

## **Q. Is Vinehealth Australia the old Phylloxera Board?**

Yes. Vinehealth Australia (Vinehealth) is our trading name, but the Phylloxera and Grape Industry Board of South Australia is our official name.

## **Q: How is Vinehealth funded?**

Vinehealth operates under an Act of the South Australian parliament called the *Phylloxera and Grape Industry Act 1995* (Act). Section 23 of the Act establishes a legal mechanism through which Vinehealth can recover annual contributions from Registered Persons (Vineyard Owners).

Currently, annual contributions for Vineyard Owners are set at \$9.50 per hectare, with a minimum of \$50, resulting in approximately \$740,000 of annual income for Vinehealth.

## **Q. What is the definition of a Registered Person?**

A Registered Person is the owner of land in South Australia with 0.5 hectares or more of planted vines. The Registered Person is the same as the Registered Proprietor on the Certificate of Title(s) held by the South Australian Integrated Land Information System.

## **Q: Does the SA Government fund Vinehealth?**

Vinehealth does not receive any ongoing or matched funding from the South Australian government. Previous requests for top up operational funding and for the strategic project to transform the Register have been unsuccessful.

## **Q: When was the last time the rules and rates for contributions payable by Vineyard Owners were adjusted?**

1996. No changes to the per hectare rate of \$9.50 have occurred since 1996, with only small changes to the minimum payable amount, which is currently \$50.

## **Q: What changes to Vinehealth's funding are being proposed?**

Proposed rules and rates for contributions payable by Registered Persons (Vineyard Owners):

1. That the current variable rate of \$9.50 per hectare be adjusted by an indexation factor of 2%, to \$9.69 per hectare for the 2022/23 period, payable by all Registered Persons.
2. That the current minimum contribution of \$50 be replaced by a fixed fee of \$200 for the 2022/23 period, payable by all Registered Persons.
3. That the fixed fee and variable rate be adjusted by no greater than the annual indexation factor set by the South Australia government<sup>1</sup> each year, to commence in 2023/24.

This funding solution would recover about \$1.38 million each year for Vinehealth to perform its regulatory functions and services.

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<sup>1</sup> The annual indexation factor calculated by the South Australian Government for application to fees and charges will be used. This factor takes into account annual public sector wages growth and the Consumer Price Index. The factor is published in the Government Gazette in May.

**Q: If annual indexation had been applied to the contribution rate for the time period of 1996 to now, what would the rates for contributions be now?**

If annual indexation of 2% had been applied to contributions payable since 1996, the contribution paid today by Vineyard Owners would be \$15.90 per hectare, with a minimum of \$72.84, providing almost \$1.3 million of annual income.

**Q. Why propose adjusting the rules and rates now given the challenging industry conditions?**

We acknowledge the tough operating conditions brought on by the COVID-19 pandemic, natural disasters and oversupply. We also acknowledge that there is never a good time to adjust fees. But after 25 years of no adjustment to contributions payable, the pool of funds to drive Vinehealth’s activities continues to diminish significantly. While this current funding review began in 2018, conversations with industry have been postponed in successive years due to COVID and a Ministerial directive in 2021.

As we’ve seen with COVID, a pest or disease outbreak would place significantly more financial pressure on vineyard owners, and we must work hard to prevent the entry of unwanted pests.

Therefore, a conversation is needed with vineyard owners to address Vinehealth’s funding shortfall.

**Q. How do the proposed rules and rates impact my contributions payable to Vinehealth?**

The table below compares total contributions payable by Vineyard Owners of different vineyard sizes under both the current and proposed rules and rates for contributions payable.

Vineyard size (hectares)	CURRENT	PROPOSED		
	Total contribution (\$)	Fixed fee (\$)	Variable rate (\$)	Total contribution (\$)
5	50.00	200.00	48.45	248.45
25	237.50	200.00	242.25	442.25
55	522.50	200.00	532.95	732.95
110	1,045.00	200.00	1,065.90	1,265.90

**Q: How did Vinehealth arrive at the proposed rules and rates?**

Vinehealth considered the following key points to arrive at the proposed funding solution:

- That industry strongly supports, trusts and relies on Vinehealth for biosecurity expertise
- The current operating landscape of the grape and wine industry
- That current income from contributions payable is insufficient to fund Vinehealth’s regulatory activities and services
- That current rates for contributions payable have not changed since 1996 and are not revised for inflation
- That contributions have not been adjusted to reflect the increasing number and complexity of biosecurity threats facing South Australian vineyards
- That the South Australia government does not provide ongoing or matched funding, and has been unable to date to assist in funding the strategic project to transform the Register
- That any proposed adjustments must align with government imperatives and commitments

- That the responsibility, and thus cost, to collect contributions payable from approximately 3,200 South Australian vineyard owners has been delegated by the Commissioner for State Taxation to Vinehealth.

## **Q: Why do only Vineyard Owners pay a contribution to Vinehealth?**

The Board of Vinehealth completed a comprehensive review of funding for the organisation with input from an independent advisory firm. As part of this review, parties who benefit from the work of Vinehealth, and those who create the risk that gives rise to the need for Vinehealth's work, were identified.

Vineyard owners were confirmed as both the primary beneficiaries of Vinehealth's activities and very high creators of biosecurity risk, thus driving the need for Vinehealth's activities.

Conversations with industry in years to come about expanding the funding base to potentially include winemakers and other high biosecurity risk creators and direct beneficiaries of Vinehealth's services, should occur when the industry and government landscape progresses. To support this, investment is needed to create a Register of winemakers. The proposed transformation of Vinehealth's existing Register in coming years will enable this.

It is envisaged that future conversations regarding investment in biosecurity by organisations / individuals that are beneficiaries or risk creators, should include consideration of incentives to drive desired biosecurity action and behaviours.

## **Q: Where will additional funds from the proposed funding solution be invested by Vinehealth for vineyard owners?**

In the first year, additional funding received through the new rules and rates for contributions payable by Vineyard Owners will be injected into delivering the transformation of the Vinehealth Australia Register. The Register will be transformed into a practical digital solution enabling vineyard owners and Vinehealth to better use information held in this unique asset.

From the second year and beyond, the additional funding will be injected into:

- Delivering practical farm-gate biosecurity solutions and resources for vineyard owners, including a toolkit and training
- Conducting state-wide surveillance for phylloxera and other key priority pests
- Transforming South Australia's Phylloxera Outbreak Plan
- Building industry preparedness for pest outbreaks, including challenging our readiness through simulations
- Reforming the National Phylloxera Management Protocol
- Delivering influential biosecurity communications
- Delivering on-demand grape and wine biosecurity services and advice on biosecurity policy and regulation to the South Australian government
- Advancing the supply of high health planting material including rootstocks
- Managing the transformed Vinehealth Australia Register

## **Q: What if the rules and rates for contributions payable by Vineyard Owners stay the same?**

If there are no changes, Vinehealth will not be able to support current or required activities given that ongoing deficit budgets are rapidly eroding equity. Therefore, the activities of Vinehealth will retract and the South Australian grape and wine industry would lose its biosecurity focus, action and leadership.

If this occurs, we will likely see:

- A dramatic reduction in wine industry-focused biosecurity work to prevent the entry of pests such as phylloxera
- A decrease in farm-gate hygiene adoption, leading to an increase in pest-entry risk
- Risk of weakened state quarantine standards to prevent vine pests
- An increase in non-compliance with state quarantine standards
- Increased risks of significant pest and disease outbreaks

The consequence of these outcomes is a significant biosecurity shock to South Australian grape and wine businesses with pest entry and establishment, leading to financial, social, environmental and community impacts.

## **Q. Why do only South Australian vineyard owners fund you, and not those interstate given your name?**

Vinehealth operates under a South Australian government Act called the *Phylloxera and Grape Industry Act 1995* (Act). This Act is unique, and no other organisation (including in another State or Territory) performs the collective functions outlined in the Act for the benefit of the South Australian grape and wine industry. As such, the powers of the Act in relation to the collection of contributions, extend only to those owners of land with vines planted in South Australia.

Contributions collected are not used to perform activities interstate unless that activity directly benefits the South Australian grape and wine industry. All contributions collected are used to directly fund the work of Vinehealth to safeguard the South Australia grape and wine industry.

Given that many vineyard owners in South Australia own vineyards in other States and also have grower networks or business links across the country, it is not unexpected that information and resources generated by Vinehealth are shared with their interstate interests. A positive of this is that consistent biosecurity messaging will elevate biosecurity practices of all, which has a flow on benefit back to South Australian growers in stopping the spread of pests into the state.

Only if resource capacity permits, would Vinehealth consider undertaking work interstate, and this would be on a strict fee for service basis.

## **Q. Why are you called Vinehealth Australia when you are funded by South Australian growers?**

Our aim is to reduce the overall pressure and risk of pests and diseases to South Australian vineyards. It's important to note that pests and diseases do not respect national, state and property borders. Therefore, we must have a sharp eye on the national landscape to protect South Australian vineyards. We do this by leading and collaborating nationally to advocate for and deliver improved policy, practices and risk assessments for the benefit of the South Australia grape and wine industry.