

balance right between security and our personal freedoms. It is a difficult balance, one which will have to be addressed in the particular circumstance of each law and each case, but it is a balance we must all be mindful of in exercising our responsibility and, indeed, our duty as lawmakers.

I will touch very briefly on one additional matter. I acknowledge the positive elements of the government's counterterrorism strategy. National security is a bipartisan issue in this country, and I think we are all thankful for that, but I do think there are some issues, highlighted by the Manchester Arena bombing, that require some further consideration. I have been guided in this by the work of my colleague the member for Cowan, Dr Anne Aly. If the terrorism profile is changing, there needs to be a further focus not just on punitive measures but also on early intervention, early identification of those people who might be at risk of radicalisation. Otherwise, I am very pleased to support this resolution.

**The DEPUTY SPEAKER (Mr Hastie):** The time allotted for this debate has expired. The debate is adjourned, and the resumption of the debate will be made an order of the day for the next sitting.

### **Craft Brewing Industry**

**Mr ALBANESE (Grayndler) (18:26):** I move:

That this House:

(1) notes the growth of the craft brewing sector in recent years as a generator of employment, tourism and exports in capital cities and regional communities;

(2) further notes:

(a) there is an inequity between how Commonwealth excise is calculated for small and large scale brewers which disadvantages the craft brewing sector;

(b) that excise currently accounts for a disproportionate amount of the costs of production for small brewers and the calculation of excise imposes a significant burden on them; and

(c) this small business sector provides local employment and is an emerging tourism attraction; and

(3) urges:

(a) the Australian Government to ensure policy settings which encourage the realisation of the potential of the craft brewing sector; and

(b) state and local governments to update their planning controls and development approval to facilitate the growth of the craft brewing sector.

I do so in support of those Australians who are currently employed by the more than 400 craft brewers around Australia. The craft brewing industry is a job creation powerhouse, but if we get the policy settings right it could generate even more jobs not just in our capital cities but also in our regional communities. Craft brewers employ locals and buy local produce for their operation, while craft brewing related tourism is booming.

Craft beer is a quality product; however, the industry has been restricted by outdated planning controls and development approval processes at the state and local levels, and this resolution calls for local and state governments to provide support to the craft brewing sector. But the fact is it is also disadvantaged at the federal level by poor legislation related to the excise rates faced by small brewers. Today the rate of the federal excise charged for a keg containing 50 litres of beer is less than the rate charged for a keg containing 30 litres. In addition to this, a maximum tax rebate a brewery can receive per calendar year is \$30,000, which compares unfavourably to the wine industry's producer rebate of some \$500,000.

These anomalies put Australia's craft beer brewers at a competitive disadvantage against mass produced beers. With excise making up approximately 40 per cent of operating costs for most craft breweries in Australia, this has to change. On Friday, five brewers from the inner west of Sydney in my electorate came together to form an industry association that aims to turn the precinct into the craft beer capital of Australia. This association was formed following a forum of microbrewers I hosted in March with the shadow minister for agriculture, Joel Fitzgibbon. Peter Philip is the founder of Wayward Brewing Company, located in Camperdown, and one of the five founding members of the association. Peter has noted the operating costs are not the only problems that have come out of unfair excise on smaller operators. He said: 'If there was no tax discrimination for smaller kegs, then most pubs and breweries would prefer to use 30-litre kegs, which make for fresher beer, more variety and fewer injuries. Not only would changing the excise on craft brewers give the industry the economic shot in the arm it needs, it would also lead to safer working conditions and better beer.'

As our brewers do better, so do the industries that they rely on for their operation. Microbreweries are large consumers of agricultural produce, going through tonnes of grain and hops a week—mostly Australian grown. Hopsgrowers have gone from selling low-value, bittering hops to the big breweries to selling high-value innovative hops to craft breweries. The unique beers produced by these unique ingredients are fuelling the

premium beer sector in China, estimated to be worth some \$35 billion by 2020. There are also great opportunities for craft beer tourism, whereby operators set up walking tours for enthusiasts to visit several breweries to sample different types of beer.

If the government is serious about supporting small business in Australia then it needs to get serious about changing the legislation to help our brewers. Despite the obstacles faced by the industry it continues to expand, and the type of kick-on employment that the sector supports, such as boutique hops growers, is vital to a healthy and diverse national economy.

With proper support from the federal government, the potential for growth is enormous. Already, major regional centres, like Ballarat, Wagga Wagga, the Hunter, the Illawarra and in Tasmania—including Scottsdale, where I visited the brewery there—have seen growth in local jobs, with people being employed and local communities being able to gather. I certainly have respect for the resilience and success of the craft beer-brewing industry. I have respect for the sector's contribution to the national economy. And I have respect for the fact that local breweries employ local people.

I will end with a quote from Russell Crowe, as his character John Nash in the film *A Beautiful Mind*:

I have respect for beer.

I commend the motion to the House.

**The DEPUTY SPEAKER (Mr Hastie):** I took the member for Grayndler to be a simple man who perhaps went for Tooheys, but there you are! Is there a seconder for the motion?

**Mr Fitzgibbon:** I second the member for Grayndler's motion and I reserve my right to speak.

**Mr TIM WILSON (Goldstein) (18:31):** This is an important motion at the heart of our national economy and the role of small business.

I would have to say that I welcome the opportunity to have a motion put before us by the member for Grayndler that calls for cutting regulation and cutting taxes. In fact, I wish that he would make this a habit! I would call on him then to become Leader of the Opposition, he would be so well qualified! I will also say that this motion has inspired me. Clearly, I can presume that the member for Grayndler is a fan of the product for which he has been spruiking. I say that with affection, because I am one too. But it does prompt me to think that maybe there should be a motion brought to this parliament to advance the cause of the craft gin market as well. I look forward to bringing that at some point in the future.

The independent brewers around Australia should have their voices heard in this national parliament. I am glad to see this motion today, because they have identified that high excise rates, cashflow issues from excise administration and access to markets do constrain their growth. I do not think that you would ever get an argument from me about that important proposition. We have a duty to ensure that the independent brewing industry is operating in a competitive manner and in a favourable regulatory environment. As the member said previously, there are now 420 independent brewing businesses in Australia, up from 200 in 2013. And of those, 330 are physical breweries, with the balance being brewing companies who have others brew their beer.

The wonderful electorate of Goldstein, member for Grayndler, you might like to know, if you ever wish to come to visit, has its two microbreweries, or craft breweries: Bad Shepherd in Cheltenham and Black Heart Brewery in Brighton. Both are fine ales which will contribute to joy in your life. Both justifiably reflect the wonderful taste of our community, which is exceptional.

These small business powerhouses are, of course, not just in cities. Approximately 65 of them are located in rural and regional areas. In fact, I will concede that one of my favourite craft beers is a Mornington Peninsula Brewery pale ale—a particularly delicious product.

**Ms Claydon:** You want to come to Newcastle!

**Mr TIM WILSON:** No! You have to try a Mornington Peninsula Brewery pale ale, as well as Bad Shepherd and the like. They are all wonderful products. The Craft Beer Industry Association counts some 2,100 full-time people employed in the industry, while also supporting 15,000 positions in the broader economy. That is 65 per cent of all those employed in the Australian brewing industry, and that is a great story for this country to tell. A large group of entrepreneurial Australians generating hundreds of millions of dollars in economic output, of which a large amount is value-added output. And that is only the beginning of the story. There is so much economic potential, not just to meet the domestic market but also to export around the world and to continue to build brand Australia. And I know, Deputy Speaker Hastie, you like beer from time to time. In fact, I have had one with you on famous and less famous occasions, so I am sure you will be supportive of this motion as well.

It is the small entrepreneurs who are doing so much to create employment opportunities, and, more importantly, they are taking on big business. That is what I will always stand up for: people who want to have a go and take on

established, vested interests and challenge people in the marketplace in a competitive environment, because that is what brings liberalism alive. It excites me. It is freedom, Member for Grayndler; if only you would realise it. That is what is significant and special about the treatment of this sector by the government. It has to send signals and signs about the importance of the sector and its role in the future of this country, particularly in contributing to the national economy. Having said that, of course, we have a duty to ensure that there is an equal playing field for sectors. We have overly burdensome regulation and uncompetitive tax regimes that are a handbrake on their growth and further investment—something that should be looked at very seriously. The microbreweries excise refund scheme was introduced in 2013, which allows independent breweries to claim back up to 30 grand of their excise that they pay. This has not increased in that same period.

The brewing industry, like many others, faces a great deal of red tape in the administration of this excise, which is why I again welcome the opportunity where the member for Grayndler argues for tax cuts. I just wish he would do it more often, and from a position of principle rather than selective products. Settlement is required on a weekly basis for most businesses, which intrudes on their cash flow in dealing with excise. Most independent brewers and their products are subject to different rates of the excise, depending on the amount of alcohol in the beer and the size of their container. This has created a regulatory nightmare. At a practical level we should be doing more, always, to help industries grow, to help smaller businesses and medium-sized ones take on the big players. That is what the coalition is committed to doing.

**The DEPUTY SPEAKER (Mr Hastie):** I thank the honourable member. We almost made it without a reference to Coopers.

**Mr FITZGIBBON (Hunter) (18:36):** I love it when we have bipartisanship in the House of Representatives. I welcome the member for Goldstein's unqualified support for the motion moved by the member for Grayndler, and I invite all other members who might be speaking in the House tonight to join with us to express their support for what is a very reasonable, very innovative and very worthwhile motion.

I congratulate the member for Grayndler. As he indicated, I was very pleased to be able to join him at a roundtable in his electorate where we had an enormous number of brewers—a somewhat greater number than I have in my own region—join together to make their point not only about the beer excise and the unfairness of it but also about red tape and more particularly local government planning challenges which pose a real hurdle for growth in the sector.

I said to those in the chamber that if Coca-Cola's coke in Australia attracted a 10 per cent GST, but an Australian-made cola—which was just as good, if not better—attracted a 14 per cent GST, there would be a collective outrage at that proposition: that the Australian cola was at 14 per cent GST while the American company's Coca-Cola was at 10 per cent. That is what is happening with our microbrewers. That is what is happening in the craft brewing sector. If you are putting your beer into a 50-litre or greater keg, you pay one level of excise, and if you are putting it in a smaller container, you are paying up to 40 per cent more excise than your big competitors. We are not asking tonight for any particular advantage for craft brewers; we are just asking for a level playing field. But it is not just about the tax, of course. As the member for Grayndler indicated, this is a job-creating proposition, and, importantly for me, a regional job-creating proposition.

Since the member for Grayndler encouraged me towards this project I have made a habit of visiting craft brewers—sadly not yet in Scottsdale, but I am sure I will make my way there at the earliest opportunity. Around the country, I make a point of going and talking to local craft brewers about the challenges they face. What I have learnt as an old bloke in this place is that the habits of young people are very different from the habits of the generation of me and the member for Grayndler. I like my VB, and that is all I want, but younger drinkers are not interested in over consumption, as we were when we were younger I must admit. They are more discerning. They are looking for a new experience. They are looking for the beer that they can only get at the Thirsty Crow, in Wagga Wagga. They can only get it at the Thirsty Crow. When asked by their friends whether they went to the Thirsty Crow to try a particular beer, the answer is there for them because it is the only place they can do it.

In my own region in Hunter wine country, we are enjoying new economic diversity. They once just came to sample wine at the cellar door. Then we opened restaurants, so they came for our restaurants as well. Then we moved on to concerts, weddings and balloon rides. Increasingly and very quickly, we are now moving on to beer tasting. That is the sort of diversity you want in any region to cushion you against the shocks.

Just in my own backyard, I have the IronBark Hill Brewhouse, the Hunter Valley Beer Co., the Lovedale Brewery, the Hope Brewhouse and the Matilda Bay Brewhouse Hunter Valley. Once it would have been sacrilegious to have beers, a brewery and a pub, if you like, in the heart of the Hunter wine country. It is making an enormous difference. It is creating jobs. I learned with the member for Grayndler the great potential for beer

tours, which they are already having in his part of the world. It is already happening in Newcastle, not so distant from me. I have no doubt that those tours will make their way up to the Hunter as well.

This is a growth industry. It is a popular industry. It is a job-creating industry. It is an industry that brings happiness to people in many ways. Why wouldn't we be addressing this inequality? Why wouldn't we be addressing this mistake of governments past? We all know that the differentiation between the taxes was a fix put in by the Howard government to make sure that, when they introduced the GST, beer in pubs would not unnecessarily increase. If it is good enough for the pubs, it is good enough for our microbrewers as well, and it is good enough for the jobs that rely upon it.

It intrigues me now that you can go and get a paddle with a range of craft beers on it so you can taste each one out of those very small glasses. I did not think I would see that in my lifetime, but I welcome it because it is creating jobs in my electorate. It is creating jobs right across this country. Every member in this place should be supporting this initiative.

**Mr EVANS** (Brisbane) (18:42): I rise to speak in support of previous speakers on this motion. It is not every day that an opportunity comes along to talk about beer in this place—and in the week of the second State of Origin game as well! What an opportunity to be a euphoric Queenslander! I am happy to report to the Chamber that the beer drinkers of Brisbane are well served. There are now 10 craft breweries in my electorate of Brisbane and counting. We obviously also have the longstanding and iconic XXXX Brewery at Milton. It has been fascinating to watch the craft brewing industry grow so quickly in the past few years. It has been especially interesting when you consider the overall trends, as the member for Hunter just described, of how Australian drinkers, particularly younger drinkers, are drinking less in total. They are clearly seeking out quality products and different brands.

Brisbane seems a natural fit for many of the new craft brewers to set up, given our great nightlife scene and the new offerings we have for clubs, pubs, live music, food, drinks and entertainment. I am very, very pleased to say how true that remains now after we won the fight earlier this year to put a stop to Labor's lock-out laws coming into force in Brisbane. Locally, we have some great and emerging new craft brewers in Brisbane—the Newstead Brewing Company, the Green Beacon Brewing Company, Aether Brewing, Fritzenberger, the Brisbane Brewing Company and Brewhouse Brisbane, amongst many others.

I have a couple of statistics, just in passing, on this very important sector. I am informed that nationally there were only about 30 craft brewers 10 years ago. That has risen to about 420 around the nation today, with a direct workforce of, I believe, over 2,000 full-time jobs. The \$650 million-odd size of the economic activity of this sector contributes, I understand, \$66 million in excise tax through excise duty to the federal government.

I mentioned before how fascinating it is that these craft brewers have been able to carve out a share in the domestic beer market in times when the overall volume of beer consumption is trending down. I also want to pick up on the member for Grayndler's point that there is this huge opportunity that exists for Australian craft brewers to grow their sales by considering exports to big overseas markets. This is a great opportunity to plug the free trade deals that this government has managed to strike with some of the biggest markets that there are around the globe. I do see craft brewing as a leading example of Australia's manufacturing sector. In turn, it provides growth in our agriculture and other manufacturing industries as well as hospitality and tourism, as the member for Goldstein pointed out. This growth, I should note, has been achieved with minimal assistance from government, as is often the case for agile, successful and truly sustainable businesses.

A few weeks ago, I met with Adrian Slaughter and Marc Christmas, the owners of Green Beacon Brewing Company. Green Beacon stands out, not only as a successful brewery, but a very successful business. Over a couple of years now, they have grown from just a handful of staff to almost 30, with further big expansion plans underway. Last year, they won Champion Medium Brewery of the year and the Champion Specialty Beer award for their Bourbon Barrel Strong Ale at the Craft Beer Awards. This year, at the AIBA—Australian International Beer Awards—they won Champion Small Australian Brewery of the year. I can tell you right now that Adrian and Marc are passionate about their business, passionate about Brisbane and passionate about beer and they deserve all of our congratulations for their success.

I come from small business and have spent much of my career fighting for small business. We had a long and detailed conversation about the challenges that craft brewers face—the complexities of their tax regime, the competitive neutrality issues both within their industry and between different alcohol types and just the general challenges that there are with running a small business. I note that there is this microbreweries excise refund scheme, which was introduced in 2013. More broadly, what is not to like about the proposals to cut regulation and tax? As a broad policy principle, I do respect calls for fairness in respect to how different businesses and products

are taxed. I also appreciate how protracted and complicated the recent discussions around tax have been in other areas of the alcohol industry.

I look forward to speaking further with my local craft brewers and working together with them into the future. I know they will be very happy with the tax cuts that they just got from this government as well as the extended eligibility for the \$20,000 instant asset write-off. It will definitely cover some of their brewing equipment and fit-out as they grow their business. I thank the member this motion. I trust that this will be one of many areas where we can all work towards bipartisanship in this place. In the spirit of this State of Origin week, I also look forward to Brisbane's craft brewers continuing to beat Sydney's craft brewers in international and national competitions.

**Mr BRIAN MITCHELL** (Lyons) (18:47): Deputy Speaker, I know that you and the member for Goldstein are passionate beer drinkers. First, can I say this: beer is 90 per cent water, so why doesn't it qualify as a health drink? In fact, back in the medieval times, around when the member for Goldstein and others were forming their political views, beer was, as a result of boiling the wort, safer to drink than water. In parts of my electorate that still suffer boiled water alerts under the Tasmanian Liberal government, it arguably still is.

My colleague Darren Clark tells me that, back when he was at primary school in 1978, he could buy from the school canteen Cascade shandy in a can, alongside a meat pie and sauce. I can imagine the kids in the playground; lolly cigarettes in one hand and gold cans of shandy in the other. They were the good old days. As much as I want to support the craft brewers in my electorate, I will not be advocating just yet for the pilsners or the pale ales to take their place alongside orange juice and choc milk at the school tuckshop.

But I do happily rise today to support the member for Grayndler's motion calling for a fairer deal for Australia's craft brewers, who have more than doubled in the past five years alone, and now number, depending on who you talk to, more than 400 nationwide. They are growing all the time. In my electorate, I am proud to host to Two Metre Tall in the beautiful Derwent Valley; Van Dieman, outside Evandale; Ironhouse on the north east coast; T-Bone in Kempton; and Seven Sheds in Railton. I am sure that more are on their way. Visit these places and the first thing that you are struck by is the heady aroma of hops, yeast and malted barley. The second is the passion that drives the brewers. They are not doing it for the money. They are doing it for the love of beer. They are artists. Just like the whisky and gin distillers in my state, Tasmania's craft brewers are increasingly recognised on the world stage. Last year, Ashley and Jane Huntington at Two Metre Tall reimagined those Aussie classics, cider and beer, for the extravagant opening of Noma Australia in Sydney. While guests at such soirees are traditionally offered a glass of champagne, this time their bubbles and fizz were elegant glasses of Snakebite, described as 'barrel aged, yet fresh and aromatic.' Tasmanian beer and cider replacing champagne at a major Sydney event—that surely puts Tasmanian craft beer on the map.

In the north of my electorate is Van Diemen, where brewer Will Tatchell is keen to source everything that goes into his beer from within his own local area. He is from a farming family, and his brews are keenly sought after. He does his hops and his barley himself—he does it all—and he still does much of the running around, trying to flog the beer to local hotels and local pubs. As the member for Hunter said, these beers go into local shops, local taverns and local hotels—they do so much to support the local tourism industry. Brewers like Ashley, Will and their families are so passionate that it is a joy to be in their presence, preferably with one of their brews in hand. They are pioneers of an industry that has the potential to make a very valuable economic and social contribution to regional communities like mine.

Deloitte estimates that craft brewing already contributes well over \$160 million into the Australian economy, I think it was, back when they did the report, but we hear from the member for Brisbane that it is now \$650 million. And the industry is only in its infancy. Global market researcher IBISWorld estimates craft brewing will grow five per cent a year per year for the next five years. While the imagery of craft brewing might be of bearded vegans with ponytails bottling a small number of piquant ales in a rustic converted barn, there is much more to it. It is potentially very big business.

The potential for craft brewing to make a significant contribution to the national economy, and particularly to the local economies of regional communities, is there. But it is being held back by current tax laws. A little tweaking here and there just to make it a level playing field—no special treatment—will make all the difference. This motion notes there is an inequity between how Commonwealth excise is calculated for small and large brewers, which disadvantages the craft brewing sector. Excise costs more to produce a 30-litre keg than a 50-litre keg. It is absurd, and it needs to change. Excise is important, but it should not be used to disadvantage small brewers. We need to do all we can to give this industry the support that it needs to grow.

**The DEPUTY SPEAKER (Mr Hastie):** I call the honourable member for Bennelong to bring it home for craft brewers everywhere!

**Mr ALEXANDER** (Bennelong) (18:52): I will drink to that! I would like to thank the member for Grayndler for raising this debate. It is overdue. It cannot be denied that there are many, many independent breweries in his electorate but, while he may have quantity, we have true quality at our local—the Endeavour Vintage Beer Company.

*An honourable member interjecting—*

**Mr ALEXANDER:** I have invested deeply in beer over the years, and I should have. Endeavour's story is truly one of local success. Starting at a family kitchen table in Ryde, they now run one of the best pubs in Sydney—the Endeavour Tap Rooms at The Rocks. Hopefully, the coming years will see them expanding locally and bringing great things to our part of the world.

For any members who attended the Bennelong Innovation Fair—and you would be silly if you did not—in the Great Hall, this would have been a chance to sample this great beer. Owner and founder, Ben Kooyman, was at the door presenting a sample of his great beers to everybody who entered the room. Anyone who did so will agree that this is a great beer, and that we have quality over quantity. Beyond Bennelong, however, the independent brewing industry is going gangbusters in Australia. There are now more than 420 independent brewing businesses in Australia, up from 200 in 2013. In the last financial year the industry directly employed 2,100 full-time workers while supporting 15,000 positions in the broader economy. While they produce just three per cent of the nation's beer, the workers employed represent 65 per cent of all those employed in the brewing industry. They also generated \$655 million in economic output.

In September last year IBISWorld conducted a study of independent breweries in Australia. They predicted that independent brewing enterprises were forecast to grow at 11 per cent over the coming decade. They also found that consumption of full-strength traditional beers has been in steady decline over the past five years, purely because drinkers have switched to the premium and independent beers. And they expect exports to grow at 2.5 per cent over the next five years, largely driven by increased demand for our quality Australian independent beers overseas.

Beyond the financial benefits, local independent brewers play a vital role in our communities. Their smaller reach compared to the multinationals provides a more intense local community engagement. They provide local jobs and are often linked with a tighter community identity. They also have health benefits. Figures suggest that people drinking more flavoursome and interesting beers are less likely to binge drink. Independent brewers really provide a complete package.

It is undeniable that the independent brewing industry is going through an incredible growth and success period, changing the drinking landscape across Australia. This inevitably presents a challenge for government. For decades, legislation has been providing for an environment dominated by big multi-label, multinational brewers and wine producers, so we are having to catch up in this area. But I am happy to say that the government are making inroads on the many new challenges presented by the needs of this new industry. The government provide excise relief to Australian brewers through the brewery refund scheme, which provides eligible domestic breweries a refund of 60 per cent of excise paid up to \$30,000 per year. Craft brewers are also supported by the brewery refund scheme and are provided a rebate of 60 per cent, up to a maximum of \$30,000—small beer perhaps, but a good place to start.

Additionally, for those companies which fall into the category, many brewers are able to take advantage of the government's new tax breaks and benefits for small business. This means access to the \$20,000 asset write-off, through which they can immediately deduct assets costing less than \$20,000 each that were purchased in the last financial year. We have also cut the tax rate to 27.5 per cent, the lowest level in 50 years. While currently this applies to small businesses, it will relate to all companies with a turnover of under \$50 million by 2018.

To conclude, our independent brewing industry is a shining light in our community. I congratulate all local brewers for bringing jobs, happiness and community spirit into our regions. I must say, though, as an elite athlete often competing in the most testing heat, my training made me vitally aware of the importance of maintaining hydration. That is why I always keep handy my favourite fluid loss replacement, Endeavour Pale Ale. Be there or be square!

**The DEPUTY SPEAKER (Mr Hastie):** I thank the member and I will overlook the use of that prop. The time allotted for this debate has expired. The debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting.

### Crime in Victoria

**Mr TIM WILSON** (Goldstein) (18:57): I move:

That this House: