

Inquiry into the Alcoholic Beverages Advertising Prohibition Act 2015

Response to Questions on Notice

Winemakers' Federation of Australia

The CHAIR: I have read about campaigns by winemakers that changed the Australian culture of drinking beer. I gather that the large consumption of beer has dropped and that wine consumption has increased. Do you have figures on that? Is that what is happening in our culture, trying to make Australia like a European culture?

Mr WAGSTAFF: Beer consumption is reduced. Per capita consumption of alcohol generally has reduced significantly over time. There was a slight increase last year but that was the first increase in about 20 years. The mix has definitely changed from being a beer-dominant environment to being more balanced. Within that you have seen the growth of craft beers as opposed to more mass-produced beers.

The CHAIR: Do you know the percentage? Is it 50:50 now?

Mr WAGSTAFF: I can get that for you but I do not have it off the top of my head.

Mr BATTAGLENE: I do not have it off the top of my head but clearly that cultural change of people not just drinking for the sake of having a drink but for occasions and with food is something we supported because it suits our product. That is how we hope people most drink it, and it is happening. It has been positive.

Winemakers' Federation of Australia's Response

The Australian Bureau of Statistics' Apparent Consumption of Alcohol 2015-16 data showed that overall, the apparent consumption of alcohol has significantly decreased over time to 9.5 litres of pure alcohol per person in 2014-15 which is the lowest level since 1962-63 (see Figure 1 below).

This is a positive trend which is also reflected in the Australian Institute of Health and Welfare's National Drug Strategy Household Survey 2016 which showed that the proportion of people drinking daily has declined, the proportion of people exceeding lifetime risky drinking has declined and that almost half of recent drinkers reduced their alcohol intake in 2016.

Within that mix, the relative apparent consumption of wine has shown a slow increase over the long term, although domestic sales have remained flat over the last decade. More than 60% of Australia's wine production is exported which is the future growth area for the industry. It should also be noted that the ABS has stated that these apparent consumption figures will tend to overestimate the true level of alcohol consumed as beverages each year, as adjustments have not been made for storage, wastage and other factors such as for alcohol used in cooking. This will obviously be more relevant for wine as a significant proportion of red wine, for example, may be stored for several years prior to sale and/or consumption. It also does not account for wine that is subsequently exported, despite being estimated by producers at the time of the survey as destined for the domestic market.

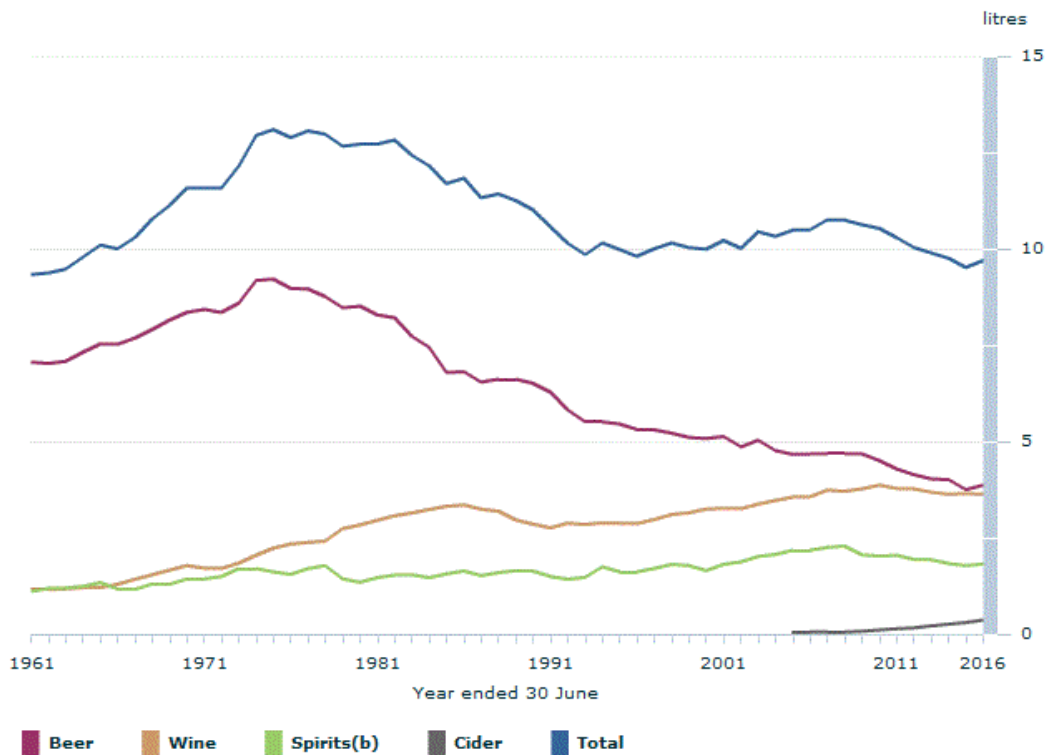
Over the last 12 months the wine industry has seen a very positive trend emerge in domestic wine sales with significant growth (8%) in wine sales above the \$10 per bottle category (Wine Australia, Market Bulletin, Issue 77, 19 September 2017). WFA believes this price trend will continue as consumers continue to look for alternative, boutique varieties and increase their direct purchases

through cellar doors of high value wines. Small winemakers produce high value wines and account for 35% of all domestic sales with 30% of their sales conducted directly through their cellar door (which includes mail order). Cellar door sales over the last 12 months saw the strongest revenue growth and WFA believes this trend will continue.

To put Australian domestic consumption of wine in an international context, Australia’s consumption among comparable wine consuming countries such as in Europe and the Americas is below the average and median levels, lower than most European countries (see Figure 2). (Note these figures are based on total litres of wine consumed per person of the ABS figures which relate to consumption of pure alcohol.)

Figure 1

Apparent Consumption of Pure Alcohol, Per capita(a)



Footnote(s): (a) Litres per person aged 15 years and over. (b) Includes Ready to Drink (pre-mixed) beverages.

Source(s): Apparent Consumption of Alcohol, Australia, 2015-16

Figure 2

winefacts

Wine Australia providing insights for Australian Wine

PER CAPITA WINE CONSUMPTION - Highest consuming countries (L/person/year)

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Portugal	52.5	52.5	53.3	50.5	49.6	48.2	47.4	47.7	47.6	47.7	46.3	44.5	42.3	42.0	42.6
France	47.9	46.6	45.7	44.4	43.0	41.9	41.1	40.0	39.5	39.3	39.1	38.6	38.2	37.9	37.5
Italy	53.2	51.0	50.9	49.7	49.2	48.3	47.7	46.5	45.2	43.1	42.2	40.5	38.1	36.2	37.1
Switzerland	41.4	39.9	40.6	39.9	38.6	38.0	39.3	38.7	37.6	37.7	36.6	35.6	35.4	34.4	34.1
Austria	32.2	31.4	31.1	30.2	31.5	33.7	34.6	34.4	34.0	33.8	33.2	32.5	32.1	31.1	30.5
Denmark	31.5	30.6	30.6	30.1	29.4	29.6	30.2	31.1	31.2	31.5	31.8	25.5	27.0	27.9	28.4
Belgium	24.5	25.0	25.7	25.6	26.1	26.6	27.1	27.5	27.6	27.7	27.2	26.9	26.7	26.7	26.6
Greece	31.4	31.7	32.3	33.1	32.2	32.0	32.1	32.7	31.9	30.2	28.6	26.7	26.7	26.8	26.6
Germany	25.9	25.7	26.2	26.0	25.8	26.0	26.2	26.2	26.3	26.3	25.8	25.4	25.4	25.2	25.1
Argentina	32.9	32.2	32.5	28.9	28.6	29.4	28.7	27.2	25.8	24.1	24.0	24.5	24.9	23.7	24.6
Australia	22.8	23.2	23.6	24.1	24.1	23.6	23.2	24.0	24.4	24.6	23.8	23.9	24.1	23.9	23.8
Sweden	16.1	17.7	18.0	17.7	18.1	19.0	19.9	20.2	21.6	22.1	22.3	22.5	22.9	23.2	23.2
New Zealand	20.7	20.6	20.6	20.8	21.6	22.3	23.3	22.5	22.9	22.8	23.1	22.5	22.6	22.0	22.9
Netherlands	17.5	18.3	19.1	20.3	21.1	21.8	22.5	23.2	23.6	24.6	24.7	25.0	23.5	23.1	22.5
Hungary	17.0	17.6	21.4	18.9	22.0	23.8	24.5	25.3	24.5	23.4	22.3	21.6	20.9	21.7	22.0
United Kingdom	19.0	20.2	21.0	21.6	22.5	22.7	23.0	22.7	22.9	22.5	22.1	21.7	21.4	21.1	20.9
Spain	32.4	31.8	31.0	30.5	29.5	28.3	27.1	24.9	23.4	22.3	21.5	20.7	20.1	20.2	20.9
Czech Republic	12.6	13.3	14.7	15.4	16.1	16.6	17.0	17.4	17.6	18.1	18.0	18.5	18.8	19.3	19.9
Canada	9.6	10.1	10.4	10.5	10.9	11.5	12.4	12.7	12.9	13.5	13.9	14.2	14.4	14.8	15.2
Ireland	12.7	14.1	14.9	16.1	16.6	17.0	17.3	16.7	14.8	15.3	15.3	15.1	14.3	14.1	14.2
USA	7.2	7.5	7.8	8	8.2	8.5	8.7	8.8	8.7	9	9.2	9.4	9.5	9.5	9.7

Source: Euromonitor International

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