

AUSTRALIAN GRAPE AND WINE INCORPORATED

2020 ANNUAL GENERAL MEETING

Minutes of the 2nd Annual General Meeting of Australian Grape & Wine Incorporated
held on Tuesday, 17 November 2020 at 4.15pm

PRESENT:

FULL NAME

Anjanette Murfet
Colin Bell
Victoria Angove
Ben Crossing
Tony Battaglone
Anna Hooper
Ali Laslett
Lee McLean
Nikki Zorzi
Angie McGee
Sandy Clark
Sue Rana
Laura Squire
Leeanne Puglisi-Gangemi
Luke Edwards
Rollo Crittenden
Adrian Hoffman
Sarah Collingwood
James March
Mary Hamilton
Darren Oemcke
Bill Moularadellis
Jason Amos
Angus Barnes
Corrina Wright
Tyson Lewis
Ben Rose
Helen Strachan
Chris Pfeiffer
Darren Rathbone
Craig McDonald
Brian Smedley
Alister Purbrick
Mitchell Taylor
Dr Mardi Longbottom
Tony Robinson
Dr Mark Krstic
Ashley Keegan
Sami Gilligan

COMPANY NAME

Accolade Wines
AHA Viticulture
Angove Family Winemakers
Angullong Vineyard
Australian Grape and Wine Incorporated
Ballandean Estate
Casella Family Brands
Crittenden Estate
Dimchurch Vineyards
Four Winds Vineyard
Heathvale Wines Pty Ltd
Hugh Hamilton Wines Pty Ltd
Hydra Consulting
Kingston Estate Wines Pty Ltd
Lallemand Australia Pty Ltd
New South Wales Wine Industry Association
Oliver's Taranga Vineyards
Peninsula Vinecare Pty Ltd
Performance Viticulture
Pernod Ricard Winemakers Pty Ltd
Pfeiffer Wines
Rathbone Wine Group
South Australian Wine Industry Association
South Australian Wine Industry Association
Tahbilk Pty Ltd
Taylors Wines Pty Ltd
The Australian Wine Research Institute
The Australian Wine Research Institute
The Australian Wine Research Institute
The FABAL Group Pty Ltd
The Wetlands Vineyard

PRESENT (continued):

Rob Cairns	Treasury Wine Estates
Inca Lee	Vinehealth Australia
Will Taylor	Will Taylor Wines
Andreas Clark	Wine Australia
Kate Harvey	Wine Australia
Liz Waters	Wine Australia
Catherine Cooper	Wine Australia Board
Frances-Anne Keeler	Wine Australia Board
Professor Peter Høj	Wine Australia Board
Dr Michele Allan	Wine Australia Board
Heather Webster	Wine Grape Council of SA
Olivia Barrie	Wine Mornington Peninsula
Larry Jorgensen	Wines of Western Australia
Simone Tierney	Zilzie Wines
Philip Laffer, AM	Life Member
Mim Pargeter	Administration Overflow (Minute Taker)

1. CHAIRMAN'S WELCOME AND FORMALITIES

The Chairman of Australian Grape & Wine Incorporated welcomed all in attendance to the second Annual General Meeting (AGM) of Australian Grape & Wine Incorporated (Australian Grape & Wine). He welcomed Dr Michele Allan, Chair of Wine Australia, and Mr Philip Laffer AM, Life Member of Australian Grape & Wine Incorporated, and the Australian Grape & Wine Board and Committee members. He noted that attendees had received the 2020 Financial Statements of Australian Grape & Wine and the Minutes from the inaugural Australian Grape & Wine Annual General Meeting held on 12 November 2019. Apologies and proxies had been received prior to the meeting and will be recorded in the minutes. He asked if there were any amendments to the Minutes of the AGM held on 12 November 2019, of which there were none, and requested approval of those Minutes.

It was RESOLVED that the Minutes of the 2019 Australian Grape & Wine Annual General Meeting held on 12 November 2019 be accepted as a true and accurate record of proceedings.

All in favour, so resolved.

2. ASSOCIATION PERFORMANCE

The Chairman, Sandy Clark, presented a brief report on the achievements of Australian Grape & Wine over 2019-20 year, noting that:

- 2019-20 had been one of the more eventful years in the wine industry's history, which he likened to the opening paragraph of Charles Dicken's 'A Tale of Two Cities'.
- Leading into 2020, the Australian Wine Industry had enjoyed fair times with strong local demand, export markets dominated by China were holding assisted by the last of the Government's \$50m package and grape prices were increasing. The organisation had continued to consolidate its position and enjoyed good support from all sides of politics, from Wine Australia and from its associated committees. The outlook in general was looking positive.

- 2020 had however become challenging and tumultuous with drought and bushfires, the COVID-19 pandemic and the Chinese anti-dumping and countervailing investigations, and he sincerely thanked the companies involved in those investigations.
- The resilience shown by vignerons, winemakers, the hospitality sector and the cellar doors throughout and following these challenges had been extraordinary.
- It is hopeful that US President-elect Biden, as a friend of Australia and a Foreign Affairs expert, will assist in positively improving the Australia/China relationship.
- Forecasts for the 2021 Vintage are looking better than average in many regions.
- Positive hopes are held as the Free Trade Agreements with the European Union and Britain are debated further.
- The Regional Comprehensive Economic Partnership had recently been signed which includes 30% of the global economy, but unfortunately, not India.
- Congratulations to Michele Allan and her Acting predecessor, Cath Oates, for their leadership of Wine Australia as well as the Wine Australia Board and the expert Executive team led by Andreas Clark.
- A Crisis Committee was formed in early 2020 consisting of directors and staff of Australian Grape & Wine and Wine Australia, which has met weekly and on occasions, more frequently, to assess and comment on the developing situations and to assist and support our members and continue to advise governments.
- He offered his thanks to the small and dedicated Australian Grape & Wine Executive team for all the work undertaken in the past difficult year.
- He also thanked all Board and Committee members of Australian Grape & Wine for their commitment, support and advice over the past year.

The Chairman then invited Tony Battaglione, Chief Executive Officer to report on Australian Grape & Wine's activities and outcomes over the past year.

The Chief Executive Officer presented a report highlighting the key achievements and issues for the industry and the organisation over the past twelve months. He noted that:

- 2019/20 had been an extraordinary year and 2020/21 began in a similar vein.
- The latter part of 2019 saw some worrying signs emerge such as Brexit, the drought, the difficulties in the US market and the brewing China tensions. These events were followed by horrendous bushfires resulting in devastating smoke impacts, fewer grape crops and a large reduction in wine production in many regions, together with the emergence of the COVID-19 pandemic.
- These impacts resulted in a review of industry's Crisis Management Plan prior to implementation on three occasions in early 2020.
- No-one envisaged the duration and impact of COVID-19, and the resultant shut-down of cellar doors and closures of on-premise venues which placed even more pressure on small producers.
- Throughout COVID-19 the off-premise market had thrived, with the big retailers emerging as the clear winners from the pandemic with the concentration of retail power, the stranglehold on the e-commerce market and the increasing vertical integration of the big two retailers of huge concern for the future.
- Throughout the bushfires and the pandemic, Australian Grape & Wine worked very hard to become an authoritative source of information to industry, as well as working tirelessly to ensure that the grape and wine sector remained an essential sector through good communications with both Federal and State Governments, whilst also combatting the anti-alcohol lobby's constant negative messaging of the industry;

- Mandatory Pregnancy Labelling was eventually introduced, although, after a valiant effort from the whole sector, the organisation was able to mitigate the worst excesses of the regulations.
- State jurisdictions had strengthened through the National Cabinet Process introduced to manage COVID-19.
- Market access continued to be a major strategy and, whilst the domestic market has always been strong, industry also needed to strongly advocate in the vital export markets. It has done this through its work with the Australian Government working through the World Trade Organisation against Canada, which was eventually resolved through negotiation. It has also continued to battle to retain the rights to use the grape variety Prosecco as well as Montepulciano, Vermentino and a number of other varieties along with several other trade barriers which are regularly monitored and mitigated where necessary.
- The Free Trade Agreement negotiations with the European Union and the United Kingdom provide both risk and opportunity for industry with Brexit moving towards an uncertain conclusion.
- The organisation is hopeful that the US election will provide a pressure valve release internationally, with more positive foreign policy and support for international organisations such as the World Trade Organisation to ensure international trade continues.
- Throughout 2019/20 a strong financial performance was reported following the merger of the two parent bodies in early 2019. The solid revenue and membership base has underpinned the organisation's strong advocacy performance, and membership numbers have continued to increase, resulting in a strong revenue base. Recognising the devastation of 2019/20, the organisation froze its membership fees for the year and provided benefits to those people who suffered from the bushfires which holds it in good stead to face the challenges of 2021.
- Strong financial resources enabled the organisation to adequately support the enormous financial resources required to respond to the Chinese investigations into dumping and subsidies in August 2020.
- Another important outcome from 2019/20 was the release of industry's 2050 Vision, an important document which sets the ground rules for future delivery of services and continuing relationships with government. Throughout the process of the development of the 2050 Vision, sustainability emerged as a key deliverable, as well as industry's licence to operate despite the messaging from industry's opponents.
- The organisation feels it is very well placed to deal with the challenges that 2021 will bring, through the collaborative organisation and industry cultures that exist, and the ability to communicate with government at both the political and bureaucratic level;
- The 2021 Vintage is looking positive.
- Following China's recent investigations into anti-dumping and countervailing activities, it is not known if a punitive tariff will be placed on exports to China, but if they are imposed, the impacts on the domestic market, our other export markets, grape growers and grape prices will be serious and long lasting.
- Enormous thanks was offered to Treasury Wine Estates, Casella Family Brands, Australia Swan Vintage and Pernod Ricard Winemakers in particular, who worked collaboratively and selflessly to fill in thousands of pages of a very intrusive questionnaire. Thanks was also offered to the other industry exporters that submitted questionnaires and to those organisations which assisted with the initial registration and sampling process.
- The current government rhetoric on China is about diversification, and industry is hopeful that when MYEFO is presented in December, that resources and money will be allocated into that diversification strategy which will hopefully take a long term strategic view.

- A strong and clear strategy has been developed to combat the anti-alcohol lobby which has proven to be very powerful, well-funded and well-connected. Industry needs to elevate the debate and talk about the relative risk of wine consumption, compared with consumption of other foods and beverages. Industry must energise its consumer base to defend the sector and demonstrate that the grape and wine industry has many small family businesses supporting it with an enormous regional footprint. The large businesses also provide the economic vitality to regional and rural Australia. The next targets for the anti-alcohol sector are mandatory nutrition labelling, cancer warnings, tax increases and a ban on advertising all of which have strategies to deal with, however Australian Grape & Wine will need the support of the whole sector to be successful.
- There is currently a review of the Act governing Food Standards Australia and New Zealand (FSANZ), with the Federal Government potentially shifting its role in public health away from its core objective of food safety, to become a policy setting agency rather than an independent standard setting agency. Industry must work closely and resolutely to avoid having FSANZ evolving into a super government body which could potentially make it judge, jury and executioner on all alcohol related issues.
- The organisation will continue to work with the broader government and Wine Australia to reenergise the promotion of domestic tourism in the wine sector now that COVID-19 restrictions are easing, whilst also dealing with the shortage of labour for the 2021 vintage and ensuring all grape and wine businesses are COVID-safe and COVID-ready for continuance of operations.
- The redraft of the Wine Industry Code of Conduct is now complete and it is now working to obtain as many signatories as possible to it in order to provide a safety net for growers. The release of the new Code has already resulted in a platform for greater communication between growers and winemakers, and positive negotiations on payment terms are evident.
- Over the next six months, Australian Grape & Wine will work with Wine Australia and the government to review how the representative bodies and levy funded government bodies best deliver services and undertake their various activities for the sector, to determine if there is a better, more efficient and more appropriate model for the sector. The positive collaborative working relationship that exists between Wine Australia, AWRI and the State and Regional Associations will assist through this process.
- Thanks was given to Andreas Clark, Dr Michele Allen and Cath Oates for their work over the past year, and to Louisa Rose and Mark Krstic and the efforts of AWRI on smoke issues in particular. AWRI's ability to marshal its resources to deal with these types of issues demonstrates the importance of the institution and how well they operate.
- Thanks was given to Sandy Clark for his sage advice which will continue through his tenure as Chairman, to all Australian Grape & Wine Board and Committee members for their tireless support of the organisation and the sector as a whole, particularly the respective Committee Chairs in Alister Purbrick, James March, Helen Strachan and Heather Webster.
- Thanks and gratitude was also extended to the whole Australian Grape & Wine team who had selflessly given their all throughout this tricky year, working as a united team and moving across areas of responsibility to achieve the outcomes achieved.

3. 2020 FINANCIAL REPORTS

Financial Statements and Auditor's Report

Alister Purbrick, Chairman of the Audit, Financial Security and Remuneration Committee asked attendees to give their attention to the financial reports, noting that this was the first full year's trading period since amalgamation on 1 February 2019.

He advised that:

- The Profit and Loss and the overall cash surplus was \$261K. Total operating revenue was \$2.18M consisting of membership fees of \$1.97M (90%) with grants, cash flow boost, interest and other income making up the balance.
- Membership revenue was consistent with the amalgamated entity's combined full year 2018/19 membership, with fees only increasing by CPI or 1.3%.
- Grant income included \$52K from Plant Health Australia for biosecurity, \$25K grant from Wine Australia for market access and OIV, and a \$37.5K grant from the Department of Agriculture for the ring test program.
- Cash flow boost came from Government COVID-19 assistance of \$100K received across two financial years, \$62.5K in 2019/20 and \$37.5K in 2020/21.
- Expenses of \$1.92M comprised employee benefits of \$1.26M, other expenses from ordinary activities of \$643K and a small amount for depreciation.
- Employee benefits expenses only increased by CPI and staffing levels remained steady.
- Other expenses comprised policy (health, market access and general policy) and projects (AWRI ring test, research on GIs for FTAs, 2060 Wine Industry Vision, development of biosecurity business case, Code of Conduct review and meetings with NZ Winegrowers to collaborate on international issues) of \$300K, office rental of \$110K with a \$25K COVID-19 rent relief, corporate governance expenses of \$58K (50% less than previous years due to COVID-19 travel restrictions), membership and brand strategy of \$58K. All other expenses continued in line with budgeted levels, offset by savings due to the cancellation of the Parliament House event scheduled for June 2020.
- The Balance Sheet shows an exceptional surplus of \$261K which has strengthened Australian Grape & Wine's equity to \$1.79M, with total assets of \$2.37M which includes cash deposits of \$2.18M. Total liabilities of \$548K include normal trade payables, unexpended grant income and employee entitlements.
- Significant events which impacted the 2019/20 financial year were droughts, bushfires, smoke taint, frost, hail, poor fruit set and COVID-19, however, a strong surplus was produced.
- The financial impact of the pandemic resulted in substantial savings from travel restrictions, rent relief and additional income from the government cash flow boost.
- The continuation of the market access trade grant provided by Wine Australia for market access work and the commencement of the ring test grant provided by the Department of Agriculture were welcomed.
- Negatively, significant resource allocation was required to counter the anti-alcohol initiatives around pregnancy labelling and increased regulation.
- Notwithstanding the challenges throughout 2019/20 cash reserves were increased.
- The Audit, Financial Security and Remuneration Committee consider that Australian Grape & Wine is in a very sound financial position.

It was RESOLVED that the 2019/20 financial statements for the period 1 July 2019 to 30 June 2020 of Australian Grape and Wine Incorporated be accepted.

All in favour – carried unanimously

Auditor's Appointment for 2020/21

Thanks was given to John Hill, the Audit Director at Perks, and Fiona Gordon, Audit Associate Director, for the excellent service and assistance provided to Australian Grape & Wine over the last few years. It was proposed that the appointment of Perks continue for the 2020/21 financial year.

It was RESOLVED that members of Australian Grape and Wine Incorporated appoint Perks as the Auditor of the organisation and related entities for the financial year ending 30 June 2021.
All in favour – carried unanimously

The Chairman of Australian Grape & Wine thanked Alister Purbrick for his summary of the organisation's strong financial position for 2019/20 and his leadership of the Audit Committee.

5. APPOINTMENT OF THE CHAIRMAN AND DIRECTORS FOR 2020/21

The Chairman of the Audit and Financial Security Committee asked Sandy Clark if he was willing to continue as Chairman of Australian Grape & Wine for a further term of twelve months. Sandy Clark accepted the continuing appointment for the next twelve month period.

The Chairman invited the Chairs of each Committee to introduce their respective new Committee members.

Small Winemakers' Membership Committee:

James March, Chair of the Small Winemakers' Membership Committee thanked Belinda Chambers for her contribution to the Committee and Leeanne Puglisi-Gangemi for her contribution as a Board member throughout 2019/20, noting that Leeanne would remain on the Committee for 2020/21. He advised that the 2020/21 Committee appointments to the Board were as follows:

James March (Chair)	Heathvale Wines Pty Ltd
Ed Swift	Printhie Wines
Mary Hamilton	Hugh Hamilton Wines
Rollo Crittenden	Crittenden Estate
Sarah Collingwood	Four Wines Vineyard (<i>Permanent Alternate</i>)

Medium Winemakers' Membership Committee:

Alister Purbrick, Chair of the Medium Winemakers' Membership Committee advised that Sean Cole would be stepping aside from Medium Winemakers' Membership Committee owing to membership criteria issues. He advised that the 2020/21 Committee appointments to the Board were as follows:

Alister Purbrick (Chair)	Tahbilk Pty Ltd
Jeff McWilliam	McWilliam's Wine Group Ltd
Victoria Angove	Angove Family Winemakers
Simone Tierney	Zilzie Wines
Robert Hill Smith	Yalumba (<i>Permanent Alternate</i>)

Large Winemakers' Membership Committee:

Helen Strachan, Chair of the Large Winemakers' Membership Committee advised that the 2020/21 Committee appointments to the Board were as follows:

Helen Strachan (Chair)	Pernod Ricard Winemakers Pty Ltd (<i>Alternate – Byron Hodkinson</i>)
Rob Cairns	Treasury Wine Estates
Luke Edwards	Casella Family Brands (<i>Alternate – Libby Nutt</i>)
Anjanette Murfet	Accolade Wines (<i>Alternate – Shae Courtney</i>)

Vignerons' Membership Committee

The Chairman of the Australian Grape & Wine Board thanked Heather Webster for holding the role of Chair and contribution to this Committee for 2019/20, welcomed Ashley Keegan as the new Chair of the Vignerons' Membership Committee and invited him to address the meeting.

Ashley offered his thanks to Heather Webster for her contribution to the Committee as Chair and Committee Member for many years. He also thanked Andrew Weeks for his immense contribution to the Committee as Chair and as a long-serving and dedicated Committee Member. Thanks was also offered to outgoing Committee member, David Travis, and Board Members, Dr Mardi Longbottom, Ben Rose and Colin Bell. He advised that the 2020/21 Committee appointments to the Board were:

Ashley Keegan	The FABAL Group Pty Ltd
Adrian Hoffman	Independent Grower, Chair of WGCSA
Henry Crawford	Yallambee Agricultural Company Pty Ltd
Ben Crossing	Angullong Vineyard
Jenny Venus	Brad Case Contracting (<i>Permanent Alternate</i>)

He advised that Ben Rose and Colin Bell would continue on the Committee with new Committee Members, Tyson Lewis, Ben Crossing, Henry Crawford and Dean Taylor being appointed.

The Chair of Australian Grape & Wine thanked Ashley Keegan for his address and also offered the Board's thanks to all outgoing Committee and Board Members, with particular thanks to Andrew Weeks for his great leadership and contribution to the Board as well as Dr Mardi Longbottom, Colin Bell, Ben Rose, Leeanne Puglisi-Gangemi and Dave Gordge for their valued contributions.

6. OTHER BUSINESS

None raised

7. CLOSE

There being no further business, the Chairman of Australian Grape & Wine, Sandy Clark, thanked everyone for their attendance and participation and closed the meeting at 5.24pm.

Signed as a correct record:

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Chairman

Dated: