

# Submission to Treasury: Economic Reform Roundtable

Australian Beverages Council Limited

25 July 2025





**The Australian Beverages Council Limited (ABCL) is the peak organisation representing the non-alcoholic beverages industry.**

Our diverse and varied membership includes micro, small, medium and large beverage manufacturers, and the industry contributes approximately \$10.4 billion per annum to the Australian economy. The issues facing the industry are multi-faceted and wide-ranging, and we welcome this opportunity to provide input into the Commonwealth Government's economic reform agenda.

## **Recommendations**

1. Consolidate responsibility for administering labelling requirements to a single government authority.
2. Develop a staged and coordinated approach on new labelling requirements across federal and state governments.
3. Provide appropriate adjustment periods for regulatory changes.
4. Federal and State Environment Ministers to work more quickly on progressing container deposit scheme (CDS) harmonisation initiatives.
5. Amend current regulations to provide participants in CDS, including the beverage industry, first right of refusal to material collected by the scheme.
6. Progress, with urgency, the national packaging reform framework.
7. Do not make any change to the GST-free status that presently exists.
8. Reject any proposal to introduce product-specific taxes.

## Regulation

Beverage manufacturing is a highly innovative industry that continues to respond to changing consumer trends by offering a variety of drink options. However, this innovation is constrained by regulatory requirements, and government should consider mechanisms to reduce the barriers impeding new product development. This includes streamlining approvals through the Food Standards Australia New Zealand (FSANZ) Food Standards Code to consider the application of relevant determinations by regulators in other jurisdictions. This could include accepting relevant risk assessments from international jurisdictions such as Canada and Japan and would provide benefits such as reduced cost of applications to manufacturers and reduced timelines for approval. This does not undermine the strict ingredient safety in Australia but rightly recognises the global product market and high food standards in similar jurisdictions.

Further, to minimise the regulatory burden on beverage manufacturers, governments should explore opportunities to reduce red tape and overregulation, particularly the complexity of product labelling requirements. Currently, beverage manufacturers are required to consult labelling regulations across federal and state governments, creating unnecessary layers of compliance. As it stands, state and territory container deposit schemes (CDS) require specific labelling, national food and nutrition labelling is administered by FSANZ, the National Measurement Institute (NMI) administers weight and measurement requirements, and there is a requirement to include country of origin labelling. These are just some of the many different touchpoints that beverage manufacturers are required to consult in determining labelling inputs.

Government must also place greater consideration on such regulatory changes, particularly for small businesses, and provide appropriate implementation timelines to allow necessary business planning to be carried out to implement the changes. For instance, establishing an annual date for implementation of all labelling changes nationally would be a significant step towards minimising the complexity of this regulatory requirement.

## Recommendations

1. Consolidate responsibility for administering labelling requirements to a single government authority.
2. Develop a staged and coordinated approach on new labelling requirements, across federal and state governments, to support compliance, improve cost effectiveness and allow for changes to be more efficiently adopted.
3. Provide appropriate adjustment periods for regulatory changes.

## Container Deposit Scheme harmonisation

As of 1 May 2025, Australia is the only continent fully covered by CDS. This is an important and historic milestone that rightfully recognises the leadership of government and the beverage industry in promoting this important producer responsibility scheme and reducing litter. It is important to note, CDS is the only producer-led stewardship scheme in the country on track to

meet the national packaging targets – funded and administered by the beverage companies in partnership with governments and not-for-profit organisations. However, while a significant environmental achievement, the implementation of schemes has resulted in misalignment between state and territory borders on matters such as container eligibility, sales reporting, and financial payment processes. It has created a unique CDS compliance industry that unnecessarily burdens beverage manufacturers. While there have been moves to harmonise schemes, something the ABCL has strongly advocated for, the progress towards this has not kept pace with the ongoing burden this represents to manufacturers. Further, as governments seek to improve the performance of the schemes and undertake statutory reviews, there is greater risk that schemes are further disharmonised, creating further inefficiencies across CDS administration. We acknowledge that Environment Ministers and the Heads of Environmental Protection Agencies (HEPA) are progressing work to streamline this, but greater urgency is required to ensure that this does not adversely impact beverage manufacturers, particularly small, family businesses which are often based in regional communities across Australia.

### **Recommendation**

4. Federal and State Environment Ministers to work more quickly on progressing CDS harmonisation initiatives.

### **Recycling and the circular economy**

The rollout of CDS has seen significant growth in the post-consumer recycled content industry and attracted greater interest in the management and sortation of waste material as a means of improving recovery of recyclable beverage containers. This has in turn increased the need for processing of these containers, developing a domestic, sustainable packaging ecosystem. Facilities, such as Circular Plastics Australia's processing plants in Albury and Altona North - a joint venture between government, beverage manufacturers and the packaging industry - have developed in this shift towards a circular economy. However, it is imperative that government incentivises investment in upgrading the infrastructure of material recycling facilities (MRFs) to improve their efficacy in capturing food-grade recyclable material and to encourage the domestic processing of this material. Prioritising policy settings that keep this material in the circular economy and not shipped offshore and "downcycled" into single-use products, is critical to enhancing the industry's viability. Changes to Australia's waste export controls have led to a deterioration of competitiveness in the market for domestic PET feedstock, to the detriment of the domestic economy, diversification of Australian manufacturing and the environmental objectives of government and industry.

Additionally, schemes do not factor the financial outlay committed by beverage manufacturers within the scheme, in the sale of the recycled material (recyclate). To place products on the market, beverage manufacturers pay an upfront container fee to support the recovery of this material. The industry has long advocated that beverage manufacturers should be offered first right of refusal to the recovered material in recognition of this and, importantly, allow for this material to remain in the circular economy. Implementing this change will strengthen domestic circularity and contribute to the advancement of onshore manufacturing of beverage

containers. This, in turn, diversifies Australian manufacturing opportunities and enhances sovereign capability.

Beverage manufacturing plays a vital role in Australia's economy, and government decision making must provide certainty to ensure this critical industry remains viable. Further delays to national packaging reforms will only serve to stymie investment in domestic capabilities for this critical industry. The Federal Government must renew its commitment to reforming the national packaging framework to provide business certainty and support investment in the circular economy.

### **Recommendations**

5. Amend current regulations to provide participants in CDS, including the beverage industry, first right of refusal to material collected by the scheme.
6. Progress, with urgency, the national packaging reform framework.

### **Goods and Services Tax (GST) and other tax considerations**

Any discussion of the GST must not consider altering the current GST-free status of fresh food, water, milk and juice. It is essential that these core food groups remain exempt, as applying GST would negatively impact access to essential products, including plain bottled water.

Accordingly, the ABCL would also strongly object to any proposal to introduce a product-specific tax, such as a sugar-sweetened beverage (SSB) tax, which would be both discriminatory and regressive and not lead to lower rates of overweight and obesity – the stated objective of a tax on SSBs by proponents of it. Notably, since 2017 all nine (9) United Nations / World Health Organisation Member State forums on non-communicable diseases have considered and rejected taxes of this nature.

### **Recommendations**

7. Do not make any change to the GST-free status that presently exists.
8. Reject any proposal to introduce product-specific taxes.