



CONFIDENTIAL

Coca-Cola Amatil Submission

The Senate Red Tape Committee Inquiry

Effect of restrictions and prohibitions on business (red tape) on the economy and community

31 January 2017

Coca-Cola Amatil welcomes the Senate Red Tape Committee's inquiry into the impact of red tape on the economy and community commencing with a focus on the sale, supply and taxation of alcohol. By streamlining processes and reducing administrative burden, industry can focus on creating jobs and contributing to social and economic prosperity in Australia.

ABOUT COCA-COLA AMATIL

Coca-Cola Amatil is one of the largest manufacturers and distributors of ready-to-drink non-alcohol beverages, alcohol beverages, coffee and ready-to-eat food snacks in the Asia Pacific region. We directly employ around 14,000 people and indirectly create thousands more jobs across the supply chain. Partnering with key suppliers we manufacture, package, sell and distribute the products to more than 850,000 active customers who sell our products to approximately 270 million potential consumers in the countries in which we operate (Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa). We are committed to leading through innovation and building a sustainable future through our business partners, customers and consumers of our products.

Coca-Cola Amatil's alcohol business operates in Australia, New Zealand, Fiji and Samoa with approximately 400 employees across the business, 100 of whom are employed in Australia. Our operations include brewing, distilling, sales, marketing and distribution with products ranging from famous international brands like Jim Beam, Canadian Club, Coors and Miller, to emerging locally crafted brews like Yenda beer and Pressman's cider. Our premium alcohol portfolio caters for the diverse needs of our customers, from small bars to the best restaurants, and local retailers to multi-nationals.

Coca-Cola Amatil is committed to working with partners and customers to promote a culture of responsible service, promotion and consumption of alcohol among the 14 million Australians who enjoy our beverages. Our contribution includes membership of a number of industry organisations including the pan-industry body Alcohol Beverages Australia (ABA), and DrinkWise, an independent, not-for-profit organisation focussed on helping bring about a healthier and safer drinking culture in Australia.

OUR PERSPECTIVE

Coca-Cola Amatil's submission to this inquiry focuses on:

- Specific areas of red tape that are particularly complex, inefficient and ineffective
- Compliance costs and effects on economic output, employment and government revenue; and
- Opportunities to reduce red tape and provide incentives for business to achieve outcomes that regulations are designed to achieve



Red tape

Customs and Excise Storage Licences

- Coca-Cola Amatil's alcohol business has 12 Customs and Excise warehouses. Amatil is required to renew each Customs licence each year at a cost of \$48,000. This is an unnecessary annual cost. Excise Storage Licence Renewals are undertaken every three years at no cost.
- Amatil submits paper-based applications to amend ATO permissions to move alcohol between bonded warehouses. An online system would be far simpler and cost-effective.
- Applications for new Customs and Excise Storage Licences are paper-based and require the same information. An online system would be far simpler and cost-effective.
- A new Customs Storage Licence costs \$7,000 to obtain. This is an unnecessary cost, as an Excise Storage Licence costs nothing.

State Liquor Licensing arrangements

- There are a range of compliance requirements applicable to Coca-Cola Amatil's wholesale liquor licences in each state. In particular, applicable laws relevant to trade sales (from Amatil to its licensed customers) by internet and other electronic means should be modernised.
- Liquor licensing remains a state-based regulatory activity. Coca-Cola Amatil (or its nominee) holds 12 Wholesale Liquor Licences and Permits in the states and territories where liquor is sold to customers and to staff. Each licence must be renewed each year, licence fees are not consistent and renewal dates vary by state. In some states, pre-approval of newly appointed directors of the publicly listed company, Coca-Cola Amatil Ltd and Coca-Cola Amatil (Aust) Pty Ltd, is required, whereas in other states it is not.
- Our customers face additional complexity as a result of the duplication and inconsistency between the various State Liquor Licensing arrangements across states and territories. This is demonstrated in the attached summary and creates a considerable level of complexity and cost for many of our customers that operate on a national basis.
- State Liquor Licensing arrangements also result in complexity and cost for Amatil in meeting its service requirements to those licensed customers. For example, Amatil validates each liquor licence for each customer in each state against the Drinks Association database of licenced premises, which is based on the regulator's database in each State. In 2016, Coca-Cola Amatil employed one full-time employee to undertake this activity.
- The regulatory complexity and compliance cost is exacerbated when retailers extend operations into states outside their home territory. The onus is on Amatil to ensure sales to that entity are compliant with the particular state liquor licensing regulations.
- The current liquor licence application process in each state is cumbersome and leads to inefficiencies and unnecessary administrative burdens on the government and the industry. A uniform process to regulate liquor licences would reduce red tape and create considerable savings in the time and resources for both industry and government.



Labelling

- Food Safety Standards are created by a Federal Authority (ANZFA) and enforced by a State Authority (for example, the NSW Food Authority) and are often confusing to interpret and apply, resulting in unnecessary compliance costs and potential for non-compliance.

Managing compliance

- Coca-Cola Amatil also employs a full-time alcohol compliance manager to oversee its alcohol compliance framework. The manager oversees compliance requirements like ensuring liquor licence numbers are correctly captured, customs and excise duty is acquitted, customs and excise licences are renewed, liquor licences are renewed and that staff involved in sale of alcohol have Responsible Service of Alcohol (RSA) qualifications, relevant to the state or states that they work in.

SUPPLEMENTARY INFORMATION

Please do not hesitate to advise if the Senate Red Tape Committee requires any further information or clarification on the points raised in this submission.

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