



DISTILLED SPIRITS AOTEAROA (NZ) INCORPORATED

Chair's Report – Year 2020/21

1. Membership

- At the end of the 2020/21 financial year there were 73 Full Members, compared to 52 in the previous year (40% increase).
 - There were two resignations (Barlovska Craft Liqueurs, Hidden World).
 - Three Associate Members were moved up to Full Membership (Dr Beak, Rohi Gin, The Alchemist's Distillery).
 - Waiariki Distillery was moved down to Associate Member.
- There were 58 Associate Members, compared to 27 in the previous year (115% increase).
 - There was one resignation (K P Aston Ltd)

2. Committee

- Formal thanks to the Committee for giving up their significant time and energy during the year.
 - Four Committee Members resigned during the year: Chris Barlow (May 2020), Theo Arndt (July 2020), Grant Finn, Brent Robinson (March 2021).
 - The Committee continues to run with Chair in the role of Chair/Treasurer.

Current Committee Members

Sue James (Juno Gin):- Chair: Sept 2018 – ; and Treasurer Dec 2018 -

Soren Crabb (1919 Distilling):- Secretary: May 2020 –

Rob Auld (Auld Distillery):- Committee member: Sept 2018 –

Antony Michalik (The Spirits Workshop):- Committee member: Sept 2018 –

- Three nominations were received for the three vacant positions (to be confirmed at the 2021 AGM)

Isla Sherrington (Cardrona Distillery)

Matt Bridge (Lunatic & Lover)

Richard Wilson (Sandymount Distillery)

- Any authorisations for payments from the DSA bank account continue to be made with the dual signatories of the Chair + Secretary, with approval of the Committee.

3. DSA Priorities

At the 2019 AGM, three priority areas were identified for 2019 / 2020:

1. Lobbying for an excise rebate
2. Establishment of Industry standards
3. Promotion of Brand NZ

A new member priority survey was held in March 2021, with the following priorities identified:

1. Lobby for industry relief/stimulation
2. Establish Industry Standards
3. Increase the positive message around spirits

DSA Priorities therefore remain essentially unchanged for 2021 / 2022

Progress on Priorities

Priority 1 - Lobby for industry relief/stimulation

- Statistics on the NZ alcohol industry is essential in order to compare our situation with other countries and lobby for Government support in a credible way. In January 2021 the NZ Alcohol Beverages Council commissioned NZIER (NZ Institute of Economic Research - an independent economic consultancy) to carry out an economic impact report for each category (beer, wine and spirits). The report will calculate the broader contribution of the sector and each category in terms of employment, value chain and innovation.
- At the start of the COVID-19 outbreak, DSA was part of an industry group (Spirits NZ, Brewers Assn, FGC, NZ Winegrowers, Retail NZ, Business NZ, Hospitality NZ) which sent a cohesive set of “asks” to government to help support the hospitality and the wider alcohol sector recovery. We requested:
 - Excise Rebate to match that currently applied to Australian small distillers and brewers, and any new excise relief conditions that may be granted.
 - Excise Relief – freeze on July excise increase
 - Delay or deferment of excise payments for manufacturers struggling with the financial impact of the COVID-19 lockdown.Unfortunately, there was a negative response from MP Jenny Salesa, Grant Robertson (Minister of Finance), Stuart Nash (Minister of Revenue, and Small Business), Kris Faafoi Minister of Commerce and Consumer Affairs.
- The DSA White paper summarising the current NZ distilling landscape and challenges was sent to Judith Collins and Jonathan Young, MP after a breakfast meeting discussion during the election campaign.

Priority 2 - Establish Industry Standards

- In 2020 DSA entered a submission on the revised NZ Health and Safety at Work (Hazardous Substances) Regulations 2017. The updated regulations corrected the serious issues with the interpretation of the previous HSNO regs. The changes have not yet been gazetted due to Covid-19 delays, however the advice from WorkSafe is that WS inspectors themselves are applying the corrections in their decision making and it is not expected there will be any further changes.
- After delays due to work pressures and loss of DSA Committee members in 2020/21, it is now planned start writing a proposal and preparing to engage a consultant to assist DSA to create Industry Safe Work Instruments (Code of Practice) during the quieter winter months.

Priority 3 - Increase the positive message around Spirits

(a) DSA in the Media

Drinksbiz magazine

- (26/5/20) [June-July issue](#): Covid impact on the NZ distilling industry
- (23/3/21) [April-May issue](#): NZ Whisky Definitions

The Shout

- (13/4/20) DSA produces “how to” kit for [hand sanitisers](#).
- (11/9/20) [September issue](#): - The State of the Liquor nation
- (21/8/21) [Virtual Ceremony](#): for NZ Spirits Awards
- (21/2/21) [February issue](#): - Industry Insights – The 2020 spirits’ snapshot
- (21/2/21) [February issue](#): - Perfecting the Craft – craft spirits in NZ
- (21/3/21) [March edition](#): - Whisky regulations and revelations
- (21/3/21) [March edition](#): - NZ Spirits Festivals

Hospitality Business magazine

- (8/10/20) DSA was awarded finalist in [The NZ Food Heroes Awards](#) NZTE Industry Supporter category for our industry cooperation in production of hand sanitisers.

Other

- George Grbich (People Media Group) [Guide to NZ Gin 2020](#)
- Two free DSA logo lapel badges were supplied to each full Member distillery.

(b) DSA Website

- The website is mostly up to date with Member information e.g. logos / links to websites/ Associate Member' business profiles, as these are provided. The distillery trail map is up to date.
- New additions:
 - Downloadable list of distilleries with Cellar door sales and tours
 - Downloadable list of Consultants to assist new distilleries.
 - Job Board
 - Merchandise page
 - NZ Spirits Definitions and NZ Single Malt Whisky page

(c) NZ Spirits Awards

- The 2020 judging and awards were delayed until mid-late 2020 due to COVID-19.
- The awards were again underwritten by Spirits NZ and sponsored by significant industry supporters. Current DSA members on the Awards Committee are Sue James and Antony Michalik.
- Entry numbers continue to increase year on year:

| | 2019 | 2020 | 2021 |
|---------------|------|------|------|
| NZ | 106 | 142 | 217 |
| International | 149 | 119 | 127 |
| Total | 255 | 261 | 344 |

- Both 2020 and 2021 used only NZ-based judging panels due to COVID. The quality of judging remained very high, and there was positive feedback from judges on improvements to the judging processes, especially the introduction of an electronic scoring system.
- All NZ distilleries entering the 2020 NZ Spirits awards were offered the opportunity to join a mentoring session with Super Liquor CEO Bryan Cherry on "path to market" strategies. This was delayed until 2021 due to COVID-19.
- Amongst other [media](#) releases, Moore Wilson's advertised a gold medallist's [list](#), and Super Liquor distributed 700,000 flyers to homes in a Trophy winners campaign.
- The 2021 Awards are featuring two new awards alongside the Master Cask New Zealand Innovation Award: Viniquip New Zealand Packaging Design Award, Long Story Short New Zealand Emerging Product Award.

(d) NZ Single Malt Whisky

- Over 16 distilleries participated in the meetings and Working Group during 2020/21 to produce a consensus definition for NZ Whisky. Tash McGill was employed by DSA to facilitate the process. DSA formally accepted the NZ Whisky Definition into the DSA regulations on 23 February 2021.
- NZ Whisky Association is in the process of being set up as a DSA sister association to continue the work towards the process of legislation, communication, and branding.
- The NZ Whisky Definitions has been sent (via Robert Brewer, Spirits NZ) to MFAT for the EU Free Trade Agreement - Spirits Annex negotiations.
- In response to communication from distillers about the definition for other NZ spirits, DSA created an FAQ with the DSA interpretation of the wording in current NZ legislation for spirits. We plan to set up working groups in 2021/22 to further clarify each of the spirit categories (similar to the NZ Whisky process), with the aim of moving the definitions into legislation.

4. Other Activities

Pregnancy Warning Label

- DSA made several submissions during the consultation for the FSANZ Proposal P1050 Pregnancy Warning Labels on Alcoholic Beverages in 2019/20. Once the FSANZ preferred version was announced, DSA's activity extended to joint industry letters and approaches to MP Damien O'Conner.
- On 9 April 2020, the Australia and NZ Ministerial Forum on Food Regulation met and voted for the pregnancy label to be sent back to FSANZ for a re-look at the use of the colour red and "Health Warning" vs Pregnancy Warning". Unfortunately, the final decision

- in July 2020 ended at 6-4 with the only NZ Minister representative - Damien O'Connor voting in favour of the red colour. Distilleries have 3 years to roll over the change in label.
- Multiple changes to label regulations are future pressures for the industry (next changes: pregnancy, carbohydrate, energy, container deposit etc). Spirits NZ has coordinated an industry body response which has resulted in FSANZ starting to gather information on NZ-based alcohol beverage producers to improve the FSANZ label change cost model. This is to better estimate costs of any future changes to labelling requirements in the Australia NZ Food Standards Code.

Packaging Product Stewardship proposal - Container Return Scheme

- Even though Glass has avoided being selected as a priority product for regulated product stewardship under the Waste Minimisation Act, Glass may still be covered by the Container Return Scheme. Final decisions on the scheme have been delayed until 2021.

FAQ (Frequently Asked Questions)

- Documents are available to any DSA member on request (most are work in progress). Created so far:
 - Distillery Start-up
 - Ethanol sourcing
 - Alcohol testing/ sampling frequency
 - Standard Operating Procedure template
 - List of Glass bottle suppliers
 - Labelling: Pregnancy, food standards and other associated documents
 - Allergen labelling and health claims
 - NZ Spirit definitions
 - List of NZ distributors
 - Exporting and Freight to USA and Australia
 - Distilled Spirits Global Competitions
 - Hand sanitisers: recipe and associated documents
 - Still Manufacturers
 - DSA Association key information/ How to Guide (Committee only)

Free Trade Agreement negotiations between the EU and NZ

- DSA made a submission to NZ Ministry of Foreign Affairs and Trade on the EU FTA in 2020, including the impact of Geographical Indicators (eg the prohibited use of words such as Cassis, Grappa, Irish Cream etc). The 8th round of negotiations was completed during June 2020. NZTE report there are still considerable problems getting an agreement on Geographical Indications and Intellectual Property (patent term and data exclusivity). The next round of negotiations continues in 2021.

Other :

- DSA coordinated advice for Members during the Covid lockdown including status of Essential Businesses, and advice for licensed manufacturers from Customs.
- DSA Support letters (supportive of general industry growth rather than endorsing individual businesses) were supplied to several distilleries to help with grants and NZ overseas recruitment applications.
- DSA coordinated with IBD Asiapac to provide an overview of IBD training and development.
- An updated DSA Member list was provided to American Distilling Institute (a DSA sister Association) for their world map of distillers [Map of Distilleries - American Distilling Institute](#).