

# 2015/16 ANNUAL REPORT



WINES OF  
WESTERN AUSTRALIA  
*Extraordinary Regions*

**WINE INDUSTRY ASSOCIATION OF WA (INC.)**

**29 November 2016**

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## Introduction

The Wine Industry Association of Western Australia (Inc.) (Wines of Western Australia), established in 1987, is the state's primary organisation of wine producers.

It is our mission to provide a unified, strategically influential voice that creates opportunities for the fine wine regions of Western Australia.

## Industry Overview

Wine is a major value adding industry with significant regional economic and employment benefits. In 2014/15 the total value of the WA wine industry was estimated at \$684 million with a grape value of \$65 million. Regarding market channels, 48% of total value was sold in WA, 40% in eastern Australia and 12% in exports.

The Western Australian wine industry produces about 42 million litres of wine annually representing just 5% of the volume of Australia's wine production but 12% of the value. Western Australia produces 25% of Australia's fine wines (specialty and super-premium).

## WA Wine Industry Vision

As outlined in the WA Wine Industry Strategic Plan 2014 – 24, WA producers have a shared vision of:

“a Western Australian wine industry that grows sustainably and profitably, built on the reputation of its great fine wine regions”

The pathway to this vision is a unified and strategic influential industry focused on regional fine wines of provenance and authenticity. Producers and Regional Associations are the custodians of their Regional brand.

## Wines of WA Charter

WA producers have mandated that Wines of WA should, “provide stewardship of the industry” to create opportunities for producers and the fine wine regions of WA.

From an operational point of view, this service is provided through:

- Advocacy to ensure government, at all levels, understands our industry – the benefits we provide to the state economy, particularly in regional WA and the assistance and resourcing we require to further develop our industry.
- Representation to ensure the value of industry is clearly understood by government, the community and other complimentary industry sectors. We need to ensure our social license to operate is retained and strengthened. We need to build strong partnerships with tourism, agriculture and fisheries by developing complimentary market development programs. We need to raise the stature of our industry so that West Australians are truly proud of their wine industry.
- Administration of technical and marketing program funding to provide Regional Associations and producers access to opportunities to improve business practices and market access.
- Communication to ensure wine industry participants are aware of the issues that affect their business enabling them to make informed decisions on the direction of the industry and their individual business.

We look forward to working with Producers and Regional Associations in 2016/17 on developing a sustainable and profitable future for the WA wine industry.

## Strategic Priorities 2015/16

Priority	Comments	Activities and Progress
1. Secure Funding Model for WA wine industry	Obtain industry consensus to implement for 2016 vintage.	APC will be implemented when industry consensus on model is obtained.  Conduct formal industry education process.  Conduct poll to establish Wine Industry APC.
2. Market Development	Secure funding and resources for export and domestic market development. Establish Export Development Office (EDO) for WA wine industry.  Support wine tourism initiatives and direct sales channels.	Continue engagement with DAFWA, DSD, AGWA and Regional Associations to obtain funding and resources for EDO  Continue working with DAFWA, submit application for R4R funding.  Deeper engagement with Tourism WA to ensure "Taste 2020" potential is realised.  Include wine tourism and direct sales in R4R industry development funding.
3. RDE & Adoption support for fine wine business model	DAFWA moving out of RD&E space. Industries must become self-reliant, building value chain partnerships to support innovation and industry development. Curtin University considering options re MR campus.  Maintain current bio-security status.	Work with DAFWA, Curtin, AWRI to develop model to transition to self-reliant industry development  Work with Technical Committee to provide submissions to DAFWA and DAFF bio-security processes.
4. Taxation and Regulation	Ensure taxation regime offers best operational environment for WA fine wine producers.  Ensure legislation offers best operational environment for WA fine wine producers.	Continue to work with producers and RAs to refine position on wine tax. Support WFA and WGGA where appropriate and in line with WA producers.  Facilitate awareness and understanding of Producer's Licence amendments. Advocate for further amendments to collective cellar door – in high traffic non-GI tourism precincts.

## 1. Presidents Report

Expect the unexpected is the theme for the year that was. Donald Trump's nomination as Republican candidate and the Coalition Governments WET Reform announcements are examples of this.

Our results with our fine wines are not unexpected. We continue to lead the way in Australia in wine quality. We must remain unwaveringly committed to this. There are copious amounts of producers and awards to note, whether they be interventionist or not, organic or conventional, small or large.

Whatever your style, Khaki to Hawaiian, thruster to single fin, our purpose now is to share with the world our unique stories, regions and wines. Yes, we have favourable exchange rates, FTAs, emerging middle class in SE Asia and China, government export funding and so on. However, unless we are bold and committed in breaking new ground, nothing will change. It requires teamwork and innovative thinking with respect to international markets and supply chains. That is the challenge.

### ORGANISATIONAL REFORM

At the State level, as part of enacting the recommendations following the WA Wine Industry Strategic Plan, WoWA drafted a new constitution that has been ratified and adopted in June 2016. This follows on from a successful APC producers poll that will now underpin a sustainably funded state body.

Federally, the Grape and Wine 2015 industry leaders' meeting on organizational reform has been a dismal failure.

The national grape grower body, WGGA, has changed its constitution from a national

grower body, to an organisation able to represent state and regional bodies nationally, with an emphasis on small businesses from the grape and wine community. It is now called Australian Vignerons.

The Winemakers Federation of Australia will continue to suffer external criticism about its representation, unless it seriously addresses its organisational structure. To claim Federation status is currently an illusion. It must address this issue.

The most logical outcome for the grape and wine community, is for discussions between WFA and AV to start again about a federally aligned model.

### TAXATION

Taxation remains the biggest threat to our regional wine communities.

To put it quite simply, a cut in the WET producer rebate, is an increase in taxation. The range of wineries that are impacted hardest by a reduction in the rebate are the ones sitting in the 150t to 2000t range. This is the engine room of the WA Wine Industry that will deliver on export growth for WA taking advantage of the above mentioned more favourable trading conditions.

At the time of writing, it appears the Coalition Government has heard our concerns about eligibility, however WET Producer Rebate reduction remains government policy. Rest assured, WoWA is fighting tooth and nail on the issue and has not given up.

Once these reforms are finalised, we must start the education process with the entire grape and wine community about what a simpler and fairer taxation system should look like, as these reforms will not be the end of it. It's the start.

## AGWA

AGWA continues to execute its new strategic plan that has an emphasis on refocusing to “fine wine” which aligns with regional WA wines desire to market up the value chain. We will continue to pursue a partnership of an export development officer based in Perth to accelerate opportunities for WA regions and producers.

## WINE + HEALTH

This remains another potential threat to industry and WoWA has invited WFA to do some education and information sessions to update members on their very good work.

The following updates from WFA are provided on a range of health issues.

### **Strategy 1 - Educate consumers to make well-informed choices about wine consumption levels and patterns**

#### *Pregnancy Labelling Campaign*

The WFA Executive will target winemakers to encourage adoption, and commence a broader campaign through email and social media to encourage wider industry adoption. This will also involve state and regional associations. The DrinkWise logos will soon be freely available for download from the WFA website without the need to register with DrinkWise. WFA will also work with DrinkWise on a point of sale awareness campaign in early 2017.

This will continue to be a key activity in the Communications Strategy. It is important that the industry continue to work towards 100% adoption. We will also continue to explain the reasons for this initiative (industry supporting responsible consumption, the effectiveness of self-regulation and voluntary labelling).

#### *Responsible Winery Initiative*

The Pregnancy Labelling Campaign is also part of WFA’s broader Responsible Winery Initiative. This initiative requires reinvigoration and promotion. WFA will develop a project to re-launch the initiative next year in conjunction with their website redesign and in cooperation with partners such as DrinkWise. It will continue to focus on cellar doors and labelling but will also include responsible drinking messages at industry events, such as regional festivals.

### **Strategy 2 - Draw on available evidence-based research to use in advocacy efforts**

#### *Key messages from existing research*

WFA is working with AWRI to update industry talking points/fact sheets around consumption, advertising, sponsorship and pregnancy labelling. Wine specific references will be included where available. This will rely on credible, scientific information for use in meetings with politicians, departmental officials and by WFA members to highlight the positive scientific evidence related to alcohol/wine and health. WFA will also work with ABA and DrinkWise.

### **Strategy 3 - Advocate for effective and appropriately targeted health policy across a range of alcoholic beverages with all political parties, decision-makers and influential forums**

#### *Ministerial Drug and Alcohol Forum*

Drafts of the National Drug Strategy (NDS) and the National Alcohol Strategy (NAS) will be considered at the first meeting of the Forum (before the end of 2016). The NAS will be released for public comment and finalised in 2017. The National Drug Strategy Household Survey run by the AIHW is in the field and will provide information on alcohol consumption and attitudes.

#### *NHMRC guidelines to reduce health risk from drinking alcohol*

WFA is working with ABA as part of pan-industry advocacy efforts to influence the current revision of the 2009 guidelines. ABA is preparing a submission to the



Ombudsman regarding the appointment of the Expert Working Group and shortcomings in the conflicts of interest process.

WFA will support ABA's industry-wide advocacy, but will also directly engage with officials and politicians. WFA will be strongly encouraging all WFA members to take part in public consultations on the guidelines (in 2017). *Responsible Service of Alcohol (RSA)*

WFA will work with DoH towards national recognition of RSA accreditation through the Ministerial Drug and Alcohol Forum. WFA will work with other ABA partners to prepare information on the existing jurisdictional differences and the opportunities for national endorsement.

#### **Strategy 4 - Develop consistent and regular public messaging about WFA health-related activities and research**

The WFA website will be updated before the end of 2016 in preparation for a redesign in 2016-17. Health will continue to be a major plank of the Communications Strategy, especially messaging around pregnancy labelling and responsible consumption. The industry talking points/facts sheet about alcohol/wine consumption will provide key content for ongoing messaging. WFA will also participate with DrinkWise in the pregnancy labelling awareness campaign (2017), including at point of sale, and general responsible consumption messages.

#### **CELLAR DOOR REBATE**

We continue to liaise with the State Government on this matter. Messages about any reintroduction is that the rebate would be broader in its application to apply to a greater number of wineries, with a greater tourism focus.

We will keep members informed on any opportunities for consultation or policy development, if in fact it does become an election platform.

#### **LIQUOR REFORM**

It is certainly pleasing to see some level of liquor reform for wineries with the first round of amendments becoming law. The introduction of satellite and/or collective cellar doors will provide greater access to markets for those geographically disadvantaged. We look forward to seeing new projects in this space creating an innovative and new offering to wine tourism in WA.

Once again, I would like to thank Larry and Jodie for all their hard work. We are blessed to have such fine people standing and working with us. I remain enthusiastic as ever about our future with Larry and Jodie providing great energy for producers. I again thank Anthony Wilkes, Chris Furtado, Colin Bell on the executive committee and our other hard working board members.

A special note needs to recognise the extraordinary efforts of David Martin (wine tax sub-committee) for his tireless work on WoWA taxation policy formation and submissions. Thank you, David.

This will be my last 12 months in this role. It has been a therapeutic process for me personally and I encourage others to make a choice about standing up for what you believe in. The grape + wine community provides me with a career in a region that is naturally blessed. Take the higher ground and I challenge others to contribute back to our wine community that others before us have made possible.

Actions speak louder than words

Redmond Sweeny  
President



## Treasurer's Report

The financial performance of the Association in 2015/16 reflects a challenging year in which the team had to address both the needs for strong advocacy and representation in light of proposed changes to the WET Rebate whilst at the same time assisting regional associations in the implementation of a secure funding model via a wine industry APC.

### REVENUES

Overall revenues declined year on year by 2.4% reflecting the net impact of several factors including:

- A small increase in membership revenue: Producer membership numbers were static whilst Affiliate membership grew slightly (please refer to Membership Report)
- A recoupment of expenses (primarily travel and accommodation) incurred by the Association for consultation with regional associations for the implementation of the APC which was offset by,
- a reduction in the draw-down of Grant funding reflecting reduced activity this year and,
- the loss of rental income due to the cessation of the WOWA's involvement with the Wine Education Centre

### EXPENSES

Overall, expenses for the Association were approximately in line with the prior year reflecting a number of changes with the significant ones being:

- The full year impact of a reduction in office expenses (rent and other outgoings) associated with reduced space requirements for the team,
- A reduced charge for bad & doubtful debts, offset by

- An increase in wages, superannuation and annual leave provisions due to annualised wage movements, and the one-time impact, of increased admin support for the CEO during the APC implementation process,
- An increase in travelling expenses (intra and interstate) associated with the CEO and President's representation activities related to proposed change to the WET and the implementation of the wine industry APC

### SURPLUS

The net result of the above was that the Association reported a net loss for the year of \$8,500 up from \$3,384 in the prior year. The accumulated loss at the end of 2015/16 financial year has increased to \$45,082. In having established a secure funding model via an APC, the board is committed to eradicating our negative equity position over the next two years which will require ongoing discipline in managing outgoings.



Chris Furtado

Treasurer



## Chief Executive Officer's Report

As outlined in Strategic Priorities for 2015 - 16, our focus for the year prioritised securing funding for industry development across the value chain. The key activities to achieve this aim were:

- Advocacy
- Representation
- Administration
- Communication

### Advocacy

In 2015-16, Wines of Western Australia advocated for the industry on the following issues:

- In collaboration with Regional Associations, provided producers with information on a Wine Producers' Committee for Agricultural Produce Commission (APC) Fee for Service (FFS) collection.
- In collaboration with Regional Associations, successfully polled producers to establish an APC Wine Producers' Committee.
- Worked with APC administration to develop collection process for FFS collection on the 2016 vintage.
- Successfully advocated for a unified national position on WET Rebate reform in response to the 2016 Federal Budget
- Advocated directly to WA Federal MPs, the Treasurer and the Prime Minister, clearly stating WA's position on Wet Rebate reform.
- Facilitated Regional forums on WET Rebate with Senator Anne Ruston.
- Continued engagement with AGWA to secure resources to support export market development for WA wine producers.
- In collaboration with the table grape industry and Regional Associations continued to advocate for amendments to the Federal Biosecurity Act 2015

which would restrict movement of imported grape products into WA.

- Worked with Frankland River Grape Growers Association to establish late season burn-off protocol for blue-gum plantation properties.

### Representation

In 2015-16, Wines of Western Australia engaged the following government and industry bodies on the following issues:

- As a member of the WET Rebate Consultative Group, attended two meetings in Canberra with Treasury to develop a briefing paper for Government, outlining the wine industry's position on reform amendments.
- Met with Department of Foreign Affairs and Trade to discuss biosecurity issues specific to WA as relate to FTAs.
- Minister for Agriculture and the Department of Agriculture and Food, Minister for State Development and Department of State Development, advocating for increased funding for market development and industry development.
- Submitted successful application for R4R Growers' Group Grant – "Pathways to Premium Markets", a \$500,000 R&D project focusing on production capacity, market demand and international best practise for regional brand development.
- Facilitated UK buyers visit to WA. ABS Wine Agencies tasted wine from all WA wine regions.
- Facilitated annual visit to WA for the Wine Education Centre's Singapore annexe Dux students.
- Supported Swan Valley Wine Show, Timber Towns Wine Show, Blackwood Valley Wine Show through IMP funding

## Administration

In 2015-16, Wines of WA administered the following projects on behalf of the WA wine industry:

- Compliance requirements for the International Marketing Program funding partnership with DAFWA.
- Compliance requirements for the AGWA Regional program.
- Management of the WA Wine Industry Technical Committee
- Negotiated terms for the WA wine industry service agreement with Australia Post
- Negotiated terms for the WA wine industry co-membership arrangement with CCIWA
- Managed Grant submission process for R4R Growers' Group Grant.
- Project management of R4R Growers' Group Grant, "Pathways to Premium Markets".

## Communication

In 2015-16, we continued to refine our communications processes.

- A monthly e-newsletter which provides non-time sensitive information. It will consist largely of reports on what has happened regarding advocacy and research activities. Also, covered will be upcoming events and opportunities that are of value to industry participants. We will also feature affiliate members, highlighting the services they offer to industry
- Social media which provides day to day information. By following Wines of WA on facebook, twitter and linkedin, industry participants receive live updates that are relevant to their business.
- For urgent, critical information, members receive an email or text message directly from me, sent from [ceo@winewa.asn.au](mailto:ceo@winewa.asn.au)
- Eye to eye on a regular basis to share a coffee or a glass wine, depending on the time of day, discussing what you feel are the key issues affecting your business and region.

Additionally, I urge producers to visit [www.winwa.asn.au](http://www.winwa.asn.au) regularly as we regularly post information and upcoming events to the news-blog that feeds directly to the home page.

Finally, the art of communication requires getting the correct message to the right person. This is our biggest challenge as an industry. We continued to work on this in 2015-16. With information collected via the APC process our ability to communicate effectively will continually improve.

## Staff Movements

During the 2015-16 financial year, Wines of WA appointed Jodie Pannel as Administration and Membership Manager in a .8 FTE capacity. Larry Jorgensen continued as CEO in a full-time capacity.

## Association Representation

### Winemakers' Federation of Australia (WFA)

Western Australian Board representatives are Anthony Wilkes (Medium Winery Membership Committee), Alexandra Burt (Winemakers' Federation Executive Council and Small Winery Membership Committee) and Redmond Sweeny (Small Winery Membership Committee).

Anthony is MD of Ferngrove and is the Vice-President of Wines of WA

Alex is a former Board member and Treasurer of Wines of Western Australia and runs her family's wine business, Voyager Estate.

Redmond is a partner in Snake and Herring, as well as being the President of Wines of Western Australia.

### Wine Grape Growers Australia (WGGA)

Colin Bell (Wines of WA Board member) continued as the WIAWA representative on WGGA during 2013/14. Colin is a viticulturist and principle AHA Viticulture has assumed the role.

In closing, I wish to acknowledge the contribution and support of the following people:

- Regional Association Committees who have provided input to the development of policies and programs to support industry development.
- Producers who have provided input to the development of policies and programs to support industry development.
- The Wines of WA Technical Committee, Chair, Jim Campbell-Clause Keith Pekin and Glynn Ward.
- The Wines of WA Board of Directors, President Redmond Sweeny, Vice President Anthony Wilkes, Treasurer Chris Furtado, WGGA Representative Colin Bell and Bryan Saunders.
- Jodie Pannel, Membership and Administration Officer, Wines of WA



Larry Jorgensen  
Chief Executive Officer

## Membership Report

Wines of WA had 148 members, representing roughly of 85 percent of the State's crush as well as a grape grower, distributor and affiliate members.

### Membership Targets and Performance for 2015-16

A goal was set to increase membership by 20 in 2015/16 as outlined below. This was not achieved. While we acquired 10 members, we 10 resigned. All resigned members were in the under 100 tonne categories. Of the new members, 9 were from under 100 tonne categories while one was from the 300-499 tonne category.

New Producers Members	Target	Achieved
>500 tonnes	3	0
100 - 500 tonnes	7	1
<100 tonnes	10	10
<b>Total</b>	20	10

### Membership Revenue

Producer membership revenue decreased by \$900. Aggregated membership revenue increased by \$1019. As many of the new members joined in the latter half of the year (or in July 2015), some of the effect on revenue will not be fully realised until the 2015/16 fiscal year.

Lower yields in 2015 saw many producers drop down in production categories, particularly those sourcing fruit from one region. Some of those sourcing fruit across regions increased tonnage. The net result was little change to revenue. The shortfall in producer membership

revenue was off-set by an increase in Affiliate member revenue.

The changes to membership numbers regarding additions and resignations highlights the importance of the establishment of an APC funding model. While variations in yield will occur year to year, stability of membership numbers will provide greater certain of revenue for all industry organisations.

Membership numbers are skewed towards less than 100 tonnes. Membership revenue is spread across the production range although this could change if targets for growth in 2015/16 are achieved (see below in 2015/16 targets).

### 2016 APC Implementation

As noted in the CEO report, FFS collection under an APC funding model will be implemented for the 2016-17 financial year. There will be administrative and process challenges in the first years, but the industry can now look forward to greater certainty around funding. This will enable longer term planning and strategic thinking for industry development.

The budgeted revenue from APC collections for 2016-17 is \$258,000, based on a 65,000 tonne vintage. This will be monitored as producer return forms are received.

## Current Member Benefit Schemes

### Australia Post

Membership entitles access to the Wines of WA alliance with Australia Post whereby members can take advantage of specialised wine handling and delivery services at significantly reduced prices in both the domestic and overseas markets.

### Chamber of Commerce and Industry, WA (CCIWA)

Membership permits access to the dual Wines of WA / CCI membership agreement. This provides members with access to the full range of CCI member benefits including: advice and assistance on industrial relations, workplace agreements, worker's compensation, occupational safety and health, industry training, trade, environmental compliance and more.

## Affiliate Membership Benefits

Affiliate membership was revised in 2011 from four levels down to one, affiliate members receive the following benefits:

- **Advertising** events and new products in the WoWA E-newsletter
- **Advertising** page link, events and new products on WoWA website
- Invitation to the facebook **members only** group
- **Receive** regular issues of the WoWA E-newsletter and keeping up to date with all the latest wine industry news
- Access and notification to **networking** events and workshops with WOWA wine producers and growers

## Distributor Membership Benefits

Distributor members receive the following benefits:

- **Advertising** events and new products in the "Wine Scene" E-newsletter
- **Advertising** page link, events and new products in social media
- Invitation to the facebook **members only** group
- **Receive** regular issues of the "Wine Scene" E-newsletter and keeping up to date with all the latest wine industry news
- Access and notification to **networking** events and workshops with WOWA wine producers and growers

## Technical Report

The Wines of WA Technical Committee oversees the development and implementation of the AGWA Regional Program for WA. The Program provides grants based funding for R&D projects with specific regional relevance.

The Committee also reviews:

- biosecurity
- water security
- resource management

Committee Members for 2015 – 16 were:

Jim Campbell-Clause – AHA Viticulture  
 Dave Botting – Burch Family Wines  
 Peter Traeger – Sandalford  
 Lee Hasselgrove – Mure Viticulture  
 Yuri Berns – Sittella  
 Suzie Muntz – Xanadu  
 Con Simos – AWRI  
 Alec McCarthy - DAFWA  
 Mark Gibberd – Curtin University  
 Dave Kelly - Curtin University  
 Jeremy Galbreath - Curtin University  
 Glynn Ward – DAFWA  
 Richard Fennessy – DAFWA  
 Keith Pekin – Perth NRM  
 Michael Considine – UWA  
 Larry Jorgensen – Wines of WA

### AGWA Regional Program 2015-16 activities;

**1. Managing vines for extreme heat and wind events:** Extreme heat and wind events have an ongoing and increasing impact on fruit quality and yield throughout all regions. This issue is exacerbated in the Margaret River region where the vines are predominately planted in a North - South direction with the Western face being overly exposed to the

effects of the afternoon sun during heat spikes. Three of the last five vintages in the region have been significantly impacted by the heat spikes and extreme wind events. This project will trial the effectiveness of three commercially available sunscreen spray products to manage extreme heat events. The project will also trial (same site) the effectiveness of pull up screens to manage extreme heat and wind events. David Botting from Howard Park Wines will oversee the trials at one of their HPW Margaret River vineyards. A demonstration based workshops will be carried out on that site and a follow up workshop to be held in the Swan Valley.

### 2. Understanding Cabernet hang time

Cabernet is an important variety in Western Australian viticulture. In recent years, green character detected in Cabernet wines has increasingly been regarded as a negative quality. Thus, wine makers are extending the time the fruit remains on the vines to achieve riper (less green) characters. Though quality results are positive, the yield per hectare has reduced due to berry dehydration and as a result, there is a diminished return on investment for the grape producer. The loss in yield and how that relates to fruit quality needs to be quantified through rigorous, regionally appropriate trials.

**3. Tempranillo management:** The variety Tempranillo has gained prominence in Western Australian viticulture. The Geographe region has had success with it in local and national shows and the association has chosen it as a variety of prominence. It is also widely grown in other regions including The Great Southern, Margaret River, and the Perth Hills. It performs well under Western Australian conditions but has some management issues including very early bud-burst, excessive early vigour, and is a very heavy cropping variety. The project will help producers to determine the best viticultural management for different wine styles and help produce higher quality fruit in a more cost effective way. Depending on outcomes from year one, this project would be carried over a four-year time frame.



#### 4. Managing Apple Looper

Apple looper is a consistent pest in certain vineyard regions of the South west. The extent of infestations varies each year. Infestations occur in spring when wine grapes are in their early developmental stage and most susceptible to attack.

Because larvae feed on very young fruit (not the leaves) and the larvae themselves are quite cryptic within the crop canopy, early infestations are difficult to detect. Fruit is damaged by newly hatched larvae and undetected infestations can result in extensive damage quickly.

To protect crops a warning system based on a synthetic pheromone to trap moths is required. In this way, timely intervention to control young larvae can be implemented.

Synthetic pheromones that are used to monitor moths in the same taxonomic group as apple looper will form the basis of trying to identify an appropriate lure for apple looper moths.

industry input into the program and are actively seeking greater industry representation and input to the planning process for future regional programs.

#### Development of the 2015-16 AGWA Regional Program

The plan was developed through the West Australian wine industries technical committee and WoWA. In January 2016, Larry Jorgensen (CEO of WoWA) emailed a copy of the AGWA Regional's program guidelines to the regional associations with an explanatory note seeking their input into the 15/16 program. At the same time, technical committee members made direct contact with producers to seek their input into regional RD&E priorities.

A committee meeting was held at DAFWA's Bunbury office on the 14th of January to prioritise regional RD&E issues. This prioritisation process was based on feedback from the regional associations and direct contact with producers. Though the wine producing regions throughout WA are diverse, the selected activities for 2015/16 program aim to be of benefit to all regions.

The committee and Wines of WA would like to acknowledge that there is scope to improve



## Board of Directors

### Producer Representatives

**Mark Warren (Producer BCD)**  
Marq Wines

**Jeff Dewar (Producer E)**  
Willow Bridge Estate

**Chris Furtado (Producer H)**  
**Treasurer**  
Voyager Estate  
(08)9385 3133

**Anthony Wilkes (Producer L)**  
**Vice President**  
Ferngrove  
(08)9363 1300

### Executive

**Larry Jorgensen**  
**CEO Wines of Western Australia**  
0448 884 161  
ceo@winewa.asn.au

### Invited

**Redmond Sweeny (Invited)**  
**President**  
Snake + Herring  
0419 487 427  
hezza@snakeandherring.com.au

**Brian Sheehy (Invited)**  
Houghton Wine Company (Accolade)

**Bryan Saunders (Invited)**

**Bruce Pearce (Margaret River Invited)**  
Pearse Viticulture

**Joanne Bradbury (Great Southern Invited)**  
3drops

### Grower Representative

**Colin Bell (Grower)**  
AHA Viticulture  
Director and Viticulturist

### Distributor Representative

**Rachel Taylor**  
Terra Wines

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2016**

**Liability limited by a scheme approved under  
Professional Standards Legislation**

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

Liability limited by a scheme approved under Professional Standards Legislation



**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

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**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**COMMITTEE'S REPORT**

Your committee members submit the financial report of the WINES OF WESTERN AUSTRALIA INC. for the financial year ended 30 June 2016.

**Committee Members**

The name of each member of the committee during the year and if different, at the date of the report;

Redmond Sweeny (President)  
Anthony Wilkes (Vice President)  
Chris Furtado (Treasurer)  
Larry Jorgensen (CEO)  
Bryan Saunders  
Mark Warren  
Jeff Dewar  
Brian Sheehy  
Colin Bell  
Joanne Bradbury  
Rachel Taylor  
Bruce Pearse

**Principal Activities**

The principal activities of the association during the financial year were:

Advocacy to confirm government, at all levels, understands the wine industry and also ensure the value of the wine industry is clearly understood by government, the community and other complimentary industry sectors.

Administration of technical and marketing program funding to provide Regional Associations and producers access to opportunities to improve business practices and market access.

Communication to ensure wine industry participants are aware of the issues that may affect their businesses.

**Significant Changes**

No significant change in the nature of these activities occurred during the year.

**Operating Result**

The loss of the association after providing for income tax amounted to \$(8,517.48).

Signed in accordance with a resolution of the Members of the Committee.

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**COMMITTEE'S REPORT**



**Committee Member:** \_\_\_\_\_  
Redmond Sweeny (President)



**Committee Member:** \_\_\_\_\_  
Larry Jorgensen (CEO)

**Dated this 27th day of October 2016**



**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>INCOME</b>			
Events Management		13,682	15,092
Grants & Projects		3,463	23,948
Interest Received		-	146
Membership Fees		182,644	181,625
		199,789	220,810
<b>OTHER INCOME</b>			
Recoupment of Expenses		26,700	-
Other Income		4,622	3,942
Gross profit from rental operations		-	12,143
		31,322	16,085
		231,111	236,895

The accompanying notes form part of these financial statements.

This report is to be read in conjunction with the attached compilation report of RSM Australia Pty Ltd.

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**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>EXPENDITURE</b>			
Accounting & Audit Fees		3,950	7,232
Amortisation - Intangibles		3,895	4,315
Bad and Doubtful Debts		1,000	7,656
Bank Charges		1,507	1,787
Cleaning & Rubbish Removal		506	373
Computer Expenses		2,925	2,381
Depreciation		1,486	3,309
Electricity & Gas		1,834	4,643
General Expenses		209	-
Insurance		8,778	5,107
Marketing Expense		2,127	4,517
Meeting Expenses		5,823	2,240
Postage		713	1,094
Printing & Stationery		5,893	7,644
Provision for Annual Leave		14,584	2,159
Rates		901	1,916
Rent		11,264	27,709
Staff Amenities & Training		-	684
Superannuation		13,304	12,262
Telephone		4,250	4,146
Travelling Expenses		12,829	6,928
Wages		141,849	129,156
Reconciliation Discrepancy		-	3,022
		239,628	240,280
Loss before income tax		(8,517)	(3,384)
<b>Loss for the year</b>		(8,517)	(3,384)
Accumulated losses at the beginning of the financial year		(36,564)	(33,180)
<b>Accumulated losses at the end of the financial year</b>		(45,082)	(36,564)

The accompanying notes form part of these financial statements.

This report is to be read in conjunction with the attached compilation report of RSM Australia Pty Ltd.

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**BALANCE SHEET**  
**AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	301,384	27,817
Trade and other receivables	4	15,146	12,868
Inventories	5	6,933	6,933
Prepaid Expenses		37,427	2,442
<b>TOTAL CURRENT ASSETS</b>		<u>360,890</u>	<u>50,059</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,894	4,380
Intangible assets	7	1,955	5,850
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,849</u>	<u>10,230</u>
<b>TOTAL ASSETS</b>		<u>365,739</u>	<u>60,289</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	410,821	96,853
<b>TOTAL CURRENT LIABILITIES</b>		<u>410,821</u>	<u>96,853</u>
<b>TOTAL LIABILITIES</b>		<u>410,821</u>	<u>96,853</u>
<b>NET ASSETS (LIABILITIES)</b>		<u>(45,082)</u>	<u>(36,564)</u>
<b>MEMBERS' FUNDS</b>			
Accumulated losses	9	(45,082)	(36,564)
<b>TOTAL MEMBERS' FUNDS</b>		<u>(45,082)</u>	<u>(36,564)</u>

The accompanying notes form part of these financial statements.

This report is to be read in conjunction with the attached compilation report of RSM Australia Pty Ltd.

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Liability limited by a scheme under Professional Standards Legislation

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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The financial statements cover WINES OF WESTERN AUSTRALIA INC. as an individual entity. WINES OF WESTERN AUSTRALIA INC. is a not for profit Association incorporated in Western Australia under the Associations Incorporation Act (ACT) 1991 ('the Act').

The functional and presentation currency of WINES OF WESTERN AUSTRALIA INC. is Australian dollars.

**1 Basis of Preparation**

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

**2 Summary of Significant Accounting Policies**

**Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

**Plant and Equipment**

Plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses. Plant and equipment is depreciated on a straight line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciable amount of all plant and equipment is depreciated over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**Impairment of Non-Financial Assets**

At the end of each reporting period the association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss , except for goodwill.

**Employee Benefits**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the balance sheet if the association does not have an unconditional right to defer settlement of the liability for at least one year after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

**Cash and Cash Equivalents**

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Revenue and Other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the association and specific criteria relating to the type of revenue as noted below, has been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

**Rental income**

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

**Interest revenue**

Interest revenue is recognised using the effective interest rate method.

**Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Revenue from training services is generally recognised once the training has been delivered.

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

These notes should be read in conjunction with the attached compilation  
report of RSM Australia Pty Ltd.

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**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>3 Cash and Cash Equivalents</b>		
CBA Business Transaction A/C	6,894	30,855
NAB Cheque Account	54,446	(3,039)
NAB Savings Account	240,044	-
	<u>301,384</u>	<u>27,817</u>
<b>4 Trade and Other Receivables</b>		
<b>Current</b>		
Other Receivables	-	1,805
Trade Receivable	15,146	8,365
GST Receivable	-	2,698
	<u>15,146</u>	<u>12,868</u>
<b>5 Inventories</b>		
<b>Current</b>		
Stock on Hand - at Cost	<u>6,933</u>	<u>6,933</u>
<b>6 Property, Plant and Equipment</b>		
Office Equipment - at Cost	34,829	34,829
Less Prov'n for Depreciation	<u>(32,541)</u>	<u>(31,776)</u>
	2,289	3,053
Furniture & Fittings - at Cost	2,020	2,020
Less Prov'n for Depreciation	<u>(1,415)</u>	<u>(1,264)</u>
	605	756
Software Development - at Cost	7,000	7,000
Less Prov'n for Depreciation	<u>(7,000)</u>	<u>(6,429)</u>
	-	571
<b>Total Plant and Equipment</b>	<u>2,894</u>	<u>4,380</u>
<b>Total Property, Plant and Equipment</b>	<u>2,894</u>	<u>4,380</u>

These notes should be read in conjunction with the attached compilation  
report of RSM Australia Pty Ltd.

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Liability limited by a scheme under Professional Standards Legislation

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>7 Intangible Assets</b>		
Wines of WA Brand	19,477	19,477
Less: Amortisation	<u>(17,521)</u>	<u>(13,626)</u>
	1,955	5,850
<b>Total</b>	<u><u>1,955</u></u>	<u><u>5,850</u></u>
<b>8 Accounts Payable and Other Payables</b>		
<b>Current</b>		
Trade Creditors	9,812	10,038
PAYGW Payable	3,516	2,501
Superannuation Payable	3,304	2,797
Other Payroll Liabilities	433	-
Project Advance Payments	352,832	73,910
GST Payable	18,732	-
Provision for Holiday Pay	<u>22,192</u>	<u>7,609</u>
	<u><u>410,821</u></u>	<u><u>96,853</u></u>
<b>9 Accumulated Losses</b>		
Accumulated losses at the beginning of the financial year	(36,564)	(33,180)
Net loss attributable to the association	<u>(8,517)</u>	<u>(3,384)</u>
Accumulated losses at the end of the financial year	<u><u>(45,082)</u></u>	<u><u>(36,564)</u></u>

These notes should be read in conjunction with the attached compilation  
report of RSM Australia Pty Ltd.

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Liability limited by a scheme under Professional Standards Legislation

**WINES OF WESTERN AUSTRALIA INC.**  
**ABN 23 095 700 543**

**STATEMENT BY MEMBERS OF THE COMMITTEE**

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial statements as set out on pages 1 to 10:

1. Presents a true and fair view of the financial position of WINES OF WESTERN AUSTRALIA INC. as at 30 June 2016 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that WINES OF WESTERN AUSTRALIA INC. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

**President:**

  
\_\_\_\_\_  
Redmond Sweeny

**CEO:**

  
\_\_\_\_\_  
Larry Jorgensen

**Dated this 27th day of October 2016**

**COMPILATION REPORT  
TO WINES OF WESTERN AUSTRALIA INC.  
ABN 23 095 700 543**

We have compiled the accompanying special purpose financial statements of WINES OF WESTERN AUSTRALIA INC. which comprise the balance sheet as at 30 June 2016, profit and loss statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the additional information contained in the detailed profit and loss.

The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

**The responsibility of the committee of management**

The Committee of Management is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

**Our responsibility**

On the basis of the information provided by the committee of management we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

We have applied professional expertise in accounting and financial reporting to compile these financial statements on the basis of accounting described in the notes to the financial statements.

**Assurance Disclaimer**

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the committee of management. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

**Name of Firm:** RSM Australia Pty Ltd

**Name of Director:** 

W.A Smith

**Address:** Unit 2, 2 Fairbairn Road Busselton WA 6280

**Dated this 12th day of September 2016**