,955
Allan, Michele	Board member	Part year – until 20 Oct 2019	12,937	-	-	1,229	-	-	-	14,166
12			1,365,233	-	94,610	165,912	30,270	-	-	1,656,025

Table 15: Senior executives remuneration 2019–20

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 - \$225,000	2	179,576	-	8,162	16,499	5,539	-	-	209,776
\$225,001 - \$245,000	2	203,995	-	5,892	27,438	5,738	-	-	243,063



Table 16: Other highly paid staff remuneration 2019–20

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
\$245,001 – \$270,000	3	233,540	-	12,117	4,007	-	-	-	249,664
\$320,001 – \$345,000	1	292,146	-	25,091	5,667	-	-	-	322,905

## Staff

Wine Australia employed 94 people at 30 June 2020, compared with 99 the preceding year.

Table 17: Staff members by location

	Male		Female		Intersex and unspecified		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
Australia	19	3	33	18	0	0	73
UK	0	0	4	3	0	0	7
US	4	0	0	1	0	0	5
Canada	0	0	2	0	0	0	2
China	2	0	5	0	0	0	7
<b>Total</b>	<b>25</b>	<b>3</b>	<b>44</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>94</b>

## Work health and safety

Wine Australia is committed to providing a safe and pleasant work environment for both staff and visitors and we 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.

Wine Australia introduced COVID-Safe work practices as soon as it became apparent that there was community spread of the virus and we facilitated staff working from home wherever practicable. As at 30 June, the majority of staff were still working from home on most days.

# 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* as a body corporate, under the name Wine Australia.

## Functions

Section 7 of the *Wine Australia 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 Wine Australia 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, Senator the Hon. Bridget McKenzie as Minister of Agriculture was our responsible Minister until 2 February 2020. Responsibility moved to The Hon. David Littleproud, as Minister for Agriculture, Drought and Emergency Management from 6 February 2020.

## 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

No significant changes were implemented that affected the Authority.

## Judicial decisions and reviews by outside bodies

During the review period Wine Australia was 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 [www.oaic.gov.au/freedom-of-information/accessing-agency-information/information-publication-scheme/](http://www.oaic.gov.au/freedom-of-information/accessing-agency-information/information-publication-scheme/).

Wine Australia is subject to the FOI Act and is 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.

## Environmental objectives

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

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

## Privacy policy

Our privacy policy is published on our website. The policy reflects the introduction of the Australian Privacy Principles that came into effect in March 2014 and the General Data Protection Regulation introduced in the European Union on 25 May 2018.

## Indemnities and insurance premiums for officers

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





# Financial Statements

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**Australian Government**

**Wine Australia**

## **Statement made by the Board of Wine Australia**

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

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 2020 in accordance with section 42 of the PGPA Act:
  - (a) comply with subsection 42(2) of the PGPA Act, and
  - (b) have been prepared based on properly maintained financial records as per subsection 41(2) of the PGPA Act.
2. There are, at the time of this statement being made, reasonable grounds to believe that 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.

**Dr Michele Allan,**  
Chair of the Board of Wine Australia

A handwritten signature in black ink, appearing to read 'M. Allan'.

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

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

30 September 2020



**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 Act in accordance with subsection 16F of the Public Governance Performance and Accountability Rule 2014 (PGPA Rule).

We, being the undersigned, certify that in our opinion the annual performance statements prepared for Wine Australia for the 2019–20 reporting period in accordance with section 16F of the PGPA Rule:

- (a) accurately present Wine Australia's performance, and
- (b) comply with section 39(2) of the PGPA Act.<sup>1</sup>

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

**Dr Michele Allan,**  
Chair of the Board of Wine Australia

A handwritten signature in black ink, appearing to read 'M. Allan'.

30 September 2020

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<sup>1</sup> Being that they:

- provide information about the entity's performance in achieving its purposes, and
- comply with the requirements prescribed by the PGPA Rule.



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Agriculture, Drought and Emergency Management

#### Opinion

In my opinion, the financial statements of Wine Australia (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements 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 2020 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 as at 30 June 2020 and for the year then ended:

- Statement Made by the Board of Wine Australia;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and Forming Part of the Financial Statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the 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 (including Independence Standards)* (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 – Reduced Disclosure Requirements 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



Jennifer Carter

Senior Director

Delegate of the Auditor-General

Canberra

30 September 2020

# Statement of comprehensive income

for the year ended 30 June 2020

	Notes	Actuals 2020 \$	Actuals 2019 \$	Budget 2020 \$
<b>Net cost of services</b>				
<b>Expenses</b>				
Expenditure on research and development contracts	1.1A	22,442,699	23,113,563	21,763,307
Employee benefits	1.1B	13,090,644	12,370,282	13,297,000
Suppliers	1.1C	16,885,639	20,981,701	21,314,994
Grants	1.1D	12,587,002	5,072,991	13,114,693
Depreciation and amortisation	1.1E	1,664,926	406,851	1,454,000
Finance costs	1.1	23,112	-	-
Write-down of assets – Bad debts written off	1.1	15,782	3,412	1,000
Net losses from foreign exchange – Non Speculative	1.1	79,127	136,964	-
Levy collection fees	1.1	823,581	891,694	931,006
<b>Total expenses</b>		<b>67,612,512</b>	<b>62,977,458</b>	<b>71,876,000</b>
Less:				
<b>Own-source income</b>				
<b>Own-source revenue</b>				
Industry contributions	1.2A	18,821,868	19,745,231	19,532,000
Sale of goods and rendering of services	1.2B	7,240,204	8,655,791	10,063,000
Rental income	1.2C	156,986	185,000	185,000
Research and development contributions	1.2D	960,822	1,169,187	-
Interest	1.2E	193,850	511,360	196,000
Other revenue	1.2F	430	5,872	-
<b>Total own-source revenue</b>		<b>27,374,160</b>	<b>30,272,441</b>	<b>29,976,000</b>
<b>Net cost of services</b>		<b>(40,238,352)</b>	<b>(32,705,017)</b>	<b>(41,900,000)</b>
<b>Revenue from government</b>				
Australian Government matching contributions	1.2	13,502,994	14,117,512	13,500,000
Other grants from Government	1.2G	26,358,600	16,737,996	26,400,000
<b>Total revenue from Government</b>		<b>39,861,594</b>	<b>30,855,508</b>	<b>39,900,000</b>
<b>(Deficit)/Surplus attributable to the Australian Government</b>		<b>(376,758)</b>	<b>(1,849,509)</b>	<b>(2,000,000)</b>
<b>Total comprehensive income attributable to the Australian Government</b>		<b>(376,758)</b>	<b>(1,849,509)</b>	<b>(2,000,000)</b>

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 2020

	Notes	Actuals 2020 \$	Actuals 2019 \$	Budget 2020 \$
<b>Assets</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	4,993,566	3,144,006	3,341,000
Trade and other receivables	2.1B	2,378,854	4,653,677	2,605,000
Other investments – Deposits at Bank		10,028,060	10,016,320	10,330,000
<b>Total financial assets</b>		<b>17,400,480</b>	<b>17,814,003</b>	<b>16,276,000</b>
<b>Non-financial assets</b>				
Buildings (Right of Use)	2.2A	621,633	-	-
Minor leasehold improvements	2.2A	52,555	100,335	33,000
Minor plant and equipment	2.2A	117,744	281,791	326,000
Intangibles	2.2A	4,485,602	3,753,479	5,316,000
Prepayments	2.2B	2,143,951	2,807,909	968,000
<b>Total non-financial assets</b>		<b>7,421,485</b>	<b>6,943,514</b>	<b>6,643,000</b>
<b>Total assets</b>		<b>24,821,965</b>	<b>24,757,517</b>	<b>22,919,000</b>
<b>Liabilities</b>				
<b>Payables</b>				
Suppliers – Trade Creditors and Accruals	2.3	528,925	892,263	1,706,000
Research and development contracts	2.3A	645,756	307,007	311,000
Other payables	2.3B	439,565	841,714	317,000
Leases	2.3C	609,146	-	-
<b>Total payables</b>		<b>2,223,392</b>	<b>2,040,984</b>	<b>2,334,000</b>
<b>Provisions</b>				
Employee provisions	4.1	1,519,653	1,253,980	1,288,000
Other provisions	2.4A	103,125	110,000	95,000
<b>Total provisions</b>		<b>1,622,778</b>	<b>1,363,980</b>	<b>1,383,000</b>
<b>Total liabilities</b>		<b>3,846,170</b>	<b>3,404,964</b>	<b>3,717,000</b>
<b>Net assets</b>		<b>20,975,795</b>	<b>21,352,553</b>	<b>19,202,000</b>
<b>Equity</b>				
Retained surplus		20,975,795	21,352,553	19,202,000
<b>Total equity</b>		<b>20,975,795</b>	<b>21,352,553</b>	<b>19,202,000</b>

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 2020

	Actuals 2020 \$	Actuals 2019 \$	Budget 2020 \$
<b>Retained earnings</b>			
<b>Opening balance</b>			
Balance at the beginning of the reporting period	21,352,553	23,202,062	21,202,000
<b>Opening balance</b>	<b>21,352,553</b>	<b>23,202,062</b>	<b>21,202,000</b>
<b>Comprehensive income</b>			
Surplus for the period	(376,758)	(1,849,509)	(2,000,000)
<b>Total comprehensive income</b>	<b>(376,758)</b>	<b>(1,849,509)</b>	<b>(2,000,000)</b>
<b>Closing balance as at 30 June</b>	<b>20,975,795</b>	<b>21,352,553</b>	<b>19,202,000</b>
<b>Total equity</b>			
<b>Opening balance</b>			
Balance at the beginning of the reporting period	21,352,553	23,202,062	21,202,000
<b>Opening balance</b>	<b>21,352,553</b>	<b>23,202,062</b>	<b>21,202,000</b>
<b>Comprehensive income</b>			
(Deficit)/Surplus for the period	(376,758)	(1,849,509)	(2,000,000)
<b>Total comprehensive income</b>	<b>(376,758)</b>	<b>(1,849,509)</b>	<b>(2,000,000)</b>
<b>Closing balance as at 30 June</b>	<b>20,975,795</b>	<b>21,352,553</b>	<b>19,202,000</b>

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 2020

	Notes	Actuals 2020 \$	Actuals 2019 \$	Budget 2020 \$
<b>Operating activities</b>				
<b>Cash received</b>				
Australian Government matching contributions		14,913,784	13,058,227	13,500,000
Other receipts from Government		28,994,460	16,703,943	26,400,000
Industry contributions		18,749,541	19,726,954	19,532,000
Sale of goods and rendering of services		7,263,046	10,849,721	6,850,000
Rental income		172,685	203,500	-
Interest		199,768	507,153	189,000
Research and development contributions and refunds		1,056,904	1,322,764	-
Net GST received		1,740,971	2,296,461	3,530,000
Other receivables		1,475	4,325	-
<b>Total cash received</b>		<b>73,092,634</b>	<b>64,673,048</b>	<b>70,001,000</b>
<b>Cash used</b>				
Employees		(12,766,433)	(12,269,428)	(13,306,000)
Suppliers		(19,076,357)	(25,525,782)	(22,026,000)
Expenditure on research and development contracts and other grants		(38,193,921)	(30,187,821)	(34,295,000)
<b>Total cash used</b>		<b>(70,036,711)</b>	<b>(67,983,031)</b>	<b>(69,627,000)</b>
<b>Net cash used by operating activities</b>		<b>3,055,923</b>	<b>(3,309,983)</b>	<b>374,000</b>
<b>Investing activities</b>				
<b>Cash received</b>				
Proceeds from sales of plant and equipment		470	5,904	-
Proceeds from investments		27,095,586	31,594,661	12,000,000
<b>Total cash received</b>		<b>27,096,056</b>	<b>31,600,565</b>	<b>12,000,000</b>
<b>Cash used</b>				
Purchase of plant and equipment		(10,867)	(36,503)	(150,000)
Purchase of leasehold improvements		-	(94,216)	-
Purchase of intangibles		(1,184,225)	(2,300,510)	(2,000,000)
Purchase of investments		(27,107,327)	(25,371,373)	(11,937,000)
<b>Total cash used</b>		<b>(28,302,419)</b>	<b>(27,802,602)</b>	<b>(14,087,000)</b>
<b>Net cash from investing activities</b>		<b>(1,206,363)</b>	<b>3,797,963</b>	<b>(2,087,000)</b>
<b>Net decrease in cash held</b>		<b>1,849,560</b>	<b>487,980</b>	<b>(1,713,000)</b>
Cash and cash equivalents at the beginning of the reporting period		3,144,006	2,656,026	5,054,000
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2.1A</b>	<b>4,993,566</b>	<b>3,144,006</b>	<b>3,341,000</b>

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 year ended 30 June 2020

## 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**

All new standards, amendments to standards, revised standards, and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period were adopted, with AASB 16 Leases being the only new standard to have a material impact on Wine Australia's financial statements.

#### **AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.**

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities.

The Entity adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model the Entity shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the Entity applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Entity shall consider whether AASB 1058 applies.

In relation to AASB 15, the Entity elected to apply the new standard to all new and uncompleted contracts from the date of initial application. The Entity is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, the Entity is required to recognise volunteer services at fair value if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably. AASB 1058 Income of Not-For-Profit Entities does not have a material impact on the revenue recognition of Wine Australia in the period.

#### **AASB 16 became effective on 1 July 2019.**

This new standard has replaced AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease,

Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

### **Application of AASB 16 Leases**

The Entity adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

The Entity elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Entity applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Entity previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Entity recognises right-of-use assets and lease liabilities for most leases. However, the Entity has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the Entity recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Entity's incremental borrowing rate as at 1 July 2019. The Entity's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 0.99% p.a.

The right-of-use assets were measured as follows:

- a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- b) All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

## Impact on transition

On transition to AASB 16, the Entity recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

### Departmental

Departmental	1 July 2019
Right-of-use assets – property, plant and equipment	1,611,802
Lease liabilities	1,611,802
Retained earnings	-

The following table reconciles the Departmental minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
Minimum operating lease commitment at 30 June 2019	3,036,025
Less: reassessment of operating lease commitments on transition	(962,769)
Less: early terminations	(277,977)
Less: lease variations	(183,477)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>1,611,802</b>

## **Future Australian Accounting Standard requirements**

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**

The Wine Australia Board approved on 11 August 2020 for Wine Australia to become a founding member of Agricultural Innovation Investment Limited, which is a cross sectoral joint investment vehicle. The Wine Australia CEO, Andreas Clark, will be appointed as interim, non-executive director of Agricultural Innovation Investment Limited, pending the appointment of ongoing directors.

## **COVID – Impact of COVID-19 on operations**

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of governments in dealing with the pandemic is impacting the general activity levels within the community, the economy and to an extent the operations of Wine Australia. For the period to 30 June 2020, there has been no significant impact on operations, cash flow and financial condition. Events scheduled to occur in the period were postponed or rescheduled with refunds provided to wineries who had paid for participation. Wine Australia will continue to monitor developments and adapt its operations in response to future market conditions as they become known.

## **International Trade**

China has commenced an anti-dumping investigation and a countervailing duties investigation into Australian wine in China. The China Alcoholic Drinks Association (CADA) requested the Chinese Ministry of Commerce (MOFCOM) to launch the investigations and MOFCOM commenced the anti-dumping investigation on 18 August 2020 and the countervailing duties investigation on 31 August 2020. In normal circumstances, the investigations could be expected to take 12 months, but they may be extended by a further 6 months. The year of investigation for determining dumping is calendar year 2019 and for determining injury to the Chinese domestic industry is calendar years 2015–2019. It is not possible to determine the effects of these actions on Wine Australia until they are completed.



# Financial performance

This section analyses the financial performance of Wine Australia for the period ended 30 June 2020.

## 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 2020 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, with expense recognised when the grant criteria and/or obligations are met.

### Employee benefits

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

### Short-term leases and leases of low-value assets

Wine Australia has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). Wine Australia recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 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, Water and the Environment for the collection of 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	2020 \$	2019 \$
<b>Public sector</b>		
Australian Government entities	3,777,375	3,873,828
State and territory governments	1,963,568	1,515,039
Universities/colleges	4,166,237	3,816,168
<b>Private sector</b>		
The Australian Wine Research Institute	8,645,000	8,645,000
Other organisations	2,317,624	2,235,065
Market research costs	624,556	671,448
<b>Rural R&amp;D for Profit Program</b>	<b>948,339</b>	<b>2,357,015</b>
<b>Total expenditure on research and development contracts</b>	<b>22,442,699</b>	<b>23,113,563</b>

Note 1.1B: Employee benefits	2020 \$	2019 \$
Wages and salaries	11,786,188	11,062,463
<b>Superannuation</b>		
Defined contribution plans	703,312	898,255
Defined benefit plans	131,072	129,725
Leave and other entitlements	382,585	226,777
Separation and redundancies	87,487	53,062
<b>Total employee benefits</b>	<b>13,090,644</b>	<b>12,370,282</b>

Note 1.1C: Suppliers	2020 \$	2019 \$
<b>Goods and services supplied or rendered</b>		
Occupancy costs	207,212	216,399
Contractors	119,357	337,863
Communications	121,273	118,790
Information technology	1,928,127	1,857,481
Marketing costs	11,141,896	12,601,676
Outside services	377,507	645,952
Travel and accommodation	619,534	990,730
Goods purchased	-	153,815
Advertising	32,515	32,006
Professional fees	1,632,526	1,995,985
Publications and subscription	110,613	121,263
Postage and freight	105,633	130,774
<b>Other supplier expenses</b>	<b>394,929</b>	<b>653,107</b>
<b>Total goods and services supplied or rendered</b>	<b>16,791,122</b>	<b>19,855,841</b>
<b>Other supplier</b>		
Operating lease rentals <sup>1</sup>	-	1,034,416
Workers' compensation expenses (Comcare)	22,702	25,440
Liability insurance expenses (Comcover)	71,815	66,004
<b>Total other supplier expenses</b>	<b>94,517</b>	<b>1,125,860</b>
<b>Total supplier expenses</b>	<b>16,885,639</b>	<b>20,981,701</b>

1. Wine Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Note 1.1D: Grants	2020 \$	2019 \$
State grants	1,382,000	2,440,000
Competitive grants	1,093,800	1,332,500
Wine Export grants	111,202	1,300,491
Tourism and cellar door grants	10,000,000	-
<b>Total grants</b>	<b>12,587,002</b>	<b>5,072,991</b>

Note 1.1E: Depreciation and amortisation	2020 \$	2019 \$
<b>Depreciation</b>		
Plant and equipment	174,915	183,963
Right-of-use assets and Leasehold improvements <sup>1</sup>	1,037,949	28,881
<b>Total depreciation</b>	<b>1,212,864</b>	<b>212,844</b>
<b>Amortisation</b>		
Intangibles: computer software	452,062	194,007
<b>Total amortisation</b>	<b>452,062</b>	<b>194,007</b>
<b>Total depreciation and amortisation</b>	<b>1,664,926</b>	<b>406,851</b>

1. Wine Australia has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

## 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, Water and the Environment. 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 stepped rate 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, Water and the Environment in 2015, in accordance with section 11 of the *Primary Industries Levies and Charges Collection Act 1991*.

### 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 control has been transferred to the buyer.

The following is a description of principal activities from which Wine Australia generates its revenue: Wine Australia's additional service income is Export Approval Service Fees and Marketing related activities.

The transaction price is the total amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

## Interest revenue

Interest revenue is recognised using the effective interest method.

## Rental income

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

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

Note 1.2A: Industry contributions	2020 \$	2019 \$
Grape research levy	3,383,590	3,549,142
Wine research levy	11,902,720	12,555,177
Wine export charge	3,535,558	3,640,912
<b>Total industry contributions</b>	<b>18,821,868</b>	<b>19,745,231</b>

Note 1.2B: Sale of goods and rendering of services	2020 \$	2019 \$
Sale of goods	-	258,731
Rendering of services	7,240,204	8,397,060
<b>Total sale of goods and rendering of services</b>	<b>7,240,204</b>	<b>8,655,791</b>

Note 1.2C: Rental income	2020 \$	2019 \$
<b>Operating lease</b>		
Sublease	156,986	185,000
<b>Total rental income</b>	<b>156,986</b>	<b>185,000</b>

## Subleasing rental income commitments

Wine Australia subleases space to four tenants within the Adelaide head office.

Note 1.2C: Rental income (continued)	2020	2019
Commitments for sublease rental income receivables are as follows:	\$	\$
Within 1 year	151,671	202,228
Between 1 to 5 years	-	155,463
<b>Total sublease rental income commitments</b>	<b>151,671</b>	<b>357,691</b>

Note 1.2D: Research and development contributions	2020	2019
	\$	\$
Rural R&D for Profit Program contributions from external sources	141,000	859,010
Collaboration projects	737,322	230,177
Other	82,500	80,000
<b>Total research and development contributions and refunds</b>	<b>960,822</b>	<b>1,169,187</b>

Note 1.2E: Interest	2020	2019
	\$	\$
Term deposits at bank	153,644	424,366
Credit interest	40,206	86,994
<b>Total interest</b>	<b>193,850</b>	<b>511,360</b>

Note 1.2F: Other revenue	2020	2019
	\$	\$
Other revenue	430	5,872
<b>Total other revenue</b>	<b>430</b>	<b>5,872</b>

Note 1.2G: Other grants from Government	2020	2019
	\$	\$
Export and Regional Wine Support Package	16,062,000	15,924,000
Tourism and cellar door grants program	10,000,000	-
Rural R&D for Profit Program	146,600	746,939
Export Market Development Grant	150,000	67,057
<b>Total revenue from Government</b>	<b>26,358,600</b>	<b>16,737,996</b>



# 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 cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) cash in special accounts.

### Trade and other receivables

Credit Terms for goods and services were within 30 days unless otherwise specified (2019: 30 days unless otherwise specified).

### Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Note 2.1A: Cash and cash equivalents	2020 \$	2019 \$
Cash at bank	4,991,998	3,142,545
Cash on hand	1,568	1,461
<b>Total cash and cash equivalents</b>	<b>4,993,566</b>	<b>3,144,006</b>

Note 2.1B: Trade and other receivables	2020 \$	2019 \$
<b>Goods and services receivables</b>		
Services	577,198	1,235,875
<b>Total goods and services receivables</b>	<b>577,198</b>	<b>1,235,875</b>

Note 2.1B: Trade and other receivables	2020 \$	2019 \$
<b>Other receivables</b>		
Australian Government matching contributions receivable	693,565	2,104,356
GST receivable from the Australian Taxation Office	29,775	302,820
Industry contributions receivable	1,053,989	981,662
Interest receivable	121	6,039
Other receivable	24,206	22,925
<b>Total other receivables</b>	<b>1,801,656</b>	<b>3,417,802</b>
<b>Total trade and other receivables (gross)</b>	<b>2,378,854</b>	<b>4,653,677</b>
Refer to Note 1.2: Accounting Policy – Revenue		
<b>Less impairment allowance</b>		
Goods and services	(11,669)	-
<b>Total impairment allowance</b>	<b>(11,669)</b>	<b>-</b>
<b>Total trade and other receivables (net)</b>	<b>2,367,185</b>	<b>4,653,677</b>
<b>Trade and other receivables (net) aged as follows</b>		
Not overdue	2,285,014	4,578,877
Overdue by:		
0 to 30 days	28,847	63,767
31 to 60 days	41,929	10,283
61 to 90 days	8,974	750
More than 90 days	2,421	-
<b>Total trade and other receivables (net)</b>	<b>2,367,185</b>	<b>4,653,677</b>

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 – Minor Property Plant & Equipment**

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. 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.

Following initial recognition at cost, property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

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.

### **Lease Right of Use (ROU) Assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16, Wine Australia has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Wine Australia's financial statements.

### **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	2020	2019
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

The Depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

## Impairment

All assets have been assessed internally for impairment as at 30 June 2020. 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 intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software are 3 to 5 years (2019: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

### 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 Property, Plant and Equipment and Intangibles	Buildings (Right of Use) \$	Minor leasehold improvements \$	Minor plant and equipment \$	Computer Software \$	Total \$
<b>As at 1 July 2019</b>					
Gross book value	-	1,013,721	1,036,867	5,438,860	7,489,448
Accumulated depreciation, amortisation and impairment	-	(913,386)	(755,076)	(1,685,381)	(3,353,843)
<b>Total as at 1 July 2019</b>	<b>-</b>	<b>100,335</b>	<b>281,791</b>	<b>3,753,479</b>	<b>4,135,605</b>
Recognition of right of use asset on initial application of AASB 16	1,611,802	-	-	-	1,611,802
<b>Adjusted total as at 1 July 2019</b>	<b>1,611,802</b>	<b>100,335</b>	<b>281,791</b>	<b>3,753,479</b>	<b>5,747,407</b>
<b>Additions:</b>					
Purchase	-	-	10,867	-	10,867
Internally developed	-	-	-	1,184,225	1,184,225
Depreciation and amortisation		(47,780)	(174,914)	(452,062)	(674,756)
Depreciation on right-of-use assets	(990,169)	-	-	-	(990,169)
<b>Disposals:</b>					
Gross book adjustment	-	-	(31,063)	(842,561)	(873,624)
Accumulated depreciation adjustment	-	-	31,063	842,521	873,584
<b>Total as at 30 June 2020</b>	<b>621,633</b>	<b>52,555</b>	<b>117,744</b>	<b>4,485,602</b>	<b>5,277,534</b>
<b>Total as at 30 June 2020 represented by:</b>					
Gross book value	1,611,802	1,013,721	1,016,671	5,780,524	9,422,718
Accumulated depreciation and impairment	(990,169)	(961,166)	(898,927)	(1,294,922)	(4,145,184)
<b>Total as at 30 June 2020</b>	<b>621,633</b>	<b>52,555</b>	<b>117,744</b>	<b>4,485,602</b>	<b>5,277,534</b>

Internally developed software in 2019–20 is the capitalisation of the new Wine Australia wine export approval system.

Note 2.2B: Other non-financial assets	2020 \$	2019 \$
Prepayments	2,143,951	2,807,909
<b>Total prepayments</b>	<b>2,143,951</b>	<b>2,807,909</b>
<b>Prepayments expected to be recovered</b>		
No more than 12 months	1,948,267	2,799,642
More than 12 months	195,684	8,267
<b>Total prepayments</b>	<b>2,143,951</b>	<b>2,807,909</b>

## 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 14 days for research and development contracts, and
- net 30 days for all other suppliers.

### Other payables

Other payables include marketing-related revenue for events invoiced in advance.

Note 2.3A: Research and development contracts	2020 \$	2019 \$
Accrued approved project expenses	645,756	307,007
<b>Total research and development contracts</b>	<b>645,756</b>	<b>307,007</b>

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

Note 2.3B: Other payables	2020 \$	2019 \$
Salaries and wages	122,946	53,543
Prepayments received/unearned income	315,027	787,008
Other	1,592	1,163
<b>Total other payables</b>	<b>439,565</b>	<b>841,714</b>

All other payables are expected to be settled within 12 months.

Note 2.3C: Leases	2020 \$	2019 \$
Lease Liabilities	609,146	-
<b>Total leases</b>	<b>609,146</b>	<b>-</b>
<b>Total leases are expected to be settled in:</b>		
No more than 12 months	599,421	-
More than 12 months	9,725	-
<b>Total leases</b>	<b>609,146</b>	<b>-</b>

The Entity has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

**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 2019	110,000	110,000
Amounts used	(6,875)	(6,875)
<b>Total as at 30 June 2020</b>	<b>103,125</b>	<b>103,125</b>

All other provisions are expected to be settled within 12 months.



# Funding

This section identifies Wine Australia's funding structure.

## Note 3.1: Regulatory charging summary

Note 3.1: Regulatory charging summary	2020 \$	2019 \$
<b>Expenses</b>		
Direct costs	2,375,962	2,428,892
Indirect costs	1,695,070	1,759,047
<b>Total expenses</b>	<b>4,071,032</b>	<b>4,187,939</b>
<b>External revenue</b>		
Sale of goods and rendering of services	4,777,116	5,300,608
<b>Total external revenue</b>	<b>4,777,116</b>	<b>5,300,608</b>

## Regulatory charging activities

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 enhancements and upgrades of the new electronic approval system, which was replaced during 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 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 2020. 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**

Other than a small number of staff who are members of the Public Sector Superannuation Scheme (PSS), the entity's Australian based staff are members of defined contribution superannuation funds held outside the Australian Government.

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

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	2020 \$	2019 \$
Long service leave	764,508	624,565
Annual leave	667,658	576,353
Separation and redundancies	87,487	53,062
<b>Total employee provisions</b>	<b>1,519,653</b>	<b>1,253,980</b>
<b>Employee provisions are expected to be settled in:</b>		
No more than 12 months	1,147,069	1,015,602
More than 12 months	372,584	238,378
<b>Total employee provisions</b>	<b>1,519,653</b>	<b>1,253,980</b>

## 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 KMP positions included in this table is 12 (17 in 2018–19).

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
Cooper, Catherine	Board member	Full year
Croser, Brian	Board member	Full year
Høj, Peter	Board member	Full year
Oates, Catherine	Board member	Full year
Retallack, Mary	Board member	Full year
Taylor, Mitchell	Board member	Full year
Walsh, Brian	Board member	Part-year – until 30 September 2019
Allan, Michele	Board member	Part-year – until 20 October 2019

Note 4.2: Key management personnel remuneration	2020 \$	2019 \$
<b>Short-term employee benefits:</b>		
Salary and annual leave accrued	1,365,233	1,401,312
Other benefits and allowances	94,610	99,719
<b>Total short-term employee benefits</b>	<b>1,459,843</b>	<b>1,501,031</b>
<b>Post-employment benefits</b>		
Superannuation	165,912	173,448
<b>Total post-employment benefits</b>	<b>165,912</b>	<b>173,448</b>
<b>Other long-term employee benefits</b>		
Long service leave accrued	30,270	27,995
<b>Total other long-term employee benefits</b>	<b>30,270</b>	<b>27,995</b>
<b>Total senior executive remuneration expenses</b>	<b>1,656,025</b>	<b>1,702,474</b>

### 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.

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

- A Grant to the value of \$63,298 was made to Taylors Enterprises, where Wine Australia Director, Mitchell Taylor, is Managing Director of Taylors Wines. The grant was approved under Tourism and Cellar Door grant scheme and was made on normal terms and conditions.
- Wine Australia Director, Dr. Michele Allan is a Director at CSIRO and Charles Sturt University which both have multi year research agreements with Wine Australia. The research partners received \$3,777,375 and \$588,558 respectively in funding during 2019–20. The agreements were approved under standard procurement protocols and commenced prior to Dr Allan's appointment.

There were no balances outstanding at year end.

### Note 4.4: Remuneration of auditors

Note 4.4: Remuneration of auditors	2020 \$	2019 \$
Remuneration of auditors		
Audit of the financial statements	42,000	41,000
<b>Total remuneration of auditors</b>	<b>42,000</b>	<b>41,000</b>

#### 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: Contingent Assets and Liabilities (Accounting Policy – Contingent Assets and Liabilities)**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

At 30 June 2020, the entity had no contingent assets or liabilities, this being consistent with 30 June 2019.

## **Note 5.2: Financial instruments (Accounting Policy – Financial instruments)**

### **Financial assets**

With the implementation of AASB 9 Financial Instruments for the first time in 2019, Wine Australia classifies its financial assets 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.

### **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.

## 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

Wine Australia classifies its Financial liabilities as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

### 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 5.2A: Categories of financial instruments	2020 \$	2019 \$
<b>Financial assets at amortised cost:</b>		
Deposits at bank	10,028,060	10,016,320
<b>Total financial assets at amortised cost</b>	<b>10,028,060</b>	<b>10,016,320</b>
<b>Financial assets at fair value through profit or loss:</b>		
Cash and cash equivalents	4,993,566	3,144,006
Interest receivable	121	6,039
Industry contributions receivables	1,053,989	981,662
Other receivables	601,405	1,258,800
<b>Total financial assets at fair value through profit or loss</b>	<b>6,649,081</b>	<b>5,390,508</b>
<b>Total financial assets</b>	<b>16,677,141</b>	<b>15,406,828</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost:</b>		
Suppliers	528,925	892,263
Research and development contracts	645,756	307,007
<b>Total financial liabilities measured at amortised cost</b>	<b>1,174,681</b>	<b>1,199,270</b>
<b>Total financial liabilities</b>	<b>1,174,681</b>	<b>1,199,270</b>

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

Note 5.2B: Net gains or losses on financial assets	2020 \$	2019 \$
<b>Held-to-maturity investments:</b>		
Interest revenue	153,644	424,366
<b>Net gain on held-to-maturity investments</b>	<b>153,644</b>	<b>424,366</b>
<b>Receivables:</b>		
Interest revenue	40,206	86,994
Exchange losses	(79,127)	(136,964)
<b>Net gain on receivables</b>	<b>(38,921)</b>	<b>(49,970)</b>
<b>Net gain on financial assets</b>	<b>114,723</b>	<b>374,396</b>



# Other information

## Note 6.1: Aggregate assets and liabilities

Note 6.1: Aggregate assets and liabilities	2020 \$	2019 \$
Assets expected to be recovered in:		
No more than 12 months	19,401,303	20,713,979
More than 12 months	5,420,662	4,043,538
<b>Total assets</b>	<b>24,821,965</b>	<b>24,757,517</b>
Liabilities expected to be settled in:		
No more than 12 months	3,463,862	3,166,586
More than 12 months	382,309	238,378
<b>Total liabilities</b>	<b>3,846,170</b>	<b>3,404,964</b>

## Note 6.2: Budget Variances Commentary

### Note 6.2: Departmental major budget variances for 2019–20

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.

## Note 6.2: Departmental major budget variances for 2019–20

Explanations of major variances	Affected line items (and statement)
<b>Sale of goods and services/Trade and other receivables</b>	
Many marketing events were cancelled or postponed due to COVID-19 during 2019–20, which impacted own-source revenue for user-pay activities. There was also a decline in export licences due to a combination of the system change over with new processes, as well as a decline in renewals and new exporters entering the market due to COVID-19.	<ul style="list-style-type: none"> <li>• Comprehensive Income – Revenue</li> <li>• Statement of Financial Position – Asset</li> </ul>
<b>Supplier expenditure/Suppliers payable</b>	
Supplier expenses were also impacted mainly by the cancellation or postponement of marketing activities due to COVID-19. The PBS Supplier expenses also include lease payments, which are now assets and liabilities under the new AASB 16 accounting standard.	<ul style="list-style-type: none"> <li>• Statement of Comprehensive Income – Expenses</li> <li>• Statement of Financial Position – Liabilities</li> <li>• Cash Flow Statement</li> </ul>
<b>Depreciation/Amortisation/Intangibles</b>	
Depreciation and Amortisation is higher due to the new accounting treatment of leases (AASB 16). The PBS budget included leases under suppliers. However the Intangibles actuals are less than budget due to a calculation error in the PBS. The opening balance of intangibles included a portion of the new WALAS system, but due to the project rolling into the 2019–20 financial year, a further total project cost was added to the capital items in the PBS, therefore overstating the project budget.	<ul style="list-style-type: none"> <li>• Statement of Comprehensive Income – Expenses</li> <li>• Statement of Financial Position – Asset</li> <li>• Cash Flow Statement</li> </ul>
<b>Buildings &amp; leasehold improvements/Lease Liabilities</b>	
At the time of PBS preparation and publication, it was unknown what the impact of AASB 16 would be. Leases were shown under suppliers in the PBS numbers.	<ul style="list-style-type: none"> <li>• Statement of Financial Position – Asset &amp; Liabilities</li> <li>• Cash Flow Statement</li> </ul>
<b>Plant and equipment</b>	
Plant and equipment PBS budget included a refresh of staff computers and laptops, however this has been delayed until 2020–21.	<ul style="list-style-type: none"> <li>• Statement of Financial Position – Asset</li> <li>• Cash Flow Statement</li> </ul>
<b>Prepayments</b>	
Prepayments on the Statement of Financial Position in 2019–20 include prepaid expenses for marketing events that have now been postponed until 2020–21. It also includes a significant cost for the International Masters of Wine Symposium to be held in Adelaide in 2022.	<ul style="list-style-type: none"> <li>• Statement of Financial Position – Asset</li> </ul>
<b>Research and development contracts – payables</b>	
As at 30 June, there was expenditure accrued for project milestone payments where an invoice had not been received yet. These are timing issues, and are expected to be settled in 2020–21.	<ul style="list-style-type: none"> <li>• Statement of Financial Position – Liabilities</li> <li>• Cash Flow Statement</li> </ul>
<b>Other payables</b>	
Other payables in the actuals includes revenue which has been deferred until 2020–21. User-pay activities that were postponed due to COVID-19 were not refunded but instead carried over onto the balance sheet.	<ul style="list-style-type: none"> <li>• Statement of Financial Position – Liabilities</li> <li>• Cash Flow Statement</li> </ul>
<b>Employee provisions</b>	
The employee provision is higher than budget mainly due to two factors. Employees deferred taking annual leave during the later part of 2019–20 due to travel restrictions in place because of COVID-19. There are also several employees who are now entitled to Long service leave which has not been taken as yet.	<ul style="list-style-type: none"> <li>• Statement of Financial Position – Liabilities</li> <li>• Cash Flow Statement</li> </ul>







# Appendices

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# Appendix I: RD&E funded projects

Project number	Title	Approved funding 2019–20 \$
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	55,514
CRD 1601	Digital technologies for dynamic disease management	327,000
CSA 1602	New non-destructive technologies for simultaneous yield, crop condition and quality estimation	23,859
CSA 1701-3.1	New digital technologies for managing winegrape production and quality	148,798
SAR 1303*	Assessing clonal variability in Chardonnay and Shiraz for future climate change	265,877
UA 1903	3: Building Australian grape and wine excellence	10,000
USA 1601	Use of Unmanned Air Vehicles for early, real time detection of extreme weather events in vineyards	89,250
UT 1601	Taking grapevine yield forecasting into the digital age	12,914
3.2 Wine provenance and measures of quality		
AWR 1701-3.1.1	Identification and control of volatile compounds responsible for important sensory attributes	1,104,358
AWR 1701-3.1.2	Using glycosides and other flavour precursors for improved wine flavour	157,185
AWR 1701-3.1.3	Molecular drivers of wine texture and taste	408,707
AWR 1701-3.3.1	Objective measures of quality and provenance in Australian vineyards	75,847
AWR 1701-3.4.2	Formation and fate of sulfur compounds associated with negative attributes in wines	406,160
AWR 1701-4.4.1	Defining regional variability and uniqueness of premium Australian Shiraz	73,029
AWR 1701-4.4.4	Rotundone and its role in defining terroir in iconic Australian cool climate 'peppery' Shiraz	161,681
CSU 1602	Benchmarking regional and subregional influences on Shiraz fine wines	91,312
CSU 1702-2	Determining thresholds for bunch rot tolerance in wine and detection of unwanted fungal aromas	106,036
UA 1602	Understanding the drivers of terroir in the Barossa Valley	1,025,799
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.	95,077

\* Highlight indicates funding to State government research organisations.

Project number	Title	Approved funding 2019-20 \$
<b>3.3 Customer insights</b>		
USA 1501	Driving the strategic growth of Australian wines in the US export market	(34,186)
WOP 1401	The opportunities for further market share expansion of Australia's regional and premium price segment wines in the US market	48,613
<b>Sub-total for Priority 1</b>		<b>4,652,832</b>
<b>Priority 2</b>		
<b>Strategy 4: Improving resource management and sustainability</b>		
<b>4.1 Climate adaptability</b>		
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	150,780
AWR 1701-4.1.1	Managing the impact of vintage advancement and compression	37,423
GWRDC CRRDC	CRRDC Contribution	30,611
LTU 1601	Mitigation of Climate Change Impacts (Smoke Taint) on the National Wine Industry	289,020
LTU 1901	Small-scale wine production from bushfire smoke-affected wine regions in Victoria and New South Wales	140,000
SAR 1701 - 2.1	Climate adaptation: developing irrigation strategies to combat dry winters	239,735
SAR 1701 - 2.2	Managing and modelling vintage compression	284,386
UT 1504	Australia's wine future: Adapting to short-term climate variability and long-term climate change.	159,723
WA 1904	Climate Research Strategy for Primary Industries CRSPI – Phase 3 Strategy	5,000
WA 1906	National Working Party in Pesticide Applications (NWPPA) Stakeholder Contribution	5,000
WAC 1913	Climate Futures – Regional Snapshots	15,881
WAC 1914	Climate Futures – Climate Trajectories Figure	24,745
<b>4.2 Foundation data</b>		
CSP 1501	Grapevine germplasm variety identification	66,647
<b>4.3 Sustainable resource management</b>		
<i>No projects funded in this category in 2019-20</i>		

Project number	Title	Approved funding 2019–20 \$
<b>4.4 Biosecurity, pest and disease management</b>		
AGW 1606	Preparation of applications to DAWR under the Assistance Grants – Access to Industry Priority Uses of AgVet Chemicals Programme	3,563
AGW 1705	Plant Biosecurity Research Initiative	21,180
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	84,163
DED 1701	Integrated management of established grapevine phylloxera	225,244
PHA 1801	Review of the Biosecurity Plan and Manual for the Viticulture Industry	34,747
SAR 1701 - 1.1	Grapevine trunk disease management for vineyard longevity in diverse climates of Australia	383,907
SAR 1701 - 1.2	Managing fungicide resistance in Australian viticulture	541,430
UQ 2001	ARC Research Hub for Sustainable Crop Protection	50,000
VIB 1901	Update and review of Viticulture Industry Biosecurity Plan (VIBP)	3,255
WA 1805	Plant Biosecurity RD&E Strategy	9,090
WA 1905	2020 International year of plant health funding agreement	30,000
WA 1907	RRD4P – Boosting Diagnostic Capacity for Plant Production Industries	100,000
WA 1909	Novel technologies to assist rapid and sensitive detection of Brown Marmorated Stink Bug	40,000
WAC 1917	Desktop survey to develop a set of draft virus testing protocols	5,000
<b>Strategy 5: Improving vineyard performance</b>		
<b>5.1 Enhancing grapevine and rootstock performance</b>		
CSA 1701-1.1	Scion genetics & improvement: development of new disease-resistance varieties	569,430
CSA 1701-1.2	Scion genetics & improvement: desirable consumer traits	291,619
CSA 1701-1.3	Rootstock genetics & improvement: new improved rootstocks with durable resistance to root-knot nematodes and phylloxera	476,699
CSA 1701-1.4	Rootstock genetics & improvement – tolerance to abiotic stress	579,560
CSA 1701-1.5	Field trials – new scion-rootstock combinations and evaluation of new technology for improved water use efficiency and reduced costs	261,922
CSA 1701-1.6	Regional evaluation of new germplasm – pathway to adoption	279,871
CSA 1701-1.7	Enabling technologies & genetic resources	257,999
WA 1902	Australian Germplasm Register Project	193
<b>5.2 Efficient and sustainable vineyard management</b>		
AGW 1602	Commonwealth Grant – Accelerating precision agriculture to decision agriculture	(2,282)
CSA 1701-2.1	Physiology of root:shoot interactions	358,993



Project number	Title	Approved funding 2019-20 \$
CSA 1701-2.2	Adjusting grape berry ripening to suit a changing climate: plant growth regulator-based solutions	485,837
CSU 1702-1	SmartWine	72,601
CSU 1702-3	Vine nutrition	108,024
CSU 1702-5	Managing wine pH in a changing climate	102,695
FU 1902	Semi-automated undervine slasher development	42,700
MQ 1401	Accurate and early yield predictions through advanced statistical modelling	44,892
UA 1802	Integrated vineyard precision control system pilot	28,842
UA 1803-1.1	Digital tools for canopy management to increase competitiveness	226,564
UA 1803-1.2	Cell death in grape berries: causes, consequences, and control	188,394
UA 1803-1.3	Plant sensor-based precision irrigation for improved vineyard water use efficiency, grape and wine composition and quality, and vineyard profitability	144,345
UA 1803-1.4	Undervine cover cropping for healthy and productive soils	168,263
UA 1803-1.5	VitiVisor: An information, prediction and advisory platform for viticulture	611,652
WAC 1907	Milestone report for Rural R&D for Profit Projects: Digital Technologies and Smoke Taint	825

#### 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	588,392
AWR 1701-3.2.2	The relationship between grape juice composition and the progress of alcoholic and malolactic fermentation	674,546
AWR 1701-3.2.3	Management and optimisation of the AWRI Wine Microorganism Culture Collection	182,286
AWR 1701-3.4.1	Understanding Brettanomyces and its adaptation to control measures	333,394
AWR 1701-4.4.3	Bioprospecting Australian microbial genetic diversity	452,101
UA 1803-2.1	New and Improved yeast and bacterial starter cultures-novel attributes, process efficiency and wine distinctiveness	324,385

##### 6.2 Efficient winery production

AWR 1701-3.1.4	Managing wine extraction, retention, clarity and stability for defined styles and efficient production	566,085
AWR 1701-3.1.5	Influencing wine style and efficiency through management of oxygen during wine production	340,903
AWR 1701-3.1.6	Winemaking interventions to modulate glutathione status	174,913
CSU 1702-4	The impact of metal speciation on the development, shelf-life and sensory properties of wine	110,644

Project number	Title	Approved funding 2019–20 \$
<b>Strategy 7: Enhancing market access</b>		
<b>7.1 Market access</b>		
AWR 1701-1.3.1	Supporting market access, safety and regulation	126,190
AWR 1701-1.5.1	Collecting and disseminating information on agrochemicals	192,033
AWR 1701-4.4.2	Development of tools to verify origin and varietal nature of wines	87,980
AWR 1701-5.3.1	Tracking trends in Australian wine composition and vineyard and winery practices	48,881
WAC 1912	Investigate market access impediments and opportunities for Australian wine by attendance at meetings of the International Organisation of Vine and Wine [OIV]	25,000
<b>Strategy 8: Building capability</b>		
<b>8.1 Developing people</b>		
AGW Ph1503	Decoding the unique terroir of Australian wines using a multi-omics approach	(2,314)
AGW Ph1509	Impacts of viticultural conditions and juice composition on the oxidative and reductive development of wine.	(344)
AGW Ph1511	Developing Botrytis cinerea as a potent non-GM enzyme producer for the removal of haze-forming proteins under normal winemaking conditions	(2,001)
AGW Ph1513	Autonomous In-Vivo Determination of Maturity Parameters	(5,557)
AGW Ph1601	Developing digital tools for canopy management	9,159
AGW Ph1602	Microbial terroir: Understanding the importance of the soil-borne microbial community to Australian terroir	9,042
AGW Ph1603	Yeast strain construction using CRISPR/Cas9 mediated genome editing	7,212
AGW Ph1604	Locating terroir: understanding businesses' identification with their local environment, place and community, and how this influences wine purchasing decisions and corporate sustainability	13,308
AGW Ph1605	Alternative technology to modify and measure wine astringency, taste and quality	10,265
AGW Ph1606	Characterisation of the microbiome associated with grapevines and evaluation of endophytic microorganisms as biological control agents of grapevine trunk disease pathogens	4,159
AGW Ph1607	Improving Grapevine Yield and Wine Quality Through Optimised Vine Nutrition and Pruning	14,845
Alumnii Support	People Development	69,619
CSU 1801	Incubator Initiative: What management strategies are most effective in minimising sunburn damage in Chardonnay vineyards around Orange?	(731)
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?	(2,023)
CUT 1901	Incubator Initiative – Beyond the traditional wine cellar door: Do tiered cellar door service offerings maximise value for different wine tourist segments?	19,740

Project number	Title	Approved funding 2019-20 \$
DPD 1901	Incubator Initiative – Can post-flowering harvester applications reduce bunch rot risk and manipulate bunch architecture in Western Australia?	20,000
DPR 1801	Incubator Initiative: Do viral infection(s) in the Gingin clone of Chardonnay influence vine phenotype, performance and consequent wine quality?	2,989
F2F 1901	Farmers2Founders pilot program	60,000
FU 1901	Incubator Initiative – What is the best way to treat the iron-related clogging problem in the Limestone Coast?	19,700
GWR Ph1202	Entomopathogenic fungi as potential biocontrol agents of grape phylloxera	23,136
GWRDC PhD	PHDs	5,413
UA 1708	Translation of Training Centre for Innovative Wine Production Research into Industry Outcomes	86,446
UA 1801	Incubator Initiative: What practices in the vineyard lead to the consistent production of medal-winning wines?	3,000
UA 1901	Incubator Initiative – Is organic weed control beneficial for winegrape production in the Limestone Coast?	19,477
UA 1902	Incubator Initiative – How does phenological stage influence grapevine water requirements for Shiraz and Chardonnay in the Riverland?	19,590
UM 1801	Incubator Initiative: Which grapevine rootstock performs the best for Mornington Peninsula Pinot Noir?	3,000
UM 1901	Incubator Initiative – Which grapevine rootstock performs the best for Mornington Peninsula Pinot Noir?	20,000
WA 1807	Future Leaders 2019	52,500
WA L1801	ABARES Science and Innovations Award 2019 (Rocco Longo)	12,545
WA L1802	Nuffield 2020	53,000
WA Ph1701	Isolation and characterisation of phytotoxins produced by the Botryosphaeriaceae and their role in grapevine trunk diseases	6,206
WA Ph1703	Assessing the Suitability of Indigenous Cypriot Grape Varieties for Australia's Challenging and Changing Climate.	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	9,356
WA Ph1706	Molecular epidemiology and physiology of Shiraz Disease with an emphasis on Grapevine virus A	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	7,404
WA Ph1802	Understanding and managing grape berry heterogeneity in the vineyard to improve Cabernet Sauvignon wine quality	2,696
WA Ph1803	Identification of new precursors and factors affecting varietal thiols and their precursors in grapes and wines	12,696

Project number	Title	Approved funding 2019–20 \$
WA Ph1804	Characterising the distinctive flavours of Australian Cabernet Sauvignon Wines	2,696
WA Ph1805	Breaking the sugar flavour nexus: Producing grapes with less sugar and more flavour.	2,696
WA PH1806	Developing and assessing different cordon establishment techniques for long term vineyard management	17,404
WA Ph1902	Sustaining viticulture: How under-vine (sp. <i>Vitis vinifera</i> ) cover crops affect arbuscular mycorrhizal associations, soil organic carbon composition and soil carbon stocks	13,750
WA Ph1903	Analysis of the wine glycoproteome and proteome to improve quality and track provenance.	8,702
WA Ph1904	Science to inform decision making between synthetic and alternative nitrogen sources in vineyards	8,702
WA Ph1905	From Brandewijn (burnt wine) to Bush Fires: New Directions in Australian Brandy Production	7,045
WA Ph1906	Understanding the sensory perception of 'body' in beer and wine	9,343
WA Ph1907	The molecular epidemiology and control of grapevine pinot gris virus in Australian viticulture	1,409
WA Ph1908	A regional study of the effects of vineyard floor management on soil health, biodiversity and terroir expression	8,702
WA Ph1909	Chemical markers for authentication of Australian wine	8,702
WA Ph1910	The role of Hydrogen peroxide (H <sub>2</sub> O <sub>2</sub> ) and Gamma amino butyric acid (GABA) in cell death in grape berry development	8,959
WA Ph1911	Use of membrane filtration technology to achieve protein stability in white wine	1,348
WA Ph1912	Molecular genetic control of grapevine bud fruitfulness	1,348
WA Ph1913	Wine Production in a Changing Australian Climate: Water addition to musts and the effects on phenolic, chemical and sensory attributes	6,900
WAS 1901	Primary Industries Education Foundation Australia (PIEFA) – Partnership	20,000
WAS 1902	Diversity in Agriculture Leadership Program	15,000
WAT 1901	11th International Workshop on Grapevine Trunk Diseases, Canada, July 2019	1,500
WAT 1902	Travel to UK in attendance at 13th Pangborn Sensory Science Symposium and visits to European research organisations	2,000
WAT 1903	Extending the capacity of infrared spectroscopy to predict carbon and nitrogen pools in vineyards globally: innovative techniques to measure the impacts of differential groundcover management	2,000
WAT 1904	Diversity & Equality in the Australian Wine Sector	1,500
WAT 1905	Participation in Macrowine 2020	2,000
WAT 1906	Harriet Walker Travel Bursary 2019	2,000
WAT 1907	Attend International Symposium on Mineral Nutrition of Fruit Crops and contribute to the organisation of the third Beverage Symposium	1,500

Project number	Title	Approved funding 2019-20 \$
WAT 1908	Participation at 71st ASEV National Conference 2020 and Laboratory Visits	2,000
WAT 1909	Participation at the Joint 18th international Botrytis symposium and 17th Sclerotinia symposium, Avignon and associated travel, June 2020	1,500
<b>Strategy 9: Business intelligence and measurement</b>		
<b>9.1 Business intelligence</b>		
UA 1803-3.1	Australia's changing competitiveness in global wine markets	119,650
Market Research	Market Insights	504,556
VinSites	Vinsites	120,000
<b>9.2 Measurement</b>		
WAC 1903	Economic Contribution of the Australian Wine Industry 2019	25,500
WAC 1910	Benefit Cost Analysis of Wine Australia R&D Investments 2018-19	45,850
WAC 1916	Conduct a bibliometrics analysis of all Wine Australia's research investments	25,000
<b>Sub-total for Priority 2</b>		<b>12,786,155</b>
<b>Priority 1 &amp; 2</b>		
<b>Strategy 10: Extension and adoption</b>		
<b>10.1 Extension and adoption</b>		
AGW 1603	Arris website developed and hosting as part of project UA 1202	890
AGW 1607	ASVO Sponsorship	25,000
AWR 1701-2.1.1	The staging and conduct of extension programs	469,957
AWR 1701-2.1.2	Communication with stakeholders	526,986
AWR 1701-2.2.1	AWRI Helpdesk	1,002,618
AWR 1701-2.2.2	Library Services	248,729
AWR 1701-2.2.3	Regional Program	65,268
AWR 1701-5.1.2	Information and knowledge management	55,185
FHC 1901	Proposal to conduct strategic review of extension and adoption in the wine sector	52,800
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	23,282
GRP 1704	Regional Plan – SA North 2017-22	49,983
GRP 1705	Regional Plan – Murray Valley 2017-22	38,697
GRP 1706	Regional Plan – Limestone Coast 2017-22	50,000
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

Project number	Title	Approved funding 2019-20 \$
GRP 1710	Regional Plan – Queensland 2017–22	25,000
GRP 1711	Regional Plan – Riverland 2017–22	113,840
GWRDC IN	Innovators Network	65,728
GWRDC PMS	CIMS system	122,432
GWRDC RP	Regional Program	19,419
WA 1903	Workshop at Australian Wine Industry Technical Conference, July 2019	2,932
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	31,997
WAC 1904	Stages 1 & 2 in developing the CSIRO component of the Variety Selector Tool	10,099
WAC 1905	Adoption survey and case studies 2019	20,000
WAC 1908	Design, implement and deliver the Next Crop pilot program for the Langhorne Creek Region	45,000
WAC 1909	Design, implement and deliver the Next Crop pilot program for the Barossa Region	45,000
WAC 1911	Price Rural Management – Operational strategy for executing the recommendations in report by Agthentic	6,000
WAC 1915	Review of Wine Australia’s Strategic Partnership Agreement - Ancer Consulting	29,250
WAS 1903	FOMENT Sponsorship - Principal Partner	30,000
WAS 1904	13th International Terroir Conference	22,727
Sub-total for Priority 1 & 2		3,530,505
GRAND TOTAL		22,442,699

# Appendix II:

## Provider and management codes

Code	
AGW	Australian Grape and Wine Authority*
AWR	Australian Wine Research Institute
CRD	Cotton Research and Development Corporation
CRRDC	Council of Rural R&D Corporations
CSA	CSIRO Agriculture and Food
CSP	CSIRO Plant Industries
CSU	Charles Sturt University
CUT	Curtin University of Technology
DED	Department of Economic Development, Jobs, Transport and Resources
DPD	Department of Primary Industries (NSW)
DPR	Department of Primary Industries and Regional Development (WA)
FU	Flinders University
F2F	Farmers to Founders
FHC	Forest Hill Consultants
GRP	GWRDC Regional Program
GWRDC	Grape and Wine Research and Development Corporation**
LTU	La Trobe University
Market Research	Wine Australia
MQ	Macquarie University
PHA	Plant Health Australia
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
UT	University of Tasmania
Vinsites	Vinsites (imaging of vineyards)
WA	Wine Australia
WAC	Wine Australia consultancy agreements
WAS	Wine Australia sponsorships
WAT	Wine Australia travel bursaries
WOP	Wine Opinions

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

\*\* The Grape and Wine Regional Development Corporation merged with Wine Australia to create AGGW in 2013.



# Appendix III:

## Glossary

Term	Description
\$50m Package	Export and Regional Wine Support Package
ABC	activity-based costing
Agtech	Broadly, ‘agrifood tech’ at Wine Australia is taken to mean digitised and technologically enabled agricultural, wine and food production, which typically involves both the collection and analysis of data to improve both on-farm and off-farm decision making, leading to better business outcomes.
Agvet	agricultural and veterinary chemicals
AGW	Australian Grape & Wine Incorporated, the peak sector member-based organisation
AWRI	Australian Wine Research Institute
BCA	business-cost analysis
CAGR	compound annual growth rate
CRISPR-CAS9	gene editing technology
CRRDC	Council of Rural Research and Development
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAWE	Department of Agriculture, Water and Environment
DFAT	Department of Foreign Affairs and Trade
Epigenetics	the study of changes in gene function that are heritable but not attributed to alteration of the genetic code itself
ERWSP KPI	Export and Regional Wine Support Package key performance indicator
FIVS	Federation International du Vin et Spirit – international alcohol producers forum
FOB	free on board
FSANZ	Australia New Zealand Food Standards Code
FTAs	Free Trade Agreements
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
IWSR	International Wines and Spirits Record
KPIs	key performance indicators
LAMP	Loop-mediated isothermal amplification (LAMP) is a technique for the amplification of DNA which offers a low-cost alternative to detect certain diseases
LiDAR	light detection and ranging

Term	Description
Loci	Latin term for specific location, generally used in the context of specific positions on a DNA strand.
MAT	moving annual total
NAA	naphthaleneacetic acid (NAA) is a plant growth regulator
NWGIC	National Wine and Grape Industry Centre
Non-GM	not Genetically Modified – usually in the context of traditional breeding or selection methods
MLA	Meat and Livestock Australia
OIV	International Organisation of Wine and Vine
PACE	pesticide adjusted for the canopy environment
PBR	Plant Breeders' Rights – the botanical equivalent of a patent for the developer of a plant variety with specific characters
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
RDA or RD&A	<i>research, development and adoption</i>
RD&E	research, development and extension
R&D	research and development
the Act	<i>Wine Australia Act 2013</i>
SNP	single-nucleotide polymorphism – a reference to a single nucleotide that may appear in slightly different places in the genome across different individuals. The differing placements can be used as a guide to different physical characters, resistances or susceptibilities.
WALAS	Wine Australia Licensing and Approval System
<i>Xylella fastidiosa</i>	The Latin name for the bacteria associated with Pierce's Disease. The exotic-to-Australia pathogen, transmitted by insects, is associated with economically devastating effects in grapevines – the bacteria also causes severe economic losses in citrus and olives.

# Appendix IV:

## Compliance index

The Annual Report must be prepared by the Directors of Wine Australia in accordance with section 38 of the *Wine Australia Act 2013*, section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the PGPA Rule 2014 and the Funding Agreement 2020-2030.

Details	Page no.
<b>Wine Australia Funding Agreement 2015-19</b>	
Contribution to the implementation of relevant Industry sector and cross-sectoral strategies under the RD&E Framework	7, 10, 47, 48
The rationale for the mix of projects included in the Balanced Portfolio	14-16
Report on research extension activities	42-57 Appendix I
Collaboration with industry and other research providers	7, 10, 40, 42-54
Identify sources of income including separate identification of the Levy, the Charge, Commonwealth Matching Payments and other form of income including Voluntary Contributions	13, 83 Financial Statements
Full cost of R&D and other activities with costs being allocated in accordance with the Cost Allocation Policy	13, 24-27
Progress in implementing strategic plan including progress against the plan's KPIs	18-23
Bring the KPIs for each program in the strategic plan and AOP together and demonstrate how the deliverables funded advanced the outcomes	36-63
Assessment of the efficiency and effectiveness of investments	20-22
Progress in implementing the Guidelines	25-27
Consultation with the ROs on plans and activities	7, 14
Other relevant matters notified to Wine Australia by the Commonwealth by 30 June	n/a
<b>Wine Australia Act 2013</b>	
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	75
Grape or wine R&D activities coordinated or funded, wholly or partly during the period	App 1
The amount spent in relation to each of those activities	App 1
Which of those activities related to ecologically sustainable development (if any)	45-52
The impact of those activities on the grape industry and wine industry	45-52
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

1. 'Guidelines' for the 2019-20 Annual Report are the Rural RD&E Priorities, the Science and Research Priorities and the *Levy Principles and Guidelines* in relation to the introduction of new levies or changes to existing levies (if applicable).

Details	Page no.
The making of grants under section 10C	P 98 and Highlighted rows in App I indicate grants to state government research organisations
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	7
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"> <li>• achieved the Authority's objectives as stated in its strategic plan</li> <li>• implemented the AOP applicable to the period</li> </ul>	18-23, 36-63
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	75
<b>Public Governance, Performance and Accountability Rule 2014</b>	
Include a copy of the annual performance statements	84-123
Include a copy of the annual financial statements and the Auditor General's report	83 Financial Statements
The annual report must comply with any requirements prescribed by the rules	84-123
<b>Public Governance, Performance and Accountability Rule 2014</b>	
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)	86-123
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

Details	Page no.
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)	12, 13, 66 79-81
Report must specify the name and title(s) of the responsible Minister(s) during the period	80
Report must provide details of:	80
<ul style="list-style-type: none"> <li>• Directions issued under legislation by the responsible Minister, or other Minister</li> <li>• General policy orders (GPO) that apply to the RDC under s22 (PGPA Act)</li> </ul>	
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)	14
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	66-75
Must provide an outline of the organisational structure, including subsidiaries*, location of major activities and facilities and information on the main corporate governance practices.	66, 76
Must include information on the main corporate governance practices	66, 72-74
Disclose the decision-making process undertaken by the board for related entity transactions	74
Highlight significant activities and changes that affected the operations or structure during the financial year	6-13, 28-29
Include particulars of judicial decisions and, decisions of administrative tribunals	80
Include particulars of any report on the entity by the Auditor-General (other than audit of financial statements - s43 PGPA Act), Parliamentary Committee, Commonwealth Ombudsman or Office of the Australian Information Officer.	n/a
Unable to obtain information from a subsidiary	n/a
Must include details of any indemnity given to the accountable authority, any member of accountable authority or officer against a liability, including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs	81
Must provide an index identifying where the requirements of s17BE are to be found.	App IV

# Appendix V:

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