

18 August 2020

Hon Michael Sukkar MP  
Assistant Treasurer  
Minister for Housing  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600



Via electronic submission

Dear Assistant Treasurer,

**Re: 2020-21 Pre-Budget Submission from the Non-alcoholic Drinks Industry**

On behalf of the Australian Beverages Council Limited [ABCL], representing over 90 per cent of the non-alcoholic beverage industry's production volume in Australia, which supports employment for more than 46,000 Australians and contributes more than \$7 billion per annum to the national economy, I write in relation to the Australian Government's response to COVID-19 and the ABCL's *A Refreshing Recovery: A Post-Coronavirus Recovery Blueprint for the Australia Drinks Industry* [the blueprint].

The non-alcoholic drinks industry is an integral part of Australia's social fabric and critical infrastructure whose assets, systems and networks are vital for the nation's ongoing security, economic prosperity, health and safety. Like many other sectors, our industry has a long and proud history of partnering with governments on a range of important matters to solve complex problems, including acting as a conduit between industry and government throughout the ongoing COVID-19 pandemic.

**Government Response**

On behalf of the non-alcoholic drinks industry, we commend the Australian Government for acting swiftly to support industries across the nation, and the health and wellbeing of the population.

Our Members have indicated their support for the National COVID-19 Coordination Commission [NCCC] and National Coordination Mechanism [NCM] which have provided a platform to respond to challenges across a diverse array of topics, including the coordination of supply chains, and resolving issues around cross-border movements of essential goods and workers.

Moreover, I would like to acknowledge the Australian Government's efforts in pursuing geostrategic and economic interests in key international groupings and encouraging a coordinated international response to resolve disruptions in global supply chains. Ultimately, as an industry that depends on products from across the country and around world, it is essential that both domestic and global markets remain free and open.

The ABCL fully supports the Australian Government's ongoing economic provisions made available to Australian companies and their employees during the pandemic, particularly the:

- Relief and Recovery Fund;
- JobKeeper and JobSeeker initiatives;
- Payments of up to \$100,000 to eligible small and medium sized businesses, and not-for-profits (including charities) that employ people, with a minimum payment of \$20,000;
- Reserve Bank of Australia [RBA] special funding facility for commercial banks and small businesses;
- \$15 billion investment via the Australian Office of Financial Management to enable smaller lenders to continue lending to small and medium enterprises; and
- the Coronavirus Small and Medium Enterprises Guarantee Scheme to guarantee up to \$40 billion to support \$40 billion in loans issued by eligible lenders.

**Industry Response – Blueprint**

It is clear from discussions with Members, industry associations and government stakeholders at key junctures in the pandemic that the economic damage wrought by COVID-19 is significant, and that it will be some years before a full recovery will be achieved.

To assist the Australian Government in preparation for the 2020-21 Budget, the ABCL engaged KPMG to compile a detailed recovery blueprint to map out how the drinks industry can support a broader economic repair and rebuild agenda. Informed by stakeholder consultations and a survey of the ABCL's Members, the blueprint outlines a number of barriers preventing the drinks industry and its supply chain from achieving greater profitability, investment and employment, including:

- Retail market power;
- Energy costs;
- Skills shortages;
- Water sourcing;
- Industrial relations;
- Environmental sustainability;
- Taxation reform;
- R&D tax incentives; and
- Red tape.

Some of the above issues faced by the ABCL's Members have been caused by COVID-19 while others are longer-term structural inhibitors to growth.

In considering this list of issues, the blueprint gives regard to the need for widespread economic recovery with a particular focus on boosting jobs and seeks to generate economic benefits that have broad application beyond the drinks industry, and which are most effective and efficient. As such, the blueprint includes a number of key policy recommendations for consideration by governments, including:

- Harmonising Container Deposit Schemes (CDS) across jurisdictions, incentivising key stakeholders and broadening the remit to meet sustainability goals, supported by recycling infrastructure to close the domestic loop;
- Reforming the tax system to reduce the burden on businesses and providing tax incentives to support beneficial economic decision-making and a business-led recovery;
- A simplified and mutually beneficial industrial relations system for employees and for employers of all sizes; and
- A well-informed energy policy that reduces costs, increases reliability and is consistent nationally.

By implementing ambitious, long-term orientated reform, it is the ABCL's view that expenditure on high priority infrastructure and people, facilitated by tax incentives, will lift business investment and support a strong economic recovery.

The full blueprint document has been included with this correspondence for your consideration.

Thank you for your continued support for the drinks industry in Australia and the important contributions it makes to the economy of the nation. Mr Shae Courtney, Senior Manager – Corporate Affairs, will assist your office in arranging a meeting, if required, and provide any other assistance on behalf of the ABCL. Mr Courtney can be contacted on +61 420 736 136 or via [Shae@ausbev.org](mailto:Shae@ausbev.org)

Yours sincerely,



Geoff Parker  
Chief Executive Officer

Encl. *A Refreshing Recovery: A Post-Coronavirus Recovery Blueprint for the Australia Drinks Industry*

