

27th February 2013

Wine in Supermarkets Proposal
Legislative Services
Attorney-General's Department GPO Box 464
ADELAIDE SA 5001

To Whom It May Concern:

I wish to comment on the proposed amendments to the Liquor Licensing Act that will allow the sale of bottled wine in supermarkets. I feel very strongly that the proposal will have a detrimental affect on existing hotels and stand alone bottle-shops that have already invested considerable resources into servicing the wine market, whilst further strengthening the already substantial grip the large and powerful supermarket chains have in the retail liquor market.

Citing our own example here at the Glynde Hotel, a hotel that has served the needs of the local community for over 50 years; approximately 2 years ago the current owners purchased the business and invested a substantial amount of capital into renovating the existing drive through and bottle-shop, creating a convenient and comfortable environment for customers, and changing the focus of the shop from that of a predominantly beer and bourbon outlet to one focusing on premium wine. Wine knowledgeable staff were employed and existing staff given additional training to broaden their knowledge and appreciation of wine. In the last 2 years wine sales have grown from approximately % of turnover to over %.

Much of the wine that occupies our shelves comes from small South Australian wine producers. Considerable time, effort and resources has gone into promoting these producers, both in-store and through the hotels wine list and wine of the month program. In short, we display an excellent commitment to the local wine industry, which in turn provides us with a great range and diversity of wines that our customers enjoy.

Within a 5 kilometre radius of our store we already have competition from 9 liquor stores that are directly operated by the giant supermarket chains of Woolworths and Coles (Dan Murphy's, BWS, First Choice, Liquorland). If the proposed amendments are passed there will be potentially another 16 liquor licenses granted to supermarkets within this same radius, 8 of them owned by Woolworths and Coles, the rest trading under the IGA or Foodland banner.

This is an excessive increase in licenses that goes way beyond catering for the demand within the community, and can only serve to give the giant supermarket chains even greater power and influence in this competitive industry. I can only see it having a negative impact on hotels and independent retailers, businesses that rely solely on sales of wine and liquor. Supermarkets do not need wine sales to survive; it would be a new income stream for them in addition to their core business. Meanwhile the traditional purveyors of wine would have their market severely eroded, a situation that would lead to likely job losses and closures.

The proponents for the amendment argue that their main motive is to support the local wine industry, giving small wine producers access to shelf space that is currently unavailable to them. I find this argument to be somewhat disingenuous. Whilst I'm sure some small winemakers will get their wines on the shelves in supermarkets, it is popular brands produced by large wine producers that are driven by the strongest consumer demand. The supermarkets will have little choice but to stock a large selection of them. The legislation does not stipulate that "only small producer wines" or "only SA wines" are to be sold. Any wine from anywhere can be sold provided it is in a 750ml bottle, and I have little doubt that best selling wines from major producers, at keen prices, will feature heavily on the supermarket shelves.

The way that Coles and Woolworths currently conducts their liquor retail business points the way to how they would conduct the business of selling wines in their supermarkets.

The benefits to small local producers would be minimal to nil. The potential harm to the community of selling alcoholic beverages at such heavily discounted prices is huge. Dan Murphy's is currently selling "cleanskins" at \$2.85 bottle, the type of wine that would inevitably find its way on to the supermarket shelf.

At the Glynde Hotel Cellars small wine producers do feature heavily on our shelves and we also have knowledgeable staff on hand to assist customers, and to hand sell small producer wines that customers would not normally pick up. I doubt the supermarkets would show the same level of commitment to small producers than independent retailers already do.

The problems that are being faced by the Australian wine industry are not going to be solved by allowing wine sales in supermarkets. The wine industries problems have been created by a massive over supply of grapes and exacerbated by a strong Australian dollar that is retarding export growth. More outlets does not equate to more sales, it just spreads them thinner. The proposed amendment plays nicely into the hands of the giant supermarket chains that already dominate the retail liquor industry at the expense of the small independent hotels and bottle-shops. What is to stop the supermarket chains pushing for more amendments in the future? The sale of beer? The sale of spirits?

The only way to guarantee the future of small independent hotels and bottle-shops, and to maintain healthy competition in the liquor industry, is to not allow this amendment to pass.

Yours sincerely

Wayne Anderson
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Glynde Hotel Cellars