



19 October 2007

The Hon. Sussan Ley MP
Parliamentary Secretary to the Minister for Agriculture
Fisheries and Forestry
Parliament House
CANBERRA ACT 2601

Dear Ms Ley,

Statement of Intent

Thank you for your Statement of Expectations letter of 11 September 2007 for the Grape and Wine Research and Development Corporation (GWRDC), which updates the previous Statement of Expectations dated 1 March 2007.

I am pleased to provide this Statement of Intent which details how the GWRDC will respond to the areas identified in the updated Statement of Expectations and to indicate how this response will be reflected in the GWRDC's operations. The GWRDC remains mindful of the five priority areas identified in the original Statement of Expectations and will continue to pursue those areas, whilst taking into account the updates in the latest Statement of Expectations.

This Statement of Intent will provide valuable input into other GWRDC planning documents including the 2008-09 Annual Operational Plan and I anticipate reporting GWRDC's progress in future Annual Reports.

- ***Government policies***

Australian Government Rural Research and Development Priorities

The GWRDC's 5 Year R&D Plan 2007-2012 and Annual Operational Plan 2007-08 incorporates the Australian Government's revised Rural Research and Development Priorities. The GWRDC is now working to implement these plans by undertaking a review of the current R&D portfolio to ensure alignment with the Australian Government's



R&D priorities together with the needs of industry stakeholders as outlined in the Annual Operational Plan 2007-08. This review will be an ongoing process.

Another important aspect of the GWRDC's pursuit of the strategic plans outlined above is to ensure appropriate and effective collaborations with state and territory governments, the Australian Government, research institutions and the private sector. In the short term, the GWRDC's support of the Wine Innovation Cluster (WIC) should lead to greater collaborative research with a national focus. WIC should be operational by September 2008. It is anticipated that these efforts will mirror the increased national research capacity currently offered by the National Wine and Grape Industry Centre, a collaboration between the GWRDC, Charles Sturt University and the New South Wales Department of Primary Industries.

The maintenance of research capacity at research providers such as CSIRO, Australian Wine Research Institute and universities is also essential for the delivery of the GWRDC's research outcomes and this will be achieved in the short term by the use of accumulated reserves during this period of reduced revenues. In 2008-09 the GWRDC will also be making an application to access funds from the Australian Government's recently announced contingency fund for this purpose.

To ensure that funding is deployed effectively, a greater weighting will be applied to appropriate collaborations in considering future project applications. This can be seen in the GWRDC's recently revised standard project assessment criteria.

Response to the impact of drought

The GWRDC has previously funded extensive work into water use efficiency in vineyards. Therefore, it is important that the results of this work are appropriately communicated to all growers who would benefit from the implementation of these strategies. In the 2007-08 and 2008-09 financial years, this will be achieved by the formation of an Innovators Network by June 2008 which will be coordinated on behalf of all stakeholders by the GWRDC. This network will consist of those people that come into regular contact with growers and who can disseminate current best irrigation practice.

Research into the reduction and best practice re-use of winery waste water are also due to be completed by June 2008. The adoption of the results of these projects should help reduce the demand for water by wineries, as well as provide significant environmental benefits.

In addition, in partnership with the Australian Government, the GWRDC plans to hold a series of workshops to provide technical and business decision support information to growers to help ensure the critical decisions they make over the coming months are based on the best available information. The aim of this is to ensure that the best possible outcome is obtained for growers. These workshops will continue into next year with completion by June 2009.

Finally, a targeted open call for applications has been initiated, with a focus on projects meeting the objectives of Program 4 – Sustainability of Industry, Environments and Communities. The resulting projects should ensure continued delivery of solutions to current national issues over a 3-4 year horizon, and align well with the Australian Government Rural Research and Development Priorities, “Natural Resource Management” and “Climate variability and climate change.”

These measures should help ensure rural communities are better placed to recover from the continuing adverse environmental conditions currently being experienced.

The next stage of recovery will be to ensure the resilience of rural communities to the variabilities of climate and markets. This will be accomplished over the term of the current and in the case of climate, future, 5 Year R&D Plans.

Climate change is an important topic for many researchers around the world and all industries. The most appropriate way in which GWRDC can help its stakeholders is to adapt the research work of others in this area for use by the industry and rural communities as appropriate. In addition, collaborative cross-sectoral projects will be funded where a benefit can be derived for rural producers and communities.

The current 5 Year R&D Plan has a much stronger focus on markets and consumers than previous plans. This focus will ensure that research is undertaken which allows consumer preference to dictate the style of wines produced, together with a better understanding of how desirable attributes can be fostered in grapes.

Taken together, these strategies will result in more adaptive rural communities in the medium term.

- ***Performance reporting***

The GWRDC is contributing to current initiatives being coordinated through the Council of Rural Research and Development Corporations Chairs to

develop common performance measures and reporting templates across the RDCs and will work to resolve the few remaining issues in this process.

The GWRDC has completed the first of its analyses of investment performance that are part of the process that will enable it to continue to report effectively to its stakeholders and contribute to joint RDC reporting. Further analyses will be undertaken during the year to ensure that the joint RDC reporting is available by March 2008.

The GWRDC acknowledges the importance of precise reporting that enables government and industry stakeholders to assess the impact of GWRDC investments to industry performance and increased public benefits.

Therefore, over time the methodology will be revised to ensure more accurate reporting. In addition, future project applications and progress report forms will be enhanced to capture more of the required information to make the reporting process more efficient. Finally, the Innovators Network described earlier will provide invaluable information in relation to adoption rates of research outcomes by industry.

These measures should ensure that future reporting meets your expectations in this area.

Once trend information is available from the new reporting processes, the GWRDC will use this information, together with regular stakeholder feedback, to help improve investment decisions at both the application and progress reporting stages. This should ensure that ongoing improvements in the impact of GWRDC investments are achieved on behalf of all stakeholders over the period of the current 5 Year R&D Plan.

- ***Communication***

In light of the introduction of legislation to remove the position of Government Director on the GWRDC Board, the GWRDC Directors and Management will work with the Department to ensure we maintain effective consultation and communication channels.

The GWRDC will continue regular direct communications with you, the senior portfolio Ministers as appropriate, the Departmental Secretary and the Department. We appreciate your willingness to participate in strategic GWRDC and industry interactions as Parliamentary Secretary, and will keep you fully informed of opportunities and relevant activities.

At a time when industry is facing challenges from changes to climate and markets, we gain significant value from the two-way communications we enjoy with the Australian Government.

Finally, we will continue to communicate with our representative organisations and regional groups on our progress towards achieving our strategic plans.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D Mutton". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Dennis Mutton
Chairman

cc Mr Conall O' Connell
Mr Andrew Pearson