



Committee Secretary
Legal Affairs and Safety Committee
Parliament House
George Street
Brisbane Qld 4000

11 January 2021

Dear Committee Secretary,

On behalf of the Australian Distillers Association (ADA), we present a submission regarding the *Liquor (Artisan Liquor) Amendment Bill 2020*.

This submission addresses all clauses of the Bill.

We provide the Committee with our approval for this submission to be published in full, should it be accepted by the Committee.

Appearance before the committee

The ADA stands ready to present before the Committee on this submission in support of the Bill at a public hearing.

At the committee's invitation our ADA President and Director of Gold Coast-based Granddad Jack's Craft Distillery would appear for the ADA, he would be joined by a representative of each of the Bundaberg based Kalki Moon Brewing and Distilling along with the Brisbane based Winstone Quinn Gin Distiller.

Executive Summary

The Australian Distillers Association welcomes the draft legislative amendments contained in the *Liquor (Artisan Liquor) Amendment Bill*, which seeks to reduce the regulatory burden on Queensland's local artisan distillers to promote growth and innovation amongst our members, and build employment in the sector.

As the Government has noted, the craft beer and liquor industries are strong sources of employment, supporting over 1,800 jobs and poised to become a \$100 million contributor to the Queensland economy. Measures in this bill to bring the craft liquor industry in line with provisions for the craft brewery industry present further opportunities to encourage growth in the sector.

The Queensland distilled spirits industry is comparatively smaller than similar industries in other states, in part to some antiquated regulations and licensing laws which create unnecessary complexity and cost, and act as a disincentive to new market entrants. We welcome the Palaszczuk Government's work to remove these barriers to growth and establish a licensing regime that reflects the needs of an emerging industry with strong links to Queensland's agriculture sector, as well as its broader tourism and hospitality industry. These reforms will encourage new entrants to the Queensland distilled spirits industry, and make it easier for current producers to employ more Queenslanders and boost further investments for future growth.

COVID-19 has had a significant impact on the distilled spirits industry and its value chain, and it is commendable that the government has taken decisive action to help struggling small businesses to not just remain viable, but have a path for future expansion.

The measures in this Bill and the associated regulatory decision to waive certain fees associated with the new licence to reflect the impacts of COVID-19 are particularly welcomed as the industry rebuilds and recovers from the pandemic. Further, as Federal Government measures such as JobKeeper are tapered and removed over 2021 the support of the Palaszczuk Government is acutely welcomed.

Recommendation: The Australian Distillers Association supports the Bill in its current form and supports its passage by the Queensland Parliament as soon as possible.

Liquor (Artisan Liquor) Amendment Bill

The essential focus of the Liquor (Artisan Liquor) Amendment Bill is to create a new type of liquor licence tailored to the needs to the emerging craft brewery and artisan distilled spirits industry in Queensland. Under current licensing conditions, to produce and sell our products, small distillers need to hold two separate licences, and there are harsh and unnecessary restrictions which limit our ability to increase sales.

The Bill seeks to increase our ability to sell and operate tasting rooms on our premises, and free our ability to sell takeaway and online distilled spirits, without the complexity of multiple licences. Its passage will boost growth and development for Queensland artisanal distillers.

Key aspects of the Bill include:

- Authorising the on-site sale of craft spirits, which will boost visitors to distilleries and add an extra dimension to local and regional tourism offerings, without the need for an expensive bar or restaurant licence;
- Authorising the sale of artisan liquor produced on the premises for takeaway, as is possible for visitors to local wineries;

- Allowing enduring approval to sell samples and takeaway sales at promotional events, which helps to attract new consumers and customers and can foster individual regions to promote complete food and beverage offerings at events such as food and wine shows or at local markets;
- Extending authorisation to sell or supply liquor at a public event, which reduces the requirement for multiple costly applications for permits;
- Allowing online sales for our own products which reverses the current prohibition to sell our products online in Queensland.
- Removing the requirement that restricts retail sales to 2.5 per cent of production, which is an artificial hinderance to business investment and growth.

The ADA supports the limitations proposed by government to ensure that this new type of licence is targeted to small, local artisan distillers, and encourage new businesses that are seeking to minimise regulatory costs as they invest in production capacity, customer offerings or increased employment.

These restrictions include:

- A craft distiller must produce between 400 litres and 450,000 litres of distilled spirits at the premises each year, which ensures boutique, smaller industry players are correctly targeted;
- At least 70 per cent of sales must be of the licensee's own products, which enables some selling of ancillary items like branded paraphernalia, or other local distilled spirits, but which prevents non-producers from obtaining the licence;
- Capping ownership of the distillery by larger industry players (i.e. producing more than 2 million litres of spirits annually) to 20 per cent, to keep their focus of this licence on truly local, independent distillers.

The artisan distilled spirits industry in Queensland

The Australian distilling industry is one of the fastest growing and most diverse in the world. A multitude of styles are being made today in all corners of the country. Artisan distilling is a small but growing industry in Queensland, with 34 independent distilleries across the state. Artisan distillers have the potential to create more jobs from manufacturing roles through to front of house, and 38 per cent of Queensland's distilleries are in the regions. Prior to the outbreak of COVID-19, the industry had estimated the addition of up to 500 jobs over the next two years in the direct industry.

Clearly there has been an impact from COVID-19 on the distilled spirits industry, particularly on sales through the on-premise channel and the decrease in tourism numbers to different regions across Queensland.

Examples of new, growing artisan distillers in Queensland include:

Winston Quinn Gin, a boutique small batch craft gin company based in Brisbane. Drawing on a vast range of botanicals and fresh produce including locally sourced organic fruits, Winston Quinn Gin has created deliciously aromatic, all naturally coloured and uniquely balanced gins sold in bespoke bottles.

Kalki Moon Brewing and Distilling was founded in 2017 and is family owned, based in Bundaberg. It produces gins, vodka, molasses-based spirits (similar to rum) and other liqueurs.

Given the quality of the artisan distilled spirits coming from Queensland, with the right policy settings, the industry has the potential to become a future interstate and overseas exporter of premium products, drawing on quality agricultural inputs and world-class distillation techniques.

Commitment to the responsible service of alcohol

The ADA believes that the responsible service of alcohol (RSA) along with education of consumers and enforcement aimed at antisocial behaviour are the bedrock that supports community safety and individual health outcomes and encourages good management. When RSA standards are consistently applied, risks of harmful consumption can be mitigated. ADA members will continue to uphold the highest standards to meet community expectations around the responsible service of our spirits. Measures contained within this Bill and the associated regulatory framework in Queensland support RSA measures.

The Bill does not dilute our duties around the responsible service of alcohol, and like other liquor licence holders, we need to ensure we have a risk-assessed management plan to minimise the likelihood of alcohol-related harm, and a community impact statement as necessary. We note that over the last 20 years, alcohol consumption in Queensland has evolved, and the vast majority of consumers understand the benefits of moderation. Consumer trends have moved away from volume towards the purchase of fewer, but more premium drinks, particularly in the distilled spirits industry.

About the ADA

The Australian Distillers Association is the peak industry body for craft distillers in Australia and was founded in 2004. The ADA currently has over 250 members, across all states and territories in Australia.

The Association aims to:

- Nurture the union of Australian distillers by promoting industry activities which further strengthen the distillers community
- Create opportunities to share information through industry forums and workshops
- Promote the knowledge and science of distillation
- Support the introduction of an Australian Spirits competition
- Lobby and work with established government and non-government organisations who share similar goals and philosophies
- Encourage and invite allied industry and consumer enthusiasts to become involved with ADA activities and events
- Provide education on Australian distillers and their products
- Promote the responsible consumption of alcohol

Yours sincerely,

David Ridden
ADA QLD President
Director & Grandson
Granddad Jack's Craft Distillery
45 Lemana Lane, Miami Qld Australia 4220
0450 097 723
david@granddadjacks.com