

Refreshing our economy

The economic contribution of
the Australian Beverages Industry



Executive Summary

The Australian non-alcoholic beverages industry[†] has a long and proud history of providing refreshing beverages for every occasion, for every Australian.

From humble beginnings in the mid 1800's through to the early 20th century, the industry was comprised of small, family owned businesses producing and delivering soft drinks and juices door to door. Today, the industry represents a diverse range of both local and multi-national brands, providing a wide range of world class products that are sold around Australia and exported overseas.

From the cane fields in the far north of the country to the orchards in the south, the industry relies on a unique mix of quality Australian products. This supply chain in turn supports more industries and more Australians. Right across the country, the Australian non-alcoholic beverages industry is a key contributor to local, state and national economies. It is a significant employer of Australians and each year the industry supports direct employment of more than **46,000 people**. It also contributes almost **\$7 billion to the national economy** and collectively pays more than **\$1.2 billion in taxes** per annum.

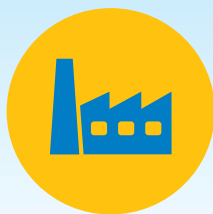
This inaugural report, commissioned by the Australian Beverages Council (Beverages Council), provides a clear insight into the industry's impact on the Australian economy. Conducted by ACIL Allen Consulting in the middle of 2015 and for the financial year 2013-14, this independent analysis provides quantitative data detailing the true worth and value of the industry. It analyses jobs across the supply chain from primary producer to production and retailing, evaluating the overall contribution and value to the economy.

[†]For the purpose of this report, the 'beverage industry' is defined as non-alcoholic and non-dairy beverages.

THE BEVERAGES INDUSTRY PROVIDES FULLTIME EMPLOYMENT FOR **46,315** AUSTRALIANS



AGRICULTURE



MANUFACTURING

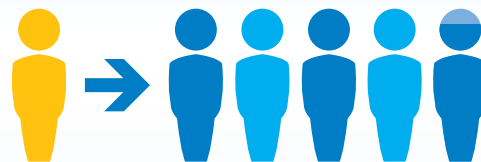


TRANSPORTATION
& LOGISTICS



RETAIL

FOR EVERY 1 DIRECT EMPLOYEE IN THE BEVERAGES MANUFACTURING INDUSTRY THERE ARE 4.9 JOBS REQUIRED ELSEWHERE IN THE ECONOMY TO PRODUCE AND RETAIL THE BEVERAGES



CONTRIBUTED
\$6.665 BILLION
TO THE AUSTRALIAN
ECONOMY IN 2013-14






EQUAL TO
\$1.2 BILLION
IN TOTAL TAXES
PAID PER ANNUM

Value Add

The beverages industry adds value to the Australian economy to the tune of approximately \$7 billion per annum. This contribution is realised in a variety of ways both directly and indirectly supporting the national economy. One of the biggest contributions arises from employment generated by the beverages industry in primary industries, manufacturing, transport and retail.

The Australian economic output from the industry is comprised of the following key components:

	CONTRIBUTION	=	DIRECT	+	INDIRECT (SUPPLY CHAIN)
 Soft drinks¹	\$3,779 million		\$1,415 million		\$2,364 million
 Bottled waters²	\$523 million		\$192 million		\$332 million
 Fruit juices³	\$736 million		\$275 million		\$461 million

In addition, the industry directly supports the following economic output from downstream channels:

- \$1,047 million from the grocery and convenience retailing industry
- \$452 million from the cafes, bars and restaurants retailing industry
- \$128 million from net GST payments

The Australian beverages manufacturing industry directly paid \$450 million in taxes in 2013-14 with total taxation paid throughout the supply chain equalling \$1.2 billion.

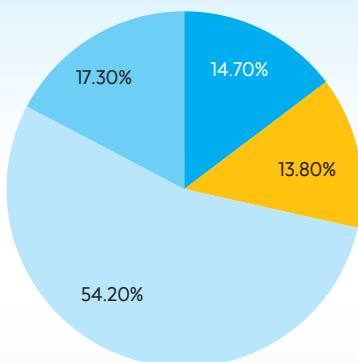
Soft drinks as a proportion of the total industry generate 74% of the revenue which equates to around \$4.3 billion. This is followed by fruit juices at 14% equating to \$816 million and bottled water at 12% equating to \$711 million.

¹ The soft drinks category includes carbonated soft drinks, energy drinks, sports drinks, iced tea, cordials and flavoured mineral water.

² The bottled water category includes bulk and packaged water, mineral water, purified water and spring water.

³ The fruit juice category includes fruit juice production, fruit drink production and bottling.

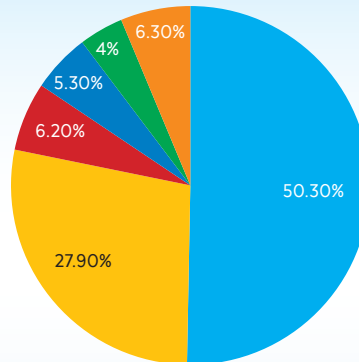
**PRODUCT SEGMENTATION
OF BOTTLED WATER, 2013-14
(PERCENTAGE OF TOTAL
PRODUCTION VALUE)**



- Bulk and packaged water
- Purified water
- Spring water
- Mineral water

SOURCE: IBIS, 2014 AND ACIL ALLEN CONSULTING, 2015.

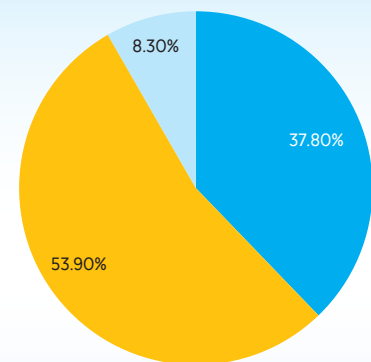
**PRODUCT SEGMENTATION
OF SOFT DRINKS, 2013-14
(PERCENTAGE OF TOTAL
PRODUCTION VALUE)**



- Cola flavoured CSDs
- Other flavoured CSDs
- Sport drinks
- Energy drinks
- Mixers
- Other

SOURCE: IBIS, 2014 AND ACIL ALLEN CONSULTING, 2015.

**PRODUCT SEGMENTATION
OF FRUIT JUICES, 2013-14
(PERCENTAGE OF TOTAL
PRODUCTION VALUE)**



- Fruit drinks
- Fruit juices
- Juice boxes and children's fruit drinks

SOURCE: IBIS, 2014 AND ACIL ALLEN CONSULTING, 2015.

Manufacturing

Manufacturing of beverages doesn't start in a factory. There is a long and varied value chain that sees the beverages industry creating jobs and contributing to the economy from paddocks to the manufacturing factory door including:

- **Agricultural** - product ingredients such as fruits and sugar
- **Manufacturing** - other inputs such as fertilisers, glass, cans and cartons
- **Transport** - including ingredients, packaging and products
- **Utilities** - including water and energy
- **Professional services** - including consulting, accounting, recruitment and so on

In 2013-14 alone, the Gross Value Added (GVA) of the manufacturing stage of the beverages industry (GVA being the measure of the value of goods and services produced), is estimated at \$5 billion employing over 30,000 full time people. Soft drinks manufacturing as a component of the whole industry is responsible for over 70% of both GVA and employment, primarily because the manufacture of soft drinks involves a more detailed value chain. Fruit juices then bottled water account for the remainder.

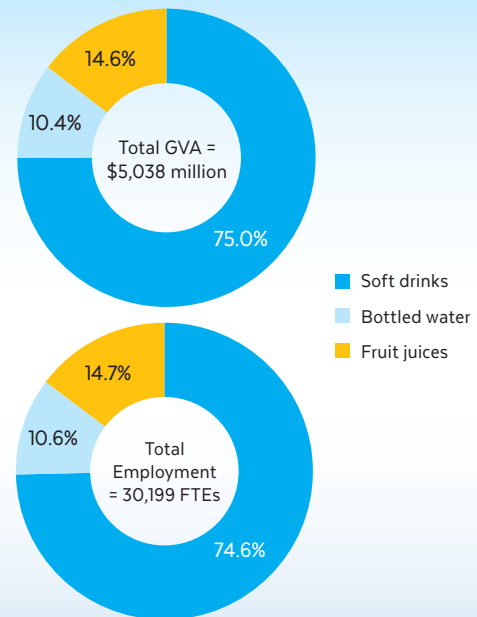
Geographically, New South Wales accounts for the highest share of national GVA followed by Victoria then Western Australia and Queensland. Smaller states such South Australia, Northern Territory, Tasmania and the Australian Capital Territory account for smaller shares.

Retail Sales

In Australia, the most commonly consumed non-dairy, non-alcoholic beverage is water, followed by sugar-sweetened soft drinks, fruit juice and low-kilojoule sweetened beverages. Today, nearly one in every two (42%) water-based beverages sold is a low kilojoule variety. This compares to only three out of ten 15 years ago and represents a clear shift in purchasing patterns by Australians.

The contribution made by the retailing of beverages - soft drinks, bottled water and fruit juices - is \$1.04 billion from the grocery and convenience retailing industry. \$452 million comes from cafes, bars and restaurants. This sector alone generates 16,116 full time jobs.

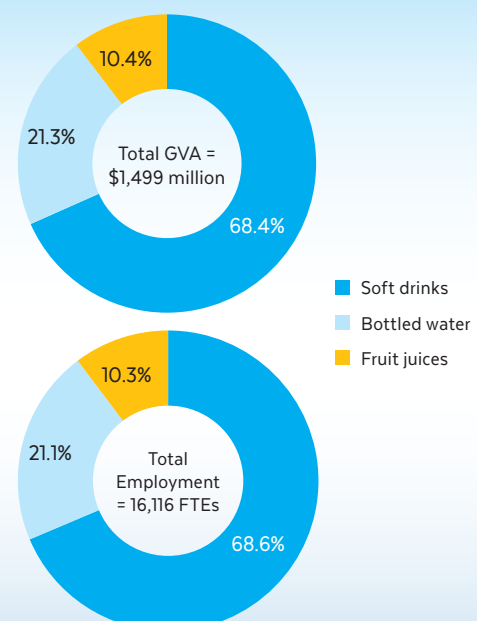
ECONOMIC CONTRIBUTION OF BEVERAGES MANUFACTURING BY PRODUCT, 2013-14 (\$ MILLION AND PER CENT OF TOTAL)



Note: The chart includes both direct and indirect economy contribution of the beverages industry.

SOURCE: IBIS, 2014 AND ACIL ALLEN CONSULTING, 2015.

ECONOMIC CONTRIBUTION OF BEVERAGES RETAILING BY PRODUCT, 2013-14 (\$ MILLION AND PER CENT OF TOTAL)



Note: Not including net GST paid by the industry which equalled \$128 million.

SOURCE: ACIL ALLEN CONSULTING, 2015.

Jobs

Member companies of the Beverages Council support Australian families supporting local communities and are proud providers of jobs for the farming, manufacturing and retailing sectors.

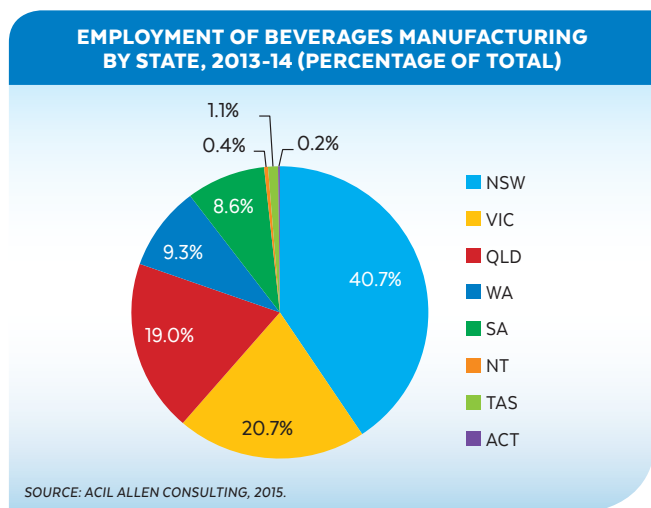
Providing a combined total of 46,316 full time jobs in 2013-14, the industry represents 0.6% of Australia's total employment. For every one direct full time job in the Australian beverages industry, there are 4.9 full time equivalent jobs required elsewhere in the Australian economy to produce and retail beverages.

For the entire employment contribution, jobs from only the manufacturing sector represent a total of 30,199 FTE jobs, comprising:

	TOTAL	=	DIRECT	+	INDIRECT (SUPPLY CHAIN)
Soft drinks	22,542		5,891		16,651
Bottled waters	3,208		828		2,380
Fruit juices	4,449		1,147		3,302

In addition to these manufacturing-related jobs, the industry is also responsible for jobs generation in the following sectors:

- 10,834 FTE jobs in the grocery and convenience retailing industry
- 5,282 FTE jobs in the cafes, bars and restaurants retailing industry.



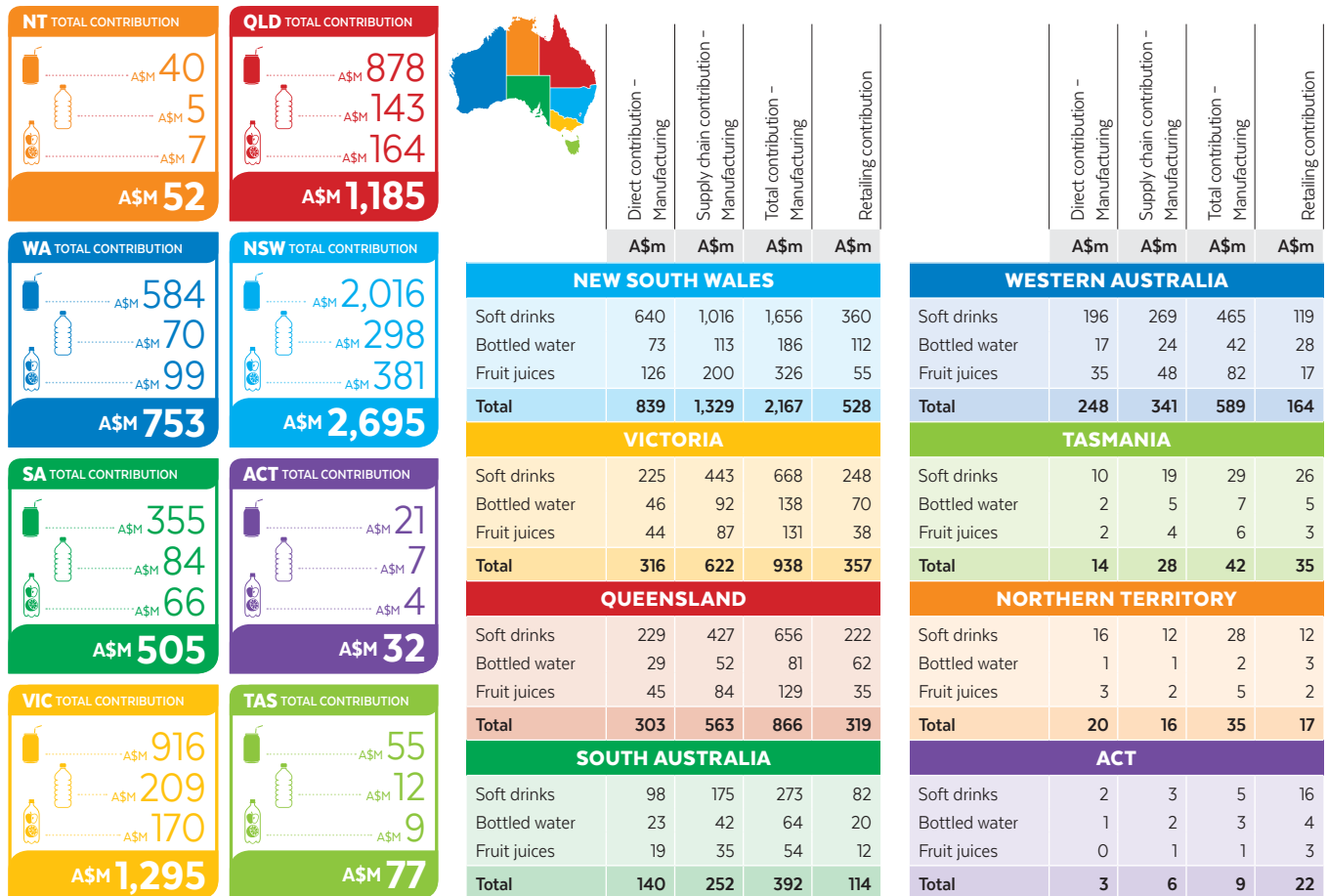
FOR EVERY 1 DIRECT EMPLOYEE IN THE BEVERAGES MANUFACTURING INDUSTRY...

...THERE ARE 4.9 JOBS REQUIRED ELSEWHERE IN THE ECONOMY TO PRODUCE AND RETAIL THE BEVERAGES...

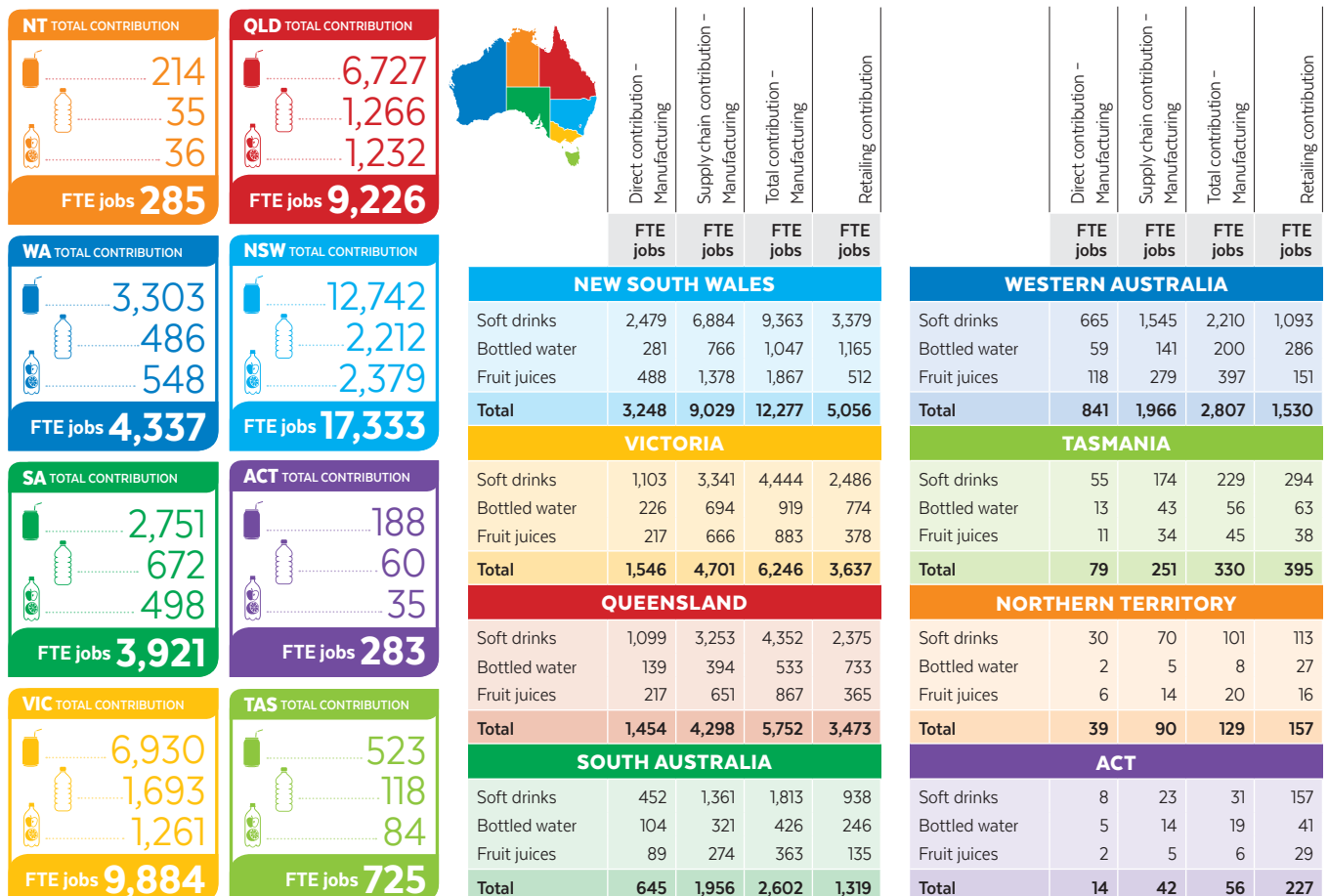
... COMPRISING OF

- 0.2 JOBS** in the agriculture and processed agriculture industries
- 0.8 JOBS** in the manufacturing industry (mainly packing materials industry)
- 1.9 JOBS** in other supply chain areas
- 1.1 JOBS** in grocery and convenience stores to sell the beverages
- 0.5 JOBS** jobs in cafes and pubs to sell the beverages
- 0.4 JOBS** involved in all other aspects of retailers supply chains

STATE LEVEL CONTRIBUTION TO GVA BY BEVERAGE CATEGORY



STATE LEVEL CONTRIBUTION TO EMPLOYMENT BY BEVERAGE CATEGORY



Meet some members of our industry...

MATTHEW SHELLEY Manager, Berts Soft Drinks

"We are a small family business and have been around since 1968.

My grandfather was one of the original owners of Shelley's soft drinks, his name was Bert which is where the name Bert Soft drinks originated from. We started out manufacturing our own brand however over the years we got into contract packing, producing our product and other brands/labels and employ around 14 full time staff. Soft drinks are vastly different from what they were 40 years ago and innovation is key in our industry. I love the challenges that come with what's next - new ideas, new formulations - it's ever changing. With forever changing regulations, it would require a lot of work for us to keep up with compliance if we weren't members of the Beverages Council."



IAN TURNER Managing Director, Saxby's Soft Drinks

"Saxby's manufactures soft drinks on the mid north coast of New South Wales and employ around 50 people. It is a family owned business that spans five generations

and we have just celebrated our 151st year. I am the Great Great Grandson of founder, George Saxby. Our company produces mainly carbonated soft drinks and juices but also sell a wide range of drinks including coffee and tea. Our industry is always on the move, reacting to consumer demands which means we need to keep innovating. There is always a new style of product coming out. Being an impulse market we cater for trends so it is fast moving which keeps everyone motivated to produce quality drinks. Some of our smaller bottlers have disappeared as a result of the dynamics of our retail trade but the Beverages Council has given the smaller bottler a share of voice and that's important to us and our business as well supporting members with up to date technical requirements, innovation and training. And the future? As long as we are standing we will need something to drink so we will always find new products to cater for the consumer."



TIM CAREY Managing Director, Black Mount Spring Water

"Our company is located in regional Victoria in a town called Millbrook and supplies bulk spring water and transport to bottlers throughout Australia. It was founded by my father, Brian, 25 years ago. He still plays a part and today it remains a family owned business. We employ around 70 people throughout the business including administration, truck drivers and maintenance. What is great about our business and the bottled water industry is that it allows us to run a business in a regional area but also provide employment in regional areas. Millbrook has a population of around 200 or so people and we provide employment to 7 of those people as well as employing others in regional towns all over Australia. The bottled water industry is a healthy one that will continue to grow. We are highly conscious of our environmental footprint but are constantly developing new and innovative ways to address this and keep improving whether it is through improving the efficiency of our fleet, reducing carbon miles and improving the sustainability of our spring water sources. The future will see us continue to innovate in this area and remain a strong, vibrant and growing industry."



PAUL FITZGERALD Customer and Commercial Director, Coca-Cola South Pacific

"Coca-Cola has been in the Australian market for almost 80 years, starting with fairly humble beginnings with a production facility in Waterloo Sydney. Back then it rested on the shoulders of just ten staff and a fleet of four trucks. In 2015, together with our bottling partner and distributor Coca-Cola Amatil we offer 22 brands and 160 products sold in thousands of retail outlets across Australia. The Coca-Cola system operates 12 production facilities, 19 warehouses and directly employs more than 4,300 people across the country."



Our responsibility as an industry

As an industry we have a role to play in supporting the Australian public to make informed decisions and offering choice. Our commitments include;

- For more than a decade we have ensured we do not market regular kilojoule products to children under 12. We also restrict sales of soft drinks to primary schools and comply with all relevant school canteen guidelines.
- We spend millions every year supporting community programs, from offering bottled water during disaster relief programs to supporting physical activity programs to get people active and moving.
- We were one of the first food industries in Australia to adopt voluntary self-regulation of labelling, introducing kilojoule information on the front of labels.
- As an industry, we are continually working together to innovate, reformulate and look to the future for solutions to issues affecting both manufacturers and consumers. Diet drinks were first introduced in Australia more than 30 years ago. Now, three out of the four top selling soft drink brands are diet or low-kilojoule drinks and we continue to innovate with more low-kilojoule options introduced every year.



ABOUT THE AUSTRALIAN BEVERAGES COUNCIL

Covering the non-dairy, non-alcoholic beverage markets, this \$7 billion industry is represented by the Australian Beverages Council whose purpose is to advance and promote the industry by proactively leading, shaping, educating and supporting stakeholders on beverage-related issues.

Representing more than 120 small to large companies, members of the Beverages Council are involved in agriculture, manufacturing, franchising and distribution of products, as well as supplying and servicing the industry itself. Members produce an extensive range of beverages including carbonated diet and regular soft drinks, cordials and concentrates, energy drinks, fruit juice and fruit drinks, functional non-alcoholic drinks, iced teas and coffees, mineral, spring and packaged water and sports and isotonic drinks.

Spanning small local businesses and entrepreneurial start-ups to large multinational companies, the industry proudly provides a positive impact to all levels of the economy in every region of Australia.

FOR MORE INFORMATION:

Australian Beverages Council
p: +61 2 9698 1122
e: info@australianbeverages.org
w: www.australianbeverages.org
t: [@BeverageCouncil](https://twitter.com/BeverageCouncil)

