



COST RECOVERY IMPLEMENTATION STATEMENT (CRIS)

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1. Introduction

Cost recovery involves government entities charging individuals or non-government organisations some or all the efficient costs of a regulatory activity. This may include goods, services or regulation, or a combination of them. The Australian Government Charging Framework, which incorporates the Cost Recovery Guidelines (the CRGs)¹, sets out the framework under which government entities design, implement and review regulatory charging activities.

This Cost Recovery Implementation Statement (CRIS) provides information on how Wine Australia implements cost recovery for its regulatory activities. It also provides details of where financial and non-financial performance information for Wine Australia can be accessed and contains financial forecasts for the current year and three forward years.

2. Cost recovery policy

Under the Australian Government Charging Framework, cost recovery requires both policy approval and statutory authority. For grape products, statutory authority is provided under the *Wine Australia Act 2013*.

Cost recovery (regulatory charging) falls within the Australian Government's broader Charging Framework. The type of charge is determined by the characteristics of the activities as described in the Charging Framework. This provides the overarching framework under which government entities must design, implement and review cost recovery.

Regulatory charging is appropriate for grape products because regulatory activity is provided to a clearly identifiable group – individuals and organisations that participate in the export of grape product from Australia, including the trade in grape products right across the supply chain. If it were not for the business activities of these groups, the regulatory activities would not be required.

There are additional benefits to funding exports regulation through regulatory charging. When a business pays for the activities it receives, the government has an obligation to justify the prices it charges. Regulatory charging also raises the awareness of regulated entities of how much a regulated activity cost.

For these reasons, the government has determined regulatory charging to be the most appropriate mechanism for funding exports regulatory activities. Regulatory charging of export regulatory activities is consistent with the Charging Framework.

3. Description of regulatory charging activity and cost recovery model

Wine Australia is established in accordance with the *Wine Australia Act 2013* (Act). Wine Australia's objects include to control the export of grape products from Australia in accordance with Part 3 of the Wine Australia Regulations 2018 and to enable Australia to fulfil its obligations under prescribed wine trading agreements.² The latter of these two objects give rise to Wine Australia's obligation to maintain the Register of Protected Geographical Indications and Other Terms, and to administer the Label Integrity Program (LIP) established by Part VIA of the Act.

Wine Australia may only charge for an *approved* regulatory charging activity.³ Section 8(2)(g) of the Act gives Wine Australia power to charge export approval fees without gaining separate approval from the Australian Government.

The regulatory activities conducted by Wine Australia pursuant to the Act and Regulations are:

- a. controlling the export of grape products from Australia as set out in the Regulations⁴, and
- b. administering the LIP described in Part VIA of the Act⁵.

¹ The Australian Government Charging Framework and the CRGs are available on the Department of Finance website (www.finance.gov.au).

² Including *The Agreement on Trade in Wine between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland* (UK Wine Agreement) and the *Agreement between Australia and the European Community on Trade in Wine of 2008* (EU Wine Agreement).

³ Public Governance Performance and Accountability (Charging for Regulatory Activities) Order 2017, section 7 (1). Notwithstanding, this is consistent with legal advice received from the Australian Government Solicitor (AGS) on 7 October 2010 having regard to the relevant provisions of the *Wine Australia Corporation Act 1980* which are replicated in the *Wine Australia Act 2013*.

⁴ This regulatory activity also includes ensuring that wines exported out of Australia comply with the blending rules pertaining to vintage, variety and geographical origin, and that they comply with the Australia New Zealand Food Standards Code

⁵ The purpose of the Label Integrity Program is to help ensure the truth and the reputation for truthfulness of statements made on wine labels, or made for commercial purposes in other ways about the vintage, variety and geographical indication of wine manufactured in Australia.

Cost associated with these activities are recovered through charges paid by exporters of Australian wine relating to export licences, product approvals and shipping certificates.

A summary of Wine Australia's regulatory activities, outputs and charges is provided in Table 1.

4. Stakeholder engagement

Wine Australia engages its stakeholders in accordance with its Regulatory Performance Statement of Intent, which has been formulated in response to the Minister's Statement of Expectation in accordance with the Regulator Performance Guide released by Department of the Prime Minister and Cabinet in July 2021.

To monitor stakeholder satisfaction, Wine Australia surveys all licenced exporters annually to gauge satisfaction of its administration of its regulatory functions.

In addition, Wine Australia maintains a stakeholder engagement plan which has been developed in accordance with Wine Australia's Best Practice Guide to Stakeholder Engagement (Guide) which was received by the Minister in December 2021 following consultation with representative bodies.

The Guide:

- provides a set of guiding principles which apply to all RDCs – recognising that each RDC is different and engages differently with stakeholders
- outlines what good stakeholder consultation looks like for Wine Australia, and
- describes how industry would like to be consulted in the identification of research, development and extension and marketing priorities.

Before implementing any changes to its charging framework, Wine Australia consults directly with exporters and its representative body, Australian Grape and Wine Incorporated.

5. Financial estimates

The following table sets out the financial estimates for Wine Australia's regulatory charging framework for the 2024-25 financial year.

	Cost per application	Estimated quantity per annum	Estimated revenue
Licence renewals	\$950	1,348	\$ 1,280,363
New licences – levy payers	\$1,100	60	\$ 66,000
New licences – non-levy payers	\$1,100	360	\$ 396,000
Label approval fee (packaged)	\$40	11,536	\$ 461,455
Product approval application fee (bulk)	\$65	1,363	\$ 88,620
WALAS user – shipping application fee	\$32	34,884	\$ 1,116,278

6. Financial and non-financial performance

Wine Australia's performance pertaining to its regulatory activities, both financial and non-financial, are reported annually in its [Annual Report](#).

7. Risk

In accordance with the Australian Government's Cost Recovery Guidelines, Wine Australia must self-assess the risks associated with materiality, complexity and sensitivity for any new or amended cost recovered activity as part of the policy proposal process or operational change. If required to do so, Wine Australia will use the Department of Finance's Cost Recovery Risk Assessment (CRRRA) template and agree the risk rating with the Department of Finance.

8. CRIS approval and change register

Date of CRIS change/approval	Details	Approver	Notes
26 April 2019	CRIS approved by resolution of the Board	Wine Australia Board	nil

Approved by Board on 31 March 2021 to commence 1 June 2021	Removal of product registration fee for packaged product and introduction of label approval fee for packaged product	Wine Australia Board	Change made as a result of obligation being introduced on Wine Australia to maintain a Label Directory in accordance with the Act and the Regulations.
Approved by Board on 7 May 2021 to commence 1 June 2021	Update to reflect cap of 2 on number of label registration fees to be charged against a product	Wine Australia Board	nil
26 April 2022	Inclusion of information about cost recovery policy and Wine Australia's Statement of Intent	Wine Australia Board	nil
4 May 2023	Certification of revised CRIS by Board following approval of new charging structure	Wine Australia Board	nil
7 June 2023	Certification of revised CRIS by Board	Wine Australia Board	Change clarifies that a \$150 charge is applicable for new licence applications to reflect regulatory activity associated new licence application.

9. Glossary

"Act" means the *Wine Australia Act 2013*

"Regulations" means the *Wine Australia Regulations 2018*

"Code" means the *Australia New Zealand Food Standards Code*

"LIP" means the Label Integrity Program established by part VI of the *Wine Australia Act 2013*

"WALAS" means the Wine Australia's Licensing and Approval System

Table 1 – Summary of regulatory activities, outputs, processes and charges

	Regulatory activity	Outputs	Process of the activity	Regulatory charges	Cost	Quantity per annum (approx.)
Export licences	Wine Australia makes decisions about whether to grant, suspend or cancel licences to export grape products from Australia in accordance with Part 3, Division 2 of the Regulations.	In considering eligibility to hold licences to export grape products from Australia, Wine Australia has regard to the matters set out in section 9(3) and 13 of the Regulations which include (without being limited to): <ul style="list-style-type: none"> • whether the applicant is a fit and proper person • whether the Wine Export Charge is due and payable • whether a licensee exports a grape product in contravention of the Act or Regulations • any matters relating to the applicant that might adversely affect the export trade in grape products, and • any other matter relating to the promotion of the export of grape product. 	Compliance with the Label Integrity Program is monitored through the exercise of monitoring powers under section 39ZC of the Act and requests for records in accordance with section 39ZAA of the Act.	Export licence application fee	\$950pa	1,348
			Offences relating to the sale, export or import of wine with false or misleading description and presentation is monitored through risk-based inspections.			
			Compliance with conditions of export are monitored through WALAS.		first year application – \$1,100pa	420
			Revocation and refusal of applications for export approval are monitored through WALAS.			
Product inspections and label approvals	<p>Wine Australia makes decisions about whether to approve, refuse, suspend or revoke approval of grape products for export in accordance with Part 3, Division 3 of the Regulations.</p> <p>Wine Australia makes decisions about whether the description and presentation of grape products is false or misleading for the purposes of sections 40C and 40E of the Act.</p> <p>Wine Australia makes decisions about whether record keepers have complied with the LIP.</p>	To grant approval of grape products for export, Wine Australia must be satisfied that the grape product complies with the Code (or that the ways in which the product does not comply will not compromise the reputation of Australian grape products).	Compliance with the Code is monitored through WALAS and through risk-based collection of samples tested for compliance with the Code.	Product approval application fee (bulk)	Bulk - \$65 per application	1,363
		Wine Australia must be satisfied that the description and presentation of the grape product is appropriate having regard to requirements of the Act, other Australian laws and the laws of other countries.	The description and presentation of wine is assessed for compliance through: <ul style="list-style-type: none"> • inspections of labels and LIP documentation as a precursor to granting product approval • LIP inspections. 			
		Wine Australia may cancel or suspend licences to export grape products from Australia, apply for injunctions to prevent the sale of non-compliant products, and may pursue criminal penalties for breaches of the Act.	<ul style="list-style-type: none"> • Risk based inspections of labels are conducted to satisfy Wine Australia that the description and presentation of the grape products are appropriate. • Offences relating to the sale, export or import of wine with false or misleading description and presentation are monitored through risk-based inspections. • Compliance with the Label Integrity Program is monitored through the exercise of monitoring powers under section 39ZC of the Act and requests for records in accordance with section 39ZAA of the Act. 	Label approval fee (packaged)	Packaged – \$40 per application capped at two label approval fees per product	11,536
		Wine Australia must maintain a Label Directory as referred to in the Regulations and must ensure that labels are provided in relation to packaged product prior to granting an export certificate for the relevant consignment.				
Shipping approval	Wine Australia makes decisions about whether to issue, refuse or revoke export certificates (shipping approval) in accordance with Part 3 of Division 4 of the Regulations.	Wine Australia must be satisfied that a consignment of a grape product has been approved.	Approval status of grape products is monitored through WALAS.	Shipping approval application fee	\$32 per application	34,884
		Wine Australia must refuse to issue as export certificate if it reasonably believes that the grape product cannot lawfully be sold in the country to which it is to be exported.	Requests for information are made to verify that laws pertaining to the description and presentation of grape products have been complied with.			