



WINE GRAPES MARKETING BOARD



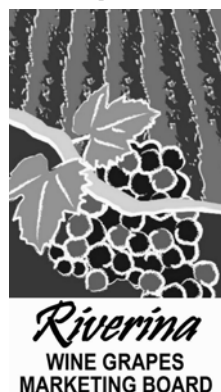
Serving
Riverina
Winegrape
growers
since
1933

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

ANNUAL REPORT 2018

WINE GRAPES MARKETING BOARD

Annual Report for 2018



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

Wednesday 26th June 2019
Yoogali Club
YOOGALI NSW 2680
Commencing at 7:00pm

Page(s)

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

Statutory Compliance

- 2 Application for Extension of Time
- 2 Charter of the Board
- 2 Agricultural Industry Services of the Board
- 2 Access
- 2 Management and Structure
- 3 Board Members during 2018
- 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
- 3 Management & Activities
- 3 Research & Development
- 3 Human Resources
- 4 Consultants & Research Payments
- 4 Equal Employment Opportunity
- 4 Disability Plans
- 4 Land Disposal
- 4 Promotion
- 4 Consumer Response
- 4 Payment of Accounts
- 4 Time for Payment of Accounts
- 4 Risk Management & Insurance Activities
- 4 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
- 5 Public Interest Disclosures
- 5 Electronic Service Delivery
- 5 Publication Guide
- 5 Appointed Auditors
- 5 Annual Reports
- 5 Financial Year of the Board

Reports 2018

- 6-7 Minutes of the Previous Annual General Meeting
- 7-8 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 2019 Budget

- 30 2019 Consolidated WGMB Budget
- 31 Acronyms and Abbreviations Used in this Report

Letter to the Minister

11th March 2019

The Honourable Adam Marshall, MP
Minister for Agriculture and Western New South Wales
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, 2018 for tabling in the NSW Parliament.

This 85th 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


Tony Baggio
Board Member

Chief Executives' Report - Brian Simpson

Welcome to the Wine Grapes Marketing Board's 2018 Annual Report of its operations and financial position. This report contains a copy of the minutes of the previous Annual General Meeting that was held Wednesday 27th June 2018 for your information.

In 2018 the Board introduced its Strategic Operations Plan 2019-2023 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 2018 prior to the meeting to approve the Plan and the 2019 budget and the statutory fees and charges to be applied in 2019.

The 2018 season for growers in the Riverina yielded 329KT (362KT in 2017) of winegrapes were harvested at a regional average purchase price of \$399 per tonne (\$333 in 2017). Prices for white winegrapes moved up 4.5% while red winegrapes increased 31% making a total increase of 20%. Growers on average also experienced a decline in yield across the region of around 10% so returns per hectare only increased marginally.

The breakdown of tonnages for the season were of the 329KT growers produced 219KT with wineries producing the rest 110KT (down from 127KT in 2017).

The NSW Government review of the Board operations which began in 2017 continued but has been delayed with finding due to be reported following the NSW Elections in 2019. The delay has been promoted by a major review nationally being conducted by the ACCC.

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 2018.

Charter of the Board

The Wine Grapes Marketing Board is an 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; Email: board@wgmb.net.au

Website: www.wgmb.net.au

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.

An election was called for the elected members whose positions were to run until February 2019, all re-stood unopposed and where declared appointed on 29 November 2018 to run until 29 November 2021.

The appointed members' terms cease February 2020.

Board Members during 2018

- Bruno Brombal (Chairman - Executive)
- Robert Bellato (Deputy Chair - Executive)
- Bruno Altin
- Frank Alampi
- Dom Schirripa
- Tony Baggio
- Kirsten Dal Broi

Meetings of the Board

During the 12 months to 31 December 2018 there were 10 general meetings and 2 public meetings of the Board.

The Board holds its general meetings the second Monday of each month at a time of the day that suits the seasonal operations of individual members of the Board.

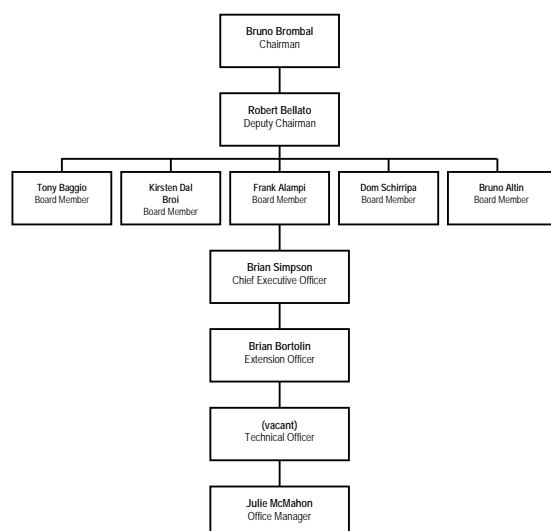
Public Meetings held in 2018 were the Annual General Meeting and the Strategic Planning and Budget setting meeting.

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.

<i>Member</i>	<i>Meetings attended</i>	<i>Number of meetings</i>	<i>%</i>
Bruno Brombal	12	12	100%
Robert Bellato	12	12	100%
Tony Baggio	10	12	83%
Bruno Altin	12	12	100%
Dom Schirripa	10	12	83%
Frank Alampi	12	12	100%
Kirsten Dal Broi	10	12	83%

Organisation Chart 2018



Board Staff

From 1 Jan 2018 - 31 Dec 2018 staff members were:

- *Chief Executive Officer* - Brian Simpson
 - commenced employment June 2000
- *Extension Officer* – Brian Bortolin
 - Commenced employment January 2017
- *Office Manager* – Julie McMahon
 - Commenced employment October 2015

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 2018.

Funds Granted to Non-Government Community Organisations

There were no funds donated in 2018.

Legal Change

There was no legal change to the organisation during 2018.

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 2018 with the Board being required to pay 5% (+ GST) of the \$3.90 per tonne to the wineries \$42,929 (\$44,300 in 2017).

Management & Activities

A review of the strategic operations of the Board was conducted by the Board during 2018. This was presented to growers in the *WGMB Strategic Operations Plan 2019-2023 and Operating Budget for 2019* publication, which was made available to all growers. The Plan was adopted at a meeting of growers held in November 2018 at which time the rate for the Board's grower fees and charges was set (\$3.90 per tonne fresh weight) no GST applies to the fee.

Research & Development

The Board did not undertake any specific research and development in 2018.

Human Resources

During 2018 the Board employed 3 permanent staff.

- 1 FTE x Chief Executive Officer (CEO)
- 1 FTE x Extension Officer (EO)
- 0.8 FTE x Office Manager (OM)

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 2019.

Consultants and Research Payments

The Board engaged the services of 2 accountants regionally based 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 2018 - \$0 (\$2,850 in 2017)

A total of five (3) consultants were engaged in 2018 costing a total of \$4,050 (\$47,856 in 2017) excluding GST. The costs include:

- Management Resource Plus – HACCP \$ 701
- M Garbett – Database work \$ 1,770
- Mettler-Toledo Limited \$ 1,579

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.

Total Permanent staff:	3
Percent Women:	33%
Percent Men:	66%

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 2018 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 2018 the Board contributed \$29,610 (\$20,888 in 2017) in funding to the following functions and promotional activities:

- Riverina Winemakers Assoc. \$20,000
- Purchase of Promotional Items \$ 6,080
- Riverina Wine Collective \$ 180
- Transfer of VHS to DVD \$ 168
- Visitors Centre Guide - Leeton \$ 2,273
- Datatrax – Tourism Touchscreens \$ 909

Sponsorship

In 2018 the Board sponsored the following activities:

- Riverina Field Days \$12,000

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	\$76,013	\$79,806	\$48,545	\$76,013
30-60 days	-	-	-	-
60-90 days	-	-	-	-
90+ days	-	-	-	-
\$ Total	\$76,013	\$79,806	\$48,545	\$76,013
% 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 2018 the Board received 65 formal requests for information (82 in 2017) under the provisions of the *Government Information (Public Access) Act 2009*. These related directly to growers own farm details held by the Board (farm maps). 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 2018 the Board's website had 5,972 unique visitors (10,302 in 2017).

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 and was updated and approved by the Board in December 2018.

Appointed Auditors

The NSW Audit Office appointed Johnsons MME from Albury as its agent for the 2018 Audit.

Annual Reports

The Board produced 350 copies of this Annual Report to enable it to be sent to all constituents and to comply with statutory requirements. Annual reports cost \$5.96 per copy + GST, these were printed locally (\$5.80 + GST in prior year).

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
2017 Annual General Meeting
Minutes of the Meeting held 27th June
2018 commencing at 8:05pm
Yoogali Club, Yoogali NSW 2680**

Attendance

32 Constituted Growers: Chris Pastro, Steven Barbon, Jack Torresan, Joe Maugeri, Alf Belfiore, Eric Berton, Glen Bavaresco, Pio Foscari, Bruno Brombal (Chairman), Bob Bellato (Deputy Chair), Tony Baggio (Board Member), Kirsten Dal Broi (Board Member), Dom Schirripa (Board Member), Frank Alampi (Board Member), Bruno Altin (Board Member), Joe Furore, Vince Monteleone, Lenny Panarello, Robert Agostini, Lance Hicken, Alan Zalunardo, Giulio Toscan, Ezio Arcifa, Agostino Cristafaro, Leo De Paoli, Lawrence Pellizer, Stephen Cadorin, Pat Tripodi, John Strano, Ross Vecchio, Peter Cremasco, Greg Rossi.

Non-Voting growers: Valma Berton, Wendy Toscan, Nerina Belfiore, Sharon Maugeri, Anna Pellizer, Pam Baggio, Kathleen Altin, Anne Bortolin, Sergio Altin, Nathan Arcifa, Fabio Foggato, Steven Torresan, Lawrence Minato, Leo Arcifa, Gloria Brombal, Nadia De Paoli.

Board Staff: Brian Simpson (Chief Executive Officer), Julie McMahon (Office Manager), Brian Bortolin (Extension Officer).

Guest Speakers: Michael Leane Riverina Local Land Services.

Apologies: John Dal Broi, David Rossetto, Mario Arcifa, Tony Sergi, Danny Monteleone, Tim Bavaresco, Peter Raccanello, Dom Calabria, Pascal Guertin, Gary Bugno, Matt Bugno,

1. Minutes of the previous AGM

Copies of the minutes had been included in the Annual Report for 2016 for members.

That the minutes be accepted as a true and accurate record of 29th June 2016 meeting -

MOVED: Eric Berton

SECONDED: Kirsten Dal Broi **CARRIED**

1.1 Business Arising from the Minutes

No business was raised from the previous minutes.

2. Chairman's Report – Bruno Brombal

The Chair welcomed Michael Leane Riverina LLS to the meeting.

Members were advised that the Board is currently in its 85th year of operations in the region.

The organisation review by NSW DPI has been extended and will review terms and conditions of payment. It is not due to report until June 2019.

Harvest was down on the 2017 crush to 328KT. The Chair went through in detail the variations of production amounts across the major red and white winegrape varieties.

Raised concern that grape prices need to increase sustainably as members required \$3,500 per acre to be sustainable.

The Board has been invited to the Riverina Winemakers Association meetings which is good for relations and allow the Board to discuss matters of common interest.

Growers were advised that the Board had formed an alliance with the Riverland and Murray Valley to progress common interests in light of the forthcoming closure of Australian Vignerons.

The Board was also looking to formally change its name – this will be discussed later in the agenda.

Irrigation issues are going to be discussed later with Murrumbidgee Irrigation looking to amend the way that priority is given to irrigators.

Board elections will be held at the start of 2019 and growers were encouraged to consider standing. 5 places will be up for election.

Road spillages were reduced throughout the 2018 vintage which is a good sign that growers and transport drivers are not rushing or being impacted by other drivers this season.

The Chair finished his report by thanking the growers that continue to attend meetings and write submissions when asked by the Board for the benefit of the industry. Bruno also thanked his fellow members of the Board for the past 12 months of service to the industry.

That the Chairman's reported be accepted -

MOVED: Ezio Arcifa

SECONDED: Peter Cremasco **CARRIED**

3. Financial Report – Brian Simpson CEO

The CEO presented the income and expenditure statements as per the Annual Report for 2017. The Board financial position remained in a sound position for 2017. The Board recorded a moderate financial loss even due to returning to growers an amount of \$1.50 per tonne of fees to growers. Growers were referred to the Annual Report for further detail.

The budget for 2018 is based on the approved levy of \$3.90 per tonne on 220,000 tonnes.

That the Annual Report for 2017 be adopted -

MOVED: Eric Berton

SECONDED: Ezio Arcifa **CARRIED**

4. General Business

4.1 Regional Planting

Members were shown the information that was compiled from the aerial survey that was undertaken. The region has just over 20,000 hectares of vineyards. Many of these are reaching an age that is too old.

4.2 Name of the Wine Grapes Marketing Board

The Board is looking to change the name of the organisation to reflect better its business and the members. The Board proposed a number of names and growers decided with a majority show of hands that the Wine Grapes Marketing Board be called Riverina Winegrape Growers.

That the Board be referred to as Riverina Winegrape Growers -

MOVED: Eric Berton

SECONDED: Guilio Toscan **CARRIED**

4.3 Riverina Local Land Services

Michael Leane from LLS provided a thorough overview of the Biosecurity legislative regime that is currently in operation. He spoke about the issues impacting on the Riverina in terms of plant and animal pests.

5. Other Business

The issue of delivery entitlements was raised with Peter Cremasco speaking about the concerns that

growers should have and the latest information from MI regarding the priority of high security water. According to MI High Security has lost its priority of delivery.

The Board along with other concerned irrigator groups is seeking legal advice on the matter. Growers are advised to read the material that they receive from MI and ask questions if you are not clear on these matters as they could readily impact on your property rights.

Being no further business, the meeting was declared closed at 10:00pm.

Bruno Brombal CHAIRMAN



A very successful year for the NSW Wine Industry Association. We are stronger than we have been in recent memory and hope that we are more relevant to both our members and also the industry at large. The association have recovered much of the lost ground we had with the State Government, especially in the areas of Trade and Tourism.

Highlights of the year are:

- The ERWSP State Tourism grant worth over \$2m
- A balanced financial result with growth to come on the back of new pricing and greater membership
- Continued development of the MOU with state government
- Building of a stronger R.D&E. platform for the state
- Stronger relationships with both Wine Australia and the WFA, at the bigger end and also the regions and corporate members of the NSWWIA
- A growing NSW Wine Awards, being presented at NSW government house
- The engagement of a communications person resulting in very good 2 weekly newsletters and social media
- The re-establishment of an Export subcommittee within the NSWWIA. This coincides with great growth in both value and \$ per litre for NSW exports

- The Sparkling wine workshop in Victoria brought together a number of passionate and intelligent NSW wine people
- The NSW Wine Industry Association Innovation forum is an excellent opportunity for the industry to meet with those providing support for R.D &E, both now and into the future

It is not all rosy, Associations are still hard to run and to get good engagement. The state government needs to turn good intentions into good practice which includes monetizing the support in the MOU.

We have continued liaising with both sides of government. We have had constant contact with the government and Ministers Blair and Marshall. We are in the process of working on an MOU V2 with both sides of parliament and we hope that it will be finalised before the next NSW election in March 2019.

The WET changes have been implemented since 1st July 2018 and I think this is going to see a cleaning up and limiting of the unintended recipients. The WET is always going to be part of the conversation going forward and we need to make sure that NSW Wine is at the table for this. We are continuing to liaise and work with the WFA (now Australian Grape & Wine) on this.

We have also been able to access to the EWRSP \$50 million for NSW Wine and this will be matched with \$1million from the state government and Destination NSW. I must congratulate Angus Barnes and Stewart Ewen for their hard work on this as well as the reference committee that worked with them. It is going to be great to see this money used to support NSW Wine.

We have continued to work with the regions to make sure that we are keeping them informed and Angus Barnes has been in regular contact and face to face meetings with the majority of the regions. We have had representation at our meetings from around NSW and I thank my board for their continued support.

From a Research, Development and Extension perspective, we continue to build strong relationships at federal, state and industry levels. This is best highlighted by our annual Innovation Forum, held in Orange NSW. this gives us the chance to hear new initiatives from industry, academia and government. Out of this we amend and update our strategy. We continue to have strong support from the NSW DPI and particularly Darren Fahey and Adrian Englefield. We are entering

the last year of our current 5-year Skills Development Plan (SDP) and hope to establish a new SDP after that.

The NSW Wine Awards were again a crowning glory and we congratulate Tyrrells Wines on the win for their Vat 1 2005 Semillon for the Governors Trophy as the wine of the year.

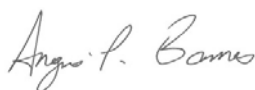
As an association, we have made an improved commitment to communications and now send out regular fortnightly newsletters to a wide distribution list. The association has contracted the services of Alex Burgener from Palate PR to assist in this area as well as supporting our growing band of sponsors and partners.

We have continued to have great support from all of our vice presidents and I thank Liz Riley, Manda Duffy and Jonathan Chew for all of their work throughout the year.

The NWGIC has continued to evolve and we now have 4 industry members sitting on the board. I look forward to seeing NWGIC evolve over the coming years.

Financially, we continue to run a tight ship. Our result shows a small loss mainly due to the costs associated with preparing our ERWSP submission.

Future – probably like all organisations we have to encourage more people to put their hand up to take office and contribute. It cannot be left to a few people as everyone is busy and we must make sure that contribution comes from across the industry.



Angus Barnes, Executive Officer – NSWIIA & Tom Ward, President, NSW Wine Industry Association



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 Profit and Loss and Other Comprehensive Income for the year ended 31 December 2018, the Statement of Financial Position as at 31 December 2018, the Statement of Changes in Equity and the 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 2018, 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 fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing non-audit services.

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

Other Information

Other information comprises the information included in the Board's annual report for the year ended 31 December 2018, other than the financial statements and my Independent Auditor's Report thereon. The members of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the statement by members of the Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities 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 Act 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 are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Board will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities 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: www.auasb.gov.au/auditors_responsibilities/ar4.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.

C J Giumelli
Director, Financial Audit Services



13 March 2019
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 statements exhibit a true and fair view of the financial position of the Wine Grapes Marketing Board as at 31 December 2018 and its transactions for the year then ended.
2. The statements have 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


Tony Baggio
Board Member

Dated this day the 11th March 2019

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 2018

31/12/17		Note	31/12/18
\$			\$
	INCOME		
8,691	Other Income	2	14,259
43,985	Interest		40,971
-	Grants	3	30,000
557,745	Fees and Charges on Growers	4	635,233
8,835	Gain on Sale of Assets		75
<u>619,256</u>	TOTAL INCOME		<u>720,538</u>
	EXPENDITURE		
16,605	Audit Fees		17,129
1,636	Bank Fees		1,291
54,384	Board Fees, Allowances & Superannuation		54,328
47,856	Consultancy Fees		2,471
43,955	Depreciation		44,292
8,306	Fringe Benefits Tax		8,457
315,516	Other Administration Expenses	5	181,228
255,944	Salaries, Wages & Superannuation		272,563
30,118	Subscriptions		31,221
6,367	Travelling expenses		7,598
4,177	Employees Leave Entitlements		1,459
20,888	Promotion		29,610
<u>805,752</u>	TOTAL EXPENDITURE		<u>651,647</u>
<u>(186,496)</u>	SURPLUS/(DEFICIT) FOR THE YEAR		<u>68,891</u>
	- OTHER COMPREHENSIVE INCOME		-
<u>(186,496)</u>	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>68,891</u>

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 2018

31/12/17		Note	31/12/18
\$			\$
557,824	Cash & Cash Equivalents	6	650,945
36,012	Trade and Other Receivables	7	25,506
1,300,000	Investments	8	1,300,000
16,293	Prepayments	9	15,110
<u>1,910,129</u>	Total Current Assets		<u>1,991,561</u>
	NON-CURRENT ASSETS		
717,758	Property, Plant & Equipment	10	694,701
<u>717,758</u>	Total Non-Current Assets		<u>694,701</u>
<u>2,627,887</u>	TOTAL ASSETS		<u>2,686,262</u>
	CURRENT LIABILITIES		
73,155	Trade and Other Payables	11	61,181
31,576	Employee Benefits	12	32,007
<u>104,731</u>	Total Current Liabilities		<u>93,188</u>
	NON-CURRENT LIABILITIES		
-	Employee Benefits	12	1,027
<u>-</u>	Total Non-Current Liabilities		<u>1,027</u>
<u>104,731</u>	TOTAL LIABILITIES		<u>94,215</u>
<u>2,523,156</u>	NET ASSETS		<u>2,592,047</u>
	EQUITY		
212,405	Reserves	13(a)	212,405
2,310,751	Retained Earnings	13(b)	2,379,642
<u>2,523,156</u>	TOTAL EQUITY		<u>2,592,047</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 2018

31/12/17		Note	31/12/18
\$			\$
	RESERVES		
	Asset Revaluation Reserve		
212,405	Balance on 1 January		212,405
<u>212,405</u>	Balance on 31 December		<u>212,405</u>
	RETAINED EARNINGS		
2,497,247	Balance on 1 January		2,310,751
(186,496)	Surplus/(Deficit) for the year		68,891
<u>2,310,751</u>	Balance on 31 December		<u>2,379,642</u>
<u>2,523,156</u>	TOTAL EQUITY		<u>2,592,047</u>

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 2018

31/12/17	Note	31/12/18
Inflows		Inflows
(Outflows)		(Outflows)
\$		\$
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
927,278	Wineries & Growers	860,473
-	Grants Received	33,000
39,255	Interest Received	36,891
9,560	Other	6,040
976,093		936,404
PAYMENTS		
(309,886)	Employee Benefits	(326,793)
(460,935)	Payments to Suppliers	(274,115)
(361,371)	Payments to Growers	(221,214)
(1,132,192)		(822,122)
NET CASH PROVIDED BY OPERATING		
(156,099)	14	114,282
CASH FLOWS FROM INVESTING ACTIVITIES		
49,014	Proceeds from Sale of Fixed Assets	824
(88,863)	Payments for Property, Plant & Equipment	(21,985)
(39,849)	NET CASH USED IN INVESTING ACTIVITIES	(21,161)
NET INCREASE/(DECREASE) IN CASH AND CASH		
(195,948)	EQUIVALENTS	93,121
753,772	Cash & cash equivalents at 1 January	557,824
557,824	Cash & cash equivalents at 31 December	650,945
	6	

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 2018

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 March 2019.

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 (IFRS) 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 from 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

AASB 9 Financial Instruments has been adopted for the first time in the current year. Accounting policy 1(b) Financial Instruments has been amended accordingly. This change in accounting policy did not have a material impact.

Other than the change noted above 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 2018 (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 profit and loss and other 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	10% - 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, with the exception of trade receivables, are initially recognised at fair value plus or minus transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition financial instruments are measured at amortised cost.

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 2018 (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 profit and loss and other 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 profit and loss and other 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 profit and loss and other 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.

Grant Revenue

Grant revenue is recognised when control of the contribution is obtained. Control is normally obtained upon receipt.

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 2018 (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 2018 (continued)

NOTE 2: OTHER INCOME

31/12/17		31/12/18
\$		\$
664	Advertising	-
4,518	Fees & Charges	-
2,196	Reimbursements	2,711
1,313	Sales	1,498
-	Sample testing	532
-	DPI Vine watch reporting	750
-	Other	8,768
8,691		14,259

NOTE 3: RESTRICTED FUNDS - RESEARCH FUND

In 2018 the Board received funding from Riverina Local Land Services to investigate bird control measures in the region, namely the Common Starling. The figures shown below are net of GST.

31/12/17		31/12/18
\$		\$
6,412	Balance on 1 January	-
-	Riverina Local Land Services Bird Program Funding	30,000
6,412		30,000
6,412	Research Outlays/Program Outlays	10,665
-	Balance at 31 December	19,335

NOTE 4: FEES & CHARGES ON GROWERS

For the 2018 vintage the fees and charges rate was approved by a formal motion of members at \$3.90 per tonne (2017 \$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 charge.

In late 2018 the Board moved to return to growers on 2018 production an amount of \$1.00 per tonne on the fees and charges received in 2018 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 2018 as they produced less than 20 tonnes in the year and in accordance with the legislation are not defined as a constituted grower. The Board is also finalising prior years returns to growers that have been hard to locate and contact.

The following table shows the fees and charges received and returned during the year:

31/12/17		31/12/18
\$		\$
919,116	Fees and charges paid by growers	856,447
(885)	Levies returned (non-constituted growers) \$3.90 per tonne	(261)
(4,140)	Levies returned \$2.00 per tonne on the 2015 vintage	-
(3,010)	Levies returned \$1.00 per tonne on the 2016 vintage	-
(353,336)	Levies returned \$1.50 per tonne on the 2017 vintage	(508)
-	Levies returned \$1.00 per tonne on the 2018 vintage	(220,445)
557,745	NET RECEIPTS Levies Retained	635,233

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 2018 (continued)

NOTE 5: OTHER ADMINISTRATION EXPENSES

Details of the components of this item are as follows:

31/12/17		31/12/18
\$		\$
42,900	Agency Fees	42,929
12,750	Accountancy	12,738
12,535	Advertising, Printing & Stationery	7,855
9,096	Computer Expenses	9,732
89	Conferences & Seminars	1,637
1,500	Donations	-
16,679	Industry Functions	14,626
16,912	Insurance	15,391
1,841	Legal Fees	567
12,149	Motor Vehicle Expenses	9,628
12,324	Office Expenses	15,830
17,228	Postage, Telephone & Facsimile	15,407
3,205	Rates	3,337
2,086	Research & Development Function	3,281
139,763	Research Project Payments	10,910
400	Reimburse ChemCert Training	1,750
10,000	Sponsorship	12,000
4,059	Sundry	3,610
315,516		181,228

NOTE 6: CASH & CASH EQUIVALENTS

31/12/17		31/12/18
\$		\$
547,594	Administration Account	49,048
10,230	Grower Payments Cheque Account	601,897
557,824		650,945

Refer to note 3 for details of restricted funds.

NOTE 7: TRADE AND OTHER RECEIVABLES

Amounts owing to the Board at 31 December 2018 comprise:

31/12/17		31/12/18
\$		\$
999	Trade Debtors	-
21,830	GST Receivable	8,243
13,183	Accrued Income	17,263
36,012		25,506

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 2018 (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:

31/12/17		31/12/18
\$		\$
1,400	Opening Balance	-
(1,400)	Amount written off	-
<u>-</u>		<u>-</u>

NOTE 8: INVESTMENTS

31/12/17		31/12/18
\$		\$
400,000	Suncorp Bank Term Deposit 605832217	400,000
400,000	Suncorp Bank Term Deposit 123747875	400,000
500,000	Suncorp Bank Term Deposit 123751090	-
-	Suncorp Bank Term Deposit 167456867	500,000
<u>1,300,000</u>		<u>1,300,000</u>

NOTE 9: PREPAYMENTS

31/12/17		31/12/18
\$		\$
14,050	Insurance	15,110
2,243	Superannuation	-
<u>16,293</u>		<u>15,110</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 2018 (continued)

NOTE 10: PROPERTY, PLANT & EQUIPMENT

31/12/17		31/12/18
\$		\$
	Land & Buildings	
	Freehold Land at:	
240,000	- independent valuation 31 December 2016	240,000
<u>240,000</u>		<u>240,000</u>
	Buildings at:	
364,000	- independent valuation 31 December 2016	380,949
(9,128)	Less accumulated depreciation	(18,467)
<u>354,872</u>		<u>362,482</u>
<u>594,872</u>	Total Land & Buildings	<u>602,482</u>
63,914	Office Equipment - at cost	63,588
(50,696)	Less: Accumulated Depreciation	(53,048)
<u>13,218</u>		<u>10,540</u>
77,228	Motor Vehicles - at cost	77,228
(2,600)	Less: Accumulated Depreciation	(18,046)
<u>74,628</u>		<u>59,182</u>
26,857	Computer Equipment - at cost	23,960
(25,155)	Less: Accumulated Depreciation	(19,595)
<u>1,702</u>		<u>4,365</u>
123,227	Research Equipment - at cost	122,402
(89,889)	Less: Accumulated Depreciation	(104,270)
<u>33,338</u>		<u>18,132</u>
<u>122,886</u>	Total Plant & Equipment	<u>92,219</u>
<u>717,758</u>	Total Property, Plant & Equipment	<u>694,701</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 2017	603,975	36,817	14,960	52,469	4,805	713,026
Acquisitions	-	9,787	1,848	77,228	-	88,863
Depreciation	(9,103)	(13,266)	(3,590)	(14,893)	(3,103)	(43,955)
Disposals	-	-	-	(40,176)	-	(40,176)
Balance at 31 December 2017	594,872	33,338	13,218	74,628	1,702	717,758

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 2018 (continued)

NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)

MOVEMENT IN CARRYING AMOUNTS

WDV	Land & Buildings \$	Research Equipment \$	Office Equipment \$	Motor Vehicle \$	Computer Equipment \$	Totals \$
Balance at 1 January 2018	594,872	33,338	13,218	74,628	1,702	717,758
Acquisitions	16,949	-	-	-	5,036	21,985
Depreciation	(9,339)	(14,456)	(2,678)	(15,446)	(2,373)	(44,292)
Disposals	-	(750)	-	-	-	(750)
Balance at 31 December 2018	602,482	18,132	10,540	59,182	4,365	694,701

NOTE 11: TRADE AND OTHER PAYABLES

31/12/17		31/12/18
\$		\$
20,585	Trade Creditors	17,140
5,124	GST Payable	52
5,283	PAYG Withholding	5,381
33,189	Accruals	35,572
8,768	Grower Fees & Charges	3,026
206	Credit Cards	10
73,155		61,181

NOTE 12: EMPLOYEE BENEFITS

CURRENT

31/12/17		31/12/18
\$		\$
28,874	Provision for Annual Leave	26,745
2,702	Provision for Long Service Leave – current	5,262
31,576		32,007

NON-CURRENT

31/12/17		31/12/18
\$		\$
-	Provision for Long Service Leave	1,027
-		1,027

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 2018 (continued)

NOTE 13: EQUITY

(a): RESERVES

31/12/17		31/12/18
\$		\$
212,405	Opening balance	212,405
<u>212,405</u>		<u>212,405</u>

(b): RETAINED EARNINGS

31/12/17		31/12/18
\$		\$
2,497,247	Retained earnings at the beginning of the financial year	2,310,751
(186,496)	Surplus/(Loss) for the year	68,891
<u>2,310,751</u>	Retained earnings at the end of the financial year	<u>2,379,642</u>

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

31/12/17		31/12/18
Inflows		Inflows
(Outflows)		(Outflows)
\$		\$
(186,496)	Surplus/(Deficit) for the year	68,891
	Adjustments for:	
43,955	Depreciation	44,292
(8,835)	(Gain)/Loss on Sale of Assets	(75)
(14,237)	(Increase)/Decrease in Receivables	14,587
(4,731)	(Increase)/Decrease in Accrued Income	(4,081)
13,056	Increase/(Decrease) in Payables	(11,974)
4,177	Increase/(Decrease) in Employee Entitlements	1,459
(2,988)	(Increase)/Decrease in Prepayments	1,183
<u>(156,099)</u>	Net Cash provided by operating activities	<u>114,282</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 2018 (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:

2017	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%	557,824	-	-	-	-	557,824
Term Deposits	2.61%	-	1,300,000	-	-	-	1,300,000
Trade and Other Receivables	-	-	-	-	-	14,182	14,182
		557,824	1,300,000	-	-	14,182	1,872,006
Financial Liabilities							
Payables		-	-	-	-	62,748	62,748
	N/A	-	-	-	-	62,748	62,748

2018	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%	650,945	-	-	-	-	650,945
Term Deposits	2.73%	-	1,300,000	-	-	-	1,300,000
Trade and Other Receivables	-	-	-	-	-	17,263	17,263
		650,945	1,300,000	-	-	17,263	1,968,208
Financial Liabilities							
Payables		-	-	-	-	55,748	55,748
	N/A	-	-	-	-	55,748	55,748

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 2018 (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	Fair Value	Carrying Amount	Fair Value
	2017	2017	2018	2018
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	557,824	557,824	650,945	650,945
Trade and other Receivables	14,182	14,182	17,263	17,263
Other Investments	1,300,000	1,300,000	1,300,000	1,300,000
Financial Liabilities				
Trade and other Payables	62,748	62,748	55,748	55,748

(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.

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets have been recognised at fair value plus transaction costs.

Based on its assessment, The Wine Grapes Marketing Board does not believe that the new classification requirements have a material impact on its accounting for the financial assets that it holds.

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 2018 (continued)

NOTE 16: COMMITMENTS

There was no capital and operating lease commitments as at 31 December 2018 (2017: nil).

NOTE 17: CONTINGENT LIABILITIES

The Board is not aware of any contingent liabilities as at the date of signing off the accounts (2017: 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 2018 Financial Year there were no material related party transactions, other than those noted in Note 20 which were conducted at arm's length.

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. Board directors are all constituted wine grape growers and all pay the statutory fees and charges annually via the processor that they deliver wine grapes to. Board directors also receive any returns made by the Board to growers and in 2018 all Board directors received a \$1.50 per tonne return on the \$3.90 fee paid on their production. These transactions were made at arm's length.

31/12/17		31/12/18
\$		\$
194,639	Total Compensation – Short-Term Benefits	197,452
14,778	Total Compensation – Long-Term Benefits	14,902
209,417		212,354

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 2018 (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:

31/12/17 \$		31/12/18 \$
	Change in surplus	
5,578	Increase in interest rate by 1%	6,508
(5,578)	Decrease in interest rate by 1%	(6,508)

31/12/17 \$		31/12/18 \$
	Change in equity	
5,578	Increase in interest rate by 1%	6,508
(5,578)	Decrease in interest rate by 1%	(6,508)

NOTE 22: SUBSEQUENT EVENTS

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

End of Audited Accounts

2019 CONSOLIDATED BUDGET AS PER STRATEGIC PLAN 2019-2023

2018 Budget	2018 Actual	EXPENSE ACCOUNTS	2019 Budget
INCOME			
-	\$635,233	Charges (\$2.90 per tonne)	-
\$842,400	-	Charges (\$3.90 per tonne - 220,000 tonne)	\$858,000
\$33,800	\$40,971	Interest from Bank Accounts	\$32,000
\$70,000	\$75	Gain/Income on Sale of Assets	\$45,000
\$850	\$14,259	Income from Operating Activities (Sundries)	\$2,600
-	\$30,000	Grant Income	-
\$947,050	\$720,538	TOTALS	\$937,600
OPERATING EXPENDITURE			
\$7,500	\$12,738	Accountancy Fees	\$7,500
\$3,450	\$865	Advertising Activities	\$3,450
\$42,120	\$42,929	Agency Expense	\$42,900
\$23,400	\$17,129	Audit Fees – Statutory	\$23,400
\$2,028	\$1,291	Bank Fees and Charges	\$2,028
\$52,000	\$51,452	Board Fees and Allowances	\$52,000
\$8,600	\$9,732	Computer Expenses	\$8,600
\$2,500	\$1,637	Conferences/Seminars	\$2,500
\$24,000	\$2,471	Consultancy Costs	\$22,000
\$43,306	\$44,292	Depreciation Expense	\$43,306
\$2,000	-	Donations	\$1,000
\$7,000	\$8,457	Fringe Benefits Tax	\$7,000
\$11,100	\$14,626	Industry Functions	\$12,400
\$15,700	\$15,391	Insurance	\$15,700
\$2,500	\$567	Legal Fees	\$1,500
\$12,100	\$9,628	Motor Vehicle Expenses	\$12,100
\$16,500	\$15,830	Office Expenses	\$16,500
\$12,775	\$15,407	Postage and Telephone	\$11,825
\$6,995	\$6,990	Printing and Stationary	\$10,681
\$16,300	\$29,610	Promotion	\$28,800
\$4,156	(\$2,129)	Provision: Annual Leave	\$4,047
\$2,200	\$3,588	Provision: Long Service Leave	\$2,200
\$2,200	\$3,337	Rates	\$2,200
\$1,000	\$3,281	Research Consumable	\$1,000
\$19,500	\$10,910	Research Payments	\$17,000
\$335	-	Return of Statutory Fees – growers < 20t	\$335
\$1,000	\$1,750	Reimburse Chemical Certificate Training	-
\$249,146	\$249,180	Salaries and Wages	\$249,951
\$12,000	\$12,000	Sponsorship	\$12,000
\$3,500	-	Staff Training	\$3,500
		Subscriptions:	
\$9,780	\$9,508	Magazines Subscription for Growers	\$10,050
\$7,250	\$7,981	Irrigation Representation and Sundries	\$7,250
\$10,500	\$12,000	NSW Wine Industry Association	\$12,000
\$1,100	-	Sundry Subscriptions	\$1,100
-	\$1,732	Inland Regions Alliance	\$30,000
\$500	\$3,610	Sundry Expenses	\$500
\$26,519	\$26,259	Superannuation (inc. \$2,850 from Board)	\$26,595
\$18,150	\$7,598	Travelling Expenses	\$14,300
\$680,710	\$651,647	SUB TOTAL	\$719,218
BUDGETED CAPITAL EXPENDITURE			
\$75,000	-	Motor Vehicle	\$75,000
-	-	Office, Computer & Research Equipment	-
\$75,000	-	SUB TOTAL	\$75,000
\$755,710	\$651,647	TOTAL EXPENDITURE	\$794,218
\$191,340	\$68,891	SURPLUS/(DEFICIT)	\$143,382

The above 2019 Budget was presented and approved by growers 28 November 2018

ACRONYMS AND ABBREVIATIONS USED IN THIS REPORT

AASB	Australian Accounting Standards Board
AAPI	Australian Property Institute
ACCC	Australian Competition and Consumer Commission
AIFRS	International Financial Reporting Standards
CEO	Chief Executive Officer
DPI	Department of Primary Industries
DVD	Digital Video Disc
EO	Extension Officer
EEO	Equal Employment Opportunity
ERWSP	Export and Regional Wine Support Package
FTE	Full Time Employees
GST	Goods and Services Tax
HACCP	Hazards Analysis of Critical Control Points
IDO	Industry Development Officer
IRFS	International Financial Reporting Standards
KT	Kilo tonnes
LLS	Local Land Services
MIA	Murrumbidgee Irrigation Area
MLC	Member of the Legislative Council
MOU	Memorandum of Understanding
NSW	New South Wales
NSWDPI	New South Wales Department of Primary Industry
NSWWIA	New South Wales Wine Industry Association
NWGIC	National Wine and Grape Industry Centre
OM	Office Manager
PAYG	Pay As You Go
PR	Public Relations
R,D&E	Research, Development and Extension
SDP	Skills Development Plan
TO	Technical Officer
TPP	Treasury Policy and Guidelines Paper
VHS	Vertical Helical Scan
WET	Wine Equalisation Tax
WFA	Wine Federation Australia
WGMB	Wine Grapes Marketing Board

- NOTES -



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