

Wine
Australia



Annual Operational Plan 2023–24

An aerial photograph of a coastal landscape. The top half of the image shows the ocean with vibrant turquoise water and white, frothy waves breaking onto a wide, light-colored sandy beach. Below the beach, a steep cliff rises, covered in dense, low-lying green vegetation. The overall scene is bright and scenic, capturing the natural beauty of a coastal environment.

We acknowledge the Traditional Owners and Custodians
of the lands throughout Australia and their continuing
connection to the land, water and community.

We pay our respects to Elders past and present, and extend
that respect to all Aboriginal and Torres Strait Islander peoples.

Contents

Wine Australia overview	2
Introduction	3
Activities and targets	5
Strategy 1: Market Australian wine	6
Strategy 2: Protect the reputation of Australian wine	9
Strategy 3: Enhance grape and wine excellence	11
Strategy 4: Grow sustainable environments	13
Strategy 5: Build business sustainability, excellence and leadership	15
Customer engagement	17
Finance	18
Wine Australia Estimates of revenue	18
Wine Australia Estimates of expenditure	19
Alignment with National Agricultural Innovation Priorities	23
Statement of Expectation and Statement of Intent	25
Funding agreement obligations	28
Risk management	31
Appendices	32
Appendix 1: Current R&I projects	32
Appendix 2: Glossary	34



Wine Australia overview

What we do

We invest for the Australian grape and wine sector's success.

Our customers

Our funders are grapegrowers through the grape research levy, wine producers through the wine grape levy, wine exporters through the wine export charge, and the Australian Government through its matching funding for investments in research and innovation (R&I).

Other customers include those employed by grape and wine businesses; national, state and regional representative organisations; researchers; state governments; wine industry suppliers; the media and our staff.

Our powers and responsibilities

As set by the *Wine Australia Act 2013* (the Act), we:

- coordinate or fund grape and wine research and development, evaluate the investments and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- promote the sale and consumption of Australian wine, both in Australia and overseas.

Measuring success

We measure and assess our achievements against our strategies through key performance indicators (KPIs) and we report against our KPIs at least every six months.

Our strategies



Introduction

The Australian grape and wine sector has faced considerable headwinds over the past few years as a result of what many have described as a perfect storm of operational challenges.

The challenges have come from all sides, hitting production through to consumer behaviour. Since 2020, the Australian grape and wine sector has been impacted by bushfires, floods and wet seasonal conditions, a significant import tariff on wine to mainland China, the COVID-19 pandemic impacting the workforce and altering consumer behaviour, a global shipping crisis, the acceleration of ESG business requirements, a substantial increase in operating costs, the largest ever vintage crush in Australia's history in 2021 and subsequent winery storage issues.

It has been unprecedented.

While Wine Australia's annual Vintage Report will not be released until after this Annual Operational Plan, indications are that this year's vintage will return a crop size of around 1.3 million tonnes, 27 per cent lower than the 10-year average.

Such a substantial reduction in the crush is likely to have a considerable impact on the bottom line of grape and wine businesses all around Australia, at a time when the costs of grapegrowing and winemaking inputs, labour and transport have increased significantly.

Impact on Wine Australia

The drop in production and in exports has a direct impact on Wine Australia, as our budget is fundamentally linked to these two areas. Our levies are based on the size of the crush and on the amount of wine exported. With the significant reduction to these, Wine Australia's budget for the next financial year has been drastically reduced.

This is a material reduction of \$4.2 million to our budget compared to 2022-23 and \$6.5 million when compared to 2021-22 and impacts every stream of service across Wine Australia.

Over the past couple of years, we have made prudential choices to substantially reduce our operating costs, we have updated our regulatory fees and charges in line with CPI for cost recovery, and have drawn down on reserves to ensure the sector is supported to achieve the goals it set out within our Strategic Plan. But we have had to make difficult decisions for this coming year so that we can continue to deliver value to our sector.

Over the past few years, Wine Australia's team has decreased in size and the decline in levies in 2023-24 will see our headcount reduce further. As at 1 July 2023, we are a global team of 63 people. This is down by 30 per cent on our headcount of 90 people on 1 July 2020.

While we are smaller, we are determined to continue to deliver real outcomes to help our sector to return to optimal conditions and to plan solutions to ameliorate future challenges. Working as one team, we bring our best each day to be innovative and deliver the best value for the sector's levies.

Priorities for 2023-24

In this penultimate year of our Strategic Plan 2020-25, we will continue to build on the progress towards achieving the key performance indicators set out in our five strategic pillars across our investments in marketing, research and innovation and regulatory roles.

Last year, following extensive customer consultation, we confirmed that these five pillars provide a sound foundation for the sector's progression through the continuing challenges. We also identified a number of priority focus areas in response to the myriad operational challenges for the sector. Some of these will continue to progress in 2023-24 and others will start their next phase, such as the soon to be released *Wine Australia ESG Investment Plan for the Australian wine sector*, which has identified the areas that need to be prioritised to future-proof the sector to meet customer needs and business demands.

For Wine Australia, the priority areas for 2023–24 aim to seek out opportunities to improve engagement with our customers, and importantly areas in which we can seek co-investment on behalf of the sector (see below).

Just as we have focused on diversification of markets, we are pursuing diversification of the investment that supports our work on behalf of the sector. A focus on co-design with our customers, collaboration and co-investment is crucial to drive innovation and future profitability for our sector. This year, we will build on co-investment that we have developed in the past and seek out additional opportunities in our marketing, research and innovation, and in alignment with the new ESG Investment Plan.

Despite the many challenges, there are opportunities to be sought by the sector. This year, we will work collaboratively with Australian Grape & Wine to support the development of the One Sector Plan. This will set a shared vision for the future success of the sector and will inform Wine Australia's Strategic Plan 2025–30, and the key performance indicators in subsequent Annual Operational Plans.

While the coming year is expected to provide further headwinds for the sector, our grape and wine community is resilient. However, we cannot act alone. Now more than ever we need to act collectively and attract co-investment to ensure a profitable future for our sector. Wine Australia is working with the sector to support its profitability and growth and this Annual Operational Plan outlines how we will do so in 2023–24.

Strategic priority projects 2023–24



Actioning the ESG Investment Plan



Continuous improvement in our customer engagement



Drive market intensification and diversification activity



Business development and co-investment strategy



Focus on delivering value back to the inland wine regions



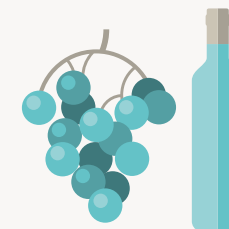
Facilitating practice change and enhancing extension and adoption efforts



Impact and co-design for research and innovation



Cost reduction/efficiencies



Support a joint One Sector Plan



Activities and targets

Strategy 1

Market Australian wine

This strategy focuses on Wine Australia's marketing efforts for the sector. In 2023–24, we will continue to direct activities toward increasing the demand and premium paid for all Australian wine.

As with all of Wine Australia's investments in 2023–24, it is anticipated that there will be a significant reduction in the funds available through levies. We will have approximately \$9.3 million available to cover our investment in people, education, business development and in-market activations globally. Investment will be targeted to drive activity and support market diversification and/or intensification initiatives for the Australian wine sector.

Additional investment comes from user-pays activity where wineries invest in marketing activities such as trade events and market entry programs, Federal Government grants, and co-designed programs with state and regional partners.

Restricted and fragmented funding means the sector needs to align on areas of greatest opportunity and leverage our efforts and resources for greatest impact. Last year, we refreshed our marketing strategy in response to the significant changes to the sector's operating environment. The 2023–24 imperatives of our marketing strategy are:

1. prioritise and quantify market attractiveness by segment
2. build sector capability through education and insights
3. maximise our resource base, and
4. evolve the current 'Australian wine' brand to better reflect the needs of the sector.

Market attractiveness

Market attractiveness has been determined through quantitative and qualitative market insights, reflecting the relative opportunities for commercial and premium wine.

Specific approaches for each market will be informed and refined by category and consumer insights, direct in-market learnings, sector feedback and alignment with other cross-sector activations and Austrade advice.

Our focus markets for activities are the United Kingdom (UK), North America, Europe, South Korea, Japan, and the Southeast Asia region, aligning closely with Austrade's global ambitions.

Ratification of the Australia–India Economic Cooperation and Trade Agreement (AI ECTA), will provide opportunities for investment. However, significant sector gains are anticipated to take years to materialise.

Building sector capability

Building capability and skills within our sector remains paramount to ensure that businesses are informed and empowered to make the right decisions for them.

This year will see our largest ever United States (US) Market Entry Program cohort, and our popular 'Explore' programs for Canada and the UK will be expanded to include the Nordics and Southeast Asia.

All Australian Wine Discovered education modules will be available in traditional Chinese, Indonesian, Japanese, Korean, Thai and Vietnamese to support our efforts across the region. These and other valuable capability building resources – including the Export Ready Hub, cultural trainings, market briefings and webinars – can be accessed by all levy payers on www.wineaustralia.com.

Australian Wine Connect will be remodelled to reflect the changing need for virtual business matching in 2023–24, with the clear sector preference for a return to face-to-face activity. The digital platform will be free for export ready wineries to subscribe to in order to continue to provide value to wineries, drive business-to-business connections and enhance functionality for in-person events.

This year will see further growth in Sustainable Winegrowing Australia as a key element of Australian wine's evolved brand positioning and a foundation pillar of the sector's wider ESG Investment Plan to promote our environmental, sustainability and governance credentials.

Business support

Wine Australia will maintain our direct in-market representation in the US, Canada and UK and continue to partner with Austrade and its many posts to deliver marketing activations, particularly in the Asia Pacific region.

We will continue to work with the Australian Government's agricultural counsellors in China to maintain market intelligence and be ready to act should market access allow.

The establishment of our new ATMAC-funded (with Australian Grape & Wine) Country Managers in Japan and Korea will add further market intelligence and operational capacity in growing these two target markets, with detailed activation plans in place. Wine Australia will also work closely with a third ATMAC-funded (with AusCham Vietnam) wine category dedicated market specialist in Vietnam, to develop a growing opportunity for Australian wine.

The market insights team will continue to source the latest information and trends and share this information with producers and subscribers through our established communications channels.

Brand

We remain focused on building the collective Australian wine brand and marketing activations in key markets, geared to building the desire for, and the reputation of, Australian wine.

This year will see an evolution of Australian wine's positioning, guided by input from the sector-based Joint Marketing Group that was established in late 2022.

Amplifying messaging will be achieved through a mix of in-market and virtual platforms. Significant regional activations held earlier in 2023, such as ProWein (Düsseldorf) and Vinexpo (Singapore), have been oversubscribed with the return to post-COVID face-to-face activity. Wine Australia will continue to support these events in 2023–24 and seek other similar opportunities that provide a platform for state, regional and brand level involvement to tell Australian wine stories.

Education is a core function as it helps build greater knowledge among trade, media and consumers. Wine Australia's Education Development Managers will continue to engage with leading educators and run trainings and workshops for on and off-premise customers.

Social and digital channels will continue to be used to maintain global brand presence.

Marketing activations vary from market to market, in accordance with attractiveness and customer need. We use online and offline marketing communications channels including retail and distributor activations and promotions, virtual and hybrid events, media and influencer outreach, public relations, email and search engine optimisation as well as sponsorships and partnerships.

Strategy 1: Market Australian wine

Strategic Plan measure of success	Measure of success 2023–24
85 per cent of Tier A ¹ influencers engage with Wine Australia	At least 85 per cent of Tier A influencers actively engage with Wine Australia through regular contact and outreach via Australian Wine Connect (and associated) virtual and in person events, Australian Wine Discovered, retail partnerships, trade market programs (i.e. market entry and explore programs) and partnerships as well as communications and social media channels. Growth in downloads of Australian Wine Discovered resources, assets and tools on (year-on-year). Increase in positive media sentiment in media coverage and other published content on Australian wine (year-on-year).
The perception of Australian wine increases in Canada, the UK, the US and China ² , by 5 per cent in each market.	As measured through the annual Wine Intelligence survey, average consumer perception of Australian wine increases across Canada, the UK and US by 5 per cent (from 8.2 to 8.6).
<i>Vision 2050</i> has set ambitious targets for the sector. Our marketing activities will contribute to achieving these and we will regularly report progress, acknowledging that sales results across markets are the responsibility of exporters.	Increase in bottled FOB average value in Canada, the UK and US (year-on-year). Export value growth in key emerging markets (year-on-year) of Taiwan, Thailand, South Korea, Vietnam, Indonesia, Malaysia, Singapore and Japan. Year-on-year increase in the number of exporters to key markets.
More than 90 per cent of our partners who participate in a Wine Australia promotional activity are satisfied or very satisfied with the activity.	Wineries that participate in Wine Australia marketing campaigns report a 75 per cent or higher satisfaction rating. Wineries that use the Export Ready Hub report a 75 per cent or higher value rating for their business.

¹ Wine Australia has identified those people in the wine trade and wine media who have the most influence on purchasing decisions as Tier A influencers.

² Due to the tariffs imposed on bottled exports to mainland China in November 2020 it was considered better to focus on other markets.

Strategy 2

Protect the reputation of Australian wine

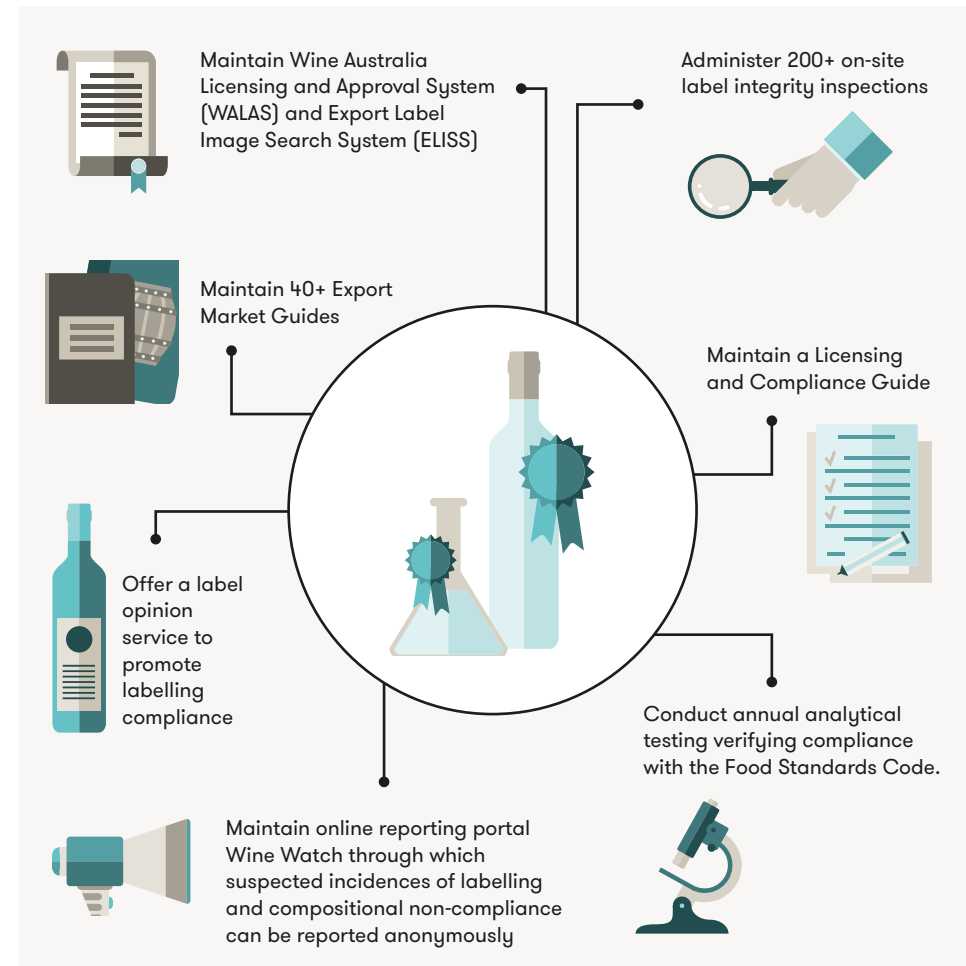
The regulatory activities conducted by Wine Australia in accordance with the *Wine Australia Act 2013 (Act)* and the *Wine Australia Regulations 2018 (Regulations)* are:

- controlling the export of grape products from Australia as set out in the Regulations, and
- administering the Label Integrity Program (LIP) described in Part VIA of the Act.

The LIP helps to ensure the truth – and the reputation for truthfulness – of Australian wine labels, and the export controls ensure the protection of the reputation of Australian grape products. In 2023–24 we will effectively administer our regulatory functions by:

- maintaining Wine Australia Licensing and Approval System (WALAS) – the online system that manages export licensing, product approvals, shipping approvals and certification, and that monitors compliance with the Australia New Zealand Food Standards Code (Food Standards Code) and the Label Integrity Program administered under the Act
- maintaining an online directory of labels exported from Australia through the publicly accessible Export Label Image Search System (ELISS)
- administering 200+ on-site label integrity inspections
- maintaining the online reporting portal Wine Watch, through which suspected incidences of labelling and compositional non-compliance can be reported anonymously
- maintaining 40+ Export Market Guides
- offering a label opinion service to promote labelling compliance
- maintaining a Licensing and Compliance Guide, and
- conducting annual analytical testing verifying compliance with the Food Standards Code.

Priority areas for Strategy 2



Regulator Performance Guide

In 2023–24, we will measure and report our performance in accordance with the Department of Prime Minister and Cabinet’s Regulator Performance Guide to ensure that we conduct our regulatory functions with the minimum impact necessary to achieve regulatory objectives. We will ensure alignment with new and existing expectations regarding our regulatory function.

Cost Recovery Implementation Statement

In 2023–24, in accordance with the *Public Governance, Performance and Accountability (Charging for Regulatory Activities) Order 2017*, we will maintain a Cost Recovery Implementation Statement (CRIS) providing information on how we implement cost recovery for our regulatory activities. We will review the Australian Government’s cost recovery guidelines.

Market access

We will continue to work with the Australian Government to promote free trade negotiations that might result in Australian exporters obtaining preferential treatment in export markets, and we will monitor potential impediments to trade, with a view to enhancing market access, minimising technical barriers to trade, and streamlining regulatory processes through cooperation with counterpart regulators. We will monitor changes and developments in the global regulatory environment pertaining to environmental, social and governance (ESG) and ensure our market access strategy sufficiently addresses subsequent challenges.

Strategy 2: Protect the reputation of Australian wine

Strategic Plan measure of success	Measure of success 2023–24
Achieve the six key performance indicators in our Regulator Performance Framework ³ .	We will measure and report our performance in accordance with the Department of Prime Minister and Cabinet’s Regulator Performance Guide: <ul style="list-style-type: none">• continuous improvement and building trust – regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia’s regulatory settings• risk based and data driven – regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden, and leverage data and digital technology to support those they regulate to comply and grow, and• collaboration and engagement – regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.
Establish a benchmark for consumer trust of Australian wine label claims through a customer survey in our five largest markets – Australia, China ⁴ , the UK, the US and Canada.	We will use the results of a consumer survey by Wine Intelligence to establish the benchmark for consumer trust by measuring how many Australian wine drinkers agree with the statement “I trust the authenticity of these wines” in key markets.
Having assessed three new traceability technologies, including blockchain, and their being available to the sector for adoption.	We will assess at least one new traceability technology and communicate the results, including to the Wine Industry Technical Advisory Committee.
Deliver streamlined regulatory process through cooperation with counterpart regulators in import markets.	We will engage with counterpart regulators in import markets to identify opportunities to cut red tape for our exporters and provide case studies in our Annual Report highlighting successes achieved through such engagement.

³ Note that the Regulatory Performance Framework implemented in 2014 has been replaced by the Department of Prime Minister and Cabinet’s Regulator Performance Guide.

⁴ Due to the tariffs imposed on bottled exports to mainland China in November 2020, this is no longer considered an appropriate KPI.

Strategy 3

Enhance grape and wine excellence

This strategy focuses on building grape and wine excellence across the sector.

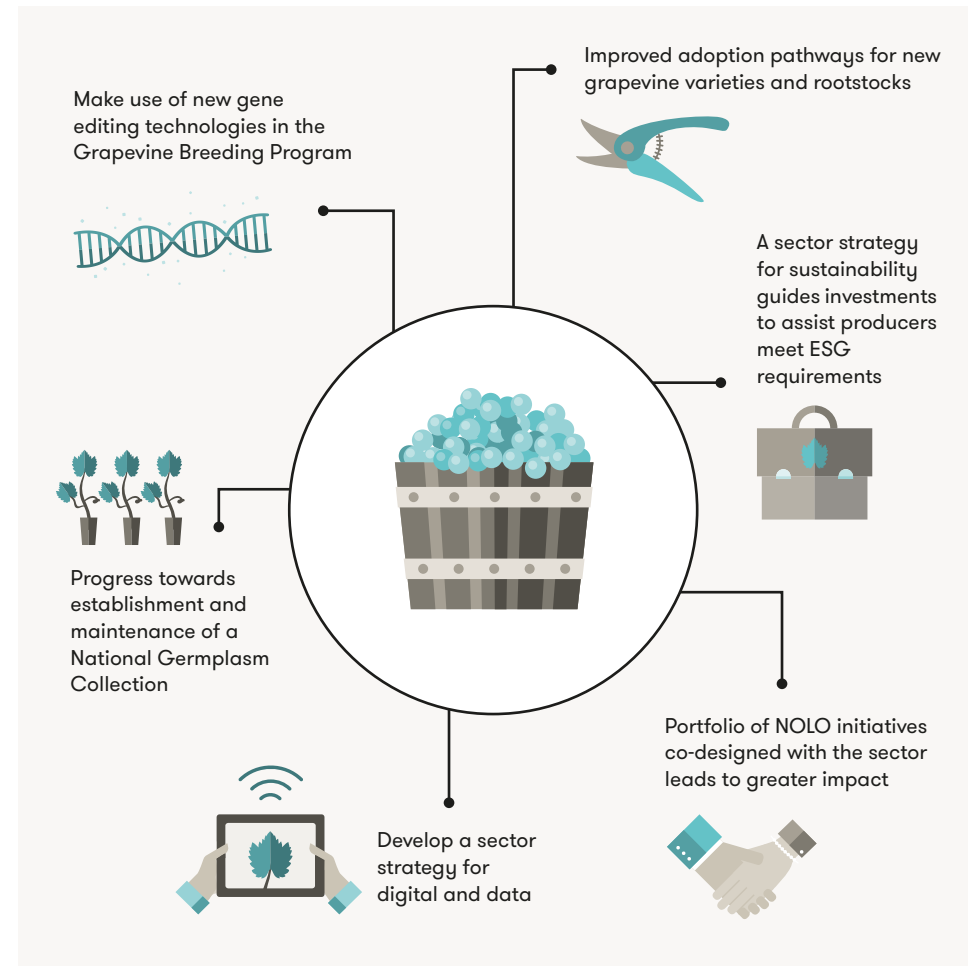
In 2023–24, we will complete the transition of our longstanding investment in grapevine breeding to make full use of new gene editing technologies. This new program has been co-designed with the sector to achieve maximum impact. The advances that have been made through conventional breeding will remain accessible to the sector, with a strengthened pathway to market.

We will also make further progress towards the establishment and maintenance of a national grapevine germplasm collection as well as towards ensuring the supply of certified, healthy planting material to the sector.

New investments in sustainable grape and wine production practices will be guided by the ESG Investment Plan, and co-designed with the grape and wine sector and other partners to deliver greater impact.

Other new investments will also commence or continue in 2023–24, following co-design with the sector in 2022–23, in no and low alcohol (NOLO) wine production, supply chain optimisation and profitability, and in digital and data opportunities.

Priority areas for Strategy 3



Strategy 3: Enhance grape and wine excellence

Strategic Plan measure of success	Measure of success 2023–24
Four enhanced or new grapevine varieties being available to the sector through plant breeding programs, informed by molecular methods to identify desired genotypic traits such as resistance to powdery and downy mildew.	Field-evaluation of the second generation, conventionally-bred, disease-resistant cultivars commenced. New initiatives in DNA-free editing of grapevines progressing, informed by co-design with the sector.
Three new rootstocks being available to the sector through plant breeding programs, informed by molecular methods to identify desired genotypic traits such as improved tolerance to nematodes, phylloxera and soil salinity.	Rootstock breeding program allows selection of second-and third-generation, durable, pest-resistant and salinity-tolerant rootstocks for Australian conditions.
Four new or enhanced technologies and processes to improve vineyard efficiency and sustainability being available to the sector.	Projects started across priority areas identified in the ESG Investment Plan for the sector. A co-designed project related to digital solutions and data opportunities is started. Outputs delivered as contracted through existing investments.
The supply of genetically diverse and high-health planting material being maintained to the satisfaction of relevant stakeholders.	National Grapevine Collection outputs delivered as contracted. Projects commenced to support the development and adoption of a grapevine standard across the propagation supply chain.
Two new or enhanced technologies and processes, including agtech to improve grape and wine quality, winery efficiency and sustainability, being available to the sector for adoption.	A portfolio of work on no and low alcohol wine production is contracted and progressing. Agtech activities through Regional Program deliver adoption outcomes for sector. Outputs delivered as contracted in existing investments.
At least three Wine Australia-funded projects having progressed to commercialisation.	One project progressed to commercialisation.

Strategy 4

Grow sustainable environments

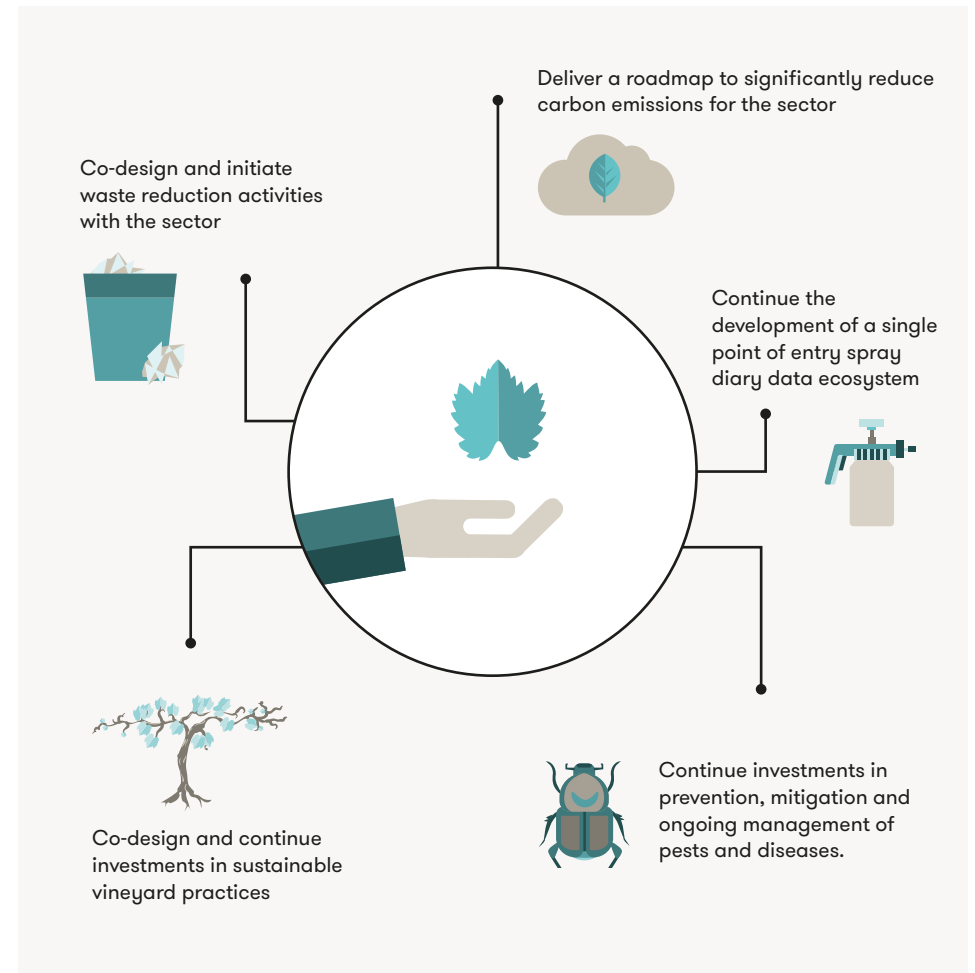
This strategy focuses on providing knowledge and tools to help growers and producers to be more environmentally sustainable. Activities and new investment will be guided by the ESG Investment Plan.

In 2023–24 we will deliver a roadmap for the grape and wine sector to significantly reduce its carbon emissions by 2030, and co-design and commence waste reduction activities with the sector. We will start a project to provide recovery and recycling options for treated timber vineyard posts, and continue work to create a single point of entry data ecosystem for online spray diaries so that growers can share their records with purchasing wineries and the Sustainable Winegrowing Australia program.

We will continue to provide the sector with the information it needs to manage the challenges of long-term climate change, including that of increased bushfire risk. We will commence the investments required to support the grape and wine sector's adoption of climate change mitigation strategies.

We will continue to invest in research relating to soil health, cover crops and biodiversity, in more sustainable management of endemic pests and diseases and in initiatives to better prepare the sector for exotic pests and diseases.

Priority areas under Strategy 4



Strategy 4: Grow sustainable environments

Strategic Plan measure of success	Measure of success 2023–24
New knowledge allows the sector to establish a carbon emissions benchmark.	Deliver a roadmap to significantly reduce carbon emissions for the grape and wine sector, which includes tools to achieve the sector's targets.
New knowledge allows the sector to establish waste production benchmarks.	New investments in waste reduction, guided by the ESG Investment Plan, are co-designed with the sector and commenced.
Two (new) tools, technologies or processes are available to the sector to allow it to adapt to and/or mitigate the effects of climate change.	New investments in climate change adaptation and mitigation strategies, guided by the ESG Investment Plan, are co-designed with the sector and started. Other outputs delivered as contracted in existing investments.
A better understanding of vine water use contributes to better irrigation scheduling processes that allow more efficient and effective use of water.	New investments initiated through the One Basin CRC. Other outputs delivered as contracted in existing investments.
Research delivers clear information about the value of soil remediation processes and enhancing functional biodiversity.	Three best practice management guides published on the topics of soil health, cover crops and functional biodiversity. Other outputs delivered as contracted in existing investments.
New and improved practices for sustainable management of endemic pests and diseases are available to the sector.	New investments in the sustainable management of endemic pests and diseases, guided by the ESG Investment Plan, are co-designed with the sector and new projects commenced with a focus on cross-sectoral research and innovation to address gaps. Other outputs delivered as contracted in existing investments.
The sector is better prepared to manage incursions of exotic pests and diseases through our support of a wine biosecurity committee that engages all relevant bodies to identify biosecurity risks and develop a plan to mitigate them.	Investment priorities mapped out and new projects started with a focus on cross-sectoral biosecurity innovations that can be adopted by the grape and wine sector. Other outputs delivered as contracted in existing investments.
The use of vineyard cover crops and soil remediation practices has increased by 10 per cent.	Program to increase adoption of vineyard groundcovers and improved soil management continues.
The land area dedicated to enhancing functional biodiversity has increased by 10 per cent.	Program to increase awareness and adoption of functional biodiversity continues.
Best-practice irrigation to optimise water use efficiency is adopted by an additional 30 per cent of growers in warm irrigated regions.	Outcomes delivered from AWRI's practice change project focusing on irrigation in warm inland regions.

Strategy 5

Build business sustainability, excellence and leadership

This strategy focuses on empowering people across the sector, enabling diversity into leadership and decision-making and accelerating the adoption of research outcomes and best practice.

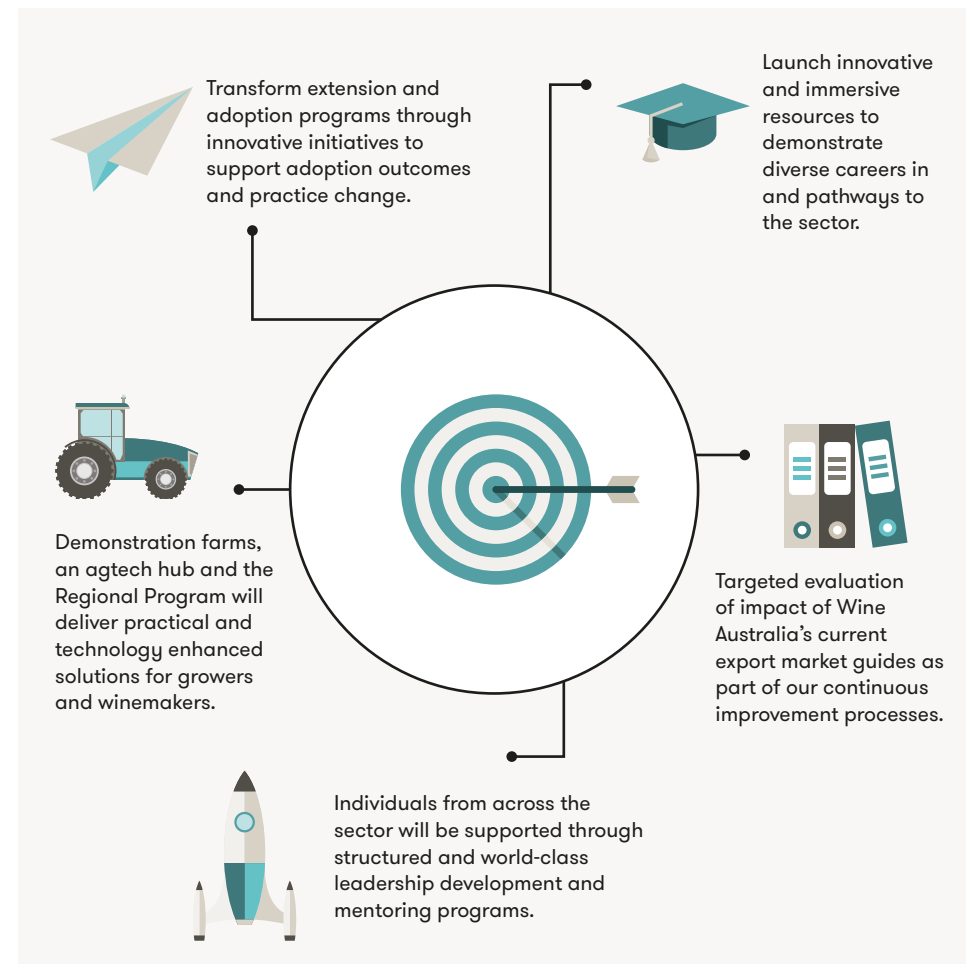
In 2023–24, we will continue to focus on facilitating practice change and the adoption of existing knowledge to improve winegrape growing, winemaking, exporting and running a wine business. We will use innovative approaches to behaviour and practice change in our programs, including those delivered by extension providers we support and through our Regional Program and other initiatives such as agtech demonstration sites.

We will enhance evidence-based and data-driven decision-making in the sector through the Interactive Insights online platform, preparation of regular market reports and analysis, presentations at wine sector forums and individual analyst sessions. We will continue to deliver the Australian Government-funded Improving Market Transparency project to promote transparency of winegrape pricing for growers in the major inland regions.

We will continue to help develop the leaders of tomorrow – and build the skills of the leaders of today – through both national and regional leadership programs, including Future Leaders and Next Crop. We will continue our support of the whole-of-sector Wine Industry Mentor Program, a collaboration between Wine Australia, the Australian Society of Viticulture and Oenology, Wine Communicators of Australia, Wine Industry Suppliers Association and the University of Adelaide. We will consider the outcomes from a pilot project in NSW that is building a structured network supporting youth (aged under 35 years) for its scalability nationally.

We will continue to work with the school, vocational and higher education sectors as well as Australian Government-funded initiatives addressing workforce and labour issues across agriculture to promote pathways to the grape and wine sector as a career of choice.

Priority areas for Strategy 5



A suite of new case studies and an online virtual tour resource that showcases contemporary grape and wine careers across the value chain will be launched and promoted for use within schools, education providers and the sector.

Through these activities, the aim is to attract and retain young skilled and semi-skilled people in all areas of the grape and wine sector, to encourage the future generation to be engaged and committed to their careers and encourage and support innovation and profitability in wine businesses.

We will invest in the sector's research capability by supporting postgraduate students and we will encourage stronger engagement and collaboration with the sector so that their research is relevant and addresses clear sector needs. We will measure and report on stakeholder satisfaction with the services we provide, and on our effectiveness in achieving our measures of success.

Strategy 5: Build business sustainability, excellence and leadership

Strategic Plan measure of success	Measure of success 2023–24
<p>Of levy payers who participate in Wine Australia-supported extension and adoption programs:</p> <ul style="list-style-type: none"> • 80 per cent consider them as a good or very good use of levy funds • 80 per cent have gained new knowledge or new information to improve their long-term profitability and sustainability • 50 per cent intend to make, or have made, changes to existing practices by adopting the outcomes of R&D • 80 per cent of those who've adopted agtech have a positive return on their investment. 	<p>New arrangements for the Regional Program are implemented.</p> <p>Targeted adoption and practice change programs are underpinned by specific, measurable and actionable objectives and metrics of adoption outcomes.</p>
<p>More than 90 per cent of participants in people development programs have gained new knowledge and skills to improve their personal and professional leadership capabilities.</p>	<p>Leadership programs continue to attract excellent candidates and receive positive feedback.</p> <p>Resources demonstrating careers and pathways in the grape and wine sector are available.</p>
<p>99 per cent of exporters have access to the information and knowledge they need to meet the requirements of the importing country.</p>	<p>Review the destination of exports to ensure that exporters' information needs are met by our export market guides.</p>
<p>More than 90 per cent of market insights customers are satisfied or very satisfied with our market insights services.</p>	<p>The Improving Market Transparency project continues to promote transparency of winegrape pricing for growers in the major inland wine regions.</p> <p>Delivering the grape supply and demand dashboard.</p> <p>Maintenance and enhancement of Interactive Insights dashboards.</p>

Customer engagement

In 2022–23, we continued our deep focus on customer engagement, informed by the *Best Practice Guide to Stakeholder Consultation* that was provided to Wine Australia in 2021. The Guide provides a set of principles that apply to all Research and Development Corporations (RDCs) – recognising that each RDC is different and engages differently with stakeholders. The Guide also outlines what good stakeholder consultation looks like for Wine Australia and describes how the sector would like to be consulted in the identification of research, development and adoption (and marketing) priorities.

Our overarching Customer Engagement Plan was informed by the Guide, and in 2023–24 will continue to mature to incorporate knowledge gained through our customer engagement activities in 2022–23.

Last year also saw the commencement of the development of a Customer Engagement Framework, with a view to strengthen meaningful engagement with our customers. In 2023–24 we will continue this work and begin implementing internal improvements to our business processes, to offer our customers a better experience with more targeted communications.

The operating environment for the Australian wine sector continues to evolve with new challenges and opportunities. We have committed to undertake an annual review to ensure our strategy is aligned with the needs of the sector.

We have two Strategic Plan key performance indicators to measure and assess the effectiveness, efficiency and transparency of our operations:

- we improve our stakeholder net promoter score from the benchmark of +12 in 2019, and
- we improve our staff engagement levels from the benchmark of 70 per cent in 2019.

These key performance indicators will be reported on in the 2024–25 Annual Report, the final report in the current Strategic Plan cycle. Activities this financial year will assist towards the achievement of the KPIs.

In 2023–24, we will work with Australian Grape & Wine and the entirety of the sector to develop the One Sector Plan, a strategic plan that will set out a shared vision for the future success of the sector. The One Sector Plan will inform *Wine Australia's Strategic Plan 2025–30*, and the subsequent key performance indicators in following Annual Operational Plans.



Finance

Estimates of revenue

For the financial year 2023–24, we estimate that proceeds from levies will amount to \$13.6 million.

This is based on assumptions including vintage 2023 of 1.30 million tonnes and exports of approximately \$2.0 billion in FOB value, as the quantum of levies and the Wine Export Charge is affected by crop size and export values.

Australian Government matching contributions for research and innovation (R&I) funding for 2023–24 is estimated to be \$9.1 million.

Table 1: Estimates of revenue by source for 2023–24

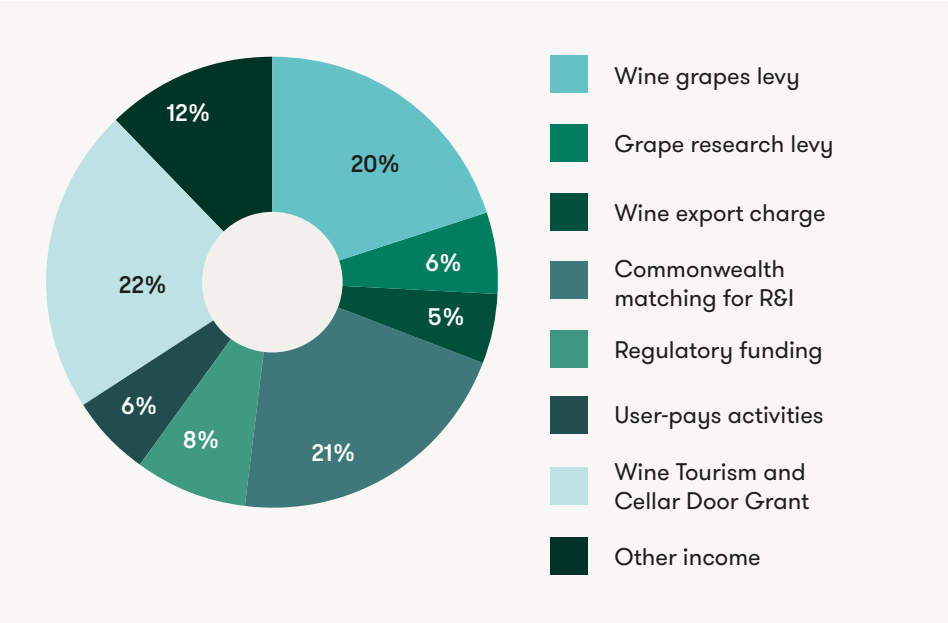
Revenue by source	\$m
Levies	
Wine grapes levy	8.90
Grape research levy	2.58
Wine export charge	2.14
Commonwealth matching for R&I	9.05
Regulatory funding	3.45
User-pays activities	2.41
Wine Tourism and Cellar Door Grant	10.00
Other income	4.94
Total revenue	43.47

It is estimated that proceeds from fees and charges will total \$3.5 million and revenue from user-pays activities will be \$2.4 million.

This year, 2023–24, the Wine Tourism and Cellar Door Grant administered by Wine Australia will continue. There will be \$10 million exclusive of GST available for eligible grant recipients.

Our estimates of this and total revenue are provided in Table 1. Figure 1 indicates the contribution of each revenue source to the total revenue of \$43.5 million.

Figure 1: Estimates of revenue by source for 2023–24



Estimates of expenditure

Estimates of expenditure for 2023–24 are shown in Table 2 and illustrated in Figure 2. Expenditure by activity is shown in Table 3 and illustrated in Figure 3.

These figures are indicative only, as changes in our operating environment may require us to vary the total expenditure of specific allocations.

The forecast funding shortfall of \$6.3 million is in line with our approved Department of Finance operating loss for R&I expenditure, in addition to significantly reduced income from the expected 2023 vintage.

Our representative organisation will receive funding to support our objectives. In 2023–24, Australian Grape & Wine Inc will receive \$70,000 for leadership and participation in consultation activities, as outlined in Wine Australia’s Customer Engagement Plan. Australian Grape & Wine will also maintain sector committees to provide feedback. Finally, Australian Grape & Wine will facilitate joint engagement with the sector across a range of other forums.

In Tables 4 to 7, we detail our R&I investments by project term, risk category, research type and geographical focus. Table 8 provides a detailed breakdown of the R&I expenditure estimates against the National Agricultural Innovation Priorities.

Table 2: Estimates of expenditure by strategy for 2023–24

Strategy	\$m
Strategy 1: Market Australian wine	7.66
Strategy 2: Protect the reputation of Australian wine	2.64
Strategy 3: Enhance grape and wine excellence	12.60
Strategy 4: Grow sustainable environments	5.28
Strategy 5: Build business sustainability, excellence and leadership	4.63
Wine Tourism and Cellar Door Grant	10.00
Support functions	6.06
Levy collection costs	0.88
Total expenditure	49.75

Figure 2: Estimates of expenditure by strategy for 2023–24

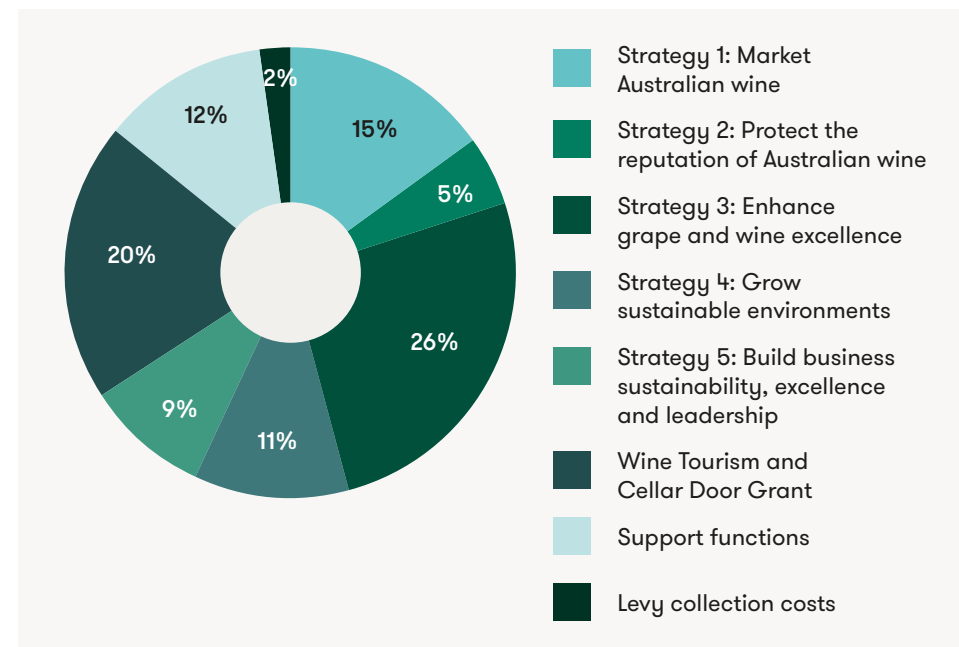
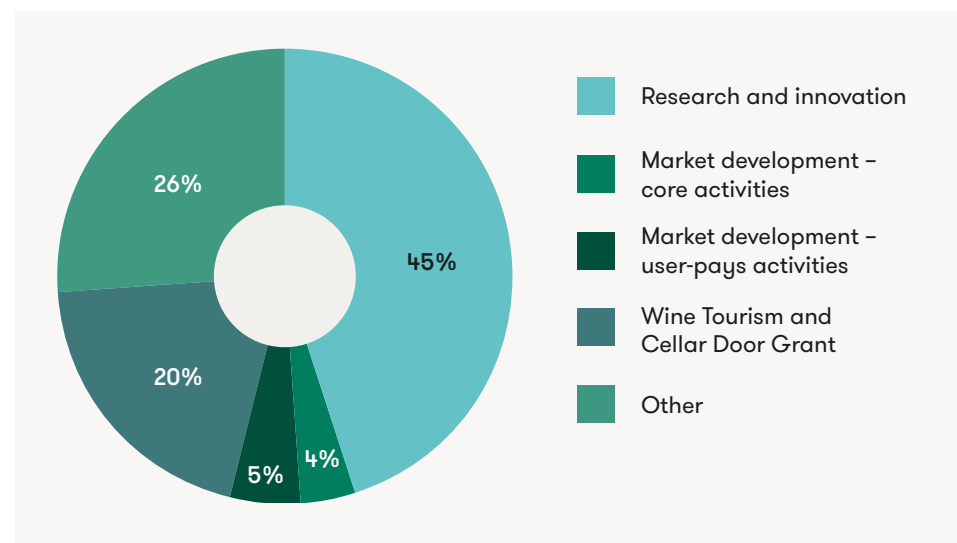


Table 3: Estimates of expenditure by activity for 2023-24

Expenditure by activity	\$m
Research and innovation	22.66
Market development – core activities	2.02
Market development – user-pays activities	2.38
Wine Tourism and Cellar Door Grant	10.00
Other	12.69
Total activity expenditure	49.75

Figure 3: Estimates of expenditure by activity, for 2023-24



A balanced portfolio

Table 4: R&I investment by project term

Project term	Number of projects		Budget 2023-24 \$m	
Short (<2 years)	25	37%	2.4	12%
Medium (2-4 years)	31	46%	8.7	44%
Long (>4 years)	12	18%	8.6	44%
Total	68	100%	19.6	100%

Figure 4: R&I investment by project term

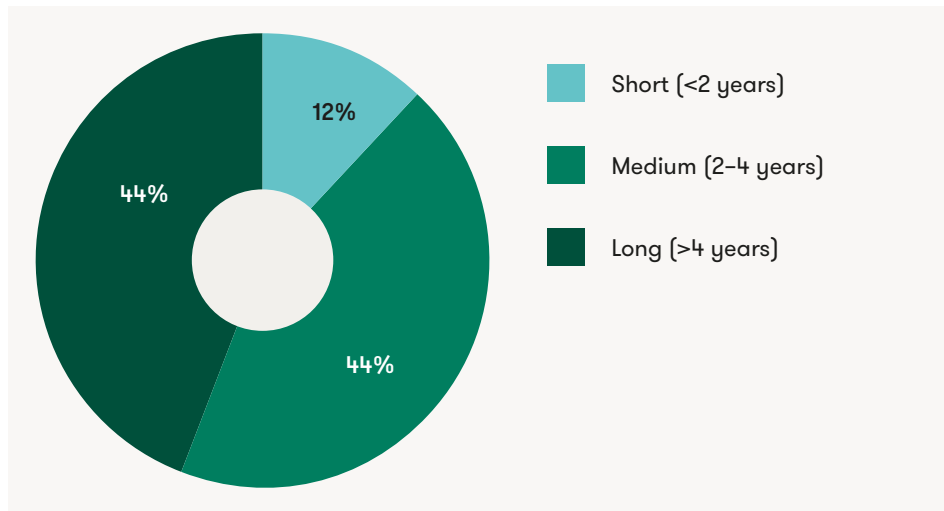


Table 5: R&I investment by risk

Risk	Number of projects		Budget 2023-24 \$m	
Low	36	53%	2.7	14%
Medium	18	26%	9.3	47%
High	14	21%	7.6	39%
Total	68	100%	19.6	100%

Figure 5: R&I investment by risk category

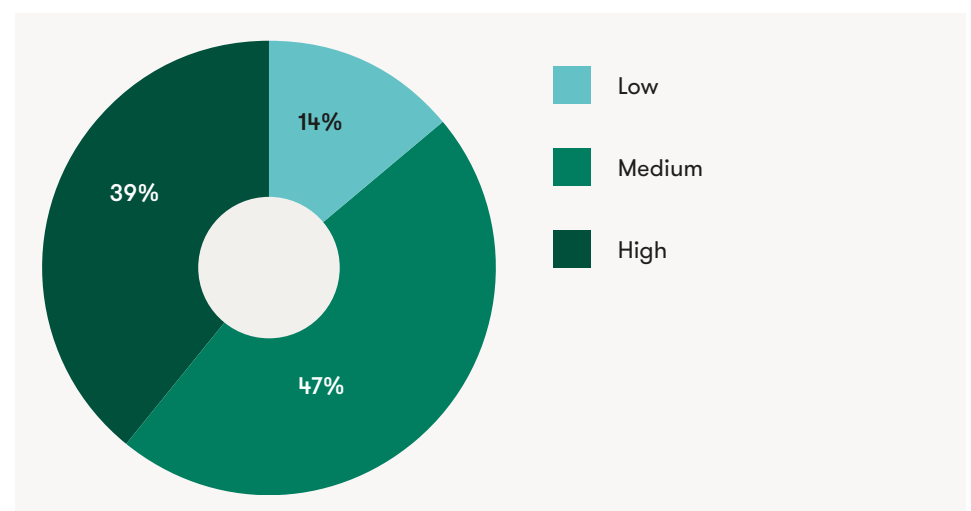


Table 6: R&I investment by research type

Research type	Number of projects		Budget 2023-24 \$m	
Extension and adoption	12	18%	3.0	15%
Capability	28	41%	0.8	4%
Strategic	19	28%	14.0	71%
Adaptive	9	13%	1.9	9%
Total	68	100%	19.6	100%

Figure 6: R&I investment by research type

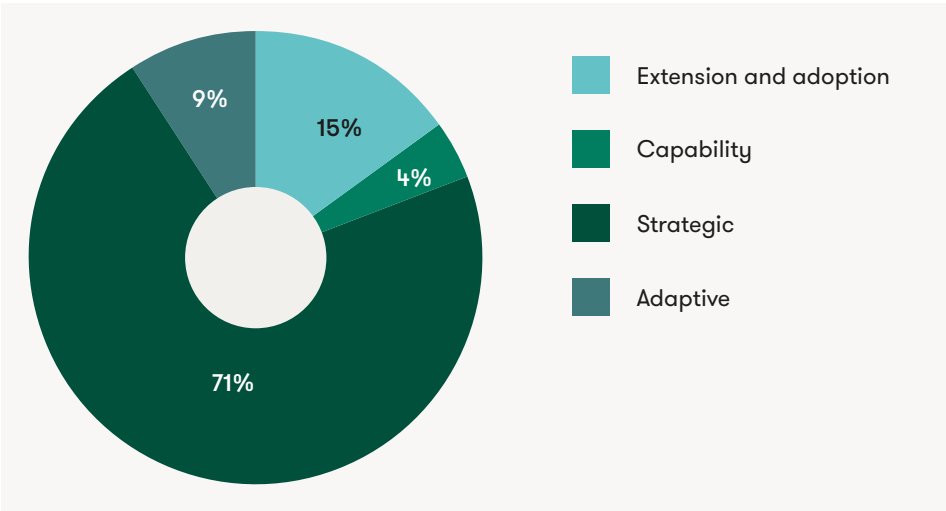
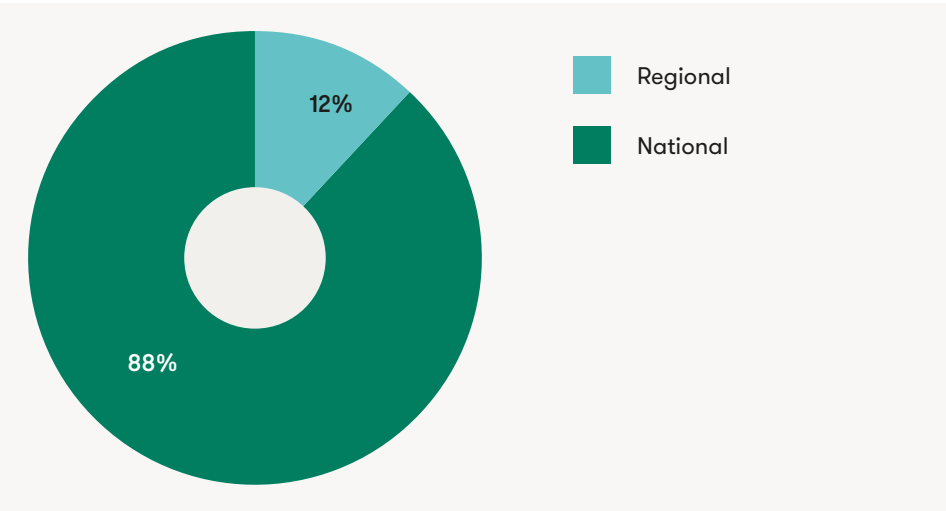


Table 7: R&I investment by geographic focus

Geographic focus	Number of projects		Budget 2023-24 \$m	
Regional	12	18%	2.4	12%
National	56	82%	17.2	88%
Total	68	100%	19.6	100%

Figure 7: R&I investment by geographical focus



Alignment with National Agricultural Innovation Priorities

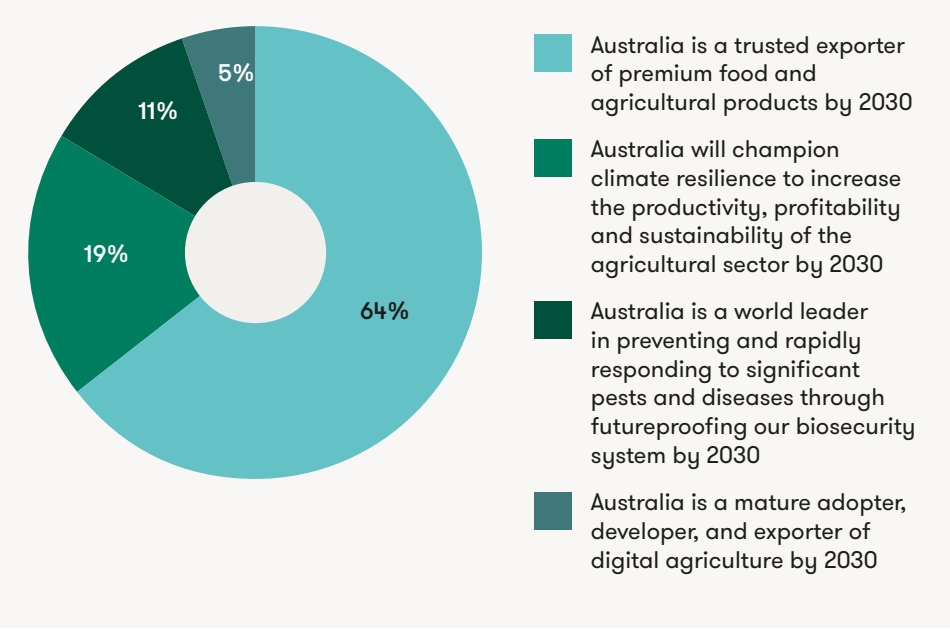
Table 8: National Agricultural Innovation Priorities

Wine Australia strategies	Australia is a trusted exporter of premium food and agricultural products by 2030	Australia will champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector by 2030	Australia is a world leader in preventing and rapidly responding to significant pests and diseases through futureproofing our biosecurity system by 2030	Australia is a mature adopter, developer, and exporter of digital agriculture by 2030	Total
	\$m	\$m	\$m	\$m	\$m
Strategy 2: Protect the reputation of Australian wine	0.0 0.1%	0.1 0.6%	0.0 0.0%	0.0 0.0%	0.1 0.7%
Strategy 3: Enhance grape and wine excellence	11.1 56.7%	0.2 0.9%	0.0 0.2%	0.5 2.6%	11.8 60.3%
Strategy 4: Grow sustainable environments	0.1 0.5%	2.5 12.7%	1.7 8.7%	0.0 0.1%	4.3 22.0%
Strategy 5: Build business sustainability, excellence and leadership	1.4 6.9%	1.0 4.9%	0.5 2.4%	0.6 2.8%	3.3 17.0%
Total	12.6 64.2%	3.7 19.1%	2.2 11.2%	1.1 5.5%	19.6 100.0%

Table 9: National Agricultural Innovation Priorities

National Agricultural Innovation Priorities	Number of projects		Budget 2023-24 \$m	
1. Australia is a trusted exporter of premium food and agricultural products by 2030	30	44%	12.6	64%
2. Australia will champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector by 2030	18	26%	3.7	19%
3. Australia is a world leader in preventing and rapidly responding to significant pests and diseases through futureproofing our biosecurity system by 2030	11	16%	2.2	11%
4. Australia is a mature adopter, developer, and exporter of digital agriculture by 2030	9	13%	1.1	5%
Total	68	100%	19.6	100%

Figure 8: National Agricultural Innovation Priorities



Statement of Expectation and Statement of Intent

Statement of Expectation



SENATOR THE HON MURRAY WATT
MINISTER FOR AGRICULTURE, FISHERIES AND FORESTRY
MINISTER FOR EMERGENCY MANAGEMENT

MS23-000695

Dr Michele Allan AO
Chair
Wine Australia
PO Box 2733
KENT TOWN SA 5071

Dear Dr Allan

I am writing to you to set out my expectations for the delivery of Wine Australia's regulatory functions. This Ministerial Statement of Expectations is a requirement under the Australian Government's regulatory policy as described in the Department of Finance's Regulator Performance Resource Management Guide 128 (RMG 128).

Ministerial Statement of Expectations

Wine Australia is responsible for administering a diverse range of regulatory functions under the *Wine Australia Act 2013* (Wine Australia Act) and the Wine Australia Regulations 2018, including administering the Label Integrity Program, export controls, the Wine Export Label Directory, and the Register of Protected Geographical Indications and Other Terms.

These important functions protect the reputation of Australian wine and support the industry, which is a key contributor to regional employment and our national economy. An effective regulator of the Australian wine industry, with a commitment to continuous improvement in regulatory capability, will ensure the long-term growth and productivity of the sector.

As the responsible Minister, I will work with my department to ensure legislation governing Wine Australia and the broader wine industry remains effective and fit for purpose. I will also provide an enabling environment for Wine Australia to consistently implement best practice regulation by ensuring you are well informed of the government's policy direction as specific initiatives and strategies are being considered.

I expect Wine Australia to fulfil its regulatory functions in accordance with the principles of regulator best practice, outlined in RMG 128, to embed an approach of continuous improvement and building trust, ensuring regulation is risk based and data driven, and collaborating and engaging with stakeholders where relevant.

I expect Wine Australia to be flexible and responsive to changing circumstances, and ensure their regulatory processes remain effective and efficient. Where appropriate, Wine Australia should consider and aim to improve their processes, reduce the regulatory burden on stakeholders, build collaborative partnerships, and increase trust and public confidence in their operations and Australia's regulatory system. This includes responding to independent reviews and directions from government in a manner that addresses underlying issues and improves effectiveness and efficiency.

Parliament House Canberra ACT 2600 Telephone (02) 6277 7190

I expect Wine Australia to engage meaningfully with Australian Grape & Wine, as the representative organisation named in the Wine Australia Act, as well as relevant state, territory and regional representative bodies. I also expect Wine Australia to engage with the Department of Agriculture, Fisheries and Forestry, IP Australia, and any other export and intellectual property regulators and policy agencies at the Commonwealth or State levels, as necessary, to achieve Wine Australia's objectives and deliver outcomes for Australia's wine industry.

I expect clear and ongoing consultation and communication with stakeholders to ensure that Wine Australia's regulatory activities are effective and efficient in delivering against intended outcomes, and that stakeholders' input is recognised by Wine Australia and addressed in a timely and transparent way.

In performing its regulatory functions, I expect Wine Australia to operate with transparency and accountability. Where charging arrangements are in place, Wine Australia should ensure it documents and reports key information about the activity in a manner consistent with the Australian Government Charging Framework and the Cost Recovery Guidelines.

I recognise Wine Australia has taken steps to strengthen its focus on sustainability, and environmental, social and corporate governance (ESG). Sustainability and ESG is one of the biggest opportunities and challenges facing the agriculture sector more broadly, and it is one of my main priorities as Minister. I expect Wine Australia to maintain its focus on sustainability and ESG, and to continue incorporating these principles in its regulatory functions, to ensure the industry can continue to engage meaningfully with international partners on the issues of sustainability and trade.

RMG 128 requires you, as the Accountable Authority, to report Wine Australia's regulatory performance in accordance with the *Public Governance, Performance and Accountability Act 2013*. This applies for the 2023-24 planning and reporting cycle.

I ask that this Ministerial Statement of Expectations and your Statement of Intent be made publicly available on www.wineaustralia.com and www.transparency.gov.au within three months of receipt of this letter. I also ask they be included as part of Wine Australia's Corporate Plan and/or Annual Report.

Delivering against these expectations will ensure Wine Australia continues to deliver regulatory functions to the benefit of Australians. I look forward to working cooperatively on these important priorities.

I have sent a copy of this letter to Dr Martin Cole, Chief Executive Officer of Wine Australia.

Yours sincerely

MURRAY WATT

7/6/2023

cc: Dr Martin Cole, Chief Executive Officer, Wine Australia

2

Statement of Intent



Australian Government Wine Australia

Wine Australia's Statement of Intent

The Australian Government's vision is for Wine Australia to be a high performing and responsive corporate Commonwealth entity that implements a principles-based regulatory framework in a way that allows for continuous improvement, reduces for the administrative burden on business, whilst protecting the reputation of Australian wine.

Wine Australia acknowledges that the regulatory framework it implements should be fit-for-purpose and implemented in a way that reduces the regulatory burden on individuals, business, community organisations and customers. In this context, the Government has issued a Statement of Expectations for Wine Australia, which outlines the Government's expectations of the role and responsibilities of Wine Australia. The Statement of Expectations is available on Wine Australia's website.

This Statement of Intent responds to the Government's Statement of Expectations for Wine Australia, which is a requirement under the Australian Government's regulatory policy as described in the Department of Finance's Regulator Performance Resource Management Guide 128 (RMG 128). Wine Australia's Statement of Intent includes quantitative and qualitative information as well as examples that outline specific actions that relate to Wine Australia's performance against each of the three principles set out in RMG 128 and the Statement of Expectations.

Our role

Wine Australia is established in accordance with the Wine Australia Act 2013 (Act). Wine Australia's objects include to control the export of grape products from Australia in accordance with Part 3 of the Wine Australia Regulations 2018 (Regulations) and to enable Australia to fulfil its obligations under prescribed wine trading agreements. The latter of these two objects give rise to Wine Australia's obligation to maintain the Register of Protected Geographical Indications and Other Terms, and to administer the Label Integrity Program (LIP) established by Part VIA of the Act.

The regulatory activities conducted by Wine Australia pursuant to the Act and Regulations are:

- controlling the export of grape products from Australia as set out in the Regulations – this regulatory activity also includes ensuring that wines exported out of Australia comply with the blending rules pertaining to vintage, variety and geographical origin, and that they comply with the Australia New Zealand Food Standards Code; and
- administering the LIP described in Part VIA of the Act – the purpose of the LIP is to help ensure the truth and the reputation for truthfulness of statements made on wine labels, or made for commercial purposes in other ways about the vintage, variety and geographical indication of wine manufactured in Australia.

A description of Wine Australia's regulatory activities, outputs and processes are listed in Table 1.

Statement of Expectations

Wine Australia notes the Australian Government's priorities and commits to acting in accordance with regulatory best practice in decision making, operational practices, and communications to ensure effectiveness and efficiency. Wine Australia is committed to the delivering the Government's Statement of Expectations. Wine Australia's response is set out after Table 1.

RMG 128 outlines three principles of regulator best practice, against which regulators are required to report in their corporate plans and annual reports. How Wine Australia meets these three principles is set out in Table 2.

Table 1: Regulatory Activities, Outputs and Processes

	Regulatory activity	Outputs	Process of the activity
Export licences	Wine Australia makes decisions about whether to grant, suspend or cancel licences to export grape products from Australia in accordance with Part 3, Division 2 of the Regulations.	In considering eligibility to hold licences to export grape products from Australia, Wine Australia has regard to the matters set out in section 9(3) and 13 of the Regulations which include (without being limited to): <ul style="list-style-type: none">whether the applicant is a fit and proper personwhether the Wine Export Charge is due and payablewhether a licensee exports a grape product in contravention of the Act or Regulationsany matters relating to the applicant that might adversely affect the export trade in grape products, andany other matter relating to the promotion of the export of grape product.	Compliance with the LIP is monitored through the exercise of monitoring powers under section 39ZC of the Act and requests for records in accordance with section 39ZAA of the Act.
			Offences relating to the sale, export or import of wine with false or misleading description and presentation is monitored through risk-based inspections.
			Compliance with conditions of export are monitored through Wine Australia's Licensing and Approval System (WALAS).
			Revocation and refusal of applications for export approval are monitored through WALAS.
Product inspections and label approvals	Wine Australia makes decisions about whether to approve, refuse, suspend or revoke approval of grape products for export in accordance with Part 3, Division 3 of the Regulations. Wine Australia makes decisions about whether the description and presentation of grape products is false or misleading for the purposes of sections 40C and 40E of the Act. Wine Australia makes decisions about whether record keepers have complied with the LIP.	To grant approval of grape products for export, Wine Australia must be satisfied that the grape product complies with the Code (or that the ways in which the product does not comply will not compromise the reputation of Australian grape products). Wine Australia must be satisfied that the description and presentation of the grape product is appropriate having regard to requirements of the Act, other Australian laws and the laws of other countries. Wine Australia may cancel or suspend licences to export grape products from Australia, apply for injunctions to prevent the sale of non-compliant products, and may pursue criminal penalties for breaches of the Act. Wine Australia must maintain a Label Directory as referred to in the Regulations and must ensure that labels are provided in relation to packaged product prior to granting an export certificate for the relevant consignment.	Compliance with the Code is monitored through WALAS and through risk-based collection of sample tested for compliance with the Code.
			The description and presentation of wine is assessed for compliance through: <ul style="list-style-type: none">inspections of labels and LIP documentation as a precursor to granting product approvalLIP inspections.
			<ul style="list-style-type: none">Risk based inspections of labels are conducted to satisfy Wine Australia that the description and presentation of the grape products are appropriate.Offences relating to the sale, export or import of wine with false or misleading description and presentation are monitored through risk-based inspections.Compliance with the Label Integrity Program is monitored through the exercise of monitoring powers under section 39ZC of the Act and requests for records in accordance with section 39ZAA of the Act.
Shipping approval	Wine Australia makes decisions about whether to issue, refuse or revoke export certificates (shipping approval) in accordance with Part 3 of Division 4 of the Regulations.	Wine Australia must be satisfied that a consignment of a grape product has been approved. Wine Australia must refuse to issue as export certificate if it reasonably believes that the grape product cannot lawfully be sold in the country to which it is to be exported.	Approval status of grape products is monitored through WALAS. Requests for information are made to verify that laws pertaining to the description and presentation of grape products have been complied with.

Statement of Intent

- Wine Australia's regulatory obligations are delivered in accordance with the principles of best practice regulation as outlined in the RMG 128 (including continuous improvement and building trust, risk based and data driven and collaboration and engagement). This includes responding to independent reviews in a way that addresses underlying issues and improves effectiveness and efficiency.
- Wine Australia is committed to fulfilling its regulatory functions in a way that upholds the reputation of Australian wine while balancing the need to facilitate efficient export systems and processes, and minimising the imposition of unnecessary costs on Australian wine producers.
- Wine Australia is committed to ensuring its regulatory processes remain effective and efficient. Where appropriate, Wine Australia considers improvements to processes and implements alternative methods of ensuring compliance (such as education or information campaigns) to reduce the regulatory burden and costs to stakeholders.
- Wine Australia is committed to engaging meaningfully with Australian Grape & Wine as well as the relevant state, territory and regional representative bodies, the Department of Agriculture, Fisheries and Forestry, IP Australia, and any other export and intellectual property regulators and policy agencies at the Commonwealth or State levels as necessary to achieve Wine Australia's objectives and deliver outcomes for Australia's wine industry.
- Wine Australia is committed to engaging in consultation and communication with its stakeholders to be conducted on an ongoing basis to ensure that Wine Australia's regulatory activities are effective and efficient in delivering against intended outcomes, and that their input is recognised by Wine Australia and addressed in a timely and transparent way.
- Wine Australia operates with transparency and accountability. Where charging arrangements are in place, Wine Australia ensures it documents and reports key information about the activity in a manner consistent with the Australian Government Charging Framework and the Cost Recovery Guidelines.
- Wine Australia is committed to maintaining a focus on sustainability and environmental, social and corporate governance (ESG) and in incorporating these principles into our regulatory functions, to support the Australian wine sector to engage meaningfully with international partners.
- Wine Australia will ensure it conducts its operations and regulates in a manner that is flexible and responsive to changing circumstances impacting the sector.

Table 2: Implementation and Measure of Success of the Three Principles outlined in RMG 128

	Principle	Implementation of Principles	Measure of Success
Principle 1	Continuous improvement and building trust - regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture to build trust and confidence in Australia's regulatory settings.	<ul style="list-style-type: none"> Monitoring of stakeholder satisfaction through the annual stakeholder survey. Implementation of a consultation plan that has been developed in accordance with Wine Australia's customers. Development and maintenance of a customer engagement plan. Ongoing interaction with international fora. The undertaking of an annual review of the cost recovery statement. The development and implemented documented stakeholder consultation procedure. Significant changes to the regulatory frameworks follow stakeholder consultation. Significant changes to policies and procedures are communicated to regulated entities via a two stage process of interim, followed by final, determinations. Regular contact with regional wine grape grower and wine producers associations occurs. Maintaining the Wine Australia Licensing and Compliance Guide. Engagement with AGW as the declared representative under the Act to test suitability of the current regulatory environment. Egregious breaches are publicised. 	Reporting against implementation will be undertaken as part of ongoing review of progress against Wine Australia's Annual Operating Plan.
Principle 2	Risk based and data driven - regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden, and leveraging data and digital technology to support those they regulate to comply and grow.	<ul style="list-style-type: none"> Maintenance of Wine Australia's risk registry and risk framework. Board meetings carried out to review risk policy and framework and set risk tolerance. Encouragement of innovation in data and digital space in the administration of Export Controls and LIP, for example WALAS. Demonstrated willingness to engage in activities that seek to harmonise trade with trading partners and other domestic regulators. Maintenance of WALAS and development of LIP. Maintenance of Wine Watch - an online anonymous reporting tool with Wine Australia investigating all alleged non-compliances reported to it. Inspections are based on risk profile of having regard to supply and demand issues in specific regions and with certain grape varieties. Additional information is requested from high-risk exporters (using digital technology such as WALAS to identify such exporters). Implementing an analysis program which involves random analytical testing conducted to ensure and verify compliance with the Food Standards Code and to identify potential market access risks. New and emerging regulatory risks are identified through maintenance of an enquiry register. Maintenance of the exporter news which provides for regular communication to exporters. Development of a consumer action plan which allows Wine Australia to engage with a raft of people from different sectors. 	Reporting against implementation will be undertaken as part of ongoing review of progress against Wine Australia's Annual Operating Plan.
Principle 3	Collaboration and engagement - regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way	<ul style="list-style-type: none"> Continuous and regular communication with stakeholder through a range of channels to ensure a two-way feedback process and continuous improvement. Maintenance of the legislative review committee to review any regulatory changes. Wine Australia engages with the OIV and World Wine Trade Group. Periodic review of market access risks associated with implementation of regulations. Wine Australia's customer engagement plan includes a schedule of educational activities and to increase awareness of requirements under the Act. Maintenance of an email labels inbox in order for Wine Australia to provide free opinions as to labelling compliance 	Reporting against implementation will be undertaken as part of ongoing review of progress against Wine Australia's Annual Operating Plan.

Funding agreement obligations

Background

In accordance with section 35(1c) of the Act, the Minister may enter into a Funding Agreement with Wine Australia. The agreement must specify the terms and conditions on which money paid to Wine Australia by the Commonwealth will be spent. The Act also provides that Wine Australia must not spend money that has been paid to it by the Commonwealth unless it does so in accordance with the Funding Agreement.

On 2 June 2015, Wine Australia entered into such agreement with the Commonwealth, represented by the Department of Agriculture and Water Resources¹ (Department).

Wine Australia entered into a further Funding Agreement with the Department on behalf of the Commonwealth of Australia which commenced on 14 May 2020. A copy of the current Statutory Funding Agreement is available on our website.

The Funding Agreement is complemented by:

- RDC Companion Document (developed in conjunction with the 2020–30 Funding Agreement)
- Wine Australia's *Best Practice Guide to Stakeholder Consultation* (provided to Wine Australia by the Minister in December 2021)
- *Guidelines for Statutory Funding Agreements* (provided to Wine Australia by the Minister in November 2021), and
- *RDC Knowledge Transfer and Commercialisation Guide* (provided to Wine Australia by the Minister in November 2021).



¹ Now the Department of Agriculture, Fisheries and Forestry

Incorporation of best practice principles in governance and reporting

Wine Australia is expected to incorporate the following best practice principles into its governance and reporting:

- the Performance Principles contained in the Funding Agreement and complemented by the RDC Companion Document developed in conjunction with the 2020–30 Funding Agreement, and the Guidelines for Statutory Funding Agreements provided to Wine Australia by the Minister in November 2021, and
- the best practice principles set out in:
 - Wine Australia’s *Best Practice Guide to Stakeholder Consultation*
 - National Agricultural Innovation Policy Statement, and
 - RDC *Knowledge Transfer and Commercialisation Guide*.

Performance Principles

The Funding Agreement obliges Wine Australia to act in accordance with specified Performance Principles and Guidelines.

We demonstrate our performance against the Performance Principles and Guidelines to levy payers and other stakeholders by reporting against them in our Annual Report.

The Performance Principles are summarised as follows:

Stakeholder engagement – Wine Australia must engage stakeholders to identify R&I priorities and activities that provide benefits to the sector.

Balanced Portfolio – Wine Australia must ensure R&I (and marketing) priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a Balanced Portfolio. Balanced Portfolio is defined as meaning an R&I investment portfolio incorporating an appropriate blend of issues of national importance based on government and levy payer priorities that seeks to balance short-, medium- and long-term investments, high- and low-risk, and strategic and adaptive research needs including consideration of regional variations and needs.

Collaboration – Wine Australia must undertake strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors.

Governance – Wine Australia must implement governance arrangements and practices to fulfil legislative requirements and align with contemporary Australian best practice for open, transparent and proper use and management of funds.

Performance – Wine Australia must demonstrate positive outcomes and delivery of R&I (and marketing) benefits to levy payers and the Australian community and show continuous improvement in governance and administrative efficiency.

The KPIs pertaining to the Performance Principles are set out in Table 10.

The Guidelines are:

- the Australian Government’s Science and Research Priorities
- the Australian Government’s National Agricultural Innovation Priorities
- the National Primary Industries Research Development and Extension Framework
- the Levy Principles and Guidelines, being the guidelines relating to the introduction of new levies or changes to existing levies
- the Companion document to the Research and Development Corporations Funding Agreement prepared by the Department, and
- other guidelines or priorities about which the Commonwealth notifies Wine Australia in writing from time to time.

Table 10: Performance Principle KPIs

Performance principle	KPIs
Performance Principle 1: Stakeholder Engagement	<p>1.1. Strategy prioritisation and development processes include appropriate consultation plans, based on the <i>Best practice guide to stakeholder consultation</i>.</p> <p>1.2. Demonstrated industry stakeholder engagement in the identification of RD&E priorities and activities consistent with the consultation plan in 1.1.</p> <p>1.3. Demonstrated incorporation of industry stakeholder feedback on RD&E priorities and activities. Where incorporation is not possible, demonstration of feedback to a stakeholder</p>
Performance Principle 2: Research Development and Extension (RD&E) activities	<p>2.1. RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, access to new markets.</p> <p>2.1. Levy payers who participate in RDC supported extension and adoption programs:</p> <ul style="list-style-type: none"> – gain new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness. – intend to make or have made changes to existing practices by adopting the outcomes of R&D
Performance Principle 3: Collaboration	<p>3.1. Completed, current and future R&D including commercialisation opportunities is accessible through the growAG platform.</p> <p>3.1. Number and quantum of cross-industry and cross-sector RD&E investments available.</p>
Performance Principle 4: Governance	<p>4.1. Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.</p> <p>4.1. Demonstrated management of financial and non-financial risk.</p> <p>4.1. Relevant policies and procedures adopted and implemented (e.g., privacy etc).</p> <p>4.1. Non-financial resources implemented effectively (Human resources, IT, IP etc).</p>
Performance Principle 5: Monitoring and Evaluation	<p>5.1. Impact (cost – benefit) assessment of a broad cross-section of RD&E [and marketing] investments undertaken annually.</p> <p>5.1. Demonstrated consideration of and response to outcomes of monitoring and evaluation processes.</p> <p>5.1. Transparent communication to stakeholders (including government) on the impacts and benefits of the RD&E [and marketing] activities.</p>

Risk management

Our risk management framework is aligned with and reflects existing standards and guidance such as AS/NZS ISO 31000:2018 – Risk management – Principles and guidelines.

We engage with risk in our operating environment to deliver programs that are innovative, efficient and dynamic. Our positive risk culture promotes an open and proactive approach to managing risks.

We recognise that it is not possible, nor necessarily desirable, to eliminate all of the risks inherent in our work. Accepting some degree of risk in our business practices promotes efficiency and innovation.

We are willing to accept higher levels of risk when the potential benefits outweigh the negative consequences of the risks. In doing so, we must be able to demonstrate that we have made informed, evidence- and risk-based decisions.

We acknowledge that identifying opportunities and capitalising on those opportunities to improve the overall performance of Wine Australia is a key component of meeting our corporate goals. We have set risk tolerances across six risk categories to guide the ways in which we engage with risk.

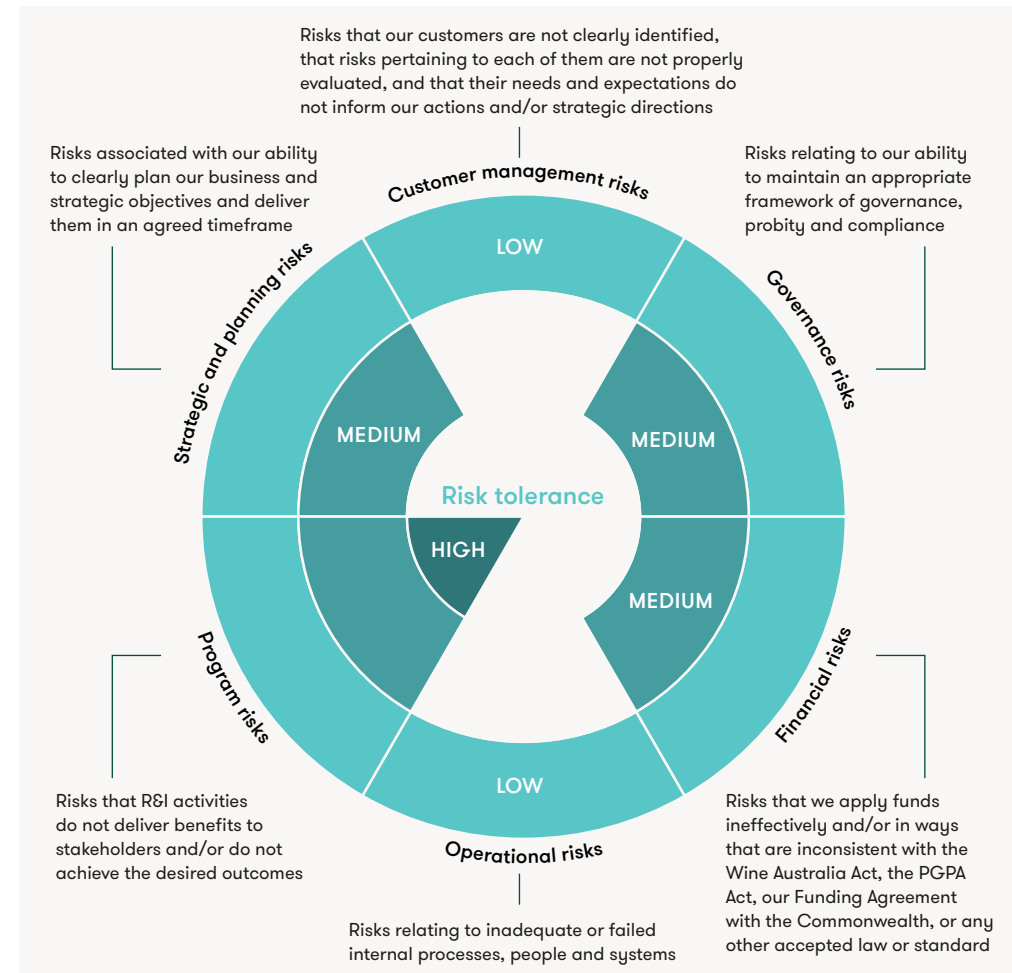
Risk management is a role that is shared across the entire organisation. All employees have a responsibility to identify, assess, report and, where appropriate, take corrective action to mitigate risks that are outside the agreed tolerance levels.

Resources are allocated appropriately to ensure that risk management can continually improve, with the early identification and treatment of potential risk factors.

At an operational level, risk is managed through regular meetings of the Risk Management Committee, which provides risk reports to each meeting of the Audit and Risk Committee.

Risk is included as a standing agenda item at each meeting of the Audit and Risk Committee and reports are provided to the Board periodically.

In 2023–24, we will ensure that our risk tolerance remains fit for purpose and we will continually assess strategic and operational risks to ensure that risks are managed in accordance with our established risk management practices.



Appendices

Appendix 1: Current R&I projects

Strategy 2: Protect the reputation of Australian wine	
AGW	AGW – Market access agreement
WAC 1912	Investigate market access impediments and opportunities for Australian wine by attendance at meetings of the International Organisation of Vine and Wine (OIV)
Strategy 3: Enhance grape and wine excellence	
AWR 2202	AWRI Investment Agreement
AWRI	Strategic Research projects
Grapevine breeding and germplasm	Strategic Research projects
SARDI/PIRSA	Strategic Research projects
Wine production	Strategic Research projects
Optimisation and Profitability	Inland regions profitability (WIPP)
Agtech	Agtech Program
UA 1803	Strategic Research Agreement
WA 2302	DPIRD Collaboration Agreement
WAC 2207	Riverina Winegrape Growers participation in co-design of the WIPP
CSU 2301	Botrytis test kit evaluation
UA Ph2105	Defining the diversity and the potential applications of yeasts from Australian niches
FOV 2202	Implementation of a national standard for grapevine certification - Phase 2a
WA 1908	Assessing the practicality of the robot platforms from SwarmFarm Robotics

Strategy 4: Grow sustainable environments	
SWA	Support for Sustainable Winegrowing Australia
SAR 1701	SARDI Strategic Research Agreement
RV 2101	National EcoVineyards program
WA 2001	Xylella insect vectors (Co-funded Hort Innovation)
CRC SAAFE	Strategic Research projects
LTU 2001	Validation and implementation of an early warning system to reduce smoke impacts from prescribed burns and bushfires on agricultural industries in Victoria
DJP 2001	Integrated management of grapevine phylloxera: Phase II
Phase 3 PBRI	Strategic research projects
Biosecurity	Strategic research projects
Smoke	Strategic research projects
ESG	Strategic research projects
Venture Capital Fund	Strategic research projects
WA 2201	One Basin CRC Partnership Agreement
UQ 2001	ARC Research Hub for Sustainable Crop Protection
INN 2301	Implementation support for impact projects
WA 2302	DPIRD Collaboration Agreement - Electric Weed Control Project

Strategy 5: Build business sustainability, excellence and leadership	
WA RP	Regional Program
IMT	Improving Market Transparency in Perishable Agricultural Goods Industries
Market Research	Market insights
People Development	Careers and workshops
WAS 2000	Agriculture Innovation Australia (AIA)
WA PE	Project performance evaluation
WA 2007	Future Leaders program
AGW 1607	ASVO Sponsorship Agreement
WAC 2302	Deliver the Next Crop leadership program
WAC 2112	Deliver the Next Crop leadership program
YLN	Young leaders network
WA IN	Innovators' Network - extension and adoption projects
WAC 2201	Careers in grape and wine – video series
UA Ph2101	Use of activated carbon fabrics to mitigate smoke taint in grapes and wine
UA Ph2102	The role of polysulfides in the appearance of 'reduced' wine aromas
UA Ph2103	Driving the image and growth of NOLO wines in Australia and key export markets
UA Ph2104	Examining consumer acceptance of alternative and gene-edited traditional grape varieties
WA AS	Alumni support
CRRDC	Council of Rural R&D Corporations
WA L2001	ABARES Science & Innovation Awards for Young People in Agriculture
WAS 1901	Primary Industries Education Foundation Australia (PIEFA) partnership
WAP 2001	Wine Communicators of Australia Wine Industry Mentor Program
WA PH2100	Developing and applying climate smart and biochar-based innovative technologies for viticulture future in southeast Queensland

WA Ph2200	Rapid analytical methods for early detection of smoke taint in grape juice.
WAS 1902	Diversity in Agriculture Leadership Program
WIA 2201	Collaboration agreement with NSW Wine – Wine Industry Productivity and Profitability Cluster (WIPP cluster)
WA Ph2202	Mobile RNA signalling between rootstock and scion in grafted grapevine
WA PH2105	Bait lamina probe as a farmer friendly tool for assessing soil biological activity
WA PH2106	Alternate strategies and vineyard practices for reducing the risk of grapevine trunk diseases
WA Ph2001	Engineering biosensors of wine spoilage
WA PH2102	Alternatives to sulfur dioxide for controlling Brettanomyces spoilage in wine
WA Ph2201	One vine, two diseases: Interactions of different grapevine trunk disease pathogens within vines
WA Ph2003	Mitigating taint in wine due to vineyard exposure to bushfire smoke
WA Ph2005	Understanding the relative sustainability of harvesting pruned vineyard biomass and the effect on carbon sequestration and disease management
WA PH2101	The wine provenance project: Blockchain-enabled wine labels, a new era for consumer trust?

Appendix 2: Glossary

Agtech	Technologies designed for agricultural purposes
Agtech demonstration site	Vineyard and winery sites where agtech is being evaluated by growers and winemakers and provides opportunities for local producers to view the technologies
AI ECTA	Australia-India Economic Cooperation and Trade Agreement
ATMAC	the Australian Government's Agricultural Trade and Market Access Cooperation grant
Australian Grape & Wine (AGW)	the peak sector member-based organisation
AWRI	Australian Wine Research Institute
CRC	Cooperative Research Centre
CRC SAAFE	Cooperative Research Centre for Solving Antimicrobial Resistance in Agribusiness, Food, and Environments
CRIS	Cost Recovery Implementation Statement
Customer	Wine Australia's stakeholders, including levy and wine export charge paying grapegrowers and wineries
DAFF	Department of Agriculture, Fisheries and Forestry
Department	Department of Agriculture, Fisheries and Forestry
DPIRD	Western Australia Department of Primary Industries and Regional Development
ELLIS	Export Label Image Search System
EMEA	Europe, Middle East and Africa
ESG	environmental, social and corporate governance
growAG	a platform by Agrifutures Australia that connects agricultural research, technologies and commercialisation opportunities

Improving Market Transparency project (IMT)	a three-year project between Wine Australia, Australian Grape & Wine and the Inland Wine Region Alliance with funding from the Australian Government
Interactive Insights	Wine Australia's collection of market insights data dashboards.
KPIs	key performance indicators
LIP	Wine Australia's Label Integrity Program
NOLO	No and low alcohol wines
OIV	International Organisation of Vine and Wine
One Sector Plan	A strategic plan that will set out a shared vision for the future success of the sector. The One Sector Plan will inform <i>Wine Australia's Strategic Plan 2025-30</i> , and the subsequent key performance indicators in following Annual Operational Plans
PBRI	Plant Biosecurity Research Initiative
RD&A	research, development and adoption
RD&E	research, development and extension
R&D	research and development
Regional Program	A Wine Australia initiative that supports regional adoption of research and development outcomes
Regulations	Wine Australia Regulations 2018
R&I	research and innovation
SARDI	South Australian Research and Development Institute, a division of Primary Industries and Regions South Australia
the Act	Wine Australia Act 2013
WALAS	Wine Australia Licensing and Approval System



Australian Government

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Wine Australia supports a competitive wine sector by investing in research and innovation (R&I), growing domestic and international markets, protecting the reputation of Australian wine.

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