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Mr Julian Leeser MP
Committee Chairman
House of Representatives Standing Committee on Indigenous Affairs
Parliament House
Canberra ACT 2600

10 September 2020

Dear Chair,

RE: Coca-Cola Amatil submission to Standing Committee on Indigenous Affairs Inquiry into Food Pricing and Food Security in Remote Indigenous Communities

Thank you for the opportunity to submit information to the Standing Committee on Indigenous Affairs.

We would like to provide this written submission addressing the points raised in the correspondence from the Committee received on 25 August 2020.

Firstly, we would like to express support for this important focus on Remote Indigenous Communities. Coca-Cola Amatil ("Amatil") is committed to engaging with Indigenous people and policy makers to contribute to healthier Remote Indigenous Communities. We shared our contribution to this critical priority during both the 2018 Select Committee into the Obesity Epidemic in Australia, and, more recently, the consultation for the 2019 National Obesity Strategy.

In remote communities, Amatil has worked together with our customers (retailers) for many years to identify and develop workable, effective and sustainable solutions that drive sugar reduction and contribute to healthier communities while delivering a positive commercial outcome to our customers.

Our wellbeing strategy is a priority in our customer partnerships. Through this strategy our retail customers incentivize water and low or no-sugar beverage choice to their consumers with:

- Prominent bottled water availability (Water is the first beverage at the front-of-store).
- Expanded range of low- and no-sugar beverages, and prioritised placement of these products in fridges towards the front-of-store to drive healthier choice.
- Branding in-store fridges Mount Franklin or Coca-Cola No Sugar only.
- Culturally appropriate marketing and promotions for low- or no-sugar beverages. (Appendice 1)
  -'Gift with Purchase' promotion to drive take-up of low- or no-sugar beverages
  -2x NRL no-sugar / water promotions in Far North Queensland.

We note that a number of our customers have already appeared and discussed details at the Inquiry, including making $1 bottled water available to consumers in coolers placed at the front of their stores and trials to further drive sugar reduction in each community. These include ALPA's Healthy Stores 2020 strategy and similar tactics from Mai Wiru, Outback Stores, and CEQ that we have supported, to focus on reducing merchandising of sugar-sweetened beverages.

We measure the impact of this program and earlier this year we reported a 20% sugar reduction in grams per 100mls in our product sales through our customers in Remote Indigenous Communities since 2015. For the same reporting period across Australia we achieved an 8.8% sugar reduction in grams per 100mls. This gives us confidence that our program to drive no and low sugar products is having a positive impact.

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We also note our commitment to responsible marketing by not marketing directly to children 14 and under as articulated in Australian Beverages Council Marketing & Advertising Policy, applies to remote communities. (Click here to view the policy online).

Given the focus of this Inquiry on pricing, we would like to clarify for the Committee our role as a Supplier in the pricing of our products. In accordance with the requirements of the Australian Competition and Consumer Commission, Amatil sets Recommended Retail Prices for each of our products and provides this advice to our customers including the retailers you have heard from during the course of this Inquiry. The price paid for our products by consumers in remote communities (or the "shelf price") is set by our customers, taking into account other factors including remote operational costs.

In reference to food security, Amatil distributes across Australia through our established and unrivalled distribution networks. Even during the strictest of COVID-19 restrictions we continued to supply our products to remote locations across Australia through our established network with minimal disruption. This is consistent with the resilience of our supply chain to remote communities during natural disasters also.

We note that the Committee has heard from some of our customers who have shared details of their food security plans through this Inquiry. Thriving customers are at the heart of Amatil's long-term value creation strategy and we are committed to partnerships which deliver quality, reliability and service to all of our customers, including in remote communities.

For further details on these programs and results, we refer you to our publicly available reports:

- 2020 Fact Sheet Amatil's Indigenous engagement and empowerment (click to open or view Appendice 2 below)
- 2020 Fact Sheet Amatil's Consumer Wellbeing (click to open or view Appendice 3 below)
- Case studies from our 2018 Sustainability Report (Appendice 4 below)
- CEQ and Coca-Cola Amatil renew partnership media release (click to open)

Yours sincerely

[redacted]

Jarrad Mortimer, Sales Director
Coca-Cola Amatil

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Appendice 1
Examples of campaigns to drive low- and no-sugar beverages in Remote Indigenous Communities

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Appendice 2: 2020 Fact Sheet Amatil's Indigenous engagement and empowerment

INDIGENOUS ENGAGEMENT & EMPOWERMENT

2020 FACT SHEET

WE ARE COMMITTED TO SUPPORTING THE DEVELOPMENT, EMPOWERMENT AND WELLBEING OF ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITIES AND INDIVIDUALS.

Our commitment and approach

We are committed to the wellbeing of our consumers in remote Indigenous communities and helping our customers grow their businesses sustainably in these locations.

At the same time, we are focused on reducing average sugar consumption for Aboriginal and Torres Strait Islander people and communities over time.

We continue to make investments in philanthropic and community development programs aimed at supporting Indigenous Australians via the Coca-Cola Australia Foundation, and allocate ten per cent of our national sponsorship programs to grassroots community programs for young Indigenous Australians. We're also a member of Supply Nation – the largest national directory of verified Aboriginal and Torres Strait Islander businesses.

Wellbeing in remote communities

We continue to implement our wellbeing initiatives in remote Indigenous communities in respectful collaboration with our retail partners and their communities. Since 2015, this work has delivered a 20.9 per cent decrease in average weighted sugar per 100ml sold through our 134 partner stores.

This reduction in sugar was achieved through the reformulation of flavoured soft drinks to decrease the sugar content per 100ml, the successful launch of 'No Sugar' versions of our most popular soft drinks Coca-Cola, Fanta and Sprite, the overall consumer shift to water, and promotions and point-of-sale displays to incentivise the take-up of water, as well as low or no-sugar options.

Partnering for sustainable packaging and waste reduction

We also work with our customers in remote Indigenous communities to establish recycling programs. For example, the Arnhem Land Progress Aboriginal Corporation (ALPA) has a recycling program in several of their remote stores where bottles and cans are collected and freighted back to Darwin to be recycled at Envirobank. We continue to explore opportunities to partner with remote communities to maximise the return of containers through state-based container deposit and return schemes.

Our work in remote communities has seen a

20%
REDUCTION
in average portfolio sugar consumption per 100ml since 2015

Over

A$260K
SPENT
with Indigenous suppliers in Australia

We donated more than

A$175k
TO COMMUNITY PROGRAMS
supporting Indigenous Australians in 2019

INSPIRING INDIGENOUS YOUTH
We support grassroots programs for Indigenous youth empowerment through the AFL Michael Long Learning Leadership Centre in Darwin, and the NRL's School-2-Work program, using sport to inspire students' education and employment journeys. We also support other youth programs through the Coca-Cola Australia Foundation.

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Sponsorships and philanthropy in support of grassroots Indigenous programs

For several years now, our sponsorships of the National Rugby League and the Australian Football League have included a commitment to set aside ten per cent of sponsorship funds to support community programs targeting young Indigenous Australians. In addition, the Coca-Cola Australia Foundation, through its Employee-Connected Grants, also supports several Indigenous philanthropic and cultural organisations nominated by Amatil or Coca-Cola South Pacific employees. Together these initiatives have seen over $175,000 donated to Indigenous programs in 2019.

Social procurement as a force for change

We believe in driving positive social, environmental and economic improvements in our supply chain, and work closely with our suppliers to achieve better sustainability outcomes, including by securing development and employment outcomes for Indigenous Australians. As a member of Supply Nation, we continue to look for ways to increase the use of goods and services in our operations provided by Indigenous suppliers. In 2019 we procured goods and services worth $260,795 from Indigenous suppliers.

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COMMITTED TO SEEING INDIGENOUS COMMUNITIES THRIVE

Coca-Cola Amatil was proud to support the 2019 Best Trainee Award, which recognises Indigenous trainees enrolled in a Retail Certificate with our partner, the Arnhem Land Progress Aboriginal Corporation (ALPA).

Education and training are crucial to empowering Indigenous people and to helping them build thriving communities. That's why we were excited to join with ALPA in celebrating the achievements of inspiring members of the community through the Best Trainee Award. Elisha O'Shea from Horn Island won the accolade in 2019, from 122 Indigenous trainees. Having worked at the Horn Island store for three years, Elisha was recognised for her self-motivation and dedication to her retail role.

Coca-Cola Amatil has been partnering with ALPA since 2018, supplying their stores located across The Top End (Northern Territory), Cape York (Queensland) and the Torres Strait. ALPA is one of the largest independent employers of Aboriginal people in Australia. Their stores have provided quality retail services to remote communities for over 40 years. Their mission is to support health and choice for their customers.

Coca-Cola Amatil's commitment to supporting Indigenous wellbeing is key to the success of our partnership with ALPA, with stores implementing wellbeing strategies collaboratively to ensure positive health outcomes for Aboriginal and Torres Strait Islander people and communities.

PARTNERING WITH
134
STORES
in remote Indigenous communities on wellbeing initiatives

Case

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Appendice 3: 2020 Fact Sheet Amatil's Consumer Wellbeing

CONSUMER WELLBEING

2020 FACT SHEET

OUR 2020 GOAL AND PROGRESS

Our 2020 goal is to measure the sugar per 100ml of our non-alcoholic beverages portfolio in all countries of operation and **reduce total sugar grams per 100ml by 10 per cent in Australia and New Zealand** (compared to 2015).[1] At the end of 2019, we had achieved an 8.8 per cent reduction in sugar grams per 100ml for our non-alcoholic beverages portfolio in Australia, and a 5.3 per cent reduction in our non-alcoholic beverages portfolio in New Zealand.

THE WELLBEING OF OUR CONSUMERS – PHYSICAL, MENTAL AND SOCIAL – IS AT THE HEART OF OUR VISION TO DELIGHT MILLIONS OF CONSUMERS EVERY DAY.

Our commitment and approach

To fulfil our vision to delight our consumers, we are increasing choice in all product categories. This builds on our approach to responsible marketing, and our commitment to providing consumers with the information they need to decide on the right beverage for any occasion.

We are open and responsive to changing consumer tastes and preferences and aligned with global health guidelines, including World Health Organisation guidelines on the recommended daily intake of added sugar.

We measure the amount of sugar per 100ml of our non-alcoholic beverages portfolio in all countries of operation. Our aim is to reduce total sugar per 100ml by 10 per cent in Australia and New Zealand by 2020 and by over 20 per cent in Indonesia.

We have also joined with industry peers in Australia to set an industry-wide pledge of a 20 per cent reduction in sugar per 100ml across our non-alcoholic beverages portfolio by 2025. This pledge is also shared by our New Zealand business. In addition, we are committed to making conveniently available the nutrition and responsible consumption information that our consumers want.

Our wellbeing initiatives, which include quality standards, are guided by regulatory requirements and relevant company policies. These include the Coca-Cola Amatil Group *Human Rights Policy* and *Alcohol Advertising and Marketing Standards*, which confirm our commitment to the wellbeing of our consumers. We also adhere to The Coca-Cola Company's *Responsible Marketing Policy*, *Global School Beverage Guidelines* and local industry voluntary commitments such as the Alcohol Beverages Advertising Code and DrinkWise Australia's voluntary labelling guidelines, the *Responsible Children's Marketing Initiative* in Australia, and New Zealand's *Healthy Kids Pledge*. Quality performance is monitored via regular internal and external audits, as well as audits conducted by The Coca-Cola Company, to ensure we meet stringent quality, safety and environmental requirements.

8.8%
REDUCTION
achieved in sugar grams per 100ml in **Australia**

20%
REDUCTION
targeted in sugar grams per 100ml by 2025 in **Australia** and **New Zealand**

13.5%
REDUCTION
achieved in sugar grams per 100ml in **Indonesia**

OVER 20%
REDUCTION
targeted in sugar grams per 100ml by 2020 compared to 2015 baseline in **Indonesia**

INDONESIA'S SUGAR REDUCTION GOAL
Coca-Cola Amatil Indonesia reduced sugar across its portfolio by 13.5 per cent in 2019[2]. We are working towards reducing total sugar per 100ml by 20 per cent in Indonesia by the end of 2020.

1 Sugar measurement is portfolio-wide weighted volume average total sugar content grams per 100ml. Baseline is MAT 31 December 2015.

2 Compared to a 2015 baseline.

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NEW LOW- OR NO- SUGAR PRODUCT INNOVATIONS

in **Australia, New Zealand** and **Indonesia**

Consumer Wellbeing

By the end of 2019, we had made good progress towards our sugar reduction goals for our non-alcoholic beverage portfolio. In Australia, we have reformulated 25 products since 2015, including five in 2019, and reduced our sugar grams per 100ml in Australia by 8.8 per cent compared to the 2015 baseline. In New Zealand we have reformulated eight products since 2015, reducing sugar grams per 100ml by 5.3 per cent. In both Australia and New Zealand, 90 per cent of Coca-Cola product marketing in 2019 featured reduced or no-sugar Coca-Cola.

In Australia, New Zealand and Indonesia we are continuing to make small pack sizes available in all distribution channels. Small packs are now offered in 90 per cent of grocery stores and 72 per cent of petrol and convenience stores in Australia. In New Zealand, 100 per cent of grocery stores and 61 per cent of petrol and convenience stores offer small packs.

We are also making good progress in our other countries of operation. Initiatives include measuring portfolio-wide sugar content, implementing reformulation road maps, and planning further new low- or no-kilojoule product launches. In Indonesia, we have reformulated eight products since 2015, reducing sugar grams per 100ml by 13.5 per cent compared to the 2015 baseline.

Portfolio sugar reduction

% reduction in total portfolio-wide weighted volume average sugar content measured in grams per 100ml since 2015

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NEW RECIPE, LESS SUGAR, GREAT TASTE

In 2019 Coca-Cola Amatil and The Coca-Cola Company introduced a reformulation of one of our most important brands, Sprite. Australians love the great Sprite taste; however, we also know that eating and drinking less sugar is important for many people.

To continue to delight our consumers, The Coca-Cola Company created a new recipe that not only tastes great but supports the wellbeing of consumers.

It's no small task to create a beverage consumers love – the process involved understanding consumer needs, developing reduced sugar recipes, implementing taste trials, refreshing the brand, and finally launching the new recipe.

In September 2019 the new Sprite recipe was launched which has 40 per cent less sugar (4.9 grams per 100ml) than the Sprite on the market in August 2019 (8.6 grams per 100 ml). Importantly, the new recipe continues to feature the unique lemon-lime taste that makes Sprite so popular.

This Sprite reformulation is one of many across the Amatil portfolio and forms part of our ongoing work with The Coca-Cola Company to launch reformulated products in order to reduce volume average weighted sugar content g/100ml by 10 per cent by 2020.

Reducing the sugar in Sprite is just one of the many things we are doing to help people make choices that are right for them. We're also reducing sugar in a range of other drinks, introducing more smaller pack sizes, and launching new, no sugar beverages.

OUR REFORMULATION RECIPE FOR SUCCESS

Consumers at the heart + Innovative recipe creation = Reduced sugar, still great taste

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Appendice 4: Case studies from Cola Amatil 2018 Sustainability Report

Case Study:

WELLBEING ACTIONS IN REMOTE INDIGENOUS COMMUNITIES

Health and Wellbeing issues in Australia's Indigenous communities are complex, with no single cause or remedy. We work with our customers in Remote Indigenous Communities to proactively address this issue in a way that is sustainable for consumers and local store owners.

Between 2015 and 2018, this work delivered a 14.4 per cent decrease in average weighted sugar per 100ml, across the total portfolio of our sales through our 134 partner stores.

The main contributors to this reduction were first, a significant mix-shift into water, and second, working with The Coca-Cola Company to launch reformulations of flavoured soft drinks to decrease the sugar content per 100 mls.

We work with our customer to offer:

- Price reductions for bottled water and low- or no-sugar beverages.
- A choice of low- and no-sugar beverages, with tailored in-store stock placement charts (known as planograms) prioritising front-of-store placement for these products. All in-store fridges are branded Mount Franklin or Coca-Cola No Sugar.
- Culturally appropriate marketing and promotions for low- or no-sugar beverages.

Our Partners
We partner with major retailers Arnhem Land Progress Association, Mai Wiru, Outback Stores, Community Enterprises Queensland and Aboriginal Investment Group.

They represent 134 stores across remote Australia in South Australia, the Northern Territory and Queensland.

Arnhem Land Progress Association and Coca-Cola Amatil in Remote Indigenous Communities
In 2018 Coca-Cola Amatil signed a three-year partnership with Arnhem Land Progress Association (ALPA), for 29 stores operating in remote Northern Territory and North Queensland.

ALPA is the largest Aboriginal Corporation in Australia and contributes to the development of local economies and Indigenous businesses in 27 remote communities.

Through this partnership Coca-Cola Amatil and ALPA are committed to actively demonstrate support for Indigenous communities by contributing to their health, wellbeing and in-community commercially sustainable businesses.

In-store there is a focus on wellbeing and promoting choice. Each store has exclusive Mount Franklin water coolers at the entrance, together with a low retail cost for 600ml and 1.5litre Mount Franklin products to encourage water purchase. Priority is given to ranging for low- and no-sugar products towards the front of the store and all in-store fridges are branded Mount Franklin or Coca-Cola No Sugar.

Michael Dykes, General Manager Retail for ALPA said: *"We welcome this partnership with Coca-Cola Amatil to further our efforts to improve health outcomes in remote communities. Coca-Cola Amatil's commitment to offer low-cost water has allowed us to provide $1 600ml water. This initiative has been well received by our customers and has led to an increase in water sales. While maintaining customer choice, we have implemented new sugar reduction strategies with Coca-Cola Amatil's full support."*

NRL Grand Final promotion
The popularity of Rugby League and an incentive to attend the NRL Grand Final were a successful combination for Community Enterprise Queensland's (CEQ) major promotion in 2018, focused on healthy hydration.

CEQ provides essential services and goods to Torres Strait, Northern Peninsula Area (NPA) and mainland Aboriginal communities.

Rugby League provided a perfect platform to incentivise healthy hydration with purchase of selected Mount Franklin packs that earned an entry into the competition to win an all-expenses paid visit to Sydney for the NRL Grand Final.

To promote this opportunity space was increased in coolers and ambient displays for the eligible Mount Franklin products. This achieved a 300 per cent increase in water sales during the three-month promotion period.

CEO for CEQ Ian Copeland said: *"The partnership between Coca-Cola Amatil and CEQ continues to strengthen through the sharing of our strategic objectives around growing the non-sugar categories through promotion, range and price point whilst still maintaining our core range of Coca-Cola Amatil products."*

Regional Business Manager for Queensland Paul Keeley said: *"This promotion demonstrated the strong and positive partnership between Coca-Cola Amatil and our retail operators in remote communities.*

"CEQ only run one major promotion per annum and we were really excited to see Mount Franklin featured in 2018. This work is just one of the ways our wellbeing strategy is coming to life in remote communities."

Photo: As part of our wellbeing programs Coca-Cola Amatil proudly supports the NRL School to Work program to engage Indigenous students in schooling and pursuit of further education or employment.

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Case Study:

AUSTRALIAN ABORIGINAL AND TORRES STRAIT ISLANDER EMPOWERMENT

Since 2015, 134 Indigenous community stores have collectively reduced the amount of sugar consumed from our beverages by 14.4 per cent, thanks to great teamwork with leading customers in the Northern Territory and Far North Queensland. Measured across the total volume of sales, the take-up of water and no-sugar beverages through a range of price and promotion projects has seen more people in these communities choose our beverages that have less sugar in them.

In 2018 leaders from Coca-Cola Amatil and Coca-Cola South Pacific, joined local Coca-Cola Amatil team representatives and local commercial partners in the area – Outback Stores and Arnhem Land Progress Association (ALPA) – on a visit to Arnhem Land in the Northern Territory to get a better understanding of Coca-Cola Amatil's wellbeing strategies in action. The group, including Coca-Cola Amatil Group Managing Director Peter West and Coca-Cola South Pacific Vice-President Vamsi Mohan Thati visited four communities: Ngukurr, Millingimbi, Oenpelli and Maningrida, and held meetings in Darwin.

During the visit, the team viewed the 2018 roll-out of tailored, culturally appropriate marketing materials to promote Coca-Cola No Sugar, which has the same flavour profile as Coca-Cola Classic but without sugar. These materials were developed in collaboration with local customers who supported Coca-Cola No Sugar as a product to help shape choice in their communities.

Commenting on his experience visiting Arnhem Land, Australian Beverages Managing Director Peter West said: *"We're committed to working with our customers to promote no-sugar options for people, including for those living in remote Indigenous communities."*

"Our role is neither that of government or public health advocates, but we acknowledge the specific issues in remote Indigenous communities and are respectfully working with our local customers to understand and trial different approaches so people have options."

"There's nothing like going to communities yourself to understand first-hand what is being done and how we can strengthen existing partnerships and work on new ideas together."

"We will continue to work with our partners to deliver on our commitment in 2019."