

Wine:
A Partnership
2010 – 2015





South Australia's Government and Wine Industry will work in partnership to maintain and strengthen the State's position as the pre-eminent wine producer in Australia.

The landscape of the wine industry, both domestic and international, has undergone significant change since the release of *Wine: A Partnership 2005-2010*.

Wine: A Partnership 2010-2015 is **the blueprint** for a continued partnership between the South Australian Wine Industry and the Government of South Australia.

It is not a manuscript of solutions but a statement of intent - a declaration that Industry and Government will work collectively to maintain and strengthen the wine industry in South Australia.

This document lists an ambitious agenda of priorities with linked objectives, strategies and timelines. The strategies will be addressed by Partnering Groups formed by the South Australia Wine Industry Council.

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Foreword



Formalised in 1998 with the foundation document *The Way for Wine*, the partnership between the South Australian Wine Industry and Government of South Australia has continued to evolve and strengthen.

In 2005, a commitment to the innovative *Wine: A Partnership 2005-2010* led to achievements that include:

- **Initiating** legislative reform consistent with the World Wine Trade Group Agreement on Requirements for Wine Labelling.
- **Delivering** the South Australian Wine Industry Employment Strategy.
- **Establishing** the Wine Innovation Cluster.
- **Researching** the consumer values and carbon footprint of an exported South Australian wine - the "Vine to Dine" project.

Our past achievements give us confidence to address present and future challenges. These challenges include economic uncertainty, structural imbalance between supply and demand, climate change and concerns over water security.

In the foreword of the first partnership plan, the Co-Chair of the South Australia Wine Industry Council Di Davidson said:

"...there are times when government and industry should work as individual entities, and likewise there are times when government and industry can and must work together to achieve better outcomes."

These words are as relevant now as they were in 2005.

Challenging times highlight the importance of collaborative partnerships.

The Government is proud of the South Australian Wine Industry's achievements and its status as the State's second largest exporter by value. The commitment by Industry and Government to work together will help ensure the long term success of this iconic and culturally-rich sector.

The journey we need to take requires a relationship between Industry and Government that is understanding of individual roles and appreciative of the possibilities that exist.

This partnership plan documents the commitment to continue supporting and promoting the sustainable development of the wine industry, underpinned by economic, social and environmental principles.

A handwritten signature in black ink, appearing to read 'P. Caica'.

Minister Paul Caica
Minister for Agriculture, Food and Fisheries

A handwritten signature in black ink, appearing to read 'Louisa Rose'.

Louisa Rose,
Co-Chair, South Australia Wine Industry Council

Partner Roles



Government

The role of the Government of South Australia involves facilitating sustainable economic growth as well as protecting and enhancing the social and environmental goals outlined in the South Australia Strategic Plan.

Overarching responsibilities include:

- provision of public infrastructure;
- land use planning;
- education;
- ensuring sustainable resource use across competing industries; and
- provision of information and facilitation of administrative processes.

Through this plan, Government makes a specific commitment to:

- communicate and consult with Industry at the earliest appropriate opportunity in relation to proposed Government initiatives;
- actively listen to representations made by Industry;
- assist Industry to optimise its potential through both legislative and non-legislative means, including advocating on its behalf on the federal stage where appropriate;
- facilitate access to market data and encourage education on its value and use; and
- support biosecurity integrity.

Industry

The challenges of recent years have acted as a catalyst for increased co-operation within the South Australian Wine Industry. Industry will continue to provide to Government a cohesive, whole-of-Industry perspective through the South Australia Wine Industry Council (SAWIC).

For the next five years, Industry will concentrate on addressing its priorities through innovation and collaboration. It will support both economic and environmental sustainability and promote social responsibility.

Industry commits to:

- engage effectively through SAWIC to ensure Government is informed of Industry developments and objectives from a regional, state and national perspective;
- promote engagement within and across Industry sectors to ensure best practice operations, the sharing of information, participation and the achievement of goals;
- identify and prioritise barriers to growth and communicate to Government those that are within the sphere of Government influence;
- listen to representations made by Government and understand the complexities of Government processes; and
- promote an awareness of this plan and encourage Industry commitment to its use.

Profile of the Current Environment

The South Australian Wine Industry has experienced one of the most uncertain periods in its history due to a combination of factors, including the significant structural oversupply of grapes and wine, global market volatility, increased competition, low water allocations, and discounting in international and domestic markets.

The future requires careful management of these issues while maintaining and enhancing the value of 'Brand Australia'.

The 2008/09 Primary Industries and Resources SA Grape and Wine Scorecard reported that, for this period:

- SA's Gross Wine Revenue was valued at \$2.15 billion, a decline of \$561m from 2007/08 (Figure 1).
- 73% of this total value was generated through wine exports (Figure 2').

Figure 1.
2008/09 SA Gross Wine Revenue: \$2.15 billion²

1. EXPORTS OVERSEAS	\$1.6B
2. RETAIL SALES	\$280M
3. HOSPITALITY SALES	\$225M
4. EXPORTS INTERSTATE AND STOCK CHANGES	\$90M

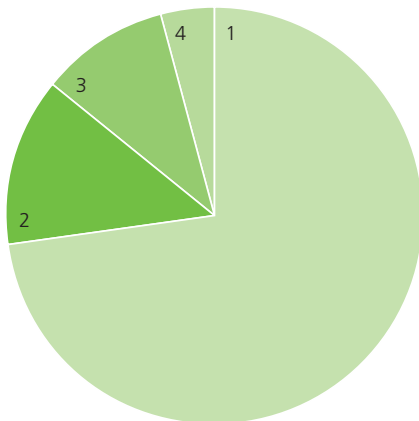
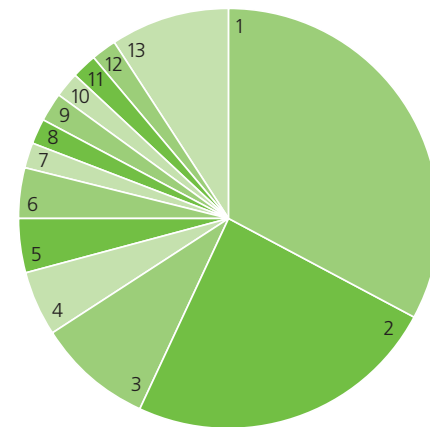


Figure 2.
2008/09 SA Wine Exports by Destination³

1. UNITED KINGDOM	33%
2. UNITED STATES	24%
3. CANADA	9%
4. CHINA & HONG KONG	5%
5. NETHERLANDS	4%
6. NEW ZEALAND	2%
7. DENMARK	25%
8. JAPAN	2%
9. SINGAPORE	2%
10. IRELAND	2%
11. SWEDEN	2%
12. GERMANY	2%
13. OTHER (111 COUNTRIES)	9%



1 2008/09 SA Grape and Wine Scorecard – Primary Industries and Resources SA, 2009.
 2 ibid, pg 2.
 3 ibid, pg 6.



- **Export volume** was 449 million litres, the third highest ever.
- **Export value** declined by 15%, however still amounted to over \$1.5 billion for the fifth consecutive year.
- **Average price** of exported wine fell to \$3.51 per litre from \$4.22 in 2007/08.

Crush 2009

- 730,904 tonnes of grapes were harvested⁴, representing 44% of the total Australian crush.
- The average purchase value per tonne decreased to \$667 from \$936 per tonne in 2008.
- The proportion of purchased fruit fell to 72%; from 75% in 2008 and 80% in 2007⁵.

Plantings

In 2009 there were 78,685 hectares under vines in South Australia, a small net decrease in the total area since 2008. Since 2006, this state's total vineyard area has increased by 4%⁶ and most plantings from early in the decade have now come to maturity.

Oversupply

The Winemakers' Federation of Australia, Wine Grape Growers' Australia, the Australian Wine and Brandy Corporation and the Grape and Wine Research and Development Corporation collaborated to propose the Wine Restructuring Action Agenda (WRAA).

Released in November 2009, this document reveals a significant structural imbalance between the supply and demand for Australian wine grapes.

At least 20% of bearing vines in Australia exceed requirements and there is a current surplus of more than 100 million cases⁶. This figure is expected to double over the next two years⁷.

Directly impacting upon all South Australian wine regions, the report recommends a cut in production and removal of approximately 20,000ha of existing vines nationally. This document is an important step towards a sustainable future for the industry.

⁴ *ibid*, pg 2.

⁵ *ibid*, pg 2.

⁶ *South Australian Winegrape Utilisation and Pricing Survey 2009* – Phylloxera and Grape Industry Board of South Australia.

⁷ "Wine industry must confront the reality of oversupply" - Winemakers' Federation of Australia, Wine Grape Growers' Australia, the Australian Wine and Brandy Corporation and the Grape and Wine Research and Development Corporation, November 2009.

The Way Forward

Positioning SA Wine

South Australia is the pre-eminent wine-producing state in Australia. However, the industry faces increasing competition from emerging New World, and revitalised Old World, wine-producing countries. The Partnership will work to maintain and strengthen South Australia's market position, build on existing competitive advantages and support Industry's greater understanding of consumer values.



Through consultation with Industry and Government, a number of priorities have been identified and will be the starting point for joint attention. These priorities are intended to complement those identified through the Australian Wine Industry's strategic plans, including *Directions to 2025*. Each is backed by objectives, strategies, timelines and a mechanism for undertaking appropriate action.

This mechanism is the establishment of specialist "Partnering Groups", each with specific skill sets capable of effectively addressing the relevant issue. These groups, accountable to SAWIC, will have the responsibility to achieve discrete outcomes within specified timeframes (see page 13).

The Way Forward

Priorities	Strategies	Timelines
<p>Biosecurity: South Australia has a current competitive advantage in the area of biosecurity but Industry and Government recognise the need for diligence to maintain and enhance this advantage.</p> <p>Objective: An enhanced competitive advantage in relation to vineyard health and sustainability.</p>	Increase awareness of plant health and support greater investment in the area.	1-2 years
	Identify and analyse biosecurity data held by Industry and optimise its value to the consumer.	5 years
	Actively engage with national bodies and pursue a leadership role beyond state borders.	Ongoing
<p>Branding: There is unrealised potential to increase the value of South Australian wine that is consistent with the national marketing approach.</p> <p>Objective: An Industry, Government and market that promotes and appreciates a sustainable, higher value South Australian wine product.</p>	Continue to work with Wine Australia to inform and support strategies to promote both the national and South Australian Wine Industries.	Ongoing
<p>Consumers: Industry has fragmented consumer data and is not able to effectively respond to consumer demand.</p> <p>Objective: An improved match between industry outputs (information, product and communication) and consumer values and demands.</p>	Support better understanding of consumer needs, preferences and trends. Facilitate information exchange between all areas of Industry.	1-2 years
	Facilitate the collation and dissemination of information pertaining to consumer segments and values in international and domestic markets.	Ongoing
<p>Environment 1: Environmental factors are recognised as future catalysts for some of the greatest changes seen by primary production-based industries.</p> <p>Objective: An improved understanding of the impact of environmental factors on Industry and the adoption of industry practices resulting in improved sustainable use of all natural resources.</p>	Compile and disseminate information about the environmental expectations of consumers, Industry and Government.	1-2 years
	Support information flow between Industry and environmental groups such as the Climate Change Council, to grow industry knowledge and facilitate adaptation and mitigation in the face of climate change.	Ongoing
	Improve information flow between Industry and Government concerning management and access to limited natural resources.	Ongoing
	Promote research, development and extension that will support sustainable environmental practices.	Ongoing

Priorities	Strategies	Timelines
<p>Environment 2: Information about Industry's current water needs is lacking at a time when future access to water of adequate quantity and quality is not guaranteed.</p> <p>Objective: An agreed Industry Water Policy, identifying issues such as water supply and demand.</p>	Support the development of sustainable water allocation plans in all current and potential wine regions.	1–2 years
	Investigate options for recycling and reclamation of water from new and existing sources including urban development, industry and storm water.	Ongoing
<p>Health and Social Responsibility: Health is of concern to Industry and Government.</p> <p>Objective: Ongoing support for the responsible consumption of wine.</p>	Support the active contribution and engagement of Industry in consultative public health initiatives to allow balanced debate and outcomes that support the responsible consumption of alcohol.	Ongoing
	Encourage research and development into the production of lower alcohol wines.	Ongoing
<p>Human Capital – Leadership, Skills and Workforce Development: The potential shortage of a secure and trained workforce is an immediate risk to Industry's growth.</p> <p>An improved understanding of the desired leadership attributes and recognition of the importance of leadership across all levels of Industry is required.</p> <p>Objectives: A reliable source of labour; a reliable workforce with an appropriate skills base; and a workforce that recognises, rewards and retains its leaders.</p>	Collaborate with other agrifood industries, through the Agrifood and Wine Workforce Action Plan to co-ordinate skills and workforce development across the State to: <ul style="list-style-type: none"> develop a mechanism through which workforce development concerns pertinent to the wine industry can be addressed; support Industry-wide workforce planning and development; provide advice on the adequacy of education and training to meet Industry needs; and promote Industry uptake of existing and new education and training opportunities. 	1–2 years
	Identify and encourage regional industry leaders by providing pathways that promote participation in decision-making bodies.	5 years
	Contribute to and support policies that promote the attraction and retention of skilled workers and leaders in regional South Australia.	5 years
<p>Information: The Partnership understands that good measurement leads to good management. To determine optimum response strategies to immediate issues there is a need for Government and Industry to share both information and knowledge.</p> <p>Objective: Strong internal and external communication within and between Government and Industry.</p>	Ensure robust communication links between Government and Industry, through SAWIC, to allow the sharing of relevant information and a co-ordination of strategic actions and decision-making.	Ongoing

Priorities	Strategies	Timelines
<p>Infrastructure: The wine industry is reliant upon the provision and maintenance of infrastructure.</p> <p>Objective: The maximisation of existing infrastructure and the identification and assessment of future infrastructure needs.</p>	Identify public and private infrastructure requirements to support Industry, and regional and urban economic growth through cost-effective and innovative solutions.	Ongoing
<p>Land Access: Urban and industrial development are potential threats to primary production land use.</p> <p>Objective: An approved strategy that will allow the identification and assurance of future areas of primary production.</p>	Actively contribute to land use planning proposals to protect agricultural land use where appropriate.	Ongoing
<p>Market: Fundamental to Industry's current success, the development of the domestic and international markets for Australian wine remains important to future prosperity.</p> <p>Objective: Access to, and development and maintenance of, both existing and new markets.</p>	Facilitate collaboration within Industry and co-ordination of effort between Industry and Government to pursue proposed market development programs and address market access issues.	Ongoing
	Understand the strategies adopted by other competitors and industries in the face of market competition.	Ongoing
<p>Supply and Demand: The structural oversupply of wine grapes and global decrease in demand for wine is an immediate threat to industry sustainability. This highlights an immediate need for targeted actions to support a demand/supply balance.</p> <p>Objective: A structurally sound, knowledgeable and robust South Australian Wine Industry that can withstand future demand and supply challenges.</p>	Respond to, and where appropriate participate in, national grape and wine production planning initiatives.	Ongoing
	Facilitate improvements in supply and demand data collection and analysis to allow informed industry decision-making processes.	Ongoing

Priorities	Strategies	Timelines
<p>Trade Barriers and Taxation: Export markets provide opportunity. Realising their full potential may be limited without sufficient support to dismantle trade barriers.</p> <p>Objective: Recognition as an advocate for the reduction and/or removal of barriers to trade.</p>	Work with national bodies and the Federal Government to contribute to the debate on international trade access.	Ongoing
	Maintain a watching brief on proposals and changes to taxation regulations.	Ongoing
<p>Wine Tourism: The diversity of wine tourism opportunities within the State are not fully realised.</p> <p>Objective: The realisation of tourism opportunities and synergies between the Food, Wine and Tourism Industries to allow mutual benefit.</p> <p>Support for the goals outlined in the South Australian Food and Wine Tourism Strategy.</p>	Explore opportunities for collaboration between the South Australian Tourism Commission (and tourism sector) and the Premier’s Food Council Executive with a view to expanding both domestic and international food and wine tourism markets.	Ongoing



Action

Wine: A Partnership 2010-2015 will guide the relationship between Government and Industry for the next five years. In addition to ensuring a long-term strategic direction, this plan also allows action to be taken by the South Australia Wine Industry Council in relation to current issues.

Identification of priorities

Generally, SAWIC will pursue specific issues with reference to the priorities, objectives and strategies that are included in this document.

However, the list is not definitive and SAWIC can agree to work on an issue that is of current concern but that is not specifically identified in this document. These additional issues may be identified through Industry round-tables, Government or on the suggestion of Council members.

Establish partnering groups

When appropriate, SAWIC will establish a Partnering Group to address a chosen priority and pursue the linked objectives.

With no more than three groups active at any one time, Partnering Groups will comprise both Industry and Government members. Membership will be determined by SAWIC and each group will be accountable to the council.

There may be issues that are identified as priorities by Council, but which do not require the establishment of a Partnering Group. Where a priority is identified, and there is an existing Industry or Government body that is dealing with the issue, SAWIC will nominate an individual to participate in that existing body as a representative of the Wine Industry. This representative will report back to Council.

Review of partnering groups by council

Council will develop a set of key performance indicators (KPIs) for each Partnering Group. The progress and continued status of each group will be reviewed by SAWIC with reference to these KPIs.

In the annual review of its own operations, SAWIC will include an assessment of each of the Partnering Groups and update the list of those priority issues to be pursued in the following year.

Key priorities identified are:

- Supply and Demand
- Environment 2 (Water)
- Human Capital – Leadership, Skills and Workforce
- Wine Tourism
- Biosecurity

Acknowledgements

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Stuart McNab	Foster's Group
Andrew Miller	Orlando Wines
Brian Smedley	South Australian Wine Industry Association
Mark Thompson	Rabobank

Members of the South Australia Wine Industry Council

Members of the South Australian Wine Industry

South Australian Government Food and Wine Issues Group

Primary Industries and Resources SA
Department of Transport, Energy and Infrastructure
Department of Trade and Economic Development
Department of Further Education, Employment, Science and Technology
Department of Health



Appendix One Map of Industry Structure

National Industry Bodies	
Winemakers' Federation of Australia WFA	Wine Grape Growers' Australia WGGA
Advance and protect the interests of Australian wineries. Voluntary membership.	Advance and protect the interests of the Australian winegrower sector. Voluntary membership.
	Wine Industry Suppliers Australia WISA
	Represents Australian wine industry supply sector. Voluntary membership.
National Statutory Bodies	
Australian Wine and Brandy Corporation AWBC	Grape and Wine Research and Development Corporation GWRDC
Increasing and sustaining the demand for Australian Wine. Statutory authority established to provide strategic support to Australian wine sector. Levy funded.	Planning and funding of R&D programmes with dissemination of findings throughout Industry. Levy funded with Commonwealth matching funds.
Research Bodies	
Wine Innovation Cluster WIC	Wine Grape Council of South Australia WGCSA
Partners include: The Australian Wine Research Institute CSIRO Division of Plant Industry South Australian Research & Development Institute The University of Adelaide	Represents winegrape growers and winemakers of SA. Voluntary membership. Represents SA winegrape growers. Industry Fund.
State Statutory Bodies	
Phylloxera and Grape Industry Board of SA	
Establishes pest and phylloxera management policies and provides information to Industry and Government.	

Regional Wine Industry Fund Bodies			
Adelaide Hills Wine Region Inc.	Barossa Grape and Wine Association	Clare Wine Industry Fund Inc.	Langhorne Creek Wine Industry Council
Riverland Wine Industry Development Council and Riverland Wine Grape Growers Association	McLaren Vale Grape and Wine Industry Association	McLaren Vale Wine Industry Fund	Riverland Wine Industry Fund
Adelaide Hills Wine Industry Fund	Barossa Wine Industry Fund	Clare Wine Industry Fund	Langhorne Creek Wine Industry Fund

Regional Industry Bodies			
Far North	Fleurieu	Limestone Coast	Mt Lofty Ranges
Southern Flinders Winegrape Industry Council Inc.	Currency Creek Wine Region Association Kangaroo Island Grape Growers' & Winemakers' Assoc Inc. Langhorne Creek Wine Grapegrowers' Association Inc. Langhorne Creek Winemakers' Association Inc. McLaren Vale Grape, Wine and Tourism Association Southern Fleurieu Vignerons' Association	Coonawarra Grapegrowers' Association Inc. Coonawarra/Penola Wine Industries Association Inc. Coonawarra Vignerons' Association Limestone Coast Wine Industry Council Inc. Mt Benson Vignerons' Association Inc. Mt Gambier Regional Winegrowers' Association Inc. Padthaway Grapegrowers' Association Inc. Robe Grape Growers' Association Wrattobully Wine Industries Association	Adelaide Plains Wine Region Inc. Clare Region Wine Grape Growers' Association Inc. Clare Valley Winemakers' Association Inc.
			(associations are membership-based and self-levied)

