

From: Beech Mountain Distillery
Sent: Thursday, April 11, 2024 12:04 PM
To: Committee, ISR (REPS) <isr.reps@aph.gov.au>
Subject: Food and Beverage Manufacturing Parliamentary Inquiry

To the Members of the Inquiry,

I represent Beech Mountain Distillery. We are amongst the booming small batch Distillery industry in QLD.

We are a small family-run business located in the Gold Coast hinterland.

We are a fairly new entrant to the industry and have been operating for 2 1/2 years.

In this time, despite our size and huge obstacles, including natural disasters, without Government assistance or outside investors, we have made a name for ourselves and won several awards on the national level.

In this time I have been training possibly Australia's youngest Distiller, he has now won awards in his own right.

The economic stress on small distilleries, and the industry as a whole, is extreme. There are several factors affecting this. The main factor at the moment is that Australia's outdated and unsustainable alcohol Excise system has completely hamstrung the Industry. It is in desperate need of reform. Personally I think the Australian Distillers Association calls for a freeze on Excise tax do not go far enough.

The Excise remission scheme is a step in the right direction, but it also works as a disincentive to expansion.

Australia has a unique and thriving Craft Spirits industry.

As things stand we are losing these world-class businesses at the rate of two per week, either to insolvency or to foreign multinational acquisition.

Most Craft Distillers and Breweries have had to increase prices dramatically to keep in line with the twice yearly increase in excise tax. This obviously leads to fewer sales.

To be at all competitive with imported products, small manufacturers must weather a huge financial loss. For example the average Australian spirit will retail at around \$80, excise tax takes \$40, the producer's profit after production expenses is minimal.

Compare this to Imported options retailing at \$40-\$50, from countries with sensible excise regimes. Most consumers will opt for the cheaper option, particularly in the current economic climate. Whilst high quality local products struggle to remain culturally relevant.

Government has completely ignored calls for reform and in turn reduces the amount of revenue received from this struggling industry.

A simple reform would be to bring all Alcohol Excise in line with the current W.E.T. taxation system. This is by far the simplest and fairest way to achieve reform and give this remarkable industry a chance to thrive.

Time is of the essence and if sensible reform is not achieved, the Australian spirits industry as a whole will not survive.

Yours Sincerely

On behalf of Beech Mountain Distillery

Director / Master Distiller Julian Hoyle

Managing Director Clyde Watts