



Submission to the South Australian Attorney-General

RE: Liquor Licensing Discussion Paper



Prepared by Liquor Marketing Group

February 2016

About Liquor Marketing Group

Liquor Marketing Group (LMG) is one of Australia's leading alcohol marketing groups, proudly representing more than 1,400 independent operators in the off-premise market. It is the only national independent with a sole focus on the retail market.

LMG is a not-for-profit organisation, so all income is directed towards supporting its members' businesses. LMG provides independent retailers with the negotiating power, consumer brand expertise, professionalism and support to compete successfully in the off-premise retail marketplace.

LMG operates several independent retail banner groups, Bottlemart being its largest with more than 650 members, Sip'n'Save which began in South Australia in 1979 and is one of the State's largest independent packaged liquor groups with almost 100 outlets in South Australia.

Each hotel and bottleshop is independently owned and managed and is committed to providing the highest possible level of retail convenience and hospitality service – whether it is the ambience of the public bar, the quality and value of the food service, the level of entertainment or the wide range available in the bottleshop.

SHOULD ALCOHOL BE SOLD IN SUPERMARKETS?

LMG is responding only to the section of the discussion paper regarding whether alcohol should be sold in supermarkets.

MARKET POWER

LMG represents 267 take-away liquor outlets in South Australia and believes that they, along with other independent bottle shops, play a crucial role in the South Australian economy. They provide employment, the opportunity to run a small business and offer the ability to provide locals with the products they are after at reasonable prices.

While LMG welcomes the suggestion by the South Australian Attorney-General that liquor licencing red tape can be reduced to make the application process more streamlined, we believe that allowing the sale of alcohol in supermarkets would be detrimental to consumers and to local retailers as it will provide the already entrenched duopoly of Woolworths and Coles with increased power.

The Act states all decisions made by the Commissioner and the Licensing Court of South Australia are guided by the objects of the Liquor Licensing Act 1997 (SA) Act, one of which is to encourage a competitive market.

LMG believes that these stated objectives of both the paper and the legislation will not be met if supermarkets are allowed to sell alcohol.

In 2012-13, Woolworths Limited operated 1,355 liquor outlets and group liquor sales (including ALH liquor sales) totalled \$7.2 billion.¹ While Wesfarmers Limited has 20% of the liquor retailing market share in Australia.²

In 2015, it was reported that Wesfarmers holds 33.5 per cent of the supermarket sector, while Woolworths has 40.2 per cent.³ The market dominance held by both supermarket chains combined with their already massive market share of the liquor industry leads us to believe that allowing them to sell alcohol in-store will drive down wholesale prices, which is detrimental to independent bottleshops and will impact consumers, who will ultimately end up paying more due to diminished competition.

In our view, there are already sufficient avenues available to Coles and Woolworths under the current licencing regime. They are able to apply for licences for premises adjacent to their existing supermarkets and they have online sales operations. There is simply no need for them to be able to sell alcohol instore as well.

As with the review in 2013, LMG urges the Attorney-General to not proceed with allowing this suggestion to proceed in its current form. To quote Mr Rau from the 2013 submission “58 per cent of the alcohol sold in South Australia is presently sold by Coles or Woolworths liquor outlets or hotels...After exploring the mechanics of this proposal in some detail, it is now my advice that their dominance would be increased if wine is able to be sold in supermarkets – they don’t need any more help from me. I actually want to see the independent grocers positions strengthened, not weakened...”

EASIER ACCESS TO ALCOHOL - CHILDREN

Another stated objective of this discussion paper and any amendments to the Act is to create a safer drinking culture. LMG supports such a goal, but believes that with the current public outrage over lockout laws and the awful occurrences of one-punch crimes, increasing access to alcohol by allowing supermarkets to sell it is actually detrimental to the work the South Australian Government is doing in this area, including lock out laws and ceasing rapid alcohol consumption after 12pm.

On top of this, there are community concerns that children are being exposed to alcohol more than ever, whether that be through advertising or in this case, by being able to easily view it when they are shopping with their parents. Children are more likely to be with their parents in a supermarket than they are in a bottleshop, resulting in increased exposure to alcohol that would otherwise not occur and is easily preventable.

This particular issue is not LMG’s expertise, however we are aware of the current climate, sympathise towards those who are affected by violence and support legislation and licensing regimes that ensure that sellers of alcohol products are able to control access to their venues and operate safely.

¹ http://mcaay.org.au/assets/publications/industry-guides/mcaay_majorsalesoutlets_feb2014-final.pdf

² http://mcaay.org.au/assets/publications/industry-guides/mcaay_majorsalesoutlets_feb2014-final.pdf

³ <http://www.skynews.com.au/business/business/national/2015/10/22/coles-lifts-1q-food-and-liquor-sales-4-7-.html#sthash.3DyylipD.dpuf>

SA WINE BRANDS

Another impact of allowing supermarkets to sell alcohol is the very real possibility that South Australian wines will lose prominence and will experience diminishing sales.

In the submission forward, you note that the South Australian food and wine industry is worth over \$17 billion and accounts for 40% of South Australia's total merchandise exports. You also note that South Australia must grow the recognition of its premium food and wine.

With the expansion of Aldi, which opened four stores in South Australia just this week, and the continued dominance of Woolworths and Coles, LMG is concerned that private label products will take prominence and premium South Australian wine producers will suffer.

This will have a flow on effect, impacting premium wine growers and wine tourism, both of which the South Australia economy is increasingly reliant upon.

CONCLUSION

LMG asks that the Attorney-General rejects the idea to sell alcohol in supermarkets and instead supports local businesses and tourism.

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