

**MURRAY VALLEY WINE GRAPE INDUSTRY
DEVELOPMENT COMMITTEE**

Supporting Services of Value to Wine Grape Growers

ANNUAL REPORT

2003/2004

Table of Contents

Chairman's Report	3
Summary of Current Plan of Operations	6
Summary of Projects Funded 2003/2004	9
Corporate Governance	12
Financial Statements	15
Certification	26
Auditors Report	27
Disclosure Index	28

CHAIRMAN'S REPORT 2003/2004

The last 12 months has seen some significant changes occur within our industry.

During 2003, the Victorian and New South Wales Governments signed an Inter-Government Agreement (IGA) for the formation of an Extra-Territorial Industry Services Committee in the Murray Valley.

Victorian growers voted on October 3 2003 in favour of combining the committees. New South Wales growers were polled on August 9 2004 and voted very strongly in favour of the committee working as one committee under Victorian legislation. This now means the Murray Valley Wine Grape Industry Development Committee (herein called the IDC) will only report to one government, resulting in considerable cost and time savings.

The committee composition changed in October 2003, as several long-serving members retired. These members were Max Tolson, Colin Free, Gary Thomas and Brian Englefield. I sincerely thank each of them for their considerable effort and commitment. A particular mention to Max who gave outstanding leadership to the committee.

The IDC now comprises of the following:

John Ward	Chairman & Vic Grower Representative
Barry Cock	Deputy Chair & NSW Grower
Jeff Mitchell	Industry Representative
Bob Shields	Industry Representative
Ron Hutton	NSW Govt Representative
Andrew Murdoch	NSW Grower Representative
Stuart Holland	Vic Govt Representative
Len Schliefert	Vic Grower Representative
Jan O'Connor	Vic Grower Representative

These committee members have been selected by industry and appointed by government. They will ensure that growers receive best possible results for their levy dollars.

Our Industry Development Officer, Susan Byrne, continues to be the focal point for our grower inquiries. Susan has co-ordinated the projects very well and has been extremely helpful to all growers.

Demand changes in the international market have seen many changes in the requirement of our wineries. Growers will have to adapt to these new conditions to remain viable. The committee seeks projects that reflect these changes.

During the next 6-8 months, the IDC will be conducting forums with wine grape growers to formulate a 4-year Strategic Plan. This Plan should reflect the growers' aspirations in respect to projects and set the direction for further research in the Murray Valley region.

Enclosed are lists of projects in the current operating year and the committee's selected projects for 2005/2006. Please take the time to read and return your voting on these projects. The dollars are from your levy funds.

To conclude, I wish to thank the previous committee and chairman for a job well done. Thank you to Growers Council Chief Executive Officer, Mike Stone, for his assistance and support during the ballot voting for the new order and changes to NSW participation in the IDC.

The projects completed in 2003/2004 and those approved for 2004/2005 are shown below. For further details go to the industry website at www.murrayvalleywinegrapes.com.au.

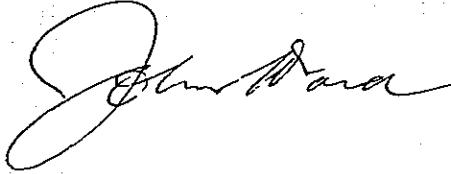
Projects Funded	Project Cost	Project Cost
	2003/2004 Actual \$	2004/2005 Approved \$
Annual Regional Crop Forecasting	15,600	17,600
Seminars & Field Days	3,000	-
Grower Groups - Quality	21,000	11,900
Industry Development Officer	56,254	79,500
Industry Representation	6,600	-
Market Information & Statistics	28,700	-
Grapevine & Australian Viticulture Magazine - Newsletters & Publications	62,403	46,326
Improving Irrigation	-	19,720
Information Collection & Communication	-	48,692
Regional Wine Shows	4,000	3,000
Foliar Mineral Sprays	16,024	-
Vineyard Cooling	12,000	-
Managing for Colour	7,200	-
Preventing Delayed Ripening	7,200	-
National Viticulture Input	45,000	66,122
Grower Survey	11,044	12,336
Industry Development Committee Administration	67,344	74,400
Total (GST exclusive)	363,369	379,596

Contact Susan Byrne the Industry Development Officer for viticulture related assistance or Ashley Turner regarding voting or administration of levy funds.

Susan Byrne
Wine Grape Industry Development Officer
Address: 31a Deakin Ave Mildura Vic
Post: PO Box 2745, Mildura, VIC, 3502
Phone: (03) 50 213 911
Fax: (03) 50 232 335
E-mail: susan.byrne@hotmail.net.au

Ashley Turner, MVWIDC Administration Accountant
C/- Thomsons - Accountants & Advisers
Address: 133 Langtree Ave Mildura Victoria
Post: PO Box 1608 MILDURA VIC 3502
Phone: (03) 5021 2244
Fax: (03) 5021 1430
Email: ashleyt@thomsons.au.com

All growers are encouraged to participate in the project approval and voting process.

A handwritten signature in black ink, appearing to read 'John Ward', written in a cursive style.

JOHN WARD
CHAIRMAN
MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE

SUMMARY OF CURRENT PLAN OF OPERATIONS

Guidelines

The Murray Valley Wine Grape Industry Development Committee is a statutory organisation that, in order to collect a levy made compulsory by an Act of Parliament, must function in accordance with government legislation. The MVWGIDC was established by the orders made under the Victorian *Agricultural Industry Development Act 1990* and New South Wales *Agricultural Industries Services Act 1989*, in 1990. The Ministers responsible are Victorian Minister of Agriculture, The Honourable Bob Cameron, and New South Wales Minister of Agriculture, The Honourable Ian MacDonald.

The production area covered by the MVWGIDC includes the local government areas of Mildura and Swan Hill Rural City Councils and the Shire of Gannawarra excluding the former Shire of Cohuna on the Victorian side of the Murray and Wentworth, Balranald and Wakool Shires in NSW.

The objectives of the Committee are to support the Murray/Darling and Swan Hill wine region growers by collecting and expending levies on projects that provide value, education and growth to the industry.

Purpose or Mission

The Murray Valley Wine Grape Industry Development Committee supports the Murray/Darling and Swan Hill wine regions by funding services of value to wine grape growers.

Who benefits from the Committee's existence?

The levy-paying wine grape growers.

What are the benefits to growers?

The benefits to levy-paying wine grape growers are a range of services including:

- Market information
- Information and assistance for achieving relevant wine grape quality standards
- Vineyard management support

The Committee's Key Performance Indicators

Assessment of the committee's performance will be sought; ultimately it will be judged by the levy-paying growers. The committee will judge its performance based on the following key performance indicators:

- Value is delivered for every levy dollar paid by growers
- Growers are satisfied with the services supported by levy funds
- Statutory requirements are met efficiently
- Annual budgeting (versus actuals) process

Goals to June 2004 (Revised May 2000)

Goals 1 and 2 are considered to be of equal priority, while goal 3 is of a lower priority.

- **Goal 1 - Industry stability and confidence through accurate market (supply and demand) information.**

Note that the IDC has no role in regard to prices. The activities surrounding this goal include information gathering and reporting to growers, mainly industry and market statistics both short-term and long-term.

- **Goal 2 - Majority of Murray Valley wine grapes meet optimum quality standards by means of improved viticultural practices.**

Quality is an issue of high priority and quality measurement and improved viticulture practices cannot be separated. Improved viticulture practices must always be with improved (measured) quality as a goal.

The IDC will invest in projects that 'fill a gap' and are specific to the Murray Darling and Swan Hill regions.

- **Goal 3 - Recognition of the quality of wines produced in the Murray Darling and Swan Hill geographical indicator regions and sub regions.**

Build recognition by growers of variation in wine quality and how this relates to market requirements. This goal is closely linked to goal 2.

Staffing requirements

The Murray Valley Wine Grape Industry Development Committee does not employ any staff directly. The Industry Development Officer is funded by the MVWGIDC but employed by The Victorian and Murray Valley Winegrowers Incorporated.

Industry Development Officer - Susan Byrne

Susan was appointed in 2001 and has proven a real asset to the industry. Susan is responsible for enquiries from growers regarding technical issues. She also organises many growers groups, field days, seminars and other activities for the industry.

Contact details as above.

Administration

Administration of the IDC is contracted to Thomsons - Accountants and Advisers, of Mildura. All communication and enquiries should be to:

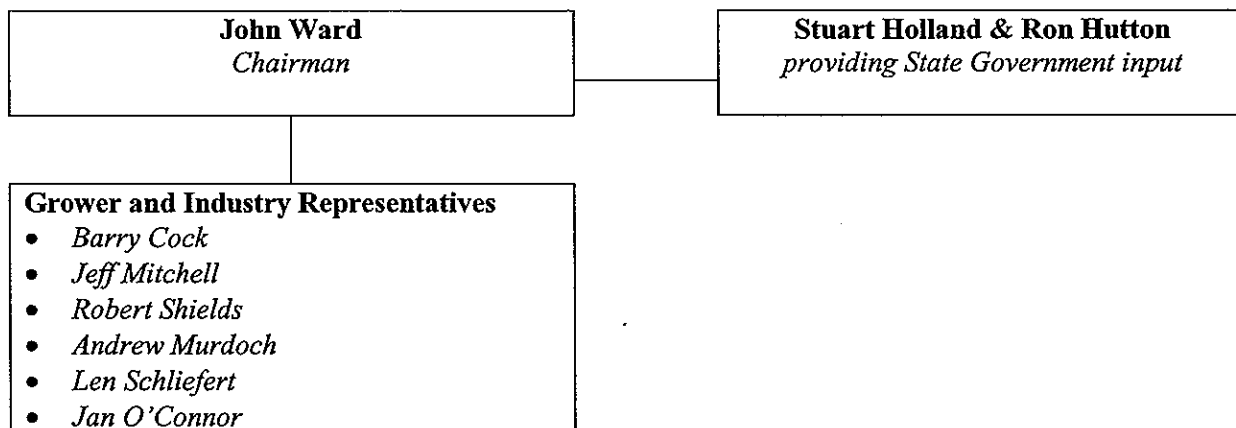
Contact details as above.

Committee (workforce data)

You are encouraged to contact any of the committee if you have any industry development concerns or suggestions. The Committee members and their role as representatives are below.

John Ward	Chairman & Vic Grower Representative	03 5023 0664
Barry Cock	Deputy Chair & NSW Grower	03 5021 2809
Jeff Mitchell	Industry Representative	03 5024 3223
Robert (Bob) Shields	Industry Representative	03 5023 5742
Ron Hutton	NSW Govt Representative	02 6933 2108
Andrew Murdoch	NSW Grower Representative	03 5027 4396
Stuart Holland	Vic Govt Representative	03 9637 8495
Len Schliefert	Vic Grower Representative	03 5024 1691
Jan O'Connor	Vic Grower Representative	03 5026 3385

Organisational Chart



SUMMARY OF PROJECTS FUNDED 2003/2004

Project	Results
Industry Development Officer	Susan Byrne has assisted growers build their knowledge of the latest in viticulture science and practical vineyard management techniques by delivering projects and services below.
Murray Valley Wine Grape Industry Development Committee	The administration function of the MVWGIDC ensures that all accounting, secretarial and statutory requirements are met.
Market – Information/Statistics	<p>Activities associated with this project included:</p> <ul style="list-style-type: none"> ▪ Part-funding the annual Wine Grape Crush survey, which is produced for the Murray Valley wine industry by the Department of Primary Industries. The survey reports, by variety, weighted average prices, production and projections. ▪ Analysis and communication of wine export figures, ABS vineyard survey and regional industry statistics. ▪ The presentation of supply/demand data at the Wine Grape Outlook Conference and other forums.
Grapevine & Australian Viticulture Magazine	<p><i>Murray Valley Winegrowers' Grapevine</i> continued to play an invaluable role in keeping 1300 growers throughout the Murray Valley fully up to date with the latest industry and viticultural developments. Distributed every two months through the year, the newsletter has been rated by growers as a most useful source of industry information. Regular items reported industry events that influenced the profitability of vineyard enterprises. Other items conveyed the latest information on winery policies, wine sales in Australia and overseas, research and development and training and education opportunities. One of the most authoritative publications on viticulture in Australia, <i>Australian Viticulture</i>, was offered free of charge in 03/04 to all wine grape growers in the Murray Valley. This provided the opportunity for growers to examine in some detail the outcomes of significant R&D projects and ways of applying them to their own vineyard operations.</p>
Regional Wine Shows	<p>Support for the Australian Inland Wine Show, organised and presented for more than 20 years by the Swan Hill Wine Region Grape Growers' Association, and Alternative Varieties Wine Show in Mildura, assisted both in achieving record entries. These wine shows put the Murray-Darling and Swan Hill wine regions "on the map", resulting in significant publicity and greater awareness of their key role in the growth of the Australian wine industry.</p>
Field Days	<p>A pavilion was set up at the Mildura Horticulture Field Day. Pamphlets, newsletters, posters and books relating to viticulture were handed out on the day. Two staff members from Co-operative Research Centre for Viticulture (CRCV) were available at the pavilion to answer questions and hand out material relating to CRCV projects. Fairport Technologies, developers of PAM Ausvit, were also at the pavilion promoting the software package that aids growers with their record keeping.</p>
Grower Survey	<p>In the first half of the year all growers on the database maintained by Murray Valley Winegrowers' Inc received a one-page survey requesting confirmation of property and personal details, information on planting and/or removal intentions, irrigation methods and grape purchasing arrangements. As a result, Murray Valley Winegrowers', which represents growers on a range of issues, developed an up-to-date list of the vast majority of growers in the region, and an industry profile that assisted in planning and promotions. The electoral authorities in Victoria and NSW also accessed the database when polls were conducted under the AID Act.</p>
National Viticulture Input & Industry Representation	<p>This project allowed the Murray Valley wine grape industry to contribute to national industry affairs, to ensure that the interests of growers were always considered in the decision-making processes of such bodies as the Australian Wine & Brandy Corporation, Grape and Wine Research & Development Corporation, Cooperative Research Centre for Viticulture, National Vine Health Steering Committee and Wine Grape Growers' Council of Australia. Representing about 25% of the national crush, it was, and it will remain, absolutely essential for the Murray Valley to be heard wherever and</p>

	whenever issues impacting on the viability of growers are discussed and decided.
Annual Regional Crop Forecasting	The results from the Murray Valley winegrowers' bud dissection project have shown Shiraz and Chardonnay bud fertility across the Murray Darling to be marginally above average. Reg Johns, the viticulture consultant employed to undertake the Murray Darling part of the project, says "of the 900 bud dissections undertaken on Chardonnay, the average number of bunches per bud was 1.36 and of the 1000 Shiraz bud dissections, the average number of bunches per bud was 1.13". The results suggest the possibility of slightly above average yields for Chardonnay and Shiraz in vintage 2005 for the Murray Darling. The results for the Robinvale & Swan Hill regions of a bud dissection project have shown bud fertility in Shiraz has not 'crashed' following the relative good yields of 2004. Chardonnay bud fertility is also 'on track'.
Preventing Delayed Ripening	There was success in acquiring extra funding for this project from the Grape and Wine Research and Development Corporation. The timelines for this project have had to be extended due to the extra monies received in June this year. The project deadline is now March 2005. A report is being produced that examines scientific literature for evidence of early ripening fruit resulting in high fruit & wine quality. If this is proven to be correct, the report will also describe any management techniques that can be employed to assist early ripening. The report will also contain local winemakers' and scientists' perceptions on the topic.
Managing for Colour	A seminar was held with speakers Garth Swinburn, Mark Krstic and Mark Downey. The seminar examined: <ul style="list-style-type: none"> • Viticulture management techniques for promoting anthocyanin production. • The different types of anthocyanins and how these affect wine colour. • Whether the pursuit of producing fruit with high colour is beneficial financially.
Vineyard Cooling	Temperature data loggers were purchased and placed in vineyards with different management techniques, i.e. pruning styles, floor management and irrigation systems. The objective of the project was to observe if certain management practices resulted in significant temperature differences. In 2003, the temperature loggers were malfunctioning and the project will need to be repeated this year.
Foliar Mineral Sprays	Calcium and phosphorus sprays were applied for 4 occasions to Cabernet Sauvignon vines on a site near Red Cliffs, Victoria, from December 19, 2003, to January 11, 2004. Measurements of berries collected from early February through to harvest on March 11 indicated that the total amount of phenolics and anthocyanins were increased by the application of calcium and phosphorus, although the increases were quite small (2-3%). Vine N and P status, as indicated by the concentration of those nutrients in the petioles at flowering, were high and variable across the site, reduced the extent of the response and, in the case of N, probably reduced the ability of vines on the site to achieve high levels of phenolics across the board. The chemical properties of the wines made from the grapes from vines sprayed with calcium and phosphorus were not different from the chemical properties of the wines made from grapes from unsprayed vines. However, at a tasting session winemakers showed a distinct preference for the unsprayed of wines.
Grower Groups - Quality	<p>Three nutrition workshops Three nutrition workshops were held, one in Swan Hill and two in Mildura. The topics covered by the workshops included role of nutrients in the grapevine, soil/plant sampling and monitoring, nitrogen, phosphorus, potassium and micronutrients.</p> <p>Four irrigation field walks Each field walk began with a formal presentation, followed by visits to local vineyards to examine irrigation practices.</p>

A Bus Tour to the Limestone Coast

The bus tour began at Great Western, visiting Southcorp and Best's vineyard and winery. Next on the itinerary were Balnaves and Orlando in Coonawarra. The tour also took in Yalumba's vineyard in Wrattenbully and the Hardy Wine Company vineyard at Padthaway.

Quality Benchmark Project

Growers in Swan Hill are collecting information on Shiraz and benchmarking the data. The growers have also been involved in three field walks and one workshop on the topic of fruit quality.

Research to Practice Licence for Three Years

A sub-license agreement was arranged for Murray Valley Winegrowers' Inc. to use information from four of the Research to Practice modules, these being:

- Integrated Pest Management
- Water Management for Grapevine Production
- Grapevine Nutrition & Spray Application in Viticulture

The information from these modules has been used for newsletter articles, grower enquiries and workshops.

CORPORATE GOVERNANCE

Financial & Other Information

Multi-Cultural Statement

The Murray Valley Wine Grape Industry Development Committee is committed to policies, programs and strategies aimed at delivering culturally appropriate services to all Victorian and New South Wales wine grape growers. Current practices of inclusive and thorough public consultation ensure that all persons who have an interest in investigation are kept informed and have the opportunity to have an input into Murray Valley Wine Grape Industry Development Committee deliberations.

Freedom of Information

During 2000/01 the Committee did not receive any direct requests for access to documents under the *Freedom of Information Act 1982*.

Compliance with Building Act 1993

The Murray Valley Wine Grape Industry Development Committee does not own and is not responsible for any buildings.

Whistleblowers Protection Act

The *Whistleblowers Protection Act 2001* came into effect on 1 January 2002. The Act is designed to protect people who disclose information about serious wrong doing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

The protected disclosure co-ordinator for the Department of Primary Industries (DPI) acts as an agent for the Committee to receive disclosures under the Act, and applies DPI procedures in managing disclosures.

Disclosures of improper conduct by the Committee or its employees may be made to the following:

Protected Disclosure Co-ordinator
Department of Primary Industries
PO Box 500
EAST MELBOURNE VIC 3002
Telephone: (03) 9637 8571 Facsimile: (03) 9637 8129 Email: stuart.atkins@dpi.vic.gov.au

The Ombudsman Victoria
Level 22
459 Collins Street
MELBOURNE VIC 3000.
Telephone: (03) 9613 6222 Toll free: 1800 806 314

Consultancies

The MVWIDC did not engage any consultancies over \$100,000 during the 2003/2004 financial year.

National Competition Policy

The requirements of the National Competition Policy are taken into account by the Committee when providing advice to the Minister for Agriculture.

Pecuniary Interests

Declarations of pecuniary interests have been duly completed by all relevant officers and are available to the Minister, Members of Parliament and the public on request.

Events Subsequent to Balance Date

There being no major events subsequent to balance date.

Significant Changes in Financial Position During the Year

The 2003/2004 financial year resulted in a significant accounting loss for the Committee. The main contributing factor to this was a reduced crop than that forecast and budgeted on. Carry forward reserves assisted in this situation.

Other Information

Information relating to Financial Reporting Direction 22 is available upon request.

Occupational Health & Safety

The Murray Valley Wine Grape Industry Development Committee complies with all Occupational Health and Safety guidelines and provides a safe environment for all committee members to hold meetings.

Privacy Policy

The MVWIDC is obliged to collect and use personal and business information in order to carry out its statutory duties. In so doing, the principles of the Commonwealth Privacy Act 1998 will be adhered to and the MVWIDC will endeavour to collect only the minimum information required and to do so in a way that maintains security, privacy and accuracy of information. Further, the MVWIDC undertakes to not disclose personal or business information to other parties. The database of producer information is shared with the Murray Valley Winegrowers' Incorporated.

Financial Review of Operations and Financial Conditions

Five year financial summary – Budget Portfolio Outcomes

	2004	2003	2002	2001	2000
			\$	\$	\$
Revenue from statutory Levy	288,997	436,732	317,022	423,152	376,101
Revenue from voluntary Levy	144,499	161,495	126,808	-	-
Other Revenue	8,076	9,102	9,239	19,378	43,560
Total Revenue	441,572	607,329	453,069	442,530	419,661
Net Operating Result	(77,547)	123,357	27	(8,697)	(16,128)
Net Cash Flow from Operations	(85,255)	118,966	8,246	(9,752)	(27,777)
Total Assets	88,062	165,675	49,588	39,264	49,779
Total Liabilities	5,914	5,980	13,150	2,953	4,951

NB: The increased operating surplus for the 2002 vintage is due to above average yields and substantial new plantings coming into bearing.

Operational and Budgetary Objectives and Performance Against Objectives

At all Committee meetings, the financial presentation includes a budget comparison against actual expenditure. All levy funded projects are expensed exactly to budget while operating expenditures are monitored to ensure they remain affordable to the Committee. At a qualitative level, the Committee makes recommendations to the service providers to ensure that projects deliver results as desired to the growers.

Major Changes or Factors Affecting Performance

There were no changes to the accounting systems or factors affecting performance during the year ending June 2004.

Statement to the Availability of Other Information

Requests for other information related to the operation of the Committee can be forwarded to Ashley Turner, Secretary MVWIDC, PO Box 3232 Mildura Victoria 3502.

Executive Officers Disclosures

The Chairman receives a monthly honorarium of \$691.66. All Committee members (excluding Government representatives) are entitled to a sitting allowance of \$183 per day and motor vehicle allowance paid per kilometres travelled to and from official Committee business.

Victorian Industry Participation Policy Disclosures

The Murray Valley Wine Grape Industry Development Committee does not have any services provided at a cost of \$1 million or more.

Reporting of Office-Based Environmental Impacts

Not applicable.

Disclosure of Major Contracts

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

**MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
Revenue from Ordinary Activities			
Levy Income	2	433,496	598,227
Interest Received		8,076	9,102
Total Revenue		441,572	607,329
Expenses from Ordinary Activities			
Audit Fees	3	2,200	2,250
Depreciation	4	122	670
Project Expenditure	5	296,025	273,540
Other Expenses	6	67,344	61,310
V & MVWGGC Inc Voluntary Levy		153,428	146,202
Total Expenses		519,119	483,972
NET PROFIT FROM ORDINARY ACTIVITIES		(77,547)	123,357
 TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH THE VICTORIAN STATE GOVERNMENT AS OWNER			
		(77,547)	123,357

The above Statement of Financial Performance should be read in conjunction with Notes to and forming part of these financial statements.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS			
Cash Assets	11	79,143	164,398
Receivables	7	8,608	844
TOTAL CURRENT ASSETS		<u>87,751</u>	<u>165,242</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	311	433
TOTAL NON CURRENT ASSETS		<u>311</u>	<u>433</u>
TOTAL ASSETS		<u>88,062</u>	<u>165,675</u>
CURRENT LIABILITIES			
Payables	9	5,914	5,980
TOTAL CURRENT LIABILITIES		<u>5,914</u>	<u>5,980</u>
TOTAL LIABILITIES		<u>5,914</u>	<u>5,980</u>
NET ASSETS		<u>82,148</u>	<u>159,695</u>
EQUITY			
Contributed Capital	10	36,311	36,311
Retained Profits	10	45,837	123,384
TOTAL EQUITY		<u>82,148</u>	<u>159,695</u>

The above Statement of Financial Position should be read in conjunction with Notes to and forming part of these financial statements.

**MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Levies Collected		433,496	597,199
Interest Received		8,076	9,102
Payments to Suppliers		(526,827)	(455,162)
GST Collected		-	-
GST Paid to Suppliers		-	(32,173)
Net Cash from Operating Activities	12	(85,255)	118,966
Net Increase in Cash held		(85,255)	118,966
Cash at Beginning of the Financial Year		164,398	45,432
Cash at end of the Financial Year	11	79,143	164,398

The above Statement of Cash Flows should be read in conjunction with Notes to and forming part of these financial statements.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Financial Management Act 1994. The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Committee in the preparation of the financial report.

(a) Receivables and Revenue Recognition

Operating and Other Revenues are recognised as they are earned. Trade Debtors are carried at nominal amounts due and are due for settlement within 30 days. Collectability of debts is reviewed on an ongoing basis. A provision of doubtful debts is raised where doubt as to collection exists.

(b) Rounding Off

All amounts shown in the financial statements are expressed to the nearest dollar.

(c) Fixed Assets and Depreciation

Depreciable assets with a cost in excess of \$500 are brought to account and depreciation has been provided over their estimated useful life to the Committee using both Diminishing Value and Prime Cost methods.

Office Equipment items are being depreciated at 30% Diminishing Value and 25% Prime Cost.

Office Furniture is being depreciated at 25% Diminishing Value.

(d) Revenue Recognition

Revenue is recognised in accordance with AAS15. Income is recognised as revenue to the extent it is earned. Should there be unearned income at the reporting date, it is reported as income in advance.

(e) Levies

Income from levies is recognised on receipt.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables, in the statement of financial position are shown inclusive of GST.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

(g) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The entity's management are assessing the significance of these changes and preparing for the implementation.

	2004	2003
	\$	\$

NOTE 2: LEVY INCOME

Compulsory Levy	288,997	436,732
Voluntary Levy	144,499	161,495
	433,496	598,227

NOTE 3: AUDIT FEES

The total audit fee payable to the Auditor General for the period from July 1 to June 30

	2,200	2,250
--	-------	-------

NOTE 4: DEPRECIATION

Office Equipment	81	616
Office Furniture	41	54
	122	670

NOTE 5: PROJECT EXPENDITURE

Annual Regional Crop Forecasting	15,600	16,000
Foliar Mineral Sprays	16,024	-
Grapevine & Australian Viticulture	62,403	-
Grower Groups - Quality	21,000	-
Grower Survey	11,044	-
Irrigation Benchmarking	-	4,700
Industry Development Officer	56,254	44,128
Industry Representation	6,600	3,000

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
NOTE 5: PROJECT EXPENDITURE (CONTINUED)		
Managing for Colour	7,200	-
Market Information & Statistics	28,700	61,906
National Viticulture Input	45,000	-
Newsletters & Publications	-	56,080
On Farm Demonstrations	-	10,272
Preventing Delayed Ripening	7,200	-
Quality Grower Groups	-	36,000
Regional Wine Shows	4,000	-
Rootstock Selection for Murray	-	29,363
Seminars & Field Days	3,000	6,091
Vineyard Cooling	12,000	-
Wine Quality Awareness	-	6,000
	296,025	273,540

NOTE 6: OTHER EXPENSES

Accountancy Fees	4,111	6,570
Advertising	392	356
Annual Report Expenses	6,807	6,056
Audit Fees (Wineries)	2,081	3,390
Bank Charges	597	337
Committee Allowance & Travel	10,426	8,363
General Expenses	1,164	2,952
Honorarium	8,300	3,996
Insurance	1,979	1,417
New Order Costs	9,711	-
Petty Cash	-	45
Printing, Postage and Stationery	2,053	1,480
Priority Setting Workshop	-	2,747
Secretarial	17,280	19,220
South Africa Report	-	2,250
Subscriptions	50	50
Telephone	2,173	1,349
Travelling Expenses	-	582
Website Maintenance	220	150
	67,344	61,310

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
NOTE 7: RECEIVABLES (CURRENT)		
Tax Receivable	<u>8,608</u>	<u>844</u>
NOTE 8: PROPERTY, PLANT & EQUIPMENT		
Office Furniture at Cost	1,219	1,219
Less: Accumulated Depreciation	<u>(1,096)</u>	<u>(1,056)</u>
	123	163
Office Equipment at Cost	5,250	5,250
Less: Accumulated Depreciation	<u>(5,062)</u>	<u>(4,980)</u>
	188	270
Total Property, plant & equipment	<u>311</u>	<u>433</u>
NOTE 9: PAYABLES (CURRENT)		
Trade Creditors	1,914	-
Audit Fees Accrued	2,200	2,250
Accounting Fees Accrued	1,800	1,750
Other Accrued Expenditure	-	1,980
	<u>5,914</u>	<u>5,980</u>
NOTE 10: EQUITY		
(a) Contributed Capital		
Balance at Beginning of Reporting Period	<u>36,311</u>	<u>36,311</u>
Balance at end of reporting period	<u>36,311</u>	<u>36,311</u>
(b) Retained Earnings		
Retained Surplus at the beginning of the reporting period	123,384	27
Net Surplus/(Deficit) for the year	<u>(77,547)</u>	<u>123,357</u>
Retained Surplus at the end of the reporting period	<u>45,837</u>	<u>123,384</u>

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
NOTE 10: EQUITY (CONTINUED)		
(c) Equity		
Total Equity at the Beginning of Reporting Period	159,695	36,338
Total Changes in Equity Recognised in the Statement of Financial Performance	<u>(77,547)</u>	<u>123,357</u>
Total Equity at the Reporting Date	<u><u>82,148</u></u>	<u><u>159,695</u></u>

NOTE 11: RECONCILIATION OF CASH

11 RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in Money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

Cash at Bank	<u>79,143</u>	<u>164,398</u>
--------------	---------------	----------------

NOTE 12: RECONCILIATION OF NET CASH PROVIDED BY (USED IN) IN OPERATING ACTIVITIES TO OPERATING SURPLUS

Operating Profit(Loss)	(77,547)	123,357
Non Cashflows in Operating Result		
Depreciation	122	670
Changes in Assets & Liabilities		
(Increase)/Decrease in Receivables	(7,764)	2,109
Increase/(Decrease) in Payables	<u>(66)</u>	<u>(7,170)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>(85,255)</u></u>	<u><u>118,966</u></u>

**MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 13: CONTINGENT LIABILITIES

As at June 30 2004, the Committee is unaware of any liability, contingent or otherwise, not already disclosed elsewhere in these financial statements.

NOTE 14: COMMITMENTS FOR EXPENDITURE

As at June 30 2004, the Committee is unaware of any commitments which have not already been recorded elsewhere in this financial report.

NOTE 15: RESPONSIBLE PERSONS RELATED PARTY DISCLOSURES

CAMERON The Honourable Bob	Responsible Minister - Victoria
MacDONALD The Honourable Ian	Responsible Minister - New South Wales
WARD , John (Chairperson)	Industry Representative
COCK , Barry	Grower Representative
MURDOCH , Andrew	Grower Representative
SCHLIEFERT , Len	Grower Representative
SHIELDS Robert	Industry Representative
HOLLAND Stuart	Victorian Government Representative
MITCHELL , Jeff	Grower Representative
HUTTON Ron	NSW Government Representative
O'CONNOR , Jan	Grower Representative

Responsible Persons received no remuneration other than reimbursed travel expenses and attendance allowance.

The Chairperson of the Committee is entitled to an Honorarium of \$8,400.

(b) Executive Officer Remuneration

No Executive Officers of the Committee were in receipt of a remuneration package in excess of \$100,000.

Nil Nil

(c) Retirement Benefits of Responsible Persons.

Nil Nil

(d) Other Transactions of Responsible Persons Related Entities.

Nil Nil

(e) Other receivable from and payable to Responsible Persons and

**MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004**

NOTE 15: RESPONSIBLE PERSONS RELATED PARTY DISCLOSURES

	Responsible Person related parties.	Nil	Nil
(f)	Amounts attributable to other transactions with Responsible Persons and Responsible Persons related parties.	Nil	Nil
(g)	Responsible Persons are paid an attendance allowance of \$183 per day for attendance at recognised meetings and seminars.		
(h)	Responsible Persons are reimbursed for actual expenses incurred relating to motor vehicle, travel, accommodation and fares when incurred on Responsible Persons business.		

NOTE 16: FINANCIAL INSTRUMENTS

(a) Terms, Conditions & Accounting Policies

The economic entity's accounting policies, including the terms and conditions of each class of financial assets, financial liabilities and economic instrument both recognised and unrecognised at the balance date, as follows:

<i>Recognised Financial Instruments</i>	<i>Balance Sheet Note</i>	<i>Accounting Policies</i>	<i>Terms & Conditions</i>
i) Financial Assets Receivables – Trade	7	Trade Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms.
ii) Financial Liabilities Trade Creditors and Accruals	9	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled on 30 day terms.

MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2004

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest Rate Risk

	Floating Interest Rate		Non Interest Bearing		Total Carrying amounts as per the Balance Sheet		Weighted Average Effective Interest	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets								
Cash	79,143	164,398		-	79,143	164,398	3.2	2.0
Receivables – Trade		-	8,608	844	8,608	844	N/A	N/A
Total Financial Assets	79,143	164,398	8,608	844	87,751	165,242		
(ii) Financial Liabilities								
Trade Creditors & Accruals	-	-	5,914	5,980	5,914	5,980	N/A	N/A
Total Financial Liabilities	-	-	5,914	5,980	5,914	5,980		

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Committee does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Committee.

(d) Net Fair Values

Methods and assumptions used in determining net fair value:

The net fair values of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

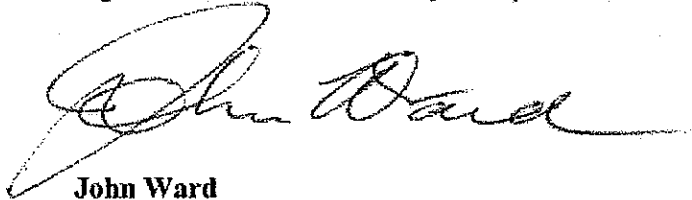
MURRAY VALLEY WINE GRAPE INDUSTRY DEVELOPMENT COMMITTEE

CERTIFICATION

In accordance with a resolution of the Murray Valley Wine Grape Industry Development Committee, we the undersigned:

- i) Certify that in our opinion the accompanying financial statements comprising Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to and Forming part of the Accounts, present fairly the financial transactions during the 12 months ended June 30, 2004 and the financial position of the Committee as at that date
- ii) Are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate, and
- iii) State that in our opinion the financial statements have been prepared in accordance with the Financial Management Act, 1994.

Signed at Mildura this *8th* day of September, 2004.



John Ward
Chairperson (on behalf of the Board)



Barry Cock
Deputy Chairperson (on behalf of the Board)



Ashley Turner
Chief Finance & Accounting Officer



AUDITOR GENERAL
VICTORIA

REPORT OF AUDITOR-GENERAL'S DELEGATE

To the Members of the Parliament of Victoria, responsible Ministers and Members of the Murray Valley Wine Grape Industry Development Committee.

Audit Scope

The accompanying financial report of Murray Valley Wine Grape Industry Development Committee for the financial year ended 30th June 2004, comprising Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, has been audited under the delegated authority provided by the Auditor-General under the *Audit Act 1994*. The Members of the Committee are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Members of the Committee as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the Committee's financial position, financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of Murray Valley Wine Grape Industry Development Committee as at 30 June 2004 its financial performance and cash flows for the year then ended.

Davidsons
Delegate of
J.W. CAMERON
Auditor-General

Geelong
21/09/2004

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

150

Years of Auditing in the Public Interest

Disclosure Index

The annual report of the Murray Valley Wine Grape Industry Development Committee is prepared in accordance with the *Financial Management Act 1994*, the Directions of the Minister for Finance, and other relevant Victorian legislation. This index facilitates identification of the IDC's compliance with statutory disclosure requirements by listing references to disclosures that appear throughout the report.

Legislation	Requirement	Page
Report of Operations		
<i>Charter and purpose</i>		
FRD 22	Manner of establishment and the relevant Ministers	6
FRD 22	Objectives, functions, powers and duties	6
FRD 22	Nature and range of services provided	6
<i>Management and structure</i>		
FRD 22	Organisational structure	8
<i>Financial and other information</i>		
FRD 22	Statement of workforce data and merit and equity	8
FRD 22	Summary of the financial results for the year	13
FRD 22	Significant changes in financial position during the year	13
FRD 22	Operational and budgetary objectives and performance against objectives	14
FRD 22	Major changes or factors affecting performance	14
FRD 22	Subsequent events	13
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	12
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	12
FRD 22	Statement on National Competition Policy	13
FRD 22	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	12
FRD 22	Details of consultancies over \$100,000	12
FRD 22	Details of consultancies under \$100,000	12
FRD 12	Disclosure of major contracts	14
FRD 22	Statement of availability of other information	14
FRD 22	Occupational health and safety	13
FRD 15	Executive officer disclosures	14
FRD 10	Disclosure index	28
FRD 24	Reporting of office-based environmental impacts	14
FRD 25	Victorian Industry Participation Policy disclosures	14
FRD 8	Budget portfolio outcomes	13
Financial Statements		
<i>Financial statements required under Part 7 of the FMA</i>		
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	18
SD 4.2(c)	Compliance with Ministerial Directions	18
SD 4.2(d)	Rounding of amounts	18
SD 4.2(c)	Accountable officer's declaration	26
SD 4.2(f)	Model Financial Report	15-26
SD 4.2(b)	Statement of financial performance	15
SD 4.2(b)	Statement of financial position	16
SD 4.2(b)	Statement of cash flows during the year	17
<i>Other disclosures in notes to the financial statements</i>		
FRD 9	Departmental disclosure of administered assets and liabilities	N/A
FRD 11	Disclosure of ex-gratia payments	N/A
FRD 13	Disclosure of parliamentary appropriations	N/A
FRD 21	Responsible person and executive officer disclosures	23
FRD 23	Superannuation liabilities and disclosure	N/A
Legislation		
	<i>Building Act 1983</i>	12
	<i>Freedom of Information Act 1982</i>	12
	<i>Whistleblowers Protection Act 2001</i>	12
	<i>Victorian Industry Participation Policy Act 2003</i>	14