



NZ BEVERAGE COUNCIL

The New Zealand Beverage Council

Bruce Sherman

Chairperson

What do we do?



Industry association for New Zealand's non-alcoholic beverage sector.



Membership made up of brand owners, manufacturers and suppliers to the industry.



Aim to provide the industry with a strong and united voice.



Members represent over 75% of NARTD beverages sold at retail level in NZ.

New Zealand's Beverage Industry



Every year Kiwis spend \$700 million on beverages – including \$67 million on bottled water



Water is the most consumed drink in New Zealand, followed by coffee, tea and milk.



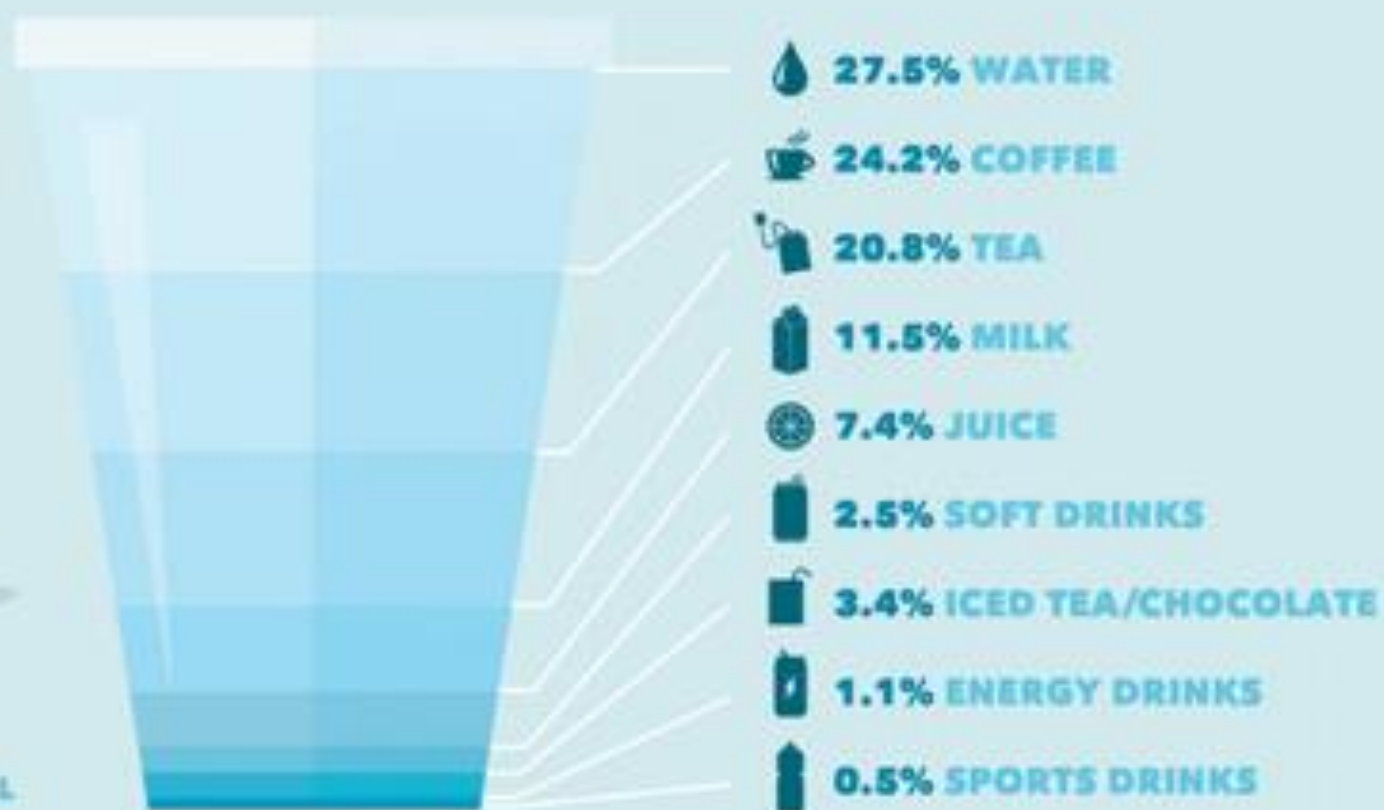
Soft drinks make up less than 4% of drinks consumed.



Bottled water equates to about 27% of all drinks sold.

**HOW MUCH
KIWIS ARE
DRINKING
(BY CATEGORY)**

MEASURED BY OCCASION EXCLUDING ALCOHOL



Consumer Trends



**SOFT DRINK (CSDs)
CONSUMPTION
CONTINUES TO
DECREASE**

Down 4.2% on 2010¹



**BOTTLED
WATER
PURCHASES
HAVE
GROWN
MORE THAN
25%⁴ FOR
THE PAST
TWO YEARS**



**40%
OF ALL ADULTS WHO
DRINK SOFT DRINKS
DRINK NON-SUGAR
SOFT DRINKS**



**32%
OF KIWIS
NEVER
DRINK SOFT
DRINKS²**



**OVER THE
PAST DECADE
SALES OF LOW
& NO CALORIE
NON-ALCOHOLIC
BEVERAGES
HAVE GROWN BY
66.7%**



**KIWIS DRINK
TWICE
AS MUCH
ALCOHOL¹
VS SOFT
DRINKS ON
A WEEKLY
BASIS**

Current Environment

Change in Government in 2017 has resulted in increased likelihood of regulation that may impact the beverage industry.

Public health officials demanding action on growing obesity rates.

Waste and recycling are a growing area of focus for consumers.

Vigorous policy debate on how we better allocate and use water.

Obesity

New Zealand has growing obesity problem – 3rd highest in OECD.

Causes are complicated – changes to work, higher consumption of processed foods, lack of physical activity and genetics all play a role.

Soft drinks often painted as villain but consumption of sugar and sugar-sweetened beverages has been falling while obesity rates climb.

There is no doubt that part of the increase in bottled water sales is being driven by educating kiwi's to make healthier choices.

Our Commitments

- Water only schools
- Committed to voluntary advertising codes – no marketing to children!
- Strongly encouraging members to adopt the Health Star Rating system.
- Working on a sugar reduction pledge.
- Finalising energy drinks commitments.

OUR MEMBERS HAVE PLEDGED TO

NOT SELL

**SUGAR-SWEETENED SOFT DRINKS
OR ENERGY DRINKS
IN NEW ZEALAND
SCHOOLS**



Bottled Water

- Bottled water makes up \$67 million per annum in sales to New Zealand Retailers (not manufacturers)
- There are currently 88 consents issued for the purpose of bottling water
- There are approx. 26 operating bottling plants ranging in size from small family businesses through to large multinational operated plants.
- Sector is highly competitive and profitability is not high.
- The industry is currently operating under the threat of a central government imposed water tax.



Water bottling – the facts!

- Water bottlers are a tiny user of freshwater in NZ – 0.005% of the 10 trillion litres used every year.
- Water makes up only 1% of beverages exported from NZ and NZ's share of international market is 0.3%.
- Largest market for NZ bottled water has traditionally been the USA however Asia now features predominantly
- Sector is highly competitive and profitability is not high.
- The second largest supplier of bottled water to the domestic market is surprisingly 100% kiwi owned.



Waste and Recycling

- Consumers are becoming increasingly concerned around the environmental impact on plastic usage.
- Single-use plastic bag ban use from 1 July 2019. Following this, attention is likely to shift to other users of plastic
- Over 69% of beverage containers are recycled in New Zealand – comparable to similar countries.
- China no longer accepting world's waste and NZ lack adequate infrastructure to recycle plastic.
- Drinks containers only make up around 11% of litter.



A Container Deposit Scheme?



Local government and others strongly advocating for the introduction of a container deposit scheme.



National Party suggest they will put in place a scheme if they win the 2020 election.



Scheme may increase recycling rates but with large administration costs (suggested at 3.5c per container on top of the 10c deposit).



Container deposit schemes usually used in place of kerbside recycling.



97% of New Zealanders already have access to kerbside recycling and unclear what impact CDS would have on existing kerbside recycling.

The debate over water

Water usage is becoming an increasingly divisive political issue.

Longstanding convention is that no-one owns water.

Labour has advocated introducing a charge for commercial use of water. This could be interpreted as Crown asserting ownership, which is likely to present Treaty issues.

Nearly 50% of water used in NZ used for irrigation.

Coalition agreement proposes the introduction of a royalty on exported bottled water.

The future of the industry

China have set aggressive targets to have drinkable water in all their cities

Focus on single use plastic waste reduction is global not just local

Potential government intervention

Unsustainable profit margins

Focus on value added products is the future

For more information visit

<https://www.nzbeveragecouncil.org.nz/>