

# Australian Beverages

Australian Beverages Council  
Submission to the Inquiry into Plastic Pollution  
in Australia's Oceans and Waterways  
22 December 2022



## **Submission to the House Standing Committee on Climate Change, Environment, Energy and Water inquiry into plastic pollution in Australia's oceans and waterways**

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## 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 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 as well as around the world. Collectively, the ABCL's Members contribute more than \$7+ billion annually to the Australian economy and employ more than 46,000 FTEs. The industry pays more than \$1.2 billion in taxation per annum along its supply chain, and 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 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 introduced a dedicated juice division, Juice Australia (formerly Fruit Juice Australia), in 2009 and 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.

## 1.0 Background

### Terms of Reference

The House of Representatives Standing Committee on Climate Change, Energy, Environment and Water will inquire into and report on the impact of plastic pollution, including microplastics, with regard to:

- the environmental impacts of plastic pollution particularly in oceans and waterways
- the effectiveness of Australia's plastics management framework under the National Plastics Plan and related policies to reduce plastic pollution particularly in oceans and waterways
- the effectiveness of the Australian Government's engagement with states, territories, industry and non-government organisations to reduce plastic pollution particularly in oceans and waterways
- the effectiveness of community campaigns to reduce plastic pollution particularly in oceans and waterways and encourage the use of alternative materials
- global initiatives underway to reduce plastic pollution particularly in oceans and waterways, and
- any other relevant matter.

## 2.0 Introduction

The Australian Beverages Council Limited (ABCL), the sole peak body for non-alcoholic beverages in Australia, recognises the impact of waste on our environment and acknowledges the role our industry must play in helping to meet this challenge. As proud product stewards of Container Deposit Schemes (CDS), our members have led other sectors by taking responsibility for their packaging and investing in its reprocessing and reuse. Today, CDS play a valuable role as a channel for materials to enter the circular economy and remain out of the natural environment at their highest reuse ("bottle to bottle").

The most utilised plastic in non-alcoholic beverage containers, PET enjoys a 65% recovery rate through CDS – a percentage far beyond any other plastic type or recovery pathway. Our industry therefore sees CDS as the only proven plastics recovery pathway in Australia on track to fulfill the National Packaging Targets goal of 70% of materials recycled (or composted) by 2025. The CSIRO has also found that CDS have significantly decreased rates of plastic litter on coastlines around Australia, combatting marine pollution .

Beyond simply resource recovery, participation in CDS also has a positive impact on climate change and generates strong social and economic dividends for the community. The CDS model remains one of the most robust and transparent approaches to resource

circularity and we urge other sectors to leverage this model as they seek to enact producer responsibility.

In the international arena, we are proud to contribute our sustainability learnings through our leadership in the International Council of Beverage Association's Asia Pacific Regional Group (ICBA APAC), as well as active participation in the ANZPAC Plastics Pact (the Pact), and the sustainability committees of the International Fruit and Vegetable Juice Association and the International Council of Bottled Water Associations. The ABCL's role in regional and global forums is discussed in more detail in the proceeding section.

It is from this depth and breadth of experience that we provide an industry perspective on the issue of plastic pollution in the region, recommend areas of collaboration between stakeholders, and offer a vision for the future where Australia is rightfully recognised as a world leader in resource recovery and the circular economy.

We believe this will necessitate a two-pronged approach:

- Internationally: Australia taking leadership in the APAC region to assist surrounding countries in elevating their circular economy processes, infrastructure, and data collection
- Domestically: Australia accelerating resource recovery through innovation in producer responsibility mechanisms, universal MRF standards and nationally harmonised recycling standards

The below recommendations all would contribute to what we believe is better resource management in Australia, less plastics leakage into the environment, and less pollution in our oceans and waterways.

### **3.0 The Australian Beverages Council's Position**

#### **3.1 The environmental impacts of plastic pollution particularly in oceans and waterways, stakeholder engagement, and common-sense solutions**

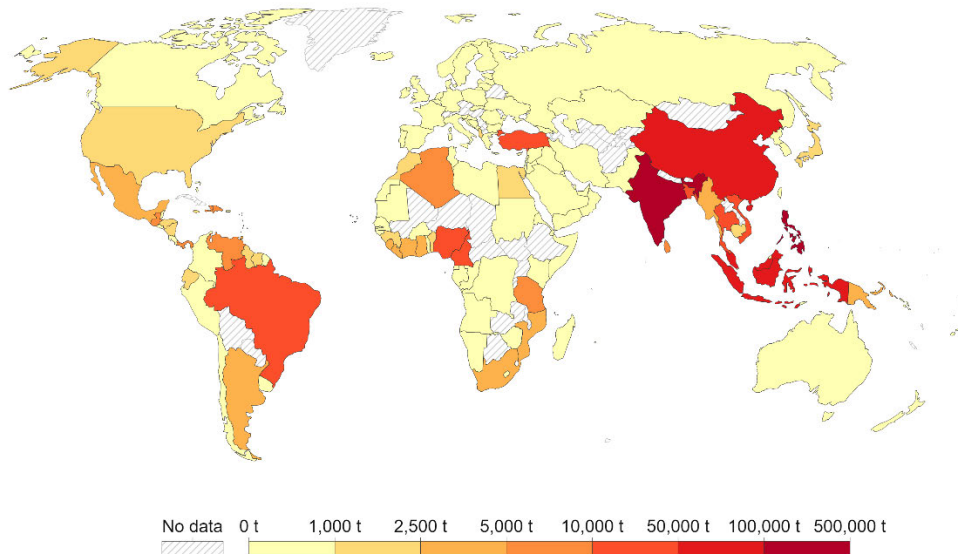
##### **An International View**

Internationally, ocean health and plastics leakage are significant problems in the APAC region. Australia shares this area with some of the largest ocean plastic emitters in the world:



## Plastic waste emitted to the ocean, 2019

This is an annual estimate of plastic emissions. A country's total does not include waste that is exported overseas, and may be at higher risk of entering the ocean.



Source: Meijer et al. (2021). More than 1000 rivers account for 80% of global riverine plastic emissions into the ocean. Science Advances. OurWorldInData.org/plastic-pollution • CC BY

This material leakage does not need to make it to our shores to impact Australians. As a net importer of seafood, the fish Australians eat can be imported from APAC countries affected by this leakage<sup>2</sup>. We also see the damaging effects of ghost nets on marine wildlife, plastic nurdles on our shores and microfibres washed into the ocean from synthetic textiles and tyre dust.

Australia has the opportunity to not only push for more plastics accountability in the region, but to show leadership through being the benchmark for progressing an efficient and effective domestic circular economy for plastics. The immense work being done by private sector to redesign and phase out problematic or unnecessary plastics, as well as the rapid development of recycling facilities through co-funding models are all areas that Australia can lend knowledge and provide technical assistance through bilateral and regional mechanisms to accelerate progress. There is a degree of advancement happening already through the Pact and the newly created Plastics Innovation Hub Indonesia, but for progress to happen fast, there needs to be increased collaboration between governments, research institutions, NGOs and industry. The ABCL believes that Australia's greatest opportunity to address plastics pollution is to establish itself as the driving force in the region for pragmatic plastics management through these and other regional initiatives which includes contributing to the negotiations for the UN Plastics Treaty.

The trans-boundary nature of the plastics trade extends across its whole lifecycle from nurdles (the building block of plastic products), through to cleaned and processed recycle. **Any** time these items are imported or exported, there is a risk of leakage into

<sup>2</sup> <https://www.agriculture.gov.au/agriculture-land/fisheries/aus-seafood-trade>

the environment. Actualisation of this risk came in 2021, when the X-Press Pearl cargo ship caught fire, dumping an estimated **75 billion** nurdles, the largest single release of nurdles into the ocean ever reported. Since the spill, nurdles attributed at the X-Press Pearl have been found by the tonne scattered down the shore as much as 300 kilometres away<sup>3</sup>.

The simple solution to reducing this risk is to prioritise domestic production and reuse of necessary plastic products. The rapid increase in domestic circular economy infrastructure means that recovered plastic can be processed, returned to nurdles, and remade into products all on Australian shores. It would lessen the risk of integrating recycled materials into products if there was surety that the materials used in Australia were processed and kept onshore for re-use. This would also serve to enhance our sovereign capability, create jobs, and inject money into the Australian economy through manufacturing localisation.

Finally, and perhaps most importantly, the ABCL is pleased to see the enthusiastic approach of the Australian government to crafting the UN's International Treaty on Plastics Pollution, and the federal government's participation in the High Ambition Coalition to End Plastic Pollution. The ABCL has multiple beverage company members participating at a global level in the Business Coalition for a Global Plastics Treaty, convened by the Ellen Macarthur Foundation and the World Wildlife Foundation. The ABCL is also involved with the ICBA APAC regional group to provide input into the negotiations of the Treaty through both the Australian Government and the ICBA headquarters in Washington DC, as an accredited private sector organisation of the United Nations Environment Assembly.

These two initiatives highlight a top-down, whole of lifecycle approach to combat plastic pollution, which is also fully supported by the ABCL. There is an opportunity for government-to-government collaboration in plastics management that has so far not been seen in the region. The role of the private sector will be critical in delivering a Treaty which is meaningful and transformative. We believe the UN Plastics Treaty will be second to none in advancing a whole of lifecycle approach to the world's plastics.

### **The Domestic Viewpoint**

From an FMCG perspective, there are a number of critical initiatives which the ABCL believes can stem plastic leakage into our oceans and waterways. As with any successful circular economy initiative, these ideas would need wide buy-in from the waste and resource recovery industries, government, consumers, and packaging designers.

#### Caps Collection

Bottle caps have been cited as the second most littered item in the Australian environment today, particularly in and around Australia's otherwise pristine waterways.

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<sup>3</sup> Oil, acid, plastic: Inside the shipping disaster gripping Sri Lanka. United Nations Environment Programme <https://www.unep.org/news-and-stories/story/oil-acid-plastic-inside-shipping-disaster-gripping-sri-lanka>

The ABCL firmly believes this should end. Australians want these caps collected, both in kerbside recycling bins and via container deposit schemes around the country. Our analysis of publicly available data has also shown that places that do not collect caps in CDS and kerbside have far higher caps litter than those which do.

Plastics that are not collected and sent for recycling have the potential to litter the environment, end up in landfills, and have a detrimental effect on local areas and government budgets through increased clean-up costs.

Caps are a high-value plastic that can be remade into items such as wheelie bins, bollards, roads, and wheelchairs. And it's not just plastic caps – metal caps and crown seals are also recyclable so should also be recovered. The equipment needed to accept plastic caps on the bottle for processing is common in modern Material Recovery Facilities. We highly encourage the federal government to continue facilitating equipment funding for small family businesses, CDS return points and material processors involved in the collection of beverage containers to enable caps collection in CDS and kerbside nationwide.

With a harmonised federal directive to collect “caps on” in CDS and kerbside recycling we can reduce litter rates, recover more materials and feed domestic reprocessing infrastructure. This will also facilitate nationalised recycling labelling through the Australasian Recycling Logo (ARL) and nationwide behavioural campaigns to educate consumers about CDS and beverage container recycling. Consumers on the whole do the right thing in regard to recycling if the instructions are clear and easy at the point of disposal. A nationwide harmonisation to “caps on” bottles will help to ensure recycling the most successful way becomes second nature to our industry's consumers.

#### Expanded CDS Scope

As the custodians of Australia's oldest and most successfully regulated product stewardship scheme in CDS, the beverage industry is a prime example of business and government coming together to successfully manage plastic pollution. While initially developed as key litter reduction initiative, the industry today views CDS schemes as strategic assets in driving circularity of beverage packaging while having significant benefits for both land and marine environments.

Container Deposit Schemes as a source separation mechanism leads to more quality recycle, better yield and a reduction in contamination of comingled recyclables. CDS also lead the pack from a litter reduction perspective, and example of which is NSW seeing a 52% reduction in container litter since introduction of the scheme<sup>4</sup>. With the intense work being done by Australian FMCG companies to design for recyclability, we are quickly approaching a point where CDS can include a variety of other non-beverage

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<sup>4</sup> <https://www.epa.nsw.gov.au/your-environment/recycling-and-reuse/return-and-earn>



packaging categories without having to make major changes to product design or recycling infrastructure.

We enthusiastically support the current consultations to expand CDS scope to large juices, cordials, wine and spirits, amongst others. At the same time, there is an opportunity for Australia to go even further. Currently, a large volume of high-value plastic packaging such as cooking oil, hand wash, shampoo and detergent containers go to landfill and pollute our environment needlessly. This is an overlooked source of high-quality material which could be collected using existing infrastructure, re-used, and kept out of the natural environment, just as many beverage containers are. Similarly, there is an opportunity to integrate glass jars and bottles from the food sector into the scheme, near eliminating the issue of glass contamination in mixed kerbside recycling without the need for a fourth bin for glass.

Adopting a more ambitious approach to the scope of plastic containers collected by CDS would:

- Reinforce and motivate recycling behaviour by Australian households. The broader the range of containers redeemable for a cash incentive, the more likely businesses and households will accumulate these items and claim a deposit.
- Fuel and encourage more investment in the local manufacturing industries which underpin Australia's circular economy. In turn, this would support more employment as the domestic recycling sector generates around nine jobs per 10,000 tonnes of waste compared to only about three jobs for the same amount of waste sent to landfill<sup>5</sup>.
- Support enhanced sovereign capability. It is crucial that Australia secures its rPET supply amid disrupted supply chains and an uncertain global geopolitical environment.
- Have a positive impact on climate change (by recycling plastic, industry lessens its dependence on the manufacture and transport of emissions-intensive virgin materials). It is estimated that every 1,000 containers recycled through a CDS will prevent the release of 121 kilograms of carbon dioxide emissions<sup>6</sup>.
- Shore up PET feedstock supply to support recycling and the achievement of the National Packaging Targets.

The ABCL is in the process of commissioning a detailed, expert proposal on including a wider range of FMCG containers within the scope of existing CDS system. We look forward to sharing this proposal with government in the coming months.

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<sup>5</sup> Access Economics (2009). Employment in waste management and recycling. Australian Government. Canberra, Australia.

<sup>6</sup> Life Cycle Assessment of the Return and Earn Container Deposit Scheme, 2021.  
[https://returnandearn.org.au/wp-content/uploads/2018/05/Return\\_and\\_Earn\\_-\\_Impact\\_Calculator\\_-\\_LCA\\_full\\_report\\_-\\_11-10-21-1.pdf](https://returnandearn.org.au/wp-content/uploads/2018/05/Return_and_Earn_-_Impact_Calculator_-_LCA_full_report_-_11-10-21-1.pdf)

## Design Standards

Through the work of organisations such as the Australian Packaging Covenant Organisation (APCO) and the World Packaging Organisation (WPO), Australian industry is aware of the key design features necessary to ensure recycling in the domestic context. For beverages, this means activities such as designing out problematic materials, ensuring the compatibility of labels and caps for recycling, and eliminating pigments that contribute to the downgrading of recycled material. We are proud to say our members have made significant progress in transforming their packaging, particularly in the last three years. Multiple members have decreased the amount of plastic in their containers, integrated recycled content, and removed extraneous plastic packaging in bulk retail and B2B sales.

Products being designed for recyclability are a fundamental building block to reduce plastic pollution and enact a circular economy. In this spirit, we strongly support industry and government jointly developing nationally consistent design standards for different segments of food and beverage packaging which would prioritise recyclability in both kerbside and CDS. There is a depth of work already done by APCO in this regard (the material-specific Design for Recyclability Guides), which could form the basis of consultations and development. If such design standards were agreed by government and industry stakeholders it would provide an increase in the quantity and quality of Australian recycle, providing the market necessary to sustain continued reprocessing and domestic reuse.

### **3.2 The effectiveness of Australia's plastics management framework under the National Plastics Plan and related policies**

The National Plastics Plan (NPP) enacted in early 2021, established a benchmark for a move to sustainable plastics management in Australia. In practice, there have been aspects of the plan that have delivered real tangible results, and others which will need increased care to come to fruition. As a whole, the ABCL believes it has been moderately successful in providing a framework for Australia's management of plastics. Our thoughts regarding the NPP are:

- The ABCL strongly supports the call in the NPP to harmonise kerbside recycling standards and aspects of CDS. **We urge the government to make this a top priority**, as this will go a long way in lessening pollution and recyclables to landfill.
- The successful phase out of PVC labels (a contributor to the contamination and landfilling of recyclables) has occurred through domestic label manufacturers transitioning to polyolefins, a more recyclable group of plastics. There is still a risk of companies importing PVC labels from overseas manufacturers which will then enter our system. The ABCL would support exploring further measures to prevent PVC labels from being used in the Australian market.

- While the plan contains the KPI of at least 80% of supermarket products displaying the Australasian Recycling Label by December 2023, this target was established without consultation with industry or consideration of competing regulatory priorities, extended producer responsibility schemes or labelling requirements. The ABCL fully supports APCO and the work it has done to advance the circular economy through the ARL. Now, the success of this KPI rests on the federal harmonisation of kerbside and CDS recycling instructions. This would present the assurance needed for businesses that adopting the ARL will not render their packaging misleading in some jurisdictions.
- The federal government has facilitated positive outcomes for the Australian circular economy through the Recycling Modernisation Fund and the Modernising Manufacturing Initiative. Facilities which will be key to securing Australia's circular future, such as the Circular Plastics Australia facility in the Albury-Wodonga region were enabled through an RMF partnership between government and the beverage, waste, and packaging industries. This facility, set to process one billion PET bottles into recycled feedstock annually, demonstrates how we can utilise private-public collaborations to create infrastructure domestically for reprocessing materials.
- We are disappointed that the nationally consistent MRF material performance standards have not yet eventuated. While beverages, as the designer and utiliser of packaging products are responsible for designing at the highest quality for easy recyclability, so too should MRFs be responsible for ensuring they can receive and reprocess that material to the highest quality. We consider these standards as a key component to nationally harmonising recycling and labelling standards, a key to preventing pollution and material leakage into waterways. As mentioned above, universal caps collection is a big step in this harmonisation journey.

Finally, the beverages industry expresses reservation about the export of food-grade recycled material to satisfy trade priorities. Currently, large volumes of collected PET bottles are 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 much needed recycled plastic to meet the National Packaging Targets.

ABCL members have been putting considerable effort into integrating recycled content into plastic bottles over the past 24 months. There are many examples of 100% recycled bottles already on supermarket shelves. Unfortunately for small and medium businesses, they are being priced out of the domestic open market by overseas companies. Recycled content mandates in the EU mean that companies selling packaging into the EU are willing to pay up to four times the Australian standard price for recycled feedstock.

This pricing inflation coupled with similarly record-breaking domestic demand means that many brands are unable to realise their sustainability ambitions. We fear that an acceleration of global recycled content targets will continue to compound our recycled content shortages domestically. Access to local recycled material is a key consideration

for investment in recycling infrastructure in Australia. It is literally the fuel for recycling plants such as the ones our industry has invested in, and material availability directly impacts each plant's viability. Australia will need to embed national requirements measures in our own waste and plastics frameworks to prevent recycled material shortages domestically, reduce unnecessary carbon footprint, and remove the trans-boundary risk of plastic exports/imports polluting the oceans. This would rapidly increase the amount of recycled content in FMCG packaging locally, enabling the National Packaging Target of 50% average recycled content in packaging.

### **3.3 The effectiveness of the Australian Government's engagement with states, territories, industry and non-government organisations to reduce plastic pollution particularly in oceans and waterways**

There needs to be greater coordination mechanisms between state and federal priorities, programs and legislation. Currently, the differing priorities of federal, state and territory governments mean business must satisfy requirements that are often at odds with each other. Two examples of this issue are the state-based single use plastics bans, and the differing scopes across CDS expansion consultations. Unevenly enforced bans and regulations lead to unintended disruptions in business operations as companies scramble to make sure they are acting legally in each jurisdiction.

We believe these initiatives should be undertaken not only in concert with each other, but also with the manufacturing and resource recovery industries. In establishing a federal EPA, the government can lead these efforts, ensure harmonisation and enable innovations that are not detrimental to adopt.

### **3.4 The effectiveness of community campaigns to reduce plastic pollution particularly in oceans and waterways and encourage the use of alternative materials**

We strongly champion initiatives which engage in clean-ups and litter prevention nationwide. Domestically, Clean Up Australia (CUA) is the pre-eminent environmental charity, empowering more than 20 million Australians to clean up, fix and conserve the environment since inception. Clean Up Australia Day, in addition to the myriad of business, school and community programs undertaken by CUA volunteers represent best-practice for removing litter from the environment before it reaches our oceans and waterways. We encourage the government to accelerate litter reduction initiatives such as CUA through funding and other complementary assistance.

### **3.5 Global initiatives underway to reduce plastic pollution particularly in oceans and waterways**

We strongly support the work of the ANZPAC Plastics Pact (overseen by APCO) in bringing stakeholders together from around the region to help establish sound plastics management across Australia, New Zealand, and the Pacific Islands. Regional knowledge

sharing and connection mechanisms will be crucial to finding recycling markets for material in countries without their own infrastructure. These mechanisms can also ensure that when countries do develop their infrastructure, they can lessen risk and create more successful and efficient systems.

To see our other international initiatives we are involved in, please see detail in the introduction.

## 4.0 Conclusion

The ABCL applauds the initiative taken by the committee to address the issue of plastics pollution in our oceans and waterways. The transition away from a linear make-take-waste system to that of a circular economy is one which will only succeed with collaboration from industry, government, and international bodies.

At home, the harmonisation of caps collection in kerbside and CDS is a simple step that can be taken to reduce litter and recover high value plastic for reuse. Taking a cue from the great work of the Australian Packaging Covenant Organisation and others, we could work collectively with government and industry to establish national design guidelines for recyclability. Finally, we could leverage the extensive network of Container Deposit Schemes to collect more FMCG items that are of high reuse value when source separated. The moves made to rapidly transition to a circular economy must be bold, and we feel this government is more than equipped to handle the task.

With the groundswell at home and the equally urgent tone in the development of the UN Plastics Treaty, the time has never been better to enhance sovereign capability, harmonise recycling guidance and establish ourselves as a regional leader in the fight against plastics pollution. This will not only help us at home, but lessen the impact of plastic leakage into the ocean from some of the largest producers in the region.

As the stewards of Container Deposit Schemes, we've had the privilege of leading the way in extended producer responsibility in Australia. Now, we invite the Australian government and other FMCG segments to join us in creating a future-proof, prosperous circular economy which prevents pollution into our oceans and waterways.