

**Submission
No 60**

FOOD PRODUCTION AND SUPPLY IN NSW

Organisation: Australian Beverages Council Ltd.

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Australian Beverages Council

Submission to the Environment and
Planning Committee's Inquiry to *Food
production and supply in NSW*

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Australian
Beverages 

Table of Contents

About the Australian Beverages Council Limited	3
Introduction	4
The Australian Beverages Council's Key Points for Consideration	4
Conclusion	12
Further Enquiries	12

About the Australian Beverages Council Limited

The Australian Beverages Council Limited (ABCL) is the leading peak body representing the non alcoholic beverages industry, and the only dedicated sector representative of its kind in Australia.

The ABCL represents approximately 95 per cent of the non alcoholic beverages industry's production volume and our member companies are some of Australia's largest drinks manufacturers. The ABCL also represents many micro, small and medium sized companies across the country. Collectively, the ABCL's members contribute more than \$7 billion to the Australian economy and employ over 50,000 people across the nation. The industry also pays \$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 economy to produce and retail beverages.

The ABCL strives to advance the industry as a whole, as well as successfully represent the range of beverages produced by members. These include carbonated soft drinks, energy drinks, sports and electrolyte drinks, frozen drinks, bottled and packaged waters, fruit juice and fruit drinks, cordials, iced teas, ready to drink coffees, kombucha, 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 are responsible and responsive, listening to consumers and adapting their products accordingly by making positive changes and standing by a commitment to promote greater choice, appropriate

portions and continue to develop an ever increasing range of low and no sugar products.

The ABCL is an important conduit between the non alcoholic beverages industry and government, supporting the Federal Government, state and territory governments and local councils. The drinks industry is an integral part of Australia's critical infrastructure whose assets, systems and networks are vital for the nation's ongoing security, economic prosperity, health and safety. Like many other sectors, the drinks industry has a long history of partnering with governments on a range of important matters to solve complex problems, including the handling of post consumer waste.

Introduction

The ABCL thanks the Committee on Environment and Planning for the opportunity to exercise the non alcoholic beverages industry's views on the inquiry into *Food production and supply in NSW*. We respond to the inquiry with cognisance of the applicability of the Terms of Reference (ToR) to the non alcoholic beverages sector. We provide our comments below to each relevant ToR and provide examples of current activities, challenges and opportunities that exist for the current food supply in NSW. For the ToR which are not applicable, we respond with 'no comment'.

The Australian Beverages Council's Key Points for Consideration

1. Improving food security and equitable access to food

Across the non alcoholic beverages industry, many of our members are committed to providing their products to residents in regional and remote areas of Australia. For example, those areas with limited access to fresh fruit and vegetables or a steady supply of drinkable water, have the option to purchase a range of fruit juices, bottled and packaged water to supplement such shortages.

The industry also provides affordable solutions to people seeking to meet their recommended daily intakes in relation to fruit and vegetable consumption. At times, throughout our nation, fresh fruit and vegetables may be cost prohibitive for those on restricted incomes. Juice with no added sugar in particular, provides

a viable avenue for consumers, especially families to meet their recommended daily intake of fruit and vegetables at an affordable price.

During COVID 19 lockdowns where availability of fresh produce and dairy products was disrupted by supply chain complications, many consumers have chosen to purchase juice and flavoured milks as alternatives. In areas experiencing drought, bushfires, or flood, particularly where availability of potable drinking water was compromised, bottled water acts as a substitute for tap or water fountain sources, especially in hospitals, schools and aged care settings.

2. Reducing food waste and destruction

Some parts of the non alcoholic beverages industry reduce food waste by adhering to sustainable practices from raw ingredient production through to manufacturing and distribution. Substantial evidence suggests numerous sustainable growing and production practices are undertaken when producing fruit juice such as replanting the tops of pineapples used in juice, and harvesting peels, skins and seeds to provide to other manufacturers who make energy, flavouring, animal food, and other eco solutions to traditional products.

The industry also creates fruit juices out of fruit that does not meet standards needed for table fruit. If juice was not created from these pieces of fruit, many would be destroyed, perpetuating the significant issue of food waste in Australia. Contrary to most assumptions, this fruit is not lower in nutrient value or any less fresh or degraded in quality. Typically, this fruit is smaller, abnormally shaped or has some unique aesthetic qualities. For this reason, this produce may not be desirable to consumers seeking to purchase whole fruit and vegetables from supermarkets. Therefore, this produce makes for the perfect candidate for juice production and offers an interesting solution to reducing food waste.

3. Developing technologies to bring food production into cities

No comment.

4. Preserving productive land and water resources

The non alcoholic beverages sector's bottled and packaged water manufacturers and groundwater source owners meet stringent controls of the ABCL's dedicated water division, the Australasian Bottled Water Institute (ABWI)

via the ABWI Model Code (the Model Code). Those bottlers and source owners across Australia, New Zealand the South Pacific who meet the Model Code receive certification that their extraction and bottling practices are of a standard of excellence, which exceeds the national standards. ABWI certified bottlers package approximately 90 per cent of the country's bottled and packaged water volume.

The [Model Code \(2020\)](#) sets high standards relevant to the safety, quality and sustainability of water extraction and processing; standards which go beyond the minimum requirements of the national food safety program. ABWI certified companies are independently audited on an annual basis, to ensure a final product to consumers that is safely produced, sustainably sourced and of the highest quality.

While there is a perception in some communities across Australia that the industry is:

- not regulated to a high standard and sources are not managed responsibly;
- extracting significantly higher volumes of water compared to other users;
- contributing to a disproportionately large volume of traffic via water transportation; and
- unresponsive to community concerns with respect to sourcing and local amenities.

The reality is very different. In fact, water extracted for commercial bottling purposes comprises a small percentage of all groundwater used (typically less than one percent).

In 2020, ABWI published and adopted changes to its Model Code to embed greater sustainability provisions that demonstrate the bottled and packaged water industry's commitment to being responsible and responsive stewards of water. The most significant changes to the Model Code include:

- Frequent and closer monitoring of hydrogeological testing, including:
 - Annual sustainability assessment to monitor and collate local water level data, local rainfall data, groundwater extraction volumes and estimated aquifer recharge rates.
 - Hydrogeological Review every five years to re evaluate water basin size, baseline and future water stresses, past or present events that may have impacted water availability.

- Implementation of community engagement plan to provide greater transparency on operations of commercial water extraction.
- Provision of water extraction data to the ABCL for collation and use in demonstrating water source owner and bottler commitment to sustainable sourcing.

ABWI certified auditors assess these requirements which is reviewed annually by ABWI prior to certification.

To further demonstrate the industry's responsible management of groundwater sources, ABWI developed an [interactive water extraction map](#) to provide greater transparency about commercial water extraction. Initially rolled out for Queensland, in collaboration with the Queensland Department of Natural Resources, Mines and Energy, the map provides public information on water extraction at a granular level in addition to how it is regulated. ABWI is planning a similar launch for New South Wales and Victoria by mid 2022.

These leadership initiatives are a global first for the bottled water industry and ABWI is keen to expand on this to eventually roll out a nationwide map of the bottled water industry's responsible water sourcing.

5. Managing the impact of climate change

No comment.

6. Limiting the impact food production has on the environment, including overfishing

The non alcoholic beverages industry is committed to better sustainable practices, both in house and throughout the supply chain. Some sustainable practices besides those already outlined, include:

- Advocating for the collection of beverage caps across CDS and kerbside recycling collection.
- Advocating for improved and harmonised kerbside collection, along with material recovery facility standards to recover materials which remain in the circular economy.
- Reduction of energy use and carbon neutral/net zero operations.
- Reduction of water use through process optimisation and water recycling.
- Design innovation to ensure packaging outputs are recyclable in the Australian circular economy.

- Waste diversion to ensure little to no contribution to landfill.

Furthermore, the non alcoholic beverages industry is one of only a handful of industries committed to creating a circular economy, whereby most beverage containers produced, are eligible for recovery and reprocessing into new beverage containers. The CDS/CRS schemes incentivise the local community to engage with container deposit schemes, whilst raising awareness about industry sustainable practices.

7. Addressing complex challenges to food production including declining pollinating species and productive fertilisers

No comment.

8. Consideration of workforce challenges and skills development

The non alcoholic beverages industry is committed to providing jobs for people in both regional and metropolitan areas. For every one job in the beverages industry, an additional five jobs exist in peripheral industries, up and downstream of the supply chain, such as farming, retail, and transportation. The industry is committed to employing people of varying skillsets, and in many cases, responsible for upskilling employees in areas of their professional interest as well as of interest for the benefit of the industry.

We advocate with industry to achieve better health outcomes and increase social capital particularly in rural, regional, and remote areas, as we understand the positive impact economic prosperity, and social capital can have of people's health and wellbeing. During COVID 19 lockdowns, the ABCL worked with industry to ensure testing was provided to essential beverages industry workers to ensure they could continue producing the drinks Australians needed and wanted, so that supply chains could continue moving and supermarket shelves were stocked.

9. Development and growth of the food industry (raw or processed) as an export

Most Australian beverage manufacturers also export to New Zealand, China, Korea, USA and the UK. Some have even further export reach. As per the bi national food regulatory system (Australian and NZ), standards administered by FSANZ apply to the manufacture, sale and distribution of products in both Australia and New Zealand. Future regulation or reform of the food regulatory

system should be cognisant of the Trans Tasman mutual agreement in place and the impact on both Australia and New Zealand manufacturers. Where regulation does not exist in Australia, the non alcoholic beverages industry leverages international guidelines on food standards administered by Codex Alimentarius. The ABCL recommends that any essential current and future regulation considers existing international regulation and seeks consultation with industry to address trade facilitation barriers that may be introduced with the imposition of further regulation.

A recent example of proposed changes to domestic vs export standards, is the Department of Agriculture's consultation on domestic organics regulations. In the ABCL's engagement in that process, we conveyed the industry's concerns about potential changes to domestic organic certifications and the consideration of regulations, pertaining to certification and labelling. We specifically raised the implication for manufacturers if additional restrictions are introduced and the incongruencies between domestic and international organic certification and labelling standards.

10. Implications for quality control and labelling of processed/manufactured food

The non alcoholic beverages industry complies with food standards relevant to beverages stipulated in the [Food Standards Code \(The Code\)](#). The Code, administered by Food Standards Australia New Zealand (FSANZ), includes some of the most stringent regulations in the world for beverages. This includes but is not limited to, regulation of additive permissions, nutrition labelling, advisory and warning labels, nutrient content and health claims. The ABCL supports FSANZ's robust and risk based approach to proposing variations to the Code via submissions to consultations, provision of data and engagement in industry outreach.

With that said, the non alcoholic beverages industry has demonstrable success of self regulation and industry led initiatives to support public health objectives. For example, the industry's [Sugar Reduction Pledge](#) has demonstrated that between 2015-2020, industry pledgees achieved a 12% reduction in sugar, well ahead of the 10% target by 2020, and on track to meet the 20% target by 2025. Furthermore, a [22 year beverage trend analysis study](#) showed sales of sugar sweetened drinks declining from 64% in 1997, to 41% in 2018. At the same time, low and no sugar beverages including plain and sparkling water, increased in sales

from 36% to 59% respectively. In fact, sales of plain still and sparkling unflavoured bottled water during this time increased 4.5 times.

Industry supports autonomous decisions to include a range of informed options that consider and provide for the dietary preferences of Australians that support a healthy balanced diet. Other examples of industry self regulation include responsible marketing and advertising limits, via the [ABCL's Responsible Marketing and Advertising Pledge](#) and the [Australian Association of National Advertisers \(AANA\) Food and Beverages Advertising Code](#). Both codes enact marketing and advertising limits to anyone under 15 years of age, including through traditional and digital mediums.

The issue of labelling is an increasingly complex and problematic one. There are several important pre requisites which must occur before any label change decision:

- Partnerships with industry collaborate, engage, and involve
- Consideration of existing self regulatory initiatives
- Use of a robust, current evidence base to support regulatory change.

A single label change across all SKUs can cost between \$50 100,000 for a small beverage manufacturer to \$1.2 million or more for a larger manufacturer. That is potentially a cost to businesses of approximately \$15m which could arguably be better spent on growing the labour force, innovation, switching to renewables, installing new equipment, and implementing sustainable practices.

Additional labelling changes provide an increased burden on industry, and recently multiple changes have incurred every 6 12 months with the expectation manufacturers can implement the changes within 12 months. Labelling changes are derived from different agencies across different jurisdictions, for different and sometimes overlapping purposes, which are imposed over different timeframes, and without consideration of their impact on industry.

Labelling changes also pose an instrumental impact on the environment, with sometimes unnecessary regulatory and formatting changes causing many unused labels to go straight to landfill. Not to mention the amount of energy taken to produce label material and ink, as well as transportation and distribution of these materials.

Depending on the product type, there are more than a dozen upcoming label changes, some of which require an amendment to all SKUs, which are coming into effect over the next two years. We support a revised, coherent, streamlined approach to beverage labelling, which imposes fewer labelling changes on

industry. We ask for harmonisation across all jurisdictions to avoid imposing unnecessary labelling changes.

11. Consideration of Indigenous food and land management practices

No comment.

Conclusion

In summation, the ABCL would like to thank the Committee for this opportunity and appreciate the efforts made by the Committee to consider industry's perspective during planning, and decision making processes.

Further Enquiries

Thank you for the opportunity to provide comments on the Committee on the Inquiry into food production and supply in NSW.

Should you have any queries regarding the positions detailed in this submission, please contact:

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