

Phylloxera and Grape Industry Board of South Australia (trading as Vinehealth Australia)

2019-20 Annual Report

Phylloxera and Grape Industry Board of South Australia (trading as Vinehealth Australia)

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To Hon. David Basham (MP),

Minister for Primary Industries and Regional Development

This annual report is to be presented to Parliament to meet the statutory reporting requirements of the *Phylloxera and Grape Industry Act 1995* and *Public Sector Act 2009* and meets the requirements of Premier and Cabinet Circular *PC103 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Phylloxera and Grape Industry Board of South Australia (trading as Vinehealth Australia) by:

Inca Lee CEO

31 July 2020

Signature

Date

From the Chief Executive

Vinehealth Australia is the South Australian grape and wine industries' partner in plant biosecurity.

We focus on delivering practical biosecurity benefits to vineyard owners, winemakers and all members of the grape and wine supply chain, across the key themes of preparedness, prevention and response.

The past 12 months have been challenging for South Australian vineyard owners with drought, low yields, bushfires and a pandemic to deal with.

Through this turmoil, Vinehealth Australia has worked hard to ensure new pests, diseases and weeds are not introduced into South Australian vineyards.

Of note, Vinehealth Australia invested significantly in the review of the state's Plant Quarantine Standards, with recommendations made to Biosecurity SA and the Minister. These recommendations were informed by the evaluation of scientific knowledge, extensive consultation with industry, and our insights from working alongside industry and government for many years. Work by Vinehealth Australia is ongoing on several outstanding matters in relation to the PQS.

Also of note, we took 35 members of the wine industry to the Yarra Valley in November 2019 to see and hear firsthand about the impacts of phylloxera on that region. We learnt about the rate of spread of the pest and the low levels of replanting on phylloxera tolerant rootstocks. This tour reinforced the importance of preventative measures to stop the spread of phylloxera and access for growers to high health planting material.

We continue to work in partnership with industry to keep South Australian vineyards healthy and profitable into the long term.

This annual report outlines the work that has been done between 1 May 2019 and 30 April 2020.

Inca Lee

Chief Executive Officer

Phylloxera and Grape Industry Board of SA (trading as Vinehealth Australia)

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Overview: about the agency

Our strategic focus

Our Purpose	Vinehealth Australia is the South Australian grape and wine industries' partner in biosecurity. Through its work, Vinehealth Australia helps to protect the prosperity, growth and reputation of South Australia's grape and wine industries, the people it directly employs, those employed across its supply chain, its regional communities and all those in the wine tourism sector. As stated in the <i>Phylloxera and Grape Industry Act 1995</i> , Vinehealth Australia's role is: 'To provide for the protection of vineyards from disease and to assist and support the grape industry in South Australia.'	
Our Vision	The grape and wine biosecurity expert.	
Our Values		
Our functions, objectives and deliverables	Legislative functions: Ten primary functions: 1. to identify and assess— a. the relative threat to the State's vineyards	

- posed by phylloxera and other diseases; and
- b. the risk of spreading diseases through the movement of machinery, equipment, vines and other vectors into and within the State;
- 2. to 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; and
 - b. the quarantine of vines that are or may be affected by disease; and
 - c. appropriate measures for the control of outbreaks of disease in the State;
- 3. to develop plans for the eradication of disease in the State's vineyards;
- 4. to support and encourage the conduct and evaluation of research into
 - a. disease resistance and tolerance of root stocks and scions; and
 - diseases that affect or may affect vines, and any matter relating to such diseases, including their control;
- 5. to publish the results of relevant research;
- 6. to promote awareness of the dangers of disease (as defined in the Act) among the public and people involved in grape growing or winemaking;
- to 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;
- to 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;
- 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. to perform the other functions assigned to the Board by or under this Act or by the Minister.
- Maintain a Register of all vineyards planted in South Australia.
- Manage a system to levy, collect and recover contributions owing to Vinehealth, pursuant to section 23 of the Act

- Inspectors under the *Plant Health Act 2009* ex officio.
- Determine the appropriate action to take in the event of an outbreak, jointly managing the outbreak and providing ongoing advice to the Minister regarding the outbreak.

Vinehealth Australia's strategic priorities:

To address the biosecurity challenges faced by the grape and wine industries and to contribute to achieving the goals listed below, Vinehealth Australia has four strategic priorities:

- Strengthen the wine and grape industries' capacity and capability to prepare for, prevent and respond to pest incursions.
- Ensure cohesion and commitment to effective and efficient biosecurity management by system participants.
- Provide information, insights and intelligence to drive biosecurity decision making and investments.
- Build a mature business model for Vinehealth Australia.

The biosecurity goals for the grape and wine industries are:

- Phylloxera is contained within the existing Phylloxera Infested Zones (PIZ) in Australia.
- Exotic pests are prevented from entering vineyards in Australia.
- In the event of an exotic pest or declared endemic pest incursion in a vineyard, the pest is eradicated or contained and the impact on grape and wine assets minimised.
- Effective management of high priority endemic pests of vineyards.
- A rigorous biosecurity system to enable market access, export growth, inbound tourism and protects the value of vineyards.

Our organisational structure

Vinehealth Australia is a small agency with four employees at 30 April 2020. Vinehealth Australia has a mix of full time and part time staff, with 3.6 full time equivalents in 2019-20.

There are no divisions in Vinehealth Australia, simply a Chief Executive Officer (CEO) with three directs reports; a Technical Manager, an Office Manager and a GIS Specialist. The Chief Executive Officer reports to the Board of Vinehealth Australia

Click <u>here</u> for profiles on current staff and the Vinehealth Australia organisational chart.

Board

Pursuant to Section 5 of the *Phylloxera and Grape Industry Act 1995*, the Board of Vinehealth Australia has up to eight members appointed by the Minister, and a ninth member being the Chief Inspector for Biosecurity SA.

Of those appointed by the Minister, one member must have expertise in viticultural research and up to 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 one of their number to be Chair (Presiding Member) for a term of one year.

The Board deals with all matters relating to the strategic oversight and management of Vinehealth Australia, and as such there are no committees of the Board.

Board members

The term of board members Ms Roseanne Healy, Mr Marc Allgrove, Mr Nigel Blieschke, Mr Ashley Chabrel, Mr Andrew Clarke and Dr Prue McMichael ended on 30 June 2019. Dr Cassandra Collins, appointed to the board as the expert in viticultural research, also concluded her term on 30 June 2019.

A Board Nominations Committee was established by Vinehealth Australia to nominate up to seven persons to the Minister to replace outgoing board members. An Independent Chair was appointed to this Board Nominations Committee.

The Minister approved, effective 18 July 2019, the appointment of Dr Prue McMichael, Mr Alex Sas, Mr Alec Gilbert, Dr Sally Troy and Mr Richard Barrett for a 3-year term. Dr Jo Luck was appointed as the board member with expertise in viticultural research, also for a 3-year term. Ross Meffin (Chief Inspector for Biosecurity SA) continues his role on the board.

Prue McMichael was elected as Chair of the Board in September 2019 and has been a member of the board since 2016.

Click here for profiles on current board members and Chair.

Changes to the agency

During 2019-20 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister

The Hon. David Basham MP, Minister for Primary Industries and Regional Development is responsible for the *Phylloxera and Grape Industry Act 1995*.

Our Executive team

Inca Lee, Chief Executive Officer

Inca is responsible for ensuring the delivery of Vinehealth Australia's strategic plan and annual operating plan.

Suzanne McLoughlin, Technical Manager

Suzanne is responsible for the provision of technical specialist biosecurity advice to industry and government. For industry, this includes the development, analysis and communication of technical knowledge, policies and initiatives relating to biosecurity and general vine health. For government, this includes providing technical advice on all industry biosecurity-related matters under the SA Plant Quarantine Standard and providing technical expertise into response activities for quarantine-related incidents, incident tracing and vineyard surveillance.

Legislation administered by the agency

Phylloxera and Grape Industry Act 1995

Other related agencies (within the Minister's area/s of responsibility)

Primary Industries and Regions South Australia (incorporating Biosecurity SA).

The agency's performance

Performance at a glance

Strategic priorities	Indicators of performance / effectiveness / efficiency	Outcome for South Australia
1. Strengthen the wine industry's capacity and capability to prepare for, prevent and respond to pest incursions.	 Phylloxera and biosecurity awareness and education improved. Biosecurity research and development investment strengthened. Science translated into practical solutions for industry. Effective response activities provided to suspected or confirmed exotic or declared endemic pests. Effective management of the Naracoorte Heat Shed. Facilitated compliance with state quarantine legislation and regulations. 	South Australia continues to remain free of phylloxera and many of the other pests and diseases that threaten grape and wine industries in Australia and globally.
2. Ensure cohesion and commitment to effective and efficient biosecurity management by system participants.	 Consultation achieved with other industry statutory and representative organisations regarding ongoing biosecurity management in the wine industry. Ongoing planning with grape and wine supply chain participants as to biosecurity risk and responsibilities. Engagement with the national biosecurity sector to advocate for wine industry imperatives. 	The South Australian grape and wine industries are national leaders, driving biosecurity initiatives and participation.
3. Provide information, insights and intelligence to drive biosecurity decision making and investment.	 Draft phylloxera surveillance plans developed awaiting funding. Vineyard Register maintained including maps of every vineyard in South Australia 0.5 hectares or greater in size. Progression of the new Digital Biosecurity Platform. 	South Australia remains the only Australian state with a database of every vineyard, including planting and ownership details, which provides vital intelligence to grape and wine

		industries and for biosecurity activities.
4. Build a mature business model for Vinehealth Australia.	 Contributions payable effectively managed. Contribution structure and system reviewed. Timely assistance to the grape industry provided. Governance across Vinehealth Australia operations enhanced. 	Vinehealth Australia's commitment to continuous improvement delivers a sustainable and effective biosecurity organisation in South Australia.

Agency contribution to whole of Government objectives

Key objective	Agency's contribution		
More jobs	 A strong and successful South Australian wine industry supports a strong South Australian workforce. A strong South Australian biosecurity industry provides career and investment options for innovative individuals and businesses. 		
Lower costs	 Preventing pests in vineyards saves the wine industry money in terms of additional management inputs needed when new pests are introduced and protects the value of vineyards. Effectively containing or eradicating pests during an incursion minimises financial impacts on grape and wines businesses. 		
Better Services	 Vinehealth Australia's commitment to continuous improvement delivers a sustainable and effective biosecurity organisation in South Australia. Vinehealth Australia's ongoing partnership with industry ensures delivery of relevant and valued services to support grape and wine production. 		

Agency specific objectives and performance

Strategic priority 1: Strengthen the wine industry's capacity and capability to prepare for, prevent and respond to pest incursions

Agency objective	Indicators	Performance
Improve phylloxera and general biosecurity awareness and education.	Raise awareness of biosecurity at wine industry events, conferences and in wine regions.	 Presentations on biosecurity and activities at a range of industry and government forums. 36 <u>feature</u> articles in a wide variety of industry journals, papers, magazines.
	Maintain currency of website. Increase number of new website users by 5% and average session duration by 5%. Maintain active presence on social media platforms (Twitter, Facebook, Instagram).	 Continued investment in creating new content and maintaining website. New website users increased by 15%. Average session duration decreased by 16%. Number of sessions increased by 8%. Maintained presence on social media platforms via weekly posts at a minimum.
	Publish a monthly e- newsletter. Achieve above industry standard 'open rate' and 'click through' rate.	 12 issues published. 37% open rate (industry average 21%). 7% click through rate (agriculture & food services industry average 3%).
	Publish Biosecurity Alerts when biosecurity incidents occur.	3 <u>Biosecurity Alerts</u> published to warn of immediate threats.
	Publish specialised Biosecurity Bulletins for specific members of the wine supply chain.	 2 <u>Biosecurity Bulletins</u> published: Wine Industry Transporter;
	Publish media releases as	3 <u>media releases</u> published.

50 biosecurity tips provided to Daily Wine News and to all SA regional wine industry associations.
 4 fact sheets developed and communicated to industry: 1. Australian wine personnel travelling overseas; 2. Employing international staff; 3. Buying used machinery; and 4. Working with contractors: Earthworks.
Phylloxera Immersion Tour to the Yarra Valley in November 2019 Vinehealth took 35 members of the wine industry to the Yarra Valley in November 2019 to see and hear firsthand about the impacts of phylloxera on that region. Participants learnt about the rate of spread of the pest and the low levels of replanting on phylloxera tolerant rootstocks and the impacts this is forecast to have on wine supply for the region in the medium term. This tour reinforced the importance of prevention activities and access for growers to high health planting material. It has led to the development of a rootstock supply and demand project. Responsible Visitation Campaign Completed Stage 2 of the Responsible Visitation Campaign in June 2019.

In this reporting period, as part of the Stage 2 campaign, an Instagram Influencers Campaign was delivered to draw digital influencers into the conversation about how tourists can play a role in keeping vines healthy. The campaign saw local Instagram micro and macro influencers on a famil to Adelaide Hills cellar door Tappanappa to learn about responsible wine tourism in a fun and memorable way. Results from this campaign were: • 17 influencers • 57 stories 462,777 followers • 1,512,415 impressions • 346 comments • 100% engagement rate 32 hashtags 6,420 likes Throughout 2019-20 we have continued to educate cellar door and visitor centre staff across multiple wine regions through our Responsible Visitation Program on how to talk to visitors about biosecurity, how to effectively restrict access to vines and what visitor programs to offer that don't compromise the health of vineyards. Continue promotion of Continued production of biosecurity tools to the consumer-facing signs, farmnational vine industry. gate hygiene signs and disinfestation kits on request by industry and sales of: • 102 consumer-facing signs; • 52 farm-gate hygiene signs. Increase the number of Due to pandemic, survey of growers implementing vineyard owners to measure farm-gate hygiene adoption of farm-gate hygiene practices by 5% every 2 practices deferred from 2020 to years. 2021.

Strengthen
biosecurity
research and
development
investment and
translation of
science into
practical
solutions for
industry.

Active participation in shaping the national R&D plant biosecurity landscape.

- Vinehealth Australia CEO
 Chairs the Industry Reference
 Group for Wine Australia /
 Agriculture Victoria funded
 phylloxera project.
- Facilitated the establishment of the Wine Biosecurity Committee with Australian Grape & Wine.

Deliver Grapevine Pinot gris virus extension project to the vine improvement and nursery sector.

- Three face-to-face meetings in Griffith, Mildura and Barossa Valley by contracted project researchers Fiona Constable and Libby Tassie.
- Teleconference held for representatives in Western Australia, Queensland, New South Wales and Tasmania.
- <u>Final report</u> delivered to funding partners and Wine Australia on 30 June 2019.

Manage the collection of vine and wine data and reporting for the Coonawarra Rootstock Trial, and ensure ongoing engagement with trial partners and the Coonawarra region.

Data collection included:

- 47 vine and grape composition parameters measured for 7 rootstocks and own roots.
- 50kg of grapes harvested from 8 treatments in duplicate for small-lot winemaking.
- 42 wine compositional parameters measured on each small-lot wine made.
- Pivot tasting completed to describe wines and provide relative liking scores.

Reporting and extension:

- Field walk through vineyard in March with 35 Limestone Coast grape growers and winemakers to discuss viticultural performance of different rootstocks.
- Technical workshop with 30 Limestone Coast grape growers and winemakers held to taste small-lot wines and review results for vine, grape

		and wine composition parameters measured.Final report to be collated in June 2020.
	Facilitate the translation of scientific results into practical solutions for growers and industry.	 Vinehealth's review of published scientific papers on the efficacy of phylloxera disinfestation treatments against known key endemic phylloxera strains, has resulted in two changes to South Australia's import requirements for machinery and equipment sterilisation: An increase to the duration from 2 to 3 hours for 40°C dry heat treatment. The removal of steam as a valid sterilisation method, based on the likelihood that steam sterilisation is not carried out effectively in practice. The change to dry heat treatment is being adopted nationally.
	Support the South Australian Vine Improvement Association to improve virus testing protocols to achieve high health planting material through the supply chain.	 Project commenced in April 2020 with desktop survey developed and completed. Reporting will be finalised mid-2020.
Provide effective response activities to suspected or confirmed exotic or declared endemic pests.	Activate response within 24 hours of notification of a suspected or confirmed exotic or significant endemic pest.	Alongside PIRSA-Biosecurity SA, Vinehealth Australia promptly responded to biosecurity incidents and outbreaks to minimise impacts on vine health and grape and wine production.
	100% implementation of incident management reporting requirements.	Completed.
	Progress the development of a new Phylloxera Outbreak Plan for South	Commenced the development of plan in consultation with Biosecurity SA – due for

	Australia.	completion in 2020-21. • Participated in phylloxera outbreak simulation with DPI NSW and NSW Wine to provide learnings for the SA plan.
Ensure effective management of the	Implementation of preventative maintenance schedule.	Completed and 3-monthly reporting schedule implemented.
Naracoorte Heat Shed.	Complete a work health and safety audit of Heat Shed.	Independent assessment completed. 20 out of 22 corrective actions have been completed, with all high priority actions completed first. The remaining 2 corrective actions are in progress.
Encourage compliance with State quarantine legislation and regulations.	Complete the review of the phylloxera conditions in SA's Plant Quarantine Standard and promote changes to industry.	Vinehealth Australia led a comprehensive review of the phylloxera-related conditions in South Australia's Plant Quarantine Standard (PQS), to strengthen our border. Recommendations were made to Biosecurity SA, following which Biosecurity SA sought and received Ministerial approval. A number of key changes have resulted from the review and incorporated into a consolidated Condition 7 in the South Australian PQS Version 17, including: Steam as a sterilisation treatment method for all machinery or equipment being imported into SA is now prohibited; The entry of used netting, trellis posts, vine guards, dripper tube, wire and clips into SA is now prohibited; The entry of winegrapes grown in a Phylloxera Risk Zone (PRZ) into SA is now prohibited; Alignment of entry requirements for equipment from a PRZ with tougher

		standards applicable for equipment from a Phylloxera Infested Zone (PIZ) and Phylloxera Interim Buffer Zone (PIBZ); and • Alignment of entry requirements for grape marc, with that of winegrapes. As part of this review, Vinehealth Australia undertook a 12-month consultation with industry involving: • 150 stakeholders across 39 meetings covering 10 SA wine regions. • Consultation packs sent to 3,254 registered vineyard owners.
	Respond within 24 hours to industry enquiries on how to comply with or interpret state plant quarantine standard import requirements (or equivalent).	Completed. Requests from industry on state plant quarantine standards represent 33% of service request enquiries to Vinehealth Australia – this proportion remains unchanged from 2018-19.
Review surveillance requirements for phylloxera to support area freedom claims	Undertake a pilot program to validate a phylloxera surveillance program for SA.	A pilot program was drafted and external funding sought. External funding was not forthcoming.

Strategic priority 2: Ensure cohesion and commitment to effective and efficient biosecurity management by system participants

Objective	Indicators	Performance
Ensure cohesion and commitment to effective and	Continue to be a key driver of activities within the Wine Biosecurity Committee.	Active participant of Wine Biosecurity Committee.
efficient biosecurity management by system participants.	Engage with the national biosecurity sector to advocate wine industry imperatives.	Ongoing.

Advocate for improved biosecurity systems underpinning state Plant Quarantine Standard.	 Leading the project team for the development of a National Phylloxera Management Strategy. SA PQS review and recommendations completed, with outstanding items currently being addressed.
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Strategic priority 3: Provide information, insights and intelligence to drive biosecurity decision making and investment

Objective	Indicators	Performance
Maintain the Vineyard Register.	Ensure ongoing accuracy of vineyard owner, land parcel information and planting details for all SA vineyards of 0.5 hectares and above.	 Imagery capture for Riverland, Barossa, Clare and Adelaide Hills procured, with vineyards to be digitised and new vineyard plantings captured over coming year. Ongoing involvement in the conveyancing process during land sale to ensure current owner and planting details are maintained. 210 Section 7 letters generated 223 Settlement Reports issued 155 sale transactions completed Vineyard records sent to all vineyard owners in December 2019 to capture changes and maintain currency of the Vineyard Register. Ongoing response and validation of vineyard owner requests for changes to their records via either the online kiosk or by phone. Review commenced of administrative policy regarding changes to vineyard records.
	Maintain maps of phylloxera management	Completed.

	nationally by industry and governments. Annual analysis of vineyard plantings in South Australia by variety, area, year planted as at 30 April 2020. Provision of this aggregated and deidentified data to Wine Australia for the 2020 SA Winegrape Crush Survey.	 Completed and <u>survey</u> posted on website. See section in this annual report titled, 'Reporting required under any other act or regulation' for snapshot of data contained in Vineyard Register.
Develop a new Digital Biosecurity Platform.	Undertake procurement process and select preferred supplier for the Digital Biosecurity Platform build.	 Rigorous procurement process undertaken, with process aligned to the State Procurement Board of SA requirements. Preferred supplier identified. Discovery phase with preferred supplier scoped.

Corporate performance summary

Strategic priority 4: Build a mature business model for Vinehealth Australia

Objective	Indicators	Performance
Administrative management of contributions	Notice of Assessments distributed by mid-June.	 Completed following approval and gazettal of contribution rates.
payable.	Debt management strategy executed.	Ongoing work to contact growers with outstanding debts. There was a 20% increase (representing \$11,579) in outstanding debts from 2018-19 to 2019-20 financial statements. Work will continue in 2020-21 to stabilise and reduce the level of outstanding debts.
Review of contribution structure and system.	Deloitte Access Economics to complete review and present	 Review completed in May 2019 and Board developed a position on each of Deloitte's recommendations.

	recommendations to the Board.	 With the changeover of the Board in mid-2019, the new Board confirmed its position on each of Deloitte's recommendations and outlined an implementation plan, including industry information sessions. Discussion with industry was due to commence in May 2020, however, has been deferred due to impact of COVID pandemic.
Provision of general assistance to the grape industry.	Response to requests activated within 48 hours of receipt.	 Achieved. A similar number of requests was received as compared with 2018-19. The top 5 service request topics make up 85% of all requests: 33% – quarantine procedures or risk assessment, 23% – materials, workshops, presentations and interviews, 12% – vineyard register information, 8% – strengthening interstate ties, and 9% – other.
Enhanced governance across Vinehealth Australia operations.	Induction of new board.	 Implemented the board member selection process and supported the Board Nominations Committee. New board induction completed, with presentations and information packs prepared and meetings over 1.5 days held. 6 board meetings held in reporting period.
	Continuous improvement of operating policies and procedures.	Ongoing review of all organisational policies, including: • Board remuneration; • Administrative policy regarding contributions payable, including hardship policy; • Delegations of Authority; • Reserves policy;

		 Gazettal of contributions policy; Board selection process; Board Nomination Committee policy; and Internal financial management processes. Held a governance session with new Board – facilitated by an independent governance expert. 	
14. Strengthen the biosecurity legislative framework for SA's grape and wine industries.	Facilitate input for the industry into the development of a new Biosecurity Act.	 Vinehealth Australia submitted a considered and comprehensive response to the draft Directions Papers on the proposed new Biosecurity Act in November 2019. A clear position was detailed, and significant concerns raised regarding the lack of information provided for Vinehealth Australia and industry to make an informed decision. Consultation with the South Australian Wine Industry Association and Wine Grape Council of South (WGCSA) Australia on this matter has confirmed concerns of industry. Discussions with industry, PIRSA and the Minister continue. 	
15. Assist the grape industry in its initiatives	Undertake fee for service work on request and support the grape industry in its initiatives.	Prescribed burns with Department of Environment and Water (DEW) – Vinehealth Australia acted as a vital conduit between DEW and growers during the autumn prescribed burn period in the Adelaide Hills and Mount Lofty Ranges Region. Vinehealth Australia contacts growers to advise of an imminent prescribed burn, determine harvest status of vineyards and	

- work with regional wine associations and DEW to ensure the timing of these burns minimises the risk of smoke taint to unharvested grapes. This work was of critical importance during March-April 2020 given the impact of the Cudlee Creek bushfire.
- Assisting Riverland Wine in the development of a CRM database of Riverland vineyard owners (within the strict privacy constraints of the *Phylloxera* and Grape Industry Act 1995).
- Assisted SAPOL with an investigation.
- Cudlee Creek and Kangaroo Island bushfire support to inform government and industry response activities, including:
 - Support the PIRSA incident control team during the bushfires to provide wine industry intel and vineyard owner information
 - Provided data to support the issuing of vouchers for smoke taint analysis
 - Provided advice and spatial mapping services to map the degree of damage to vineyards burnt as part of SAWIDS-funded project facilitated by WGCSA
 - Assisted the McLaren Vale
 Grape Wine and Tourism
 Association and sent letters
 to McLaren Vale growers
 seeking participation in
 regional smoke taint analysis
 program
 - Due to the loss of propagation source blocks in the bushfire, Vinehealth supported the Adelaide Hills Vine Improvement body to develop and distribute a

	letter to Adelaide Hills growers to see if growers: were able to provide an existing block as a Source Block or a new planting as a Source Block in the future, or will need to plant new vines in the next 3 years, whether fire affected or not. Attended weekly national wine industry fire response meetings
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Employment opportunity programs

Program name	Performance	
I .	th Australia did not recruit any new employees, therefore no ruited through a public sector wide employment opportunity	

Agency performance management and development systems

Performance management and development system	Performance	
Employee Performance and Development Review (EPDR)	Ongoing informal one-on-one meetings were held with staff to discuss their work priorities and identify support, training or other requirements to ensure they could deliver work to set requirements within timeframes.	
	End of year EPDR's were scheduled for April 2020, however all employees commenced working from home in response to the COVID pandemic in mid-March. The focus shifted to ensuring employee wellbeing during these uncertain times and setting up home office environments. Formal EPDR's will be completed in the first half of 2020-21 reporting period with the easing of COVID restrictions.	
Discipline Policy (Poor Performance & Serious Misconduct)	This policy was not required during the 2019-20 reporting period for employees of Vinehealth Australia.	

Work health, safety and return to work programs

Program name	Performance	
During the 2019-20 reporting period, all Work Health and Safety policies were maintained. They include: • Work Health and Safety policy	All policies remain effective in providing a rigorous framework for the safety of Vinehealth Australia employees. In addition, at staff meetings, Work, Health and Safety is the first agenda item,	
Emergency Plan	providing the opportunity for staff to	
Office Security Policy	raise any concerns and for management to action and resolve.	
 Working Alone on Premises Policy (outside of normal office hours) 		
Remote Work – Field Work Policy		
Travelling for Work Policy (by motor vehicle or other means)		
Bullying and Harassment Policy		
 Incident Reporting and Investigation Policy 		
Ongoing program to ensure the safe and effective operation of the Naracoorte Heat Shed.	 Activities include: Preventative maintenance schedule implemented. Standard Operating Procedures (SOP) updated as required. Independent consultant performed a work health and safety audit of heat shed which identified 22 corrective actions: 20 corrective actions have been completed – with all high priority actions completed first. 2 remaining corrective actions are in progress. This program delivers a safe operating environment for users and the heat shed manager. 	
COVID pandemic response	In consultation with Chair and employees, CEO made the decision to implement a 'work from home' policy from 16 March 2020.	

A 'Work Home and Safety Checklist' was developed when employees transitioned to working from home:

- Checklist completed by all employees
- Corrective action taken to resolve issues highlighted by each employee

The wellbeing of employees was of principle concern during this period, with weekly virtual team meetings and daily contact between the CEO and each employee.

Office Manager accessed two resources/courses (ACT Mindfully and Black Dog Australia webinars) to reaffirm skills to help manage challenging calls from people experiencing hardship due to drought, bushfires and COVID.

CEO attended weekly (and then fortnight) briefings by Office of the Commissioner for Public Sector Employment regarding COVID. A debrief of information from these meetings was provided to staff at weekly meetings.

Workplace injury claims	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%

^{*}number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Number of notifiable incidents (Work Health and Safety Act 2012, Part 3)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0%

Return to work costs**	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	0	0%
Income support payments – gross (\$)	0	0	0%

^{**}before third party recovery

Data for previous years is available at: https://vinehealth.com.au/

Executive employment in the agency

Executive classification	Number of executives
Term un-tenured	2

Data for previous years is available at: https://vinehealth.com.au/

The Office of the Commissioner for Public Sector Employment has a workforce information page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2019-20 are attached (Appendix A) to this report.

Total income for Vinehealth Australia in 2019-20 was \$909,376, down 13% from 2018-19, driven by a 54% decrease in grant income. Income from grower contributions (levies) payable under the *Phylloxera and Grape Industry Act 1995* remained stable at \$751,547 given insignificant changes in the total registered vineyard area (hectares).

Expenditure decreased by 20% from 2018-19, with an overall deficit position of \$62,150 for 2019-20.

This resulted in a 3% decrease in total equity of Vinehealth Australia from \$1,887,619 in 2018-19 to \$1,825,469 in 2019-20. It is important to note that current year levies are invoiced yearly in arrears at the end of the financial year (30 April 2020), therefore \$751,783 of total equity has yet to be received as at 30 April 2020.

Vinehealth Australia has assets worth \$2,269,551 in 2019-20, up 6% as compared to 2018-19, and is made up primarily of cash and cash equivalents (\$1,158,171) and \$840,170 in receivables (the largest portion of which are current year levies yet to be received).

Liabilities as at 30 April 2020 total \$444,082 principally payables (creditors, accrued expenses, levies in advance and employee on-costs), employee benefits and non-current financial liabilities relating to right-of-use leases.

Statement of Comprehensive Income	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Expenses	1,089,879	971,526	118,353	1,212,808
Revenues	904,094	909,376	(5,282)	1,043,791
Net cost of providing services	(185,785)	(62,150)	(123,635)	(169,017)
Net Revenue from SA Government	0	0	0	0
Net result	(185,785)	(62,150)	(123,635)	(169,017)
Total Comprehensive Result	(185,785)	(62,150)	(123,635)	(169,017)

Statement of Financial Position	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Current assets	0	1,998,341	0	2,099,561
Non-current assets	0	271,210	0	39,487
Total assets	0	2,269,551	0	2,139,048
Current liabilities	0	234,040	0	251,429
Non-current liabilities	0	210,042	0	0
Total liabilities	0	444,082	0	251,429
Net assets	0	1,825,469	0	1,887,619
Equity	0	1,825,469	0	1,887,619

Consultants disclosure

The following is a summary of external consultants that have been engaged by Vinehealth Australia, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$4,427

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
Jane Jeffreys Consulting	Independent Chair of Board Nominations Committee and Board governance workshop	\$ 10,355
Attorney General's department	Provision of legal counsel	\$ 16,226
	Total	\$ 26,581

Data for previous years is available at: https://vinehealth.com.au/

See also the <u>Consolidated Financial Report of the Department of Treasury and Finance</u> for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$20,384

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
Perks & Associates	Integrity audit of levies, monthly accounting services (including, payroll, management accounts, government data collection) and independent external audit of Vinehealth Australia's accounts	\$40,742
Cindie Smart Consulting	Communications contractor (e-news, articles, fact sheets, presentations, annual report, strategic plan, website), campaign manager for the Responsible Visitation Campaign, project-based work for CEO	\$68,800
Hydra Consulting	Development of Digital Biosecurity Platform concept and end-to-end management of procurement process	\$47,123
Conolly Communications	Delivery of Responsible Visitation Campaign	\$20,556
Logic Plus	Provision of monthly IT service and help desk (cost includes license	\$22,635

Contractors	Purpose	\$ Actual payment
	subscriptions that Logic Plus facilitates for Vinehealth)	
	Total	\$199,856

Data for previous years is available at: https://vinehealth.com.au/

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. <u>View the agency</u> list of contracts.

The website also provides details of <u>across government contracts</u>.

Other information

Lack of sustainable funding for Vinehealth Australia

As indicated in both our 2017-18 and 2018-19 Annual Reports, Vinehealth Australia does not have the funding required to effectively carry out its primary functions needed to safeguard South Australian vineyards from pest and disease threats.

A review of Vinehealth Australia's funding position and funding requirements was completed by Deloitte Access Economics. This included a review of the current contributions payable by industry as the primary source of ongoing income for the organisation.

A range of recommendations to increase funding were presented to the Vinehealth Australia Board in May 2019, from which the new Board confirmed their preferred position in December 2019.

Industry information sessions on Vinehealth's funding position were planned to be held after vintage 2020, but bushfires and COVID-19 put these on hold.

Vinehealth Australia funding will be revisited later in 2020.

Need for funding for a Phylloxera Surveillance Strategy in SA to maintain area freedom

Currently SA has area freedom status for grape phylloxera. As a state we must continue to:

- Provide evidence to substantiate this area claim to facilitate market access for our grape and wine producers; and
- Monitor the state to give the South Australian wine industry the best chance to detect an incursion as early as possible, to limit the potential spread and impact on the industry.

In 2018, the development of a new accurate, sensitive and user-friendly detection method ('DNA method') for phylloxera was completed (in a project led by Vinehealth Australia in collaboration with SARDI).

The availability of this new method, in combination with other primary and secondary methods of detection, and the need to incorporate new risk-based approaches to surveillance requires SA to invest in a new surveillance strategy.

Risk management

Fraud detected in the agency

No cases of fraud were detected in 2019-20.

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

Vinehealth Australia implements several key strategies to control and prevent fraud throughout the organisation. This is particularly important given the delegated authority from the Commissioner of State Taxation to the Presiding Member of Vinehealth Australia to levy, collect and recover contributions payable under the *Phylloxera and Grape Industry Act 1995*. These strategies include:

- Provision of Code of Ethics for the SA Public Sector and Public Sector (Honesty and Accountability) Act 1995 to all employees through their induction program. Staff are also reminded of these responsibilities during performance reviews and development.
- Ongoing promotion to employees during staff meetings regarding the prevention, identification and reporting of actual or suspected instances of fraud.
- Delegations of Authority Policy reviewed and approved by the Board annually.
- The external auditor of Vinehealth Australia reports directly to the Board of Vinehealth Australia on its findings and recommendations.
- Policies and procedures are developed and annually reviewed for all financial operations.
- Information regarding conditions of employment and organisational policies are provided in the Vinehealth Australia Employee Handbook, which is provided during induction.
- Policies and procedures are developed and implemented for the maintenance of vineyard owner records in the Vineyard Register (pursuant to Section 19 of the *Phylloxera and Grape Industry Act 1995*).
- Vinehealth Australia utilises the services of an external accounting expert to manage payroll and internal financial reporting to management and to the Board, thus providing an additional independent review and verification of accounts and payroll.
- Month end review of management accounts by CEO and external accounting expert.
- Two signatories required on all expenditure (except credit cards), with CEO being the second and final authority.
- Limits on employee purchasing cards reviewed annually and monthly reconciliations completed.

- Annual integrity audit completed by external provider of contributions payable under the *Phylloxera and Grape Industry Act 1995*, to ensure accuracy and to resolve any issues identified.
- Provision of roles and responsibilities, Code of Ethics for the SA Public Sector and Public Sector (Honesty and Accountability) Act 1995 to Board members at the commencement of their term.
- A conflict of interest register for Board members is maintained and is a standing agenda item at the beginning of all Board meetings.
- Confidentially agreements are entered into with all contractors and consultants to Vinehealth Australia.
- Chief Executive Officer attended training on Public Interest Disclosure Guideline provided by ICAC-OPI.

Data for previous years is available at: https://vinehealth.com.au/

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

There have been no occasions.

Data for previous years is available at: https://vinehealth.com.au/

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Act or Regulation	Requirement
Phylloxera and Grape Industry Act 1995	'The Board must, no later than 31 July each year, submit to the Minister a report on its operations during the financial year of the Board ending on the preceding 30 April.' Section 26(2) 'The report must incorporate— (a) The audited statement of accounts of the Board for the period to which the report relates; and (b) The five year plan prepared or revised by the Board under this Act.'

Section 26(1)

Reporting on the operations of Vinehealth Australia is contained in this annual report. A snapshot of information contained in the Vineyard Register is provided below.

Snapshot of Vineyard Register information for 2019-20

Pursuant to Section 19 of the *Phylloxera and Grape Industry Act 1995*, Vinehealth Australia maintains a Register of persons who own vineyards comprising 0.5 hectares or more of planted vines. The Register contains owner details, parcel and land titles information, vineyard area, grape variety, rootstock and age of vines.

During 2019-20 there was a 520 hectare increase in the total registered vineyard area in South Australia to 76,008 hectares, but a reduction of 25 registered owners to 3,271. Total vineyard area in South Australia has remained relatively static in the range of 75,000 to 79,000 hectares since 2006. The largest area of plantings in 2019-20 was undertaken in the Coonawarra wine region, followed by the Riverland. Of new plantings in 2019-20, Cabernet Sauvignon was the most planted red variety by area and Fiano the most planted white variety by area.

The vast majority of South Australia's registered vineyard owners have vineyards that are less than 10 hectares in size, with only a small proportion owning vineyards above 100 hectares in size (Figure 1). The 124 vineyard owners with greater than 100 hectares account for 41% of the vineyard area in South Australia. By comparison the 1,952 vineyard owners with less than 10 hectares of vineyard account for only 11% of total vineyard plantings in the state.

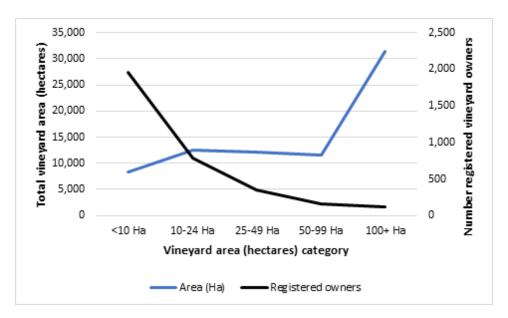


Figure 1. Number of registered vineyard owners and total area per vineyard size category in South Australia for 2019-20.

Figure 2 shows the split of the total 76,008 hectares of vineyards in South Australia by major grape variety, with the top three varieties, Shiraz, Cabernet Sauvignon and Chardonnay accounting for 72% of the total area planted to vineyards.

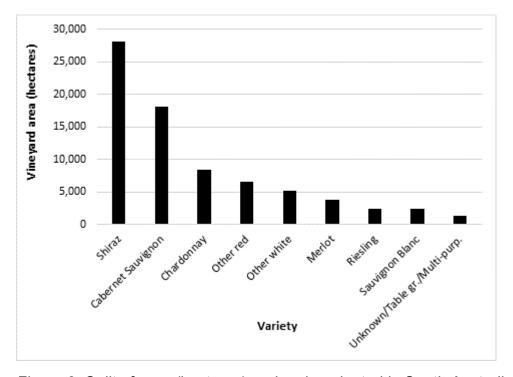


Figure 2. Split of area (hectares) under vine planted in South Australia to major grape varieties in 2019-20.

It is important to continue to highlight the vulnerability of South Australian vineyards to phylloxera. Data for 2019-20 in the Vineyard Register shows that 77% of area under vine in South Australia is planted to vines on own roots, which are susceptible to attack by phylloxera (Figure 3). The top four rootstocks planted by area in the state are Ramsey, Paulsen 1103, 101-14 and Ruggeri 140 (Figure 3).

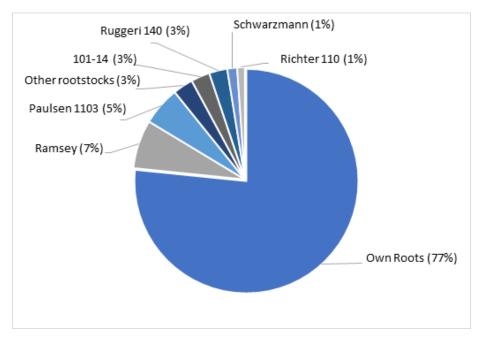


Figure 3. South Australian vineyard plantings by rootstock type in 2019-20.

South Australia holds some of the oldest vineyards in the world and analysis of area by vine age shows that 0.45% of vineyard holdings are 100 years or older (Figure 4).

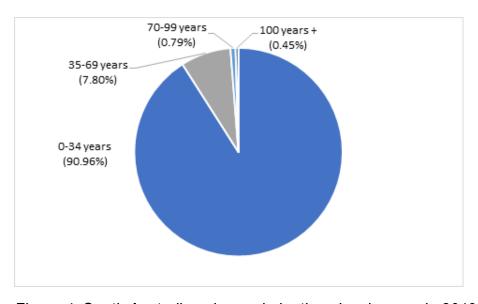


Figure 4. South Australian vineyard plantings by vine age in 2019-20.

Information from the Vineyard Register in 2019-20 was analysed internally and provided to Wine Australia as source information for the <u>South Australian Winegrape Crush Survey</u>.

Section 26(2)

Audited statements of accounts are provided as part (Appendix A) of this annual report.

Vinehealth Australia's <u>Strategic Plan: Towards 2020</u> is hosted on the agency's website and is attached in Appendix B. At the time of writing this annual report, the Board of Vinehealth Australia has commenced work on a new strategic plan for the organisation.

Reporting required under the Carers' Recognition Act 2005

Not applicable to Vinehealth Australia.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	General commentary from several growers that online kiosk for Vineyard Register is not user friendly
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect	0

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
		policy applied; conflicting policy advice given	
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	0

Note: the section below is mandated

Additional Metrics	Total
Number of positive feedback comments	Not captured in 2019-20
Number of negative feedback comments	0
Total number of feedback comments	System to capture all feedback to be developed in 2020-21
% complaints resolved within policy timeframes	Not applicable

Data for previous years is available at: https://vinehealth.com.au/

Service Improvements resulting from complaints or consumer suggestions over 2019-20

Vinehealth Australia acknowledges that the user experience of the online kiosk that vineyard owners can use to update their records for the Vineyard Register needs to be improved. In the interim, Vinehealth Australia also provides the option to vineyard owners to provide changes required to the Office Manager to action. For the longer-term, Vinehealth Australia is in the process of developing a new Digital Biosecurity Platform which will offer customers a vastly improved experience. The procurement process has been completed in 2019-20 with a preferred supplier identified. Pending funding being sourced, the core components of this new Platform should be built in 2020-21.

Appendix A: Audited financial statements 2019-20

PHYLLOXERA & GRAPE INDUSTRY BOARD OF SOUTH AUSTRALIA

TRADING AS

"VINEHEALTH AUSTRALIA"

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

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Independent Auditor's Report to the Board of Vinehealth Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vinehealth Australia, which comprises the statement of financial position as at 30 April 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements.

In our opinion, the accompanying 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 2020 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards Reduced Disclosure Requirements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Vinehealth Australia in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Board is responsible for the other information. The other information comprises the information included in Vinehealth Australia's annual report for the year ended 30 April 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the Financial Report

The Board of Vinehealth Australia is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Phylloxera and Grape Industry Act 1995* 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing Vinehealth Australia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate Vinehealth Australia or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design
 and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate
 to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher
 than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,
 or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Vinehealth
 Australia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Vinehealth Australia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Vinehealth Australia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and
 whether the financial report represents the underlying transactions and events in a manner that achieves fair
 presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PERKS AUDIT PTY LTD 180 Greenhill Road Parkside

Perles Audit

Parkside

South Australia 5063

Mill

Peter J Hill Director

Registered Company Auditor Dated this 30 July 2020

Certification of the Financial Statements

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

- have made reference to the Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, comply with Australian Accounting Standards Reduced Disclosure Requirements and the *Phylloxera and Grape Industry Act 1995*;
- 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 2020 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 Lee

Chief Executive Officer

Jeansil Mall on

30 July 2020

Prue McMichael Presiding Officer

30 July 2020

STATEMENT OF COMPREHENSIVE INCOME				
For the year ended 30 April 2020				
	Note	2020	2019	
		\$	\$	
Income				
Fees and charges	5.1	751,547	745,372	
Grants	5.2	104,774	225,853	
Interest	5.3	11,827	20,953	
Other income	5.4	41,228	51,613	
Total income		909,376	1,043,791	
Expenses				
Employee benefits expenses	3.3	471,165	428,813	
Supplies and services	4.1	328,682	549,866	
Depreciation and amortisation expense	4.2	59,061	25,460	
Borrowing costs	4.3	4,442	-	
Other expenses	4.4	108,176	208,669	
Total expenses		971,526	1,212,808	
Net result		(62,150)	(169,017)	
Other Comprehensive Income				
Total other comprehensive income			-	
Total comprehensive result		(62,150)	(169,017)	

The accompanying notes form part of these financial statements.

The net result and total comprehensive result are attributable to the SA Government as owner.

STATEMENT OF FINANCIAL POSITION				
As at 30 April 2020				
	Note	2020	2019	
		\$	\$	
Current assets				
Cash and cash equivalents	7.1	1,158,171	1,269,200	
Receivables	7.2	840,170	830,361	
Total current assets		1,998,341	2,099,561	
Non-current assets				
Property, plant & equipment	6.1	264,852	19,603	
Intangible assets	6.3	6,358	19,884	
Total non-current assets		271,210	39,487	
Total assets		2,269,551	2,139,048	
Current liabilities				
Payables	8.1	92,745	175,175	
Financial liabilities	8.2	40,700	-	
Employee benefits	3.4	100,595	76,254	
Total current liabilities		234,040	251,429	
Non-current liabilities				
Financial liabilities	8.2	210,042	-	
Employee benefits	3.4	-	-	
Total non-current liabilities		210,042	-	
Total liabilities		444,082	251,429	
Net Assets		1,825,469	1,887,619	
Equity				
Incursion fund	9.1	-	-	
Equity	9.2	1,825,469	1,887,619	
Total Equity		1,825,469	1,887,619	

The accompanying notes form part of these financial statements.

The total equity is attributable to the SA Government as owner.

STATEMENT OF CHANGES IN EQUITY							
For the year	For the year ended 30 April 2020						
		Incursion fund	Equity	Total Equity			
	Note	\$	\$	\$			
Balance at 30 April 2018		100,000	1,956,636	2,056,636			
Total comprehensive result for 2018-19		-	(169,017)	(169,017)			
Transfer to equity		(100,000)	100,000	-			
Balance at 30 April 2019		-	1,887,619	1,887,619			
Balance at 30 April 2019		-	1,887,619	1,887,619			
Total comprehensive result for 2019-20		-	(62,150)	(62,150)			
Balance at 30 April 2020		-	1,825,469	1,825,469			

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

STATEMENT OF CASH FLOWS				
For the year ended 30 April 2020				
	Note	2020	2019	
		\$	\$	
Cash flows from operating activities				
Cash inflows				
Grower levies and charges		741,738	805,337	
Receipts from grants		115,251	378,438	
Interest received		11,827	20,953	
GST recovered from the ATO		37,213	53,269	
Other receipts		41,228	51,613	
Cash generated from operations		947,257	1,309,610	
Cash outflows				
Employee benefits payments		(446,824)	(421,744)	
Payments for supplies and services		(607,020)	(785,768)	
Payments of grants and subsidies		-	(18,344)	
Interest paid		(4,442)	-	
Cash used in operations		(1,058,286)	(1,225,846)	
Net cash provided by/(used in) operating activities		(111,029)	83,764	
Cash flows from investing activities				
Cash outflows				
Purchase of plant and equipment and software		-	(4,935)	
Cash used in investing activities		-	(4,935)	
Net cash (used in) investing activities		-	(4,935)	
Net increase/(decrease) in cash and cash equivalents		(111,029)	78,829	
Cash and cash equivalents at the beginning of the period		1,269,200	1,190,371	
Cash and cash equivalents at the end of the period	7.1	1,158,171	1,269,200	

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

1. ABOUT VINEHEALTH AUSTRLIA

The Phylloxera & Grape Industry Board of South Australia, trading as Vinehealth Australia ("Vinehealth"), is a statutory authority of the State of South Australia, established pursuant to the *Phylloxera and Grape Industry Act 1995* ("Act").

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.

1.1. BASIS OF PREPARATION

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and the *Phylloxera and Grape Industry Act 1995*.

These financial statements have been prepared with reference to section 23 of the *Public Finance and Audit Act 1987* and therefore do not include all disclosures and presentations required under that section.

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

For the 2019-20 financial statements Vinehealth adopted AASB 15 – Revenue from Contracts with Customers, AASB 16 – Leases and AASB 1058 – Income of Not-for-Profit Entities. Further information is provided in note 10.

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 ended 30 April 2020.

The financial statements have been prepared based on a 12 month period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item with the item measured.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

1.2. 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; and
- 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.

1.3. IMPACT OF COVID-19 PANDEMIC ON VINEHEALTH

The COVID-19 pandemic has impacted on the operations of Vinehealth and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

- Reduced travel expenditure
- Deferral of some project expenses likely to second half of 2020-21
- Potential higher default rate on payment of grower levies for 2019-20

1.4 BUDGET PERFORMANCE

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.

2. OBJECTIVES AND ACTIVITIES

2.1. OBJECTIVES OF 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.

2.2. ACTIVITIES OF VINEHEALTH AUSTRALIA

Vinehealth is committed to minimising the risk of pests and diseases (in particular phylloxera) in vineyards, by investing in biosecurity training and awareness, policy and procedures, research and development priority setting, and preparedness, prevention and response activities, to the benefit of the South Australian and national wine industry.

3. BOARD, COMMITTEES AND EMPLOYEES

3.1. KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel 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.

The total remuneration received by these employees for the year was \$328,344 (2019: \$320,009)

3.2. BOARD AND COMMITTEE MEMBERS

Board members during the 2020 financial year and up to the date of signing the financial statements were:

Board of D	irectors		
Dr Prue McMichael (term expired on 30 June	Ms Sally Troy (appointed 18 July 2019)		
2019, reappointed to Board on 18 July 2019 and			
elected Presiding Member on 16 September			
2019)			
Mr Richard Barrett (appointed 18 July 2019)	Mr Alec Gilbert (appoin	ted 18 July 2019)	
Mr Alex Sas (appointed 18 July 2019)	Mr Ross Meffin (ongoin	g Board appointment as	
	Chief Plant Inspector)		
Dr Jo Luck (appointed 18 July 2019)	Ms Roseanne Healy (Pr	esiding Member, term	
	expired on 30 June 2019)		
Mr Marc Allgrove (term expired on 30 June	Mr Nigel Blieschke (term expired on 30 June		
2019)	2019)		
Dr Cassandra Collins (term expired on 30 June	Mr Andrew Clarke (tern	n expired on 30 June	
2019)	2019)		
Mr Ashley Chabrel (term expired on 30 June			
2019)			
The number of Board members whose remuneration received or receivable falls within the following bands:	2020	2019	
\$0 - \$9 999	10	6	
Total number of members	10	6	

Remuneration of Board members reflects all costs of performing board 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 \$13,109 (2019: \$8,152).

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

There are no related party transactions for the year ended 30 April 2020 (2019: nil).

Board Nominations Committee			
Jane Jeffreys (Independent Chair) Stuart McNab			
Heather Webster	Sandy Clark		
Roseanne Healy			

The number of Board members whose remuneration received or receivable for the Board Nominations Committee falls within the following bands:	2020	2019
\$0 - \$9 999	1	-
Total number of members	1	-

The total remuneration received or receivable by members was \$1,548 (2019: \$Nil).

3.3. EMPLOYEE BENEFITS EXPENSES

	Note	2020 \$	2019 \$
Salaries and wages		391,579	366,732
Long service leave		23,959	2,448
Annual leave		383	12,435
Employee on-costs-superannuation*		37,879	36,082
Board fees		14,657	8,152
Workers compensation		1,701	1,419
Other employee related expenses		1,007	1,545
Total employee benefits expenses		471,165	428,813

^{*}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.

3.4. EMPLOYEE BENEFITS LIABILITY

Current	2020 \$	2019 \$
Annual leave	60,248	59,866
Long service leave	40,347	16,388
Total current employee benefits	100,595	76,254
Non-current		
Long service leave	-	-
Total non-current employee benefits	-	
Total employee benefits	100,595	76,254

Employee benefits accrue 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, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the 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 and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

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.

4. EXPENSES

Employee benefit expenses are disclosed in Note 3.3.

4.1. SUPPLIES AND SERVICES

	2020 \$	2019 \$
Information technology	36,406	60,603
Board expenses	12,864	6,645
Operating lease payments	21,263	23,394
Consultants*	25,471	123,664
Project expenses	139,506	224,633
Heat shed expenses	11,224	9,151
Stakeholder communications and engagement	81,948	101,776
Total supplies and services	328,682	549,866

^{*}Decrease in consultant expenses from 2019 to 2020, primarily due to costs associated with independent consultant contracted to undertake review of contributions payable under the Phylloxera and Grape Industry Act 1995 in 2018-19. A variance of \$5,537 occurs to the table below due to an accrual from 2019 not being utilised in the 2020 financial year.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants that fell within the following bands:

	NO.	2020 \$	NO.	2019 \$
Below \$10 000	2	4,427	3	24,224
Above \$10 000	2	26,581	1	99,440
Total paid /payable to the consultants engaged	4	31,008	4	123,664

4.2. DEPRECIATION AND AMORTISATION EXPENSE

	2020 \$	2019 \$
Plant and equipment	3,494	10,388
Right-of-use buildings	42,041	-
Intangible assets	13,526	15,072
Total depreciation and amortisation	59,061	25,460

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

Useful Life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Plant and equipment	3 – 8 years
Right-of-use buildings	Lease term
Intangibles	3 years

The useful lives of intangible assets are assessed to be either finite or indefinite. Vinehealth only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Revision of accounting estimates

Assets' residual values, useful lives and amortisation methods 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 the method, as appropriate, which is a change in accounting estimate.

During the year Vinehealth did not re-assess the useful lives of its class of assets.

4.3. BORROWING COSTS

	2020 \$	2019 \$
Interest expense on lease liabilities	4,442	-
Total borrowing costs	4,442	-

4.4. OTHER EXPENSES

	2020 \$	2019 \$
Office rent *	-	44,484
Office amenities	3,207	4,712
Accounting and audit	40,742	51,182
PBCRC Participants Agreement – contractual commitments	-	16,667
FBT and bank charges	19,097	19,102
Tourism RVC	9,674	13,925
Travel	9,833	12,256
Telephone & Internet	7,792	7,735
Other	17,831	38,606
Total other expenses	108,176	208,669

^{*} The application of AASB16 *Leases* now requires certain leases, previously designated as operating leases, to be recognised as right-of-use assets. Refer Note 6.1 and 10.1 for further detail.

5. INCOME

5.1. FEES AND CHARGES

	2020 \$	2019 \$
Grower levies	751,783	742,302
Penalties	(236)	3,070
Total fees and charges	751,547	745,372

5.2. GRANTS

	2020 \$	2019 \$
PBCRC DNA Research	-	43,711
Other grants	104,774	182,142
Total grant income	104,774	225,853

5.3. INTEREST

	2020 \$	2019 \$
Cash and cash equivalent	11,827	20,953
Total interest revenues	11,827	20,953

5.4. OTHER INCOME

	2020 \$	2019 \$	
Heat Shed income	7,073	7,870	
Sale of goods	17,303	22,842	
Other fee for service	16,852	10,053	
Operating expenses recovered	<u>-</u>	10,848	
Total interest revenues	41,228	51,613	

6. NON-FINANCIAL ASSETS

6.1. PROPERTY, PLANT AND EQUIPMENT BY ASSET CLASS

	2020 \$	201 9 \$
Plant and equipment	•	·
Plant and equipment at cost	74,414	74,414
Accumulated depreciation at the end of the period	(58,305)	(54,811)
Total plant and equipment	16,109	19,603
Right-of-use property		-
Right-of-use property	290,784	-
Accumulated depreciation at the end of the period	(42,041)	-
Total right-of-use property	248,743	-
Total property, plant and equipment	264,852	19,603

6.2. PROPERTY, PLANT AND EQUIPMENT LEASED BY VINEHEALTH

Property, plant and equipment leased Vinehealth is recorded at cost. Additions to leased property, plant and equipment during 2019-20 were \$290,784.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

Vinehealth leases office space on the first floor of Industry House located in the National Wine Centre precinct.

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 cost after allowing for accumulated depreciation.

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

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

The lease liabilities related to the right-of-use assets are disclosed in note 8.2. Vinehealth's maturity analysis of its lease liabilities is disclosed in note 12.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 9.3.

Impairment

There were no indications of impairment of tangible assets at 30 April 2020.

Reconciliation of property, plant and equipment during 2019-20

	Plant and equipment	Right-of- use asset	Total
	\$	\$	\$
Carrying amount at the beginning of the period	19,603	-	19,603
Acquisitions	-	290,784	290,784
Disposal e.g. sales, write off	-	-	-
Depreciation	(3,494)	(42,041)	(45,535)
Carrying amount at the end of the period	16,109	248,743	264,852

Reconciliation of property, plant and equipment during 2018-19

	Plant and equipment	Right-of- use asset	Total
	\$	\$	\$
Carrying amount at the beginning of the period	25,056	-	25,056
Acquisitions	4,935	-	4,935
Disposal e.g. sales, write off	(4,034)	-	(4,034)
Depreciation	(6,354)	-	(6,354)
Carrying amount at the end of the period	19,603	-	19,603

6.3. INTANGIBLE ASSETS

Computer Software	2020 \$	2019 \$
Computer software at cost	50,628	50,628
Accumulated amortisation at the end of the period	(44,270)	(30,744)
Total intangible assets	6,358	19,884

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Vinehealth Australia only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10,000.

Impairment

There were no indications of impairment of intangible assets at 30 April 2020.

Reconciliation of intangible assets during 2019-20

	Computer Software \$	Total \$
Carrying amount at the beginning of the period	19,884	19,884
Acquisitions	-	-
Amortisation	(13,526)	(13,526)
Carrying amount at the end of the period	6,358	6,358

Reconciliation of intangible assets during 2018-19

	Computer Software \$	Total \$
Carrying amount at the beginning of the period	34,956	34,956
Acquisitions	-	-
Amortisation	(15,072)	(15,072)
Carrying amount at the end of the period	19,884	19,884

7. FINANCIAL ASSETS

7.1. CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank	1,158,171	1,269,200
Total cash and cash equivalents	1,158,171	1,269,200

7.2. RECEIVABLES

Current	2020 \$	2019 \$
Receivables		
- Trade debtors	6,195	9,554
- Current year levies	751,783	742,302
 Previous years' levies and penalties not received 	66,009	54,430
Total receivables	823,987	806,286
Less allowance for doubtful debts	-	-
Prepayments	5,610	7,174
Accrued Income	-	1,693
GST input tax recoverable	10,573	15,208
Total current receivables	840,170	830,361

Receivables in relation to current year levies are invoiced yearly in arrears at the end of the financial year (30 April 2020), and therefore have not been received at 30 April 2020.

At the date of signing the financial statements \$457,725 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.

Contributions (levy) payable under the *Phylloxera and Grape Industry Act 1995* are subject to the same penalties for delay or default in payment as land tax.

Administration of land tax falls under the *Taxation Administration Act 1996*, which allows for a flat penalty tax of 75% of the unpaid tax to be imposed in the instances of the deliberate non-payment of tax, or 25% for any other situation. The *Taxation Administration Act 1996*, also allows for interest to be imposed on unpaid tax on a daily basis from the due date until the date the tax is paid.

For the purposes of levies payable under the *Phylloxera and Grape Industry Act 1995*, a penalty tax of 5% of the annual levy outstanding will be applied in a Final Notice, if the original Notice of Assessment is not paid by the due date. A further default on a Final Notice, will result in a 25% penalty tax of the annual levy outstanding being applied and a Demand Notice issued. Default on a Demand Notice will be referred to the Debt Management Services Branch at RevenueSA. Interest will also be imposed on unpaid 2019-20 levies in the 2021 financial year.

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, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

8. LIABILITIES

8.1. PAYABLES

	2020 \$	2019 \$
Current		
Trade payables	11,306	38,682
Accrued expenses	14,716	65,089
Grants in advance	27,877	33,502
Levies in advance	9,729	8,734
Employee on-costs*	29,117	29,168
Total current payables	92,745	175,175

^{*} Employee on-costs include WorkCover levies and superannuation contributions.

Vinehealth contributes 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.

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. 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.

8.2. FINANCIAL LIABILITIES

	2020 \$	2019 \$
Current	~	4
Lease liabilities	40,700	-
Total current borrowings	40,700	-
Non-current		
Lease liabilities	210,042	-
Total non-current borrowings	210,042	-
Total borrowings	250,742	-

All material cash outflows are reflected in the lease liabilities disclosed above. For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

9. OTHER DISCLOSURES

9.1. INCURSION FUND

	2020 \$	2019 \$
	=	-
Total incursion fund	-	-

The balance of the Incursion Fund was transferred to equity during the 2019 financial year.

9.2. EQUITY

	2020 \$	2019 \$
Total equity	1,825,469	1,887,619

The Board has highlighted the purpose of maintaining equity is to cover:

- 12 months operation in reserve; and
- 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.

9.3. CASH FLOW

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 ATO is classified as part of operating cash flows.

LEASES

	2020 \$	2019 \$
Buildings	48,932	48,932
Total cash outflow for leases	48,932	48,932

10. CHANGES IN ACCOUNTING POLICY

10.1. AASB 16 LEASES

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 May 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 Leases only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 Leases applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- AASB 117 Leases resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 Leases largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

Impact on retained earnings

There was no impact on the retained earnings as Vinehealth has applied AASB16 from 1 May 2019 as outlined below.

Vinehealth disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$109,098 under AASB 117.

Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. Vinehealth has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 May 2019. Comparatives have not been restated.
- at 1 May 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liability was the present value of the remaining leases payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 May 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 1.63%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 April 2020.

Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in Vinehealth's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- Vinehealth, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 6.

10.2. AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

AASB 15 Revenue from Contracts with Customers establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings

There was no impact on retained earnings as Vinehealth has applied AASB15 from 1 May 2019 as outlined below.

Accounting policies on transition

Vinehealth has adopted AASB 15 on 1 May 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. Vinehealth has on transition:

- recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 May 2019. Therefore, the comparative information has not been restated.
- not adopted the completed contract expedient, and therefore has not excluded revenue which
 was fully recognised in previous years in accordance with the former revenue and income
 accounting standards.
- elected not to restate retrospectively contracts for modifications that occurred before 1 May 2019.
 Such contract modifications were minor so this is expected to have little impact on the financial statements.

Impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 *Income of Not-for-Profit Entities*.

10.3. AASB 1058 INCOME OF NON-FOR-PROFIT ENTITIES

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition

On transition, there was no impact on retained earnings.

11. OUTLOOK

11.1. UNRECOGNISED CONTRACTUAL COMMITMENTS

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

Unrecognised contractual commitments 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.

11.2. OPERATING LEASE COMMITMENTS

	2020 \$	201 9 \$
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	-	58,534
Later than one year but not longer than five years	-	50,565
Later than five years	-	-
Total operating lease commitments	-	109,098
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	-	109,098
Total operating lease commitments	-	109,098

Operating lease commitments is provided for the comparative year only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee.

The comparative year included Vinehealth's operating leases for office accommodation and motor vehicles. Office accommodation is leased from Wine Australia – the lease commenced 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.

11.3. CONTINGENT ASSETS AND LIABILITIES

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 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.

At the date of signing these financial statements, the Board is not aware of any contingent assets or contingent liabilities of Vinehealth.

11.4. COVID-19 PANDEMIC OUTLOOK FOR VINEHEALTH

The COVID-19 pandemic will continue to impact the operations of Vinehealth in 2020-21. The key expected impacts are:

Expected / ongoing impacts of COVID – wine industry is deemed an essential service so
operations can continue in line with government guidelines.

Operational

- Delay in project implementation due to travel and other restrictions associated with COVID;
- Ongoing flexibility and agility of workforce to work from office and home as required;
- Requirement to change method of interaction (face to face gatherings, meetings, forums) with industry in line with government restrictions for COVID; and
- Creating an adaptable organisation to ensure continuity of services provided to industry and government.

Financial

- Potential increase in default rate on levy notices by vineyard owners; and
- Reduced grant income received for biosecurity projects.

11.5. 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.

The Board acknowledges that the South Australia Government is currently undertaking a review of all state-based pieces of biosecurity legislation, with the aim to develop a consolidated Biosecurity Act for South Australia. The Board notes that it has been advised that the *Phylloxera and Grape Industry Act 1995* is in scope of this review. The Board will continue its discussion with government and industry as to the potential impacts of this review on the *Phylloxera and Grape Industry Act 1995* and thus biosecurity activities and services delivered to the industry.

12. MEASUREMENT AND RISK

12.1. LONG SERVICE LEAVE LIABILITY – MEASUREMENT

Please refer to note 3.4.

12.2. FAIR VALUE

Please refer to note 6.

12.3. FINANCIAL INSTRUMENTS

Financial risk management

Risk management is managed by Vinehealth's Board.

Vinehealth's exposure to financial risk (liquidity risk and credit risk) is low due to the nature of the financial instruments held.

Impairment of financial assets

Please refer to note 6.

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 the respective financial asset/liability note.

Classification of financial instruments

Category of financial asset and financial liability	Note	2020	2020 Contractual maturities		
		Carrying amount / Fair value	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years
		(\$'000)			(\$'000)
Financial assets					
Cash and equivalent					
Cash and cash equivalent	7.1	1,158,171	n/a	n/a	n/a
Financial assets at					
amortised cost					
Receivables	7.2	840,170	n/a	n/a	n/a
Total financial assets		1,998,341			
Financial liabilities					
Financial liabilities at					
amortised cost					
Payables	8.1	92,745	-	-	-
Lease liabilities	8.2	250,742	40,700	210,042	-
Total financial liabilities		343,487	40,700	210,042	
Category of financial asset and financial	Note	2019	2019 Contr	actual maturiti	ies
		Carrying	Within	1-5 years	More

Category of financial	Note	2019	2019 Cont	ractual maturiti	ctual maturities	
asset and financial liability		Carrying amount / Fair value (\$'000)	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)	
		(3 000)				
Financial assets						
Cash and equivalent						
Cash and cash equivalent	7.1	1,269,200	n/a	n/a	n/a	
Financial assets at						
amortised cost						
Receivables	7.2	830,361	n/a	n/a	n/a	
Other financial assets			n/a	n/a	n/a	
Total financial assets		2,099,561				
Financial liabilities						
Financial liabilities at						
amortised cost						
Payables	8.1	175,175				
Lease liabilities	8.2	-				
Total financial liabilities		175,175				

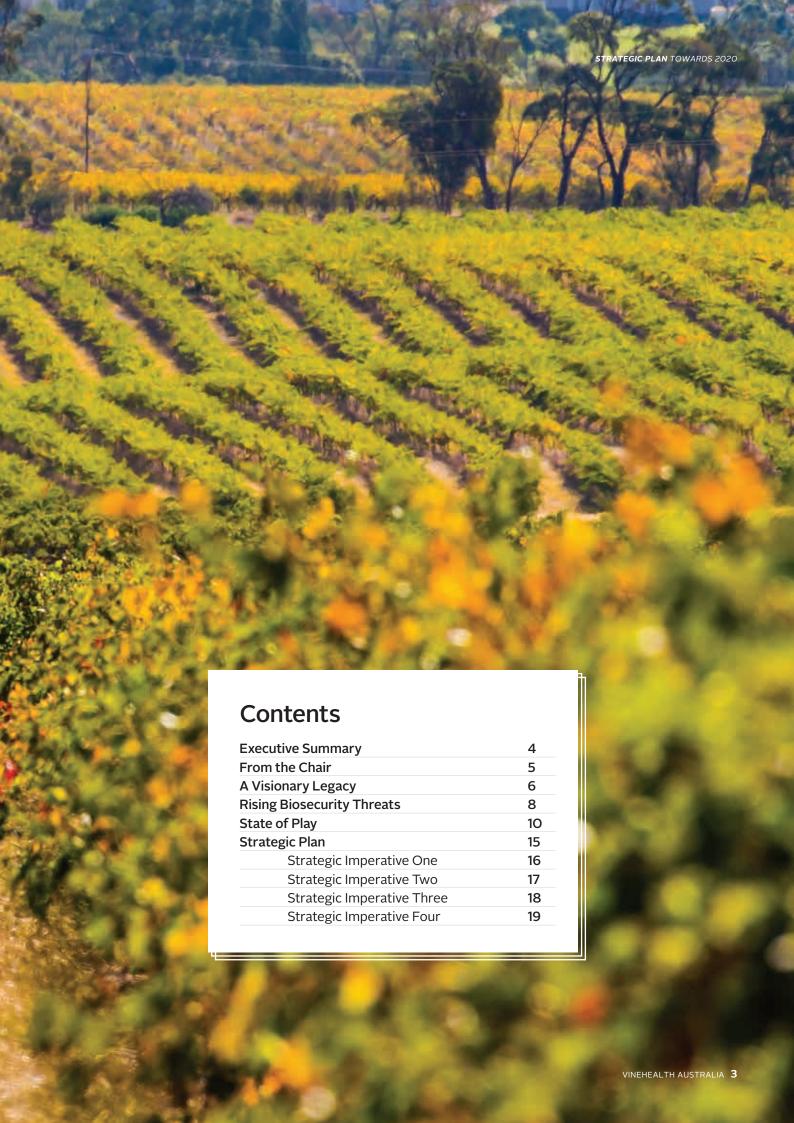
For 2018-19 the lease liabilities reflect only finance leases recognised in accordance with AASB 117.

Appendix B: Vinehealth Australia 'Strategic Plan: Towards 2020'











Vinehealth Australia has been committed to protecting South Australian vineyards from pests since its inception in 1899. This long dedication to biosecurity by South Australian grapegrowers and industry leaders is a shining light of industry collaboration.

Vinehealth Australia's core aim is to safeguard the health of vines in South Australia to ensure the wine and grape industries are profitable and productive into the future.

But protecting vineyards against pests including phylloxera has never been more challenging. Increased global trade and tourism, agricultural expansion and intensification, urbanisation and climate change are increasing our biosecurity exposure.

Phylloxera is being detected in more vineyards in Victoria. And Australia has experienced a doubling in the number of exotic plant pest incursions in the past seven years.

While Vinehealth Australia is a South Australian statutory authority, the interconnectedness of the grape and wine industries demands we work collaboratively across Australia. Pests do not respect state borders. As an organisation, Vinehealth Australia must collaborate with interstate government and industry counterparts to minimise exotic and high priority endemic biosecurity risks to South Australian growers and the industry.

Effective biosecurity demands cooperation, investment and actions by government, industry bodies, exporters, importers, grape and wine businesses, nurseries, suppliers, tourists and the broader community. It is built on the principle of shared responsibility where everyone takes ownership of biosecurity matters under their control.

This Vinehealth Australia Strategic Plan: Towards 2020 sets out four clear strategic imperatives to address the biosecurity challenges that we face. For each strategic imperative we have developed a number of objectives and for each of these we have defined what success looks like.

GOALS OF THIS PLAN:

 Phylloxera is contained within the existing Phylloxera Infested Zones (PIZ) in Australia. 2. Exotic pests are prevented from entering vineyards in Australia.

risk and impact.

- 3. In the event of an exotic or declared endemic pest incursion in a vineyard, the pest is eradicated or contained and the impact on grape and wine assets minimised.
- 4. Effective management of high priority endemic pests of vineyards.
- 5. A rigorous biosecurity system which enables market access, export growth, inbound tourism and protects the value of vineyards.

This plan aligns with state and national biosecurity strategies and plans, including 'Priorities for Australia's biosecurity system: an independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement', Wine Australia's Strategic Plan 2015-2020, the Australian Academy of Science's 'Grow. Make. Prosper. The decadal plan for Australian Agricultural Sciences (2017-26)' and South Australia's key economic priorities, including 'Premium food and wine produced in our clean environment and exported to the world'.



From the Chair

am pleased to launch this new am pleased to lacine.
strategic vision for Vinehealth Australia. This is an important plan to respond to increasing global biosecurity pressures, many of which are being driven by circumstances beyond the control of grapegrowers.

It's a plan that clearly identifies the need for clarifying the roles and responsibilities of biosecurity management, both within the wine and grape industries and generally within the Australian landscape.

This is a bold plan that sets a clear path for biosecurity activities. Importantly, it aims to shift the dynamic for biosecurity being viewed only as insurance against risk, to being an enabler for success.

A robust biosecurity system will offer an authentic value proposition for Australian grapes and wine produced from a clean, green environment. This will assist with enabling market access, export growth, inbound tourism and protecting the value of vineyards.

Under this strategic plan, Vinehealth Australia will be an integral part of the national biosecurity landscape and its systems. We will manage and respond to pest threats by participating in national and state policy development, education, awareness, surveillance, research and development priority setting and emergency response activities.

This plan also underlines our ongoing commitment to delivering outstanding value to growers and the broader wine industry, with a sharp eye on phylloxera and other key pest threats to our vines.

One of our strategies is to ensure we have a motivated, agile and talented team at Vinehealth Australia - one that understands and is driven to meet industry needs and continuously improve all they do.

The recent appointments of skilled, dedicated and passionate staff demonstrate we are well on our way to achieving this goal.

Roseanne Healy Chair, Vinehealth Australia

Biosecurity

Plant biosecurity is a set of measures which protect the economy, environment and community from the negative impacts of plant pests. A fully functional and effective biosecurity system is a vital part of the future profitability, productivity and sustainability of Australia's plant production industries and is necessary to preserve the Australian environment and way of life.1

Pests include insects, mites, snails, nematodes, pathogens (diseases) and weeds that are injurious to vines and grapes. Exotic pests are those not currently present in Australia. Established or endemic pests are those currently present within Australia.1

Declared/High Priority **Declared** endemic pests are regulated under state plant health legislation, e.g., phylloxera. **High Priority** endemic pests cause significant economic loss, e.g., eutypa.

Emergency Plant Pest Response Deed (EPPRD)

The EPPRD is a formal legally binding agreement between Plant Health Australia, the Australian Government, all state and territory governments and national plant industry body signatories. It covers the management and funding of responses to emergency plant pest incidents, including the potential for owner reimbursement costs for growers. It also formalises the role of plant industries' participation in decision making, as well as their contribution towards the costs related to approved responses.¹

A Visionary Legacy

South Australian vineyard owners have much to thank the pioneering wine families of the 1800s for, including their vision to establish quarantine systems to prevent phylloxera entering South Australia.

The tiny insect caused incalculable damage to the American and European wine industries in the late 19th century. In the face of the growing phylloxera threat, South Australian wine industry leaders persuaded the State Government to establish the Vine Protection Act 1874, prohibiting importation of vine material from countries and Australian states infested with phylloxera.

The *Phylloxera Act 1899*, established the Phylloxera and Grape Industry Board of South Australia, a statutory authority dedicated to the protection of vineyards from phylloxera infestation. The Phylloxera Board – now Vinehealth Australia – has provided 118 years of continuous service.

This long dedication to biosecurity by South Australian grapegrowers and industry leaders is a shining light of industry collaboration.

Every vineyard owner in South Australia (approximately 3,360) makes

an annual contribution of \$9.50 per hectare (minimum of \$50) to enable Vinehealth Australia to perform its functions under the Phylloxera and Grape Industry Act 1995 (Act).

Through Vinehealth Australia, South Australian vineyard owners invest in biosecurity training and awareness, policy and procedures, research and development priority setting, and preparedness, prevention and response activities, to the benefit of the state and national wine industry.

The name change of the organisation to Vinehealth Australia in 2015 was recognition of the increasingly complex and rapidly evolving biosecurity landscape. Vinehealth Australia cannot fulfil its mandate of protecting South Australian vineyards from pests without working collaboratively with other states and territories across Australia.

Vinehealth Australia's stability through industry funding and leadership, and its proud history and 'ownership' by industry, ensures that it will continue to provide an important focus on vine health, biosecurity and awareness of threats to the Australian wine industry, which contributes \$40.2 billion in gross output to the Australian economy.

Governance

The Board of Vinehealth Australia is chaired by an industry leader and has six other industry members, a viticultural expert and is complemented with the ex officio appointment of the SA Chief Plant Health Inspector to ensure close collaboration with Biosecurity SA.

The Phylloxera and Grape Industry Act 1995 provides Vinehealth Australia with the charter to address all biosecurity threats, in addition to phylloxera, faced by the wine and grape industries. Industry funding arrangements have remained unchanged since 1996.







Rising Biosecurity Threats

ncursions of exotic and declared endemic pests in Australia are increasing. Between 2010 and 2016, 14 exotic plant pest incursions were recorded in Australia: two were eradicated, four are being managed by jurisdictions and eight are under eradication programs.

By comparison, in the previous period (2003 to 2009) seven exotic plant pest incursions across Australia were recorded. This represents a doubling

in the number of exotic plant pest incursions nationally. 2

The following recent examples of exotic and declared endemic pest incursions in the past 12 months across various agriculture sectors highlight the pressure on our national biosecurity system.

• Detections of Russian wheat aphid, initially identified in South Australia and then confirmed in other locations across Australia (June 2016).

- · Detections of the virus causing White spot disease in prawns in Queensland (December 2016).
- Detections of Tomato potato psyllid in Western Australia in February 2017.
- New detections of phylloxera in the Yarra Valley resulting in the extension of the existing Maroondah PIZ boundary (March and July 2017).

The biosecurity landscape is becoming more complex, driven by increased global trade and tourism, agricultural expansion and intensification, urbanisation and climate change.

The modern biosecurity landscape is also characterised by changing government and industry priorities, increased scrutiny from trading partners during market access negotiations with the need to substantiate area freedom status, and an increasing desire from authorities

for individual growers to help manage their own biosecurity risks.2

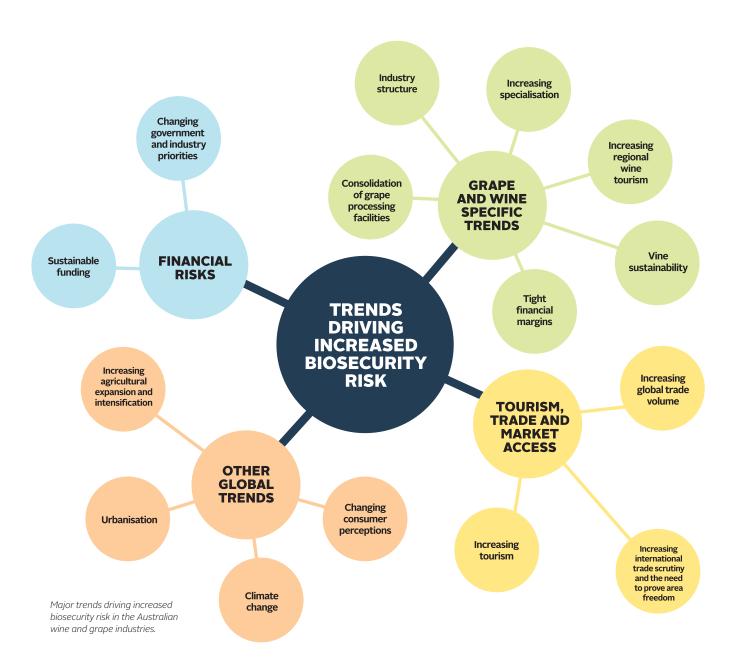
GRAPE AND WINE PRESSURES

The Australian wine and grape industries face unique issues of their own that are impacting biosecurity risk.

These include:

• Increased consolidation, with regional grape processing being replaced by 'super' processing facilities that import higher volumes of grapes across regional and state boundaries.

- Increased international ownership of Australian wineries and vineyards, adding complexity to the system.
- Increased specialisation, with more contract vineyard management, pruning and harvesting, raising the risk of cross-regional and crossvineyard contamination.
- Increased wine-tourism and improved transportation corridors.
- The rising importance of 'old vines' in the marketing of regional wines and the need for younger vines to age.
- Ongoing tight margins for grapegrowers.





State of Play

he viticulture landscape is broad, with multiple end uses for grapes: wine, table grapes and dried fruit. The wine industry is the biggest and most complex end user. The nursery and vine improvement sector are an important supplier to this viticulture landscape.

VITICULTURE INDUSTRY SNAPSHOT

- Australian wine industry (2015-16)³
 - 6,251 growers and 2,468 wineries across Australia
 - 132,393 hectares of vineyards and 1.8 million tonnes harvested – producing 1.3 billion litres of wine
 - Domestic sales value of \$2.98 billion and export sales value of \$2.11 billion
 - 172,736 total employment (direct and indirect)
 - Contributes \$40.2 billion to the value of gross output to the

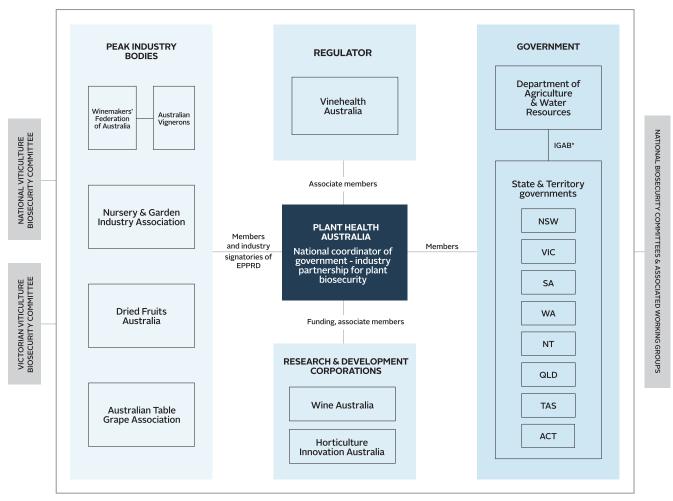
- Australian economy
- The South Australian wine industry has 57% of the national vineyard area planted to winegrapes, with 3,360 growers. It is worth \$2.11 billion to the state's economy, with exports of 490 million litres worth \$1.3 billion.
- Australian table grape industry (2015-16)4
 - 178,595 tonnes top four states by production are Victoria 71%, New South Wales 13%, Queensland 7% and South Australia 4%
 - Estimated 25,000 hectares of vineyards
 - Farm gate value \$514.5 million
 - Estimated 1,000 growers across Australia
 - 62% of production (110,007 tonnes) valued at \$367 million is exported

- 38% of production (68,588 tonnes) for the domestic market.
- Australian dried grape industry (2015-16)4
 - 52,312 tonnes of fresh grapes produced for drying, resulting in 18,309 tonnes of dried grapes
 - Top three states by production are Victoria 90%, New South Wales 7% and South Australia 2%
 - Farm gate value \$33 million
 - 27% of production (5,000 tonnes) valued at \$19.4 million is exported
 - 73% of production (13,309 tonnes) for the domestic market - this is supplemented by 20,000 tonnes of imported dried grapes

Across these three end uses, South Australia has 75,732 hectares under vine, predominately for wine grapes.

VITICULTURE BIOSECURITY SYSTEM MANAGEMENT

Australia's plant biosecurity system operates under the control of Commonwealth and state legislation, with state and territory governments responsible for biosecurity services within their respective borders. Plant Health Australia is the coordinator of the government-industry partnership for plant biosecurity. Membership of Plant Health Australia by system participants, together with the national biosecurity committee framework, ensures a nationally coordinated approach to biosecurity management. 1



Representatives from organisations shaded in blue sit on these committees. *IGAB = Intergovernmental Agreement on Biosecurity (excludes TAS)

Architecture of organisations responsible for viticulture biosecurity management.

OUR ROLES AND RESPONSIBILITIES

Vinehealth Australia 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 Australia, 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.

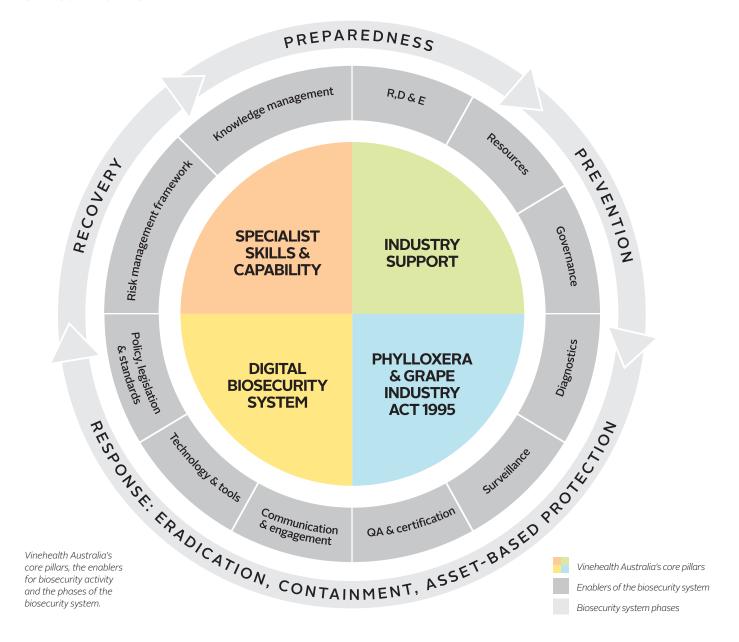
Vinehealth Australia Primary Functions

Vinehealth Australia carries out activities in 11 key areas which enable informed actions across the four phases of biosecurity; preparedness,

prevention, response and recovery (refer diagram on page 12).

The primary functions of Vinehealth Australia are to identify the relative threat to the state's vineyards posed by phylloxera and other diseases, and assess the risk of spreading diseases through the movement of machinery, equipment, vines and other vectors into and within the state.

Vinehealth Australia develops policies in relation to the appropriate movement of machinery, equipment, vines and



other vectors into and within the state to prevent the spread of disease; the quarantine of vines that are or may be affected by disease; and appropriate measures for the control of outbreaks of disease in the state.

Vinehealth Australia also develops plans for the eradication of diseases in the state's vineyards, and supports and encourages the conduct and evaluation of research into diseases including their control and management.

Raising awareness of pests and diseases is also an important part of Vinehealth Australia's charter.

Vinehealth Australia prepares and disseminates information on pests,

diseases and work practices that minimise the risk of disease, or its spread, to people involved in grape growing or winemaking.

Vinehealth Australia is also responsible for working with nurseries (whether within or outside the state) to ensure that propagative material is free of specified diseases.

Vinehealth Australia also provides a key advisory and implementer role to Biosecurity SA for all matters under the EPPRD that impact grapevines or wine and grape industry participants.

And perhaps most importantly, Vinehealth Australia is responsible for maintaining a Register of all

vineyards of 0.5 hectares or more of planted vines.

In addition to its primary functions, Vinehealth Australia fulfils other key biosecurity activities in South Australia and across Australia as outlined in the diagram on page 13.

FUNDING

- Vinehealth Australia maintains a register of vineyard owners in South Australia with 0.5 hectares or more of planted vines.
- In line with the interconnectedness of the industry, Vinehealth Australia sees benefit in creating a national register of vineyards.
- South Australian vineyard owners

ACTIVITIES IN SOUTH AUSTRALIA

ACTIVITIES ACROSS AUSTRALIA

1

Primary functions

- Defined as those under section 13 (1) of the *Phylloxera* and *Grape Industry Act* 1995
- Contributions used to defray expenses

3

Biosecurity specialist for the Australian wine and grape industries

- Contributions collected under the Phylloxera and Grape Industry Act 1995 are used to defray expenses only when activity aligns with primary functions of Vinehealth Australia, and to a level determined by the Board of Vinehealth Australia
- Funding arrangements with other stakeholders are established to support this specialist capability across Australia

2

Assist and support the grape industry

- Defined as activities under section 13 (2) of the Phylloxera and Grape Industry Act 1995
- Contributions are not used to defray expenses

4

Biosecurity and allied services

- User-pays activities (e.g risk assessments, GIS capabilities)
- Confidential customer relationship with contractual arrangements
- Such activities to (1) not detract from ability to perform activities specified in boxes 1, 2 and 3, (2) have strategic currency, and (3) strengthen capabilities required to perform activities detailed in boxes 1, 2 and 3

Vinehealth Australia's state and national activities.

are required to pay an annual contribution to Vinehealth Australia of \$9.50 per hectare (minimum \$50).

- Current contributions raise approximately \$740,000 per year.
- These contributions are used to enable Vinehealth Australia to perform its primary functions (as set out above).
- Activities performed outside of these primary functions are not funded by contributions and must have alternate funding or a user-pays structure (refer diagram above).

OUR NATIONAL REACH

The interconnectedness of the wine and grape industries demands we work collaboratively across Australia.

South Australia has 57% of the total hectares of vineyards planted to winegrapes in Australia. Importantly, individuals and businesses that own vineyards in South Australia also own or manage many hectares of vineyards interstate and purchase and/or process a significant number of tonnes of grapes from interstate vineyards.

Therefore, through registered vineyard owners in South Australia, Vinehealth Australia's reach and influence extends across Australia.

Pests do not respect state borders. As an organisation, Vinehealth Australia must work alongside and collaborate with interstate government and industry counterparts to minimise exotic and high priority endemic biosecurity risks to South Australian growers and the industry.

OUR NETWORK

Effective biosecurity demands cooperation, investment and actions by government, industry bodies, exporters, importers, grape and wine businesses, nurseries, suppliers, tourists and the broader community. It is built on the principle of shared responsibility where everyone takes ownership of biosecurity matters under their control. ²

The success of our activities relies on the collaborative networks we develop with:

- Vineyard owners and wineries
- Suppliers to the wine and grape industries
- Wine Grape Council of South Australia and South Australian Wine Industry Association
- Primary Industries and Regions South Australia – BiosecuritySA
- Wine Australia
- Australian Vignerons and Winemakers' Federation of Australia
- Australian Table Grape Association, Dried Fruits Australia and Nursery & Garden Industry Australia and their respective state chapters
- State and regional wine industry associations
- State government regulators
- Research providers (AWRI, CSIRO, universities, state government departments)
- Community
- Department of Agriculture and Water Resources
- Plant Health Australia
- Vine Industry Nursery Association and vine improvement organisations



Strategic Plan

his Vinehealth Australia Strategic Plan: Towards 2020 outlines our role and contribution to the South Australian and national biosecurity system.

Vinehealth Australia's core aim is to safeguard the health of vines in South Australia to ensure the wine and grape industries are profitable and productive into the future.

What has informed this refresh of our strategic plan?

- Ongoing and regular discussions with growers, wineries, grape and wine industry representative bodies, Wine Australia, federal and state governments and Plant Health Australia.
- The changing biosecurity landscape.
- Responses from our grower survey conducted in 2015.
- Information sourced through workshops and discussions regarding the value proposition for the new digital biosecurity platform (Nov/Dec 2016).

This plan sets out four clear strategic imperatives to address the biosecurity challenges that we face. For each strategic imperative we have developed a number of objectives and for each of these we have defined what success looks like.

Each year an annual operational plan will be developed which further breaks down each objective to identify actions that Vinehealth Australia will perform in that year to contribute to achieving the objective and realising success.

GOALS

- 1. Phylloxera is contained within the existing Phylloxera Infested Zones (PIZ) in Australia.
- 2. Exotic pests are prevented from entering vineyards in Australia.
- 3. In the event of an exotic or declared endemic pest incursion in a vineyard, the pest is eradicated or contained and the impact on grape and wine assets minimised.
- 4. Effective management of high priority endemic pests of vineyards.
- 5. A rigorous biosecurity system which enables market access, export growth, inbound tourism and protects the value of vineyards.

This is an ambitious plan. It sets a clear path for biosecurity activities. Importantly, it will shift the dynamic for biosecurity being viewed only as insurance against risk, to being an enabler for success.

This plan aligns with state and national biosecurity strategies and plans, including 'Priorities for Australia's biosecurity system: an independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement', Wine Australia's Strategic Plan 2015-2020, the Australian Academy of Science's 'Grow. Make. Prosper. The decadal plan for Australian Agricultural Sciences (2017-26)' and South Australia's key economic priorities, including 'Premium food and wine produced in our clean environment and exported to the world'.

Vinehealth Australia: Towards 2020

Aspiration

Biosecurity is a top priority in the wine and grape industries.

The grape and wine biosecurity specialist.

Purpose

To drive biosecurity for the wine and grape industries.

Motivation

To protect grape and wine assets from biosecurity risk and impact.

VALUES

Knowledge

As an evidence-based biosecurity organisation, we are driven by the pursuit of new knowledge. We are recognised as authorities 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 a statutory authority. Our governance arrangements are founded on our independence and integrity.

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.

Strengthen the wine and grape industries' capacity and capability to prepare for, prevent and respond to pest incursions.

Objective	Success defined
Ensure a strong 'Industry Biosecurity Plan for the Viticulture Industry', supported by a practical implementation plan with accountability to industry.	 Enhanced ability of industry and government to prepare for, prevent or minimise the impact of an incursion. Ongoing assessment of biosecurity capacity and capability requirements. Clear roles and responsibilities for system participants resulting in focussed action. Customised holistic management plans developed for high priority exotics and phylloxera. Market access and Australia's premium, clean green image preserved.
Facilitate the development and implementation of a prioritised biosecurity research and development plan.	 Investment directed to high priority needs. A 'living' plan ensuring agility and rapid response to emerging threats. Scientific results available, translated into practical solutions and extended to industry. Increased expert biosecurity research capacity and succession planning implemented. Cross-sectoral investment in biosecurity research and development leveraged to the wine and grape industries' advantage.
A national biosecurity education and awareness program customised for target audiences across industry, government and the community.	 Increased number of growers and contract service providers implementing farm-gate hygiene practices. Improved compliance with state and territory biosecurity legislation and supporting plant quarantine regulations. Growers and wineries are advocates for biosecurity excellence and integrate biosecurity practices into daily operations. Increased understanding of motivators to change behaviour of growers, wineries and other stakeholders to participate and act to protect vine health. Tailored biosecurity strategies for high risk wine industry roles. Improved community awareness and action to protect vine health.
Embed a risk analysis framework to guide decision making and investment on pest priorities, preparedness and prevention activities, and response management options.	 The principles of risk assessment, risk management and risk communication are the foundation of all biosecurity dialogue. The 'perception' of risk by system participants is appropriately managed. Priority pests identified using agreed criteria and processes in conjunction with Plant Health Australia.
Establish an improved emergency response framework and incident reporting mechanism for exotic and declared endemic pests.	 Response plans for each priority exotic and declared endemic pest developed and implemented. Greater industry influence through EPPRD process with a core group of trained industry professionals. Improved communications of exotic and declared endemic pest incursions and their management (as appropriate). Exotic and declared endemic pest incursions managed effectively and efficiently.

Ensure cohesion and commitment to effective and efficient biosecurity management by system participants.

Objective	Success defined
Establish and promote a framework for collective biosecurity investment and action by wine and grape industry system participants.	 A coordinated multi-agency system, focussed on building expertise and delivery against strategy. Investment leveraged to deliver outstanding value for industry. Sustainable funding mechanisms in place to support execution of the 'Industry Biosecurity Plan for the Viticulture Industry', R&D, governance, preparedness, prevention and response activities and other biosecurity system requirements.
Secure arrangements with state and territory governments to support wine and grape industry biosecurity imperatives.	 An established mechanism to work collaboratively with federal, state and territory governments as to wine and grape (wine grape, table grape, nursery and dried fruit sectors) industry biosecurity requirements. Arrangements put in place with state and territory governments defining roles and responsibilities, collaborative activities, communication (including reporting) and investment.
Strengthen the application of biosecurity/quarantine legislation and regulations to prevent, eradicate and contain pest incursions.	 National Phylloxera Management Protocols reviewed with updates reflected in state and territory biosecurity legislation and regulations. Monitoring of the integrity and effectiveness of regulations and consequences of non-compliance. End-to-end improvement of accreditation programs currently integrated in regulations, with resulting improvement in compliance and mitigation of risks.
Conduct strategic pest incursion simulations to embed biosecurity in business continuity plans of grape and wine enterprises.	 Outbreak plans capture principles for action in the event of a pest incursion. Information generated informs South Australia's emergency response plan for phylloxera. States, regions and individual grape and wine enterprises recognise and include biosecurity as a key risk in business continuity plans.

Provide information, insights and intelligence to drive biosecurity decision making and investment.

Objective	Success defined
Develop a new digital biosecurity platform to unlock the power of information in the existing Vineyard Register and integrate technological advances.	 A powerful data portal that effectively manages incursions, significantly improves communication, creates models and simulations, facilitates biosecurity research, accesses other databases to consolidate data, and enables community engagement. Data and information generated enabling a proactive and adaptive ability to prepare for, prevent and respond to an incursion. Interoperability with other key biosecurity, government and wine industry IT platforms to optimise data capture, sharing and value delivered. Leadership in applying GIS knowledge and adoption.
Create strategic alliances and partnerships to develop a knowledge network and capability to extend biosecurity information.	 Accessibility to experts to support biosecurity actions and outcomes. Science translated into practical solutions that are adopted by industry, governments and the community.
Ensure diagnostic capability and surge capacity is developed and maintained for priority exotic pests, declared endemic pests and for high priority endemic pests.	 Ability to enact surveillance programs. Rapid deployment during an exotic or declared pest incursion. Confidence in diagnostic results during surveillance activities pre, during or post an incursion.
Ensure active and passive surveillance programs for exotic and declared endemic pests and for high priority endemic pests.	 Coordinated approach to phylloxera surveillance, supported by updated methods detailed in the National Phylloxera Management Protocols. Coordinated surveillance activities for pests that impact multiple sectors. Establishment and maintenance of area freedom status for specific pests to support domestic and international market access. Endorsement of all primary detection methods for phylloxera. Improved capture of passive surveillance data by vineyard owners, managers and staff and other system participants.
Explore and develop innovative technologies and applications to enable improved biosecurity management.	 Improved use of technology to detect pests and manage incursions. Technology and tools helping vineyard owners, managers and staff to implement farm-gate hygiene practices. Capability to track movement of material and vectors through the supply chain.
Routinely assess and report on the maturity of South Australia's and the national biosecurity system to protect grapevines.	 Weaknesses identified and addressed, and opportunities exploited to build a stronger biosecurity system. Improved accountability of system participants. Focussed investment.

Build a mature business model for Vinehealth Australia.

Objective	Success defined
Enhance governance across all activities performed by Vinehealth Australia.	 An effective and empowered organisation with transparent processes, which is responsive and accountable to industry and the Minister. A motivated, agile and talented Vinehealth Australia team driven to meet industry needs and continuously improve all that they do.
Review contribution structure and processes under the <i>Phylloxera and Grape Industry Act 1995</i> to optimise value to industry.	 Vinehealth Australia has the capacity and capability to protect South Australia's vineyards from pests. A productive, profitable and sustainable SA and Australian wine industry. Biosecurity action valued by those who pay contributions.
Ensure effective delivery of primary and regulatory functions under the <i>Phylloxera</i> and <i>Grape Industry Act</i> 1995.	 South Australia's vineyards are protected from pests. Improved engagement of system participants in protecting vineyards and wine industry from biosecurity risk. A strong and effective connection with Primary Industries and Regions South Australia.
Build the nature and scope of regulatory and quality assurance functions performed by Vinehealth Australia.	 Accreditation schemes valued by growers, wineries and nurseries, and support national and state quarantine/biosecurity regulations. Targeted 'biosecurity endorsement' programs for suppliers to the industry to assist decision making by growers and wineries.
Improve understanding of the impact of a biosecurity incursion and the return on investment of Vinehealth Australia's activities to mitigate against such impact.	 Continued support of and investment in Vinehealth Australia's capacity and capabilities by system participants to enable productive, profitable and sustainable grape and wine businesses. Improved engagement by system participants in biosecurity and a network of regional biosecurity advocates.
Develop a 'user-pays' framework for activities that complement Vinehealth Australia's primary functions.	 Improved understanding by those who pay contributions as to what services this provides and what activities are undertaken by Vinehealth Australia on a user-pays basis. Biosecurity expertise accessible to system participants under user-pays arrangements, which contributes to improving overall industry biosecurity outcomes.



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