Submission to the Productivity Commission Consultation on reform areas for productivity inquiries – June 2025

Overview

Coca-Cola Europacific Partners (CCEP) is the authorised bottler for Coca-Cola beverages in Australia, and handles the preparation, packaging and distribution of these products along with those of Monster and Mother.

Coca-Cola South Pacific (CCSP), the local subsidiary of The Coca-Cola Company, exclusively manages the marketing and technical aspects associated with Coca-Cola beverages in Australia, New Zealand and the Pacific. Collectively, these entities comprise the Coca-Cola System in Australia (**the System**).

Together we have been serving Australians for around 85 years through one of the most farreaching logistical networks nationally, spanning more than 146,000 customer outlets.

We commend the Productivity Commission's focus on practical, impactful reform directions and offer the following input across four of the reform areas: a dynamic economy, harnessing data and digital technology, a skilled workforce, and clean energy transformation.

Economic contribution to Australia

Although the System is headquartered in Sydney, we have a substantial national footprint, with production and distribution facilities in New South Wales, Victoria, Queensland, Western Australia, and South Australia. We also have distribution and equipment centres in the Northern Territory and Tasmania.

This localised approach enables the System to support economic growth across the country – employing around 4000 Australians, sourcing ingredients from local suppliers, and collaborating with regional selling partners.

In 2024, the System sold millions of cases of beverages nationally, dominated by our increasingly popular zero sugar variants. Our diverse portfolio includes more than 80 brands, covering sparkling soft drinks, bottled water, sports drinks, ready-to-drink teas and coffees, energy drinks, and alcoholic beverages.

Last year the System commissioned Steward Redqueen to evaluate the economic contribution we make to Australia. In sum, for every $1 spent on the System's beverages, 67 cents stay in the country as a value add, and for every one job in our business in Australia, an additional five are supported across the value chain.

In 2024, the System:

- Supported value add of around $3.8 billion to the economy across the value chain.
- Generated 19,300 additional employment opportunities, indirectly, across the value chain (excluding direct employees).
- Generated 9,500 jobs for people selling Coca-Cola beverages.

1. Creating a dynamic and resilient economy
- Support business investment through corporate tax reform
- Reduce the impact of regulation on business dynamism

We welcome the Government's focus on fostering a dynamic and resilient economy. A strong economy – particularly one which prioritises a diverse manufacturing sector – creates high quality jobs, drives competition, stimulates innovation and increases the range and quality of products on offer to Australian consumers.

As such, we would encourage the Productivity Commission to foster greater awareness among policymakers of the critical role that multinational investment can play in supporting local economic dynamism and resilience. As outlined above, the System's longstanding investment in Australia continues to make a substantial contribution to the economic wellbeing of Australians and their businesses. In 2024 this contribution equated to around 0.14% of national GDP and 0.16% of employment – a clear example of the important role international investment can play in domestic prosperity.

a) Reform tax settings to encourage investment

We urge the Government to reform corporate tax settings to incentivise long-term investment in manufacturing infrastructure, innovation and sustainability. To that end, we support targeted incentives for capital investment in water efficiency, the circular economy, and low-emissions technologies which will accelerate business' progress to lower their environmental footprint.

b) Streamline regulation to promote business agility and efficiency

The System is comprised of two businesses which, between them, are active in most of the major consumer markets around the world. This gives the System significant experience of a range of business environments and approaches to policy and regulation globally.

For national businesses – even those as large as ours – duplicative, or overlapping regulation continues to impose a significant compliance burden which saps productivity and may hinder innovation and investment. There is a particularly acute need for regulatory reform of circular economy policy settings, which will be outlined below.

With this in mind, we would support a review tasked with streamlining the growing volume and complexity of regulatory requirements at the state, territory and national levels. The review could draw on global best practice in regulatory effectiveness and efficiency, to further strengthen Australia's international competitiveness.

We therefore echo the policy position of the Australian Beverages Council in urging a review of the inefficiencies which can inhibit beverage product innovation and new product development in the Australian market. For example, there may be opportunities to streamline approvals through the Food Standards Australia and New Zealand (FSANZ) Food Standards Code by having reference to determinations by equivalent regulators in other jurisdictions.

By way of further example, we would urge caution in introducing further labelling requirements in an *ad hoc* way. The cumulative implementation costs of additional labelling are substantial. Beverage containers are now expected to bear the Australian Recycling Label in addition to state-based CDS labelling and around fifteen other mandatory label regimes. The number of these regimes, the risk of overwhelming and confusing consumers and the tight timeframes for implementation are costly and challenging for industry. As such, we would endorse forensic analysis of the need for a new labelling requirement, and if it passes this threshold, a more business-friendly, co-ordinated timeframes for implementing it.

c) Secure supply of key inputs

We support measures to strengthen the sovereign supply of essential raw materials at competitive prices, such as carbon dioxide for beverage carbonation, sugar and recycled PET (which will be discussed below). Ensuring stable access to these inputs is critical for manufacturing continuity and cost control, and is a decisive factor in Australia's attractiveness as a destination for investment.

d) Transport infrastructure

We maintain that strategic investment in transport infrastructure – such as increasing rail freight capacity and enhancing the resilience of existing networks – will yield strong returns in productivity and global competitiveness.

2. Building a skilled and adaptable workforce

- Improve school student outcomes with the best available tools and resources
- Support the workforce through a flexible post-secondary education and training sector
- Balance service availability and quality through fit-for-purpose occupational entry regulations

3. Harnessing data and digital technology

- Support innovation through an outcomes-based approach to privacy
- Unlock the benefits of data through consumer access rights
- Enhance reporting efficiency, transparency and accuracy through digital financial reporting
- Enable AI's productivity potential

The System acknowledges that Australia's most valuable natural resource is its 27 million people. Our national productivity will be shaped by the extent to which Australia's talented workforce can develop and use new technology and ideas, perform skilled work, manage productive teams and deliver high-quality services efficiently.

As such, we would support investment in training, skills development and vocational pathways to create "job ready" graduates in the following areas:

- Artificial intelligence and digital technologies; and

- Manufacturing, logistics, and sustainability.

We are also particularly passionate about empowering women in the manufacturing supply chain, and would support national government programs which advance this aim. For example, in addition to in-house programs, we recently partnered with the Australian Logistics Council to support Wayfinder, an initiative dedicated to increasing female participation in supply chain careers. Wayfinder provides education, mentorship, and networking opportunities to help reshape the traditionally male-dominated industry, and tap into an underutilised pool of talent in the Australian workforce.

In relation to skilled migration, we also support the Australian Beverages Council's proposal that skilled migration visa settings be reviewed to alleviate workforce pressures and facilitate greater access to appropriately skilled workers.

4. Investing in cheaper, cleaner energy and the net zero transformation
- Reduce the cost of meeting carbon targets
- Speed up approvals for new energy infrastructure
- Encourage adaptation by addressing barriers to private investment

Over the past decade, CCEP has undertaken a range of measures to 'close the loop' on our packaging, towards fulfilling our sustainability commitments, namely:

- Design 100% of our primary packaging to be recyclable by 2025
- 50% recycled plastic in our PET bottles by 2025
- Stop using oil-based vPET in our bottles by 2030

As we have pursued these commitments, our role has broadened from that of a beverage business to becoming an innovator and catalyst in Australia's circular economy and clean energy transition.

In particular, our efforts have concentrated on the following areas:

1. Research and development to optimise the sustainability of our packaging
2. Infrastructure to create a 'closed loop' on our packaging:

    - We partner with state and territory governments to establish and operate the container deposit schemes operating across Australia; and
    - We are a partner in two large-scale recycling plants in Albury, New South Wales and Altona North, Victoria via Circular Plastics Australia (PET) – a joint venture between Pact Group, Cleanaway, CCEP and Asahi Beverages. Each plant recycles around one billion PET bottles per year.

3. Fostering a stronger recycling culture in the community by leveraging our expertise in marketing and consumer behaviour.
4. Procuring materials globally (including packaging material and componentry) to support achievement of our sustainability commitments.
5. Setting an SBTi-aligned and approved decarbonisation target to drive a 22% reduction in our carbon footprint across scope 1,2 & 3 emissions. While we do not currently use offsets

to reduce our footprint, we are investing in reforestation projects within Australia to self-generate Australian Carbon Credit Units, towards achieving net zero by 2040.

Importantly, by keeping high-value materials in circulation and reducing reliance on virgin resources, a well-functioning circular economy complements efforts to decarbonise industry, lower emissions, and build a more sustainable, low-carbon future. Aligning circular economy and energy policy will be essential to achieving Australia's broader climate and productivity goals.

To enhance productivity, and support Australia's environmental policy imperatives, CCEP urges the Government to adopt the following specific policy directions:

- Ensure there is an adequate local supply of recycled material with which to meet looming recycled content thresholds.
- Prohibit the export of any PET (bales, flake or pellet) that has been collected by a CDS.
- Foster greater regulatory harmonisation across jurisdictions. The current patchwork of state and territory circular economy regulations creates inefficiencies, confusion, and unnecessary compliance burdens for businesses operating nationally. Key areas of focus should include:

I. Ensuring that that regulation of the waste sector is as ambitious as the Federal Government's packaging reforms.
II. Implementing a nationally harmonised kerbside recycling standard to underpin any move to mandate recycling labelling. This standard should focus on improving the quality of recyclate recovered.
III. Rolling out minimum MRF standards. In some cases, MRFs create their own standards which can reduce recycling rates, contradict packaging labels and instructions, and conflict with local government dictates. Minimum MRF standards may assist in resolving these issues.

- Each year billions of CDS-eligible containers go to landfill across the country. To stop this loss of valuable material and reach return rates of 80% +, as several European CDS schemes achieve, it will be critical for Australian states and territories to compel commercial and industrial sectors to use CDS. The bulk of CDS eligible containers are lost due to the non-participation of these sectors, and adopting EU-style waste levies and related policies would increase the local supply of recycled material (including foodgrade PET) collected nationally.
- Foster recycling industry innovation to ensure Australia can maximise the performance of its circular economy.
- For further detail on our position on circular economy reform, please refer to the submission to the Productivity Commission's inquiry into opportunities in the circular economy.

We appreciate the opportunity to participate in this consultation process. Please do not hesitate to contact us if you require any further information