

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 84

Division/Agency: APD/Wine Australia – Agricultural Productivity Division/Wine Australia Corporation

Topic: Auditing

Proof Hansard Page: 127 (23/05/2011)

Senator Xenophon asked:

Senator XENOPHON: What spot audits do these protocols allow for, and can you provide a copy of the agreement and the protocols on notice?

Mr Clark: Absolutely. I can provide a copy of the standard and the communication we have had with all the packaging facilities in China. We are setting up an audit process. This has just commenced as of 1 April. We are working in the next three to four months for all facilities to be subject to an initial audit and then we will review the outcomes of that audit and then assess the frequency of audits that take place after that.

Senator XENOPHON: What sort of spot checks do you envisage though? Do you envisage them at the point that it is bottled? How do you envisage the audit process working in terms of spot checks?

Mr Clark: We are in the initial phase of implementation and all the facilities will be subject to an initial audit, and they will go in to ensure that they are complying with the standard. From there we will ascertain what resources and what additional checks are required, but I think it is important for us to ascertain the results of this initial phase of audits.

Senator XENOPHON: I just want to understand the process. There is going to be an auditing process at the packaging facility where presumably the bulk wine is bottled, and then you need to comply with the China Quality Certification Centre standards.

Answer:

Please see the attached documents:

- Memorandum of Cooperation Between China Quality Certification Centre And Wine Australia;
- Bulk Wine Procedure: CQC Audits; and
- Audit Checklist.

[Attachment A]

[Attachment B]

[Attachment C]

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 85

Division/Agency: APD/Wine Australia – Agricultural Productivity Division/Wine Australia Corporation

Topic: Risk Assessments

Proof Hansard Page: 128 (23/05/2011)

Senator Xenophon asked:

Senator XENOPHON: Can you provide details, again on notice, of any risk assessment as to why you would want to stop just at that wholesale level?

Mr Clark: I am happy to respond with details.

Answer:

When Wine Australia first became aware of allegations that Australian wine was being counterfeited in China, our informant claimed that the import of bulk wine had been used to provide a legitimate cover for illegal activity.

At that time (second quarter 2010), Wine Australia already had in place controls on the export of bulk wine that went beyond those of any other country. Nevertheless, we undertook to review these controls. Given the risk of quality degradation, wine substitution and product contamination, is much lower once the product is in the bottle we decided to tighten our controls over the bulk wine packaging process, with results that can be seen in the answer to question 84 on Wine Australia's bulk wine controls for China.

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Budget Estimates May 2011

Agriculture, Fisheries and Forestry

Question: 86

Division/Agency: APD/Wine Australia – Agricultural Productivity Division/Wine Australia Corporation

Topic: Auditing

Proof Hansard Page: 128 (23/05/2011)

Senator Xenophon asked:

Senator XENOPHON: So we have this new system that is supposed to address some of these concerns as part of a previous review. How much extra money has been allocated for this process? China and what other major markets will this audit process apply to and what resources are being put into it?

Mr Clark: At this stage the way we have constructed it, it is largely self funding in China because the facilities will need to pay for the audit to take place from CQC.

Senator XENOPHON: What do you anticipate the cost to be approximately?

Mr Clark: Perhaps about \$5,000 per annum, but I can provide further details on notice. But in addition to that we propose, as I said, to send up some of our employees who are auditors here in Australia. We have made an allocation for next year's budget.

Answer:

The price is determined by our Chinese contractor (CQC). This cost is borne by the audited packaging facility. CQC has indicated that the approximate price of an audit will vary between A\$7000 and A\$14 000 depending on the extent to which the facility is engaged in importing Australian bulk wine.

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Agriculture, Fisheries and Forestry

Question: 87

Division/Agency: APD/Wine Australia – Agricultural Productivity Division/Wine Australia Corporation

Topic: Auditing

Proof Hansard Page: 129 (23/05/2011)

Senator Xenophon asked:

Senator XENOPHON: And again, on notice, could you give us some idea how often those visits of Australian based auditors or testers will be?

Mr Clark: Certainly.

Answer:

It is anticipated that Australian auditors will visit at least twice a year, and will travel in pairs.

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Agriculture, Fisheries and Forestry

Question: 88

Division/Agency: APD/Wine Australia – Agricultural Productivity Division/Wine Australia Corporation

Topic: Current technology updates

Proof Hansard Page: 129 (23/05/2011)

Senator Xenophon asked:

Mr Clark: Again, I cannot speak to it—I am not a scientist. We have had discussions with bodies involved in these types of activities—the primary one, based in Adelaide, being the Australian Wine Research Institute. They are focused on developing mechanisms which enables that type of fingerprinting of a wine to take place so that ultimately you can zap a wine or put a probe and it can tell you the variety, its vintage and where it is from. But I think is fair to say, and my understanding is, that we are not at that point quite yet. There are techniques under development, which will assist.

Senator XENOPHON: Could you take on notice to inform me just how advanced we are and how accurate it is?

Mr Clark: Certainly.

Answer:

Wine Australia is familiar with at least two authentication technologies. Both rely on building a sufficiently large database of samples of known and validated origin, in order to be able to test and compare the credentials of any “unknown” sample. Wine Australia is continuing to supply wine samples in order to assist researchers build such databases.

One method involves analysing samples for a range of 28 constituents that are present in trace amounts. The basis for the method is that the concentration of these components is largely determined by the place in which the grapes are grown. Given a sufficiently robust database of Australian wine, an unknown sample can be identified as unlikely to be Australian by virtue of its trace element composition. Ultimately it could prove possible to use this technique to make decisions regarding the state, local region, or even individual vineyard origin of a wine with some degree of confidence.

Another method involves the use of near infrared techniques to produce a spectrum characteristic of a particular wine. This spectrum could be regarded as a “fingerprint” of that wine. This technology is well developed but the application for wine fingerprinting is in a very early stage.

Accuracy for both methods depends on many factors. The confidential report we received on one suspect wine submitted for testing by the trace element methodology suggested a high degree of confidence that the wine was not Australian.

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Question: 89

Division/Agency: APD/Wine Australia – Agricultural Productivity Division/Wine Australia Corporation

Topic: Wine

Proof Hansard Page: Written

Senator Nash asked:

On page 200, there are many words about supporting Australia's winegrowers, what funding is allocated to promoting Australian wines through events such as the Sydney International Wine Competition?

Answer:

In 2011–12, Wine Australia Corporation will only provide limited sponsorship funding (\$1800 plus GST) for the Royal Adelaide Wine Show.

The Austrade administered Export Market Development Grants (EMDG) scheme is the key government financial assistance program for aspiring and current exporters. The scheme supports small and medium sized businesses across a widespread range of industry sectors by reimbursing up to 50 per cent of expenses incurred on eligible export promotion (above a \$10 000 threshold).

In 2009–10, the EMDG grants budget for eligible exporters was \$198.08 million. Of this, EMDG grants totalling \$9 125 112 were paid to 253 wine companies (including companies primarily involved with growing wine grapes or manufacturing wine – wine wholesalers, bottlers, wine brokers and other associated companies are not included in the figure provided) that reported exports of \$264 533 456. The EMDG grants budget for eligible exporters in 2010-11 is \$142.88 million. A breakdown of payments to wine companies is not yet available.