Murray Valley Wine Grape Industry Development Committee

Annual Report

2017

Supporting Services of Value to Winegrape Growers in the Murray-Darling/Swan Hill wine regions

Table of Contents

REPORT OF OPERATIONS 4

SECTION 1: YEAR IN REVIEW 4

Chair Report 4

Manner of Establishment and Responsible Ministers 6

Nature of and Range of Services 6

Plan of Operations 6

Vision, Mission & Values 7

Operational Goals 7

Structural changes to the IDC during 2016-17 8

Current Year Financial Review and 5 Year Summary 9

Significant Changes in Financial Position 15

Capital Projects 15

Subsequent Events 15

Major Changes or Factors Affecting Performance 15

SECTION 2: GOVERNANCE AND ORGANISATIONAL STRUCTURE 16

Organisational Structure 16

Names and Area of Responsibility of Senior Officers 16

Governing Board 17

SECTION 3: WORKFORCE DATA 19

Statement of Workforce Data and Merit and Equity 19

Occupational Health and Safety 19

Public Administration Values and Employment Principles 19

Executive Officers Disclosures 19

Employment and Conduct Principles 19

SECTION 4: OTHER DISCLOSURES 20

Victorian Industry Participation Policy Disclosures 20
Consultancies 20
Major Contracts 20
Information and Communication Technology (ICT) Expenditure for the 2016-17 Reporting Period 20
Freedom of Information Act 1982 21
Compliance with Building Act 1993 21
National Competition Policy 21
Protected Disclosure Act 2012 21
Protected Disclosure Act 2012 22
Office-based Environmental Impacts 22
Additional Information Disclosure 22
RISK MANAGEMENT ATTESTATION 24
Attestation for compliance with Australian/New Zealand Risk Management 24
FINANCIAL STATEMENTS 25
CERTIFICATION 41
AUDITORS REPORT 42
DISCLOSURE INDEX 44

REPORT OF OPERATIONS

SECTION 1: YEAR IN REVIEW

Chair Report

On 30 August 2016, a poll of wine grape growers in the Murray Valley region of Victoria and New South Wales was held on the question of whether Murray Valley wine grape growers agreed to the proposal to make the Murray Valley Wine Grape Industry Development (Extra-Territorial) Order 2016 (2016 Order) under the *Agricultural Industry Development Act 1990*. All growers received correspondence including a detailed report from the Department of Economic Development, Jobs, Transport & Resources in June 2016. The report outlined background information about the Murray Valley Wine Grape Industry Development Committee (the IDC), the review process, membership and research and development arrangements, IDC activities for the past four years, proposed activity for the coming year, summary features of the 2016 Order and arguments for and against the proposal.

After a successful poll, the 2016 Order was published in the Victorian Government Gazette on 20th October 2016, and was recognised in NSW legislation on 9th December 2016. The Minister for Agriculture, the Hon Jaala Pulford MP, pursuant to sections 9(7) of the Agricultural Industry Development Act 1990 (Vic.) notified the IDC a majority of votes cast in a valid poll were in favour of making a new Order for a four year period from 10 December 2016 to 9 December 2020.

With strong grower support the IDC continues to operate pursuant to the 2016 Order and encourages growers to contribute to the voting process by returning the voting papers in November 2017 to approve the projects to be delivered in 2018/19.

The IDC remains in good financial health with good reserves, and is working actively with grower and industry bodies to support growers. The overarching aim of the IDC is the delivery of winegrape projects that will improve the economic value of grower vineyards. The IDC is focused on the monitoring and service delivery of grower-funded projects for maximum value for money.

Continued investment in ongoing projects has provided growers with information through the publication of fact sheets, newsletters and industry forums, plus new projects have enabled growers to utilise evolving technology, such as a network of weather stations. This assists growers in their vineyard management and reduces costs.

The collection of growers' levy funds has been a substantial benefit to all wine grape growers. Through a long period of industry downturn, the IDC and Murray Valley Winegrowers (MVW) have done a great job in supervising the spending of levies and delivering services to growers. At the commencement of the 2016 Order the IDC welcomed the following new representatives who were not members of the previous IDC:

- Rachel Lenehan – VIC government observer
- Graeme Thornton – industry committee member
- Tony Mathews - grower committee member
- Selina Wilson – grower committee member

New committee representatives replaced Andrew Murdoch, Louise Belej and Mara Putnis. I wish to thank members for their valuable contribution over a number of years. I'm grateful to Hensgen Advisory for the continued provision of secretarial services to the IDC, and to MVW for the work its team does in meeting the needs of growers.

Total wine crush results published after the 2016 vintage confirmed the crush had reduced for three consecutive years after a record high in 2013. Tonnes purchased from independent growers as a percentage of total crush reduced from 82% to 65% in the 2016 vintage. Crush trends show in recent years there has been a consistent increase in winery owned fruit (non-levy paying growers) resulting in a reduction in levy income. The growers' database that's maintained by MVW shows that, as at October 2016, there were 350 growers in the Murray-Darling and Swan Hill regions. At around the same time in 2013, 524 growers were

listed, highlighting a 35% reduction in 3 years. Tonnes and growers are reducing due to more wineries buying vineyards and smaller vineyards being purchased by corporate vineyards.

There are promising signs emerging of better times ahead for the Australian wine industry. For the 2017 year to June 30, the value of Australian wine exports increased by 10 per cent to $2.31 billion. In the Murray-Darling and Swan Hill Wine regions, production in 2017 totalled 359,600 tonnes, achieving an average value of $357/tonne, up 15 per cent. Overall value rose 10 per cent to $129.8 million (including winery grown fruit). The value of purchased fruit increased by 22 per cent to $90.7 million.

This last year, the operation of the IDC has been further streamlined, with costs dropping to $60,978, the lowest they've been in 11 years.

The IDC functions in accordance with statutory provisions, and encourages growers to contribute to the annual voting process that decides which services will be delivered for the coming year. Projects completed in 2016-2017 and those approved for 2017-2018 are listed under the Year in Review.

Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the IDC's Annual Report for the year ending 30 June 2017.

Yours sincerely

John Ward
Chair
Murray Valley Wine Grape Industry Development Committee

17 August 2017

SECTION 1: YEAR IN REVIEW

Manner of Establishment and Responsible Ministers

The IDC is a statutory organisation established under the *Agricultural Industry Development Act 1990*.

The objective of the IDC is to collect and expend winegrape levies to support the growers of the Murray-Darling and Swan Hill wine regions; to add value, to inform and educate and contribute to growth and profitability.

The responsible Minister during the 2016-17 reporting period was the Hon Jaala Pulford MP, Minister for Agriculture.

Nature of and Range of Services

The IDC's operating structure is defined in the Operations Plan. The Operations Plan is a four-year rolling plan, which is prepared in accordance with the Order. At the end of each year, the Operations Plan is reviewed to monitor progress, evaluate outcomes, modify and refine future projects, and establish priorities for the following year.

The IDC's charter is to develop, in consultation with growers, strategically focussed and prioritised projects that address regional needs, as well as complement national initiatives of the Australian Grape and Wine Authority (Wine Australia). The levy-funded projects and services are required to be regionally specific and targeted for the benefit of wine grape growers.

Plan of Operations

Under Section 45 of the *Agricultural Industry Development Act 1990,* the IDC has several responsibilities to government and growers including:

1. A Committee must, before the first anniversary of the commencement of the Order, submit to the Minister a plan of its intended operations during the term of the Order.
2. Thereafter, with each annual report it submits to the Minister, the IDC must also submit a plan of operations updated to cover the remainder of the term of the Order.
3. Each plan of operations must include indicators against which the performance of the IDC may be measured.
4. The IDC must provide, on request, to a producer, or, on payment of the fee determined by the IDC, to any other person, copies of the annual report and plan of operations

Section 23 of the 2016 Order states the plans of operations submitted by the IDC to the Minister must, in addition to requirements under the Act, be developed in consultation with all sectors of the wine grape industry in the production area and be published by the IDC and made available to all wine grape growers.

SECTION 1: YEAR IN REVIEW

The IDC & Industry

While the IDC works closely with the Murray Valley Winegrowers' (MVW), the functions of the two bodies are distinctly different in that the IDC's focus is to oversee the collection and spending of statutory levies while MVW manages and delivers services that are funded through the levies process.

MVW is the peak regional wine grape growers' body representing around 350 growers in the Murray Darling and Swan Hill wine regions of Victoria and NSW. This is Australia's second largest production zone, growing over 20% of the national annual wine grape crush.

The IDC is a grower-controlled committee that oversees the collection of regional grower levies of $1.25 per tonne as prescribed under the 2016 Order (Order levy). An additional $0.70 cents per tonne is charged to fund MVW activities. MVW is a separate body that must apply to the IDC for project funding. The Order levy component enables MVW to fund grower-approved projects, such as the weather station network, employment of Industry Development Officer, winegrape crush survey reports, input to biosecurity management, and the collection and communication of industry-related information. The additional levy component funds the Wine Grapes for Sale Register; substantial portion of staff, board and office costs, and commercial advice for growers. For example, legal advice is available to growers on contractual issues.

Vision, Mission & Values

By 2020, the IDC will have contributed to a more profitable, viable and sustainable wine industry through:

- Investment in the development of accurate regional forecast figures
- Better informed and involved growers
- Development of innovative and cutting-edge vineyard management practices.

The IDC will collect grower levies and invest in projects that develop and support a sustainable winegrape industry in the Murray-Darling and Swan Hill regions.

Operational Goals

The Key Goals to achieve this vision are:

Goal 1: Encourage and support research, development, extension and adoption of improved viticultural practices for the Murray-Darling and Swan Hill wine regions.

Goal 2: Provide growers with accurate supply, demand and cost of production information to enable informed business decisions.

Goal 3: Identify and support grower skills improvement programs.

Goal 4: Encourage the participation of growers in all industry information forums.

Goal 5: Encourage growers to participate in regional industry organisations and support grower representation in state and national industry forums.

SECTION 1: YEAR IN REVIEW

Operational Guidelines & Scope

The IDC will:

1. Hold its meetings in Mildura.
2. Meet 4 times per year (more or less as required).
3. Engage a secretary part time to support the IDC.
4. Review the Operational Plan and guidelines annually.
5. Continue to manage its budget responsibility in line with best commercial practices and statutory requirements.

Structural changes to the IDC during 2016-17

There were no significant structural changes to the IDC during the 2016-16 financial year.

Current Year Financial Review and 5 Year Summary

Table 1. Five-year Financial Summary

	2016-17 $	2015-16 $	2014-15 $	2013-14 $	2012-13 $
Revenue from statutory levy	288,353	342,249	398,370	445,894	405,599
Return of unspent project funds	31,210	31,615	16,722	-	-
Other revenue	840	2,354	5912	9322	9991
Total revenue	320,403	376,218	421,004	455,216	415,590
Expenses	385,268	412,969	480,469	463,446	387,280
Net Operating Result	**(64,865)**	**(36,751)**	**(59,465)**	**(8,230)**	**28,310**
Net Cash Flow from operations	50,387	(138,202)	(58,827)	(15,377)	155,226
Total Assets	214,706	151,040	279,889	338,647	351,392
Total Liabilities	169,659	41,127	133,225	153,319	137,033

Further details regarding the financial results are provided within the detailed Financial Statements.

Table 2. Approved Project and Levies 2012-13 to 2016-17

	2016-17 $	2015-16 $	2014-15 $	2013-14 $	2012-13 $
Total Approved Project costs	$407,664	$424,696	$498,435	$491,147	$382,247
Order levy remitted	$288,353	$342,249	$398,370	$445,894	$405,599
Actual tonnes to date	230,500	273,800	318,696	356,715	324,480
Projected levy	$350,000	$400,000	$425,000	$387,500	$312,500
Projected tonnes	280,000	320,000	340,000	310,000	250,000

Operational and budgetary objectives and performance against objectives

The financial presentation at all IDC meetings includes a budget comparison against actual expenditure. All levy funded projects are expensed exactly to budget while operating expenditures are monitored to ensure they remain affordable to the IDC. On qualitative basis, the IDC makes recommendations to the service providers to ensure that projects deliver results as voted by the growers.

A project reporting framework ensures service providers report to the IDC on the status of approved projects. Project reporting includes:

- Quarterly financial report highlighting actual expenses to date and budget remaining.
- Quarterly performance report with current project outcomes, percentage complete and commentary on delivery.
- Year-end reconciliation report identifying projects carried over to the following year and unspent project funds.

SECTION 1: YEAR IN REVIEW

Current year financial review

For the financial year ended 30 June 2017, grower levies of $288,353 (230,500 tonnes) were received from wineries. Projected grower levies for year ended 30 June 2017 were $350,000 (280,000 tonnes) resulting in a variance of $61,647 in levies. This shortfall to budget was compensated by a return of $31,209 from project consultants for unspent funds for projects that were below budget. A shortfall in spending resulted from MVW achieving cost savings in a number of projects and the resignation of the Industry Development Officer in early 2017.

Total estimated project costs include the cost of administering the IDC operations. For the year ended 30 June 2017, the IDC funded all 2016-17 approved projects and achieved a surplus of $22,472 as against the IDC administration budget (Table 3). Any surplus from the IDC budget is retained in the IDC's reserves to be utilised in project spending for future periods.

Any underspends by service providers are returned to the IDC and invested until future projects are approved by growers. Unspent 2016-17 project funds have been recognised in the financials as a debtor and income in the income statement. Table 3, Approved Projects, highlights separately the actual cost of funded projects after return of unspent funds.

Future Project Funding

Every year prior to project voting the IDC calculates the available funds for project spending. This estimate takes into consideration estimated cash reserves and winery tonnages for the following year.

In October 2016, the IDC agreed to minimum uncommitted cash reserves of $50,000 and an estimated harvest of 280,000 tonnes (ex. winery-owned vineyards) for the 2017 vintage. Based on estimated reserves for June 2017 and tonnages for 2017 vintage, approved project expenditure for 2017-18 is calculated (Table 3). Project voting resulted in 96 per cent of growers approving the IDC reducing its level of reserves.

Table 3. Approved Projects

	2016-17			2017-18
	Actual $	Approved $	Variance $	Approved $
Biosecurity Management	7,912	7,912	-	-
Field Day Participation	158	1,478	1,320	-
Grower Communications	56,029	57,187	1,158	56916
Industry Development Committee - Admin	67,403	89,799	22,396	67200
Industry Development Officer	94,751	121,974	27,223	53156
Information Collection/Database Management	34,250	34,250	0	33737
Integrated Pest Management Monitoring	4,252	4,252	-	-
Production Support	-	-	-	14366
Spray Diary	1,531	1,635	104	-
Spray Drift Awareness	1,116	2,520	1,404	-
Vine Spring Health	3,108	3,108	-	-
Weather Station Network	11,346	11,346	-	9680
Winegrape Crush Report	2,240	2,240	-	2145
Wine Grape Industry Development	59,483	59,483	-	-
Winery Liaison	10,480	10,480	-	-
Total (GST exclusive)	**354,059**	**407,664**	**53,605**	**237,200**

Table 4. Summary of Approved Projects funded in 2016-2017

Bio-security Management	While regarded as a potential low-level host of Queensland Fruit Fly (QFF), the region's wine grape growers have been caught-up in quarantine restrictions imposed following QFF outbreaks in the region. As a consequence, MVW is now directly engaged in fruit fly management on behalf of its growers, communicating eradication strategies and fruit movement protocols whenever outbreaks occur. The Victorian Viticulture Biosecurity Committee which, while having a primary focus on phylloxera containment, is also involved in vineyard biosecurity management relating to all exotic vine pests. During the 2016-17 MVW provided regional input in policy-setting forums and communication programs through attending meetings with Victorian Viticulture Biosecurity Committee. MVW communicates to growers biosecurity issues regarding threats, treatment/eradication, quarantine protocols and policies via MVW News & Views, email/SMS service and website.
Grower Communications	In 2016-2017 MVW published four editions of ***MVW News & Views***, providing information on winegrape supply/demand, market data, research outcomes and application, viticulture developments, industry commentary and grower forums. Each edition also incorporates a Wine Export Approvals Report, compiled by Wine Australia, to give growers an assessment of Australia's wine marketing performance. In the past year there were forty-five ***MVW Easy Update*** email bulletins sent to around 350 growers. This service gives MVW the ability to keep grower communications current, particularly for time-sensitive information during harvest and at other crucial periods. An ***SMS grower alert*** service has been invaluable in reminding growers of industry-related events. On 11th May 2017, MVW presented a ***growers' information forum***, with specialist speakers who reported on current issues of relevance to the wine industry, including industry outlook, market conditions and viticulture management. Over 100 growers attended the 2017 forum and it received a lot of positive feedback. Other forums are conducted pre and post-harvest, with wineries and growers. The ***MVW website*** www.mvwi.com.au is vital to the communications process, giving growers easy access to a suite of information that's helpful to vineyard and business management. The website is a shared resource with the IDC.
Industry Development Committee - Administration	To ensure the levy is collected and administered for the benefit of growers there are certain costs. As the levy collection is enabled by an act of State Parliament, there are also governance requirements such as the make-up of the IDC, auditing and reporting back to Government. The Murray Valley Winegrape Industry Development Committee (MVWIDC) budget is submitted to growers for voting along with other projects. The costs involved with collecting the levy, running the IDC, calling for project submissions, the project voting process and complying with all the relevant legislation in both Victoria and New South Wales are submitted for approval.

Table 4. Summary of Approved Projects funded in 2016-2017

Industry Development Officer (IDO)	Through the Industry Development Officer (IDO), growers had access to expertise and services essential to effective vineyard management. These are delivered "on the ground" and through communication channels such as grower forums, MVW News & Views and Easy Update. The role of the IDO incorporates: • Organising and conducting workshops, seminars, grower groups, vineyard walks and trials; • Facilitating grower input for establishing research and extension priorities; • Identifying regional extension priorities for project funding consideration by the Murray Valley Wine Grape Industry Development Committee (IDC) and Australian Grape and Wine Authority (AGWA); • Managing the delivery of IDC and AGWA funded projects, and provide acquittal reports; • Liaising with regional industry groups to ensure delivery of programs; • Responding to viticultural queries; • Arranging and sourcing articles for MVW News & Views and MVW Easy Update, and publish Technical Fact Sheets for growers; • Liaising with other regional IDOs on matters of common interest; NSW and VIC departments of agriculture, Victorian Horticulture Industry Network and Victorian Winegrower Liaison Committee • Arranging and conducting grower meetings on specific seasonal issues as required. One of the key outcomes noted from the services of the IDO have been a greater rate of grower uptake of advanced viticulture and vineyard management knowledge.
Information Collection	Decisions regarding vine removals, plantings, vineyard management and varietal selection rely on good information. This is obtained through MVW's involvement in industry forums, participation in regional aerial mapping programs, annual database survey, crush survey reports, market reports and wine industry data collated by Wine Australia and government agencies. Information is sourced, reviewed and, if necessary, précis prepared for growers' consumption via information forums, MVW News & Views, MVW Easy Update, MVW Website, MVW Annual Chairman's Report, industry journals and general media. An important source of information comes from growers, from answers they provide in the annual Database Survey, which enables MVW to update and maintain a growers' database for the Murray-Darling & Swan Hill wine regions. An information update survey was sent to all growers in October 2016. Non-returns were followed up by a telephone campaign in December 2016 and growers unable to be contacted were subsequently followed up by email then letter. Results were included in the December 2016 MVW News & Views. Maintaining an accurate database that provides MVW with statistics of grower numbers, area planted to wine grapes, varieties planted, irrigation methods and changes to plantings is essential to MVWs communication with industry and government stakeholders. The database also enables MVW and MVWIDC to communicate directly with growers, and for growers to receive invitations to workshops and seminars, news on specific industry-related developments, meeting notices and project voting papers.

Table 4. Summary of Approved Projects funded in 2016-2017

Integrated Pest Management (IPM)	The aim is to provide regional update of the potential for Pest & Disease (P&D) outbreaks through monitoring vineyards throughout the growing season, using an IPM approach. IPM is an effective and environmentally sensitive approach to pest P&D management that relies on a combination of practices. IPM programs use current information on the life cycles of P&D and their interaction with the environment. This information, in combination with available P&D control methods, is used to manage P&D damage by the most economical means, and with the least possible hazard to people, property, and the environment. Eight monitoring sites were setup within the Murray Darling/Swan Hill region and P&D inspections were conducted on a two-week rotation from the start of budburst to veraison. Information from monitoring sites along with data from the weather stations is being used for GrowCare Murray Valley updates, which provide information on the potential for diseases and advice on how to manage the risk of these diseases. This information is being disseminated via 'Easy Update'. To date, six issues have been sent out to growers.
Spray Diary	This project provides a service to growers who do not have a permanent home for their fruit and are required by law to maintain a chemical spray record. The spray diary was produced and printed in September 2016; growers were advised of availability via Easy Update email bulletin.
Spray Drift Awareness	To conduct a regional awareness education campaign to combat damage to vineyards from agricultural spray drift. MVW conducted information sessions in the Swan Hill region, bringing together local grains researchers, agronomists and resellers to educate/inform growers of the effects of off target spray drift from 2-4D and other volatile formulations. The one page fact sheet developed jointly with the Department of Economic Development, Jobs, Transport & Resources has been published in local media, and distributed to broad-acre industry groups.

SECTION 1: YEAR IN REVIEW

Weather Station Network	There are currently nine weather stations located in the Murray-Darling and Swan Hill regions logging temperature, rainfall, relative humidity and leaf wetness. Data from the weather stations is displayed in real time on the MVW website www.mvwi.com.au and an APP downloaded onto smartphones or tablet, with the use of software created and maintained by Magarey Plant Pathology. The Model-T weather stations also run a disease model for downy mildew and MVW is in the process of validating data from a botrytis disease model that will run as part of the system. The ability to access these disease models gives growers the opportunity to assess and manage the risk of disease to their own crops. The weather station network requires yearly servicing / maintenance, daily conductivity for data access and to run the data in real time. The website is checked daily to ensure to ensure timely data feeds.
Winegrape Crush Report	The Murray-Darling / Swan Hill Winegrape Crush Report has been a fixture of harvest reporting for many years. It's the means by which data is collected after every harvest to inform growers of tonnes crushed by variety, average prices and overall value. It also provides an historical record of production for the two regions. MVW manages the process in association with Wine Australia, which in 2016-17 conducted an Australia-wide vintage survey of all winemaking enterprises. MVW communicate the results to growers including the provision of commentary on survey trends. Survey results are published in "*MVW News & Views"*, the Easy Update Email Service and the MVW website.
Winegrape Industry Development	With the Australian wine industry moving into a critical period of adjustment and restructure, it is essential that the Murray-Darling and Swan Hill regions contribute to the reform process. The two regions account for more than 20 per cent of Australia's winegrape production, and with the other major inland regions of Riverina NSW and Riverland SA are significant contributors to domestic and global wine sales. MVW growers are involved in national initiatives and programs regarding industry representation and restructuring, taxation arrangements, viticulture research and development, vine health, industry code of conduct and market intelligence. MVW liaises with Wine Australia, Wine Victoria, biosecurity agencies, Horticulture Industry Innovation Network, Winegrower Liaison Committee, NSW & Victorian agriculture departments.
Winery Communication	In representing growers' interests, MVW periodically meets with key wine businesses to discuss market prospects, likely production, and issues influencing vineyard management. Information they provide adds to MVWs understanding of likely supply/demand scenarios, which are then communicated to growers. MWV maintains a Wine Grapes for Sale Register, requiring ongoing liaison with growers and processors known to buy grapes from the Murray-Darling and Swan Hill regions. As at March 2017, 56 growers were registered, while 36 had advised their fruit had sold.

SECTION 1: YEAR IN REVIEW

Significant Changes in Financial Position

There were no significant changes or factors which affected our performance during the reporting period.

Capital Projects

Murray Valley Wine Grape IDC does not manage any capital projects.

Subsequent Events

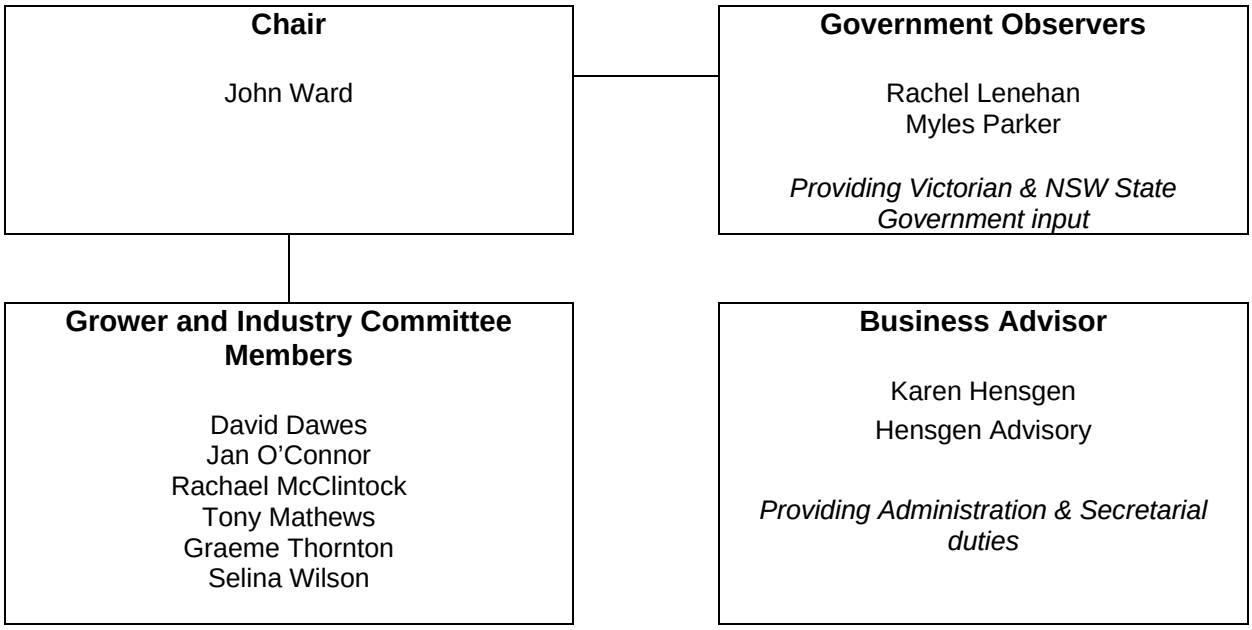
There were no events occurring after balance date which may significantly affect Murray Valley Wine Grape IDC operations in subsequent reporting periods.

Major Changes or Factors Affecting Performance

There were no operational factors that impacted on the IDC's ability to perform its duties to collect and expend wine grape levies during the year 2016-17.

SECTION 2: GOVERNANCE AND ORGANISATIONAL STRUCTURE

Organisational Structure



Names and Area of Responsibility of Senior Officers

The IDC does not employ any staff directly. The Industry Development Officer is funded by the IDC, but is employed by Murray Valley Winegrowers. This role is 100% funded by the Industry Development Officer project and position reports to MVW executive.

In order to execute the projects in accordance with budget and objectives, the IDC contracts with a service provider. The contract (Service Agreement) outlines appointment conditions, payment terms, property rights, confidentiality, subsequent income, inputs, administration and termination of projects undertaken.

SECTION 2: GOVERNANCE AND ORGANISATIONAL STRUCTURE

Governing Board

The IDC is led by the Chairperson who reports to the wine grape growers of the Murray-Darling and Swan Hill regions. The IDC consists of Victorian and NSW grower representatives, Industry representatives and Victorian and NSW government observers. As at 30th June 2017 current members are as below.

John Ward - Chair (Victorian Grower Representative)

John has had a lifelong involvement in primary industries, and has a rich family history in broad- acre farming in the Swan Hill and Balranald areas of northern Victoria. As well, John operates a 60 hectare vineyard near Swan Hill, which he developed in 1997. He has been chair of the IDC since 2003.

David Dawes - Deputy Chair (NSW Grower Representative)

David owns and operates a 130 hectare vineyard on the Darling River in southwest NSW, which was developed from a greenfield site in 1993. He was previously involved in wheat, sheep and cattle enterprises on three family properties in the same area. David is involved with many local community groups, including being a founding director of the Wentworth Community Bank.

Jan O'Connor (Victorian Grower Representative)

Jan owns and operates a contract mechanical grape harvesting business and is a partner in vineyards in the Murray-Darling and Clare Valley. Jan has considerable experience in the winegrape industry and is a former board member of the Grape and Wine Research and Development Corporation and Australian Wine Research Institute.

Rachael McClintock (Industry Representative)

Rachael owns and operates a consulting/advisory business, servicing the Sunraysia, Riverland and Clare Valley wine growing districts. She has 18 years' experience in the viticulture industry in Australia and New Zealand. She participates in numerous industry workshops and works very closely with private and corporate vignerons.

Graeme Thornton (Industry Representative)

Graeme was involved in the grape and wine industry for more than 30 years, accumulating a breadth of experience and knowledge through various roles in South Australia and Victoria.

He also worked as a counsellor for 15 years with Rural Financial Counselling services in NSW and Victoria, supporting grape growers in challenging times.

Tony Mathews (Grower Representative)

Tony has been a winegrape grower in the Murray-Darling region since 1987. His background is in aviation, having been a commercial pilot for 45 years, flying within Australia and overseas. He also managed the QantasLink operation from Mildura airport for 17 years. Tony is a director on the boards of Lower Murray Water and Mildura Health, and is the deputy chair of Airservices Australia.

Selina Wilson (Grower Representative)

Selina and her family run a horticultural property in Gol Gol, NSW, which includes a 38 hectare vineyard. She is a qualified civil engineer. Following a devastating storm in November 2014, which caused widespread damage to vineyards and orchards in south west NSW, Selina created and administered a Facebook forum for growers, and was a member of an industry and shire recovery committee.

Myles Parker (NSW Government Observer)

Myles is Leader Horticulture Industry Development for the NSW Department of Primary Industries.

Rachel Lenehan (Victorian Government Observer)

Rachel is Senior Policy Analyst, Agriculture Policy for the Department of Economic Development, Jobs, Transport & Resources.

Administration

Administration of the IDC is contracted to Hensgen Advisory of Mildura. All communication and enquiries regarding voting or administration of levy funds should be directed to:

Karen Hensgen - MVWGIDC Secretary
C/- Hensgen Advisory

Address:	27 Langree Avenue, Mildura, Victoria
Post:	PO Box 3232 Mildura Vic 3502
Phone:	03 5039 5555
Email:	karen@hensgenadvisory.com

.

SECTION 3: WORKFORCE DATA

Statement of Workforce Data and Merit and Equity

The IDC does not employ any staff and therefore does not require any employment policies with respect to values and employment principles or provide data on Executive officers.

Occupational Health and Safety

The IDC complies with all Occupational Health and Safety (OH&S) guidelines and provides a safe environment for all IDC members to hold meetings. The IDC does not employee staff and therefore does not have a requirement to maintain OH&S policies, commitments and training programs.

Public Administration Values and Employment Principles

The *Public Administration Act 2004* outlines the values and employment principles that guide behaviour in public sector organisations. In 2016-17, the IDC demonstrated its commitment to the Victorian Public Sector values of upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit.

Executive Officers Disclosures

There were no persons who held a position of Executive Office as defined by the Public Administration Act 2004 during the financial period. Payments to the Chair and other Committee members are disclosed in Note 15 of the Financial Statements.

Employment and Conduct Principles

The IDC ensures that all officers comply with the Victorian Code of Conduct and that its workplace is free of policies and practices that discriminate against staff.

SECTION 4: OTHER DISCLOSURES

Victorian Industry Participation Policy Disclosures

The Victorian Industry Participation Policy Act 2003 requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at $3 million or more in metropolitan Melbourne and for statewide projects, or $1 million or more for procurement activities in regional Victoria.

The IDC does not have any services provided at a cost of $1 million or more during the 2016-17 financial year.

Consultancies

Details of consultancies (valued at $10 000 or greater)

In 2016-17, there was one consultancy where the total fees payable to consultants was $10 000 or greater.

Consultant	Purpose	Start Date	Finish Date	Actual Fees (exc. GST)	Approved Fee (exc. GST)	Future Expenditure (exc. GST)
Hensgen Advisory	Accounting, secretarial, grower communication & annual report preparation services.	01/07/2016	30/06/2017	$28,969	$28,969	$3,460

Details of consultancies (valued at less than $10,000)

In 2016-17, there were no consultancies valued under $10,000.

Major Contracts

Not applicable to Murray Valley Wine Grape Industry Development Committee.

Information and Communication Technology (ICT) Expenditure for the 2016-17 Reporting Period

Murray Valley Wine Grape Industry Development Committee (MVWGIDC) had a total ICT expenditure of $0. "ICT expenditure" refers to MVWGIDC costs in providing business enabling ICT services.

.

SECTION 4: OTHER DISCLOSURES

Freedom of Information Act 1982

During 2016-17 the IDC did not receive any requests for access to documents under the *Freedom of Information Act 1982*.

Requests for information should be directed to the IDC Secretary, Karen Hensgen, Hensgen Advisory 03 5039 5555 or karen@hensgenadvisory.com.

Fees payable will be set in accordance with the application fee and access charges as disclosed on the Victorian Freedom of Information website www.foi.vic.gov.au.

Compliance with Building Act 1993

Murray Valley Wine Grape Industry Development Committee does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act* 1993.

National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. The Murray Valley Wine Grape Industry Development Committee continues to implement and apply this principle in its business undertakings.

Protected Disclosure Act 2012

Compliance with the *Protected Disclosures Act* 2012

The *Protected Disclosure Act* 2012 (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. Murray Valley Wine Grape Industry Development Committee (MVWGIDC) is a “public body” for the purposes of the Act.

What is ‘improper or corrupt conduct’?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

SECTION 4: OTHER DISCLOSURES

Protected Disclosure Act 2012

How do I make a 'Protected Disclosure'?

You can make a protected disclosure about MVWGIDC or its board members, officers or employees by contacting IBAC on the contact details provided below. Please note that MVWGIDC is not able to receive protected disclosures.

How can I access MVWGIDC's procedures for the protection of persons from detrimental action?

MVWGIDC has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about MVWGIDC or its employees. You can access MVWGIDC's procedures on its website at: www.mvwi.com.au.

Contacts **Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria**

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
Internet: www.ibac.vic.gov.au
Phone: 1300 735 135
Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

Disclosures under the *Protected Disclosure Act 2012*

	2016-17 number	*2015-16 number*
The number of disclosures made by an individual to the IDC and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	0	n.a.

Office-based Environmental Impacts

There were no significant office-based environmental impacts during the reporting period.

Additional Information Disclosure

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by MVWGIDC and are available (in full) on request, subject to the provisions of the *Freedom of Information Act* 1982:

(a) Details of publications produced by MVWGIDC about itself, and how these can be obtained.
(b) Details of any major external reviews carried out on MVWGIDC.
(c) Details of major research and development activities undertaken by MVWGIDC.
(d) Details of major promotional, public relations and marketing activities undertaken by MVWGIDC to develop community awareness of the entity and its services; and
(e) Details of changes in prices, fees, charges, rates and levies charged.

SECTION 4: OTHER DISCLOSURES

The information is available on request from:

Karen Hensgen
Murray Valley Wine Grape Industry Development Committee
Phone: 0409 242 078
Email: idc@mwvi.com.au

Information that is not applicable MVWGIDC

The following information is not relevant to MVWGIDC for the reasons set out below:

(a) a declaration of shares held by senior officers (*No shares have ever been issued in* MVWGIDC).

(b) Details of overseas visits undertaken (*No board members or senior executives took overseas work related trips).*

RISK MANAGEMENT ATTESTATION

Attestation for compliance with Australian/New Zealand Risk Management

I, John Ward *(Chair, Murray Valley Wine Grape Industry Development Committee)*, certify that the *Murray Valley Wine Grape Industry Development Committee* has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes.

John Ward
Chair
Date: 31st July 2017

FINANCIAL STATEMENTS

For the Year Ended 30 June 2017

Table of Contents

	Page No
Comprehensive Operating Statement	26
Balance Sheet	27
Statement Of Changes In Equity	28
Cash Flow Statement	29
Notes To The Financial Statements	30-40
Committee Certification	41
Independent Audit Report	42-43

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE

ABN 75 420 648 875

COMPREHENSIVE INCOME STATEMENT

For the Year Ended 30 June 2017

	Notes	2017 $	2016 $
REVENUE			
Levy Income	2.1	288,353	342,249
Return of Unspent Project Funds		31,210	31,615
Interest Income		840	2,354
Total Income		**320,403**	**376,218**
EXPENSES			
Project Expenditure	3.1	317,865	344,024
Auditor's Remuneration	3.2	5,459	5,300
Other Expenses	3.3	61,944	63,645
Total Expenses		**385,268**	**412,969**
NET RESULT FOR YEAR		**(64,865)**	**(36,751)**
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**(64,865)**	**(36,751)**

This statement should be read in conjunction with the accompanying notes.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE

ABN 75 420 648 875

BALANCE SHEET

As at 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	4a	180,376	129,989
Receivables	5	34,330	21,051
Total Current Assets		**214,706**	**151,040**
Total Assets		**214,706**	**151,040**
LIABILITIES			
Current Liabilities			
Levies in Advance	6	156,728	27,703
Payables	7	12,931	13,424
Total Current Liabilities		**169,659**	**41,127**
Total Liabilities		**169,659**	**41,127**
Net Assets		**45,047**	**109,913**
EQUITY			
Contributed Capital		36,311	36,311
Accumulated Surplus	10	8,737	73,602
Total Equity		**45,048**	**109,913**

This statement should be read in conjunction with the accompanying notes.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
ABN 75 420 648 875
STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2017

	Contributed Capital	Accumulated Funds	TOTAL
	$	$	$
BALANCE AS AT 1 JULY 2015	**36,311**	**110,353**	**146,664**
NET RESULT	-	(36,751)	(36,751)
BALANCE AS AT 1 JULY 2016	**36,311**	**73,602**	**109,913**
NET RESULT	-	(64,865)	(64,865)
BALANCE AS AT 30 JUNE 2017	**36,311**	**8,737**	**45,048**

This statement should be read in conjunction with the accompanying notes

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE

ABN 75 420 648 875

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2017

	Note	2017	2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Levies Collected		433,617	270,845
GST Refunded		36,787	19,630
Interest received		840	2,354
Payments to Suppliers		(420,857)	(431,031)
NET CASHFLOWS FROM OPERATING ACTIVITIES	4b	**50,387**	**(138,202)**
NET INCREASE/(DECREASE) IN CASH		**50,387**	**(138,202)**
CASH AT BEGINNING OF YEAR		129,989	268,191
CASH AT END OF YEAR	4a	**180,376**	**129,989**

This statement should be read in conjunction with the accompanying notes

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards and Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

The financial statements also comply with relevant Financial Reporting Directions (FRD) issued by the Department of Treasury and Finance (DTF) and relevant Standing Directions (SD) authorised by the Minister for Finance.

In complying AAS's, the entity has, where relevant, applied those paragraphs applicable to not-for-profit entities.

The Murray Valley Wine Grape Industry Development Committee (IDC) was established by the Murray Valley Wine Grape Industry Development Order 2016 (the Order) under the *Agricultural Industry Development Act 1990* to collect and administer charges (levies). The charges are applied to wine grape producers in Mildura and Swan Hill, and the Shire of Gannawarra (excluding the former Shire of Cohuna in Victoria) and the Local Government Areas of Wentworth, Balranald and Wakool in New South Wales in return for the provision of specified services in the Order.

Basis of accounting

This financial report has been prepared on the accrual and going concern basis.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue

Revenue from levies is recognised on advice from wineries for wine grape growers levied based on this information.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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

b. Receivables

Accounts receivable include amounts for levies due. Receivables are expected to be collected within 12 months of the end of the reporting period and classified as current assets.

NOTE 1. STATEMENT OF ACCOUNTING POLICIES (Cont.)

c. Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid, which includes any GST payments or receivables. The balance is recognised as a current liability.

d. Cash on Hand and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

e. Income Tax Status

The activities of the entity are exempt from income tax.

f. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable, or payable, is disclosed in the Balance Sheet.

AASB 1031 requires the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority shall be classified as operating cash outflows. Additionally, GST collected as part of receipts from customers should be presented separately from GST paid as part of payments to suppliers.

g. Depreciation

Depreciable assets with a cost in excess of $500 are brought to account and depreciation is provided over their estimated life to the Committee using the Diminishing Value depreciation method. The Committee has not held any Fixed Assets during the year ended 30 June 2017.
(2016: $NIL)

h. Financial Instrument

Recognition
Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the financial instruments are measured as set out below:

h. Financial Instrument (cont.)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and other receivables in the balance sheet. Loans and receivables are recorded at amortised cost less impairment.

Impairment of financial assets

At each reporting date, the Committee assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the comprehensive operating statement. Impairment losses recognised in the comprehensive operating statement on equity instruments classified as available for sale are not reversed through the comprehensive operating statement.

i. Pending Accounting Standards

There are no pending accounting standards that are likely to impact on the financial statements of the company.

NOTE 2. REVENUE

	$ 2017	$ 2016
2.1 Levy Income		
Compulsory Levies	288,353	342,249
	288,353	342,249

NOTE 3. EXPENSES

		$ 2017	$ 2016
3.1	**Project Expenditure**		
	Albert Heslop Travelling Bursary	-	2,200
	Bio-security Management	7,912	7,582
	Field Day Participation	1,478	-
	Grower Communications	57,187	69,608
	Industry Development Officer	121,974	106,076
	Information Collection	34,250	36,237
	Integrated Pest Management Monitoring	4,252	-
	National Bio-Security	-	16,875
	Spray Diary	1,635	2,812
	Spray Drift Awareness	2,520	-
	Vine Spring Health	3,108	-
	Weather Stations Development/Maintenance	11,346	11,250
	Winegrape Crush Survey	2,240	13,212
	Wine Grape Industry Development	59,483	71,080
	Winery Liaisons	10,480	7,092
		317,865	344,024
3.2	**Auditors Remuneration**		
	External Audit Fee - Victorian Auditor General	5,459	5,300
3.3	**Other Expenses**		
	Accountancy Fees	6,696	5,882
	Advertising	591	867
	Annual Report Expenses	7,980	7,737
	Bank Charges	345	194
	Committee Meetings, Allowance & Travel	8,999	9,070
	Grower Communications	6,043	6,580
	Consulting Fees	8,300	8,300
	Insurance	2,183	2,198
	Order Renewal Expenses	6,349	-
	Printing, Postage & Stationery	1,161	1,789
	Secretarial	13,297	20,853
	Website Maintenance	-	175
		61,944	63,645

NOTE 4. CASH ASSETS

		$ 2017	$ 2016
a.	**Cash and Cash Equivalents**		
	Cheque Account	15,744	43,823
	Cash Management Account	164,632	86,166
	Total Cash and Cash Equivalents	**180,376**	**129,989**
b.	**Reconciliation of net result to net cash inflow/(outflow) from operating activities**		
	Net Result for year	(64,865)	(36,751)
	(Increase)/Decrease in Receivables	(13,279)	(9,353)
	Increase/(Decrease) in Levies in Advance	129,025	(93,665)
	Increase/(Decrease) in Payables	(494)	1,567
	Net Cash Inflows/(Outflows) from Operating Activities	**50,387**	**(138,202)**

NOTE 5. RECEIVABLES

Accounts Receivable	34,330	4,023
GST Receivable	-	17,028
Total Receivables	**34,330**	**21,051**

NOTE 6. LEVIES IN ADVANCE

Compulsory Levies paid prior to July	156,728	27,703
Total Levies in Advance	**156,728**	**27,703**

NOTE 7. PAYABLES

GST Payable	2,330	-
Accounts Payable	1,682	4,401
Credit Card	-	364
Expense Accruals	8,919	8,659
Total Payables	**12,931**	**13,424**

NOTE 8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Committee was not aware of any contingent liabilities or contingent assets as at 30 June 2017.

NOTE 9. FUTURE COMMITMENTS

There were no material contractual commitments for expenditure as at 30 June 2017.

NOTE 10. ACCUMULATED SURPLUS

	$ 2017	$ 2016
Accumulated Surplus/(Deficit) at beginning of period	73,602	110,353
Net Result	(64,865)	(36,751)
Accumulated Surplus/(Deficit) at end of period	8,737	73,602

NOTE 11. RELATED PARTY TRANSACTIONS

a. Key Management Personnel

During the date of 1 July 2016 to 30 June 2017, unless otherwise stated, the IDC's key management personnel include:

Key Management Personnel	Position title
The Honourable Jaala Pulford	Minister for Agriculture, VIC
COMMITTEE:	
John Ward, Chairperson	Victorian Grower Representative
Andrew Murdoch (Ceased, 24 November 2016)	NSW Grower Representative
Adrian Thompson (Resigned, 26 September 2016)	Victorian Grower Representative
David Dawes	NSW Grower Representative
Jan O'Connor	Victorian Grower Representative
Rachael McClintock	Industry Representative
Louise Belej (Ceased, 24 November 2016)	NSW Grower Representative
Anthony Mathews (Appointed, 9 December 2016)	Victorian Grower Representative
Graeme Thornton (Appointed, 9 December 2016)	Industry Representative
Selina Wilson (Appointed, 9 December 2016)	NSW Grower Representative
Myles Parker	NSW Government Representative
Mara Putnis (Ceased, 24 November 2016)	Victorian Government Representative
Rachel Lenehan (Appointed, 9 December 2016)	Victorian Government Representative

NOTE 11. RELATED PARTY TRANSACTIONS (cont.)

b. Responsible Persons Remuneration

The Minister, Hon Jaala Pulford is responsible for the IDC, through an Order established under the *Agricultural Industry Development Act 1990* and did not receive an remuneration from the IDC. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and *Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

The Chairman to the Committee is entitled to and has been paid a consulting fee for executive services. The Committee do not receive any remuneration other than reimbursed travel expenses and a meeting attendance allowance. The Committee were paid an attendance allowance of $226 (Chairman $425) per day for attendance at recognised meetings and seminars.

The following person held the position of Committee Secretary during the year. This position is contracted to Hensgen Advisory and is responsible for committee administration, secretarial, levy collection and financial management.

Accountable Officer

Karen Hensgen

c. Remuneration of Responsible Officers

	2017 No.	2016 No.
Income Range		
$0 - $9,999	1	1
$10,000 - $19,999	-	-
TOTAL	1	1

	2017 $	2016 $
Short-term employee benefits	8,300	8,300
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based remuneration	-	-
TOTAL REMUNERATION	8,300	8,300
Total number of Executives	1	1
Total number of employee equivalents	-	-

d. Related Party Transactions

All related party transactions have been entered into on an arm's length basis.

During the year the IDC accrued minimal industry charge revenue from committee members or their related entities on exactly the same terms as Industry charges raised from other growers. The total value of Industry charges raised from committee members during the year amounted to $2,835.

Outside of normal levy transactions with the IDC, there were no related party transactions that involved committee members, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

NOTE 12. FINANCIAL INSTRUMENTS

The Committee's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. This note presents information about the Committee's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

a. Risk Exposures

The main risks the Committee is exposed to through its financial instruments are as follows:

(i) Market Risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Committee's financial instruments. Market risk comprises interest rate risk, foreign exchange risk and other price risks. The Committee's exposure to market risk is primarily through interest rate risk, there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and processes used to mitigate these risks are disclosed in the paragraphs below:

(ii) Interest Rate Risk

The Committee's exposure to market interest rates relates primarily to the Committee's funds invested with approved financial institutions.

The Committee has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The Committee complies with Department of Treasury & Finance policies in this regard.

(iii) Other Price Risk

The Committee has no exposure to other price risk.

b. Market Risk Sensitivity Analysis

The sensitivity analysis reported in Table 12b discloses the impact on net operating result and equity for each category of financial instruments held by the Committee at year end after taking into consideration future expectations, economic forecasts, management's knowledge and experience of the financial markets.

The Committee cannot be expected to predict movements in market rates and prices; sensitivity analyses are shown for illustrative purposes only. The following movements are “reasonably possible” over the next 12 months: A shift of +100 basis points (1%) and -100 basis points (1%) in market interest rates (AUD) from year-end rates. The following movements are “reasonably possible” over the next 12 months:

NOTE 12. FINANCIAL INSTRUMENTS (cont'd)

b. Market Risk Sensitivity Analysis (cont'd)

Interest Rate Risk 2017	$	-1% (-100 basis points)		+1% (+100 basis points)	
	Carrying Amount	Result	Equity	Result	Equity
Financial Assets					
Cash & cash equivalents	180,376	(1,804)	(1,804)	1,804	1,804
Receivables	34,330	(343)	(343)	343	343
Total	**214,706**	**(2,147)**	**(2,147)**	**2,147**	**2,147**
Financial Liabilities					
Payables	10,601	(106)	(106)	106	106
Total	**10,601**	**(106)**	**(106)**	**106**	**106**

Interest Rate Risk 2016	$	-1% (-100 basis points)		+1% (+100 basis points)	
	Carrying Amount	Result	Equity	Result	Equity
Financial Assets					
Cash & cash equivalents	129,989	(1,300)	(1,300)	1,300	1,300
Receivables	4,023	(40)	(40)	40	40
Total	**134,012**	**(1,340)**	**(1,340)**	1,340	1,340
Financial Liabilities					
Payables	13,424	(134)	(134)	134	134
Total	**13,424**	**(134)**	**(134)**	**134**	**134**

c. Credit Risk

Credit Risk is the risk of financial loss to the Committee as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk rises primarily from the Committee's receivables.

The Committee's exposure to credit risk as balance dated in relation to each financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

d. Liquidity Risk

Liquidity Risk is the risk the Committee will not be able to meet its financial obligations as they fall due. The Committee's policy is to settle financial obligations within 30 days and in the event of a dispute make payments within 30 days from the resolution.

The Committee manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

NOTE 12. FINANCIAL INSTRUMENTS (cont'd)

e. Interest Rate Risk

The following table sets out the Committee's exposure to interest rate risk:

		Fixed interest maturing in:					
30 June 2017	**Weighted Average Interest Rate**	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non interest bearing**	**TOTAL**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cheque Account	0.0%	15,744	-	-	-	-	**15,744**
Cash Management	1.0%	164,632	-	-	-	-	**164,632**
Receivables	0.0%	-	-	-	-	-	**-**
Total		**180,376**	**-**	**-**	**-**	**-**	**180,376**
Financial Liabilities							
Payables	-	-	-	-	-	10,601	**10,601**

		Fixed interest maturing in:					
30 June 2016	**Weighted Average Interest Rate**	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non interest bearing**	**TOTAL**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cheque Account	0.0%	43,823	-	-	-	-	**43,823**
Cash Management	1.5%	86,166	-	-	-	-	**86,166**
Receivables	0.0%					4,023	**4,023**
Total		**129,989**	**-**	**-**	**-**	**4,023**	**134,012**
Financial Liabilities							
Payables	-	-	-	-	-	13,424	**13,424**

NOTE 12. FINANCIAL INSTRUMENTS (cont'd)

f. Fair Valuation

Financial Instrument	Total carrying amount per balance sheet	Aggregate net fair value
	2017 $	2017 $
Financial Assets		
Cash	180,376	180,376
Receivables	34,330	34,330
Total Financial Assets	**214,706**	**214,706**
Financial Liabilities		
Payables	10,601	10,601
Total Financial Liabilities	**10,601**	**10,601**

Financial Instrument	Total carrying amount per balance sheet	Aggregate net fair value
	2016 $	2016 $
Financial Assets		
Cash	129,989	129,989
Receivables	4,023	4,023
Total Financial Assets	**134,012**	**134,012**
Financial Liabilities		
Payables	13,424	13,424
Total Financial Liabilities	**13,424**	**13,424**

Net Fair Values

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities.

Cash : The carrying amount approximates fair value because of the short term to maturity.

Receivables : The carrying amount approximates fair value because of the short term to maturity.

Payables : The carrying amount approximates fair value because of the short term to maturity.

NOTE 13. EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operation of the Committee, the results of those operations, or the state of affairs of the Committee in future financial years.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
ABN 75 420 648 875

CERTIFICATION

We certify the attached financial statements for Murray Valley Wine Grape Industry Committee have bee prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994* , Financial Reporting Directions, applicable Australian Accounting Standards, Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of the Committee as at 30 June 2017.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue.

John Ward

Chairperson

David Dawes

Committee member

Signed at Mildura Victoria 19 September 2017

Independent Auditor's Report

Victorian Auditor-General's Office

To the Committee Members of the Murray Valley Wine Grape Industry Development Committee

Opinion	I have audited the financial report of the Murray Valley Wine Grape Industry Development Committee (the committee) which comprises the: • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including a summary of significant accounting policies • committee's certification. In my opinion the financial report presents fairly, in all material respects, the financial position of the committee as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the committee 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 my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Committee Members' responsibilities for the financial report	The Committee Members of the committee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Committee Members' determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Committee Members are responsible for assessing the committee's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 the committee's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members
- conclude on the appropriateness of the Committee Members' 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 the committee's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the committee 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.

I communicate with the Committee Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
25 September 2017

Anna Higgs
as delegate for the Auditor-General of Victoria

DISCLOSURE INDEX

The annual report of the IDC is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the IDC's compliance with statutory disclosure requirements.

Ministerial Directions & Financial Reporting Directions

Legislation	Requirement	Page Reference
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Page 6
FRD 22H	Purpose, functions, powers and duties	Page 6-9
FRD 8D	Departmental objectives, indicators and outputs	N/A
FRD 22H	Key initiatives and projects	Page 10-14
FRD 22H	Nature and range of services provided	Page 6
Management and structure		
FRD 22H	Organisational structure	Page 16
Financial and other information		
FRD 8D	Performance against output performance measures	Page 9-10
FRD 8D	Budget portfolio outcomes	N/A
FRD 10A	Disclosure index	Page 45-46
FRD 12B	Disclosure of major contracts	Page 20
FRD 15D	Executive officer disclosures	N/A
FRD 22H	Employment and conduct principles	Page 25-26
FRD 22H	Occupational health and safety policy	Page 20
FRD 22H	Summary of the financial results for the year	Page 9-10
FRD 22H	Significant changes in financial position during the year	Page 9-10
FRD 22H	Major changes or factors affecting performance	Page 16
FRD 22H	Subsequent events	Page 41
FRD 22H	Application and operation of *Freedom of Information Act 1982*	Page 22
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	Page 22
FRD 22H	Statement on National Competition Policy	Page 22
FRD 22H	Application and operation of the *Protected Disclosure Act 2012*	Page 23
FRD 22H	Application and operation of the *Carers Recognition Act 2012*	N/A
FRD 22H	Details of consultancies over $10 000	Page 21
FRD 22H	Details of consultancies under $10 000	Page 21
FRD 22H	Disclosure of government advertising expenditure	N/A
FRD 22H	Disclosure of ICT expenditure	Page 21
FRD 22H	Statement of availability of other information	Page 23
FRD 24C	Reporting of office-based environmental impacts	Page 23
FRD 25C	Victorian Industry Participation Policy disclosures	Page 21
FRD 29B	Workforce Data disclosures	N/A
SD 5.2	Specific requirements under Standing Direction 5.2	N/A
Compliance attestation and declaration		
SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	Page 6-12
SD 5.2.3	Declaration in report of operations	Page 5
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	Page 42

Disclosure index *(continued)*

Ministerial Directions & Financial Reporting Directions

Legislation	Requirement	Page Reference
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 27-43
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 1-46
SD 5.2.1(b)	Compliance with Model Financial Report	Page 1-47
Other disclosures as required by FRDs in notes to the financial statements*		
FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	N/A
FRD 11A	Disclosure of Ex gratia Expenses	N/A
FRD 13	Disclosure of Parliamentary Appropriations	N/A
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 20
FRD 103F	Non-Financial Physical Assets	N/A
FRD 110A	Cash Flow Statements	Page 30
FRD 112D	Defined Benefit Superannuation Obligations	N/A

**Note:*

(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure

Legislation

Freedom of Information Act 1982	Page 22
Building Act 1993	Page 22
Protected Disclosure Act 2012	Page 22
Carers Recognition Act 2012	N/A
Victorian Industry Participation Policy Act 2003	Page 21
Financial Management Act 1994	Page 1-46