



Vinehealth Australia

2016-17 Annual Report

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

Level 1, Industry Offices National Wine Centre, Botanic Rd, Adelaide
PO BOX 280, Kent Town DC SA 5071

www.vinehealth.com.au

Contact phone number 08 8273 0550
Contact email admin@vinehealth.com.au

ISSN 2207-0958

Date presented to Minister: 27 July 2017

To:

Hon. Leon Bignell (MP)
Minister for Agriculture, Food and Fisheries

This annual report is presented to Parliament to meet the statutory reporting requirements of the *Phylloxera and Grape Industry Act 1995* and the *Public Sector Act 2009*, and meets the requirements of Premier and Cabinet Circular *PC013 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 Vinehealth Australia by:

Inca Pearce

CEO



27 July 2017

Signature

Date

Contents

Contents	3
Section A: Reporting required under the <i>Public Sector Act 2009</i>, the <i>Public Sector Regulations 2010</i> and the <i>Public Finance and Audit Act 1987</i>	4
Agency purpose or role	4
Objectives	4
Key strategies and their relationship to SA Government objectives	5
Agency programs and initiatives and their effectiveness and efficiency	6
Legislation administered by the agency	7
Organisation of the agency	7
Other agencies related to this agency (within the Minister’s area/s of responsibility)	8
Employment opportunity programs	8
Agency performance management and development systems	8
Occupational health, safety and rehabilitation programs of the agency and their effectiveness	9
Fraud detected in the agency	9
Strategies implemented to control and prevent fraud	10
Whistle-blowers’ disclosure	10
Executive employment in the agency	11
Consultants	11
Financial performance of the agency	12
Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions.....	13
Section B: Reporting required under any other act or regulation	16
Phylloxera and Grape Industry Act 1995	16
Phylloxera and Grape Industry Act 1995	31
Section C: Reporting of public complaints as requested by the Ombudsman.	33
Summary of complaints by subject	33
Complaint outcomes.....	33
Appendix A: Audited financial statements 2016-17	34
Appendix B: Vinehealth Australia Strategic Plan: Towards 2020	64

Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

To drive biosecurity for the wine and grape industries by assessing risk, responding to pest threats, participating in national and state policy development, education and awareness, surveillance, research and development priority setting and emergency response activities. This ensures the prosperity and growth of South Australia's wine industry, the people the industry directly employs, those employed across its supply chain, regional communities and a burgeoning wine tourism sector.

The purpose as stated in the *Phylloxera and Grape Industry Act 1995* is:

To provide for the protection of vineyards from disease and to assist and support the grape industry in South Australia.

Objectives

- Phylloxera is contained within the existing Phylloxera Infested Zones (PIZs) in Australia.
- Exotic pests are prevented from entering vineyards in Australia.
- 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.
- Effective management of high priority endemic pests of vineyards.
- A rigorous biosecurity system which enables market access, export growth, inbound tourism and protects the value of vineyards.

Definition of the term 'pest' used throughout this annual report:

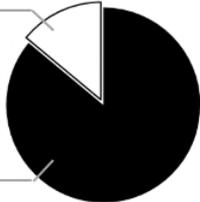
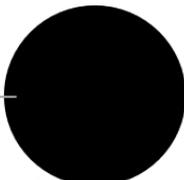
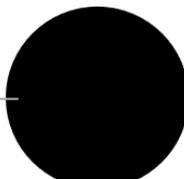
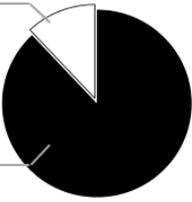
Pests include insects, mites, snails, nematodes, pathogens (diseases) and weeds that are injurious to vines and grapes. Exotic pests are those not currently present in Australia. Established or endemic pests are those currently present within Australia.

Key strategies and their relationship to SA Government objectives

Key Vinehealth strategic imperatives are aligned against the ten South Australian government economic priorities.

Key strategic imperatives	SA Government objective
1. Strengthen the wine and grape industries' capacity and capability to prepare for, prevent and respond to pest incursions.	Premium food and wine produced in our clean environment and exported to the world. A growing destination choice for international and domestic travellers. Growth through innovation. Opening doors for small business. The knowledge state: attracting students and commercialising our research.
2. Ensure cohesion and commitment to effective and efficient biosecurity management by system participants.	Premium food and wine produced in our clean environment and exported to the world. Opening doors for small business. International connections.
3. Provide information, insights and intelligence to drive biosecurity decision making and investment.	Premium food and wine produced in our clean environment and exported to the world. Growth through innovation. Opening doors for small business. The knowledge state: attracting students and commercialising our research.
4. Build a mature business model for Vinehealth Australia.	Premium food and wine produced in our clean environment and exported to the world Growth through innovation. Opening doors for small business.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
<p>1. Strengthen the wine and grape industries capacity and capability to prepare for, prevent and respond to pest incursions.</p>	<p>22 KPIs were tracked over 4 key initiatives</p> <p>14% or 3 of the KPIs were not achieved</p> <p>86% or 19 of the KPIs were achieved</p> 	<p>These initiatives have provided valuable outcomes to support the prosperity and growth of South Australia's wine industry, the people that the industry directly employs, those employed across its supply chain, regional communities and a burgeoning wine tourism sector.</p>
<p>2. Ensure cohesion and commitment to effective and efficient biosecurity management by system participants.</p>	<p>3 KPIs were tracked for this strategic priority</p> <p>100% or 3 of the KPIs were achieved</p> 	<p>In 2015-16 the South Australian wine industry:</p> <ul style="list-style-type: none"> generated \$2.1 billion in revenue for the State directly employed 8,700 people
<p>3. Provide information, insights and intelligence to drive biosecurity decision making and investment.</p>	<p>6 KPIs were tracked over 4 key initiatives</p> <p>100% or 6 of the KPIs were achieved</p> 	<ul style="list-style-type: none"> exported 472 million litres, worth \$1.3 billion produced 817,980 tonnes of wine grapes with a farm-gate value of \$581 million
<p>4. Build a mature business model for Vinehealth Australia.</p>	<p>8 KPIs were tracked over 4 key initiatives</p> <p>12% or 1 of the KPIs was not achieved</p> <p>88% or 7 of the KPIs were achieved</p> 	<p>In the same period, almost 40% of international visitors visited a winery during their stay in South Australia.</p>

Please refer to Section B of this annual report for detailed performance analysis of Vinehealth Australia's operations against these four key strategic imperatives (programs).

Legislation administered by the agency

Phylloxera and Grape Industry Act 1995

Organisation of the agency

Staff

Vinehealth Australia is a small agency with four employees at 30 April 2017. Vinehealth Australia employs a mix of full time and part time staff, with 3.13 full-time equivalents in 2016-17.

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

Refer to <http://www.vinehealth.com.au/about-us/staff/> 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 for Agriculture, Food and Fisheries, 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 the remaining seven are nominated by one or more organisations or bodies that, in the opinion of the Minister, have significant involvement in grape growing or winemaking. Board members serve a term of not more than three years and are eligible for reappointment at the end of their term. Each year in July, the board members elect an existing member to be Chair (Presiding Member) for a term of one year.

All matters relating to the strategic oversight and management of Vinehealth Australia are dealt with by the Board, and as such there are no committees of the Board.

Board members

Mr Marc Allgrove was elected Chair from 1 April 2016 to 30 June 2016, following the resignation of Mr Ben Gibson from the Board and position of Chair. The Minister for Agriculture, Food and Fisheries, Hon. Leon Bignell MP, through his delegate Mr Scott Ashby, Chief Executive, Primary Industries and Regions SA (PIRSA), appointed a new board to commence on 1 July 2016 for a three-year term. The Board elected Ms Roseanne Healy as Chair on 9 September 2016.

Refer to <http://www.vinehealth.com.au/about-us/board-members/> for profiles on current board members and Chair.

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

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

Employment opportunity programs

Program name	Result of the program
	<p>In 2016-17, no Vinehealth Australia employees were recruited through a public sector wide employment opportunity program.</p> <p>Vinehealth reviewed and updated its Equal Opportunity Employment policy in 2016-17.</p>

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Employee Performance and Development Review (EPDR)	<p>A new EPDR system was developed in 2016-17 in line with the requirements of a small agency.</p> <p>The performance of the CEO was reviewed by the Board at the end of the reporting period.</p> <p>The new system will effectively enable:</p> <ul style="list-style-type: none"> • Review of an individual's performance against key objectives. • Identify areas for improvement in performance and behaviour. • Enable a discussion on development opportunities and needs for the year ahead. • Set objectives and targets for the year ahead.
Discipline Policy (Poor Performance & Serious Misconduct)	<p>This policy was reviewed and updated to ensure currency. Effectiveness was not ground-truthed in this reporting period, as the policy was not deployed for employees of Vinehealth Australia in 2016-17.</p>

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
<p>During the 2016-17 reporting period, all Work Health and Safety policies were reviewed and updated. They include:</p> <ul style="list-style-type: none"> • Work Health and Safety policy • Emergency plan • Office security policy • Working alone on premises – outside of normal office hours • Remote Work – Field Work • Travelling for work policy (by motor vehicle or other means) • Bullying and Harassment Policy • Incident Reporting and Investigation policy 	<p>All policies remain effective in providing a rigorous framework for the safety of Vinehealth Australia employees. No work, health or safety incidents were reported in 2016-17.</p> <p>In addition, at weekly staff meetings, Work, Health and Safety is the first agenda item, providing the opportunity for staff to raise any concerns and for management to action and resolve.</p>
<p>Ongoing program to ensure the safe and effective operation of the Heat Shed at Naracoorte.</p>	<p>Activities in the reporting period included:</p> <ul style="list-style-type: none"> • An independent physical inspection was completed by an auditor accredited by SafeWorkSA to identify hazards and complete a risk assessment in 2016-17. • 27 risk control actions and recommendations were outlined in the report. Work continues to action recommendations in a prioritised manner. • Safety checks completed on all electrical and gas plumbing. • New Standard Operating Procedure developed. • A training session completed for 16 industry personnel requiring accreditation to use the facility. <p>This program delivers a safe operating environment for accredited users and the heat shed manager.</p>

Fraud detected in the agency

Category/nature of fraud	Number of instances
No fraud was detected in 2016-17	Not applicable

Strategies implemented to control and prevent fraud

Vinehealth Australia implements 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 and board members through their induction program. Staff are also reminded of these responsibilities during performance review 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 Vinehealth Australia Employee Handbook, which is provided during induction. This handbook is reviewed annually.
- Policies and procedures 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*).
- Integrity audit completed by external provider of contributions payable under the *Phylloxera and Grape Industry Act 1995*, to ensure accuracy of Notice of Assessments and to resolve any issues identified.
- A conflict of interest register for Board members is maintained and is a standing agenda item at the beginning of all Board meetings.
- Confidentiality agreements are established with all contractors and consultants that provide services to Vinehealth Australia.

Data for the past five years is available by contacting the Vinehealth Australia office.

Whistle-blowers' disclosure

There have been no disclosures of public interest information to the responsible officer of Vinehealth Australia under the *Whistleblowers Protection Act 1993* during this reporting period (1 May 2016 to 30 April 2017).

Data for the past five years is available by contacting the Vinehealth Australia office.

Executive employment in the agency

Executive classification	Number of executives
Term un-tenured	1

Data for the past five years is available at: <http://www.vinehealth.com.au/>

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of consultants that have been engaged by Vinehealth Australia during 2016-17, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each	Independent Chair for Selection Committee, review of employee handbook and company policies	\$12,736
Consultancies above \$10,000 each		
Crown Solicitors Office	Expert legal advice regarding (1) various applications of key sections in the <i>Phylloxera and Grape Industry Act 1995</i> , and (2) confirmation of the industrial relations system applicable to Vinehealth Australia	\$13,889
Total all consultancies		\$26,625

Data for the past five years is available at: <http://www.vinehealth.com.au/>

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

The following is a summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

Total income for Vinehealth Australia in 2016-17 was \$976,380, up 9% from 2015-16 because of a 68% increase in grant income. Income from grower contributions (levies) payable under the *Phylloxera and Grape Industry Act 1995* (Act) remain stable given insignificant changes in the total registered vineyard area (hectares).

This rise in income and a decrease in expenditure of 3.7% resulted in an overall surplus position of \$11,270. This resulted in a 0.5% increase in total equity of Vinehealth Australia from \$2,129,891 in 2015-16 to \$2,141,161 in 2016-17. It is important to note that current year levies are invoiced yearly in arrears at the end of the financial year (30 April 2017), therefore \$532,221 of the total equity amount has yet to be received as at 13 July 2017 when the financial statements were signed.

Vinehealth Australia maintains an incursion fund of \$100,000 to support communications, administration and technical activities consistent with the functions described under the Act, during the initial stages of an outbreak.

Vinehealth Australia has assets worth \$2,312,712 in 2016-17, up 1.6% as compared to 2015-16, made up primarily of \$1,221,766 in cash and \$1,053,117 in receivables (the largest portion of which are current year levies yet to be received).

Vinehealth Australia owes \$171,551 in payables (creditors, accrued expenses, grants in advance, levies in advance and employee on-costs) and employee benefits.

Expenditure was broadly aligned with budget forecasts, with Vinehealth Australia ending the reporting period within 6% of the budgeted amount. However, given the increase in income, the variance of net position at the end of the year between budget and actual was \$550 (\$11,820 budgeted surplus as compared to \$11,270 actual surplus).

The largest expenditure was for:

- Employee and board costs – \$344,352 (36% of total expenditure)
- Project-based costs (DNA research, geo-fencing, Vineyard Register scoping study, surveillance) – \$116,910 (12% of total expenditure)
- Participant of the PBCRC - \$100,000 (10% of total expenditure)
- Communications - \$86,705 (9% of total expenditure)

Note: This summary is unaudited.

Other financial information

Not applicable to Vinehealth Australia

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

SIGNIFICANT ISSUES AFFECTING VINEHEALTH AUSTRALIA

1. Further detections of phylloxera in Victoria

In April 2016, March 2017 and July 2017 there were further extensions of the Maroondah Phylloxera Infested Zone (PIZ) in the Yarra Valley (refer <http://www.vinehealth.com.au/media/Maroondah-PIZ-extension.pdf> for details).

This resulted from detections of phylloxera in additional vineyards within the existing PIZ, however to maintain the 5km buffer zone between an infested vineyard and the boundary of a PIZ, the boundary had to be extended.

The latest boundary expansion in July 2017 was the seventh since the original Maroondah PIZ was declared in 2006.

Vinehealth Australia responded to these new detections of phylloxera with immediate media releases and communication to all growers in South Australia and to our broader network, advising to:

- Check any links with businesses operating in the extension area.
- Monitor the health of vines and investigate quickly to identify the cause of anything unusual.
- Abide by all state plant quarantine standards around the movement of phylloxera risk vectors including grapes, grape products, machinery, equipment, soil, diagnostic samples.
- Implement best practice farm-gate hygiene on vineyards, with a hygiene checklist created and delivered to all South Australian vineyard owners.

Continued detections of phylloxera in the Maroondah PIZ are of concern but are not unexpected, given it is 10 years since the original detection and given increased understanding of the biology of phylloxera. However, it is nonetheless a significant threat and must be treated as a high priority by state regulators and industry. To this end, Vinehealth Australia continues to strongly advocate for rigorous processes to investigate suspected new phylloxera infestations, subsequent confirmation and gazettal of new boundaries required.

In response to the increasing biosecurity challenges faced by grape growers, including these new detections of phylloxera in Victoria, Vinehealth Australia will continue to activate education and awareness campaigns, work alongside state regulators and relevant regional associations to ensure the effective containment of phylloxera within existing PIZs and compliance with state plant quarantine standards.

As part of the Plant Biosecurity Cooperative Research Centre (PBCRC)-funded project titled 'Sampling strategies for sensitive, accurate cost effective detection of phylloxera for quantifying area freedom status' led by Vinehealth Australia, high resolution aerial imagery of the Yarra Valley captured in February 2017 was purchased and all vineyards digitised and mapped. These maps will provide a valuable resource to Vinehealth Australia, state regulators and to Yarra Valley Wine in the monitoring and management of phylloxera in the Maroondah PIZ.

2. Sustainable funding base

Pursuant to Section 19 of the *Phylloxera and Grape Industry Act 1995*, Vinehealth Australia must maintain a register of all people who own vineyards comprising 0.5 hectares or more of planted vines. Registered vineyard owners are required to make an annual contribution that is used to defray the expenses incurred by Vinehealth Australia in the performance of its primary functions.

The current rate of contribution is set at \$9.50 per hectare, with a minimum of \$50 payable.

This base rate of contribution has remained unchanged since 1996, with the minimum payable increasing from \$20 to \$30 in 2001 and then to \$50 in 2002. Figure 1 shows that the total registered vineyard area in South Australia more than doubled from 1995/96 to 2007/08, however since this time has remained constant.

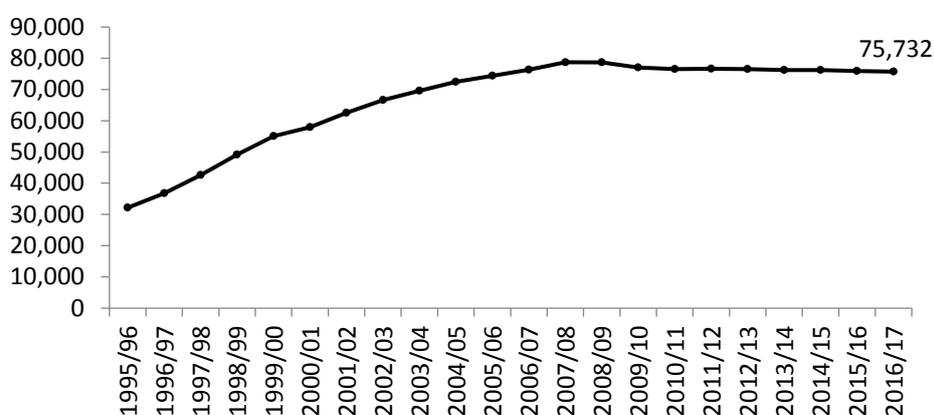


Figure 1. Change in the total registered vineyard area (hectares) in South Australia from 1995/96 to 2016/17.

Income from contributions payable under the Act have remained static at approximately \$740,000 per year for the past decade. With rising costs of business each year, this has resulted in a diminishing pool of funds available for Vinehealth Australia to perform its primary function of safeguarding vineyards from pests and diseases. This is a significant issue for Vinehealth Australia.

Concurrent with this is a rapidly evolving biosecurity landscape; biosecurity risks are now diverse and intensifying. There are more opportunities than ever for pests and diseases to reach Australia and establish in our vineyards. Factors driving this change include increased global trade and tourism, agricultural expansion and intensification, urbanisation, climate change and changing consumer expectations. Phylloxera is being detected in more vineyards and Australia has experienced a doubling in the number of exotic plant pest incursions in the past seven years (source: Priorities for Australia's biosecurity system; an independent review of the capacity of the national biosecurity system and its underpinning intergovernmental agreement, July 2017).

There is also increased scrutiny from trading partners during market access negotiations with the need to substantiate area freedom status to preserve trade agreements.

Coupled with this are factors specific to wine and grape industries that are increasing biosecurity risks, including:

- 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 cross-vineyard 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 grape growers.

In summary, with diminishing funding to perform its primary function of protecting South Australia's vineyards from pests, Australia's increasing biosecurity threats caused by global trends, evolving business practices and the need to improve farm-gate hygiene, the risk of a significant endemic or exotic pest incursion is raised.

To address these converging factors, the Board of Vinehealth Australia has commissioned an independent review of the levy structure and administrative process to ensure that the organisation is adequately funded to perform its functions stated in the Act. This review will take place in the first half of the 2017/18 period with recommendations made to the Minister and industry.

Section B: Reporting required under any other act or regulation

Phylloxera and Grape Industry Act 1995

Section 26 – Report

(1) The Board must, no later than 31 July in each year, submit to the Minister a report on its operations during the financial year of the Board ending on the preceding 30 April.

OPERATIONS AND INITIATIVES

Key operations and initiatives are reported against each of the strategic imperatives outlined in Vinehealth Australia's Strategic Plan: Towards 2020.

Importantly, these operations and initiatives will enable Vinehealth Australia to deliver on its purpose to safeguard South Australia vineyards from pests, thus contributing to the ongoing prosperity, productivity and profitability of grape and wine businesses in South Australia and across Australia. This in turn enables vibrant regional communities by supporting tourism, employment and a strong supplier network to the viticulture industry.

STRATEGIC IMPERATIVE 1:**STRENGTHEN THE WINE AND GRAPE INDUSTRIES' CAPACITY AND CAPABILITY TO PREPARE FOR, PREVENT AND RESPOND TO PEST INCURSIONS**

Vinehealth Australia is committed to strengthening our biosecurity systems for the health of South Australian vineyards and the continued prosperity of our wine industry.

Performance Assessment

Initiative	Performance indicators	Outcome
1. Improve phylloxera and general biosecurity education and awareness.	Increase the number of growers implementing farm gate hygiene practices by 5% year on year.	✗
	Increase website usage rates (number of sessions, users and page views) by 10% and number of webpages by 50%.	✓
	Conduct a review of the Vinehealth website architecture and usability and improvements made.	✓
	'Open rate' and 'click through' rate of Vinehealth e-news above industry standards.	✓
	Publish 'biosecurity alerts' and media releases as required.	✓
	Weekly biosecurity information in industry journals/news.	✓
	Activate two specific communications campaigns to provide practical biosecurity information that growers can implement.	✓
2. 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.	✓
	100% completion of project milestones in PBCRC contract for DNA project.	✓
	100% implementation of Coonawarra rootstock trial sampling and reporting requirements.	✗
	Secure additional funding to support small lot winemaking for the Coonawarra rootstock trial for 2016-17.	✓
	Facilitate the translation of scientific results relating to biosecurity, into practical solutions for growers and industry.	✓
3. Effective response activities to suspected or confirmed exotic or declared endemic pests.	Response activated within 24 hours of notification of a suspected or confirmed exotic or declared endemic pest.	✓
	100% implementation of incident management reporting requirements.	✓
	Training programs for staff regarding response activities implemented.	✓
	SA Phylloxera Outbreak Management Plan maintained.	✓
	All activities managed in conjunction with Biosecurity SA.	✓
4. Management of the Naracoorte Heat Shed.	Annual user accreditation training completed.	✓
	Organise independent review of the operation and safety of the heat shed facility.	✓
	Promotion of heat shed to key stakeholders.	✓
5. Compliance with state quarantine legislation and regulations.	Build an online tool to allow easy access to movement requirements for phylloxera vectors between states.	✓
	All state and territory legislation and regulation conditions for the movement of phylloxera vectors uploaded into the tool.	✗

Analysis of Performance

Initiative 1: Improve phylloxera and general biosecurity awareness and education

Vinehealth Australia’s communication and engagement implementation plan is targeted to support the delivery of the strategic plan and ensure that compelling content is delivered to all stakeholders in effective ways to:

- Excite growers about vineyard hygiene practices and to increase the number of growers implementing these practices.
- Improve compliance with state-based quarantine regulations.
- Encourage growers to regularly inspect their vines and seek help to confirm any unusual symptoms or pests.
- Ensure stakeholders understand and value Vinehealth Australia’s activities and services.

In 2016-17, increased specialist communications capability and capacity was secured in December 2016.

*Impact of increased investment in communications capability and capacity
December 2016 – April 2017.*

WEBSITE				
	35% increase in number of sessions	29% increase in total users	25% increase in page views	130% increase in number of web pages (81)
	E-NEWS			
		5 issues published (Dec start)	43% open rate (agriculture industry av. 27%)	6.3% click through rate (agriculture industry av. 2.7%)
GENERAL				
	20 feature articles on phylloxera and pest threats	2 biosecurity alerts to warn of immediate threats	active posting of media releases as needed	weekly biosecurity tips in Daily Wine News

In addition to the above activities, two communications campaigns were activated to deliver practical and usable information to growers:

1. Distribution of 6,858 biosecurity posters to all growers, agricultural resellers and other stakeholders in South Australia outlining:
 - Ten steps for best practice farm-gate hygiene.
 - New protocol for footwear and small hand tool disinfestation.
2. Tour Down Under campaign to notify growers in SA with vineyards on the route, to warn of the heightened biosecurity risk given increased tourist activity and to provide free signs for their vineyard gates/fences.

Refer <http://www.vinehealth.com.au/news-events/> for details of all communication.

Significant investment has been made by Vinehealth Australia in 2016-17 to improve its communication and engagement with growers and all stakeholders. This investment will continue in 2017-18 with a clear focus on improving the implementation of farm-gate hygiene practices by growers and compliance with state quarantine standards by all industry stakeholders.

While implementation of farm-gate hygiene was not measured in 2016-17, benchmarking of industry biosecurity practices will be a key outcome of an industry survey to track farm-gate hygiene practices, general biosecurity awareness and other key biosecurity issues in 2017-18.

Initiative 2. Strengthen biosecurity research and development investment and translation of science into practical solutions for industry

The rigour of Australia's biosecurity system and its ability to safeguard agriculture, the environment and communities to ensure their ongoing prosperity, is built on science. Research and development is a key enabler of our national biosecurity system.

Plant biosecurity research and development (R&D)

The landscape of plant biosecurity R&D is shifting with the inevitable wind up of the Plant Biosecurity Cooperative Research Centre (PBCRC) in June 2018. In March 2017, the seven plant Research and Development Corporations (including Wine Australia) reaffirmed their commitment to plant biosecurity research and innovation by strengthening the model by which they collaborate on biosecurity research and innovation.

Vinehealth Australia has been an activate participant in shaping this landscape during 2016-17, with ongoing dialogue with PBCRC, Wine Australia, Plant Health Australia and involvement in the recent Intergovernmental Agreement on Biosecurity review. Importantly, as a participant of the PBCRC since 2012, Vinehealth Australia is working with PBCRC to ensure that intellectual property developed in relation to the 'DNA project' (see below) is accessible to industry.

In the year ahead, Vinehealth Australia will continue to work together with Wine Australia to develop a prioritised biosecurity R&D plan for the industry to strengthen capability of the industry to prepare for, prevent and respond to an incursion. In addition, it is imperative that biosecurity scientific specialists are developed and nurtured to ensure ongoing capability for the industry.

'DNA project': Sampling strategies for sensitive, accurate cost effective detection of phylloxera for quantifying area freedom status

Vinehealth Australia continues to lead a collaborative project on the development of an early detection method for phylloxera. A variation to the existing research agreement was

successfully achieved during 2016-17, with revised milestone and deliverables supported by additional funding.

Refer <http://www.vinehealth.com.au/projects/dna-testing-early-accurate-detection/> for detailed information on the objectives of the project and results of work to date.

With the project finishing in March 2018, the 2016-17 season provided a final opportunity to undertake additional field sampling.

In February to April 2017 a case study in the Mornington Peninsula and Yarra Valley was undertaken in conjunction with Dr Kevin Powell (Agriculture Victoria) and the respective regional associations to:

- Evaluate the DNA method across a larger vineyard area than just 1 hectare blocks.
- Compare three primary phylloxera detection methods, being (1) dig, (2) emergence traps and (3) the new DNA method.
- Assess the usability of each method by growers and to extend research knowledge to growers.

Data collected during this case study is currently being analysed and interpreted.

A comprehensive Import Risk Analysis (IRA) has been completed on the movement of soil samples collected in a Phylloxera Inclusion Zone and delivered to the South Australian Research and Development Institute's (SARDI) laboratory in Adelaide. The results of this IRA will inform discussions with relevant parties as to the provision of diagnostic capability (including surge capacity in the event of an incursion) for phylloxera across Australia.

In the upcoming year the DNA diagnostic method for phylloxera and associated sampling method will be endorsed through the sub-committee of the Plant Health Committee for Plant Health Diagnostics. Extension to industry and regulators will follow to ensure rapid uptake and adoption.

Coonawarra rootstock trial

In the state's Limestone Coast, we continue to partner with Treasury Wine Estates (TWE) and Coonawarra Grape and Wine Incorporated (CGWI) in a long-term rootstock trial planted in the region's famed terra rossa soil. Now in its eighth year, the project is comparing the performance of own-rooted Cabernet Sauvignon (CW 44 clone) vines with eight rootstocks. Refer to <http://www.vinehealth.com.au/projects/coonawarra-rootstock-trial/> for detailed information on the trial objectives, setup and preliminary results.

A 'vineyard walk' in March 2017 for grape growers and winemakers from the region enabled Vinehealth Australia, TWE and CGWI to extend results obtained to date. All pruning (2016) and grape maturity (2017) data was successfully collected, analysed and reported.

Additional funding was secured through Wine Australia's regional program to enable small-lot winemaking for a selected number of treatments in 2017, however, given the uncharacteristic 2017 seasonal conditions and due to logistical issues out of the control of Vinehealth Australia, winemaking and collection of harvest measures did not proceed. In 2017-18 a long-term strategy will be developed for the trial, including small-lot winemaking provisions.

Science translated into practice for industry

The National Phylloxera Management Protocols (NPMP) is an agreed standard for managing the movement of risk vectors to minimise the risk of spreading phylloxera.

Procedure H sets out requirements for the movement of people from Phylloxera Infested Zones and Phylloxera Risk Zones. These requirements include that footwear (once cleaned of soil and plant material) should be disinfested in 2% active sodium hypochlorite solution for a minimum of 30 seconds. Recent research by Dr Kevin Powell (Agriculture Victoria) demonstrated that this should be a minimum of 60 seconds to kill the six strains of phylloxera that represent the main genetic lineages.

Once these scientific results had been peer reviewed in January 2017, Vinehealth Australia played a key role communicating this new requirement to growers and stakeholders through posters, e-news, featured articles in industry journals and face to face conversations. This illustrates the important role of Vinehealth Australia in effecting policy and practice change.

Initiative 3. Effective response activities to suspected or confirmed exotic or declared endemic pests

Vinehealth Australia maintains capability and capacity to respond to grower requests to investigate unresolved significant vine health issues and other significant biosecurity incidents.

During 2016-17, Vinehealth Australia responded to six requests by growers for assistance in determining the cause of significant vine decline. After comprehensive investigations with Biosecurity SA and in accordance with incident reporting requirements, all were confirmed not to be an exotic pest or phylloxera. Information was provided to the grower regarding management options.

Together with Biosecurity SA, Vinehealth Australia has commenced a review of the South Australian Phylloxera Outbreak Management Plan and the science that underpins South Australia's Plant Quarantine Standards. This work will continue into 2017-18 and will continue to strengthen preparedness and prevention activities in South Australia against phylloxera and other significant pests.

In addition, Vinehealth Australia continues to act as a key advisor for Biosecurity SA (PIRSA) in relation to any matters under the Emergency Plant Pest Response Deed (EPPRD) that could impact grape vines or the industry. Items raised under the EPPRD, and thus any related activities of Vinehealth Australia, remain confidential until the appropriate time that broader information can be supplied to industry and the community.

Initiative 4. Management of the Naracoorte Heat Shed

Vinehealth Australia continues to operate the Heat Shed at Naracoorte in the state's Limestone Coast. This is a purpose-built facility for disinfesting machinery and equipment that has been used in vineyards to prevent the spread of pests.

Significant upgrades to the heat shed, the computer hardware and software and to operational procedures were completed in 2016-17. Refer section 14 of this annual report for further details on upgrades and to <http://www.vinehealth.com.au/functions/naracoorte-heatshed/> for information on the heat shed.

Heat shed use remains stable at about 30 uses per year. Ongoing promotion of the heat shed continues through various communications channels.

Initiative 5. Compliance with state quarantine legislation and regulations

To prevent the spread of phylloxera from infested areas, each state has legislation (laws) and associated regulations which restrict or prohibit the movement of “phylloxera risk vectors” – i.e. things that could carry phylloxera. Anyone wishing to move any risk products between states must comply with the legislation of the destination state.

Vinehealth Australia identified an opportunity to assist state governments to communicate these legal requirements, initiating the building of a simple and easy to use online ‘winegrape biosecurity legislation’ tool. This tool will help growers, wineries and industry suppliers by outlining the legal requirements associated with the movement of a chosen vector, such as ‘harvester’, once ‘from’ and ‘to’ locations are identified. In addition, contact details and electronic links are provided to assist users to complete required biosecurity documentation.

Vinehealth Australia feels this tool has the potential to raise the awareness and understanding of legal requirements and, thus, improve compliance with these requirements among users of the tool. While the tool was successfully developed and put online, currently, three states have facilitated incorporation of their legislative requirements into the tool. In 2017-18, Vinehealth will continue to encourage the remaining states to confirm their legislative requirements for the tool.

<http://www.vinehealth.com.au/biosecurity-in-practice/tools/winegrape-biosecurity-quarantine-legislation-tool/>

STRATEGIC IMPERATIVE 2:

ENSURE COHESION AND COMMITMENT TO EFFECTIVE AND EFFICIENT BIOSECURITY MANAGEMENT BY SYSTEM PARTICIPANTS

The national biosecurity landscape is broad and complex. Vinehealth Australia is working hard to ensure the best biosecurity outcomes for South Australian vineyard owners by engaging with stakeholders across the viticulture biosecurity landscape.

Performance Assessment

Initiative	Performance indicators	Outcome
5. Ensure cohesion and commitment to effective and efficient biosecurity management by system participants.	Commence discussions with other industry statutory and representative organisations regarding ongoing biosecurity management in the wine industry.	✓
	Active contribution to National Viticulture Biosecurity Committee and associated projects.	✓
	Engagement with the national biosecurity sector to advocate wine industry imperatives.	✓

Analysis of Performance

A key challenge for the Australian wine industry continues to be the development of a coordinated national approach to biosecurity with clearly defined roles and responsibilities. Reviews over the past decade of Australia’s biosecurity system emphasise the need for

biosecurity to be a 'shared responsibility' between government, industry and the community. While all system participants appear to agree with this concept, there is ongoing discussion about logistics, practicalities, roles and responsibilities.

In 2016-17 Vinehealth Australia has continued to lead discussion on a coordinated multi-agency approach for biosecurity for the wine industry, focussed on building expertise and delivering value to industry. A prioritised plan of action with roles and responsibilities outlined will be developed in 2017-18 to guide this collective of industry statutory and representative bodies with regard to biosecurity management.

STRATEGIC IMPERATIVE 3:

PROVIDE INFORMATION, INSIGHTS AND INTELLIGENCE TO DRIVE BIOSECURITY DECISION MAKING AND INVESTMENT

A rigorous biosecurity system will enable market access, export growth, inbound tourism and protect the asset value of vineyards. Information, accurate data and scientific evidence is the key to informed biosecurity decision making.

Performance Assessment

Initiative	Performance indicators	Outcome
6. Active surveillance of South Australian vineyards for phylloxera and other vine health issues.	Aerial imagery for McLaren Vale, Adelaide Plains and Adelaide Hills secured with 100% of hectares planted to vines digitised and comparative vine health assessment completed.	✓
7. Maintaining the Vineyard Register.	Ensure ongoing accuracy of vineyard owner, land parcel information and planting details.	✓
	Use information in the vineyard register to support Adelaide Hills Wine protect grapes from smoke taint.	✓
8. A new digital biosecurity platform.	Determine the value proposition for a new digital biosecurity platform to replace the existing Vineyard Register.	✓
	Prepare a business case for a new digital biosecurity platform.	✓
9. Enabling growers with technology.	Activate a pilot trial to test the application of geofencing for biosecurity management.	✓

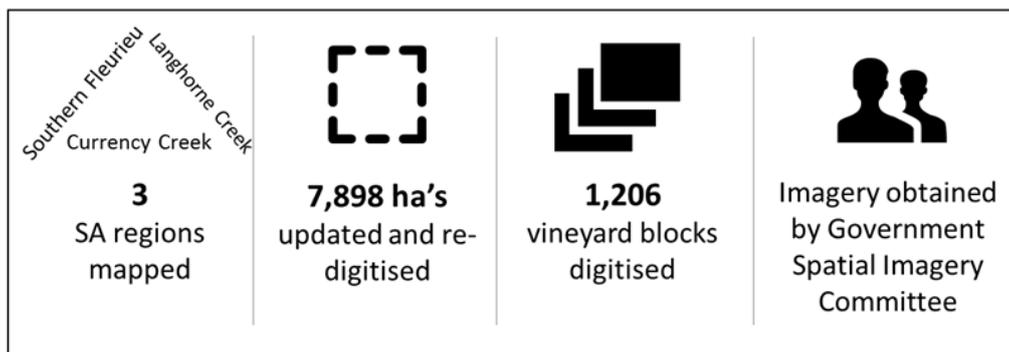
Analysis of Performance

Initiative 6. Active surveillance of South Australian vineyards for phylloxera and other vine health issues

Active surveillance for phylloxera in South Australia commenced in 2001 with the use of remote sensing and GIS technologies. Digital multi-spectral imagery is collected in summer and enhanced using a range of algorithms which highlight vines that have low vigour relative to the general health of the total vineyard block. These maps are overlaid on previous maps collected for that region to identify locations that should be physically inspected for phylloxera or other conditions that can affect vine health. Imagery is

collected every three to five years for each grape growing region in SA which enables multiple-year comparisons to detect vine decline.

2016-17 aerial surveillance of South Australia for vine decline



It must be noted that such active surveillance based on aerial imagery will only detect phylloxera infestations several years after the initial infestation. During the period before vine canopy symptoms become apparent, phylloxera is multiplying and can be spread to other vineyards. Therefore, it is imperative that Vinehealth Australia continues to advocate for the development of early detection methods for phylloxera (refer section titled Sampling strategies for sensitive, accurate cost effective detection of phylloxera for quantifying area freedom status, above).

In 2017-18 imagery for the Limestone Coast will be obtained and scrutinised.

Initiative 7. Maintaining the Vineyard Register

Pursuant to Section 19 of the Act, Vinehealth Australia maintains a Register of people 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. Each vineyard is mapped every 3-5 years. During 2016-17, Vinehealth has continued to manage information in the Register to ensure its accuracy and currency.

Snapshot of Vineyard Register information for 2016-17

During 2016-17 there was a 0.2% decrease in the total registered vineyard area to 75,732 in South Australia, and a reduction of 34 registered vineyard owners to 3,360. Total vineyard area in South Australia has remained relatively static in the range of 75,000 to 79,000 hectares since 2006.

Figure 2 shows the split of the 75,732 hectares of vineyards in South Australia by major grape variety, with the top three varieties, Shiraz, Cabernet Sauvignon and Chardonnay accounting for just over 70% of the total area planted to vineyards. There was less than a 1.3% change in planted area between 2015-16 and 2016-17 for the top seven varieties, with the exception of Chardonnay which had a reduction of 3.3% in area planted, equivalent to 300 hectares being removed or top-worked.

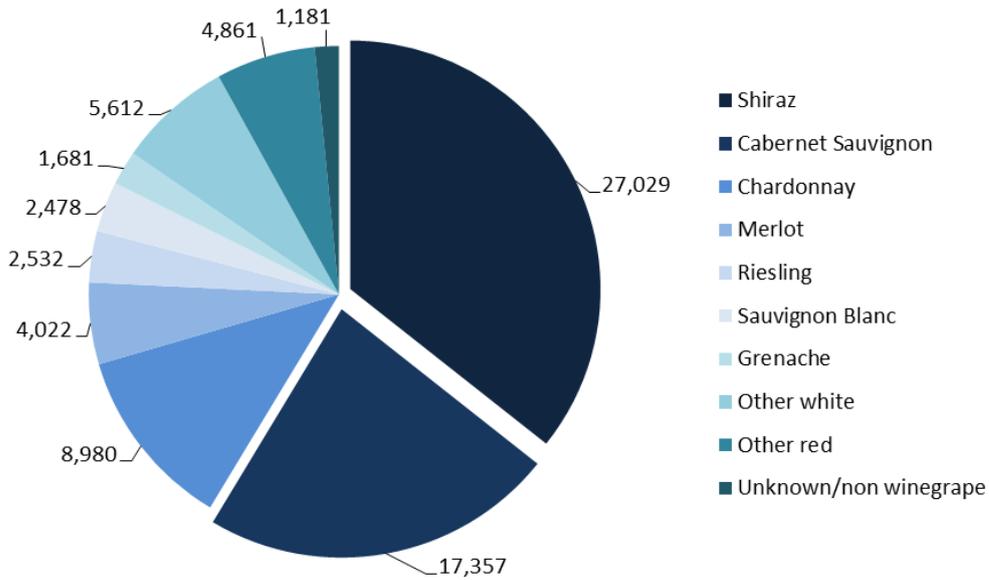


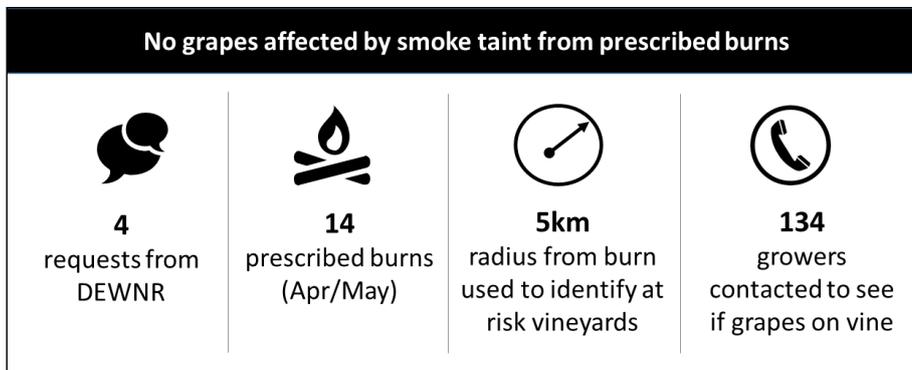
Figure 2. Split of hectares planted in South Australia to major grape varieties in 2016-17.

Information from the Vineyard Register in 2016-17 provided source information for the South Australian Winegrape Crush Survey – refer <http://www.vinehealth.com.au/biosecurity-in-practice/sa-winegrape-crush-survey/>

Note: Once the next generation Vineyard Register, the ‘Digital Biosecurity Platform’ is built (refer Initiative 8), alignment with the State Government’s Open Data Declaration and full interoperability with Data.sa will be enabled.

The Register is a powerful tool for biosecurity management, but has also been valuable during March-April 2017 to assist the Adelaide Hills Wine Region and the Department of Environment, Water and Natural Resources (DEWNR) plan autumn prescribed burns to avoid smoke taint of grapes.

Assistance provided by Vinehealth to Adelaide Hills Wines and DEWNR during the autumn 2017 burn period.



Initiative 8. A new digital biosecurity platform

The Vineyard Register is the envy of other plant industries. It is a unique asset to the wine and grape industries to have a comprehensive register of all vineyards in the state, including maps. However, the technology we currently rely on for this Register does not have the necessary functionality or structural flexibility to adapt to our changing biosecurity landscape. The technology belongs to a previous generation of computing, driven by client-server database systems and requiring human intervention in many elements of data management.

To respond effectively to the evolving biosecurity needs of growers, in 2016-17 Vinehealth Australia prepared a business case that proposes a new platform that is powered by geospatial data to drive a relationship rich digital biosecurity ecosystem. The foundation of this business case was the articulation of a value proposition, which was developed through consultation with growers, industry and biosecurity experts. This new platform will embrace the flexibility of the cloud, real-time movement tracking, an app ecosystem, high resolution geospatial data visualisation, remote monitoring, machine-to-machine communication, search-enabled communication, big-data analytics and landscape oriented research, rapid modelling and simulation, industry insights, and community engagement.

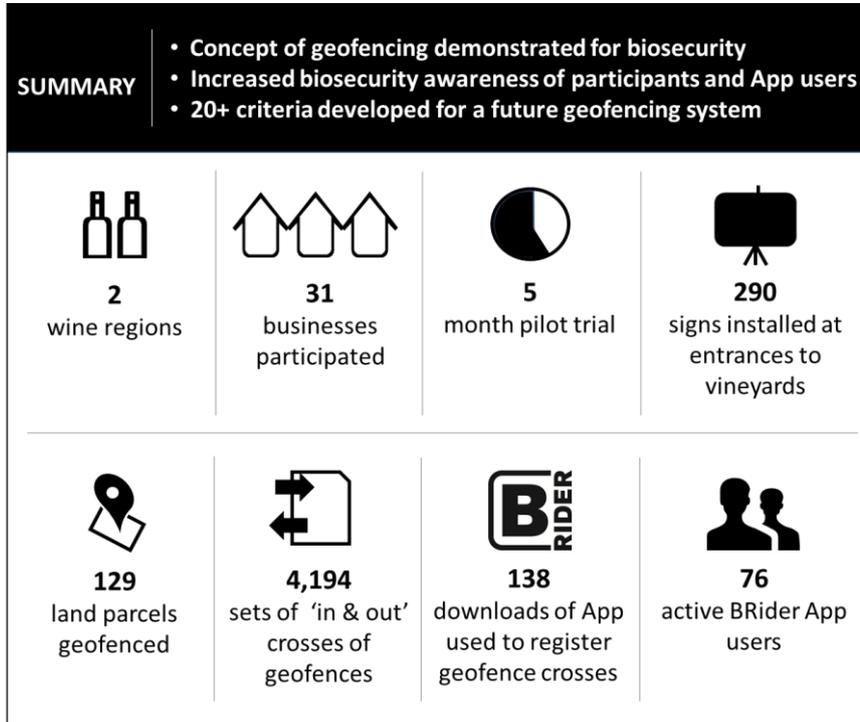
In 2017-18 the business case and prospectus will be used by Vinehealth Australia to seek funding for the platform.

Initiative 9. Enabling growers with technology

In 2016-17 Vinehealth ran a pilot program – Project Boundary Rider – to test the application of geofencing for tracking the movement of people on and off vineyard properties. This enables rapid trace back and forward auditing in the event of an incursion. This pilot was supported by Biosecurity SA (PIRSA) and has been widely promoted throughout the wine industry and agriculture and technology sector. A partnership with a Canadian technology company with existing geofencing software was formed for the duration of the trial.

Refer to <http://www.vinehealth.com.au/projects/project-boundary-rider/> for a complete overview of the technology, the Project Boundary Rider trial and how the technology can assist biosecurity management. Refer to <http://www.vinehealth.com.au/news-events/featured-articles/> for featured articles on the Boundary Rider trial.

Boundary Rider pilot initiative to validate the concept of geofencing to assist biosecurity management in vineyards.



A final report has been presented to Biosecurity SA, with recommendations for the future development of the technology and integration into business operations provided.

STRATEGIC IMPERATIVE 4:**BUILD A MATURE BUSINESS MODEL FOR VINEHEALTH AUSTRALIA**

Vinehealth continues to build a sustainable business model to successfully lead the organisation into the future.

Performance Assessment

Initiative	Performance indicators	Outcome
10. Administrative management of contributions payable.	Notice of Assessments distributed by mid-June.	✓
	Debt management strategy developed and implemented.	✓
11. Enhanced governance across Vinehealth Australia operations.	Appointment of Selection Committee for nomination of board members for board terms commencing 1 July 2016.	✓
	Governance training for all board members.	✓
	Review of financial management procedures and a reduction of daily financial management costs by 30%.	✓
12. Provision of general assistance to the grape industry.	Response to requests activated within 48 hours of receipt.	✓
	Requests resolved by due date.	✗
13. Operating model.	Develop a framework to categorise activities of Vinehealth Australia.	✓

Analysis of Performance**Initiative 10. Administrative management of contributions payable**

Pursuant to Section 23 (3) of the Act, contributions payable will be levied and collected or recovered by the Commissioner for State Taxation as if the contribution were land tax, and will be subject to the same penalties for delay or default in payment.

The Commissioner of State Taxation has delegated his powers and functions described in Section 23(3) of the Act to the Presiding Member of Vinehealth Australia.

Management of levy payments and recovery of outstanding debts owing is a key focus for administrative staff at Vinehealth Australia during June to September for Vinehealth Australia. For the 2016-17 period, Vinehealth Australia has ensured alignment of penalties for default of payment with that applicable to land tax (as per Section 23(3) of the Act), and in consultation with Revenue SA implemented a debt recovery strategy for registered vineyard owners that have defaulted on current or previous years liability.

Integrity of the levy system was maintained in 2016-17 through:

- An independent audit of levies prior to the Notice of Assessments being raised.
- Growers being requested to review their vineyard records at the beginning of each year to ensure accuracy of information in the Vineyard Register.

- Ongoing requirement for vineyard owners to update any changes to their details in the Vineyard Register within three months of the change.
- Managing a total of 179 vineyard property transfer requests to ensure accuracy of vineyard ownership details – these transfer requests reflect property ownership changes, subdivisions or consolidations.

Initiative 11. Enhanced governance across Vinehealth Australia operations

During 2016-17 Vinehealth implemented key activities to improve governance across the organisation:

- A Selection Committee (comprising two representatives each from Wine Grape Council of South Australia and the South Australian Wine Industry Association) with an independent Chair was formed to provide nominations to the Minister of up to seven board members to form the new board from 1 July 2017 to 30 June 2020).
- Strengthening of the Delegations of Authority policy for Vinehealth Australia operations.
- Two governance refresher and strategic oversight board sessions held.
- Strengthening of policies for the oversight of the levy management system in conjunction with Revenue SA.
- A review of daily financial services outsourced by Vinehealth Australia was performed, with successful negotiation with an alternate provider resulting in significant savings to the organisation.

Initiative 12. Provision of assistance to the grape industry

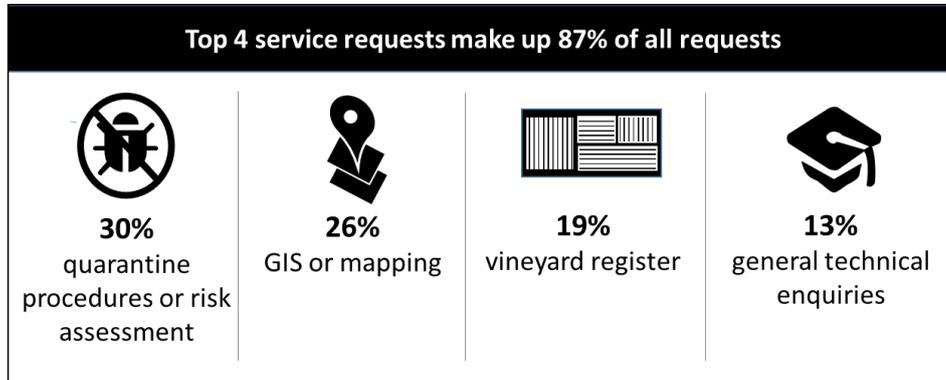
During 2016-17, Vinehealth Australia continued to be responsive to requests from industry within the remit of our Act. Activities related to these requests include:

- The distribution of vine health information for regional grape and wine associations.
- Provision of aggregated, de-identified analysis of data within the Vineyard Register to meet specific requests (all activities are in accordance with Section 13(3) of Act).
- Preparation of 'risk assessments' for proposed activities within wine regions that may heighten biosecurity risks to vineyards.
- Assistance to growers, wineries and contractors to interpret state plant quarantine standards, entry conditions and the completion of associated documentation.
- Review of biosecurity section in the Sustainable Australia Winegrowing for the McLaren Vale Grape and Wine Tourism Association.
- Provision of fact sheets, cellar door brochures and best practice farm gate hygiene checklists.
- Discussion with individuals regarding abandoned vineyards and the requirement to develop a clear process for growers as to a course of action they can take.

On three occasions information was unable to be provided by the due date given resource restraints and current structure of the Vineyard Register (refer Initiative 8 for resolution to

this). For these occurrences, no impact to a person/organisation occurred and a new due date was negotiated.

Breakdown of service requests in 2016-17.



Initiative 13. Operating model

Through the strategic planning process undertaken by the Board of Vinehealth Australia in 2016-17 (refer Section B2 of this annual report), the operating model of Vinehealth Australia has been confirmed.

Importantly, the Board has clearly articulated that it must work collaboratively with growers, wineries, regulators and other key stakeholders across Australia in recognition that pests do not respect state borders. In 2016-17 the Board of Vinehealth Australia has set a clear framework for operational activities.

Refer to <http://www.vinehealth.com.au/about-us/strategic-plan/> for information regarding Vinehealth's operating model captured in the strategic plan.

Name and date of act or regulation***Phylloxera and Grape Industry Act 1995***

Section 26 – Report

(2) The report must incorporate —

- (b) the five year plan prepared or revised by the Board under this Act.

In February and March 2017 the Board of Vinehealth undertook a review of the existing 5 year strategic plan (2014-2019) given:

- The changing biosecurity landscape in Australia.
- Increasing number and rapidly evolving nature of biosecurity threats to Australia and to vineyards.
- Pressures and changes within wine and grape industries impacting biosecurity risks and management.

As a result, a refreshed strategy titled Vinehealth Australia Strategic Plan: Towards 2020 was prepared. It outlines Vinehealth Australia's role and contribution to South Australia's and the national biosecurity system and to safeguarding the health of vines.

This plan sets out that:

- Our aspiration is for biosecurity to be a top priority in the wine and grape industries.
- Our vision is to be the grape and wine biosecurity specialist.
- Our purpose is to drive biosecurity for the wine and grape industries.
- Our motivation is to protect grape and wine assets from biosecurity risk and impact.

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

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

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

Successfully implemented, this strategy will result in five key outcomes for the wine and grape industries:

1. Phylloxera is contained within the existing PIZs 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.

Our core aim is to safeguard the health and safety of South Australian vineyards to ensure our industry is profitable and productive into the future.

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

The strategic plan is also attached (Appendix B) to this annual report to meet reporting requirements of section 26(2) of the Act.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by Vinehealth Australia	
Category of complaints by subject	Number of instances
All categories	No public complaints

Data for the past five years is available by contacting the Vinehealth Australia office.

Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Not applicable	Not applicable

Appendix A: Audited financial statements 2016-17

VINEHEALTH AUSTRALIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

TABLE OF CONTENTS

Report of the Auditor 3

Certification of the financial statements 5

Controlled items

 Statement of Comprehensive Income 6

 Statement of Financial Position 7

 Statement of Changes in Equity 8

 Statement of Cash Flows 9

Notes to and forming part of the Financial Statements 10

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 2017, 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 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 2017 and of its financial performance for the year ended on that date;
- (b) complying with section 23 of the Public Finance and Audit Act 1987; and
- (c) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

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.

Other Information

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 2017, 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, section 23 of the Public Finance and Audit Act 1987 and Australian Accounting Standards (Reduced Disclosure Requirements) and for such internal control as the Board determines is necessary to enable the preparation of the financial report that 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.

VINEHEALTH AUSTRALIA

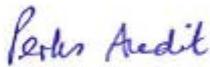
Auditor's Responsibilities for the Audit of the Financial Report

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
South Australia 5063



Peter J Hill
Director
Registered Company Auditor
Dated this 13 day of July 2017

VINEHEALTH AUSTRALIA

Certification of the Financial Statements

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

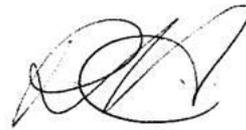
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of Vinehealth Australia; and
- present a true and fair view of the financial position of Vinehealth Australia as at 30 April 2017 and the results of its operation and cash flows for the financial year.

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



Inca Pearce
Chief Executive Officer

13 July 2017



Roseanne Healy
Presiding Officer

13 July 2017

VINEHEALTH AUSTRALIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2017

	Note	2017 \$	2016 \$
Expenses			
Employee benefits expenses	5	344,352	425,010
Supplies and services	6	294,682	266,998
Depreciation and amortisation expense	7	15,166	13,721
Other expenses	8	310,910	296,874
Total expenses		965,110	1,002,603
Income			
Revenues from fees and charges	9	762,277	753,411
Grant income	10	180,440	107,465
Interest revenues	11	18,424	33,821
Other income		15,239	-
Total income		976,380	894,697
Net result		11,270	(107,906)
Other Comprehensive Income			
Total other comprehensive income		-	-
Total comprehensive result		11,270	(107,906)

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

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

VINEHEALTH AUSTRALIA

STATEMENT OF FINANCIAL POSITION

As at 30 April 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	12	1,221,766	1,296,466
Receivables	13	1,053,117	933,985
Total current assets		2,274,883	2,230,451
Non-current assets			
Plant & equipment	14	26,365	38,236
Intangible assets	15	11,464	7,359
Total non-current assets		37,829	45,595
Total assets		2,312,712	2,276,046
Current liabilities			
Payables	16	133,001	118,464
Employee benefits	17	38,550	27,691
Total current liabilities		171,551	146,155
Non-current liabilities			
Employee benefits	17	-	-
Total non-current liabilities		-	-
Total liabilities		171,551	146,155
Net Assets		2,141,161	2,129,891
Equity			
Incursion fund	18	100,000	100,000
Equity	19	2,041,161	2,029,891
Total Equity		2,141,161	2,129,891
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	20	264,255	214,000
Contingent assets and liabilities		-	-

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

VINEHEALTH AUSTRALIA

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2017

	Note	Incursion fund \$	Equity \$	Total Equity \$
Balance at 30 April 2015 (Restated)		-	2,187,193	2,187,193
Total comprehensive result for 2015-16		-	(107,906)	(107,906)
Restatement – Grower Levies*		-	50,604	50,604
Transfer to Incursion Fund		100,000	(100,000)	-
Total movement		100,000	(157,302)	(57,302)
Balance at 30 April 2016		100,000	2,029,891	2,129,891
Total comprehensive result for 2016-17		-	11,270	11,270
Balance at 30 April 2017		100,000	2,041,161	2,141,161

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

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

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

VINEHEALTH AUSTRALIA

STATEMENT OF CASH FLOWS

For the year ended 30 April 2017

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Cash outflows			
Employee benefits payments *		(333,493)	(456,474)
Payments for supplies and services		(479,213)	(395,011)
Payments of grants and subsidies		(148,977)	(177,007)
Interest paid		-	-
Other payments		-	-
Cash (used in) operations		(961,683)	(1,028,492)
Cash inflows			
Grower levies and charges		744,675	734,103
Receipts from grants		78,910	107,465
Interest received		18,424	33,821
GST recovered from the ATO		37,136	43,489
Other receipts		15,238	-
Cash generated from operations		894,383	918,878
Net cash provided by/(used in) operating activities		(67,300)	(109,614)
Cash flows from investing activities			
Cash outflows			
Purchase of plant and equipment and software		(7,400)	(15,120)
Cash (used in) investing activities		(7,400)	(15,120)
Net cash (used in) investing activities		(7,400)	(15,120)
Net increase/(decrease) in cash and cash equivalents		(74,700)	(124,734)
Cash and cash equivalents at the beginning of the period		1,296,466	1,421,200
Cash and cash equivalents at the end of the period	12	1,221,766	1,296,466

*Refer to Note 5 for additional information.

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

VINEHEALTH AUSTRALIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

Note 1 Objectives of Vinehealth Australia

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

Note 2 Summary of significant accounting policies

a) Statement of compliance

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

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

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

Except for AASB 2015-7 which Vinehealth has early adopted, Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Vinehealth for the reporting period ended 30 April 2017 (refer note 3).

b) Basis of preparation

The preparation of the financial statements requires:

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

VINEHEALTH AUSTRALIA

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 April 2017 and the comparative information presented.

c) Reporting entity

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

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

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

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

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

d) Comparative information

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

e) Rounding

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

f) Taxation

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

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

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

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

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

g) Events after the reporting period

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

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

h) Income

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

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

The following are specific recognition criteria:

Fees and charges

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

i) Expenses

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

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

The following are specific recognition criteria:

Employee benefits expenses

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

Superannuation

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

Depreciation and amortisation

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

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

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

VINEHEALTH AUSTRALIA

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

Grants, subsidies and transfers

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

j) Current and non-current classification

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

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

k) Assets

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

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

Cash and cash equivalents

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

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

Cash is measured at nominal value.

Receivables

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

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

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

Collectability of receivables is reviewed on an ongoing basis.

Non-current assets

Acquisition and recognition

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

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

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

Impairment

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

Financial assets/liabilities

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

l) Liabilities

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

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

Payables

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

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

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

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

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

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

Leases

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

Vinehealth Australia has entered into operating leases.

Operating leases

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

Employee benefits

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

Salaries and wages, annual leave and sick leave

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

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

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

Long service leave

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

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

Provisions

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

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

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

m) Unrecognised contractual commitments and contingent assets and liabilities

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

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

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

n) Correction of prior period errors

Fixed assets

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

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

Grower levies receivable

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

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

Note 3 New and revised accounting standards and policies

Vinehealth did not voluntarily change any of its accounting policies during 2016-17.

Note 4 Activities of Vinehealth

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

VINEHEALTH AUSTRALIA

Note 5 Employee benefits expenses

	2017 \$	2016 \$
Salaries and wages	293,005	277,534
Separation packages	-	108,531
Long service leave	1,572	(13,286)
Annual leave	9,801	(10,322)
Employee on-costs-superannuation	27,835	26,112
Employee on-costs-other	1,700	1,616
Board fees	8,496	11,284
Other employee related expenses	1,943	23,541
Total employee benefits expenses	344,352	425,010

Separation packages	2017 \$	2016 \$
Amount paid during the reporting period to separated employees:		
Ex gratia and notice period	-	63,807
Annual leave and long service leave paid to those employees	-	44,724
Recovery from the Department of Treasury and Finance	-	-
Net costs to Vinehealth	-	108,531

Remuneration of employees

	2017 No.	2016 No.
The number of employees whose remuneration received or receivable falls within the following bands		
\$165,001 to \$175,000	1	-
\$225,001 to \$235,000 (Includes salary and wages, separation packages, annual leave, long service leave, superannuation and fringe benefits)	-	1

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

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

VINEHEALTH AUSTRALIA

Note 6 Supplies and services

	2017 \$	2016 \$
Information technology expenses	42,536	53,923
Meeting expenses	11,475	9,104
Consultants	26,625	55,152
Project expenses	116,910	59,534
Other supplies and services	-	66,773
Communications and heat shed expenses	97,136	22,512
Total supplies and services	294,682	266,998

The number and dollar amount of consultancies paid/payable (included in expenses of Vinehealth) that fell within the following bands:	NO.	2017 \$	NO.	2016 \$
Below \$10 000	3	12,736	3	18,552
Above \$10 000	1	13,889	2	36,600
Total paid /payable to the consultants engaged		26,625		55,152

Note 7 Depreciation and amortisation expense

	2017 \$	2016 \$
Depreciation and amortisation		
Plant and equipment	11,871	11,960
Intangible assets	3,295	1,761
Total depreciation and amortisation	15,166	13,721

VINEHEALTH AUSTRALIA

Note 8 Other expenses

	2017 \$	2016 \$
Other expenses		
Plant and equipment write-offs	-	13,111
Office rent and amenities	51,316	51,581
Accounting and audit	84,611	58,523
Operating Lease	21,776	24,049
PBCRC Participants Agreement – contractual commitments*	100,092	108,241
Other	53,115	41,369
Total other expenses	310,910	296,874

*Refer Note 20 for details of expenditure obligations required of Vinehealth Australia under PBCRC Grant Agreement for the 6 year period ending 30 June 2018.

Note 9 Revenues from fees and charges

	2017 \$	2016 \$
Fees and charges		
Grower levies	751,239	739,022
Penalties	9,589	13,773
Other fees and charges	1,449	616
Total fees and charges	762,277	753,411

Note 10 Grant income

	2017 \$	2016 \$
Grants		
GWRDC DNA Research	-	13,765
PBCRC DNA Research	102,300	93,700
PIRSA	78,140	-
Total grant income	180,440	107,465

Note 11 Interest revenues

	2017 \$	2016 \$
Interest	18,424	33,821
Total interest revenues	18,424	33,821

VINEHEALTH AUSTRALIA

Note 12 Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank	1,221,559	1,294,447
Cash on hand	207	2,019
Total cash and cash equivalents	1,221,766	1,296,466

Interest rate risk

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

Note 13 Receivables

	2017 \$	2016 \$
Current		
Receivables		
- Trade debtors	101,679	-
- Current year levies	751,239	739,022
- Previous years' levies and penalties not received	168,331	162,783
Total receivables	1,021,249	901,805
Less allowance for doubtful debts	-	-
Prepayments	20,899	1,516
Accrued Income	4,277	4,422
GST input tax recoverable	6,692	26,242
Total current receivables	1,053,117	933,985
Expected to be recovered in more than 12 months after the reporting date		
Receivables	-	-
Less allowance for doubtful debts	-	-
Total current receivables	1,053,117	933,985

Receivables in relation to current year levies are invoiced yearly in arrears at the end of the financial year (30 April 2017), and therefore have not been received at 30 April 2017.

At the date of signing the financial statements \$532,221 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.

VINEHEALTH AUSTRALIA

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 rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Prepayments and accrued revenues are non-interest bearing.

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

(a) **Categorisation of financial instruments** - refer note 24.

Note 14 Plant and equipment

	2017 \$	2016 \$
Plant and equipment		
Plant and equipment at cost	95,851	95,851
Accumulated depreciation at the end of the period	(69,486)	(57,615)
Total plant and equipment	26,365	38,236

Carrying amount of plant and equipment

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

Note 15 Intangible Assets

	2017 \$	2016 \$
Computer Software		
Computer software at cost	16,520	9,120
Accumulated amortisation at the end of the period	(5,056)	(1,761)
Total intangible assets	11,464	7,359

VINEHEALTH AUSTRALIA

RECONCILIATION OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The following table shows the movement of plant and equipment and intangible assets during 2016-17

	Plant and equipment \$	Tangible assets total \$	Computer Software \$	Intangible assets total \$	Total \$
Carrying amount at the beginning of the period	38,236	38,236	7,359	7,359	45,595
Acquisition	-	-	7,400	7,400	7,400
Assets reclassified to assets held for sale	-	-	-	-	-
Disposal eg sales, write off	-	-	-	-	-
Revaluation increment / (decrement)	-	-	-	-	-
Impairment loss	-	-	-	-	-
Depreciation	11,871	11,871	3,295	3,295	15,166
Acquisition/(Disposal) through administrative restructuring	-	-	-	-	-
Transfer between asset classes	-	-	-	-	-
Other changes eg donated assets	-	-	-	-	-
Carrying amount at the end of the period	26,365	26,365	11,464	11,464	37,829

VINEHEALTH AUSTRALIA

RECONCILIATION OF PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

VINEHEALTH AUSTRALIA

Note 16 Payables

	2017 \$	2016 \$
Current		
Creditors	35,490	75,247
Accrued expenses	20,752	22,205
Grants in advance	35,860	19,000
Levies in advance	24,675	487
Employee on-costs	16,224	1,525
Total current payables	133,001	118,464

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

Interest rate and credit risk

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

- (a) **Categorisation of financial instruments** - refer note 24.

VINEHEALTH AUSTRALIA

Note 17 Employee benefits

	2017 \$	2016 \$
Annual leave	28,339	19,052
Short-term long service leave	10,211	8,639
Expected to be settled more than 12 months after reporting date		
Long-term long service leave	-	-
Total current employee benefits	38,550	27,691
Non-current		
Long service leave	-	-
Total non-current employee benefits	-	-
Total employee benefits	38,550	27,691

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

Note 18 Incursion fund

	2017 \$	2016 \$
Incursion fund	100,000	100,000
Total incursion fund	100,000	100,000

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

Note 19 Equity

	2017 \$	2016 \$
Equity	2,041,161	2,029,891
Total equity	2,041,161	2,029,891

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

- 12 months operation in reserve;
- Budgeted expenditure for remainder of financial year;
- Contractual commitments for the life of existing contracts; and
- All provisions contained in the balance sheet 2017-18.

VINEHEALTH AUSTRALIA

Note 20 Unrecognised contractual commitments

Expenditure commitments	2017 \$	2016 \$
Within one year	100,000	100,000
Later than one year but not longer than five years	16,667	116,667
Later than five years	-	-
Total other commitments	116,667	216,667

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

	2017 \$	2016 \$
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	71,705	33,919
Later than one year but not longer than five years	192,550	180,081
Later than five years	-	-
Total operating lease commitments	264,255	214,000
Representing:		
Cancellable operating leases		-
Non-cancellable operating leases	264,255	214,000
Total operating lease commitments	264,255	214,000

Vinehealth's operating leases are 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.

VINEHEALTH AUSTRALIA

Note 21 Remuneration of board

Members during the 2017 financial year and up to the date of signing the financial statements were:

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

The number of members whose remuneration received or receivable falls within the following bands:	2017	2016
\$0 - \$9 999	7	9
Total number of members	7	9

Remuneration of 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 \$11,032 (2016: \$11,284).

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

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

Note 22 Audit and Risk Committee

Given the current categorisation by the State Government of the Board of Vinehealth Australia under the Department of Premier and Cabinet's Boards and Committees Remuneration Framework, Board members are not to be remunerated for time on committees of the Board. Consequently, on 12 December 2016, the Board of Vinehealth Australia agreed to disband the Risk & Audit Committee and absorb the responsibilities and activities of this committee into general board meetings.

Note 23 Budgetary reporting and explanations of major variances between budget and actual amounts

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

Note 24 Financial risk management/ Financial instruments

24.1 Financial risk management

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

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

24.2 Categorisation of financial instruments

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

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

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

The carrying value of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 2, 13 and 16).

VINEHEALTH AUSTRALIA

Categorisation of financial assets and liabilities

Category of financial asset and financial liability	Notes	2017 Carrying amount / Fair value (\$)	2016 Carrying amount / Fair value (\$)
Financial assets			
Cash and cash equivalents	12	1,221,766	1,296,466
Loans and receivables			
- Receivables	13	1,053,117	933,985
Total financial assets		2,274,883	2,230,451
Financial liabilities			
Financial liabilities at cost			
- Payables	16	133,001	118,464
- Other financial liabilities	17	38,550	27,691
Total financial liabilities		171,551	146,155

Appendix B: Vinehealth Australia Strategic Plan: Towards 2020



Vinehealth Australia
**STRATEGIC
PLAN:
TOWARDS
2020**



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

Contents

Executive Summary	4
From the Chair	5
A Visionary Legacy	6
Rising Biosecurity Threats	8
State of Play	10
Strategic Plan	15
Strategic Imperative One	16
Strategic Imperative Two	17
Strategic Imperative Three	18
Strategic Imperative Four	19



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

Vision
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.

Executive Summary

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:

- 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 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

I am pleased to launch this new 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

Pest

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.





This plan aims to shift the dynamic from biosecurity being viewed as insurance against risk, to being an enabler for success.



Global plant biosecurity is at a critical juncture.

Rising Biosecurity Threats

Incursions 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

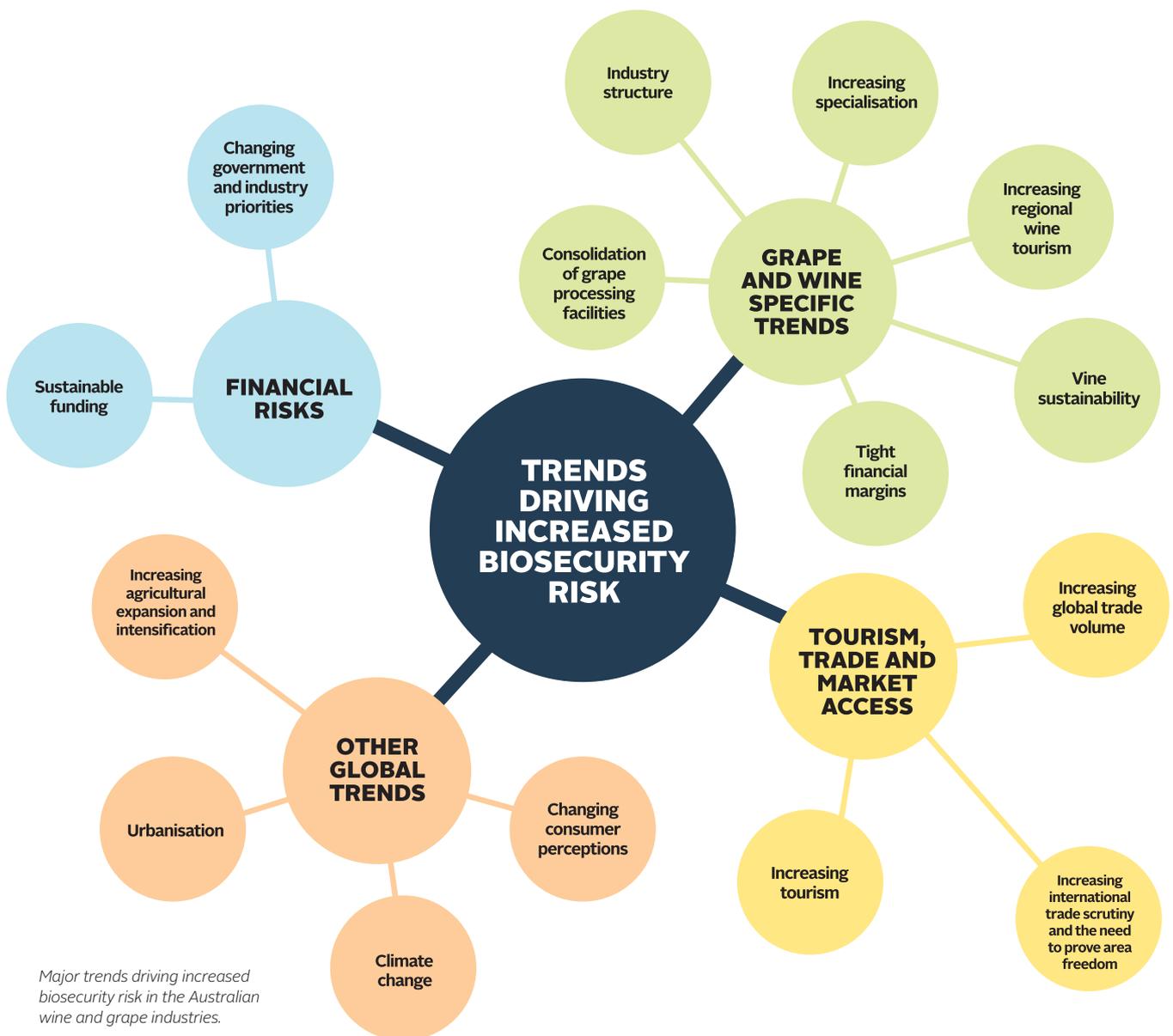
for individual growers to help manage their own biosecurity risks.²

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 cross-vineyard 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.



Major trends driving increased biosecurity risk in the Australian wine and grape industries.



State of Play

The 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

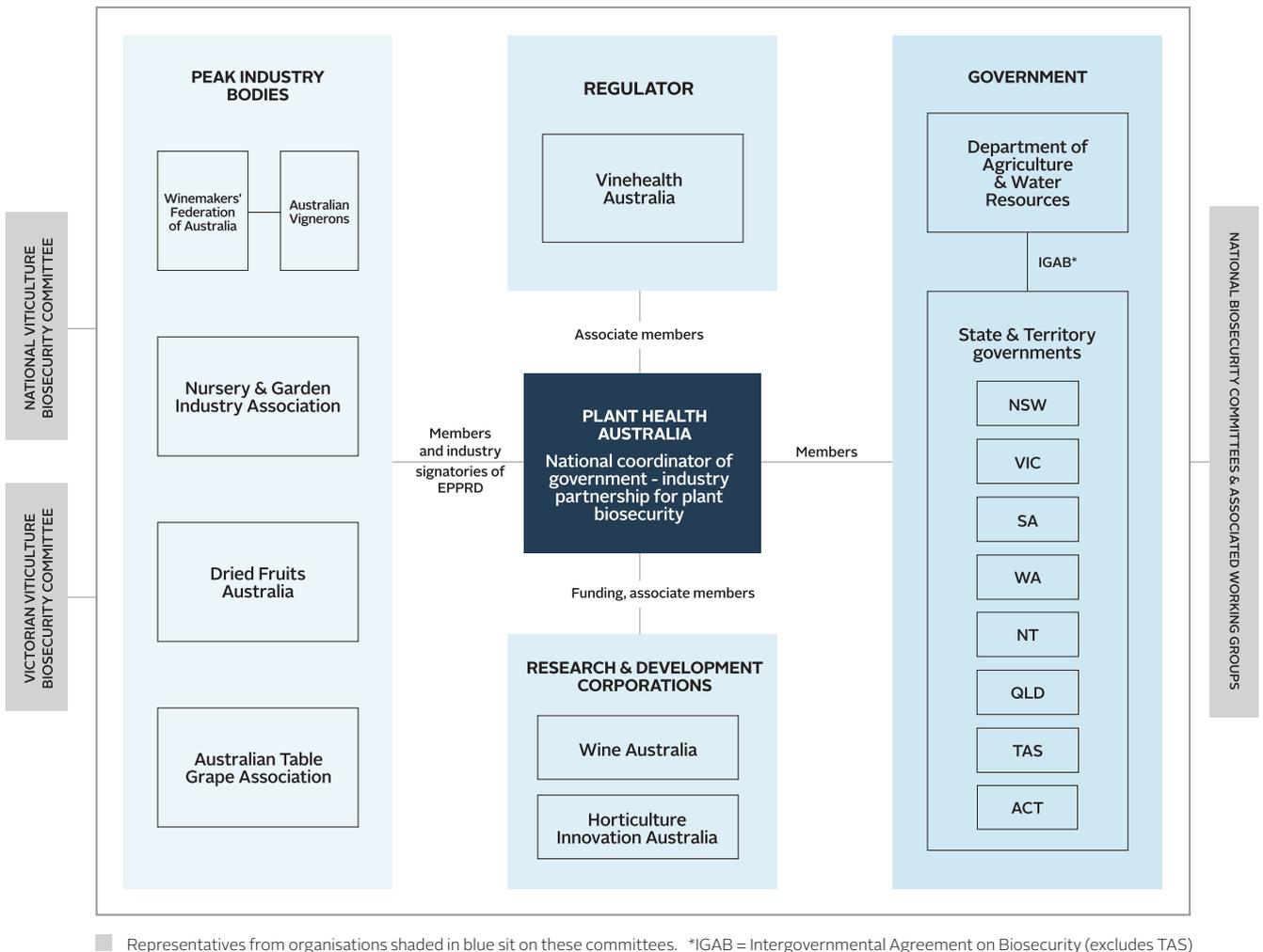
- Australian economy
 - The South Australian wine industry has 57% of the national vineyard area planted to winegrapes, with 3,360 growers. It is worth \$2.11 billion to the state's economy, with exports of 490 million litres worth \$1.3 billion.
- Australian table grape industry (2015-16) ⁴
 - 178,595 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



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.

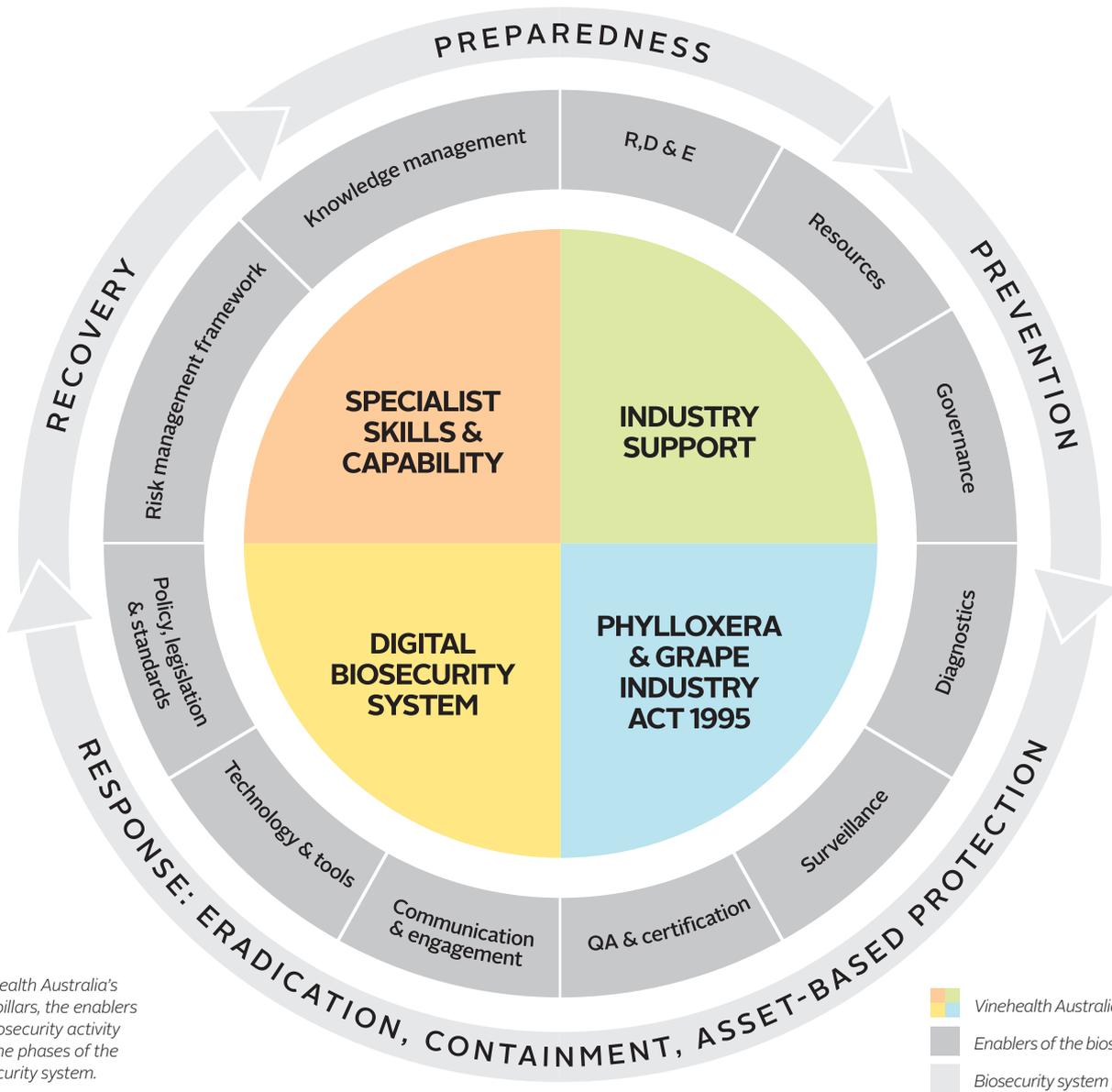
Vinehealth Australia Primary Functions

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.

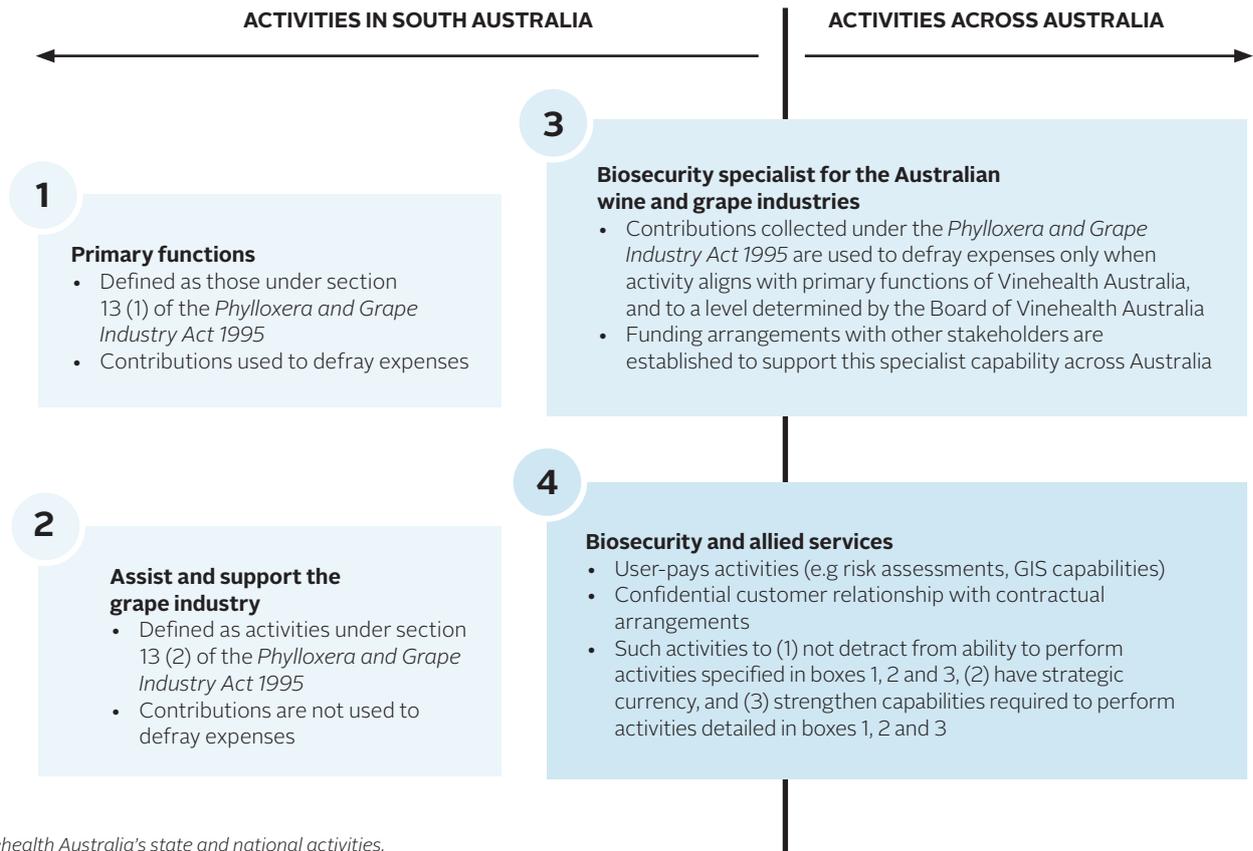
And perhaps most importantly, Vinehealth Australia is responsible for maintaining a Register of all

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



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



References

- 1 www.planthealthaustralia.com.au
- 2 www.agriculture.gov.au/biosecurity/partnerships/nbc/intergovernmental-agreement-on-biosecurity/igabreview/igab-final-report
- 3 www.wineaustralia.com
- 4 www.horticulture.com.au/australian-horticulture-statistics-handbook-downloads

Strategic Plan

Vinehealth Australia: Towards 2020

This 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'.

Aspiration

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

Vision

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.

Strategic Imperative 1

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

Objective	Success defined
<p>Ensure a strong 'Industry Biosecurity Plan for the Viticulture Industry', supported by a practical implementation plan with accountability to industry.</p>	<ul style="list-style-type: none"> 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.
<p>Facilitate the development and implementation of a prioritised biosecurity research and development plan.</p>	<ul style="list-style-type: none"> 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.
<p>A national biosecurity education and awareness program customised for target audiences across industry, government and the community.</p>	<ul style="list-style-type: none"> 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.
<p>Embed a risk analysis framework to guide decision making and investment on pest priorities, preparedness and prevention activities, and response management options.</p>	<ul style="list-style-type: none"> 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.
<p>Establish an improved emergency response framework and incident reporting mechanism for exotic and declared endemic pests.</p>	<ul style="list-style-type: none"> 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.

Strategic Imperative 2

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

Objective	Success defined
<p>Establish and promote a framework for collective biosecurity investment and action by wine and grape industry system participants.</p>	<ul style="list-style-type: none"> • 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.
<p>Secure arrangements with state and territory governments to support wine and grape industry biosecurity imperatives.</p>	<ul style="list-style-type: none"> • 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.
<p>Strengthen the application of biosecurity/quarantine legislation and regulations to prevent, eradicate and contain pest incursions.</p>	<ul style="list-style-type: none"> • 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.
<p>Conduct strategic pest incursion simulations to embed biosecurity in business continuity plans of grape and wine enterprises.</p>	<ul style="list-style-type: none"> • 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.

Strategic Imperative 3

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

Objective	Success defined
<p>Develop a new digital biosecurity platform to unlock the power of information in the existing Vineyard Register and integrate technological advances.</p>	<ul style="list-style-type: none"> • 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.
<p>Create strategic alliances and partnerships to develop a knowledge network and capability to extend biosecurity information.</p>	<ul style="list-style-type: none"> • Accessibility to experts to support biosecurity actions and outcomes. • Science translated into practical solutions that are adopted by industry, governments and the community.
<p>Ensure diagnostic capability and surge capacity is developed and maintained for priority exotic pests, declared endemic pests and for high priority endemic pests.</p>	<ul style="list-style-type: none"> • 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.
<p>Ensure active and passive surveillance programs for exotic and declared endemic pests and for high priority endemic pests.</p>	<ul style="list-style-type: none"> • 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.
<p>Explore and develop innovative technologies and applications to enable improved biosecurity management.</p>	<ul style="list-style-type: none"> • 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.
<p>Routinely assess and report on the maturity of South Australia's and the national biosecurity system to protect grapevines.</p>	<ul style="list-style-type: none"> • Weaknesses identified and addressed, and opportunities exploited to build a stronger biosecurity system. • Improved accountability of system participants. • Focused investment.

Strategic Imperative 4

Build a mature business model for Vinehealth Australia.

Objective	Success defined
Enhance governance across all activities performed by Vinehealth Australia.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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 and Grape Industry Act 1995</i> .	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.

Vinehealth Australia
**STRATEGIC
PLAN
TOWARDS
2020**

Phylloxera and Grape Industry Board trading as Vinehealth Australia
Cnr Botanic and Hackney Roads, Adelaide SA 5000
PO Box 280, Kent Town DC SA 5071
Telephone: +61 8 8273 0550
Email: admin@vinehealth.com.au
Website: www.vinehealth.com.au

© Vinehealth Australia 2017

Disclaimer: Vinehealth Australia has taken all reasonable care to ensure that the information contained within this plan is accurate at the time of publishing (July 2017). Vinehealth Australia accepts no responsibility for any errors contained within this document, or for any loss or damage suffered by users of any of the information and material contained herewith. This Strategic Plan is subject to copyright laws.



Government
of South Australia

