



WINE GRAPES MARKETING BOARD



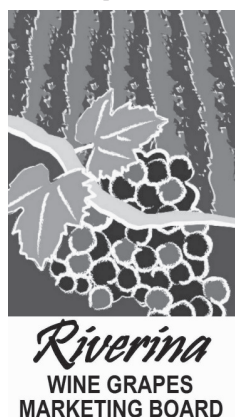
Serving
Riverina
Winegrape
growers
since
1933

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

ANNUAL REPORT 2011

WINE GRAPES MARKETING BOARD

Annual Report for 2011



Wine Grapes Marketing Board Offices

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Chairman

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Deputy Chairman

Robert Bellato
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Staff Members

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Industry Development Officer

Kristy Bartrop
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Technical Officer

James Codemo
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Office Manager

Sheree Collins
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Annual General Meeting

Tuesday 19 June 2012
 Yoogali Catholic Club
 YOOGALI NSW 2680
 Commencing at 8pm

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ACRONYMS AND ABBREVIATIONS USED IN THIS REPORT

ACCC	Australian Competition and Consumer Commission
AGM	Annual General Meeting
CEO	Chief Executive Officer
EEO	Equal Employment Opportunity
GWRDC	Grape and Wine Research and Development Corporation
HACCP	Hazards Analysis of Critical Control Points
IDO	Industry Development Officer
MDBA	Murray Darling Basin Authority
MIA	Murrumbidgee Irrigation Area
MIAVIS	MIA Vine Improvement Society
MP	Member of Parliament
NGO's	Non-Governmental Office's
NIC	National Irrigators Council
NSW	New South Wales
NSWIC	New South Wales Irrigators Council
NSWWIA	New South Wales Wine Industry Association
NSWWIA R&D	NSWWIA Research and Development Committee
NWGIC	National Wine & Grape Industry Centre
R&D	Research and Development
RD&E	Research, Development and Extension
SMS	Short Message Service
TO	Technical Officer
WGGA	Wine Grape Growers' Australia
WGMB	Wine Grapes Marketing Board

Letter to the Minister

11 April 2012

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

Dear Minister

The Wine Grapes Marketing Board, on behalf of all wine grape growers in the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee, has pleasure in presenting the report for the year ended December 31, 2011.

This 78th Annual Report on performance, activities and financial results has been prepared in accordance with provisions of the *Annual Reports (Statutory Bodies) Act 1984*.

Yours sincerely



Bruno Brombal

Chairman – Wine Grapes Marketing Board

Chief Executives' Report - Brian Simpson

Welcome to the Wine Grapes Marketing Board's 2011 Annual Report of its operations and financial position. It is pleasing to report that the Board remains in a strong financial position due to reserves, despite the financial deficit position incurred in 2011.

This report contains a draft copy of the minutes of the previous meeting that was held in 2011 for your information prior to the Annual General Meeting to be held 19 June 2012 commencing at 8:00pm at the Yoogali Catholic Club, Yoogali NSW.

In 2011 the Board introduced its Strategic Operations Plan 2012-2016. This is in line with the NSW Government's requirements under the *Agricultural Industry Services Act 1998* that bodies such as the Board must provide a revised 5 year Strategic Operations plan annually. Copies of this plan were sent to all growers in November 2011 and soft copy versions are also available for download via the Board's website.

Unfortunately 2011 was another disappointing year for growers, plagued with rising costs of production due to multiple rainfall events and the declining oversupply position of the industry again impacted on the district average price offers of the regions wineries. While a minor overall lift occurred growers are still (on average) receiving returns that do not meet the industry costs of production.

The rainfall affected many of the region varieties with disease pressure impacting on overall yields and of course quality. The Board on behalf of all growers communicated to the NSW Government its concerns that the repeated rainfall event had significant economic impacts on the regions growers and this coupled with the inundation of many regional vineyards prompted natural disaster relief grants and low interest loans being made available to growers. The Board was grateful for the assistance provided by government but acknowledge that this did little to reduce the financial pressure that growers have been dealing with for the past seasons.

Unfortunately the current season (2012) has been worse for many growers with the late flooding rains and overland flooding of significant areas of grape production are again causing significant impacts to the later maturing crops and producers returns.

In 2011 following the third vintage in a row that saw growers on average receive less than cost of production returns the Board instigated a grower phone survey to ascertain the issues that growers are dealing with on a daily basis.

The results of the survey (that had a significant participation rate) showed that approximately 50% of

growers would not be able to survive further continued depression in grape prices. These growers advised that they would be looking to depart the industry (or seek other employment) to adjust. The survey was sent to all regional wineries prior to their 2012 vintage pricing deliberations but received no response and had little discernible impact on the price announcements for the current season which was disappointing.

Growers are in the worst possible financial position with growing debt levels and increased financial and emotional stress. Such pressures when coupled with the flooding are the region is likely to lead to many departing the industry in the coming months.

The Board in 2011 provided all constituent growers with a rebate on their fees and charges that equated to \$1.50 per tonne. This made the effect rate charged on producers \$2.40 per tonne. A return was discussed and approved by the Board at the Annual General Meeting. The return was conducted in November 2011 following the receipt of all outstanding fees and charges by growers and wineries.

Statutory Compliance

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

Board Staff Changes

During 2011 the following changes to the permanent staff at the Board office occurred:

Technical Officer Bradley Lemon whom commenced his employment in January 2011 left our employment in February 2011 within his probationary period. The Technical Officer position was readvertised after a few months and James Codemo was appointed to the position in June 2011.

Application for Extension of Time

The Wine Grapes Marketing Board did not apply for an extension in the time allowed to produce and publish its Annual Report for 2011. It was envisaged that the report would be completed within the statutory timeframe.

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 2009, 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).

Aims and Objectives

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

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

Customer Access

The office is located at 182 Yambil Street Griffith NSW.

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 of the Board have a three

year term that ceases February 2013. The appointed members' terms cease February 2014.

Board Members during 2011

- Bruno Brombal (Chairman - Executive)
- Robert Bellato (Deputy Chair - Executive)
- Rodney Zuccato (until 1 February 2011)
- Bruno Altin (from 2 February 2011)
- Len Gullotta
- Lou Dal Nevo
- Tony Baggio
- Eric Berton

Meetings of the Board

During the 12 months to 31 December 2011 there were 11 general meetings, 1 special meeting and 2 public meetings of the Board.

The Board holds its general meetings the second Monday of each month, a general meeting was not held in February 2011 due to the vintage pressure on members of the Board. A special meeting held early February 2011 was attended only by elected members to discuss the appointment of appointed members after the office received a greater number of submissions than available positions.

Public Meetings held in 2011 were the Annual General Meeting and the Strategic Planning and Budget setting meeting.

Board Member Meeting Attendance

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

Meeting Type	Special	Public	General	%
Number of:	1	2	11	
Bruno Brombal	1	2	10	93%
Robert Bellato	1	2	9	86%
Lou Dal Nevo	1	2	9	86%
Tony Baggio	1	2	9	86%
Rodney Zuccato	n/a	n/a	1	100%
Len Gullotta	1	2	11	100%
Eric Berton	n/a	2	11	100%
Bruno Altin	n/a	2	10*	100%

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

** Was not a member of the Board for Jan 2011 meeting*

Board Staff

From 1 Jan 2011 - 31 Dec 2011 staff members were:

- *Chief Executive Officer* - Brian Simpson
- *Industry Development Officer* - Kristy Bartrop
- *Office Manager* - Sheree Collins
- *Technical Officer* - Bradley Lemon (Jan - Feb 2011)
- *Technical Officer* - James Codemo (Jun - current)

Summary Review of Operations

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

The CEO and Chairman represented growers at the House of Representatives Inquiry into the Murray Darling Basin Plan guide. They provided an overall position of the industry outlining the impacts that the guide had had to date on the industry and the growers.

The Board assisted the local grape growers Associations to hold a meeting in February 2011 to discuss growing concern in relation to grape prices and issues such as collective bargaining.

In March the Board provided funding for the Socio-Economic Modelling project being coordinated by local councils and irrigation supply companies. The \$20,000 provided would assist completion of the project that was aimed at providing more accurate information relating to the impacts of reductions in water availability due to the Basin Plan.

The Board effectively secured the disaster relief funding of up to \$15,000 for each grape producer business in relation to the flooding rains that occurred across the region. The majority of producers secured these funds to assist with the increased costs of chemical applications throughout the year and earthworks.

The Board discussed a Riverina Citrus proposal for the formation of a Pest Free Area. The Board advised that the Pest Free Area must include all winegrape producers.

The Board wrote to all federal Senators in relation to the outcomes of the NSW Winegrape Market and Prices Inquiry. This was done to support the grower developed petition calling on the implementation of the mandatory code of conduct for the industry.

The Board assisted Casella Wines in supporting the existing taxation arrangements as opposed to the concerns that a volumetric tax would be recommended through the Henry Review into Australian taxation.

The Board also provided \$5,000 in assistance (along with other interested bodies and business) to the Griffith City Council for their coordination of the community response to the Murray Darling Basin Plan.

In April the Board provided \$50,000 toward the Autumn baiting program being coordinated by Riverina Citrus. This would provide funding to have houses located on farms baited regularly. Council's would look after the town and villages, growers would look after their own properties.

The CEO commenced investigation into insurance for growers in the event that their purchaser went into bankruptcy.

The Board wrote to a number of wineries locally seeking their justification as to why they are continuing the subsidy of transport for out of town purchases of winegrapes. After several months and attempts to obtain a response it was presented to the local media with the Board receiving a negative response from Casella Wines.

In May the Board agreed to change the magazine subscription for growers from Australian Viticulture to Grapegrowers and Vignerons. The Australian Viticulture has altered their content to provide more information on winemaking issues. The change now provides growers with more timely and relevant information as they receive 12 magazines per year doubling what they previously received.

In June the Board funded a grower telephone survey to seek information relating to their profitability, future within the industry and views relating to the Board performance. Greater than 50% of all growers were surveyed with the results being published in July for all growers.

The Board along with other commodity groups and irrigation representative bodies held a series of meetings to discuss the proposed changes to the Murrumbidgee Irrigation customer contracts. These were resolved after a number of meetings and the final contracts were recommended to growers, subject to them seeking their own legal advice.

The Board received a proposal from the Riverina Winemakers Association seeking supporting funding for the MIA Vine Improvement Society. The Board agreed to provide up to \$0.10 per tonne on leviable production to ensure that the site was maintained.

The Board held its Annual General Meeting at which the Managing Director of Murrumbidgee Irrigation was the guest speaker and Mr Brett Tucker spoke at length about the water issues facing the industry and the companies views on the amendments to the customer contracts.

In July the Board were approached by Wine Grape Growers Australia to support the negotiations for an MRL for Phos Acid with Australia's major export destinations (particularly China and Canada). The

Board provided \$30,000 funding toward the project. If Phos Acid is allowable in these markets it will ultimately reduce production costs to growers.

In August the Board investigated the increasing number of growers that were crushing their own winegrapes or were unable to produce a crop due to disease. The basis was to look at the services that they were still receiving from the Board without contributing to the costs of the Board. The Board agreed that these costs were negligible and these growers may in the future continue to produce a leviable crop.

The Board received a request from the Western Riverina Library at Griffith to partner with it to provide half funding for 12 reference books for the library for the benefit of the industry.

In September the Board agreed to provide \$4,000 to the Leeton Visitors Centre brochure that was being prepared for 2012.

The Board also held a strategic planning meeting in Berri South Australia and used the time to tour the Riverland and Murray Valley and discuss industry relevant issues with the growers and representative bodies in those regions.

The Board was advised in October that the NSW Government would not be extending the Board's legislation that enabled it to set and enforce terms and conditions of payment. This position was made against the recommendation of the 2010 Inquiry into the Wine grape market and prices.

In November the Board arranged to remit to all constituted growers an amount equivalent to \$1.50 per tonne on production. The amount would reduce the Board revenues for 2011 and draw down some reserves.

In December the Board held its Strategic Planning and Budget setting meeting with a small group of growers in attendance. Guest speaker from WGGA Mr Lawrie Stanford talked on the problem besieging the industry and the road to recovery being hard.

Growers at the meeting moved that the Board should investigate a revised system of calculating the fees and charges. They directed the Board to investigate an ad-valorem system and report back to them.

Growers moved to adopt the 2012-2016 Strategic Plan and the budget for 2012 which set the fees and charges for the forthcoming season at \$3.90 per tonne.

In December the Board were advised by the Minister that the Government would not be extending the *Wine Grapes Marketing Board (Reconstitution) Act 2003* the Act's repeal signals possible difficult times and increased costs for the Board in the collection of fees and charges.

Funds Granted to Non-Government Community Organisations

\$1,000 was donated to the Hanwood Grape Growers Association to support the work that this association do in arranging meetings that the Board can liaise with growers. \$22,439 was donated to the Murrumbidgee Irrigation Area Vine Improvement Society. This funding is being matched by the Riverina Winemakers Association in a joint industry approach to enable to the Society to continue to maintain existing clonal material and mother blocks certified free of disease.

\$509 worth of Industry relevant reference books was donated to the Griffith Library as part of their program titled Creating Community Collections. 5 books were paid for by the Board with the library also purchasing a further 5 books (of the Board's choosing).

Legal Change

The Wine Grapes Marketing Board operates in accordance with the *Agricultural Industry Services (Wine Grapes Marketing Board) Regulation 2003*, which operates under the *Agricultural Industry Services Act 1998*. 2011 was the final year for the Board's activities under the *Wine Grapes Marketing Board (Reconstitution) Act 2003*, this instrument provided the Board with the power to set and enforce terms and conditions of payment for wine grapes not subject to a complying contract. It was amended in 2009 and was scheduled for repeal 1st January 2012.

The NSW Government also held an Inquiry into the NSW Wine Grape Market and Prices that reported in late 2010 that recommended that the Wine Grapes Marketing Board retain the powers as per the Reconstitution Act but the NSW Government declined to act on the recommendations on the Upper House Inquiry in a response received late 2011.

Economic or Other Factors

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

Management & Activities

A review of the strategic operations of the Board was conducted by the Board during 2011. This was presented to growers in the *WGMB Strategic Operations Plan 2012-2016 and Operating Budget for 2012* publication. The plan was adopted at a meeting of growers held in December 2011 at which time the rate for the Board's grower fees and charges was set (\$3.90 per tonne fresh weight). This includes winegrapes sold as concentrate and juice products.

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

Research & Development

The Board continued to operate its own wine grape maturity sampling laboratory facilities during the year for growers and third party industry participants.

For the 2011 Vintage, 1 casual staff member was employed to assist existing staff during work peaks.

Human Resources

During 2011 the Board employed 4 permanent staff, 1 casual staff member.

Staff titles:

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

There was an less than 1% negative variation in wages and salaries from the 2011 position. The decline arising principally for the Board not having 4 full time staff for a 3 month period during 2011.

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

All permanent staff are currently on 1 year contracts ending in 31 December 2012.

Consultants and Research Payments

Activities conducted by the Board were mostly funded by the GWRDC via its Regional Grassroots Project funding which runs on a standard financial year.

Five (5) consultants were engaged in 2011 costing a total of \$133,049 (\$63,964 in 2010) (excluding GST).

- Griffith City Council (Murrumbidgee Valley Stakeholders Group) coordination \$ 4,545
- Griffith City Council (Socio-Economic Modelling – MDBA Plan Impacts) \$18,182
- NSW Department of Industry & Investment (GWRDC – Post Harvest Management Guide) \$22,727
- Wine Grape Growers Australia (Phos Acid MRL Negotiations) \$30,000
- High Security Irrigators – Murrumbidgee (Grower Telephone Survey) \$ 5,000

- NSW Department of Industry & Investment (Soil & Petiole Analysis) \$ 2,000
- Wine Grape Growers Australia (Management of Code of Conduct) \$25,000
- Wine Grape Growers Australia (Management of Plant Health Australia) \$10,000
- Wine Grape Growers Australia (Management of R&D&E Priorities for the Riverina) \$10,000
- Wine Grape Growers Australia (Red Wine Grape Pricing Mechanism) \$ 5,000
- Management Resource Plus (HACCP system management) \$ 595

Five (5) organisations were paid Research Payments in 2011 costing a total of \$69,500 (\$14,258 in 2010) (excluding GST).

- Riverina Citrus (Autumn 2011 Fruit Fly Baiting Program) \$45,455
- Hutchins Agronomic Services (Collection of Soil Samples – GRWDC project) \$ 5,212
- National Measurement Institute (Pesticide Screening of Grapes and Leaves) \$ 6,862
- Environmental Analysis Laboratory (Soil Nutrient and Fertility Analysis) \$11,971

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

Disability Plans

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

Land Disposal

No disposal of property or land occurred within the 2011 Financial Year. A revaluation of the property and land occurred in November 2010 as per NSW Audit Office Agents request. Another revaluation will occur in three years for the purposes of financial reporting.

Promotion

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

- Sponsored the Riverina Wine Show \$ 3,000
- Leeton Visitors Guide for 2011-12 \$ 3,636
- Tourism Touchscreens \$ 880
- 2011 Riverina Field Days \$10,000
- NSW Department of Industry & Investment (Pump & Energy Efficiency Field Day) \$ 182
- Maintained a Wine Display at Griffith Aerodrome and Leeton Visitors Centre – with the kind assistance of regional wineries.

Consumer Response

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

Guarantee of Service

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

Payment of Accounts

The details of financial performance for the each quarter re shown in the following table, it does not include payments to employees, returns to growers, Board members, superannuation funds and the Australian Taxation Office. The Board aims to make 100% of payments to creditors within 30 days of account receipt.

Number of Days	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
0-30 days	\$159,634	\$184,183	\$136,012	\$143,253
30-60 days	-	-	-	-
60-90 days	-	-	-	-
90+ days	-	-	-	-
\$ Total	\$159,634	\$184,183	\$136,012	\$143,253
% target	100%	100%	100%	100%
% actual	100%	100%	100%	100%

Time for Payment of Accounts

All accounts were paid for within the timeframes requested by suppliers.

Risk Management & Insurance Activities

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

Disclosure of Controlled Entities

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

NSW Government Action Plan for Women

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

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.

Occupational Health & Safety

No reports of work-related injuries or illnesses were received during the year. The Board was also not advised of any proceedings against it under the *Workplace Health and Safety Act 2011*.

Waste

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

Numbers of Executive Officers

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

Public Access of Information

The Board reviewed its public access policy and publication guide in accordance with *Government Information (Public Access) Act 2009* at its general meeting held in December 2011. The Board undertakes a 6 monthly review of its policies and procedures.

The Board received 17 requests (5 in 2010) for information 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 for information were refused by the Board.

Electronic Service Delivery

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

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

During the 2011 financial year of the Board the Board's internet site recorded a monthly average of 556 hits from unique visitors (439 in 2010). Total unique users that went online to look the region equalled 6,682 (5,269 in 2010).

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. This information contains a copy of all current Board policies and procedures.

Appointed Auditors

The NSW Audit Office appointed Johnsons MME from Albury as its agent for the 2011 Audit.

Annual Reports

The Board produced 500 copies of this Annual Report to enable it to be sent to all constituents and to comply with statutory requirements. Annual reports cost \$6.09 per unit (inc. GST), these were printed locally.

Legal Matters

The Board's solicitor is Mr Phillip Alvaro of Griffith NSW. During 2011 there was one breach of the *Wine Grapes Marketing Board (Terms and Conditions of Payment) Order 2011*, failure to pay the grower and failure to remit statutory fees and charges to the Board. These matters were dealt with and interest was applied in accordance with the relevant legislation.

Financial Year

1st January to 31st December.

Conclusion

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

2011 YEAR IN REVIEW

Chairman's Report - Bruno Brombal

The 2011 season was the third consecutive season in a row that saw growers received on average below the cost of production. As a result many vineyards were put

on the market but with the market currently in a downturn offers have been extremely limited.

The unseasonal weather throughout the growing season was a problem for many growers with reports that the average number of spray applications was around 12 for the season. The weather hindered the harvest and growers that had worked hard all season to produce a clean and viable crop were impacted by downgrades and disease pressures.

It is estimated that a large percentage of the regions winegrapes were taken up as concentrate. While wineries were willing to purchase this fruit the responding price declines would continue to hurt growers.

Throughout the year the Board communicated to the new Coalition Government of the need for it to respond to the NSW Inquiry conducted into the winegrape market and prices in 2010. Sadly the response was disappointing for the Board and growers with the final response from the government dismissing any of the recommendations that were developed. The Board is still working through this matter with the Government but it has received little opportunity to do so.

The Board continues to represent all growers in the region but it understands that growers want to see the Board operate in areas that it no longer has sufficient legislation to do so. With regard to grape prices these were removed in 2000 with the Board initially voluntarily withdrawing to work on indicative prices. Now the ability to set these are not available due to the way wineries publish prices so late and in many case after the commencement of harvest.

As a grower I understand the pressure that the industry is currently facing and while urging growers to stay in there the Board understands that financial institutions are closely monitoring the situation as property values decline due to water value pressures and continued low commodity prices.

Regional Grape Grower Associations

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

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

Hanwood Grape Growers' Association

Postal Address

PO Box 321
HANWOOD NSW 2680

Contact Details

Chairman	Lance Hicken	6963 0418
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Meetings are held at the Hanwood Catholic Club at varying times through each year with notices to be placed in the local newspaper.

The Hanwood grape growers Association represents around 20 growers in the area, the HGGA communicates with the WGMB to inform growers of issues facing the wine growers and the growers can inform the WGMB of their issues they are faced with on a bi monthly basis.

Issues discussed during 2011 (included):

- WGMB pushing to have wineries have a code of conduct.
- NSW government inquiry into the wine industry for prices being paid for fruit and grower submissions.
- Henry Tax review
- \$50 million dollars from fed government for Lake Wyangan Project.
- \$200 million for the irrigation modernisation project for the area.
- The Murray darling Basin how it would impact the area.
- Property values decline 20-30 % a problem for farmers who borrowed and banking pressure.
- Overloading issues at wineries and the chain of responsibility.
- Fruit fly becoming a serious problem in the area.
- Farmers concerns with Grower Liaison Officers at wineries not trained in their field and impacting on growers returns.
- Vintage Traders Association looking into the area to work with growers to sell grapes.
- MI contracts, advising growers to get legal advice.

Yenda Grape Growers' Association

Postal Address

PO Box 350
YENDA NSW 2681

Contact Details

Chairman Adrian Raccanello 0427 635 343

Meetings are held at the Yenda Diggers Club and notices of meetings are sent to growers via email or SMS. New members are welcome.

The Association meets approximately 4 times per year to discuss any issues that may impact Grape Growers in Yenda area.

Research and Development Report

Industry Development Officer

Kristy Bartrop

The Research, Development & Extension activities in 2011 covered many projects by the R&D staff to assist growers with their vineyard operations. The R&D program includes extension projects and research projects. The extension projects involve developing and communicating information from research projects in a manner for growers to interpret and use. Research

projects generally include tasks at the data collection level. The following report outlines WGMB inputs into each area.

GWRDC Grassroots Regional Extension projects

The Grape and Wine Research and Development Corporation (GWRDC) Grassroots regional extension program continued in 2011. The projects have been designed as a result of the liaison with the regions grape growing and wine making representatives to determine the specific needs for regional extension.

The 2011/12 project plan encompasses six projects; a variety specific water use monitoring project, a fertiliser performance monitoring project, an alternative pest and disease control options field trial, the development of a vine borer fact sheet, the development of a CCA post management fact sheet and the development of a spray application and calibration guide.

Natural Disaster Assessments and Assistance

The 2011/12 growing season saw natural disaster issues with widespread flood damage to the regions vineyards. Growers in the Griffith, Leeton, Carrathool and Murrumbidgee shires are able to apply for a one off \$15,000 grant to help compensate for the added expense this season as a result of flood damage to property.

NSWWIA R&D Committee

WGMB along with many key industry representatives from the Riverina and other NSW growing regions meet twice per year to decide on key research priorities for the NSW wine industry. The WGMB represent the needs of the Riverina in the committee and contribute to discussions being held to determine the allocation of funding for research and extension priorities throughout NSW.

2011 Riverina Field Days

The Wine Grapes Marketing Board has proudly been the major sponsor of the Riverina Field Days since 2007. The WGMB again hosted a major marquee in 2011 filled with exhibitors with links to the viticulture industry to benefit growers' needs. All growers are encouraged to support this event and suggest items to be included at future field day events.

Vineyard GIS Mapping Database

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

The most recent satellite photography was in 2008 with plans to collect new imagery in the next 2 years.

Vintage Grape Analysis Laboratory

The Wine Grapes Marketing Board vintage grape analysis laboratory continued its service to growers for the 2011 vintage. The Board undertook analysis for a range of customers; Riverina growers, local wineries, and out-of-area growers and wineries. The laboratory continues to run as a free service for all levy paying growers. Any non-levy paying parties wishing to use the service are charged a fee-for-service which assists in funding the capacity.

Plant health assessments

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

WGMB HACCP for Vineyards Program

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

WGMB Seasonal Report & Weather Grower information service

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

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

**Riverina - Wine Grapes Marketing Board
2010 Annual General Meeting
Minutes of Meeting 21st June 2011, 8:00 PM
Catholic Club Yoogali, Yoogali NSW 2680**

Attendance Eligible Growers (72 including Board members): Mario Arcifa, Armando Armanini, Glen Bavaresco, Tim Bavaresco, Antonio Bertolli, Michele Bonaccorsi, Eugenio Bordin, Gary Bugno, Stephen Cadorin, Jason Cappello, Neil Carter, Leo Castelletto, Antonio Ciavarella, Sam Ciccica, Michael Ciccica, Louis Codemo, Michael Connellan, Peter Cremasco, Gus Cristofaro, Tony Cristofaro, Colin Crossingham, John P Dal Broi, George De Paoli, Gregory De Paoli, Leo De Paoli, Raymond De Paoli, Franco De Rossi, Harley Delves, Daniel Favero, Brian Foggato, Fortunato Foggato, Narelle Forner, Lino Foscari, Anthony Gulloni, Lance Hicken, Jim Maier, Louis Marin, Maurice Martinello, Paul Hutchinson, Laurence Minato, Vince Monteleone, Luigi Panazzolo, Rudolph Panazzolo, Chris Pasto, Lorenzo Pellizzer, Tom Previtera, Peter Raccanello, Rodney Raccanello, Sebastian Raciti, Tonino Rosa, David Rossetto, Angelo Sartor, Vince Schrippa, Darryl Serafin, Louis Serafin, John Strano, Giulio Toscan, Ernesto Tropeano, David Vitucci, Don Vitucci, John Vitucci, Peter Vitucci, Allan Zalunardo, John Zandona.

Board Staff: Brian Simpson (CEO), Kristy Bartrop (IDO), James Codemo (TO), Sheree Collins (OM).

Board Members: Bruno Brombal (Chairman), Eric Berton, Len Gullotta, Louis Dal Nevo, Anthony Baggio, Bruno Altin, Robert Bellato (Deputy Chair).

Invited Guest: Brett Tucker (MD Murrumbidgee Irrigation)

Members of the Public: Leo Arcifa, Phillip Alvaro (Solicitor), Ray Foscari, Patrick Gullotta, Brian Halse (CEO HIS-M), Vince Bruno (Toorak Wines)

Apologies: Sergio Altin, Adrian Bianchini, John Bisetto, John Delves, Pascal Guertin, Antonio Musolino, Sam Musolino, Victor Nardi, George Nardi, Tony Sergi, John Violi, Peter Zardo.

1. Minutes of previous Annual General Meeting

Copies of the minutes had been included in the Annual Report for 2010.

That the minutes be accepted as a true and accurate record of 23rd June 2010 meeting -

MOVED: ***Guilio Toscan***

SECONDED: ***Ernie Tropeano*** ***CARRIED***

1.1 Business Arising from the Minutes

No business was raised from the previous minutes.

2. Chairman's Report – Bruno Brombal

The 2011 season the region crushed around 287,000 tonnes which was up on the 260,000 tonnes of the previous year. Had seasonal

conditions been better the crush could have been greater than 350,000 tonnes. It is hard to believe that the Winemakers Federation is reporting a national crush of approximately 1.62 million tonnes of winegrapes when around 1.2 million tonnes are currently needed for current markets. The fact that greater than 400,000 tonnes is being sold into the market that is excess to current market requirements is going to continue to impact on the industry.

The large volumes of growers that left fruit on the vines this season and the many that sold winegrapes well below the costs of production, for around \$150 per tonne indicates the problems that the industry currently has.

Next season wineries are already signaling their intent to hold tonnages by capping grower production to a lower rate per hectare than previously undertaken. As a result of this movement and the strong dollar affecting exports I cannot see grape prices going up in the foreseeable future. We all acknowledge that growers need a return of around \$300 per tonne to cover costs and remain viable.

Regionally financial institutions are starting to tighten up on growers and as a result it may force a number of producers off the land as growers cannot cut costs any further.

In 2011 with the higher tonnages than expected the Board finances are in a positive position and the Board will be providing some relief this season by providing a levy return to growers. This season we have committed more funding to Fruit Fly as it poses a real threat to our industry.

This year we will be liaising closely with the NSW Government as we head toward the cessation of the existing terms and conditions of payment legislation. This will finish at the start of 2012 but the Board hopes that whilst the wine industry code is not mandatory the regional industry can continue to have statutory terms and condition of payment.

The Board will also be discussing with the NSW Government the outcome of the NSW Upper House inquiry into the winegrape market and prices. The Board will push to ensure that the 11 recommendations that came from the Inquiry will be implemented by the government.

The overall state of the industry is currently not positive and unless the dollar goes down or the production within Australia reduces to around 1.2-1.3 million tonnes the future for the next 2-3 years is bleak.

That the Chairman's reported be accepted -

MOVED:

Sam Ciccia

SECONDED:

David Rossetto CARRIED

3. Financial Report – Brian Simpson CEO

The CEO presented the income and expenditure statements as per the Annual Report for 2010. The expenditure of the Board has trended downward for the past 3 years as the Board manages its costs more effectively. Income has risen steadily due to funding coming from the GWRDC and investments of the Board.

That the Financial Report for 2009 be adopted -

MOVED:

Tony Cristofaro

SECONDED:

Sam Ciccia

CARRIED

4. 2011 Production Update – Brian Simpson CEO

Growers were advised that the crop was up on the previous season from 260KT to 287KT regionally. The Board was still in the process of reconciling the reports by wineries.

5. Grower Phone Survey – Brian Simpson CEO

Growers were advised of the survey that the Board had commissioned High Security Irrigators to conduct in the region. The phone survey which would take approximately 10 minutes of growers time would look at key aspects of their production, financial, emotional and views of the Board. It would provide the Board with invaluable information in relation to growers needs and their views on the Board and possible suggestions for the way forward.

Growers were advised that the office would soon be mailing to growers a copy of the survey so that growers can frame their questions ahead of the phone call. The entire process should take around 2 weeks and it will commence mid July 2011.

6. Guest Speaker – Brett Tucker MD Murrumbidgee Irrigation

Murrumbidgee Irrigation MD discussed the release of new contracts and the separation of the existing contracts to an entitlement and delivery based system in accordance with Government guidelines. The release of these contracts had caused a major upset in the region with the commodity groups seeking legal advice as to the validity of these. Brett admitted that MI had taken the wrong route to releasing these contracts and that they should have consulted more widely.

Many of the issues raised in the contracts were now open for negotiation with the interest groups and MI were now anxiously waiting for the process to

commence so that this matter could be settled prior to his departure to take up a new position with State Water.

Brett advised that MI were also getting the revised contracts peer reviewed by a solicitor Mr David Grant. He advised that he does not want many individual contracts in place in the region as this would become too unruly. He stated that currently industry groups were fighting against MI in the process of these contracts at a time when we should be banding together in preparation for the Murray Darling Basin Plan that is shortly to be released.

Brett received a number of questions from growers in relation to the drafted contracts. He advised that the process of resolving the new contracts had been delayed by the commodity groups as they had sought external legal advice on the clauses.

Three main areas of concern were identified:

1. Power of attorney to the company – this is simply to allow the company to extinguish dry shares when a member leaves the system.
2. Variation to contracts – the company wanted the right to amend the contract as it saw fit to avoid any individual amendments being made to customer contracts.
3. Contract agreement – customers would be deemed to have agreed to the contract if they took water in the coming season.

Brett admitted that there were other matters that were being discussed among the groups and that these would be considered by the company at a suitable time.

Members offered Brett their thanks for the hard work that he had done in steering the company through the drought and wished him well in the future.

Being no further business, the meeting was declared closed at 9:25pm.

**Bruno Brombal
CHAIRMAN**

NSW Wine Industry Association Report by President David Lowe

The New South Wales Wine Industry Association Annual Meeting in August saw a new Constitution adopted which created three vice-presidents – one for each of the three program areas of Promotions (Wine Strategy), Production (Research and Development and

Extension) and Government/regulatory (Licensing, OH&S and training). The appointment of the three Vice-Presidents is intended to leave the President free to represent Association policy to Government and other industry forums. David Lowe was re-elected President for a further 2-year term while the Vice-Presidents are Mike De Iuliis (Hunter), Tom Ward (Cowra) and Anne Caine (Canberra District).

The NSW Wine Strategy has entered its fourth year and it is pleasing to report that in the 12 months, ending July 2011, sales of NSW bottled wine in NSW have grown by +8.4% in value – outperforming the market with other States growing at just +3.4%. Sales of NSW wine in NSW are now outpacing bottled wine from Victoria and South Australia by 2 times and whilst all price points are growing it is the premium wines in the \$20+ per bottle category which continue to lead the growth with an increase of +14%, now making up 15% of the state's bottled wine sales.

The Association will be conducting a fundamental review of its operations in 2011-12 to ensure that it pursuing those goals considered important to the NSW Wine Industry and that it is achieving value for money in all areas.

Promotion

There are two main aspects of this campaign:

NSW Wine Festival incorporating Sydney Cellar Door at Hyde Park

A collaboration between Fairfax events and the SMH newspaper, NSW Industry & Investment and NSWIIA. This was a month-long promotion of NSW wine. The Hyde Park function was extended to the whole weekend and attendance numbers were strong with sales of wine, regional familiarization and advocacy of winery brands all achieved. The dinners at restaurants that followed were well attended and it appears anecdotally and by measurement that NSW wine has achieved increased penetration into the NSW market the biggest in Australia.

NSW Wine Uncovered

A collaboration with the Telegraph, NSW Trade and Investment and the NSWIIA involved a booklet insert in November 2011 to draw attention to the diversity and sales opportunities with NSW wineries. This was the third year of the program.

Research & Development

With the development of a new 5 year plan from GWRDC underway it transpired that the block funding programme from winemaking futures ended June 30 this year and a decision to delay any future guaranteed funding was held over until July 1st 2012. This in turn has led to a dramatic reduction in staff at the NWGIC

and a stalling of any future research activity that is long term in nature. The NSW WIA is working with the GWRDC and will need to engage with the new Board of this corporation to lobby for retention of capability of research facilities so that previous investment is not wasted. A new program Viniculture Futures is being developed by NWGIC and the future involvement of the R and D committee is vital to ensure that the industry priorities are being met.

NSW Wine Awards

A successful show again in 2011 with Huon Hooke returning as Chief Judge leading 5 panels of judges to select the NSW Top 40 and determine the trophy winners. An excellent dinner at Guillaume in the Opera House was the culmination of the awards.

NSW Irrigators Council

By Stefanie Schulte - Economic Policy Analyst

NSW Irrigators' Council (NSWIC) is the peak body representing Water Access License holders across NSW. The Council represents more than 12,000 irrigation farmers across the State who access both high and general security water and groundwater.

The formation of NSWIC more than 26 years ago was based on the recognition that water is - and will continue to be - a key input into irrigated agriculture and that the protection of this input will be of vital importance. Over the years, NSW has led the way for an efficient and equitable management of the State's water resources; however there continue to exist many risks and uncertainties that are of significance for irrigators. While irrigators are well aware that water allocations will vary according to the prevalent climate conditions, other factors – policy changes made at both State and Federal level – are of equal importance to the industry. NSWIC has been at the forefront of addressing these policy challenges and 2011 has been largely dedicated to the following three major issues;

The lead-up and final release of the Proposed Basin Plan in late November has been a significant matter. The Proposed Basin Plan has sparked widespread debate and criticism from Members across the State and NSWIC has used 2011 to continue its efforts to assist in the creation of a sensible Basin Plan that achieves a triple bottom line outcome for social, economic and environmental objectives. NSWIC will maintain this role in order to prevent disastrous impacts for irrigators and communities in NSW.

NSWIC has also been actively involved in the Aquifer Interference Policy, a critical part of the mining and coal

seam gas debate. The exponential increase in coal and coal seam gas developments in the north & north east of the NSW has focused the discussion towards the protection of associated water resources. NSWIC has been heavily engaged in the policy debate through its membership in the Strategic Regional Land Use Reference Group. NSWIC will continue its work on the Aquifer Interference Policy to ensure the protection of NSW's water resources.

NSWIC has furthermore focused on the new ACCC regulations that will apply to water charges in NSW after 2014. With the knowledge that the ACCC regulations will have the capacity to severely impact irrigators across the state, NSWIC has increased its efforts to protect NSW from inefficient and inequitable rules that could reverse a decade long water reform in NSW.

NSWIC, in conjunction with its Members, will continue to monitor all aspects of water policy in NSW to ensure the effective management of our State's water resources.

Wine Grape Growers Australia

**By Lawrie Stanford
Executive Director**



The Riverina Wine Grapes Marketing Board (WGMB) engaged Wine Grape Growers Australia (WGGA) to manage a number of national projects during 2011 that benefitted Riverina wine grape growers but which sat outside the WGMB sphere of direct influence. The following outlines WGGA activities in the agreed areas of funding.

1. Management of the Wine Industry Code of Conduct

In 2011, a revised Code was delivered through the combined work of WGGA and the Winemakers' Federation of Australia (WFA) via the Code Management Committee. This achievement signified the beginning of a period of accountability, primarily held by the WFA, to increase the number of winemaker Signatories to the Code. The targets, which will now be monitored by WGGA, are for 25% of the top 100 Australian wine producers by processed tonnes, to be signatories by 31 December 2012 and then 50% by 31 December 2013

Associated activity included -

- Achieving significant cost-savings in the administration of the Code by rationalising the committee and secretariat functions.
- Providing resource material via www.wgga.com.au that promoted written contracts, key issues to consider in contracting, a contract template and

referral to Code material including details about the dispute processes.

- Resource material through WGGA communications, on issues associated with the Code, such as the Personal Property Security Act - new legislation that came into effect in January 2012 to improve grower's rights in reclaiming fruit, or its value, from purchasers whose businesses become insolvent.
- Advocating for more meaningful responses from the NSW government to the recommendations of the NSW Legislative Council inquiry into the wine grape market and prices.
- Discussions with the Commissioner of the NSW Office of Small Business regarding the Code and other matters related to trade conditions experienced by NSW growers.
- An approach to state-based authorities to gauge interest in discussing the harmonisation of state-determined influences on growers in the market place including terms of trade for winegrapes.
- Receipt and consideration of a test case for the Code through a WGGA prosecuted Breach of Code complaint.

2. Biosecurity Management via Plant Health Australia

WGGA continued the process of facilitating the national biosecurity arrangements on the behalf of the Australian wine sector. This work is in three streams: working with Plant Health Australia (PHA) to protect the national vineyard from exotic plant pest and disease incursions, endemic pest and disease management (eg the national phylloxera management plan) and vine quality and health arrangements including vine quality standards and the status of germplasm collections.

Specific actions have included -

- Prioritising and embedding in the WGGA Strategic and Annual Operating Plans, the requirements to effectively meet the wine sector obligations under the Emergency Plant Pest Response Deed. Namely; pest categorisation, industry awareness and industry response preparedness to an incursion.
- Consolidation of the National Winegrape Biosecurity Committee as the lead policy-setting group for biosecurity arrangements.
- Commissioning the National Vine Health Technical Reference Group for implementation and expert advice on policy matters.
- Attending PHA meetings, representing wine sector views and undertaking wine sector administrative

requirements for Deed matters (including recommendations for variations to the Deed).

- Liaison with the GWRDC on levy arrangements for funding biosecurity research and development.

3. Research, Development and Extension Coordination

2011 was an intensive year for national grower representation on RD&E. As one of the three legislated primary stakeholders of the GWRDC (WGGA, WFA and the Commonwealth government), WGGA played a high-profile role in advocating for grower interests in two key GWRDC activities in 2011. First, the selection of the new GWRDC Board and second, the formulation of the 2012-2017 Five Year Plan.

Specific actions included –

- Promoting quality Board membership by identifying and encouraging key growers to apply.
- Nominating grower representatives from the WGGA Executive Committee to sit on the selection committee.
- Coordinate and collect grower input into the 2012-2017 Five Year Plan. Attend GWRDC organised consultation fora.
- Prepared and distributed a WGGA RD&E policy as a vehicle for advocating the grower view.
- Participated in regular rounds of consultation with the GWRDC in the preparation of the Five Year Plan.
- On-going consultation with the GWRDC on grower development needs and the use of the Grape Research Levy to support these.
- Participation in the R&D framework committees that influence RD&E policy and programs: National Wine Extension Network, Innovation Policy Committee.

4. Removal of colour as a pricing tool

This issue has involved two streams of activity that explore options in two separate Acts that can test the validity of using colour in winegrape price determination. First, the Competition and Consumer Act which governs fair dealing and empowers the ACCC to act. This activity seeks ACCC action to bar reported incidences of deceptive or misleading practice. Second, the National Measurement Act which governs the use of measuring instruments for trade and empowers the National Measurement Institute to act on these matters. This activity is required to create standards and protocols in place to be able to prosecute unlawful use of measurements (including of colour) in price determination.

Specific actions have included –

- Inquiries through the ACCC into the ability to make a complaint about the use of colour in pricing as a deceptive or misleading practice.
- Formation and participation in the Winegrape Quality Measurement Committee, hosted by the National Measurement Institute, to set standards and protocols for the use of measurements in price determination.
- Liaising with the WFA to support an industry approach to this issue, including the reactivation of the Wine Industry Relations Committee.



Department of Primary Industries

Report by District Horticulturist (Viticulture)

Jason Cappello

Each year the regional activities in research and development expand and 2011 was no exception! The Department of Primary Industries (DPI) together with WGMB, NWGIC and GWRDC has undertaken a range of tasks throughout the year to extend and develop better information and practises for local producers. Below is a highlight of several activities and services, carried out regionally during 2011.

Spring Vine Health Field Day: The NWGIC, at CSU, in Wagga Wagga, facilitated the 2011 Spring Vine Health Field Days in key grape growing regions across several states from August to early October. Funded by the GWRDC, several industry supply companies and held in conjunction with the NSW DPI.

Most of the Field Days tended to focus on advanced pest and disease management, or the management of soil health and ecology. This was not surprising, given the extremely difficult conditions faced in the 2011 season due to widespread heavy rains during ripening.

The take-home messages were that the soil ecosystem is a critical vineyard resource that is fundamental to sustainably producing quality fruit. Sessions concentrated on practical ways to maintain and enhance soil health and function.

Participants in the vineyard (image next page) a part of the Griffith Field Day - Vineyard Pest and Disease Identifications: Samples through the year were taken from growers, to identify problems being caused by unknown pest or diseases to their sick vines. The DPI can undertake soil, water, pest and disease testing across its many laboratories, to identify problems being found in vineyards and farms. The testing does come at a charge to producers, to cover associated costs.

Some of the problems identified during the year included *Botryosphaeria obtusa*, the causal pathogen of 'Bot



canker' a trunk disease; *Cylindrocarpon* the causal pathogen of 'black foot' a root disease; *Rhizoctonia*, causal pathogen of *Rhizoctonia* root rot, *Botrytis cinerea* and *Aspergillus* berry rot diseases in green berries at bunch closure; *Phomopsis* disease growing on canes; flea beetles that defoliated vine leaves and canes; and common auger beetle boring through vine trunks and cordons.

Flea beetles swarm vines, eating vine foliage and canes.



Alternative Pest and Disease management options: Through grassroots funding a trial was undertaken during 2011/12, at the NSW DPI vineyard on Murray Rd. The project aimed to evaluate and identify the role some biological product options can play in Standard Viticulture Pest and Disease management programs, under Riverina climatic conditions to reduce and control disease development – particularly Powdery Mildew, Downy Mildew, Sour and *Botrytis* bunch rots.

During the growing season, weather conditions had not shown any signs of disease development between the different treatments, but at the end of the 2012 harvest, Powdery mildew was evident in untreated plots and plots with little control applied earlier in the growing season. Full details for the project will be made available, later in 2012.

Other activities carried out during the year included Focus on Farming newspaper articles, On Target in Agriculture radio articles, workshops on Silverleaf nightshade and fleabane management and financial management options.

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

STATEMENT BY MEMBERS OF THE BOARD

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

1. The accompanying financial report exhibits a true and fair view of the financial position of the Wine Grapes Marketing Board as at 31 December 2011 and its transactions for the year then ended.
2. The report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2010*, and the Treasurer's directions.

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



Bruno Brombal
Chairman



Anthony Baggio
Member

Dated this day the 26 March 2012



INDEPENDENT AUDITOR'S REPORT

Wine Grapes Marketing Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Wine Grapes Marketing Board (the Board), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 31 December 2011, 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* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

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

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

SBond.

Sally Bond
Director, Financial Audit Services

30 March 2012
SYDNEY

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

STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2011

31/12/10		Note	31/12/11
\$			\$
	INCOME		
18,868	Other Income	2	23,899
90,242	Interest		109,264
47,425	Grants	3	172,125
837,893	Fees and Charges on Growers	4/13	537,233
3,857	Gain on Sale of Assets		4,738
998,285	TOTAL INCOME		847,259
	EXPENDITURE		
14,110	Audit Fees		14,535
1,200	Bank Fees		932
54,099	Board Fees & Allowances and Superannuation		54,040
63,694	Consultancy Fees		133,238
38,930	Depreciation		41,892
5,463	Fringe Benefits Tax		4,528
208,389	Other Administration Expenses	5	274,243
277,231	Salaries, Wages & Superannuation		276,973
26,100	Subscriptions		32,416
21,517	Travelling expenses		23,284
(1,708)	Employees Leave Entitlements		13,050
709,025	TOTAL EXPENDITURE		869,131
289,260	SURPLUS / (DEFICIT) FOR THE YEAR		(21,872)
	OTHER COMPREHENSIVE INCOME		
(96,413)	Net increase/(decrease) in asset revaluation reserve	12(a)	-
192,847	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(21,872)

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

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

STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

31/12/10		Note	31/12/11
\$			\$
836,925	Cash & Cash Equivalents	6	341,265
48,674	Trade and Other Receivables	7	38,962
1,100,000	Investments	8	1,600,000
<u>1,985,599</u>	Total Current Assets		<u>1,980,227</u>
	NON-CURRENT ASSETS		
640,892	Property, Plant & Equipment	9	638,363
<u>640,892</u>	Total Non-Current Assets		<u>638,363</u>
<u>2,626,491</u>	TOTAL ASSETS		<u>2,618,590</u>
	CURRENT LIABILITIES		
52,825	Trade and Other Payables	10	53,746
14,952	Employee Benefits	11	49,336
<u>67,777</u>	Total Current Liabilities		<u>103,082</u>
	NON-CURRENT LIABILITIES		
21,334	Employee Benefits	11	-
<u>21,334</u>	Total Non-Current Liabilities		<u>-</u>
<u>89,111</u>	TOTAL LIABILITIES		<u>103,082</u>
<u>2,537,380</u>	NET ASSETS		<u>2,515,508</u>
	EQUITY		
94,987	Reserves	12(a)	94,987
2,442,393	Retained Earnings	12(b)	2,420,521
<u>2,537,380</u>	TOTAL EQUITY		<u>2,515,508</u>

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

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2011

31/12/10		Note	31/12/11
\$			\$
	RESERVES		
	Asset Revaluation Reserve		
191,400	Balance on 1 January		94,987
(96,413)	Net increase/(decrease) on revaluation of land & buildings		-
94,987	Balance on 31 December		94,987
	RETAINED EARNINGS		
2,153,133	Balance on 1 January		2,442,393
289,260	Surplus (deficit) for the year		(21,872)
2,442,393	Balance on 31 December		2,420,521
2,537,380	TOTAL EQUITY		2,515,508

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

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2011

31/12/10 Inflows (Outflows) \$	Note	31/12/11 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS		
1,452,640	Wineries & Growers	1,662,758
52,168	Grants Received	189,338
90,242	Interest Received	109,264
16,128	Other	36,282
1,611,178		1,997,642
PAYMENTS		
(327,842)	Employee Benefits	(345,142)
(330,462)	Payments to Suppliers	(481,107)
(614,747)	Payments to Growers	(1,132,428)
(1,273,051)		(1,958,677)
NET CASH PROVIDED BY OPERATING ACTIVITIES		
338,127	14	38,965
CASH FLOWS FROM INVESTING ACTIVITIES		
14,273	Proceeds from Sale of Fixed Assets	56,437
(47,757)	Payments for Property, Plant & Equipment	(91,062)
(500,000)	Payments for Investments	(500,000)
(533,484)	NET CASH USED IN INVESTING ACTIVITIES	(534,625)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
(195,357)		(495,660)
1,032,282	Cash & cash equivalents at 1 January	836,925
836,925	Cash & cash equivalents at 31 December	341,265

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

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

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 26 March 2012.

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

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

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

(a) Property, Plant & Equipment

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

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

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

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

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

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

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

See Note 9.

(b) Financial Instruments

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

Receivables

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

(c) Cash and cash equivalents

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

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

(d) Trade and other receivables

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

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Employee Benefits

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

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

(g) Trade and other Payables

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

(h) Revenue

Fees and Charges on Growers

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

Interest

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

Other revenue

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

(i) Income Tax

The Board is exempt from income tax.

(j) Goods and Services Tax

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

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

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

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Accounting Standards Issued but not yet Effective

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

(l) Board Activities

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

Board fees and charges are deducted from payments made to growers. Payment dates are set by the Board in accordance with the Wine Grapes Marketing Board (Terms and Conditions of Payment) Order 2011 under the Act.

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 2: OTHER INCOME

31/12/10		31/12/11
\$		\$
1,691	Advertising	1,000
5,882	Fees & Charges	13,528
5,101	Reimbursements	2,823
6,194	Sales	6,548
18,868		23,899

NOTE 3: RESTRICTED FUNDS - RESEARCH FUND

In 2010 and 2011 the Board applied to the Grape and Wine Research and Development Corporation (GWRDC) for funding under its Regional Grassroots extension program and was successful in obtaining 100% of the available regional grant funds \$125,000 in 2011 (\$94,550 in 2010, GWRDC financial year - July 2010 to June 2011), as the 2010 project work was not completed funds were carried over into 2011. The transactions for the year ended 31 December 2011 are detailed below:

31/12/10		31/12/11
\$		\$
86,044	Balance on 1 January	68,375
47,425	GWRDC Regional Plan – Riverina (funds received)	172,125
133,469		240,500
65,094	Research Outlays	102,727
68,375	Balance at 31 December	137,773

NOTE 4: FEES & CHARGES ON GROWERS

For the 2011 vintage the fees and charges were approved at \$3.90 per tonne (2010 \$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 2011 noting excess funds received the Board moved to return an amount equivalent to \$1.50 per tonne to growers. Returned levies represented both fees and charges remitted by wineries from both non-constituted and constituted wine grape growers. The following table shows the fees and charges received and returned during the year:

31/12/10		31/12/11
\$		\$
839,210	Fees and charges paid by growers	874,054
(1,317)	Levies returned (non-constituted growers) \$3.90 per tonne	(489)
-	Levies returned \$1.50 per tonne	(336,332)
837,893	NET RECEIPTS Levies Retained	537,233

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 5: OTHER ADMINISTRATION EXPENSES

Details of the components of this item are as follows:

31/12/10		31/12/11
\$		\$
10,149	Accountancy	10,630
45,499	Advertising, Printing & Stationery	38,069
4,113	Computer Expenses	6,851
3,030	Conferences & Seminars	1,667
1,000	Donations	23,439
9,237	Industry Functions	10,741
13,867	Insurance	15,576
21,016	Legal Fees	17,395
12,972	Motor Vehicle Expenses	14,919
13,089	Office Expenses	12,128
20,861	Postage, Telephone & Facsimile	22,816
1,550	Rates	2,586
3,459	Research & Development Function	16,468
14,258	Research Project Payments	69,500
30,367	Sponsorship	10,232
3,770	Staff training	1,226
152	Sundry	-
208,389		274,243

NOTE 6: CASH & CASH EQUIVALENTS

31/12/10		31/12/11
\$		\$
191,823	Administration Account	332,104
645,102	Grower Payments Cheque Account	9,161
836,925		341,265

Refer to note 3 for details of restricted funds

NOTE 7: TRADE AND OTHER RECEIVABLES

Amounts owing to the Board at 31 December 2011 comprise:

31/12/10		31/12/11
\$		\$
27,271	Trade Debtors	2,003
11,697	GST Receivable	13,893
(6,186)	Provision for Doubtful Debts	-
15,892	Accrued Income	23,066
48,674		38,962

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 7: TRADE AND OTHER RECEIVABLES (continued)

Provision For Impairment of Receivables

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

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

31/12/10		31/12/11
\$		\$
6,186	Opening Balance	6,186
-	Charge for the Year	-
-	Amount written off	6,186
6,186		-

NOTE 8: INVESTMENTS

31/12/10		31/12/11
\$		\$
600,000	CBA term deposit 5018 8433	-
500,000	CBA term deposit 5019 4235	-
-	Suncorp Bank term deposit 4522 88060	300,000
-	Suncorp Bank term deposit 4522 87226	800,000
-	Suncorp Bank term deposit 4522 88117	500,000
1,100,000		1,600,000

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 9: PROPERTY, PLANT & EQUIPMENT

31/12/10 \$		31/12/11 \$
	Land & Buildings	
	Freehold Land at:	
200,000	- independent valuation 25 October 2010	200,000
<u>200,000</u>		<u>200,000</u>
	Buildings at:	
330,000	- independent valuation 25 October 2010	330,000
(1,582)	Less accumulated depreciation	(9,832)
<u>328,418</u>		<u>320,168</u>
<u>528,418</u>	Total Land & Buildings	<u>520,168</u>
54,307	Office Equipment	62,123
(45,123)	Less: Accumulated Depreciation	(49,639)
<u>9,184</u>		<u>12,484</u>
108,420	Motor Vehicles	108,882
(25,026)	Less: Accumulated Depreciation	(19,896)
<u>83,394</u>		<u>88,986</u>
36,159	Computer Equipment	38,225
(34,413)	Less: Accumulated Depreciation	(34,250)
<u>1,746</u>		<u>3,975</u>
57,501	Research Equipment	57,501
(39,351)	Less: Accumulated Depreciation	(44,751)
<u>18,150</u>		<u>12,750</u>
<u>112,474</u>	Total Plant & Equipment	<u>118,195</u>
<u>640,892</u>	Total Property, Plant & Equipment	<u>638,363</u>

MOVEMENT IN CARRYING AMOUNTS

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

WINE GRAPES MARKETING BOARD
for the City of Griffith and the Local Government Areas of Leeton,
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 9: PROPERTY, PLANT & EQUIPMENT (continued)

WDV	Land & Buildings \$	Research Equipment \$	Office Equipment \$	Motor Vehicle \$	Computer Equipment \$	Totals \$
Balance at 1 January 2011	528,418	18,150	9,184	83,394	1,746	640,892
Acquisitions	-	-	7,815	78,961	4,287	91,063
Depreciation	(8,250)	(5,400)	(4,515)	(21,669)	(2,058)	(41,892)
Disposals	-	-	-	(51,700)	-	(51,700)
Revaluation increments/ decrements	-	-	-	-	-	-
Balance at 31 December 2011	520,168	12,750	12,484	88,986	3,975	638,363

NOTE 10: TRADE AND OTHER PAYABLES

31/12/10		31/12/11
\$		\$
21,216	Trade Creditors	7,752
715	GST Payable	12,980
8,478	PAYG Withholding	7,400
22,065	Accruals	25,031
351	Credit Cards	583
<u>52,825</u>		<u>53,746</u>

NOTE 11: EMPLOYEE BENEFITS

CURRENT

31/12/10		31/12/11
\$		\$
14,952	Provision for Annual Leave	25,263
-	Provision for Long Service Leave	24,073
<u>14,952</u>		<u>49,336</u>

NON-CURRENT

31/12/10		31/12/11
\$		\$
21,334	Provision for Long Service Leave	-
<u>21,334</u>		<u>-</u>

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 12: EQUITY

NOTE 12a: RESERVES

31/12/10		31/12/11
\$		\$
191,400	Opening balance	94,987
(96,413)	Net increase/(decrease) on revaluation of land & buildings	-
94,987		94,987

NOTE 12b: RETAINED EARNINGS

31/12/10		31/12/11
\$		\$
2,153,133	Retained earnings at the beginning of the financial year	2,442,393
289,260	Surplus for the year	(21,872)
2,442,393	Retained earnings at the end of the financial year	2,420,521

Revaluation Reserve

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

NOTE 13: REMITTANCES RECEIVED FROM WINERIES

The Board can direct wineries to pay growers directly provided certain conditions are met. The Board's legislation (*Wine Grapes Marketing Board (Reconstitution) Act 2003*) enables the Board to make an *Order* that requires that all wineries make payment for purchases (not subject to complying contracts) as directed by the Board. The *Wine Grapes Marketing Board (Terms and Conditions of Payment) Order 2011* The Board requests wineries apply to the Board for the ability to make payments directly to growers, provided all fees and charges are deducted from the growers' payment and forwarded to the Board with supporting reports as per the *Order*. Four wineries paid through the Board in 2011, two chose to undertake payment via the Board, two were directed to following a breach of the *Order*. This is shown in the table below:

31/12/10		31/12/11
\$		\$
1,452,640	Winery/Grower Receipts	1,669,662
(613,430)	Grower Payments (winery directed to pay via WGMB)	(795,608)
(1,317)	Levies Returned (non-constituted \$3.90 & rebate \$1.50)	(336,821)
837,893	NET RECEIPTS Levies retained	537,233

WINE GRAPES MARKETING BOARD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

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

31/12/10 Inflows (Outflows) \$		31/12/11 Inflows (Outflows) \$
289,260	OPERATING RESULT	(21,872)
	Adjustments for:	
38,930	Depreciation	41,892
(3,857)	(Gain)/Loss on Sale of Assets	(4,738)
1,214	(Increase)/Decrease in Receivables	16,886
(9,828)	(Increase)/Decrease in Accrued Income	(7,174)
12,498	(Increase)/Decrease in Prepayments	-
11,618	Increase/(Decrease) in Payables	921
(1,708)	Increase/(Decrease) in Employee Entitlements	13,050
338,127	Net Cash provided by operating activities	38,965

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:

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

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 2011 (continued)

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(b) Interest Rate Risk (continued)

2011	Effective Interest Rate	Variable Interest \$	Fixed Interest Rate			Non-Interest Bearing \$	Total \$
			Less than 1 year \$	1 to 5 years \$	More than 5 years \$		
Financial Assets							
Bank	4.00%	341,265	-	-	-	-	341,265
Term Deposits	6.00%	-	1,600,000	-	-	-	1,600,000
Trade and Other Receivables	-	-	-	-	-	24,351	24,351
		341,265	1,600,000	-	-	24,351	1,965,616
Financial Liabilities							
Payables		-	-	-	-	31,797	31,797
	N/A	-	-	-	-	31,797	31,797

(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 2010 \$	Fair Value 2010 \$	Carrying Amount 2011 \$	Fair Value 2011 \$
Financial Assets				
Cash and Cash Equivalents	836,925	836,925	341,265	341,265
Trade and other Receivables	36,977	36,977	24,351	24,351
Other Investments	1,100,000	1,100,000	1,600,000	1,600,000
Financial Liabilities				
Trade and other Payables	43,632	43,632	31,797	31,797

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 2011 (continued)

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(e) Estimation of Fair Values

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

Securities

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

Trades and Other Receivables / Payables

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

NOTE 16: COMMITMENTS

There was no capital or other operating expenditure commitments as at 31 December 2011 (2010: nil) other than the unexpended funds relating to GWRDC as advised at Note 3.

NOTE 17: CONTINGENT LIABILITIES

The Board is not aware of any contingent liabilities as at the date of signing off the accounts (2010: nil).

NOTE 18: SEGMENT REPORTING

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

NOTE 19: RELATED PARTY TRANSACTIONS

During the 2011 Financial Year there were no related party transactions, other than Board Fees & Allowances. All Board members are grower elected members. All other business transactions undertaken between the Board and Board members are done so at arms length and under normal commercial arrangements.

NOTE 20: KEY MANAGEMENT PERSONNEL

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

31/12/10		31/12/11
\$		\$
163,573	Total Compensation – Short-Term Benefits	169,222
11,848	Total Compensation – Long-Term Benefits	12,449
<u>175,421</u>		<u>181,671</u>

NOTE 21: FINANCIAL RISK MANAGEMENT

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2011 (continued)

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

(a) Liquidity risk

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

(b) Credit risk

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

(c) Interest rate risk

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

(d) Sensitivity analysis

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

31/12/10 \$		31/12/11 \$
	Change in surplus	
19,369	Increase in interest rate by 1%	19,413
(19,369)	Decrease in interest rate by 1%	(19,413)
31/12/10 \$		31/12/11 \$
	Change in equity	
19,369	Increase in interest rate by 1%	19,413
(19,369)	Decrease in interest rate by 1%	(19,413)

NOTE 22: SUBSEQUENT EVENTS

The *Wine Grapes Marketing Board (Reconstitution) Act 2003* was repealed on 1st January 2012. In the absence of this instrument the Board from 2012 onward is required to enter into agency agreements with winery purchasers to enable them to deduct and remit to the Board statutory fees and charges. In the event that the Board and the winery purchaser are unable to enter into an arrangement the Board will be required in accordance with the *Agricultural Industry Service Act 1998* to seek to have an authorised officer appointed that can audit these wineries for the required information. The Board will then need to invoice growers directly for the fees and charges. The costs of this undertaking will impact on the Boards expenses negatively.

End of Audited Accounts

WINE GRAPES MARKETING BOARD - 2012 CONSOLIDATED BUDGET

2011 Budget	2011 Actual	EXPENSE ACCOUNTS	Notes	2012 Budget
INCOME				
\$858,000	\$537,233	2012 Rates 220,000 tonnes @ \$3.90/t	1	\$858,000
\$72,000	\$109,264	Interest from Bank Accounts		\$85,000
\$12,350	\$23,899	Income from Operating Activities		\$7,900
\$45,000	\$4,738	Proceeds from Sale of Assets		\$24,000
\$59,480	\$172,125	Research Funds (GWRDC Grants)		-
\$1,046,830	\$847,259	TOTALS		\$974,900
OPERATING EXPENDITURE				
\$7,500	\$10,630	Accountancy Fees	2	\$8,500
\$41,385	\$38,069	Advertising, Printing and Stationery		\$44,470
\$18,500	\$14,535	Audit Fees – Statutory		\$18,500
\$1,700	\$932	Bank Fees and Charges		\$900
\$52,000	\$54,040	Board Fees, Allowances and Super.		\$52,000
\$4,055	\$6,851	Computer Expenses		\$3,770
\$6,700	\$1,667	Conferences/Seminars		\$3,320
\$75,700	\$133,238	Consultancy Fees		\$168,300
\$40,000	\$41,892	Depreciation Expense		\$41,152
\$2,000	\$23,439	Donations		\$2,000
\$4,200	\$4,528	Fringe Benefits Tax		\$3,800
\$9,950	\$10,741	Industry Functions		\$13,700
\$14,037	\$15,576	Insurance		\$15,131
\$14,000	\$17,395	Legal Fees		\$22,500
\$12,300	\$14,919	Motor Vehicle Operating Expenses		\$11,920
\$14,180	\$12,128	Point of Access Office Expenses		\$11,410
\$18,910	\$22,816	Postage, Telephone & Facsimile		\$27,930
\$7,510	\$13,050	Employee Leave Entitlements		\$5,000
\$2,200	\$2,586	Rates		\$2,200
\$5,850	\$16,468	Research Consumables		\$2,600
\$62,780	\$69,500	Research Payments		\$57,000
\$277,280	\$276,973	Salaries, Wages and Superannuation		\$297,793
\$11,000	\$10,232	Sponsorship		\$10,000
\$4,000	\$1,226	Staff Training		\$4,250
\$82,850	\$32,416	Subscriptions	3	\$86,830
\$100	-	Sundry Expenses		\$100
\$38,100	\$23,284	Travelling Expenses		\$30,500
\$828,787	\$869,131	SUB TOTAL		\$945,576
CAPITAL EXPENDITURE				
\$5,500	\$1,130	Building Expenditure		\$5,000
\$74,000	\$29,921	Motor Vehicles Purchase		\$35,000
\$7,500	\$1,034	Office equipment		-
\$2,500	\$672	Computer equipment		\$3,500
\$6,000	\$15,000	Research equipment		-
\$95,500	\$47,757	SUB TOTAL		\$43,500
\$924,287	\$916,888	TOTAL EXPENDITURE		\$989,076
\$122,543	(\$69,629)	SURPLUS/(DEFICIT)		(\$14,176)

NOTES TO THE 2012 CONSOLIDATED BUDGET

The following is to explain select items of the budget.

NOTE 1: RATES INCOME

In 2011 the rates paid to the Board were reduced from \$3.90 per tonne to \$2.40 per tonne effective, this was based on the Board providing to all growers a return of \$1.50 per tonne paid in November 2011.

NOTE 2: CONSULTANCY FEES

Consultancy Fees are anticipated to remain high as a reflection of the GWRDC funded Regional Grassroots Program work being undertaken by the Board.

NOTE 3: SUBSCRIPTIONS

Subscriptions account for the funding of approved services through Wine Grape Growers Australia. Activities such as funding of the Code of Conduct Administration Committee, vine health management and research and development priorities. Other subscription expenses include NSW Wine Industry Association, National and New South Wales Irrigators Council and the Grapegrowers and Vignerons magazine.

-Notes-



Riverina
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