



**National Primary Industries Research,
Development & Extension (RD&E)
Framework**

Wine Sector Strategy

Version: 3 November 2009



EXECUTIVE SUMMARY

The National Primary Industries Research, Development & Extension (RD&E) Framework Wine Sector Strategy is being led by the Grape and Wine Research and Development Corporation, the Winemakers' Federation of Australia and Primary Industries and Resources South Australia with support from CSIRO and the Governments of New South Wales and Victoria.

The purpose of the strategy is to develop and implement systems and structures that boost the competitiveness, productivity and sustainability of the Australian wine industry through access to highly efficient, collaborative and multi-disciplinary RD&E across the whole value chain.

The strategy has been developed by key stakeholders from industry, research, universities and government primarily at two facilitated workshops the theme of which was to build upon the existing wine RD&E collaborative arrangements so that they meet the requirements of the RD&E Framework.

The Key Stakeholders and Representatives are listed below (see Page iv).

The centrepiece of the strategy is a proposed structure and system with:

- a National Wine Research Network
- a National Wine Extension and Innovation Network
- a National Research Coordination Forum.

The National Wine Research Network will be a forum for wine research and development providers to share research and information, to encourage consultation, coordination and communication amongst research and development providers and to be a point of contact for industry bodies.

The National Wine Extension and Innovation Network will coordinate wine industry extension and innovation services to ensure those services are delivered in the most speedy, client-focused and cost-effective manner.

The National Research Coordination Forum will lead, coordinate and link the parts of the system. It will provide a regular high-level forum of wine industry leaders, researchers, funders, government agencies, regions and extension and innovation service providers to ensure that wine RD&E is responsive to industry requirements and is conducted and delivered in the most efficient and effective manner.

The Key Outcomes, once the strategy is fully implemented, is an Australian wine industry research, development and extension system that:

- has clear market-driven priorities which cover the whole of value chain and are updated regularly
- comprehensively meets the needs of the industry
- is integrated, interdependent and specialised, with large critical mass and less fragmentation across the nation
- funds research on the basis of programs requiring collaboration rather than on the basis of projects
- has a high level of collaboration and exploitation of synergies through strategic partnerships and sharing of expertise and research infrastructure (this will particularly be the case with synergies between the Wine Innovation Cluster in Adelaide and the National Wine and Grape Industry Centre at Wagga)
- is efficient and effective including in its use of infrastructure
- retains and builds capability in areas strategically important to participants

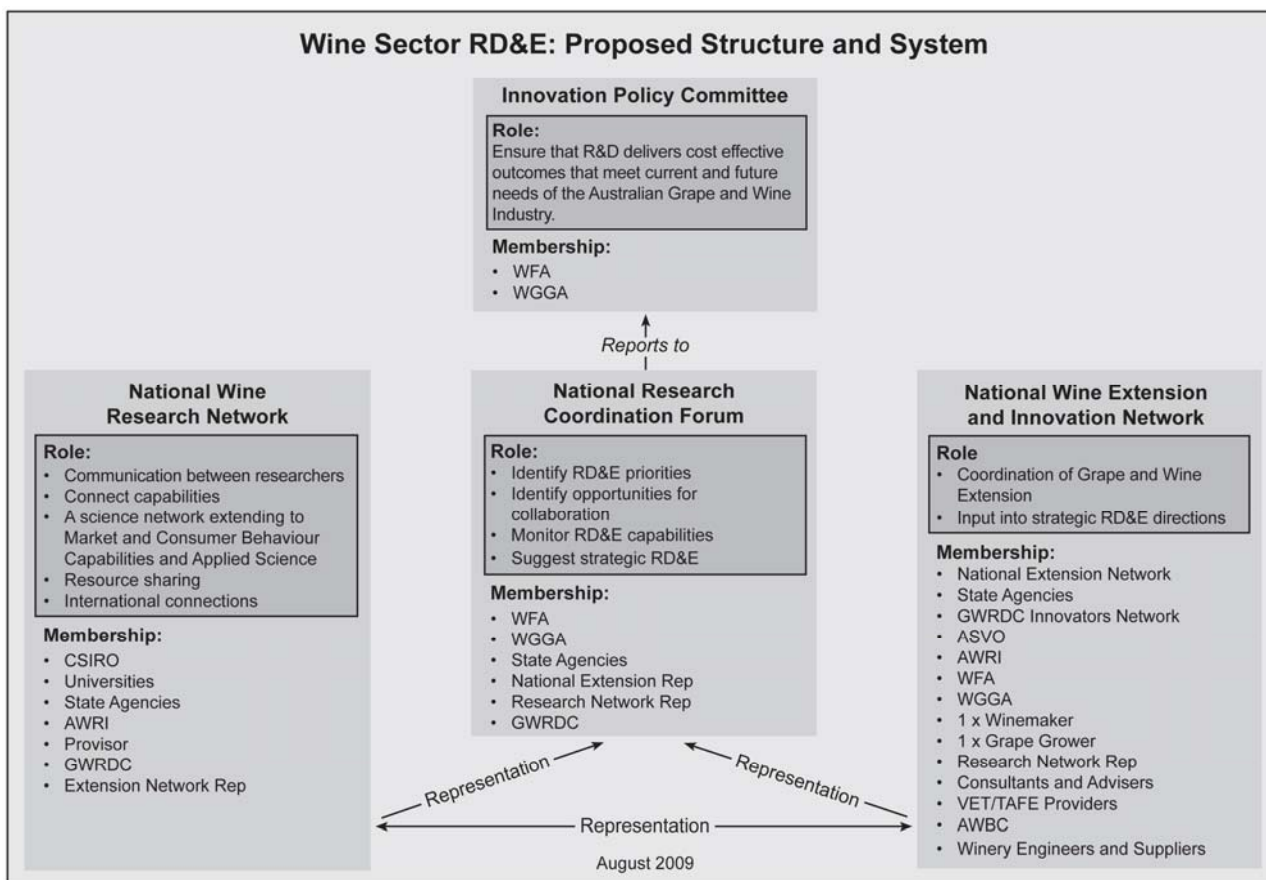


- has national centres of research excellence supported by well-linked development and extension systems so that wine sector research developed in one location will be available nationally for the whole industry
- has a high level of industry access to international and Australian RD&E capabilities with faster and more effective 'concept to application'.

The Strategy is establishing a process to achieve a set of agreed outcomes.

Consultation on the Strategy has included acceptance by the key stakeholders and will include consultation with the State and Regional grape and wine organisations.

The proposed structure and system is shown diagrammatically in the chart below.



KEY STAKEHOLDERS AND REPRESENTATIVES

- Australian Council of the Deans of Agriculture – Dr Jim Hardie
- Australian Department of Agriculture, Fisheries and Forestry – Mr Peter Ottesen ■
- Australian Wine and Brandy Corporation – Mr Lawrie Stanford ■
- Charles Sturt University – Dr Jim Hardie
- Commonwealth Scientific and Industrial Research Organisation – Dr Simon Robinson ■
- Curtin University – Associate Professor Mark Gibberd
- Department of Agriculture and Food, Western Australia – Mr Glyn Ward ■
- Grape and Wine Research and Development Corporation – Dr Terry Lee and Dr John Harvey
- New South Wales Government Department of Industry and Investment; Dr Alison Bowman, Dr Ron Hutton and Mr Duncan Farquhar ■
- Provisor Pty Ltd – Mr Peter Wall AM and Dr Darren Oemcke
- Queensland Department of Employment, Economic Development and Innovation – Mr Shane Dullahide ■
- South Australian Department of Primary Industries and Resources SA and the South Australian Research and Development Institute – Dr Pauline Mooney and Mr Glen Weir ■
- Tasmanian Department of Primary Industries, Parks, Water and Environment – Dr Dugald Close ■
- The Australia Wine Research Institute – Professor Sakkie Pretorius
- The University of Adelaide – Professor Roger Leigh ■
- University of Melbourne – Professor Snow Barlow
- University of South Australia – Professor Larry Lockshin ■
- University of Southern Queensland – Associate Professor Robert Learmonth
- University of Tasmania – none but contact Dr Dugald Close
- University of Western Australia – none but contact Mr Glynn Ward
- Victorian Department of Primary Industries – Mr Keith Leamon ■
- Wine Grape Growers of Australia – Mr Alan Newton and Mr Mark McKenzie
- Winemakers' Federation of Australia – Dr Stuart McNab and Mr Tony Battaglione

■ Endorsement Form Received.¹



¹ The key stakeholders were invited to indicate their support for the Strategy using an Endorsement Form. Forms have been received from the stakeholders shown.

RECOMMENDATIONS

It is recommended that the Wine Sector Strategy:

- be submitted for approval by Primary Industries Standing Committee (PISC) at its meeting on 24 September 2009
- be submitted for approval by Primary Industries Ministerial Council (PIMC) at its meeting on 5–6 November 2009
- be implemented to enable the first meeting of the National Research Coordination Forum by March 2010
- be the subject of a progress report to the first meetings of PISC and PIMC in 2010.

FURTHER ENQUIRIES

Please contact the Wine Sector Strategy Management Team:

Mr Tony Battaglione

Director, International & Regulatory Affairs
Winemakers' Federation of Australia
1/24 Bougainville Street
Manuka, ACT 2601
Australia
Telephone: +61 2 62398304
Mobile: 0413014807

Dr Bronwyn Halliday

Bronwyn Halliday & Associates
PO Box 370
Walkerville, SA 5081
Mobile: +61 418 831 598
bhalliday@ozemail.com.au

Dr John Harvey

Executive Director
Grape and Wine R&D Corp
67 Greenhill Road (PO Box 221)
Goodwood SA 5034
Wayville, SA 5034
Telephone: +61 8 8273 0500
Fax: +61 8 8373 6608
Mobile: +61 407 170 787
john@gwrdc.com.au

Mr Glen Weir

Director, Innovation Development
Primary Industries and Resources SA
16th floor, 25 Grenfell Street
Adelaide, South Australia 5000
Phone: +61 8 8226 0326
Fax: +61 8 8226 0060
Mobile: +61 409 079 957

Weir.glen@saugov.sa.gov.au



CONTENTS

EXECUTIVE SUMMARY	II
KEY STAKEHOLDERS AND REPRESENTATIVES	IV
RECOMMENDATIONS	V
FURTHER ENQUIRIES	VI
1. BACKGROUND AND CONTEXT	1
THE RESEARCH, DEVELOPMENT AND EXTENSION FRAMEWORK	1
THE INDUSTRY AND CROSS SECTOR STRATEGIES	1
THE WINE SECTOR STRATEGY	2
2. INDUSTRY PROFILE	3
3. INDUSTRY PROSPECTS AND DRIVERS	6
4. SNAPSHOT OF RD&E FUNDING	7
5. RD&E PRIORITY SETTING	8
6. INDUSTRY RD&E CAPABILITIES	9
RESEARCH AND DEVELOPMENT	9
EXTENSION	9
CAPABILITY AND GAP ANALYSIS OF WINE RD&E	9
7. RECOMMENDED STRUCTURE AND SYSTEM FOR AUSTRALIAN WINE INDUSTRY RD&E	13
THE NATIONAL WINE RESEARCH NETWORK	13
THE NATIONAL WINE EXTENSION AND INNOVATION NETWORK	13
THE NATIONAL RESEARCH COORDINATION FORUM	14
INDUSTRY LEADERSHIP	14
TERMS OF REFERENCE AND LINKAGES	14
8. INDUSTRY AGREEMENT	16
9. KEY OUTCOMES	17
STATE GOVERNMENT ROLES	17
10. KEY PERFORMANCE INDICATORS	18
11. IMPLEMENTATION AND COMMUNICATION STRATEGIES	19
IMPLEMENTATION	19
COMMUNICATION	19
12. RECOMMENDATIONS	20
REFERENCES	21
ATTACHMENT 1: WINE SECTOR RD&E SWOT ANALYSIS	22
ATTACHMENT 2: DRAFT STATEMENTS OF INTENT	23
NATIONAL WINE RESEARCH NETWORK	23
NATIONAL WINE EXTENSION AND INNOVATION NETWORK	26
NATIONAL RESEARCH COORDINATION FORUM	29

1. BACKGROUND AND CONTEXT

The Research, Development and Extension Framework

- 1.1 The current strong contribution of Australia's \$40 billion agriculture, fisheries and forestry industries and the related food sector to the national economy is underpinned by the innovation that flows from research and development and its practical application by industry. Australia's enviable reputation for high quality, clean and safe products is not enough to maintain its place in the face of increasing competition in both domestic and overseas markets and continuing changes in consumer and societal expectations in a highly competitive global market place.
- 1.2 It is essential that Australia's primary industries embrace new innovations and adopt new technologies to keep abreast of market changes, open up new markets and maintain a competitive edge. Equally, pressures to achieve and demonstrate sustainable production systems are mounting. The current rate of productivity improvement in some primary industry sectors is insufficient to sustain an adequate level of profitability under continuing pressure on producers' terms of trade. Maintaining their position in the market place requires improved, sustained and targeted outcomes from Research, Development & Extension (RD&E).
- 1.3 In these circumstances it is essential that Governments, RD&E investors and providers and primary industries stakeholders work together to focus effort and maximise outcomes through strategic partnerships including resource, infrastructure and expertise-sharing within the current scope of primary industry RD&E expenditure. With the current challenges in mind, the Primary Industries Ministerial Council (the national meeting of Australian primary industry ministers) has initiated the development of a national strategic framework for primary industries RD&E. The aim of this initiative is to ensure Australia's research, development and extension capacities are aligned nationally with future industry needs, to initiate collaboration that strengthens Australia's position in international markets and to ensure that RD&E delivery is both more efficient and effective.
- 1.4 It is the goal of the national RD&E framework to contribute to a secure position for the Australian primary industries sector as competitive, innovative, responsible, market-driven and quality producers of agriculture, fisheries and forestry products for the long term.

The industry and cross sector strategies

- 1.5 The Framework spans 14 primary industry sector strategies (including new and emerging industries) and 7 cross-industry sector strategies.
- 1.6 The primary industry sector strategies are:
 - beef
 - cotton
 - dairy
 - fisheries and aquaculture
 - forests
 - grains
 - horticulture
 - pork
 - poultry
 - sheepmeat
 - sugar



- wine
- wool
- new and emerging industries.

1.7 The cross-industry sector strategies are:

- animal biosecurity
- animal welfare
- biofuels and bioenergy
- climate change and variability
- food and nutrition
- plant biosecurity
- water use in agriculture.

1.8 To build the Framework, each industry sector and cross-sectoral strategy will explore its RD&E capacity, research priorities, emerging needs and opportunities. This involves consulting with relevant collaborators (including universities) in each sector to identify resource requirements and implementation issues. Each of the 21 strategies has been allocated a lead Research and Development Corporation (RDC), a lead government agency and a lead industry organization.

1.9 By ensuring the substantial resources invested by government and industry in research are managed cooperatively, a more efficient, effective and comprehensive capability will be possible.

1.10 For more about the Framework see: <http://www.daff.gov.au/agriculture-food/innovation/national-primary-industries>

The Wine Sector Strategy

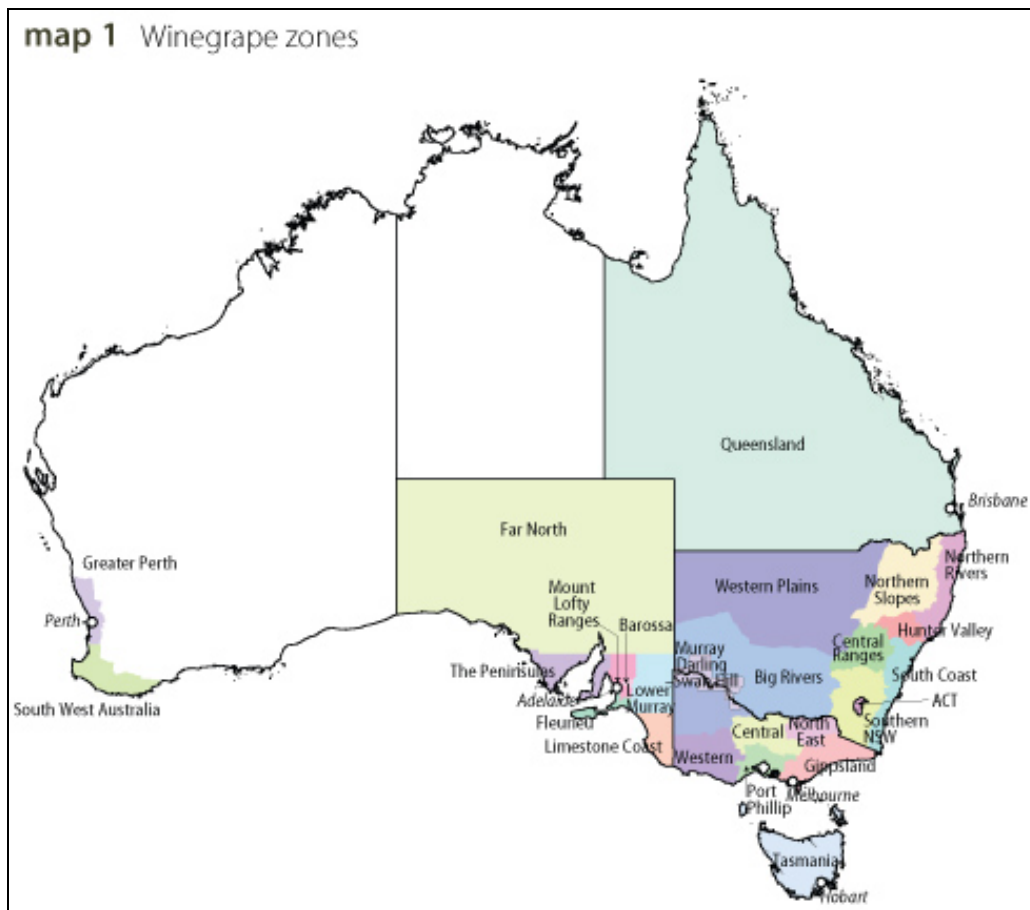
The purpose of the Wine Sector Strategy is to boost the competitiveness and sustainability of the Australian grape and wine industry by:

- facilitating greater coordination among industry, university and government sectors including the different Commonwealth and State governments, CSIRO and the RDC to better harmonise their roles in wine sector RD&E and ensure that they work together effectively
- supporting a strong culture of collaboration to strengthen wine sector research capability to better address wine sector issues
- focusing research, development and extension resources so they are used more effectively, efficiently and collaboratively, thereby reducing capability gaps, fragmentation and unnecessary duplication.

2. INDUSTRY PROFILE

- 2.1 The 2007/08 value of the Australian wine industry was \$4.8 billion per annum with:
- exports of \$2.7 billion (60%)
 - domestic sales \$2.1 billion (40%)
 - 8,000 vineyards
 - 173,000 hectares planted across 65 wine regions (including cool, temperate and warm climates)
 - a total crush of 1.8 million tonnes
 - 1,800 wineries
 - 1,460 (81%) wineries crushing less than 50 tonnes
 - 340 (19%) wineries crushing 50 tonnes or more
 - the top 14 wineries crushing 71% of grape intake
 - direct employment of 31,000
 - indirect employment of 27,000.

Chart 1: Winegrape zones in Australia²



- 2.2 The key products are red, white, sparkling, fortified and dessert wines with a supply chain of grapegrowing, harvesting, winemaking, storage, bottling/packaging, transport/distribution, retailing and marketing. There are long lead times (eg due to vineyard establishment,

² Source: ABARE *Australian wine grape production projections to 2010-2011*

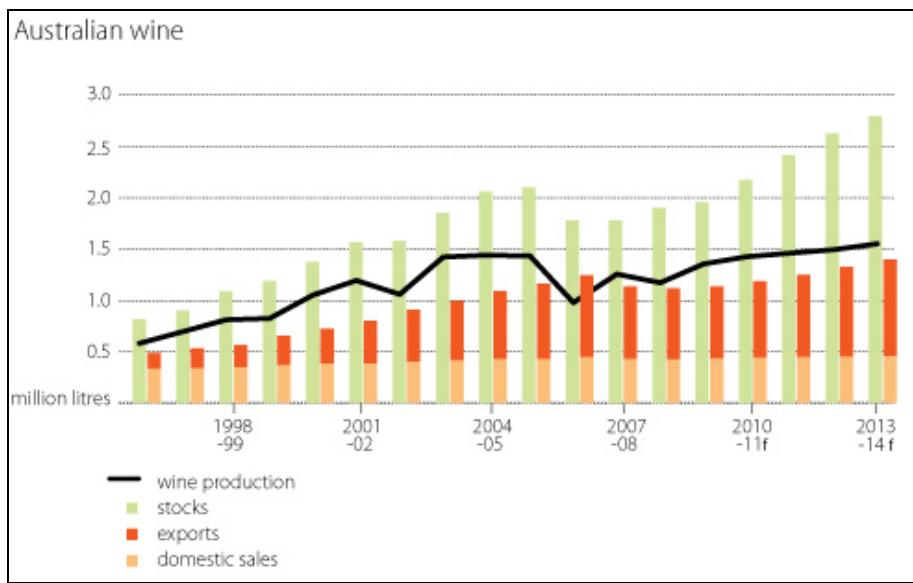


harvests and maturation of wine) in response to sometimes rapid changes in the market. The industry is characterised by setting targets especially for exports (upon which continued growth will depend).

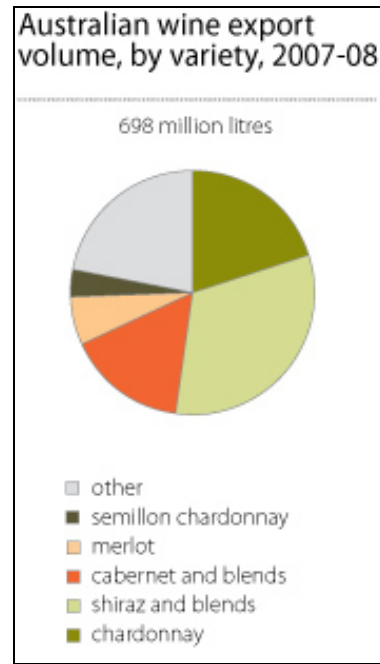
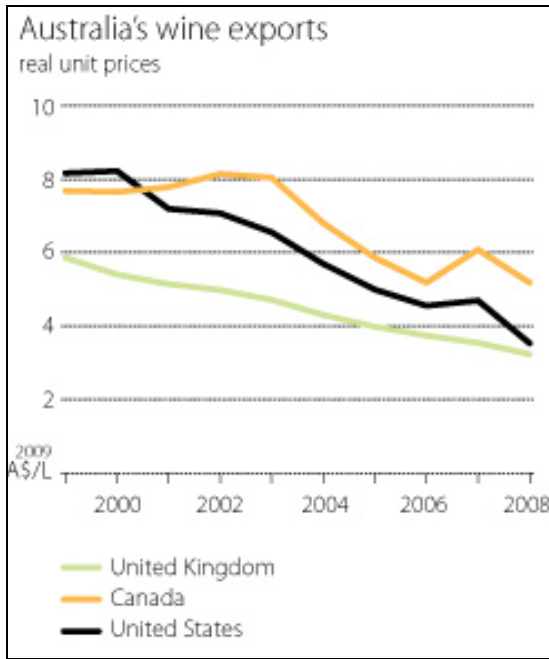
2.3 It is a mature industry after rapid export-driven growth over the last 10-20 years (see Chart 2). Exports have increased five-fold in the 10 years to 2007/08 compared to domestic growth of 30% over that period. However, the average value per litre of exported Australian wine has fallen over recent years (from \$AUS4.40 per litre of wine exported in 2005 to \$AUS3.50 in 2008 (see Chart 3)). Chardonnay, Shiraz blends and Cabernet blends account for more than 50% of wine exports (see Chart 4). South Australia produces 45% of the national grape crush and about 70% of the value of wine exports (see Chart 5).

2.4 The value of wine tourism in Australia is approximately \$1 billion per annum.

Charts 2–4: Australian wine production, exports and varieties³



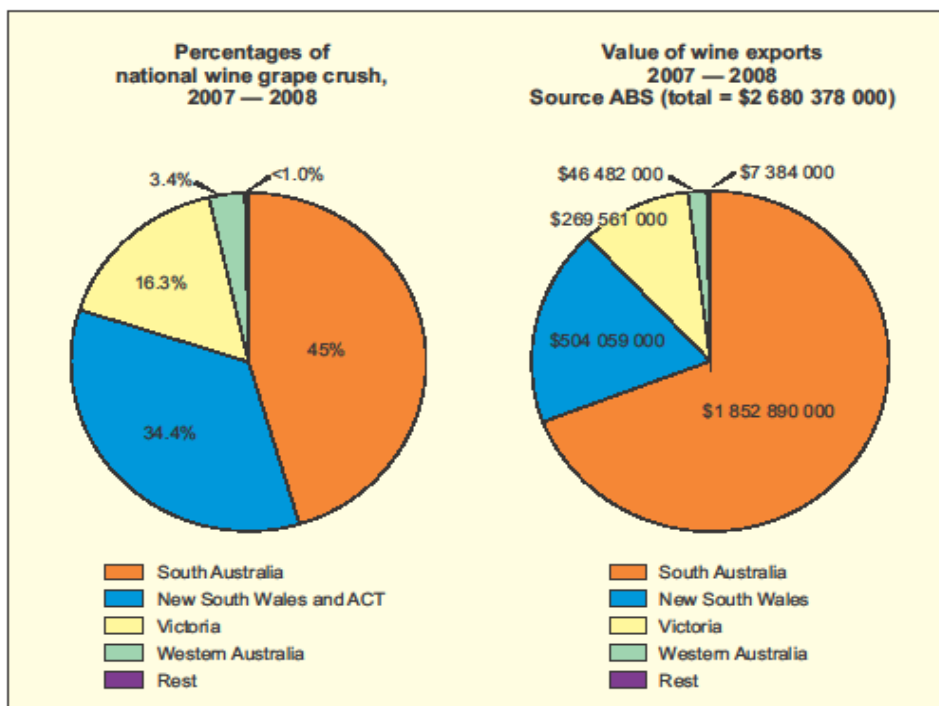
³ Source: ABARE Australian Commodities Outlook March 2009



2.5 The Australian wine industry:

- accounts for 5.1% of the volume of all world wine produced
- is the 6th largest wine producing nation (after France, Italy, Spain, USA and Argentina)
- is the 4th largest wine-exporting nation (after France, Italy and Spain)
- exports to approximately 100 countries, mainly UK 33%, USA 27%, EU (excluding UK) 14% and Canada 10%.

Chart 5: Wine grape crush and value of wine exports of the Australian States.⁴



⁴ ABS Report 1329.0

3. INDUSTRY PROSPECTS AND DRIVERS

3.1 Industry challenges include:

- a domestic and global oversupply of grapes and wine
- prolonged drought in south-east Australia
- the global financial crisis
- increased competition in global markets
- customer aggregation
- a highly variable Australian currency.⁵

3.2 Changes to the climate are becoming more frequent and more intense through microclimates producing extended heat waves, disastrous bushfires and droughts, and extreme flooding. Rising salinity levels and reducing irrigation allocations are further complicating this resulting in significant land degradation. Australian viticulturists respect their environment and together with winemakers want to ensure that the best practices are used to make wine that is attractive to domestic and international consumers. Attention must be given to the continued suitability of soil, the appropriateness of vinestock and production methods which respect the biodiversity of the land and changing climatic conditions. Vineyard management for economic and environmental sustainability is becoming both more complex and more demanding.

3.3 Combined with these concerns about the environment is a need for greater knowledge of consumer markets. Who is buying Australian wine and what characteristics are they looking for? How are we refining our product offerings to reflect consumer demands? How quickly are we aware of the changing profiles of our consumers?

3.4 Trends affecting the industry include reinvigorated 'old world' producers; emerging 'new world' producers; wine becoming a fast moving consumer good; a world oversupply and falling per capita consumption in some countries (e.g. France, Italy) whilst rising in others (e.g. UK, USA). Australia's key competitors are from the 'new world' (USA, Chile, South Africa, and Argentina) and from the 'old world' (Mediterranean EU countries; former Soviet Republics) responding to challenges from 'new world' producers.

3.5 New market opportunities are likely in China, Russia, India and South Korea. Opportunities are also likely in selling at higher price points (connected to increased market access for better quality wine which can affect volume sales); with the youth market ('generation next') and with innovations in bottle sizes, packaging and closures.

3.6 The industry is dependent on the education and training sector; the water supply sector; quarantine/plant health services; transport, bottling and winery equipment; packaging producers; and the agrochemicals sector.

'Over the outlook period, the ability of the Australian wine industry to increase exports will depend on producing wines which satisfy consumer preferences. This may mean significant changes to wine styles, varieties, alcohol content, packaging, environmental practices and production methods.' **ABARE: Australian Commodities March Quarter 2009**

3.7 Research and development must answer these questions and the industry must become more effective in extending this information to local decision makers. The time from knowledge awareness to implementation must be reduced and markets must be reached more efficiently and with greater profitability than our most able competitors.

⁵ Attachment 1 is a SWOT analysis that has been used to develop this section.

4. SNAPSHOT OF RD&E FUNDING

- 4.1 Wine industry RD&E is funded by the grape and wine industry through levies and direct investment, by the Australian Government through levy co-investment, by State Governments (via research agencies and infrastructure grants), by the universities and by CSIRO. For 2007–2008 the estimated annual investment in recurrent wine RD&E from these sources was \$59 million. The estimated capital investment in RD&E for that year was \$25 million.
- 4.2 The major vehicle for industry RD&E investment is the Grape and Wine Research and Development Corporation (GWRDC) funded by a levy of \$2 per tonne of grapes delivered and \$5 per tonne of grapes crushed matched by Australian Government (up to 0.5% of the Gross Value of Production). The total fluctuates with the harvest but is around \$25 million per annum with \$40 million in project partnerships.

5. RD&E PRIORITY SETTING

- 5.1 Australian wine industry RD&E priority setting and planning is moving towards a more integrated set of national, market driven, 'whole of value chain' priorities through:
- the 3-year *Research Prospectuses for the Australian Wine Industry* prepared by the industry Strategic Directions Group (SDG)
 - the work of the industry's Innovation Policy Committee (IPC)
 - the *Grape and Wine RDC Five Year R&D Plans* which take into account the key industry and government RD&E priorities.
- 5.2 The GWRDC plays a critical role in translating wine industry priorities into funded RD&E projects. The GWRDC supports the development of the Australian grape and wine industry by planning and funding collective research and development programs and then facilitating the dissemination, adoption and commercialization of the results through out the industry. It does not undertake R&D itself. Rather, it purchases R&D from existing providers on behalf of the Australian grape and wine industry.
- 'There is a strong need for improved collaborative relationships between research providers, to deliver research, education and extension across the whole wine production and marketing chain, including its social and economic impacts.

'The wine industry – grape growers, winemakers, suppliers and service deliverers must also more clearly articulate needs to provide an environment for innovation.'

Innovation Policy Committee, June 2009
- 5.3 In April 2009 the Strategic Directions Group, made up of Winemakers' Federation of Australia and Wine Grape Growers of Australia nominees, listed the following research programs that would bring the greatest benefit for the expenditure:
- value chain (includes knowledge of the consumer, strategic logistics and packaging, economic modelling and wine tourism)
 - sustainability (includes triple bottom line and covers the Rural R & D priorities)
 - grapegrowing
 - winemaking
 - industry development (includes extension and implementation).
- 5.4 The Strategic Directions Group has, within the five programs listed above, identified the following research strategies:
- undertaking market research to understand what is critical within the value chains for domestic and international consumers
 - improving and reducing inputs associated with rootstock, *Vinifera* germplasm, clonal stock and chemicals to enhance the environmental impact on vines
 - developing better tools for measuring grape maturity
 - developing procedures and tools to firstly measure the environmental footprint and then implement procedures to reduce the footprint
 - supporting a governance structure and operating environment which encourage capacity building, efficient use of resources, sharing of knowledge, reduction of duplication and consistent priorities
 - alignment of vineyard and winery resources with market demand.
- 5.5 Additional development and elaboration of these programs and strategies will be done before release as a final statement in December 2009. The time horizon for the update will be 2010 to 2012 and the Strategic Directions Group will undertake annual revisions of the priorities.

6. INDUSTRY RD&E CAPABILITIES

Research and Development

- 6.1 The principal providers of grape and wine R&D are:
- The Wine Innovation Cluster (WIC) in Adelaide, a partnership of:
 - CSIRO
 - The University of Adelaide
 - South Australian Research and Development Institute
 - The Australian Wine Research Institute
 - Provisor Pty Ltd
 - The National Wine and Grape Industry Centre (NWGIC) at Wagga, a partnership of:
 - Charles Sturt University
 - NSW Department of Industry and Investment
 - NSW Wine Industry Association
 - Tasmanian Institute of Agricultural Research (TIAR): a joint venture between
 - the University of Tasmania (UTAS)
 - the Tasmanian State Government Department of Primary Industries, Parks, Water and Environment (DPIPWE)
 - DPI Victoria, DPI Queensland and DAF Western Australia
 - Universities: Western Australia, Melbourne, Curtin, Southern Queensland and South Australia
 - Australian Wine and Brandy Corporation
 - Winemaking companies
 - Grapegrowing enterprises.

Extension

- 6.2 State Governments, the industry and research organisations have significant investment in delivery of extension and capacity-building to the wine industry which includes the:
- Winegrowing Futures Program at NWGIC
 - NWGIC National Extension Coordinator appointed to develop and manage a National Extension Plan
 - State Government Agency extension programs
 - AWRI information service including 'road shows'
 - Australian Wine Industry Technical Conference Inc.
 - GWRDC-funded and managed Innovators Network
 - Grower Liaison Officers employed by major wineries
 - private industry consultants
 - suppliers to the grape and wine industry.

Capability and Gap Analysis of Wine RD&E

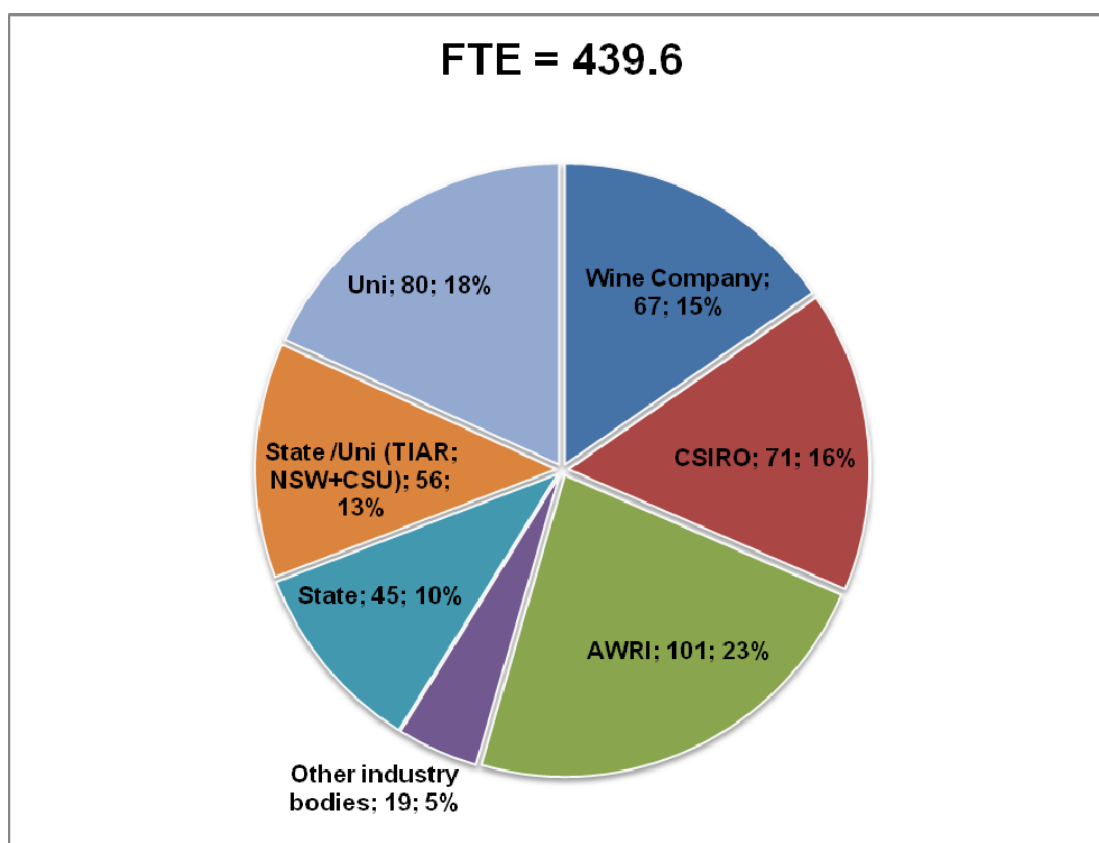
- 6.3 As part of developing the Strategy, Rural Solutions SA was contracted to conduct a Capability and Gap Analysis of Wine RD&E in particular:
- key capabilities and facilities
 - potential collaborations
 - gaps in capabilities
 - risks and challenges
- for the following research areas:
- value chain proposition
 - grapegrowing



- winemaking
- sustainability
- industry development
- training of people.

- 6.4 In May 2009, as part of the Audit, research institutions, universities, government agencies departments and wine companies were invited to respond to a questionnaire seeking information on their capability in providing research, development and extension and training for the benefit of the Australian wine industry. The primary measure was full time equivalent (FTE) staff, but the questionnaire also gathered information relating to key capabilities, facilities and collaboration. Individual names were provided on a confidential basis to permit cross checking only and do not form any part of the reporting. Further information from statistical reports, annual reports and other public domain data was also gathered to support the process. The survey included all of the major RD&E providers to the industry and wine companies which collectively represent 40% of the national grape crush.
- 6.5 Charts 6 to 8 show the distribution of FTEs across the research areas by organisational grouping.

Chart 6: Full time equivalents by respondent group⁶



⁶ The 67 Wine Company FTEs are employed by 4 major companies which account for about 40% of Australian wine production.



Chart 7: Distribution of full time equivalents by capability area

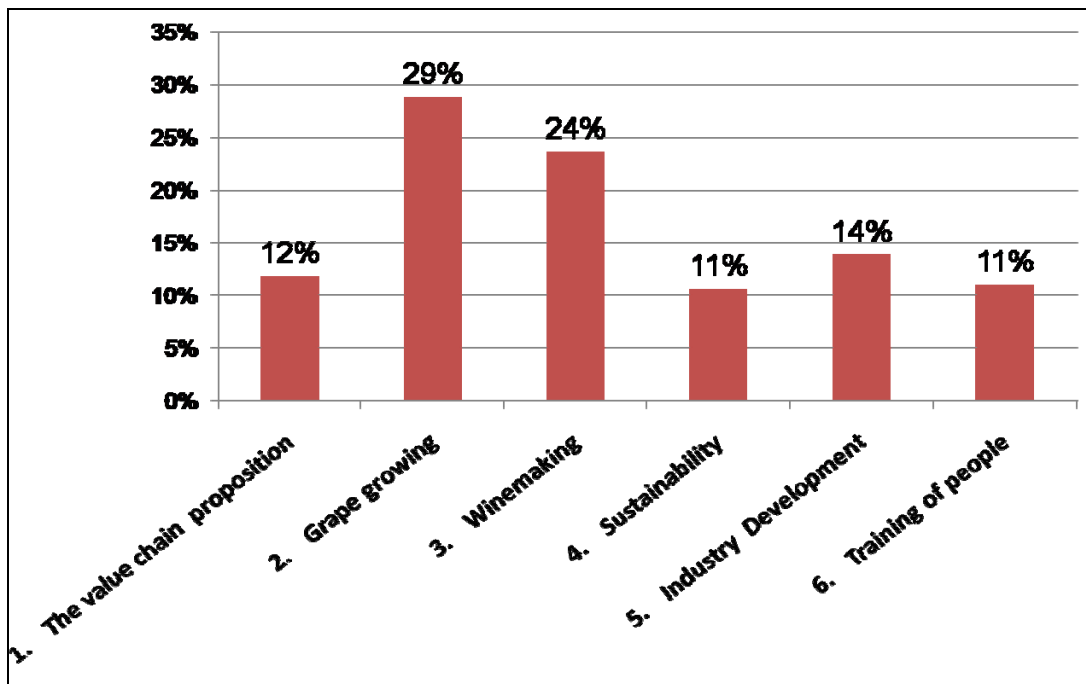
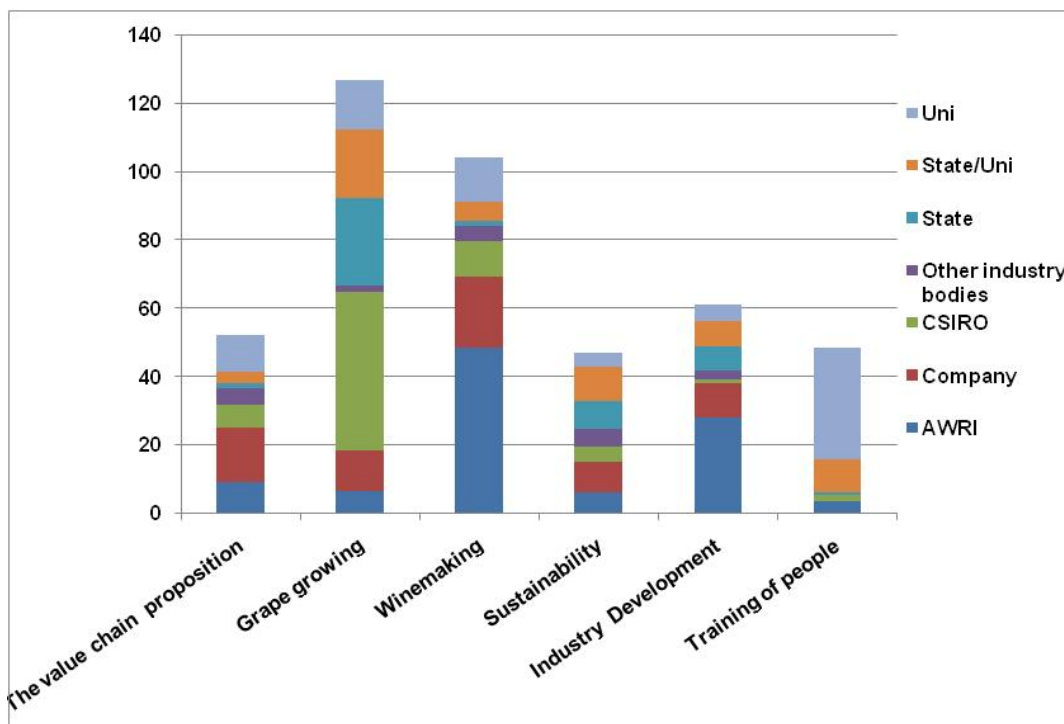


Chart 8: FTE's in each capability area, by organisation grouping



6.6 The National Wine Research Network (recently formed as part of the Wine Strategy) has provided the following comments on the Audit:

- The grape and wine sector in Australia is well supported by RD&E.
- There is a broad range of capability across all areas of the production and value chains.
- Strategic and applied R&D is well integrated, enhancing industry adoption of innovative research outcomes.



- Australia is a world leader in grape and wine RD&E, with strong international collaborations extending capability.
- Wine companies make a significant contribution to RD&E.
- There is significant collaboration between public sector agencies and wine companies, through trials carried out on commercial vineyards.
- The diversity of capability across the different R&D providers is a key factor for innovation in the wine industry.
- Capability is geographically distributed, broadly aligned with the distribution of grape and wine production and industry segmentation.
- There is significant coordination of the national effort through centres such as the WIC, which provides for 53% of total capability, and the NWGIC, which accounts for 8% of capability.
- There is a significant training element with more than 700 undergraduates and 220 postgraduates enrolled in university grape and wine degrees.
- There is the potential for further innovation in the wine industry through enhanced integration of R&D and effective delivery.

7. RECOMMENDED STRUCTURE AND SYSTEM FOR AUSTRALIAN WINE INDUSTRY RD&E

- 7.1 The recommended structure and system for Australian wine industry RD&E was developed at two facilitated workshops (in November 2008 and in June 2009) of the key stakeholders from industry, research, universities and government. The theme of the workshops was to build upon the existing wine RD&E collaborative arrangements in order to meet the requirements of the RD&E Framework. This recognised the roles played by the Strategic Directions Group, the Innovation Policy Committee, the two wine research and development clusters (WIC and NGWIC), the State Agencies, universities and the emerging networks of extension services. It also recognised that, while much has been done to improve wine industry RD&E, more needs to be done to meet the challenges facing the industry.
- 7.2 The proposed structure and system provides for a stronger integration of researchers, extension and innovation services, government and industry through:
- a National Wine Research Network
 - a National Wine Extension and Innovation Network
 - a National Research Coordination Forum
 - industry leadership.

The National Wine Research Network

- 7.3 The National Wine Research Network will be a national forum for grape and wine research and development providers, will share research and information, will encourage consultation, coordination and communication amongst research and development providers and will be a point of contact for industry bodies.
- 7.4 The Network's terms of reference will be to:
- provide a national forum for consultation, coordination and communication amongst Australian wine industry R&D providers
 - provide a formal link between the R&D providers and the wine industry
 - provide input and representation to high-level decision-making forums in the wine industry
 - monitor and maintain wine sector R&D capability and resources
 - ensure that wine R&D is carried out and delivered in the most cost effective, speedy and client focused manner.

The National Wine Extension and Innovation Network

- 7.5 The National Wine Extension and Innovation Network will coordinate wine industry extension and innovation services to ensure those services are delivered in the most speedy, client-focused and cost effective manner.
- 7.6 The Network's terms of reference will be to:
- provide a national forum for consultation and communication amongst Australian wine industry extension and innovation providers
 - provide a better link between the extension and innovation service providers and the wine industry and the research community
 - provide input and representation to high-level decision-making forums in the wine industry
 - monitor and maintain wine sector extension and innovation capability and resources



- ensure that wine extension and innovation are carried out and delivered in the most speedy, client-focused and cost effective manner.

7.7 The National Wine Extension and Innovation Network will be a key responsibility of the GWRDC which will work closely with industry and with State-based and National extension bodies.

The National Research Coordination Forum

7.8 The Forum will provide a regular high-level forum of grape and wine industry leaders, researchers, funders, government agencies, regions and extension service providers to ensure that wine RD&E is market-led and carried out and delivered in the most speedy and cost effective manner.

7.9 The National Research Coordination Forum will lead, coordinate and link the parts of the system.

7.10 The Forum's terms of reference will be to:

- provide a linkage, at a high level, between key stakeholders from industry, research, extension, government, regions and funders
- identify major RD&E issues and priorities
- recommend strategic RD&E
- recommend improvements in the way wine RD&E is planned, conducted and delivered
- identify opportunities for coordination and collaboration
- monitor industry RD&E Capabilities.

Industry Leadership

7.11 Industry Leadership from the peak industry bodies is provided by the Innovation Policy Committee which ensures that R&D delivers cost-effective outcomes that meet the current and future needs of the Australian grape and wine industry of behalf of the grape and wine industry by:

- ensuring research priorities set for the Australian Wine Industry meet the industry objectives
- determining appropriate funding arrangements for grape and wine research in Australia
- ensuring the adoption of research outcomes by the Australian Wine Industry
- enhancing International cooperation and collaboration
- promoting innovation.

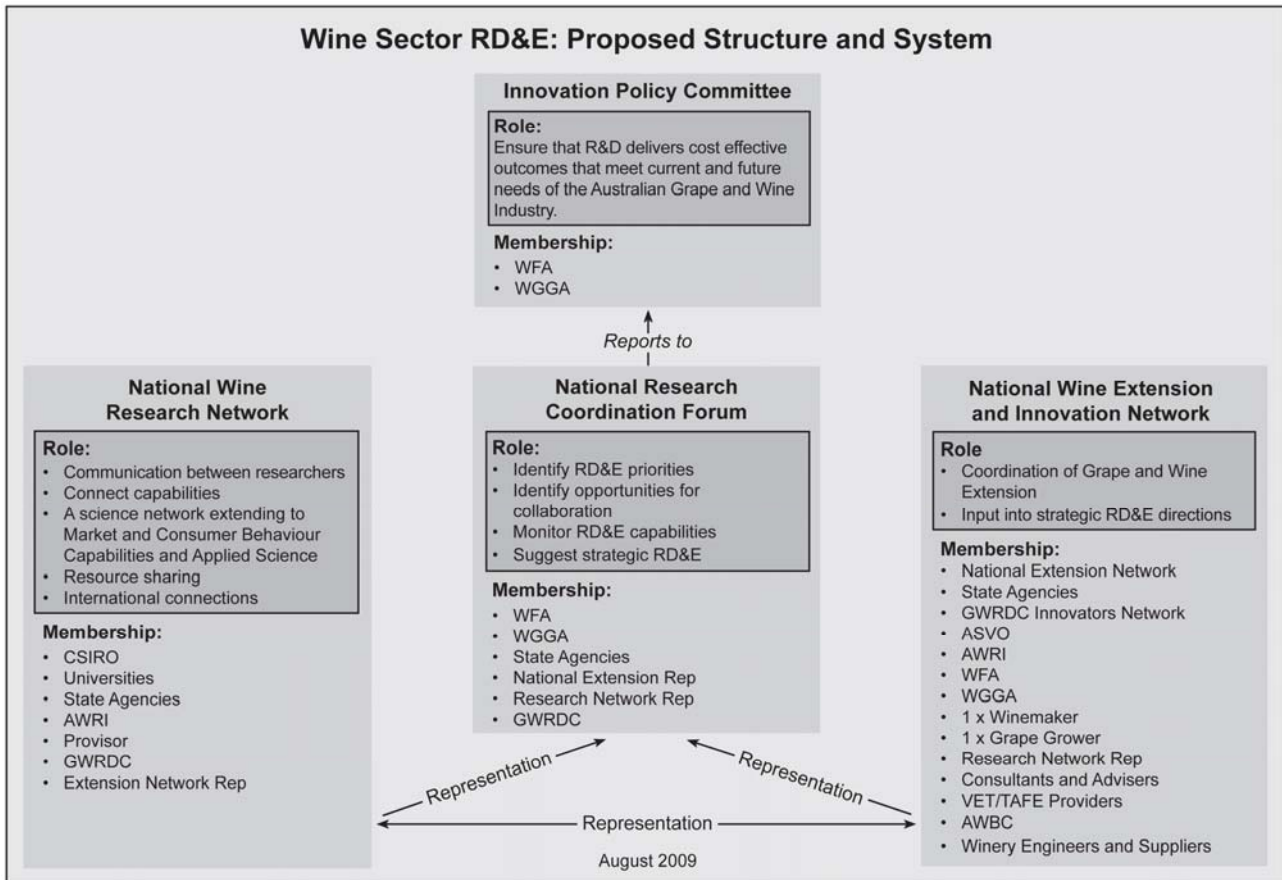
Terms of reference and linkages

7.12 Each of the groups has drafted a Statement of Intent (i.e. Terms of Reference) setting out their purpose, membership and relationship with other parts of the structure (see attachments).

7.13 These arrangements (including the linkages between the groups within the framework) are shown diagrammatically below.



Chart 9: Proposed Structure and System



8. INDUSTRY AGREEMENT

- 8.1 The key stakeholders agree to work cooperatively and collaboratively to develop and implement the Wine Strategy by:
- freely sharing the knowledge generated by wine industry RD&E effort and minimising barriers to wine RD&E effort created by intellectual property protection
 - providing ways (online, conferences, meetings, etc.) to facilitate timely and ready access to knowledge and information by potential users
 - working cooperatively to improve the administrative processes and effectiveness of information sharing and management
 - building on existing RD&E evaluation frameworks to develop monitoring and evaluation criteria to review the performance of the Wine Strategy
 - preparing an annual report on progress with achieving the outcomes sought from the Wine Strategy, any blockages or delays in achieving them and Plans for the next 12 months
 - within three years from commencement, conducting an independent review of the Wine Strategy, including the effectiveness in achieving its stated objectives and outcomes.⁷

⁷ The review should seek input from all key wine sector stakeholders and provide a report including recommendations for any improvements identified to Primary Industries Standing Committee and the Primary Industries Ministerial Council.

9. KEY OUTCOMES

- 9.1 The Key Outcomes, once the strategy is fully implemented, is an Australian wine industry research, development and extension system that:
- has clear market-driven priorities which cover the whole of value chain and are updated regularly
 - comprehensively meets the needs of the industry
 - is integrated, interdependent and specialised, with large critical mass and less fragmentation across the nation
 - funds research on the basis of programs requiring collaboration rather than on the basis of projects
 - has a high level of collaboration and exploitation of synergies through strategic partnerships and sharing of expertise and research infrastructure (this will particularly be the case with synergies between the Wine Innovation Cluster in Adelaide and the National Wine and Grape Industry Centre at Wagga)
 - is efficient and effective in the use of its infrastructure
 - retains and builds capability in areas strategically important to participants
 - has national centres of research excellence supported by well-linked development and extension systems and wine sector research developed in one location will be available nationally for the whole industry
 - has a high level of industry access to international and Australian RD&E capabilities with faster and more effective ‘concept to application’.

State Government roles

- 9.2 For State Governments it will mean:
- New South Wales and South Australia will take a lead national role in providing significant R&D effort
 - Victoria and Western Australia undertaking R&D effort but other agencies providing the major effort
 - Queensland and Tasmania undertaking little or no R&D but having access to information and resources from other agencies.

10. KEY PERFORMANCE INDICATORS

10.1 Suggested KPIs for the Wine Strategy include:

- trends in real unit price of Australia' wine exports
- number and value of collaborative research contracts
- measures of market uptake of innovations
- industry surveys of value and ease of access to grape and wine research information.⁸

⁸ The KPIs need more development.

11. IMPLEMENTATION AND COMMUNICATION STRATEGIES

Implementation

11.1 The next steps in the implementation of the strategy and the stakeholders responsible are:

31 August 2009	National Wine Research Network established (Professor Sakkie Pretorius AWRI and Dr Simon Robinson CSIRO)
31 August 2009	Key Stakeholders endorse Strategy (Glen Weir PIRSA)
24 September 2009	Strategy included on PISC agenda (Glen Weir PIRSA)
31 October 2009	The National Research Coordination Forum established (Tony Battaglene Winemakers' Federation of Australia and Dr John Harvey GWRDC)
31 October 2009	The National Extension and Innovation Network established (Dr John Harvey GWRDC)
5 November 2009	Strategy included on PIMC agenda (Glen Weir PIRSA)
31 March 2010	First Annual Forum (Tony Battaglene Winemakers' Federation of Australia and Dr John Harvey GWRDC)
April 2010	Progress Report to PISC and PIMC

Communication

11.2 Key Stakeholders will be responsible for securing agreement or endorsement for the Strategy from their respective organisations and related industry councils. The Winemakers' Federation of Australia will be responsible for consultation with National, State and Regional grape and wine organisations.

12. RECOMMENDATIONS

It is recommended that the Wine Sector Strategy:

- be submitted for approval by Primary Industries Standing Committee (PISC) at its meeting on 24 September 2009
- be submitted for approval by Primary Industries Ministerial Council (PIMC) at its meeting on 5–6 November 2009
- be implemented to enable the first meeting of the National Research Coordination Forum by March 2010
- be the subject of a progress report to the first meetings of PISC and PIMC in 2010.



REFERENCES

- ABS data: <http://www.ausstats.abs.gov.au>
- Strategic Directions Group: <http://www.wfa.org.au/PDF/ProspectusSummary.pdf>
- GWRDC: <http://www.gwrdc.com.au/>
- National Organisational Structures Review: October 2007 Consultation paper
- Wine Australia: Directions to 2025
- ABARE: <http://www.abare.gov.au>
- Innovation Policy Committee *Innovation Policy*
- *The Australian Wine Grape Industry Taking Stock and Setting Directions Final Report December 2006*
- Wine Australia web site: <http://www.wineaustralia.com>



ATTACHMENT 1: WINE SECTOR RD&E SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Consistent wine quality in premium sectors • Position in export market, Brand Australia • Skilled and educated industry/adaptable/flexible/innovative • Educational and training facilities • Close to Asian market • High level of industry integration • Strong RD&E support • Regional diversity, differentiation and marketing • Good marketing skills • Good strategic planning processes • Tourism contributes to local economy • High technology base • Clean and green reputation • Focus on 2 centres viz WIC and NWGIC • Strong regional RD&E capability focus on strategic priorities • Generational opportunities: new thinking, well educated potential new leaders • Good problem solving in production • Increasing efficiency in water usage • AWRI industry owned R&D provider • AWRI nodes strategy • High level of R & D transfer 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • RD&E \$\$ linked to annual crush • Low returns on investment • Grower reliance on big 6 for contracted supply • Overinvestment in cool/temperate areas • Poor application/extension of research • Decline in value per litre of exports • Tendency to keep intellectual property to selves • Education skills could be improved • Limited knowledge of consumer insights and drivers • Younger industry members are not getting the opportunity to contribute • Poor methodology about understanding consumer preferences • Access to new varieties and clones • Lead times for importing new genetic material, • Uncoordinated pathway for introduction of new varieties, clones and rootstocks
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • New market development – Asia • Climate change – new areas of production/new varieties/R&D opportunities • Wine tourism • Structural change to enhance sustainability • Availability of international post doctorates • Enhance/promote University courses for viticulture/oenology • GM and biotechnologies • Innovative packaging • Improvements in applying/delivering research • Greater collaboration between WIC and NWGIC and building complementarities/synergies • Changes in consumer expectations and profiles • Triple or quadruple bottom line approach • Value chain analysis for each function • Redefine marketing for Brand Australia • Health and wine collaboration • More opportunities for collaboration • Consumer perception of quality and value • Opportunities for new varieties • Productivity and cost reduction • Mechanisation/robotics • Supply market niche/regional 	<p>THREATS</p> <ul style="list-style-type: none"> • World oversupply • Water availability and cost • Water loss to higher value per ML products • More competitive global environment • Climate change, carbon footprint impacts • Reduced RDC research funds, Reduced R&D investment funds from agencies • Low grape prices • Biosecurity • Production falling and reducing levy base • Demographics of researchers/lack of new researchers • Conflicting land use • Emerging (i.e. over next 15 years) shortage of skills especially viticulture skills (due to difficulty in attracting and retaining teachers and students) • Australian drought and salinity issues • Biodiversity requirements (waste, emissions) • Concerns on health aspects of wine • Consolidation of retail channels and wine brands • Sustainability impacts of distance to market • Dependence on coal for glass manufacturing • Dependence on glass for packaging • Competitors doing things better than Australia • Seeing E as separate from R&D • Labour shortages at peak production times

ATTACHMENT 2: DRAFT STATEMENTS OF INTENT

THE NATIONAL FRAMEWORK FOR RURAL RESEARCH DEVELOPMENT AND EXTENSION

STATEMENT OF INTENT: NATIONAL WINE RESEARCH NETWORK

Introduction and context

The November 2008 workshop on the National RD&E Framework for the Wine Sector Strategy identified the need for a group to provide an ongoing role in coordinating activities amongst the R&D providers to the wine industry and to form a link to the various industry bodies.

With the diverse range of R&D providers across a wide geographic distribution, a body that connects the different groups could provide national coordination. It is critical that this body provides direction and cohesion without adding unnecessary transactional cost and administrative burdens. This idea was strongly supported by WFA, WGGA and other bodies represented and it was agreed that the concept of a 'National Cluster' for R&D providers, the 'National Wine Research Network', should be further developed.

How it fits with the proposed wine sector RD&E Framework

Please see the diagram below which show where in the proposed framework the Research Network is positioned in relation to the:

- National Extension and Innovation Network
- The National Research Coordination Forum.

Terms of reference

The National Wine Research Network will be a national forum for wine research and development providers, will share research and information, will take a strategic focus, will encourage consultation, coordination and communication amongst research and development providers and will be a point of contact for industry bodies. The group's terms of reference would be to:

- provide a national forum for consultation, coordination and communication amongst Australian wine industry R&D providers
- provide a formal link between the R&D providers and the wine industry
- provide input and representation to high-level decision-making forums in the wine industry
- monitor and maintain wine sector R&D capability and resources
- ensure that wine R&D is carried out and delivered in the most cost effective manner.

The group would have the following key attributes:

- coordination, communication and collaboration – both between researchers and with industry
- benefit to the wine industry (more efficient delivery of research outcomes)
- benefit to researchers (voice to industry, more resources, making a difference)
- integrated grape and wine research – integrated across the wine value chain
- efficient operation – minimal administrative burdens and transactional costs
- good communication mechanisms within – websites, symposiums etc
- effective partnership with industry – positive industry input, delivery to industry.

Membership

The group needs to be broadly representative of the R&D providers across Australia but small enough to be functional. Membership will be open to:

- AWRI
- CSIRO



- GWRDC
- Provisor Pty Ltd
- Representative from the National Extension and Innovation Network
- Universities with a significant investment⁹ in wine R&D
- State Governments with a significant investment in wine R&D
- Universities and States with less than significant investment may wish to nominate another University or State to represent them perhaps on a rotating basis.

Key relationships

The Network would maximise interactions between R&D providers through:

- meetings of the core group to share information and maximise collaboration
- annual symposium for researchers, focused on science
- website for sharing information, science discussion groups etc
- symposia for industry delivering information (e.g. with ASVO)
- developing joint applications for funding
- developing research capability on a national scale (facilities, equipment etc).

The Network would provide a two-way conduit to industry by:

- providing representatives for key industry bodies (e.g. IPC, SDG, etc)
- informing industry decision making processes
- addressing R&D capability needs nationally
- participating in setting strategic directions
- linking R&D, education and extension activities.

The Network will nominate one of its members to join the National Extension and Innovation Network and two of its members to join the National Research Coordination Forum.

Frequency of meetings

Twice a year with executive meetings in between in addition to an annual research symposium for grape and wine R&D.

Executive/administrative support

The Network will have a rotating chair and deputy chair with the deputy moving into the chair the following year to provide continuity. The positions will be on a financial year basis. The inaugural chair is Professor Sakkie Pretorius (AWRI) and the deputy Chair is Dr Simon Robinson (CSIRO).

Members would provide their own executive/administrative support. If the group wants to develop or sponsor a project, members may be asked to make a contribution.

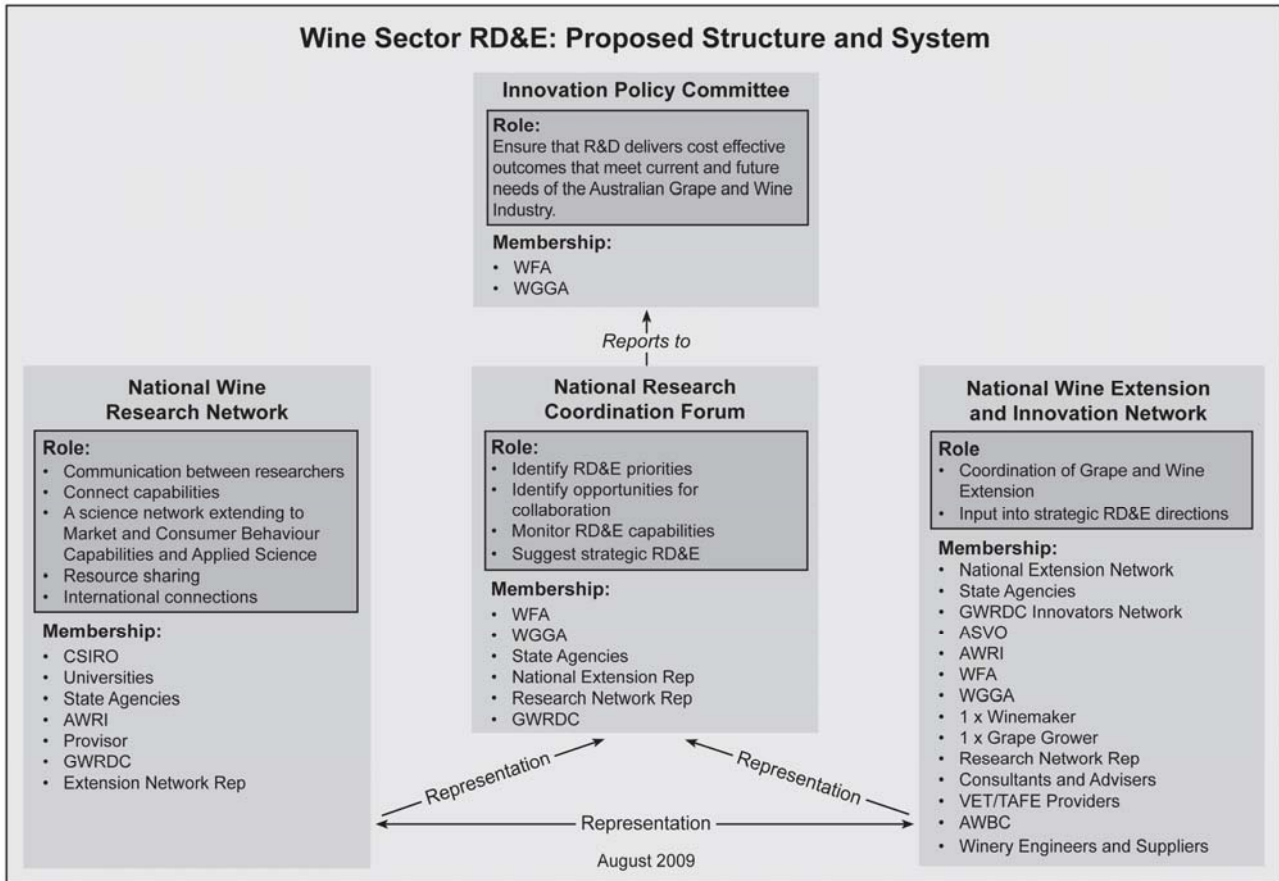
Next Steps

- Research Forum: 31 July 2009 (completed)
- Network implemented: 31 October 2009

Responsibility

Professor Sakkie Pretorius and Dr Simon Robinson

⁹ Not yet defined.





THE NATIONAL FRAMEWORK FOR RURAL RESEARCH DEVELOPMENT AND EXTENSION

STATEMENT OF INTENT: NATIONAL WINE EXTENSION AND INNOVATION NETWORK

Introduction and context

The November 2008 workshop on the National RD&E Framework for the Wine Sector Strategy identified the need for a group to coordinate the delivery of wine industry extension and innovation services in Australia and to form a link to the various industry bodies and research organisations.

With the diverse range of wine industry extension and innovation services across a wide geographic distribution, a body that connects the different groups could provide national coordination. It is critical that this body provides direction and cohesion without adding unnecessary transaction costs and administrative burdens. This idea was strongly supported by WFA, WGGA and other bodies represented at the November 2008 workshop and it was agreed that the concept of a National Wine Extension and Innovation Network should be further developed.

How it fits with the proposed wine sector RD&E Framework

Please see the diagram below which shows where in the proposed framework the National Wine Extension and Innovation Network is positioned in relation to the:

- National Wine Research Network
- The Wine Industry Leadership
- The Regions
- The National Research Coordination Forum.

Terms of reference

The terms of reference of the network are to:

- strategically coordinate wine industry extension and innovation services nationally
- maximise collaboration and interaction between providers of industry extension and innovation services
- minimise duplication and non-productive activities
- provide a national forum Australian wine industry extension and innovation providers for the examination and response to emerging issues, threats or problems
- provide a link between the extension and innovation providers and the wine industry and the research community
- provide input and representation to high-level decision-making forums in the wine industry in particular the National Wine Research Network and the National Research Coordination Forum
- monitor and maintain wine sector extension and innovation capability and resources
- ensure that wine extension and innovation, drawing from national and international sources, is carried out and delivered in the most rapid, efficient and cost effective manner
- identify and oversee/coordinate the delivery of extension funding programs (especially those of the Australian Government) relevant to the grape and wine industry.

The group would have the following Key Attributes:

- guided by a set of priorities which reflect the needs of the wine industry
- coordination and collaboration – both between extension and innovation providers and with researchers and industry
- benefit to the wine industry (better coordination and communication)



- benefit to extension and innovation providers (voice to industry, more resources, making a difference)
- integrated grape and wine research, development and extension– integrated across the wine value chain
- efficient operation – minimal administrative burdens and transaction costs
- good communication mechanisms within – websites, symposiums etc
- effective partnership with industry – positive industry input, delivery to industry.

Membership

The group needs to be broadly representative of the wine sector extension and innovation providers across Australia but small enough to be functional. Building on the existing membership of the National Extension Network, the proposed membership is:

- GWRDC
- AWRI
- WGGA
- WFA
- NGWIC
- State Extension Services
- Private consultants and advisers
- Nominee of the National Wine Research Network¹⁰
- Grapegrower nominated by WGGA¹¹
- Winemaker nominated by WFA
- Wine Engineering Group
- Wine Suppliers Group
- TAFE/VET
- ASVO.

Key relationships

The Network would maximise interactions between extension and innovation providers through meetings of the group to share information and maximise collaboration.

The Network will ensure effective linkages between the systems of providing information to the industry including symposia, websites, printed material, roadshows and demonstrations.

The Network would provide a two-way conduit to industry by:

- providing representatives for key industry bodies (IPC, SDG, The Forum, Innovation Alliance)
- informing industry decision making processes
- addressing capability needs nationally
- participating in setting strategic directions
- linking innovation and extension with R&D and education.

Frequency of meetings

Once a year (taking into account of the timing of the Wine RD&E Forum) or as the need arises with face to face or telephone conferences in between on an as-required basis.

Executive/administrative support

National Extension Service to provide executive/administrative support. If the group wants to develop or sponsor a project, members may be asked to make a contribution.

¹⁰ Dr Ron Hutton will be the inaugural Nominee of the NWRN.

¹¹ Nominations have been sought from WFA and WGGA.



Resources

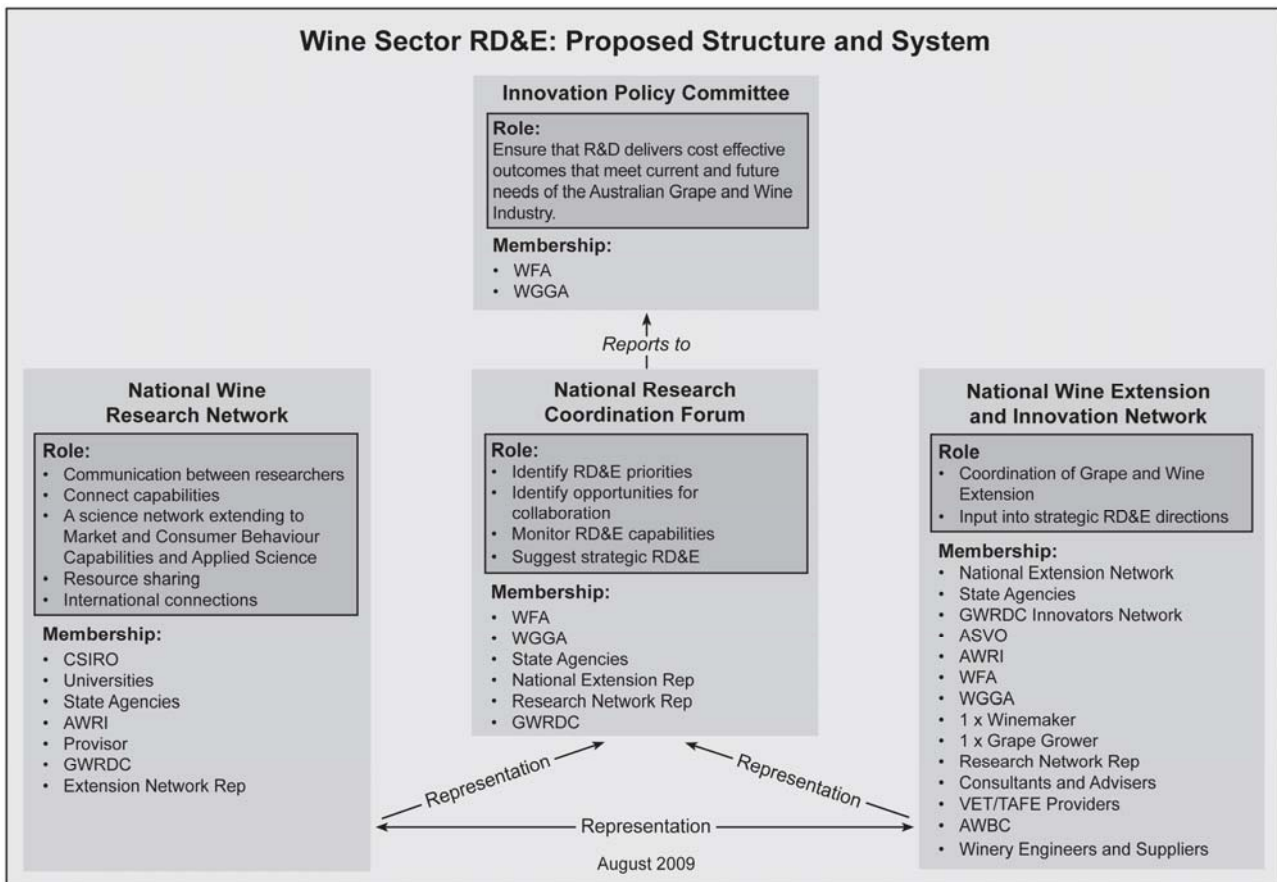
Funding of \$10,000 to cover cost of facilitated workshop and travel and accommodation costs of wine maker and grape grower members is sought for 2009/10.

Next Steps

- Obtain WFA and WGGA and other Nominees
- Workshop: in early September 2009
- Development and Implementation

Responsibility

John Harvey, Duncan Farquhar, Con Simos, Ron Hutton, Mark Krstic, and Russell Johnstone – 5 June 2009





THE NATIONAL PRIMARY INDUSTRIES RESEARCH DEVELOPMENT AND EXTENSION FRAMEWORK:

STATEMENT OF INTENT: NATIONAL RESEARCH COORDINATION FORUM

Introduction and context

The November 2008 workshop for the National RD&E Framework Wine Sector Strategy identified the need for a group to lead and coordinate the elements of the structure and system being developed under the Strategy. The Forum will undertake this role.

How the Forum fits within the proposed wine sector RD&E Framework

Please see the diagram below which show the Forum in relation to the:

- National Wine Research Network
- The National Wine Extension and Innovation Network

Terms of reference

The Forum will provide a regular high-level forum of grape and wine industry leaders, researchers, funders, government agencies, regions and extension service providers to ensure that wine RD&E is market-led and carried out and delivered in the most speedy and cost effective manner.

The Forum's terms of reference are to

- Provide a linkage, at a high level, between key stakeholders from industry, research, extension, government, regions and funders
- Identify major RD&E issues and priorities
- Review the results of past RD&E programs
- Recommend strategic RD&E
- Recommend improvements in the way wine RD&E is planned, conducted and delivered
- Identify opportunities for coordination and collaboration
- Monitor industry RD&E Capabilities.

The group would have the following Key Attributes:

- Coordination, communication and collaboration – a link between the key stakeholders
- Benefit to the wine industry – more efficient delivery of RD&E outcomes
- Integrated grape and wine research – integrated across the wine value chain
- Efficient operation – minimal administrative burdens and transactional costs
- Good communication mechanisms – e.g. websites, symposiums etc.

Membership

Membership will be the existing Strategic Directions Group plus representatives from

- Governments with a significant investment in wine RD&E
- WFA
- WGGA
- GWRDC
- The National Wine Research Network representative¹²
- The National Extension and Innovation Network representative.

¹² During the consultation phase of the Strategy, one suggestion put forward was that wine research be represented by CSIRO, AWRI and NWIC Wagga as the largest providers of wine R&D.



The Forum would consist of around 12–15 people.

Key relationships

The Forum plays a key role in leading, coordinating and linking with key parts of the wine industry RD&E including:

- The organisations from which it draws its membership
- Industry associations
- The Australian and the State Governments
- The Research Community
- International grape and wine organisations.

Frequency of meetings

At least once a year with executive meetings in between.

Executive/administrative support

Members would provide their own executive/administrative support.

Next Steps

- Implementation: by 31 October 2009
- Finalisation of current round of priorities: by December 2009
- First Forum: March 2010

Responsibility

Tony Battaglione WFA and John Harvey GWRDC

