

# **Australian Beverages Council**

**APCO Sustainable Packaging Guidelines Review**

**Consultation process**

**11 December 2018**



## About the Australian Beverages Council Limited (ABCL)

The Australian Beverages Council [ABCL] has been the leading peak body representing the non-alcoholic beverage industry for more than 70 years, and the only dedicated industry representation of its kind in Australia.

The ABCL represents approximately 90 per cent of the non-alcoholic beverage industry's production volume and our Member companies are some of Australia's largest drinks manufacturers. The ABCL also represents many small and medium-sized companies across the country. Collectively, the ABCL's Members contribute more than \$7 billion to the Australian economy and they employ over 50,000 people across the nation. The industry also pays \$1.2 billion in taxes per annum and for every one direct employee who works in the beverage manufacturing industry, there are 4.9 jobs required elsewhere in the economy to produce and retail beverages.

The ABCL strives to advance the industry as a whole, as well as successfully representing the 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, flavoured milk products and flavoured plant milks.

The unified voice of the ABCL offers Members a presence beyond individual representation to promote fairness in the standards, regulations, and policies concerning non-alcoholic beverages. The ABCL plays a role in educating consumers on making informed choices which encourage balance, moderation and common sense.

The ABCL advocates on issues such as portion sizes, environmental sustainability, nutritional labelling, responsible industry marketing and advertising, and canteen guidelines, among others. Our Members listen to consumers and adapt their products accordingly by making positive changes and standing by a commitment to promote greater choice, appropriate portions and by developing an ever-increasing range of low and no kilojoule products.

The ABCL is an important conduit between the non-alcoholic beverage industry and governments, supporting the Australian Government, State and Territory Governments and Local Councils.

The ABCL introduced a dedicated juice division, Juice Australia [JA] (formerly Fruit Juice Australia), in 2009 and a dedicated water division, the Australasian Bottled Water Institute [ABWI], in 2011.

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## Executive Summary

### It is the position of the ABCL that:

- The Sustainable Packaging Guidelines [SPGs] are useful in assisting non-alcoholic beverage manufacturers to review and optimise packaging;
- The SPGs provide useful support to help make more efficient use of resources and reduce environmental impact;
- The suggested revisions to the SPGs represent an improvement on the previous 2011 edition;
- There are significant areas for improvement in the SPGs to improve recyclability (as discussed in this submission);
- The SPGs and associated tools are not reflective of an in-depth understanding of recyclability and the capabilities of complex and varied collection systems, materials recovery facilities [MRFs] and processors to implement the guidelines and principles detailed in the SPGs;
- Infrastructure variability across Australia can represent a barrier to higher rates of recycling;
- Greater consumer awareness of recycling and recyclable packaging should be considered with particular regard to:
  - Remoteness and the distance from metropolitan areas;
  - Socio-economics;
  - The summary measure of disadvantage;
  - Occupation or industry of occupation;
  - Casual employees and shift or night workers;
  - Indigenous Australians (Indigenous Status);
  - Non-English-speaking background [NESB];
  - Income support recipients;
  - Barriers to accessing transport, healthcare or similar services; and
  - Highest education levels.
- Infrastructure should not vary significantly between jurisdictions to ensure lower operating costs and ease of use for consumers;
- The financial burden to industry should be considered in amending the SPGs.

## Introduction

The ABCL considers environmental responsibility a key issue and important to the long-term viability of the non-alcoholic beverage industry. In all discussions with its Members, the ABCL considers the environmental impact on all our public policy, initiatives, industry commitments and other decisions.

The ABCL provides support to its Members on environmental issues, including: Container Deposit Schemes [CDS], resource management and environmental sustainability.

## The ABCL and Container Deposit Schemes

The ABCL supports efficient, industry-driven initiatives, including CDS.

It is the view of the ABCL that the non-alcoholic beverage industry is best placed to deliver low-cost CDS across Australia which will have the least impact on manufacturers while ensuring consumers are provided with convenient, cost effective and easy-to-use Schemes that benefit the environment by reducing litter and providing a cleaner waste stream to encourage greater recycling.

Over the last two years, the ABCL has been engaged in the successful development of CDS across Australia, most recently with Queensland's Container Refund Scheme [CRS] commencing on 1 November 2018. In its first month of operation, the CRS in Queensland collected more than [50 million containers](#) and more than \$5 million was returned to Queenslanders, community groups and charities.

The ABCL is working closely with the Government of Western Australia on the [2020 commencement](#) of the CDS to ensure the Scheme's design and infrastructure are appropriate and to lower financial costs to both industry and consumers. Projections indicate a CDS in WA could result in over 700 million more beverage containers being recycled over the next 20 years, and the number of containers sent to landfill reduced by 5.9 billion.

# The Australian Beverages Council's Position

## SPGs and implementation guide

The ABCL has addressed each of the SPGs Principles, below.

### 1. Use recycled materials

The ABCL is supportive of the use of recycled materials where possible.

It is important to note that the availability of recycled materials, such as rPET, is often restricted due to domestic processing infrastructure and/or the preferential cost of virgin material often due to lower production costs. Members of the ABCL have expressed a strong desire to use more recycled material in the manufacturing of beverage containers, but supply constraints and the high cost of recycled material are major obstacles in achieving greater use of recycled content.

### 2. Use renewable materials

The ABCL is supportive of the use of renewable materials where possible.

It is important to note that the availability of renewable materials, particularly those derived from sustainable forests, comprise a small proportion of the containers use by the non-alcoholic beverage industry. Members of the ABCL have expressed a desire for more renewable materials to be available to manufacturers.

### 3. Eliminate hazardous materials

The ABCL is supportive of eliminating hazardous materials from the beverage supply chain.

Naturally due to Food Safety Standards, hazardous materials are not use in beverage containers, and as far as secondary packaging is concerned, the majority of the ABCL's Members do not use hazardous materials or keep these to a minimum.

#### **4. Optimise material efficiency**

The ABCL is supportive of optimal materials efficiency and many Members have developed 'light-weighting' (i.e. using less plastic) strategies to support this goal.

#### **5. Design for recovery**

The ABCL is supportive of packaging that is easy to recover where infrastructure exists.

It is important to note that infrastructure to recover materials is not uniform across Australia.

#### **6. Design for transport efficiency**

The ABCL is supportive of packaging that is more environmentally friendly and cost efficient to transport. Members of the ABCL have developed 'light-weighting' strategies to support transport efficiency.

It is important to note that many manufacturers are limited by the requirements of packaging vendors and retailers, for example higher packaging grades for strength in transit.

#### **7. Design for accessibility**

The ABCL is supportive of greater packaging accessibility and supports easy-to-open/easy-to-read and functional products.

The ABCL requests that APCO consider the number of mandatory and voluntary labelling changes in recent years and the disproportionate burden these have placed on the non-alcoholic beverages industry. It is the position of the ABCL that labelling changes, caused by a number of independent consultations, should be coordinated and consolidated to reduce the impact on beverage manufacturer and alleviate any unnecessary cost imposts on consumers.

The ABCL supports consumer awareness campaigns on sustainability and sustainable packaging, particularly among hard-to-reach groups.

It is important to note that many beverages have limited label space, caused in part by restrictive labelling conditions. Multiple labelling changes in recent years have not only imposed substantial costs on beverage manufacturers, but it has made it challenging to support consumer accessibility, as defined in the SPGs.

The ABCL has consulted with its Members in relation to label changes, including Country of Origin Labelling [CoOL] and mandatory refund marks related to the introduction of CDS across Australia as well as front-of-pack schemes, such as the Health Star Rating. ABCL Members are supportive of consolidated mandatory and voluntary label changes to ensure manufacturers do not have to undergo costly changes and consumers do not experience regular changes to labelling.

It is important to highlight the substantial costs incurred in making such label changes, including<sup>1</sup>:

- **Label design** – the cost of engaging designers to make changes to, or redesign the label (or package for direct print labels);
- **Label production** – the costs associated with the production of labels over and above printing, such as new printing plates;
- **Proofing** – the cost of viewing incorporated text, colour and/or graphical changes to the label, to ensure that the label is how it should be before printing. This may include the testing of new plates;
- **Package redesign** – the costs associated with changing the shape, or size of packaging. The direct costs include packaging redesign costs (including production lines costs) and packaging proofing costs; and
- **Labour** – the labour inputs involved in responding to regulatory changes, such as marketing, management, administration, technical and regulatory expertise.

In Appendix A, the ABCL has estimated current costs for label changes based on credible 2008 calendar year data commissioned by FSANZ in conjunction with PwC, adjusted for inflation over nine years at an average annual inflation rate of 2.2 per cent. The total change over the period 2008 to 2017 is 21.2 per cent.

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<sup>1</sup>Price Waterhouse Coopers. (2008). Cost schedule for food labelling changes. available from [http://www.foodstandards.gov.au/publications/documents/Final%20report-%20FSANZ%20-%207%20March%202008%20\(2\).pdf](http://www.foodstandards.gov.au/publications/documents/Final%20report-%20FSANZ%20-%207%20March%202008%20(2).pdf)



*NB: The estimates provided are intended as a guide, and actual costs may be higher depending on the individual organisation's scale of operations and other cost structure benchmarks.*

The above list of core considerations reinforces the lengthy transition times required for labelling changes, particularly to utilise and deplete the supply of existing label stock that would need to be exhausted (approximately 12-18 months' supply), in addition to supply chain considerations and agreements that require labels to be manufactured and distributed many months in advance.

The ABCL notes that Canada has allowed for a five-year transition period for its recently mandated labelling changes related to ingredients lists, although an extension to 2022 is being considered<sup>2</sup>. The ABCL encourages similar consideration to be given to Member companies in Australia to support sustainable packaging label changes to be implemented gradually across all categories.

The ABCL supports greater consumer awareness of recycling and recyclable packaging among hard-to-reach groups, with particularly consideration given to:

- Remoteness and the distance from metropolitan areas;
- Socio-economics;
- The summary measure of disadvantage;
- Occupation or industry of occupation;
- Casual employees and shift or night workers;
- Indigenous Australians (Indigenous Status);
- Non-English-speaking background [NESB];
- Income support recipients;
- Barriers to accessing transport, healthcare or similar services; and
- Highest education levels.

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<sup>2</sup> Government of Canada. Regulations and compliance - nutrition labelling, available from <https://www.canada.ca/en/health-canada/services/food-nutrition/food-labelling/nutrition-labelling/regulations-compliance.html>

## 8. Design to reduce product waste

The ABCL is supportive of reduced product waste.

By comparison to the rest of the food industry, the non-alcoholic beverage industry enjoys:

- ✓ Low waste levels due to product expiration;
- ✓ Low levels of waste product due to damage during handling and retailing;
- ✓ Low levels of waste as a result of a range of serving sizes, including recently introduced smaller pack sizes.

## 9. Design to minimise litter

The ABCL is supportive of litter minimisation.

The ABCL supports CDS in addition to kerbside recycling as a way to reduce litter across Australia. Local Government should be encouraged to provide recycling bins in addition to standard waste bins to support the sustainable recycling of beverage containers and other recyclable packaging.

ABCL Members have taken steps to reduce easily separable components and improve the recyclability of existing components.

## 10. Provide consumer information on sustainability

The ABCL is supportive of greater consumer information on sustainability alongside a collaborative effort to address some key infrastructure concerns.

The ABCL fully supports greater consumer information on sustainability, but this should not be carried out in isolation. Members of the ABCL have expressed concerns over domestic supply of rPET, for example, and the prohibitive cost of recycled material due to the infancy of some infrastructure to support greater levels of recycled content being used in container or packaging manufacturing.

## Summary of 2018 changes and inclusions

The ABCL has addressed each change below:

### **1) A shorter and more focused list of principles (Table 1)**

The ABCL has addressed the principles earlier in this submission and supports the simplified approach to the framework. It is important to consider these principles in the context of infrastructure and the diverse nature of recycling and waste management in Australia.

### **2) A reduction in the number of questions for each principle**

The ABCL supports a simpler approach to the principles detailed in the SPGs, but it is important to note the highly complex nature of resource management and recycling. Greater support should be offered to the non-alcoholic beverage industry by APCO and government stakeholders to develop systems to improve recyclability, reuse and consumer understanding.

### **3) A more detailed Implementation Guide to help Members – particularly new Members – to gain maximum value from the SPGs**

The ABCL is supportive of the Implementation Guide, but highlights the diverse nature of the packaging recovery, recycling and reuse as a major obstacle to achieving the targets detailed in the National Packaging Targets.

### **4) New resources to support implementation**

The ABCL supports the additional resources that have been developed to provide more implementation guidance and support.

The revised spreadsheets support the logical implementation of the principles, i.e. a reduction of materials first, followed by recovery, material composition and functionality, etc. The ABCL supports a Guidelines document that is ordered more logically, in a similar way to the implementation of the principles, such as the more preferable and easy-to-implement solutions would be considered first.

The ABCL requests and requires the provision of all Quickstart Guides on all materials in draft form to comment fully.

It is the position of the ABCL that the Quickstart Guides should also be developed for secondary and tertiary packaging in consultation with the ABCL.

#### **5) A map of the SPG principles which shows links to the new and existing APCO resources**

The ABCL supports the graphical representation of the SPG principles on the basis the feedback in this submission is taken into consideration when redrafting the SPGs and associated supporting guidance.

### **Additional Considerations**

During the review of the SPGs, the ABCL has consulted with a number of its Members and other stakeholders. A number of other considerations have been raised which have not be addressed in consultations to-date, including:

- ? APCO should play a greater role with government and industry in the current SPG principles, infrastructure and technologies required to truly achieve a circular economy in Australia;
- ? Establishing a common set of principles for waste recovery and recycling in Australia that would reduce variability across the country, while improving the quality of materials collected for recycling and reuse;
- ? Establishing a uniform blueprint for materials recovery facilities [MRFs] across Australia, including a professional standard to avoid variability in the recycling industry and, therefore, reduce consumer confusion;
- ? Setting standards for the separation of plastics by material type passing through MRFs as collected through kerbside recycling programs;
- ? Consideration of preferential capital funding, such as grants, or no or low interest lending streams for small and medium-sized enterprises which are looking to improve the sustainability of packaging;
- ? Providing State/Territory and/or Australian Government incentives for research and development of solutions to technical constraints which prevent progress towards a truly circular economy;
- ? Advocating for greater investment in technology to sort materials in MRFs and process them for recycling;
- ? Supporting greater investment in food-grade rPET;
- ? Establishing working groups to consider introducing materials handling equipment pools for subsets of packaging;

- ? Advocating for greater and harmonised recycling infrastructure across Australia; and
- ? Supporting the national harmonisation of existing infrastructure and recycling schemes, including CDS/CRS and kerbside programs to improve the quality of materials collected and reduce confusion among consumers and industry.

## Conclusion

The ABCL would like to thank APCO for the opportunity to contribute to this important consultation.

### For further information:

To discuss this submission or any aspect contained therein, please contact:

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## Appendix A: Cost of Label Changes per SKU

Minor change:

Packaging sub-category		Non-labour costs (AU\$)	Labour costs (AU\$)	Total estimated cost (AU\$)
Glass	Bottle	1290.48	3516.4	4806.88
	Jar	2242.89	2374.96	4617.85
Metal	Aluminium can	1309.87	4486.99	5796.86
	Steel can	1703.67	2536.12	4239.79
Plastic	Tub	2410.1	1153.55	3563.65
	Bottle	1753.35	3924.75	5678.1
	Jar	1393.47	4362.18	5755.65
Fibre	Folding carton	1698.83	1796.98	3495.81
	Corrugated carton	3135.92	557.39	3693.31
	Liquid paperboard	2348.31	1938.75	4287.06
Flexible	Pouch/bag	1822.42	2050.22	3872.64

Medium change:

Packaging sub-category		Non-labour costs (AU\$)	Labour costs (AU\$)	Total estimated cost (AU\$)
Glass	Bottle	5548.45	6161.58	11710.03
	Jar	5777.46	4301.59	10079.05
Metal	Aluminium can	3146.86	7809.51	10956.37
	Steel can	7333.31	4408.23	11741.54
Plastic	Tub	7178.21	3614.55	10792.76
	Bottle	6170.06	8214.23	14384.29
	Jar	4241.01	7997.33	12238.34
Fibre	Folding carton	5111.02	3158.95	8269.97
	Corrugated carton	6983.12	803.37	7786.49
	Liquid paperboard	10076.64	4625.12	14701.76
Flexible	Pouch/bag	5865.92	3590.32	9456.24

Major change:

Packaging sub-category		Non-labour costs (AU\$)	Labour costs (AU\$)	Total estimated cost (AU\$)
Glass	Bottle	8925.5	6567.5	15493
	Jar	10687.34	12844.2	23531.54
Metal	Aluminium can	5761.71	5078.3	10840.01
	Steel can	18839.77	9653.75	28493.52
Plastic	Tub	22747.56	13510.64	36258.2
	Bottle	19950.91	12073.54	32024.45
	Jar	9390.8	12844.2	22235
Fibre	Folding carton	10612.21	6304.56	16916.77
	Corrugated carton	11541.6	1726.7	13268.3
	Liquid paperboard	26443.29	11430.12	37873.41
Flexible	Pouch/bag	16086.75	7448.42	23535.17