



*Riverina*  
WINE GRAPES  
MARKETING BOARD

## WINE GRAPES MARKETING BOARD



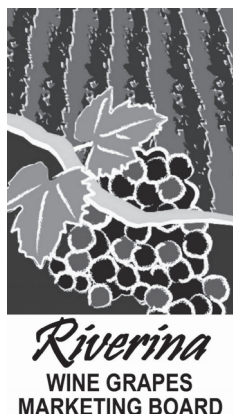
Serving  
Riverina  
Winegrape  
growers  
since  
1 9 3 3

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

## ANNUAL REPORT 2014

# WINE GRAPES MARKETING BOARD

## Annual Report for 2014



### **Wine Grapes Marketing Board Offices**

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

### **Board Executive Members**

#### **Chairman**

Bruno Brombal  
Mobile: 0429 630 465

#### **Deputy Chairman**

Robert Bellato  
Mobile: 0408 477 210

### **Staff Members**

#### **Chief Executive Officer**

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

#### **Industry Development Officer**

Kristy Bartrop  
Mobile: 0422 717 573  
Email: kbartrop@wgmb.net.au

#### **Technical Officer**

James Codemo  
Mobile: 0401 567 449  
Email: jcodemo@wgmb.net.au

#### **Office Manager**

Sheree Collins  
Email: scollins@wgmb.net.au

### **Annual General Meeting**

Tuesday 16<sup>th</sup> June 2015  
Yoogali Club  
YOOGALI NSW 2680  
Commencing at 7:30pm

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## ACRONYMS AND ABBREVIATIONS USED IN THIS REPORT

|        |                                                  |
|--------|--------------------------------------------------|
| ACCC   | Australian Competition and Consumer Commission   |
| AGWA   | Australian Grape and Wine Authority              |
| ASVO   | Australian Society of Viticulture and Oenology   |
| AWRI   | Australian Wine Research Institute               |
| CCEPP  | Consultative Committee for Emerging Plant Pests  |
| CEO    | Chief Executive Officer                          |
| CPA    | Certified Practising Accountant                  |
| EEO    | Equal Employment Opportunity                     |
| GIS    | Geographical Information Service                 |
| GS     | General Security                                 |
| GST    | Goods and Services Tax                           |
| HACCP  | Hazards Analysis of Critical Control Points      |
| IDO    | Industry Development Officer                     |
| MP     | Member of Parliament                             |
| NOSB   | National Office of Small Business                |
| NSW    | New South Wales                                  |
| NSWDPI | New South Wales Department of Primary Industries |
| NSWWIA | New South Wales Wine Industry Association        |
| OM     | Office Manager                                   |
| R&D    | Research and Development                         |
| RD&E   | Research, Development and Extension              |
| SMS    | Short Message Service                            |
| TO     | Technical Officer                                |
| TPP    | Treasury Policy Paper                            |
| WET    | Wine Equalisation Tax                            |
| WFA    | Winemakers' Federation of Australia              |
| WGGA   | Wine Grape Growers' Australia                    |
| WGMB   | Wine Grapes Marketing Board                      |

## Letter to the Minister

13 April 2015

The Honourable Niall Blair, MLC  
Minister for Primary Industries, Minister for Lands and Water  
NSW Parliament House  
SYDNEY NSW 2000

Dear Minister

The Wine Grapes Marketing Board, on behalf of all wine grape growers in the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee, has pleasure in presenting the report for the year ended December 31, 2014 for tabling in the NSW Parliament.

This 81<sup>st</sup> Annual Report on performance, activities and financial results has been prepared in accordance with provisions of the *Annual Reports (Statutory Bodies) Act 1984*, and the *Public Finance and Audit Act 1993*.

Yours sincerely



Bruno Brombal  
Chairman



Robert Bellato  
Deputy Chair



## Chief Executives' Report - Brian Simpson

Welcome to the Wine Grapes Marketing Board's 2014 Annual Report of its operations and financial position.

This report contains a draft copy of the minutes of the previous meeting that was held in 2014 for your information prior to the Annual General Meeting to be held 16 June 2015 commencing at 7:30pm at the Yoogali Club, Yoogali NSW.

In 2014 the Board introduced its Strategic Operations Plan 2015-2019 in accordance with the NSW Government's requirements under the *Agricultural Industry Services Act 1998*. Copies of this plan were sent to all growers in October 2014 prior to the meeting to approve the Plan and the 2015 budget and the statutory fees and charges to be applied in the 2015 year.

While many assumed that the 2014 vintage would signal a recovery to profitability for all growers this was not the case. Issues such as the high dollar, levels of stock, retailer behaviour and increasing imports shouldered the principal blame for this not occurring.

At the time of writing the Australian dollar sits comfortably low and while its position was thought to be a major impediment to grower's profitability many wineries are stating that they are currently not in a position to be able to pass this through the supply chain. The current excuse being used by many is the WET Rebate is causing the major problems, not just in the domestic market where it is applied but in the export market. It is also understood that taxation loopholes are allowing the WET Rebate to be claimed on wine that is ultimately exported.

The Board is working with the federal growers association Wine Grape Growers Australia to develop a position for the federal government. The Board is trying to initiate change in this area so that this artificial crutch that the industry has adopted can be removed and enable the industry to return to a level playing field where wineries are not getting a tax advantage.

Post the 2014 harvest there were reports of numerous growers removing vineyards and exiting the industry. Overall with replanting of vines it is calculated that approximately 1,000 hectares net total of removals occurred. This brings our region back to approximately 21,000 hectares of winegrapes (20,000ha bearing). At a modest 7 tonnes per acre average (17.3 tonnes per hectare) the region is capable of producing a substantial crop close to 350,000 tonnes. Estimates from wineries for the 2015 harvest is that the region could produce around 327,000 tonnes of winegrapes.

## Statutory Compliance

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

### **Application for Extension of Time**

The Board did not apply for an extension of time to publish its Annual Report for 2014.

### **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).

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

## Access

The office is located at 182 Yambil Street Griffith NSW.

Telephone 02 6962 3944

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

## Management & Structure

The Board consists of seven members, five of whom are elected by winegrape growers and two appointed by the Board. The elected members positions will now run until February 2016. The appointed members' terms cease February 2017.

### Board Members during 2014

- Bruno Brombal (Chairman - Executive)
- Robert Bellato (Deputy Chair - Executive)
- Bruno Altin - appointed member
- Rod Gribble
- Lou Dal Nevo
- Tony Baggio
- Eric Berton - appointed member

### Meetings of the Board

During the 12 months to 31 December 2014 there were 12 general meetings, 2 public meetings and 1 special meeting of the Board.

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

Public Meetings held in 2014 were the Annual General Meeting and the Strategic Planning and Budget setting meeting.

### Board Member Meeting Attendance

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

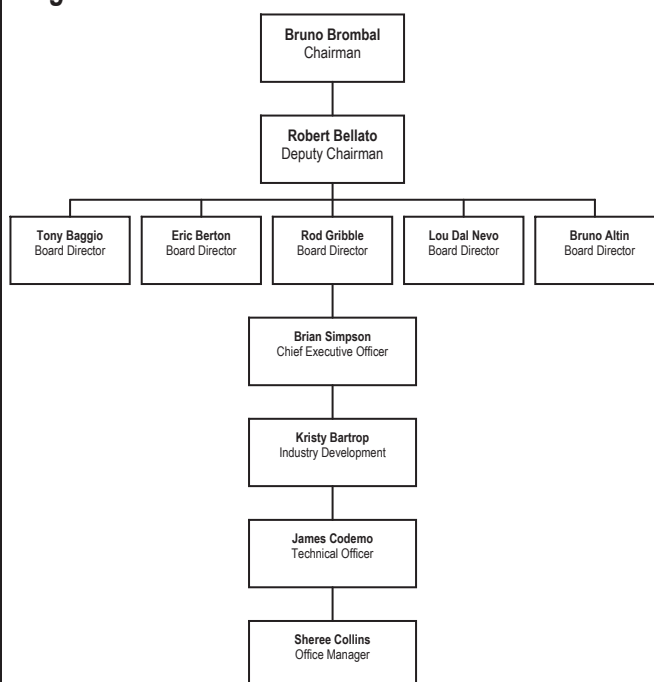
| Member         | Meetings attended | Available to attend | %    |
|----------------|-------------------|---------------------|------|
| Bruno Brombal  | 15                | 15                  | 100% |
| Robert Bellato | 14                | 15                  | 93%  |
| Lou Dal Nevo   | 14                | 15                  | 93%  |
| Tony Baggio    | 13                | 15                  | 87%  |
| Rod Gribble    | 13                | 15                  | 87%  |
| Eric Berton    | 14                | 14                  | 100% |
| Bruno Altin    | 14                | 14                  | 100% |

## Board Staff

From 1 Jan 2014 - 31 Dec 2014 staff members were:

- *Chief Executive Officer* - Brian Simpson
  - commenced employment 12 June 2000
- *Industry Development Officer* - Kristy Bartrop
  - commenced employment 6 August 2008
- *Office Manager* - Sheree Collins
  - commenced employment 16 August 2010
- *Technical Officer* - James Codemo
  - commenced employment 6 June 2011

### Organisation Chart



### Summary Review of Operations

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

- There were no significant programs or operations undertaken by the Board during 2014.

### Funds Granted to Non-Government Community Organisations

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

### Legal Change

There was no legal change to the organisation during 2014.

### Economic or Other Factors

The Board continues to enter into agency agreements with grape processors for them to deduct statutory fees and charges from grower payments and forward these to

the Board. The agency agreements were well adopted in 2014 with the Board being required to pay 5% of the \$3.90 per tonne to the wineries \$38,255 in 2014 (\$30,657 in 2013).

### **Management & Activities**

A review of the strategic operations of the Board was conducted by the Board during 2014. This was presented to growers in the *WGMB Strategic Operations Plan 2015-2019 and Operating Budget for 2015* publication, which was made available to all growers and is available online. The Plan was adopted at a meeting of growers held in December 2014 at which time the rate for the Board's grower fees and charges was set (\$3.90 per tonne fresh weight).

A performance review of all permanent staff was undertaken by Executive members of the Board in December as per the conditions of their contracts. All contracts were reoffered for a further 12 months.

### **Research & Development**

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

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

In 2014 the Board undertook the following projects:

- Colour development trial
- Trunk disease trial site
- Mid-row management
- Brassica biofumigation
- Precision viticulture

The resources allocated to this program are the Industry Development Officer in terms of management and overseeing the project activities and reporting to the AGWA and the Technical Officer for sampling and recording of data as required by the projects.

### **Human Resources**

During 2014 the Board employed 4 permanent staff.

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

There was a 5% positive variation in wages and salaries from the 2013 position.

There have been no major changes in the staffing numbers and structure of the organisation for the past 4 years.

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

Permanent staff performance is reviewed annually by Board Executive and these reviews are discussed at the next occurring Board meeting.

All permanent staff members are engaged on 1 year contracts ending 31 December 2015.

### **Consultants and Research Payments**

The Board engaged the services of 2 accountants that were appointed by the NSW Government in accordance with the *Agricultural Industry Services Act 1998* to act as Authorised Inspectors for the Board for the purposes of ensuring completeness of revenues.

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

Ms Sally Whitely CPA, Miller Crawford Accounting Services, Wagga Wagga, NSW.

- Authorised Inspections fees 2014 - \$1,889 (\$3,656 in 2013)

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

Four (5) consultants were engaged in 2014 costing a total of \$28,005 (\$29,190 in 2013) excluding GST.

- Veritech, development of a Contacts Database \$1,880
- Mettler-Toledo Ltd Laboratory Equipment Calibration \$1,075
- Management Resource Plus – HACCP \$ 260
- Dalcrom Agricultural Management \$4,790
- NSW DPI – Brassica Biofumigation Trial \$20,000

### **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% |

### **Disability Plans**

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

### **Land Disposal**

No disposal of property or land occurred within the 2014 Financial Year. A revaluation of the property and land occurred in December 2013 as per NSW Audit Office Agents request. Another revaluation will occur in 2016 for the purposes of financial reporting.

### **Promotion**

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

- 2014 Riverina Field Days \$10,000
- 2014 Riverina Wine Show \$ 3,000
- Tourism Touchscreens \$ 895
- Australian Grape & Wine Authority – Asian Media/Trade visitor program \$ 8,900
- Riverina Regional Tourism \$20,000
- Midstate Video Productions \$ 3,000

### **Consumer Response**

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

### **Payment of Accounts**

The details of financial performance for each quarter re shown in the following table, it does not include payments to employees, returns to growers, Board members, superannuation funds and the Australian Taxation Office. The Board aims to make 100% of payments to creditors within the terms of payment set out by suppliers.

| Number of Days  | 1 <sup>st</sup> quarter | 2 <sup>nd</sup> quarter | 3 <sup>rd</sup> quarter | 4 <sup>th</sup> quarter |
|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 0-30 days       | \$144,907               | \$180,615               | \$154,962               | \$117,066               |
| 30-60 days      | -                       | -                       | -                       | -                       |
| 60-90 days      | -                       | -                       | -                       | -                       |
| 90+ days        | -                       | -                       | -                       | -                       |
| <b>\$ Total</b> | <b>\$144,907</b>        | <b>\$180,615</b>        | <b>\$154,962</b>        | <b>\$117,066</b>        |
| <b>% target</b> | 100%                    | 100%                    | 100%                    | 100%                    |
| <b>% actual</b> | 100%                    | 100%                    | 100%                    | 100%                    |

### **Time for Payment of Accounts**

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

### **Risk Management & Insurance Activities**

The Board is currently insured for members and staff liability and professional indemnity. All assets are insured to their replacement value. The Board's internal

policy on purchasing is for all asset purchases to be recorded on the assets register.

### **Internal Audit and Risk Management Policy Attestation**

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

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

### **Disclosure of Controlled Entities**

The Board does not have any controlled entities.

### **Disclosure of Subsidiaries**

The Board does not have any subsidiaries.

### **Multicultural Policies and Services Program**

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

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

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

### **Agreements with Community Relations Commission**

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

### **Workplace Health & Safety**

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

### **Waste**

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

All confidential material is securely shredded and disposed off-site.



### **Numbers of Executive Officers**

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

### **Public Access of Information**

The Board reviewed its public access policy and publication guide in accordance with *Government Information (Public Access) Act 2009, Section 7, Clause 3*, at its general meeting held in August 2014.

The Board received 38 formal requests for information (2 in 2013) under the provisions of the *Government Information (Public Access) Act 2009*. These related directly to growers own farm details held by the Board. No charges or fees were requested for requests and these were completed within 24 hours of application.

No applications were refused by the Board.

### **Public Interest Disclosures**

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

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

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

### **Electronic Service Delivery**

Wine Grapes Marketing Board internet site [www.wgmb.net.au](http://www.wgmb.net.au) continues to host Board newsletters.

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

During the year the Board's website had 4,978 unique visitors and they made 8,394 visits. 90% of visits were for less than 5 minutes in total.

### **Publication Guide**

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

### **Appointed Auditors**

The NSW Audit Office appointed Johnsons MME from Albury as its agent for the 2014 Audit.

### **Annual Reports**

The Board produced 400 copies of this Annual Report to enable it to be sent to all constituents and to comply with statutory requirements. Annual reports cost \$5.76 per unit (+ GST), these were printed locally.

### **Financial Year of the Board**

1<sup>st</sup> January to 31<sup>st</sup> December.

### **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.

#### **Hanwood Grape Growers' Association**

##### **Postal Address**

PO Box 321  
HANWOOD NSW 2680

##### **Contact Details**

Chairman Lance Hicken 6963 0418  
Meetings are held at the Hanwood Sports Club at varying times through each year with notices sent to growers via SMS.

#### **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 at varying times throughout the year with notices of meetings sent to growers via email & SMS.



### **Research, Development & Extension Report**

#### **Report by Industry Development Officer Kristy Bartrop**

The Research, Development & Extension activities in 2014 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.

### ***AGWA Regional Extension projects***

The Australian Grape and Wine Authority (AGWA) Regional extension program continued in 2014. 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 2014/15 project plan encompasses five projects; Colour development trial, Trunk disease trial site, Mid-row management, Brassica biofumigation treatment of root rot and young vine decline, and precision viticulture analysis of shiraz block quality variability.

### ***Natural Disaster Assessments and Assistance***

The 2014 season saw minimal natural disaster issues. Late season rainfall and high humidity in January increased the Botrytis risk for the early ripening varieties and some berry split concerns.

### ***Riverina Field Days***

The Wine Grapes Marketing Board has proudly been the major sponsor of the Riverina Field Days since 2007. The WGMB has a presence at the field day in a central location within the field days site. All growers are encouraged to support this annual event and the Board welcomes comments or suggestions that could improve the field days.

### ***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 Satellite imagery was updated in December 2012.

### ***Vintage Grape Analysis Laboratory***

The Wine Grapes Marketing Board vintage grape analysis laboratory continued its service to growers for the 2014 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 Darren Fahey from NSW DPI. 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.

### ***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 227 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.

### ***Regional Representation***

The Board Industry Development Officer represents the Riverina producers at the NSWRIA R&D committee and as the NSW representative on the Australian Society of Viticulture and Oenology (ASVO) Board. This representation allows our local level knowledge and skills to be directly involved in the state and national wine industry.

### ***Riverina Promotion***

The WGMB formed the Promotion Subcommittee in early 2014 to advance the Riverina wine growing region. The promotional projects in 2014 included the development of two videos to inform a broad audience of our presence in the industry. The WGMB also hosted a group of wine buyers and media from across Asia in the Riverina to directly inform this growing market of our wine region.

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

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**Riverina - Wine Grapes Marketing  
Board  
2013 Annual General Meeting  
Minutes of the Meeting held 25<sup>th</sup> June  
2014 commencing at 7:30 PM  
Yoogali Club, Yoogali NSW 2680**

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## **Attendance**

**42 Constituted Growers (inc Board members and non-voting growers):** Bruno Altin (Board Member), Ezio Arcifa, Leo Arcifa, Tony Baggio (Board Member), Steve Barbon, Tim Bavaresco, Robert Bellato (Deputy Chair), Derek Loy (Dunvar), Roger Bertacco, Eric Berton (Board Member), John Bisetto, Eugenio Bordin, Bruno Brombal (Chairman), Rick Ceccato, Louis Codemo, Bernie Connellan, Peter Cremasco, Agostino Cristofaro, Joe D'Aquino, John J Dal Broi, Lou Dal Nevo (Board Member), Leo De Paoli, Rocco Fattore, Daniel Favero, Brian Foggiato, Luigi Forner, Tony Foscari, Lino Foscari, Ray Foscari, Rod Gribble (Board Member), Pascal Guertin, Anthony Gulloni, Lance Hicken, Ralph Mallamace, Frank Manera, Len Panarello, Lorenzo Pellizzer, Louis Raccanello, Laurence Salvestro, John Strano, Gema Terrel, Jack Torresan, Giulio Toscan, Ross Vecchio, Allan Zalunardo

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

**Guest Speakers:** Jason Cappello NSW DPI and Peter Baily, Wine Industry Analyst Wine Australia.

**Members of the Public:** Kevin McCrum, Alain Deloire Director, National Wine and Grape Industry Centre.

**Apologies:** Renzo Manete, Dom Calabria, John Blackwell, David Rossetto, Mario Fattore, John Vitucci, Peter Vittuci, Matthew Bugno, Gary Bugno, Tony Sergi, John Violi.

## **1. Minutes of previous Annual General Meeting**

Copies of the minutes had been included in the Annual Report for 2013.

***That the minutes be accepted as a true and accurate record of 19<sup>th</sup> June 2013 meeting -***

**MOVED: Guilo Toscan**  
**SECONDED: Eric Berton CARRIED**

## **1.1 Business Arising from the Minutes**

No business was raised from the previous minutes.

## **2. Chairman's Report – Bruno Brombal**

Approximately 269KT of winegrapes harvested in 2014, 30KT down on 2013. Frost would have impacted on the production by 60-70KT (including the hail damage and heat wave that occurred during the growing season).

Prices this season again fell with the lowest being reported at \$150 per tonne. It was expected that the prices would have risen following the frost.

The Board has been active this year meeting with federal and state politicians to advise them of the industry concerns. In February the Board travelled to Mildura to meet with Minister Barnaby Joyce, and at this meeting the matter of increased family assistance was raised. The CEO travelled to Canberra in the same month to meet with many federal members to discuss a vine removal scheme that involved reducing the amount of WET Rebate paid to industry with approximately \$30 million being used each year to fund a vineyard restructure nationally (vine pull). While this proposal had the support of the Murray Valley Growers and the Board it did not have the support of the South Australian producers.

Local Member Michael McCormack has been made aware of the continuing problems within the industry and recently the Board put to the NSW Government via Minister Adrian Piccoli a proposal to sell high security irrigation entitlements from vineyards 20 hectares and less to the NSW Government for a premium on the proviso that the vines are removed and cannot be replanted for at least 10 years.

The Board also this season wrote to Murrumbidgee Irrigation appealing for consideration to be given to those winegrape producers that were severely frost affected. The Board had asked that they be allowed to defer the payment of their water charges for 12 months and only be charged the interest during this period. MI's response was that growers need to negotiate individually with the company.

The Board has been very active in promotion with work with the NSW Government and local wineries slowly starting to take place.

Liaison has occurred with Transport for NSW in relation to seeking a 5% allowance for weights for



trucks during the harvest period. It is believed that consideration by the NSW Government will not be likely given the possible increases in spillages that this is likely to have across the region.

Chair and staff have held meetings with most wineries recently to discuss the industry issues and will again go through this process in November. Many wineries are reporting that the dollar is an ongoing problem and its impacts on export profitability. The market strength of the major retailers in Australia is also causing problems. Increased competition from growing imports on the back of the stronger dollar.

The message is clear that prices may drop in 2015 as bulk wine prices continue to be suppressed.

It has been noted that a number of producers are hearing the message and are removing their vineyards with approximately 1,000 hectares being come out of the ground to date.

In the Chairman's opinion growers need to speak to wineries directly about the prices they will be offering for the 2014-15 vintage. All we need as an industry is a further 5-10 cents per bottle which will translate to \$50 to \$100 per tonne more to growers.

There is also the concern that terms and conditions of payment need to be legislated.

Wineries should be informed that banks are seriously looking at closing up farms.

The Board's IDO is currently working on an Alternatives Workshop for Growers to be held 23<sup>rd</sup> July 2014. Growers need to look at what other activities that they can do on their vineyards.

***That the Chairman's reported be accepted -***

**MOVED:** ***Peter Cremasco***

**SECONDED:** ***Tony Baggio***

***CARRIED***

The following questions were raised from the floor:

**Can the Board meet with representatives from the major retailers to promote growers?**

Growers raised concerns that the same would happen to the industry as the fruit and vegetable industry, they carry the costs of the promotion. The Chair advised that there would be no harm in meeting with the retailers. The retailers in Australia now know more about the industry than ever before, for example Woolworths owns vineyards a winery and a packaging business.

Growers believe that the Board should be speaking with wineries about the problems being faced by growers and that the price needs to be higher. Wineries are not being "fair dinkum" with growers about what they can and cannot afford to pay. The question was raised why can Casella Wines afford to pay \$300 per tonne for fruit destined for the export market?

Casella Wines has a significant scale advantage to other wineries in the Riverina region and would now be one of the lowest cost producers of wine in Australia. The strength of its brand Yellow Tail in the North American market would provide it with the ability to be able to maintain a price back to growers. The other issue is that this winery will publicly state that they need profitable growers to be able to maintain their brand and the volume.

**What percentage of the 269KT is leviable production?**

The CEO advised that approximately 75% of the regions production was subject to statutory fees and charges. There would be further information on this during the financial report.

**What position is the Board taking on WET?**

The Chair read out a recent Australian Financial Review article that discussed the actions being taken by the Australian Federal Police in relation to this matter. The CEO advised that a number of articles had been published in the Vine Chat about this issue. The growers talking felt that while these articles were balanced it did not give a firm position on the Board's point of view.

The Chair advised that the matter had been raised with Michael McCormack MP in writing as a concern. The CEO advised that the NSW Small Business Commissioners Office had at the urging of the Board prompted an investigation into liquor licence holders in NSW as it was reported that a number of non-industry participants were involved in the industry which was believed to be against the legislation. The inquiry came of nothing as the interpretation of the legislation meant that all wineries except those that process a majority of their own grown and produced grapes were operating illegally.

The Growers were advised that the Board's position was that it supported the application of the WET Rebate on retail sales of wine to consumers.



Growers suggested that unless the WET Rebate was removed the Board should consider getting all growers access to it.

Some suggested because many influential persons, politicians and accountants were getting the benefits of the WET Rebate the matter would not be fully investigated by the Tax Office.

The Board IDO advised that recent rulings made by the ATO in relation to the WET Rebate would impact on many business that may have been setup to obtain the tax advantage. If a business had held discussions along its supply chain about obtaining a financial benefit via the rebate or it was setup simply to take advantage of the rebate then these would fall foul of current law. The recent media surrounding it would increase.

Growers were advised that importing business with ABN details were eligible to claim the rebate. Not only is New Zealand claiming up to \$30 million per annum in rebate but reports that Italian Prosecco producers are claiming it in the Boards Newsletter has led to a call from a reporter with the Australian seeking to investigate this claim further and expose this taxation loophole.

As a result of further heated discussion into the matter the following motion was raised:

***That the Wine Grapes Marketing Board spend its levy funds to get rid of rorts in the WET Rebate system:***

**MOVED:** John J Dal Broi  
**SECONDED:** Tim Baveresco **CARRIED**

### **Colour Testing Concerns**

Growers were not comfortable with the variations in the use of colour testing. It was acknowledged that there are problems with this and that this is known within industry.

As growers sign onto or deliver with the conditions of colour testing being linked to pricing there is very little that can be done to challenge this. The industry is working on this subject at the national level but because the problem is isolated to this region it is progressing slowly.

## **3. Financial Report – Brian Simpson CEO**

The CEO presented the income and expenditure statements as per the Annual Report for 2013. The Board financial position remained in a sound

position for 2013 with a posted deficit of \$31,459 when capital expenditure was taken into account.

The budget for 2014 is based on the approved levy of \$3.90 per tonne on 225,000 tonnes. The actual amount is more likely to be closer to 200,000 tonnes of growers production which will mean a possible surplus position of \$82,000 at the end of the financial year.

***That the Financial Report for 2013 be adopted -***

**MOVED:** Eric Berton  
**SECONDED:** Ezio Arcifa **CARRIED**

## **4. NSW DPI Skills Development Program Jason Cappello - Viticulturist**

Growers were advised of the restructure of viticulture extension services across NSW with the 6 viticulturist positions being closed and one Development Officer for Viticulture employed to manage the entire state.

The NSW Government had provided funding of \$500K toward extension activities within the state and the Australian Wine Research Institute (AWRI) had successfully tendered these funds to deliver key programs within the state for the next financial year.

The Riverina region would be a major beneficiary of the funding with live weather stations that are linked to the internet being installed along the lines of a program called Crop Watch. A raft of other projects were also being rolled out.

Growers were advised to read the newsletters to obtain further details.

Jason advised growers that he would also be standing down from his current position as NSW Development Officer – Viticulture. While this position had allowed him to remain in Griffith for most of his working week the new replacement position would not be able to do so and would be based on Wagga and would travel across the State.

Jason was wished well for his future in the industry.

## **5. State of Play, Peter Baily, Wine Intelligence, Wine Australia**

Peter provided a complete overview of the supply and demand dynamics of the Australian wine industry. Australian wine sales globally and domestically are still in decline and this coupled with increased production will continue to impact on

Australia's profitability of the wine sold and the grape price paid to growers.

Sauvignon Blanc represents ¼ of domestic sales and this is predominately imported from New Zealand. Shiraz sales are still strong and have risen by 13% over the past 12 months. Chardonnay is now stable but was previously in decline. Two thirds of all exports are Chardonnay, Shiraz and Cabernet Sauvignon.

## 6. Other Business

Growers asked about the water that is given up each year by High Security and General Security to the NSW Government for Environmental Flows. High Security (HS) irrigators are only guaranteed 95% of their allocation each year unless General Security (GS) irrigators get 100% then HS irrigators get 100% allocation. This matter is clear in the Water Sharing Plan (WSP) for the region.

Growers believed that the Plan was due to end shortly and they would get their water back. The issue with the WSP is that there has been no HS representative body working on this for irrigators. According to the NSW Office of Water the WSP has been in part reviewed and no comment was made about this.

The Board has written to the Minister for Water in relation to this and has asked the question why are HS irrigators not getting their 5% back on their licence and if this water is going to the environment in the years that GS irrigators do not receive 100% why are HS irrigators still required to pay bulk water charges and fixed MI charges on the water. The correspondence was only recently sent to the Minister for Water and copied to the Minister for Primary Industries. The Board will advise growers as soon as it has a response.

The matter of irrigation representation was raised and the Board CEO advised that a water subcommittee was being proposed at the Board level with terms of reference being drafted for discussion at the next meeting on the back of this matter. The sub-committee however would not deal with the minor on farm issues that are raised by growers. The previous representative organisation High Security Irrigators – Murrumbidgee was currently in recess and would be reactivated if needed and if it could secure a sound funding stream.

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



## Wine Grape Growers' Australia

**Report by Lawrie Stanford Executive Director**

The Wine Grapes Marketing Board (WGMB) engaged Wine Grape Growers Australia (WGGA) to represent Riverina winegrape growers in a number of national projects during 2014.

The following outlines WGGA's representative activities in the agreed areas funded.

### ***Management of the Wine Industry Code of Conduct***

- Attended all meetings of the combined WGGA-WFA Code Management Committee and secured agreement with the WFA that the code had failed as a tool for improving commercial arrangements between wine companies and growers because of a failure in meeting the target for wine company signatories.
- Convened discussions with the Department of Agriculture, ACCC and a range of associations with initiatives in code variants, to research alternatives to the existing wine industry code.
- Held discussions with the ACCC and Dairy Australia on the feasibility of collective bargaining as an alternative or adjunct to the existing wine industry code.
- Held an Executive Committee workshop to assess the researched alternatives to the wine industry code. Final evaluation and action will proceed during 2015.
- Negotiated in the Code Management Committee, an agreed program of reform to the Code in 2015.
- As an initial reform, a change to the Code that permits an extended timeline (from 10 days to 60) for resolving disputes over final price offers, was fast-tracked for the 2015 harvest.

### ***Biosecurity Management via Plant Health Australia***

- Appointed Mr Ben Rose to replace the late Kym Ludvigsen as the technical appointee to the Consultative Committee for Emergency Plant Pests (CCEPP) and L Stanford as an interim replacement for R Barrett as the WGGA representative on the same committee.

- Participated in a national roadshow seminar (including the Riverina) to promote and induct growers in the usage of the Viticulture Biosecurity User Manual, an on-farm, readily accessible manual that assists growers to protect their properties and in turn, the viticulture industry from new and invasive pests.
- Upon resignation during the early part of 2014, of the part-time Biosecurity Officer appointed by WGGA in late 2013, WGGA has again kicked-started the process of establishing effective industry arrangements to manage biosecurity matters, and a sustainable funding mechanism for these arrangements. It has done this through the agency of a short-term funding appeal among industry stakeholders. This appeal garnered funds to put out to tender two projects for collaborating or partnering with WGGA to perform this important task.
- Tenders were sought for; one, preparation of a business case for secure and sustainable funding of biosecurity activities in the wine sector and two, undertake ongoing biosecurity management activities on behalf of WGGA.

#### **Research, Development and Extension Coordination**

- As one of the Representative Bodies for AGWA, WGGA oversaw the appointment of two grower representatives on the Selection Committee for the inaugural AGWA Board. Also undertook extensive consultation on providing advice to the Minister for his appointment of a Chair of this Board.
- Negotiated and wrote a unified RD&E Policy with the WFA.
- Exerted influence on national R&D recommendations to the AGWA Board through membership of a joint grower-wine company committee, the Innovation Policy Committee (effectively an industry think-tank on innovation).
- Coordinated multiple briefings between the WGGA Executive Committee and AGWA Board to ensure national grower perspectives were presented.
- Made board-on-board and written submissions to AGWA on the creation of the 2015-2020 Strategic Plan.

#### **Removal of colour as a pricing tool**

- Via the Winegrapes Quality Measurement Committee, provided guidance to the National Measurement Institute, that it should proceed with preparing a Risk Impact Statement for implementing the regulatory standards for baume trade measures. This emerged unexpectedly as a requirement by the new commonwealth government and was a process that stood in the way of proceeding to the previously

agreed position of creating regulatory standards for colour measures.

- Successfully engaged the Commissioner of the National Office of Small Business (NOSB) in considering the range of dysfunctional commercial practices in the wine sector that disfavours growers. In response, the NOSB will be convening a roundtable of industry players and experts, in May 2015, to establish a dialogue on improving commercial behaviour in the sector.
- Through WGGA's communication vehicles, regularly promoted reform of measures used to assess winegrape quality and winegrape remuneration which included a Grower Seminar in November 2014, incorporating a topic on objective measurements.



#### **New South Wales Wine Industry Association Report 2013-14, Stuart McGrath-Kerr Executive Officer**

At the August 2013 Annual Meeting Tom Ward from Canowindra took over the presidency from David Lowe (Mudgee). Vice Presidents are Angus Barnes (Pernod Ricard), Greg West (McWilliam's Hunter Valley), and Bryan Currie (McWilliam's Hanwood).

The NSWIA has continued to work on its core areas that being licensing, promotions and Research and Development.

#### **Licensing**

In April 2014 the NSW Government announced the introduction of annual fees for producer licences, with wine producers to henceforth be charged \$500pa. Following representations by the NSWIA, the Government has agreed to create a new category of liquor licence for small wineries and vigneron, micro distillers and craft breweries. This new category will attract an annual fee of \$200 rather than the \$500 previously announced.

#### **NSW Wine Awards**

The changes to NSW Wine Awards format in 2013 have been further enhanced with the decision to shift Awards judging into the regions rather than in Sydney. The first trial of this format was conducted in Griffith in later-September 2014. The regional format provided a promotion opportunity for the region and was accompanied by a Riverina regional visit by a number of media.

The Awards announcement was held in Sydney in late-October with the Top Wines tasting and trophy presentation events Pier 1 a great success.

The NSW Wine Awards continue to be an event that is growing and increasing in relevance. The 2015 judging will be conducted in Orange.

### ***NSW Food & Wine Festival, Hyde Park February 2014***

The 2014 running of this event was disappointing, mainly as a result of the decline in stall numbers from around 100 to 65. Many wineries find the event too expensive and conflicts with the demands of vintage.

### ***Partner Liaison***

The Association continues to develop great relationships with our Government partners and other identified strategic partners and associations. Collaboration has seen establishment of new initiatives and further opportunities have been tabled within scope of our initial marketing plan that was developed.

### ***Cellar Door Subsidy Scheme***

It was also disappointing after much time and energy to see the government to refuse to reverse its decision to revoke the Cellar Door Subsidy. This has caused a lot of damage to the tourism offering of the industry, particularly in the Hunter Valley, and appears at odds when the government is trying to promote regional tourism. The \$3.5 million that the government saved has been at the expense of jobs and expansions of businesses in a time when they needed support. It places many NSW wineries on an uneven playing field with their competitors in the other States where these schemes exist.

### ***Research and Development***

The new extension model is now in place with the AWRI contracted to undertake this work. The departure of Jason Cappello has stalled progress but Darren Fahey has now been appointed and the program is getting back on track.

Grass Roots extension program has continued under Richard Hilder's guidance. The costs associated with the program for Greater NSW are compromising the effectiveness of the program.

We have seen a continuing evolution of the National Wine and Grape Industry Centre under Professor Alain Deloire. President Tom Ward is a member of the governing Council.

### ***Wine Grape Growers Australia***

Justin Jarrett has also continued as the representative of WGGA for the rest of NSW and Queensland, while Bob Bellato represents Riverina.

### ***AGWA***

2014 also saw the commencement of the operation of the Australian Grape and Wine Authority, the body formed with the combination of the Wine and Brandy Corporation and the Grape and Wine Research and Development Corporation. The interim board of AGWA has 2 NSW representatives including John Casella. Interim CEO Andreas Clark has recently been appointed CEO.





## INDEPENDENT AUDITOR'S REPORT

### Wine Grapes Marketing Board

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Wine Grapes Marketing Board (the Board), which comprise the statement of financial position as at 31 December 2014, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 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 preparing 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 financial statements that give a true and fair view and 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

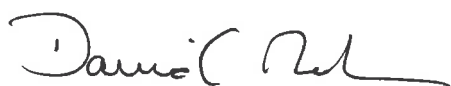
My opinion does *not* provide assurance:

- about the future viability of the Board
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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 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 roles by the possibility of losing clients or income.



David Nolan  
Director, Financial Audit Services

20 April 2015  
SYDNEY

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

**STATEMENT BY MEMBERS OF THE BOARD**

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of the members of the Wine Grapes Marketing Board for the City of Griffith and the Local Government Areas of Leeton, Carrathool and Murrumbidgee, we declare on behalf of the Board that in our opinion:

1. The accompanying financial report exhibits a true and fair view of the financial position of the Wine Grapes Marketing Board as at 31 December 2014 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 2011*, and the Treasurer's directions.

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



Bruno Brombal  
Chairman



Robert Bellato  
Deputy Chair

**Dated this day the 13<sup>th</sup> April 2015**

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

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
for the Year Ended 31 December 2014

| 31/12/13       |                                                                                 | Note | 31/12/14         |
|----------------|---------------------------------------------------------------------------------|------|------------------|
| \$             |                                                                                 |      | \$               |
|                | <b>INCOME</b>                                                                   |      |                  |
| 24,256         | Other Income                                                                    | 2    | 16,471           |
| 82,522         | Interest                                                                        |      | 79,431           |
| 187,500        | Grants                                                                          | 3    | 125,000          |
| 543,544        | Fees and Charges on Growers                                                     | 4    | 786,143          |
| 1,959          | Gain on Sale of Assets                                                          |      | -                |
| <u>839,781</u> | <b>TOTAL INCOME</b>                                                             |      | <u>1,007,045</u> |
|                | <b>EXPENDITURE</b>                                                              |      |                  |
| 15,450         | Audit Fees                                                                      |      | 15,850           |
| 1,170          | Bank Fees                                                                       |      | 1,163            |
| 51,945         | Board Fees, Allowances & Superannuation                                         |      | 53,718           |
| 83,888         | Consultancy Fees                                                                |      | 91,841           |
| 45,098         | Depreciation                                                                    |      | 43,167           |
| 2,543          | Fringe Benefits Tax                                                             |      | 9,496            |
| 246,830        | Other Administration Expenses                                                   | 5    | 290,736          |
| 301,987        | Salaries, Wages & Superannuation                                                |      | 317,894          |
| 38,691         | Subscriptions                                                                   |      | 26,899           |
| 17,311         | Travelling expenses                                                             |      | 19,271           |
| 8,451          | Employees Leave Entitlements                                                    |      | 3,488            |
| -              | Loss on Sale of Assets                                                          |      | 180              |
| <u>813,364</u> | <b>TOTAL EXPENDITURE</b>                                                        |      | <u>873,703</u>   |
| <u>26,417</u>  | <b>SURPLUS FOR THE YEAR</b>                                                     |      | <u>133,342</u>   |
|                | <b>OTHER COMPREHENSIVE INCOME</b>                                               |      |                  |
|                | <i>Items that will not be reclassified subsequently<br/>to Profit and Loss:</i> |      |                  |
| 13,245         | Revaluation changes for Property, Plant and<br>Equipment                        |      | -                |
| <u>39,662</u>  | <b>TOTAL COMPREHENSIVE INCOME FOR THE<br/>YEAR</b>                              |      | <u>133,342</u>   |

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



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

**STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2014

| 31/12/13         | CURRENT ASSETS                       | Note  | 31/12/14         |
|------------------|--------------------------------------|-------|------------------|
| \$               |                                      |       | \$               |
| 447,682          | Cash & Cash Equivalents              | 6     | 609,936          |
| 70,896           | Trade and Other Receivables          | 7     | 52,090           |
| 1,600,000        | Investments                          | 8     | 1,600,000        |
| -                | Prepayments                          | 9     | 15,633           |
| <u>2,118,578</u> | <b>Total Current Assets</b>          |       | <u>2,277,659</u> |
|                  | <b>NON-CURRENT ASSETS</b>            |       |                  |
| 640,477          | Property, Plant & Equipment          | 10    | 627,642          |
| <u>640,477</u>   | <b>Total Non-Current Assets</b>      |       | <u>627,642</u>   |
| <u>2,759,055</u> | <b>TOTAL ASSETS</b>                  |       | <u>2,905,301</u> |
|                  | <b>CURRENT LIABILITIES</b>           |       |                  |
| 39,982           | Trade and Other Payables             | 11    | 49,397           |
| 55,238           | Employee Benefits                    | 12    | 48,753           |
| <u>95,220</u>    | <b>Total Current Liabilities</b>     |       | <u>98,150</u>    |
|                  | <b>NON-CURRENT LIABILITIES</b>       |       |                  |
| -                | Employee Benefits                    | 12    | 9,974            |
| <u>-</u>         | <b>Total Non-Current Liabilities</b> |       | <u>9,974</u>     |
| <u>95,220</u>    | <b>TOTAL LIABILITIES</b>             |       | <u>108,124</u>   |
| <u>2,663,835</u> | <b>NET ASSETS</b>                    |       | <u>2,797,177</u> |
|                  | <b>EQUITY</b>                        |       |                  |
| 108,232          | Reserves                             | 13(a) | 108,232          |
| 2,555,603        | Retained Earnings                    | 13(b) | 2,688,945        |
| <u>2,663,835</u> | <b>TOTAL EQUITY</b>                  |       | <u>2,797,177</u> |

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

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

**STATEMENT OF CHANGES IN EQUITY**  
for the Year Ended 31 December 2014

| 31/12/13         |                                                            | Note | 31/12/14         |
|------------------|------------------------------------------------------------|------|------------------|
| \$               |                                                            |      | \$               |
|                  | <b>RESERVES</b>                                            |      |                  |
|                  | Asset Revaluation Reserve                                  |      |                  |
| 94,987           | Balance on 1 January                                       |      | 108,232          |
| 13,245           | Net increase/(decrease) on revaluation of land & buildings |      | -                |
| <u>108,232</u>   | Balance on 31 December                                     |      | <u>108,232</u>   |
|                  | <b>RETAINED EARNINGS</b>                                   |      |                  |
| 2,529,186        | Balance on 1 January                                       |      | 2,555,603        |
| 26,417           | Surplus for the year                                       |      | 133,342          |
| <u>2,555,603</u> | Balance on 31 December                                     |      | <u>2,688,945</u> |
| <u>2,663,835</u> | <b>TOTAL EQUITY</b>                                        |      | <u>2,797,177</u> |

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

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

**STATEMENT OF CASH FLOWS**  
for the Year Ended 31 December 2014

| 31/12/13                                        | Note                                         | 31/12/14   |
|-------------------------------------------------|----------------------------------------------|------------|
| Inflows                                         |                                              | Inflows    |
| (Outflows)                                      |                                              | (Outflows) |
| \$                                              |                                              | \$         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>     |                                              |            |
| <b>RECEIPTS</b>                                 |                                              |            |
| 877,586                                         | Wineries & Growers                           | 787,619    |
| 206,250                                         | Grants Received                              | 137,500    |
| 82,522                                          | Interest Received                            | 62,004     |
| 25,673                                          | Other                                        | 40,267     |
| 1,192,031                                       |                                              | 1,027,390  |
| <b>PAYMENTS</b>                                 |                                              |            |
| (361,323)                                       | Employee Benefits                            | (372,340)  |
| (488,249)                                       | Payments to Suppliers                        | (460,807)  |
| (338,667)                                       | Payments to Growers                          | (1,476)    |
| (1,188,239)                                     |                                              | (834,623)  |
| <b>NET CASH PROVIDED BY OPERATING</b>           |                                              |            |
| 3,792                                           | 14                                           | 192,767    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>     |                                              |            |
| 29,092                                          | Proceeds from Sale of Fixed Assets           | 45,946     |
| (57,876)                                        | Payments for Property, Plant & Equipment     | (76,459)   |
| 200,000                                         | Proceeds from Investments                    | -          |
| 171,216                                         | <b>NET CASH USED IN INVESTING ACTIVITIES</b> | (30,513)   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH</b> |                                              |            |
| <b>EQUIVALENTS</b>                              |                                              |            |
| 175,008                                         |                                              | 162,254    |
| 272,674                                         | Cash & cash equivalents at 1 January         | 447,682    |
| 447,682                                         | Cash & cash equivalents at 31 December       | 609,936    |
|                                                 | 6                                            |            |

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014**

**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 13 April 2015.

**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.

**Changes in Accounting Policies**

Subsequent to the 2013 reporting period, the following new and revised Standards have been adopted in the current period:

- AASB 13 Fair Value Measurement
- AASB 119 Employee benefits

These new and revised Standards have not had a significant financial impact. There have been no other changes in accounting policies during the financial period.



**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014 (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Property, Plant & Equipment**

Land and buildings are recorded at their fair value, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the Board to have an independent valuation of land and buildings every three years, with annual appraisals being made by directors. The property was valued by John Carbone, AAPI Certified Practicing Valuer on 26 November 2013 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.

**Depreciation**

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

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Buildings            | 2.5%              |
| Motor Vehicles       | 20%               |
| Research Equipment   | 20% - 30%         |
| Office Equipment     | 6.667% - 40%      |
| Computer Equipment   | 20% - 50%         |

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

See Note 10.

**(b) Financial Instruments**

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

**Receivables**

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

**(c) Cash and cash equivalents**

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

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

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014 (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Trade and other receivables**

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

**(e) Impairment**

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

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

**(f) Employee Benefits**

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

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

**(g) Trade and other Payables**

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

**(h) Revenue**

**Fees and Charges on Growers**

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

**Interest**

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

**Other revenue**

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

**(i) Income Tax**

The Board is exempt from income tax.

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014 (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Goods and Services Tax**

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

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

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

**(k) Accounting Standards Issued but not yet Effective**

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

**(l) Board Activities**

The Board is not involved in the buying or selling of winegrapes. In 2014 the Board sought winery adoption of Agency Agreements that they could enter to agree to deduct and forward to the Board statutory fees and charges at a cost to the Board of 5% + GST.

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

**(m) Fair Value of Assets and Liabilities**

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

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

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

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

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 2: OTHER INCOME**

| 31/12/13 |                | 31/12/14 |
|----------|----------------|----------|
| \$       |                | \$       |
| 2,724    | Advertising    | 511      |
| 11,395   | Fees & Charges | 6,106    |
| 7,140    | Reimbursements | 5,114    |
| 2,997    | Sales          | 4,740    |
| 24,256   |                | 16,471   |

**NOTE 3: RESTRICTED FUNDS - RESEARCH FUND**

In 2013 and 2014 the Board applied to the Grape and Wine Research and Development Corporation, now known as the Australian Grape and Wine Authority (AGWA) for funding under its Regional Grassroots extension program and was successful in obtaining the maximum available of \$125,000 per annum. In 2013 the Board received half of the 2012/13 fiscal year funding (\$62,500) and all of the 2013/14 fiscal year funding (\$125,000). In 2014 the Board received the entire funding of \$125,000 for the 2014/15 year in 2014.

| 31/12/13 |                             | 31/12/14 |
|----------|-----------------------------|----------|
| \$       |                             | \$       |
| -        | Balance on 1 January        | 78,140   |
| 62,500   | GWRDC Regional Plan 2012/13 | -        |
| 125,000  | GWRDC Regional Plan 2013/14 | 125,000  |
| 187,500  |                             | 203,140  |
| 109,360  | Research Outlays            | 154,522  |
| 78,140   | Balance at 31 December      | 48,618   |

**NOTE 4: FEES & CHARGES ON GROWERS**

For the 2014 vintage the fees and charges were approved at \$3.90 per tonne (2013 \$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. The following table shows the fees and charges received and returned during the year:

| 31/12/13  |                                                            | 31/12/14 |
|-----------|------------------------------------------------------------|----------|
| \$        |                                                            | \$       |
| 882,211   | Fees and charges paid by growers                           | 787,619  |
| (410)     | Levies returned (non-constituted growers) \$3.90 per tonne | (942)    |
| (338,257) | Levies returned \$1.50 per tonne on the 2013 vintage       | (534)    |
| 543,544   | NET RECEIPTS Levies Retained                               | 786,143  |

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 5: OTHER ADMINISTRATION EXPENSES**

Details of the components of this item are as follows:

| 31/12/13 |                                    | 31/12/14 |
|----------|------------------------------------|----------|
| \$       |                                    | \$       |
| 30,657   | Agency Fees                        | 38,255   |
| 10,863   | Accountancy                        | 11,687   |
| 29,034   | Advertising, Printing & Stationery | 41,085   |
| 13,089   | Computer Expenses                  | 10,590   |
| 1,809    | Conferences & Seminars             | 3,024    |
| 20,273   | Donations                          | 1,000    |
| -        | Doubtful debts                     | 1,422    |
| 17,133   | Industry Functions                 | 20,057   |
| 17,101   | Insurance                          | 14,289   |
| 9,698    | Legal Fees                         | 272      |
| 15,135   | Motor Vehicle Expenses             | 15,859   |
| 16,967   | Office Expenses                    | 13,901   |
| 22,910   | Postage, Telephone & Facsimile     | 31,488   |
| 2,844    | Rates                              | 3,129    |
| 9,895    | Research & Development Function    | 17,411   |
| 19,290   | Research Project Payments          | 55,067   |
| 10,050   | Sponsorship                        | 11,005   |
| 36       | Staff training                     | 1,195    |
| 46       | Sundry                             | -        |
| 246,830  |                                    | 290,736  |

**NOTE 6: CASH & CASH EQUIVALENTS**

| 31/12/13 |                                | 31/12/14 |
|----------|--------------------------------|----------|
| \$       |                                | \$       |
| 392,224  | Administration Account         | 271,312  |
| 55,458   | Grower Payments Cheque Account | 338,624  |
| 447,682  |                                | 609,936  |

Refer to note 3 for details of restricted funds

**NOTE 7: TRADE AND OTHER RECEIVABLES**

Amounts owing to the Board at 31 December 2014 comprise:

| 31/12/13 |                | 31/12/14 |
|----------|----------------|----------|
| \$       |                | \$       |
| 38,524   | Trade Debtors  | 4,837    |
| 14,820   | GST Receivable | 12,274   |
| 17,552   | Accrued Income | 34,979   |
| 70,896   |                | 52,090   |



**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 7: TRADE AND OTHER RECEIVABLES (continued)**

**Provision for Impairment of Receivables**

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

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

| 31/12/13 |                     | 31/12/14 |
|----------|---------------------|----------|
| \$       |                     | \$       |
| 4,625    | Opening Balance     | -        |
| -        | Charge for the Year | 1,422    |
| -        | Amount written off  | -        |
| (4,625)  | Amount repaid       | -        |
| -        |                     | 1,422    |

**NOTE 8: INVESTMENTS**

| 31/12/13  |                                     | 31/12/14  |
|-----------|-------------------------------------|-----------|
| \$        |                                     | \$        |
| 800,000   | Suncorp Bank Term Deposit 603000133 | -         |
| 400,000   | Suncorp Bank Term Deposit 603001334 | -         |
| 400,000   | Suncorp Bank Term Deposit 603001385 | -         |
| -         | Suncorp Bank Term Deposit 604618866 | 800,000   |
| -         | Suncorp Bank Term Deposit 605832268 | 400,000   |
| -         | Suncorp Bank Term Deposit 605832217 | 400,000   |
| 1,600,000 |                                     | 1,600,000 |

**NOTE 9: PREPAYMENTS**

| 31/12/13 |                   | 31/12/14 |
|----------|-------------------|----------|
| \$       |                   | \$       |
| -        | Insurance         | 13,483   |
| -        | Research payments | 2,150    |
| -        |                   | 15,633   |

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 10: PROPERTY, PLANT & EQUIPMENT**

| 31/12/13<br>\$ |                                              | 31/12/14<br>\$ |
|----------------|----------------------------------------------|----------------|
|                | <b>Land &amp; Buildings</b>                  |                |
|                | Freehold Land at:                            |                |
| 200,000        | - independent valuation 26 November 2013     | 200,000        |
| <u>200,000</u> |                                              | <u>200,000</u> |
|                | Buildings at:                                |                |
| 325,000        | - independent valuation 26 November 2013     | 325,000        |
| (801)          | Less accumulated depreciation                | (8,925)        |
| <u>324,199</u> |                                              | <u>316,075</u> |
| <u>524,199</u> | <b>Total Land &amp; Buildings</b>            | <u>516,075</u> |
| 59,053         | Office Equipment - at cost                   | 56,461         |
| (46,347)       | Less: Accumulated Depreciation               | (41,069)       |
| <u>12,706</u>  |                                              | <u>15,392</u>  |
| 108,733        | Motor Vehicles - at cost                     | 107,072        |
| (27,157)       | Less: Accumulated Depreciation               | (23,474)       |
| <u>81,576</u>  |                                              | <u>83,598</u>  |
| 49,702         | Computer Equipment - at cost                 | 20,158         |
| (43,079)       | Less: Accumulated Depreciation               | (15,801)       |
| <u>6,623</u>   |                                              | <u>4,357</u>   |
| 73,351         | Research Equipment - at cost                 | 73,351         |
| (57,978)       | Less: Accumulated Depreciation               | (65,131)       |
| <u>15,373</u>  |                                              | <u>8,220</u>   |
| <u>116,278</u> | <b>Total Plant &amp; Equipment</b>           | <u>111,567</u> |
| <u>640,477</u> | <b>Total Property, Plant &amp; Equipment</b> | <u>627,642</u> |

**MOVEMENT IN CARRYING AMOUNTS**

| WDV                               | Land & Buildings<br>\$ | Research Equipment<br>\$ | Office Equipment<br>\$ | Motor Vehicle<br>\$ | Computer Equipment<br>\$ | Totals<br>\$    |
|-----------------------------------|------------------------|--------------------------|------------------------|---------------------|--------------------------|-----------------|
| Balance at 1 January 2013         | 518,969                | 9,166                    | 14,874                 | 91,847              | 6,730                    | <b>641,586</b>  |
| Acquisitions                      | 416                    | 14,450                   | 613                    | 37,652              | 4,745                    | <b>57,876</b>   |
| Depreciation                      | (8,431)                | (8,243)                  | (2,713)                | (20,859)            | (4,852)                  | <b>(45,098)</b> |
| Disposals                         | -                      | -                        | (68)                   | (27,064)            | -                        | <b>(27,132)</b> |
| Revaluation increments/decrements | 13,245                 | -                        | -                      | -                   | -                        | <b>13,245</b>   |
| Balance at 31 December 2013       | 524,199                | 15,373                   | 12,706                 | 81,576              | 6,623                    | <b>640,477</b>  |

(a) Land and buildings were revalued by John Carbone, AAPI Certified Practicing Valuer on 26 November 2013 on the basis of current market value. These assets are classified as Level 2 under the market based direct comparison approach.

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 10: PROPERTY, PLANT & EQUIPMENT (continued)**

| <b>WDV</b>                  | <b>Land &amp;<br/>Buildings<br/>\$</b> | <b>Research<br/>Equipment<br/>\$</b> | <b>Office<br/>Equipment<br/>\$</b> | <b>Motor<br/>Vehicle<br/>\$</b> | <b>Computer<br/>Equipment<br/>\$</b> | <b>Totals<br/>\$</b> |
|-----------------------------|----------------------------------------|--------------------------------------|------------------------------------|---------------------------------|--------------------------------------|----------------------|
| Balance at 1 January 2014   | 524,199                                | 15,373                               | 12,706                             | 81,576                          | 6,623                                | <b>640,477</b>       |
| Acquisitions                | -                                      | -                                    | 5,423                              | 69,421                          | 1,615                                | <b>76,459</b>        |
| Depreciation                | (8,124)                                | (7,153)                              | (2,617)                            | (21,403)                        | (3,870)                              | <b>(43,167)</b>      |
| Disposals                   | -                                      | -                                    | (120)                              | (45,996)                        | (11)                                 | <b>(46,127)</b>      |
| Balance at 31 December 2014 | 516,075                                | 8,220                                | 15,392                             | 83,598                          | 4,357                                | <b>627,642</b>       |

**NOTE 11: TRADE AND OTHER PAYABLES**

| <b>31/12/13</b> |                             | <b>31/12/14</b> |
|-----------------|-----------------------------|-----------------|
| <b>\$</b>       |                             | <b>\$</b>       |
| 3,351           | Trade Creditors             | 11,073          |
| 157             | GST Payable                 | 218             |
| 6,544           | PAYG Withholding            | 5,817           |
| 29,643          | Accruals                    | 31,009          |
| -               | Levies to Return to Growers | 378             |
| 287             | Credit Cards                | 902             |
| <u>39,982</u>   |                             | <u>49,397</u>   |

**NOTE 12: EMPLOYEE BENEFITS**

**CURRENT**

| <b>31/12/13</b> |                                  | <b>31/12/14</b> |
|-----------------|----------------------------------|-----------------|
| <b>\$</b>       |                                  | <b>\$</b>       |
| 29,620          | Provision for Annual Leave       | 39,333          |
| 25,618          | Provision for Long Service Leave | 9,420           |
| <u>55,238</u>   |                                  | <u>48,753</u>   |

**NON-CURRENT**

| <b>31/12/13</b> |                                  | <b>31/12/14</b> |
|-----------------|----------------------------------|-----------------|
| <b>\$</b>       |                                  | <b>\$</b>       |
| -               | Provision for Long Service Leave | 9,974           |
| <u>-</u>        |                                  | <u>9,974</u>    |

**WINE GRAPES MARKETING BOARD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 13: EQUITY**

**(a): RESERVES**

| 31/12/13 |                                                            | 31/12/14 |
|----------|------------------------------------------------------------|----------|
| \$       |                                                            | \$       |
| 94,987   | Opening balance                                            | 108,232  |
| 13,245   | Net increase/(decrease) on revaluation of land & buildings | -        |
| 108,232  |                                                            | 108,232  |

**(b): RETAINED EARNINGS**

| 31/12/13  |                                                          | 31/12/14  |
|-----------|----------------------------------------------------------|-----------|
| \$        |                                                          | \$        |
| 2,529,186 | Retained earnings at the beginning of the financial year | 2,555,603 |
| 26,417    | Surplus for the year                                     | 133,342   |
| 2,555,603 | Retained earnings at the end of the financial year       | 2,688,945 |

**Revaluation Reserve**

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

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

| 31/12/13   |                                                  | 31/12/14   |
|------------|--------------------------------------------------|------------|
| Inflows    |                                                  | Inflows    |
| (Outflows) |                                                  | (Outflows) |
| \$         |                                                  | \$         |
| 26,417     | <b>Surplus for the year</b>                      | 133,342    |
|            | Adjustments for:                                 |            |
| 45,098     | Depreciation                                     | 43,167     |
| (1,959)    | (Gain)/Loss on Sale of Assets                    | 180        |
| (23,712)   | (Increase)/Decrease in Receivables               | 36,233     |
| 15,283     | (Increase)/Decrease in Accrued Income            | (17,427)   |
| (65,787)   | Increase/(Decrease) in Payables                  | 9,417      |
| 8,452      | Increase/(Decrease) in Employee Entitlements     | 3,488      |
| -          | (Increase)/Decrease in Prepayments               | (15,633)   |
| 3,792      | <b>Net Cash provided by operating activities</b> | 192,767    |

**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 2014 (continued)

**NOTE 15: FINANCIAL INSTRUMENTS**

**(a) Significant Accounting Policies**

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

**(b) Interest Rate Risk**

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

| 2013                        | 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                        | 2.00%                   | 447,682              | -                   | -               | -                    | -                       | 447,682   |
| Term Deposits               | 4.07%                   | -                    | 1,600,000           | -               | -                    | -                       | 1,600,000 |
| Trade and Other Receivables | -                       | -                    | -                   | -               | -                    | 56,076                  | 56,076    |
|                             |                         | 447,682              | 1,600,000           | -               | -                    | 56,076                  | 2,103,758 |
| Financial Liabilities       |                         |                      |                     |                 |                      |                         |           |
| Payables                    |                         | -                    | -                   | -               | -                    | 33,281                  | 33,281    |
|                             | N/A                     | -                    | -                   | -               | -                    | 33,281                  | 33,281    |

| 2014                        | 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                        | 2.00%                   | 609,936              | -                   | -               | -                    | -                       | 609,936   |
| Term Deposits               | 3.73%                   | -                    | 1,600,000           | -               | -                    | -                       | 1,600,000 |
| Trade and Other Receivables | -                       | -                    | -                   | -               | -                    | 39,816                  | 39,816    |
|                             |                         | 609,936              | 1,600,000           | -               | -                    | 39,816                  | 2,249,752 |
| Financial Liabilities       |                         |                      |                     |                 |                      |                         |           |
| Payables                    |                         | -                    | -                   | -               | -                    | 43,362                  | 43,362    |
|                             | N/A                     | -                    | -                   | -               | -                    | 43,362                  | 43,362    |



**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 2014 (continued)

**NOTE 15: FINANCIAL INSTRUMENTS (continued)**

**(c) Credit Risk**

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

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

**(d) Net Fair Value**

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

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

| Fair Values                  | Carrying<br>Amount<br>2013<br>\$ | Fair<br>Value<br>2013<br>\$ | Carrying<br>Amount<br>2014<br>\$ | Fair<br>Value<br>2014<br>\$ |
|------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>Financial Assets</b>      |                                  |                             |                                  |                             |
| Cash and Cash Equivalents    | 447,682                          | 447,682                     | 609,936                          | 609,936                     |
| Trade and other Receivables  | 56,076                           | 56,076                      | 39,816                           | 39,816                      |
| Other Investments            | 1,600,000                        | 1,600,000                   | 1,600,000                        | 1,600,000                   |
| <b>Financial Liabilities</b> |                                  |                             |                                  |                             |
| Trade and other Payables     | 33,281                           | 33,281                      | 43,362                           | 43,362                      |

**(e) Estimation of Fair Values**

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

**Securities**

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

**Trades and Other Receivables / Payables**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014 (continued)**

**NOTE 16: COMMITMENTS**

There was no capital or other operating expenditure commitments as at 31 December 2014 (2013: nil).

**NOTE 17: CONTINGENT LIABILITIES**

The Board is not aware of any contingent liabilities as at the date of signing off the accounts (2013: nil).

**NOTE 18: SEGMENT REPORTING**

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

**NOTE 19: RELATED PARTY TRANSACTIONS**

During the 2014 Financial Year there were no related party transactions, other than Board Fees & Allowances. All business transactions undertaken between the Board and Board members are done so at 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.

| 31/12/13       |                                          | 31/12/14       |
|----------------|------------------------------------------|----------------|
| \$             |                                          | \$             |
| 166,114        | Total Compensation – Short-Term Benefits | 185,857        |
| 12,619         | Total Compensation – Long-Term Benefits  | 13,952         |
| <u>178,733</u> |                                          | <u>199,809</u> |

**NOTE 21: FINANCIAL RISK MANAGEMENT**

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

**(a) Liquidity risk**

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

**(b) Credit risk**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014 (continued)

**NOTE 21: FINANCIAL RISK MANAGEMENT (continued)**

**(c) Interest rate risk**

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

**(d) Sensitivity analysis**

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

| 31/12/13<br>\$ |                                 | 31/12/14<br>\$ |
|----------------|---------------------------------|----------------|
|                | <b>Change in surplus</b>        |                |
| 4,477          | Increase in interest rate by 1% | 6,099          |
| (4,477)        | Decrease in interest rate by 1% | (6,099)        |

| 31/12/13<br>\$ |                                 | 31/12/14<br>\$ |
|----------------|---------------------------------|----------------|
|                | <b>Change in equity</b>         |                |
| 4,477          | Increase in interest rate by 1% | 6,099          |
| (4,477)        | Decrease in interest rate by 1% | (6,099)        |

**NOTE 22: SUBSEQUENT EVENTS**

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

**End of Audited Accounts**

## WINE GRAPES MARKETING BOARD - 2015 CONSOLIDATED BUDGET

| 2014 Budget                  | 2014 Actual        | EXPENSE ACCOUNTS                     | Notes    | 2015 Budget        |
|------------------------------|--------------------|--------------------------------------|----------|--------------------|
| <b>INCOME</b>                |                    |                                      |          |                    |
| \$877,500                    | \$786,143          | 2015 Rates 215,000 tonnes @ \$3.90/t |          | \$838,500          |
| \$70,000                     | \$79,431           | Interest from Bank Accounts          |          | \$55,000           |
| \$20,910                     | \$16,471           | Income from Operating Activities     |          | \$10,150           |
| \$44,000                     | -                  | Gain/Income on Sale of Assets        |          | \$22,000           |
| \$125,000                    | \$125,000          | Research Funds (AGWA Grassroots)     |          | \$125,000          |
| <b>\$1,137,410</b>           | <b>\$1,007,045</b> | <b>TOTALS</b>                        |          | <b>\$1,050,650</b> |
| <b>OPERATING EXPENDITURE</b> |                    |                                      |          |                    |
| \$10,000                     | \$11,687           | Accountancy Fees                     | <b>1</b> | \$10,000           |
| \$75,510                     | \$41,085           | Advertising, Printing and Stationery |          | \$124,813          |
| \$30,000                     | \$38,255           | Agency Fees (5% collection charge)   |          | \$43,000           |
| \$18,500                     | \$15,850           | Audit Fees – Statutory               |          | \$18,500           |
| \$950                        | \$1,163            | Bank Fees and Charges                |          | \$950              |
| \$52,000                     | \$53,718           | Board Fees and Allowances            |          | \$52,000           |
| \$7,370                      | \$10,590           | Computer Expenses                    |          | \$10,100           |
| \$2,300                      | \$3,024            | Conferences/Seminars                 |          | \$2,950            |
| \$24,500                     | \$91,841           | Consultancy Costs                    |          | \$58,000           |
| \$42,000                     | \$43,167           | Depreciation Expense                 |          | \$42,000           |
| \$17,000                     | \$1,000            | Donations                            |          | \$2,000            |
| -                            | \$1,422            | Doubtful Debts                       |          | -                  |
| \$4,600                      | \$9,496            | Fringe Benefits Tax                  |          | \$4,600            |
| \$11,475                     | \$20,057           | Industry Functions                   |          | \$11,600           |
| \$16,700                     | \$14,289           | Insurance                            |          | \$16,700           |
| \$7,500                      | \$272              | Legal Fees                           |          | \$3,500            |
| \$8,300                      | \$15,859           | Motor Vehicle Operating Expenses     |          | \$11,700           |
| \$10,500                     | \$13,901           | Office Expenses (Point of Access)    |          | \$10,500           |
| \$21,235                     | \$31,488           | Postage, Telephone, Facsimile & Data |          | \$24,296           |
| \$6,200                      | \$3,488            | Employee Leave Entitlements          |          | \$6,200            |
| \$2,200                      | \$3,129            | Rates                                |          | \$2,200            |
| \$4,000                      | \$17,411           | Research & Development Function      | <b>2</b> | \$8,950            |
| \$75,270                     | \$55,067           | Research Project Payments            |          | \$21,100           |
| \$308,628                    | \$317,894          | Salaries, Wages and Superannuation   |          | \$323,946          |
| -                            | \$180              | Sale of Assets - Loss                |          | -                  |
| \$10,000                     | \$11,005           | Sponsorship                          |          | \$10,000           |
| \$2,500                      | \$1,195            | Staff Training                       |          | \$2,500            |
| -                            | -                  | Statutory Fees Returned to growers   |          | \$2,000            |
| \$81,749                     | \$26,899           | Subscriptions                        |          | \$80,551           |
| \$250                        | -                  | Sundry Expenses                      |          | \$250              |
| \$21,535                     | \$19,271           | Travelling Expenses                  |          | \$24,680           |
| <b>\$872,772</b>             | <b>\$873,703</b>   | <b>SUB TOTAL</b>                     |          | <b>\$929,586</b>   |
| <b>CAPITAL EXPENDITURE</b>   |                    |                                      |          |                    |
| -                            | -                  | Building Expenditure                 |          | -                  |
| \$78,000                     | \$69,421           | Motor Vehicle Purchase               |          | \$38,000           |
| \$500                        | \$5,423            | Office equipment                     |          | -                  |
| \$9,000                      | \$1,615            | Computer equipment                   |          | \$4,000            |
| \$500                        | -                  | Research equipment                   |          | \$1,000            |
| <b>\$88,000</b>              | <b>\$76,459</b>    | <b>SUB TOTAL</b>                     |          | <b>\$43,000</b>    |
| <b>\$960,772</b>             | <b>\$950,162</b>   | <b>TOTAL EXPENDITURE</b>             |          | <b>\$972,586</b>   |
| <b>\$176,638</b>             | <b>\$56,883</b>    | <b>SURPLUS/(DEFICIT)</b>             |          | <b>\$78,064</b>    |

The above 2015 Budget was presented and approved by growers 3<sup>rd</sup> December 2014

## **NOTES TO THE 2015 CONSOLIDATED BUDGET**

The following is to explain select items of the budget.

### **NOTE 1: ADVERTISING PRINTING AND STATIONARY**

The 2015 budget has increased due to a further \$50,000 allocation made for the year for regional promotion that was put to growers that attended the Strategic Planning and Budget Meeting held in December 2014. The aim of the increase is to allow the Board's promotions committee more flexibility in the activities that it undertakes throughout 2015.

### **NOTE 2: RESEARCH PROJECT PAYMENTS**

The majority of these costs are related to the project work that will be undertaken using the AGWA Grassroots Funding.



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*Riverina*  
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MARKETING BOARD

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