



Australian Government

Australian Grape and
Wine Authority

Australian Grape and Wine Authority

annual report

**Annual
Report
2014–2015**

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Australian Government

Australian Grape and Wine Authority

T +61 8 8228 2000
F +61 8 8228 2066
E enquiries@wineaustralia.com
W www.wineaustralia.com

Australian Grape and Wine Authority
ABN 89 636 749 924
Industry House – National Wine Centre
Cnr Hackney and Botanic Roads
Adelaide SA 5000
PO Box 2733, Kent Town SA 5071, Australia

Thursday, 15 October 2015

The Hon. Barnaby Joyce MP
Minister for Agriculture and Water Resources
Parliament House
CANBERRA ACT 2600

Dear Minister Joyce

On behalf of the Directors of the Australian Grape and Wine Authority (AGWA), I have the pleasure of submitting the *Annual Report 2014–15* for the year ended 30 June 2015.

This annual report has been prepared in accordance with the *Australian Grape and Wine Authority Act 2013* (AGWA Act), the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and relevant orders.

Yours sincerely

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

Brian Walsh
Chair
Australian Grape and Wine Authority

About AGWA

The Australian Grape and Wine Authority (AGWA) is the Australian Government statutory services body for the Australian grape and wine community.

We are established under the *Australian Grape and Wine Authority Act 2013* (AGWA Act) and have responsibility for market development, research, development and extension (RD&E) and regulatory services.

What we do

Our role under the AGWA Act is to:

- coordinate or fund grape and wine research and development (R&D), and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- increase the demand for Australian wine, both in Australia and overseas, through targeted promotion and marketing activities.

We undertake many of our activities as Wine Australia.

Our vision is for a prosperous Australian grape and wine community.

We seek to foster and encourage a prosperous Australian grape and wine community by investing in R&D, building markets, disseminating knowledge, encouraging adoption and ensuring compliance.

Our governance and operations seek the best possible return on the investment of our RD&E, market development and regulatory funds.

We are a statutory authority forming part of the Australian Government's Agriculture portfolio and we deliver one outcome.

Our outcome is:

Foster and enable a competitive Australian wine industry by investing in research and development, building markets, disseminating knowledge and ensuring compliance.

Our strategic priorities

As outlined in our one-year *Corporate Plan 2014–15* and our *Annual Operational Plan 2014–15*, to help achieve our aim of a prosperous Australian wine community, we had three priorities:

- 1 Increasing demand by enhancing the image and the reputation of Australian wine and improving access to international markets
- 2 Increasing competitiveness by delivering knowledge, improving products and processes and understanding the environment and sustainability
- 3 Increasing capability by adopting research outcomes and developing people.

Stakeholders and partners

As the market development, RD&E and regulatory services organisation for the Australian grape and wine community, we work in partnership with a wide range of stakeholders along the supply chain. The Winemakers' Federation of Australia (WFA) and Wine Grape Growers Australia (WGGA) are our representative organisations under the AGWA Act.

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 the Australian Wine Research Institute (AWRI), the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the National Wine and Grape Industry Centre (NWGIC), universities and state agencies.

We invest with other research and development corporations (RDCs) in cross-sectoral collaborative research to deliver RD&E benefits to the broader community.

We collaborate with our market development 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.

Planning and reporting

To guide our first year of operations, as required by the AGWA Act, we detailed our planned objectives in our one-year *Corporate Plan 2014–15* and *Annual Operational Plan 2014–15*.

Our objectives also reflect the Australian Government's National Research Priorities and Rural R&D Priorities. From 2015–16, investments will be aligned to the new national Science and Research Priorities announced on 26 May 2015. They will also reflect the clear, farmer-oriented priorities for rural RD&E funding in the Agricultural Competitiveness White Paper.

This annual report details our performance against our planned objectives.

Chair's report



**Increase
the
demand
and the
premium
paid for all
Australian
wine**

This year has marked a significant milestone for the Australian grape and wine community with the creation of the Australian Grape and Wine Authority (AGWA), from the merging of the Grape and Wine Research and Development Corporation and Wine Australia Corporation.

With the commencement of the new organisation, our first priority was to continue to provide seamless service and support our stakeholders. Simultaneously, several key senior staff positions required recruitment. In capturing the opportunities, both financial and functional, of a single national organisation, attention to a positive workplace service culture was also paramount.

Strategy

An early obligation was the creation of our five-year plan. During the year, we conducted extensive consultations with the Australian grape and wine community in developing our *AGWA Strategic Plan 2015–2020*.

We believe that over a multi-generational timescale, we can see Australia being recognised as the world's pre-eminent wine producing country.

In agreeing that our goal over the next five years is for a prosperous Australian grape and wine community with a unity of purpose, we set two simple, but timeless and compelling priorities:

- Increasing the demand and the premium paid for all Australian wine, and
- Increasing our competitiveness.

Over the next five years, we will invest in research and development, building markets, disseminating knowledge, encouraging adoption and ensuring compliance to achieve our goal.

We find it hard to argue that the two major priorities will not be our ongoing priorities for decades to come.

The market

The hundreds of thousands of wines on offer across the globe fall into essentially two categories: *fine wine* and *branded and commodity wine* – acknowledging that there can be grey areas in definition. Another way of describing the two market sectors is *special occasion* and *every day*, much like we might refer to dining out or other discretionary experiences.

Both sectors of the wine market are important, interdependent and are areas in which Australia has the capacity to perform highly.

In establishing our strategy, we have acknowledged that the current general reputation of Australian wine is neither reflective of the depth of quality of our offering nor as strong as it has been in the past. My observation is that while the market conditions have been challenging for many producers, the focus on crafting outstanding wines of provenance has continued unabated and we are well placed to delight and excite our customers, old and new.

Our role

We do not sell wine. Our role, through RD&E, market insights, data collection, interpretation and dissemination, monitoring compliance, market access negotiations, in-market support, education, trade fair facilitation, incoming visitor tours, events and marketing is aimed at assisting our grapegrowers, winemakers and brand owners to better succeed in the market.

There is no ‘one size fits all’ way to achieve this success, but we attempt to cover as many needs and opportunities as possible through targeted RD&E and market development activities.

Free trade agreements

An important part of our role is to improve market access for Australian wine exporters and this includes advising the government on behalf of the sector when free trade negotiations are in progress. During the year, Australian wine exports to countries with recently ratified free trade agreements showed pleasing growth.

In Japan, there have been two reductions in tariffs on bottled wine since the commencement of the Japan-Australia Economic Partnership Agreement (JAPEPA). In the 12 months to the end of June 2015, premium exports priced above \$10 per litre increased 51 per cent to \$8.1 million, while exports overall grew 10 per cent to \$44 million.

The Korea-Australia Free Trade Agreement (KAFTA) came in to effect in December 2014 and Australian wine exports to South Korea are improving with all tariffs now reduced

to zero. In 2014–15, the value of exports to South Korea grew 26 per cent compared to 2013–14, while volume grew 38 per cent year on year.

Australia has had a free trade agreement with Thailand for a decade and this year the last of the tariffs was eliminated. In the last 12 months, wine exports achieved record values and volumes, up 13 per cent in value to \$16 million and up 16 per cent in volume to 3.7 million litres.

We welcomed the signing of an FTA with China. Currently, the tariff on Australian wine exports to China is 14 per cent for bottled wine and 20 per cent for bulk wine. Significant economic benefits are expected for the Australian wine sector when the agreement is ratified.

China is our number one market for fine wine, with exports above A\$7.50 per litre to the market valued at \$124 million. During the year, the overall value of exports grew 32 per cent to a record \$280 million, making China our third largest market.

Collaboration

One of the historic competitive advantages of the Australian wine community has been its capacity to collaborate for the greater good. As the numbers of participants ballooned in recent decades, this has been more challenging, but the spirit is still willing and the benefits of collaboration, both within the grape and wine community and with the broader community of compatible organisations, are compelling.

Everything we do is in pursuit of a prosperous Australian grape and wine community.

Principle collaborators in our community are WFA and WGGA, together with state, regional and sector organisations and research providers – as well as with governments, government agencies and others.

This year, we have deepened our partnership with Tourism Australia as we maximise opportunities for showcasing the quality of Australian fine wine globally. We have worked closely together through the Restaurant Australia campaign, which is putting Australia’s wonderful food and wine firmly in the international spotlight.

Observers of the ‘cycles’ suggest we are on the cusp of another upward trend in profitable sales and market penetration.

We supported a number of Restaurant Australia events domestically and globally in 2014–15 including:

- More than 80 high-profile food and wine influencers from 16 countries attended the ‘Invite the World to Dinner’ gala event in Hobart and were served 21 of Australia’s finest wines
- A series of pop-up Restaurant Australia dinners in the UK and Asia in 2014 and 2015 showcased some of Australia’s best regionally focused food and wine
- At the 2015 Vancouver International Wine Festival (VIWF), the sold-out Restaurant Australia Grazing Lunch showcased fine Australian food and wine to North American trade and media influencers and consumers.

Figures released by Tourism Australia show that since December 2013, Australia has seen a 12.6 per cent increase (an additional \$531 million) in tourism dollars spent on food and wine. This increase means that one dollar in every five now spent by international visitors in Australia is on food and wine.

We have also continued to work closely with Austrade, particularly to capture opportunities in new and emerging markets and in markets benefiting from new free trade agreements (FTAs), such as Japan and South Korea. During the year, we negotiated a formal agreement with Austrade that will come into effect in 2015–16 and will see us work even more closely in key markets where there are export opportunities for Australian wine. Austrade, with offices in 49 countries across the globe, offers us on-the-ground support and resources that help us reach a broader audience in growing export markets.

Thanks

This first year of AGWA has been one of building, delivering and achieving. I would like to thank the inaugural Board for their support, hard work and dedication to AGWA and the wider grape and wine community.

I would like to particularly acknowledge outgoing Directors Janice McDonald, Ian Henderson, John Casella and John Forrest, who each played such an important role in the establishment of AGWA and setting our strategic direction for the next five years.

In also thanking the ongoing Directors Brian Croser AO, Kim Williams AM and Eliza Brown, I wish to pay special appreciation to Deputy Chair, Brian Croser AO for his significant personal support and broader intellectual leadership.

I would also like to thank our CEO Andreas Clark and the team, spread across the globe, for their outstanding work to deliver value to our levy payers and stakeholders.

Looking forward

Observers of the ‘cycles’ suggest we are on the cusp of another upward trend in profitable sales and market penetration.

Some of the well-publicised ‘headwinds’ of recent times have dissipated or are less threatening than before. Australia has the wines, the people and the capability to be a leader on the world wine stage.

We are committed to helping our levy payers capitalise on those opportunities for renewed prosperity.

Chief Executive Officer's report



This year has been a period of renewal for our organisation and for the grape and wine community as a whole. Our new beginning provided an opportunity for us to review everything we do and re-assess how we best support the Australian grape and wine community to prosper in the years ahead.

We immediately achieved benefits by moving to a single statutory services body by realising operational savings of \$1 million – money that we were able to invest in the activities, projects and resources that will deliver opportunities and knowledge that our sector needs to increase its profitability and competitiveness – but the longer-term benefits of more closely integrating market development, research, development and extension (RD&E) and regulatory services are much greater.

We are operating with a commercial mindset. We seek to extract the maximum value from every dollar we receive and we aim to deliver service and information that helps every levy payer grow their bottom line. To do that, we must be agile and we must continue to work closely with Australian grape and wine

businesses and regions to best support their business goals.

Over the next year, we will work together to bring to life the Australian wine story and its world of discovery, passion and enjoyment, one that is unique to us and one that we can share only as a unified voice.

Unity of purpose

Australian wine has faced many challenges over the last decade but with any challenge, there's also opportunity and what excites me about the last 12 months is the sense of purpose I've felt among our grape and wine community. Over the year I've had the pleasure of meeting with many of the talented and passionate people who make up our sector and what I've witnessed is a real focus and determination to succeed and to grow.

Maximum
value from
every
dollar we
receive

Our ability to work together, to support and encourage each other and to challenge the status quo is one of our sector's best attributes.

We see evidence of this in our collaborative R&D projects, where companies and individuals work with researchers to generate knowledge, and in our extension and adoption activities, where individuals, companies and regions use the outcomes of R&D to grow better grapes and make authentic and exciting wines.

It is strongly in evidence in our international events, such as VIWF, ProWein and the Australia Day tasting, when we take the best of Australian wine to the world. It was also vital in the development of our five-year Strategic Plan that was finalised this year after extensive consultation with the Australian grape and wine community. I believe that our ability to work together and to collaborate will be a cornerstone of our future success.

Generating knowledge and building capability

We contracted for new RD&E projects in the priority research areas of consumer insights, viticultural profitability and process efficiency. These projects increased our investments in non-traditional grape and wine research and the knowledge generated through the projects will help us better meet the needs of our stakeholders.

In our priority area of Developing people, we encouraged innovative, collaborative and game-changing behaviours through Future Leaders 2015, we helped build regional capacity through two mentoring circles, and we continued to

develop the capacity of the next generation of researchers through scholarships, bursaries and the pilot Incubator Initiative program.

Growing markets

Australia made an impressive showing as the theme country at the VIWF with 25,000 people enjoying wines from 55 Australian wineries. It was a massive undertaking and the feedback we received from participating wineries and event partners was overwhelmingly positive while influential wine media and trade in the critical North American market have shown renewed interest and enthusiasm in our regionally diverse fine wines.

We broadened and deepened our market engagement in our export markets with more events in the UK, Sweden, Norway, Finland, Germany, Poland, Denmark, the US, Canada, Japan, South Korea, India and Mexico.

The UK and the US remain our top two markets by value and volume, yet we need to address the challenge of Australian wine's image in these markets by focusing on our finest wines and best expressions of terroir. Already we're seeing an incredible amount of renewed interest in Australian wine from UK wine trade and media and participation levels for our events in the UK are at an all-time high. In the US, we successfully trialled the Market Entry Program providing customised support for brands wishing to enter or re-enter this critical market. Next year, this program will be expanded and we have appointed a Market Entry Program Manager to work closely with participating wineries and brands.

Growing exports

A\$1.89 billion
wine exported



In the 12 months to June, we exported A\$1.89 billion worth of wine, 5 per cent more than the previous year. The average value of our wine exports also grew to \$2.61 per litre. It's the first time since 2006–07 that we've seen a rise in value in a financial year and these figures reflect the resurgence of interest we're seeing in Australian wine across the globe as people rediscover the quality and diversity of our wines and regions.

This growth in value was driven by the strength of Australian wine exports in the Asian market. Exports to Asia grew 26 per cent to a record A\$600 million. China saw the strongest growth rising 32 per cent in value to a record A\$280 million.

In 2014–15 we shipped more than half of our exports above \$7.50 per litre to Asia and the average value of those exports was \$18.49 per litre compared to \$12.29 per litre in Europe and \$11.54 per litre in North America. China is now our number one destination for wine exports above \$7.50 per litre (8 million litres, the same as the US and Canada combined).

Supporting evidence-based decisions

We are working to streamline information gathering, so that our growers, winemakers and exporters can spend less time providing data and so they also benefit from better information.

We introduced a single wine sector survey that replaced four previous surveys and we contracted the Australian Bureau of Statistics (ABS) to conduct a Vineyard Survey, the first in four years. Having better information to support evidence-based business decisions will be supplemented next year as we work towards a comprehensive national grape and wine database.

Cross-sectoral collaboration

We continued our active participation as one of 15 members of the Council of Rural Research and Development Corporations (CRRDC), investing with other RDCs in cross-sectoral collaborative research including climate change, climate variability and carbon, plant biosecurity, water use in agriculture, soil, the efficacy of inputs, and education and capacity building. These areas aligned closely with the research priorities of our representative organisations.

We are collaborating in the Horticulture Innovation Australia Limited (HAIL)-led project 'Adaptive area-wide management of Qfly using sterile insect technique (SIT)', that was funded through Round one of the Australian Government's \$100 million Rural R&D for Profit program.

Looking back

Early in the year, we were all deeply saddened when our dear colleague Yvonne May, Regional Director of the UK and Europe, passed away. Hugely respected by the wine sector, Yvonne was a tireless and passionate ambassador for our Australian wine community. We were richer for having her in our lives but are poorer with her leaving us much too soon.

Thanks

I would like to thank our Chair Brian Walsh and the Board for their guidance and support, and our hard-working international team who have quickly come together as one team to work for the benefit of the Australian grape and wine community.

- Research in established and emerging markets showed that wine trade and consumers have positive feelings about Australians and Australian wine, with prevalent descriptors including 'authentic', 'exciting', 'sincere', 'strong' and 'reliable.'
- An estimated 25,000 wine media, wine trade and consumers enjoyed **Savour Australia**, our program of epicurean events and experiences, when Australia was the theme country at the 36th Vancouver International Wine Festival (VIWF), Canada's pre-eminent trade and consumer wine event. Savour Australia was held in partnership with 55 Australian wineries, Tourism Australia, the South Australian Tourism Commission, Barossa Grape and Wine Association, McLaren Vale Grape Wine and Tourism Association, Australian Wine Research Institute, and Primary Industries and Regions South Australia.
- We renewed our focus on comprehensive data sets to enable our stakeholders to make more informed business decisions. We conducted the inaugural Wine Sector Survey, which replaced four surveys, streamlined costs and made it easier for wineries and growers to participate. This will be complemented by the Australian Bureau of Statistics (ABS) Vineyard Survey that will provide 2015 vintage information by region, variety, vineyard area and production.
- We developed a 'wine flavours card' that drew on a three-year R&D study into Chinese consumer tastes and attitudes to wine. Australian wine companies can now better target emerging Chinese wine drinkers by using the equivalent language and lexicon used by Chinese consumers when describing Western wine taste descriptors.
- Our audits of wineries, wine traders and wine packaging facilities found a high level of compliance with legislated record keeping requirements.

Highlights

- A smart phone application for assessment of powdery mildew advanced to beta testing.
- A record number of applicants sought to 'be next' and participate in Future Leaders 2015, the development program for those in the grape and wine sector who have demonstrated the potential to be next in leading Australian viticulture and wine to long-term success.
- Earlier research provided the data that led to the registration of Emblem to prevent Eutypa. Growers can save more than half their application and chemical costs using Emblem to control Eutypa.

State of the sector

The latest market intelligence shows a promising change in direction for Australian wine sales internationally. In the 12 months to the end of June 2015:

Wine exports
above \$10 per litre
hit a record high
of \$398 million –
up 25%
.....

The average value of
bottled wine exports rose
**4% to
\$4.91,**
the highest
for a decade
.....

Wine exports rose by

5%
in value
to \$1.89 billion
and by
4%
in volume to
724 million litres
.....

Wine exports above \$7.50
per litre accounts for

5%
of total export
volume and
28%
of value
.....

Asia continues to be a
key driver of growth with
more than
50%
of exports above
\$7.50 per litre
shipped to Asian markets
with the average value
of exports to Asia being
\$18.49 per litre
.....

Financial overview

We achieved an operating surplus of \$0.02M for 2014–15, which was in line with the planned result.

Our revenue comes from two main sources, wine grape growers, processors and exporters who pay statutory levies (the Wine Grape Levy and Grape Research Levy, based on wine grape production, and the Wine Export Charge, based on the free-on-board (FOB) value of wine exports in the year ending 31 March). The money raised by these levies is matched by the Australian Government when it is invested in eligible R&D activities.

Approximately 48 per cent (\$17.5M) of the 2014–15 revenue came from the two levies and export charge and 33 per cent of revenue (\$12.1M) was as a result of the Australian Government matching contributions.

Revenue from regulatory fees made up 10 per cent (\$3.8M) of income and wine sector contributions to market programs made up 6 per cent (\$2M) of total revenue for 2014–15.

Net assets were \$8.6M at 30 June 2015 and financial assets were \$11.7M, of which all was cash and term deposits other than receivables of \$2.9M. Payables were \$2.9M, of which R&D contracts represented \$2M.

Full details of AGWA's finances are included in the Financial statements section of this report.

Priority 1: **Increasing demand**

Strategy 1.1: Enhancing the image of Australian wine

- Develop the insights and knowledge base of trade, media and consumers with a focus on history, regionality, quality, diversity and personality.
- Drive a proactive and effective communication strategy to maximise the impact of market development activities across key global markets.
- Assist the trade to associate Australia with wines of exceptional quality, innovation, provenance and profitability.
- Drive an emotional connection with consumers so they view Australian wines as one of their top choices in purchase decisions for their modern food and wine lifestyle.

Education

Focus	Achievement
Centralised focus for education – activate global education manager role	The activation of the role combined with working towards a separate, dedicated global education budget (not fully achieved in 2014–15) allowed for greater consistency and visibility of all education activities globally. A separation of what constitutes core education versus partnered or user-pays activities (UPAs) has fostered a better platform for more focused, on-message program development. An audit of current programs has seen a reshaping of our entry-level programs through the A+ Wine Schools and the development of a suite of sessions designed to suit different sectors of the supply chain.
Investment in education providers' knowledge base	Delivered workshops designed to enhance knowledge and generate more confident lecture delivery in Shanghai and Beijing.
Online education hub – development of online content and support materials	Online collateral was upgraded, including several regional flyover videos. Work is progressing on the website redevelopment, which will include an enhanced online education hub.
Fund market travel for program audits/reviews	These were undertaken in China, the Asia Pacific and the UK.
Train the trainer	This is still in development following a review of the global education strategy.

Trade and consumer engagement

Focus	Achievement
Double the current number of participants with a focus on next generation wine trade	We significantly increased activity in the key markets of North America, Europe, China and the Asia Pacific. Activities focused on themes of history and evolution of Australian wine styles, innovation in winemaking and emergence of new varieties. Our activities targeted the next generation of wine influencers across on- and off-premise trade and media to invigorate interest and enthusiasm in modern Australian winemaking, the quality and diversity of our fine wine and the unique terroir of our regions.

Focus	Achievement
Reinvest in sponsorships	We continued our sponsorship of programs including <i>Gourmet Traveller WINE's</i> Wine List of the Year Awards; increased our investment in the activities of Wine Communicators of Australia and continued to offer financial support for the activities of the Wine and Spirits Education Trust.
Diverse portfolio of Australian wines at major trade shows	We grew our presence at key trade shows globally such as the Vancouver International Wine Festival (VIWF), ProWein (Germany), Vinexpo (Hong Kong) and Hong Kong International Wine and Spirits Fair. We committed to a category presence at ProWein China and ProWein Singapore to support the growth and opportunities in the Asian market.
Bespoke trade programs	We partnered with individual wineries, groups and associations to develop bespoke programs targeting key trade. For example, we facilitated the Australia's First Families of Wine tour of North America in May 2015.
Brand consistency across trade events	Central brand management coordinated by the Adelaide office ensured consistency across all trade events and marketing communications that were in line with brand guidelines.
Strategic partnerships with aligned bodies	We continued our collaboration with Tourism Australia in key global markets in support of the Restaurant Australia campaign, which aims to increase perceptions of Australia as a major food and wine destination, and growing the number of wineries that are part of the Ultimate Winery Experiences of Australia network, a guide to some of the best wine tourism experiences in Australia. We entered in to an agreement with Austrade to partner more closely on activities in key markets (e.g. the Asia Pacific region including Japan, Singapore and South Korea). We held joint strategy discussions with Austrade, Meat and Livestock Australia and Dairy Australia.
Strategic partnerships in four key markets to increase consumer engagement	We increased consumer engagement with strategic partnerships in: ■ Australia with the Aussie Wine Month campaign that included the City Cellar Door in Sydney in partnership with Dan Murphy's ■ China at the Chengdu Wine and Dine Festival ■ the UK through our Partnerships with 3 Wine Men and the Wine Gang consumer tastings ■ Canada at the VIWF. We also reviewed our market development activities and moved to a stronger focus on trade to maximise the impact of our available marketing funds.
Retail promotions	We supported the following retail promotions: ■ China: YesMyWine.com Australian wine online retail promotion ■ UK: the Majestic Australian wine retail promotion saw sales of Australian wine increase 30 per cent during the promotional period on the previous year ■ US: Wine.com Australian wine online retail promotion saw sales of Australian wine increase 41 per cent during the promotional period on the previous year.

Communications and public relations

Focus	Achievements
Key messages	We developed and used a set of key messages supporting our strategic objectives in our marketing communications targeting influential wine media and trade in our key export markets.
Proactive communications	We distributed 79 proactive communications releases or statements and generated more than 1,110 pieces of media coverage internationally.
Media relationships and consumer media engagement	We maintained proactive and frequent contact with key wine media to keep them informed of relevant activities and information about the Australian wine market. We increased direct engagement with consumer media through the Aussie Wine Month campaign held in May.
Centralised communications function	We created a Corporate Affairs and Strategy team to manage communication functions.
In-market communications support and dedicated communications resources	We have dedicated communication staff in China, North America and the UK as well as in Australia who undertake pro-active in-market communications.

Strategy 1.2: Protecting and enhancing the reputation of Australian wine Annual analytical survey

Focus	Achievements
Analytical survey of 300 Australian wines with a focus on metal content	Some 250 randomly selected Australian wines from various wine growing regions were independently analysed for 17 metals of interest in international markets. Many of our most important export destinations have established particular limits for metal content of wine. Given the publicity afforded during the year to the alleged level of arsenic in some American wines, the Australian wines were tested for naturally occurring arsenic levels. The average of 3.7 micrograms per litre was a small fraction of the 100 microgram per litre limit established in our most stringent export destination and no wine exceeded a fifth of this limit. Operational constraints limited the analysis to approximately 250 samples.

Label Integrity Program

Focus	Achievements
Inspection of the winemaking records of 200 wineries and an equal number of exporters who do not produce wine themselves	We audited 163 wineries, inspected the records of 75 wine traders who do not produce their own wine and visited 14 independent wine packaging facilities to inspect production records. There was a high level of compliance with legislated record keeping requirements. Resourcing challenges meant we didn't meet the planned target but we reviewed a representative sample.
Label Integrity Program to focus on Australian regions not visited in the past two years	Regions included in the audit schedule for the first time in recent years included the Clare Valley, Manjimup, Great Southern, Geographe, Swan Hill, Goulburn Valley and Pemberton.

Regulatory services

Focus	Achievements
Expedited delivery of export permits through an improved export approval process – revised to allow for electronic transmission of export licences and removal of redundant step (tasting each wine before export permission is granted)	We streamlined our export approval process and made electronic transmission of export licences the default option, which expedited the delivery of export permits. We reformed the export approval process for wine that is exported in bulk and packaged at the export destination. From 1 March 2015, we do not require offshore bulk wine packaging facilities to demonstrate certification to a recognised quality management system such as ISO 22000. However, we retain the ability to refuse further wine shipments to facilities that demonstrate poor wine handling, storage or bottling practices. We issued more than 8,000 of the certificates required by customs authorities of non-European Union destination markets (a record number). We issued more than 33,000 certificates for consignments to the European Union (EU), a slight increase on the previous year but only 57 per cent of the peak in 2006–07.

Strategy 1.3: Improving access to international markets Market access support

Focus	Achievements
Market access support to the Australian wine community	We continued to work to reduce international trade barriers to the free trade of Australian wine. Our Export Market Guides assist levy payers wishing to export and are available via our website. We also provide phone and email support and regular communications advising of any market access changes in any Australian export markets.
Monitor the international trading environment for changes Inform levy payers of changes	With access to up-to-date Global Trade Atlas data, we provide information and analysis on the scale and dynamics of competitor wine producing countries, a benefit in an increasingly competitive operating environment. Focus was increased on monitoring global supply and demand, regularly monitoring reports from the OIV and tracking trade through the Global Trade Atlas. We collaborate with counterparts in other wine exporting countries, both directly and through organisations such as FIVS and the World Wine Trade Group, in order to gain early access to intelligence regarding regulatory changes in key markets and advise exporters by email of the implications of those changes.
Export Market Guides	We revised all 26 existing Export Market Guides, the principal way that we communicate advice on international regulatory and technical matters to the Australian wine community. We also introduced new guides for Qatar and Cambodia.
Agricultural Chemical Use Guide	We continued to fund the Australian Wine Research Institute to compile and disseminate information on the agrochemicals registered for use in Australian viticulture and maximum residue limits of these chemicals permitted in various international markets. This complements information on the international technical requirements identified in our Export Market Guides.

International organisations engagement

Focus	Achievements
Assist with resolution of market access issues	We met with Customs officials in Guangzhou to discuss a range of technical issues affecting access to the Chinese market, including the limit on manganese levels in wine. China remains a source of technical trade impediments, particularly through its demand that wine labels display an indication of sweetness. Chinese laboratories tend to report higher residual sugar levels than Australian laboratories, so the potential exists for product to be rejected by local authorities due to disputes over the validity of the declared sweetness level. This, and the related 'sugar free extract', is the reason for a number of rejections of Australian wine consignments. We have advised exporters of these issues several times.

Focus	Achievements
Support Australian Government in FTA negotiations e.g. in 2014–15 negotiations with India, China and for the TPP	We provide technical support on wine-related issues to Australian government officials negotiating international agreements. In regards to the FTA with China that has been signed but not yet ratified, we successfully made representations to the Department of Foreign Affairs and Trade (DFAT), requesting that the requirement for independent certification under the FTA be waived so that we can continue to issue Certificates of Origin. This will ensure that exporters are not inconvenienced by having to duplicate the provision of routine information concerning each shipment of wine. We made a submission to DFAT about the proposed FTA between Australia and India and we consulted with WFA to ensure the sector was aligned in its submissions. We made a submission on the potential benefits that could accrue to Australian wine producers if an FTA with the European Union were to be negotiated.
Planning for hosting of two international forums	Planning is well underway for the APEC Wine Regulatory Forum and the World Wine Trade Group meetings that Australia will host in Adelaide in November 2015.
Maintain contact with agencies in key export markets	Regular contact is maintained with agencies in key export markets. We also engage with other regulators through the: ■ APEC Wine Regulatory Forum. Government officials and industry representatives from 16 countries attended the Forum meeting in September in Beijing. The main outcomes were the decision to draft a model certificate to accompany wine consignments traded across the APEC region, thereby avoiding duplication and double-handling; the decision to establish a ring test program to promote consistency and accuracy of analytical testing of key wine components to minimise disruption to trade caused by disputes between laboratories; and the decision to develop a priority list of pesticides to progress through the Codex MRL determination process. ■ Joint Committee responsible for administering the bilateral treaty on wine between Australia and the EU. At the fourth annual meeting we were able to resolve a technical matter affecting Australian wine exported in bulk to the EU.
Work with FIVS and OIV	We co-chair the FIVS group working on the elimination of trade distorting measures. We provide support to a delegate from WFA and delegates from AWRI to engage with technical and regulatory issues at OIV's international meetings and conferences and report back to the Australian wine sector on key themes and issues. We also contributed to the committee assisting the Department of Agriculture to manage its membership of the OIV.
Commissioned research into potential benefits from Korea FTA	The potential benefits for the wine sector from the Korea-Australia Free Trade Agreement were researched and disseminated to the sector through face-to-face meetings, a webinar and the website.

Priority 2:

Increasing competitiveness

Strategy 2.1: Delivering knowledge

- Support informed decision-making in the Australian wine community through the collection, presentation and dissemination of global wine sector intelligence.
- Support AGWA’s strategic development and business reporting.
- Understand what wine consumers want to buy and why by investigating the impact of wine styles, wine attributes and/or packaging on consumer decision-making.

Market information and insights

Focus	Achievements
Information available in a timely manner	We answered approximately 2,000 queries. We shared information with research providers, national, state and regional organisations and worked closely with WFA to provide analysis and data to support sector initiatives. Winefacts is our prime tool for delivering information to the grape and wine sector. The homepage received more than 25,000 visits and 12,889 products were downloaded (16 per cent more than the previous year). We also promoted and communicated our information products and services through other channels including regular email notifications, social media posts, articles in sector publications, emails, regional visits and conference presentations.
Survey stakeholders’ report satisfaction	Ratings received from surveyed stakeholders (out of five): ■ ease of access – rated 3.57, up from 3.44 the previous year ■ range of information – rated 3.73, up from 3.71 ■ level of customer service – rated 3.83, up from 3.75.

Focus	Achievements
Provide foundation data sets that are accurate, timely and comprehensive in a consistent format and in a cost-effective manner	We conducted the inaugural Wine Sector Survey, which replaced four surveys, streamlined costs and made it easier for wineries and growers to participate. The information collected means that tonnages, price ranges and averages can be reported by region and variety. The ABS Vineyard Survey, that will provide 2015 vintage information by region, variety, vineyard area and production, will complement the Wine Sector Survey. To understand market structure/dynamics, evolving trends and identify potential market opportunities, regular wine sales data for key export markets by channel (off-trade and on-trade), wine style, country of origin, price point, variety and other points of differentiation is collected, analysed and disseminated. We also provide a regular domestic market update from Aztec. This data provides levy payers with greater insight into complex and dynamic markets. The Wine Export Approvals Report (WEAR) provides a quarterly snapshot of export approvals by market, variety and price point. It is supported by a range of associated reports including specific export market snapshots for more than 30 global markets. We also prepare customised WEARs for several state and regional associations. We prepared and delivered 18 individual regional strategy presentations with in-depth supply and demand data by region, examining opportunities by variety and price point by market. We provided information and analysis on the scale and dynamics of competitor producing countries, a useful service in an increasingly competitive operating environment. We also monitor global supply and demand, reports from the OIV and track trade through the Global Trade Atlas. We monitor a range of macroeconomic indicators such as population, income growth and exchange rates across key markets as they can have significant impact on competitiveness and market opportunities. We use market information and insights to inform and track our marketing strategies as well as assist individual businesses with decision-making.

Consumer information and insights

Focus	Achievements
Increased understanding of consumer purchasing decisions	Through seven research projects, we are developing a better understanding of what drives consumer – and trade – purchasing decisions and how we might influence them. This information will inform our market development activities and be disseminated to our stakeholders.
Exploring country of origin associations in five developing and two established markets	While data collection is continuing, early results show that overseas wine trade and consumers hold very positive feelings about Australians and Australian wine, with descriptions of 'authentic', 'exciting', 'sincere', 'strong' and 'reliable' being prevalent. These results suggest that our international customers are predisposed to understand our messages about the authenticity and excitement of Australian wine and this will allow more nuanced and highly targeted messaging.
Mapping consumer purchase behaviour in response to variety and region information	We commissioned a study to track consumer perceptions of the Australian wine category in the key markets of the UK, US and Canada (both English- and French-speaking), Hong Kong, Singapore and Japan. This is a follow-up to studies conducted in 2008, 2010 and 2013.
Analysis of results from two consumer surveys in China	The language and lexicon that Chinese consumers use to describe Australian wines, grape varieties and flavours have been identified and the lexical equivalent of Chinese to Western taste descriptors has been validated. Noting that research findings questioned the accepted notions regarding the breadth of the Chinese wine lexicon, the Wine Flavours Card has been developed to target an emerging Chinese audience. The third year of data tracking Chinese wine drinkers' attitudes, perceptions and behaviour showed that while Chinese wine drinkers are aware that Australia produces wine, Australia and other wine-producing countries are well behind the French when talking awareness of brand and region. Using magazine articles and webinars, this need to improve communication with Chinese wine drinkers and trade was shared with the sector.
Defining relationship between wine expert quality ratings and consumer quality ratings	The consumer trial revealed that wine consumers prefer complex wines rich in colour with high tannin and polymeric pigment content plus intense chocolate and dark fruit flavours [i.e. the expert panel defined these as gold medal wines], in contrast to wines low in body and tannins, but with intense overall aroma, particularly confectionary and jammy flavours (no medal wines). The consumers were consistent with an expert panel in rating the quality of high- and low-quality wines (gold and no medal wines), and did not differentiate between silver and bronze medal wines.

Strategy 2.2: Improving products and processes

- Produce fruit and make wine of known and desirable composition.
- Produce fruit and make wine of enhanced quality at a range of price points in the most efficient manner.
- Package and distribute wine products to the market in the most efficient manner and with the same or superior perceived quality.

Objective measures of quality and assessment systems

Focus	Achievements
Develop new assessment tools for fungal contaminants and assess current tools for grape quality assessment	The development of a smart phone app for assessment of the severity of powdery mildew has advanced to the beta testing phase and work on a spectral method to complement this phone app is progressing well.
Identify new targets for grape and wine quality attributes related to wine flavour, texture and bitterness	The levels of more than 15 potential grape quality parameters have been measured in Shiraz, Cabernet and Chardonnay grapes across 5 different quality grades for multiple seasons. This data will be used to support producers who intend to apply these measures in their grape grading systems.
Develop knowledge on how viticultural and winemaking techniques impact wine colour, texture and mouthfeel	An understanding of how to manipulate wine colour, texture and mouthfeel through viticultural and winemaking techniques is continuing to develop. Specific areas where the sector can now take practical steps to influence wine tannin include: ■ choice of yeast ■ management of oxygen during fermentation ■ viticultural and winemaking choices that aim to optimise proportions of skin tannin.

Germplasm (yeast and bacterial)

Focus	Achievements
Generate and trial new fit-for-purpose yeast	Trials of novel yeast strains in Chardonnay wines have verified their ability to influence the production of compounds responsible for rose/floral aroma characters (2-phenylethanol and 2-phenylethyl acetate). Sensory descriptive analyses have also confirmed the potential of yeast strains to impact on red wine styles. Using 10 different strains, differences between Shiraz wines and their 'dark fruit' intensity and colour intensity have been demonstrated, relative to 'vegetal' and 'earthy' characters. An understanding of the genotypic composition of the yeast is expected to facilitate the breeding of specific strains tailored towards the production of desired characteristics in finished wines, while retaining appropriate fermentation performance.

Focus	Achievements
Develop knowledge on optimising malolactic bacteria performance	Pilot-scale studies using several strains of <i>Oenococcus oeni</i> bacteria have generated new knowledge on the relative effectiveness of co-inoculation of malolactic bacteria (with yeast) compared with sequential inoculation (after alcoholic fermentation). Vinification efficiency was shown to be enhanced by co-inoculation, producing a faster fermentation. Promising results have been obtained using two novel <i>O. oeni</i> strains, which may prove good candidates for the development of Australian malolactic fermentation (MLF) starter cultures. Other work has shown that nutrient addition can have a positive impact on MLF performance, reducing the time for completion in some cases by up to five weeks. The extent of the improvement achievable is dependent on wine variety, the bacterial strain and the nutrient product used. The impact of oxygen during primary (alcoholic) fermentation on MLF efficiency has also been evaluated in laboratory-scale trials. Results indicate that the rate of malolactic fermentation is not affected by oxygen addition at the primary fermentation stage.

Process efficiency

Focus	Achievements
Develop knowledge on the impact of four new wine processing techniques and of current bulk wine transport decisions on wine quality and efficiency	Trials investigating four areas of wine processing have uncovered several new techniques that can be utilised by the Australian wine sector. Experimental work identified that oxygen exposure during initial stages of fermentation resulted in greatest impact on fermentation performance. ‘Controlled phenolic release’ and ‘berry pricking’ are now viable alternatives to cold soak to enhance colour extraction in red winemaking. Better understanding of winery lees (spent yeast) settling and removal from tank has now been well documented. Work continues on how to remove lees while minimising wine losses. Three polysaccharides were found to perform similarly to bentonite, including heat stability, and in one case produced less lees resulting in reduced downgraded and discarded wine. Research into bulk wine transport has demonstrated that, while temperature variations can occur during the journey, their effect on wine is minimal. This was tested across several vessels used for international shipping, across several routes and at various times of year. This implies that winemakers can continue to ship wine in bulk containers and be confident that their wine will arrive in the same condition in which it left.
Identify further opportunities for process efficiency gains through life-cycle cost analysis of current processes and review of technologies used in other sectors	Activity-based costing, used to measure the cost of activities rather than just line item costs, exposes the greatest opportunities within a business to improve their processes and reduce costs. Evaluation of other sectors identified that management focus, rather than single technologies, were the significant difference. Great opportunities exist for improving processes in the Australian wine sector.

Strategy 2.3:
Understanding the
environment and
sustainability

- Wine regions are able to adapt to climate challenges, making them more resilient.
- Reduce the environmental footprint of wine production.
- Resilient, clean and superior planting material available to the sector.
- Improve profitability in the vineyard without compromising sustainability, productivity or quality.
- Reduce the impacts of pests and diseases in Australian viticulture.

Managing changing climate

Focus	Achievement
New viticultural strategies to mitigate the impact of warmer temperatures, and drier and water constrained environments	Delayed pruning strategies applied to Shiraz vines in the Barossa have shown that it is possible to spread grape maturity by up to 16 days with no observable yield penalty, offering a mechanism to ‘decompress’ harvest and improve logistical issues for winery intake and processing. Conventional winter pruning has been compared with pruning at budburst and in late spring to evaluate the impacts on grapevine phenology and crop development. In another treatment using open-topped chambers to enclose selected vine panels, passive heating (up to 2°C above ambient conditions) has also been evaluated in parallel with the pruning strategies. The effect of each treatment on wine composition is being assessed. Trials exploring the potential of under- and over-canopy sprinklers to provide an evaporative cooling effect are underway. At experimental sites in the Riverland and Coonawarra, overnight use of the sprinklers during periods of elevated temperature has shown that the technique can reduce canopy temperature by 2–6°C and increase the relative humidity.

Germplasm (grapevine)

Focus	Achievements
Evaluating and identifying rootstocks, varieties and clones that produce desirable wine styles	Field trials are proceeding in four regions in South Australia, Victoria and Western Australia, to evaluate the performance of Chardonnay and Shiraz clones with desirable viticultural and winemaking properties under a range of regional climates. The knowledge gained will provide grapegrowers with increased planting options and information to optimise future production in their current location, under different climatic and environmental conditions. In another project examining new rootstocks for Australian conditions, trials are yielding important practical information on the performance of rootstocks under a range of pest pressures, soil types, irrigation regimes and abiotic stresses. The evaluation includes assessment of vine performance, fruit quality and wine attributes. Additionally, vine performance in these trials is being used to develop molecular markers for a rapid screening assay for resistance to phylloxera and root knot nematodes, potassium uptake and salt exclusion.

Vineyard profitability

Focus	Achievements
Evaluating potential new tools to improve in-field capabilities for determining and managing vineyard variability	A new project was initiated to investigate the use of remote and proximal canopy sensing in combination, as a means to predict fruit quality at high spatial resolution. The aim is to quantify the coincidence (or otherwise) between patterns of within-block spatial variation in grape yield/vine vigour and fruit quality, and their temporal stability when both are sensed at high spatial resolution and high data density. The first year of field trials on vineyards in SA regions Clare Valley and Riverland has been completed and analysis of the collated field data from year 1 is in progress.
New projects with common objective to improve yield estimation methods	Two new yield estimation projects commenced during 2014–15. One is developing vision-based platforms to monitor bunch development from early in the season, by detecting and counting inflorescences, and imaging them through to harvest. The aim is to develop systems capable of yield estimation with a nominal accuracy of ± 5 per cent. The first system being tested is based on a low-cost sensor suite using commercially available video equipment mounted on a vineyard vehicle. In year 1, the team has prototyped image analysis software and hardware and is developing flower and berry counting algorithms and models that have achieved a promising level of accuracy in early field experiments in vineyards in Orange and the Clare Valley. The second project is investigating a novel statistical approach to yield estimation, using machine-learning methods (e.g. artificial neural networks) to analyse historical vineyard data and local weather records, with a view to making yield predictions based on correlations expected to be present within these large multivariate datasets.

Pest and disease management

Focus	Achievement
Generation of new knowledge that will assist producers to manage pests and diseases in a more cost-effective way, with minimal wastage and improved efficacy	A suite of projects is producing new practical knowledge and a greater understanding of management options for a range of pests and diseases. Important information is evolving from studies on fungicide resistance that will produce new management recommendations to help avoid the development of resistance to currently approved active ingredients/chemistries. Modelling work in a wind-tunnel and vineyard evaluations are providing information that will assist growers to apply drift-reduction technologies (such as spray coarseners and adjuvants) to improve the effectiveness of spray applications for pests and diseases, as well as helping to avoid chemical waste and reduce spray drift. The outcomes from this work are being used to inform collaborative work with the industry regulator (the APVMA), which is developing a revised policy on spray drift, with input from the cross-sector National Working Party on Pesticide Application. Significant progress has also been made on understanding and managing economically significant grapevine trunk diseases such as Eutypa and Botryosphaeria dieback. New knowledge is being obtained from field and greenhouse trials on pruning wound susceptibility and the effective timing of fungicide applications.

Focus	Achievement
Generation of new knowledge that will assist producers to manage pests and diseases in a more cost-effective way, with minimal wastage and improved efficacy (continued)	Earlier research provided the data that led to the registration of Emblem to prevent <i>Eutypa</i> infection. Growers can save more than half their application and chemical costs using Emblem to control <i>Eutypa</i>. Work is continuing to improve the protocols for disinfestation of vineyard equipment, tools, clothing and footwear, to assist in the management of six endemic grapevine phylloxera strains. The efficacy of treatments using dry heat, hot water, steam and sodium hypochlorite is currently being tested.
Development of diagnostic methods for a number of high priority plant pests identified in the Industry Biosecurity Plan	Significant progress has been made on the development of diagnostic methods for six high-priority plant pests outlined in the Industry Biosecurity Plan. A DNA preservation protocol has been developed that will serve as a basis for developing molecular DNA markers for identification of <i>Lobesia botrana</i> (European grapevine moth) at all life stages. The mitochondrial DNA of a number of intra-species of <i>L. botrana</i> has been surveyed to understand the genetic diversity of native and invasive <i>L. botrana</i> species. Updated diagnostic protocols for Flavescence dorée phytoplasma and <i>Xyella fastidiosa</i> (Pierce's disease) are nearing finalisation for subsequent approval by the Subcommittee on Plant Health Diagnostic Standards (SPHDS), and include superior DNA-based diagnostic identification methods. Nearing completion are diagnostic standards for Cixiidae planthopper, Vine mealybug, Grape mealybug, Spotted winged drosophila, and Bois Noir. Extensive morphological and molecular examinations have been undertaken of exotic and endemic specimens of all taxa to assist in the development of these diagnostic protocols. Field trials in the US have continued to evaluate potential strategies to eradicate and manage Angular leaf scorch (ALS). In-vitro studies have revealed useful insights on the capacity for specific fungicides to reduce growth of ALS. A draft diagnostic protocol was submitted to SPHDS in December 2014, detailing descriptions of ALS symptoms, primary and alternative hosts, and sampling and detection methods.

Biosecurity

Focus	Achievements
Continued support for the dissemination of the Plan to grapegrowers, as well as promotion of the accompanying Viticulture Biosecurity Manual	The Industry Biosecurity Plan and Viticulture Biosecurity Manual continue to be available through various wine sector website channels.

Priority 3:

Increase capability

Strategy 3.1: Adopting research outcomes

- Increase the rate of adoption of R&D outcomes in the Australian wine community.
- The revised *National Primary Industries Research, Development and Extension Framework – Wine Sector Strategy* is implemented.
- Measure the impact of RD&E investments.
- Report to stakeholders on the impact of RD&E investments.

Adoption

Focus	Achievements
Outputs from AGWA-funded R&D are available in a timely manner on the AGWA site and via other channels	Reports, factsheets and other publications were widely accessed via our research.wineaustralia.com website, our e-newsletter, sector journal articles and other communication channels. For example, our Lean Production guide and workshops assist wineries to become more productive and efficient and help drive business sustainability.
Manage and continue to improve activities delivered through the Regional Program, written materials and the research website	The functionality, content and search function were continually improved on the research website. Participant feedback on our Regional Program activities indicated they were valuable exercises that met participants' needs.
Develop at least two on-the-ground trial plots	On-the-ground trials initiated this year include: ■ New disease resistant grapevine varieties at Wagga Wagga, NSW ■ Control options for scale in vineyards in Langhorne Creek, SA ■ Nutrient uptake trial in Murray Valley, Vic ■ Sunscreen trials in Clare Valley, SA and Margaret River, WA ■ Canopy management trial for Tempranillo in Geographe, WA ■ Trunk disease remediation trial in Griffith, NSW ■ Mid-row management trial in Griffith, NSW.
AGWA delivery networks and programs are strongly supported	Relationships with stakeholders were reinforced through the delivery of extension programs including the Regional Program and AWRI-delivered extension programs.
Work with SARDI and NSW Dept. of Primary Industries to update and endorse phase 2 of the Wine Sector Strategy	We actively participated in National Wine Research Network (NWRN) and led the National Wine Extension and Innovation Network (NWEIN), the two subcommittees of the National Wine RD&E Strategy Implementation Committee. Significant achievements were to develop a future vision of wine RD&E, identify the four pillars of RD&E focus and undertake a capability and skills audit.

Evaluation

Focus	Achievements
Undertake and report on cost-benefit generated by AGWA investments	Cost-benefit evaluation of 17 R&D projects across 4 key investment areas – including grapevine trunk disease, grapevine nutrition, winery refrigeration and grape and wine flavour research – has commenced.
Stakeholders regularly informed on the impact of RD&E investments	Key outcomes and the benefits of adopting R&D results were communicated to the Australian grape and wine community, wine sector bodies and the Australian Government.
Regular internal and independent evaluations	The next phase of cost-benefit evaluation will be prepared by an independent economist. We will also undertake internal evaluations in the future using a robust, customised framework developed by an independent economist.
Levels of understanding and adoption of R&D outcomes are regularly measured and reported	All participants in the AWRI-delivered Grape and Wine Roadshow events (funded by AGWA) indicated they would change their practices or at least seek further information as a result of attending the event.

Strategy 3.2: Developing people

To build value through innovation and underpin the future of the sector, the Australian wine community needs to develop its leadership skills base and human resource assets by:

- Implementing the revised *National Primary Industries Research, Development and Extension Framework – Wine Sector Strategy*
- Further developing the capacity of the next generation researchers
- Training the next generation of wine community leaders in leadership skills.

Developing people

Focus	Achievements
Work with other RDCs on developing the broader research capacity	We invest with other RDCs in cross-sectoral collaborative research including climate change, climate variability and carbon, plant biosecurity, water use in agriculture, soil, the efficacy of inputs, and education and capacity building. We are collaborating in the HAIL-led Rural R&D for Profit project 'Adaptive area-wide management of Qfly using SIT'.
Manage scholarships, bursaries, ARLP and Nuffield sponsorship	Post-graduate grape and wine-focussed study was encouraged with support for high-calibre candidates to undertake PhD, Masters and Honours research. The sector also supported the further work of two post-doctoral researchers and sponsored more than 20 researchers to participate in and present at international wine conferences. We continued to sponsor the Australian Rural Leadership Program and Nuffield Scholarship.
Next generation of wine community leaders trained in leadership skills – Future Leaders 2015	Future Leaders 2015 has been established to encourage innovative, collaborative and game-changing behaviours in the Australian wine sector by sparking ideas and initiative; enhancing leadership abilities; and encouraging our next leaders to continually ask the question 'What if...?'. Future Leaders 2015 welcomed 15 wine sector individuals, supporting them in their personal and professional development goals.
Mentoring circle pilots	To encourage regional capacity building that will underpin a competitive Australian wine sector, two mentoring circles – in the Barossa Valley and McLaren Vale – have been established with the assistance of Regional Associations. Over the course of the year, the pilot program has encouraged innovative business practices, personal and professional development opportunities, and served to establish networks and collaborative partnerships that assist information flow and knowledge sharing.
Alumni symposium	The 2014 Thought Leaders, Innovators and Game Changers Alumni Symposium invited more than 130 graduates of wine-sector focussed leadership programs to come together for an opportunity to collaborate. With the twin goals to increase the strength of community networks between wine sector-funded leadership program graduates and to build on leadership skills developed as a result of wine and grape sector investment, attendees were introduced to the latest in strategic and leadership thinking, and offered the opportunity to network and reinvigorate their grape and wine community connections and links.

Key performance indicators

We achieved or exceeded our targets against all but one of our key performance indicators in 2014–15.

Key performance indicators	Target	Outcome
R&D projects are funded in line with the approved Annual Operational Plan.	100%	100%
R&D contracts are actively managed through regular and ongoing monitoring of the research.	100%	100%
Continued increase in the percentage of shipments of bottled wine exports each year > \$4.00 per litre.	38.3%	37.0%
Maintained market share for Australian wine in the Australian domestic market, measured by wholesale sales data (Note: Domestic volume share of total wholesale sales was 84.5% in calendar year 2013).	84.5%	84.5%
Improvement in customer satisfaction rating for usage of wine sector intelligence services, as measured by actual customer satisfaction survey.	73.0%	75.1%
An increased number of Innovators' Network members.	1000	1000
The number of regional clusters participating in the Regional Program is maintained.	11	11
Absence of any significant adverse incidents affecting the international reputation of Australian wine.	Absent.	Absent.

Aligning priorities

Our research program investments (including administrative expenses) aligned with the Australian Government's National Research Priorities (Table 1) and Rural Research and Development Priorities (Table 2).

Table 1: AGWA research program spending aligned with National Research Priorities

Strategic Priority	National Research Priorities (NRP)	An environmentally sustainable Australia \$'000			Promoting and maintaining good health \$'000	Frontier technologies for building and transforming Australian industries \$'000		Safe-guarding Australia \$'000	Total \$'000
		A2	A5	A7	B4	C2	C5	D3	
Strategic Priority 1: Increase Demand	Improved Access to International Markets				390 2%	3 < 1%			393 2%
Strategic Priority 2: Increase Competitiveness	Delivering Knowledge				724 3%				724 3%
Strategic Priority 2: Increase Competitiveness	Improving Products and Processes	633 3%		75 < 1%	879 4%	4,020 18%	3,228 15%		8,835 40%
Strategic Priority 2: Increase Competitiveness	Understanding the Environment and Sustainability	654 3%	1,199 5%	966 5%		3,562 16%	197 1%	1,348 7%	7,926 37%
Strategic Priority 3: Increase Capability	Adopting Research Outcomes					26 0%	3,225 15%		3,251 15%
Strategic Priority 3: Increase Capability	Developing People					288 1%	459 2%		747 3%
Total		1,287 6%	1,199 5%	1,041 5%	1,993 9%	7,899 36%	7,109 32%	1,348 7%	21,876 100%

Table 2: AGWA research program spending aligned with Rural Research and Development Priorities

Strategic Priority	Rural R&D Priorities (RRDP)	Productivity and adding value \$'000	Supply chain and markets \$'000	Natural resource management \$'000	Climate variability and climate change \$'000	Biosecurity \$'000	Supporting the priorities		Total \$'000
							Innovation skills \$'000	Technology \$'000	
Strategic Priority 1: Increase Demand	Improved Access to International Markets		393 2%						393 2%
Strategic Priority 2: Increase Competitiveness	Delivering Knowledge		724 3%						724 3%
Strategic Priority 2: Increase Competitiveness	Improving Products and Processes	772 4%		861 4%	75 < 1%	188 1%		6,939 31%	8,835 40%
Strategic Priority 2: Increase Competitiveness	Understanding the Environment and Sustainability	7 < 1%		2,448 11%	1,614 8%	974 4%	24 < 1%	2,859 14%	7,926 37%
Strategic Priority 3: Increase Capability	Adopting Research Outcomes						55 < 1%	3,196 15%	3,251 15%
Strategic Priority 3: Increase Capability	Developing People						674 3%	73 < 1%	747 3%
Total		779 4%	1,117 5%	3,309 15%	1,689 8%	1,162 5%	753 3%	13,067 60%	21,876 100%

Business operations

Governance and legal

Focus	Achievements
Levy collection costs review	Significant progress has been made towards the transfer from the Department of Agriculture to AGWA of responsibility to collect the Wine Export Charge. This transfer will deliver material savings in levy collection costs.
Contract procurement	Timely and strategic legal advice ensured that value for money was achieved through efficient, effective and economical procurement.
Intellectual property	We maintain a register of trademarks, including those we obtained from predecessor organisations. Our R&D project agreements determine our share of project intellectual property developed in the course of that project. We are developing an intellectual property register for project intellectual property.

People and culture

Focus	Achievements
Culture	We have actively focused on building a culture of contribution and achievement through team days, individual development and significant improvements in internal communications.
Performance management system	We reviewed and improved our performance management system to ensure it was effective. All team members had clear goals and objectives and received regular feedback on their performance against the set objectives. A number of staff were recruited during the year and this was managed using mostly internal resources.
Leadership	A number of activities were completed, including specific new leader training for selected new leaders, the induction process was reviewed and revised and the performance management system was reviewed and upgraded as outlined above.
Training and development	Individual training and development plans mean that team members are actively engaged in their own development and have support from their managers to address any issues identified. We drew on internal resources to improve whole-of-team training around wine knowledge.
HR services	We reviewed and simplified the induction process for new staff and updated checklists to reflect a more values-based induction process.

Accounting and finance

Focus	Achievements
Risk management	Our well-developed risk management framework is consistent with the requirements of the Commonwealth Risk Management Policy. Risk management is monitored through the Audit Committee and internal controls. It is embedded as part of normal operations and a shared understanding of risk has led to well-informed decision making. Excerpts of the risk register are reviewed at each Audit Committee meeting and each risk is reviewed at least once a year to ensure that there is a process of continual improvement.
Treasury management	All funding requirements of the Annual Operational Plan were met and our well-developed treasury management function ensured that working capital was managed appropriately.
Budgeting and reporting	Our budgeting and forecasting process was reengineered with the implementation of a cloud-based budgeting and forecasting tool. This enabled an efficient budgeting and forecasting process as well as supporting budget holders and other authorised users to manage their budgets from their various global locations.
Forecasting	Detailed and accurate forecasts were prepared and used to manage investment across all areas of the business. This also enabled dynamic management of investment opportunities as they arose during the financial year.
Analysis and reporting	Significant work was undertaken to revise Board-level management reporting and the project will be implemented in 2015–16. We implemented an app that allows us to distribute information to the Board in a secure and efficient manner. This has delivered significant improvements in the operation of the Board and Board sub-committees.

Information and communications technology

Focus	Achievements
Business service	We made significant progress with a range of ICT projects. The Board reporting app and the budgeting and forecasting systems were implemented. Significant developments were made to the Wine Export Approvals database (WEA), planned developments were made to our RD&E project management system and we undertook process review and system development to facilitate the transfer of the collection of the Wine Export Charge from the Department of Agriculture to us. We prepared business cases for a contacts management database, an online forms tool and an electronic data management system. We commenced the review of our digital assets as well as doing various rebranding exercises.

Focus	Achievements
IT infrastructure and services	The IT infrastructure was very stable over the year, with no unplanned disruptions. We upgraded the infrastructure in the London office and made improvements in Washington DC and Shanghai. We completed the roadmap to replace the existing Adelaide infrastructure and the project will be implemented in 2015–16.

Legal services

Focus	Achievements
Reporting	During the year, we submitted and published: ■ the <i>Australian Grape and Wine Authority Corporate Plan 2014–2015</i> ■ the <i>Australian Grape and Wine Authority Annual Operational Plan 2014–2015</i> ■ the <i>Grape and Wine Research and Development Corporation Annual Report 2013–2014</i> ■ the <i>Wine Australia Corporation Annual Report 2013–2014</i> We also submitted our five-year Strategic Plan and information for the portfolio budget statement. This information is all available on our website.
Planning	We prepared our <i>Strategic Plan 2015–2020</i> after wide consultation with the sector. It, together with our <i>Annual Operational Plan 2015–2016</i>, is available on our website.
PGPA compliance	We have effectively implemented the corporate governance framework under the PGPA Act and Rules to promote the proper use and management of public resources, financial stability and the achievement of our objectives.
Statutory compliance	We operated within our statutory authority under the AGWA Act and did not exercise any powers other than in accordance with that Act.
Accountability	We met all of our statutory reporting deadlines including those under the <i>Freedom of Information Act 1982</i> and the <i>Public Interest Disclosure Act 2013</i>.

Corporate communications

Focus	Achievements
Communication support	With proactive communications we shared relevant news to all stakeholders via media releases, interviews, e-newsletters and infographics. Greater collaboration across the organisation has ensured more consistency in Australian wine messaging in all markets and across digital assets. A digital manager has been appointed to strengthen our efforts in social and digital media.

Focus	Achievements
Innovation	We have increased our focus on stakeholder engagement, facilitating more face-to-face presentations and in-region meetings to better understand the needs of the sector and to deliver end-to-end business support across market-development, RD&E, market intelligence and market access. For example, in-depth regional analyses were presented taking regions through the specific market export opportunities, challenges and resources available for their wines.
Strategy development	We conducted extensive consultations with our stakeholders in developing our new Strategic Plan. We sought to engage with the whole Australian grape and wine community so that everyone had the opportunity to contribute to our strategy development. In December 2014, we released the <i>AGWA Strategic Plan 2015–2020 Discussion Paper</i> to stimulate discussion.
Strategic relationships	We continue to develop and strengthen relationships with key opinion leaders in priority markets.

Risk management

Focus	Achievements
System development	We developed a comprehensive risk management plan that sets out the framework, process, method and tools to ensure the establishment and maintenance of our system relating to risk and control.
Risk management	The Audit Committee of the Board and management regularly reviewed the risk register to ensure that adequate controls were in place to address any identified risk.
Monitoring and control	The risk register was periodically reviewed and updated to reflect changes in the operating environment.
Communication	Risk management processes were communicated to management via informal processes to ensure that the appropriate level of knowledge was imparted on them to ensure adequate implementation of risk management and controls.
Review	Business risk and strategic risk were reviewed every six months by the leadership team and the Audit Committee.

Australian Wine Overseas

Focus	Achievement
Australian Wine Overseas (AWO) – Provide AWO program to provide a range of Australian wine to foreign diplomatic and foreign offices around the world	Through the AWO program, every Australian Government overseas post was able to choose Australian wines for their functions from a list of more than 1,700 wines. We received orders from 13 countries worth \$216,044 and 64 per cent of the orders came from posts in Asia.

The organisation

The organisation

The Board

The Board is established and governed under the AGWA Act. It must consist of a Chair and at least five, but not more than seven directors. The current Chair has been appointed for a two-year term that ends on 30 June 2017. The terms of the Directors other than the Chair were extended to 30 September 2015.

Board members



Mr Brian Walsh
(South Australia) – Chair

.....

Brian Walsh was a non-executive member of Wine Australia Corporation. Brian boasts a 24 year career at Yalumba, spanning roles of Chief Winemaker, Director of Production and Director of Strategy & Business Development as well as 20 years working in winemaking and management positions in McLaren Vale.

Brian has previously held 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 at the Waite Campus, Urrbrae and is currently Independent Chair of Riverland Wine. Brian has been a senior wine judge with more than 30 years' experience and has been both Chairman of Judges at the Royal Adelaide Wine Show and Chair of its Wine Committee.



Mr Brian Croser AO
(South Australia) – Deputy Chair
.....

Brian Croser began as a winemaker with Thomas Hardy and Sons in 1969. In the early '70s Brian attended The University of California at Davis for a Masters program and went on to establish the Wine Science program at Charles Sturt. 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.

Brian served as Chairman of Adelaide, Canberra and Sydney wine shows and twice as President of the Winemakers' Federation. For his service to industry he was awarded an Order of Australia, the Maurice O'Shea award and was *Decanter Man of The Year* in 2004. Brian was Deputy Chancellor of University of Adelaide from 1999 to 2007 and was awarded the degree of Doctor of the University for his service.

Brian still lives at the Tiers Vineyard in the Piccadilly Valley and is the winemaker for Tapanappa Wines and Tunkalilla Vineyard in Oregon.



Ms Eliza Brown
(Victoria) – Director
.....

Eliza Brown is from a fourth generation wine family from Victoria Australia. She studied advertising business at RMIT Melbourne and eventually earned a role as account manager at the international advertising firm J. Walter Thompson. After her years at the firm, Eliza decided it was time for a change of scene and moved to All Saints Estate winery in Wahgunyah to join her father's business.

Currently Eliza is the CEO/ Director of All Saints Estate & St Leonards Vineyards, located in Wahgunyah, Victoria, and a director of Brown Brothers wines. In addition to this Eliza currently serves on the Agricultural Industry Advisory Council and on the board of North East Victorian Tourism Association.

Previously Eliza completed the wine sector's Future Leaders' program and for three years performed the role of chair of the Winemakers of Rutherglen. When not immersed in wine, she enjoys a competitive game of tennis and a gin and tonic. Eliza currently resides in Wahgunyah with her husband Denis, and their daughters Coco and Charlie.



Mr John Casella
(New South Wales) – Director
.....

John is the Managing Director of Casella Family Brands and is well known for the creation of the successful [yellow tail] label.



Mr John Forrest
(Victoria) – Director

.....

John Forrest understands the challenges faced by tablegrape, winegrape and dried vine fruit producers through his experience and consultation with viticulture clients through irrigation development.



Mr Ian Henderson
(Queensland) – Director

.....

Ian Henderson is founder, CEO and principal vinegar maker at Australian Vinegar. The son of an Army Officer, Ian grew up in many states of Australia before settling on the Gold Coast and graduating with a Bachelor of Science (Mathematics and Physics) from Griffith University. He then pursued a 10-year career in the public and private sectors specialising in the areas of large scale IT management.

In 1999, Ian and wife Robyn, a daughter of a third-generation wine family, undertook a tree-change to the Granite Belt region of South-East Queensland. He joined Ballandean Estate Wines as assistant winemaker before taking on responsibility for domestic sales. His role expanded to include export sales where he consolidated markets in Europe and established new outlets in North America and Asia. In 2003, Ian completed an Associate Degree in Winegrowing from Charles Sturt University, graduating with distinction.

He identified an opportunity to diversify operations into vinegar production and in 2005 established LiraH Vinegar, later re-named as Australian Vinegar. The following year, Ian was awarded a prestigious Churchill Fellowship to study vinegar making in Europe. He completed a Vinegar Making Diploma Course in Austria before furthering his studies in Italy and Spain. Ian has enjoyed a long association with the wine show circuit as Chief Steward at the Australian Small Winemakers show for five years and a committee member for 15 years.

He and Robyn have two teenage children. When not working, Ian tends five acres of Nebbiolo grapes on his private vineyard or plays poor to ordinary golf with passion.



Ms Janice McDonald
(Western Australia) – Director

.....

Since completing the Bachelor of Wine Science from Charles Sturt University in 1986, Janice McDonald has spent considerable time making wine and brewing beer. She is the Senior Winemaker at Burch Family Wines. Burch Family Wines is the largest family owned winery in Western Australia with vineyard holdings and wineries in Great Southern and Margaret River, crushing 4,000 tonnes of premium to super premium grapes for the brands of Howard Park, Marchand & Burch, Jete Methode Traditionelle and Madfish.

Before Burch Family Wines, Janice was the winemaker and creative force behind Stella Bella Wines, a leading producer of Margaret River wines (which she started as a single vineyard production of 200 cases in 1997 and grew to its current production of 40,000 cases) where she had a directorial responsibility for grapegrowing, winemaking, packaging, and marketing. Between 1992 and 2000, she held the position of Senior Winemaker/Winery Manager at Devil's Lair Winery, Margaret River. Janice's brewing exploits include Head Brewer and Brewery Manager of the Matilda Bay Brewing Company, from 1985 to 1990, producing 5 million cases of speciality beer and as the contract commissioning Brewer of Little Creatures Brewing in Perth in 2000. She continues to brew today for the Margaret River Ale Company in her spare time.



Mr Kim Williams AM
(New South Wales) – Director

.....

Kim Williams has had a long involvement in the arts, entertainment and media industries in Australia and overseas and has held various executive leadership positions since the late 1970s including as Chief Executive at each of News Corp Australia, FOXTEL, Fox Studios Australia, the Australian Film Commission, Southern Star Entertainment and Musica Viva Australia, and also as a senior executive at the ABC.

Mr Williams was the Chief Executive of FOXTEL for the decade up until November 2011. At FOXTEL he pioneered many of the major digital broadcast innovations in Australia and received the 2012 Lifetime Achievement Award from the Australian subscription television association ASTRA for his diverse contributions.

Mr Williams has also held numerous Board positions (and Chairmanships) in commercial and public life over more than three decades including as Chairman of the Australian Film Finance Corporation (which he founded in 1988); Chairman of MCN – the subscription television industry's major advertising sales company; Chairman of the Sydney

Symphony Orchestra and of Musica Viva Australia; and most recently as the Chairman of the Sydney Opera House Trust from 2005 until 2013.

He was appointed as a Member in the Order of Australia in June 2006 for his services to the arts and public policy formulation in the film and television industries. In October 2009, he was awarded a Doctorate of Letters (Honoris Causa) by Macquarie University for his contribution to the arts and entertainment industry in Australia and internationally. He is a previous recipient of the Richard Pratt Business Arts Leadership Award from the Australian Business Arts Foundation and the Australian Writers Guild's Dorothy Crawford Award for Outstanding Contribution to the Profession. He is a current Board member of the University of Western Sydney Foundation, the State Library of NSW Foundation and the Myer Foundation. He is also a Commissioner of the Australian Football League.

Organisational structure and statement on governance

AGWA is committed to using and managing resources, information and its 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 AGWA. 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.

As a corporate Commonwealth entity, we are bound by both our enabling legislation and by the PGPA Act and Rules. We are also party to a funding agreement with the Commonwealth of Australia, represented by the Department of Agriculture, which prescribes various corporate governance methods and reporting. Work has already commenced to ensure that we meet the requirements of the Funding Agreement in 2015–16. The Board is the accountable authority of AGWA. It is accountable to the Australian Parliament through the Minister for Agriculture.

We have subsidiary corporate bodies in Shanghai, London, Washington D.C. and Vancouver that facilitate our global market development activities. Our head office in Australia is based in Adelaide, and we also have a marketing team located in Sydney.

Education and performance review of Directors

Every year, the Chair meets confidentially with each Director of the Board to discuss that Director's performance over the previous 12 months and to agree on any action that may be taken to enable that Director to better fulfil his or her duties.

If at any time during the year the Chair has reason to be concerned about the performance of a Director, he or she will discuss the matter confidentially with the Director concerned. If that concern is unlikely to be remedied, he or she shall report the matter to the Minister and make a recommendation to the Minister as to the course of action that should be taken.

If the Chair becomes aware that a Director has committed a breach of subsection 20(4) of the AGWA Act or has contravened Subdivision A of the PGPA Act in relation to the Authority, he or she must immediately report the matter to the responsible Minister.

Board Directors acknowledge that pursuant to 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 includes 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 Minister gives the notice to the Director.

In the event that the Chair makes a report to the Minister about the performance of any Director, he or she shall, at the earliest opportunity, advise the Director concerned of the report and the reasons for the report.

In February of each year, the Deputy Chair will meet confidentially with the Chair to discuss the Chair's performance over the previous 12 months and to advise the Chair on any action that may be taken to enable the Chair to better fulfil his or her duties.

If any Director should have any serious concern with the performance of the Chair, he or she shall discuss the matter with the Deputy Chair, who will consult with the other Directors before determining whether to discuss the matter with the Chair or report the matter to the Minister.

If the Deputy Chair becomes aware that the Chair has committed a breach of subsection 20(4) of the AGWA Act, he or she will immediately report the matter to the responsible Minister. In the event that the Deputy Chair makes a report to the Minister about the performance of the Chair, he or she shall at the earliest opportunity advise the Chair of the report and the reasons for the report.

Board committees

Audit Committee

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

The Audit Committee consists of three Board Directors:

- John Forrest (Chair)
- Ian Henderson (Deputy Chair)
- Brian Walsh.

Board meetings

Meeting number	Date held	Location
AGWA 1	7 Aug 14	Adelaide, SA
AGWA 2	17 Sept 14	Adelaide, SA
AGWA 3	18 Nov 14	Adelaide, SA
AGWA 4	18 Feb 15	Adelaide, SA
AGWA 5	29 Apr 15	Adelaide, SA
AGWA 6	24 June 15	Canberra, ACT

The objective of the Audit Committee is to effectively assist the Board to ensure:

- compliance with statutory obligations in respect to audit and financial matters
- the integrity of financial reporting
- the implementation of sound systems of internal control and risk management, and
- the maintenance of high standards of governance and fiscal responsibility.

Market Development Committee

The Market Development Committee consists of four Board Directors:

- Kim Williams AM (Chair)
- Brian Croser AO (Deputy Chair)
- John Casella
- Eliza Brown.

The objective of the Market Development Committee is to provide advice to the Board on the directional strategies and priorities of its market development division by:

- assisting the Board to determine the long-term market development needs of the Australian wine sector
- assisting the Board to develop a market development strategic plan, including making recommendations on investment priorities
- utilising market intelligence gathered by AGWA to identify areas in which new growth opportunities exist for the Australian wine sector, and
- advocating for various market development opportunities that encourage sustained growth of the Australian wine sector.

Remuneration Committee

The Remuneration Committee consists of three Board Directors:

- Brian Walsh (Chair)
- Brian Croser (Deputy Chair)
- Janice McDonald.

The objective of the Remuneration Committee is to effectively assist the Board to ensure the appropriate oversight and approval of the human resources and remuneration policies and practices. In particular, the Remuneration Committee makes recommendations in relation to:

- the oversight of organisational design and human capability of AGWA commensurate and consistent with its strategic goals including:
 - its recruitment strategies and practices
 - the identification of talent including training and development
 - retention and succession, and
 - diversity
- the behavioural and cultural framework and practices of the Authority
- the human resources and remuneration strategies, policies and practices of the Authority
- the remuneration framework for all employees, and
- performance management practices and outcomes.

Research, Development and Extension (RD&E) Committee

The RD&E Committee consists of four Board Directors:

- Janice McDonald (Chair)
- Ian Henderson (Deputy Chair)
- John Forrest
- Brian Walsh.

The objective of the RD&E Committee is to provide advice to the Board on the directional strategies and priorities of its RD&E division by:

- providing input that assists AGWA in determining the long-term RD&E needs for the Australian wine sector
- providing input that assists with the development of the RD&E strategic plan of AGWA including advice on investment priorities
- utilising market intelligence gathered by AGWA to identify areas in which new growth opportunities exist for the Australian wine sector, and
- advocating for various RD&E opportunities that encourage sustained growth of the Australian wine sector.

Our head office in Australia is based in Adelaide

Attendance at Board meetings and committee meetings

	Board meetings		Audit Committee		RD&E Committee		Market development Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Brian Walsh	6	6	5	5	6	6			2	2
Brian Croser AO	6	6					3	3	2	2
Eliza Brown	6	6					2	3		
John Casella	4	6					3	3		
John Forrest	5	6	5	5	6	6				
Ian Henderson	6	6	5	5	6	6				
Janice McDonald	5	6			5	6			2	2
Kim Williams AM	6	6					3	3		

Geographical Indications Committee

The Geographical Indications Committee (GIC) has three members plus two nominated alternate members to avoid potential conflicts of interest. The current members and alternates are:

- Mr Dennis Mutton (Presiding Member)
- Mr Brian Englefield (Member nominated by WGGA)
- Mr Richard Dolan (Alternate Member nominated by WGGA)
- Mr Philip Laffer (Member nominated by WFA)
- Vacant (Alternate Member nominated by WFA).

The GIC did not meet in 2014–15.

Register of Protected Geographical Indications and Other Terms

In accordance with the AGWA Act, a Register of Protected Geographical Indications and Other Terms has been established. The Register may be inspected at offices of AGWA during business hours and extracts are available at www.wineaustralia.com.

Ethics and risk management policies

We recognise our responsibility under the PGPA Act to establish and maintain appropriate systems of risk oversight, management and internal control. This includes managing risk to our property, interests, staff and stakeholders in an effective and efficient manner. We are committed to identifying and analysing risks associated with our activities and operations, with the objective of minimising or eliminating losses, maximising opportunities, developing appropriate risk avoidance or minimisation strategies, and informing decision making. We maintain an integrated, proactive and consistent approach to the management of all risks to which we are exposed in pursuit of our business objectives. We do not accept any risk deemed 'very high' and we do not accept any 'moderate' or 'high' risk without a treatment plan.

Planning and reporting framework

We were required to prepare a five-year Strategic Plan and Annual Operational Plan, and report our performance in an Annual Report. All documents are available on our website.

Enabling legislation

AGWA is established by section 6 of the AGWA Act.

Functions

Section 7 of the Act provides that AGWA has the following functions:

- a) to investigate and evaluate the requirements for grape or wine research and development;

- b) to coordinate or fund the carrying out of grape or wine research and development activities;

c) to:

- i. monitor; and
- ii. evaluate; and
- iii. report to the Parliament, the Minister and the representative organisations on;

grape or wine research and development 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 research and development activities that are coordinated or funded, wholly or partly, by the Authority;

- e) to facilitate the dissemination, adoption and commercialisation of the results of grape or wine research and development;
- 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; or
 - ii. the regulations; or
 - iii. any other law;
- i) to do anything incidental to, or conducive to, the performance of any of the above functions.

Objects

The objects of the Act are:

- a) to support grape or wine research and development activities; and
- b) to control the export of grape products from Australia; and
- c) to promote the consumption and sale of grape products, both in Australia and overseas; and
- d) to enable Australia to fulfil its obligations under prescribed wine-trading agreements and other international agreements.

Responsible Minister

The Minister for Agriculture is our responsible Minister. During the year in review, the Hon. Barnaby Joyce, MP was the Minister for Agriculture.

Ministerial directions

Ministerial direction may be given to AGWA by the responsible Minister under section 31K of the AGWA Act, or by the Finance Minister under section 22 of the PGPA Act. No such direction was given in the period under review.

Consultation payments to industry organisations

Pursuant to section 10D of the AGWA Act, and in accordance with the *Guidelines on Funding of Consultation Costs by Primary Industry and Energy Portfolio Statutory Authorities*, AGWA made payments to the WFA for consultation with persons and organisations concerned with the grape sector or the wine sector in relation to various market access and technical consultations to the value of \$45,800.

Key activities and changes affecting the Authority

AGWA commenced on 1 July 2015 following the passing of the *Grape and Wine Legislation Amendment (Australian Grape and Wine Authority) Act 2013 (Act)* late in 2013. In our first year of operation, we have successfully undertaken the functions of the GWRDC and Wine Australia collaboratively within one entity without change in the amount of levies that fund each authority.

Judicial decisions and reviews by outside bodies

AGWA was not the subject of any:

- judicial or administrative tribunal decisions that have had, or may have, a significant impact on the operations of AGWA; 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 Information Publication Scheme see www.oaic.gov.au/publications/factsheets.html.

AGWA is subject to the FOI Act and was required to comply with the Information Publication Scheme (IPS) requirements. As such, AGWA prepared an Agency Plan as required by section 8(1) of the FOI Act.

The Plan describes how we implement and administer the IPS in respect of our information holdings. In recognition that public sector information is a national resource managed for public purposes, we built and fostered an agency culture that embraced appropriate proactive disclosure of our information holdings, leading to successful implementation and administration of the IPS. We did not receive any requests under the FOI Act during the reporting period.

Agreements under section 10A and/or 10B of the AGWA Act

AGWA did not itself undertake research and so all of AGWA's R&D activities were carried out by other persons. Before any payment for research activities was made, AGWA entered into a contract with the relevant entity and this agreement deals with those matters identified in section 10A and 10B of the AGWA Act.

Details of funded projects are provided in Appendix I: RD&E funded projects.

Environmental objectives

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

- supported the principles of ecologically sustainable development and sought to ensure that its 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.

- cared for the environment by minimising the consumption of power and recycling waste products where practicable and its activities had minimal impact on the environment.

Privacy policy

AGWA's privacy policy is published on our website. The policy reflects the introduction of the Australian Privacy Principles that came into effect in March 2014.

Disability strategy

AGWA's policies, programs and services were accessible to people with disabilities and met our obligation under the *Disability Discrimination Act 1992*. We are not aware of any instance where a person with

a disability has experienced any difficulty in accessing any policy, program or service we offered.

Indemnities and insurance premiums for officers

AGWA 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.

People

AGWA had 54 full-time equivalent staff at 30 June 2015.

Location	Males		Females		Total
	full time	part time	full time	part time	
Australia	16	0	16	12	44
UK	0	0	5	0	5
US	1	0	3	0	4
Canada	0	0	1	0	1
China	0	0	4	0	4
Total	17	0	29	12	58

Senior Management

- Andreas Clark, Chief Executive Officer
- Peter Bailey, Manager, Wine Sector Intelligence
- Stuart Barclay, General Manager, Market Development
- Stephen Guy, General Manager, Regulatory Services

- Kate Harvey, General Manager, Corporate Affairs and Strategy
- Dr Liz Waters, RD&E Portfolio Manager
- Steven Weinert, General Manager, Corporate Services

Work Health and Safety

We are committed to promoting and developing measures to ensure our employees' health, safety and welfare at work. All necessary measures were taken during the year to ensure the health, safety and welfare of staff and visitors. We continued to provide free flu vaccines to all staff. There were no reportable injuries during the year and no investigations were conducted. We did not establish a health and safety committee as no such request was made by its employees under section 50 of the *Work Health and Safety Act 2011*.

Financial statements



Australian Government

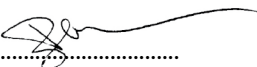
**Australian Grape and
Wine Authority**

**STATEMENT BY CHAIR, CHIEF EXECUTIVE OFFICER
AND GENERAL MANAGER CORPORATE SERVICES
OF THE AUSTRALIAN GRAPE AND WINE AUTHORITY**

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and are based on accounts and records kept as required under subsection 41(2) of the PGPA Act.

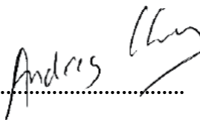
In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Grape and Wine Authority will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the directors of the Australian Grape and Wine Authority Board as the accountable authority pursuant to section 12 of the PGPA Act.

Signed

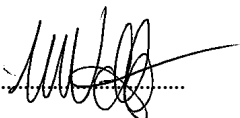
Brian Walsh
Chair

Date: 30 September 2015

Signed

Andreas Clark
Chief Executive Officer

Date: 30 September 2015

Signed

Steven Weinert
General Manager –
Corporate Services

Date: 30 September 2015



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture and Water Resources

I have audited the accompanying annual financial statements of the Australian Grape and Wine Authority for the year ended 30 June 2015, which comprise:

- Statement by Chair, Chief Executive Officer and General Manager Corporate Services of the Australian Grape and Wine Authority;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian Grape and Wine Authority:

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

Australian National Audit Office

A handwritten signature in black ink, appearing to read 'Peter Kerr', with a stylized flourish at the end.

Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

30 September 2015

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2015

	Notes	2015 \$
NET COST OF SERVICES		
Expenses		
Expenditure on research and development contracts	3A	21,876,361
Employee benefits	3B	6,221,634
Suppliers	3C	7,262,453
Depreciation and amortisation	3D	464,931
Write-down of assets	3E	779
Net losses from foreign exchange	3F	12,515
Levy collection fees		787,920
Total expenses		36,626,593
LESS:		
OWN-SOURCE INCOME		
Own-source revenue		
Industry contributions	4A	17,525,053
Sale of goods and rendering of services	4C	6,096,603
Rental income	4D	184,140
Research and development expenditure refunds	4E	43,067
Interest	4F	365,062
Other	4G	43,440
Total own-source revenue		24,257,365
Net cost of services		(12,369,228)
Revenue from government		
Australian Government matching contributions		12,079,745
Other grants from Government		314,286
Total revenue from Government	4B	12,394,031
Surplus attributable to the Australian Government		24,803
Other comprehensive income		-
Total comprehensive income attributable to the Australian Government		24,803

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION as at 30 June 2015

	Notes	2015 \$
ASSETS		
Financial assets		
Cash and cash equivalents	6A	1,715,784
Trade and other receivables	6B	2,852,444
Other investments	6C	7,127,257
Total financial assets		11,695,485
Non-financial assets		
Leasehold improvements	7A	169,075
Plant and equipment	7C	136,666
Intangibles	7E	83,929
Inventories	7G	4,135
Prepayments	7H	366,154
Total non-financial assets		759,959
Total assets		12,455,444
LIABILITIES		
Payables		
Suppliers	8A	674,227
Research and development contracts	8B	2,025,161
Other payables	8C	222,495
Total payables		2,921,883
Provisions		
Employee provisions	9A	880,487
Other provisions	9B	75,231
Total provisions		955,718
Total liabilities		3,877,601
Net assets		8,577,843
EQUITY		
Retained surplus		8,411,838
Asset revaluation reserve		166,005
Total equity		8,577,843

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

	Retained surplus	Asset revaluation reserve	Total equity
	2015	2015	2015
	\$	\$	\$

Opening balance

Balance at the beginning of the reporting period	8,364,279	188,761	8,553,040
Opening balance	8,364,279	188,761	8,553,040

Comprehensive income

Surplus for the period	24,803		24,803
Total comprehensive income	24,803	-	24,803
Transfers between equity components	22,756	(22,756)	-
Closing balance attributable to the Australian Government	8,411,838	166,005	8,577,843

The above statement should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT for the year ended 30 June 2015

	Notes	2015 \$
OPERATING ACTIVITIES		
Cash received		
Australian Government matching contributions		11,635,136
Other grants from Government		314,286
Industry contributions		17,502,958
Sale of goods and rendering of services		6,907,290
Rental income		181,567
Interest		399,504
Research and development expenditure refunds		43,067
Net GST received from operating activities		2,750,178
Other receivables		35,920
Total cash received		39,769,906
Cash used		
Employees		(6,467,586)
Suppliers		(8,907,510)
Expenditure on research and development contracts		(25,603,272)
Total cash used		(40,978,368)
Net cash used by operating activities	10	(1,208,462)
INVESTING ACTIVITIES		
Cash received		
Proceeds from sales of plant and equipment		511
Proceeds from investments		17,400,662
Total cash received		17,401,173
Cash used		
Purchase of plant and equipment		(70,536)
Purchase of intangibles		(35,457)
Purchase of investments		(16,627,257)
Total cash used		(16,733,250)
Net cash from investing activities		667,923
Net decrease in cash held		(540,539)
Cash and cash equivalents at the beginning of the reporting period		2,256,323
Cash and cash equivalents at the end of the reporting period	6A	1,715,784

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF COMMITMENTS as at 30 June 2015

2015
\$

BY TYPE

Commitments receivable

Sublease rental income	118,951
Net GST recoverable on commitments	1,510,490
Total commitments receivable	1,629,441

Other commitments

Operating leases ²	813,055
Payments under research and development contracts	16,248,369
Total other commitments	17,061,424
Net commitments by type	15,431,983

BY MATURITY

Commitments receivable

One year or less	1,629,441
From one to five years	-
Total commitments receivable	1,629,441

Operating lease commitments

One year or less	11,804,109
From one to five years	5,257,315
Total operating lease commitments	17,061,424
Net commitments by maturity	15,431,983

1. Commitments are GST inclusive where relevant.

2. Operating leases included comprise:

Leases for office accommodation.

Leases include office accommodation and commitments range from 1–3 years.

The above schedule should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.1 OBJECTIVE OF THE AUSTRALIAN GRAPE AND WINE AUTHORITY

The Australian Grape and Wine Authority is a corporate Commonwealth entity.

The objective of the Australian Grape and Wine Authority (AGWA) is to:

- coordinate or fund grape and wine research and development (R&D), and facilitate the dissemination, adoption and commercialisation of the results
- control the export of wine from Australia, and
- promote the sale and consumption of wine, both in Australia and overseas. Our vision is for a prosperous Australian grape and wine community.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

AGWA was established on the 1st July 2014, therefore there are no comparative figures in the statements. AGWA's opening balances are the result of the merged balances of predecessor entities Wine Australia Corporation and Grape and Wine Research and Development Corporation, which wound up on 30 June 2014.

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:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars. AGWA was established on the 1st July 2014, therefore there are no comparative figures in the statements.

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 AGWA 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 *(continued)*

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the accounting policies listed in this note, AGWA has made a judgement that the fair value of leasehold improvements is based on the market value of similar properties as determined by an independent valuer. In some instances, authority buildings are purpose-built and may in fact realise more or less in the market.

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.

The provision for long service leave is calculated using the short-hand method.

1.4 NEW AUSTRALIAN ACCOUNTING STANDARDS

Adoption of new Australian Accounting Standard Requirements

Of the new standards, amendments to standards, revised standards, and interpretations issued by the Australian Accounting Standards Board that are applicable to the current reporting period, none have had a material financial impact on AGWA's financial statements.

AASB1055 – *Budgetary Reporting* is a new standard and has been adopted by AGWA for the first time in 2014–15. Note 18 of the Financial Statements analyses the variances between Actuals for 2014–15 and the Portfolio Budget Statements (PBS) for 2014–15.

AGWA has adopted the AASB 2015–7 *Amendments to the Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. This amending standard applies to annual reporting periods beginning on or after 1 July 2016. Early adoption impacts on disclosure of fair value measurements of property, plant and equipment assets, with no effect on the face of the statements.

With the exception of the above mentioned, no other accounting standards have been adopted earlier than the application date as specified in the standard.

Future Australian Accounting Standard Requirements

No amendments to standards, revised standards and interpretations that have been issued by the Australian Accounting Standards Board that are applicable to future reporting periods are expected to materially affect AGWA's financial statements.

1.5 REVENUE

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

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- AGWA retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to AGWA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to AGWA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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 as at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Australian Government matching contributions are recognised as revenue to the extent it has been received into AGWA's bank account or is entitled to be received by AGWA at year end.

Australian Government matching contributions consist of:

Matching funding of grape and wine research is achieved by the Australian Government matching contributions to AGWA equal to half of the expenditure of AGWA (excluding levy collection fees), but limited to 0.5% of the estimated gross value of industry production and also the cumulative total of Industry contributions paid.

Industry contributions consist of:

Industry Contributions are recognised as revenue to the extent they have been received into AGWA's bank account or are entitled to be received by AGWA at year end.

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 AGWA by the Australian Government – Department of Agriculture. The levy rate is \$2 per tonne, of which 1.6 cents per tonne is paid directly to Plant Health Australia.

The Wine Grape Levy – a levy imposed under schedule 26 of the *Primary Industries (Excise) Levies Act 1999* in respect of the manufacture of wine.

The Wine Export Charge – a levy imposed under schedule 35 of the *Primary Industries (Customs) Charges Act 1999* in respect of the 'free on board' value of wine exported, is collected by the Department of Agriculture and was paid to AGWA in accordance with the *Australian Grape and Wine Authority Act 2013*.

Other contributions, including Australian Government grants, are recognised when:

- AGWA 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 AGWA; and
- the amount of the contribution can be measured reliably.

Other contributions are measured at the fair value of the contribution received or receivable.

1.6 GAINS

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 *(continued)*

1.7 EMPLOYEE BENEFITS

Liabilities for short-term employee benefits (as defined in AASB 119) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of AGWA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including AGWA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2015. 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. AGWA 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

AGWA contributes to private superannuation plans for the majority of its employees and to the Public Sector Superannuation Scheme (PSS) for the remainder. The private funds are accumulation plans, while the PSS is a defined benefit scheme for the Australian Government.

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

1.8 LEASES

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives received are recognised as a liability. The liability is reduced by allocating lease payments between rental expense and reduction of the liability.

Rental income arising from the sub-lease of a portion of the premises is recognised in revenue in the month that it relates to.

1.9 RESEARCH AND DEVELOPMENT (R&D) CONTRACTS

Most 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 2015 are recognised on signing of the contract.

1.10 CASH AND INVESTMENTS

Cash and cash equivalents consist of cash on hand and deposits in bank accounts that are immediately available without notice. Cash is recognised at its nominal amount.

Investments are represented by a number of bank term deposits having various maturity dates none more than 6 months from the reporting date. The value of the term deposits recognised is the nominal value of the cash invested. Accrued interest is treated as interest receivable.

1.11 FINANCIAL ASSETS

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that AGWA has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at end of each reporting periods.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the surplus/deficit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 *(continued)*

1.12 FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or ‘other financial liabilities.’

Financial liabilities are recognised and derecognised upon ‘trade date’.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

1.13 ACQUISITION OF ASSETS

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

1.14 PROPERTY, PLANT AND EQUIPMENT

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to ‘makegood’ provisions in property leases taken up by the authority where there exists an obligation to restore the property to its original condition. These costs are included in the value of AGWA’s leasehold improvements with a corresponding provision for the ‘makegood’ recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market Value
Furniture and fittings	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment is carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amount of assets do not differ materially from the assets' fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to AGWA 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	2015
Leasehold improvements	Lease term
Plant and equipment	3 years
Furniture and fittings	10 years

Impairment

All assets were assessed for impairment at 30 June 2015. 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 AGWA were 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

1.15 INTANGIBLES

AGWA's intangibles comprise purchased software and internally-developed software for the authority's own use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased software is amortised on a straight-line basis over its anticipated useful life. The useful life of AGWA's purchased software is three years.

Internally developed software is amortised on a straight line basis over three years from the date that the asset is first put into productive use.

All software assets were assessed for impairment at 30 June 2015.

1.16 INVENTORIES

Inventories held for sale are valued at the lower of cost and net realisable value.

1.17 TAXATION

AGWA 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.

1.18 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.

1.19 INSURANCE

AGWA has insured for risks through the Government's insurable risk managed fund, called Comcover. Workers' compensation is insured through Comcare Australia.

1.20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant 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.

Note 2: Events After the Reporting Period

There has been no event after the reporting period with the potential to significantly affect the ongoing structure and financial activities of AGWA.

Note 3: Expenses

2015

\$

NOTE 3A: EXPENDITURE ON RESEARCH AND DEVELOPMENT CONTRACTS

Public sector	
Australian Government entities (related parties)	4,904,444
State and Territory Governments	2,473,690
Universities / colleges	3,380,935
Private sector	
The Australian Wine Research Institute	8,420,464
Other organisations	2,696,828
Total expenditure on research and development contracts	21,876,361

NOTE 3B: EMPLOYEE BENEFITS

Wages and salaries	5,595,343
Superannuation:	
Defined contribution plans	338,392
Defined benefit plans	81,511
Leave and other entitlements	159,880
Separation and redundancies	46,508
Total employee benefits	6,221,634

NOTE 3C: SUPPLIERS

Goods and services supplied or rendered	
Occupancy costs	201,169
Contractors	175,098
Communications	240,135
Information technology	401,137
Marketing costs	2,792,893
Outside services	502,111
Travel and accommodation	953,244
Consulting fees	262,603
Market Research costs	210,880
Goods purchased	197,792
Other suppliers expenses	641,149
Total goods and services supplied or rendered	6,578,211

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

2015

\$

NOTE 3C: SUPPLIERS (continued)

Goods supplied in connection with

Related parties	-
External parties	197,792
Total goods supplied	197,792

Services rendered in connection with

Related parties	1,479,883
External parties	4,900,536
Total services rendered	6,380,419
Total goods and services supplied or rendered	6,578,211

Other supplier expenses

Operating lease rentals:	
Minimum lease payments	663,132
Workers compensation expenses	21,110
Total other supplier expenses	684,242
Total supplier expenses	7,262,453

NOTE 3D: DEPRECIATION AND AMORTISATION

Depreciation:	
Plant and equipment	201,988
Leasehold improvements	213,001
Total depreciation	414,989
Amortisation:	
Intangibles: computer software	49,942
Total amortisation	49,942
Total depreciation and amortisation	464,931

NOTE 3E: WRITE-DOWN OF ASSETS

Bad debts written-off	779
Total write-down of assets	779

NOTE 3F: FOREIGN EXCHANGE LOSSES

Non-speculative	12,515
Total foreign exchange losses	12,515

Note 4: Income

Revenue	2015 \$
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NOTE 4A: INDUSTRY CONTRIBUTIONS

Grape research and development levy	3,391,953
Wine research and development levy	11,794,918
Wine export charge	2,338,182
Total industry contributions	17,525,053

NOTE 4B: REVENUE FROM GOVERNMENT

Australian Government matching contributions	12,079,745
Export market development grant	118,755
Carbon Farming Future: climate change research program	195,531
Total revenue from Government	12,394,031

NOTE 4C: SALE OF GOODS AND RENDERING OF SERVICES

Sale of goods in connection with

Related parties	234,413
External parties	9,490
Total sale of goods	243,903

Rendering of services in connection with

Related parties	31,634
External parties	5,821,066
Total rendering of services	5,852,700
Total sale of goods and rendering of services	6,096,603

NOTE 4D: RENTAL INCOME

Operating lease	
Sub-lease	184,140
Total rental income	184,140

NOTE 4E: RESEARCH AND DEVELOPMENT EXPENDITURE REFUNDS

Other non-commonwealth organisations	43,067
Total Research and development expenditure refunds	43,067

NOTE 4F: INTEREST

Deposits at bank	365,062
Total interest	365,062

NOTE 4G: OTHER REVENUE

Sponsorship	20,000
Other revenue	23,440
Total other revenue	43,440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

Note 5: Fair Value Measurements

There was no formal revaluation in 2015. Therefore no increments or decrements were adjusted through the statement of financial position.

AGWA has a policy to complete a formal revaluation, normally undertaken once every three years. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that AGWA can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Fair value measurements at the end of the reporting period

Asset class	2015 \$	Level	Valuation techniques ¹	Significant inputs used
Leasehold improvements (including fitout)	169,075	3	Depreciated Replacement Cost (DRC) Net Present Value	Replacement Cost New (price per square metre) Current obligation costs (price per square metre) Indexation rates ² Discount rate ²
Plant and equipment	136,666	2	Market Approach	Adjusted market transactions
Total assets measured at fair value	305,740			

1. There has been no changes to valuation techniques.
2. Current restoration costs have been indexed to the obligation date (generally the expiry of the lease term) using industry building cost indexes relevant to the asset's city and then discounted, where the time value of money is material using the Australian government 5-year bond rate. The estimated provision is depreciated in line with the corresponding leasehold improvement asset.

Note 6: Financial Assets

2015

\$

NOTE 6A: CASH AND CASH EQUIVALENTS

Cash at bank	1,713,693
Cash on hand	2,091
Total cash and cash equivalents	1,715,784

NOTE 6B: TRADE AND OTHER RECEIVABLES

Goods and Services:	
Goods and services – related entities	110,162
Goods and services – external parties	581,634
Total receivable for goods and services	691,796

Other receivables:

Australian Government matching contributions receivable	1,714,598
GST receivable from the Australian Taxation Office	229,839
Industry contributions receivable	144,590
Interest receivable	49,638
Other receivables	21,983
Total trade and other receivables (gross)	2,852,444

Less: Impairment allowance

Goods and services	-
Total impairment allowance	-
Total trade and other receivables (net)	2,852,444

Trade and other receivables expected to be recovered:

No more than 12 months	2,852,444
More than 12 months	-
Total trade and other receivables (net)	2,852,444

Trade and other receivables (gross) are aged as follows:

Not overdue	2,384,312
Overdue by:	
0 to 30 days	390,552
31 to 60 days	55,451
61 to 90 days	16,058
More than 90 days	6,071
Total trade and other receivables (gross)	2,852,444

All trade and other receivables are expected to be settled within 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

2015

\$

NOTE 6C: OTHER INVESTMENTS

Deposits at bank	7,127,257
Total other investments	7,127,257

All investments are current assets.

Note 7: Non-Financial Assets

2015

\$

NOTE 7A: LEASEHOLD IMPROVEMENTS

Fair value	881,880
Accumulated amortisation	(712,805)
Total leasehold improvements	169,075

NOTE 7B: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF LEASEHOLD IMPROVEMENTS 2014–2015

Leasehold
improvements
\$

As at 1 July 2014

Gross book value	880,085
Accumulated depreciation	(499,804)
Net book value 1 July 2014	380,281

Additions:

By purchase	1,795
Depreciation expense	(213,001)
Net book value 30 June 2015	169,075

Net book value as of 30 June 2015 represented by:

Gross book value	881,880
Accumulated depreciation and impairment losses	(712,805)
	169,075

NOTE 7C: PLANT AND EQUIPMENT

	Leasehold improvements \$
Plant and equipment – at fair value	1,003,305
Accumulated depreciation	(872,334)
Total plant and equipment	130,971
Furniture and fittings – at fair value	8,523
Accumulated depreciation	(2,828)
Total furniture and fittings	5,695
Total plant and equipment	136,666

All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

No indicators of impairment were found for plant or equipment.

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

NOTE 7D: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PLANT AND EQUIPMENT 2014-2015

	Plant and equipment \$	Furniture and fittings \$	Total \$
As at 1 July 2014			
Gross book value	944,438	4,016	948,454
Accumulated depreciation	(679,179)	(203)	(679,382)
Net book value 1 July 2014	265,259	3,813	269,072
Additions:			
By purchase	66,030	4,507	70,537
Disposals:			
Gross book adjustment	(7,163)	-	(7,163)
Accumulated depreciation adjustment	6,208	-	6,208
Depreciation expense	(199,363)	(2,625)	(201,988)
Net book value 30 June 2015	130,971	5,695	136,666
Net book value as of 30 June 2015 represented by:			
Gross book value	1,003,305	8,523	1,011,828
Accumulated depreciation	(872,334)	(2,828)	(875,162)
	130,971	5,695	136,666

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

2015

\$

NOTE 7E: INTANGIBLES

Computer software:

Purchased at cost	342,104
Developed at cost:	
In use	1,356,647
Total computer software (gross)	1,698,751
Accumulated amortisation	(1,614,822)
Total computer software (net)	83,929
Total intangibles	83,929

All intangible assets are non-current assets.

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

NOTE 7F: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF INTANGIBLES (2014-15)

Item	Computer software – purchased \$	Computer software – developed \$	Total \$
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As at 1 July 2014

Gross book value	308,441	1,356,647	1,665,088
Accumulated amortisation	(270,177)	(1,294,703)	(1,564,880)
Net book value 1 July 2014	38,264	61,944	100,208

Additions:

By purchase	33,663	–	33,663
Amortisation	(27,417)	(22,525)	(49,942)
Net book value 30 June 2015	44,510	39,419	83,929

Net book value as of 30 June 2015 represented by:

Gross book value	342,104	1,356,647	1,698,751
Accumulated amortisation	(297,594)	(1,317,228)	(1,614,822)
	44,510	39,419	83,929

	2015
	\$

NOTE 7G: INVENTORIES

Inventories held for sale	4,135
Total inventory held for sale	4,135

NOTE 7H: PREPAYMENTS

Prepayments	366,154
Total prepayments	366,154

Prepayments expected to be recovered

No more than 12 months	284,490
More than 12 months	81,664
Total prepayments	366,154

Note 8: Payables

	2015
	\$

NOTE 8A: SUPPLIERS

Trade creditors and accruals	674,227
Operating lease rentals	-
Total supplier payables	674,227

Suppliers in connection with

Related parties	190,728
External parties	483,499
Total suppliers	674,227

All suppliers are expected to be settled within 12 months.

Settlement is usually made net 60 days for Australian Wine Overseas Program suppliers and net 30 days for all other suppliers.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

2015

\$

NOTE 8B: RESEARCH AND DEVELOPMENT CONTRACTS

Accrued approved project expenses	2,025,161
Total research and development contracts	2,025,161

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

NOTE 8C: OTHER PAYABLES

Salaries and wages (incl PAYG and superannuation)	130,789
Prepayments received/unearned income	40,475
Lease liability incentive	44,134
Other	7,097
Total other payables	222,495

Total other payables are expected to be settled in:

No more than 12 months	222,495
More than 12 months	-
Total other payables	222,495

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

Note 9: Provisions

	2015
	\$

NOTE 9A: EMPLOYEE PROVISIONS

Long-service leave	484,234
Annual leave	349,746
Separation or redundancies	46,507
Total employee provisions	880,487

Employee provisions are expected to be settled in:

No more than 12 months	707,469
More than 12 months	173,018
Total employee provisions	880,487

NOTE 9B: OTHER PROVISIONS

Provision for 'makegood'	75,231
Total other provisions	75,231

Total other provisions are expected to be settled in:

No more than 12 months	-
More than 12 months	75,231
Total other provisions	75,231

Movements in relation to 2014-2015

Carrying amount 1 July 2014	75,231
Closing balance 30 June 2015	75,231

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

Note 10: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement	2015 \$
Cash and cash equivalents as per:	
Cashflow statement	1,715,784
Statement of financial position	1,715,784
Difference	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:	
Net cost of services	(12,369,228)
Add revenue from Government	12,394,031
Adjustments for non-cash items	
Depreciation / amortisation	464,931
Amortisation of lease incentive	(58,846)
Net write-down of assets	779
Loss on disposal of assets	444
Movements in assets and liabilities	
Assets	
Decrease in net receivables	489,776
Decrease in inventories	44,060
Increase in prepayments	(253,333)
Liabilities	
Decrease in suppliers	(229,160)
Decrease in research and development contracts	(1,460,544)
Decrease in other payables	(391,251)
Increase in employee provisions	159,879
Net cash used by operating activities	(1,208,462)

Note 11: Contingent Assets and Liabilities

AGWA has not identified any quantifiable contingencies, unquantifiable contingencies or remote contingencies as at the reporting date.

Note 12: Senior Management Personnel Remuneration

For the purpose of this note, AGWA has defined senior executives as directors, the Chief Executive Officer (CEO), and those employees who report directly to the CEO.

These employees are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of AGWA. General Managers are classified as senior executives and are disclosed in this note.

2015
\$

NOTE 12: SENIOR EXECUTIVE REMUNERATION EXPENSE FOR THE REPORTING PERIOD

Short-term employee benefits:

Salary	1,594,802
Motor vehicles and other allowances	83,958
Total Short-term employee benefits	1,678,760

Post-employment benefits

Superannuation	192,247
Total post-employment benefits	192,247

Other long-term employee benefits

Annual leave accrued	53,204
Long-service leave	66,881
Total other long-term employee benefits	120,085
Total senior executive remuneration expenses	1,991,092

Notes: The total number of senior management personnel that are included in the above table are 15.
Note 12 is prepared on an accrual basis.

Note 13: Related Party Disclosures

No loans or grants were made to any directors or director-related entities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

Note 14: Remuneration of Auditors

2015

\$

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

41,000

41,000

Other services of \$5,000 were provided by the audit firm subcontracted by the ANAO to perform this external audit, relating to a gap analysis and needs assessment project for AGWA's analytics requirements.

Note 15: Financial Instruments

2015

\$

NOTE 15A: CATEGORIES OF FINANCIAL INSTRUMENTS

Financial Assets

Held-to-maturity investments:

Deposits at bank	7,127,257
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Total held-to-maturity investments	7,127,257
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Receivables:

Cash and cash equivalents	1,715,784
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Interest receivable	49,638
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Australian Government matching contributions receivables	1,714,598
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Industry contributions receivables	144,590
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Other receivables	713,779
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Total receivables	4,338,389
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Total financial assets	11,465,646
-------------------------------	-------------------

Financial Liabilities

Financial liabilities measured at amortised cost:

Suppliers	674,227
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Research and development contracts	2,025,161
------------------------------------	-----------

Total financial liabilities measured at amortised cost	2,699,388
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Total financial liabilities	2,699,388
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NOTE 15B: NET GAINS OR LOSSES ON FINANCIAL ASSETS

Held-to-maturity investments:

Interest	311,972
Net gain on held-to-maturity investments	311,972

Receivables:

Interest	53,090
Exchange loss	(12,515)
Net gain on receivables	40,575
Net gain on financial assets	352,547

NOTE 15C: FAIR VALUE OF FINANCIAL INSTRUMENTS

Due to the short term nature of financial assets their carrying value approximates their fair value.

NOTE 15D: CREDIT RISK

The maximum exposure to credit risk is equal to the carrying amount of financial assets. In 2015, nil has been allocated to an impairment allowance account, in respect of financial assets whose recoverable amount is less than their gross carrying value.

AGWA's policy in relation to managing credit risk is to ensure that for material transactions the counter party to net financial assets has a minimum Standard and Poors long term credit rating of AA-.

AGWA's cash, cash equivalents and investments are all held with the National Australia Bank Limited. These are the only concentrations of credit risk that AGWA is exposed to.

AGWA's credit risk policy ensures that all counter parties to material transactions have a Standard and Poor's long term issuer credit rating of AA- and short term rating of A-1+.

AGWA holds no collateral to mitigate against credit risk.

Credit risk of financial instruments not past due or individually determined as impaired

	2015	
	\$ Not Past Due nor Impaired	\$ Past Due or Impaired
Held-to-maturity investments	7,127,257	-
Receivables	4,260,809	77,580
Total financial assets	11,388,066	77,580

Ageing of financial assets that are past due but not impaired for 2015	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days
Receivables for goods and services	-	55,451	16,058	6,071
Total receivables for goods and services	-	55,451	16,058	6,071

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

NOTE 15E: LIQUIDITY RISK

AGWA manages liquidity risk by preparing and reviewing monthly management reporting, and financial reforecasts are undertaken to ensure any increased risk is identified on a timely basis.

AGWA also has a reserve policy to ensure sufficient reserves are retained by AGWA to manage short and longer term liquidity requirements.

All financial liabilities are expected to mature in the next 12 months.

AGWA has no derivative financial liabilities in the current year.

NOTE 15G: MARKET RISK

Currency risk

AGWA maintains offices and conducts promotional activities in a number of countries. AGWA is exposed to a 'currency risk' as expenses for the overseas offices are paid in local currencies. Movements in currency rates between when the funds are received and expended are recognised in the Statement of Comprehensive Income as gains/(losses) on foreign exchange.

In addition, AGWA holds financial reserves to fund working capital requirements and to cover revenue fluctuations caused by changing seasonal conditions and short term marketing opportunities.

AGWA does not have a significant exposure to currency risk at 30 June 2015.

Interest rate risk

Details of AGWA's interest bearing financial assets and liabilities are as follows:

Investments consist of fixed interest rate term deposits.

Cash and cash equivalents attract fixed and variable rates of interest.

The impact of reasonable changes in interest rates would not be material to the financial statements for the year ended 30 June 2015.

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

	2015
Cash and cash equivalents	2.40%
Investments	3.24%

Sensitivity analysis

AGWA is not subject to material market risk and so no sensitivity analysis is presented.

Note 16: Financial Assets Reconciliation

	2015 \$
Total financial assets as per Statement of Financial Position	11,695,485
Less: Non-financial instrument components	
Net GST receivable	229,839
Total non-financial instrument components	229,839
Total financial assets as per financial instruments note	11,465,646

GST receivable directly from or payable directly to the ATO in its role as tax collector (e.g. with the periodic Business Activity Statement) is not a financial instrument.

Note 17: Reporting of Outcomes

AGWA is structured to meet a single outcome; to foster and enable a competitive Australian grape and wine community by investing in research and development, building markets, disseminating knowledge and ensuring compliance.

	2015 \$
Departmental	
Expenses	36,626,593
Own-source income	24,257,365
Net cost of outcome delivery	12,369,228

Outcome is described in Note 1.1. Net cost shown includes intra-government costs that are eliminated in calculating the actual Budget Outcome.

All of AGWA's revenues and expenses, assets and liabilities are classified as Departmental.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

Note 18: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014–15 Portfolio Budget Statements (PBS) to the 2014–15 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

NOTE 18A: DEPARTMENTAL BUDGETARY REPORTS

Statement of Comprehensive Income for not-for-profit Reporting Entities for the period ended 30 June 2015	Actual 2015 \$	Budget estimate	
		Original ¹	Variance ²
		2015 \$	2015 \$

NET COST OF SERVICES

Expenses

Expenditure on research and development contracts	21,876,361	20,649,000	1,227,361
Employee benefits	6,221,634	6,242,000	(20,366)
Suppliers	7,262,453	5,998,589	1,263,864
Depreciation and amortisation	464,931	506,000	(41,069)
Write-down and impairment of assets	779	–	779
Net losses from foreign exchange	12,515	–	12,515
Levy collection fees	787,920	1,268,411	(480,491)
Total expenses	36,626,593	34,664,000	1,962,593

LESS:

OWN-SOURCE INCOME

Own-source revenue

Industry contribution	17,525,053	16,946,000	579,053
Sale of goods and rendering of services	6,096,603	5,648,000	448,603
Rental Income	184,140	132,000	52,140
Research and development expenditure refunds	43,067	–	43,067
Interest	365,062	295,000	70,062
Other	43,440	–	43,440
Total own-source revenue	24,257,365	23,021,000	1,236,365
Net cost of services	(12,369,228)	(11,643,000)	(726,228)

Revenue from Government

Australian Government matching contributions	12,079,745	11,646,000	433,745
Other grants from Government	314,286	–	314,286
Total comprehensive income	24,803	3,000	21,803
Total comprehensive income attributable to the Australian Government	24,803	3,000	21,803

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.

NOTE 18A: DEPARTMENTAL BUDGETARY REPORTS (CONTINUED)

Statement of Financial Position for not-for-profit Reporting Entities for the period ended 30 June 2015	Actual	Budget estimate Original ¹	Variance ²
	2015 \$	2015 \$	2015 \$
ASSETS			
Financial assets			
Cash and cash equivalents	1,715,784	4,911,000	(3,195,216)
Trade and other receivables	2,852,444	1,744,000	1,108,444
Other investments	7,127,257	7,806,000	(678,743)
Total financial assets	11,695,485	14,461,000	(2,765,515)
Non-financial assets			
Leasehold improvements	169,075	232,000	(62,925)
Plant and equipment	136,666	551,000	(414,334)
Intangibles	83,929	47,000	36,929
Inventories	4,135	20,000	(15,865)
Prepayments	366,154	360,000	6,154
Total non-financial assets	759,959	1,210,000	(450,041)
Total assets	12,455,444	15,671,000	(3,215,556)
LIABILITIES			
Payables			
Suppliers	674,227	1,757,000	(1,082,773)
Research and development contracts	2,025,161	3,257,000	(1,231,839)
Other payables	222,495	1,561,000	(1,338,505)
Total payables	2,921,883	6,575,000	(3,653,117)
Provisions			
Employee provisions	880,487	734,000	146,487
Other provisions	75,231	37,000	38,231
Total provisions	955,718	771,000	184,718
Total liabilities	3,877,601	7,346,000	(3,468,399)
Net assets	8,577,843	8,325,000	252,843
EQUITY			
Retained surplus	8,411,838	8,123,000	288,838
Asset revaluation reserve	166,005	202,000	(35,995)
Total equity	8,577,843	8,325,000	252,843

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015 (continued)

NOTE 18A: DEPARTMENTAL BUDGETARY REPORTS (CONTINUED)

Statement of Changes in Equity for not-for-profit Reporting Entities for the period ended 30 June 2015	Retained surplus			Asset revaluation reserve			Total equity	
	Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate
	2015	Original ¹	Variance ²	2015	Original ¹	Variance ²	2015	Original ¹
	\$	2015	2015	2015	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$

Opening balance

Balance at the beginning of the reporting period

8,364,279 8,120,000 244,279 188,761 202,000 (13,239) 8,553,040 8,322,000

Opening balance

8,364,279 8,120,000 244,279 188,761 202,000 (13,239) 8,553,040 8,322,000

Comprehensive income

Surplus for the period

24,803 3,000 21,803 - - - 24,803 3,000

Total comprehensive income

24,803 3,000 21,803 - - - 24,803 3,000

Transfers between equity components

22,756 - 22,756 (22,756) - (22,756) - -

Closing balance attributable to Australian Government

8,411,838 8,123,000 288,838 166,005 202,000 (35,995) 8,577,843 8,325,000

1. The entity's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the entity's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.

NOTE 18A: DEPARTMENTAL BUDGETARY REPORTS (CONTINUED)

Cash Flow Statement for not-for-profit Reporting Entities <i>for the period ended 30 June 2015</i>	Actual 2015 \$	Budget estimate	
		Original ¹ 2015 \$	Variance ² 2015 \$

OPERATING ACTIVITIES

Cash received

Australian Government matching contributions	11,635,136	11,187,000	448,136
Other grants from Government	314,286	-	314,286
Industry contributions	17,502,958	17,007,000	495,958
Sale of goods and rendering of services	6,907,290	5,772,000	1,135,290
Rental income	181,567	132,000	49,567
Interest	399,504	295,000	104,504
Research and development expenditure refunds	43,067	-	43,067
Net GST received from operating activities	2,750,178	-	2,750,178
Other receivables	35,920	-	35,920
Total cash received	39,769,906	34,393,000	5,376,906

Cash used

Employees	(6,467,586)	(6,769,000)	301,414
Suppliers	(8,907,510)	(8,495,000)	(412,510)
Expenditure on research and development contracts	(25,603,272)	(18,467,000)	(7,136,272)
Net GST paid	-	(355,000)	355,000
Total cash used	(40,978,368)	(34,086,000)	(6,892,368)
Net cash from/(used by) operating activities	(1,208,462)	307,000	(1,515,462)

INVESTING ACTIVITIES

Cash received

Proceeds from sales of plant and equipment	511	-	511
Proceeds from investments	17,400,662	200,000	17,200,662
Total cash received	17,401,173	200,000	17,201,173

Cash used

Purchase of plant and equipment	(70,536)	(165,000)	94,464
Purchase of intangibles	(35,457)	-	(35,457)
Purchase of investments	(16,627,257)	-	(16,627,257)
Total cash used	(16,733,250)	(165,000)	(16,568,251)
Net cash from/(used by) investing activities	667,923	35,000	632,923
Net increase/(decrease) in cash held	(540,539)	342,000	(882,539)
Cash and cash equivalents at the beginning of the reporting period	2,256,323	4,569,000	(2,312,677)
Cash and cash equivalents at the end of the reporting period	1,715,784	4,911,000	(3,195,216)

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided below.

NOTE 18B: DEPARTMENTAL MAJOR BUDGET VARIANCES FOR 2015

Variances are considered to be ‘major’ based on the following criteria:

- the variance between budget and actual is greater than 10% and above or below \$150,000; and
- the variance between budget and actual is greater than 2% of the relevant category (Income, Expenses and Equity totals); or
- an item below this threshold but is considered important for the reader’s understanding

Explanations of major variances	Affected line items (and statement)
Suppliers The variance in suppliers expense was created by additional expenditure in key strategic areas including additional investment in market development activities in multiple markets. For cashflow, a difference in the timing of actual payments made, compared to our budgeted supplier terms, whereby AGWA paid its creditors earlier than budgeted timing. Overseas payments are made within the same month, rather than in line with our 30 day trading terms.	<i>Suppliers (Statement of Comprehensive Income), Suppliers (Statement of Financial Position), Operating cash used – Suppliers (Cash Flow Statement)</i>
Expenditure on research and development contracts The difference in expenditure on research and development contracts paid related to changes in a large number of contracts due to a number of different reasons, including selected projects being extended given the decision to complete additional research. Selected projects were also deferred as they were not ready to commence as per the budget timings. These variances are expected given the nearly 200 projects currently being managed.	<i>Expenditure on research and development contracts (Statement of Comprehensive Income), research and development contracts (Statement of Financial Position), Operating cash used – Expenditure on research and development contracts (Cash Flow Statement)</i>
Cash and Cash equivalents The difference in cash and cash equivalents was caused by a multitude of reasons and reflects the differences in various lines within the cashflow statement, including supplier payments and research and development contract payments etc. Items affected include cash investments, Commonwealth matching not received in using timing from Government, accelerated payments of supplier and research and development contract payments.	<i>Cash and cash equivalents, Trade and other receivables, Suppliers, Research and development contracts (Statement of Financial Position), Operating cash paid – Suppliers, Expenditure on research and development contracts (Cash Flow Statement), Operating cash received – Proceeds from Investments (Cash Flow Statement), showed we required more funds to be returned to operating cash.</i>

Explanations of major variances	Affected line items (and statement)
Trade and other receivables \$1.6M for May 2015 Commonwealth matching claim had not been received by 30 June 2015, which was different to the assumptions made to prepare the PBS information.	<i>Trade and other receivables (Statement of Financial Position)</i>
Plant and equipment The PBS included planned investment to upgrade the entire ICT infrastructure, however, this project was not completed in 2014/15 due to a change in internal priorities and is being considered for action in 2015/16.	<i>Plant and equipment (Statement of Financial Position)</i>
Other payables Other payables in the PBS included payroll liabilities at 30 June 2015. During 2014-15, the timing of payroll was changed from fortnightly to monthly payroll, therefore eliminating the requirement for accruals at 30 June 2015. In addition, the PBS included an assumption of pre-paid revenue from marketing events which did not eventuate.	<i>Other payables (Statement of Financial Position)</i>
GST received The variance in GST was as a result of the variances in a number of items, including the variance in the quantum and timing of research and development contract payments and supplier payments.	<i>Operating activities cash paid – NET GST paid (Cash Flow Statement), Operating activities cash received – NET GST received (Cash Flow Statement)</i>
Investment Activities Working capital requirements were actively managed throughout the period to ensure that sufficient funds were available to meet commitments. Surplus funds were invested in term deposits to earn interest income. Additionally, the variance in cash flows from investing in term deposits is due to the PBS reporting a net inflow.	<i>Interest (Statement of Comprehensive Income), Investing activities cash received – Proceeds of investments (Cash Flow Statement), Investing activities cash paid – Proceeds of investments (Cash Flow Statement).</i>

Appendices

Appendix I: RD&E funded projects

Project Number	Title	Approved funding 2014–15
1. Improved access to international markets		
i) Market Access Support		
AWRI 2.2.1	Collecting and disseminating information regarding agrochemicals registered for use and maximum residue limits in Australian viticulture	83,874.65
AWRI 2.2.4	Increasing Australia's influence in market access, safety, regulatory and technical trade issues	78,103.17
AWRI 5.1.3 (part 5 of 5)	Efficient management and administration	78,291.65
USA 1301	Australia and South Korea Free Trade Agreement: Understanding and Opportunities in the South Korean Wine Market	2,583.00
WFA 1201	Market access impediments and opportunities for the Australian wine sector	150,000.00
TOTAL FOR PROGRAM 1		392,852.47

2.1 Delivering Knowledge		
i) Consumer information & insights		
NWG 1202	Characterisation of wine avoiders and how to transition avoiders to consumers in the Australian, Canadian, US, UK and Indian markets	138,040.00
UA 1203	Context and wine composition effects on Australian wine consumer mood and liking	239,119.50
UA 1204	Effective use of interactive media A pathway for wine brand growth	15,000.00
UA 1206	Advance Australia Fair Determining the country of origin associations for Australian wine in emerging and established markets	58,255.00
UA 1406	Canadian perceptions of Australian wines	12,288.54
USA 1101	Understanding Asian market demand using international students in Australia	16,500.00
USA 1202	The China Wine Barometer (CWB): A look into the future	89,178.50
USA 1203	They came, they liked, and they buy when they go home Harnessing inbound tourists for wine export	11,475.00
USA 1204	The Cellar Door as Catalyst for Wine Consumption Changes and Multiplier of Sales in the Australian Wine Market	38,451.76
USA 1302	Postdoctoral Researcher in Wine Consumer Behaviour	52,500.00
WOP 1401	The opportunities for further market share expansion of Australia's regional and premium price segment wines in the US market	34,000.00

Appendix I: RD&E funded projects (continued)

Project Number	Title	Approved funding 2014–15
AWRI 2.2.3	Influencing Australia's wine consumers through understanding issues of wine consumption, health and nutrition	34,490.42
GWR 1307	Consultancy Agreement – Dr Roberta Crouch	720.00
	Project savings	[26,765.89]
Sub-total for Program 2.1 (i)		713,252.83

2.2 Improving Products and processes

i) Objective measures of quality

AWR 1202	Assessment of relationships between grape chemical composition and grape allocation grade	365,263.47
AWRI 3.1.1	Identification and origin of volatile compounds responsible for important wine sensory attributes	675,792.38
AWRI 3.1.3	Flavour precursors: contribution to wine aroma, in-mouth sensory properties and flavour release	207,510.13
AWRI 3.1.4	Factors affecting wine texture, taste, clarity, stability and production efficiency	698,673.50
AWRI 3.5.3	Formation and fate of positive and negative sulfur compounds	274,960.74
AWRI 5.1.3 (Part 1 of 5)	Efficient management and administration-objective measures of quality projects at AWRI	890,382.02
CSP 1001	Improving the tannin composition of grapes	125,296.00
CSP 1201	Grape quality parameters that influence wine flavour & aroma identification confirmation and application to industry	684,030.00
CSU 1301	Determination of thresholds for bunch rot contamination of grapes and techniques to ameliorate associated fungal taints	149,566.50
DPI 1402	Identifying vineyard and winery management practices that impact on tannin extraction	187,500.00
NWG 1201	Assessment of fungal rots of grapes and their impact on wine quality	26,663.11
NWG 1401	Metal ion speciation: Understanding its role in wine development and generating a tool to minimise wine spoilage	114,708.50
UA 1002	Organic acid metabolism and the control of grape berry acidity in a warming climate	139,637.35
UA 1202	Objective measures for powdery mildew	189,912.00
UA 1205	Objective measures of Australian sparkling wine style and quality	101,286.14
AWRI 2.2.2	Feasibility study for origin verification of Australian wine	120,875.67
Sub-total for Program 2.2 (i)		4,952,057.51

Project Number	Title	Approved funding 2014–15
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ii) Germplasm (yeast and bacterial)		
AWR 1301	Enhanced winemaking outcomes and wine style diversification through provision of fit-for-purpose yeast starter cultures	473,849.00
AWR 1302	Defining the nutritional drivers of yeast performance and matching yeast to must	324,548.00
AWR 1303	Efficient and reliable malolactic fermentation to achieve specification wine style	341,261.00
AWR 1304	Ensuring the continued efficacy of Brettanomyces control strategies for avoidance of spoilage	359,714.00
AWR 1305	Identifying wine relevant genetic markers in wine bacteria to isolate robust MLF strains	116,202.00
AWRI 3.2.5	Safeguarding and realising the potential of the Australian wine microbial germplasm collection	99,886.10
AWRI 5.1.3 (Part 2 of 5)	Efficient management and administration-yeast and bacterial germplasm projects at AWRI	48,282.60
UA 1301	Developing a fundamental understanding of the microbiological treatment of winery wastewater	200,485.00
UA 1302	Fit-for-Purpose Yeast and Bacteria via Directed Evolution	437,601.01
UA 1304	Translation of 'Whole-of-Production-Chain' Wine Science Research to Industry Outcomes	75,375.00
UA 1405	Incubator Initiative: Mapping of Genes responsible for yeast-derived modulation of colour in model red wine	10,000.00
AWRI 3.3.1	Evaluating non-conventional yeast for the production of wines that contain less ethanol	77,641.78
Sub-total for Program 2.2 (ii)		2,564,845.49

iii) Process efficiency		
2XE 1301	Life-cycle cost analysis of wine processing to identify major opportunities for process efficiency improvements	22,400.00
2XE 1303	Process efficiency in winery operations: a broad review of potentially beneficial techniques and technologies	24,750.00
AWR 1203	Maximising quality during bulk wine transport	135,062.00
AWR 1307	Removal of lees from underneath wine to reduce wine movements and tank cleaning	155,950.00
AWR 1401	Evaluating the viability of process sensor technologies for measurement of sugar levels during fermentation	112,949.01
AWRI 3.3.2	Influencing wine style through management of oxygen during winemaking	339,389.72
AWRI 5.1.3 (Part 3 of 5)	Efficient management and administration-process efficiency projects at AWRI	163,796.52
GWR 1405	Efficient wineries Pilot stage 2	11,000.00

Appendix I: RD&E funded projects (continued)

Project Number	Title	Approved funding 2014–15
TWE 1301	Novel Fining Agents To Heat Stabilise Wine	211,691.00
UT 1301	Improved red wine process efficiency and product quality through enhanced phenolic extraction by Controlled Phenolic Release (CPR) and Berry Pricking	141,744.00
Sub-total for Program 2.2 (iii)		1,318,732.25

2.3 Understanding the environ & sustainability

i) Climate Change

CSP 0902	Enhanced varieties and clones to meet the challenges of climate change and deliver lower alcohol wines	120,262.00
DPI 1202	Impact of elevated CO2 and its interaction with elevated temperature on production and physiology of Shiraz	320,000.00
SAR 1302	Managing the impacts of climate change rainfall decline on vine balance and root activity	255,255.94
SAR 1304	Cost-effective viticultural strategies to adapt to a warmer, drier climate	291,508.00
UA 1403	Incubator Initiative: Phosphorus speciation in waste biomass streams: Working towards closing the P loop in wine production	8,500.00
GWR 1101	Climate Change Research Strategy for Primary Industries (CCRSPI)	22,500.00
	Funding support for AgSOC Water use in Agriculture 2014–15 Dairy Australia	5,000.00
	Project savings	(57,055.08)
Sub-total for Program 2.3 (i)		965,970.86

ii) Germplasm (grapevine)

CSP 1301	Identification and marker-assisted selection of genes for reducing the susceptibility of new winegrape cultivars to fungal pathogens	355,214.50
CSP 1302	Genetic and mechanistic characterisation of rootstock traits conferring abiotic stress tolerance to grapevines	477,374.50
CSP 1303	Towards elite mildew resistant selections suitable for industry use	452,043.00
CSP 1304	New Rootstocks for Australian Conditions	211,434.00
CSP 1305	Climate change ready varieties and management technologies that reduce GHGs in the vineyard	194,171.00
CSP 1306	Genetic transformation of grapevine to test significant abiotic stress and pest resistance genes	120,873.00
CSP 1307	Fast Phenomics: Grapevine trait characterisation in the field	200,000.00
SAR 1303	Assessing clonal variability in Chardonnay and Shiraz for future climate change	453,848.00

Project Number	Title	Approved funding 2014–15
UA 1402	Incubator Initiative: Breeding drought and heat tolerant grapevine using epigenetic tools	8,059.97
WGG 1401	Project consultancy to develop a business plan for the future of grapevine germplasm management in Australia	9,045.43
	Project savings	(13,575.31)
Sub-total for Program 2.3 (ii)		2,468,488.09

iii) Vineyard profitability		
CSL 1401	The yield: quality nexus. Substantiating similarity in the patterns of variation in grape yield/vine vigour and indices of fruit quality	161,598.00
CSP 1202	Improving industry capacity to manage the yield & wine quality relationship through understanding the influence of vine carbon balance on berry composition	702,323.00
CSP 1401	Understanding and manipulating small signalling molecules to affect the yield/flavour ('quality') nexus	612,654.50
CSP 1402	Evaluating and demonstrating new disease resistant varieties for warm irrigated regions	86,019.00
DAF 1401	Soil RD&E Strategy Implementation – DAFF	9,090.91
DPI 1401	Improved yield prediction for the Australian wine industry	272,496.00
GWRDC CRRDC	Council of Rural R&D Corporations	24,207.01
MQ 1401	Accurate and early yield predictions through advanced statistical modelling	103,145.00
MVG 1301	McLaren Vale Region ISO 14001 – scoping study for consortium certification	6,745.66
NWG 1301	Optimising grape quality and value to improve vineyard	383,977.00
UA 1102	The relative sustainability of organic biodynamic and conventional viticulture	45,463.50
UA 1207	Optimising vine balance in Australian vineyards: developing a toolbox for industry to ensure best practice, sustainability and profitability	232,960.72
UA 1303	The development of a low-input undervine floor management system which improves profitability without compromising yield or quality	275,411.00
UA 1401	Incubator initiative: Improving vineyard water efficiency by addition of biochar derived from grape stalks and vineyard prunings	10,000.00
ABS 1401	Vineyard Census Collection	480,246.36
	Project savings	(2,589.72)
Sub-total for Program 2.3 (iii)		3,403,747.94

Appendix I: RD&E funded projects (continued)

Project Number	Title	Approved funding 2014–15
iv) Pest and disease management		
DEP 1301	Risks and Management of Exotic and Endemic Phylloxera	87,515.44
PGI 1201	Sampling strategies for sensitive, accurate and cost effective detections of Phylloxera for quantifying area freedom status	47,900.00
SAR 1204	Understanding fungicide resistance in powdery and downy mildew	335,751.00
SAR 1205	Practical management of grapevine trunk diseases	309,197.00
UQ 1201	A generic approach to improving spray coverage	112,716.00
GWR 1104	Provision of independent technical and secretarial services to the National Working Party for Pesticide Application (NWPPA)	10,000.00
Sub-total for Program 2.3 (iv)		903,079.44

v) Biosecurity		
CSE 1301	Rapid molecular DNA identification method for the European invasive grapevine moth <i>Lobesia botrana</i>	54,712.42
DEP 1302	Developing and updating diagnostic protocols for key viticulture industry high priority exotic pest threats	34,491.00
SAR 1201	Developing a threat-specific contingency plan for the exotic pest angular leaf scorch	87,532.00
AGW 1405	Plant Biosecurity RD&E Strategy	8,333.00
Sub-total for Program 2.3 (v)		185,068.42
TOTAL FOR PROGRAM 2		17,475,242.83

3.1 Adopting research outcomes

i) Adoption		
AWRI 4.1.1	The staging and conduct of extension programs	372,765.29
AWRI 4.1.2	Specialised technical troubleshooting and responsive helpdesk services for the Australian wine sector	681,508.67
AWRI 4.1.3	Library service	194,025.65
AWRI 4.1.4	Communication with stakeholders	210,488.55
AWRI 5.1.3 (Part 4 of 5)	Efficient management and administration-Adoption projects at AWRI	704,926.50
DPI 1201	Adoption of grape and wine R&D outputs. Who, what and why?	81,102.15
GRP 1305	GWRDC Regional Plan – Murray Valley 2013–17	125,000.00
GRP 1306	GWRDC Regional Plan – Limestone Coast 2013–17	50,000.00
GRP 1308	GWRDC Regional Plan – Greater NSW and ACT 2013–17	50,000.00
GRP 1309	GWRDC Regional Plan – Western Australia 2013–17	50,000.00

Project Number	Title	Approved funding 2014–15
GRP 1311	GWRDC Regional Plan – Riverland 2013–17	132,500.00
GWR IN1201	GWRDC communication support	1,315.00
GWRDC W&R	Workshops & Reviews	18,867.39
WIT 1401	Wine Tasmania extension support	40,000.00
UA 1401	Incubator initiative: Wine Industry RD&E: developing partner co-creation capabilities	8,432.85
GWRDC IN	Innovators' Network	279,240.77
AGW 1402	Development of the Lean Guide & extension delivery plan	6,750.00
CSU 1401	Information Seeking and Research Adoption (Bridging Funding)	15,000.00
AGW 1403	Chinese Lexicon project	8,000.00
DPI 1403	NSW Extension Support	42,500.00
	R&D Website	4,607.50
	Sponsorship for Outlook Conference	8,000.00
Sub-total for Program 3.1 (i)		3,085,030.32

ii) Evaluation		
ARR 1401	Interdependent review of DPI 1101 and DPI 1102 (Soil Health)	17,400.00
GWR 1308	Consultancy Agreement – IDA Economics Pty Ltd Greg Martin	20,925.00
GWRDC PMS	Project Management System	127,752.23
Sub-total for Program 3.1 (ii)		166,077.23

3.2 Developing people

i) Developing people

AFF 0801	Science & Innovation Awards for Young People	22,727.27
AGW 1401	Future Leaders	181,100.00
GWR 1309	McLaren Vale Grape Wine and Tourism Association	7,807.46
GWR 1310	Barossa Grape and Wine Association	7,884.27
GWR 1402	TIG Alumni Symposium	26,735.89
GWR 1404	“How to Present Yourself” workshop	1,800.00
GWR H1303	The use of bees to deliver biological control in Botrytis bunch rot	5,454.55
GWR H1401	Optimising nitrogen use in cool climate vineyards	6,000.00
GWR H1402	Deliberate use of oak-derived winemaking supplements to modulate the sensory properties of low alcohol wines	12,000.00
GWR H1403	Does application of silica improve berry and wine quality?	6,000.00
AGW H1501	Method Development for Grape Analysis	6,000.00
GWR L1401	Nuffield Scholarship 2014 – Clarke	50,000.00
GWR M1201	Improving fruitset of grapevine under abiotic stress	6,441.00
GWR M1202	Price elasticity and choice of wine across price tiers	7,523.34

Appendix I: RD&E funded projects (continued)

Project Number	Title	Approved funding 2014–15
GWR M1203	Assessment of vineyard performance to predict wine quality	5,000.00
GWR M1401	Developing <i>Botrytis cinerea</i> as a potent non-GM enzyme producer for the removal of haze-forming proteins under normal winemaking conditions	7,151.00
GWR Ph1312	Selective and deliberate use of winemaking supplements to modulate sensory properties of wine	13,165.67
GWR Ph1102	Flavouring wine: improving wine quality and understanding consumer acceptability	15,340.00
GWR Ph1103	Identification of genes involved in the levels of organic acids in Grape berries	3,136.00
GWR Ph1104	Understanding a key regulatory step in the auxin signalling pathway involved in the control of berry ripening	13,136.00
GWR Ph1201	Oxidative Activation of the Cell Cycle and its Role in Axillary Bud Development and Dormancy under Optimal and Stressed Conditions	13,500.00
GWR Ph1202	Entomopathogenic fungi as potential biocontrol agents of grape phylloxera	5,601.75
GWR Ph1203	The biological origin of rotundone in <i>Vitis vinifera</i> cv. Shiraz grapevine	10,231.34
GWR Ph1204	Environmental Management Accounting as a Medium for Improved Water Management in the Australian Wine Industry: An Empirical Analysis	10,259.09
GWR Ph1205	Assessing berry senescence processes under warming conditions and how to ameliorate its negative effects	7,731.34
GWR Ph1206	Colour extraction in Pinot Noir wine: does viticultural climate have an impact?	10,231.34
GWR Ph1209	Evaluating native insectary plant species to boost beneficial arthropod populations in vineyards	4,608.00
GWR Ph1210	Development of quality assessment tools for Chardonnay in relation to grape and wine composition	15,347.00
GWR Ph1301	Genetic structure, survival mechanisms and spread of grapevine downy mildew populations in Western Australian and Australian vineyards	14,608.00
GWR Ph1302	Improving alternative nitrogen utilisation during wine fermentation	3,266.67
GWR Ph1305	Inoculated mixed culture fermentations for enhanced wine quality and reliable fermentation	14,608.00
GWR Ph1306	The influence of grapevine balance and water status during berry maturation on internal carbohydrate dynamics and leaf function	15,347.00
GWR Ph1307	Determination of Key Aroma Compounds in Australian Rosé Wine	19,600.00
GWR Ph1308	Isolation and characterisation of improved lactic acid bacteria strains for optimised malolactic fermentation performance	19,600.00
GWR Ph1309	Understanding Australian wine consumers' preferences for sparkling wine	14,608.00
GWR Ph1311	Optimising oak expression in wine through real-time flavour profiling of maturation products	6,781.00

Project Number	Title	Approved funding 2014–15
GWR Ph1313	Finding genes in lab and wine yeasts involved in efficient nitrogen assimilation	15,347.00
GWR Ph1314	The biochemical pathways behind in H ₂ S generation by yeast	20,000.00
GWR Ph1315	Genomic insights into the nutrient utilisation and wine spoilage potential of <i>Dekkera bruxellensis</i>	14,608.00
GWR Ph1316	Improved treatment of winery wastewater through a detailed microbial population analysis	14,608.00
GWR Ph1317	Enhanced biological control of light brown apple moth in vineyards	12,608.00
GWR Ph1401	The impact of modes of climate change in the vineyard performance in Australia	6,575.50
GWR Ph1402	Investigating Metal complexes in wine and their effect on sulfur species production	2,500.00
GWR Ph1403	The biochemical response of grapevines to smoke exposure	5,642.50
GWR Ph1404	Measuring physical availability (distribution network) of alcoholic beverages categories in light of localisation trends in globalised markets	3,333.32
GWR Ph1405	Assessing the effects of water and nutrient stress on wine quality using hyperspectral remote sensing	4,717.00
GWR Ph1406	Production of Lower Alcohol Wines PhD Support	7,075.50
GWR Ph1407	Non-Saccharomyces yeasts in ethanol	642.50
GWR Ph1408	Optimisation of an early harvest regime – Impact on grape and wine quality and content	642.50
GWRDC TRAVEL	International Wine Tourism Conference – Speaker	2,563.00
GWT 1325	Participation in the 7th International Workshop on Grapevine Downy and Powdery Mildew	2,638.00
GWT 1400	Attendance at 11th International Conference on Grapevine Breeding and Genetics, July 2014	970.00
GWT 1402	Travel – Internship at ISVV (Bordeaux, France) to learn new sensory methods	1,800.00
GWT 1403	Attendance at the 1st International Plant Proteomics Organisation (INPPO) World Congress 2014	5,000.00
GWT 1404	Attendance and oral presentation at the 2014 Society for Industrial Microbiology & Biotechnology meeting	3,291.00
GWT 1405	Presentation and participation at the 1st International Symposium on grapevine roots in Raucedo (Italy) and visits to the universities of Bologna and Gelsenhelm	3,013.00
GWT 1406	Attendance & Presentation at ISSY 31: 31st International Specialised Symposium of Yeast “Yeast Fermentation: from Genes to Application Aspects”	2,850.00
GWT 1407	Attendance at the XXVIIth International Conference on Polyphenols and 8th Tannin Conference	1,700.00
GWT 1408	Attendance at the 1st International Symposium on Grapevine Roots	2,830.00
GWT 1409	Attendance and presentation at the 29th International Horticultural Congress 2014	2,280.00
GWT 1410	Incoming Scholars Program	3,065.00

Appendix I: RD&E funded projects *(continued)*

Project Number	Title	Approved funding 2014–15
GWT 1411	Participation in Macrowine 2014, Macromolecules and secondary metabolites of grapevine and wine, Stellenbosch, South Africa, 7–10 September 2014	5,300.00
GWT 1412	Influence of soil management in viticulture on ecosystem services related to meso-and microfauna	6,785.00
GWT 1413	Study tour to support automated yield estimation	1,509.00
GWT 1415	Investigation and information transfer from the European network about thermovinification technology for process efficiency and quality control in Australian red winemaking	4,693.00
GWT 1416	Research collaboration with University of Bordeaux and visits to relevant research groups	1,900.00
GWT 1417	Presentation at the 9th annual AAWE Conference	1,700.00
GWT 1418	Presentation of a Working Paper at American Association of Wine Economists Conference [Delivered Cost Analysis of Precision Viticulture]	2,400.00
GWT 1419	Participation to: 1) 19th International meeting GiESCO (Montpellier, 31 May – 5 June 2015) 2) SEB (Society of Experimental Biology) meeting 2015 (Prague 30 June – 3 July 2015) and 3) IX In Vito Analytica Scientia (Trento, Italy, 14–17 July 2015)	2,250.00
GWT 1420	2015 In Vito Analytical Scientia Symposium	1,995.00
GWT 1422	GiESCO 2015 – Effect of temperature on fruit phenotype and wine	1,995.00
GWT 1423	Attendance to the XXIII Plant and Animal Genome Congress – San Diego, USA	2,466.00
AGT 1501	Oral and poster presentation at IVAS 2015 (Trento, Italy)	1,603.00
AGT 1502	Identity and ecophysiology of glycogen accumulating organisms in winery wastewater	1,650.00
AGT 1503	Support to take up INRA/Agreenskills + fellowship in Montpellier, France	2,600.00
AGT 1504	New and emerging tools developed for the vineyard: Presentations at the VIII Int. Symposium on Irrigation of Horticultural crops (Lleida-Spain)	2,613.00
AGT 1505	Travel grant application for attending international conferences and visiting overseas laboratories	2,651.00
AGT 1506	In Vito Analytica Scientia (IVAS) 2015 – Italy	2,976.00
AGT 1507	Participation in the 11th Pangborn Sensory Science Symposium Gothenburg Sweden 23–27 August 2015	3,115.00
AGT 1508	Plant Biology 2015 in Minneapolis – presenting a poster on ‘The role of the auxin signalling pathway in grape berry development	3,150.00
AGT 1509	Determination of Key Aroma Compounds in Australian Rosé Wine	3,657.00
	Project savings	(40,925.00)
Sub-total for Program 3.2 (i)		746,713.80
TOTAL FOR PROGRAM 3		3,997,821.35
GRAND TOTAL		21,865,916.65

Appendix II: Provider and management codes

2XE	2XE
ABS	Australian Bureau of Statistics
AFF	Australian Government Department of Agriculture, Fisheries & Forestry
AGT	AGWA travel bursary
AGW	AGWA
ARR	Arris
AWR	Australian Wine Research Institute
AWRI	Australian Wine Research Institute
CSL	CSIRO Land and Water
CSP	CSIRO Plant Industries
CSE	CSIRO Ecosystem Sciences
CSU	Charles Sturt University
DAF	Department of Agriculture, Fisheries and Forestry
DAW	Department of Agriculture and Food Western Australia
DEP	Department of Economic Development, Jobs, Transport and Resources
DPI	Department of Primary Industries
GRP	GWRDC Regional Program
GWR	Grape and Wine Research and Development Corporation
GWR H	Honours scholarships
GWR IN	Innovators' Network
GWR L	Leadership investment
GWR M	Masters scholarships
GWR Ph	PhD scholarships
GWRDC CRRDC	Council of Rural R&D Corporations – CRRDC
GWRDC PMS	Project management (CIMS)
GWRDC Travel	GWRDC travel bursary
GWRDC W&R	Workshops and reviews
GWT	Researcher travel support
MU	University of Melbourne
MQ	Macquarie University
MVG	McLaren Vale Grape Wine & Tourism Association
NWG	National Wine Grape Industry Centre
PGI	Vinehealth Australia (Phylloxera and Grape Industry Board of South Australia)

Appendix II: Provider and management codes *(continued)*

PHA	Plant Health Australia
RD	Regional Development Initiative (a former GWRDC initiative)
RIR	Rural Industries R&D Corporation
SAR	South Australian Research and Development Institute
TWE	Treasury Wine Estates
UA	The University of Adelaide
UM	The University of Melbourne
UQ	University of Queensland
USA	The University of South Australia
UT	University of Tasmania
WIT	Wine Tasmania
WFA	Winemakers' Federation of Australia
WGG	Wine Grape Growers Australia
WOP	Wine Opinions

Appendix III: Glossary of Acronyms and Terms

ABS	Australian Bureau of Statistics
AGWA	Australian Grape and Wine Authority
AGWA Act	<i>Australian Grape and Wine Authority Act 2013</i>
ALS	angular leaf scorch
APEC	Asia-Pacific Economic Cooperation
APVMA	Australian Pesticides and Veterinarian Management Authority
ARLP	Australian Rural Leadership Program
AWRI	The Australian Wine Research Institute
AWO	Australian Wine Overseas
Botryosphaeria	A genus of fungi in the family Botryosphaeriaceae
MRL	Maximum residue limit
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
EU	European Union
Eutypa	A genus of fungi in the family Diatrypaceae
FOB	Free-on-board

FOI Act	<i>Freedom of Information Act 1982</i>
FTA	Free trade agreement
GIC	Geographical Indications Committee
GWRDC	Grape and Wine Research Development Corporation
HAIL	Horticulture Australia Innovation Limited
IPS	Information Publication Scheme
JAEP A	Japan–Australia Economic Partnership Agreement
KAFTA	Korea–Australia Free Trade Agreement
Lean Production	A production philosophy centred on making obvious what adds value by reducing everything else
MLF	Malolactic fermentation
NWEIN	National Wine Extension and Innovation Network
NWGIC	National Wine and Grape Industry Centre
NWRN	National Wine Research Network
O. oeni	Abbreviation for <i>Oenococcus oeni</i>
<i>Oenococcus oeni</i>	A species of lactic acid bacteria used in malolactic fermentation of wine, a secondary fermentation that reduces the acidity of wines and adds additional flavours
OIV	International Organisation of Vine and Wine
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PISC	Primary Industries Standing Committee
PISC WSS	Primary Industries Standing Committee Wine Sector Strategy
RDC	Research and Development Corporation
RD&E	research, development and extension
R&D	research and development
SARDI	South Australian Research and Development Institute
SIT	sterile insect technique
SPHDS	Subcommittee on Plant Health Diagnostics
UPA	User-pays activities
VIWF	Vancouver International Wine Festival
WEA	Wine Export Approvals
WEAR	Wine Export Approvals Report
WFA	Winemakers' Federation of Australia
WGGA	Wine Grape Growers Australia

Appendix IV: Compliance index

AGWA Funding Agreement 2015–19 requirements

Contribution to the implementation of relevant industry sector and cross-sectoral strategies under the RD&E Framework	2, 8, 29
Report on research extension activities	28–31
Collaboration with sector and other research providers	2, 4–5, 7, 9, 12–31
Identify sources of income including separate identification of the Levy, the Charge, Commonwealth Matching Payments and other form of income including Voluntary Contributions	11, 50–89
Bring the KPIs for each program in the Corporate Plan and AOP together and demonstrate how the deliverables funded advanced the outcomes	12–31
Assessment of the efficiency and effectiveness of investments	12–31
Consultation with the Representative Organisations on plans and activities	48

Australian Grape and Wine Authority Act 2013

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	47
Grape or wine R&D activities coordinated or funded, wholly or partly during the period	Appendix 1
The amount spent in relation to each of those activities	Appendix 1
Which of those activities related to ecologically sustainable development (if any)	25–27
The impact of those activities on the grape industry and wine industry	25–27
Agreements entered into under section 10A and/or 10B and the activities during the period in relation to agreements entered into under that section 10 of the AGWA Act	48
Assessment of the extent to which AGWA's operations during the period have	
■ achieved the Authority's objectives as stated in its corporate plan	3–9, 12–31
■ implemented the annual operational plan applicable to the period	3–9, 12–31
Assessment of the extent to which AGWA has contributed to the attainment of the objects of the AGWA Act	Entire report
Information from its GIC on its operations	47

Public Governance, Performance and Accountability Act 2013

Include a copy of the annual financial statements and the Auditor-General's report	50–89
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Commonwealth Authorities (Annual Reporting) Orders 2011

Report must be signed by accountable authority and include details of how and when approval was given and state that accountable authority is responsible for the preparation and contents of the Annual Report (as required in section 46 of the PGPA Act and in accordance with the Finance Minister's Orders)	1
Report must comply with the presentation and printing standards for documents presented to Parliament	Entire report
Report must be constructed having regard to the interests of the Parliament and other users. Information included in the report must be relevant, reliable, concise, understandable and balanced	Entire report
Report must specify the enabling legislation, including a summary of its objectives and functions, as specified in its legislation	2, 47-48
Report must specify the name of the current and previous responsible Minister	48
Report must provide details of:	
■ Directions issued under legislation by the responsible Minister, or other Minister	48
■ General Policy Orders that apply to the RDC under s22 (PGPA Act)	nil
■ Other legislation e.g. <i>Environmental Protection and Biodiversity Conservation Act 1999</i>	48-49
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	40-46
Must provide an outline of the organisational structure, including subsidiaries*, location of major activities and facilities and information on the main corporate governance practices. (*Or an explanation on any missing information and how this affects the annual report)	44, 49, Inside back cover
Highlight key activities and changes that affected the operations or structure during the financial year	2-9
Must include details of any indemnity given to an officer against a liability, including premiums paid, or agreed to be paid, for insurance against the officer's liability for legal cost	49
Must provide an index of annual report requirements, identifying where relevant information can be found in the annual report	Appendix IV

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Corporate directory

Head Office

National Wine Centre – Industry House Corner
Hackney and Botanic Roads Adelaide SA 5000
PO Box 2733, Kent Town, SA 5071

Telephone: (08) 8228 2000
Facsimile: (08) 8228 2066
Email: enquiries@agwa.net.au
Website: www.agwa.net.au

China

Willa Yang, Regional Manager, China Suite 5205,
Wheelock Square, 1717 West Nanjing Road,
Shanghai, 200040, P.R.China

Telephone: +86 21 60103951
Email: china@wineaustralia.com

North America

Angela Slade, Regional Director, North America,
2300 M Street NW, Suite 800 Washington DC 20037 USA

Telephone: +1 202 973 6442
Facsimile: +1 202 293 3083
Email: usa@wineaustralia.com

United Kingdom and Europe

Laura Jewell MW, Regional Director,
United Kingdom and Europe, The Australia Centre,
The Strand, London WC2B 4LG UNITED KINGDOM

Telephone: +44 207 887 5259
Facsimile: +44 207 240 9429
Email: uk@wineaustralia.com

