

WGGA Annual Operating Plan, 2015–16

Key deliverables

In 2015-16 we will deliver for growers

1. **A new business model** for effectively extracting the grower voice and projecting it into national debates.
2. A **business plan for sustainable biosecurity management** in the wine sector.
3. Development and delivery of **industry arrangements for biosecurity** preparedness and response.
4. Action to **reform codes and contracting arrangements** between wine companies and winegrape growers.
5. **Maximum residue limit regulation for phosphorous acid on wine imports into China** that will improve access to PA for Australian vineyard managers.

We will continue to improve the operating environment for growers by

6. Lobbying government to ensure grower needs are heard and taken into account.
7. Pursuing reforms to commercial practices between wine companies and growers that on issues raised in the Australian Small Business Commissioner's roundtable.
8. Providing information that supports grower business decision-making.
9. Engaging with our members and stakeholders to ensure that our actions reflect their priorities.

WGGA's goals will be achieved by

10. Supporting regional industry associations to bring winegrape growing issues of national significance to the WGGA table.

Context: The Strategic plan, 2013-2017

MISSION

WGGA exists to be an effective advocate at the national level for the interests of Australia’s winegrape growers

VISION

A profitable, innovative and environmentally sustainable winegrape industry that has the skills and knowledge to respond to current and future challenges.

STRATEGIC PILLARS: STRATEGIES AND SUCCESS INDICATORS

Address critical issues <i>“Delivering benefits”</i>	Policy and advocacy <i>“The growers’ voice”</i>	Engage stakeholders <i>“Two-way communication”</i>	Build the organisation <i>“Effective representation”</i>	Cultivate relationships <i>“Building bridges”</i>	Corporate governance <i>“Responsible operations”</i>
<ul style="list-style-type: none"> ❖ WGGA is seen to make a significant contribution to improving grower outcomes in targeted critical issues: <ul style="list-style-type: none"> • Biosecurity • Market access for winegrapes • Supply and demand balance • Knowledge and capacity development • Research, development and extension • Environment and sustainability • Water access • Industrial relations • Tax 	<ul style="list-style-type: none"> ❖ WGGA is acknowledged as a key and legitimate national grower voice ❖ WGGA is the go-to body for views on how national grower interests are best promoted 	<ul style="list-style-type: none"> ❖ Widespread grower and other stakeholder knowledge of, and engagement in, WGGA and its activities 	<ul style="list-style-type: none"> ❖ Broad-based membership within the wine sector ❖ Equitable grower representation ❖ Adequate funds ❖ Long-term, sustainable funding arrangements 	<ul style="list-style-type: none"> ❖ WGGA is a key partner in government policy-making and industry decision-making that affect growers 	<ul style="list-style-type: none"> ❖ WGGA stakeholders trust the governance and management practices of the organisation ❖ The WGGA office is efficient and effective in supporting WGGA programs ❖ WGGA staff are strongly focussed on customer service

Summary of key achievements in 2014-15

Accomplished

- Secured voluntary industry funds and let contracts to maintain and develop national biosecurity arrangements.
- Undertook advocacy and advisory initiatives to improve access to vineyard agrichemicals.
- Achieved an industry roundtable on commercial behaviour in the wine sector, hosted by the National Small Business Commissioner's office.
- Obtained a commitment to a reform program for the Code of Conduct.
- Secured an extension to the disputation period for in-harvest price disputes under the Code.
- Published research papers on market opportunities and conducted a seminar for growers.
- Continued the injection of next generation viticulturists into grower representative positions.
- Implemented a grower 'award' and chose an inaugural recipient.
- Wrote a number of submissions to government on: agricultural competitiveness, tax reform, R&D legislation changes and the Senate Inquiry into the Grape and Wine Industry.

- Established a WGGGA sponsorship program.
- Engaged in wine tax policy debates and upgraded WGGGA's wine tax policy to protect grower interests.
- Delivered a business case and plan to AGWA for managing Australia's vine genetic resources, which has been positively received.

Work in progress

- Development of national biosecurity management business plan.
- Finalising an MRL for phosphorous acid in China and its inclusion in Codex for other countries.
- Code of Conduct reforms.
- Market information initiatives with major retailers.
- Expanding WGGGA electronic communication vehicles.
- A standardised best practice delivery docket form to fill gaps in access for growers, to protect grower interests and reduce grower costs.

Context for the 2015-2016 Annual Operating Plan

Influences in the operating environment

- A weaker AUD and improved competitiveness of Australian wine in overseas markets.
- Emerging wine markets, and alternate sales and distribution modes giving new routes to market and increased opportunities.
- Continued growth in the role of major retailers for selling wine domestically.
- A volatile Australian tax environment and a strong industry focus on wine tax reform.
- New Free Trade Agreements including with Japan, Korea and China.
- The second year of operation of the Australian Grape and Wine Authority.
- Growing industry appetite for consolidation in representative structures.
- A Brand Australia marketing program that emphasises top-end wines.
- Failure of existing marketing strategies in overseas markets to re-dress a decline in the perception of Australian popular premium wine.
- Continued unsustainable winegrape prices for most growers
- On-going evidence of poor commercial practices between wine companies and winegrape growers.
- Declining numbers of independent grower businesses.
- A decline in grower engagement in industry planning.
- Declining funds for industry representation, products and services.

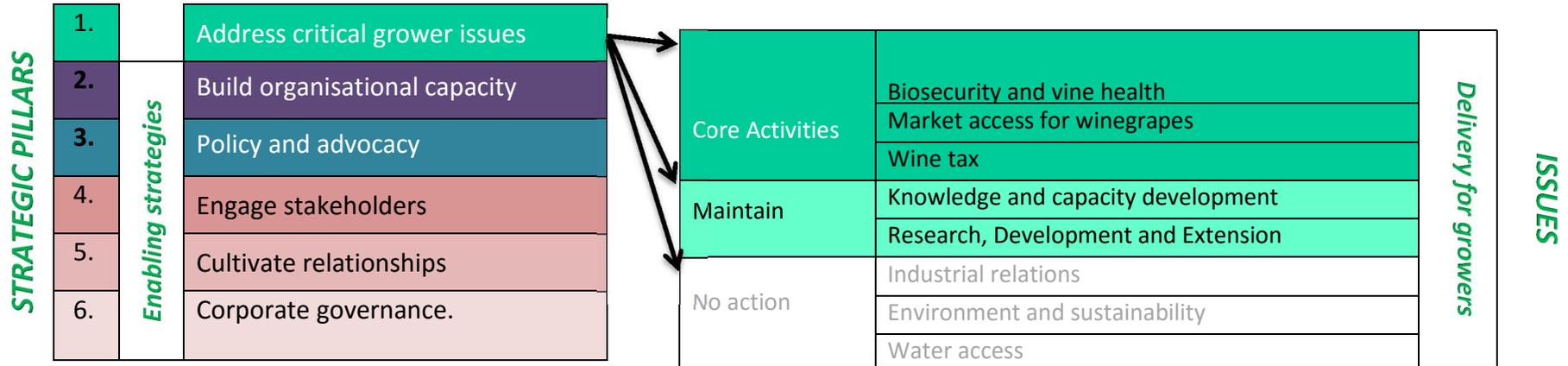
Organisational challenges for WGGA

- Declining funding base.
- Unsustainable funding and representation arrangements.
- The changing landscape of industry representation which weakens grower representation at the national level.
- Out-dated governance arrangements that undermine the authority of the national grower organisation.

Opportunities

- Re-assess the models for extracting and amplifying the grower voice in the emerging representative environment that blurs the boundary between winegrape growers and processors.
- Achieve financial efficiencies and improve policy influence through greater integration with the WFA.
- Cultivate relationships with major retailers to improve flow of market information to growers.
- Expand WGGA electronic communication vehicles for greater reach and impact at less cost.

Priorities for 2015-16



Summary of priority projects for delivery in 2015-16

1. Biosecurity strategic plans and operations.
2. New WGGGA business model and its relationship to the overall industry discussion on industry representation.
3. Code reforms.
4. Improved commercial arrangements in the industry.
5. Wine tax.
6. Policy and advocacy.

Ongoing activities

1. Knowledge and capacity development.
2. Research, development, extension and adoption.
3. Cultivation of relationships.
4. Building organisational capacity.
5. Engaging with members and stakeholders.

Action Plan, 2015-16

PROJECTS AND ACTIVITIES
<u>CORE DEVELOPMENT ACTIVITIES</u>
Biosecurity
Oversee delivery of a business plan for long-term sustainable biosecurity management in the wine sector Oversee delivery of WGGGA's obligations under the Emergency Plant Pest Response Deed (EPPRD) through a joint project with AWRI. Resolve the payment of WGGGA's PHA membership fee. Annual cost-sharing obligation to the Torres Strait Fruit Fly incursion response.
Corporate governance – developmental
Prepare a new WGGGA business model Participate in "Grape and Wine 2015 – A focus on action".
Market access for winegrapes
<i>Agrichemicals</i> Finalise MRL for Phos Acid in China. Place a Phos Acid MRL on the CODEX agenda. Membership of the Access to Chemicals Advisory Group providing advice to the commonwealth government on access to overseas-sourced agrichemicals. Membership of the Market Access Group representing industry liaison with government trade negotiators. Dog Book input.

Monitor grower-relevant issues dealt with by the WFA Wine Industry Technical Advisory Committee.

Code of Conduct

Progress the Code of Conduct reform agenda through the Code Management Committee.

Pursue a mandatory code.

Commercial practices

In collaboration with the national office of the Australian Small Business Commissioner, pursue reforms to traditional and accepted, but dysfunctional, commercial practices between wine companies and growers.

Topics to pursue –

- ... The standard of contracting practice.
- ... Price determination - consistency, transparency and accountability
- ... Use of objective measures in price determination
- ... Improved understanding of financial management, basic budget and cash flow
- ... Indicative prices
- ... Schedules of payment
- ... Security of title

Tax

Support the removal of the WET rebate from bulk and unbranded wine.

Update the WGGGA tax policy on volumetric versus ad valorem tax.

Monitor and respond to government initiatives out of its tax review.

Participate in the joint WFA-WGGGA Wine Tax Working Group.

Policy and advocacy

Engage with Ministers and parliamentarians on a regular basis to promote winegrape grower issues in which WGGA is active.

Engage in the tax debate.

Respond to the outcomes of the Senate Inquiry.

Respond to emerging issues of national significance if required.

Issue media releases on key topics to publicise grower positions.

Utilise WGGA's variety of communication vehicles to promote its policies.

Corporate governance – operational

Organise and conduct four executive committee meetings, EC teleconferences as required and one AGM.

Manage office administration and client services.

Manage and supervise staff including deployment and performance reviews.

Produce financial reports.

Undertake strategic planning activities.

MAINTENANCE ACTIVITIES

Knowledge and capacity development

Provide information to support grower business decision-making via six United Grower newsletters and wine media articles.

Support the implementation of a national vineyard database through AGWA.

Research, development, extension, adoption

Monitor and engage with AGWA staff and Board on development and execution of the AGWA charter and responsibilities.

Cultivating relationships

Participate in selected industry and government committees, meetings and other forums including the Joint Policy Forum

Organisational capacity

Service existing sponsors and members – ensure delivery of promised benefits.

Pursue opportunities to recruit new sponsors and advertising.

Engaging stakeholders

Maintain the website, e-alerts and develop social media vehicles for relevant and up-to-date information and feedback

Maintain the WGGGA contact database

Support the Decision Support Network

Issue media releases and publish articles to inform stakeholders about WGGGA activities