

*On Behalf of Bellarine Distillery / The Whiskery*

29.4.24

**RE : Parliamentary Inquiry into Food & Beverage in Australia**

Dear Honourable Members of the Parliamentary Committee,

I write to you today representing Bellarine Distillery and our distillery door known as “The Whiskery”.

We are facing a crossroads within the distilling industry which, if left unaddressed will have significant consequences on the ability for mid-tier Distillers to grow and will undermine the industry as whole resulting in the loss of what could have been a domestic & globally competitive sector.

Bellarine Distillery & its Distillery Door “The Whiskery” is one of the longer running distilleries in Victoria, established in 2015 we opened to the public in 2018. Since then, we have seen significant growth in our business with the distillery door attracting over 30,000 visitors in the last calendar year, we now employ up to 36 people including 13 full time positions. We prioritize and champion the resourcing of local producers and services whilst also contributing significantly to the local community.

However, the detrimental impact of the current excise regime on the distilling industry cannot be understated and our experience reflects a broader narrative of economic strain, loss of employment, effect on local producers and resources, and missed opportunities for tourism growth due to the burdensome excise framework.

1. **Economic Strain:** The existing excise structure places a heavy financial burden on distilleries, particularly mid-tier enterprises.

The current rate (the 3<sup>rd</sup> highest on the world), the bi-annual increases to the rate and the current application of the remission threshold has stifled growth and innovation. Our ability to continue to invest in essential areas such as equipment upgrades & safety compliance, product development, and workforce expansion is now severely limited and hence hampers our competitiveness in both domestic and international markets.

2. **Loss of Employment:** The ripple effects of the punitive excise regime are felt keenly in the form of job losses across our industry. We now face operating with less staff numbers and are considering closing for periods of time altogether, leading to unemployment in our local community. Moreover, the indirect

employment generated by our distillery, including supply chain partners and affiliated businesses, will suffer a similar fate, exacerbating the socioeconomic strain.

3. **Effect on local producers and services:** Our business prides itself on utilising locally sourced ingredients and fostering economic activity within our region. However, the financial strain we are currently experiencing impedes our ability to sustainably continue to support these resources. Our contribution to local community groups will also be impeded. This not only jeopardizes the livelihoods of local farmers, producers and service providers but also undermines the authenticity and quality of our products, compromising our competitive edge in the domestic & global marketplace.
4. **Missed Tourism Opportunities:** Bellarine Distillery & The Whiskery plays a vital role in attracting tourists to our region and we offer an enhanced visitor experience for the Bellarine Peninsula. ( See attached letter of Support from Tourism Greater Geelong & The Bellarine). Visit Victoria constantly bring visitors to our venue as a showcase for our region. These opportunities will be severely limited if we must reduce staffing and operational hrs availability. As a result, potential tourism revenue remains untapped, depriving local economies of a valuable source of income and employment.

#### Recommendations:

1: Mechanisms for the Australian Government to support further innovation and sustainable growth in the sector:

Recommendation: Launch a prompt review of excise settings for the Australian spirits industry to enhance its international competitiveness, attract increased investment, and create better operating conditions in Australia, ensuring the industry's long-term and sustainable growth. Additionally, an excise freeze until the review process is completed.

- Review the remission scheme to provide more support to distilleries that have grown well above the remission. The current threshold only mechanism produces a significant disincentive for any distillery to grow past that point. Review eligibility for remission, which could include size of employment base, distillery door activity, safety compliance etc.

2: Ways to support new and emerging products and industries, including premium and niche products, new proteins and Indigenous foods.

Craft Spirits is a new and emerging industry in Australia with a chance to compete on the world stage, creating a domestic environment where distilleries can thrive will create the opportunity for new innovative products with domestic and international potential.

- Recommendation: Replicating the existing Wine Cellar Door grants program will help to support the industry and grow the domestic market. The Victorian

Government has provided grants for distillery door investment that has seen growth in distillery door offerings and investment in new distilleries. This is a proven model of how targeted, considered government support can drive increased economic value, even during a difficult period for the hospitality industry.

- Review all alcohol taxation and move towards a uniform approach based on a standard drink concept. Alcohol is alcohol no matter what form it is presented as , spirits should not be penalised because it is a spirit , the breathalyser doesn't distinguish between beer or whisky.

Conclusion: The current excise regime represents a significant barrier to the growth and sustainability of the distilling industry, with far-reaching implications for employment, local economies, and tourism development. Urgent action is needed to alleviate these burdens and unlock the full potential of this sector as a driver of economic prosperity and cultural enrichment.

Thank you for considering our perspectives and recommendations outlined in this submission. I remain hopeful that together, we can chart a course towards a more equitable and supportive regulatory framework for the distilling industry.

Yours sincerely,

Lorelle Warren

Founder and Director : Bellarine Distillery / The Whiskery

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