

Wine
Australia
for
Australian
Wine

Performance Evaluation Framework 2015–20



Background

Wine Australia is party to a Funding Agreement with the Commonwealth of Australia, represented by the Department of Agriculture and Water Resources (the Department).

Clause 10.4 of the Funding Agreement requires Wine Australia to develop a Performance Evaluation Framework that:

- (a) supports the Program Framework
- (b) ensures that key performance-related information is generated by the Program Framework and is routinely collected and monitored
- (c) includes a structured plan for the systematic evaluation of the efficiency, effectiveness and impact of Wine Australia's key investments, and
- (d) include a means of publishing and disseminating relevant Research and Development outcomes and the outcomes of evaluations undertaken in line with item (c) above.

Wine Australia's approach to evaluation

Wine Australia recognises the importance of performance evaluation in ensuring its ability to efficiently and effectively address its priorities under its Strategic Plan by evaluating the outcomes and measures of success specified in that Strategic Plan.

This document outlines the strategic and operational aspects of Wine Australia's Performance Evaluation Framework and summarises planned evaluation activities.

In the *Strategic Plan 2015–2020*, two priorities were identified. They are:

- (a) Increasing demand and the premium paid for all Australian wine
- (b) Increasing competitiveness.

Two outcomes were stated for each priority and then within each of these priorities, a series of strategies were outlined, each with a measure of success. A systematic approach is undertaken to evaluate performance across the business and management reports are prepared and delivered regularly.

The performance evaluation will be published in Wine Australia's Annual Report and a Performance Evaluation Report published annually on Wine Australia's website.

Evaluation of high-level strategic outcomes

Two key outcomes were defined in the Strategic Plan:

- (a) The average price per litre for Australian bottled wine exports increases to a point where it is at or near the highest average price per bottle of our global competitors by key markets, and
- (b) Australian vineyards and wineries are efficient by global standards.

Outcome 1 will be evaluated by tracking, on a monthly basis, the average price per litre for Australian bottled wine exports in A\$ against that of our key global competitors (France, Italy, Spain, Chile, the United States of America, Argentina, South Africa and New Zealand) using trade data sourced from the Global Trade Atlas.

Outcome 2 will be evaluated by benchmarking the adoption of five viticultural practices and five oenological practices in Australia to establish a competitiveness indicator.

We will also measure the satisfaction of stakeholders with the services provided across the business and on our effectiveness on achieving our measures of success. For example, an annual survey of our levy-payers has been undertaken for several years to determine the level of satisfaction with the range of information provided, the ease of access to information, and the level of service provided by the Market Insights team.

We have nine key performance indicators against which we measure and report our activities and outcomes in support of our strategic priorities and the Australian Government priorities. Our progress against the agreed targets is reported in our Annual Report.

Evaluation of measures of success

Performance evaluation is critical to ensure we are adding value to our levy payers and stakeholders.

Under the two overarching priorities, each strategy and relevant program has measures of success that will be evaluated and reported in our Annual Report as well as bi-annual detailed internal performance reports to management.

We aim to achieve a positive return on our investments and activities.

We will also measure and report on stakeholder satisfaction with our services. Our objective is to achieve high levels of satisfaction.



Priority 1: Increasing demand and the premium paid for all Australian wine

The key outcome is that the average price per litre for Australian bottled wine exports increases to a point where it is at or near the highest average price per bottle of our global competitors by key markets. There are three key strategies that will be monitored and evaluated.

Strategy 1: Promoting Australian fine wine

There are three key measures of success that will be evaluated for each of four focus regions of Asia Pacific, North America, China, and UK and Europe:

- Trade and consumer educational events deliver key messages to support the strategy
- Year-on-year positive growth in consumer sentiment index, and
- At least 90% of wineries and distributors who participate in user-pays and core events report they are satisfied.

Each event is designed with a clear target audience and specific message to deliver against the individual market strategy.

Year-on-year positive growth in the consumer sentiment index in key markets is measured by the annual Wine Intelligence consumer perception survey, augmented by other consumer research such as the US Wine Opinions study.

Participants in user-pays and core events are surveyed post-event and the results collated and reported for inclusion in the annual report and regular management reports.

Strategy 2: Protecting the reputation of Australian wine

There are three programs to evaluate:

- Annual Analytical Survey
- Label Integrity Program, and
- Regulatory Services.

The relevant measures of success are:

- Compliance with the Code is demonstrated through analysis of a representative and comprehensive sample of Australian wines.
- Any minor breaches of the record-keeping requirements of the *Wine Australia Act 2013* (the Act) that are identified through risk-based inspections are remedied, while action is initiated in response to serious breaches.
- An efficient export certification process supports Australian wine sector exports.

Our Regulator Performance Framework (RPF) sets out how we intend to measure and report our performance against the RPF. It contains performance measures against each key indicator as well as the evidence that will be collected to demonstrate performance. This framework was developed in consultation with key representatives of the wine sector. It has been reviewed by the Wine Industry Technical Advisory Committee of the peak sector body, the Winemakers' Federation of Australia.

Strategy 3: Building Australian vine and wine excellence

There are three programs to evaluate:

- Grapegrowing for excellence
- Wine provenance and measures of quality, and
- Customer insights.

For the grapegrowing for excellence program, we will ensure that new viticultural approaches or tools are available to help growers optimise grape production towards desired quality targets, preferred wine styles and premium price points. We will develop a better understanding of how grapevine genetics interact with the environment and viticultural management techniques to optimise expression of terroir. In addition, we will develop digital tools to capture and interpret the information in large data sets to drive quality improvements. And finally, we will provide new tools to drive quality improvements drawing on the benefits of recognition technologies, robotics and/or systems engineering.

New measures of assessing grape and wine provenance and quality will be made available for use by grapegrowers and winemakers. Furthermore, a key measure of success will be the development of knowledge that allows grapegrowers and winemakers to capture, enhance and preserve terroir through optimised winemaking practices.

The key measure of success for the third program under strategy 3 is that the grape and wine community is able to use customer insights gained from research in established and emerging markets into customers' preferences, perceptions, behaviours and what influences customers' decisions.

Priority 2: Increasing competitiveness

The key outcome is that Australian vineyards and wineries are efficient by global standards.

This outcome will be evaluated by benchmarking the adoption of five viticultural practices and five oenological practices in Australia to establish a competitiveness indicator.

We will also conduct a cost-benefit analysis (CBA) annually on a suite of research, development and extension (RD&E) investments to measure the return on investment. The analytical approach used in the analysis follows the method outlined by the Council of Rural Research and Development Corporation Chairs (see CRRDCC, *Guidelines for Evaluation*).

There are seven strategies to achieve this outcome and each will be monitored and evaluated.

Strategy 4: Improving resource management and sustainability

There are four programs under strategy 4:

- Climate adaptability
- Foundation data
- Sustainable resource management, and
- Biosecurity, pest and disease management.

There are specific measures of success for each that will be evaluated.

For the climate adaptability program:

- The sector has an improved understanding of how increased temperature, increased CO₂ and reduced water can impact grape and wine production.
- Climate adaptation strategies are evaluated and available to the sector for adoption by 2020 to alleviate impacts of long-term warming and prolonged seasonal heat events.

For the foundation data program:

- The Australian wine sector has access to supply and demand information to assist sector planning.
- Wine Australia takes a lead role in ensuring the sector has access to key foundation data sets.

For the sustainable resource management program:

- Wine Australia will work with the sector to preserve and manage access to grapevine germplasm resources.
- Australia's competitive advantage will be enhanced by knowledge that leads to innovation to increase economic, social and/or environmental sustainability in the vineyard and/or winery.
- The science to support an informed and balanced debate on wine and health is synthesised and promulgated.

For the biosecurity, pest and disease management program:

- The sector is prepared for exotic pest incursions through the provision of available diagnostic protocols of the high-priority plant pests.
- Improved practices for sustainable management of pests and diseases are available for sector adoption by 2020.
- Improved management strategies to prevent and manage trunk diseases are developed and promulgated.

Strategy 5: Improving vineyard performance

There are two programs under strategy 5:

- Enhancing grapevine and rootstock performance, and
- Efficient and sustainable vineyard management.

The measures of success that will be evaluated are:

- Enhanced or new grapevine varieties, clones and rootstocks are available to the sector through plant breeding programs, informed by molecular methods to identify desired genotypic traits
- New or enhanced technologies and processes to improve vineyard efficiency and sustainability are evaluated and available for adoption by 2020.
- Improved yield prediction methods are developed and made available.

Strategy 6: Improving winery performance

There are two programs under strategy 6:

- Enhanced yeast and bacterial performance, and
- Efficient winery production.

The following measures of success will be evaluated:

- New or enhanced yeast and bacterial germplasm are available to the sector to enhance winemaking processes and realise performance and economic gains, through improved fermentation efficiency and differentiation of wine products/styles.
- Enhanced understanding of microbiological processes is available to optimise winery wastewater treatment efficiency.
- Enhanced production methods to improve winery efficiency are evaluated and available for adoption by 2020.
- The sector has an improved understanding of how to drive business sustainability by focusing on process efficiency.

Strategy 7: Enhancing market access

Access to certain export destinations can be impeded by restrictive wine labelling, wine composition, wine production and wine certification requirements. Differences between the requirements applying in Australia and the destination market can result in the need to produce specific wines for particular destinations, or to present wines with labels designed specifically for that market. In each case exporters incur considerable additional expense. To assist exporters, we will publish guides for the technical requirements of at least 32 major export markets. The guides will contain detailed information on duties and taxes, wine standards, labelling requirements and import certification matters.

The key measures of success to be evaluated are:

- Market access is maintained in existing markets and improved in developing markets.
- Technical barriers are identified and managed to the satisfaction of stakeholders.
- Negotiations for improved market access are supported with accurate, timely and appropriate technical information.

Strategy 8: Building capability

To drive the sector forward and build value through innovation, the Australian wine sector will develop our leadership skills base and human resource assets. The key measures of success for the developing people program are:

- At least 75 members of the grape and wine community receive leadership and personal development training by 2020.
- The capacity of the next generation of researchers is developed through at least 75 scholarships for PhD, Masters and Honours study, and support for other learning opportunities.

Strategy 9: Business intelligence and measurement

We will encourage evidence-based and data-driven decision-making through the collection, presentation and dissemination of global wine sector intelligence.

The key measures of success to be evaluated regularly are:

- The Australian wine sector's competitiveness is supported through the collection, presentation and dissemination of global wine sector intelligence.
- Wine Australia is relied on by the sector to provide accurate and timely supply and demand information.
- Wine Australia provides a comprehensive range of information to assist business and investment decision-making in the sector.

Reports downloaded and pages visited on Wine Australia's website are monitored and reported regularly to management.

Strategy 10: Extension and adoption

A clear pathway to market for research and development (R&D), from the initial project design to the extension of the results, is a cornerstone of all our R&D activities and underpins our success. We will continue to use a range of delivery networks and programs to disseminate R&D outcomes, and encourage the adoption of new technologies and practices. These include:

- Wine Australia's website
- factsheets
- electronic newsletters – RD&E News and Wine Australia corporate news
- R&DatWork – bi-monthly print newsletter in Australian and New Zealand Grapegrower and Winemaker magazine
- media releases
- AWRI e-newsletters
- content for industry member association newsletters
- integration in Wine Australia's Regional Roadshow
- Wine Australia Regional Program - workshops, factsheets, trials etc.
- articles in academic and trade journals
- presentations at conferences – Australian and international.
- conference workshops (e.g. AWITC)
- webinars (WCA)
- social media sharing of news stories and factsheets
- workshops (e.g. Asian Cultural Workshop for Export Success).

The key measures of success are:

- Pathways to extension and adoption are incorporated into the planning and approval process of research projects.
- Wine Australia partners with regions through the Regional Program to deliver extension and practical trials that encourage adaption and adoption of research findings.
- Wine Australia delivery networks and programs are strongly supported, as demonstrated by user participation and feedback.
- Levels of understanding and adoption of R&D outcomes are regularly measured and supported.

Supporting the two key strategic priorities

The key outcomes of the support provided by other areas of the business such as Corporate Affairs and Corporate Services are:

- Deliver new knowledge to, and encourage the personal and professional development of grapegrowers, winemakers and wine businesses, to increase their competitiveness, profitability and sustainability.
- Provide commercially-oriented services to the supply chain to support Wine Australia's strategic vision.
- Enable Wine Australia to operate cost-effectively through the efficient provision of a range of cross-company support services.

The measures of success that will be evaluated are:

- Timely, fit-for-purpose, accessible and appropriately targeted wine sector information and analysis is available to the wine sector through a range of channels.
- Two-way dialogue and understanding with national, state and regional representative bodies is improved.
- Positive change is measured in sector and stakeholder awareness of Wine Australia's activities and outcomes from 2015 benchmarks to 2020.
- Ensure forward contracts reserve is sufficient to cover annual contractual commitments.
- Adhere to operating reserves policy.
- Maintain sufficient reserve to cover obligations.
- Ensure Wine Australia's commercial needs are reflected in its contracts.
- Manage adherence to policy and procedures, and mitigate risk.
- Employee engagement survey undertaken and actions developed to target opportunities for improvement.
- Personal development plans developed and implemented by each team member.
- Compliance with employment laws and statutory requirements in each jurisdiction.
- Delivery of digital project and Office 365 upgrade.
- Develop a national data collection system.
- High (99%) availability of systems with no planned outages.

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Australian Government

Wine Australia

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