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Breweries & Distilleries

SPECIAL REPORT





MOVEMENT: Reece Wheadon and Pia Poynton say there has been a trend towards local beer. **Photos:** Gabriel Oliveira

Craft brewers ride out COVID their own way

While COVID-19 affected on-premises sales at craft breweries, it reinforced the emerging 'buy-local' trend and fast-tracked efforts to grow sales.



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4-PAGE FEATURE

LOCAL craft brewers have spent the better part of 2020 getting their product into bottle shops, as restrictions in response to COVID-19 turned off the pipeline to pubs.

WA Brewers Association president Andrew Scade said all keg sales to hotels, pubs, and small bars stopped when hospitality venues closed on March 23.

"Every brewery would be selling kegs, and some of them wholly rely on kegs," Mr Scade told *Business News*.

"Others can rely on bottling or canning their beer, in which case they were still able to sell into off-premises bottle shops."

Mr Scade said bottle shop trade had remained reasonably strong, but breweries were not able to make up for the lack of on-premises sales.

"The way I heard it was that there was a fair bit of panic

buying at the start, and then Easter wasn't too bad for people and then it went back to quieter levels after that, so it hasn't been super strong," he said.

"People [producers] still aren't getting the revenue they were when they could sell kegs into pubs, and bottles or cans into bottle shops."

West Leederville-based brewpub Nowhereman Brewing Co owner and co-founder, Reece Wheadon, said the pandemic arrived just as the business was moving towards canning its beers.

Nowhereman had finalised its cans' artwork and branding last October, having tested packaging

quality for the past year, and put the final touches to a move into bottle shops in 2020.

Without its own canning facility, Nowhereman instead had pre-arranged bookings with mobile canner Wiley Canning Co for some of its products, Mr Wheadon said.

"That worked really well because we had those forward days booked, whereas other people were waiting," he said.

"It blew out to about eight to 10 weeks' waiting time to get the mobile canning line in.

"We were just lucky to have a few pre-existing dates we could fall back on and just change our product mix."

Coincidentally and conveniently, Nowhereman also had changed its distribution model from direct to third party, making it easier for bottle shops to carry its stock.

"We had all these things that we put in place, gearing up for a big six months," Mr Wheadon said.

"It probably still hasn't been as big off-premises, but it's been in line with what we are trying to achieve."

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WA CRAFT BREWERIES

Source: Craft Beer Reviewer

“ Being light-footed in that gypsy brewing model, we could weather it [COVID-19] a bit better - Mark Cornish

Before COVID-19, Blasta Brewing Company, which opened in 2018, produced 80 per cent of its beer for kegs and 20 per cent to be packaged, according to venue manager Joshua Morgan.

“Through COVID, it was about 95 per cent in packaged; we were very lucky to have our own canning line,” Mr Morgan told *Business News*.

“Basically we are able to can as we need, instead of having to rely on a mobile canning line like all the other small breweries are having to do.”

Blasta sold its beers online through a delivery app, and turned a section of its premises into a corner shop.

The brewpub recently expanded its production capacity, lifting its ranking on the BNiQ breweries list from 10th to third in the past two years.

“Just before Christmas we got three new 7,000-litre tanks, which almost doubled our capacity to brew,” Mr Morgan said.

Western Australia’s biggest brewery according to BNiQ, Gage Roads Brewing Company, posted to the ASX in late March with mixed results.

Gage Roads said while production was operating at 80 per cent higher than average to meet a surge in demand for packaged product, it had also lost sales at Optus Stadium at the beginning of the AFL season and couldn’t sell beer on tap.

Further down the list, South Fremantle Brewing is ranked as the 25th largest brewery on BNiQ. Mark Cornish, Eamonn Barnes and three friends established it in 2016.

Mr Cornish told *Business News* the business was happy being a ‘gypsy’ brewer at the moment, using other people’s equipment to produce their cans and kegs, before looking at a fixed address.

He said the brewery benefitted from the model during the pandemic, as it did not have many overheads.

“Being light-footed in that gypsy brewing model, we could

weather it a bit better,” Mr Cornish said.

He said South Fremantle Brewing also made the decision to stop production in early March, before venues shut, after seeing what was happening overseas, and put all of the kegged beer into cans.

“We increased our canning volumes and were able to supply more bottle shops, and sent our first pallet across the Nullarbor,” Mr Cornish said.

“There was lots of support from the bottle shops, they obviously saw what was happening, they knew everyone needed support, so a lot of them started stocking their shelves with more local [product].”

Mr Cornish said the brewery’s beers were sold in between 15 and 20 bottle shops, mainly in South Fremantle, and found its bottle shop sales had increased during COVID-19.

Later this year, South Fremantle Brewing’s product will feature in a mixed pack of local craft beers to be sold in bottle shops under the auspices of the WA Brewers Association.

Containers for Change

Another change facing the beer industry this year is the introduction of WA’s container deposit scheme, in October.

The scheme requires producers to pay for the cost of recycling their packaged products, which brewers can either pass on to their customers or pay themselves.

Mr Cornish welcomed the move and said the company would absorb the extra cost.

“Because of the small-batch style, we kind of sit high on the shelves anyway, pricing wise, we will try and absorb it,” he said.

Nowhereman’s Mr Wheadon, who was recently appointed to the board of WA Return Recycle Renew, which is implementing the container deposit scheme, said his brewery was not in a position to absorb the cost.



FRIENDS: Eamonn Barnes (left) and Mark Cornish are two of five friends who started South Fremantle Brewing.

“The costs associated with canning are high and it would be impossible to absorb that,” Mr Wheadon told *Business News*.

“Excise goes up every six months, and obviously we have to pass that on to the consumer as well, so we see it in a similar vein so everyone is paying a similar amount, it’s an even playing field.”

“For us, it doesn’t impact our competitiveness in the market; it’s just a bit of corporate social responsibility.”

Trends

Nowhereman Brewing Co business development manager and freelance beer writer Pia Poynton said the industry had been talking about sour beers for a few years and take-up seemed to be gaining traction.

“Sours are an interesting trend that will stay, particularly given our climate,” Ms Poynton told *Business News*.

She said one of the most exciting trends was the move towards consuming local beer.

“People were so in love with any craft beer coming from the [United] States, and then I feel like it’s kind of done this 360

where people have gone, ‘All that American craft beer is great, but look what’s being made in our own backyard’, so all the fridges are now local,” Ms Poynton said.

More space was being given to smaller players as well, she said.

“I’ve been doing this a long time and you used to walk into a bottle shop and talk to someone about their craft beer fridge and it was two rows of Matilda Bay, two rows of James Squire and then maybe it would be [Little] Creatures or Gage Roads,” Ms Poynton said.

“I was in a bottle shop yesterday [Scarborough Cellars] and they were like, ‘Yep, these are my WA doors’, so I think that’s a more positive trend.”

Forging ahead

The surge in craft beer in WA isn’t slowing, with website *Craft Beer Reviewer* recording 84 breweries in WA in May 2020, up from 77 in July 2019.

Running with Thieves was planning on opening a 400-capacity brewery, distillery

and restaurant in July at the former Southlanes site in South Fremantle.

Managing director Scott Douglas said the venue would be able to produce just less than 1 million litres of beer and 300,000L of spirits a year, meaning it would rank around fifth on the BNiQ list, when the venue was operational.

Due to COVID-19, Mr Douglas said the brewer had changed plans and could open with a pop-up food offering in the summer.

“There are still a lot of risks for us out there,” Mr Douglas told *Business News*.

“They [the government] are easing restrictions at the moment, but if that changes and they go back to where we were, that could be the end of us if we make that additional investment in that front of house.”

Swan Valley’s Bailey Brewing Company and Shelter Brewing Co in Busselton planned to open later this year and told *Business News* they were going ahead.

WA's LARGEST BREWERIES

Ranked by WA production per annum (in carton equivalents) and then by total staff in WA



Rank	Name	Senior WA executive	Year est. in WA	Head brewer	Total staff in WA	Wholesale	Retail	Brewpub/ Restaurant	WA production per annum (in carton equivalents)	Beer styles/brands
1	Gage Roads Brewing Company	Mr John Hoedemaker Managing Director	2005	Ross Brown	75	Yes	No	No	1,800,000	Single Fin Summer Ale, Side Track All Day XPA, Little Dove New World Pale Ale, Sleeping Giant IPA, Hello Sunshine Cider, Alby Crisp, Alby Draught, Atomic Beer Project Pale Ale, Atomic Beer Project IPA, Atomic Beer Project XPA, Matso's Ginger Beer, Matso's Mango Beer, Matso's Hard Lemon and a range of limited editions
2	Feral Brewing Company	Mr Robert Brajkovich General Manager	2002	Will Irving		Yes	Yes	Yes	NFP	Biggie Juice, Feral Hop Hog, Feral White, Feral Sly Fox, Feral Smoked Porter, Perth Local, Karma Citra, Boris, Imperial Biggie, War Hog, Feral Draught, Walrus Tears, Barrique O'Karma, Knuckles, White Hog, Coconut Stuff, Dark Matter, Mango Ganguly, BFH, I Am Froot, Loving Ewe, Prickle Rick, Dank Blanc, Barn Farm, Shoote McGavin's Breakfast IPA, The Runt, Tusk, Hopfen Fahrt, Double Denim Brown Ale, Ace of Base...
3	Blasta Brewing Company	Mr Steven Russell Founder, Brewer	2018		45	Yes	Yes	Yes	150,000	Blastaweizen, Chain Breaker IPA, Tangerine Dreams Hefeweizen, Myway Grapefruit IPA, Where the Helles Burrswood, Grimster Rocks American Pale Ale, Unleash the Beast NEIPA, The Cat's Whiskers strawberry APA, Steady Head Pale Ale
4	Nail Brewing Australia	Mr John Stallwood Owner, Head Brewer	2000	John Stallwood	7	Yes	No	No	NFP	Nail VPA, Nail MVP, Nail New Pale, Nail Red, Nail Stout, Clout Stout
5	Otherside Brewing Company	Mr Al Taylor Chief Executive	2016	Rhys Lopez	NFP	Yes	Yes	Yes	NFP	Festive Session Ale, Anthem India Pale Ale, Social Helles Lager, Harvest Red Ale, Lo-Fi Citrus Mid, Indi Extra Pale Ale, quarterly/seasonal creative releases, monthly experimental releases
6	Elmar's in the Valley	Mr Elmar Dieren Director	2005	Tarik Sammler	NFP	No	No	Yes	NFP	Ein Stein Pilsner, Kick Back Wheat Beer, Over Draft Ale, Schwarzbier, Bock Bier, Kölsch, Helles, Marzen
7	Boston Brewery	Mr Tyson Addy Head Brewer	2012	Tyson Addy		No	No	Yes	50,000	Boston Ginger Beer, Lager Australian Style, Hefeweizen Wheat Beer, Munich Dark Lager, Indian Pale Ale, Subliminal Porter
8	Black Brewing Co	Mr Stewart Sampson Founder, Managing Director	2015	Shannon Grigg	NFP	Yes	Yes	Yes	NFP	Fresh Ale, Rice Lager, Pale Ale, XPA, Saison, Bao Bao Session Stout
9	Mash Brewing	Mr Brad Cox Owner, Managing Director	2006	Brad Nolen		Yes	No	Yes	39,000	Copy Cat American IPA, Russell American Amber Ale, Grasscutter Summer Ale, Challenger English IPA, Pale Ale, Freo Dr Pale Lager, West Coast Wheat, Crush Apple Cider, Belgian Pale Ale, Bon Scotch, Rye The Hop Not, Rye Porter
10	Colonial Brewing Company	Mr Chris Morris Owner	2004	Ash Hazell	12	Yes	Yes	Yes	38,888	Colonial Kolsch Draught, Colonial Pale Ale, Colonial Indian Pale Ale, Colonial Porter, Colonial South West Sour, Colonial Bertie Cider, Colonial Small Ale
11	Cheeky Monkey Brewing Co	Mr Brent Burton Managing Director	2012	Ross Terlick	30	Yes	Yes	Yes	31,250	Blonde Summer Ale, Pale Ale, Session Red Ale, West Coast IPA, Belgian IPA, Dry Apple Cider, Sweet Pear Cider
12	Rocky Ridge Brewing	Mr Hamish Coates Managing Director	2015	Hamish Coates		No	Yes	No	30,000	Ironstone Pale Ale, Granite IPA, Quartz Small Ale
13	Whitelakes Brewing	Mr Sean Symons Head Brewer	2016	Sean Symons	2	Yes	No	Yes	25,000	Pilsener, Draught, Dark Lager, Pale Ale, Summer Ale, Amber, Standard, Wit
14	Last Drop Brewery	Mr Jan Bruckner Head Brewer	1992	Jan Bruckner		Yes		Yes	NFP	Last Drop Hefeweizen, Last Drop Pilsner, Last Drop ESB, Last Drop Dunkelweizen, Last Drop Light, Last Drop Oktoberfest Bier, Last Drop Bock, Last Drop Wheat, Last Drop Thunderstorm
15	Bootleg Brewery	Mr Thomas Reynolds Owner	1994	Michael Brookes		No	No	Yes	18,750	Raging Bull, Speakeasy IPA, Tom's Amber, Sou'west Wheat, Prohibition Pils, Prinsep Cider

Distillers crank up the creativity

New products, cheaper bottles and a push to buy local are on the cards for craft distillers, despite the disruption caused by COVID-19.

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OLD Young's founder James Young has only been in the distilling business for five years, but says he feels like an old timer.

Mr Young was certainly early to the game in Western Australia, with 16 distilleries having opened since 2016 when Old Young's launched in the Swan Valley, according to BNiQ data.

New players to enter the market last year include Fremantle Spirit Company, Gidgannup-based Old Macdonald Distillery, and the Republic of Fremantle.

Mr Young told *Business News* the days of the single-founder business could soon be over, with many operations employing a head distiller from day one.

"All of it proves that there is a place for it," Mr Young said.

"What's your reason to buy a bottle of Bombay Sapphire when you can buy a Spirit of Little Things, Sin Gin, us [or] Tattarang Springs," he added in a nod to the quality of the local product.

"We will see what happens, but hopefully out of COVID we might have this situation where that concept of buy local sticks around."

Mr Young said COVID-19 restrictions had affected his business, given the 75 per cent drop in revenue from its tasting room.

He said the remaining 50 per cent of the business was split between retail, which was trading



NEWEST DISTILLERIES IN WA

Kimberley Spirits Co	2020
Fremantle Spirit Company	2019
Old Macdonald Distillery	2019
Republic of Fremantle	2019
Big Emperor	2018
Grumpy Fish Distillery	2018
McRobert Distillery	2018
Swan Valley Gin Company	2018
Running with Thieves	2018
Spirit of Little Things	2018

TO SEE THE FULL LIST ONLINE [Q businessnews.com.au/bniq/distilleries](https://businessnews.com.au/bniq/distilleries)

GOOD PRODUCT: James Young hopes the move to buy local survives after COVID-19 restrictions are fully eased. **Photo: Gabriel Oliveira**

The team at Old Young's has taken advantage of the COVID-19 hiatus to develop new products, including a gin of the month club, and has been working with other distilleries to create bottled cocktails.

Whipper Snapper Distillery in East Perth has also been creative while its venue has been closed, creating hand sanitiser and a special moonshine using unused kegs of beer, which otherwise would have been sold in bars and restaurants.

The moonshine, called Brew Moon Rising, used 2,200 litres of kegged beer from 21 WA craft breweries to make 250 bottles, Whipper Snapper Distillery co-founder and head distiller Jimmy McKeown told *Business News*.

"The whole point of it really is to build that public awareness campaign around supporting local producers and raising a bit of cash for them as well," he said.

Mr McKeown said the brewery had lost 40 per cent of its business in on-premises sales in bars and restaurants in the two months it was closed. Retail sales, which made up 40 per cent of its business, were also down.

He said there was a trend towards the bigger local players producing cheaper whiskey.

"It's purely economies of scale, so a lot of the bigger ones who can, who do have the capital, are expanding to produce more whiskey," Mr McKeown said.

"And the more they produce, the lower the overheads so the cheaper the whiskey; so that's a real way to kind of get it into the mainstream but also compete with the big imports."

According to Mr McKeown, Whipper Snapper whiskey was about the third cheapest in Australia at the moment.

"We are still looking at potentially making another product that is more affordable, but that probably won't come online until we have bigger production equipment, which requires capital, which is always a struggle to get," he said.

Great Southern Distilling Company has recently released Dugite Whiskey, its first to sell below \$100.

\$100,000

FEDERAL GRANT TO OLD YOUNG'S

as normal after an initial spike in March, and on-premises sales in bars and restaurants, which had been reduced to nothing.

Thanks to JobKeeper, Mr Young said he had been able to retain all his staff, even after recently expanding his team with five new employees in the past 12 months.

In addition, Old Young's received a grant from the federal government's Manufacturing Modernisation Fund in April for an expansion of its production facilities.

The distillery was awarded \$100,000 from government in matched funding.

The expansion will be finished by the end of 2021, and will increase production capacity to between 30,000 and 40,000 bottles per month.

"We are talking about new distilling equipment, expanding the shed, a bottling line [and] some distillery software," Mr Young said.

Breweries & Distilleries

SPECIAL REPORT

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