

28 February 2013

Attention: MR John Rau  
Minister for Business Services and Consumers  
Attorney-General Department  
GPO Box 464  
Adelaide SA 5001

Dear Mr Rau,

### WINE IN SUPERMARKETS PROPOSAL

I am writing to you in response to your request for comments on this proposal to amend the LLA to create a new class of liquor licence that would allow supermarkets to retail liquor on their premises.

I am a long time resident of SA, and it is not often that I am motivated to respond and submit comments on proposals or for that matter draft legislation.

However, I have a number of acquaintances and friends involved in wine growing and marketing and retail etc, and I guess I was not too fussed when I heard of the proposal initially. However, the more one thinks about this proposal, the more alarmed one becomes and seeks to understand why you would go down this path.

Since the documents your Department have assembled and listed on the web site are quite limited in terms of any analysis or studies as to the potential positives or negatives and the social and community impacts, but rather requesting these from the respondents, it is probably safe to assess that this proposal is rather rushed and has not been thought through at all. Alternatively one could assume that you have done some analysis, but you don't care to share the results.

In any event, you are asking the community to take up the running on this issue when you have not thought it through, nor have you disclosed whatever information your Department's personnel have provided in the motivation for this move.

Since you are requesting submissions as to what are our views I hope the following is of assistance:

- A **Current Position – SA already has the most Liquor licences per capita in Australia now !**
- 1 South Australia (SA) currently has the highest number of liquor licences (or the equivalent) per capita than any state in the Commonwealth.
  - 2 Why do you want to flood the SA market with hundreds more liquor licences? Are you seeking to rebrand the state by stealth, so we become known as the the '**Booze State**'?
  - 3 Why do we need more outlets for alcohol, aren't we drinking enough now ?, why do we have to have even more opportunity to get drunk?
  - 4 Is this proposal a poorly disguised **attack on the small SA based wineries and independent liquor outlets**, already adequately servicing the SA fine wine market?
- B **Supermarket – What is that exactly?**
- 1 The draft legislation had the following definition for a supermarket ..'Is defined as a store (what is that?) the primary business of which is the sale of a range of food,

beverages, groceries and other domestic goods' – You can drive a bus through this definition!

2 The definition can be argued to include Woolworths, Coles, IGA/Foodland, IKEA, On the Run, Cheap as Chips, large suburban cafes, and in fact Harvey Norman could qualify, all they have to do is get a few packets of potato chips and stick an unrealistic price on them and hey presto they are 'in'.

3 Wow! , community halls doing the bi annual fund raising with stewed fruit and jams are all of a sudden 'in' as well, not to mention any Sunday (or 'anyday' markets) are 'in' as well,

4 By Jingo – what a great (hic!) place SA (**SA Great?**) **Booze is everywhere** – great proposal!

#### C Weasel Words!

1 Hmmm – So, this wonderful proposal has the honourable motivation of increasing competition as well as looking after the small wine producers up there in the Barossa, or Southern Vales etc. Let's try look at this dispassionately

2 Woolworths and Coles are Supermarkets under the above definition, so they are in – big time!

3 What about IGA/Foodland/Metcash – sure they see they could be winners here – so they are 'in', and in turn support the SA ALP perhaps?

4

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So what choice are the small wineries left with?

Somewhere between nothing and not much.

6 The small local wineries' options to get their product to market here in SA will be to take the deals offered to them by the individual members of the oligopoly or go under, since the **independent liquor stores will be simply crushed** through the mass marketing of cheap plonk on the 'supermarket shelves.

7 **Result – job losses for the wineries**, lower return on their product and a grim future and don't they dare complain, or they will have no future, and the alternative they have for marketing their product to independent liquor stores will have dried up, since the independent retail outlets will be forced to act like the oligopoly or perish.

8 **Competition and range of choice will disappear.** The consumer will lose out as the quality range of choice will disappear.

9 We can all enjoy **cheap plonk**, I was recently in NSW, and my friends bought cases of **red and white** at **\$2 per bottle**, and yes it was cheap (low quality) plonk. I wonder how the SA small wineries will cope with that! – They will go out backwards, and so will all the wine distribution agencies!

10 **Job losses will be huge**, along with the loss of good people from this very fine industry, a loss of educated, experienced and dedicated people from the wine production, certainly the wine distributors and the experienced and knowledgeable wine merchants & bottle shops personnel.

11 As a result, the stated aims of new opportunities for SA wineries in opening up new markets selling their product in SA owned 'supermarkets' will not be achieved, **the cost to many will more than outweigh the benefits to the few.**

12 **Large job losses, small business's closing (including those very wineries this proposal is purported to be assisting) and a loss of a vast knowledge and experience base will be the most likely outcome of this proposal.**

- 13 Competition will dwindle and the competitive area will be **cheap plonk vying with groceries for the consumer dollar.**

D **Who Does This Benefit**

- 1 Obviously not to the benefit of the small independent wineries, the wine distribution agencies (which currently market the small wineries product) as pointed out above, if not who?
- 2 The public ? – Maybe not! as they are already over serviced compared to interstate number of liquor licences per capita, so who?
- 3 **The independent agencies and bottle shops – certainly big losers**, as they seem to be a target more than anything else, so who?
- 4 **The oligopoly of retailers here in SA (Woolworths, Coles & IGA/Foodland/Metcash) WINNERS !!!**
- 5 Maybe the Shop and Allied Distribution Union, through increasing their membership perhaps at the expense of small unique business's going to the wall, and non union labour being sacked, but more check out personal within the oligopoly
- 6 Maybe the more influential Foodland owners (for a while at least) until they are completely 'out pointed' by Woolworths and Coles, then they will ask for poker machines as well perhaps.
- 7 **Big winners are Woolworths and Coles**, at the expense of a very fine industry, and a part of the wonderful uniqueness of South Australia.
- 8 Again one has to question the motivation of the State government even putting this proposal forward.

E **Who are the Losers ?**

- 1 **Winegrowers**, and they will suffer on 'take it or lose it' deals from the oligopoly if they don't do a deal with them, where else can they go? The 'small SA wineries' will be 'pressed up against the wall' to accept poor deals from this lot.
- 2 **Wine distributors** and their knowledge and their enthusiasm and passion for their industry and product. SA has produced some remarkable wines, wineries, people from wine growers to sommeliers acknowledged throughout the world for the quality of product and knowledge. This is something truly unique, particularly in Australia. This will be a very sad casualty of this ill conceived and ill thought through legislation.
- 3 **The public / consumers** will be the big losers as well. Why?, simply in terms of choice, of higher end quality and genuinely boutique wines, the availability will be limited to basically cheap plonk ( al la \$2 bottle rubbish in NSW I ) that 'walk' off the supermarket shelves.

F **Likely Social Outcomes;**

- 1 **Severe dislocation of the industry**, right from the very wineries your proposal is purported to benefit. Winery winners will be few and far between, since most winners are already large and are winning anyhow. The vast majority of SA wineries will be losers, and they will fold, not produce the really unique wines SA is renowned for, or merge to produce cheap plonk if their cost base can cope. All in all, bad news really !
- 2 **Severe loss of experienced and highly regarded and respected knowledge base**, which has taken decades to develop (one must really question the true motivations for this proposal, since blatant naivety cannot be the simple answer).
- 3 The public will get to enjoy selecting bland cheap plonk on every corner great deals on rough red and crappy whites !
- 4 **SA will forfeit a significant part of its uniqueness**, which it has spent millions developing over the last 30 or more years. Part of its 'market niche' for state tourism will be eroded,

as the bottle shops and premium wines outlets, and cellar doors will be closed due to being run over by the oligopoly. We will be just like NSW – in our love and appreciation of wines – cool eh?

- 5 One of the tragic likely outcomes is the much **higher availability of alcohol to minors, school kids.**
- 6 Currently, it is difficult for minors and schoolkids to access alcohol currently from licenced outlets. While this change will not be a 'free for all', access and ready availability of alcohol will be many times it is now. School kids and minors work part time in 'supermarkets', they have friends, they have influences from peer groups and mates. Easy (despite the assurances to the contrary) for alcohol to end up in their mates hands, easy for a drunk (who can't get booze anywhere else) to get it from the shop on the corner, and soon we will have drunks on every corner as well, a great outcome for the greedy benefit of a few.
- 7 **Binge drinking is likely to increase given the increased availability of outlets.** There are no controls to prevent this in the proposal, just more weasel words.
- 8 **The SA credit rating has been downgraded** only a few months ago. How much will your government's costs increase to police these additional outlets, and I am not referring to the licencing group, but real police to pick up drunks right in front on Mum's (and the families) shopping trolley, sitting on a bench having a good time, and throwing up in front of the kids.

#### G Upside?

- 1 SA's image is now welded to the other bland states – cool, **we are all bland !**
- 2 all cash in, and successfully squash all competition out of the liquor retail market for wines in SA !
- 3 **SA becomes known as 'The Drunk State'** with a liquor licence on every corner!
- 4 Teenage, underage drinkers are able to access booze with relative ease from their mates in the supermarkets and associated retail outlets.
- 5 People with alcohol consumption issues (drunks) who have been barred from existing outlets will easily be able to purchase more alcohol. This is a disaster !
- 6 As a consequence the **police will be busier than ever**, picking up binge drinkers and the everyday drunks in the supermarket car parks and nearby community parks and the like.
- 7 The Union get more members, and the ALP gets further support from the unions perhaps? (I am still wondering about the real motivation for this proposal).
- 8 **'Premium' wine tastings are now held adjacent to the fruit and vegetable section** and guess what? There will be more than one Mum that swaps the groceries for the nice plonk she just tasted, so I guess more people will be drinking more booze!
- 9 So what does this mean for **increased help line and people in financial difficulty requiring state assistance?**
- 10 **The social impacts upon the families struggling with household budgets now will suffer, as more people drink, and less dollars are spent on family requirements.**
- 11 I guess the public service union will also be happy, as the state will have to employ more staff to assist more Mums get off the booze and council them to buy groceries and not booze, there will be financial helpers, social interventionist's psychologists, police and family advisors by the tonne.

#### H Natural Progression

- 1 What does this mean for the future?,

- 2 **Why is the state ALP is all of a sudden concerned about there not being enough places for people to buy liquor ?**
- 3 If this ill proposal (cause there will be a lot of ill people suffering through the changes associated with this nonsense) becomes reality, one then wonders, what is next?
- 4 **What about poker machines?**, Woolworths and Coles have the lion's share of this market in SA as well, perhaps Metcash / IGA /Foodland should have access on an equal footing, so maybe restrict these to supermarkets with a minimum of 500 sq meters?
- 5 **If we go ahead with this nonsense, on the basis of 'more competition' (when in fact we will lessen competition with less wineries, agency distribution and existing independent alcohol outlets)** then perhaps Adelaide city council could put wine vending machines into Rundle Mall, which are only to be used with someone with an identification card verifying a person's age.

I Apparent Hypocrisy

- 1 The ALP (Federal this time) has enacted legislation to make tobacco harder to obtain and with big health warnings etc etc, on the basis they are trying to reduce smoking etc etc.
- 2 The ALP (State) is acting in an opposite manner in making alcohol even more available? Again one wonders what is the real motivation behind this proposal?
- 3 An inconsistent behaviour pattern usually means the 'patient' is unbalanced and in dire need of psychological assistance.
- 4 I suggest, based on this extremely poor thought through and ill conceived proposal

*In short this is a poor proposal which will lead to the a genuine lessening of competition, and a strengthening of the existing oligopoly of Woolworths, Coles & IGA/Foodland/Metcash at the expense of the very small SA winegrowers/producers, distributors and independent liquor outlets which provide more than adequate number of existing liquor outlets for the SA consumer.*

**The unintended (?) downside consequences for the many far outweigh the potential benefits for the few beneficiaries of this proposal.**

**So, on balance this is an anti competitive proposal and needs to be scrapped immediately**

Thank you

Yours sincerely



Bruce Holland