



Australian Beverages Council

Submission to the ReMade in Australia Consultation

10 February 2023

About the Australian Beverages Council

The Australian Beverages Council Limited (ABCL) has been the leading peak body representing the non-alcoholic beverage industry for more than 70 years and is the only dedicated industry representative of its kind in Australia.

The ABCL represents around 95 per cent of the industry's production volume and Member companies range from some of Australia's largest drinks manufacturers to small and micro beverages companies whose drinks are enjoyed nationally and globally. Collectively, ABCL members contribute more than \$7 billion annually to the Australian economy and employ more than 46,000 full time employees (FTEs). The industry pays more than \$1.2 billion in taxation per annum along its supply chain. For every direct employee in the beverages manufacturing industry, there are 4.9 jobs required elsewhere in the Australian economy to produce and retail the beverages.

The ABCL strives to advance the industry and represent the diverse range of beverages produced by our members. These include carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, 100 per cent juice and fruit drinks, cordials, iced teas, ready-to-drink coffees, kombuchas, flavoured milk products and flavoured plant milks.

The ABCL offers Members a unified voice and presence to promote fairness in the standards, regulations, and policies concerning non-alcoholic beverages.

The ABCL introduced a dedicated juice division, Juice Australia (formerly Fruit Juice Australia), in 2009. We introduced a dedicated water division, the Australasian Bottled Water Institute (ABWI), in 2011. Through these divisions and various committees, our organisation and Members continue to adapt and flourish.

Section 1: Intro and Background on the brand

As the sole peak body for non-alcoholic beverages in Australia, the ABCL recognises the impact of virgin material extraction on our environment and acknowledges the role our industry must play in helping to replace this feedstock with recycled and alternative sustainable materials. As proud product stewards of Container Deposit Schemes (CDS), our members have provided other sectors with leadership by example by taking responsibility for their packaging and investing in its reprocessing and reuse. Today, CDS are a valuable way for materials to enter the circular economy and remain out of the natural environment at their highest reuse (“bottle to bottle”).

Our industry sees CDS as the only proven plastics recovery pathway in Australia on track to fulfill the National Packaging Target’s goal of 70% of materials recycled (or composted) by 2025. PET – the most utilised plastic in non-alcoholic beverage containers – enjoys a 65% recovery rate through CDS. This is significantly higher than any other plastic type or recovery pathway. ^[1]

While advertising the recycled content of products has traditionally been left to brand and marketing activities, we recognise that the rapid rise of greenwashing and increased consumer confusion necessitates a discussion on standardisation and certification.

The ABCL was privileged to be a part of the reference group for the Australian Packaging Covenant Organisation’s (APCO) Recycled Content Label traceability program in 2022. In this process, there was near uniform agreement that there were significant traceability, auditing and mass balance issues that needed to be addressed prior to making a scheme that provided equitable access to all business sizes and segments. We will be drawing from internal ABCL member surveys taken during that process, as well as subsequent sessions, to highlight the accessibility a program like ReMade in Australia would have to different business sizes.

While we have confidence a program like ReMade in Australia could be beneficial to consumer understanding or product demand, there are several issues which must be addressed to enable non-alcoholic beverages to participate and ensure program success, including:

- Presence of a mobius loop and its implications for understanding recycling instructions, particularly in light of other regulatory and industry obligations

¹ Economic incentives reduce plastic inputs to the ocean, CSIRO
<https://www.sciencedirect.com/science/article/abs/pii/S0308597X17305377>

- Probability of similarity confusion with the Australasian Recycling Label (ARL)
- Possibility for items unable to be made from recycled materials (in our case, caps and closures) to be included in assessment, forcing down the percentage claim on-label
- Equity issues with small and medium enterprises (SMEs), like cost, compliance burden, domestic recycle access
- Definition of a “significant transformation” regarding beverage aluminium

While the ABCL understands that prioritising domestic use of Australian recycle through government intervention is not in scope for this consultation, we believe that remedying the issue of lack of domestic recycled polymer access (primarily PET) is a non-negotiable for the success of the ReMade in Australia program. Simply, the demand for PET flake is so high that we are seeing a widespread offshoring of the exact material this program seeks to facilitate investment in. We know from previous consultations on recycled content labelling that this concern cuts across many consumer categories.

Addressing recycle offshoring is the number one thing that the government could do to facilitate the use of domestic recycled content in consumer goods.

Section 2: Key design considerations for the brand

2.1 The proposed ReMade in Australia Logo

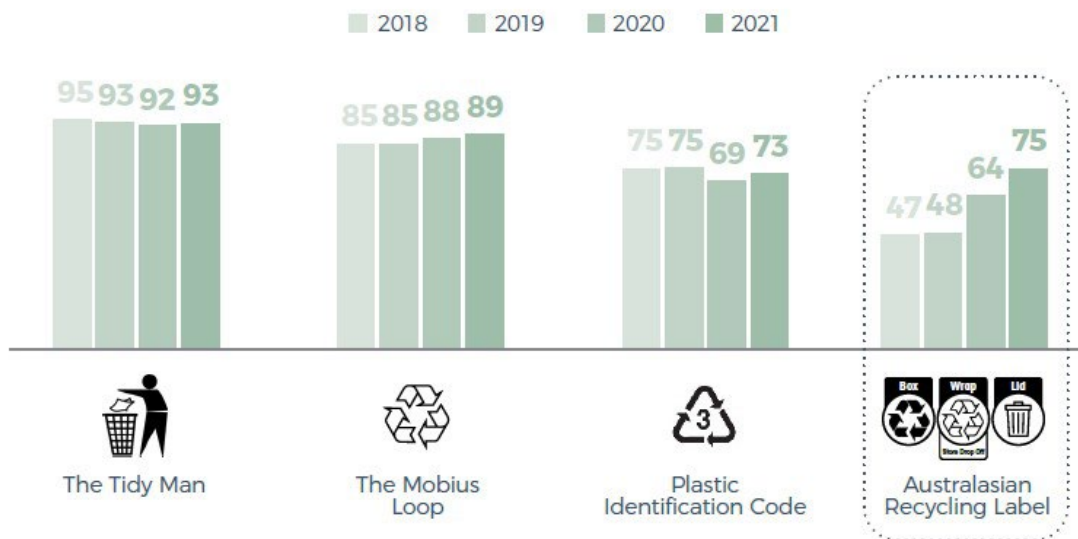
The ABCL holds significant concerns about the design of the label and its ability to be misinterpreted as a recycling instruction like the ARL. From a design perspective, there are several changes that must be made for this program to synergise with existing initiatives, marketing and advertising obligations, and established labelling convention.

Most importantly, we do not believe this logo should include a mobius loop.

The mobius loop has been widely recognised as the symbol for recycling since the 1980s². Second only to the Tidy Man, APCO’s most recent ARL Consumer Insights Report showed an almost universal understanding amongst Australians that the mobius loop is a recycling/disposal logo:

² The mobius loop as recycling symbol first appears in 1969, with widespread use adopted by the plastics industry in the late 1980’s. <https://greendiningalliance.org/2016/03/the-mobile-mobius-a-history-of-the-recycling-symbol/>

How aware are consumers of common recycling and disposal logos? (%)



Studies have found that two main barriers to consumers having a positive experience with eco labels are *similarity confusion* (where similar label design makes differentiation difficult) and *overload confusion* (where an overly information-rich label cannot be processed in the time available).³ Using a mobius loop for a purpose other than dedicated recycling instruction makes the ReMade in Australia logo highly susceptible to these pitfalls and could lead to public confusion. This could result in decreased quality of kerbside recycling, increased consumer confusion and increased recycling disenfranchisement.

The average Australian consumer sees a mobius loop and automatically associates it with something that can be recycled, not that the product is made from recycled material. If soft plastic packaging carries a Remade in Australia mobius loop, what stops the consumer from interpreting that logo as a kerbside recycling instruction? If a piece of housing insulation purchased for a remodelling project gets too damaged to use, what tells the tradesmen that this should not be recycled?

Potential mobius loop confusion would also create a large barrier to uptake of the logo in marketing and advertising materials. The Australian Association of National Advertisers (AANA) Environmental Claims Code⁴ outlines the following in relation to logos:

³ Sun-Jung Moon, John P. Costello & Dong-Mo Koo (2017) The impact of consumer confusion from eco-labels on negative WOM, distrust, and dissatisfaction, International Journal of Advertising, 36:2, 246-271, DOI: 10.1080/02650487.2016.1158223

⁴ <https://aana.com.au/self-regulation/codes-guidelines/environmental-claims/>

"Symbols or logos should only be used in an advertisement when the source of the symbol or logo is clearly indicated, and there is no confusion over the meaning"

Having a mobius loop on an advertisement which indicated something other than recycling would be a valid breach of this clause of the code and could lead to advertisements being pulled through community panel review.

The use of a mobius loop in the ReMade in Australia logo could be a technical barrier to trade in New Zealand due to its correlation to recycling instruction in the country. It is very common for Australian businesses to sell the same SKUs across Australia and New Zealand. In food and beverage, this is why FSANZ creates universal safety and labelling standards for the two countries. For SMEs, it is often not feasible to restructure operations to split SKUs, making this an insurmountable burden to participation in the program.

Given these reasons, if a mobius loop remained in the design **it would be impossible for the ABCL to recommend the use of the ReMade in Australia logo**. Industry cannot have a logo on pack or in advertising whose similarity to the ARL caused conflict in consumers' understanding of recycling instruction. Rather, this logo should be viewed as an opportunity to develop a new image which can stick in the Australian consciousness as a symbol for quality recycled material.

In the same vein, while understanding the appeal of a "family" of certifications, the ReMade logo should not bare a close similarity to the "Made in Australia" logo:



Similar to issues with using a mobius loop, the close visual proximity to the Australian Made logo could lead to a watering down of both brands through similarity and overload confusion. While the key theme of "Australian Made/Australian Grown" could filter through to the consumer, it more than likely will just lead to increased confusion over what a

product is trying to say. Due to this factor, we would anticipate that companies who have already dedicated resources and label real estate to the existing “Australian Made, Australian Grown” logos would be hesitant to incorporate this additional logo onto their packaging or products.

2.2 Scope of the brand’s application

Being a responsible business steward is not just limited to a commercial packaging but extends to products used in the process of developing, manufacturing and distributing a product. Businesses are often looking one step down and one step up to ensure what comes in to and out of their facilities is sustainable. This includes procurement of cleaning products, safety equipment, office supplies and kitchen supplies, amongst others. Extending this program to B2B items would increase the demand for recycled products, help industry fulfill supply chain sustainability mandates and increase overall label recognition. We would support this program being extended to any product which was not only made from recycled materials but is able to be recycled at end of life.

Differentiation is necessary to provide brand owners with security that the logo properly communicates the value proposition to consumers. The ABCL believes this is an opportunity to create variation in the proposed logo which removes the similarity concerns with the ARL. In place of the mobius loop, there could be two different symbols for product and packaging, indicating to the consumer which part was made from recycled content.

In the case of the proposed ReMade in Australia label, allowing for a black and white version would compound similarity confusion with the ARL. The ABCL strongly advises against allowing a black and white version of the proposed logo. Should the logo be changed to a design without the mobius loop, we would encourage allowing colour variation in the branding, such as a black and white option.

Beverages are a category with a very small amount of real estate for branding and labels. Existing required regulatory and brand labelling leaves limited space for additional logos. We recommend that the logo has a “micro” version similar to the ARL to enable applicability to small formats.

We believe all consumer segments would have concerns with the similarity of the ReMade in Australia, Made in Australia and ARL logos, forcing exclusive design choices between them. This is a detriment to all the programs and most importantly, preventable.

2.3 Making recycled content claims

Through consultation with our membership, we did not find that ISO 14021:2016 is a commonly used system for verifying recycled content. For those who can access domestic recyclate, packaging or preforms (the building blocks of a plastic beverage bottle), manufacturers cannot provide continuity of supply and often tell them explicitly that they cannot make claims in the market. This also significantly impacts the feasibility of installing an end-to-end traceability system for both domestic and imported product.

Program administrators need to ensure that the products being assessed are only evaluated on the components that can be actually made from recycled material. HDPE and LDPE (also known as polyolefins) are the industry standard for plastic caps and closures because they perform to strict product safety and quality standards, are high value materials and are widely recyclable. Due to the nature of polyolefins, beverage caps cannot be made from recycled material. At the same time, beverage caps cannot be made from PET successfully due to its properties.

The ReMade program would benefit from exemptions for different categories, excluding components where there isn't a commercialised recycled content product. As an example, plastic beverage caps on average make up between 10–30% of the total weight of plastic beverage packaging. It would be a large disincentive to participate in the program if that weight was integrated into the assessment of the item, automatically downgrading any rating through the system.

The ABCL cautions against setting a baseline of 50% total recycled material for consumer products. With large consumer product companies locking in long term, multi-year contracts for Australian recycled material, there is not enough supply in the market to guarantee substantial, stable amounts of plastic recyclate to anything but the largest of organisations. This is just one of many reasons that we believe that a project like this cannot succeed without strong regulatory intervention to prevent high value rPET from going offshore. The ABCL would recommend starting with a 30% baseline, shoring up domestic supply, and then extending the lower limit.

The ABCL would support a 3–5 year reassessment period for the program. This standard, when considering that brand owners may want to verify multiple SKUs, could become too burdensome to participate in if reassessment happens every 1–2 years.

2.4 Promoting Australia's circular economy

As noted in the discussion paper, the Australian recycled material market currently suffers from substantial fluctuations in material availability and pricing, particularly for plastics. In consulting with ABCL members, we found that many SMEs searching for domestic recycle or preforms were told by large domestic packaging manufacturers that there is not enough material for sale, and that they would need to wait as long as two years for access to any amount of recycled content.

Due to the issues raised above, the ABCL cautions against a 50% Australian recycled content baseline and instead recommends setting the initial benchmark at 30% until local supply stabilises. Increasing the recycle required over time makes sense, but only in response to analysis of local material availability, not as a goal set by a multi-year plan.

Regarding the requirements around the “significant transformation” being in Australia, food and beverage aluminium will need to be looked at by the Department to ensure its unique supply chain doesn’t disqualify the material. The entirety of the F&B aluminium recycling process, from the remelting of material into ingots, through to creating sheets or foils, takes place offshore, primarily in south-east Asia. The remanufactured sheets are then sent back to Australia where they are cut and printed into a variety of food and beverage products that Australians love.

There is currently no capacity onshore to undertake the remelting, casting and rolling processes. To enable food and beverage cans to participate in the ReMade in Australia program, the significant transformation will need to be designated as the cutting and printing of cans, not its transition from ingots to aluminium sheets.

2.5 End of use outcomes

The ABCL strongly agrees with the department’s decision that ReMade in Australia products should be recyclable. A product that is made from recycled material but then is unable to be recycled itself is an example of downcycling, not the circular economy. This program should promote materials being kept at their highest value for reuse (“bottle to bottle”). ReMade could encourage true resource circularity by profiling products which result from and can continue to take part in the circular economy for many lives, versus downcycled products like tyres/sunglasses/fibre which, while recycled, may ultimately still be ultimately destined for landfill.

Regarding recycling classifications, we would support APCO’s PREP tool as the standard for assessing recyclability and would urge the program to only certify packaging which can be processed in kerbside recycling or CDS. We do not support non-recyclable products being eligible for ReMade in Australia and fear it could dilute brand strength in the eyes of

the consumer. In addition, placing a mobius loop or other recycling message on something that cannot be recycled in kerbside or CDS creates risk that a consumer will contaminate existing recycling streams with the product.

2.6 Product safety, standards and regulation

The non-alcoholic beverage industry does not utilise chemicals of concern in products and is extremely low risk in comparison to other segments included in the program. Our industry follows all relevant FSANZ health and food safety requirements in the jurisdictions they manufacture, and in addition choose to implement voluntary risk management and food safety programs such as HACCP, ISO22000 and ISO5000.

We are hesitant to support development of standards, guidelines and technical specs unique to this program. In discussing certification programs with our members, we are frequently told that employees have “reporting fatigue” as they find themselves dedicating increasing amounts of time to reporting and operationalising standards and processes. With ReMade in Australia being a voluntary program, the best chance for uptake with companies is to mould the specifications and reporting metrics to existing initiatives such as APCO for ease of adoption. The more a program is perceived as being burdensome and time consuming, the harder it will be to make a business case to participate.

Section 3: Licensing conditions

3.1 Options for administration of the scheme

The ABCL strongly supports option one (full government ownership and management) for administration of the ReMade program. For a voluntary scheme to be successful, the cost to register, audit and manage must be kept lean. We feel this is best achieved by a streamlined government structure with full oversight and transparency. This also enables the program to quickly pivot as needed.

3.3 Licensing conditions

The ABCL suggests a three-to-five-year official licencing period with subsequent renewals demonstrating that the product remains compliant. A full scale recertification requirement would be a hindrance to participating in the scheme, particularly for SMEs. We also agree with the proposal to offer tiered pricing based on business turnover.

There will also need to be considerable thought put into what unit of measure this program will certify. There are multiple degrees of comprehensiveness this certification can take:

- Facility wide: certifying that a facility is equipped to record keep, assess and make their own recycled content claims, to be audited or certified at random or scheduled times;
- Family of products: Using the operational bounds of a manufacturing process to group different product SKUs which can be mass balanced together, usually due to the uniformity of inputs to create different sizes and variations of a product;
- By individual SKU: This would necessitate a full audit for every item (by size and product) that was to qualify for the label. This option would significantly increase the cost to participate in the program, possibly creating a barrier to uptake.

Not just our largest, but even our SME members can have 10s to 100s of SKUs across their product portfolio, making a by-SKU program nearly impossible. We recommend the first option, which is similar to the HACCP system for food safety critical control points. An auditor comes on site to see that the traceability systems are in place to control the flow of recycled content into products. From there, it is the brand's responsibility to keep records for further audits to prove compliance to the standard.

Finally, we strongly support the proposal to tier membership according to business turnover, ensuring that SMEs can afford to participate in the program.

Conclusion:

While we applaud the Federal Government's initiative in wanting to stimulate domestic recycled content use in domestic products, we are not necessarily persuaded by the need for a ReMade logo on beverage packaging – particularly given the proliferation of existing statements by brand owners as to the recycled content of their packaging (claims which are already regulated by Australian consumer law), and the number of existing environment-related logos on pack.

Currently, beverage containers are now expected to bear the ARL 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 their implementation are challenging for industry. The Remade brand could be used more broadly via other channels to inform consumers about the circular economy and inspire them to take part in it through existing infrastructure like CDS, e.g., media, social media, sponsorship of events.

The ABCL believes that the challenge of supporting businesses to integrate recycled content into their products' is probably not going to be solved by a new certification alone, **but by shoring up the local supply of food grade PET.** Currently, a large volume of

collected PET is sold to overseas interests who do not necessarily generate that material, do not pay for its local collection or processing, do not provide transparency on its end use and have not invested in infrastructure to support Australia's circular economy. This seriously disrupts local resource circularity and denies local producers access to recycled plastic to meet the National Packaging Targets. If this gap in recyclate access is not addressed prior to, or in concert with the development of this standard, we fail to see how this project will stimulate investment in, and transition to recycled materials.

Finally, the ABCL holds **significant concerns about incorporating a mobius loop** within the logo and its propensity to be misinterpreted as a recycling instruction similar to the ARL. From a design perspective, any logo that could create similarity confusion or overload with existing labelling obligations would prevent us from making a recommendation for its use on beverage packaging. We do not believe these issues are insurmountable and look forward to participating in stakeholder engagement as the program develops over 2023.