

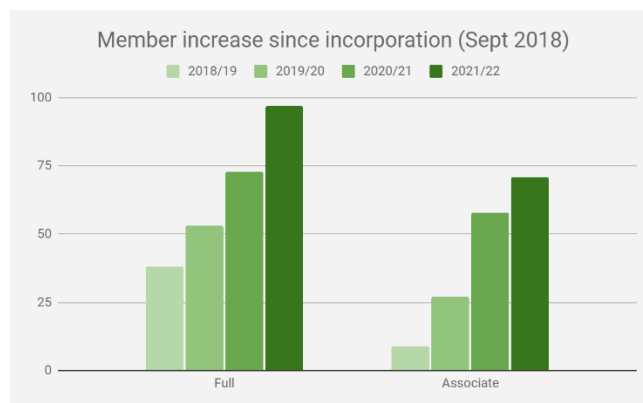


DISTILLED SPIRITS AOTEAROA (NZ) INCORPORATED

Chair's Report – Year 2021/22

1. Membership

- At the end of the 2021/22 financial year there were 97 Full Members, compared to 73 in the previous year (33% increase).
 - There was one resignation (Lewis Road Creamery Ltd).
 - Six Associate Members were moved up to Full Membership (The NZ Rum Co, The Vicar's Son Gin Ltd, No8 Distillery, Dunedin Craft Distillers Limited, Mt Fyffe Distillery, Sandymount Kilns Distillery Ltd).
 - Approximately 75% of NZ distilleries were DSA members.
- There were 71 Associate Members, compared to 58 in the previous year (22% increase).
 - There were three resignations (Little Shaggery Farm, Gladfield Malt, Celon Distillery 2020) and three Associate Members were removed for non-payment of fees (Waiariki Distillery, 94 Gin, Radovan).
- From October 2021, all new members applicants must now accept the DSA Rules including the terms for DSA Membership good standing (Code of Conduct) and pay their fees before final membership is awarded.



2. Committee

- Formal thanks to the Committee for giving up their significant time and energy during the year.
- Three new Committee Members joined during the year: Matt Bridge, Richard Wilson, Isla Sherrington (April 2021) Jamel Barber replaced Isla as Cardona representative in March 2021.

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 –

Matt Bridge (Lunatic & Lover):- Committee member: April 2021 –

Richard Wilson (Sandymount Distillery):- Committee member: April 2021 –

Jamel Barber (Cardrona Distillery):- Committee member: March 2022 –

- In 2022/23 the Chair will step down and be replaced by Richard Wilson:
 - **Richard Wilson (Sandymount Distillery) – Standing for Chair unopposed**
 - **Soren Crabb (1919 Distilling) – Standing for Secretary unopposed**
 - **Sue James (Juno Gin) – Standing for Treasurer unopposed**

while 6 nominations have been made for the 4 available committee positions, for voting at the AGM.

- **Antony Michalik (The Spirits Workshop) – Current Committee**
- **Matt Bridge (Lunatic & Lover) – Current Committee**
- **Jamel Barber (Cardrona Distillery) – Current Committee**
- **Andy Deuchars (KJ&co) – New Nomination**
- **Wayne Chowles (Kaimai Brewing and Distilling Co Ltd) – New Nomination**
- **Lesley Long (LongShot Distillery) – New Nomination**

3. Incorporation

- The Incorporated Societies Act 1908 has been revised. Every incorporated society will need to reregister by 1 December 2025 with a revised Constitution.
- The Committee will wait for the publishing of the Constitution Builder (as a 'do-it-yourself' online tool for writing or revising a society's rules), and table the changes at the 2023 AGM

4. New DSA Policies Adopted

- Membership good standing (Code of Conduct)
- DSA endorsement for charities or fundraising

5. Financials

- We continue with a healthy bank balance, which has been critical to pay for consultants' work this year.
- Membership fees remain at last year's rates.
- Our Associate Members were able to place their adverts at the end of our newsletter from July 2021, and this raised \$2350 over the year. Income from advertising is liable for income tax, therefore a Clubs and Societies tax return - IR9 will be filed by 7 July 2022 this year. An accountant has been engaged to handle our tax returns from now on.

6. Progress on DSA Priorities

DSA Priorities (re-affirmed by Members in March 2021) are:

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

Priority 1 - Lobby for industry relief / stimulation

- DSA worked with other industry bodies in NZ to contribute to an economic impact report for the alcohol industry. The NZ Alcohol Beverages Council-commissioned NZIER [report](#) was released in March 2022, and calculates the broader contribution of the sector and each category in terms of employment, value chain and innovation. 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.
- An Excise Working Group: Soren Crabb (1919 Distilling), Marcel Thompson (Still Magic), Jenny McDonald (Dunedin Craft Distillers), Lacey Bourne (Dr Beak) was set up to investigate options around excise relief or rebates. Meetings were held with several MPs and further information was sent:
 - Discussion with David Seymore (Act Party Leader) (24/2/22)
 - Meeting with Damian Smith (Act Party) (9/3/22)
 - Discussion with Hon Stuart Nash, Minister for Economic and Regional Development, Small Business, Forestry, and Tourism and further information sent to him and Minister Whaitiri's Minister of Customs (27/1/22)
- DSA and Spirits NZ are signatories to a letter to Hon Meka Whaitiri Minister of Customs, and Hon Grant Robertson Deputy Prime Minister and Minister of Finance, from the trade associations representing the majority of the New Zealand spirits industry to ask for considerations of our arguments regarding the annual CPI-linked adjustment to alcohol excise (18/3/22).

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 [Amendment](#) come into force on 5th January 2022 and now includes clarification of distilling/ethanol handling.
- An Industry Standards Working Group: Antony Michalek (Curiosity), Andrew Lewis (Humdinger Gin), Wayne Chowles (Kaimai Brewing and Distilling Co) was set up to coordinate the creation of an Industry Standard document that could become a Worksafe /MPI guideline to help NZ distilleries. Beca is in progress on this document.

Priority 3 - Increase the positive message around Spirits

(a) DSA in the Media

The Shout

- [May 2021 issue](#) - Spirits raw material supply delay issues.
- [July 2021 Issue](#) - Two articles (i) NZ Spirits Awards (ii) Launching a NZ Spirit Brand. Repeated in [The Shout news](#) as How to launch a new spirits brand in New Zealand (29/7/21)
- [November 2021 Issue](#) - Member survey: Looking back over 2021 and predictions for next year.
- [February 2022 Issue](#) - Member survey: Diversity of background of NZ distillers
- [March 2022 Issue](#) - Excise tax

Viva

- (12/6/21) Boom of Botanicals: How Gin came to life in a Pandemic [Viva magazine](#)

Food Ticker

- (14/2/22) Alcohol excise tax warning - [Food Ticker](#)

The Beverage Report

- (20/7/21) New Zealanders' spirits come of age [The Beverage Report 2021](#)

The Whisky Advocate

- (31/3/21) New Zealand Whisky Definition [The Whisky Advocate](#)

Australian Financial Review

- (24/3/22) [Bold spirits](#): whisky and gin makers flourish in New Zealand

(b) DSA Website

- The website is 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.
- Page deletions
 - Job Board
 - Merchandise page
- New pages:
 - NZ Spirits Spirit Festivals page
 - Section on Launching a new product added to NZ Spirit Definitions page

(c) NZ Spirits Awards

- In its 4th year, the Awards are again being underwritten by Spirits NZ and sponsored by significant industry supporters. Current DSA members on the Awards Committee are Antony Michalik and Sue James.
- The categories for the 2022 awards have been extended to fifteen, and the number of judges to 25 with extra panels to cover the workload. For the 3rd year, only NZ-based judges are available due to COVID. The quality of judging remains very high, and feedback continues to be incorporated into continuous improvements to the judging processes. In 2022 NZWA will assist with whisky judge selection and flight order.

- This year the NZ School of Wines and Spirits has joined as educational partners, supported by WSET® (the Wine & Spirit Education Trust – a UK-based internationally recognised training centre). Our educational partnership is the first initiative of its kind in the NZ market and is part of our shared commitment to advance education and training in spirits. Many of our judges already have the WSET® Level 2 Award in Spirits and going forward it will be a requirement to have some sort of formal alcohol beverage judging qualification for our Awards.
- All our judges will attend a pre-session on the systematic approach to the NZ Spirits Awards judging system, including types of spirits to be tasted, method of tasting and the spirit lexicon.
- Entry numbers for 2022 are following previous year's trends:

Entries	2021	2020	2019
Total category entries	368	261	255
Spirits New Zealand members	130	116	142
DSA members	196	129	97
Non members	20	16	16
New Zealand Innovation Award	12	11	13
New Zealand Packaging Design	8	0	0
New Zealand Emerging Product	2	0	0

(d) NZ Whisky definition

- The NZ-UK Free Trade Agreement has been signed, and historically it includes a specific Wine and Spirits Annex to address details of 'Technical Barriers to Trade'. DSA, NZWA and SpiritsNZ worked on the Annex together with our NZ MPI negotiators.
- The text includes the agreement to introduce a standard for whisky in the Australia New Zealand Joint Food Standards Code. Once the work on the FSANZ standard begins we will work closely with our Australian Distilling colleagues, since a specification for whisky will impact both countries. A standard will reduce fraud and forgery and help establish the quality standards that DSA and NZWA have adopted for our members in our new Spirits Definitions.

(e) NZ Rum definition

- Matt Bridge and Soren Crabb from the Committee are working with 10 other Members and Associate member distilleries in a Working Group to produce a consensus definition for NZ Rum, in the same manner as the NZ Whisky Group. Tash McGill has been employed by DSA to facilitate the process.
- It is likely that the group will recommend copying an existing specification from another country. At the moment the NZ rum industry is not yet at a large enough scale to be able to define what differentiates our rum as "NZ". Any specific NZ definition would be added as the category matures.

(f) Spirits Normalisation

- DSA has joined a SpiritsNZ working group on Spirits Advocacy/Normalisation. The group wants to see spirits normalised in NZ culture, for example that spirits are:
 - As available as beer and wine at any occasion/event.
 - Properly described (by brand) and on all drinks menus in bars and restaurants and at events.
 - Just as much of a consumer choice to have with food as wine (and beer).
- The first steps are underway to identify the key barriers and opportunities (eg perceived cost/ complexity/ understanding premium aspects and alcohol content compared to beer and wine).

7. Other Activities

Next mandatory label changes (energy content, carbohydrate and added sugar claims)

- DSA is involved in the industry group discussions with FSANZ. At this stage the proposed added information and Nutritional Information Panel has not been decided.
- The next mandatory label change will not be completed in time to coincide with the Pregnancy Warning Label deadline (end of July 2023), however there will likely be a 3-year phase in of any label change.

Container Return Scheme

- DSA has been working with New Zealand Alcohol Beverage Council (NZABC) to develop a consensus response from Glass bottle users to the proposed Container Deposit Return Scheme. Significant additional information would be required on labels, and the transition time for label changeover is unclear. ~33c per beverage container will need to be absorbed or passed on to consumers.

Sister Organisations

- Sue and Soren attended the virtual Australian Distillers Association AGM (15 Nov 2021), and Soren represented DSA at the 2022 ADA conference in April.
- Sue attended an Australia/NZ update meeting for distilled spirit association presidents/representatives on 3/2/22. Discussions included a round table of current status and areas of focus.
- An updated DSA Member list was provided to American Distilling Institute for their world map of distillers [Map of Distilleries - American Distilling Institute](#).
- Sue attended regular SpiritsNZ Exec meetings during the year.
- The NZ Whisky Association (NZWA) was established during the year

Other :

- DSA reaffirmed advice for Members on Covid definition of Essential Businesses during lockdown.
- DSA Support letters (supportive of general industry growth rather than endorsing individual businesses) were supplied to several distilleries to help with overseas recruitment applications.
- The new Alcohol Advertising and Promotion Code came into effect on 1 July 2021. DSA members were reminded to check that their brand websites and social media pages are age restricted if their audience composition is not known.
- FAQ documents have been regularly requested by DSA members. Created so far (most are still work in progress):
 - Distillery Start-up
 - 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)