# INDEPENDENT BEER IN AUSTRALIA
## Terms of Reference

**WHO ARE AUSTRALIA'S INDEPENDENT BREWERS?**

The independent brewing sector has undergone considerable growth in the past decade, increasing over tenfold from 30 businesses in 2006 to over 600 in 2020 with nearly two-thirds of these businesses located in regional and rural Australia. Importantly, growth has been across all business types, highlighting ongoing expansion in small, medium and large brewing operations.

47% of people in the beer industry are employed by independent brewers which equates to just over 3,080 FTE's the 2019. 25,000 additional full-time jobs are supported by independent brewers, in agriculture, logistics, manufacturing, hospitality and services.

Until the recent COVID-19 crisis, a new brewery was opening every 6 days which is an increase of 12.5% from the previous year. This increase in business growth, which has been achieved with little government support, has led to a situation where independent brewing businesses account for approximately 95% of the total number of Australian brewers, Highlighting the importance to the economy of this small business driven sector.

**OUR VISION**

Independent beer has a vision to become 15% of the Australian beer market by 2025. In order to achieve this aim, the industry will need to:

- Increase production by 2.5x from 103 million litres in 2018 to 260 million litres
- Create over 3,000 new jobs including 1,700 jobs for skilled brewery operations personnel which will support a further 25,000 jobs in related industries including agriculture, logistics, manufacturing, hospitality and services
- Invest a minimum of $150 million on plant and equipment
- Develop export capability to take advantage of key export markets

**OUR FUTURE**

To continue to grow the independent brewing sector in line with similar examples overseas, improved government support is required in terms of long-term strategic planning and resourcing in a similar vein to that enjoyed by the wine industry.

We see this being achieved by the creation of a long-term national blueprint for the sector that is developed and implemented by the industry in partnership with the Federal Government. This plan would serve as a ten-year strategy developing sustainable growth in the industry and would inform both public and private sector investment to enable this growth.

The plan would cover the following key result areas:

1. Industry Structure and Economic Contribution
    a. Business models: Analysis of successful business models of independent brewers ranging from small brew-pub operations to nationally/internationally distributed packaging breweries along with variants including contract brewing, nano-brewery and the importance of taprooms in an integrated business model.
    b. Development pathways: Analysis of the typical development pathways for independent brewers from startup to maturity.
    c. Investment: Analysis of the investment in people, plant & equipment, facilities, distribution and marketing required for successful independent breweries as well as the typical sources for this investment capital and recommendations for industry and government to ensure sufficient capital is available to support industry growth.
    d. Jobs and skills: Analysis of the current employment profile of independent brewers along with forecasts for growth in jobs. Identification of potential requirements for skilled workers and potential skill shortfalls.
    e. Economic contribution: Analysis of the current total contribution made by independent brewers to the Australian economy including wages & entitlements, tax (including excise, federal company income tax, PAYG, payroll tax, GST and other state/local taxes), business investment, secondary employment, tourism, community contribution and potential export market contribution to the national balance of trade.
    f. Research & development: Identification of potential avenues for innovation in the independent beer market including opportunities for increasing competitiveness through advanced manufacturing.
2. The Australian Domestic Market for Australian Independent Beer
    a. Supply and demand: Analysis of the current beer market along with 10-year forecasts of the potential growth for independent beer in Australia including analysis of both on-premise and packaged market segments and the impact of independent brewery taprooms.
    b. Consumer behaviour: Research into drivers of consumer behaviour in purchase of independent beer and identification of marketing mechanisms to help grow market share through effective targeting of marketing to meet consumer needs.
    c. Tourism: Analysis of the beer tourism market with identification of the economic impact to local tourism in both regional and urban areas, identification of beer tourism trends and successful models with recommendations for building beer tourism.
    d. Blockers & enablers: Identification of blockers and enablers to domestic growth along with recommendations for policy changes that could accelerate growth in the industry.
3. The International Market for Australian Independent Beer:
    a. Key markets: Identification and analysis of key markets for Australian Independent Beer with estimation of market size and potential opportunity for Australian independent brewers today and in 10 years.
    b. Export readiness: Assessment of current export readiness along with recommendations on what steps the industry should take to build export capability.
    c. Distribution: Identification of necessary logistics and distribution channels that are required to fully leverage key international export markets and recommendations on how these should be established.
    d. Sustainable growth: Recommendations for the industry to build sustainable export capabilities.
    e. “Indie Beer Australia”: Recommendations on how to create an internationally recognised brand for Australian independent beer similar to the reputation created for “Wine Australia” in key export markets.

**TIMELINE & NEXT STEPS**

The IBA is now seeking to engage a well reputed consulting and research organisation to execute the development of the strategy in consultation with the industry and its suppliers. Findings will be used to inform the organisations advocacy efforts, to develop its member services and for its campaign in the lead up to the Federal Budget in October 2020.

It is our intention to have the final report delivered in time for the IBA Annual Conference, BrewCon in November.

**BUDGET**

The IBA being a member-funded organisation has limited funds available and is currently working with the Government to support this project.

The IBA is willing to consider proposals from consultants to co-brand the study and the IBA believes that the final report would garner substantial positive media coverage which may be of benefit to the consultant awarded the contract.