

Rural and Regional Affairs and Transport Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2012

Agriculture, Fisheries and Forestry

Question: 127

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

Topic: New Audit Process

Proof Hansard page: Written

Senator EDWARDS asked:

1. What is the new audit process that a wine must undergo in order to receive export approval?
2. What wine will be required to undergo additional assessment? If so, who incurs the cost?
3. “Effective immediately, exporters do not need to submit each wine and wine label for approval, unless requested to do so.” – What would prompt Wine Australia to request an export to submit a wine for approval?
4. How will the new system put an increased emphasis on ensuring winemakers understand the workings of the international regulatory environment?
5. What is the timetable to roll out this new process?
6. What is the cost of implementing the new audit scheme and process?
7. Wine Australia have stated “auditing process will be expanded” – will there be additional staff required for this? How many? At what cost? Will there be any additional cost to exporters from this new process?

Answer:

1. Licensed exporters are no longer required to submit wines to a tasting panel or labels for prior inspection in order to receive export approval. However, they must be licensed, comply with Australia’s health and safety requirements, be subject to audit, and provide wine for comprehensive testing as required. The auditing process will be expanded, with investment in additional audit roles providing far greater and more regular coverage of producers. In accordance with Wine Australia’s legislation, auditors will visit several hundred wineries each year to inspect winery records, examine labels and collect samples of exported wine.
2. Wines will be randomly selected for inspection, during the product registration process, and by Wine Australia employees during field visits. The purpose of these field visits remains unchanged, being to monitor compliance with Part VIA of the *Wine Australia Corporation Act 1980* (WAC Act). Exporters with a history of non-compliance may be subject to a higher level of product inspection in accordance with risk management principles. The inspection process will be funded from consolidated licence fees, rather than accruing to individual exporters whose wines are selected for inspection.
3. If randomly selected products reveal non-compliance with the requirements of the WAC Act, or the *Australia New Zealand Food Standards Code*, Wine Australia may request the submission of samples of products subsequently intended for export by the relevant party.

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Question: 127 (continued)

4. Wine Australia will provide a more comprehensive database of international requirements relating to wine labelling, wine composition, winemaking practices and wine certification. Furthermore, checklists will be produced and disseminated, providing assistance with label design for key export markets.
5. The new system will be fully implemented over the next 12 months. From 31 January 2012, wine exporters have not been required to submit each wine and wine label for approval, unless requested to do so. The current fee structure will be retained until 30 June 2012 as Wine Australia's compliance function operates on a cost-recovery basis and its costs remain fixed in the short term. Any savings made before 30 June 2012 will be offset by redundancy, new system development and recruitment costs. In accordance with the government's cost recovery guidelines, Wine Australia will review the fee structure. A new fee structure will be introduced on 1 July 2012. An electronic wine export certification system will be developed with an expectation of being fully functional by 1 July 2013.
6. Once implemented, the new audit process will cost approximately \$2.6 million per year. This will be a saving to the industry of approximately \$1.2 million per year. In addition, industry will no longer have the cost of regularly sending wine to Wine Australia for compliance purposes.
7. Wine Australia intends to employ four additional auditors. However, the total number of staff employed on compliance activities will be less than with the previous system, as six other positions will become redundant. Overall the cost to exporters will be approximately 30 per cent lower than under the previous system. The final fee structure is yet to be devised; Wine Australia is working on a new fee structure which will be implemented on 1 July 2012.