



Investing in innovation: meeting the challenges of tomorrow, today

Sector briefing paper

February 2025

Key points

- The research levy is steady or declining and we must maximise the impact of existing funds. CPI inflation means fewer services can be purchased each year, notwithstanding consecutive lower than average vintages. Wine Australia remains accountable for all investments through strategic planning and regular reporting.
- The AWRI Annual Report 2023-24 indicates that staffing changes and financial position at AWRI are not as severe as has been portrayed in media. Their strategic diversification appears to have helped maintain stability, despite sector challenges.
- The review of the Investment Agreement with AWRI is a scheduled, good-governance process to ensure continuous improvement.
- The operating environment is evolving, with market access challenges, climate risks, and ESG demands requiring a shift in how we invest in research and innovation.

Innovation and adaptation: translating research into real-world impact

Wine Australia is committed to balancing financial sustainability with impact. In a changing landscape it is critical to adapt, to ensure that research and innovation continues to deliver value for Australian wine businesses.

The recent Department of Industry, Science and Resources *Strategic Examination of R&D Discussion Paper* highlights a key challenge: while Australia produces world-class research, there is an opportunity to better translate findings into real-world industry outcomes. The wine sector is no exception — past research efforts have been valuable, but new approaches are needed to address today's complex challenges.

With levy revenues and value steady or declining, climate threats intensifying, market access becoming more complex, and ESG expectations rising, the sector must explore how traditional research and development can benefit from new collaborative and diversified investment models to generate innovative solutions. Wine Australia is focusing on leveraging co-investment, expanding research partnerships and broadening capability to maximise value and impact for the sector.



Capability is central to this shift because the grape and wine sector needs the right expertise to turn knowledge into industry-ready solutions.

The Australian Wine Research Institute (AWRI) has long played a critical role in delivering scientific research and technical support, helping to position Australian wine on the global stage. As a dedicated research body for the wine sector, this work will continue. However, as the needs of the industry evolve, so do the strategic focus areas of Wine Australia's research and innovation. Around one-third of Wine Australia's 43 strategic focus areas align with AWRI's capabilities, and many of those capabilities are not unique to AWRI.

While AWRI remains an important research partner in wine science, Wine Australia has expanded its research partnerships to align with the sector's strategic needs, working with universities, research organisations, and industry partners that bring complementary expertise. This diversification ensures that levy funds are used efficiently and helps access the full range of capabilities needed to tackle complex challenges into the future. It also encourages greater co-investment, with many partners contributing 30–50 per cent of project costs and providing greater R&I purchasing power, in comparison to AWRI contributions of ~5 per cent.

These changes ensure that levy funds are used efficiently and effectively, research investments remain targeted and impactful, and the sector can continue to innovate in response to shifting market and environmental pressures. The approach demonstrates the importance of adaptability in the face of industry change, and enables innovation to improve the sector's resilience, sustainability, and market competitiveness — aligning with the national push to turn research into real-world economic and social value.

AWRI performance in the face of challenges

Despite sector-wide challenges, the [2023–2024 AWRI Annual Report](#) suggests that AWRI's financial position is sound and staffing changes are not as severe as portrayed by media. While the organisation saw a reduction of 10.3 full-time equivalent (FTE) staff since 2022, salary expenditure has remained steady at \$9.78M, suggesting a strategic realignment rather than a crisis. Additionally, AWRI's uncommitted reserves increased from \$10.2M in FY23 to \$11.8M in FY24, demonstrating financial stability despite a challenging environment.

AWRI's ability to diversify its funding base has helped mitigate the impact of reduced Wine Australia funding, as research levies and Government co-contributions



decrease following lower than average vintages. While AWRI has seen some restructuring, the overall impact on its operational capacity appears less significant than suggested. Wine Australia's continued investment in the new impact project model and high-demand extension and adoption services such as the DogBook and Helpdesk remain a priority, with a need to ensure alignment between capability, funding, and industry needs.

Mid-term review of the Investment Agreement between Wine Australia and the University of Adelaide

Wine Australia and the AWRI entered into a four-year Investment Agreement in 2022. In 2022, the AWRI also entered into a non-exclusive strategic partnership with the University of Adelaide. As a result, the Investment Agreement with Wine Australia was novated to the University of Adelaide in December 2022.

Wine Australia is conducting a mid-term independent review of its four-year Investment Agreement, in accordance with the terms agreed in 2022.

The review will assess the projects and initiatives undertaken and, amongst other things, the extent to which Wine Australia's investment has delivered benefit to the Australian grape and wine sector.

This review may enable Wine Australia and the University of Adelaide to identify opportunities for refining or redirecting efforts to maximise outcomes for the sector.

As a standard process within Wine Australia's funding framework, investments are periodically reviewed throughout their lifespan to ensure transparency, accountability, and the responsible use of levy and government funds.

Similar reviews have been undertaken as part of previous Wine Australia investment agreements with AWRI and other research partners, providing informed recommendations for improved delivery of research outcomes and efficient, effective investment. These assessments are essential to confirm that the investments continue to deliver meaningful value, impact and tangible benefits.

Accountability, transparency and a balanced portfolio

With industry challenges evolving, Wine Australia's approach to research investment has adapted to ensure the best possible outcomes for levy payers.

A transparent, impact-driven R&I funding model is in place that balances investments by project term, risk category, geographical focus and research type. Wine Australia



Australian Government

Wine Australia

is accountable to the levy payers and Government that funds these investments, and robust governance and reporting structures are in place to ensure that every dollar is invested carefully and accounted for.

Through comprehensive sector consultation, the strategic priorities of the One Grape & Wine Sector Plan were identified, and the Wine Australia Strategic Plan 2025–30 will outline how these priorities will be delivered over the next five years. Annual Operational Plans will support the annual milestones and objectives, holding Wine Australia and research providers accountable to the delivery of the strategic priorities.

Wine Australia's Annual Report provides a detailed breakdown of investments, and regular cost-benefit analyses and periodic independent reviews are conducted to ensure that investments are rigorously assessed and deliver tangible results for the sector.

Given the complex economic and environmental challenges ahead, the wine sector must maximise the impact of research funds through greater co-investment, expanded research partnerships, and a focus on translating research into real-world outcomes. AWRI remains a valuable research partner, but the evolving landscape requires a more diversified, collaborative approach to ensure innovation, sustainability, and commercial success for the Australian wine industry.