Reforming Liquor Licensing in South Australia

Alcohol is a regulated product that can cause harm when mis-used. Approval processes contribute to ensuring that the supply and consumption of alcohol in South Australia is responsible.

There is considerable evidence of the social harm caused by the mis-use of alcohol. Escalating violence in hospitals resulting from alcohol and drug taking is making news in local press.

Our submission to the Wine in Supermarkets proposal (see Attachment 1) referenced some concerns from interstate & overseas regarding the increased availability of discount liquor.

This review of liquor licensing is welcomed but great care is needed to ensure the industry & the community benefit is better as a result.

The liquor licensing discussion paper asks "is there too much red tape when applying for a liquor licence?" Approval processes must seek to balance obtaining adequate information to deliver good decision making with making such processes accessible to applicants and streamlined.

The notion of removing unnecessary bureaucracy is supported but which administrative processes are unnecessary?

I wish to submit the following points:

1. Twelve license classes does not in itself increase the administrative burden unless two classes have identical characteristics & licence conditions applied. The current classes are easy to navigate & understand.
2. There does appear to be inconsistencies in the way proposed new licences & licence changes are communicated to local communities. In some cases licensing approvals appear to happen with minimal publicity or opportunity for the local community to have a say. It will be extremely important to ensure that a consistent & fair process is put in place especially if there is a move to Community impact Statements or similar. The current system is deficient in assessing & dealing with the community cost of new licence proposals.
3. Harmonising approval processes between different agencies is supported.
4. Greater flexibility to appoint Responsible Persons would be welcomed. An alternative where Responsible Persons are appointed by the Licensee but notification is sent to C&BS (electronically or in hard copy) allowing SAPOL or the Commissioner to intervene within 30 days would help businesses to maintain compliance & transparency.
5. Local Councils should have the power to declare short-term dry zones providing these are subject to normal Council decision making processes.
6. As set out in our submission on Wine in Supermarkets (see attached) we believe there is not only a link between the increased availability of discount liquor and community harm resulting from the mis-use of alcohol. We also believe the local wine industry will be adversely affected by increasing the dominance of the large discount chain including new arrivals such as ALDI. Many small independent retail outlets strive to differentiate themselves from the big stores by stocking locally produced products. In addition, many small wineries cannot supply the volume required to satisfy the large discount chains.

7. We argue that responsible licensed premises provide a safe environment for people to enjoy alcohol, food and music etc. The liquor licensing regime should support responsible providers while targeting those that breach the requirements.
8. The “Needs” test has served this State well but it may well breach competition policy. The introduction of a community impact model must be very carefully designed to ensure both the overall community & industry needs are well served.
9. Careful consideration must be given to the impact on existing business should small liquor licenses spread outside metropolitan Adelaide, particularly in seasonal areas. Permanent businesses rely on the seasonal increase to carry them through the off-season.
10. The review paper raises many issues and will draw many opinions. This review will hopefully set up the industry for many years to come. Questions of allowing alcohol in supermarkets and small licences outside metropolitan Adelaide would potentially change the industry & community landscape irreversibly. I urge that decisions on such matters are evidence based and not just based on opinion. If necessary relevant studies should be undertaken to confirm the likely impacts.

P Butler

29 January 2016

Attachment 1

WINE IN SUPERMARKETS

Response to Liquor licensing reform – sale of wine in supermarkets discussion paper

PR & RW Butler

27 February 2013

EXECUTIVE SUMMARY

The wine in supermarkets proposal seeks to benefit the wine industry & independent supermarkets by creating a new license class to allow the sale of bottled wine in supermarkets.

In practise, this proposed new license class will greatly benefit the major discount liquor chains (eg Coles & Woolworths) at the expense of independent hotels and retail merchants. It will also potentially exacerbate the significant impacts of alcohol related problems in the community.

It is our view that this proposal to allow wine in supermarkets is not consistent with the objects of the Liquor Licensing Act 1997.

SA already has the highest number of liquor licenses per head of population in Australia. Irrespective of the administrative controls they may introduce, the proposal if approved will make discount wine readily accessible on supermarket shelves. The independent supermarkets are already promoting the perceived benefit of greater convenience to customers.

There is increasing community concern across Australia and overseas that increasing the accessibility of discount liquor is associated with alcohol related problems in the community. It is significant that "pre-loading" is now recognised in the new Code of Practice for Licensed Premises as a risk factor faced by the industry.

The South Australian wine industry remains in a state of over-supply. Export wine volumes fell by 3% in 2011-12. National industry leaders have been calling for restructuring to bring supply and demand back in balance. The Wine Grape Council of SA says calls to reduce supply "are falling on deaf ears."

The wine industry did not initiate the "wine in supermarkes" proposal. It faces complex international and national market issues that must be addressed for industry to return to greater prosperity. While the prospect of having wine on local supermarket shelves may offer short term gains to some supermarkets, there will also be significant costs to parts of the liquor industry. A new license class is not an appropriate response to the need for industry restructuring.

The proposal may in fact be counter-productive to the interests of small SA wine producers because it does not place a limit on where supermarkets can source wine from, potentially increasing competition from imported and interstate wine brands. Despite their rhetoric, Independent supermarket chains must strive for market share and this will put downward pressure on prices. The increasingly competitive market may make it increasingly difficult for small producers to obtain retail recognition.

The introduction of wine on supermarket shelves will facilitate the wider availability of discount liquor. The major supermarkets already dominate the provision of discount liquor through their retail liquor chains. New entrants (eg Aldi) are poised to enter the market in South Australia and they are a recognised player in the provision of discount liquor in the Eastern States. Such changes to licensing are inconsistent with the needs and aspirations of significant sections of the community including the health sector and law enforcement agencies.

The proposal does not promote the interests of the liquor industry because it allows unfair entry by independent supermarkets and undermines confidence in the fairness of the administration of the Act. It also reduces the long term competitiveness of the alcohol market by supporting the major supermarkets to achieve greater dominance in the industry. This will be achieved without any need to satisfy the “need” requirement associated with hotel and retail merchant licenses.

Independent supermarkets may enter the liquor industry now by following the same rules as other retail liquor merchants. In addition, many major supermarkets have already established bottleshops in close proximity to their supermarket to maximise the convenience benefits to customers while maintaining a clear separation between the regulated product and other goods.

The discussion paper offered is deficient, it does not justify the proposal, describe alternative approaches or consider the costs and benefits. Studies into the impact of increasing availability of discount retail liquor and of the market impacts in SA of the proposal are urgently needed to inform policy.

Irrespective of the licensing regime in other States, the introduction of the proposed new license class should not be supported in South Australia and the “need” requirement should remain a central safeguard in any proposal to expand the retail sale of alcohol.

The South Australian Government is urged to maintain fairness in the Liquor licensing system, avoid the potential costs to the community and avoid the likely distortion of the liquor industry by rejecting this proposal.

BACKGROUND

Alcohol is a regulated product. The sale and supply of alcohol is regulated under the Liquor Licensing Act 1997.

The object of the Liquor Licensing Act 1997 is to regulate and control the sale, supply and consumption of liquor for the benefit of the community as a whole and, in particular—

(a) to encourage responsible attitudes towards the promotion, sale, supply, consumption and use of liquor, to develop and implement principles directed towards that end (the ***responsible service and consumption principles***) and minimise the harm associated with the consumption of liquor; and

(b) to further the interests of the liquor industry and industries with which it is closely associated—such as the live music industry, tourism and the hospitality industry—within the context of appropriate regulation and controls; and

(c) to ensure that the liquor industry develops in a way that is consistent with the needs and aspirations of the community; and

(d) to ensure as far as practicable that the sale and supply of liquor contributes to, and does not detract from, the amenity of community life; and

(e) to encourage a competitive market for the supply of liquor.

The Independent supermarket chains have lobbied the State Government to introduce a new licence class under the Liquor Licensing Act 1997 that would allow supermarkets to display bottled wine on their shelves.

The State Government is exploring the proposal for a new license class and has released a discussion paper to seek community views on the matter. Comment is due by Friday 1 March 2013.

DISCUSSION PAPER

The discussion paper doesn't:

- adequately justify the proposal
- explore the alternatives
- adequately outline the costs and benefits of the proposal

Instead it invites interested parties to propose other measures or issues and to supply evidence to support any input made along with references.

The discussion paper and the draft Bill also doesn't match the statements coming directly from the independent supermarkets. Spokesperson for the independent supermarket Retailers Guild of SA , Colin Shearing is quoted in the Advertiser on 27 February 2013 saying that they are talking about SA owned supermarkets which intend to stock only SA bottled wine from small SA wineries.

The proposal, as it stands, goes way beyond this. The Liquor Licensing (Sale of Wine in Supermarkets) Ammendment Bill 2013:

- Will allow the sale of bottled wine (up to 750ml) in any supermarket with a floor area of at least 400 square metres.
- Will allow the sale of bottled wine from any wine region.

No justification is offered for why the proposal far exceeds that intended by the independent supermarkets.

Mr Jim Cooper a spokesperson for Coles is also quoted in the Advertiser on 27 February 2013 stating that Coles supported the responsible service of alcohol "available through all outlets rather than the selective approach proposed by independent retailers."

It appears that the current proposal will appeal to the major supermarket chains but it has serious ramifications for the liquor industry.

The Foodland website (www.foodlandsa.com.au) suggests there are 115 Foodland stores in SA. There are also numerous IGA stores but it is not possible to identify how many meet the minimum floor area requirement. In the Advertiser on 27 February 2013, Mr Colin Shearing from the Independent Supermarket Retailers Guild of SA estimates that about 120 independent supermarkets would be involved.

While Coles and Woolworths already have 100 retail merchant licences, it is not clear how many of the new licence type would be sought for their supermarket chains.

THE LIQUOR INDUSTRY

In its response to the SAPOL report Alcohol and Crime, December 2009[1], the Australian Hotels Association, South Australian Branch has prepared an analysis of the SA Industry based on licensing statistics published by the Office of the Liquor & Gambling Commissioner. The data shows that in 2010 there were 5750 licenses issued in SA. Retail Merchant licences represent 3.4% of the total.

A quick check of the current listing of retail merchant licences on the OLGC website suggests that there are currently 190 such licences issued. Woolworths & Coles appear to account for 100 of the 190 licenses (53%). It does not appear that Foodland & the Independent Grocers Association are currently involved in the liquor industry in SA but nothing prevents them from entering it in the same way as everyone else.

In the forward to the discussion paper, the Minister states that Woolworths and Coles hold 53% of retail liquor merchant licences. This may be correct but it ignores the fact that many hotel licences have retail sales provisions in their licence. The retail liquor sector is much more diverse than just retail merchants, it also includes hotels (with off-premise sales authorisation) & producers licenses (with retail authorisation). **Hotel licenses** account for 11% of the total. It is not possible to identify the percentage of hotels with off-premise sales approval in the statistics provided. Despite this, independent hotels are an important stakeholder because they are likely to be disadvantaged by this proposal.

Producer licenses account for 20.5% of the total number of licenses in SA. The OLGC website states "A Producer's Licence authorises the sale of liquor produced by the licensee at any time:

(a) On the licensed premises for consumption off the licensed premises;

(b) In a designated dining area to a diner for consumption in that area with or ancillary to a meal provided by the licensee in that area or in a specified area subject to restrictions specified by the licensing authority."

The licensee is also permitted to sell or supply samples of alcohol for consumption and to sell liquor at any time through direct sales transactions. A licensee with production premises can apply for a production outlet or retail outlet or both a production outlet and a retail outlet under their licence or; a licensee with no production premises can apply only for a retail outlet. It is not possible to identify what percentage of production licenses have retail approval but it is expected to be a high proportion.

A range of license classes are involved in the sale of alcohol for consumption on premise; hotel, residential, entertainment, restaurant, club & special circumstances licenses.

In their examination of Liquor Licensing Legislation in Australia as at December 2010, Trifonoff et al 2011[2] state that the number of licenses has consistently increased in Australia over the past 10 to 15 years. The highest number of licenses per head of population was reported to be in South Australia and this is closely followed by Victoria.

In its response to the SAPOL report Alcohol and Crime, December 2009[3], the Australian Hotels Association, South Australian Branch also notes an increase in the number of licences in South Australia (61% increase between 1996 and 2010).

The recent move to allow small bars in the CBD will prompt further increases in the number of licenses per head of population in this State.

It is important to note that much of the growth in the number of licenses has been in both producer licenses (an increase of 923) and direct sales eg internet & catalogue (an increase of 220). Both of these license categories directly benefit the wine industry.

It seems incongruous to argue a need for a new license class based around difficulty getting wine to market for small producers when much of the increase in licenses over the past 15 years would be of direct benefit to them. No real evidence is offered supporting the notion that small wine producers would benefit from a move to include wine on supermarket shelves. In fact the result may be counter-productive (see below).

The proposal is clearly aimed at benefiting the supermarkets even though independent supermarkets are not even currently part of the industry. The growth in supermarket market share will undoubtedly come at the expense of independent retail merchants and independent hotels.

Despite the narrow margins involved, packaged alcohol sales remain a significant component of these businesses, particularly in country areas where people do not have public transport options to get home. The opportunity to socialise at the license premise is difficult unless a dedicated driver has been pre-arranged.

The introduction of wine in supermarkets will spread the existing market share across more retailers. Independent retailers and hotels with off-premise licenses will lose market share because they lack the ability to discount as heavily as the major supermarket chains. This will result in a net loss of local jobs. Independent retailers and hotels will be forced to reduce staffing levels. However there is unlikely to be a commensurate increase in staffing at supermarkets due to the addition of a new product range.

SA WINE INDUSTRY

The 2008/09 Primary Industries and Resources SA Grape and Wine Scorecard reported that SA's Gross Wine Revenue was valued at $2.15 billion[4], 73% of this total value was generated through wine exports. Local retail sales in 2008/09 represented about 13% of the total value.

In November 2009 the Winemakers' Federation of Australia, Wine Grape Growers' Australia, the Australian Wine and Brandy Corporation and the Wine Research and Development Corporation released a statement warning that the wine industry was experiencing over-supply problems. It claimed that analysis suggested that "at least 20% of bearing vines in Australia were surplus to requirements with few long-term prospects"[5]. This meant Australia was producing 20-40 million cases a year more than were being sold.

The Industry statement reports that exports had fallen and the global financial crisis had not helped. It points out that while there has been growth in wines with lower price points, this is often unprofitable and unsustainable. Domestic sales of wine over the same period had fallen.

The peak wine groups called for restructuring to reduce capacity and change the product mix to focus on sales that earn viable margins.

In August 2012, Mr Peter Hackworth Executive Officer with Wine Grape Council SA released a preliminary report titled “Preliminary Results: The Response of SA Winegrape Growers to ongoing Oversupply”[6]. In the Preliminary Report, Mr Hackworth states that “it is apparent that calls from industry bodies to reduce supply (eg through WRAA) is largely falling on deaf ears.” Few grape growers in cool climate regions have removed or intend to remove vines. A survey of grape growers showed that a total of 315 ha had been removed in the previous 12 months while 228ha had been planted.

The proposed new license class will not address structural reform issues in the wine industry.

In its newsletter dated 17 December 2012, the SA Wine Industry Association informed its members that Foodland and the Independent Grocers Association have approached the State Government to change existing liquor laws so they can sell bottled South Australian wine[7]. It goes on to state that “SAWIA strongly backs initiatives that support local South Australian wine producers and will be keen to see the details of the proposal.”

It is clear from the news release that Foodland and the Independent Grocers Association have initiated this proposal, not the SA Wine Industry. The Minister in his foreword to the discussion paper, states the proposal would assist the independent supermarkets compete with larger liquor retailers (many of which are owned by the large supermarket chains). The independent supermarkets have identified a potential economic opportunity and appear to be marketing the proposal by promoting the benefits to the wine industry. In any event, supermarkets will not stock wine if it is not profitable to do so.

In reality, wine producers already have many routes to market. As the statistics above show most of the increase in the number of licences over the past 10-15 years are in categories that will directly benefit the wine industry.

The key to retail success with wine sales is quality and a perception of value for money. In our experience, small wineries with correspondingly lower volumes strive for high quality. This enables higher bottle prices to be charged, improving the overall viability of the operation. Quality wines that meet the value for money test sell readily and are sought after by retailers.

Wineries with low volumes selling at low shelf prices will struggle to remain viable. Lower quality wine with higher shelf prices will have great difficulty in the market place. Niche marketing such wines to new visitors as part of a local wine experience will overcome this to some degree. However, they will generally lack the support of return customers. This means two things:

- Increasing the availability of such products will not necessarily increase sales
- Increasing the availability of such products may reflect poorly on the industry

The Deputy Premier’s press release dated 27 January 2013, adopts the proponents argument by stating the proposal to sell wine in supermarkets is designed to benefit SA wine producers, regions and locally owned & operated supermarkets. He states many local wineries are unable to compete or meet with the demands placed on them by some liquor retailers.

This is repeated in the foreword to the discussion paper, where the Minister states small to medium producers currently face difficulty in getting their wine on the shelves of retail liquor stores. He states the government is exploring a proposal for a new liquor licence class that would improve SA wine producers access to the retail liquor market.

As discussed above, wine companies already benefit from a diverse domestic retail sector. The marketing of wine is much more complex than just gaining access to shelf space

The AHA (SA) response to the SAPOL Report Alcohol and Crime, December 2009 includes a graph of alcohol consumption by category from 1970 to 2007[3]. It is notable that wine consumption has approximately trebled over that period while beer and spirit consumption has fallen. It is not surprising that the proponents of this new license category have targeted wine.

It is also significant that the draft Bill contains no provision to limit:

- the wine sold to that grown or produced in SA or,
- the ability to sell wine to locally owned & operated independent supermarkets

This proposed Bill will allow the big supermarket chains to sell alcohol on their shelves. This is likely to further promote the dominance of the discount liquor chains owned by Coles & Woolworths. The discount liquor chains, with the support of major alcohol producers, have driven the price of alcohol down not up. This would appear to be directly the opposite of what would be in the best interests of small wineries that rely on higher bottle prices to maintain viability.

An unintended consequence of this proposal may be that it becomes more difficult for small wine producers to sell their product on the retail market. Independent supermarkets will not sell alcohol unless it is profitable to do so. Once involved in the industry they will need to compete with the major discount chains and with independent retailers and hotels. In such a competitive market, slow moving stock is a liability. This places downward pressure on prices.

The consequence of this for small producers that lack recognition in the industry or are currently having problems getting retail support is that it may become harder to gain retail exposure as competitors scramble for market share.

COMMUNITY COSTS

The proposal may be designed to allow easy entry to the liquor industry by independent supermarkets but it will also allow the big supermarket chains (eg Coles & Woolworths) to stock wine on supermarket shelves. In addition, Aldi recently announced it intended to set up around 40 stores in SA.

In its submission on A Safer Night Out July 2010 & the Review of the Code of Practice for Licensed Premises July 2010, SAPOL describe alcohol as a psychoactive drug that acts on the central nervous system[1]. The submission claims the combination of its $18 billion economic benefit and the estimated $15.3 billion annual costs of alcohol-related social costs sets alcohol apart from other commodities.

In his recent article on this proposal, former Deputy Liquor and Gambling Commissioner reminds us that alcohol is a regulated product (Advertiser 12/2/13). He states that he believes that the proposal is shaped by self-interest rather than addressing the objectives of the Act and the broader needs and aspirations of the community.

The former Deputy Commissioner is concerned that the proposal will skirt the “need” requirement that is an inbuilt guard against a proliferation of packaged liquor outlets.

Trifonoff et al 2011[2] state that “the increased availability of alcohol in general, especially where associated with cheaper prices and easier access to take-away products, can exacerbate alcohol-related problems in the community.”

Concerns are also being raised interstate about the influence of the discount chains on the alcohol industry:

- The Sydney Morning Herald published an article on Dec 8 2011, stating that the Casino, Liquor and Gaming Control Authority had written to Woolworths, Coles and Aldi asking for more information about alcohol pricing before it determined their applications for 17 new bottle-shop licences[8].
- The West Australian published an article on Feb 14, 2013 stating that one of the State's foremost public health advocates will oppose Aldi if it seeks to sell discount liquor in WA. The article also states bottles of wine in Aldi’s east coast discount liquor stores start as low as $2.50 a bottle[9].
- WA Today.com.au published an article on Feb 22, 2013 in which the WA Police Commissioner Karl O’Callaghan warns that people are “pre-loading” on alcohol prior to going out because they can purchase take away liquor at heavily discounted prices[10].
- In the same article, AHA WA chief executive Bradley Woods said the problem was caused by extended trading hours and an increase in liquor stores, combined with the competitive discounting practices of multi-national corporations connected to supermarkets. Mr Woods raises a further concern about the nature of the discounting practices; "When pre-packaged liquor is sold to the public for less than licensees can buy wholesale, something doesn't add up".

The proponents may emphasize table wine in their proposal but the industry is highly dynamic and innovative. Bottled wine is already produced in individual serve bottles (piccolos), infused blends & spritz styles to appeal to the RTD market. Sweeter styles appeal to younger drinkers. The proposal only limits to wine made from grapes and in bottles to a maximum of 750 ml.

The introduction of wine onto supermarket shelves along with abandonment of the “need” requirement for the new licence category will lead to an increase in the number of packaged liquor outlets and accelerate the dominance of the major discount liquor chains which are owned by the major supermarket chains. While current discussion may focus on the independent supermarkets and Coles and Woolworths, new entrants eg Aldi are poised ready to enter the State. They already sell discount liquor in other States.

Concern about the increasing availability of cheap liquor and the social costs that result is being expressed interstate and in many countries around the world. It would be unwise to say the least for the State Government to approve a new license class that will likely exacerbate this problem and the resultant social costs without a thorough investigation.

ALTERNATIVES

Export

Professor Andrew Fearne Adelaide Thinker in Residence during 2008 used the Oxford Landing wine value chain from South Australia to Tesco (the largest supermarket customer for Australian wine in the UK) as a case study to explore better aligning allocation of resources with environmental management and consumers' values. He concluded that "Oxford Landing, like so many successful Australian brands, suffers from brand loyalty inextricably linked to promotions." He advised that in depth market intelligence including shopper behavior and consumer preferences was needed to "break out of the commodity trap".

Positive role models for the SA wine industry exist. Mr Nigel McBride CEO Business SA in his article in the SA Business journal on 26 February 2013, highlighted the success of Gemtree Wines in securing investment from China and creating a pathway to market in China[11]. Gemtree Wines have signed a new joint venture with Chinese distribution agent Mr Yuangang Song which aims to develop a new wine brand in China and build a distribution platform in China and the Asian Region.

The Advertiser 27 February 2013 featured an article titled "Grape Wall of China" in which it states that the Chinese Government owned conglomerate COFCO is seeking to buy a Barossa Valley winery and market the wine under its own brand. There are clearly new opportunities opening up in the export of wine and these are best addressed separately by the industry and government.

Domestic

As mentioned above, licensing in SA has already experienced an increase in producer licenses and direct sales licences and both are relevant to small wine producers. The extent to which small wine producers take advantage of these is a matter for the wine industry to resolve.

Small wineries must strive for the best quality possible if they wish to succeed in the mainstream table wine market where heavy discounting occurs. Gold, silver & bronze medals from an authoritative wine show greatly increases marketability. A positive review from a well known reviewers like James Halliday is also very valuable.

Small wineries should also exploit niche markets such as regional tourist markets where visitors seek a food & wine experience in a local wine growing area.

Cellar Doors and existing independent bottle-shops are well placed to service this market. Existing independent bottle shops must differentiate themselves from the major discount chains and they share the need with small wine producers to develop niche markets.

Independent bottleshops, particularly those associated with hotels, play a key role because they can feature local boutique wines on their wine list as well as stocking them in their bottleshop. This gives their venue a unique character while increasing the profile and accessibility of locally produced wines. This is supported by knowledgeable staff who are able to gain a deep understanding of shopper behaviour and customer preferences. Such marketing places value on the individual characteristics of each locally produced wine, thus adding value to the product.

This model is already working well and does not require a change to the license classes. It just requires a bit effort on the part of small wineries or independent hotels & retail liquor merchants to establish a positive working relationship.

We have personal experience in the Southern Fleurieu wine region. Our hotel has promoted locally produced wines for many years. We still feature local wines on the wine list and display them prominently in our bottleshop.

Most of our local wineries are successful and they rely on a range of marketing approaches. Some have their own cellar door or direct marketing arrangements and have also managed to promote exposure via a number of the local cafes & restaurants.

Such approaches are successful and they promote a diverse and sustainable liquor industry. They promote local employment, add value to local region and are consistent with the objectives of the Liquor Licensing Act 1997.

CONCLUSIONS

The proposal to create a new license class will allow Coles, Woolworths and the Independent supermarket chains to stock wine on grocery shelves.

The wine industry is in a state of over-supply and industry leaders are calling for restructuring. The industry is export focussed and has significant production and market issues to address to bring supply and demand back in balance. The industry has not initiated the wine in supermarkets proposal.

Independent supermarkets are not currently part of the liquor industry even though they are free to enter by applying to be a retail liquor merchant just like everyone else.

The big supermarket chains have a “track record” of discounting to increase their market share. Independent supermarkets will have to compete strongly to establish a share of the liquor market.

Community concerns about the rise of discount liquor chains and the social costs of alcohol related problems are increasing across Australia and overseas.

The introduction of wine in supermarkets will cause an imbalance in the industry leading to further dominance of the major supermarket chains. New players are poised to enter the market in SA that have a track record of heavily discounting liquor. This may be counter-productive to small & medium wine producers.

While the proposal is limited to bottled wine only, the industry is highly innovative and dynamic. A range of sweeter wine styles are already produced in small single serve bottles mirroring the ready to drink category. Such products are more popular with younger customers.

It appears as if the provisions of the Liquor Licensing Act are being varied to allow easy entry to the Liquor Industry by independent supermarkets. Such action undermines business confidence in the fairness of the administration of the Act and reduces business certainty. This will affect investment & employment decisions across the state.

One likely consequence of this proposal is to place significant additional pressure on many small independent family run bottleshops.

Licensing arrangements are not uniform across Australia & SA already has the highest number of liquor licenses per head of population in Australia. Significantly higher than the States of Qld, WA & NSW.

Urgent studies are needed into the impact of increasing the availability of discount liquor on the community and the industry. Such studies should be undertaken to inform policy in this area.

In the meantime, there is plenty small wine producers can do to promote their product using existing options. Examples of successful export and domestic partnerships exist. It is a matter for the wine industry to develop the skills and networks needed to help producers to be successful.

It is our view that the proposal to introduce wine in supermarkets is not consistent with the objects of the Liquor Licensing Act 1997.

The community and industry costs associated with this proposal can easily be avoided. This proposal should be rejected.

PR Butler **RW Butler**

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