



WINE GRAPES MARKETING BOARD



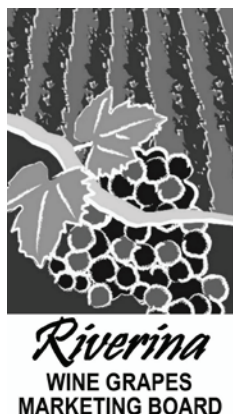
Serving
Riverina
Winegrape
growers
since
1933

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

ANNUAL REPORT 2016

WINE GRAPES MARKETING BOARD

Annual Report for 2016



Wine Grapes Marketing Board Offices

Residential: 182 Yambil Street GRIFFITH
Postal: PO Box 385 GRIFFITH NSW 2680
Telephone: 02 6962 3944
Facsimile: 02 6962 6103
Email: board@wgmb.net.au
Website: www.wgmb.net.au

Board Executive Members

Chairman

Bruno Brombal
Mobile: 0429 630 465

Deputy Chairman

Robert Bellato
Mobile: 0408 477 210

Staff Members

Chief Executive Officer

Brian Simpson
Mobile: 0438 388 828
Email: bsimpson@wgmb.net.au

Extension Officer

Brian Bortolin
Mobile: 0401 567 449
Email: bbortolin@wgmb.net.au

Office Manager

Julie McMahon
Email: jmcMahon@wgmb.net.au

Annual General Meeting

Monday 26th June 2017
Yoogali Club
YOOGALI NSW 2680
Commencing at 7:00pm

Page(s)

- 1 Letter to the Minister
- 2 Chief Executive Officer's Introduction

Statutory Compliance

- 2 Application for Extension of Time
- 2 Charter of the Board
- 2 Agricultural Industry Services of the Board
- 2 Access
- 3 Management and Structure
- 3 Board Members during 2016
- 3 Meetings of the Board
- 3 Board Members Meeting Attendance
- 3 Board Staff
- 3 Organisation Chart
- 3 Summary Review of Operations
- 3 Funds Granted to Non-Govt Comm. Orgs
- 3 Legal Change
- 3 Economic or Other Factors
- 4 Management & Activities
- 4 Research & Development
- 4 Human Resources
- 4 Consultants & Research Payments
- 4 Equal Employment Opportunity
- 4 Disability Plans
- 4 Land Disposal
- 4-5 Promotion
- 5 Consumer Response
- 5 Payment of Accounts
- 5 Time for Payment of Accounts
- 5 Risk Management & Insurance Activities
- 5 Internal Audit & Risk Management Policy
- 5 Disclosure of Controlled Entities
- 5 Disclosure of Subsidiaries
- 5 Multicultural Policies and Services Program
- 5 Agreements with the Community Relation Com.
- 5 Workplace Health and Safety
- 5 Waste
- 5 Numbers of Executive Officers
- 5 Public Access of Information
- 6 Public Interest Disclosures
- 6 Electronic Service Delivery
- 6 Publication Guide
- 6 Appointed Auditors
- 6 Annual Reports
- 6 Financial Year of the Board

Reports 2016

- 6-7 Minutes of the Previous Annual General Meeting
- 8 NSW Wine Industry Association

Financial Reporting and Information

- 9-10 Statement by the NSW Audit Office
- 11 Statement by Members of the Board
- 12-29 Audited Financial Report

Wine Grapes Marketing Board 2017 Budget

- 30-31 2017 Consolidated WGMB Budget
- 31 Acronyms and Abbreviations Used in this Report
- 32 Notes page

Letter to the Minister

13th March 2017

The Honourable Niall Blair, MLC
Minister for Primary Industries, Minister for Lands and Water
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, 2016 for tabling in the NSW Parliament.

This 83rd Annual Report on performance, activities and financial results has been prepared in accordance with provisions of the *Annual Reports (Statutory Bodies) Act 1984*, and the *Public Finance and Audit Act 1993*.

Yours sincerely



Bruno Brombal
Chairman



Robert Bellato
Deputy Chair

Chief Executives' Report - Brian Simpson

Welcome to the Wine Grapes Marketing Board's 2016 Annual Report of its operations and financial position.

This report contains a copy of the minutes of the previous meeting that was held 29th June 2016 for your information prior to the Annual General Meeting to be held 28th June 2017 commencing at 7:00pm at the Yoogali Club, Yoogali NSW.

In 2016 the Board introduced its Strategic Operations Plan 2017-2021 in accordance with the NSW Government's requirements under the *Agricultural Industry Services Act 1998*. Copies of this plan were sent to all growers in October 2016 prior to the meeting to approve the Plan and the 2017 budget and the statutory fees and charges to be applied in 2017.

Pricing in winegrapes has generally stagnated and increasing numbers of growers are speaking of their frustration that the long awaited recovery in the industry is not forthcoming. Price is the most critical factor as most growers are not aware of the grape price they will receive until harvest commences.

During the year the Board wrote submissions to the federal government in relation to price disclosure and terms and conditions of payment. Both are disappointing in the region and both are critical. Terms of payment for winegrapes vary greatly with some wineries in the region failing to pay as per their written agreements leaving growers with very little recourse except for litigation, which if enacted will damage the relationship that they have with their grape purchaser.

The impacts of the WET rebate on industry were put under the political microscope during the year with the federal government agreeing to alter how it operates and in 2018 it will remove the rebate from bulk and unbranded wines in the domestic market. While the Board sought to have this completely removed its views were not taken on board and wineries will remain a beneficiary of the rebate.

The Board had a number of staff members depart during the year which led to a restructure of its business with the appointment of an Extension Officer to focus more on growers and less on research. It is envisaged that the new role which commenced duties in 2017 will be able to liaise better with the grower base and those members that are not spoken to on an annual basis via the HACCP auditing process.

Statutory Compliance

The following information is provided to comply with the reporting procedure and prescribed content of the *Annual Reports (Statutory Bodies) Act 1984*.

Application for Extension of Time

The Board did not apply for an extension of time to publish its Annual Report for 2016.

Charter of the Board

The Wine Grapes Marketing Board is a NSW Agricultural Industry Services Committee formed in accordance with the *Agricultural Industry Services Act 1998* under the *Agricultural Industry Services Regulation 2015, Part 2*.

Agricultural Industry Services of the Board

- (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).

The Board services the requirements of the independent winegrape producers that produce greater than 20 tonnes of winegrapes within its area of operation, The City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee.

Access

The office is located at 182 Yambil Street Griffith NSW.

Telephone 02 6962 3944

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).

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 positions will now run until February 2019. The appointed members' terms cease February 2017.

Board Members during 2016

- Bruno Brombal (Chairman - Executive)
- Robert Bellato (Deputy Chair - Executive)
- Lou Dal Nevo - until Mar 2016
- Rod Gribble - until Mar 2016
- Bruno Altin - appointed until Mar 2016
elected from Mar 2016
- Frank Alampi - elected from Mar 2016
- Dom Schirripa - appointed from April 2016
- Tony Baggio
- Eric Berton - appointed member

Meetings of the Board

During the 12 months to 31 December 2016 there were 12 general meetings and 2 public meetings of the Board.

The Board holds its general meetings the second Monday of each month.

Public Meetings held in 2016 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.

Member	Meetings attended	Number of meetings	%
Bruno Brombal	13	14	93%
Robert Bellato	11	14	79%
Lou Dal Nevo	2	3	66%
Tony Baggio	12	14	86%
Rod Gribble	3	3	100%
Eric Berton	12	14	86%
Bruno Altin	14	14	100%
Dom Schirripa	9	10	90%
Frank Alampi	6	11	55%

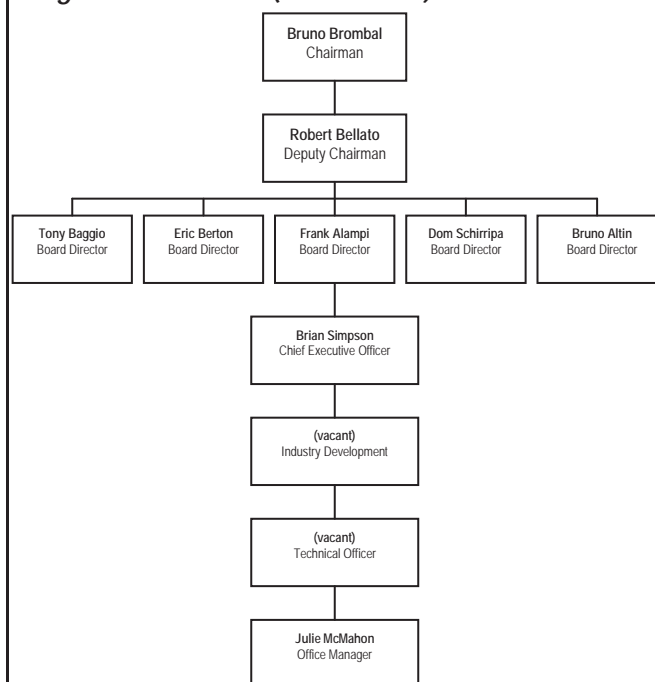
Board Staff

From 1 Jan 2016 - 31 Dec 2016 staff members were:

- *Chief Executive Officer* - Brian Simpson
 - commenced employment 12 June 2000

- *Industry Development Officer* - Kristy Bartrop
 - Commenced employment August 2008
 - Ceased employment June 2016
- *Office Manager* – Julie McMahon
 - Commenced employment October 2015
- *Technical Officer* - Bridget Murray
 - Commenced employment August 2015
 - Ceased employment October 2016

Organisation Chart (end of 2016)



Summary Review of Operations

The following provides a narrative summary of significant operations, financial and other quantitative information for programs or operations.

- There were no significant programs or operations undertaken by the Board during 2016.

Funds Granted to Non-Government Community Organisations

\$1,000 was donated to the Yenda Grape Growers Association to assist them in their operations.

Legal Change

There was no legal change to the organisation during 2016.

Economic or Other Factors

The Board enters into agency agreements with grape processors to deduct statutory fees and charges from grower payments and forward these to the Board. The agency agreements were well adopted in 2016 with the Board being required to pay 5% of the \$3.90 per tonne to the wineries \$41,983 in 2016 (\$40,283 in 2015).

Management & Activities

A review of the strategic operations of the Board was conducted by the Board during 2016. This was presented to growers in the *WGMB Strategic Operations Plan 2017-2021 and Operating Budget for 2017* publication, which was made available to all growers. The Plan was adopted at a meeting of growers held in December 2016 at which time the rate for the Board's grower fees and charges was set (\$3.90 per tonne fresh weight).

A performance review of staff was undertaken by Executive members of the Board in December. All contracts were renewed for a further 12 months.

Research & Development

The Board continued to operate its own wine grape maturity sampling laboratory facilities during the vintage for constituted growers at no charge.

The Board is currently focused on extension activities principally with the funding being provided by the AGWA under their Grassroots program that aims to provide up to \$125,000 per financial year.

In 2016 the Board undertook the following project:

- Mid-row management

The resources allocated to this program were minimal with the Industry Development Officer overseeing the project activities and reporting to the AGWA and the Technical Officer for sampling and recording of data as required by the projects.

Human Resources

During 2016 the Board employed 4 permanent staff.

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

There was an 11% negative variation in wages and salaries from the 2015 position. This was due to staff departures in 2016 that were not replaced.

Standard personnel policies and practices are in place with all positions being contracted and conditions of employment are in line with national industrial relations policies and practices.

All permanent staff members are engaged on 1 year contracts ending 31 December 2016.

Consultants and Research Payments

The Board engaged the services of 2 accountants that were appointed by the NSW Government in accordance with the *Agricultural Industry Services Act 1998* to act as

Authorised Inspectors for the Board for the purposes of ensuring completeness of revenues.

Mr Daniel Davidson, Senior Auditor, HMA Twomey Patterson Audit Pty Ltd, Wagga Wagga NSW.

Mr Collin Harris, Miller Crawford Accounting Services, Wagga Wagga, NSW.

- Authorised Inspections fees 2016 - \$2,980 (\$3,546 in 2015)

A total of eight (8) consultants were engaged in 2016 costing a total of \$24,012 (\$103,275 in 2015) excluding GST. The costs include:

- Veritech - Contacts Database \$ 320
- Dalcrom Agricultural Management \$ 8,750
- Management Resource Plus – HACCP \$ 1,022
- NSW Trade & Investment \$10,000
- Agri Options Workshop \$ 940

Equal Employment Opportunity

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

(Jan-Jun) Total Permanent staff:	4
Percent Women:	75%
Percent Men:	25%
(Jul-Oct) Total Permanent staff:	3
Percent Women:	66%
Percent Men:	34%
(Oct-Dec) Total Permanent staff:	2
Percent Women:	50%
Percent Men:	50%

Disability Plans

The 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 2016 Financial Year. A revaluation of the property and land occurred as at December 2016 as per NSW Audit Office Agents request. Another revaluation will occur in 2019 for the purposes of financial reporting.

Promotion

In 2016 the Board contributed funding to the following functions and promotional activities \$ 30,085 plus other items (GST exclusive):

- 2016 Riverina Field Days \$11,923
- 2016 Riverina Wine Show \$ 3,000

- Riverina Regional Tourism \$ 5,000
- Lunch in the Vineyard \$ 1,721
- Purchase of Promotional Items \$ 73
- Riverina Wine Collective \$ 4,126
- Visitors Centre Guides \$ 3,333
- Datatrax – Tourism Touchscreens \$ 909

Consumer Response

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

Payment of Accounts

The details of financial performance for 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 the terms of payment set out by suppliers.

Number of Days	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
0-30 days	\$82,804	\$95,802	\$62,015	\$255,425
30-60 days	-	-	-	-
60-90 days	-	-	-	-
90+ days	-	-	-	-
\$ Total	\$82,804	\$95,802	\$62,015	\$255,425
% target	100%	100%	100%	100%
% actual	100%	100%	100%	100%

Time for Payment of Accounts

There were no instances of interest payable on late payment of accounts.

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.

Internal Audit and Risk Management Policy Attestation

On 21st January 2013 the Board received an exemption from the requirements of TPP 09-05.

The Board will continue its now annual review of the policies and procedures in place to ensure proper accounting control in relation to assets, liabilities, receipts and expenses in accordance with *Public Finance and Audit Act Section 11*.

Disclosure of Controlled Entities

The Board does not have any controlled entities.

Disclosure of Subsidiaries

The Board does not have any subsidiaries.

Multicultural Policies and Services Program

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.

Agreements with Community Relations Commission

There are no agreements entered into between the Board and the Community Relations Commission.

Workplace Health & Safety

No reports of work-related injuries or illnesses were received during the year. There are no proceedings under the *Workplace Health and Safety Act 2011*.

Waste

The Board does not have a written waste reduction policy. All paper that contains information of a non-confidential nature is recycled within the office and then disposed. All cardboard is sent to a recycling centre.

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.

Public Access of Information

The Board reviewed its public access policy and publication guide in accordance with *Government Information (Public Access) Act 2009, Section 7, Clause 3*, at its general meeting held in November 2015.

During the year the Board received 35 formal requests for information (24 in 2015) under the provisions of the *Government Information (Public Access) Act 2009*. These related directly to growers own farm details held by the Board. No charges or fees were requested for requests and these were completed within 24 hours of application.

No applications were refused by the Board.

Public Interest Disclosures

No public interest disclosures were made by members of staff or the Board.

No public interest disclosures were received by the Board. The Board does not have a Public Interest Disclosure policy.

All staff are aware of their role in relation to public interest disclosures.

Electronic Service Delivery

Wine Grapes Marketing Board internet site www.wgmb.net.au continues to host Board newsletters.

The Board uses email to deliver weather, disease and pest alerts to growers during the growing season. Information on meetings and activities are also sent via SMS to growers wishing to receive these.

During the year the Board's website had 508 unique visitors (13,236 in 2015)

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 2016 Audit.

Annual Reports

The Board produced 400 copies of this Annual Report to enable it to be sent to all constituents and to comply with statutory requirements. Annual reports cost \$5.31 per copy (+ GST), these were printed locally.

Financial Year of the Board

1st January to 31st December.

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

**Riverina - Wine Grapes Marketing
Board
2015 Annual General Meeting
Minutes of the Meeting held 29th June
2016 commencing at 7:55PM
Yoogali Club, Yoogali NSW 2680**

Attendance

35 Constituted Growers (inc Board members): Tony Agresta, Bruno Altin (Board Member), Tony Baggio (Board Member), Tim Baveresco, Glen Baveresco, Steve Barbon, Robert Bellato (Deputy Chair), Eric Berton (Board Member), Bruno Brombal (Chairman), Gary Bugno, Stephen Cadorin, Dom Calabria, Peter Cremasco, Agostino Cristofaro, John Dal Broi, Daniel Favero, Pio Foscari, Rod Gribble, Robert Gulloni, Patrick Gullotta, Lance Hicken, Dom Macri, Laurence Minato, David Rossetto, Dom Schirripa (Board Member), Tony Sergi, John Strano, Jack Torresan, Giulio Toscan, Ross Vecchio, John Vitucci, Peter Vitucci, Anthony Zalundaro, John Zandona, Ray Zahra.

Non-Voting growers: Elda Baveresco, Matthew Bugno, James Cremasco, Mario Foscari, Pascal Guertin, Alvis Minato, Mitchell Strano, Steve Torresan, Anthony Vitucci,

Board Staff: Brian Simpson (CEO), Julie McMahon (OM)

Guest Speakers: Tom Chesson (NIC), Kate Langford (MDBA), Di Davidson (MDBA), Russell James (MDBA).

Apologies: Bridget Murray (IDO), Frank Alampi (Board Member), Bernie Connellan, Joe D'Aquino, Harnam Gill, Rod & Wendy Heffer, Rick Ceccato, Chris Pastro, Lorenzo Pellizzer, Peter Raccanello.

1. Minutes of previous Annual General Meeting

Copies of the minutes had been included in the Annual Report for 2015.

That the minutes be accepted as a true and accurate record of 16th June 2015 meeting -

MOVED: Bruno Altin

SECONDED: Peter Cremasco **CARRIED**

1.1 Business Arising from the Minutes

No business was raised from the previous minutes.

2. Chairman's Report – Bruno Brombal

The regions production of 322KT in 2015 down to an initial estimate of 304KT. 176KT white winegrapes and 128KT of red winegrapes. Rain in January affected a lot of the crop and prices remained very close to 2015 prices.

The Board met with wineries this year to discuss the grape harvest and prices. This prompted the Board to write to all growers about the industry conditions

and its concerns for the future of the industry. Wineries in general were not happy with this letter and some growers raised their concerns also. Generally however the correspondence and the following one were well received and wineries have acted by speaking with their grower bases as many were concerned that growers were looking to sell off their water either permanently or temporary.

The Board worked this year with the NSW Small Business Commissioner to hold three workshops targeted at growers, Succession Planning, Contract Understanding and Financial knowledge.

The Board also withdrew its support of the federal growers' body and since then has held many meetings politicians at the state and federal level on behalf of the growers. Issues mostly in relation to the WET rebate and the Boards position that it should be removed due to its distorting effects were discussed. At the state level terms and conditions of payment were discussed.

The Chair advised that current staffing situation in the office was that the Board was not going to replace the IDO position for the short term and will be reducing the research activities to allow this to occur. The Board will also continue to undertake promotional activities that are deemed important to promoting the region.

The Chair also thanked Rod Gribble and Lou Dal Nevo for their work on behalf of growers as members of the Board.

The Chair advised that he would publicly like to thank Kristy Bartrop for the work that she performed with the Board over the past 8 years. The work that she has done for growers has been excellent and she will be missed by growers and the Board. He offered her his best regard for her future work at Casella Wines.

That the Chairman's reported be accepted -

MOVED: David Rossetto

SECONDED: Giulio Toscan CARRIED

3. Financial Report – Brian Simpson CEO

The CEO presented the income and expenditure statements as per the Annual Report for 2015. The Board financial position remained in a sound position for 2015. Although the Board recorded a financial loss due to a return of levies to growers it remains in a strong financial position.

The budget for 2016 is based on the approved levy of \$3.90 per tonne on 200,000 tonnes. The actual amount is more likely to be closer to 215,000 tonnes of grower's production which will mean a possible budget surplus position of \$141,601 at the end of the financial year.

That the Financial Report for 2015 be adopted -

MOVED: Anthony Baggio

SECONDED: Peter Cremasco CARRIED

4. Other Business

4.1 Vote of thanks for Kristy Bartrop

John Dal Broi offered his thanks to Kristy Bartrop (absent) for the work that she had performed for the industry during her time with the Board.

5. Murray Darling Basin Authority – Mr Russell James Executive Director of Policy and Planning

A presentation on the current status of the MDB Plan occurred. It was shown that in the Murrumbidgee 360GL had been recovered and of this 209GL had been through infrastructure works.

6. Mr Tom Chesson – CEO National Irrigators Council

Tom Chesson provided members with an overview of the activities of the NIC in relation to Basin Planning, Power tariffs and an election update.

Being no further business, the meeting was declared closed at 9:33pm.

Bruno Brombal
CHAIRMAN



New South Wales Wine Industry Association 2015-16

Year 2016 has been one of good achievements for the Association, strengthened by the re-election at the recent Annual Meeting of the three Vice Presidents: Liz Riley (R&D), Manda Duffy (Promotions) and Angus Barnes (Government). All sub-committees have stable leadership and have been active and achieving solid results.

A few are worth noting.

The value of Promotion activities was highlighted this year with the new International Convention Centre adopting a policy of sourcing over 80% of all wines from NSW regions. This was helped in no small part by the existence of a strong and credible NSW Wine Awards, which this year was judged in the Hunter Valley as part of the regional rotation program.

This year also saw the first Langton's NSW Wine Auction. A great result in terms of raising the profile of NSW wines and forging a link between wineries and the gate-keepers.

The Association continues to work closely with the Department of Primary Industries and SafeWork NSW. December saw the launch of the Guide to Managing Risks in Wineries, a revision of the 1999 document. The safety of winery personnel in the workplace is the guiding principle here. The Guide can be downloaded from the NSWWIA web page.

While the broader issue of Government relations has been an area of concern in the past, the Government recently hosted a round table meeting with a view to aligning its programs with those of the wine industry. This will become more important as we look to get further engagement and potentially tap into the \$50 million the Federal Government provided to Wine Australia over the next 4 years as part of the WET reform process.

The WET tax has been an issue that has taken a lot of time for the Executive this year. WET is a divisive issue with regions, individuals and companies holding a diversity of views. The Association has followed the path of basing its position on the principles underpinning

the NSW Producers Licence. It is pleasing to see the final reform package sees eligible wine being made from grapes owned by the producer at the point of crushing.

R & D has been a highlight of what change can do and how we can deliver for the industry. The last 12 months has seen a delivery of the extension program and alignment of that with Wine Australia. Monthly teleconferences across the regions and a State-wide innovators conference in November 2015 have informed this direction. The Association continues to work with R & D organisations such as the Australian Wine Research Institute and the National Wine and Grape Industry Centre to make sure there is alignment with our priorities.

The Association acknowledges the contribution to the wine industry by the head of the NWGIC Professor Alain Deloire who left late last year. The industry thanks him for his time and enthusiasm. We look forward to seeing the work on projects he initiated progressing.

Promotions has continued to evolve and we need to continue to see where our members want us to spend our time as well as what we are able to do with our relationship with Destination NSW. That agency's lack of support for projects where the wine industry and the interests of tourism more broadly intersect is disappointing. Hopefully the Government review might lead to a change in attitude.

The Association continues to liaise and work closely with all of the national organisations – Wine Grape Growers Australia, the Winemakers Federation of Australia and the Australian Grape and Wine Authority.

Looking forward, the Association needs to conduct a review of its role and relevance in the broader wine industry. It is not in the business of being busy for busy sake. Everyone in industry is under extreme financial pressure and organisations should only exist where they return a dividend to members which is greater than their costs.



INDEPENDENT AUDITOR'S REPORT

Wine Grapes Marketing Board

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Wine Grapes Marketing Board (the Board), which comprise the statement of financial position as at 31 December 2016, the statement of profit and loss and other 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 31 December 2016, and of its financial performance and its cash flows 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the Board's ability to continue as a going concern unless the Board will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- 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.



Chris Giumelli
Director, Financial Audit Services

17 March 2017
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 Section 41C 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 2016 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 2015*, 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 Chair

Dated this day the 13th March 2017

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

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2016

31/12/15		Note	31/12/16
\$			\$
	INCOME		
21,591	Other Income	2	19,016
60,698	Interest		46,855
125,000	Grants	3	21,700
432,034	Fees and Charges on Growers	4	656,210
15,557	Gain on Sale of Assets		7,615
654,880	TOTAL INCOME		751,396
	EXPENDITURE		
16,200	Audit Fees		16,255
1,940	Bank Fees		1,012
53,717	Board Fees, Allowances & Superannuation		53,612
103,275	Consultancy Fees		24,012
42,953	Depreciation		52,746
5,516	Fringe Benefits Tax		8,767
308,279	Other Administration Expenses	5	251,006
311,839	Salaries, Wages & Superannuation		279,321
26,977	Subscriptions		27,629
21,047	Travelling expenses		13,686
(6,042)	Employees Leave Entitlements		(25,287)
-	Promotion		9,514
885,701	TOTAL EXPENDITURE		712,273
(230,821)	SURPLUS/(DEFICIT) FOR THE YEAR		39,123
	OTHER COMPREHENSIVE INCOME		
	<i>Items that will not be reclassified subsequently to Profit and Loss:</i>		
-	Revaluation changes for Property, Plant and Equipment		104,173
(230,821)	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		143,296

The Statement of Profit and Loss and Other 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 2016

31/12/15	CURRENT ASSETS	Note	31/12/16
\$			\$
218,042	Cash & Cash Equivalents	6	753,772
57,275	Trade and Other Receivables	7	17,044
1,700,000	Investments	8	1,300,000
13,366	Prepayments	9	13,305
<u>1,988,683</u>	Total Current Assets		<u>2,084,121</u>
	NON-CURRENT ASSETS		
679,725	Property, Plant & Equipment	10	713,026
<u>679,725</u>	Total Non-Current Assets		<u>713,026</u>
<u>2,668,408</u>	TOTAL ASSETS		<u>2,797,147</u>
	CURRENT LIABILITIES		
49,368	Trade and Other Payables	11	60,099
40,668	Employee Benefits	12	27,396
<u>90,036</u>	Total Current Liabilities		<u>87,495</u>
	NON-CURRENT LIABILITIES		
12,016	Employee Benefits	12	-
<u>12,016</u>	Total Non-Current Liabilities		<u>-</u>
<u>102,052</u>	TOTAL LIABILITIES		<u>87,495</u>
<u>2,566,356</u>	NET ASSETS		<u>2,709,652</u>
	EQUITY		
108,232	Reserves	13(a)	212,405
2,458,124	Retained Earnings	13(b)	2,497,247
<u>2,566,356</u>	TOTAL EQUITY		<u>2,709,652</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,
Carrathool and Murrumbidgee

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2016

31/12/15	Note	31/12/16
\$		\$
RESERVES		
	Asset Revaluation Reserve	
108,232	Balance on 1 January	108,232
-	Net increase/(decrease) on revaluation of land & buildings	104,173
108,232	Balance on 31 December	212,405
RETAINED EARNINGS		
2,688,945	Balance on 1 January	2,458,124
(230,821)	Surplus/(Deficit) for the year	39,123
2,458,124	Balance on 31 December	2,497,247
2,566,356	TOTAL EQUITY	2,709,652

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,
Carrathool and Murrumbidgee

STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2016

31/12/15 Inflows (Outflows) \$	Note	31/12/16 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
867,477	Wineries & Growers	903,804
137,500	Grants Received	23,870
71,095	Interest Received	62,984
23,750	Other	20,917
1,099,822		1,011,575
PAYMENTS		
(366,087)	Employee Benefits	(333,378)
(494,200)	Payments to Suppliers	(341,185)
(451,951)	Payments to Growers	(227,023)
(1,312,238)		(901,586)
NET CASH PROVIDED BY OPERATING		
(212,416)	ACTIVITIES 14	109,989
CASH FLOWS FROM INVESTING ACTIVITIES		
85,783	Proceeds from Sale of Fixed Assets	34,695
(165,261)	Payments for Property, Plant & Equipment	(8,954)
(100,000)	Payments (proceeds) for Investments	400,000
(179,478)	NET CASH USED IN INVESTING ACTIVITIES	425,741
(391,894)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	535,730
609,936	Cash & cash equivalents at 1 January	218,042
218,042	Cash & cash equivalents at 31 December 6	753,772

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,
Carrathool and Murrumbidgee

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

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 13th March 2017.

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 have 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.

Changes in Accounting Policies

The accounting policies set out below have been consistently applied to all years presented.

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 2016 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

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	20% - 30%
Office Equipment	6.667% - 40%
Computer Equipment	20% - 50%

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 10.

(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).

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 2016 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses. Collectability 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.

(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.

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 2016 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 or selling of winegrapes. In 2015 the Board sought winery adoption of Agency Agreements that they could enter to agree to deduct and forward to the Board statutory fees and charges at a cost to the Board of 5% + GST.

The Board sought the appointment of Authorised Inspectors in accordance with the *Agricultural Industry Services Act 1998* to obtain information from purchasers that did not sign into an Agreement with the Board. The details of production obtained through this process allow the Board to individually invoice grape producers for the statutory fees and charges when required.

(m) Fair Value of Assets and Liabilities

The Board measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

In addition, the Board determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 2016 (continued)

NOTE 2: OTHER INCOME

31/12/15	31/12/16
\$	\$
- Advertising	4,497
14,226 Fees & Charges	6,197
4,529 Reimbursements	6,847
2,836 Sales	1,475
21,591	19,016

NOTE 3: RESTRICTED FUNDS - RESEARCH FUND

In 2015 and 2016 the Board applied to the Australian Grape and Wine Authority (AGWA) for funding under its Regional Grassroots extension program that offers up to \$125,000 in funding per annum (July to June). In 2015 it proposed projects and sought the maximum available of \$125,000 of which some of these funds were carried over in 2016 (\$62,071). In 2016 the Board sought only \$21,700 due to a proposed smaller program across the period and was successful in obtaining these funds. The figures shown below are net of GST.

31/12/15	31/12/16
\$	\$
48,618 Balance on 1 January	62,071
125,000 AGWA Regional Plan 2015/16	-
- AGWA Regional Plan 2016/17	21,700
173,618	83,771
111,547 Research Outlays	77,359
62,071 Balance at 31 December	6,412

NOTE 4: FEES & CHARGES ON GROWERS

For the 2016 vintage the fees and charges rate was approved by members at \$3.90 per tonne (2015 \$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 late 2016 the Board moved to return to growers on 2016 production an amount of \$1 per tonne on the fees and charges received in 2016 due to an increase in production above budget and surplus funds in its accounts. A number of growers received a return of \$3.90 per tonne in 2016 as they produced less than 20 tonnes in the year and in accordance with the legislation are not defined as a constituted grower. The following table shows the fees and charges received and returned during the year:

31/12/15	31/12/16
\$	\$
879,417 Fees and charges paid by growers	883,144
4,190 Outstanding fees and charges paid from prior year	88
(378) Fees and charges returned to growers from overpayments made to the Board in 2015	-
(258) Levies returned (non-constituted growers) \$3.90 per tonne	(384)
(86) Levies returned \$1.50 per tonne on the 2013 vintage	-
(450,851) Levies returned \$2.00 per tonne on the 2015 vintage	(61)
- Levies returned \$1.00 per tonne on the 2016 vintage	(226,577)
432,034 NET RECEIPTS Levies Retained	656,210

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (continued)

NOTE 5: OTHER ADMINISTRATION EXPENSES

Details of the components of this item are as follows:

31/12/15		31/12/16
\$		\$
40,283	Agency Fees	41,983
11,200	Accountancy	12,360
106,955	Advertising, Printing & Stationery	27,943
9,111	Computer Expenses	10,772
435	Conferences & Seminars	496
1,000	Donations	1,000
-	Doubtful debts	1,400
12,728	Industry Functions	14,409
15,250	Insurance	14,638
4,211	Legal Fees	1,773
18,022	Motor Vehicle Expenses	9,407
13,828	Office Expenses	20,991
24,448	Postage, Telephone & Facsimile	24,760
3,321	Rates	3,308
3,652	Research & Development Function	13,186
27,965	Research Project Payments	36,471
-	Reimburse ChemCert Training	2,382
11,436	Sponsorship	10,000
84	Staff training	340
4,350	Sundry	3,387
<u>308,279</u>		<u>251,006</u>

NOTE 6: CASH & CASH EQUIVALENTS

31/12/15		31/12/16
\$		\$
210,215	Administration Account	128,801
<u>7,827</u>	Grower Payments Cheque Account	<u>624,971</u>
<u>218,042</u>		<u>753,772</u>

Refer to note 3 for details of restricted funds

NOTE 7: TRADE AND OTHER RECEIVABLES

Amounts owing to the Board at 31 December 2016 comprise:

31/12/15		31/12/16
\$		\$
20,966	Trade Debtors	1,795
-	Provision for doubtful debts	(1,400)
11,727	GST Receivable	8,197
<u>24,582</u>	Accrued Income	<u>8,452</u>
<u>57,275</u>		<u>17,044</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (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. 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 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:

31/12/15		31/12/16
\$		\$
1,422	Opening Balance	-
-	Charge for the Year	1,400
-	Amount written off	-
(1,422)	Amount repaid	-
<u>-</u>		<u>1,400</u>

NOTE 8: INVESTMENTS

31/12/15		31/12/16
\$		\$
400,000	Suncorp Bank Term Deposit 605832217	400,000
800,000	Suncorp Bank Term Deposit 605833698	-
500,000	Suncorp Bank Term Deposit 123747115	-
-	Suncorp Bank Term Deposit 123747875	400,000
-	Suncorp Bank Term Deposit 123750043	500,000
<u>1,700,000</u>		<u>1,300,000</u>

NOTE 9: PREPAYMENTS

31/12/15		31/12/16
\$		\$
13,366	Insurance	13,263
-	Advertising	42
<u>13,366</u>		<u>13,305</u>

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 2016 (continued)

NOTE 10: PROPERTY, PLANT & EQUIPMENT

31/12/15 \$		31/12/16 \$
	Land & Buildings	
	Freehold Land at:	
200,000	- independent valuation 26 November 2013	-
-	- independent valuation 31 December 2016	240,000
<u>200,000</u>		<u>240,000</u>
	Buildings at:	
325,000	- independent valuation 26 November 2013	-
(17,049)	Less accumulated depreciation	-
-	- independent valuation 31 December 2016	364,000
-	Less accumulated depreciation	(25)
<u>307,951</u>		<u>363,975</u>
<u>507,951</u>	Total Land & Buildings	<u>603,975</u>
61,776	Office Equipment - at cost	62,066
(43,355)	Less: Accumulated Depreciation	(47,106)
<u>18,421</u>		<u>14,960</u>
107,987	Motor Vehicles - at cost	71,404
(7,541)	Less: Accumulated Depreciation	(18,935)
<u>100,446</u>		<u>52,469</u>
25,687	Computer Equipment - at cost	26,857
(18,303)	Less: Accumulated Depreciation	(22,052)
<u>7,384</u>		<u>4,805</u>
106,201	Research Equipment - at cost	113,441
(60,678)	Less: Accumulated Depreciation	(76,624)
<u>45,523</u>		<u>36,817</u>
<u>171,774</u>	Total Plant & Equipment	<u>109,051</u>
<u>679,725</u>	Total Property, Plant & Equipment	<u>713,026</u>

(a) Land and buildings were revalued by John Carbone, AAPI Certified Practicing Valuer as at 31 December 2016 on the basis of current market value. These assets are classified as Level 2 under the market based direct comparison approach.

MOVEMENT IN CARRYING AMOUNTS

WDV	Land & Buildings \$	Research Equipment \$	Office Equipment \$	Motor Vehicle \$	Computer Equipment \$	Totals \$
Balance at 1 January 2015	516,075	8,220	15,392	83,598	4,357	627,642
Acquisitions	-	45,018	6,728	107,987	5,529	165,262
Depreciation	(8,124)	(7,715)	(3,110)	(21,502)	(2,502)	(42,953)
Disposals	-	-	(589)	(69,637)	-	(70,226)
Balance at 31 December 2015	507,951	45,523	18,421	100,446	7,384	679,725

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 2016 (continued)

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

WDV	Land & Buildings \$	Research Equipment \$	Office Equipment \$	Motor Vehicle \$	Computer Equipment \$	Totals \$
Balance at 1 January 2016	507,951	45,523	18,421	100,446	7,384	679,725
Acquisitions	-	7,240	544	-	1,170	8,954
Revaluation	104,173	-	-	-	-	104,173
Depreciation	(8,149)	(15,946)	(3,824)	(21,078)	(3,749)	(52,746)
Disposals	-	-	(181)	(26,899)	-	(27,080)
Balance at 31 December 2016	603,975	36,817	14,960	52,469	4,805	713,026

NOTE 11: TRADE AND OTHER PAYABLES

31/12/15		31/12/16
\$		\$
5,977	Trade Creditors	21,391
6,668	GST Payable	3,604
5,286	PAYG Withholding	4,841
31,051	Accruals	29,939
-	Levies to Return to Growers	-
386	Credit Cards	324
<u>49,368</u>		<u>60,099</u>

NOTE 12: EMPLOYEE BENEFITS

CURRENT

31/12/15		31/12/16
\$		\$
28,490	Provision for Annual Leave	14,386
12,178	Provision for Long Service Leave	13,010
<u>40,668</u>		<u>27,396</u>

NON-CURRENT

31/12/15		31/12/16
\$		\$
12,016	Provision for Long Service Leave	-
<u>12,016</u>		<u>-</u>

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 2016 (continued)

NOTE 13: EQUITY

(a): RESERVES

31/12/15		31/12/16
\$		\$
108,232	Opening balance	108,232
-	Net increase/(decrease) on revaluation of land & buildings	104,173
108,232		212,405

(b): RETAINED EARNINGS

31/12/15		31/12/16
\$		\$
2,688,945	Retained earnings at the beginning of the financial year	2,458,124
(230,821)	Surplus/(Loss) for the year	39,123
2,458,124	Retained earnings at the end of the financial year	2,497,247

Revaluation Reserve

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

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

31/12/15		31/12/16
Inflows		Inflows
(Outflows)		(Outflows)
\$		\$
(230,821)	Surplus/(Deficit) for the year	39,123
	Adjustments for:	
42,953	Depreciation	52,746
(15,557)	(Gain)/Loss on Sale of Assets	(7,615)
(15,582)	(Increase)/Decrease in Receivables	24,101
10,397	(Increase)/Decrease in Accrued Income	16,130
(30)	Increase/(Decrease) in Payables	10,731
(6,043)	Increase/(Decrease) in Employee Entitlements	(25,288)
2,267	(Increase)/Decrease in Prepayments	61
(212,416)	Net Cash provided by operating activities	109,989

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 2016 (continued)

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:

2015	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	1.50%	218,042	-	-	-	-	218,042
Term Deposits	2.88%	-	1,700,000	-	-	-	1,700,000
Trade and Other Receivables	-	-	-	-	-	45,548	45,548
		218,042	1,700,000	-	-	45,548	1,963,590
Financial Liabilities							
Payables		-	-	-	-	37,414	37,414
	N/A	-	-	-	-	37,414	37,414

2016	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	1.00%	753,772	-	-	-	-	753,772
Term Deposits	2.84%	-	1,300,000	-	-	-	1,300,000
Trade and Other Receivables	-	-	-	-	-	8,847	8,847
		753,772	1,300,000	-	-	8,847	2,062,619
Financial Liabilities							
Payables		-	-	-	-	51,654	51,654
	N/A	-	-	-	-	51,654	51,654

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 2016 (continued)

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(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 2015 \$	Fair Value 2015 \$	Carrying Amount 2016 \$	Fair Value 2016 \$
Financial Assets				
Cash and Cash Equivalents	218,042	218,042	753,772	753,772
Trade and other Receivables	45,548	45,548	8,847	8,847
Other Investments	1,700,000	1,700,000	1,300,000	1,300,000
Financial Liabilities				
Trade and other Payables	37,414	37,414	51,654	51,654

(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.

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 2016 (continued)

NOTE 16: COMMITMENTS

There was no capital or other operating expenditure commitments as at 31 December 2016 (2015: nil).

NOTE 17: CONTINGENT LIABILITIES

The Board is not aware of any contingent liabilities as at the date of signing off the accounts (2015: nil).

NOTE 18: SEGMENT REPORTING

The Board is based in Griffith, NSW. It derives its income via fees and charges on constituted 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 2016 Financial Year there were no related party transactions, other than Board Fees & Allowances. All business transactions undertaken between the Board and Board members are done so at arm's 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.

31/12/15		31/12/16
\$		\$
185,372	Total Compensation – Short-Term Benefits	190,722
14,391	Total Compensation – Long-Term Benefits	14,463
<u>199,763</u>		<u>205,185</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.

(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.

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 2016 (continued)

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

(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:

31/12/15 \$		31/12/16 \$
	Change in surplus	
2,180	Increase in interest rate by 1%	7,538
(2,180)	Decrease in interest rate by 1%	(7,538)

31/12/15 \$		31/12/15 \$
	Change in equity	
2,180	Increase in interest rate by 1%	7,538
(2,180)	Decrease in interest rate by 1%	(7,538)

NOTE 22: SUBSEQUENT EVENTS

No after balance day events are known to exist at the time of signing these statements.

End of Audited Accounts

2017 CONSOLIDATED BUDGET AS PER STRATEGIC PLAN 2017-2021

2016 Budget	2016 Actual	EXPENSE ACCOUNTS	2017 Budget
INCOME			
\$780,000	\$656,210	Charges (\$2.90 per tonne)	-
-	-	Charges (\$3.90 per tonne - 220,000 tonne)	\$858,000
\$47,000	\$46,855	Interest from Bank Accounts	\$39,000
-	\$7,615	Gain/Income on Sale of Assets	-
\$11,650	\$19,016	Income from Operating Activities (Sundries)	\$6,150
\$125,000	\$21,700	AGWA Grassroots Regional Program	\$125,000
\$963,650	\$751,396	TOTALS	\$1,028,150
OPERATING EXPENDITURE			
\$10,000	\$12,360	Accountancy Fees	\$10,000
\$7,150	\$20,339	Advertising Activities	\$5,650
\$39,000	\$41,983	Agency Expense	\$42,900
\$18,500	\$16,255	Audit Fees – Statutory	\$18,500
\$950	\$1,012	Bank Fees and Charges	\$950
\$52,000	\$50,741	Board Fees and Allowances	\$52,000
\$8,100	\$10,772	Computer Expenses	\$8,100
\$2,850	\$495	Conferences/Seminars	\$2,515
\$60,750	\$24,012	Consultancy Costs	\$50,850
\$42,000	\$52,746	Depreciation Expense	\$42,000
\$2,000	\$1,000	Donations	\$2,000
-	\$1,400	Doubtful debts	-
\$4,600	\$8,767	Fringe Benefits Tax	\$4,600
\$7,400	\$14,409	Industry Functions	\$6,900
\$16,700	\$14,638	Insurance	\$16,700
\$2,500	\$1,772	Legal Fees	\$2,500
\$18,700	\$9,407	Motor Vehicle Expenses	\$18,850
\$10,500	\$20,991	Office Expenses	\$10,500
\$22,785	\$24,760	Postage and Telephone	\$23,685
\$11,405	\$7,604	Printing and Stationary	\$10,905
\$59,600	\$9,514	Promotion	\$48,300
\$4,000	(\$14,103)	Provision: Annual Leave	\$4,000
\$2,200	(\$11,183)	Provision: Long Service Leave	\$2,200
\$2,200	\$3,307	Rates	\$2,200
\$8,950	\$13,186	Research Consumable	\$10,950
\$21,100	\$36,471	Research Payments	\$121,500
\$2,000	\$445	Return of Statutory Fees – growers < 20t	\$2,000
-	\$2,382	Reimburse Chemical Certificate Training	-
\$293,297	\$256,231	Salaries and Wages	\$299,710
\$10,000	\$10,000	Sponsorship	\$10,000
\$2,500	\$340	Staff Training	\$1,500
Subscriptions:			
\$52,000	-	Wine Grape Growers Australia	-
\$9,770	\$8,875	Magazines Subscription for Growers	\$9,770

\$6,210	\$8,754	Irrigation Representation and Sundries	\$6,210
\$10,000	\$10,000	NSW Wine Industry Association	\$10,000
\$2,821	\$2,943	Sundry Expenses	\$2,596
\$30,631	\$25,962	Superannuation (inc. \$2,872 from Board)	\$31,240
\$25,380	\$13,686	Travelling Expenses	\$25,980
\$880,549	\$712,273	SUB TOTAL	\$918,261
BUDGETED CAPITAL EXPENDITURE			
-	-	Motor Vehicle	-
-	\$8,954	Office, Computer & Research Equipment	-
\$880,549	\$8,954	SUB TOTAL	-
\$880,549	\$721,227	TOTAL EXPENDITURE	\$918,261
\$83,101	\$30,169	SURPLUS/(DEFICIT)	\$109,889

The above 2017 Budget was presented and approved by growers 30 November 2016

ACRONYMS AND ABBREVIATIONS USED IN THIS REPORT

AASB	Australian Accounting Standards Board
AGWA	Australian Grape and Wine Authority
ATO	Australian Taxation Office
CEO	Chief Executive Officer
EEO	Equal Employment Opportunity
GST	Goods and Services Tax
HACCP	Hazards Analysis of Critical Control Points
IDO	Industry Development Officer
IRFS	International Financial Reporting Standards
MBD	Murray Darling Basin
MIA	Murrumbidgee Irrigation Area
NIC	National Irrigators Council
NSW	New South Wales
NVBC	National Vinehealth Biosecurity Committee
NWGIC	National Wine and Grape Industry Centre
OM	Office Manager
R&D	Research and Development
TO	Technical Officer
WET	Wine Equalisation Tax



182 Yambil Street (PO Box 385)
GRIFFITH NSW 2680
Ph: 02 6962 3944 Fax: 02 6962 6103
Website www.wgmb.net.au