



Australian Government

**Australian Grape and
Wine Authority**

Wine Australia for Australian Wine

1 February 2017

Red Tape Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Inquiry into the effect of red tape on the sale, supply and taxation of alcohol

The Australian Grape and Wine Authority (trading as Wine Australia) is a corporate commonwealth entity established under the *Australian Grape and Wine Authority Act 2013* (AGWA Act).

We support a competitive wine sector by investing in research, development and extension, growing domestic and international markets and protecting the reputation of Australian wine.

Wine Australia is funded by grape growers and winemakers through levies and user-pays charges and the Australian Government, which provides matching funding for RD&E investments.

We understand that as part of its inquiry into the effect of red tape on the economy and community, the Red Tape Committee will examine the effect of red tape on the sale, supply and taxation of alcohol.

We wish to comment on the following terms of reference as they relate to Wine Australia's regulatory function pertaining to wine:

- the effects on compliance costs;
- how we have reduced red tape and how we propose to further reduce it.



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Compliance costs

Wine Australia is subject to the Australian Government Cost recovery Guidelines. Accordingly, its regulatory activities are funded through fees paid by exporters as part of the wine export approval process for which Wine Australia is responsible under the AGWA Act and Regulations.

In summary, in order to export a wine from Australia, you must pay the following to Wine Australia:

- an export licence fee (between \$700 and \$1084 per annum)
- a product registration fee (\$28 for packaged wine product and \$62 for non-packaged wine product)
- an export permit fee (\$25 per shipment)

These fees fund the following activities:

- administration of the Export Approval Process
- compliance auditing under the Label Integrity Program set out in Part VI of the AGWA Act
- protection of the Register of Geographical Indications and Other Terms as set out in Part VII of the AGWA Act.

These regulatory activities aim to:

- maintain the truth and the reputation for truthfulness of Australian wine
- ensure the safety and quality of Australian wine



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- allow Australia to fulfil its international obligations under the Agreement between Australia and the European Union on Wine.¹

These objectives are strongly supported by the industry which acknowledges the importance of Wine Australia's compliance auditing and regulatory activities in maintaining the integrity of Australia's \$2 billion wine export market and facilitating market access. Accordingly, the cost of compliance by the wine industry is low because it is of net benefit to industry.

Reducing red tape

In October 2015, Wine Australia entered into a Collection Agreement with Department of Agriculture and Water Resources (Department) under section 11 of the Collection Act.² Pursuant to that agreement, we now collect the Wine Export Charge payable by Australian wine exporters. This function was previously carried out by the Department.

Prior to the commencement of the Collection Agreement, shipment details, such as the volume of wine, the FOB value of the wine, and the shipment date, were required to be provided by exporters twice - once when applying to us for a shipping permit, and again when submitting quarterly returns to the Department as part of the collection regime.

While exporters are still required to submit returns, the returns are now submitted to us and passed on to the Department. To decrease the administrative burden on exporters, at the end of each quarter, we generate (from our wine export approval system) a summary of each exporter's shipping information (which it is required to do under the Collection Regulations anyway)³, and each exporter makes a declaration as to the accuracy of that information, which satisfies the return requirement. This has removed the requirement for the same information to

¹ Brussels, 1 December 2008; entered into force 1 September 2010.

² *Primary Industries Levies and Charges Collection Regulations 1991*

³ *Primary Industries (Customs) Charges Regulations 2000*, 35th Schedule, clause 5.



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be submitted by exporters twice, which has ultimately cut red tape for exporters.

The collection agreement has now been in place for 15 months with positive feedback from exporters.

Proposed amendments to return process

We have identified further areas for reform. They are:

- a) removing the requirement that in-active exporters to submit 'nil' returns; and
- b) increasing the threshold from \$200 to \$1000 for submission of quarterly instead of annual returns.

The Minister has provided policy authority to proceed with these amendments. It is likely that these amendments will take effect prior to 1 July 2017, meaning that they will apply in relation to the 2017/18 levy year.

This is an excellent result as it will decrease in approximately 5000 returns being submitted by our 2274 licensed exporters each year and will significantly reduce the administrative cost of collecting the Wine Export Charge.

In addition, Wine Australia are considering areas in which efficiencies could be realised through allignments of the levy auditing regime, and its own compliance auditing regime.