



Department of
Primary Industries and
Regional Development

*We're working for
Western Australia.*

Western Australian alcoholic spirits

Business opportunity outline



Western Australia's **premium alcoholic spirits** producers are in a period of **strong growth**.

Western Australia (WA) is producing a wide range of distinct spirits that are winning awards and attracting customers.

WA's success in spirits is built on a clean environment, high-quality grains, a wide range of signature ingredients, proven distilling skills and efficient logistics. The opportunity to leverage off WA's comparative advantages, particularly our unique native flora, presents a wide range of investment opportunities in premium alcoholic spirits.



Clear opportunity for **growth**

Western Australia has notable success in wine, beer, cider and other beverages, and WA distillers are now driving growth across a wide range of premium alcoholic spirits. Distinct, standout spirits are emerging in multiple categories including vodka, rum, whisky and gin.

Success in spirits requires three things, all of which WA has in abundance:

- Clean, green quality ingredients
- Local distillers with standout products
- A distinct and memorable story

Together this unique mix creates clear opportunities for growth.

US\$108
billion

Global market for premium alcoholic spirits in 2019

#1

Grain exporting State in Australia

What are alcoholic spirits?

Alcoholic spirits are distilled beverages with in excess of 10% alcohol, whereas beer, wine and cider are typically less than 10% alcohol.

Alcoholic spirits are made from grains, fruits, potatoes and other plants and sugar sources by the process of fermentation followed by distillation in a heating and cooling process that concentrates the alcohol. Variations on this process can either amplify or remove the flavours in the original ingredients.

Solid drivers

The growing popularity of high-end drinks, particularly among millennials, and a general shift to less-but-better alcohol is fuelling the growth of premium spirits across all major markets. The premium segment is now outpacing the overall spirits market by a significant margin.

Alcoholic spirits also act as a status symbol. The connotation of premium labels with taste and quality and the growing per capita income of consumers, particularly across Asia, is also driving category growth. The trend towards premium is expected to continue driving the growth of the global alcoholic spirits market.

There is growing demand for authentic, unique and innovative alcoholic spirits that are different and have a unique story to tell. Bars and liquor stores alike are increasing their premium spirits shelf space and their depth of range.

Large and growing

The total global alcoholic spirits market was worth US\$524 billion in 2019. The premium segment in which WA competes is large at US\$108 billion in 2019 or about 20% of the total market. Premium spirits are showing strong growth, with a 10.3% forecast growth rate to 2027.

10.3% per annum 

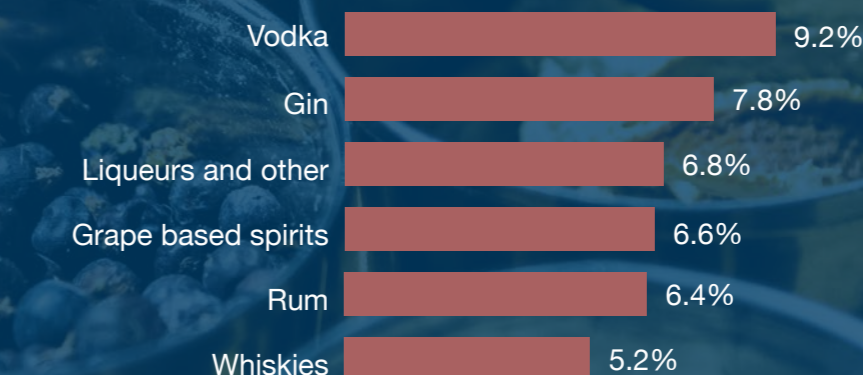
Forecast global premium spirits value growth through to 2027

Rapidly growing demand

Global demand for imported alcoholic spirits is growing. Worldwide trade in alcoholic spirits was US\$34 billion in 2019 and grew at 6.2% per annum between 1999 and 2019. Demand for imported spirits is spread out across all types with vodka, gin, liqueurs and other secondary spirits standing out for growth over the past 20 years.

20 Year Global Trade Growth Rate

(compound annual growth rate (CAGR); 1999-2019)

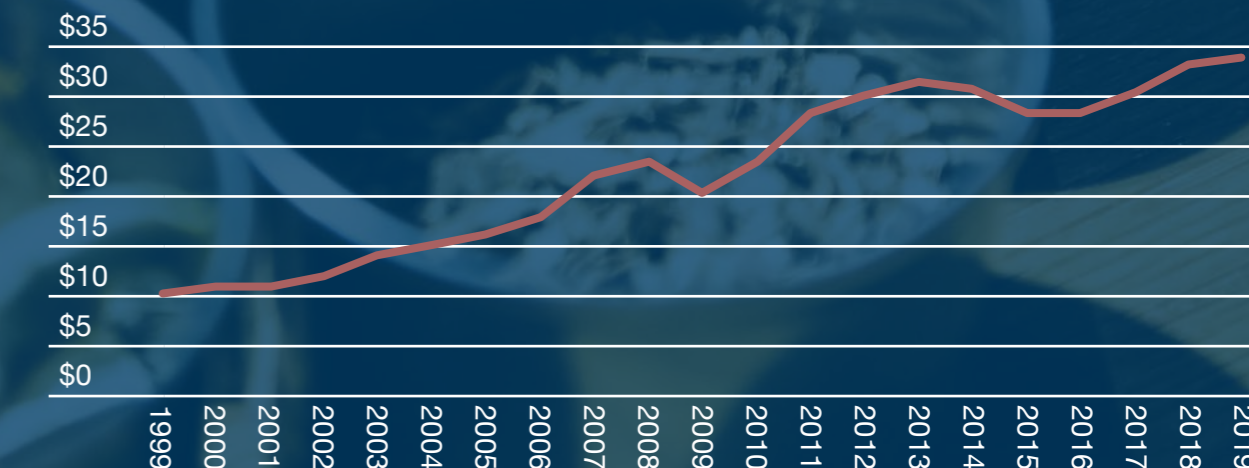


Large and growing domestic markets

Australia's domestic alcoholic spirits market is large and highly attractive, with domestic expenditure in excess of \$26 billion in 2019 to 2020, growing at 4.9% per annum from 2008 to 2018. Australia has a robust market for alcoholic spirits, with more than 10,000 liquor stores, a wide range of other retail outlets and more than 6,300 pubs, taverns and bars, almost 3,000 hospitality clubs, and 45,000 restaurants and cafes. With less than 10% of domestic demand for spirits currently filled by Australian production there is clear potential for further growth at home.

Global trade in alcoholic spirits

(US\$; billion; 1999-2019)



Exports



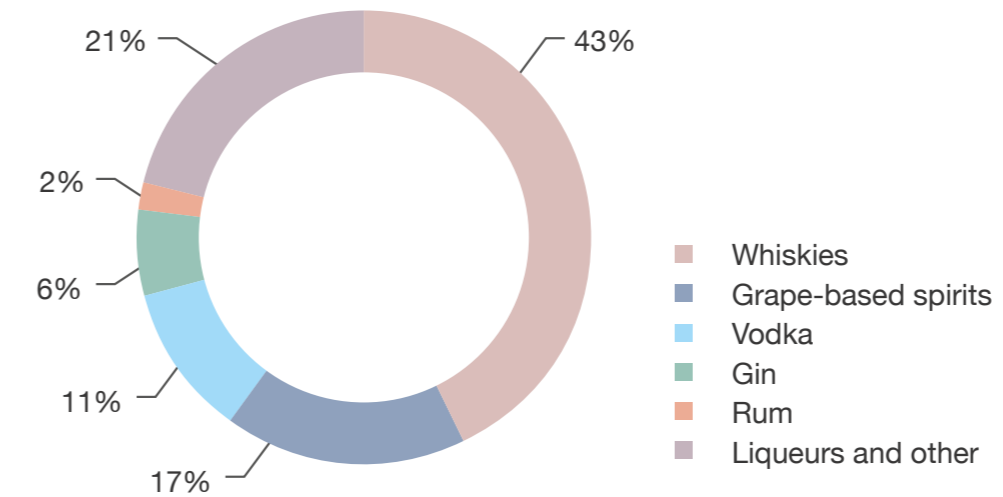
Growing exports

Australia exports alcoholic spirits (HS2208) to a wide range of countries. Total Australian alcoholic spirit exports were worth US\$88 million in 2020 and exports are showing strong growth, achieving 10% per annum growth between 1998 and 2020.

Key export products

Whisky stands out as Australia's largest alcoholic spirit export, accounting for 43% of export value. Grape-based spirits come next (17%), reflecting the strength of the country's wine industry, followed by vodka (11%), gin (6%) and rum (2%). A wide range of other spirits and liqueurs make up the remaining fifth.

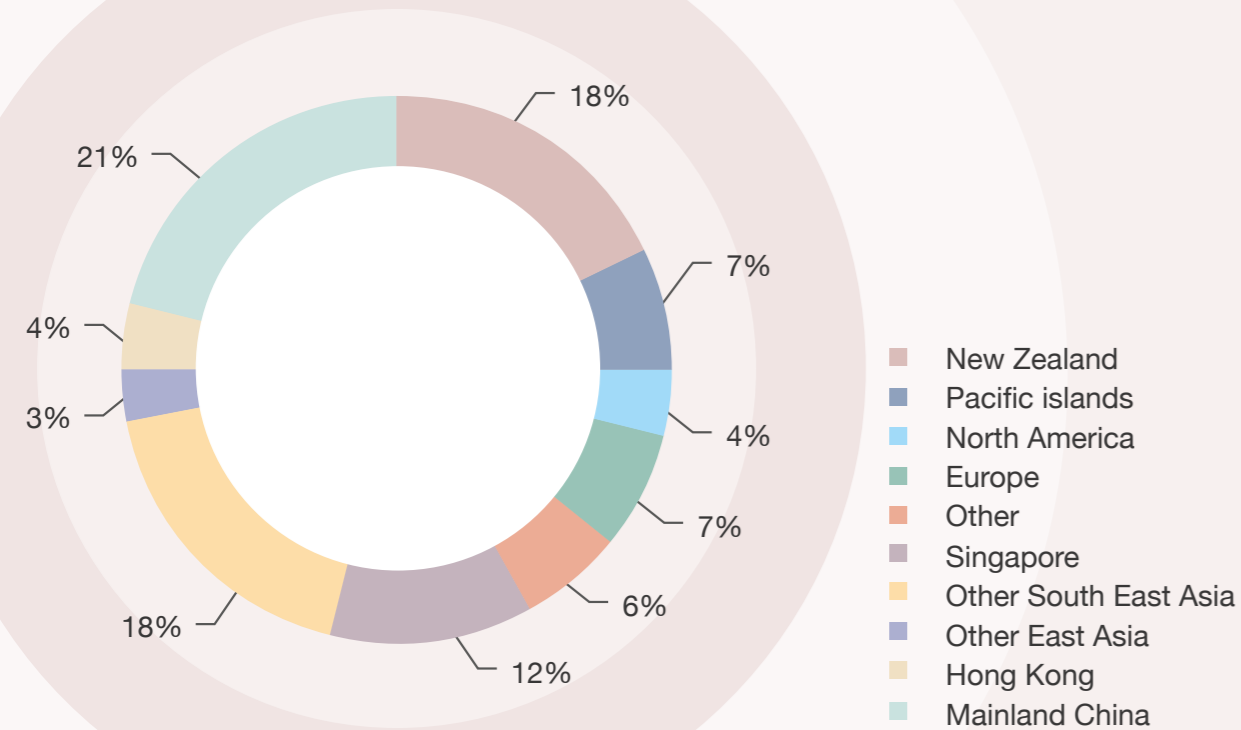
Australian Alcoholic Spirits Export Mix
(3 year average; 2018-2020)



Key export markets

Australia exports alcoholic spirits to between 60 and 70 countries in a typical year. Key markets include New Zealand, Singapore, South East Asia, Hong Kong and China. All are good markets with high income consumers willing to pay a premium for quality. All are experiencing growing demand for imported alcoholic spirits with North America and Europe standing out as high potential opportunity markets that will reward investment of time and effort to develop.

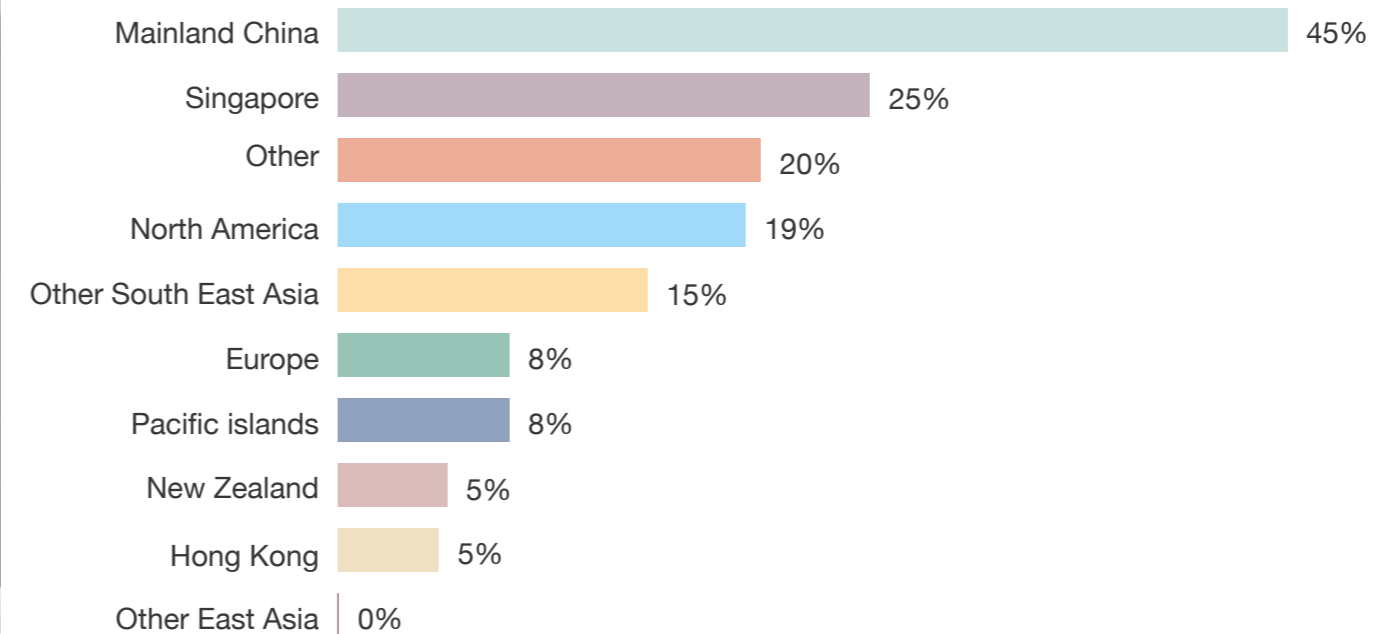
Australian Alcoholic Spirits Export Value Share
(3 year average; 2018-2020)



Market growth

Australian exports of alcoholic spirits are showing strong long term growth. While Mainland China (45%) was the historic growth engine, now Singapore (25%) stands out for growth, while beyond the Asia Pacific region North America (19%), Europe (8%) and others (20%) all present opportunities.

Australian alcoholic spirits export value 20 year growth rate
(US\$; CAGR; three year average 1998-2000 vs. 2018-2020)





High quality grains

WA has fundamental comparative advantage in producing grains and other arable crops. We have huge areas of grain growing land spread across multiple regions. Our grains are produced in one of the world's cleanest environments on earth making us a leader in delivering clean, bright and dry food-safe products

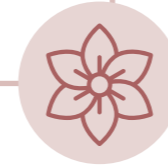
WA focuses on five key export crops of wheat, barley, oats, canola and lupins (a pulse). Wheat is the core crop with the others generally planted as part of a crop rotation sequence. WA exports huge quantities of grains to markets around the world and we are a trusted supplier to a wide range of companies globally. Our expanding alcoholic spirits industry is built on this fundamental comparative advantage.



Safe and secure

WA is part of an island continent with desert separating it from other states and our isolated Mediterranean climate is relatively free of pests and disease. Nationally, Australia has strong biosecurity protocols and systems, ensuring our production environment remains healthy and safe. Consumers across the world know and trust our foods and beverages.

Western Australian Wheat growing area



Truly unique ingredients

Australia is an island continent separated from the rest of the world by ocean with WA separated from the rest of Australia by desert. This means WA has a truly unique range of flavour producing native plants found nowhere else.

Examples of just some of the many unique native plants used in WA alcoholic spirits include:

- Lemon myrtle (*Backhousia citriodora*)
- Bush tomato (*Solanum centrale*)
- Marri gum flowers (*Corymbia calophylla*)
- Wattle seeds (*Acacia* sp.)
- Banksia honey (*Banksia spinulosa*)
- Kakadu plum (*Terminalia ferdinandiana*)
- Geraldton Wax (*Chamelaucium uncinatum*)
- Bottlebrushes (*Callistemon* R. Br)
- Sweet Peppermint leaf (*Agonis flexuosa*)
- Native lemongrass (*Cymbopogon ambiguus*)
- Wild Mango (*Buchanania Obovata*)
- Native White Currant (*Flueggea Virosa*).

Indigenous Ecological Knowledge (IEK) refers to Aboriginal and Torres Strait Islander peoples' knowledge of Country, including the native plants and animals that co-exist with them, and associated stories, songs, language, techniques and knowledge. There are cultural sensitivities that businesses using native flora should be aware of and risks to the business if the use of these species is not approached in a culturally appropriate way. Visit the Department's [Protection of Indigenous Ecological Knowledge for bushfood businesses guide](#) to ensure you are following best practice guidelines around the use of IEK.

Focused on selected products

WA's award winning distillers are a varied and innovative group with a New World outlook unconstrained by tradition. Our distillers have developed unique methods using flavours not found elsewhere.

Gin

Gin is a distilled spirit that derives its distinct pine flavour and aroma from juniper berries. Gin is often combined with other botanicals to complement or enhance this flavour. WA offers an incredibly diverse range of native plants that are being showcased in many of the States gins. Gin is currently WA's star category with local distillers making truly innovative products that are winning awards globally. Leading local brands include Australia's most awarded gin distillery West Winds along with 708, Stableviews, Bombak, Gidgie, Ginversity, Haiver, Little Things, Republic of Fremantle, Souwester, Swan Valley, and Tattarang Springs.

Whisky

Whisky is an umbrella term for distilled alcoholic drinks made from fermented grain mash, typically barley, rye, oat or wheat, and increasingly other grains as well. Some WA whisky is produced using premium local grains and pure local water with leading local brands including Geographe, Hoochery, Limeburners and Whipper Snapper.

Vodka

Vodka is a clear and colourless distilled spirit most typically made from potatoes, sugar beet molasses and cereal grain. WA vodka is produced using premium local grain and pure local water or base ethanol. Leading local brands include Cuprum, Dot AU, Harris and Old Young's.

Rum

Rum is a distilled liquor made from sugarcane, aged in barrels and often with added flavours. WA rum is produced using premium Australian sugarcane with leading local brands including Hoochery, Illegal Tender and Kimberley Rum.

Liqueurs and other spirits

WA also produces a wide range of liqueurs and other spirits. Leading local brands include The Grove, Moontide and Wild Road.

Use of by-products

By-products from the production of alcoholic spirits can be used locally by farmers on vines or for animal feed enabling a sustainable, cyclical use of resources.



Efficient infrastructure

WA is one of the world's most advanced and productive regions with efficient logistics. We have well-developed and efficient supply chains with world-class quality control and quality assurance systems.

WA's alcoholic spirits are produced across all major regions with most distilleries in the temperate, highly populated southwest. There are numerous potential locations for further distilleries almost anywhere in the state.



Growth ready environment



Productive crop farming
Unique wild ingredients



Efficient primary processing & handling



Distilling and bottling



World class distribution



Skilled workforce



Strong research and development capabilities



Supportive business environment

#9

Forbes
'Best Countries for
Business 2019'
(Australia)

#3

Heritage Foundation
'Index of Economic
Freedom 2021'
(Australia)

Close to key markets

WA is close to Asia, particularly East Asia and South East Asia, both of which are large and growing markets. We are the natural and logical supplier of temperate climate foods and beverages to the tropical climate countries of South East Asia and well-positioned to supply East Asia.

WA's food and beverage industry has been exporting for more than 100 years and we have been a leading supplier to many Asian countries for of that time.

Asia's rapid economic and population growth has increased demand for premium Western beverages, including alcoholic spirits.

Ease of doing business

Australia is politically and economically stable and a safe country in which to do business. Our businesses have sound governance and represent low sovereign risk to investors and customers.

Fast time to market-free trade agreements

WA is geographically and strategically well-placed to supply Australia's high income domestic market and the rapidly expanding export markets of Asia. We are in the same time zone as much of South Asia and within five days can ship to Indonesia, six days to Singapore and eight days to Southern China. Australia has Free Trade Agreements in place or under negotiation with more than 25 countries and regions and our combination of location and access means we are uniquely positioned to be the trusted local distiller of the Asia region.



Clear investment opportunities

There are real opportunities for investment in WA's alcoholic spirits industry. WA's rapid response to COVID-19 has assisted industry, which is already experiencing solid growth driven by growing demand from local and domestic consumers and in attractive and high growth export markets.

Investment in WA's alcoholic spirits industry would suit a wide range of investors, including start-ups, private investor consortiums, private equity, large domestic companies and global alcohol multinationals.

Producing alcoholic spirits in WA is attractive. We already have more than 50 distilleries and many firms continue to invest in further expansion to meet growing demand. Tailor Made Spirits (West Winds Gin) is building a new distillery and has raised significant capital to finance expansion plans.

With demand for distinct premium alcoholic spirits growing across multiple markets, there are significant further opportunities for expansion. WA's alcoholic spirits industry has the necessary characteristics to attract further investment and investment in modern, large and efficient contract bottling lines would benefit local firms.

With large available markets, plentiful high-quality raw materials and a wide range of unique ingredients, WA can facilitate further alcoholic spirits distilling operations. Our distillers are spread from the tropical north to the temperate south, all leveraging the distinct flora in their region for flavour, and all regions are ready for investment.

Existing WA industry examples

ESPERANCE
DISTILLERY CO

Hoochery
DISTILLERY



MOONTIDE
DISTILLERY



RUNNING WITH
THIEVES

sevenzeroeight
GIN

SIN GIN
DISTILLERY

SOUWESTER
SPIRITS

STABLEMANS
DISTILLERY, DONGARA
WESTERN AUSTRALIA

THE
WEST WINDS
PREMIUM AUSTRALIAN
GIN

WD wandering
distillery



Distilled by
WISE
EAGLE BAY

Supporting investment

The WA government is committed to working closely with investors to develop our premium alcoholic spirits industry. The Department of Primary Industries and Regional Development's Investment Services team offers a range of investment concierge services to de-risk and support investment.

The team is made up of experienced industry professionals, who operate with a commercial focus, bringing together businesses, government departments and agencies to support industry investment initiatives.



How we can help

Information to support investment decisions

As a central point of contact for information and advice on investing in WA's agriculture, fisheries, and food and beverage sectors, we provide:

- Information on conducting business in WA.
- Various data and market intelligence.
- Background on relevant regulatory requirements and approval processes.

Investment facilitation

Drawing on in-depth knowledge of the agribusiness, food and beverage industry, and extensive business networks in Australia and overseas, our team can provide guidance and introductions to help secure the investment or opportunity you are looking for. We can:

- Provide introductions to WA agribusiness, food and beverage businesses.
- Identify investment and research partnership opportunities.
- Help plan and conduct site visits to assess opportunities.
- Identify access to available natural resources and infrastructure.
- Identify suitable investor and investment opportunities.

Regulatory approval support

Understanding and securing the required regulatory approvals for your project can be a roadblock to investment. We can provide assistance to streamline processes and simplify your dealings with relevant government departments and agencies by:

- Providing information and guidance on WA's regulatory environment.
- Helping obtain regulatory approvals.
- Coordinating with other government departments and agencies.

Investment-ready project support

Our team is available to provide support to identify and develop your project or business' potential, including guidance on raising capital and getting your project investment-ready.

We can also work with you to provide information on the different types of investment available and investment partners.

By understanding your goals and requirements, we can assist you to identify and develop your project's potential.

Support available

A wide range of national and State-level agencies, industry bodies and research institutions across Australia are available to support the industry in research and development, commercialisation and investment.



We understand your project and investment requirements are unique.

To get started or expand on your Western Australian investment journey, contact us today.

Speak to our Investment Services team for support and guidance:

e investment@dpiird.wa.gov.au

p +61 (0)8 9368 3590

w agric.wa.gov.au/investment

Disclaimer

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The WA Government is committed to quality service to its customers and seeks to ensure accuracy, currency and reliability of information, but this cannot be guaranteed. Accordingly, to the fullest extent permitted by law, the State of WA and its officers and employees are released from liability (including in respect of negligence) for any loss, damage, cost and expense caused by use of or reliance on this outline and the information in it. The State of WA and its officers and employees do not make any representations or warranties as to the accuracy, reliability, completeness or suitability for any purpose of this outline and the information in it.

Sources: DPIRD, Heritage Foundation, Forbes, UN FAO, UN Comtrade, Australian Bureau of Statistics, AMR, Fortune Business Insights, Grand View Research, Google Trends, DPIRD, industry interviews, Coriolis and DPIRD analysis and estimates.

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