Written evidence submitted by the Wine & Spirit Trade Association (RUT0111)

About the Wine & Spirit Trade Association

The Wine and Spirit Trade Association (WSTA) represents 340 companies producing, importing, exporting, transporting and selling wines and spirits in the United Kingdom. Members range from major retailers, brand owners and wholesalers to fine wine and spirit specialists, logistics and bottling companies. We campaign for a vibrant and sustainable wine and spirit industry, helping to build a future in which alcohol is produced, sold and enjoyed responsibly.

Introduction

The UK’s wine and spirits industry contributes £45bn in economic activity and nearly 600,000 jobs in the UK are directly supported by the industry through distilleries, vineyards, bottling plants, distributors and retailers. In addition, the industry accounts for £5.3bn of UK exports and contributes £11bn annually to the Exchequer in duty and VAT alone.

The UK has a long and proud history of being at the heart of the world wine and spirit trade, and tourism is becoming an increasingly important part of the industry, as people want to learn about the provenance of, and inspiration behind, food and drink.

English vineyards and wineries

The growth in the English wine sector, in terms of both number of vineyards and area under vine, has not only boosted the rural economy in terms of jobs created directly through vineyard management and winemaking but has also brought about a significant boost to rural tourism.

Domestic and international tourism to English vineyards has grown considerably over recent years. More than 180 vineyards now have their gates open to the public attracting a significant numbers of visitors. Interest in English wine has increased significantly over recent years, with many major supermarkets stocking English wine and, in 2016, English wine won over 175 awards in prestigious international wine competitions. With this, interest in visiting vineyards has increased dramatically, for example, Ridgeview wine estate saw a 100% increase in visitors from 2015 to 2016.

With increased domestic and international interest, and with vineyards becoming an ever more familiar part of the rural landscape in southern England, we anticipate greater demand for tourism opportunities at vineyards and wineries. We believe that there is major potential as a cultural export, and the English wine industry has pledged to increase its exports tenfold to 2.5 million bottles per year by 2020.

Distilleries
57 distilleries opened across the UK in 2015 alone, with nearly all having a view to welcome visitors and operate a shop on site. In 2015, the WSTA launched the London Gin Trail and the Scotland Gin Trail followed in 2016. There is a huge amount of potential for British gin as a cultural export, much like Scotch whisky. British gin exports are expected to hit £1 billion for the first time by 2025, and it is estimated that UK produced gin accounts for 20% of global gin exports with roughly 204 million bottles exported in 2015.

Committee questions

1. **Marketing**: How well do agencies promote rural destinations across England? What more should the Government do to support this work?

It is important to note the significant growth potential for English vineyards and wineries as rural tourist destinations. An increase in vineyard plantings and production, fuelled by confidence in the sector and increased investment, has resulted.

Experience of WSTA members of regional agencies has been mixed. Visit Kent has been identified as among best in show while other regional bodies have been less successful at promoting wine and spirit tourism. Marketing for vineyards has been undertaken on a regional basis, and with inconsistency between agencies. Due to the current proximity of the majority of English vineyards (Kent, Sussex, Hampshire based), a sectorial basis for marketing campaigns would be more effective. Vineyards and distilleries could also have more prominence in the “GREAT” campaign. WSTA would be willing to work with Government, Visit England and Visit Britain to achieve this through a more joined up approach.

2. **Access**: What, if any, changes are needed to give people better access to the coast and countryside?

The WSTA does not have a position on this other than to note since many English vineyards are in rural locations they need the necessary public transport infrastructure to ensure maximum footfall.

The wine and spirit industry takes its role in responsibly producing, distributing and retailing alcohol very seriously. It is imperative that rural areas maintain good public transport links to ensure visitors can enjoy alcohol responsibly. Safe footpaths are also essential.

Investment from Highways England or the relevant local highway authority in brown tourist signs to direct visitors to vineyards and wineries, and promote the attraction to local visitors, should be encouraged. Alternative funding options for signage should be explored, as a single sign can cost from £8,000 to £40,000, which is arguably a major investment for a small or medium enterprise.

Some WSTA members have experienced issues where the relevant authorities are reluctant to increase brown signage. There is also some concern over the efficacy of brown signs of
encouraging local tourism themselves, due to their primary function being to direct people where to go, rather than as a way to advertise the attraction’s location. It would be beneficial if brown signs could be used more on major A roads and motorways, and be more advertising focussed and stand out more to help promote tourism, for example similar to the vineyard trails in France.

One further issue which can affect visitor numbers is issues with the road network. One example of this is the A27 between Brighton and Lewes, which can often be flooded and affect winter tourism.

One further suggestion has been to encourage train companies to promote “days out” to rural areas and vineyards.

3. **Funding and fiscal policies:** How can public funding be best targeted to get new rural tourist businesses off the ground and keep them going? Are changes needed to tax levels and business rates?

There are already high costs associated with setting up distilleries and vineyards and wine and spirits duties are a major hindrance to wine and spirit businesses in England. Wine duty in the UK is the equivalent to £2.08 per 75cl bottle of wine, £2.67 on a bottle of sparkling wine. For spirits duty rates are £11.06 for a litre of spirits at 40% abv or £7.75 for 70cl at 40% abv. Duty rates are £10.37 for a litre at 37.5% abv and £7.26 for a 70cl bottle at 37.5%. Cutting duty rates for wine and spirits would be a major step in supporting the industry, giving confidence to the industry and encouraging investment and growth.

Grants for businesses can be a hugely effective way to help vineyards expand to include additional facilities to attract visitors. Grants and other funding streams are available from a number of sources although it is often difficult for vineyards to identify those sources. As was noted at the first English Wine Round Table convened by the then Defra Secretary of State, Liz Truss, there should be a single point of contact for the industry within Defra in particular to develop a definitive list of potential sources of funding.

### Case Study – Bolney Wine Estate

Bolney Wine Estates in 2005 invested in a state-of-the-art winery with help from a Department for Environment, Food and Rural Affairs grant to grow its business.

In May 2016, Bolney opened a new visitor centre and café, which doubled the restaurant area and provided extra space for tasting and a shop, and a 100 square meter outside balcony overlooking the vineyard.

Wine tourism has become a significant part of Bolney’s business, contributing around 20% of sales. The Estate aims to see visitor numbers increase from 13,000 in 2015, to around 45,000 by 2020, primarily targeting the domestic market, as well as some international tourism. It intends to boost its marketing in the second half of the year. This year, Bolney
expects to attract 20,000 visitors.

The move had been in discussion for around four years, and had been contingent in finding the finance to invest in a large and expensive project.

Around £100,000 – a third of the cost of the work – was provided by local enterprise partnership grant from Coast to Capital, while the remainder was raised from the business’s ongoing reinvestment in the business, and support from the bank.

The Government should also ensure business rates remain competitive.

4. **Planning and regulation**: What, if any, changes are needed to planning and other regulations covering rural areas of special character, such as National Parks, to encourage sustainable tourism?

The costs of investing in wine making equipment are significant particularly since the kit is only used for a few months a year. As such many vineyards contract out process of wine making to other wine producers and focus on simply growing the grapes themselves. This makes economic sense but has consequences for the businesses actually making the wine as the businesses can lose agricultural status as they are deemed to have become food processing businesses. As such the businesses become subject to tougher planning rules than if they were to have maintained their agricultural status. Loosening up these restrictions would allow for flexibility, which is especially important with a growing industry which requires significant capital investment for expensive winemaking equipment.

5. **Infrastructure and skills**: What measures are needed to ensure transport, housing and other infrastructure meets visitor needs? How can the sector ensure there are enough people with the right skills to support customers and businesses?

Vineyards, wineries and distilleries offer an exceptional range of highly skilled jobs in rural areas, which are both sector and non-sector specific. Plumpton College offers training, degrees and apprenticeships in the sector, as well as short courses to “up-skill” the UK wine industry.

**Case study – Chapel Down**

Chapel Down Winery welcomes over 50,000 visitors every year, driving a £1 million turnover shop (produce and tours) and a £1 million turnover restaurant. The business believes it delivers a wider community benefit, which it says is a key marker of success for rural viticulture tourism.

Offering a “premium” experience to all its visitors, all of its staff in the shop and leading the tours are trained at the Wine and Spirit Education Trust (WSET), and its restaurant has
The addition of a visitors centre to vineyards can increase the number of potential job opportunities significantly.

**Case study - Rathfinny Wine Estate**

As an arable farm, Rathfinny previously provided full time employment for two staff. With over 180 acres now under vine that has increased to over 30 full time staff and 20-30 seasonal staff and numbers are expected to rise to over 80 members of staff (not including seasonal workers) when the site is fully planted with close to 400 acres of vines.

Wine Tourism is growing into a significant part of its business. Rathfinny has a small shop (the Gun Room) in the local village of Alfriston, which already attracts over 25,000 visitors a year. The Wine Estate provides tours of the vineyard and winery and offer accommodation, (at the Flint Barns) for walkers and special interest groups. Visitor numbers to the Estate have grown from 5,000 in 2014 to over to 32,000 in 2016. As the business starts to sell its first sparkling wines in 2018 they estimate that visitor numbers will grow significantly to over 50,000 by 2020. Much of this is local tourism from the South East of England, but Rathfinny have also had organised groups from Scandinavia and the Far East.

Grant funding has not been available from the SE LEP as the LEP has not made any calls since March 2015. All the investment in the project has been made directly by the owners of the estate.

As well as attracting visitors to the local area the vineyard has boosted visitors to the local area with the knock on benefits to the local hospitality sector.

In the future it is believed that the South Downs will be a centre for wine making in England attracting wine tourism visitors in a similar way to the Margaret River in Australia, and Stellenbosch in South Africa.

The industry is a major contributor to tourism and hospitality industries in the on-trade, such as pubs and bars, hotels, restaurants, catering and events. A recent report commissioned by the WSTA by EY states that wine and spirits alone are worth £10 billion to the hospitality industry, which contributes £53.7 billion to UK GDP as a whole, and some 2.6 million people are employed in hospitality making it the UK’s 4th largest employer.
6. **Local environment and character:** How can national and local policies get the right balance between growing tourism and enhancing the local environment and character?

The WSTA does not believe that growing tourism and local environment and character are in conflict. Growing tourism can contribute to the rural economy and have a positive effect on local jobs, local investment and the local economy. Local events can also have a positive impact on hotels and bed and breakfasts.

7. **Defra role:** What more should the Department for Environment, Food and Rural Affairs do to ensure government departments (including Departments for Communities and Local Government, Business, Innovation and Skills, Culture Media and Sport and HM Treasury) support rural tourism?

All Government Departments should support the industry by serving English wine and spirits at events. A concerted effort from Ministers should be made to visit vineyards, wineries and distilleries to promote English wine and spirits.

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