

# 2030 Vision



## for the Alcohol Beverages Industry

Realising our  
potential





In times of crisis, Australians come together as a community. We give each other strength and support to rise to the challenges we face as a nation. Most recently, we have been tested by the coronavirus pandemic, which has robbed some of us of loved ones, placed strain on our physical and mental well-being and significantly impacted our economy. We have been fortunate to avoid the devastation the virus has had on many countries around the world, and as a nation we are coming back stronger than ever.

But we need to pay particular attention to those industries and individuals who have been more severely affected. Australians want to return to our previous way of life: to spend time with family and friends, to celebrate, to collaborate and to connect. For many Australians, these experiences are often shared over a drink. We look forward to having a beer with colleagues after a day's work; a glass of wine at a family dinner; or a cocktail with friends on a special night out. Social distancing has hampered this, but Aussies are now reconnecting as we emerge from the shadow of the virus.

The fact that lockdowns did not result in increased alcohol consumption across Australia underscores the more responsible, mature relationship our country has developed with alcoholic beverages over the past 20 years. Harmful drinking and underage drinking rates continue to fall, with Australians choosing to drink lesser quantities, but higher quality beers, wines, ciders and spirits — often Australian-made.

Our viticulture industry has developed into a world leader as a producer of premium, distinguished wines, coveted around the globe. Now the craft taking place in our distilleries and breweries is also attracting the attention of global enthusiasts, as they win international awards recognising their prestige, distinctive Aussie-inspired tastes and the ingenuity of their creators.

At the heart of the industry are its people: passionate, creative and entrepreneurial winemakers, distillers and brewers working across the country to produce exceptional beverages. The revenue produced by our local alcohol beverage industry delivers benefits right along the supply chain, bringing jobs and money into our communities, including those in rural and regional Australia. Our producers are destinations for domestic and international tourists seeking to visit cellar doors and tasting rooms for unique, first-class and authentically Australian experiences.

Through measures such as improving market access for exporters, and reducing red tape and unnecessary regulation to enable small producers to reinvest in their operations and increase employment, this statement sets out a comprehensive vision which would maximise the opportunity for local businesses to bottle the best of Australia and share it with the world.

**Bryan Fry**  
*Chair*

Alcohol Beverages Australia

# There's more to your favourite drink than you realise

Behind the person filling your glass stands a passionate workforce – farmers, orchardists and vignerons; winemakers, brewers and distillers; bottle makers, truck drivers, supply chain managers, sales reps and sommeliers; and countless other roles.

Taken together, our businesses support 485,000 jobs and contribute \$52bn in total value add. We export \$3.6bn of product, underpin many regional communities, and invest heavily in environmental sustainability, R&D and innovation.

Australia's drinking culture has changed to a point where moderation is the new norm, in part because Australians are becoming more aware of the negative impacts of misuse, thanks to the introduction of pioneering public education and self-regulatory systems.

Our products contribute to sociability and wellness, and are at the heart of celebration and our Australian way of life.

It hasn't been the easiest start to the decade, with shuttered businesses and lost livelihoods the legacy of COVID restrictions, and our industry has suffered more than most. Despite this, our outlook remains positive, and we believe that with concerted action from

industry and government, the alcohol beverage sector offers enormous potential to contribute to the growth of our economy and job creation in our communities over the next decade.

For example, we estimate that our growth ambitions as an industry could see us directly employ an additional 47,700 Australians by 2030.

We are open for business and primed for expansion, with strong policies to drive sustainable growth for our industry and the broader economy. We stand ready to work with all levels of government to ensure we deliver on our potential for the country and the communities we live in.

**Andrew Wilsmore**  
*Chief Executive Officer*  
Alcohol Beverages Australia

Unless otherwise noted, all industry facts, figures and projections are sourced from research conducted by Deloitte Access Economics for Alcohol Beverages Australia: *Alcohol Beverages Industry: Economic contribution and future opportunities, Deloitte Access Economics (2021)*



# Realising our potential

## Table of contents

Our connections	9
Current economic contribution	11
Unleashed economic contribution	13
Key drivers to realise our potential	15
Opportunities for growth	18
Building better outcomes	30
Our commitments	39



Our globally  
award-winning  
beer, wine,  
spirits and  
cider are a  
source of  
national pride.



We take delight in making them and serving them – both here in Australia and around the world – and in the role they play enhancing life’s special moments and bringing people together.

We already achieve more as an industry than many people might expect, and have so much more **potential to realise.**

# Our connections

Enjoyed responsibly, our products help bring people together, facilitating connections and forming part of our national culture and identity.



Moderate alcohol consumption has been associated with a **range of benefits for social and mental wellbeing**,<sup>1</sup> as well as lower all-cause mortality,<sup>2</sup> when compared to both heavy alcohol consumption and abstinence.



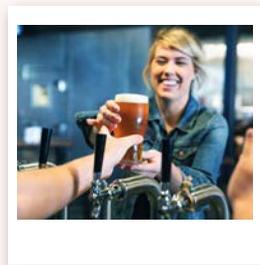
In our **regional communities**, the local pub or club is often the hub of the community, used as a place for locals to connect and get together.



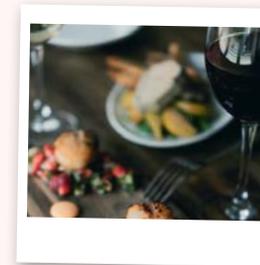
In Australian culture, drinks bring people together and are **often at the heart of socialisation**. We connect with our friends, families and colleagues through the ritual of sharing a drink.



At **celebrations** across the country, our products play a role in life's key milestones, such as weddings, birthdays and anniversaries. **The people who sell and serve them are story-tellers at heart**, providing education and helping match the perfect beverage to that special occasion.



Our drinks and hospitality venues are a place of **relaxation, pleasure and discovery**. They help us unwind after a long work-week, enhance our enjoyment of food and open our minds to the craft behind the industry.



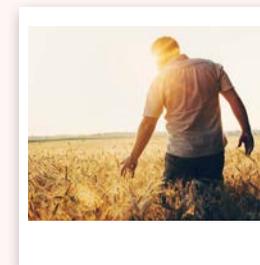
Our products are a source of national pride, **internationally recognised for their high quality and often enjoyed with high-end food pairings – contributing to the premium 'Australia brand'**.



**Our industry powers regional tourism, with more than 600,000** tourists visiting wineries in Margaret River in 2018-19, as just one example.<sup>3</sup> Visitors to the region **spent \$3.2bn over the same period**.



**Our products are world-class and award-winning.** Tasmania's Sullivan's Cove is the only distillery to have won "Best Single Cask Single Malt" twice at the World Whiskies Award - just one example amongst yearly wins in beer, wine, spirits and cider.



**Our industry supports Australian farmers.** The strong relationship between alcohol beverage producers and farmers has helped foster growth and innovation in Australian agriculture and take it to the world. Australian malt barley has become highly sought after world-wide for quality and purity, and now accounts for 30-40% of the global export malt barley trade.<sup>4</sup>

Our beer, wines, spirits and ciders contribute heavily to the profitability of almost all pubs, bars, restaurants and many sporting clubs throughout all corners of Australia. The vast majority of these businesses are small to medium enterprises driving jobs in urban and regional communities.

## A 'true local' example

In 2018, the north-west Victorian community of Nandaly bought its own pub in an effort to prevent the town from losing its only meeting place as a focal point of the community.



<sup>1</sup> Peele, S., & Brodsky, A. (2000). Exploring psychological benefits associated with moderate alcohol use: A necessary corrective to assessments of drinking outcomes? *Drug and Alcohol Dependence*, 60, 221-247.  
<sup>2</sup> University of Sheffield (2019) Mortality and morbidity risks from alcohol consumption in Australia: Analyses using an Australian adaptation of the Sheffield Alcohol Policy Model (v2.7) to inform the development of new alcohol guidelines.  
<sup>3</sup> Wine Australia (2020), Wine Tourism Snapshot 2018-19  
<sup>4</sup> Australian Export Grains Innovation Centre (2018), Barley, Australian Grain Note

# Current economic contribution

## 2019/20 – Our industry today

We are farmers, primary manufacturers, supply chain operators, wholesalers, tourism operators, retailers and food and beverage businesses. We proudly serve consumers in Australia and around the world.

## We actively contribute to job creation and economic development in regional Australia:

- 35% of our workforce is located in the regions.
- Some of our biggest organisations operate out of regional Australia, providing high-value jobs to the community.
- Our wineries, distilleries and breweries attract tourists to the regions, supplying local communities with broader economic benefits.

We play an integral role in Australian tourism, both domestic and international, with 50% of visitors to Australia associating their travel with food and drink experiences.

Our industry is a significant contributor to government revenue, accounting for \$9.3bn in total taxation (\$6.9bn Excise + WET & \$2.4bn GST).

In 2019-2020, our manufacturing industry invested \$465m in capital expenditure. This investment has grown by 6.7% per year over the last five years, compared to Australia's total non-mining capital expenditure growth of 2.5% per year over the same period.

## What we bring

**\$52bn**

in economic value

**\$9.3bn**

in taxes  
(incl. excise, WET, and GST)

**\$3.6bn**

in exports

**16m**

adult consumers

**\$465m**

capital expenditure  
(2020)

**\$29.2bn**

tourist spend on food & drinks  
(2018)

## Workplace

**485k**

direct and indirect jobs  
(Full-time, part-time and casual)

**55%**

workforce under 35

**76k**

alcohol beverage businesses

**48%**

workforce is female

**35%**

workforce in regional Australia

**68.6k**

licences

## Social responsibility

**↓ 9.7%**

in lifetime risky drinking<sup>5</sup>  
(18+ drinkers, 2013 - 2019)

**↓ 29.8%**

in underage drinking<sup>5</sup>  
(2013 - 2019)

**↓ 18.6%**

in alcohol-related physical abuse<sup>5</sup>

**12.98L**

Average alcohol consumption per capita<sup>6</sup> (1977 - 1978)

**9.51L**

Average alcohol consumption per capita<sup>6</sup> (2017 - 2018)

<sup>5</sup> Australian Institute of Health and Welfare, 'Alcohol, tobacco & other drugs in Australia', <https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/introduction>, December 2020  
<sup>6</sup> 4307.0.55.001 - Apparent Consumption of Alcohol, Australia 2017-18, Australian Bureau of Statistics

# Unleashed economic contribution

## 2030 – Our potential

With optimal policy settings and investment, the alcohol beverage sector can realise substantial opportunities for growth over the next decade, increasing our contribution to the economy whilst providing better outcomes for our environment and our communities.

Throughout our Vision publication, we have identified significant impediments to our future growth scenario, with Australia's internationally comparative high taxes on alcohol a source of significant frustration.

A reduction in tax and other costs to doing business will make our industry more attractive to investors and improve capital flows to the sector to support a thriving industry moving forward.

## By 2030

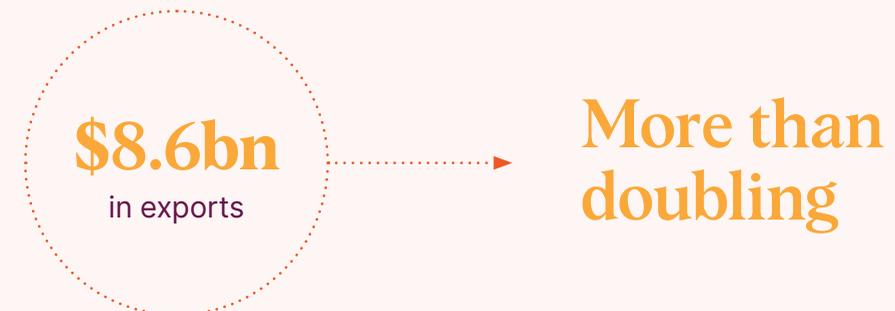
### Total value add



### Jobs



### Exports



### Skills



# Key drivers to realise our potential

## Opportunities for growth

-  **1** Future job creation
-  **2** New markets for Australian products
-  **3** Enriching the tourism experience
-  **4** Making it easier to do business
-  **5** Driving technology and innovation



## Building better outcomes

-  **6** Safe and sociable communities
-  **7** Stronger regions
-  **8** Positive impact on the environment



# Opportunities for growth

creating  
income and  
jobs for  
Australians

1

# Future job creation

The alcohol beverage industry supports almost half a million Australian workers. Whilst many of these are highly skilled professional roles, the industry is also a significant employer of young adults, as well as unskilled and semi-skilled workers in regions with higher levels of under- or unemployment.

### Positive job multiplier

Every person employed in the Australian alcohol beverages industry supports another employed person.



### Building young adult careers

Many Australians find their first job behind a bar, in a restaurant or even pruning vines. These roles provide training and development opportunities for a continued career in ours or other industries. For example, staff who have served in hospitality roles often have a strong service culture, a beneficial attribute for other careers.

For those who choose to stay with the industry there are a wealth of fulfilling career paths, including options to establish small businesses and start creating new jobs of their own.



### Protecting the regions

The heart of our industry, as well as 35% of our workforce, is based outside the major cities, which means we play a vital part in providing jobs for young adults in the regions. These roles vary widely, from agriculture, manufacturing and supply chain through to hospitality and tourism.

**“Since the first program in 2006, there are over 100 alumni, many already making significant contributions to the sector, through their own companies, sector committees, company boards and in research.”**

#### BRIAN WALSH

Former Wine Australia Chair, on the Future Leaders Program



## Our goals



**Provide quality and clear career opportunities within the industry and in the regions for Australians:** We aim to grow our industry’s present \$65m investment in technical, vocational and tertiary education to \$100m by 2030 to promote opportunities for professional careers across the entire supply chain.

**Invest in skills development with a future view:** With investment in data scientists, AI in agriculture and services, and robotics in manufacturing and throughout the supply chain, our industry will become more highly specialised in the skills required to support the growth and adoption of these new technologies.

**Greater diversity in management roles:** We need to increase the number of women in management roles in the alcoholic beverages

industry to reflect and capitalise on the full range of talent and experience within the workforce. We will aim to improve the rate of females in management positions to equivalence with the proportion of female employees in the industry as a whole (48%).

**Diversity of employment:** The industry already supports a wide range of careers including general business and management, hospitality and sciences. 45% of our industry holds a post-school qualification, with the manufacturing sector having the highest share at 60%. In the future, we will make demands of courses and qualifications that are designed to meet the needs of high innovation industries.

## Policy priorities



### INDUSTRY DYNAMIC

Workers in hospitality and tourism have been especially impacted by the COVID-19 crisis.

Whilst respecting the rights of workers, Australia’s labour laws should seek to make it easier for employers to take on staff.

Parts of our industry are highly seasonal, and we place significant value on international expertise and exchange of ideas.

The success of our industry relies on workers in SMEs in regional businesses.

Our industry is highly taxed, but our suppliers and employees pay the price in terms of reduced investment and job creation.

### REALISING OUR POTENTIAL

**We support continued government assistance to help employers retain staff in these industries until they can stand on their own feet again.**

**We support further harmonisation and simplification of the system to incentivise new hirings and aid with retention. Whilst respecting the rights of workers, Australia’s labour laws should take into account the need to make it easier for employers to take on staff to meet the needs of our growers and service expectations of our customers.**

**We support reforms to working visas to allow for the freer movement of talent to meet labour shortages, and drive innovation and adoption of new technologies between countries.**

**We support regional employment initiatives, including regional work visas and pathways for young, unemployed and underrepresented Australians to work in regional Australia.**

**We support reducing alcohol, payroll, and company taxes to be competitive with other OECD nations, so that we can invest in capital and our people to help grow the economy.**

2



# New markets for Australian products

Australian beer, wine and spirits are globally renowned. For decades they have represented the changing face and aspirations of Australia overseas, reflecting today our reputation for provenance, quality, innovation and bold natural beauty.

### Already a strong contributor

Exports of Australian alcohol beverages are worth \$3.6bn, and account for 1% of total exports. Broken down by product category, the contribution is 85% wine, 14% spirits and 1% beer and cider. More than half (62%) of all wine produced in Australia is exported<sup>7</sup>, primarily to China, the United States and the United Kingdom. Meanwhile, only 7% of spirits and less than 1% of beer we produce are exported. Given that in 2020 Australia had nearly 300 distilleries<sup>8</sup> (versus 30 in 2010), and 700 breweries<sup>9</sup> (versus 70 in 2010) this provides a rich basis for export growth.

The burgeoning spirits sector shows all the hallmarks of successful growth that Australian wine experienced in its growth from the 1970s. Spirits' share of total exports has surged from around 5% in 2009 to 14% in 2019.

### Bottling the Australian character

Australian beverages are becoming part of life for millions of international consumers. Every time someone enjoys a glass of one of our products, either in their homeland or here in Australia on holiday, a little of our national character is on show - each drop tells a story of our climate, our land and our people. Investment in the quality and awareness of our products helps grow our reputation overseas.



### Discovering our potential

The growth in volume and prestige of Australian wine exports over the last half century is an astounding success story for our country, and we should look to extend and replicate this into new markets with other categories. By way of example, consider the rapid growth of the Japanese whisky market over the past two decades, transformed from a largely domestic industry into an estimated US\$1.1bn global market by 2025.<sup>10</sup>

## Our goals



**More than double our export portfolio by an additional \$5bn to \$8.6bn.** Wine exports will continue to lead, but a specific focus on growing the distillery market, in particular, has the potential to create a similar trajectory to wine export growth that started in the 1970s. Innovations in brewing, new products including zero or low alcohol, and diversifying markets, product and packaging offerings also provide broader trade opportunities for the sector.

**Establish export capability building bodies:** Expanding the Rural RDC model (or establishing something similar) for other categories will help smaller producers grow their export capability, understand how to leverage free trade agreements, navigate 'non-tariff barriers', and gain access to international markets.

**Work together as an industry:** Opportunities for exporters across all categories should be created to represent collectively at trade shows and facilitate connections for the smaller players.

**"There's no doubt the free trade agreements have facilitated the increased number of enquiries from Asia".**

### MARK LITTLER

General Manager and Master Distiller at Hellyers Road, on the China and Japan free trade agreements

## Policy priorities



### INDUSTRY DYNAMIC

There is a significant opportunity for the industry and government to work together to further build exports of Australia's wines, beers and spirits, building on the export success of Australia's wine sector.

An industry which focuses on quality of consumption over quantity benefits our community and will compete strongly in world markets.

The quality of our food and drink is one of our strongest intangible assets.

### REALISING OUR POTENTIAL

**We support the inclusion and prioritisation of the total alcohol beverage sector, not just wine, in trade negotiations.**

**We support the need for both public and private investment in the development of export capability of the alcohol industry as a whole, including craft distilleries and brewers.**

**We will work with governments to improve enforcement, target counterfeiting and to strengthen and implement penalties for illegal removal of track and trace information, including lot codes or other traceability measures.**

<sup>7</sup> Australian wine exports slow down due to China tariffs, <https://www.wineaustralia.com/news/media-releases/australian-wine-exports-slow-due-to-china-tariffs>, February 2021

<sup>8</sup> The Whisky List, <https://thewhiskylist.com.au/distilleries/australia>

<sup>9</sup> Independent Brewers Association

<sup>10</sup> Grand View Research (2020), Japanese Whisky Market Worth \$1.1 Billion By 2025, CAGR 9.4%

3



# Enriching the tourism experience

Our industry is the fourth largest driver of destination choice for travellers around the world, with every bottle sold overseas serving as an advertisement for our country, helping secure the tourist dollar long before visitors arrive on our shores. As Australia re-opens to international tourism, the experiences provided at our bars, restaurants, breweries and cellar doors are set to form a core part of our offering.

### A reputation for hospitality

Our hospitality and retail venues nationwide are critical in driving a positive experience for domestic and international tourists. Our products also serve as a great example of the regional diversity of this great country. Whether it's a cold beer in an outback pub, a whisky beside an alpine fireplace, or a crisp white in a seaside restaurant, our products are central to the way in which we welcome visitors to our country.



### Not just a day trip

The profile of breweries, wineries and distilleries as places to visit, in and of themselves, is increasing. In 2019, 1.5m overnight trips in Australia involved a visit to a brewery, 480,000 trips included a visit to a distillery, and 5.4m involved a visit to a winery. These destinations range from large breweries that are a parochial part of a state's heritage, to small enterprises which rely on tourism to supplement their income and build their brands.



### Food and drink is at the heart of every community

In the past, travel and alcohol beverages were most commonly linked by wine tourism. Today, Australia's iconic wine regions are some of the most desirable destinations in the world, but visitors are increasingly finding food and drink experiences right across the country. The emergence of micro-distilleries and breweries has brought additional tourism to a wider range of locations and settings around Australia, both urban and regional.

Our retail stores are portals to the regions, and a number of our pubs and hotels have also become famous destinations for food and beverage (e.g. *The Royal Mail Hotel* in Dunkeld), or cultural icons in their own right (e.g. the *Silverton Hotel*).

## Our goals



**Increase foot traffic:** We aim to boost domestic and international spending by tourists on food and drinks from \$29.2bn in 2019 to \$40bn by 2030.

**Collaborate more closely with state and regional tourism bodies:** Success in one region should inform our efforts across the country. We can build on our experience to deliver services that match the levels of sophistication expected by urban and international tourists and adapt quickly to emerging trends and demand.

**Partner with Tourism Australia:** As a key driver of tourism internationally and domestically, we believe we can make a strong contribution to enhancing the profile of Australia as a destination.

**"The great Aussie pub is an icon – we've had famous songs composed about them as well as in them".**

**KAREN HALABI,**  
*Great Aussie pubs,*  
Australian Geographic

## Policy priorities



### INDUSTRY DYNAMIC

In many parts of Australia, our hospitality venues and breweries, distilleries and wineries play an integral role in the visitor experience.

Tourism policy and research – for example the National Visitor Survey conducted by Tourism Research Australia – does not always account for alcohol beverages, or only accounts for wine.

There is growing trend of consumers wanting an experience that is immediately self-satisfying or to share on their social media pages.

COVID has taught us that we need to prioritise domestic tourism, particularly from interstate, to inject money into local economies.

Business events and corporate travel can be fickle.

### REALISING OUR POTENTIAL

**As a key tourism driver, communities would benefit from a more prominent profile for hospitality and alcohol beverages in government-funded tourism campaigns.**

**We support broader and more consistent consideration of issues relating to our industry in tourism policy and research, and the use of the terminology 'food and drink', as opposed to 'food and wine' in such work.**

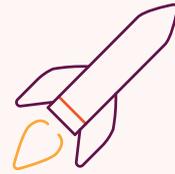
**Specific programs to drive collaboration within regions are essential to adopt a more experiential approach where the customer gets more out of visiting an area than product alone. 'Socially Sorted' is an excellent example to take inspiration from and scale up for the industry.<sup>11</sup>**

**We need governments to help grow the sense of importance for Australians to travel within Australia.**

**Governments must continually invest in new or improved conference facilities and facilitate world-class events to ensure Australia remains a compelling destination for domestic and inbound events.**

<sup>11</sup> '5 ways to be like these wine businesses crushing social media marketing', Moritz, D, Socially Sorted, April 2018

4



# Making it easier to do business

Australia's biggest alcohol beverage companies stand tall amongst their overseas peers. But it's easy to forget that the vast majority of operations in the industry are small or medium enterprises, which are disproportionately affected by burdensome regulation. In order for these businesses to continue creating jobs and economic value, more work needs to be done to streamline the regulatory environment and create positive conditions for investment.

### Growing amongst adversity

The alcohol beverage industry's \$52bn contribution to the Australian economy is made all the more significant by its context in one of the most highly taxed liquor markets in the world. But there doesn't have to be a trade-off between protecting our communities and growing the industry if producers and government are willing to work together to identify and implement the most targeted and effective solutions.

### Key costs

Producers face many costs not borne by businesses in other sectors, including alcohol-specific taxes, liquor licensing, restrictions on operating hours and a number of additional requirements around packaging, including different Container Deposit Schemes across the country. Excise levied on beer and spirits automatically increases by CPI twice per year, creating a non-virtuous compounding effect and perversely being a leading contributor to overall CPI growth.

### Licensing complexity

Each state and territory in Australia has its own classification system for liquor licences, as well as additional requirements at the local government level. This complexity creates substantial compliance costs and uncertainty, especially for businesses undergoing structural changes that move them between different licensing categories. Appellations of licence applications can turn a simple licence application into a years-long process.

**"One of the major keys to supporting the Australian music industry's global success is for the removal of unnecessary and complex regulations on live music."**

**DEAN ORMSTON**  
CEO, APRA AMCOS

## Our goals



### Best-in-class liquor licensing:

In consultation with retailers, consumers and local communities, we will outline and advocate for policy and liquor regulation that is a 'best-in-class' model for liquor licensing and regulation: continuing to provide substantial government revenue; based on a balanced appraisal of the evidence; and including targeted policies and regulatory measures that align community needs and expectations with the freedom to sell and supply responsibly.

### Online Alcohol Sale and Delivery:

The Retail Drinks Online Alcohol Sale & Delivery Code of Conduct provides a pathway for governments to improve compliance in the responsible online sale and delivery of alcohol. Online alcohol sales in Australia have increased by an annual rate of 16.7% over the past five years<sup>12</sup> – arguably outpacing government regulation. The Code of Conduct upholds the principles of responsible retailing, and presents a consistent framework across all jurisdictions in promoting self regulation.

## Policy priorities



### INDUSTRY DYNAMIC

### REALISING OUR POTENTIAL

Red tape stifles innovation and job creation in our businesses, and especially so in small and medium enterprises.

**We support regulatory reform to reduce market distortions and lower costs and friction for both existing businesses and new entrants.**

We pay the 4th highest beer tax,<sup>13</sup> 3rd highest spirits tax,<sup>14</sup> and 7th highest wine tax in the developed world – a total of \$6.9bn raised from alcohol-specific taxes every year.

**We support reducing Australia's onerous taxes on alcohol so they are internationally competitive and provide certainty for national and foreign investment in the industry and reduce the burden of compliance for our businesses.**

Onerous conditions around remittance periods for alcohol taxation seize up valuable working capital.

**We support the review of ATO remittance timeframes to better align with standard supplier terms and improve cashflow for producers.**

Inconsistent regulatory approaches across the country (especially between states, and even between local councils) impose additional costs on the industry and act as a disincentive to investment.

**Where appropriate, we support a whole-of-government approach to industry regulation, beginning with a single national Responsible Service of Alcohol certification.**

Regulation must also keep pace with technological change and societal trends, for example to quality and moderation in alcohol consumption.

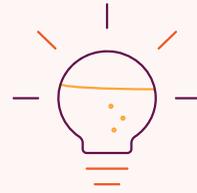
**We support the adoption of best-practice models as part of Liquor Act Reviews to keep pace with the changing nature of the industry and the evidence around consumption impacts.**

<sup>12</sup> Ibis World, Online Beer, Wine and Liquor Sales in Australia industry trends (2015-2020)

<sup>13</sup> Prof Kym Anderson, Excise Duties on Beer: Australia in International Perspective, School of Economics, University of Adelaide, February 2020. (AUD, beer assumed to be typical 4.4% ABV for comparison purposes)

<sup>14</sup> OECD 2019, 'Selected Excise Duties in OECD Countries, in Consumption Tax Trends 2018: VAT/GST and Excise Rates, Trends and Policy Issues', OECD Publishing, Paris, p. 141

5



# Driving technology and innovation

Since 2010, technology and data accessibility has shifted seismically, and over the next ten years the rate of change will only accelerate. We have at our fingertips a range of innovation with the potential to reshape our sector, from automation of manufacturing through to Artificial Intelligence (AI) and advanced blockchain applications.

### Research and development

In 2019–2020, the alcohol manufacturing industry invested \$465m in capital expenditure. Data analytics have been put to use to make our farms, orchards and vineyards more efficient and optimise our use of inputs such as water and fertiliser. Retailers and hospitality venues are also using data to personalise their marketing strategies and enhance the customer experience. AI solutions are already in place in a growing number of our winery, brewing and distilling sites.

The model provided by Rural RDCs helps foster agricultural innovation.

### The benefits of innovation

Competing on the world stage has driven innovation and productivity growth within the Australian alcohol beverage sector, as businesses are exposed to new products and technologies, as well as emerging trends in consumer behaviour.

The growth of mid, low and no alcohol beer has been an innovative response to consumer demand and lifestyle changes, with the two highest selling beers in Australia being 3.5% ABV.



### Customer-led focus

A number of these consumer trends are generating significant changes in the industry, which is keenly focussed on customer needs. The megatrends to wellbeing and sustainability in particular are expected to bring about profound and lasting change for our producers and retailers. Innovation is already starting to take place with new products such as natural wines, zero or low alcohol, seltzers; and in services such as online retailing and delivery.

## Our goals



**Map the value chain and adopt blockchain technology:** In few other industries is it so critical to establish a product's origin and ingredients. Once provenance is verified at the point of transaction, blockchain can be used to provide accountability and transparency right through the value chain.

We aim to be the first alcohol industry in the world to map the value chain, and should the business case provide justification we will move to adopt blockchain technology by 2030.

**Monitoring and reporting:** Our producers aim to lead the way in collecting and monitoring environmental data across the industry. This would include investigating pre-existing options for establishing sustainability metrics, aligned to the global investment community, which provide common, defined terms, reporting frameworks, and standards and metrics.

**Industry collaboration:** We will continue to establish channels for industry collaboration to learn from one another and evolve our products in line with changing consumer demand. As part of our pursuit of these objectives the industry will investigate the establishment of a vehicle to meet its future research and development (R&D) needs.

**“It’s a pretty huge pilot distillery for an R&D program, but it’s reflective of how important innovation is to us as distillers”.**

**WILL EDWARDS**  
 Founder,  
 Archie Rose Distilling Co.

## Policy priorities



### INDUSTRY DYNAMIC

Government-supported R&D has helped Australian alcohol beverage producers rise to the global forefront of our industry, competing with the best in the world on cost and quality, while also providing export opportunities.

For a country which stakes its reputation on the quality and sustainability of our products, Australia has a vested interest in emerging industry-led verification technologies such as blockchain and DNA fingerprinting.

Automation, AI & robotics will transform our industry, with a wave of new technologies from autonomous vehicles to completely automated supply chains expected over the coming two decades.

### REALISING OUR POTENTIAL

**We support continued efforts by government to stimulate genuine innovation in our sector and across the economy more broadly, including tax incentives, grants and collaborative research. The benefits provided by the Rural RDCs model in fostering agricultural innovation justifies exploring options to broaden to other value-added sectors, including spirits and beer.**

**We support government taking the lead in this vital area, through pilot programs and assistance to industries wishing to establish their own standards for verification and accountability.**

**Governments must provide appropriate assistance to help local businesses be at the forefront of these developments and improve Australia's competitive advantage.**



# Building better outcomes

for the people  
and places  
we touch



6

# Safe and sociable communities

As an industry, we take great pride in our craft, our products and the way we serve them. We want them to be positive features of the lives of our customers and their communities. We're acutely aware of the potential for harm if they are misused, which is why the industry has taken a leadership role in supporting education and information campaigns to encourage those who choose to drink alcohol to do so responsibly and in moderation. We support government interventions which are proven to be effective, targeted to the areas of greatest need and respectful of the choices made by the overwhelming majority of Australians who drink in moderation.

### DrinkWise: industry-led social change

Fifteen market-leading industry producers and retailers provide contributions to the independent and not-for-profit social change organisation, DrinkWise. Recognised globally for the success of its behaviour-changing campaigns,<sup>15</sup> DrinkWise aims to create a safer and healthier drinking culture in Australia.

### Targeting misuse at the point of sale

Over the years, our retailers have developed a number of world first initiatives to deter sales to under 18s including 'ID25' and 'Don't Buy for Them', and improve online and delivery services through an 'Online Code of Conduct'. DrinkWise has worked with venues and retailers on a number of visual campaigns at the point of sale to help deter alcohol misuse.

### ABAC code

We strongly support the globally recognised high standards for alcohol advertising administered through the Alcohol Beverages Advertising Code (ABAC), a joint initiative of the industry and Federal Government which, amongst other objectives, serves to prohibit any alcohol advertising which is targeted at or is likely to have strong appeal to minors, encourage excessive consumption, or suggest alcohol has therapeutic benefits.



## Our goals



**Continue to support world-leading initiatives to drive harm minimisation:**  
We'll continue to work constructively with government and not-for-profit organisations to provide a world-leading example of how industry and community can come together to actively reduce alcohol-related harm.

**Promotion, sale and supply initiatives:**  
We have a demonstrated commitment to the responsible promotion, sale and supply of alcohol beverage products, and have implemented a range of retail-led initiatives including 'ID25' and 'Don't Buy It For Them', while also partnering with DrinkWise in

their 'Choose to DrinkWise' campaign. We'll support ABAC working with government to enhance existing protections to prevent alcohol marketing to minors and ensure that the Code keeps pace with emerging media channels to ensure its continued effectiveness.

**Safety and wellbeing of our customers:**  
As an industry, we commit to providing consumers with low and zero alcohol options, and to continue to work with governments in supporting drink-driving initiatives.

## Policy priorities



### INDUSTRY DYNAMIC

The joint approach to alcohol advertising from government and industry has proven to be effective in ensuring that marketing does not promote harmful drinking, whether in the form of over-consumption or underage drinking.

ABAC demonstrates the potential of a combined approach to mitigate the risk of harm, and the benefits of private-sector consultation in health policy formulation are widely recognised, including by the World Health Organization.<sup>16</sup>

Government campaigns which have been successful in changing attitudes around misuse have recognised the nuanced way in which Australians see risk.

Recent policy initiatives, including the Australian Alcohol Guidelines, have been formulated by committees which included members with a public history of anti-alcohol campaigning and links to temperance groups.<sup>17,18</sup>

DrinkWise has proven an effective partner to industry and governments. Their evidence-based campaigns focus on real and lasting cultural and social changes, rather than just raising awareness.

### REALISING OUR POTENTIAL

**We strongly support the continuation of ABAC and would welcome long-term commitment from all levels of government to continue to endorse ABAC as Australia's world-leading quasi-regulatory model.**

**We support industry involvement and consultation in government programs and regulation, grounded in reputable and accessible data, that transparently seeks to minimise harms caused by alcohol consumption.**

**We support an approach to public health education that prioritises the elimination of high-risk behaviour which endangers others, such as drink driving, whilst adopting a measured and realistic approach to changing attitudes around lower-risk behaviour.**

**After broad consultation, ensure that critical policy decisions are transparent and conducted free from bias either for or against the alcohol industry.**

**We support continued industry and government investment in the work of DrinkWise, with collaborations that create a safer and healthier drinking culture and reduce alcohol-related harms.**

Continues on page 33 →

## Policy priorities



### INDUSTRY DYNAMIC

Some of the most effective measures to address alcohol related harm are those which are directed to those at risk of misuse.

A large proportion of alcohol-related harms and violence<sup>19</sup> is committed by repeat offenders<sup>20</sup> and factors such as mental health, homelessness, and other addictions make breaking the cycle challenging.

It is important to obtain as complete a picture as possible of the context surrounding alcohol-related crime and harms.

### REALISING OUR POTENTIAL

**In conjunction with government, we support highly targeted interventions that address harms and encourage personal responsibility, while not penalising the majority of the population that continue to drink in moderation.**

**We support more research into the relationship between alcohol misuse and harms, to develop more targeted harm minimisation and intervention support.**

**We support all jurisdictions improving their data collection to the level of NSW BOCSAR to provide national consistency and availability, with a continual improvement and consistency in data collection and methodology around alcohol-related assaults, ambulance attendance and hospital admissions, so as to ensure interventions are based on the best possible evidence.**

**“The campaign strongly resonated with 18 to 24 year-olds by purposely avoiding parental, lecturing overtones. Speaking to young adults in their preferred language and tone resulted in the campaign being embraced and shared amongst their peers. Campaign research demonstrated the approach worked, with over one-third of the target audience drinking less on a night out after seeing the campaign.”**

**SIMON STRAHAN,**  
CEO of DrinkWise  
on the *How to Drink Properly* Campaign

<sup>15</sup> Drinking: Do it Properly, <https://drinkwise.org.au/our-work/drinking-do-it-properly>

<sup>16</sup> World Health Organization, (2016) Framework of Engagement with Non-State Actors. Sixty-ninth World Health Assembly WHA69.10

<sup>17</sup> Aston J. (2019), Canberra's new drinking guidelines set for whitewash, Australian Financial Review Dec 13 2019.

<sup>18</sup> Snowdon C (2017), The new drinking guidelines are based on massaged evidence, Spectator 30 Oct 2017

<sup>19</sup> Paul Nelson et al, National Drug & Alcohol Research Centre, The University of Sydney, Burnet Institute

<sup>20</sup> Lily Trimboli and Nadine Smith (2009), Drink-driving and recidivism in NSW, NSW Bureau of Crime Statistics and Research



7

# Stronger regions

The Australian alcohol beverage industry plays an enormous part in the lives and livelihoods of regional Australians: supporting local economies and woven into the fabric of our communities through the pubs and clubs where we come together.

### The local meeting room

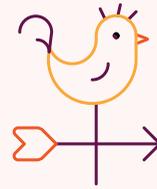
In regional communities, the local pub or club is so often the ‘living room’ of the community. A cornerstone of any country town, they support local sporting clubs and cultural endeavours, and form the backdrop for the big moments of our lives.

### Benefits throughout the supply chain

It’s about more than the places where drinks are served – it’s also about where they’re born. Australia has more than 65 wine-growing regions, planted with 146,000 hectares of wine grape vineyards.<sup>21</sup> A significant proportion of the four million hectares sown annually to barley ends up in beer or spirits,<sup>22</sup> and cane spirit, hops and cider apples all lay claim to their own corners of our country. For practically every bottle sold, a farmer somewhere benefits.

### Direct contributions

While just 33% of businesses operate in the regions, 43% of liquor licences are held in those areas, a figure that rises to 61% for manufacturing licences. These operations inject money directly into local suppliers and more broadly into the regional economy, whilst supporting a workforce across a wide range of careers, from viticulture, retail and hospitality, through to manufacturing and management.



## Our goals



**Promote our presence in the regions:** As a regional-facing industry, growth in the alcohol beverage sector means growth in our regional operations and employment. Looking forward to 2030, the industry will look to promote the benefits it provides to regional Australia, while advocating for reforms that would allow it to make a greater contribution to the regions.

**Greater investment in research and development (R&D):** Our producers are increasing their investment in R&D and plant to help their regional businesses address and adapt to climate change, and drive more efficient farming practices through greater use of technology.

**Applying cutting edge innovation:** Our members are working with universities and other educational institutions to transfer insights from lab-based R&D to practical application in the field.

**Our pubs, clubs, restaurants, retail and hospitality venues are integral to the local community and rise or fall on local industry.** Attracting visitors to a region allows hospitality to flourish through an injection of new spending into the local community.

## Policy priorities



### INDUSTRY DYNAMIC

The success of our industry relies on workers in small and medium regional businesses.

Agriculture is the life-blood of the regions. Investment in agriculture should be formulated and agreed upon by all levels of government, to limit political influence and provide certainty to investors.

Smart agriculture and regional manufacturing will require better connectivity than is currently available.

Attracting and retaining skilled workers to regional enterprises is made more difficult when critical social infrastructure falls below the standards expected in the cities.

Agricultural and regional businesses can and do exist right up to the outskirts of the major cities, yet often miss out on vital support or access to government programs due to their postcode.

### REALISING OUR POTENTIAL

**We support regional employment initiatives, including regional work visas and pathways for young, unemployed and underrepresented Australians to work in regional Australia.**

**We support multi-government frameworks for physical infrastructure investment and policy development in agriculture, as proposed in the National Farmers Federation’s Regional Agriculture Deals policy.<sup>23</sup>**

**We support extension and improvement of current satellite and mobile internet coverage in regional Australia, and where demand permits, the provision of metro-comparative infrastructure and speeds at competitive rates for regional businesses.**

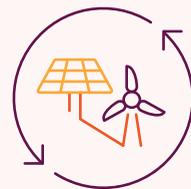
**We support continued investment in regional health, education and community services to improve liveability and attract the workforce our industry needs for continued growth.**

**We support an expansive approach to defining such businesses for the purposes of grant funding or visa programs.**

<sup>21</sup> Milton A., Wong S. & Gatt A. (2019), National Vineyard Scan 2019: summary report, Gaia Agricultural Intelligence CT-TR-2019-00037

<sup>22</sup> Australian Export Grains Innovation Centre (2018), Barley, Australian Grain Note

<sup>23</sup> National Farmers Federation (2019), 2030 Roadmap: Australian Agriculture’s Plan for a \$100 Billion Industry



# Positive impact on the environment

Alcohol beverage companies are deeply invested in the end-to-end supply chain, and we have a close connection to the land where we grow our raw ingredients. As an industry, we share a common commitment to taking care of the environment that supports our operations and contributes so much to the quality and character of our products. This is a commitment reinforced by the increased expectations of our international customers, as well as current and potential investors.

## A binding commitment to sustainability

Across the industry, investment strategies are focused on sustainable practices, from renewable energy to packaging sustainability and innovative ways to manage waste – from paddock to palate.

## Experts in drought and water management

Internationally, we are known for our expertise in drought resilience, water management and fire mitigation, and as climate risk increases in other countries, our assistance is becoming increasingly sought after by growers and producers of alcoholic beverages around the world.

## Leaders in energy

Manufacturing industries are typically heavy energy users, so our members see both a commercial interest and a social responsibility in developing less intensive solutions. Industry leaders are already able to capture enough renewable energy to not only meet their own needs, as well as export to the grid, and many alcohol beverage businesses and industry sectors have achieved or are working towards carbon neutrality.



“By resetting our emissions to net zero, we’re sending a strong message to our people and our supply chain that we are deepening our collective responsibility to measure, manage and reduce our emissions.”

STUART IRVINE  
CEO, Lion

## Our goals



### Reduce our overall carbon footprint:

By continuing our investment in renewable energy and sustainable agricultural practices we aim to reduce our overall carbon footprint to help Australia achieve its global targets.

### Support the development of a competitive Australian-based carbon offsets framework:

Acknowledging as an industry we may not achieve carbon neutrality in the short term, we will support an Australian carbon offsets scheme and re-invest the returns into the industry to support innovation.

**Improve food waste in hospitality:** From coffee grounds to vegetable peelings, surplus supplies to leftover meals, food waste is a fact of life for every hospitality venue. A stronger focus on profitability post-COVID will drive further improvements in dealing with food waste and enhancing our reputation and increasing social equity with our customers.<sup>24</sup>

**Planning for climate change and water scarcity:** As an industry we will prioritise research into crop and plant resilience to combat more frequent extreme weather impacts, and collaborate with research institutions to best mitigate against anticipated climate change impacts.

### Demonstrate our sustainability practices:

We believe that industry should play a leadership role in sustainability. We will continue to publicise and demonstrate the sustainability practices our members have put in place across the agriculture and food manufacturing sector, with a view to sharing knowledge and resources, and encouraging other businesses to follow suit.

**Improve the recycling process:** Many of our members are signatories to initiatives and commitments to reduce packaging waste or have implemented progressive internal programs to that effect. We will continue to advocate for collective action and provide a forum for members to compare and share their practices towards achieving a truly efficient path to a circular economy.

**Sustainable packaging:** our members are already investigating the development of sustainable packaging and packaging practices that go beyond recycling to model a circular economy by 2030.

## Policy priorities



### INDUSTRY DYNAMIC

We recognise the onus for reducing packaging waste lies with industry, however there is a role for government to play, particularly in harmonisation of regulation and capacity building of industry.

There is also a need for greater certainty and transparency around carbon offsets in Australia.

### REALISING OUR POTENTIAL

**We support initiatives to incentivise and partner with industry that are proven to be effective in reducing waste and improving the recyclability of packaging, including funding for industry-initiated and led audits to determine the current state of recyclability and develop a roadmap towards a circular\* economy.**

**We support industry being involved in the development of the National Carbon Offset Standard and urge governments to work closely with industry on issues relating to compliance and monitoring, so consumers can have confidence in the impacts of their choices.**

\* Defined as developing ways to continually re-acquire and reintroduce product cycle assets to market

<sup>24</sup> White, M (2020), "Waste Away", Restaurant and Catering Assn Magazine, February 2020

# This is our commitment:

To grow our industry and maximise our contribution to our nation's economy, culture and international profile.

To continue to bring Australians together, supporting the friendships and occasions that bring meaning to our lives.

To replicate the success of our world-leading wine exports across other categories and expand our suite of offerings into new products and markets.

To be positive, leading contributors to the sustainability of the environment and communities around us.

And at all times to champion responsibility in the production, marketing and sale of alcohol.

## To the future!





