



Government of South Australia

Department of the Premier
and Cabinet

South Australian Wine Industry Sector Agreement

*Pursuant to the Climate Change and
Greenhouse Emissions Reduction Act 2007*

May 2008

SECTOR AGREEMENT
ENTERED INTO PURSUANT TO THE
CLIMATE CHANGE AND GREENHOUSE EMISSIONS REDUCTION ACT 2007
FOR THE
SOUTH AUSTRALIAN WINE INDUSTRY
BETWEEN
THE MINISTER FOR SUSTAINABILITY AND CLIMATE CHANGE
AND
THE SOUTH AUSTRALIAN WINE INDUSTRY ASSOCIATION INC
AND
THE WINE GRAPE COUNCIL SA INC

THIS AGREEMENT is made the 23rd day of May 2008

BETWEEN:

- (1) the Minister for Sustainability and Climate Change (“the Minister”); and
- (2) the South Australian Wine Industry Association Inc and the Wine Grape Council SA (together referred to as the “sector associations”)

1. BACKGROUND

- 1.1 The Government of South Australia seeks to reduce greenhouse gas emissions within the State and has enacted the *Climate Change and Greenhouse Emissions Reduction Act 2007* (“the Act”).
- 1.2 The wine industry is responding to the need to achieve such emissions reductions, and to adapt to climate change.
- 1.3 The Government of South Australia and the South Australian wine industry are taking a collaborative approach on these issues in order to further the objects of the Act.
- 1.4 The Minister and the sector associations have sought to enter into a sector agreement under the Act in order to:
 - 1.4.1 assist in the achievement of South Australia’s target to reduce greenhouse gas emissions by 60% to 40% of 1990 levels by 2050;
 - 1.4.2 raise industry awareness of climate change risks and opportunities;
 - 1.4.3 assist industry members set and meet greenhouse gas emissions reduction targets;
 - 1.4.4 respond to market and community expectations regarding minimization and reporting on carbon emissions; and
 - 1.4.5 acknowledge industry leadership in sustainability and climate change action.
- 1.5 The model adopted for this sector agreement with the South Australian wine industry involves an initial umbrella agreement between three parties – the Government of South Australia, the SA Wine Industry Association and the Wine Grape Council of South Australia.
- 1.6 The model adopted provides for underlying agreements between these organizations and relevant participating facilities in the sector.
- 1.7 The sector agreement’s initial focus is on grape growers and wine manufacturers but the scope may subsequently be expanded to include other elements of the wine industry supply chain, including packaging, transportation and infrastructure.
- 1.8 This agreement identifies reciprocal actions that are to be undertaken by the parties to achieve the goals set out in Clause 3.

- 1.9 Sector agreement participants are expected to commit to reducing emissions and tracking progress with this endeavour. Government, for its part, will align policy and programs in order to provide support.
- 1.10 The South Australian wine industry is a major player in a national industry that operates in a global context. Reporting tools developed must therefore be consistent with national and international carbon-accounting frameworks.

2. INTERPRETATION

- 2.1 The parties acknowledge that for the purpose of this agreement:
- 2.1.1 “Act” means the Climate Change and Greenhouse Emissions Reduction Act 2007;
- 2.1.2 “annual report” means the annual report referred to in clause 10;
- 2.1.3 The “Carbon Standard” referred to in this agreement is a methodology that is being developed by the Winemakers’ Federation of Australia in collaboration with international partners (clause 11). It is a work in progress and is likely to evolve over the term of this agreement. It is anticipated that emissions reporting will focus on Scope 1 and Scope 2 emissions under international reporting conventions.
- 2.1.4 “Commencement Date of this agreement” means the date by which this agreement is signed by all parties;
- 2.1.5 “greenhouse gas emissions” has the same meaning given to that term in the Act;
- 2.1.6 “goals of this agreement” are set out in clause 3;
- 2.1.7 “operator” means the operator of a participating facility who enters into an underlying agreement applying to the participating facility;
- 2.1.8 “participating facility” means the companies and facilities listed in the annual reports from time to time referred to in clause 10 of this agreement who are also party to an underlying agreement with a sector association;
- 2.1.9 “sector” means the businesses in the State comprising grape production, harvesting and transport of grapes, grape processing, fermentation, maturation and finishing and packaging for sale (including bulk dispatch but excluding packaging materials and transport of packaged wine);
- 2.1.10 “sector agreement” means this agreement (referred to as an umbrella agreement) but if underlying agreements are signed it means this agreement together with any underlying agreements as are specified in the Annual Report that the Minister will receive pursuant to clause 10;
- 2.1.11 “sector target” means the targets that appear in Appendix II as varied from time to time;
- 2.1.12 “underlying agreement” means an agreement between a participating facility and one or both of the sector associations. Such an agreement will be:
- considered to be part of this agreement; and
 - specified in the Annual Report that the Minister will receive pursuant to clause 10;
- 2.1.13 “steering group” means a group comprised of industry and government representatives established under this agreement.

3. GOALS OF THIS AGREEMENT

- 3.1 The goals of this agreement are to:
- 3.1.1 develop key performance indicators that track awareness and uptake of greenhouse gas accounting methodologies;
 - 3.1.2 accelerate the up-take of performance measurement tools, including the 'Carbon Standard' referred to in 2.1.3 above;
 - 3.1.3 contribute to the achievement of targets set out in section 5 of the Act;
 - 3.1.4 provide a model for sector agreements that may be used and adapted for other industry sectors in South Australia;
 - 3.1.5 establish a robust framework within the wine sector to encourage, support and promote:
 - 3.1.5.1 improved energy efficiency
 - 3.1.5.2 development of commercially viable greenhouse gas emission reduction strategies
 - 3.1.5.3 increased use of recycled water; and
 - 3.1.5.4 reduced waste to landfill;
 - 3.1.6 accelerate industry leadership in sustainable wine production and in the reduction of greenhouse impacts;
 - 3.1.7 assist the industry to adapt to climate change;
 - 3.1.8 acknowledge industry successes in the above; and
 - 3.1.9 position the South Australian wine industry as a 'first mover' in relation to climate change and as a world leader in measuring and disclosing the industry 's carbon footprint and performance and in introducing new technologies and product innovations

4. SECTOR AGREEMENT DOES NOT CREATE LEGALLY BINDING OBLIGATIONS

- 4.1 This agreement does not create any legally binding contract between the parties and does not give rise to any legally binding obligations, except for clause 13 (Intellectual property) which the parties acknowledge and agree is enforceable by the parties.

5. SECTOR ASSOCIATIONS AS REPRESENTATIVES (NOT AGENTS) OF PARTICIPATING FACILITIES

- 5.1 The parties acknowledge that the sector associations are representatives (not agents) of each participating facility to which this agreement applies.

6. CREATION OF STEERING GROUP

- 6.1 The Minister and the sector associations undertake within 2 months of the commencement date of this agreement to establish a steering group to oversee the direction and implementation of programs envisaged under this agreement. The Department of the Premier and Cabinet will provide regular briefings to this forum on current national and State policy developments.
- 6.2 The composition and procedures of the steering group will be agreed between the Minister and the sector associations.

7. SECTOR TARGETS

- 7.1 Sector targets that apply at the Commencement Date are set out in Appendix II. Variations to these targets may be made by mutual agreement in writing by the Minister and sector associations.
- 7.2 The Minister and the sector associations shall, in consultation with each other, carry out a review of the sector targets at the end of 2009/2010.
- 7.3 The sector targets may be varied to take account of the results of any such review.

8. ROLES AND RESPONSIBILITIES OF THE SECTOR ASSOCIATIONS

- 8.1 The sector associations will, in partnership with SA Government agencies listed in the Table in Appendix I, during 2008/2009, promote and facilitate the uptake of the methodology of the Carbon Standard to count and report the emissions of greenhouses gases, (expressed in carbon dioxide equivalents) relating to wine grape growing and wine grape processing in the sector.
- 8.2 The sector associations will provide a final report as set out in Appendix II.
- 8.3 The sector associations will, in partnership with SA Government agencies, develop and implement an educational and promotional strategy to encourage businesses and enterprises who operate facilities within the sector to:
 - 8.3.1 participate in the achievement of goals set out in this agreement; and
 - 8.3.2 to enter into underlying agreements with the sector associations.
- 8.4 The sector associations shall not impose unreasonable requirements on non-members who operate facilities within the sector and wish to participate in the achievement of goals set out in this agreement and/or to enter into underlying agreements with the sector associations.
- 8.5 The sector associations shall not, in particular, impose unreasonable charges on participants or potential participants (whether members or non-members) in respect of the assistance they may provide to participants in their efforts to achieve the goals set out in this agreement.
- 8.6 The sector associations will take full responsibility for:
 - 8.6.1 collecting data, aggregating data and maintaining the integrity of the data collection system on behalf of the sector; and
 - 8.6.2 comparing collected data against the relevant key performance indicators and reporting of same to the Minister.
- 8.7 The sector associations may undertake a non-third party audit and verification process of its data collection aggregation system over the term of this agreement.

- 8.8 The sector associations will during the term of this agreement develop a methodology to identify and reward participating facilities which achieve outcomes of this agreement which, in the opinion of the sector associations, are meritorious and noteworthy.
- 8.9 The sector associations will consult widely with businesses, enterprises and other industry associations with interests in the sector and other aspects of the wine industry in the State with a view to:
- 8.9.1 increasing the level of general awareness of the sector agreement;
 - 8.9.2 encouraging industry support for the goals of this agreement and for reducing greenhouse gas emissions in the longer term; and
 - 8.9.3 establishing a framework for a continuing industry dialogue to ensure consistency in the development of strategies within the sector and the broader wine industry as they relate to climate change, adaptation, sustainable development and market development.
- 8.10 The sector associations, in conjunction with government agencies, will assist participating facilities to undertake measures that improve their energy efficiency and greenhouse performance that seek to:
- 8.10.1 meet the sector targets set out in this agreement; and
 - 8.10.2 encourage their members to participate in the achievement of the targets set out in Appendix II.
- 8.11 The Carbon Standard referred to in this agreement is a methodology and is likely to be further refined. Should such changes impact on the ability of the sector associations to achieve KPIs set out in Appendix II the associations will, in partnership with SA Government agencies, exercise their best endeavors to agree a modified methodology and performance indicators that address the goals of this agreement.

9. ROLES AND RESPONSIBILITIES OF THE MINISTER

- 9.1 The parties recognize that the work required to be carried out by the participants to achieve the goals set out in this agreement will require resources from all the parties and the parties commit to identifying sources of information, advice and funding for agreed programs. The Minister will use his best endeavors to ensure that South Australian Government agency support described in the table in Appendix I and designed to achieve the goals set out in this agreement is provided by the relevant South Australian Government agency.
- 9.2 In particular, the Department of the Premier and Cabinet will coordinate regular briefings to the industry on current national and State climate change and carbon economy policy developments.
- 9.3 The Minister will use his best endeavors to ensure that sector targets described in Appendix I as applying to Government and designed to achieve the goals of this agreement are undertaken by the relevant South Australian Government agency.

- 9.4 Upon lodgment of the report summarizing the overall greenhouse gas emissions of growers and producers for the 2009/2010 financial year (Due 30 September 2010 – see Clause 10.1 and Appendix II) the Minister will, at no cost to the industry associations, undertake a desktop review of the information provided and provide advice to the associations on suggested modifications to the methodology used to report on GHG emissions.
- 9.5 The Minister intends, where appropriate, by a statement made in Parliament or elsewhere in other fora, to publicly acknowledge the achievements of the sector associations and participants.
- 9.6 For its part, the Government of South Australia commits to realigning various government policies and programs that are of interest to the wine sector.

10. REPORTING

- 10.1 For the purposes of Section 7 of the Act, the sector associations will complete a final report as identified as the sector association target in Appendix II.
- 10.2 The report may include data relating to the achievements of participants that are consistent with the objects of the Act but which are not necessarily included within the goals set out in this agreement.

11. THE CARBON STANDARD

- 11.1 The parties agree that the 'Carbon Standard' methodology that will provide the basis for reporting carbon emissions under this agreement will be the international protocol for the calculation of carbon emissions for the wine industry that is being developed by the Winemakers Federation of Australia in partnership with other international wine organizations. It is anticipated that this protocol will:
- 11.1.1 be consistent with relevant national standards and national and international protocols, including the Kyoto Protocol, the World Business Council for Sustainable Development/World Resources Institute Greenhouse Gas Protocol and the Australian Department of Climate Change's 'Technical Guidelines for the Estimation of Emissions and Energy';
 - 11.1.2 relate to all relevant and commonly accepted greenhouse gases expressed in carbon dioxide equivalents;
 - 11.1.3 refer to and be consistent with relevant equivalent existing international standards;
 - 11.1.4 create an adaptable tool for calculating the 'carbon footprint' of a wine or wine producer;
 - 11.1.5 ensure transparency, fairness and consistency of methodology with competitors;
 - 11.1.6 be available on-line;
 - 11.1.7 be suited to third party certification processes; and
 - 11.1.8 continue to evolve over time.

- 11.2 Should participating facilities be required to report under the National Greenhouse and Energy Reporting System (NGERS) they will not be expected to also report using the Carbon Standard and, for the purposes of KPIs under this agreement (Appendix II) a report under NGERS will be considered to count toward performance indicators.
- 11.3 The parties will cooperate in seeking to have reporting tools modified to ensure direct comparison of results.

12. ADAPTATION

- 12.1 The parties agree that they will facilitate further joint investigations with research institutions and State agencies in order to better understand climate change adaptation imperatives and opportunities in the sector.
- 12.2 Such investigations may include existing work being undertaken by State Government agencies, research institutions and industry bodies; and additional work to be jointly sponsored by the parties to this agreement.

13. INTELLECTUAL PROPERTY

- 13.1 Any intellectual property rights in respect of information and systems created under this agreement will vest jointly in the parties.
- 13.2 Each party to this agreement must grant to each other party a perpetual, irrevocable, royalty-free and non-exclusive licence to use all intellectual property rights subject of this clause.
- 13.3 Any irrevocable, royalty-free and non-exclusive licence to use all intellectual property rights subject of this clause that is granted to the Minister pursuant to clause 13.2 is also granted to the State of South Australia.

14. COSTS

- 14.1 The parties acknowledge that each party must bear its own on-going costs and expenses in entering into this agreement. The South Australian Government will provide \$65 000 in 2008/2009 to support dissemination and uptake of the Carbon Standard referred to in Clause 11 above and, subject to satisfactory progress in the achievement of sector targets and KPIs (Appendix II), will provide the same financial support in 2009/10.

15. ADDITIONAL PARTIES

- 15.1 Additional parties (whether industry associations, individual enterprises or businesses) can be invited by the parties to join this agreement at which time the parties will negotiate with one another in good faith to facilitate the inclusion of additional parties and the renegotiation of one or more terms of this agreement as the need arises.

16. DURATION OF THIS AGREEMENT

- 16.1 Subject to clause 16.2 this agreement shall continue in force from the date on which it is made until 30 June 2010. The parties acknowledge that the term of this agreement can be extended.
- 16.2 This agreement may be terminated earlier than the expiry of the term referred to in clause 16.1 by either the Minister or either of the sector associations where the party proposing to terminate the agreement gives the other parties 1 calendar month notice of its intention to terminate and the reasons for doing so.


JIM LAFFER
PAST PRESIDENT
FOR SA WINE INDUSTRY
ASSOCIATION INCORPORATED


JIM CADDY
ON BEHALF OF
WINE GRAPE COUNCIL SA
INCORPORATED

Date 22/5/08

Date 22/5/08


MIKE RANN
MINISTER FOR SUSTAINABILITY AND CLIMATE CHANGE

Date 22/5/08

APPENDIX I

SOUTH AUSTRALIAN GOVERNMENT AGENCY SUPPORT

Agency/Unit	Support Provided
1. Department of the Premier and Cabinet (DPC) Sustainability and Workforce Management	<p><u>DPC intends to:</u></p> <ul style="list-style-type: none"> • Provide the wine industry with timely policy advice on emerging climate change and carbon economy issues • Provide an interface with the Premier's Climate Change Council. • Provide advice to the Chair of Climate Change on industry research priorities. • Provide technical services and data analysis. • Profile industry achievements and successes.
2. Department for Environment and Heritage (DEH)	<p><u>DEH intends to:</u></p> <ul style="list-style-type: none"> • Provide advice on the selection of appropriate plant species for any planting that is undertaken for carbon offset purposes.
3. Environment Protection Authority (EPA)	<p><u>EPA intends to:</u></p> <ul style="list-style-type: none"> • Provide eco-efficiency training modules and information materials.
4. Department of Further Education, Employment, Science and Technology (DFEEST)	<p><u>DFEEST intends to:</u></p> <ul style="list-style-type: none"> • Liaise with the Commonwealth Department of Education, Employment and Workplace Relations and with relevant Industry Skills Councils and Training Package Developers to ensure that climate change is incorporated as a primary element in relevant Diploma and Bachelor courses and training packages in viticulture and oenology. • Consider the need for a specialist reference group to advise the Training and Skills Commission on the incorporation of climate change issues into relevant higher education, vocational education and training programs in South Australia.
5. Primary Industries and Resources SA (PIRSA)	<p><u>PIRSA intends to:</u></p> <ul style="list-style-type: none"> • Develop a fund to support community initiatives to mitigate and adapt to climate change. • Promote adaptation by the wine industry in programs that could be delivered jointly with industry organisations (3 year SARDI/GWRDC project). • Make support tools available through industry associations.

Agency/Unit	Support Provided
	<ul style="list-style-type: none"> • Provide materials and logistical support for joint PIRSA/industry association awareness raising of the Sector Agreement. • On the basis of reports provided by industry associations and in conjunction with them, identify and communicate first order mitigation techniques. • Assist industry associations to prepare funding applications.
6. Department of Trade and Economic Development (DTED)	<p><u>DTED intends to:</u></p> <ul style="list-style-type: none"> • Provide relevant education and training programs. • Assist with resource audits and assessments. • Provide tailored in-house support and mentoring. • Provide networking opportunities. • Provide strategic planning support. • Assist with monitoring and data collection.
7. Department of Transport, Energy and Infrastructure (DTEI)	<p><u>DTEI intends to:</u></p> <ul style="list-style-type: none"> • Provide information and disseminate policy initiatives under the National Framework for Energy Efficiency.
8. Department of Water, Land and Biodiversity Conservation (DWLBC)	<p><u>DWLBC intends to:</u></p> <ul style="list-style-type: none"> • Assist with analysis and provide advice on NRM impacts of adaptation strategies as part of relevant investigations/projects. • Provide advice on planning and the conduct of bio-sequestration initiatives in 250-650 mm rainfall zone.
9. Zero Waste SA (ZWSA)	<p><u>ZWSA intends to:</u></p> <ul style="list-style-type: none"> • Provide relevant education and training programs. • Assist with resource audits and assessments. • Provide tailored in-house support and mentoring. • Provide networking opportunities. • Provide strategic planning support. • Assist with monitoring and data collection

APPENDIX II SECTOR TARGETS AND KEY PERFORMANCE INDICATORS

Target Date	Sector Targets and KPIs
<i>Targets to be Achieved Through this Agreement</i>	
30 June 2008	Agreement reached with the Winemakers Federation of Australia for use of the Carbon Standard
30 June 2009	Three thousand registered grape growers and 500 licensed producers to receive information on the Winemakers Federation of Australia Carbon Accounting Tool.
30 June 2009	50% of wine grape tonnes grown and 50% of the wine grapes crushed (processed) - based on the 2009 vintage - to commit to reporting greenhouse gas emissions under this agreement.
30 June 2010	40% of wine grape tonnes grown and 40% of the wine grapes crushed (processed) - based on the 2009 vintage – to complete and lodge reports on their greenhouse gas emissions for the 2009/2010 financial year.
30 September 2010	Completion of a report that summarizes the overall greenhouse gas emissions of growers and producers for the 2009/2010 financial year.
30 September 2010	Based on the report for 2009/2010, determine 2010/2011 and 2011/2012 industry greenhouse gas emissions reduction targets for participating facilities.
<i>Aspirational Targets</i>	
1 January 2014	20% of electricity consumed by participating facilities is supplied from accredited renewable energy sources.
1 January 2050	The sector associations and participating facilities will continue to cooperate with the South Australian Government in working toward the Climate Change and Greenhouse Emissions Reduction Act 2007 principal target (S5(1)) - to reduce, by 31 December 2050, greenhouse gas emissions within the State by at least 60% to 40% of 1990 levels.