



WINE GRAPES MARKETING BOARD



Serving
Riverina
Winegrape
growers
since
1 9 3 3

City of Griffith and Local Government Areas of Leeton, Carrathool and Murrumbidgee.

ANNUAL REPORT 2010

WINE GRAPES MARKETING BOARD

Annual Report for 2010



Wine Grapes Marketing Board Offices

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Board Executive Members

Chairman

Bruno Brombal
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Deputy Chairman

Robert Bellato
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Staff Members

Chief Executive Officer

Brian Simpson
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Industry Development Officer

Kristy Bartrop
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Office Manager

Sheree Collins
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Annual General Meeting

Tuesday 21 June 2011
 Yoogali Catholic Club
 YOOGALI NSW 2680
 Commencing at 8pm

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ACRONYMS AND ABBREVIATIONS USED IN THIS REPORT

ACCC	Australian Competition and Consumer Commission
AWRI	Australian Wine Research Institute
AGM	Annual General Meeting
CAC	Code Administration Committee (Wine Industry Code of Conduct)
CEO	Chief Executive Officer
CMC	Code Management Committee (Wine Industry Code of Conduct)
CSU	Charles Sturt University
EEO	Equal Employment Opportunity
FOI	Freedom of Information
GWRDC	Grape and Wine Research and Development Corporation
HACCP	Hazards Analysis of Critical Control Points
HSI-M	High Security Irrigators - Murrumbidgee
IDO	Industry Development Officer
I&I NSW	Industry and Investment New South Wales
IREC	Irrigation Research and Extension Committee
MDBA	Murray Darling Basin Authority
MI	Murrumbidgee Irrigation
MIA	Murrumbidgee Irrigation Area
MIAVIS	MIA Vine Improvement Society
MP	Member of Parliament
NGO's	Non-Governmental Office's
NIC	National Irrigators Council
NSW	New South Wales
NSWIC	New South Wales Irrigators Council
NSWWIA	New South Wales Wine Industry Association
NSWWIA R&D	NSWWIA Research and Development Committee
NVTRG	National Vine Technical Reference Group
MWBC	National Winegrape Biosecurity Committee
NWGIC	National Wine & Grape Industry Centre
R&D	Research and Development
RD&E	Research, Development and Extension
RGA	Rice Growers Association
RIVIT	Riverina Viticulturists
SMS	Short Message Service
TO	Technical Officer
WFA	Winemakers' Federation of Australia
WGGA	Wine Grape Growers' Australia
WGMB	Wine Grapes Marketing Board
YIN	Young Irrigators Network

Letter to the Minister

11 April 2011

The Honourable Katrina Hodgkinson MP
Minister for Primary Industries
NSW Parliament House
SYDNEY NSW 2000

Dear Minister

The Wine Grapes Marketing Board, on behalf of all wine grape growers in the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee, has pleasure in presenting the report for the year ended December 31, 2010.

This 77th Annual Report on performance, activities and financial results has been prepared in accordance with provisions of the *Annual Reports (Statutory Bodies) Act 1984*.

Yours sincerely



Bruno Brombal

Chairman – Wine Grapes Marketing Board

Chief Executives' Report - Brian Simpson

Welcome again to the Wine Grapes Marketing Board's Annual Report of its operations and financial situation.

This Annual Report contains a draft copy of the minutes of the AGM that was held in 2010 for your information prior to the next AGM to be held in 22 June 2011.

In 2010 the Board introduced its new Strategic Operations Plan 2011-2015. This is in line with the NSW Government's requirements under the *Agricultural Industry Services Act 1998* that bodies such as the Board must provide a revised 5 year Strategic Operations plan annually. Copies of this plan were sent to all growers in November and digital versions are also available via the Board's website.

2010 again saw returns to grower decline significantly with an overall decline of 19% in value from the previous season for white wine grapes and 9% in reds. Previously popular varieties such as Sauvignon Blanc fell by 28% and Chardonnay by 20%. The declines in value impacted heavily on growers as yields also fell by 15% from the record high production in 2009, down to 262,467 (Riverina Winemakers Association report).

As a result of these declines many vineyards were placed on the market, but with continuing negative media relating to the industry sales of vineyards have not been strong. The industry is undergoing a correction in the plantings that will impact on the industry's ability to service any future market growth. Unfortunately the correction is being more pronounced in the inland production regions which will also reduce our international competitiveness.

Statutory Compliance

The following information is provided to comply with the reporting procedure and prescribed content of the *NSW Government Annual Reports (Statutory Bodies) Act*.

Board Staff Changes

During 2010 the following changes to the permanent staff at the Board office occurred:

Heidi Watt resigned her position as Office Manager to move interstate. This position was filled by Sheree Collins of Leeton.

John-Ross Wood also tendered his resignation with his position, Technical Officer being offered to Bradley Lemon whom commenced his employment in January 2011.

Application for Extension of Time

The Wine Grapes Marketing Board did not apply for an extension in the time allowed to produce and publish its Annual Report for 2010. It was envisaged that the report would be completed within the statutory timeframe.

Agricultural Industry Services of the Board

The Board functions under the *Wine Grapes Marketing Board (Reconstitution) Act 2003*.

Under this legislation the Board has the following agricultural industry services:

- (a) the development of a code of conduct for contract negotiations between wine grape growers and wineries,
- (b) the development of draft contract provisions with respect to the sale of MIA wine grapes to wineries, including provisions with respect to:
 - (i) The prices to be paid by wineries, and
 - (ii) The terms and conditions of payment to be observed by wineries,in relation to MIA wine grapes delivered to them by wine grape growers,
- (c) the promotion of private contracts for sales of MIA wine grapes to wineries by wine grape growers,
- (d) the collection and dissemination of market and industry information, including the production and publication of indicator prices for MIA wine grapes grown in the Board's area of operations,
- (e) the conduct of research and development into plant health in relation to wine grapes,
- (f) the provision of education and training in relation to wine grape production and marketing,
- (g) the promotion (in association with organisations representing wineries) of wine made from MIA wine grapes,
- (h) the promotion of region industry, including regional winemaking, within the Board's area of operations,
- (i) the representation of the wine grape industry in relation to the matters referred to in paragraphs (a) – (h).

Aims and Objectives

The following have been established and are consistent with the industry services of the Board:

- ensure a system of orderly and stable payments;
- improve the long-term viability of vineyards;
- improve the marketability of Riverina winegrapes;
- provide a resource for industry information and data;
- increase awareness of the Riverina as a major producer of quality wine;
- improve the professional and technical skills of winegrape growers;
- improve communication and cooperation with wineries; and
- encourage and facilitate viticulture research.

Management & Structure

The Board consists of seven members, five of whom are elected by winegrape growers and two appointed by the Board. The elected members of the Board have a three year term that ceases February 2013. The appointed members' terms cease February 2011.

Board Members during 2010

- Bruno Brombal (Chairman - Executive)
- Robert Bellato (Deputy Chair - Executive)
- Lou Dal Nevo
- Pascal Guertin (until 1 February 2010)
- Len Gullotta (from 2 February 2010)
- Tony Baggio
- Eric Berton (re-appointed in 2008)
- Rodney Zuccato (re-appointed in 2008)

Meetings of the Board

During the 12 months to 31 December 2010 there were 12 general meetings, 2 special meeting and 2 public meetings of the Board.

The Board holds its general meetings the second Monday of each month. Public Meetings held in 2010 were the Annual General Meeting and the Strategic Planning and Budget setting meeting.

Board Member Meeting Attendance

The following table shows the number of Board meetings held that were available for Board members to attend. Attendance of general and special meetings are noted and the overall percentage attendance of each member. Members' absences were due to approved leave, sickness or other personal commitments.

Meeting Type	Special	Public	General	%
Number of:	2	2	12	
Bruno Brombal	2	2	12	100%
Robert Bellato	2	-	10	75%
Lou Dal Nevo	2	2	10	87%
Tony Baggio	2	2	10	87%
Pascal Guertin	n/a	n/a	1	100%
Len Gullotta	2	2	*11	100%
Eric Berton	1	2	12	93%
Rodney Zuccato	1	2	11	87%

n/a – Was not a member of the Board for these meetings

* Was not a member of the Board for Jan 2010 meeting

Board Staff

From 1 Jan 2010 - 31 Dec 2010 staff members were:

- Chief Executive Officer - Brian Simpson
- Industry Development Officer – Kristy Bartrop
- Office Manager – Heidi Watt (resigned Aug 2010)
- Office Manager – Sheree Collins
- Technical Officer – John-Ross Wood

Customer Access

The office is located at 182 Yambil Street Griffith.

The Board office is open 5 days per week 8:30am-5:00pm Monday – Friday (excluding public holidays and the Christmas and New Year period).

Ethnic Affairs Priorities Statement

Located in the ethnically diverse Riverina region of NSW, the Board represents fairly and equally the interests of all winegrape growers irrespective of their country of origin. Board members and staff are sensitive to the cultural, social and religious differences of people of varying backgrounds.

All constituted growers within the area of the Board's jurisdiction have the opportunity to contribute to the administration of the Board and the policies by which it functions. They are encouraged to vote at Board elections and meetings as a means of registering their opinion of Board performance, and question decisions and policies. All views are assessed for their constructiveness without bias to race.

The Board is committed to the principles of multiculturalism and will continue its strategies as outlined in the above paragraphs.

Summary of Operations

The following summary of operations provides a brief note of the activities conducted and meetings attended by the Board in 2010 during each month. This report does not include General Meetings of the Board that were held monthly.

January (dates of meetings held)

- (18) Chair, CEO NSWVIA meeting - Sydney
- (19) IDO, NSWVIA R&D meeting - Mudgee
- (20) Yenda Grape Growers Association meeting

February (dates of meetings held)

- (2) CEO Murray Darling Basin meeting - Griffith
- (3) NSW Business Chamber workshop - Griffith
- (8) WGGA Meeting – via teleconference
- (16) NSW Business Chamber meeting - Griffith
- (17) CEO, Dept. Of Industrial Relations and Workplace Training – Griffith.
- (18) Chair & CEO, Executive of WFA and President Brian Kemp – Griffith.
- (19) CEO, meeting with researcher regarding winery/growers relationships.
- (22-24) CEO, Auditors in the Office of the Board
- (24) Chair & CEO, Meeting with MDBA researcher, socio-economics big issue.

(25-26) CEO, Future Voice Water Meeting, Canberra.

March (dates of meetings held)

- (2)** Chair & CEO, Meeting with Kay Hull MP and Shadow Water Minister.
- (5)** IDO, TriState Fruit Fly meeting - Griffith.
- (11)** Chair, CEO and IDO conduct tour of Leeton region.
- (11)** Eric Berton, NSWIC Meeting – Sydney.
- (12)** Board & Staff meet with consultants regarding Social Economic impacts of water cuts.
- (18)** CEO & IDO, Weedtechnics demonstration day – Griffith.
- (22)** CEO, Code of Conduct Management Meeting - Adelaide.
- (23)** Tony Baggio & CEO, National Irrigators Council Meeting – Canberra.
- (24)** CEO, MDBA study into SDL impacts - Griffith.
- (30)** Chair & CEO, Leeton Growers Meeting - Leeton.
- (30)** IDO, RIVIT Group Meeting - Griffith.

April (dates of meetings held)

- (6-7)** CEO, MDBA Basin Plan Engagement Forum – Canberra.
- (14)** CEO, RGA Water Efficiency Project Meeting - Griffith.
- (15)** Board & CEO, I&I NSW re joint promotion of Riverina - Griffith.
- (15)** Chair & CEO, NSW Export Awards Regional Launch – Griffith.
- (19)** Chair & CEO, NSWWIA Meeting – Sydney.
- (19)** IDO, NSWWIA R&D Meeting - Sydney.
- (20)** IDO, MIAVIS Meeting - Griffith.
- (21)** Board & Staff, Critical Water Forum – Griffith.
- (28)** CEO, Guidelin Agrimac Field Day – Griffith.
- (28)** IDO, Tri-State Fruit Fly Meeting – Canberra.
- (28)** Chair & CEO, Yenda Grape Growers – Yenda.
- (29)** IDO, HACCP Team Meeting - Griffith.
- (30)** CEO, Community Meeting re MDBA - Griffith.

May (dates of meetings held)

- (5)** CEO, WGGA Meeting - Adelaide.
- (7-8)** Board & all Staff, Riverina Field Days - Griffith.
- (10)** IDO, GWRDC R&D Meeting - Adelaide.
- (11)** IDO, AWRI Pest & Disease workshop – Adelaide.
- (12)** Board & CEO, Regional Promotions Meeting – Griffith.

- (12)** Chair & CEO, Meeting with visiting Canadian group - Griffith.

- (11)** CEO, NSW Business Chamber Networking for Knowledge Meeting – Griffith.

- (14)** IDO, Environmental Law workshop - Griffith.

- (14)** CEO, Meeting with HSIM - Griffith.

- (19)** CEO, Meeting with Riverina Citrus re water issues - Griffith.

- (20)** CEO, Meeting with Senator Barnaby Joyce - Griffith.

- (20)** IDO, YIN Tour to Hillston.

- (24)** IDO, Meeting with I&I NSW regarding GWRDC projects – Griffith.

- (24)** Chair & CEO, Meeting with Casella Wines

- (25)** IDO, Pesticide Awareness Session – Griffith.

- (26)** Chair & CEO, Meeting with Orlando Wines – Griffith.

- (26)** Chair & CEO, Meeting with regional Banks – Griffith.

- (31)** Chair & CEO, Meeting with Westend Estate.

- (31)** CEO, Horticultural Update for I&I NSW – Griffith.

June (dates of meetings held)

- (2)** CEO, DEWHA Public Community Information Session – Griffith.

- (3)** CEO, Cloud Seeding Briefing – Griffith.

- (3)** CEO, NSWIC Basin Plan Response Strategy – Griffith.

- (7)** Chair & CEO, Meeting with John Casella

- (7)** IDO, GWRDC Meeting - Griffith.

- (8)** Chair & CEO, Meeting with Darren DeBortoli.

- (8)** IDO & TO, NWGIC Seminar - Griffith.

- (9)** Chair & CEO, Meeting with Jim Brayne McWilliams Wines.

- (9)** CEO, NSW Business Chamber Meeting – Griffith.

- (11)** IDO & TO, Mental Health First Aid Course – Griffith.

- (15)** Chair & CEO, Meeting with Warburn Estate.

- (18)** IDO & TO, Mental Health First Aid Course.

- (21)** Chair & CEO, NSWWIA Meeting – Sydney.

- (22-23)** IDO, I&INSW Shaping Our Futures Together Course – Griffith.

- (22)** Chair & CEO, Meeting with Orlando Wines Growers.

- (23)** All Board and Staff, WGMB – AGM.

(28) CEO, Orlando Wines Grower Meeting.

July (dates of meetings held)

(1) CEO, NSW WorkCover Meeting – Sydney.

(1) Eric Berton, NSWIC Meeting – Sydney.

(8) Chair hosted NSW Minister for Primary Industries – Griffith.

(19) Chair, CEO, IDO & TO, YGGA Meeting – Yenda.

(23) IDO, HACCP Meeting – Griffith.

(23) CEO, MDB Plan Strategy Meeting – Griffith.

(28) CEO, WIRC Meeting – Adelaide.

August (dates of meetings held)

(6) Chair, Water Action Meeting – Griffith.

(6) All Board & Staff, Water Action Community Meeting – Griffith.

(16) Chair & CEO, NSWWIA Meeting – Sydney.

(16) IDO, YIN AGM – Griffith.

(19) CEO, MI Stakeholder Water meeting – Griffith.

(24) IDO, Locust Control Meeting, LHPA – Griffith.

(25) CEO, WFA Meeting re EntWine – Griffith.

(27) IDO, HSI-M Climate Change Steering Committee meeting – Griffith.

(30) CEO, MIAVIS Chairman meeting - Griffith.

(31) CEO, NSW Business Chamber meeting – Griffith.

September (dates of meetings held)

(1-2) Robert Bellato & CEO, WGGA Meeting – Canberra.

(2-3) IDO, Youth Agricultural Central Summit – Melbourne.

(15) Lou Dal Nevo & CEO, Griffith Futures Workshop – Griffith.

(20) IDO, Tri-State Fruit Fly Meeting – Melbourne.

(21) All Board & Staff – HGGA AGM – Hanwood.

(22) All Board & Staff – YGGA AGM – Yenda.

October (dates of meetings held)

(6) CEO, MI Stakeholders Group Meeting – Griffith.

(11) CEO, NSWIC Teleconference – Griffith.

(11) CEO, NIC Teleconference – Griffith.

(12) CEO, MI Stakeholders Group Meeting – Griffith.

(12) Chair, CEO & IDO, MIAVIS AGM – Yenda.

(14) Chair & IDO, MDBA Basin Guide Public Meeting – Griffith.

(14) CEO, NSW State Government Inquiry into Winegrape Market & Prices – Griffith.

(19-20) CEO, WFA Industry Conference – Melbourne.

(20) IDO, MIA PFA Meeting – Griffith.

(25) Tony Baggio & CEO, NIC Collective Response Summit to MDBG – Sydney.

(26) Tony Baggio & CEO, Meeting with NSW Coalition Members re water issues – Sydney.

(29) CEO, MI Stakeholders Group Meeting – Griffith.

November (dates of meetings held)

(1) CEO, Group Meeting with NSW Water Minister – Griffith.

(4) CEO, Meeting with Federal Minister for Regional Development – Wagga Wagga.

(5) IDO, NSWIC Sharing the Knowledge workshop – Griffith.

(8) IDO, HSI-M Climate Change Steering Committee Meeting – Griffith.

(9) Chair, CEO & IDO, MDBG Community Meeting – Narrandera.

(10) CEO, Meeting with NSW Country Labor members – Sydney.

(10) CEO, NSWIC Meeting – Sydney.

(10) IDO, Growing Griffith 2030 Meeting – Griffith.

(11) CEO, NSW WorkCover Meeting – Sydney.

(11) Eric Berton – NSWIC Meeting - Sydney

(15) Chair & CEO, NSWWIA Meeting – Sydney.

(15) IDO, NSWWIA R&D Meeting – Sydney.

(16) CEO, NIC Meeting – Canberra.

(17) CEO, NSW Business Chamber workshop – Griffith.

(18) CEO, MI Stakeholders Group Meeting – Griffith.

(19) IDO, GWRDC Grassroots Coordinators Meeting – Adelaide.

(22) IDO, RIVIT Meeting – Griffith.

(23) IDO, Alternative Farming Tour – Griffith.

(23-24) Robert Bellato, WGGA Meeting and AGM – Adelaide.

(25) IDO, Meeting with Murray Valley IDO – Mildura.

(29) IDO, Optical Sensors in Viticulture Seminar – Wagga Wagga.

December (dates of meetings held)

(2) IDO, Spray Machinery Demonstration Field Day – Griffith.

- (3) CEO – NWGIC Meeting with GWRDC – Wagga Wagga.
- (3) Chair, Meeting with Deputy Director I&I NSW – Griffith.
- (8) All Board & Staff, Riverina Wine Industry Forum meeting – Griffith
- (9) IDO, IREC Annual General Meeting – Griffith.
- (10) CEO, MI Stakeholders Group Meeting – Griffith.
- (13) IDO, HSI-M Climate Change Steering Committee meeting – Griffith.
- (13) CEO, Orlando Wines Grower Meeting – Griffith.
- (16) CEO, MI Stakeholder Group Meeting – Griffith.

Funds Granted to Non-Government Community Organisations

\$1,000 was donated to the Yenda Grape Growers Association to support the work that these associations do in arranging meetings that the Board can liaise with growers. \$15,000 was donated to the Griffith City Council - Pioneer Park Wine History Museum for the development of the museum to recognise grape producers contribution to the regions development and heritage.

Legal Change

The Wine Grapes Marketing Board operates under the *Wine Grapes Marketing Board (Reconstitution) Act 2003*, the power of the Board to set and enforce terms and conditions of payment for winegrapes was amended in 2009 with the cessation date being extended for a further two years.

Economic or Other Factors

There were no significant economic factors that impacted on or affected the achievement of operational objectives of the Wine Grapes Marketing Board.

Management & Activities

A review of the strategic operations of the Board was conducted by the Board during 2010. This was presented to growers in the *WGMB Strategic Operations Plan 2011-2015 and Operating Budget for 2011* publication. The plan was adopted at a meeting of growers held in November 2010 at which time the rate for the Board's grower fees and charges was set (\$3.90 per tonne fresh weight). This includes winegrapes sold as concentrate and fresh juice products.

A performance review of all permanent staff was undertaken by Executive members of the Board in December as per the conditions of their contracts.

Research & Development

The Board continued to operate its own laboratory facilities during the year for growers and third party

industry participants. Winegrape maturity sampling for grape growers continued with one casual staff being employed to assist in sampling growers samples.

For the 2011 (current) Vintage, 1 casual staff member was employed for this process to assist existing staff during peak times of work.

Human Resources

During 2010 the Board employed 4 permanent staff, 1 casual staff member.

Staff titles:

- 1 x Chief Executive Officer (CEO)
- 1 x Industry Development Officer (IDO)
- 1 x Office Manager (OM)
- 1 x Technical Officer (TO)
- 1 x Casual Staff (laboratory)

There was an 8% positive variation in wages and salaries from the 2009 position. The increase arising from a series of contract and performance reviews conducted by the Board.

Standard personnel policies and practices are in place with all positions being contracted or subject to signed offers and conditions of employment. Permanent staff performance is reviewed annually by Board Executive and these reviews are discussed at the Board.

All permanent staff are currently on a 2 year contracts ending in 31 December 2011.

Consultants

Five (5) consultants were engaged in 2010 costing a total of \$63,694 (\$26,577 in 2009) (excluding GST).

- GrapeLinks (GWRDC Veraison to Harvest Guide)
\$ 5,000
- HSI-M (Development of response to MDBA SDL's)
\$ 6,982
- Wine Grape Growers Australia (Management of Code of Conduct)
\$20,000
- Wine Grape Growers Australia (PHA Biosecurity Liaison – on behalf of growers)
\$12,500
- Wine Grape Growers Australia (Management of R&D&E Priorities for the Riverina)
\$ 7,500
- Wine Grape Growers Australia (Provision of VineBiz program for Riverina growers)
\$10,000
- Management Resource Plus (HACCP system review and management)
\$ 1,012
- MIA Valuers (engaged to revalue WGMB property)
\$ 700

Equal Employment Opportunity

The Board did not set any planned outcomes for the previous year in relation to EEO. The Board is mindful of and does follow EEO principles when advertising, interviewing and selecting staff.

(Jan-Dec) Total Permanent staff:	4
Percent Women:	50%
Percent Men:	50%
(Jan-Dec) Total Casual staff:	1
Percent Women:	100%
Percent Men:	0%

Disability Plans

The Wine Grapes Marketing Board is not required per NSW Public Sector Management Act Sch.1-3 to instigate a disability plan.

Land Disposal

No disposal of property or land occurred within the 2010 Financial Year. A revaluation of the property and land occurred in November 2010 as per NSW Audit Office Agents request. Another revaluation will occur in three years for the purposes of financial reporting.

Promotion

The Board contributed to the following promotional activities (GST exclusive):

- Sponsored the development of the Pioneer Museum Wine Centre. \$15,000
- Sponsored the Riverina Wine Show \$ 3,000
- Advertised in the Griffith Visitors Guide for 2010-11 \$ 5,000
- Sponsored the I&I NSW Diversification and Development Options presentation. \$ 100
- Tourism Touchscreens \$ 880
- Riverina Field Days \$10,000
- Maintained a Wine Display at Griffith Aerodrome and Leeton Visitors Centre – with the kind assistance of regional wineries.

Consumer Response

No formal complaints were received from members or the general public in relation to Board activities.

Guarantee of Service

The Wine Grapes Marketing Board has no formal guarantee of service provisions in place. The Board internal policy is that staff must return all grower and public contact at earliest convenience, with priority given to constituted growers.

Payment of Accounts

The details of financial performance for the each quarter re shown in the following table, it does not include

payments to employees, returns to growers, Board members, superannuation funds and the Australian Taxation Office. The Board aims to make 100% of payments to creditors within 30 days of account receipt.

Number of Days	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
0-30 days	\$59,840	\$81,240	\$123,519	\$85,533
30-60 days	\$1,098	-	-	-
60-90 days	-	-	-	-
90+ days	-	-	-	-
\$ Total	\$60,938	\$81,240	\$123,519	\$85,533
% target	100%	100%	100%	100%
% actual	98%	100%	100%	100%

Time for Payment of Accounts

Not all accounts were paid for within the timeframes requested by suppliers. In the first quarter an account for a capital purchase of Office table the product was not fit for purpose and the account was not paid until a replacement was received.

Risk Management & Insurance Activities

The Board is currently insured for members and staff liability and professional indemnity. All assets are insured to their replacement value. The Board's internal policy on purchasing is for all asset purchases to be recorded on the assets register.

Disclosure of Controlled Entities

The Wine Grapes Marketing Board does not have any controlled entities.

NSW Government Action Plan for Women

The Wine Grapes Marketing Board is not affected by the Action Plan.

Occupational Health & Safety

No reports of work-related injuries or illnesses were received during the year. The Board was also not advised of any proceedings against it under the *Occupational Health and Safety Act 2000*.

Waste

The Wine Grapes Marketing Board has not moved to implement a written waste reduction policy. All paper that contains information of a non-confidential nature is recycled within the office and then disposed. All confidential material is securely shredded and disposed off site.

Numbers of Executive Officers

The Board currently has one Chief Executive Officer and the position is not receiving a remuneration package greater than or equal to Senior Executive Service level.

Freedom of Information Act

The Board received 5 requests (62 in 2009) for information under the provisions of the Freedom of Information legislation. These related directly to growers own farm details held by the Board. No charges or fees

were requested for FOI requests and these were generally completed within 24 hours of receipt of the application.

Electronic Service Delivery

Wine Grapes Marketing Board internet site www.wgmb.net.au continues to host Board newsletters and information updates for growers.

The Board also uses facsimile, and email to deliver weather and pest reports to growers during the growing season. Information on meetings are sent via SMS to growers willing to receive these.

During the 2010 financial year of the Board the Board's internet site recorded a monthly average of 8,382 hits from a monthly average of 439 unique visitors. Total users that went online to look the region equalled 5,269.

Publication Guide

In accordance with the NSW Office of the Information Commissioner under the *Government Information (Information Commissioner) Act 2009* the Board published a Guide to all material that it publishes and how members and the general public can access this. A copy of the Publication Guide is located on the Board's website.

Appointed Auditors

The NSW Audit Office appointed Johnsons MME from Albury as its agent for the 2010 Audit.

Annual Reports

The Board produced 500 copies of this Annual Report to enable it to be sent to all constituents and to comply with statutory requirements. Annual reports cost \$5.71 per unit (inc. GST), these were printed locally.

Legal Matters

The Board's solicitor is Mr Phillip Alvaro of Griffith NSW.

The Board through its solicitor is currently pursuing outstanding (due October 2009) payments to a number of growers on deliveries of MIA winegrapes by one winery, Grapes to the World.

During 2010 there were two breaches of the *Wine Grapes Marketing Board (Terms and Conditions of Payment) Order 2010*, failure to pay the grower and failure to remit statutory fees and charges to the Board. These matters were dealt with and interest was applied in accordance with the relevant legislation.

Financial Year

1st January to 31st December.

Conclusion

On behalf of the Board staff that work for the growers of the region I would again like to thank all the growers that have taken the time to call into the office and provide your views into the management and operations of the Board. Your staff are only a phone call away.

2010 YEAR IN REVIEW

Chairman's Report - Bruno Brombal

While the 2010 season was again a low priced year for grapes many growers were able to supplement their reduced income through other activities such as off farm income, water trade and access to government funding mechanisms. The Board acknowledges those growers that are in deep financial distress as a result of continued market decline and increasing costs. These past years have seen growers operating in very difficult trading conditions as supply of winegrapes remain high and the impacts on the market of the strong Australian dollar.

Regardless of the trading conditions the industry is in turmoil, constant commentary regarding oversupply within Australia is impacting on the price growers are receiving.

Despite all these negative issues the Board continued to act in the interests of growers across the region. In 2010 the Board was successful in securing NSW Government support for the conduct of an Inquiry into the winegrape market and prices. This Inquiry was as a result of direct action by the Board and its persistence with Government that there were many problems in the market that needed to be discussed and potentially resolved through the use of legislation. For too long have growers been powerless in the market with wineries and it was hoped that the Inquiry would recommend options that could be enacted to provide equity between grower and winemaker.

As a grower I was extremely pleased to see many individual growers write submissions to the Inquiry and face the Inquiry committee (both publicly and privately) at the hearing held in Griffith on the 14th October. These processes require individual stories about the problems within the market and the at time poor treatment of growers. Individual stories provided the committee a unique insight into the operations of the industry and the areas that government should focus its attention on.

As a Board it will now focus on the outcomes of the Inquiry, these are the recommendations of the Committee. There are 11 in total and the most significant ones relate to the industry code of conduct in that it should become a mandatory code nationally.

The Board will be pursuing all recommendations on behalf of the growers in the region with the support of the federal growers body Wine Grape Growers Australia. However these matters take time and the Board must work within the political sphere which sadly within New South Wales went into a hiatus shortly after the release of the inquiry recommendations and well ahead of the impending state election.

Regional Grape Grower Associations

The following grape grower associations' function in the region. More information can be obtained from the Board or via direct contact with their representatives.

The details of these meetings are regularly sent to growers via SMS text messaging service. Growers wishing to learn more about this service or to register to get the messages should contact the Board office.

Hanwood Grape Growers' Association

Postal Address

PO Box 321

HANWOOD NSW 2680

Contact Details

Chairman Lance Hicken 6963 0418

Meetings are held at the Hanwood Catholic Club at varying times through each year with notices to be placed in the local newspaper.

Yenda Grape Growers' Association

Postal Address

PO Box 350

YENDA NSW 2680

Contact Details

Chairman Pascal Guertin 0427 635 343

Meetings are held at the Yenda Diggers Club and notices of meetings are placed at the club and will be in the local newspaper.

Research and Development Report

Report by Industry Development Officer

Kristy Bartrop

The Research, Development & Extension activities in 2010 covered many projects by the R&D staff to assist growers with their vineyard operations. The R&D program includes extension projects and research projects. The extension projects involve developing and communicating information from research and company projects in a manner for growers to interpret and use. Research projects generally include tasks at the data collection level. The following report outlines WGMB inputs into each area.

GWRDC Grassroots Regional Extension projects

The Grape and Wine Research and Development Corporation (GWRDC) Grassroots regional extension program continued in 2010. The projects have been designed as a result of the liaison with the regions grape growing and wine making representatives to determine the specific needs for regional extension.

The 2010/11 project plan encompasses the delivery of an alternative varieties workshop, regional tour to visit alternative farming practices, Regional petiole and soil

testing and workshop, a regional pest and disease risk alert program linked to the Board existing weather station network, and the development of a booklet outlining the impact of poor quality grapes on wine production.

Plant health assessments

Vine health assessments are being conducted in conjunction with Dr Melanie Weckert from NWGIC. Any growers that are concerned with the vigour of their vines can request for samples to be collected and sent for analysis. For a minimal fee, growers receive a laboratory analysis report that details the disease present in the vines. This information is followed up with assistance for the NWGIC to treat the disease detected.

Natural Disaster Assessments and Assistance

The 2010/11 growing season saw natural disaster issues with hail storm damage and flood damage to vineyards. Growers in the Leeton, Carrathool and Murrumbidgee shires are able to apply for a one off \$15,000 grant to help compensate for the added expense this season as a result of flood damage to farms, including the management of mildew.

NSWWIA R&D Committee

WGMB along with many key industry representatives from the Riverina and other NSW growing regions meet twice per year to decide on key research priorities for the NSW wine industry. Riverina growers were surveyed at the Strategic plan and Budget meeting in November to determine the priorities from this region. This information has been provided to the NSWWIA R&D Executive Officer and will contribute to discussions being held to determine the allocation of funding for research and extension priorities throughout NSW.

Riverina Field Days

The Wine Grapes Marketing Board has proudly been the major sponsor of the Riverina Field Days since 2007. The WGMB again hosted a major marquee in 2010 filled with exhibitors with links to the viticulture industry to benefit growers' needs. All growers are encouraged to support this event and suggest items to be included at future field day events.

Vineyard GIS Mapping Database

The Board continues to provide free full colour GIS farm maps to growers. The details on the farms maps have been confirmed through meetings with growers to ensure that the details are correct. Property plans generated from the system are a valuable resource for both the Board and the land holder. All growers are urged to contact the Board should they change planting details or irrigation types to maintain the integrity of the database. The most recent satellite photography was in 2008 with plans to collect new imagery in the next 2 years.

Vintage Grape Analysis Laboratory

The Wine Grapes Marketing Board vintage grape analysis laboratory continued its service to growers for the 2010 vintage. The Board undertook analysis for a range of customers; Riverina growers, local wineries, and out-of-area growers and wineries. The laboratory continues to run as a free service for all levy paying growers. Any non-levy paying parties wishing to use the service are charged a fee-for-service which assists in funding the capacity.

WGMB HACCP for Vineyards Program

The WGMB HACCP food safety program continues to be a successful program that enables growers to meet the food safety requirements of local wineries. This program has been in operation since 2002 and has 260 growers involved for the current growing season. The user-friendly program meets the needs of processors for on-farm food safety record keeping. Growers needing to implement food safety programs on their vineyards can contact the Board office for further details and training options.

WGMB Seasonal Report & Weather Grower information service

The Board's weather information service provides growers with weekly reports of experienced weather conditions and local forecast information to assist with management decisions in the vineyard related particularly to pest and disease control and irrigation management. This service is available to all constituted growers and the information is sent out during the season via fax and email service. In 2010 the Board invested in additional hardware to enable the weather data to be downloaded remotely.

**PLEASE TAKE THE TIME TO READ THE MINUTES
BELOW OF THE PREVIOUS ANNUAL GENERAL
MEETING OF THE BOARD.**

**Riverina - Wine Grapes Marketing Board
2010 Annual General Meeting
Minutes of the Meeting held 23 June 2010
commencing at 8:00 PM
Catholic Club Yoogali, Yoogali NSW 2680**

1. Present

Eligible Growers (58 inc Board members + 4 partners): Bruno Altin, Armando Armanini, Asio Arcifa, Glen Bavaresco, Tim Bavaresco, Steven Barbon, Gary Bugno, Jason Cappello, Neil Carter, Angello Cirillo, Peter Cremasco, Gus Cristofaro, Tony Cristofaro, John J Dal Broi, John P Dal Broi, Kirsten Dal Broi, Joe D'Aquino, George De Paoli, Ray De Paoli, Brian Foggiano, Enio Foscari, Lino Foscari, Pascal Guertin, Lance Hicken, Leo

Ippoliti, Marrano Jimenez, Jim Maier, Ralph Mallamace, Sam Mancini, Maurice Martinello, Joe Maugeri, Dennis Menegon, Vince Monteleone, Paul Morrison, Rudolph Panazzolo, Chris Pastro, Lorenzo Pellizzer, Tom Previtera, Louis Raccanello, Peter Raccanello, Michael Rossetto, David Rossetto, Peter Royal, Angelo Sartor, Michael Scali, Albert Scarfone, Dom Schrippa, Anthony Schrippa, Louis Serafin, John Strano, Gemma Terrel, Kevin Vitucci, Don Vitucci, Allan Zalunardo, Adam Wynn, Gulio Toscan.

Board Staff: Brian Simpson (CEO), Kristy Bartrop (IDO), John-Ross Wood (TO), Heidi Watt (OM).

Board Members: Bruno Brombal (Chairman), Eric Berton, Rodney Zuccato, Louis Dal Nevo, Anthony Baggio, Pascal Guertin.

Invited Guests: Stephen Strachan (Chief Executive - Winemakers Federation of Australia), Mark McKenzie (Executive Director - Wine Grape Growers Australia), Les Worland (President - Riverina Winemakers Association).

Members of the Public: Jeremy Cass, David Deane and David Mead (DeBortoli Wines), Karen Krieg and Shelley-Ray Brennan (Orlando Wines); Phillip Garofalo (The Yenda Wine Group); Graham Christie and Suzanne Davidson (Rural Financial Counselling Service), Phillip Alvaro (Solicitor).

Apologies: Robert Bellato (Deputy Chair), Sam Ciccina, Michael Ciccina, George Nolan, John Blackwell, John Bisetto, Roger Hoare, Frank Franco, Dominic Galluzzo, Tony Sergi, Adrian Raccanello, Andrew Stott, Richard Stott.

2. Minutes of previous AGM

Copies of the minutes had been included in the Annual Report for 2009.

That the minutes be accepted as a true and accurate record of 25th June 2009 meeting -

MOVED: Tony Cristofaro

SECONDED: John Strano CARRIED

3. Business Arising from the Minutes

No business was raised from the previous minutes.

4. Chairman's Report – Bruno Brombal

The Chairman noted that as the Wine Industry Restructure Action Agenda presentation would occur following the Annual General Meeting he would be brief in his report.

The growers were advised of current meetings taking place with federal government

representatives in relation to the value and need for continued security of high security water in this region. The Board along with Riverina Citrus and High Security Irrigators – Murrumbidgee had worked together to discuss the difference that high security irrigators have in relation to permanent plantings and the need for caution in relation to the forthcoming Basin Plan.

The Board has also met with a majority of the regions winemakers to discuss industry issues in general and some specific matter as they related to the individual wineries. From these discussion it was determined that the industry position was currently not very good and the next 12 months will be similar in terms of returns to growers.

That the Chairman's reported be accepted -

MOVED: John P Dal Broi

SECONDED: Peter Cremasco **CARRIED**

5. General Business

5.1 2009 Annual Report Financial Report adoption

The Chairman asked that the Annual Report including the financial report for 2009 be adopted.

That the Financial Report for 2009 be adopted -

MOVED: John J Dal Broi

SECONDED: Peter Raccanello **CARRIED**

6. Other Business

No other business was raised

Being no further business, the meeting was declared closed at 8:12pm.

Note: This meeting was shortened as the Board had a range of speakers to present an industry update titled the Wine Industry Restructure Action Agenda.



NSW Wine Industry Association

Report by President David Lowe

From the last AGM in August 2009 until now, the activities of the association have increased which has involved the expansion of administration and a greater need to establish non-industry relationships that help secure funding and support. Of a total outlays budget of over \$900K income from memberships is just \$110K, the

balance comprising sponsorship and fees for participation in user-pays activities.

In specific terms I would like to outline areas of significance that have relevance to the state wine industry.

Wine Restructuring Action Agenda

Seminars were held in three areas of the state to inform grapegrowers and winemakers of the need to self evaluate their own operations in the light of increasing oversupply and diminished returns. There were at least 7 factors that impacted on the potential future financial unsustainability of vineyards across the State and the presentations managed by the Winemakers Federation provided details nationally and regionally where action was required. It was decided that knowledge of the oversupply situation was the first course of action with regions advised confidentially of more specific data. To date after 12 months it appears that in NSW some 9% of vineyards have been removed from production. The national target is estimated to be between 20 – 30% of total plantings.

There is little prospect of a government funded vinepull occurring, and there are a range of measures that the industry could use to manage the transition. Alternate use of water, land, increased efforts in marketing wine and help with exiting are all front of mind for the association, but the association can only really continue with information updates and representations to other industry and government bodies to progress the states interests.

During this process specific details about the regions have been given to representatives of regional associations, and from there each region has addressed the problems in their own way. The executive urge all parties to consider how they will react to the information provided.

Promotions

The 3rd year of dual activities with Fairfax and NSW wine week, assisted by Industry and Investment NSW. A clash of events for the Sydney Cellar Door in March reduced numbers attending and the feedback from the wineries attending has confirmed my view that two competing events cannot operate on the same day. I am advised that this situation will not happen again.

Other activities around wine week include special dinners, wine promotions and media involvement.

News Limited, Industry and Investment NSW and the NSWWIA again produced "NSW Wine Uncovered" in August 2010, providing stories maps and Tourism details about the NSW wine industry. This publicatoin is a strong promotion of the wine and tourism assets of the State.

Sponsorship of the activities has continued with NSW Industry and Investment instrumental in assisting the Association in its endeavours. The executive will continue to work with the state government to ensure that none of this collaboration which is yielding results is not wasted and is in fact improved.

National Wine and Grape Industry Centre

I have been nominated to the governing council and attended my first meeting with the Director General and Vice Chancellor CSU. A new round of winemaking futures is proposed and a submission has been presented to the GWRDC for funding. However concerns over reduced levies income suggests that securing the same quantum of funding as in the past may be more difficult to achieve.

Over the last winemaking futures programme; teaching, research and extension has improved and the work of our priority setting subcommittee in helping the staff at NWGIC provide in the field and to the industry information must be continued for the NWGIC to receive further recognition and certainty of funding. To maintain a strong research and extension service is a two way street with attendance at workshops, the adoption of research to practice and general support of the facility. It is pleasing also to see that staff at the NWGIC are providing extension to other states that binds their national relevance.

With a reduced national crush figure and a corresponding reduction in levy collections research dollars are ever more in demand. The partnership between CSU, State Government Industry and Investment and the NSW WIA that forms the NWGIC is committed to delivering results to the Australian wine industry and the team led by Professor Jim Hardie are to be congratulated for their commitment to the industry.

Research and Development Committee

Dick Hilder and his team have successfully completed the first year of the GWRDC sponsored Grass roots solutions. The allocation of funds returned to the states for regional priorities was split between Riverina and the rest of the state on a semi grape intake basis. By all reports this is a worthwhile initiative that fosters cooperation. Administration of the programme is vested with the NSW WIA which ensures that communication is two-way.

Much of the program roll out has been via the Spring Vine Health Field Days which have been held in a number of regions with funding support from the Grass Roots program and the National Extension program being managed by Duncan Farquhar. Other areas of activity include assessing climatic Impacts in regions. Regions keen to see best practice vineyards and have set up a program of vineyard walks. In the second year

assessments are proposed in Shoalhaven, Tumbarumba, Hilltops, New England and Southern Highlands. Budgets have an allowance to engage outside consultants to conduct regional audits. Thea Ridley has developed score sheets on soil biology in Mudgee and these will be developed for all regions.

NSW Wine Awards

A review of the Awards was undertaken in 2010 with the aid of Huon Hooke, Iain Riggs and Jim Brayne to refresh and to reform the awards process. The 2010 Awards were once again strongly supported and are growing in stature. The Awards generated \$1.68M value in public relations.

Although the industry is still a reactive organization; through stronger direct involvement with WFA it will be my intention during my second term as President to seek more direct involvement with the NSW WIA and the organizations that assist the industry whether NGO's or government backed structures.

There are many other details that have been discussed that have immediate implications for the state wine industry, and these are not detailed in this report but are covered by minutes and notification to the winery and regional memberships. As the link to the membership I encourage those that have queries or those that wish to make a contribution to contact me or the secretary of the organization.

Specifically where I see the organization going is in the following areas.

- A formal and transparent communication with AWBC, AWRI, GWRDC and NSW I and I.
- Progress towards integration of membership of industry bodies at National, state and regional level within NSW, so that memberships are streamlined.
- Further focus on promotion of NSW wine within the state to recognize the economic contribution the industry makes.

It has been a pleasure to work with the executive and thank you to them for the manner in which the affairs of the organization were carried out. Special thankyou to Stuart McGrath-Kerr as Executive Officer.

I urge all those associated with the wine industry to continue your support for the organisation; it has been a difficult one for the industry but the industry itself in my opinion has the capabilities of making it a better industry.



By Andrew Gregson Chief Executive Officer

NSW Irrigators Council is the peak body representing Water Access License holders across the State. The Council represents irrigators both inside and outside the Basin right across the commodity spectrum using both high and general security water and groundwater. The past year has been a particularly busy one for the Council as multiple issues for stakeholders coincided.

The NSW Independent Pricing and Regulatory Tribunal, who set charges levied against water access license holders for both State Water and the NSW Office of Water, continued their determination process for the next four years. The Council made significant submissions on behalf of water users. Some success was achieved in having price increases significantly lowered from that asked by NOW. In particular, massive increases to the Murray-Darling Basin Authority were thwarted when IPART agreed with the Council submission that a failure to have an external audit of cost efficiency should result in no additional contribution. On the other hand, IPART agreed to implement the 15 year consumption forecasting model that they'd given to State Water, essentially declaring 100 years of data under the previous system irrelevant and locking in forecasts based on drought. Recent weather conditions have underscored the incorrect approach that Council submitted this to be.

The Murray-Darling Basin Plan continues to be a major focus of the Council, particularly in the time since the release of the Guide in late 2010. Council has been instrumental in the formation of the Basin Communities Association to coordinate a response from across both the geographic regions of the Basin and also the communities who will be negatively impacted by a bad Plan. The Association will commission and assist in the execution of a campaign to deliver a long-term Basin planning process that provides sustainability for business, communities and the environment equally.

NSW Irrigators Council greatly appreciates the support of the Wine Grapes Marketing Board and the work that it does to support and assist wine grape growers in relation to their water access licenses.

WGMB along with many key industry representatives from the Riverina and other NSW growing regions meet twice per year to decide on key research priorities for the NSW wine industry. Riverina growers were surveyed at the Strategic plan and Budget meeting in November to determine the priorities from this region. This information has been provided to the NSWRIA R&D Executive Officer and will contribute to discussions being held to

determine the allocation of funding for extension priorities throughout NSW.



Wine Grape Growers' Australia

RIVERINA GROWER PROJECTS 2010 REPORT FOR WINE GRAPES MARKETING BOARD

By Lawrie Stanford Executive Director

The NSW Wine Grapes Marketing Board (WGMB) engaged Wine Grape Growers Australia (WGGA) to manage a number of national projects during 2010 that benefitted Riverina wine grape growers.

1. Management of the Wine Industry Code of Conduct

Since its involvement in the co-development of the voluntary Australian Wine Industry Code of Conduct, and the code's launch in December 2008, WGGA has been involved in the on-going oversight, monitoring, review and administration of the Code for the whole of the winegrape growing community, including the WGMB. Specifically, this has involved

- Contributing to policy-making and monitoring of the Code's efficacy through the Code Management Committee (CMC) in association with representatives of all other key stakeholder groups.
- Assessing a review of the Code that was conducted by an independent reviewer in June 2010 and subsequently formulating and consulting on amendments (this activity is on-going).
- Monitoring and dialogue with the Winemakers' Federation of Australia (WFA) on its commitment to increase the number of winemaker signatories according to the goals set by the CMC.
- In the context of a review of the Code and its effectiveness, dialogue with the WFA, ACCC and Department of Agriculture Fisheries and Forests(DAFF) about alternatives to a voluntary Code.
- Oversight of the Code's Secretariat (The Accord Group) and the Code Administration Committee (CAC).
- Contribution of half the costs of the secretariat and CAC's administration of the code.

- Preparation and presentation of a submission, dealing with the Code and other matters, to the Inquiry into the *Wine grape market and prices* conducted by the NSW Legislative Council Standing Committee on State Development, in the second half of 2010.

2. Biosecurity Management via Plant Health Australia

Consistent with the role adopted on the behalf of the industry in biosecurity planning and management, WGGA was involved in establishing a new national structure to adequately meet the wine industry's biosecurity management needs. This includes being the sector member of Plant Health Australia, a body that develops plant health management systems to enhance plant health status and profitability of plant industries, and a signatory to the Emergency Plant Pest Response Deed. These memberships and activities ensure grower involvement in planning to manage vine specific pests and access to compensation in the event of plant pest incursions that require vineyard destruction. In 2010, biosecurity action included -

- Conception, agreement (WGGA, WFA and GWRDC) and implementation of a new biosecurity structure being the National Winegrape Biosecurity Committee (NWBC) and the National Vine Technical Reference Group (NVTRG).
- Chairing the NWBC.
- Convening and coordinating the inaugural NWBC meeting in December 2010.
- Briefing and recruiting the Chief Plant Protection Officer to act as the Chair of the NVTRG.
- Engagement with PHA to ensure the interests of winegrape growers are addressed.
- Support and contribute to the creation of an Australian Vine Quality Standards Scheme to address vine integrity and quality assurance issues.

3. Research, Development and Extension Coordination

WGGA provided on-going input into national RD&E priority setting, implementation and extension activities in 2010.

- Regular liaison via the WGGA Executive Committee, Chair and Executive Director, with the Grape and Wine Research and Development Corporation (GWRDC) on RD&E investment and priorities.
- Relationship building with GWRDC staff during a period of high turn-over in personnel.

- Planning for a new 5-year GWRDC plan and GWRDC Board appointment processes.
- Input into national wine industry RD&E policy development and extension activity through the National Wine Extension and Innovation Network, the National Research Coordination Forum and the Innovation Policy Committee.
- Contribute to a combined national organisation response to downy mildew outbreaks in late 2010. Planning to support negotiations in key markets on Maximum Residue Limits from Phos-Acid treatments of Downy.
- Liaison with the Australian Wine Research Institute (AWRI) to support winegrape research initiatives and to devise collaborative activities supporting targeted research and extension activity for winegrape growers.

4. Provision of VineBiz Training

Extension of WGGA's VineBiz Vineyard Financial Management Tools to winegrape growers to improve vineyard management for profitability and to offer tools for assessing adjustment and restructuring options.

- Follow-up and review of workshops delivered in the Riverina in late 2009.
- Continued planning for developing and refining the VineBiz instrument.
- Commissioning a Business Plan for VineBiz research and development, trainer provision, promotion and utilisation in the field in order to improve the access and effectiveness of the program for the whole winegrape growing community.



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Wine Grapes Marketing Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Wine Grapes Marketing Board (the Board), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 31 December 2010, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

Board's Responsibility for the Financial Statements

The members of the Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation of the 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 conducted my audit in accordance with Australian Auditing Standards. Those 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, 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.

My opinion does *not* provide assurance:

- about the future viability of the Board
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

18 April 2011
SYDNEY

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
Carrathool and Murrumbidgee

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to the requirements of the Public Finance and Audit Act 1983, and in accordance with a resolution of the members of the Wine Grapes Marketing Board for the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee, we declare on behalf of the Board that in our opinion:

1. The accompanying financial report exhibits a true and fair view of the financial position of the Wine Grapes Marketing Board as at 31 December 2010 and its transactions for the year then ended.
2. The report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulation 2010, and the Treasurer's directions.

Further, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



Bruno Brombal
Chairman



Robert Bellato
Deputy Chairman

Dated this day the 11 April 2011

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
Carrathool and Murrumbidgee

STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2010

31/12/09		Note	31/12/10
\$			\$
	INCOME		
34,600	Other Income	2	18,868
54,272	Interest		90,242
125,000	Grants	3	47,425
740,213	Fees and Charges on Growers	4/13	837,893
5,787	Gain on Sale of Assets		3,857
<u>959,872</u>	TOTAL INCOME		<u>998,285</u>
	EXPENDITURE		
14,209	Audit Fees		14,110
1,037	Bank Fees		1,200
53,535	Board Fees & Allowances and Superannuation		54,099
26,577	Consultancy Fees		63,694
39,990	Depreciation		38,930
2,880	Fringe Benefits Tax		5,463
172,847	Other Administration Expenses	5	208,389
690	Promotion		-
256,485	Salaries, Wages & Superannuation		277,231
76,235	Subscriptions		26,100
27,340	Travelling expenses		21,517
7,133	Employees Leave Entitlements		(1,708)
6,186	Provision for Doubtful Debts		-
<u>685,144</u>	TOTAL EXPENDITURE		<u>709,025</u>
<u>274,728</u>	SURPLUS FOR THE YEAR		<u>289,260</u>
	OTHER COMPREHENSIVE INCOME		
-	Net increase/(decrease) in asset revaluation reserve	12(a)	(96,413)
<u>274,728</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>192,847</u>

The Statement of Comprehensive Income is to be read in conjunction with the
notes to and forming part of the financial statements.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
Carrathool and Murrumbidgee

STATEMENT OF FINANCIAL POSITION
as at 31 December 2010

31/12/09	CURRENT ASSETS	Note	31/12/10
\$			\$
1,032,282	Cash & Cash Equivalents	6	836,925
40,059	Trade and Other Receivables	7	48,674
12,498	Other Assets	8	-
600,000	Investments	8(a)	1,100,000
<u>1,684,839</u>	Total Current Assets		<u>1,985,599</u>
	NON-CURRENT ASSETS		
738,895	Property, Plant & Equipment	9	640,892
<u>738,895</u>	Total Non-Current Assets		<u>640,892</u>
<u>2,423,734</u>	TOTAL ASSETS		<u>2,626,491</u>
	CURRENT LIABILITIES		
41,207	Trade and Other Payables	10	52,825
20,063	Employee Benefits	11	14,952
<u>61,270</u>	Total Current Liabilities		<u>67,777</u>
	NON-CURRENT LIABILITIES		
17,931	Employee Benefits	11	21,334
<u>17,931</u>	Total Non-Current Liabilities		<u>21,334</u>
<u>79,201</u>	TOTAL LIABILITIES		<u>89,111</u>
<u>2,344,533</u>	NET ASSETS		<u>2,537,380</u>
	EQUITY		
191,400	Reserves	12(a)	94,987
2,153,133	Retained Earnings	12(b)	2,442,393
<u>2,344,533</u>	TOTAL EQUITY		<u>2,537,380</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2010

31/12/09	Note	31/12/10
\$		\$
RESERVES		
	Asset Revaluation Reserve	
191,400	Balance on 1 January	191,400
-	Net increase/(decrease) on revaluation of land & buildings	(96,413)
191,400	Balance on 31 December	94,987
RETAINED EARNINGS		
1,878,405	Balance on 1 January	2,153,133
274,728	Surplus for the year	289,260
2,153,133	Balance on 31 December	2,442,393
2,344,533	TOTAL EQUITY	2,537,380

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2010

31/12/09 Inflows (Outflows) \$	Note	31/12/10 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
1,509,134	Wineries & Growers	1,452,640
137,500	Grants Received	52,168
54,272	Interest Received	90,242
24,854	Other	16,128
1,725,760		1,611,178
PAYMENTS		
(316,665)	Employee Benefits	(327,842)
(337,253)	Payments to Suppliers	(330,462)
(762,735)	Payments to Growers	(614,747)
(1,416,653)		(1,273,051)
NET CASH PROVIDED BY OPERATING		
309,107	14	338,127
CASH FLOWS FROM INVESTING ACTIVITIES		
54,591	Proceeds from Sale of Fixed Assets	14,273
(81,251)	Payments for Property, Plant & Equipment	(47,757)
(600,000)	Payments for Investments	(500,000)
(626,660)	NET CASH USED IN INVESTING ACTIVITIES	(533,484)
NET INCREASE/(DECREASE) IN CASH AND CASH		
(317,553)	EQUIVALENTS	(195,357)
1,349,835	Cash & cash equivalents at 1 January	1,032,282
1,032,282	Cash & cash equivalents at 31 December	836,925

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wine Grapes Marketing Board (the Board) is domiciled in Australia.

The financial statements were authorised for issue by the Board on 11th April 2011.

Statement of Compliance

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB"), and in compliance with Section 41B of the *Public Finance and Audit Act 1983*.

The financial statements are for the Wine Grapes Marketing Board as an individual entity.

Not-for-profit status

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IRFS) requirements. The Board has analysed its purposes, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently where appropriate the Board has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

Basis of Preparation

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

The financial STATEMENTS has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of consideration given in exchange for assets.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ these estimates. These accounting policies have been consistently applied by the Wine Grapes Marketing Board.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Property, Plant & Equipment

Land and buildings are recorded at their fair value, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the Board to have an independent valuation of land and buildings every three years, with annual appraisals being made by directors. The property was valued by John Carbone, AAPI Certified Practising Valuer on 25 October 2010 on the basis of current market value.

Plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Increases in the carrying amount arising from the revaluation of land and buildings are credited to the asset revaluation reserve, except to the extent that the increase reverses a prior year decrement for that class of asset that has been recognised as an expense, in which case the increase is recognised as revenue up to the amount of the expense. Decreases in the carrying amount arising from the revaluation of Land & Buildings are recognised as an expense, except to the extent that prior increases are included in the asset revaluation reserve, in which case the decrease is debited to the asset revaluation reserve to the extent of remaining increases.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Motor Vehicles	20%
Research Equipment	25%
Office Equipment	11.25% - 25%
Computer Equipment	20% - 33%

Generally, physical assets with a cost of less than \$500 are expensed in the year of acquisition. However, the Board has determined that all items of research, computer and office equipment which are easily transportable, be capitalised regardless of the cost of acquisition.

See Note 9.

(b) Financial Instruments

Financial instruments are initially recognised at cost, including transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition financial instruments are measured as set out below:

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market and are stated at amortised cost using the effective interest rate method. All receivables at balance date are current and a provision for impairment has been raised for receivables considered doubtful of collection.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and term deposits with maturity dates of less than 3 months. Bank overdrafts that are repayable on demand and form an integrated part of Wine Grapes Marketing Board's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income is discussed in note 1(h).

(d) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses. Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(e) Impairment

The carrying amounts of the Board's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has been previously revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Employee Benefits

A provision is made for the Board's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at amounts expected to be paid when the liability is settled plus related on costs. Other employee benefits payable later than one year have been measured at the present value of estimated future cash flows to be made for those benefits.

Contributions are made by the Board to an employee superannuation fund and are charged as expenses when incurred.

(g) Trade and other Payables

Payable amounts represent liabilities for goods and services provided to the Board. Trade and other payables are stated at their amortised cost.

(h) Revenue

Fees and Charges on Growers

Revenue from the sale of goods is recognised in the statement of comprehensive income when significant risks and rewards of ownership have been transferred to the buyer. Fees and charges on growers is measured at the fair value of the consideration received or receivable after taking into account any fees and charges returned to growers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, or the costs incurred or to be incurred cannot be measured reliably.

Interest

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised by the Board when it is probable that the economic benefits associated with the transaction will flow to the Board. Revenue is measured at the fair value of consideration or contributions received or receivable.

(i) Income Tax

The Board is exempt from income tax.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of the goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of the GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Accounting Standards Issued but not yet Effective

A number of Australian Accounting Standards have been issued or amended since the last reporting date and are applicable to the entity but are not yet effective. The Board has assessed the impact of these amendments and they are immaterial to the entity. They have not been adopted in the preparation of the Financial Statements at balance date.

(l) Board Activities

The Board is not involved in the buying of wine grapes from growers and the selling of these grapes to winemakers. The Wine Grapes Marketing Board (Reconstitution) Act 2003 requires that wineries make payment for purchases from non-complying contracted growers and all spot market purchases as directed by the Board. The Board directs these wineries to apply to the Board for the ability to make payments directly to growers, provided Board fees and charges are deducted from the growers' payment and forwarded to the Board as per the provisions in the Act. Eleven wineries paid through the Board this financial year. This is shown in the Statement of Cash Flows as winery receipts. See Note 13.

Board fees and charges are deducted from payments made to growers. Payment dates are set by the Board in accordance with the Wine Grapes Marketing Board (Terms and Conditions of Payment) Order 2010 under the Act.

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 2: OTHER INCOME

31/12/09		31/12/10
\$		\$
2,994	Advertising	1,691
7,044	Fees & Charges	5,882
12,566	Reimbursements	5,101
11,996	Sales	6,194
34,600		18,868

NOTE 3: RESTRICTED FUNDS - RESEARCH FUND

In 2009 and 2010 the Board applied to the Grape and Wine Research and Development Corporation (GWRDC) for funding of its regional Grassroots extension program and was successful in obtaining 100% of the available regional grant funds \$125,000, as the entire project was not completed funds were carried into 2010. During 2010 the Board applied to the GWRDC for funding of further projects under the Grassroots program and received 100% of the funding sought, \$47,425 in 2010. The transactions for the year ended 31 December 2010 and the financial position at 2010 year end are detailed below:

31/12/09		31/12/10
\$		\$
1,818	Balance on 1 January	86,044
125,000	GWRDC Regional Plan – Riverina (funds received)	47,425
126,818		133,469
1,818	AWBC Grant (Pricing Survey) 2008	-
38,956	Research Outlays	65,094
86,044	Balance at 31 December	68,375

NOTE 4: FEES & CHARGES ON GROWERS

For the 2010 vintage the fees and charges were \$3.90 per tonne (2009 \$3.90 per tonne) being for fresh weight of wine grapes for the purpose of funding the grower approved budget, activities and services of the Board. Charges on growers represent the grower contribution to Board services and activities via the Statutory levy. In 2010 returned levies represented both fees and charges remitted by wineries from both non-constituted and constituted wine grape growers. The following table shows the fees and charges received and returned during the year:

31/12/09		31/12/10
\$		\$
994,109	Fees and charges paid by growers	839,210
(694)	Fees & charges returned to non-constituted growers	(1,317)
(253,202)	Fees & charges returned to constituted growers @ \$1.00 per tonne & non constituted growers	-
740,213	NET RECEIPTS (Fees and charges retained)	837,893

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 5: OTHER ADMINISTRATION EXPENSES

Details of the components of this item are as follows:

31/12/09		31/12/10
\$		\$
7,663	Accountancy	10,149
41,376	Advertising, Printing & Stationery	45,499
-	Bad Debts	-
3,358	Computer Expenses	4,113
638	Conferences & Seminars	3,030
4000	Donations	1,000
12,787	Industry Functions	9,237
15,910	Insurance	13,867
7,521	Legal Fees	21,016
13,641	Motor Vehicle Expenses	12,972
10,071	Office Expenses	13,089
21,750	Postage, Telephone & Facsimile	20,861
2,100	Rates	1,550
7,600	Research & Development Function	3,459
9,113	Research Project Payments	14,258
11,750	Sponsorship	30,367
2,728	Staff training	3,770
841	Sundry	152
172,847		208,389

NOTE 6: CASH & CASH EQUIVALENTS

31/12/09		31/12/10
\$		\$
249,374	Administration Account	191,823
782,908	Grower Payments Cheque Account	645,102
1,032,282		836,925

Refer to note 3 for details of restricted funds

NOTE 7: TRADE AND OTHER RECEIVABLES

Amounts owing to the Board at 31 December 2010 comprise:

31/12/09		31/12/10
\$		\$
25,397	Trade Debtors	27,271
14,784	GST Receivable	11,697
(6,186)	Provision for Doubtful Debts	(6,186)
6,064	Accrued Income	15,892
40,059		48,674

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

31/12/09		31/12/10
\$		\$
	- Opening Balance	6,186
6,186	Charge for the Year	-
	- Amount written off	-
<u>6,186</u>		<u>6,186</u>

NOTE 8: OTHER ASSETS

31/12/09		31/12/10
\$		\$
12,498	Prepayments	-
<u>12,498</u>		<u>-</u>

NOTE 8a: INVESTMENTS

31/12/09		31/12/10
\$		\$
600,000	Term deposit 12 months 6.8%	600,000
-	Term deposit 12 months 6.2%	500,000
<u>600,000</u>		<u>1,100,000</u>

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 9: PROPERTY, PLANT & EQUIPMENT

31/12/09 \$		31/12/10 \$
	Land & Buildings	
	Freehold Land at:	
320,000	- independent valuation 30 November 2007	-
-	- independent valuation 25 October 2010	200,000
<u>320,000</u>		<u>200,000</u>
	Buildings at:	
330,000	- independent valuation 30 November 2007	-
-	- independent valuation 25 October 2010	330,000
(17,902)	Less accumulated depreciation	(1,582)
<u>312,098</u>		<u>328,418</u>
<u>632,098</u>	Total Land & Buildings	<u>528,418</u>
53,902	Office Equipment	54,307
(41,747)	Less: Accumulated Depreciation	(45,123)
<u>12,155</u>		<u>9,184</u>
96,936	Motor Vehicles	108,420
(12,666)	Less: Accumulated Depreciation	(25,026)
<u>84,270</u>		<u>83,394</u>
35,487	Computer Equipment	36,159
(31,069)	Less: Accumulated Depreciation	(34,413)
<u>4,418</u>		<u>1,746</u>
42,501	Research Equipment	57,501
(36,547)	Less: Accumulated Depreciation	(39,351)
<u>5,954</u>		<u>18,150</u>
<u>106,797</u>	Total Plant & Equipment	<u>112,474</u>
<u>738,895</u>	Total Property, Plant & Equipment	<u>640,892</u>

MOVEMENT IN CARRYING AMOUNTS

WDV	Land & Buildings \$	Research Equipment \$	Office Equipment \$	Motor Vehicle \$	Computer Equipment \$	Totals \$
Balance at 1 January 2009	640,500	7,253	15,927	72,935	9,824	746,439
Acquisitions	-	1,150	206	78,499	1,396	81,251
Depreciation	(8,402)	(2,449)	(3,978)	(18,738)	(6,423)	(39,990)
Disposals	-	-	-	(48,426)	(379)	(48,805)
Revaluation increments/decrements	-	-	-	-	-	-
Balance at 31 December 2009	632,098	5,954	12,155	84,270	4,418	738,895

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 9: PROPERTY, PLANT & EQUIPMENT (continued)

WDV	Land & Buildings \$	Research Equipment \$	Office Equipment \$	Motor Vehicle \$	Computer Equipment \$	Totals \$
Balance at 1 January 2010	632,098	5,954	12,155	84,270	4,418	738,895
Acquisitions	1,130	15,000	1,034	29,921	672	47,757
Depreciation	(8,397)	(2,804)	(4,005)	(20,380)	(3,344)	(38,930)
Disposals	-	-		(10,417)	-	(10,417)
Revaluation increments/decrements	(96,413)	-	-		-	(96,413)
Balance at 31 December 2010	528,418	18,150	9,184	83,394	1,746	640,892

NOTE 10: TRADE AND OTHER PAYABLES

31/12/09		31/12/10
\$		\$
10,736	Trade Creditors	21,216
3,051	GST Payable	715
6,698	PAYG Withholding	8,478
20,722	Accruals	22,065
-	Bank Loans	351
<u>41,207</u>		<u>52,825</u>

NOTE 11: EMPLOYEE BENEFITS

CURRENT

31/12/09		31/12/10
\$		\$
<u>20,063</u>	Provision for Annual Leave	<u>14,952</u>
<u>20,063</u>		<u>14,952</u>

NON-CURRENT

31/12/09		31/12/10
\$		\$
<u>17,931</u>	Provision for Long Service Leave	<u>21,334</u>
<u>17,931</u>		<u>21,334</u>

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 12: EQUITY

NOTE 12a: RESERVES

31/12/09		31/12/10
\$		\$
191,400	Opening balance	191,400
-	Net increase/(decrease) on revaluation of land & buildings	(96,413)
191,400		94,987

NOTE 12b: RETAINED EARNINGS

31/12/09		31/12/10
\$		\$
1,878,405	Retained earnings at the beginning of the financial year	2,153,133
274,728	Surplus for the year	289,260
2,153,133	Retained earnings at the end of the financial year	2,442,393

Revaluation Reserve

The revaluation reserve relates to land and buildings measured at fair value in accordance with Australian Accounting Standards.

NOTE 13: REMITTANCES RECEIVED FROM WINERIES

The Board can direct wineries to pay growers directly provided certain conditions are met. The Board's legislation (*Wine Grapes Marketing Board (Reconstitution) Act 2003*) requires that all wineries make payment for purchases (not subject to complying contracts) as directed by the Board. The Board requests wineries apply to the Board for the ability to make payments directly to growers, provided all fees and charges are deducted from the growers' payment and forwarded to the Board as per the Act. Eleven wineries paid through the Board in 2010. This is shown in the table below:

31/12/09		31/12/10
\$		\$
1,509,134	Winery/Grower Receipts	1,452,640
(6,186)	Provision for Doubtful Debts	-
(508,839)	Grower Payments	(613,430)
(253,896)	Levies Returned	(1,317)
740,213	NET RECEIPTS (Levies retained)	837,893

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 14: RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT

31/12/09 Inflows (Outflows) \$		31/12/10 Inflows (Outflows) \$
274,728	OPERATING RESULT	289,260
	Adjustments for:	
39,990	Depreciation	38,930
(5,787)	(Gain)/Loss on Sale of Assets	(3,857)
(22,092)	(Increase)/Decrease in Receivables	1,214
12,840	(Increase)/Decrease in Accrued Income	(9,828)
(39)	(Increase)/Decrease in Prepayments	12,498
2,334	Increase/(Decrease) in Payables	11,618
7,133	Increase/(Decrease) in Employee Entitlements	(1,708)
309,107	Net Cash provided by operating activities	338,127

NOTE 15: FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Financial assets and liabilities are recorded at the amount due and payable.

(b) Interest Rate Risk

The Wine Grapes Marketing Board's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and financial liabilities, is as follows:

2009	Effective Interest Rate	Variable Interest \$	Fixed Interest Rate			Non-Interest Bearing \$	Total \$
			Less than 1 year \$	1 to 5 years \$	More than 5 years \$		
Financial Assets							
Bank	3.25%	1,032,282	-	-	-	-	1,032,282
Term Deposits	6.80%	-	600,000	-	-	-	600,000
Trade and Other Receivables	-	-	-	-	-	25,275	25,275
		1,032,282	600,000	-	-	25,275	1,657,557
Financial Liabilities							
Payables		-	-	-	-	31,458	31,458
	N/A	-	-	-	-	31,458	31,458

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(b) Interest Rate Risk (continued)

2010	Effective Interest Rate	Variable Interest \$	Fixed Interest Rate			Non-Interest Bearing \$	Total \$
			Less than 1 year \$	1 to 5 years \$	More than 5 years \$		
Financial Assets							
Bank	4.25%	836,925	-	-	-	-	836,925
Term Deposits	6.20%	-	1,100,000	-	-	-	1,100,000
Trade and Other Receivables	-	-	-	-	-	36,977	36,977
		836,925	1,100,000	-	-	36,977	1,973,902
Financial Liabilities							
Payables		-	-	-	-	43,632	43,632
	N/A	-	-	-	-	43,632	43,632

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial instruments is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

At balance date there were no significant exposures to credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

(d) Net Fair Value

All Financial Assets and Liabilities are not traded on organised markets in standardised form. Net fair value is determined with reference to, and as a result is not materially different from the carrying amounts of the assets and liabilities in the statement of financial position determined in accordance with the accounting policies disclosed above.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Fair Values	Carrying Amount 2009 \$	Fair Value 2009 \$	Carrying Amount 2010 \$	Fair Value 2010 \$
Financial Assets				
Cash and Cash Equivalents	1,032,282	1,032,282	836,925	836,925
Trade and other Receivables	25,275	25,275	36,977	36,977
Other Investments	600,000	600,000	1,100,000	1,100,000
Financial Liabilities				
Trade and other Payables	31,458	31,458	43,632	43,632

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
Carrathool and Murrumbidgee

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(e) Estimation of Fair Values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Securities

Fair value is based on quoted market values at the balance sheet date without any deductions for transaction costs.

Trades and Other Receivables / Payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to reflect fair value.

NOTE 16: COMMITMENTS

There was no capital or other operating expenditure commitments as at 31 December 2010 (2009: nil).

NOTE 17: CONTINGENT LIABILITIES

The Board is not aware of any contingent liabilities as at the date of signing off the accounts (2009: nil).

NOTE 18: SEGMENT REPORTING

The Board is based in Griffith, NSW. It derives its income via fees and charges on growers of winegrapes producing greater than 20 tonnes within the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee.

NOTE 19: RELATED PARTY TRANSACTIONS

During the 2010 Financial Year there were no related party transactions, other than Board Fees & Allowances. All Board members are grower elected members. All other business transactions undertaken between the Board and Board members are done so at arms length and under normal commercial arrangements.

NOTE 20: KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the board, either directly or indirectly. The key management personnel of the Board comprise the directors, and executive management who are responsible for the financial and operational management of the Board.

31/12/09		31/12/10
\$		\$
156,936	Total Compensation – Short-Term Benefits	163,573
11,566	Total Compensation – Long-Term Benefits	11,848
<u>168,502</u>		<u>175,421</u>

NOTE 21: FINANCIAL RISK MANAGEMENT

The Board's activities expose it primarily to the financial risks of liquidity, credit and interest rate risk. The Board and senior management are responsible for monitoring and managing the financial risks. They monitor these risks through monthly board meetings where management reports are presented and analysed. The Board does not enter into any derivative financial instruments nor speculate in any type of financial instrument.

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
Carrathool and Murrumbidgee

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2010 (continued)

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

(a) Liquidity risk

Liquidity risk is the risk the Board will be unable to meet its financial obligations as and when they fall due. The Board manages liquidity risk by maintaining adequate cash reserves to ensure sufficient cash is available to settle obligations as they fall due.

(b) Credit risk

Credit risk is the risk of financial loss to the Board as a result of a customer or counterparty to a financial instrument failing to meet its contracted obligations. The Board's exposure to credit risk is through its receivables balance which is not considered significant.

(c) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Board's income or value of its obligations. The Board is exposed to interest rates risk through its deposits with banks. Interest rates and maturities are detailed in note 15.

(d) Sensitivity analysis

The Board has performed a sensitivity analysis relating to the exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates:

31/12/09		31/12/10
\$		\$
	Change in surplus	
16,323	Increase in interest rate by 1%	19,369
(16,323)	Decrease in interest rate by 1%	(19,369)

31/12/09		31/12/10
\$		\$
	Change in equity	
16,323	Increase in interest rate by 1%	19,369
(16,323)	Decrease in interest rate by 1%	(19,369)

End of Audited Accounts

WINE GRAPES MARKETING BOARD - 2011 CONSOLIDATED BUDGET

2010 Budget	2010 Actual	EXPENSE ACCOUNTS	Notes	2011 Budget
INCOME				
\$1,014,000	\$837,893	2011 Rates 220,000 tonnes @ \$3.90/t		\$858,000
\$45,000	\$90,242	Interest from Bank Accounts		\$72,000
\$21,552	\$18,868	Income from Operating Activities		\$12,350
\$28,000	\$3,857	Proceeds from Sale of Assets	1	\$45,000
\$125,000	\$47,425	Research Funds		\$59,480
\$1,233,552	\$998,285	TOTALS		\$1,046,830
OPERATING EXPENDITURE				
\$7,000	\$10,149	Accountancy Fees		\$7,500
\$52,835	\$45,499	Advertising, Printing and Stationary		\$41,385
\$18,000	\$14,110	Audit Fees – Statutory		\$18,500
\$1,000	\$1,200	Bank Fees and Charges		\$1,700
\$54,700	\$54,099	Board Fees, Allowances and Super.		\$52,000
\$7,730	\$4,113	Computer Expenses		\$4,055
\$10,250	\$3,030	Conferences/Seminars		\$6,700
\$82,940	\$63,694	Consultancy Fees		\$75,700
\$40,000	\$38,930	Depreciation Expense		\$40,000
\$2,500	\$1,000	Donations		\$2,000
\$4,200	\$5,463	Fringe Benefits Tax		\$4,200
\$9,035	\$9,237	Industry Functions		\$9,950
\$15,575	\$13,867	Insurance		\$14,037
\$11,900	\$21,016	Legal Fees	2	\$14,000
\$11,860	\$12,972	Motor Vehicle Operating Expenses		\$12,300
\$10,880	\$13,089	Point of Access Office Expenses		\$14,180
\$21,210	\$20,861	Postage, Telephone & Facsimile		\$18,910
\$4,456	(\$1,708)	Employee Leave Entitlements		\$7,510
\$2,000	\$1,550	Rates		\$2,200
\$2,200	\$3,459	Research Consumables		\$5,850
\$54,500	\$14,258	Research Payments	3	\$62,780
\$327,752	\$277,231	Salaries, Wages and Superannuation		\$277,280
\$29,500	\$30,367	Sponsorship	4	\$11,000
\$1,800	\$3,770	Staff Training		\$4,000
\$34,105	\$26,100	Subscriptions	5	\$82,850
\$885	\$152	Sundry Expenses		\$100
\$27,150	\$21,517	Travelling Expenses	6	\$38,100
\$845,963	\$709,025	SUB TOTAL		\$828,787
CAPITAL EXPENDITURE				
-	\$1,130	Building Expenditure	7	\$5,500
\$70,000	\$29,921	Motor Vehicles Purchase	8	\$74,000
-	\$1,034	Office equipment	9	\$7,500
-	\$672	Computer equipment	10	\$2,500
-	\$15,000	Research equipment	11	\$6,000
\$70,000	\$47,757	SUB TOTAL		\$95,500
\$915,963	\$756,782	TOTAL EXPENDITURE		\$924,187
\$317,590	\$241,503	SURPLUS/(DEFICIT)		\$122,643

NOTES TO THE 2011 CONSOLIDATED BUDGET

The following is to explain select items of the budget.

NOTE 1: PROCEEDS FROM SALE OF ASSETS

In 2011 it is envisaged that two of the motor vehicles currently operated by the Board will be replaced.

NOTE 2: LEGAL FEES

Legal fees have increased in 2010 and in 2011 due to the Board actively pursuing outstanding fees and charges and growers payments – on behalf of growers. One company is in liquidation with a liquidator having been appointed by the court on behalf of the Board.

NOTE 3: RESEARCH PAYMENTS

Research payments are expected to increase in 2011 due entirely to the GWRDC Grassroots funding project and the Board's reliance on obtaining external professionals to complete approved projects.

NOTE 4: SPONSORSHIP

Sponsorship has declined in 2011 after a one off payment to the Griffith Pioneer Park Museum for the creation of a regional wine history centre.

NOTE 5: SUBSCRIPTIONS

Subscriptions account for the funding of approved services through Wine Grape Growers Australia. Activities such as funding of the Code of Conduct Administration Committee, vine health management and research and development priorities at the national level are undertaken on behalf of Riverina growers through the WGGA. For a report on the 2009 activities please see the

NOTE 6: TRAVELLING EXPENSES

The increase in travelling expenses accounts for the increase in movement of Board members and staff to attend the various national and state committees. An increase in water related committee activity is foreshadowed in 2011.

NOTE 7: BUILDING EXPENDITURE

A number of minor repairs are needed to the Board's premises in 182 Yambil Street. Some plaster work has cracked through settling of the building. An engineering report is being done in relation to this to determine if this matter is covered under builders' liability.

NOTE 8: MOTOR VEHICLE PURCHASE

The Board intends to replace two of its motor vehicles this year as part of its program of purchasing these with NSW Government discount and replacing vehicles that have travelled greater than 40,000 kms.

NOTE 9: OFFICE EQUIPMENT

The Board's photocopier is being replaced as the existing one is currently out of warranty after serving the Board for the past 5 years.

NOTE 9: COMPUTER EQUIPMENT

The office needs to replace a number of computers as these are no longer fit for purpose.

NOTE 9: RESEARCH EQUIPMENT

This budget amount is a contingency in relation to the Board's centrifuge. The existing one has been serviced and it is hoped that it will last the current vintage season without issue or failure.



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