

International Study of the Value Adding of Regional Produce Through the Manufacture and Distillation of Spirits by Micro-Distilleries



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Fellowship supported by the Pratt Foundation



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Also extract published on www.issinstitute.org.au

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Executive Summary

Australia is falling behind both Europe and the USA in our ability to be competitive in the Micro-Distillery Industry.

Second grade fruits and vegetables are normally left on the tree to rot in Australia reducing the revenue streams of rural and regional producers. Growers, producers, and hospitality/tourism enterprises in countries such as Europe, the USA are using second quality fruits and even vegetables to produce newly manufactured neutral spirits. These spirits are then used to produce a variety of fruit brandies, bourbon, malt or blended whiskies, vodka, rum, gin, brandy and other niche beverage products.

Recent changes in legislation together with reduction in licencing fees in the United States are enabling the establishment and growth of micro-distilleries to compliment winery production, especially in agri-tourism businesses such as restaurants. These small micro-distilleries lead the way for innovation of new products and increased revenues to rural and regional areas from both manufacturing and tourism.

Germany, France and Austria encourage the manufacture of spirits using second quality fruits to add a further revenue stream for farmers and producers in the country. Farmers are able to produce a quantity of neutral spirit that is purchased by the government and finished as beverage by a wholesale manufacturer or to be sold to ethanol producers. This provides for a national approach to provide supplies of alcohol with product from fruits and vegetables, rather than wasting arable land and resources for growing crops such as corn or wheat for ethanol production.

The approach Australia needs to adopt is to encourage micro-distilleries in rural and regional areas, providing employment and returning greater revenues to local regional areas, and further opportunities for agri-tourism and food trails including regional branding in these areas.

The pot-stills themselves are relatively simple to operate; however, the training needs to be centred on the fermentation and post-handling of alcohol products. It would provide industry support and incentive to encourage the growth of industry clusters for rural and regional producers and a strategy for increasing income to farmers through providing alcohol for further manufacturing.

This report provides a foundation that encourages the government acting through the TAFE education system to support the development of skills in alcohol manufacturing by providing training in the principles of small pot-still based manufacturing enterprises. This could be achieved relatively easily through establishing a curriculum in six regional based TAFE colleges—WA, SA, VIC, NSW, QLD and NT.

Through undertaking this Pratt Foundation/ISS Institute Overseas Fellowship into the 'Value of adding regional produce through the manufacture and distillation of spirits by micro-distillers', Best has been able to investigate the international development of micro-distilleries and make recommendations for the future of an Australian Micro-Distillery Industry.