

APPENDIX C – Membership Fee Proposal Paper

1. Background

The way fees are calculated and collected has been an ongoing challenge for Wine Victoria for some years. Due to a raft of legacy issues, we have ended up with several different mechanics for fee collection across regions and individual wine companies that is not sustainable for the organisation or for the industry.

With the new constitution adopted in 2019 one of the major changes was to have the fee structure presented to the membership each year for adoption for the following financial year.

As we all know 2020 has been the toughest year on record. All of our businesses have faced multiple, significant crises that have resulted in enormous physical, mental and economic stress. It is in this context that we have also been formulated this new membership model and want to be able to ensure we have adequate time for broad consultation.

And so Wine Victoria is proposing a new fee structure be implemented for the 2022 financial year. This proposed fee structure is being presented to Wine Victoria members at this Annual General Meeting (**AGM**) for discussion and not for approval at this stage. Following the AGM there will be broader industry consultation and the final membership and fee structure will be proposed to Wine Victoria members for their approval in the first half of 2021.

2. Proposed Fee Structure

The proposed membership and fee structure has been designed based on the following broad principles:

1. Generating maximum representation across the state from all 21 wine producing and grape growing regions
2. Continuing to engage with the regional associations and effectively ensure the regional associations and Wine Victoria are funded well and not an “either/or” proposition
3. Ensuring representation from larger wine companies via direct membership and not blurring the lines with region and direct Wine Victoria membership
4. Enable growers to be represented and have a greater voice in policy formation
5. To underpin a sustainable business model that can generate approximately \$300,000 per annum for the sustainable operation of Wine Victoria

We have proposed a fee structure for Wine Victoria for FY22. At this stage, the fees per membership category or sub-category have not been proposed and will be formulated as part of the broader industry consultation.

The proposed fee structure for Wine Victoria for FY22 is:

Full Member - Victorian Wine Producers	
Size (tonnes crushed)	Fees (\$)
Up to 249 tonnes	
250 to 499 tonnes	
500 to 999 tonnes	
1000 to 4,999 tonnes	
5,000 to 9,999 tonnes	
10,000 tonnes or more	

Full Member – Grape Grower	
Grape Grower	
Full Member - Wine Region Association	
The fee for each Wine Region Association will be the greater of:	
1. the minimum fee detailed below for that Association; and	
2. the Wine Victoria fees paid by its members direct to the Association.	
Wine Region Association	Minimum Fee
Region – A	
Region – B	
Region – C	
etc	
Associate Members	
Individual	
Corporate	

The key principles of the proposed fee structure, in more detail, are:

- Each wine producer and grape grower who pays fees would be a full member of Wine Victoria;
- Each wine producer would pay a fee based on their tonnes crushed with higher fees for greater tonnes;
- Each wine producer:
 - Below 1,000 tonnes, can pay their fees via their regional association but in doing so would have their voting rights suspended thereby giving their regional association increased voting rights (see Voting section below); and
 - 1,000 tonnes or above, must pay their fees direct to Wine Victoria;
- Each grape grower would pay the same fee irrespective of their size;
- Each Wine Region Association whose members pay their fees via their association will pass the aggregated fees on to Wine Victoria. Notwithstanding, to ensure each Wine Region Association pays a reasonable fee to Wine Victoria, there will be a minimum fee per association based on their size and current fee structure.
- Wine Victoria is considering that where members pay their fees via their regional association, a rebate may be provided to the regional association after fees are received by Wine Victoria. The application and amount of the rebate will be considered as part of the industry consultation; and
- Associate members would pay a fee based on whether they are an individual (lower fee) or a corporate (higher fee). We would also look to engage Corporate Partners who would seek to commercialise a relationship with Wine Victoria. These would be in addition to the Wine Victoria fees.

Voting

It is currently proposed that each full member would retain one vote (regardless of the size of their fee) save for the following exceptions:

- **Members paying via Wine Region** – for members paying via their Wine Region Association, they would not be entitled to vote at a member meeting, in effect giving their voting rights to their Wine Region Association; and
- **Wine Region association** – each Wine Region association would be given greater voting rights to reflect the size of the region and their members who pay their Wine Victoria fees through that association. The additional Voting Rights for a Wine Region association would be dependant to the fees paid to Wine Victoria but it is not proposed that it would be based on the number of underlying members.

To effect the above will require a change to the Constitution which will be proposed as part of the broader membership fee approval in 2021.

3. Constitution

To assist members understand the rules for annual fee structure and voting rights in the Constitution, we have provided rules from the Constitution that may be relevant in the attached Appendix.

4. Resolution

Wine Victoria is not seeking approval at the AGM for the actual annual fees for the 2022 financial year. Instead it is seeking approval from members to continue progressing the new fee structure, undertake broader consultation with the industry and to seek approval by members for FY22 annual fees in the first half of 2021.

Accordingly, members are requested to consider, and if appropriate pass the following ordinary resolution:

“Wine Victoria undertake industry consultation of a revised fee structure for 2022 financial year and, following consultation, to seek approval for the FY2022 annual fees at an extraordinary meeting to be held prior to 30 June 2021.”

Annexure (1) – Constitution Rules

The following are rules in the Constitution that may be relevant to the setting of annual membership fees and accompanying voting rights:

Rule 4 - Definitions -In the Constitution:

associate member means a member referred to in rule 8(2).

member means a member of the Association, and includes an associate member, except where expressly provided or the context requires otherwise;

Victorian grape grower means a person who, on a commercial basis in Victoria, grows grapes for use in the production of wine.

Victorian wine producer means a person who, on a commercial basis in Victoria:

- (i) produces wine, or has wine produced for them, for commercial sale to other persons; or
- (ii) purchases bulk wine for, and sells it under, their own brand.

Victorian wine region means the peak association of a wine region in Victoria.

Membership (rule 8)

8 Who is eligible to be a member or associate member

- (1) Any person who is a Victorian wine producer, a Victorian grape grower or a Victorian wine region is eligible for membership.
- (2) Any person who wishes to be a member of the association but does not qualify under rule 8(1) is eligible for associate membership.
- (3) The Board may from time to time establish different categories of membership and associate membership.

Fees (rule 12 and 67)

12 Annual subscription and fee on joining

- (1) At each annual general meeting, the Association must determine—
 - (a) the amount of the annual subscription (if any) for the following financial year; and
 - (b) the date for payment of the annual subscription.
- (2) The Association may determine that a lower annual subscription is payable by associate members.
- (3) The Association may determine that any new member who joins after the start of a financial year must, for that financial year, pay a fee equal to—
 - (a) the full annual subscription; or
 - (b) a pro rata annual subscription based on the remaining part of the financial year; or (c) a fixed amount determined from time to time by the Association.
- (4) The rights of a member (including the right to vote) who has not paid the annual subscription, or any other amount payable to the Association, by the due date are suspended until the subscription is paid.

67 Source of funds

The funds of the Association may be derived from joining fees, annual subscriptions, donations, fund-raising activities, grants, interest and any other sources approved by the Board.

Annexure (1) – Constitution Rules

Voting

37 *Voting at general meeting*

- (1) On any question arising at a general meeting—
 - (a) subject to subrule (3) and subrule (5), each member who is entitled to vote has one vote; and
 - (b) members may vote personally or by proxy; and
 - (c) except in the case of a special resolution, the question must be decided on a majority of votes.
- (2) If votes are divided equally on a question, the Chairperson of the meeting has a second or casting vote.
- (3) If the question is whether or not to confirm the minutes of a previous meeting, only members who were present at that meeting may vote.
- (4) This rule does not apply to a vote at a disciplinary appeal meeting conducted under rule 23.
- (5) The Board may from time to time by special resolution grant additional voting rights to any member that is Victorian wine region, if and to the extent that the financial contribution made by that member in the current financial year reflects contributions on behalf of Victorian wine producers and / or Victorian grape growers.