



Winemakers' Federation of Australia

For the Industry by the Industry

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Greenhouse Energy and Reporting Taskforce
Department of Climate Change
GPO Box 854
CANBERRA ACT 2601

25 February 2008

Dear Sir/Madam,

RE: Submission - National Greenhouse and Energy Reporting System Regulations Policy Paper

The Winemakers' Federation of Australia ('the Federation') is the peak industry body representing Australian winemakers.

The Federation applauds the Australian Government's efforts to address greenhouse gas emissions and climate change matters. The Federation has also been proactive in this area, working with other international wine industry bodies to develop a *Greenhouse Gas Accounting Protocol for the International Wine Industry* and calculator tool. In February 2008, the Federation committed to Facilitative Membership of the Australian Government's *Greenhouse Challenge Plus* program.

The Winemakers' Federation has reviewed the National Greenhouse and Energy Reporting System Regulations Policy Paper, and would like to raise the following points on behalf of the Australian wine industry.

- 1) It is difficult for Australian wine companies to identify whether or not they are captured by reporting thresholds, as the thresholds are expressed in units not commonly used in existing management systems. Electricity usage is generally recorded in kilowatt hours, and fuel use in litres. It is accepted that expressing thresholds in terms of terajoules of energy used and kilotonnes of CO₂ emitted allows an energy budget drawn from multiple energy sources to be reported in the same units. However, a ready-reckoner using indicative thresholds such as annual electricity or fuel budget is required to assist companies to identify whether or not the NGERs is likely to be relevant to them in the first instance.
- 2) As highlighted by the numerous wine industry examples referenced throughout the Paper, corporate reporting for companies with winery and vineyard facilities in multiple states is likely to be a particularly onerous task, especially as wine grapes grown in one state can often be transported for processing in another. Further, winemaking crosses two ANZSIC codes - Agriculture for grape growing, and

Beverage Manufacture for converting the grapes to wine. A common scenario in which a wine company had vineyard and winery operations in two states and an additional vineyard facility in a third state would result in that company having to generate eleven reports to cover the separate ANZSIC, facility, state and corporate reports. This does not seem to be in keeping with the intention to reduce regulatory burden, also referenced in the Paper.

- 3) Scope 3 emissions are excluded from reporting in the Paper. It follows then that contractor energy use, a Scope 3 emission for the corporation accessing the contractor's services, should also be excluded, and instead be the responsibility of the contractor. Further clarification is required with respect to 'operational control' and 'contractors' especially in the context of agricultural systems where contractors can include pesticide sprayers, harvesters, and for smaller operations, even contract winemakers. The confusion surrounding responsibility for contractor energy use is similar to that surrounding the inclusion of scope 3 emissions, in so far as one enterprise's scope 3 emissions are another enterprise's scope 1 or 2 emissions. In short, there is a risk of double accounting.

Taking this issue to one possible conclusion, contractors could potentially avoid having to do any energy reporting at all, if their energy use and emissions generated in the course of activity for multiple corporations is to be attributed to and included in each corporation's reporting responsibilities. If instead the contractor was responsible for monitoring and reporting against their own energy use/emissions, and this was attributed to relevant ANZSIC codes, this could remove some of the complexity for corporations.

The Winemakers' Federation believes that it is important that future regulations address the issue of contractors and operational control, and request that the Federation be consulted in the development of such regulations.

- 4) In seeking clarification of 'operational control', current trends towards preferential purchasing and 'greening' of supply chains whereby corporations impose guidelines on prospective suppliers also needs to be addressed. If, by stipulating environmental performance practices, the corporation is deemed to be exercising 'operational control', then this makes energy reporting more complex for corporations, and may prove to be a disincentive for imposing environmental supplier guidelines.

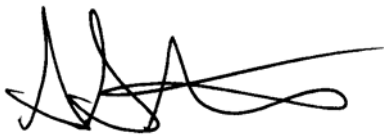
Another example that highlights this issue is with respect to the use of spray diaries within the wine and other agricultural industries. It is common for wine companies to have a level of input into the use and application of pesticides in vineyards contracted to the company using spray diaries. These are issued by the company, and completed by the contract grower. If this input was deemed to be operational control, this would be a disincentive for use of spray diaries. Spray diaries are not a regulatory requirement in many states, but rather an example of good corporate social responsibility on the part of wine companies.

- 5) Section 3.5 Record Keeping recommends discretionary record keeping by corporations to 'adequately demonstrate compliance' in lieu of prescriptive regulatory requirements for record keeping. For corporations triggering the 125kt/500TJ threshold, data collection will need to commence on July 1 2008 - in

only four months. To avoid corporations having to undertake a trial and error process to develop recording and reporting systems that will be deemed compliant in time for the 2008/09 reporting period, a prescriptive template would be useful in this instance. It is envisaged the greenhouse gas accounting calculator developed under the *Greenhouse Gas Accounting Protocol for the International Wine Industry* be modified to enable NGERS-compliant reports to be generated by Australian wine companies using the tool.

Thank you for the opportunity to provide comment on the NGERS Regulations Policy Paper. To clarify any of the issues raised above, or to seek further information, please contact Amy Russell 08 8222 9255, amy@wfa.org.au.

Regards,

A handwritten signature in black ink, appearing to be 'S. Strachan', written over a thin red vertical line.

Stephen Strachan
CHIEF EXECUTIVE