Export and Regional Wine Support Package
Annual Operating Plan
2017–18
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Welcome

Wine Australia has pleasure presenting the Annual Operating Plan 2017–18 (AOP) for the Export and Regional Wine Support Package, which has been endorsed by our two peak representative bodies — the Winemakers’ Federation of Australia (WFA) and Australia Vignerons (AV).

This package is transformative. This funding means that we can deliver ambitious initiatives with a scale and impact never before seen. With our partners, we are driving bigger and bolder engagement to change the perception of Australian wine, capture market opportunities, and drive export and tourism growth.

This Plan is a collaborative effort, sector led and designed and is focused on maximising the opportunities that export promotion and wine tourism can provide to our wine producers and exporters, grapegrowers and wine regions. A nine-member Marketing Advisory Group of experts from the sector is providing advice on the capability development activities and the China and the United States of America (USA) marketing campaigns, which will support our ongoing activities in other important markets such as UK, Europe and Canada. An independent Expert Assessment Panel will provide technical expertise on the assessment of grant applications.

The four programs within the Package are mutually reinforcing and we encourage state and regional wine associations, wine businesses, the cider industry and other wine stakeholders to take advantage of the grant programs, capability building workshops and increased demand created by the international marketing campaigns.

The international marketing component of the Package is focused on increasing the perception of and demand for Australian wine and wine tourism. Wine Australia will partner with exporters to deliver targeted media, events and education campaigns that create positive sentiment, interest and excitement around the Australian fine wine category, and build trade and consumer knowledge of our fine wine, cider and tourism.

We have hit the ground running by launching a suite of early activities in China and the USA, including the inaugural ‘Aussie Wine Week’ in San Francisco and New York, the China Awards and participation in the Hong Kong Wine and Dine Festival. Information about future international events, including ways to get involved, will be communicated on the Wine Australia website and through other channels as it becomes available.

The development of a compelling brand proposition and go-to-market strategy through the Package will provide a platform for the cider industry to leverage the potential for strong growth in this sector.

We look forward to working with the states, regions and exporters over the next three years to deliver export and tourism growth and transform the Australian grape and wine community and cider industry so that wine and cider businesses are profitable, competitive and continue to grow into the future.

Signed

Brian Walsh  Andreas Clark
Chair, Wine Australia  CEO, Wine Australia
Package highlights

Marketing
- Package funding more than doubles Wine Australia’s annual marketing budget
- Enables delivery of ambitious initiatives with a scale and impact never seen before

Key messaging campaign
- $10 million targeted marketing campaign over three years in China and the USA
- Engage agency expertise to reset and refocus Australian premium wine message through traditional and digital media channels

Grants
- $11 million for wine tourism projects and export marketing

International wine tourism
- Major co-investment with Tourism Australia
- Drive tourism visitation to our stunning world class wine regions

Education
- Creation of world-leading wine education program for trade and consumers

Online retail
- Build premium wine messaging in online retail
- Target growth and commercial opportunities in this critical channel

Vinexpo Hong Kong
- $2 million investment to put the spotlight on Australia as ‘Country of Honour’ at the 20th anniversary of this key regional event
- Australian presence at unprecedented levels
- Expecting five-fold participation from Australian wineries
- Leads into China Roadshow hitting the market en masse

Australian Wine Camp
- Bold new initiative to take the Australian wine experience to the USA
- 100 key influencers immersed for three days with Australian winemakers, wine experts and global culinary trendsetters
Overview

The Australian Government’s Export and Regional Wine Support Package (the Package) aims to transform the Australian wine sector by showcasing the nation’s wine tourism offering and driving demand for Australia’s wine exports.

Based on independent analysis from ACIL Allen, the approved Business Plan projects that the Package will:

• increase the value of wine exports by $165–218 million to a record $2.8–2.9 billion by 2019–20
• deliver 7–8 per cent per annum value growth across all export markets from 2017–18, including 15–17 per cent in China (including Hong Kong and Macau) and 6 per cent in the USA
• increase the average price for Australian bottled wine exports free on board (FOB) by 9 per cent
• deliver higher returns to grape growers (capitalising on the historic correlation between grape prices and the average export price of wine), and
• attract 40,000 more international tourists to Australian wine regions by 2019–20, delivering an estimated $170 million in value to the national economy.

Without the Package, it is projected that wine exports would grow at a slower rate of 4 per cent per annum to reach $2.7 billion by 2019–20. Importantly, these projections are achievable on current vineyard plantings.

The Package comprises four programs developed through robust research, analysis and stakeholder consultation:

1. Accelerating growth in international demand ($32.5 million), with dedicated marketing campaigns in China and the USA — Australia’s two largest export markets by value.
2. Creating ‘China-ready’ businesses ($3 million), including a wine export grant scheme and building capability for businesses to capture export and tourism opportunities.
3. Capturing growth in international wine tourism ($10 million), comprising a competitive grants program and an additional grants program for state-leveraged activities.
4. Transforming cider businesses ($0.5 million).

Wine Australia is responsible for delivering the Package in accordance with a funding agreement with the Australian Government, represented by the Department of Agriculture and Water Resources (the Department).

This AOP reflects the further planning and activities undertaken since the Package: Business Plan was approved in June 2017 and provides:

• strategic context for the delivery of each of the four programs over the next three years
• further detail of the activities planned for delivery in 2017–18
• budgets and projected timelines, and
• details of the Package governance framework.
The planning has been sector led and directly aligns to the Package key performance indicators (KPIs) detailed in Appendix II. The delivery of the AOP will be subject to ongoing review through the governance structures and processes detailed in Appendix IV.

**Engagement — Key to our success**

The Business Plan was agreed following extensive consultation with the grape and wine community and this engagement will continue throughout the delivery of the Package.

The Wine Industry Committee comprises the President of WFA and Chairs of AV and Wine Australia. This Committee will meet twice yearly — once to agree each year’s Annual Operating Plan prior to submission to the Wine Australia Board for approval and then for a mid-year review of progress against the plan.

The Marketing Advisory Group (MAG) has been established to provide strategic guidance for Program 1 and Program 2a and it will have an ongoing role.

The MAG members are:

- Andrew Stark, General Manager Marketing and Category ANZP, Accolade Wines
- Libby Nutt, Global Marketing and Export Sales Manager, Casella Family Brands
- Simon West, Managing Director, Fullglass Management
- Bill Moularadellis, Managing Director, Kingston Estate Wines
- Simone Furlong, Joint Chief Executive, Leeuwin Estate
- Darryn Hakof, Strategy and New Business Director, Pernod Ricard Australia
- Mitchell Taylor, Managing Director, Taylors Wines
- Simon Marton, Chief Marketing Officer, Treasury Wine Estates, and
- Nick Waterman, Managing Director, Yalumba Family Vignerons.

In addition, the Wine Australia Chief Executive Officer meets weekly with counterparts at WFA and AV and fortnightly with senior managers of peak state wine sector organisations.
Program 1
Accelerating growth in international demand

Strategic context

Program 1 has a budget of $32.5M and is designed to deliver on the two objectives of the Package — increased exports and increased wine-related tourism. The MAG has had a pivotal role in setting the multi-year strategy. This strategy seeks to increase the perception of and demand for Australian wine and wine tourism amongst the wine trade and consumers in Australia’s largest and fastest growing export markets and it comprises three campaigns:

• China export market growth
• USA export market growth, and
• international wine tourism growth.

Each campaign will deliver integrated activities. They are subject to review and, where required, they will be adapted. Each campaign will comprise one or more of the following elements:

• print, broadcast, online and social media
• key influencers engagement and events
• trade and consumer education.

In China, the strategy is focused on growing the penetration of Australian fine wine through increased availability and by raising consumer awareness and usage.

Australia is in a very strong position with current consumers of fine imported wine. As this cohort continues to grow rapidly, we will use a strong market presence through media, activities and education to maintain and grow our strong country position.

In the USA, the strategy is focused on influencing and motivating the wine distribution network to support the premium Australian wine category and in particular to capture a greater market share of the important $US11–25 and above per bottle segments. These are growing segments of the market in which Australia is currently underrepresented.

We have previously held a much more significant share of these important market segments and our well placed with our fine wine offering to recover this position. To achieve the Package targets we will need the 235 Australian exporters already active in-market to do the heavy lifting but will also need more small and medium exporters to re-enter/enter the USA market.

We will showcase our fine wines to influencers, buyers and distributors and the on- and off-trade through media, activities and education to build demand.
Finally, Wine Australia will co-invest with Tourism Australia to leverage and grow international tourism to create demand and build awareness of premium Australia wine, recognising that Australia food and wine experiences are a compelling drawcard for international tourists.

The Program will be agile and responsive, and will embrace innovation to meet each market’s specific needs. Australian wines will be brought to life through social media, new technologies and digital assets that provide an immersive experience of our wine regions, our people and their stories.

The Program 1 strategy is summarised in the following diagram:

**Program 1 – China and the USA**
Program outcomes

Program 1 is designed to lead the entire Package in the delivery of improved perception and awareness of all Australian wines in China and the USA through:

• sophisticated social media engagement, with a deep reach to consumers, particularly in China
• enduring online educational resources for all potential and existing exporters and tourism-focused businesses, and
• building a stronger pull for Australia’s food, wine and tourism experience, leading to more visitors and more resilient and competitive wine-based tourism businesses.

Program 1 aims to be the major contributor to the following Package KPIs:

• total value of Australian wine exports grows by a compound annual growth rate (CAGR) of 7–8 per cent per annum, delivering projected total export value of $2.8–2.9 billion by 2019–20
• average price for Australian bottled wine exports FOB increases by 9 per cent to $5.94 by 2019–20 (from $5.46 in 2016–17), and
• 40,000 more international tourists visit wine regions by 2019–20, delivering additional international tourism expenditure of $170 million (based on maintaining current average expenditure in Australia of $4,200 per visitor).

All Program 1 activities will be measured in accordance with the relevant detailed KPIs in Appendix II.

Three-year forecast

Program 1 expenditure

<table>
<thead>
<tr>
<th></th>
<th>FY18 $000</th>
<th>FY19 $000</th>
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<tr>
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<td>11,907</td>
<td>10,653</td>
<td>11,984</td>
<td>34,544</td>
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<td>Program 1: Accelerating growth in international demand</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>China export market growth</td>
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<tr>
<td>USA export market growth</td>
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<tr>
<td>International wine tourism growth</td>
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<td>500</td>
<td>500</td>
<td>2,500</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>11,907</td>
<td>10,653</td>
<td>11,984</td>
<td>34,544</td>
</tr>
</tbody>
</table>

* Many of the activities undertaken under Program 1 will require financial contributions by participants (including wineries, agents and distributors). Wine Australia invoices these participants for their involvement, hence these funds have been included in the budget for Program 1.

There is investment by the sector that covers a range of costs associated with their direct and indirect participation in these activities in addition to the direct sector contributions to attend activities undertaken by Wine Australia. This investment has been estimated at $18.6M over the 2017–18 to 2019–20 period and covers a range of costs, including flights, accommodation, on-ground costs, wine samples and other associated marketing costs.
Activities 2017–18

In 2017–18, Wine Australia will engage an external communications agency to support the China and USA campaigns.

China export market growth

In 2017–18, we will invest approximately $5.5 million of Package funds to grow the penetration of fine Australian wine in China through increased availability and by raising consumer awareness and usage.

We will engage with key influencers and educate trade and consumers through:

- the China Awards that recognise and celebrate the best Wine Australia Trade Specialists who are at the frontline championing the Australian wine category in China. In the first four years of the awards, they grew from a small cocktail event to a gala dinner in 2016. This year, the awards will highlight the versatility and diversity of Australian wine and its ability to be matched to Chinese cuisine and occasions. There will be a more diverse audience that includes media influencers, an amplification of event activities for stakeholders and broader coverage in Chinese media. The awards are building a strong community of trade specialists — importers, distributors, buyers, on- and off-premise, online sales and educators — and we will engage them through an Australian wine fair, four master classes, a gala awards dinner and a media launch. This will all be supported with a public relations campaign. (23–24 October 2017) (complete)
• **Hong Kong Wine and Dine Festival** is a flagship event of Hong Kong Wine and Dine month that starts in late October. The festival attracts over 144,000 attendees to a four-day consumer-facing event. Last year, Wine Australia trialled a precinct presence (partnering with PIRSA) and this year we will create one of the largest country precincts to showcase a variety of fine Australian wines at different price points. We will focus on regional messaging at eight regional booths. We will provide master classes, a pre-festival trade and media tasting and a post-festival VIP dinner, as well as retail promotions through our commercial partner Watson’s Wine. (25–30 October 2017) (complete)

• **China Food and Drinks Fair (Chengdu)** is the largest and oldest wine trade fair in China that attracts over 100,000 buyers and hosts 3000 international exhibitors. Wine Australia has been exhibiting for a number of years and in 2017, 21 exhibitors showcased more than 50 brands from more than 20 wine regions and 5 states. This year, we will focus on the growing on-premise/hotel channel by exhibiting in the Hotel Wine Show part of the fair. The hotel show is growing in popularity as the hotel industry continues to boom in China (estimated 10-year growth of the industry from $44 billion to $100 billion). We will showcase fine Australian wines, their food friendliness and how they suit a wide range of hotel dining options to targeted buyers from hotels, delivering education on stand and providing communications materials and targeted public relations content to influence buyers’ purchasing decisions. (March 2018)

• **Vinexpo Hong Kong 2018**, where Australia will partner with Vinexpo as Country of Honour. We will take the largest contingent of wine regions and brands (73 per cent more than in 2016) to the exhibition to engage with the expected 17,000 trade visitors from 51 countries, 73 per cent of whom are considered key decision makers in the buyer decision-making process. We will magnify Australia’s presence through a larger trade stand footprint and striking design, an extended program of master classes and influential presenters, exciting and engaging activities on stand, focused peripheral activations and events, and a dedicated public relations campaign. (25 May to 1 June 2018)

• **China Roadshow** is a touring wine trade show that Wine Australia developed in 2012. The roadshow engages wine buyers in one tier-one city and three tier-two cities through a mini-trade fair, master classes and a new-to-market program. Each year, the Roadshow travels to new locations based on market insights, research and demographic data. Following on from Vinexpo Hong Kong 2018, we will take the largest contingent of wine brands. We will use education and activations at the mini-trade fair to deliver key messages and demonstrate appropriate use of wines, being mindful of social and cultural norms. We will invest in research and public relations to extend our database of buyers, importers and influencers in each city to build our network and we will partner with key influencers to maximise engagement and the spread of our messages. (4–11 June 2018)

• **Education content development** will capture the innovation and excitement of the fine Australian wine category. It will build on the existing program and be structured to deliver consistent Australian wine messaging through a toolbox of education materials and a library of education programs that support importers, retailers and educators. The content development will underpin an expansion of the education network. (12-month campaign)
• **Influencer engagement** will see a tailored program of activities deliver a premium Australian wine message through different channels and segments. We will engage with sommeliers, educators, key opinion leaders in the media (including celebrities, wanghong or web celebrities, bloggers, WeMedia and experts). In collaboration with Meat and Livestock Australia, Dairy Australia and Horticulture Innovation Australia, we will deliver premium Australian food and wine engagement that leverages the distinct and desirable values associated with Australian provenance to increase the perception of and demand for Australian produce among the food and wine trade in China. We will also host key influencers in Australia, immersing them in our wine regions to create a deeper understanding and appreciation of Australia, our unique terroirs and our food and wine culture. The opportunity to connect physically and emotionally to the people, places and culture means that visitors leave as advocates and ambassadors for Australian wine and they share our stories. The program and itineraries will deliver the fine wine message and promote tourism and the target audience will be extended to include lifestyle influencers who will present different story angles and influence a broader consumer base. (12-month campaign)

We will support and amplify these activities with an integrated media campaign through:

- **Augmented reality and virtual reality** to generate a stronger emotional connection to Australian wine, to engage and reach larger audiences, and to extend our educational offering and enhance learning outcomes
- **The Key messaging campaign** to change perception, drive desire and increase demand for Australian wine and wine tourism among wine trade and consumers. The strategy will have a strong online component, including using promotional activities and content development to reset and refocus the Australian brand in online retail. The campaign will keep Australian wine top of mind with gatekeepers and drive desire to explore and purchase Australian wine.

**USA export market growth**

In 2017–18, we will invest approximately $3.7 million of Package funds to influence and motivate the wine distribution network in the USA to support the fine Australian wine category.
We will engage with key influencers and educate trade and consumers through:

- **Aussie Wine Week** in New York and San Francisco, a series of media and marketing events to celebrate Australia’s wine and food culture and continue to build enthusiasm about Australian wine among media, influencers, on-premise/sommeliers and wine enthusiasts and to create demand for Australian wine that positively impacts off-premise and online retail and the broader trade. To change perceptions and enhance the reputation of Australian wine, this week will see a concerted approach to position Australia as a world-leading winemaking country. (7–14 September 2017) [complete]

- the inaugural **Vinexpo New York 2018** that will see an Australian Pavilion to support winery and importer engagement and deliver fine wine messages via media, trade stand activations, peripheral events and education programs that challenge perceptions and seek to change attitudes and purchasing behaviours. We will consider the full Vinexpo trade visitor experience (more than 3000 trade visitors are expected) and extend our marketing tactics outside of the trade fair to keep Australia top of mind for participants. (4–7 March 2018)

- **Australian Wine Camp** that will overcome the tyranny of distance for people unable to travel to Australia by delivering a three-day immersive Australian wine experience in a desirable USA location. Some 100 key influencers will experience Australia’s enviable wine culture and absorb the Australian wine brand and fine wine messages delivered by Australian winemakers, wine experts and global culinary trendsetters. (May/June 2018 TBC)

- **Education content development** will capture the innovation and excitement of the fine Australian wine category. It will build on the existing program and be structured to deliver consistent Australian wine messaging through a toolbox of education materials and a library of education programs that support importers, retailers and educators. The content development will underpin an expansion of the education network. (12-month campaign)

- **Influencer engagement** builds on the highly successful Visitors Program. We will host key influencers (including journalists, digital influencers and wine buyers) and immerse them in Australia’s wine regions to create a deeper understanding and appreciation of Australia, our unique terroirs and our food and wine culture. The opportunity to connect physically and emotionally to the people, places and culture means that visitors leave as advocates and ambassadors for Australian wine and they share our stories. We will bring visitors who have a high-level of influence and a strong following to change perceptions about Australian wine. The program and itineraries will deliver the fine wine message and promote tourism and the target audience will be extended to include lifestyle influencers who will present different story angles and influence a broader consumer base. (12-month campaign)

We will support and amplify these activities with an integrated media campaign through the **Key messaging campaign** to change perception, drive desire and increase demand for Australian wine and wine tourism among wine trade and consumers, including engagement with key trade publications such as Wine Spectator and Wine Enthusiast. The campaign will keep Australian wine top of mind with gatekeepers and drive desire to explore and purchase Australian wine.
International wine tourism growth

The tourism campaign is focused on showcasing Australia’s wine tourism offering to international audiences. The campaign aims to change perception, drive desire and increase demand for Australian wine tourism among the wine trade and consumers in China and the USA. Research shows that Australia’s food and wine are key influencers in holiday decision making and this program will highlight the fine wine and food Australia has to offer in our stunning wine regions.

In 2017–18, we will invest approximately $1.5 million of Package funds with Tourism Australia to leverage and grow international tourism to create demand and build awareness for premium Australian wine.

Budget 2017–18

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<th>Grant funds $000</th>
<th>Direct sector contributions $000</th>
<th>Total Budget $000</th>
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<td>Major events</td>
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<td>Influencer engagement and education</td>
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<td>5,462</td>
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<td><strong>USA</strong></td>
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<td>Major events</td>
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<td>10,699</td>
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Program 2a
Creating China-ready businesses

Strategic context

Consultation with the wine sector has highlighted a desire to keep abreast of the rapidly changing Chinese market to capture wine export and tourism opportunities. This program focuses on upskilling regional wine producers, wineries and cider producers to build capability both in terms of export readiness and developing wine tourism products and services.

The program will provide the upskilling support by aggregating and delivering information on how businesses become export- and tourism-ready and follow up with participants to support practice change. A review of existing education and support programs will be undertaken with sector consultation to identify major gaps between current offerings and sector needs. The findings will inform prioritised development and implementation of resources and services.

These will include:
- regional education forums and presentations
- follow-up support for participants
- an online toolkit and resources for exporters and regional tourism operators, and
- access to detailed market analysis data.

The program will encourage wineries and tourism organisations to use the toolkit through online access and workshops to make a change in their business that will increase exports and international tourists.

Program outcomes

It is envisaged the following will be in place at the conclusion of this program:
- an information toolkit supported and maintained by Wine Australia that provides support for new entrants into the China export and tourism markets.
- ongoing maintenance of the export capability toolkit will become a part of the standard support to all exporters by Wine Australia.
- ongoing maintenance of the tourism capability toolkit through a mechanism to be determined.
- an informed sector that has been able to engage with the toolkit and the entire Package, as appropriate.
The program is designed to:
- enable an additional 30 wineries to begin and sustain exports to China
- work in conjunction with Program 1 to:
  - increase the value of exports to China, and
  - increase the number of and/or spend by international tourists in wine regions.

All Program 2a activities will be measured in accordance with the relevant detailed KPIs in Appendix II.

### Three-year forecast

Budget allocation for the program is currently based on estimations and will be refined by the Package Program Manager during the completion of the start-up phase.

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<th>Category</th>
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<td>575</td>
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</table>
Activities 2017–18

The scope, and therefore the timeline, for Program 2a will become more certain when the environmental scan has been completed and the major gaps between current offerings and sector needs have been identified. As such, it is intended to deliver the Program in 2 phases so ‘quick win’ and high-priority activities can be implemented in Phase 1 and commence delivering benefits.

<table>
<thead>
<tr>
<th>Milestone date</th>
<th>Milestone name</th>
<th>Milestone description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 November 2017</td>
<td>Environmental scan complete</td>
<td>Analysis of existing education and support programs complete with recommendations</td>
</tr>
<tr>
<td>15 December 2017</td>
<td>Phase 1 scope approved</td>
<td>Program Owner approves scope to be delivered in Phase 1</td>
</tr>
<tr>
<td>15 March 2018</td>
<td>Phase 1 planning and design complete</td>
<td>Planning and design of activities for Phase 1 implementation complete</td>
</tr>
<tr>
<td>31 March 2018</td>
<td>Phase 1 vendors engaged</td>
<td>Vendors engaged for Phase 1 implementation activities as required</td>
</tr>
<tr>
<td>15 April 2018</td>
<td>Phase 1 implementation commences</td>
<td>Implementation of Phase 1 activities commences</td>
</tr>
<tr>
<td>31 May 2018</td>
<td>Phase 2 scope approved</td>
<td>Program Owner approves scope to be delivered in Phase 2</td>
</tr>
</tbody>
</table>

Budget 2017–18

<table>
<thead>
<tr>
<th>Activity/event</th>
<th>Budget $,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 2a: Creating China-ready businesses</td>
<td></td>
</tr>
<tr>
<td>Environmental scan</td>
<td>50</td>
</tr>
<tr>
<td>Phase 1 Planning and design</td>
<td>350</td>
</tr>
<tr>
<td>Phase 1 Implementation</td>
<td>165</td>
</tr>
<tr>
<td>Market data licences</td>
<td>100</td>
</tr>
<tr>
<td>Contingency</td>
<td>65</td>
</tr>
<tr>
<td>Total FY18</td>
<td>730</td>
</tr>
</tbody>
</table>
**Programs 2b and 3**

**Grant Programs**

**Strategic context**

The Business Plan for the Package identified the business case for offering three grant initiatives to support the transformation of the Australian grape and wine sector by driving demand for wine exports and showcasing Australia’s wine tourism to the world.

The Grant Programs manage wine export grants under Program 2b and state and competitive grants for capturing growth in international wine tourism under Program 3.

The first part of the Grant Programs will establish the capability (people, process and tools) for the management of the grants across their entire lifecycle and embed that capability into operations.

The second part of the Grant Programs will implement this delivery capability to ensure grant fund allocation, grant project reporting and monitoring, and benefit tracking is in accordance with approved grant guidelines.

The purpose of the Grant Programs is to strengthen wine-based regional tourism and exports by helping to develop exciting wine tourism experiences through the allocation of state-based, competitive and export grants.

**Wine export grants**

The objective of the wine export grant program is to support the further development of exporting businesses by building the capacity of small and medium wine businesses to capture export opportunities specific to the Chinese and USA markets. Wine export grants will be offered to wine exporters for specific export promotion activities, aimed at increasing wine exports to China and the USA.

A total of $1 million will be available between 1 January 2018 and 1 May 2020. No further funding for the grant program will be made available. Applications for wine export grants will be received and assessed on a rolling basis during this period, or until the grant program funds have been fully committed, whichever comes first.

Wine export grants will be evaluated for their contribution to the broader Package. Grant recipients may be invited to provide information at the time of mid-term and/or final evaluation of the Package.

**State-based and competitive grants**

There are two grant programs that are designed to support the growth of regional wine tourism:

- International Wine Tourism State Grants, and
- International Wine Tourism Competitive Grants.

The state-based grants provide state wine industry associations with access to a predetermined funding allocation. These funds are intended to support a collaborative,
strategic approach towards attracting and maximising international wine tourism in each state.

The competitive grants provide a range of stakeholders with the opportunity to apply for funding on a competitive basis, towards initiatives that will grow either the number of and/or spend by international tourists in wine regions.

**Program outcomes**

The Grant Programs are designed to fund programs and activities that:

- increase CAGR of aggregate wine exports of export grant recipients by 7–8 per cent per annum (primarily targeting China and the USA) by 2019–20
- increase perception of international tourist services, products and experiences, and
- increase international wine tourism expenditure by $170m by 2019–20, arising from an extra 40,000 international tourists spending $4,200 in wine regions and Australia.

All Program 2b and 3 activities will be measured in accordance with the relevant detailed KPIs in Appendix II.

**Three-year forecast**

Budget allocation for the program is currently based on estimations and will be refined by the Package Program Manager during the completion of the start-up phase.

<table>
<thead>
<tr>
<th>Resource</th>
<th>FY18 $000</th>
<th>FY19 $000</th>
<th>FY20 $000</th>
<th>Program total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>1,750</td>
<td>5,800</td>
<td>3,450</td>
<td>11,000</td>
</tr>
<tr>
<td>Grant management software</td>
<td>170</td>
<td>41</td>
<td>41</td>
<td>252</td>
</tr>
<tr>
<td>Expert Assessment Panel</td>
<td>100</td>
<td>32</td>
<td>0</td>
<td>132</td>
</tr>
<tr>
<td>Program costs</td>
<td>270</td>
<td>73</td>
<td>41</td>
<td>384</td>
</tr>
<tr>
<td>Minimum co-contribution value</td>
<td>1,750</td>
<td>5,800</td>
<td>3,450</td>
<td>11,000</td>
</tr>
</tbody>
</table>

**Activities 2017-18**
Budget 2017–18

<table>
<thead>
<tr>
<th>Milestone date</th>
<th>Milestone name</th>
<th>Milestone description</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2017</td>
<td>Grant guidelines finalised</td>
<td>Ministerial approval of grant guidelines</td>
</tr>
<tr>
<td>December 2017</td>
<td>Grants management capability established</td>
<td>Grants management resources, processes and tools all in place</td>
</tr>
<tr>
<td>4 December 2017</td>
<td>Program 3 grants open</td>
<td>State and competitive grant applications open</td>
</tr>
<tr>
<td>1 January 2018</td>
<td>Program 2b grants open</td>
<td>Export grant applications open</td>
</tr>
<tr>
<td>16 February 2018</td>
<td>Program 3 grants close</td>
<td>State and competitive grant applications close</td>
</tr>
<tr>
<td>19 February 2018</td>
<td>EAP Program 3 grant reviews commence</td>
<td>Expert Assessment Panel reviews of state and competitive grant applications commence</td>
</tr>
<tr>
<td>2 April 2018</td>
<td>Program 3 grant funding agreements start</td>
<td>Approved state and competitive grant projects can commence</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity/event</th>
<th>Budget $,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 2b and 3: Grants</td>
<td></td>
</tr>
<tr>
<td>Export grants provided</td>
<td>200</td>
</tr>
<tr>
<td>Small competitive grants allocated and progress to plan</td>
<td>800</td>
</tr>
<tr>
<td>Medium competitive grants allocated and progress to plan</td>
<td>750</td>
</tr>
<tr>
<td>Grant management software</td>
<td>170</td>
</tr>
<tr>
<td>Expert Assessment Panel</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total FY18</strong></td>
<td><strong>2,020</strong></td>
</tr>
</tbody>
</table>
Program 4
Transforming cider businesses

Strategic context
The Australian cider sector is at an early stage of development and can be compared with the state of the Australian wine sector as it was more than 40 years ago. Australia has not yet established a strong reputation for quality cider exports but there is potential for strong growth leveraging Australia’s reputation for quality of product and food security.

This program will support cider producers to expand their export capability by establishing a brand proposition and a strategy to market Australian cider internationally.

Program outcomes
The program will deliver the following outcomes:

• a thorough understanding of the potential export markets for Australian cider including the channels to market that provide the best return
• a compelling brand proposition that can be leveraged by Australia cider producers
• a Go-To-Market (GTM) strategy that is utilised effectively by the majority of producers to access export destinations, and
• an easy to access toolkit that provides the necessary information to enable a producer to successfully export including the export analysis, brand and GTM collateral.

The program is designed to provide the following outcomes for Australian cider producers:

• take up of the brand and strategy by 75 per cent of the members of Cider Australia
• increase number of producers exporting from 7 to 20, and
• increase export revenue from $16.5m to $20m by 2019–20.

All program 4 activities will be measured in accordance with the relevant detailed KPIs in Appendix II.
Three-year forecast

Budget allocation for the program is currently based on estimations and will be refined by the Package Program Manager during the completion of the start-up phase.

<table>
<thead>
<tr>
<th>Activity</th>
<th>FY18 $000</th>
<th>FY19 $000</th>
<th>FY20 $000</th>
<th>Program total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market analysis</td>
<td>120</td>
<td></td>
<td></td>
<td>120</td>
</tr>
<tr>
<td>Brand proposition</td>
<td>38</td>
<td>112</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>GTM strategy</td>
<td></td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Export support</td>
<td></td>
<td>30</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Rollout plan</td>
<td></td>
<td></td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>158</td>
<td>242</td>
<td>100</td>
<td>500</td>
</tr>
</tbody>
</table>

Activities 2017–18

The program schedule has been designed to consider the resourcing constraint within Cider Australia. It is expected that the work packages associated with each of the defined deliverables will be obtained through contracts with organisations that will provide their services within these constraints.

The base plan consists of the project establishment, and then the definition, sourcing and execution of the associated work packages. This plan also defines the completion of the work by Wine Australia at 29 September 2019, after which the rollout capability will be handed over to Cider Australia for execution.

<table>
<thead>
<tr>
<th>Milestone Date</th>
<th>Milestone Name</th>
<th>Milestone Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2018</td>
<td>Ministerial delegation approval</td>
<td>Obtain delegated authority from Minister following legislative change, due 1 January 2018</td>
</tr>
<tr>
<td>26 June 2018</td>
<td>Market analysis approved</td>
<td>Market analysis report is accepted by Cider Australia</td>
</tr>
</tbody>
</table>

Budget 2017–18

<table>
<thead>
<tr>
<th>Activity/event</th>
<th>Budget $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 4: Transforming cider businesses</td>
<td>120</td>
</tr>
<tr>
<td>Market analysis of cider export opportunity</td>
<td>38</td>
</tr>
<tr>
<td>Total FY18</td>
<td>158</td>
</tr>
</tbody>
</table>
## Appendix I: Budget 2017–18 and forward forecast

The following table outlines the budget for 2017–18 and forward forecast for each program and element.

### Budget 2017–18 and forward forecast

<table>
<thead>
<tr>
<th>FY17 $000</th>
<th>17/18 $000</th>
<th>18/19 $000</th>
<th>19/20 $000</th>
<th>Total $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funds</td>
<td>670</td>
<td>17,344</td>
<td>15,924</td>
<td>16,062</td>
</tr>
<tr>
<td>Direct sector contribution *</td>
<td>1,208</td>
<td>418</td>
<td>418</td>
<td>2,044</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>670</strong></td>
<td><strong>18,552</strong></td>
<td><strong>16,342</strong></td>
<td><strong>16,480</strong></td>
</tr>
</tbody>
</table>

### Program 1: Accelerating growth in international demand

- **China export market growth**: 0, 6,480, 4,522, 5,135, 16,137
- **USA export market growth**: 0, 3,927, 5,631, 6,349, 15,907
- **International wine tourism growth**: 0, 1,500, 500, 500, 2,500

**Total for Program 1**: 11,907, 10,653, 11,984, 34,544

### Program 2: Creating China-ready businesses

- **Capability building**: 0, 730, 695, 575, 2,000
- **Wine export grant scheme**: 0, 200, 800, 0, 1,000

**Total for Program 2**: 930, 1,495, 575, 3,000

### Program 3: Capturing growth in wine regions

- **Grants for state leveraged activities**: 0, 0, 2,500, 2,500, 5,000
- **Competitive grants**: 0, 1,550, 2,500, 950, 5,000

**Total for Program 3**: 0, 1,550, 5,000, 3,450, 10,000

### Program 4: Transforming cider businesses

- **Transforming cider businesses**: 0, 158, 242, 100, 500

**Total for Program 4**: 0, 158, 242, 100, 500

### Administration

- **Business plan costs**: 431, 0, 0, 0, 431
- **Monitoring and evaluation**: 0, 148, 148, 164, 460
- **Staffing**: 0, 637, 634, 602, 1,873
- **Communications**: 0, 165, 125, 125, 415
- **Other**: 98, 254, 241, 228, 821

**Total for Administration**: 529, 1,204, 1,148, 1,119, 4,000

**Minimum co-contribution value based on draft guidelines**: 1,750, 5,800, 3,450, 11,000

*Many of the activities undertaken under Program 1 will require financial contributions by participants (including wineries, agents and distributors). Wine Australia invoices these participants for their involvement, hence these funds have been included in the budget for Program 1.

There is investment by the sector that covers a range of costs associated with their direct and indirect participation in these activities in addition to the direct sector contributions to attend activities undertaken by Wine Australia. This investment has been estimated at $18.6M over the 2017–18 to 2019–20 period and covers a range of costs, including flights, accommodation, on-ground costs, wine samples and other associated marketing costs.*
Appendix II: Performance evaluation

Reporting

Wine Australia monitors and reports against performance to ensure transparency and accountability. In addition to the KPI reviews and annual progress reports, Wine Australia will engage an external organisation to undertake a mid-term review to be presented by 20 December 2018 and an end-of-project review by 28 August 2020. The KPIs are described in the table on the following pages.

Under the Commonwealth Grant Agreement, Wine Australia is required to develop a reporting framework by January 2018. This reporting will include:

- financial budget, forecast and actuals
- project deliverables and KPI reporting, and
- grant delivery financials, progress, and KPIs.
## Key performance indicators

<table>
<thead>
<tr>
<th>Outcome</th>
<th>KPI</th>
<th>Baseline</th>
<th>Target</th>
<th>Data Source</th>
<th>Frequency</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Package</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Package implementation helps transform the Australian grape and wine sector by showcasing the nation’s wine tourism offering and driving demand for Australia’s wine exports.</td>
<td>KPI 1 – Achieve a benefit-cost ratio (BCR) of greater than 5:1 across the whole package</td>
<td>N/A</td>
<td>5:1</td>
<td>Post implementation benefit/cost study</td>
<td>Mid project and end of project</td>
<td>Third party expert and ERWSP Program Manager</td>
</tr>
<tr>
<td></td>
<td>Improved demand for Australian wines in key markets</td>
<td>KPI 2 – Australian wine exports grow by 7–8% CAGR p.a. by 2019–20</td>
<td>A$2.3 billion (overall)</td>
<td>A$2.8 billion (overall)</td>
<td>FOB values of wine export approvals</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Australian wine exports to USA grow by 6% CAGR p.a. by 2019-20</td>
<td>A$4.94 million (USA – US$3.8 million at 0.75 AUD:USD)</td>
<td>A$4.88 million (USA – US$4.4 million at 0.85 AUD:USD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Australian wine exports to China grow by 15–17% CAGR p.a. by 2019-20</td>
<td>A$72.1 million (China – CNY3.71 billion at 5.1% AUD:CN¥)</td>
<td>A$98.0 million (China – CNY5.7 billion at 5.8 AUD:CN¥)</td>
<td>IWSR, Wine Australia export approvals</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Australia’s volume share of the imported wine market grows in fine wine segment in China and USA</td>
<td>Australia’s volume share of the imported wine market at US$10 per bottle and above (A$9.5 per case FOB) 4% in 2016–17</td>
<td>Australia’s volume share of the imported wine market at US$10 per bottle and above (A$9.5 per case FOB) 6% by 2019–20 (tbc)</td>
<td>Annual National Vintage Survey</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Australia’s volume share of the imported wine market at CNY90 per bottle and above (A$9.5 per case FOB) 18% in 2016–17</td>
<td>Australia’s volume share of the imported wine market at CNY90 per bottle and above (A$9.5 per case FOB) 21% by 2019–20 (tbc)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>KPI 3 – Average price for Australian bottled wine export FOB increases to $5.94 by 2019–20</td>
<td>A$5.46</td>
<td>A$5.94</td>
<td>FOB $ per litre of bottled wine exports</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Higher returns to grape growers</td>
<td>KPI 4 – In line with the historic correlation, the national average wine grape price increases as the average prices of Australian bottled wine exports increase</td>
<td>$565 per tonne</td>
<td>$590 per tonne by 2019–20</td>
<td>Annual National Vintage Survey</td>
</tr>
<tr>
<td>Outcome</td>
<td>KPI</td>
<td>Baseline</td>
<td>Target</td>
<td>Data Source</td>
<td>Frequency</td>
<td>Responsible</td>
</tr>
<tr>
<td>---------</td>
<td>-----</td>
<td>----------</td>
<td>--------</td>
<td>-------------</td>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Improved perception of Australian wines in key markets to drive demand and the premium paid</td>
<td>KPI 5 – Media Campaign&lt;br&gt;6000 mentions of Wine Australia and/or Australian wine within news articles per year, reaching over 900 million people</td>
<td>5400 mentions&lt;br&gt;800 million people</td>
<td>6000 mentions&lt;br&gt;900 million people</td>
<td>Meltwater</td>
<td>Quarterly</td>
<td>Communications Manager</td>
</tr>
<tr>
<td>KPI 6 – Media Campaign&lt;br&gt;At least 90% of all media coverage to be positive or neutral in tone</td>
<td>90% positive or neutral</td>
<td>90% positive or neutral</td>
<td>Meltwater</td>
<td>Quarterly</td>
<td>Communications Manager</td>
<td></td>
</tr>
<tr>
<td>KPI 7 – Key Influencers Campaign&lt;br&gt;Level of engagement of key influencers and promotion/inclusion of Australian wine</td>
<td>50% of Tier A targets attend a Wine Australia event or visit&lt;br&gt;Net promoter score of 0 from educators&lt;br&gt;25% of buyers attending events would consider including Australian wine in their portfolio&lt;br&gt;10% of buyers attending events intend to include Australian wine in their portfolio&lt;br&gt;10% of buyers that attended events/activities increased the number of Australian wines in their portfolio</td>
<td>85% of Tier A targets attend a Wine Australia event or visit&lt;br&gt;Net promoter score of 30 from educators&lt;br&gt;75% of buyers attending events would consider including Australian wine in their portfolio&lt;br&gt;50% of buyers attending events intend to include Australian wine in their portfolio&lt;br&gt;50% of buyers increased the number of Australian wines in their portfolio</td>
<td>Survey</td>
<td>Quarterly</td>
<td>Market Insights&lt;br&gt;Communications Manager&lt;br&gt;Event/Activity Managers</td>
<td></td>
</tr>
<tr>
<td>KPI 8 – Consumer and Trade Education Campaign&lt;br&gt;Increase in quality perception ratings of Australian wine in China and the USA</td>
<td>China 8.26&lt;br&gt;USA 8.13&lt;br&gt;Trade/Consumer pre-event quality rating of 8&lt;br&gt;Trade/Consumer post-event quality rating of 8</td>
<td>China 8.5&lt;br&gt;USA 8.5&lt;br&gt;Trade/Consumer post-event quality rating of 9&lt;br&gt;Wine Intelligence brand health study&lt;br&gt;Post-event surveys</td>
<td>Wine Intelligence brand health study&lt;br&gt;Post-event surveys</td>
<td>Annual</td>
<td>Senior Marketing Manager&lt;br&gt;Event/Activity Manager</td>
<td></td>
</tr>
<tr>
<td>Outcome</td>
<td>KPI</td>
<td>Baseline</td>
<td>Target</td>
<td>Data Source</td>
<td>Frequency</td>
<td>Responsible</td>
</tr>
<tr>
<td>---------</td>
<td>-----</td>
<td>----------</td>
<td>--------</td>
<td>-------------</td>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Program 2a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved capability of grape and wine businesses to capture export opportunities.</td>
<td>KPI 9 – Grape and wine businesses participate in, and execute learnings from, workshops and forums</td>
<td>0</td>
<td>900 participants from grape and wine businesses attend</td>
<td>Attendance lists</td>
<td>Quarterly</td>
<td>Program Owner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>30% confirm they have used new capabilities</td>
<td>Survey</td>
<td>Quarterly</td>
<td>Market Insights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>50% of workshop participants have accessed the toolkit</td>
<td>Google Analytics</td>
<td>Quarterly</td>
<td>Program Owner</td>
</tr>
<tr>
<td>Increased uptake of wine export opportunities by producers.</td>
<td>KPI 10 – 30 producers commence exports to China and/or other FTA markets after participating in the wine capability program by 2019–20</td>
<td>0</td>
<td>30</td>
<td>Export approvals reports</td>
<td>Quarterly</td>
<td>Market Insights</td>
</tr>
<tr>
<td>Program 2b</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wine export growth</td>
<td>KPI 11 – wine export grant recipients increase their collective wine exports by 7–8% CAGR p.a. by 2019–20</td>
<td>The baseline export FOB values of each of the grant recipients will be determined using export approvals data.</td>
<td>Increase the baseline export FOB value in total by 7–8% CAGR p.a. by 2019–20</td>
<td>Export approvals and FOB values</td>
<td>Quarterly</td>
<td>Market Insights</td>
</tr>
<tr>
<td>Program 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved and expanded tourism services, products and experiences for international wine tourism</td>
<td>KPI 12 – Increased perception of international tourist services, products and experiences</td>
<td>Grant recipients will provide the baseline for their project – Net Promoter score</td>
<td>Increase Net Promoter score by 50% on average across all projects</td>
<td>Grant project reporting</td>
<td>At project start and periodically as per grant.</td>
<td>Grants Program Owner</td>
</tr>
<tr>
<td>Increased expenditure and visitation by international tourists for the purposes of international wine tourism.</td>
<td>KPI 13 – 40,000 more international visitors visit wine regions across Australia within the life of the project increasing expenditure by $170m by 2019–20.</td>
<td>$5.46 billion international wine tourist expenditure 1.3 million international wine tourists</td>
<td>$5.63 billion international wine tourist expenditure 1.34 million international wine tourists</td>
<td>International Visitor Survey</td>
<td>Quarterly</td>
<td>Tourism Research Australia and ERWSP Program Manager</td>
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<tr>
<td>Outcome</td>
<td>KPI</td>
<td>Baseline</td>
<td>Target</td>
<td>Data Source</td>
<td>Frequency</td>
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<tr>
<td>Program 4</td>
<td></td>
<td></td>
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<tr>
<td>Australian cider producers have access to improved information and strategic approaches for accessing export markets, resulting in increased exports.</td>
<td>KPI 14 – Cider Australia producers participate in developing, and support, the strategy</td>
<td>0</td>
<td>75%</td>
<td>Survey</td>
<td>Quarterly</td>
<td>Market Insights</td>
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<td>KPI 15 – increased number of producers exporting</td>
<td>7 producers exporting</td>
<td>20 producers exporting</td>
<td>Survey</td>
<td>Quarterly</td>
<td>Market Insights</td>
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<tr>
<td>KPI 16 – Growth in export revenue by 2019–20</td>
<td>Export revenue of $16.5 million</td>
<td>Export revenue of $20 million</td>
<td>Survey</td>
<td>Quarterly</td>
<td>Market Insights</td>
<td></td>
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</table>
Appendix III: Program 1 campaign details

3.1 China Awards

Date • 23–24 October 2017

The China Awards recognise and celebrate the best Wine Australia Trade Specialists who are at the frontline championing the Australian wine category in China. In the first four years of the awards, they grew from a small cocktail event to a gala dinner in 2016.

This year, the awards will highlight the versatility and diversity of Australia wine and its ability to be matched to Chinese cuisine and occasions. There will be a more diverse audience that includes media influencers, an amplification of event activities for stakeholders and broader coverage in Chinese media. The awards are building a strong community of trade specialists — importers, distributors, buyers, on- and off-premise, online sales and educators — and we will engage them through an Australian wine fair, four master classes, a gala awards dinner and a media launch. This will all be supported with a public relations campaign.

Deliverables 2017–18

- Australian Wine Fair
- four master classes
- Gala Awards Dinner
- media lunch
- public relations campaign

Objectives

For Australian wine

- 250 trade, influencers and educators attend the events.
- Develop 10 new media relationships (focus on lifestyle media).
- Generate 100 media stories/influencer content.

For wine brands

- 50 per cent of buyers attending increase the number of Australian wines in their portfolio.
- Trade specialist applications increase by 10 per cent in 2018.

Participants

- Sponsorship packages are available. In 2017, sponsors include Barossa Wine School, Sydney Royal Wine Show, McWilliams, Tourism Australia and Dowie Doole.
- State and regional wine associations can coordinate an exhibition booth. Wine Australia is aiming for at least one region from each state (excluding Queensland) to participate.
- Wines sourced for the event will be determined by regional participation, wines that are in market or export ready, representation by winemaker attendance, region or importer/distributor in market.

Participants are responsible for their flights, accommodation and incidentals and wine supply and shipping.
3.2 Hong Kong Wine and Dine Festival

Date • 25–30 October 2017

Hong Kong Wine and Dine Festival is a flagship event of Hong Kong Wine and Dine month that starts in late October. The festival attracts over 144,000 attendees to a 4-day consumer-facing event.

Last year, Wine Australia trialled a precinct presence (partnering with PIRSA) and this year we will create one of the largest country precincts to showcase a variety of fine Australian wines at different price points.

We will focus on regional messaging at eight regional booths. We will provide master classes, a pre-festival trade and media tasting and a post-festival VIP dinner, as well as retail promotions through our commercial partner Watson’s Wine.

Deliverables 2017–18

• Festival master classes
• Pre-festival trade and media tasting
• Post-festival VIP dinner

Objectives

For Australian wine

• Eight regional partners, with one from each state (excluding Queensland)
• A 10 per cent increase in Hong Kong Wine and Dine tasting sales compared to 2016.
• A 10 per cent increase in Watson’s Wine sales at the festival compared to 2016.
• Increased sales at Watson’s Wine in the three months after the festival, compared to 2016.
• 120 trade, influencers and educators attend the trade event.
• 50 people attend the post-festival VIP dinner.
• Develop 10 new media relationships (with a focus on lifestyle media).
• Generate 50 media stories and influencer coverage.

Participants

• State and regional wine associations can coordinate an exhibition booth. Wine Australia is aiming for at least one region from each state (excluding Queensland) to participate.
• Wine brand participation is determined by regional participation, wines being in market or export ready, representation by winemaker attendance, region or importer/distributor in market, and the ability to attend the entire festival and peripheral events.
• Participants are responsible for their flights, accommodation and incidentals and wine supply and shipping.
## 3.3 China Food and Drinks Fair (Chengdu)

**Date • March 2018**

China Food and Drinks Fair (Chengdu) is the largest and oldest wine trade fair in China that attracts over 100,000 buyers and hosts 3000 international exhibitors. Wine Australian has been exhibiting for a number of years and in 2017, 21 exhibitors showcased more than 50 brands from more than 20 wine regions and 5 states.

This year, we will focus on the growing on-premise/hotel channel by exhibiting in the Hotel Wine Show part of the fair. The hotel show is growing in popularity as the hotel industry continues to boom in China (estimated 10-year growth of the industry from $44 billion to $100 billion).

We will showcase fine Australian wines, their food friendliness and how they suit a wide range of hotel dining options to targeted buyers from hotels, delivering education on stand and providing communications materials and targeted public relations content to influence buyers' purchasing decisions.

### Deliverables 2017–18

- master classes
- VIP suite

### Objectives

**For Australian wine**

Build the perception of Australian wine in China as food friendly and ideally suited to a wide variety of hotel dining options, so that Australian wine can capture opportunities in the growing hotel sector (10-year growth is estimated to be $44 billion to $100 billion sector with rooms increasing from 2.5 million to 6.3 million).

Messages are reinforced by:

- showcasing wines at different price points to demonstrate versatility across different styles of hotel food and beverage outlets
- partnering with a leading hotel wine buyer to deliver a series of talks at the show to support buyers' purchasing decisions
- raising awareness of Australia’s participation at the show and driving visitation with a targeted hospitality sector media campaign, and
- partnering with wine educators to deliver key brand messages.

Communication materials and targeted hospitality sector public relations materials support wine buyers' purchasing decisions after the show.

### Participants

- Wine businesses or brands can purchase tables and participate in the peripheral events and activations.

Participants cover the subsidised cost per table; travel, accommodation and incidentals; and the supply of wine and wine logistics.
3.4 Vinexpo Hong Kong 2018

Date • 25 May to 1 June 2018

Vinexpo Hong Kong 2018 is where Australia will partner with Vinexpo as Country of Honour.

We will take the largest contingent of wine regions and brands (73 per cent more than in 2016) to the exhibition to engage with the expected 17,000 trade visitors from 51 countries, 73 per cent of whom are considered key decision makers in the buyer decision-making process. We will magnify Australia’s presence through a larger trade stand footprint and striking design, an extended program of master classes and influential presenters, exciting and engaging activities on stand, focused peripheral activations and events, and a dedicated public relations campaign.

Deliverables 2017–18

• public relations campaign
• peripheral activations – 28 May to 1 June 2018
• trade exhibition – 29–31 May 2018
• ‘The Blend’ Vinexpo networking event – 30 May 2018
• master classes – 29–31 May 2018

Objectives

• 100 wineries (an increase of 73 per cent from 2016) and 8 wine regions participate, and Wine Australia provides the services to allow exhibitors to focus on business.
• Deliver activations and events outside of the trade show that attract 50 per cent Tier A media and influencer targets.
• Deliver a hosted two-three day itinerary for key influencers and gatekeepers from greater China.

Participants

• Regional associations can purchase exhibition booths or create a regional wine bar.
• Wine businesses and brands that meet the selection criteria can purchase exhibition space. Criteria includes that the brands are available for retail in Australia.

Participants cover subsidised exhibition booth costs; travel, accommodation and incidentals; and the supply of wine and wine logistics.
3.5 China Roadshow

Date • 4–11 June 2018

China Roadshow is a touring wine trade show that Wine Australia developed in 2012. The roadshow engages wine buyers in one tier-one city and three tier-two cities through a mini-trade fair, master classes and a new-to-market program. Each year, the Roadshow travels to new locations based on market insights, research and demographic data.

Following on from Vinexpo Hong Kong 2018, we will take the largest contingent of wine brands. We will use education and activations at the mini-trade fair to deliver key messages and demonstrate appropriate use of wines being mindful of social and cultural norms. We will invest in research and public relations to extend our database of buyers, importers and influencers in each city to build our network and we will partner with key influencers to maximise engagement and the spread of our messages.

Deliverables 2017–18

• 1 x Tier One City – Trade Fair
• 3 x Tier Two Cities – Trade Fair
• master classes
• closing event
• new to market program

Objectives

For Australian wine

• We will use insights and demographic data to choose the cities to visit, ensuring they can provide a high return on investment (both business and awareness).
• We will use advertising and public relations campaigns to increase the attendance of influencers, importers and distributors, on- and off-premise trade at the roadshows, to raise awareness about Australian wine and to deliver key messages.
• We will use social media to amplify these messages and to engage with consumers.
• We will secure partnerships with leading wine influencers in China to attract attendees and deliver key brand messages through education that build the credibility of the category.
• We will create new-to-market activities so that Australian wine brands gain a deeper understanding of how wine is sold and consumed in China.

Participants

• This activity is designed for wine brands, which can purchase tables at the tastings. The activity is open to wines already in market or new to market and the participating wineries and wine brands must be available for retail in Australia. There are also opportunities to participate in peripheral events and activations.
• Participants cover the subsidised cost of purchasing a table; the cost of peripheral events and activation; travel, accommodation and incidentals; supply of wine and shipping logistics.

State and regional wine associations can purchase tables at the tastings, host structured tastings and participate in peripheral events and activations.
3.6 Augmented reality and virtual reality

Augmented reality and virtual reality will generate a stronger emotional connection to Australian wine, to engage and reach larger audiences, and to extend our educational offering and enhance learning outcomes.

**Deliverables 2017–18**

- scope potential use of the technology
- prototype testing in market.

**Objectives**

- Deliver a new, more immersive and exhilarating dimension to premium wine messaging, message delivery, education and story telling through an entertaining experience at major events and exhibitions. The AR and VR campaigns will be nuanced to the market and transcend language barriers.
- Encourage social media sharing and visitation to the Australian wine area at events.
- Share learnings with stakeholders.
3.7 Aussie Wine Week

Date • 7–14 September 2017

Aussie Wine Week in New York and San Francisco is a series of media and marketing events including BevCon, to celebrate Australia’s wine and food culture and continue to build enthusiasm about Australian wine among media, influencers, on-premise/sommeliers and wine enthusiasts and to create demand for Australian wine that positively impacts off-premise and online retail and the broader trade. To change perceptions and enhance the reputation of Australian wine, this week will see a concerted approach to position Australia as a world-leading winemaking country.

Deliverables 2017–18

- Artisans of Australian Wine, San Francisco
- Artisans of Australian Wine, New York
- Taste of Australia, New York
- Grape by the Glass promotions
- benchmark Shiraz tasting
- public relations campaign

Objectives

Events:
- 60 trade attendees at Artisans of Australian wine San Francisco
- 100 trade attendees at Artisans of Australian wine New York
- fully subscribed Shiraz Master Class
- new relationships with trade, educators and influencers in the market
- increased awareness about Australian wine, measured with a post-event survey
- increase positive sentiment about Australian wine, measured with a post-event survey.

PR and digital:
- At least 15 media attend the Taste of Australia event
- At least 10 media attend each Artisans of Australian wine event
- At least 40 media clips related to the events and/or Australian wine
- Wine Australia and/or Australian wine is referenced in 100% of all media coverage
- Produce 1 × 90 second film about Aussie Wine week and short interviews with winemakers, trade and consumers in market for social media
- Develop 2 × stories for the website in the lead up to the activity
- Post-event website story on Aussie Wine Week.
Participants

- **Artisans of Australia** wine criteria: brands currently available in market, represented by broad selection of importers and the ability of the winemaker to participate in the week-long activity to promote wines in organised tastings. Total production not to exceed 10,000 cases and SKU[s] poured not to exceed 500 cases.

- **Taste of Australia** criteria: brands currently available in market with a focus on SKUs US$20–30. Classic wines and varieties from diverse regions and producers.

- **Grape by the Glass** criteria: selected by participating restaurants.

- **Benchmark Shiraz Project** criteria: determined by researchers and availability of wines in US market.

Participants to cover travel, accommodation and incidentals, supply of wine for tastings and the media.
3.8 Vinexpo New York 2018

Date • 4–7 March 2018

The inaugural Vinexpo New York 2018 will see an Australian Pavilion to support winery and importer engagement and deliver fine wine messages via media, trade stand activations, peripheral events and education programs that challenge perceptions and seek to change attitudes and purchasing behaviours.

We will consider the full Vinexpo trade visitor experience (more than 3000 trade visitors are expected) and extend our marketing tactics outside of the trade fair to keep Australia top of mind for participants.

**Deliverables 2017–18**

- public relations campaign
- trade exhibition – 5–6 March 2018
- master classes – 5–6 March 2018
- peripheral activations – 4–7 March 2018

**Objectives**

- The Australian presence encapsulates the Australian wine brand, fine wine messages and encourages business meetings. Wine Australia provides services to exhibitors so they can focus on business.
- At least 8 exhibitors (and maximum 16) participate.
- Tier A media and influencers attend activations and events outside of the trade show.
- Advertising and public relations activities keep Australia top of mind outside of the trade-show floor.
- Partner with Wine Spectator to deliver key brand messages through education and build credibility of the category.
- Deliver a hosted two-day itinerary for key influencers and gatekeepers from North America.

**Participants**

- Wine businesses or brands and Australian wine importers with product currently available in the USA can purchase exhibition space and participate in peripheral events and activations.

Participants to cover subsidised exhibition stand costs, travel, accommodation and incidentals and the supply of wine.
3.9 Australian Wine Camp

Date • May/June 2018

Australian Wine Camp will overcome the tyranny of distance for people unable to travel to Australia by delivering a three-day immersive Australian wine experience in a desirable USA location. Some 100 key influencers will experience Australia’s enviable wine culture and absorb the Australian wine brand and fine wine messages delivered by Australian winemakers, wine experts and global culinary trendsetters.

We will invite a select group of guests to visit Australia and will offer a flexible choice of visit itineraries that extend over a three-year period to encourage their participation.

**Deliverables 2017–18**

- Australian Wine Camp

**Objectives**

Deliver a compelling program that includes speakers, panels, topics, tastings and activities that:

- deliver premium Australian messages
- reinforce Australia’s leading gastronomic credentials and dining culture
- encourage message extension via social media channels
- build a desire to visit Australia that leads to a program of visit itineraries for qualified participants
- ensures target influencers attend.

**Participants**

- Wine Australia will develop a working group of sector experts to develop the program. Experts and winemakers will be invited to participate based on the camp’s theme and focus for each year.

Participants will cover travel, accommodation and incidentals, and the supply of wine for tastings and the media.
3.10 Education content development
China and USA

Education content development will capture the innovation and excitement of the fine Australian wine category. It will build on the existing program and be structured to deliver consistent Australian wine messaging through a toolbox of education materials and a library of education programs that support importers, retailers and educators. The content development will underpin an expansion of the education network.

**Deliverables 2017–18**

- develop education matrix
- develop education toolbox
- expand education network
- amplify education events

**Objectives**

**For Australian wine**

- We will develop an education matrix and library that are aligned to key messages.
- We will develop an education toolbox that supports consistent delivery by educators.
- We aim for 80 per cent of our education network to report increased satisfaction with the education toolbox.
- We aim to increase the education network by 20 per cent in China and the USA.
- We aim to increase participants’ likelihood of recommending Australian wine.
- We aim for 75 per cent of people participating to report a satisfaction rating of at least 80 per cent and to be more likely to recommend Australian wine as a result of attending.

**Participants**

We will source content and materials from state and regional wine and tourism associations, wine brands, winemakers and key influencers.
3.11 Influencer engagement China and USA

Influencer engagement China and USA will deliver a tailored program of activities to deliver a premium Australian wine message through different channels and segments. We will engage with key opinion leaders in the media, sommeliers and educators.

We will host key influencers in Australia, immersing them in our wine regions to create a deeper understanding and appreciation of Australia, our unique terroirs and our food and wine culture. The opportunity to connect physically and emotionally to the people, places and culture means that visitors leave as advocates and ambassadors for Australian wine and they share our stories. The program and itineraries will deliver the fine wine message and promote tourism and the target audience will be extended to include lifestyle influencers who will present different story angles and influence a broader consumer base.

In China, in collaboration with Meat and Livestock Australia, Dairy Australia and Horticulture Innovation Australia, we will deliver premium Australian food and wine engagement that leverages the distinct and desirable values associated with Australian provenance to increase the perception of and demand for Australia produce among the food and wine trade in China.

Deliverables 2017–18

- Influencer engagement

Objectives

- Participants from key target markets will experience a uniquely Australian, premium itinerary tailored to their visit objectives and premium wine, food and tourism messaging.
- We will encourage influencers to approach us with story ideas and angles.

Participants

- State and regional wine associations and wine businesses and brands can host visits, dependant on visitor requests.
- Non-wine partners, such as tourism bodies, tourism providers, restaurants, wine bars etc. can host activities.
- Key influencers can be contracted to host events or present master classes.
- Participants will cover cellar door hosting, tastings and seminars in regions or wineries, and some meals or tourism expenses.
3.12 Key messaging campaign China and USA

The key messaging campaign is designed to change perception, drive desire and increase demand for Australian wine and wine tourism among wine trade and consumers.

The strategy will have a strong online component, including using promotional activities and content development to reset and refocus the Australian brand in online retail. The campaign will keep Australian wine top of mind with gatekeepers and drive desire to explore and purchase Australian wine.

**Deliverables 2017–18**

- premium wine messaging

**Objectives**

We will develop premium wine messaging and subsequent campaigns that:

- engage influencers, importers and distributors, on- and off-premise trade and consumers
- positively influence their perceptions of Australian wine, and
- lead to behaviour change that helps meet the Program KPIs.

**Participants**

- State and regional associations will be provided with details about the campaign and encouraged to co-invest in the campaign.

Key influencers will be encouraged to provide content and commentary.
3.13 Tourism campaign

Date • May/June 2018

In 2017–18, we will invest approximately $1.5 million of Package funds to leverage and grow international tourism to create demand and build awareness for premium Australian wine through the international wine tourism project that will see us work in close conjunction with Tourism Australia to drive increased tourism to Australian wine regions through a marketing strategy that showcases Australian wine tourism destinations and high-quality tourism experiences to drive awareness and visitor numbers.

Deliverables 2017–18

• Tourism Australia joint initiatives: communications, public relations, advertising

Objectives

• Increase international visitors in line with the Package KPIs.
Appendix IV: Governance

Package governance structure

Wine Australia

The delivery of the Package is the responsibility of Wine Australia.

Wine Australia’s oversight is being managed principally through the Board’s Marketing Committee and the CEO-led Delivery Committee.

Wine Industry Committee

The Wine Industry Committee has been established to ensure appropriate sector oversight of the Package through WFA and Av.

Functions of this committee include:

1. Review and agree:
   - the three-year plan for the Package
   - AOPs for each of FY18, FY19 and FY20

   and recommend they be submitted to the Wine Australia Board for approval.

2. Conduct mid-year reviews to ensure the current year’s activities are being implemented in accordance with the AOP for that year.
Membership of this committee:

1. The Committee shall consist of:
   - The Chair of Wine Australia
   - The President of WFA, and
   - The Chair of AV.

Marketing Advisory Group (MAG)

The MAG acts as an advisory body for Program 1: Accelerating growth in the international market demand of the Package and Program 2a: Creating China-ready businesses.

MAG membership is up to nine individuals with expertise in marketing Australian wine in China and/or the USA.

Expert Assessment Panel

Wine Australia will appoint an independent Expert Assessment Panel of up to five members plus an observer nominated by the Department to provide sector and technical expertise in the assessment of grant applications. Panel members will have relevant experience in regional tourism, wine tourism and/or regional economic development. Wine Australia will provide secretariat support to the panel and probity advice will be provided by Bruce Brown, Special Counsel, King & Wood Mallesons.

Panel members will be appointed for a 12-month term and the panel shall be convened as often as required within that term.

Applications will be examined initially by Wine Australia to ensure the applications are complete (all fields completed, supporting documentation attached etc.). Only complete applications will be provided to the panel for assessment against criteria that will achieve the objectives and outcomes of the Package.

The panel acts in an advisory capacity to the Assistant Minister for Agriculture and Water Resources for approval of International Wine Tourism State Grants and to Wine Australia’s Chief Executive Officer for approval of the International Wine Tourism Competitive Grants.

Conflict of interest

General Duties of Officials

The Public Governance, Performance and Accountability Act 2013 (PGPA Act) sets out the general duties of officers that apply to ‘officers’, which includes ‘committee’ members. The five general duties are:

• a duty of care and diligence
• a duty to act in good faith and for a proper purpose
• a duty not to misuse their position
• a duty not to misuse information, and
• a duty to disclose material personal interests.
Individual employment contracts and committee terms of reference provide that individuals can be removed/have their employment terminated if they contravene the general duties of officers set out in sections 25 to 29 of the PGPA Act. This includes failure to disclose a material personal interest.

**Disclosure of material personal interests**

Section 14 of the PGPA Rule prescribes how and when material personal interests must be disclosed by Board members. We will adopt this same process for committee members, including the Expert Assessment Panel. To summarise:

- A member who has a material personal interest that relates to the affairs of Wine Australia must disclose that interest, orally or in writing, to each other member of the panel/committee. The disclosure should include:
  - the nature and extent of the interest and
  - how the interest relates to the affairs of Wine Australia or the decision-making function of the panel/committee.
- The member must make the disclosure at a meeting of the other members of the panel/committee:
  - as soon as practicable after the member becomes aware of the interest, and
  - if there is a change in the nature or extent of the interest after the member has disclosed the interest, as soon as practicable after the member becomes aware of that change.
- The member must ensure that the disclosure is recorded in the minutes of the meeting.
- If a matter in which a member has the interest is being considered at a meeting, the member must not:
  - be present while the matter is being considered at the meeting, or
  - vote on the matter.
- However, if:
  - the Chair has declared, in writing, that the member may be present or vote (or both), or
  - the members of the panel/committee who do not have a material personal interest in the matter have decided that the member is not disqualified from being present or voting (or both), and the decision is recorded in the minutes of a meeting of the members.

then the member may be present or vote (or both) in accordance with the declaration or decision.

In addition, the following processes are followed by committees, panels, and the Board to record and consider material personal interests:

- Maintenance of standing notices of conflicts of interests for each panel member with a conflict of interest (which should be tabled and altered if the standing interests change)
- Maintenance a conflict register
- Each meeting to begin with Chair asking whether anyone needs to report a potential conflict.
Program 4 Cider Committee

The Transforming cider businesses program will operate under the governance framework defined for the Package with respect to the Package's defined controls, project reporting, monitoring and performance evaluation. To support this delivery, there will be a Cider Committee made up of:

• S Weinert – Program Owner, General Manager Corporate Services – Wine Australia
• T Battaglene – Chief Executive, WFA
• S Reid – President, Cider Australia, and
• J Anderson – Executive Officer, Cider Australia.

Package controls

Financial management

Wine Australia has well-defined and well-managed financial management and delegation systems and processes. These systems and processes ensure the effective management and control over all financial aspects of its operations.

Financial transactions and delegations’ policy

As required under the PGPA Act, Wine Australia has a policy to ensure that systems and processes are in place to properly manage the commitment of funds. The aim of this policy is to establish an approval framework (including appropriate controls and processes) for the commitment and payment of funds. The Financial Delegations Schedule stipulates that Wine Australia personnel holding various positions may commit Wine Australia’s budgeted funds up to a certain value.

Authorisation of budget variances

The Financial Delegations Schedule stipulates that any contract above $500,000 requires Board approval, even if it is a budgeted item. The Wine Industry Committee will review any budget change requests requiring Board approval before they are submitted to the Board.

Any decision to reallocate unspent funds funds from one program to another will be informed by the findings of the external mid-term review and require approval by the Minister.

The table below outlines who can authorise variances to approved AOP activity budgets.

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<th>Financial delegate</th>
<th>Variance to approved AOP activity</th>
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<td>Program Manager</td>
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<tr>
<td>Chief Executive Officer</td>
<td>≤$100,000 from the approved AOP activity</td>
</tr>
<tr>
<td>Wine Australia Board</td>
<td>&gt;$100,000 from the approved AOP activity</td>
</tr>
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</table>
**Procurement**

Under the Commonwealth Grant Agreement, Wine Australia is required to implement activities in accordance with the obligations on prescribed Corporate Commonwealth Entities under the Commonwealth Procurement Rules and the Commonwealth Grants Rules and Guidelines.

Accordingly, all procurement will be conducted in a way that is transparent, efficient, effective, economic and ethical with a view to always achieving value for money and encouraging competition, and in accordance with a Procurement Policy which will reflect the Commonwealth Procurement Rules. Grants will be administered in accordance with the grant guidelines that have been developed in accordance with the Commonwealth Grants Rules and Guidelines.