



2015-2016 ANNUAL REPORT



Vinehealth
AUSTRALIA

Safeguarding our wine industry



Government
of South Australia

*Vinehealth Australia is a South Australian
Government statutory authority responsible for
the protection of vineyards from disease and to
assist and support the grape industry in
South Australia.*

December 2016

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Honourable Leon Bignell MP
Minister for Agriculture, Food and Fisheries
25 Grenfell St
Adelaide SA 5000

13 December 2016

Dear Minister Bignell,

In accordance with the *Phylloxera and Grape Industry Act 1995*, I am pleased to submit the 2015-16 annual report for Vinehealth Australia, year ending 30 April 2016 and adopted by the Board of Vinehealth Australia on 12 December 2016.

Yours sincerely,



Roseanne Healy
Chair (Presiding Member)

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REPORT FROM THE CHAIR

Keeping South Australian vineyards free from phylloxera and other devastating pests and diseases has arguably never been more challenging. We live in an age of global mobility with a freedom to move anywhere at anytime – and that makes the delivery of robust biosecurity systems extremely complex. We have no room for complacency.



It is the reason why our organisation – with its impressive record of biosecurity control stretching over more than a century – continues to be strategic, proactive and innovative in the way we operate. To maintain the current defence of South Australia's \$1.78 billion wine industry involves significant resources and it is critical that we keep improving in a rapidly evolving biosecurity landscape.

The past 12 months have been significant for many reasons. We transitioned to a new Chief Executive Officer, Inca Pearce, and in September 2015 we changed from the Phylloxera and Grape Industry Board of South Australia to Vinehealth Australia. This is far more than a simple name change, however. It is part of a comprehensive rebranding under our 2014-19 strategic plan that better reflects our leadership role in a more integrated, national approach to biosecurity. It recognises that pests and diseases that can threaten our industry have no respect for state or regional boundaries.

The dangers were recognised in the Federal Government's Agricultural Competitiveness White Paper released in July 2015 which included a \$200 million investment to improve biosecurity surveillance and analysis to better target critical biosecurity risks.

The concept of shared responsibility between government, industry and the broader community involves getting the right balance of activities and cost to maximise the effectiveness of our biosecurity efforts. This can be hard in a challenging economic environment but it is imperative that wine growers and winemakers are strong advocates for best practice hygiene systems and demonstrate leadership in their commitment to protecting their own vineyards.

Under our strategic plan, Vinehealth Australia will be an integral part of Australia-wide biosecurity systems with the ability to manage and respond to pest and disease threats by participating in national policy development, surveillance, research and development, and emergency response activities. Such an approach aligns very clearly with the South Australian Government's SA Biosecurity Strategy and its Seven Strategic Priorities,

REPORT FROM THE CHAIR

particularly ‘Premium food and wine from our clean environment’.

Our organisation remains resolute in delivering outstanding value to growers and more broadly industry, with a sharp eye on phylloxera and also other key pest and disease threats to our vines. Maintaining our phylloxera-free status and secure production is a priority as it sets us apart from many other wine regions globally.

Vinehealth Australia’s five-year strategic plan is designed to help ensure we succeed, not only in the short-term but well into the future. Important progress was made in implementing elements of the plan during 2015-16 along with various other significant achievements. Following are some of the highlights:

- development of a new communications and engagement plan to strengthen how we interact with vineyard owners and other stakeholders
- an industry-wide survey demonstrated that growers understand the key biosecurity role Vinehealth has in helping protect their vineyards
- encouraging results from our collaborative project to develop an advanced phylloxera early detection and surveillance system
- strengthening our relationship with Biosecurity SA in identifying risks, developing mitigating steps and preparing education and awareness initiatives
- continued improvements to Vinehealth’s vineyard register and mapping function, with a current review aimed at ensuring it continues delivering value to industry
- advanced aerial surveillance to identify vine decline.

While good progress is being made, it is imperative that we remain vigilant and growers do not waiver in their commitment to the very best on-farm hygiene practices. Business costs continue to rise and the industry levy has remained static since 1996, which means there is a diminishing pool of funds being directed to biosecurity.

In the year ahead Vinehealth Australia will explore how we can better engage growers in biosecurity activities with a strong focus on education and awareness and the delivery of consistent messaging across Australia. This will involve the coordination of biosecurity activities for the wine industry across all agencies.

REPORT FROM THE CHAIR

This is my second three-year term on the board of Vinehealth Australia and I am honoured to continue working alongside my fellow board colleagues and for having been elected Chair. I wish to thank the Directors for their invaluable contributions and look forward to working with them on the challenges and opportunities ahead. Vinehealth Australia has a critical leadership role to play in developing biosecurity protocols and best practice frameworks, and delivering the knowledge to influence others to keep South Australia vineyards secure.

Of course, none of this will be possible without the tireless efforts of our CEO Inca Pearce and her team and I thank them for their ongoing drive and commitment.



Roseanne Healy
Chair (Presiding Member)

VINEHEALTH AUSTRALIA

Vineyard biosecurity is critical for wine industry success. A rigorous system of education, risk assessment, emergency planning, and outbreak response and recovery has been keeping South Australian vineyards healthy for more than a century.

Our winemaking forebears were among the first to recognise the importance of an effective biosecurity regime in the 19th century when vineyards across Australia and other parts of the world were stricken by phylloxera. Their persistence in persuading state legislators to establish the Phylloxera Board of South Australia in 1899 kept our vineyards safe and laid the foundation for today's thriving wine sector.

We have succeeded in the decades since by continuing to set the benchmark for innovative and sustainable biosecurity control. Our original board has evolved since 1899 and in September 2015 was renamed from the Phylloxera and Grape Industry Board of South Australia to Vinehealth Australia.

This major rebrand followed the launch of our 2014-19 strategic plan which aims to build on our 117-year record and provide national leadership for wine industry biosecurity. Pest and disease incursions are a constant threat and require vigilance, industry training, research and development and the support of every vineyard owner in Australia.

STATUTORY RESPONSIBILITIES AND ACCOUNTABILITIES

LEGISLATIVE FRAMEWORK

Vinehealth Australia (Vinehealth) is responsible to the South Australian Parliament through the Minister for Agriculture, Food and Fisheries. The *Phylloxera and Grape Industry Act 1995* provides the legislative foundation for Vinehealth, detailing the governance, powers, functions and obligations for the organisation.

The overriding purpose of the Act is to provide for the protection of vineyards from disease and to assist and support the grape industry in South Australia. In the Act disease means, (a) any bacterium, fungus, insect, mite or other arthropod, protozoan, virus or other organism or pathogen; or (b) any other condition, that may affect vines.

The term biosecurity is commonly used in relation to Vinehealth's activity. The definition of biosecurity is '*... a strategic and integrated approach to analysing and managing relevant risks to human, animal and plant life and health, and associated risks to the environment.*'¹ The scope of Vinehealth's mandate under its Act is limited to plant life and consideration of any associated risks to the environment.

THE ROLE OF VINEHEALTH AUSTRALIA

The primary functions of Vinehealth, as set out in Section 13 of the Act, are to:

1. Identify and assess:
 - a. the relative threat to the state's vineyards posed by phylloxera and other diseases
 - b. the risk of spreading diseases through the movement of machinery, equipment, vines and other vectors into and within the state.
2. Develop policies in relation to:
 - a. appropriate restrictions on, or conditions for, the movement of machinery, equipment, vines and other vectors into and within the state to prevent the spread of disease
 - b. the quarantine of vines that are or may be affected by disease
 - c. appropriate measures for the control of outbreaks of disease in the state.
3. Develop plans for the eradication of disease in the state's vineyards.
4. Support and encourage the conduct and evaluation of research into:
 - a. disease resistance and tolerance of root stocks and scions
 - b. diseases that affect or may affect vines, and any matter relating to such diseases, including their control.
5. Publish the results of relevant research.

¹ FAO (2007). FAO Biosecurity Toolkit

STATUTORY RESPONSIBILITIES AND ACCOUNTABILITIES

6. Promote awareness of the dangers of disease among the public and people involved in grape growing or winemaking.
7. Disseminate information on disease and work practices or industry codes of practice that would minimise the risk of disease, or its spread, to people involved in grape growing or winemaking.
8. Approve nurseries (whether within or outside the state) that are capable of producing propagative material that is free of specified diseases or industry-based accreditation schemes for such nurseries.
9. Subject to subsection 13(3), to collect and, on request by an interested person, supply data relating to vineyards and vine health in South Australia.
10. Perform the other functions assigned to the board by or under this Act or by the Minister.

Vinehealth Australia has the additional function of assisting and supporting the grape industry in its initiatives.

All board members of Vinehealth, the CEO and Technical Manager are ex officio inspectors under the *Plant Health Act 2009*.

CORPORATE GOVERNANCE



Vinehealth's new board (L-R): Marc Allgrove, Roseanne Healy, Cassandra Collins, Prue McMichael, Anna Hooper, Ashley Chabrel, Geoff Raven (absent: Nigel Blieschke and Andy Clarke)

BOARD MEMBERSHIP

The Vinehealth board has up to eight members appointed by the Minister for Agriculture, Food and Fisheries and the Chief Plant Inspector for Biosecurity SA. Of those appointed by the Minister, one member must have expertise in viticultural research and the remaining seven are nominated by one or more organisations or bodies that, in the opinion of the Minister, have significant involvement in grape growing or winemaking.

Board members serve a term of not more than three years and are eligible for reappointment at the end of their term. Each year in July, the board members elect an existing member to be Chair (Presiding Member) for a term of one year.

The board members were appointed in 2013 by the Hon. Gail Gago MP, the then Minister for Agriculture, Food and Fisheries, and their term ended on 30 June 2016.

CORPORATE GOVERNANCE

BOARD MEETINGS

BOARD MEMBER	NUMBER OF MEETINGS ELIGIBLE TO ATTEND	NUMBER OF MEETINGS ATTENDED
Mr Ben Gibson	7	7
Ms Roseanne Healy	7	6
Mr Marc Allgrove	7	6
Mr Ashley Chabrel	7	6
Ms Suzanne McLoughlin	7	6
Mr Nigel Blieschke	7	5
Ms Elise Heyes*	7	3
Mr Geoff Raven (Chief Plant Inspector)	7	7
Dr Cassandra Collins (viticultural expert)	7	6

* on parental leave from September 2015 to June 2016

Ben Gibson resigned his position as Chair effective 1 April 2016 and Marc Allgrove was elected in his place, a position he held from 1 April to 30 June 2016.

The Minister for Agriculture, Food and Fisheries, Hon. Leon Bignell MP through his delegate Scott Ashby, Chief Executive, Primary Industries and Regions SA (PIRSA), appointed a new board to commence on 1 July 2016 for a three-year term. The board elected Roseanne Healy as Chair on 9 September 2016.

Vinehealth's new board effective 1 July 2016 is:

Ms Roseanne Healy (Chair)

Mr Marc Allgrove

Mr Nigel Blieschke

Ms Anna Hooper

Mr Andy Clarke

Dr Prue McMichael

Mr Geoff Raven

Dr Cassandra Collins

Mr Ashley Chabrel

RISK AND AUDIT COMMITTEE

Vinehealth has one board committee, the Risk and Audit Committee, and all items for the committee were discussed at board level during 2015-16.

CORPORATE GOVERNANCE

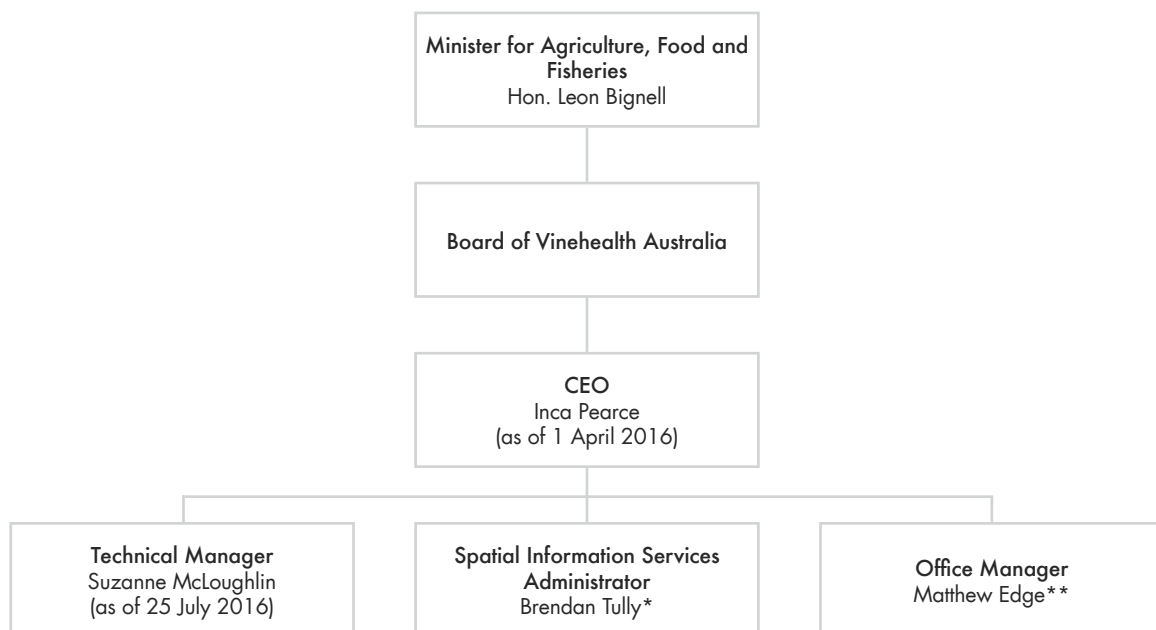
STAFF

The number of full-time, part-time and casual employees of Vinehealth as at 30 April 2016 was three, making 2.4 full-time equivalents. For the first 41 weeks of the reporting period the number of full-time, part-time and casual employees was four, being 3.2 full-time equivalents.

Alan Nankivell finished in the role of Chief Executive Officer of Vinehealth on 12 February 2016 and the board appointed the agency's Manager, Projects and Communications, Inca Pearce, as Acting CEO. After a national recruitment process the board appointed Ms Pearce as CEO on 1 April 2016.

Following this transition, Suzanne McLoughlin was recruited into the position of Technical Manager on 25 July 2016.

ORGANISATIONAL STRUCTURE



* Currently 0.8EFT

** Currently 0.6EFT

VINEHEALTH AUSTRALIA PERFORMANCE

INDUSTRY SURVEY FOCUSES ON PERFORMANCE

Vinehealth is always looking for new ways to improve the way it operates. In May 2015, we initiated an online survey to assess our performance and identify areas for improvement.

The survey involved growers and other key stakeholders, including industry bodies, R&D agencies, regulators, service providers and industry influencers interstate.

Survey feedback demonstrated the key areas where Vinehealth is supporting growers, particularly in the delivery of information and services to help them protect their vineyards from phylloxera and other diseases and pests. This is reflected in the responses highlighted in figure 1.



Figure 1. A word map of survey responses shows what growers value most about the work of Vinehealth. Answers from respondents were analysed and key words identified. The larger words in the map indicate those used most frequently by respondents. The high level of 'don't know' is common in a survey of this type.

Feedback showed that 86% of growers and 83% of other stakeholders agreed that Vinehealth was performing well (figure 2), while 79% of growers and 71% of stakeholders thought the agency was providing useful information and support.

VINEHEALTH AUSTRALIA PERFORMANCE

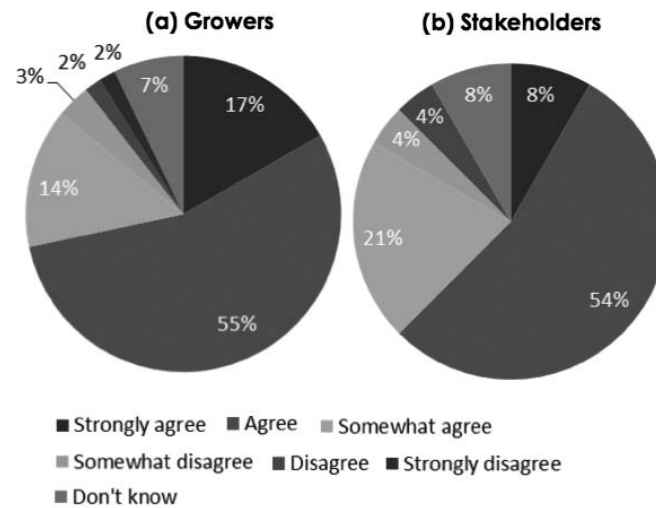


Figure 2. Responses by growers (a) and stakeholders (b) to the question: 'Phylloxera and Grape Industry Board of South Australia is performing well in protecting vineyards from pests and diseases'

Survey respondents provided valuable feedback on ways Vinehealth can help growers in the future. They were particularly interested in:

- additional information on biosecurity risks
- cutting edge biosecurity science
- education and awareness campaigns
- improved communication with growers.

A review of all feedback has been undertaken and integrated into communication and engagement plans, strategic project priorities and operating plans for Vinehealth (refer strategic priority four).

STRATEGIC BIOSECURITY RESPONSE TO PROTECT SA

Pests and diseases that devastate grapevines do not respect state borders. This is the key reason Vinehealth is moving to play a greater national role in viticulture biosecurity.

To protect South Australian vineyards and the state's wine industry, we need to advocate on biosecurity matters for all Australian grape growers. This involves Vinehealth working collaboratively with regulators, growers, wineries and key stakeholders across Australia.

Such an approach is necessary for Vinehealth to fulfil its mandate as outlined in the governing Act which states that our primary responsibility is to protect SA's vineyards from all pests, diseases and other conditions that may impact vine health.

VINEHEALTH AUSTRALIA PERFORMANCE

With this in mind, the board undertook a strategic review of the organisation's branding and priorities, taking into account sentiment expressed in the May 2015 survey and in consultation with vineyard owners and stakeholders. Following the review, it was announced in September 2015 that the Phylloxera and Grape Industry Board of South Australia was being renamed Vinehealth Australia.

This compelling new name reflects the intent of the organisation to lead and collaborate nationally to leverage better value for SA vineyard owners. We will be advocating for and delivering improved biosecurity policies, practices and risk assessments. The aim is to reduce the overall pressure and risk of diseases and pests to SA vineyards in a move that benefits vineyards across Australia. While phylloxera continues to be at the core of our operations, it is recognised that we must be vigilant in assessing the risk that other pests and diseases also pose.

Vinehealth will remain firmly anchored in SA and will continue to operate under the existing Act which ensures that all levy contributions are directed to activities that benefit SA vineyard owners.

Through this process of transitioning to a new name, the role and values of Vinehealth have been clearly articulated. A striking new logo was developed depicting the grapevine leaf as an iconic symbol of health and prosperity with colours that reflect each wine varietal across the seasons.

VINEHEALTH AUSTRALIA PERFORMANCE

WHAT OUR BUSINESS IS

Biosecurity and the curation of industry knowledge

WHY WE EXIST

Protect and grow South Australia's iconic wine industry

THE BENEFIT FOR OUR CUSTOMERS

Feel empowered and protected

WHAT WE BELIEVE IN - OUR VALUES

- **Knowledge:** *As an evidence-based biosecurity organisation, we are driven by the pursuit of new knowledge. We are recognised as an authority nationally and globally.*
 - **Collaboration:** *We work in partnership with growers, producers and stakeholders. Our collaborative approach ensures we protect and deliver maximum value to our industry*
 - **Independence:** *We are an apolitical organisation that works and leads nationally to ensure the best interests of the South Australian wine industry. We are respected for our integrity and transparency.*
 - **Action:** *We are a proactive and agile organisation that is at the forefront of biosecurity and industry knowledge. Our customers are informed and empowered by our actions.*
-

STRATEGY

VISION

In 2020, Vinehealth Australia is recognised as the leader in grape and wine biosecurity knowledge across Australia.

MISSION

Lead in the protection of vineyards from pest and disease. Assist and support the grape industry in its initiatives.

STRATEGIC PLAN

In 2014 Vinehealth launched its five-year strategic plan (2014-19) with five clear goals:

- 1. Demonstrate positive biosecurity actions*
- 2. National provider of grape and wine industry biosecurity knowledge*
- 3. Monitor and measure the adoption of research and development outcomes*
- 4. Communicate brilliantly and effectively*
- 5. Operate efficiently in an ever-changing environment*

During 2015-16 Vinehealth Australia initiated and strengthened various key activities in pursuit of these goals.

Our own strategic plan is closely aligned with the South Australian Government's Seven Strategic Priorities, particularly 'Premium food and wine from our clean environment'. The international reputation of our wine industry depends very much on our ability to keep our vineyards safe from pest and disease incursions. By maintaining a robust and responsive biosecurity program we are safeguarding the future of the state's wine operators, supporting a thriving tourism sector and ensuring vibrant regional communities.

OPERATIONS AND INITIATIVES

STRATEGIC PRIORITY ONE

Demonstrate positive biosecurity actions

OUTCOMES

- *National wine sector biosecurity roles and responsibilities are appropriately assigned and duplication minimised*
 - *Biosecurity policy and protocols updated to reflect latest research outcomes and industry circumstances*
-

BIOSECURITY FRAMEWORK FOR AUSTRALIAN WINE INDUSTRY

A key challenge for the Australian wine industry is to develop a coordinated national approach to biosecurity with clearly defined roles and responsibilities. The challenge is complex and extends beyond our own industry.

The Nairne Review in 1996 and subsequent Beale Review in 2008 both examined Australia's quarantine and biosecurity arrangements and clearly articulated the need for shared responsibility for biosecurity by federal and state governments, industry and the community.

Biosecurity must be seen as a continuum of pre-border, border and post-border measures to prevent the spread and establishment of pests and diseases. Achieving such a national approach continued to be a focal point of discussion by government and industry at state and national biosecurity forums during this reporting period.

There is an opportunity for the wine sector to take a leadership role and to better shape the biosecurity systems required to ensure the sustainability of our vineyards. This involves key national, state and regional wine industry associations and providers involved in biosecurity activities working together to:

1. identify biosecurity capability and capacity
2. establish and prioritise key activities and initiatives
3. define roles and responsibilities.

During 2015-16, Vinehealth initiated discussions with Winemakers' Federation of Australia, Australian Vignerons, Australian Wine Research Institute, Victorian Viticulture Biosecurity Committee and Wine Australia to progress this issue and ensure a governing framework and action plan is implemented in the coming year.

OPERATIONS AND INITIATIVES

This will continue to be a key focus area to raise awareness of the importance of biosecurity and the need for ongoing investment in biosecurity capacity.

AERIAL SURVEILLANCE TO IDENTIFY VINE DECLINE

Vinehealth has conducted an aerial surveillance program for South Australia since 2001 using remote sensing and GIS technologies. Digital multi-spectral imagery is collected in summer and enhanced using a range of algorithms which highlight vines that have low vigour relative to the general health of the total vineyard block.

These maps are overlaid on previous maps collected for that region to identify locations that should be physically inspected for phylloxera or other conditions that can affect vine health.

Vinehealth is a member of the Government Spatial Imagery Committee (GSIC) which applies a cross-government approach to the coordination of spatial imagery. All imagery used for the state surveillance program is purchased via GSIC. Vinehealth benefits as a result of this collaboration through reduced costs, access to technical expertise, a central registry of imagery, and storage and management of data by the Department of Environment, Water and Natural Resources (DEWNR).

Imagery is collected every three to five years for each grape growing region in SA (see figure 3) which enables multiple-year comparisons to detect vine decline. Once we receive new imagery for a region we can:

- use the information to digitise vineyard boundaries
- identify new unregistered vineyards
- create normalised difference vegetation index (NDVI) maps of areas to be ground truthed.

The vineyard register maintained by Vinehealth is then updated with maps and new vineyard information. In this reporting period, imagery was obtained and analysed for McLaren Vale, Adelaide Hills and Adelaide Plains.

OPERATIONS AND INITIATIVES

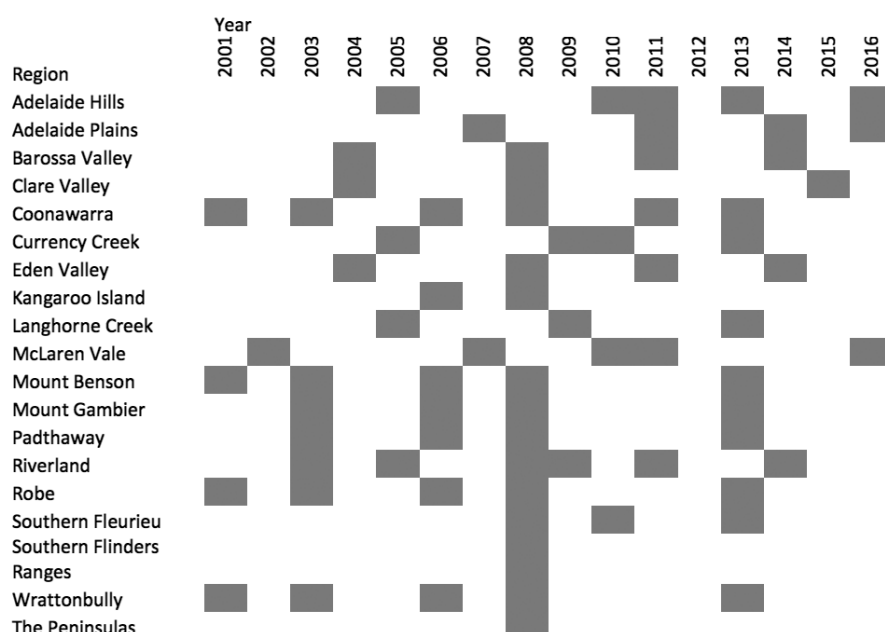


Figure 3. State aerial surveillance by region - shaded cell indicates year of imagery capture

IMPROVED INCIDENT INVESTIGATION SYSTEM

A new incident investigation template has been developed to enhance the reporting tool hosted on Vinehealth's website. When Vinehealth receives a report – either through our website, by email or verbally – alleging non-compliance with state regulations or national protocols, we are obliged to investigate, report findings and make recommendations.

This process is important for identifying risks, developing mitigating steps and preparing education and awareness initiatives to prevent repeat occurrences.

During the year, Vinehealth supported Biosecurity SA in assessing and investigating a range of incidents. Following these investigations Vinehealth reinforced key messages to growers and industry involving:

- Plant Quarantine Standard requirements in relation to the movement of vineyard machinery and equipment into South Australia
- compliance requirements under the Interstate Certification Assurance scheme
- best practice biosecurity protocols for visitors.

PHYLLOXERA SPREAD IN THE YARRA VALLEY

Vinehealth is continuing to monitor the spread of a phylloxera infestation in the Victorian district of Maroondah, east of Melbourne, and has advised South Australian growers to remain vigilant.

OPERATIONS AND INITIATIVES

The Victorian Department of Economic Development, Jobs, Transport and Resources (DEDJTR) reports that 10 new detections of phylloxera within the existing Maroondah Phylloxera Infested Zone (PIZ) have been confirmed since December 2015.

Despite the new detections being within the original Maroondah PIZ established in 2006, the boundaries have been adjusted to the north-west and south-east to maintain a five-kilometre buffer, as required by the National Phylloxera Management Protocols. The new boundary was gazetted on 14 April 2016 and Vinehealth subsequently updated the Australian phylloxera management zone maps, which we maintain on our website.

DEDJTR is the lead agency managing the response and has advised all state regulators of the boundary changes to ensure continued compliance and enforcement of state plant quarantine regulations and standards. DEDJTR is working with the Wine Yarra Valley and Yarra Valley Phylloxera Management Working Group (YVPMWG) on a strategy to manage the outbreak. Importantly, the focus is on compliance with strict quarantine standards on movement out of the zone and biosecurity practices to mitigate any further spread.

Vinehealth has been attending YVPMWG meetings to monitor the situation and is working with DEDJTR on protocols and policies. We have also been liaising closely with SA vineyard owners and reinforcing the need to remain vigilant by:

- ensuring vineyard hygiene practices are integrated into daily operating procedures
- reviewing any links they have with interstate vineyards, wineries, contractors or suppliers to determine whether they are in phylloxera infested, exclusion or risk zones
- ensuring compliance at all times with state quarantine standards
- encouraging vineyard staff to investigate and report vines that are showing symptoms of low vigour, especially when the cause is not clear.

HEAT SHED PROTECTION

A heat shed operated by Vinehealth at Naracoorte in the state's Limestone Coast is playing an important role in the delivery of biosecurity practices locally and for the protection of other wine regions in South Australia.

This is the first purpose-built facility in South Australia for treating vineyard machinery to ensure that it is free from phylloxera. It is run in partnership with Naracoorte Lucindale Council and in consultation with the Limestone Coast Grape and Wine Council. Sunbird Viticulture has been appointed to manage the shed on our behalf.

OPERATIONS AND INITIATIVES

The usage rate of the heat shed remains constant but will be the focus for improvement in coming years. This will involve increased promotion of the existence of the shed to growers and wine producers, and also to industry contractors and suppliers.

In addition, system and software upgrades are planned for the shed over the next two years to improve the ease of operation. This should encourage greater usage of the facility for intrastate movements of machinery to ensure best industry practice.

OPERATIONS AND INITIATIVES

STRATEGIC PRIORITY TWO

National provider of grape and wine industry biosecurity knowledge

OUTCOME

- *Industry has access to critical and timely information to implement on-ground biosecurity management practices to protect vineyards from disease, pest incursions and improve productivity at an enterprise, state and national level.*
-

IMPROVING THE VINEYARD REGISTER

Significant time and resources are invested by Vinehealth to ensure that the vineyard register is up-to-date and accurate. We are required to maintain the register under the Act and we continue to invest in geographic information system (GIS) capabilities to support full use of the data by the grape and wine industry. Vinehealth maintains maps of every vineyard across the state.

During 2015-16, the register and mapping function proved invaluable for responding to various requests by industry and external agencies. These included:

- identifying growers impacted by the Pinery bushfire by overlaying fire scar maps on our vineyard maps
- providing vineyard planting data for the SA Winegrape Crush Survey report
- notifying vineyard owners in the Clarence Park Mediterranean fruit fly quarantine zone to ensure they complied with restrictions on fruit movement
- delivering aggregate de-identified data to support industry projects
- alerting vineyard owners to the route of the Tour Down Under and advising them of the biosecurity risk posed by tourists and unrestricted movements onto their vineyards
- sharing normalized difference vegetation index (NVDI) maps with growers.

Over the coming year, Vinehealth is undertaking a strategic review of the vineyard register to ensure that it continues to deliver value to industry. Any changes to the system will be aimed at improving its efficiency, interoperability, functionality and capability as a powerful biosecurity tool for Vinehealth and the industry.

An improved integrated biosecurity system will enable Vinehealth and industry to better

OPERATIONS AND INITIATIVES

prepare, manage and recover from a biosecurity incursion. This is an important initiative for Vinehealth to continue fulfilling its functions in a complex and rapidly evolving biosecurity landscape. A phased upgrade has been recommended and will be assessed against available resources.

REGISTER DATA

The vineyard register contains the following information on vineyards comprising 0.5 hectares or more of planted vines:

- owner details
- vineyard location and area
- grape variety
- rootstock
- age of vines
- parcel and land titles information.

SNAPSHOT OF VINEYARD PLANTINGS

Analysis of data in the vineyard register as at 30 April 2016 provides a valuable snapshot of vineyard plantings in South Australia, as detailed in tables 1 and 2. This includes vineyards planted for wine, table or dried fruit industries.

Table 1. Total registered vineyard area and number of owners in South Australia

YEAR	TOTAL REGISTERED VINEYARD AREA (HA)	NUMBER OF REGISTERED VINEYARD OWNERS
2015-16	75 903	3 394
2014-15	76 175	3 403
2013-14	76 187	3 443
2012-13	76 543	3 488
2011-12	76 589	3 626
2010-11	76 495	3 649
2009-10	77 052	3 697

Note: The same grower may own several vineyards which are registered in the vineyard register under different names to align with how their business is structured and managed.

OPERATIONS AND INITIATIVES

Table 2. Split of total vineyard area in South Australia by variety

VARIETY	TOTAL AREA (HA)	% OF TOTAL AREA
Shiraz	26 683	35.2
Cabernet Sauvignon	17 280	22.8
Chardonnay	9 279	12.2
Merlot	4 068	5.4
Riesling	2 564	3.4
Sauvignon Blanc	2 502	3.3
Grenache	1 692	2.2
Other white	5 771	7.6
Other red	4 845	6.4
Unknown / non winegrape	1 219	1.5

VINE AGE

More than half the vineyards in South Australia were planted between 1997 and 2006, while planting over the past 10 years accounts for 9%, or 6858 hectares (figure 4). Significantly, several of our vineyards have vines planted many decades ago, some stretching back to the 19th century. There are:

- 1540 hectares of vines between 50 and 100 years old
- 238 hectares over 100 years old, with half of these planted in the 1800s
- 20 hectares over 150 years old.

These numbers serve to emphasise the importance of getting it right in terms of biosecurity to protect the health and sustainability of our vineyards and the brands they support.

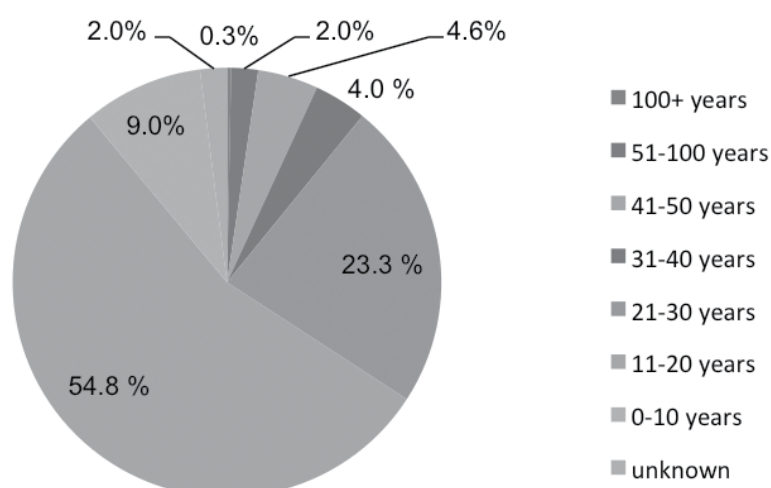


Figure 4. Split of total vineyard area in South Australia by vine age

OPERATIONS AND INITIATIVES

HIGHLIGHTING THE PHYLLOXERA THREAT

The vulnerability of South Australian vineyards to phylloxera is highlighted by the fact that 74% of vines are planted on own roots (table 3). *Vitis vinifera* is susceptible to phylloxera and has no protection against attack by the insect.

Table 3. Split of total vineyard area in South Australia by rootstock. Only those rootstocks with 1% or greater of total hectares are presented in the table.

ROOTSTOCK	% OF TOTAL AREA
Own roots	74
Ramsey	7
Paulsen 1103	4
Don't know	4
101-14	2
Ruggeri 140	2
Schwarzmann	1
Rootstock unknown	1
K51-40	1
Teleki 5C	1
Richter 110	1

For vineyards planted on rootstock, Ramsey had the greatest area planted with 7% and Paulsen 1103 next on 4%. The majority of rootstocks listed in our vineyard register have equal to or less than 1% of the total vineyard area.

The percentage of hectares in each region on own roots varies, with Riverland having 50% and Bordertown up to 97% (figure 5). This data highlights the risk and consequence of a phylloxera incursion in South Australia and the ongoing importance of:

- strict farm-gate hygiene
- enforcement of state plant quarantine standards
- strengthening SA's biosecurity capability and capacity
- developing technologies to enable growers to improve and better integrate best practice biosecurity practices
- proactive communication strategies to improve education and awareness of stakeholders across the supply chain of the impact of incursions and what preventative role they can play
- ongoing knowledge management of rootstock performance.

OPERATIONS AND INITIATIVES

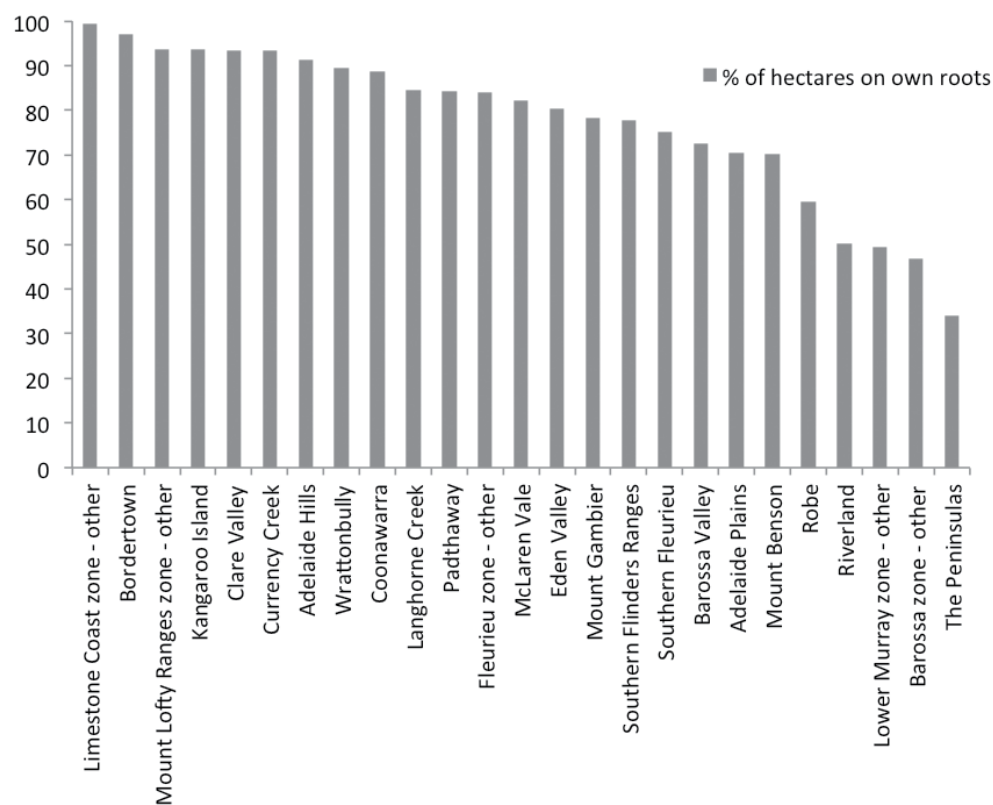


Figure 5. Percentage of total vineyard area planted to vines on own roots by region.

OPERATIONS AND INITIATIVES

STRATEGIC PRIORITY THREE

Monitor and measure the adoption of research and development outcomes

OUTCOME

- *Global research partnerships and investments advance the industry's economic position and provide industry with readily available cost-effective tools to innovate as part of their biosecurity programs.*
-

DNA TESTING PROVIDES EARLY DETECTION FOR PHYLLOXERA

Vinehealth is the lead agency in a collaborative research project to develop an advanced phylloxera early detection and surveillance system using DNA extracted from soil samples. The results are encouraging and should lead to a new cost-effective, sensitive, accurate and simple protocol for the collection and analysis of soil samples to determine the amount of any phylloxera present.

A comparative trial was added to the project in 2015-16 which provided an additional milestone and resulted in the completion date being extended to mid-2018. Vinehealth is now confident that the DNA method will form part of an integrated approach for the detection and surveillance of phylloxera.

Commenced in 2013, the project is developing a protocol for the collection of soil samples that can be analysed in the laboratory using a quantitative polymerase chain reaction (qPCR) assay which is specific to phylloxera. Funding has been provided by the Plant Biosecurity Cooperative Research Centre (PBCRC), Wine Australia and Vinehealth. Other partners include the University of Adelaide, South Australian Research and Development Institute, Victorian Department of Economic Development, Jobs, Transport and Resources, NSW Department of Primary Industries and Rho Environmetrics.

The project aims to give growers, regulators, industry stakeholders and researchers an additional primary detection method for phylloxera. This will support identification and verification of area freedom status to facilitate market access for growers, as well as improving proactive management strategies for phylloxera.

OPERATIONS AND INITIATIVES

Over the past year, research has focused on comparing the sensitivity, cost and accuracy of DNA testing with two other primary phylloxera detection methods – dig and emergence traps. Results have been encouraging with the DNA method demonstrating various benefits. It:

- has proven to be as accurate as other primary detection methods
- is sensitive enough to quantify variation in phylloxera levels across seasons
- uses a simple field sampling strategy
- requires expertise only in the laboratory
- allows for rapid analysis of soil samples
- ensures a fast turnaround time for results.

Results from the first three years of the project have now been published in the Australian Journal of Grape and Wine Research. They were also presented at the annual PBCRC Science Exchange with the paper named the best presentation from a CRC researcher.

Work to be undertaken over the coming 12 to 18 months includes:

- finalising the protocol
- securing diagnostic capability
- seeking national endorsement for the method
- undertaking a case study to apply the method on a scale larger than a vineyard, eg in a region or sub-region
- developing a delivery model for the DNA method to end-users
- integrating the method into national and state protocols/regulations
- extending it to end-users.

PLANT BIOSECURITY COOPERATIVE RESEARCH CENTRE

Since 2012, Vinehealth has been a participant in work being undertaken by PBCRC alongside other government and industry partners. This has provided Vinehealth with access to a large network of biosecurity experts, current knowledge on biosecurity trends and the opportunity to influence investment in research and development to improve Australia's biosecurity capacity and capability.

OPERATIONS AND INITIATIVES

ROOTSTOCK TRIAL FOCUSES ON QUALITY

In the state's Limestone Coast we have been partnering Treasury Wine Estates and Coonawarra Grape and Wine Incorporated in a long-term rootstock trial in the region's famed terra rossa soil. Now in its seventh year, the project is comparing the performance of own-rooted Cabernet Sauvignon (CW 44 clone) vines with eight low-moderate vigour rootstocks.

During the 2015-16 season we continued measuring key performance data involving the effect of rootstock on maturity parameters. Areas examined have included total soluble solids (°Brix), titratable acidity and pH, yield parameters covering bunch number, bunch weight and yield per vine, and relative vine vigour to establish yield to pruning weight ratio.

Additional funding has been secured from Wine Australia's regional program by the Limestone Coast Wine Industry Council Technical Committee, with the support of Vinehealth Australia, to carry out small-lot winemaking on selected rootstocks for the 2017 vintage. Winemaking results will add an important dimension to the trial and the search for a desired rootstock/scion combination that suitably reflects the style and quality of the Coonawarra region.

OPERATIONS AND INITIATIVES

STRATEGIC PRIORITY FOUR

Communicate brilliantly and effectively

OUTCOME

- *Industry engaged and has applied skills and knowledge to make informed decisions*
-

DELIVERING MORE EFFECTIVE COMMUNICATION

A key outcome of Vinehealth's 2015 industry survey was to enhance communications with vineyard owners and other stakeholders in each of the regions. Through analysis of the survey results and follow-up consultations, Vinehealth was able to confirm the type of information required and preferred delivery methods to support their businesses.

In response to survey feedback on the question, 'Which services are you aware that Vinehealth provides', Vinehealth identified opportunities to:

- improve understanding by smaller growers of all services and activities delivered by Vinehealth
- demonstrate Vinehealth's capability to undertake risk assessment in relation to biosecurity matters
- continue to strengthen its leadership in policy development and advocacy
- expand education and awareness programs and the provision of biosecurity knowledge to increase the adoption of improved farm-gate hygiene practices.

When asked what further information they would like from Vinehealth, nearly 80% of growers with more than 100 hectares of vineyards and approximately 60% of growers with less than 100 hectares of vineyards, indicated they received all the information they required.

Incorporating this feedback, a communications and engagement strategy was developed towards the end of the reporting period with the aim of shifting the dynamic to advocacy and integrating biosecurity excellence into daily operations.

Three strategic priority areas were identified:

1. Relationships and experiences

- creating compelling content to reinforce key messages

OPERATIONS AND INITIATIVES

- developing strong networks and dependencies
- creating new innovative ways to communicate key messages
- developing mechanisms for effective two-way communications
- identifying and addressing vineyard owner priorities

2. Visibility and reach

- creating a multi-channel approach matched to stakeholder demographics
- leveraging existing industry communications platforms
- improving reach and value to all stakeholders

3. Delivered value

- creating campaigns that change behaviour in relation to biosecurity practices
- achieving a return on investment for SA vineyard owners

KEY INITIATIVES

Some of the key initiatives identified in the communication plan to be rolled out over the coming 18-24 months include:

- regional engagement program customised to the requirements of each region
- new campaign to improve adoption of farm-gate hygiene and compliance with state quarantine regulations
- identify biosecurity ambassadors who can champion the case broadly throughout the wine industry and further afield
- program to better engage new growers to the industry in relation to biosecurity matters
- explore opportunity to create a phylloxera immersion experience
- improve usability of all biosecurity technical material relating to practices, compliance with protocols and regulations.

ONGOING INDUSTRY ENGAGEMENT

Vinehealth continues to engage through:

- regional leaders meetings
- involvement in regional association technical (biosecurity) sub-committee meetings
- technical advice to vineyard owners when requested

OPERATIONS AND INITIATIVES

- advice to other wine industry associations regarding biosecurity as required
- engagement with external parties on biosecurity requirements for vineyards, including contract labour hire firms and Fairwork Australia
- participation in the National Vine Biosecurity Committee
- membership of the Horticultural and Regulatory Advisory Panels for PBCRC
- holding board meetings in regions.

OPERATIONS AND INITIATIVES

STRATEGIC PRIORITY FIVE

Operate efficiently in an ever-changing environment

OUTCOME

- *The functions of the Phylloxera and Grape Industry Act 1995 are effectively delivered*
-

LEVY COLLECTION MANAGEMENT

Vinehealth manages the collection of all levy contributions under its Act, including the application of penalties when levies remain outstanding. Vineyard-owner invoices are issued on 30 April each year in arrears for that current year's levy, and for any outstanding money owing.

As part of this process, Vinehealth initiated an integrity audit in April 2016 to ensure the accuracy of our invoicing and outstanding levies, and to resolve any issues identified. This best-practice approach has provided additional transparency and integrity for the system.

Invoice accuracy is also achieved through our work in maintaining the vineyard register. This includes managing change of ownership of vineyards throughout the year. We liaise with the Land Services Group and conveyancers to update ownership details and correctly apportion current year and outstanding levies between the vendor and purchaser.

During 2015-16, Vinehealth managed 192 vineyard property transfer requests, compared to 157 in the year prior, reflecting an 18% increase year on year. These transfers reflect property ownership changes, subdivisions or consolidations.

BOARD EVALUATION

In December 2015, an evaluation of board performance was undertaken by an independent consultant. This involved a multi-faceted review, including an online survey and interviews. The conclusion was that the Vinehealth board '*...provides effective oversight and governance to Vinehealth Australia with board meetings conducted and chaired effectively and efficiently*'.

NEW BOARD SELECTION PROCESS

A new board member selection process has been developed by Vinehealth in conjunction with the South Australian Wine Industry Association (SAWIA) and Wine Grape Council of SA (WGCSA).

OPERATIONS AND INITIATIVES

SAWIA and WGCSA are the two bodies with significant involvement in grape growing or winemaking that have been selected under the terms of the Act, and with agreement of the Minister, to nominate seven members to the Vinehealth board. Under the new process, SAWIA and WGCSA each nominate two people to the selection committee and an independent chair is contracted. The selection committee undertakes a recruitment process for new board members, following which it makes a recommendation to the Minister.

MANAGEMENT OF HUMAN RESOURCES

WORKFORCE DIVERSITY: AGE AND GENDER PROFILE

AGE BRACKET	MALE	FEMALE	OTHER	TOTAL	% OF TOTAL
15-19					
20-24					
25-29					
30-34	1			1	25%
35-39	1			1	25%
40-44		2		2	50%
45-49					
50-54					
55-59					
60-64					
65+					
TOTAL	2	2		4	100%

WORKFORCE DIVERSITY: DISABILITIES

TOTAL NUMBER OF EMPLOYEES WITH DISABILITIES				
Male	Females	Other	Total	% of Total
0	0	0	0	0

EXECUTIVES BY GENDER, CLASSIFICATION AND STATUS

CLASS	ONGOING			TERM TENURED			TERM UN-TENURED			OTHER (CASUAL)			TOTAL					
	M	F	X	M	F	X	M	F	X	M	F	X	M	%	F	%	X	%
Executive								1							1	100		
Total								1							1	100		

AVERAGE DAYS LEAVE PER FULL-TIME EQUIVALENT EMPLOYEE

LEAVE TYPE	2013-14	2014-15	2015-16
Personal leave	2.78	3.44	4.31
Sick leave			
Family carer's leave			
Special leave with pay			

Note: in previous years, leave other than annual or long service leave has been recorded in Vinehealth's management system as 'personal leave' rather than being broken down per category (sick leave, family carer's leave and special leave with pay). This information will be included in future years.

MANAGEMENT OF HUMAN RESOURCES

DOCUMENTED REVIEW OF INDIVIDUAL PERFORMANCE MANAGEMENT

EMPLOYEE REVIEWS	% TOTAL WORKFORCE
A review within the past 6 months	25%
A review older than 6 months	0%
No review	75%

A new employee performance management system will be introduced in the coming year with employee reviews to occur two months prior to the end of the organisation's financial year.

LEADERSHIP AND MANAGEMENT TRAINING EXPENDITURE

TRAINING AND DEVELOPMENT	TOTAL COST	% OF TOTAL SALARY EXPENDITURE
Total training and development expenditure	\$424	0.11%
Total leadership and management development expenditure	\$6745	1.73%

EMPLOYMENT OPPORTUNITY PROGRAMS

Vinehealth does not currently manage any public sector wide opportunity employment programs on behalf of the public sector.

OTHER STATUTORY INFORMATION

WORK HEALTH AND SAFETY AND INJURY MANAGEMENT

In 2016-17, a new work health and safety (WHS) program will be initiated by Vinehealth to align with statutory requirements. Performance for 2015-16 is reflected in the following numbers.

WORK HEALTH AND SAFETY PROSECUTIONS, NOTICES AND CORRECTIVE ACTION	
Number of notifiable incidents pursuant to WHS Act Part 3	0
Number of notices served pursuant to WHS Act Section 90, Section 191 and Section 195 (provisional improvement, improvement and prohibition notices)	0
Number of prosecutions pursuant to WHS Act Part 2 Division 5	0
Number of enforceable undertakings pursuant to WHS Act Part 11	0
WORK HEALTH AND SAFETY PERFORMANCE (BUILDING SAFETY EXCELLENCE TARGETS)	
Total new workplace injury claims	0
Significant injuries – where lost time exceeds one working week (expressed as frequency rate per 1000 FTE)	0
Significant musculoskeletal injuries – where lost time exceeds one working week (expressed as frequency rate per 1000 FTE)	0
Significant psychological injuries – where lost time exceeds one working week (expressed as frequency rate per 1000 FTE)	0

No workers compensation expenditure was incurred in the 2015-16 reporting period.

FREEDOM OF INFORMATION

In the year to 30 April 2016, Vinehealth did not receive any requests for information under the *Freedom of Information Act 1991*. Freedom of information statements will be published on the web in 2016-17.

PUBLIC COMPLAINTS

No complaints were received from the general public in this reporting period.

OTHER REPORTING REQUIREMENTS

In 2016-17 Vinehealth will:

- develop a disability and inclusion plan
- designate a responsible officer for the purposes of the *Whistleblowers Protection Act 1993*.

FINANCIAL MANAGEMENT

CONTRACTUAL ARRANGEMENTS

Vinehealth did not enter into any procurement contracts in 2015-16.

FRAUD

During 2015-16 no instances of fraud were detected.

A review of the strategies to control and prevent fraud will be performed in 2016-17.

CONSULTANTS

To ensure agility, efficiency and impact, Vinehealth utilises consultants to provide expert assistance with specific activities.

CONSULTANT	PURPOSE OF CONSULTANCY	NUMBER	TOTAL
VALUE BELOW \$10,000			
Various	Various	3	\$18 552
Subtotal		3	\$18 552
VALUE \$10,000 AND ABOVE			
Entrix Consulting Services Pty Ltd	Development of business specification requirements document for new generation vineyard register	1	\$11 550
VUCA Pty Ltd	Board evaluation, selection committee, recruitment of new board members	1	\$25 050
Subtotal		2	\$36 600
Total			\$55 152

OVERSEAS TRAVEL

During 2015-16, no overseas travel was undertaken by members of the board on behalf of Vinehealth or by management of Vinehealth.

FINANCIAL MANAGEMENT

FINANCIAL STATEMENTS

The Board of Vinehealth Australia present the attached financial statements for the year ended 30 April 2016.

VINEHEALTH AUSTRALIA

REPORT OF THE AUDITOR

Independent Auditor's Report to the Board of Vinehealth Australia

Report on the Financial Report

We have audited the accompanying financial report of Vinehealth Australia, which comprises the statement of financial position as at 30 April 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Certification of the Financial Statements.

Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with the *Phylloxera and Grape Industry Act 1995*, section 23 of the *Public Finance and Audit Act 1987* and Australian Accounting Standards - Reduced Disclosure Requirements, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial report of Vinehealth Australia is in accordance with the *Phylloxera and Grape Industry Act 1995*, including:

- a) giving a true and fair view of Vinehealth Australia's financial position as at 30 April 2016, and of its performance for the year then ended on that date;
- b) complying with section 23 of the *Public Finance and Audit Act 1987*; and
- c) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations).

PERKS AUDIT PTY LTD
180 Greenhill Road
Parkside
South Australia 5063



Peter J Hill
Director
Dated this 19th Day of December 2016

VINEHEALTH AUSTRALIA

Certification of the Financial Statements

We certify that the attached general purpose financial statements for Vinehealth Australia:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of Vinehealth Australia; and
- present a true and fair view of the financial position of Vinehealth Australia as at 30 April 2016 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by Vinehealth Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Inca Pearce
Chief Executive Officer

December 2016



Roseanne Healy
Presiding Officer

December 2016

VINEHEALTH AUSTRALIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2016

	Note	2016 \$	2015 Restated* \$	2015 \$
Expenses				
Employee benefits expenses	5	425,010	348,041	348,041
Supplies and services	6	266,998	276,466	240,927
Depreciation and amortisation expense	7	13,721	11,434	7,135
Other expenses	8	296,874	241,184	269,588
Total expenses		1,002,603	877,125	865,691
Income				
Revenues from fees and charges	10	753,411	712,083	702,083
Grant income	11	107,465	114,050	124,050
Interest revenues	12	33,821	36,822	36,822
Other income		-	201	201
Total income		894,697	863,156	863,156
Net result		(107,906)	(13,969)	(2,535)
Other Comprehensive Income				
Total other comprehensive income		-	-	-
Total comprehensive result		(107,906)	(13,969)	(2,535)
The net result and total comprehensive result are attributable to the SA Government as owner				

*Refer to Note 2(n) for additional information.

The above statement should be read in conjunction with the accompanying notes.

VINEHEALTH AUSTRALIA

STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

	Note	2016 \$	2015 Restated* \$	2015 \$
Current assets				
Cash and cash equivalents	13	1,296,466	1,421,200	1,421,200
Receivables	14	933,985	864,073	864,073
Total current assets		2,230,451	2,285,273	2,285,273
Non-current assets				
Plant & equipment	15	38,236	44,196	-
Intangible assets	16	7,359	-	-
Total non-current assets		45,595	44,196	-
Total assets		2,276,046	2,329,469	2,285,273
Current liabilities				
Payables	17	118,464	89,579	89,579
Employee benefits	18	27,691	52,697	52,697
Total current liabilities		146,155	142,276	142,276
Non-current liabilities				
Employee benefits	18	-	-	-
Total non-current liabilities		-	-	-
Total liabilities		146,155	142,276	142,276
Net Assets		2,129,891	2,187,193	2,142,997
Equity				
Incursion fund	19	100,000	-	-
Equity	20	2,029,891	2,187,193	2,142,997
Total Equity		2,129,891	2,187,193	2,142,997
The total equity is attributable to the SA Government as owner				
Unrecognised contractual commitments	21	214,000	43,274	-
Contingent assets and liabilities		-	-	-

*Refer to Note 2(n) for additional information.

The above statement should be read in conjunction with the accompanying notes.

VINEHEALTH AUSTRALIA

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2016

		Incursion fund	Equity**	Total Equity
	Note	\$	\$	\$
Balance at 30 April 2014		-	2,145,532	2,145,532
Restatement on adoption of Tier 1 reporting		-	55,629	55,629
Restated balance at 30 April 2014		-	2,201,161	2,201,161
Total comprehensive result for 2014-15 (Restated)		-	(13,969)	(13,969)
Balance at 30 April 2015 (Restated)	20	-	2,187,193	2,187,193
Total comprehensive result for 2015-16		-	(107,906)	(107,906)
Restatement – Grower Levies*		-	50,604	50,604
Transfer to Incursion Fund		100,000	(100,000)	-
Total movement	19	100,000	(157,302)	(57,302)
Balance at 30 April 2016	20	100,000	2,029,891	2,129,891

All changes in equity are attributable to the SA Government as owner.

*Refer to Note 2(n) for additional information.

**Refer to Note 20 for additional information.

The above statement should be read in conjunction with the accompanying notes

VINEHEALTH AUSTRALIA

STATEMENT OF CASH FLOWS

For the year ended 30 April 2016

	Note	2016 \$	2015 Restated \$
Cash flows from operating activities			
Cash outflows			
Employee benefits payments *		(456,474)	(370,122)
Payments for supplies and services		(395,011)	(364,198)
Payments of grants and subsidies		(177,007)	(145,805)
Interest paid		-	-
Other payments		-	-
Cash (used in) operations		(1,028,492)	(880,125)
Cash inflows			
Grower levies and charges		734,103	736,149
Receipts from grants		107,465	124,050
Interest received		33,821	36,822
GST recovered from the ATO		43,489	37,490
Other receipts		-	201
Cash generated from operations		918,878	934,712
Net cash provided by/(used in) operating activities	24	(109,614)	54,587
Cash flows from investing activities			
Cash outflows			
Purchase of plant and equipment and software		(15,120)	-
Cash (used in) investing activities		(15,120)	-
Net cash (used in) investing activities		(15,120)	-
Net increase/(decrease) in cash and cash equivalents		(124,734)	54,587
Cash and cash equivalents at the beginning of the period		1,421,200	1,366,613
Cash and cash equivalents at the end of the period	13	1,296,466	1,421,200

*Refer to Note 5 for additional information.

The above statement should be read in conjunction with the accompanying notes.

VINEHEALTH AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

Note 1 Objectives of Vinehealth Australia

Vinehealth Australia ("Vinehealth") will carry out the role and functions outlined in the Phylloxera and Grape Industry Act 1995 to provide for the protection of vineyards from disease and to assist and support the grape industry in South Australia.

Note 2 Summary of significant accounting policies

a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Vinehealth has applied Australian Accounting Standards that are applicable to not-for-profit entities, as Vinehealth is a not-for-profit entity.

Except for AASB 2015-7 which Vinehealth has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Vinehealth for the reporting period ending 30 April 2016 (refer note 3).

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying Vinehealth's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
 - b) expenses incurred as a result of engaging consultants;
 - c) employee targeted voluntary separation package information;
 - d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees;
 - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

VINEHEALTH AUSTRALIA

Vinehealth's Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 April 2016 and the comparative information presented.

c) Reporting entity

Vinehealth is a government entity of the State of South Australia, established pursuant to the *Phylloxera and Grape Industry Act 1995*.

The financial statements and accompanying notes include all the controlled activities of Vinehealth.

Vinehealth does not control any other entity and has no interests in unconsolidated structured entities.

Vinehealth has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

Vinehealth does not have any transactions and balances relating to administered resources.

d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change. Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest dollar.

f) Taxation

Vinehealth is not subject to income tax. Vinehealth is liable for fringe benefits tax and goods and services tax (GST).

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

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g) Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 April and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 April.

Note disclosure is made about events between 30 April and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 April and which may have a material impact on the results of subsequent years.

h) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Vinehealth will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Fees and charges

Revenues from fees and charges are derived from the provision of goods and services to growers. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

i) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from Vinehealth will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by Vinehealth to the superannuation plan in respect of current services of current Vinehealth staff.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Plant and equipment	3 – 8 years
Intangibles	3 years

Assets' residual values and useful lives are reviewed and adjusted if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

Grants, subsidies and transfers

For contributions payable, the contribution will be recognised as a liability and expense when the entity has a present obligation to pay the contribution and the expense recognition criteria are met. All contributions paid by Vinehealth have been contributions with unconditional stipulations attached.

j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, Vinehealth has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

k) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where an asset line item combines amounts expected to be settled within 12 months and more than 12 months, Vinehealth has separately disclosed the amounts expected to be recovered after more than 12 months.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Receivables in relation to levies are invoiced yearly in arrears at the financial year end.

Collectability of receivables is reviewed on an ongoing basis.

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Non-current assets

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

All non-current tangible assets with a value equal to or in excess of \$5,000 are capitalised.

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Financial assets/liabilities

Vinehealth Australia does not recognise any financial assets or financial liabilities at fair value.

I) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combine amounts expected to be settled within 12 months and more than 12 months, Vinehealth has separately disclosed the amounts expected to be settled after more than 12 months.

Payables

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Vinehealth.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefits on-costs include payroll tax, WorkCover levies and superannuation contributions in respect of outstanding liabilities for salaries and wages, long service leave and annual leave.

Vinehealth makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to a superannuation fund.

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Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

Vinehealth Australia has entered into operating leases.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

Salaries and wages, annual leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting .

Long service leave

Employee entitlements relating to long service leave are calculated and provided for as per the *Long Service Leave Act 1987*. In summary, employees are entitled to 13 weeks long service leave after the completion of 10 continuous years service, we highlight a pro-rata payment is payable on termination after 7 years of continuous service. Management have agreed upon the accounting policy in respect to long service leave being to record the full entitlement (including on-costs) upon each employee satisfying the requirement of 5 years continuous service. This is an acceptable 'short-hand' method under *AASB 119 Employee Benefits*.

The unconditional portion of the long service leave provision is classified as current as Vinehealth does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

Provisions

Provisions are recognised when Vinehealth has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When Vinehealth expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

m) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

n) Correction of prior period errors

Fixed assets

Prior to the 30 April 2016 the financial statements of Vinehealth were presented as special purpose financial statements. On adopting the financial statement format required by the Government of South Australia, the financial statements were required to be presented as general purpose financial statements, requiring applicable restatement of balances to ensure the recognition criteria of all Australian Accounting Standards had been applied.

As a consequence, fixed assets that were previously written off in full in the year of purchase, have been reviewed with items costing \$5,000 or more now capitalised and depreciated over their useful lives.

Vinehealth's opening position i.e. 1 May 2014 has been amended by \$55,629 to reflect the recognition of the written down value of the plant and equipment at that time. The 2015 comparatives have also been amended to reflect the change in accounting policy for fixed assets depreciation.

Grower levies receivable

As part of raising the grower levies in 2016, Vinehealth undertook an integrity audit of the process to ensure 2016 grower levy invoices to be sent accurately reflected the hectares planted for each grower and any outstanding balances. During this review it was identified that a balancing adjustment of \$50,604 (credit) was required to appropriately reflect the balances determined by Vinehealth at 30 April 2016. Vinehealth has determined the balancing adjustment related to previous years in which the report generated by the database to reconcile balances did not include all invoices sent to growers. However, it has been deemed impracticable to determine the period(s) in which the balancing adjustment arose.

Vinehealth has amended the balances referred to above as at 30 April 2016 and allocated the balancing adjustment to retained earnings.

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Note 3 New and revised accounting standards and policies

Vinehealth did not voluntarily change any of its accounting policies during 2015-16.

Accounting Standards

Except for AASB 2015-7 which Vinehealth has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by Vinehealth for the period ending 30 April 2016. Vinehealth has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of Vinehealth, except as outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on financial Statements	Application date
AASB 15	<i>Revenue from contracts with customers</i>	<p>AASB 15 will replace AASB 118 and AASB 111.</p> <p>The revenue recognition principle in the new standard is 'when control of a good or service transfers to a customer', rather than 'where the risks and rewards of ownership reside'.</p> <p>In addition, consistent with AASB 10, the AASB will be releasing guidance for not-for-profit entities to assist with the implementation of this new standard (contained within ED 260).</p>	1 Jan 18	<p>Depending on the specifics in the finalised not-for-profit implementation guidance, it is envisaged that this standard will have an impact on Vinehealth in relation to the potential timing of revenue recognition.</p> <p>Vinehealth will review its contractual arrangements once the AASB finalises its not-for-profit guidance. In particular having regard to the definitions of a contract and whether the contractual arrangements are in the entity's ordinary activities.</p> <p>Depending on the finalised implementation guidance, Vinehealth's grants, and service contractual arrangements may result in the identification of separate performance obligations which could affect the timing of revenue recognition.</p>	1 May 18
AASB 16	<i>Leases</i>	<p>This new standard introduces a single lessee accounting model. It requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.</p> <p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.</p>	1 Jan 19	This new standard is a significant change from the past 30 years of accounting for leases. It will require Vinehealth Australia to record its lease arrangements on balance sheet.	1 May 19
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit public sector entities [AASB 10, AASB 124 and AASB 1049]</i>	This amending standard amends AASB 124 Related Party Disclosures to extend its scope to include not-for-profit public sector entities.	1 July 16	<p>Vinehealth Australia is a not-for-profit entity and accordingly the revised AASB 124 will apply.</p> <p>This revised standard will require Vinehealth Australia to include a range of disclosures about the remuneration of key management personnel and transactions with related parties/entities.</p>	1 May 17

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Note 4 Activities of Vinehealth

In achieving its objective, Vinehealth provides services classified as one activity being the provision of effective pest and disease management policies and information on best practice biosecurity measures and current research.

Note 5 Employee benefits expenses

	2016 \$	2015 \$
Salaries and Wages	277,534	297,082
Separation packages	108,531	-
LSL	(13,286)	(613)
Annual Leave	(10,322)	(470)
Employee on-costs-superannuation	26,112	27,930
Employee on-costs-other	1,616	1,764
Board and committee Fees	11,284	9,786
Other employee related expenses	23,541	12,562
Total employee benefits expenses	425,010	348,041

Separation packages	2016 \$	2015 \$
Amount paid during the reporting period to separated employees:		
Ex gratia and notice period	63,807	-
Annual Leave and LSL paid to those employees	44,724	-
Recovery from the Department of Treasury and Finance	-	-
Net costs to Vinehealth	108,531	-

The number of employees who received a separation package during the reporting period was 1.

Remuneration of employees

	2016 No.	2015 No.
The number of employees whose remuneration received or receivable falls within the following bands		
\$141,500 to \$145,000	-	1
\$225,001 to \$235,000 (Includes salary and wages, separation packages, annual leave, long service leave, superannuation and fringe benefits)	1	-

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

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Note 6 Supplies and services

	2016 \$	2015 \$
Accommodation and telecommunication	-	1,181
Information technology expenses	53,923	71,942
Meeting expenses	9,104	9,862
Consultants	55,152	39,500
Project expenses	59,534	108,570
Other supplies and services	66,773	29,817
General administration and consumables	22,512	15,594
Total supplies and services	266,998	276,466

The number and dollar amount of consultancies paid/payable (included in expenses of Vinehealth) that fell within the following bands:	NO.	2016 \$	NO.	2015 \$
Below \$10 000	3	18,552	2	2,900
Above \$10 000	2	36,600	2	36,600
Total paid /payable to the consultants engaged		55,152		39,500

Note 7 Depreciation and amortisation expense

	2016 \$	2015 \$
Depreciation and amortisation		
Plant and equipment	11,960	11,434
Intangible assets	1,761	-
Total depreciation and amortisation	13,721	11,434

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Note 8 Other expenses

	2016 \$	2015 \$
Other expenses		
Plant and equipment write-offs	13,111	7,341
Office rent and amenities	51,581	41,098
Accounting and audit	58,523	23,450
Operating Lease	24,049	40,970
PBCRC DNA Research*	108,241	75,000
Other	41,369	53,325
Total other expenses	296,874	241,184

*Refer Note 21 for details of expenditure obligations required of Vinehealth Australia under PBCRC Grant Agreement for the 6 year period ending 30 June 2018.

Note 9 Auditor's remuneration

	2016 \$	2015 \$
Audit fees paid / payable to the Auditor		
SJN Chartered Accountants	6,500	10,751
Perks Audit Pty Ltd	5,000	-
Total audit fees	11,500	10,751
Other services	1,770	885

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'other expense – other' (refer note 8).

Note 10 Revenues from fees and charges

	2016 \$	2015 \$
Fees and charges		
Grower levies	739,022	701,726
Penalties*	13,773	-
Other services - SARDI	-	10,000
Other fees and charges	616	357
Total fees and charges	753,411	712,083

*Refer to Note 2(n) for additional information.

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Note 11 Grant income

	2016 \$	2015 \$
Grants		
GWRDC DNA Research	13,765	70,700
PBCRC DNA Research	93,700	43,350
Total grant income	107,465	114,050

Note 12 Interest revenues

	2016 \$	2015 \$
Interest	33,821	36,822
Total interest revenues	33,821	36,822

Note 13 Cash and cash equivalents

	2016 \$	2015 \$
Cash at bank	1,294,447	1,420,337
Cash on hand	2,019	863
Total cash and cash equivalents	1,296,466	1,421,200

Interest rate risk

Cash on hand is non-interest bearing. Cash at bank earns a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

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Note 14 Receivables

	2016 \$	2015 \$
Current		
Receivables		
- Current year levies	739,022	701,726
- Previous years' levies and penalties not received	162,783	154,604
Total receivables	901,805	856,330
Less allowance for doubtful debts	-	-
Prepayments	1,516	-
Accrued Income	4,422	1,810
GST input tax recoverable	26,242	5,933
Total current receivables	933,985	864,073
Expected to be recovered in more than 12 months after the reporting date		
Receivables	-	-
Less allowance for doubtful debts	-	-
Total current receivables	933,985	864,073

Receivables in relation to current year levies are invoiced yearly in arrears at the end of the financial year (30 April 2016), and therefore have not been received at 30 April 2016.

At the date of signing the financial statements \$181,593 of the levies and penalties have not been received.

No provision for doubtful debts is recorded due to provisions under the *Phylloxera and Grape Industry Act 1995* stating that the fees due and payable remain a charge on the land upon which the vineyard, winery or distillery is situated until payment.

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Prepayments and accrued revenues are non-interest bearing. Receivables attract a penalty interest rate of 5% on the prior 30 April outstanding levy balance.

The carrying amount of receivables approximates net fair value due to being receivable on demand.

- (a) **Categorisation and maturity analysis of financial instruments** - refer note 26.
- (b) **Ageing analysis of financial assets** -refer note 26.
- (c) **Risk exposure information** - refer note 26.

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Note 15 Plant and equipment

	2016 \$	2015 \$
Plant and equipment		
Plant and equipment at cost	95,851	89,851
Accumulated depreciation at the end of the period	(57,615)	(45,655)
Total plant and equipment	38,236	44,196

Carrying amount of plant and equipment

All items of plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the asset condition and remaining useful life.

Note 16 Intangible Assets

	2016 \$	2015 \$
Computer Software		
Computer software at cost	9,120	-
Accumulated amortisation at the end of the period	(1,761)	-
Total intangible assets	7,359	-

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RECONCILIATION OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The following table shows the movement of plant and equipment and intangible assets during 2015-16

	Plant and equipment \$	Tangible assets total \$	Computer Software \$	Intangible assets total \$	Total \$
Carrying amount at the beginning of the period	44,196	44,196	-	-	44,196
Acquisition	6,000	6,000	9,120	9,120	15,120
Assets reclassified to assets held for sale	-	-	-	-	-
Disposal eg sales, write off	-	-	-	-	-
Revaluation increment / (decrement)	-	-	-	-	-
Impairment loss	-	-	-	-	-
Depreciation	11,960	11,960	1,761	1,761	13,721
Acquisition/(Disposal) through administrative restructuring	-	-	-	-	-
Transfer between asset classes	-	-	-	-	-
Other changes eg donated assets	-	-	-	-	-
Carrying amount at the end of the period	38,236	38,236	7,359	7,359	45,595

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RECONCILIATION OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The following table shows the movement of plant and equipment and intangible assets during 2014-15

	Plant and equipment \$	Tangible assets total \$	Computer Software \$	Intangible assets total \$	Total \$
Carrying amount at the beginning of the period	55,630	55,630	-	-	55,630
Acquisition	-	-	-	-	-
Assets reclassified to assets held for sale	-	-	-	-	-
Disposal eg sales, write off	-	-	-	-	-
Revaluation increment / (decrement)	-	-	-	-	-
Impairment loss	-	-	-	-	-
Depreciation	11,434	11,434	-	-	11,434
Acquisition/(Disposal) through administrative restructuring	-	-	-	-	-
Transfer between asset classes	-	-	-	-	-
Other changes eg donated assets	-	-	-	-	-
Carrying amount at the end of the period	44,196	44,196	-	-	44,196

Note 17 Payables

	2016	2015
	\$	\$
Current		
Creditors	75,247	51,715
Accrued expenses	22,205	17,250
Grants in advance	19,000	-
Levies in advance*	487	18,750
GST payable	-	-
Employee on-costs	1,525	1,864
Total current payables	118,464	89,579

*Refer to Note 2(n) for additional information.

The total payables figure does not include 'non-current payables' as Vinehealth does not have any payables that meet the definition of non-current. Any 'non-current payables' would be disclosed in this note.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

- (a) **Categorisation of financial instruments and maturity analysis of payables** - refer note 26.
- (b) **Risk exposure information** - refer note 26.

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Note 18 Employee benefits

	2016 \$	2015 \$
Annual leave	19,052	30,772
Short-term long service leave	8,639	21,925
Expected to be settled more than 12 months after reporting date		
Long-term long service leave	-	-
Total current employee benefits	27,691	52,697
Non-current		
Long service leave	-	-
Total non-current employee benefits	-	-
Total employee benefits	27,691	52,697

Employee entitlements relating to long service leave are calculated and provided for as per the *Long Service Leave Act 1987*. In summary, employees are entitled to 13 weeks long service leave after the completion of 10 continuous years service, we highlight a pro-rata payment is payable on termination after 7 years of continuous service. Management have agreed upon the accounting policy in respect to long service leave being to record the full entitlement (including on-costs) upon each employee satisfying the requirement of 5 years continuous service. This is an acceptable 'short-hand' method under *AASB 119 Employee Benefits*.

Note 19 Incursion fund

	2016 \$	2015 \$
Incursion fund	100,000	-
Total incursion fund	100,000	-

Vinehealth Australia has a Joint Statement of Intention with the Minister for Agriculture, Food and Fisheries regarding the management of a response to an outbreak of phylloxera or other significant exotic pests and diseases that are a biosecurity risk in South Australia. To fulfil its responsibilities under this statement, Vinehealth has set aside \$100,000 to support communications, administration and technical activities consistent with the functions described under the Phylloxera and Grape Industry Act 1995, during the initial stages of an outbreak.

Note 20 Equity

	2016 \$	2015 \$
Equity	2,029,891	2,187,193
Total equity	2,029,891	2,187,193

At the Board meeting in December 2015 it was decided to replace the term "Containment Fund". The Board has adjusted the name to "Equity" and highlighted the purpose of maintaining equity is to cover:

- 12 months operation in reserve;
- Budgeted expenditure for remainder of financial year;
- Contractual commitments for the life of existing contracts; and
- All provisions contained in the balance sheet 2016-17.

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Note 21 Unrecognised contractual commitments

Expenditure commitments	2016 \$	2015 \$
Within one year	100,000	100,000
Later than one year but not longer than five years	116,667	216,667
Later than five years	-	-
Total other commitments	216,667	316,667

Vinehealth's expenditure commitments relate to obligations required of Vinehealth Australia under PBCRC Grant Agreement for the 6 year period ending 30 June 2018.

	2016 \$	2015 \$
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	33,919	39,014
Later than one year but not longer than five years	180,081	4,260
Later than five years	-	-
Total operating lease commitments	214,000	43,274
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	214,000	43,274
Total operating lease commitments	214,000	43,274

Vinehealth's operating leases are for office accommodation and motor vehicles. Office accommodation is leased from Wine Australia with the lease commencing on 1 February 2015, including two rights of renewal for five years each from 30 March 2016. The leases are non-cancellable with terms ranging up to five years with some leases having the right of renewal. Rent is payable in advance.

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Note 22 Remuneration of board

Members during the 2016 financial year and up to the date of signing the financial statements were:

Board of Directors	
Mr Ben Gibson (Presiding Member) (Resigned 1 April 2016)	Ms Suzanne McLoughlin (Term concluded 30 June 2016)
Ms Roseanne Healy (Presiding Member from 9 September 2016)	Mr Geoff Raven
Mr Marc Allgrove (Presiding member from 1 April 2016 to 30 June 2016)	Mr Ashley Chabrel
Mr Nigel Blieschke	Dr Prue McMichael (Appointed 1 July 2016)
Dr Cassandra Collins	Ms Anna Hooper (Appointed 1 July 2016)
Ms Elise Heyes (Term concluded 30 June 2016)	Mr Andrew Clarke (Appointed 1 July 2016)

The number of members whose remuneration received or receivable falls within the following bands:

	2016	2015
\$0 - \$9 999	9	9
Total number of members	9	9

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$11,284 (2015: \$9,786).

In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Note 23 Audit and Risk Committee

Audit and Risk Committee	
Mr Marc Allgrove (Chair)	Ms Roseanne Healy
Mr Geoff Raven	Ms Elise Heyes (Chair) (Resigned 30 June 2016)
Ms Anna Hooper (Appointed 1 July 2016)	

Audit and Risk Committee members do not receive any remuneration for their services.

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Note 24 Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period:	2016	2015
	\$	\$
Cash and cash equivalents disclosed in the Statement of Financial Position	1,296,466	1,421,200
Balance as per the Statement of Cash Flows	1,296,466	1,421,200
Reconciliation of net cash provided by operating activities to net cost of providing services:		
Net cash provided by (used in) operating activities	(109,614)	54,587
Add/less non-cash items		
Depreciation expense of non-current assets	(13,721)	(11,434)
Retained earnings adjustment – growers levies	(50,604)	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	69,912	(34,066)
(Increase)/decrease in payables	(28,885)	(45,137)
(Increase)/decrease in employee benefits	25,006	22,081
Net cost of providing services	(107,906)	(13,969)

Note 25 Budgetary reporting and explanations of major variances between budget and actual amounts

Vinehealth does not have an obligation to provide Parliament with an annual budget and therefore the Board have adopted to not include a budget versus actual analysis for inclusion within this financial report. Management and the Board undertake appropriate monitoring of actual results against budget on a monthly basis.

Note 26 Financial risk management/ Financial instruments

26.1 Financial risk management

Risk management is managed by Vinehealth's Board and departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

Vinehealth is exposed to financial risk – liquidity risk and market risk. There have been no changes in risk exposure since the last reporting period.

26.2 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Refer note 25.3 for the carrying amounts of each of the following categories of financial assets and liabilities: loans and receivables; and financial liabilities measured at cost.

Vinehealth does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

The carrying value of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 14 and 17).

26.3 Liquidity risk

Liquidity risk arises from the possibility that Vinehealth is unable to meet its financial obligations as they fall due. Vinehealth is funded principally from the collection of grower fees and grants. Note for grower levy invoices they have currently three months to pay following which penalties are then sent out.

Vinehealth settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

Vinehealth's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

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Categorisation and maturity analysis of financial assets and liabilities

			2016 Contractual maturities			
Category of financial asset and financial liability	Notes	2016 Carrying amount / Fair value (\$)	Current	Within 1 year (\$)	1-5 years (\$)	More than 5 years (\$)
Financial assets						
Cash and cash equivalents		1,296,466	1,296,466	-	-	-
Loans and receivables						
- Receivables		933,985	933,985	-	-	-
Total financial assets		2,230,451	2,230,451		-	-
Financial liabilities						
Financial liabilities at cost						
- Payables		118,464	118,464	-	-	-
- Other financial liabilities		27,691	27,691	-	-	-
Total financial liabilities		146,155	146,155	-	-	-

			2015 Contractual maturities			
Category of financial asset and financial liability	Notes	2015 Carrying amount / Fair value (\$)	Current	Within 1 year (\$)	1-5 years (\$)	More than 5 years (\$)
Financial assets						
Cash and cash equivalents		1,421,200	1,421,200	-	-	-
Loans and receivables						
- Receivables		864,073	864,473	-	-	-
Total financial assets		2,285,273	2,285,273	-	-	-
Financial liabilities						
Financial liabilities at cost						
- Payables		89,578	89,578	-	-	-
- Other financial liabilities		52,697	52,697	-	-	-
Total financial liabilities		142,275	142,275	-	-	-

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26.4 Credit risk

Credit risk arises when there is the possibility of Vinehealth's debtors defaulting on their contractual obligations resulting in financial loss.

Vinehealth does not experience credit risk due to the provisions within the *Phylloxera and Grape Industry Act 1995* which state the fees due from growers (including penalties for late payment) remain a charge on the land upon which the vineyard, winery or distillery is situated until payment.

There are no allowances for impairment of financial assets based on the provisions within the *Phylloxera and Grape Industry Act 1995* under which Vinehealth operates.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

Ageing analysis of financial assets

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired			Impaired financial assets \$
			Overdue for less than 30 days \$	Overdue for 30 – 60 days \$	Overdue for more than 60 days \$	
2016						
Cash and cash equivalents	1,296,466	1,296,466	-	-	-	-
Receivables	933,985	785,205	-	-	148,780	-
Total	2,230,451	2,081,671	-	-	148,780	-
2015						
Cash and cash equivalents	1,421,200	1,421,200	-	-	-	-
Receivables	864,073	709,717	-	-	154,356	-
Other financial assets	-	-	-	-	-	-
Total	2,285,273	2,130,917	-	-	154,356	-

26.5 Market risk

Market risk for Vinehealth is not considered material as there are no interest bearing liabilities held. There is no exposure to foreign currency or other price risks.

Vinehealth does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Vinehealth as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

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