



COMBINED ENVIRONMENT GROUP SUBMISSION
to
NATIONAL PACKAGING COVENANT COUNCIL
on
CONSULTATION PROPOSAL
for
STRENGTHENING THE NATIONAL PACKAGING COVENANT

August 2004



1.0 INTRODUCTION

The National Packaging Covenant came into existence in 1999 and, in effect, replaced various State-based Industry Waste Reduction Agreements (IWRA). These voluntary agreements included targets for the recovery and recycling of packaging items thus putting the responsibility for recovery on local government and packaging companies. The Covenant promised to be an improved policy instrument in that it was nationally co-ordinated and put the onus on brand owners to reduce the environmental impact of their packaging. Unfortunately, the claims made about the effectiveness of the Covenant, vis a vis other policy instruments aimed at achieving greater material efficiency and recovery, have not been proven to date.

The various reports that reviewed the results of the first term of the Covenant have concluded that the significant number and range of industry signatories is evidence that the packaging supply chain is engaged in the process. However, there is little evidence that environmental outcomes in the form of reduced material usage or increased material reuse and recycling have been achieved.

The Institute of Sustainable Futures report commissioned by the Nature Conservation Council of NSW stated that the data produced under the first term of the Covenant was not sufficient to determine whether a reduction in overall packaging waste had been achieved. However, it stated that “analysis of other available data suggests that packaging waste is increasing and for some materials recovery rates are decreasing”. (p27)

The Clean Up Australia Rubbish Report 2003 found that “since the introduction of the Covenant, there has been little change to patterns of rubbish on Clean Up Australia Day. The proportion of containers is much the same, the amount and composition of packaging collected is much the same”. (p3)

Given that packaging makes up 25% of the domestic waste stream and beverage containers make up 30% of all litter, this is a very poor outcome. It points to the need for the new Covenant to drive substantial changes in the way goods are delivered to consumers and the way packaging users are provided with options and incentives for reuse and recovery.

The strengthened Covenant must provide compulsory benchmarks for the improved environmental outcomes which can be achieved by avoidance, reuse and recycling. The Covenant must set sector wide targets which focus on reduction, reuse and recycling of packaging materials. These sector wide targets must translate into compulsory, individual targets for signatories.

2.0 RETENTION OF CORE COVENANT DOCUMENT

We consider that the core document needs to be revised in order to strengthen its intent to reduce the generation of packaging.

2.1 Objectives of the Covenant

In the core document, the objectives need to explicitly refer to an aim of reducing the generation of packaging materials by a certain amount by a certain time. As it stands the objectives focus on processes rather than concrete outcomes. As stated in the Institute of Sustainable Futures report “the lack of quantifiable or measurable objectives expressed as a collective goal for signatories, leads to uncertainty for industry in terms of expectations....”. (p24)

The use of KPIs to monitor continuous improvement will not achieve environmental outcomes unless they are related to higher order goals. We believe that the only way to achieve measurable environmental improvements is to set a range of enforceable targets as part of the Covenant. There should be measurable Covenant objectives which relate to industry-based targets and then to compulsory targets in individual action plans.

2.2 Differentiation of packaging types and materials

The Covenant document states that it “should not discriminate between different forms of packaging”. We find this clause to be contrary to a genuine commitment to product stewardship. In the case of raw material suppliers, signatories should commit to develop, or continuously search for and specify, the lowest impact materials available.

We consider that a strengthened Covenant should have the ability to focus on reducing the use of higher impact or hard-to-recycle materials such as PVC, polypropylene, mixed plastics, stretch film, polystyrene and oil containers.

We propose that, in the absence of NEPM enforcement, companies that make/use packaging that is not currently recyclable in Australia pay extra (pro rata) into Covenant funds in order to fund infrastructure to recycle that type of material.

2.3 Environmental Code of Practice for Packaging

The current Code should be revised by a multi-stakeholder group including technical and academic expertise and environmental and consumer affairs representatives from the non-government sector. This revised code should be central to the National Packaging Covenant. The Code should act as a screening mechanism to prevent new packaging materials entering the market that contain hazardous elements and that are not fully compostable, reusable or recyclable. Guidance should be taken from the European standard on prevention by source reduction (EN 13428:2000) which provides company assessment procedures. An independent technical advisory committee should review the company assessments if a new packaging product is not recoverable in kerbside or other established systems and the brandowner claims that the packaging has net environmental benefits.

2.4 Membership of Covenant Council

As it stands, the Covenant Council is restricted to representatives of signatories to the Covenant in the case of national, state and local governments and the packaging supply chain and representatives of any other bodies agreed to by all the other members. We consider that a more balanced composition for the Covenant Council would increase the credibility of the voluntary scheme.

We recommend that membership be broadened to include representatives of environmental and consumer affairs organisations. The composition of the Council should be prescribed so as to provide for a balance of all interests consistent with the philosophy of shared responsibility embedded in the Covenant and so as not to be at the discretion of industry and government representatives. Representatives from the not for profit sector should be remunerated for Council work and travel.

2.5 Period of Operation for the Covenant

We do not support a 5 year term for the new Covenant. We consider that the strengthened Covenant should run for 3 years from mid 2005 with the possibility of

extension if targets are being met. In addition, we note the proposal that action plans cover a period of 3 years. Having a 3 year term for the Covenant would reconcile these two timelines.

3.0 RETENTION OF THE NEPM FOR USED PACKAGING MATERIALS

In our view the NEPM should remain unchanged unless there is a requirement that it mirror changes in the wording of the Covenant. For example, the consultation proposal (Summary) proposes that “a minimum standard data reporting be required from all industry signatories to be provided annually as a parallel process to that which is already in place for local government under the NEPM.” We support this provision. Similarly Clause 7 may need to be amended to reflect the intention of the strengthened Covenant to cover all packaging.

4.0 PROPOSED PERFORMANCE GOALS, ACTIONS, TARGETS AND KPIs

As stated in Section 2.1 of this submission, goals, actions and KPIs should be quantifiable and related to overarching targets at the individual company, industry sector level and national aggregated level. This will facilitate consistency of reporting and allow comparisons to be made within industry sectors and between sectors. We support the development of templates to assist industry to fulfill its reporting requirements under the Covenant.

We believe compulsory targets should be set for the period of the Covenant and progress towards these targets should measure:

- reduction in packaging (as measured by weight) compared to sales of the relevant product
- increase in the proportion of packaging items that are reusable, particularly for outer layer packaging such as that used for transport and distribution of goods, eg. reusable crates instead of boxes and shopping bags
- increase in the proportion of packaging items that are recycled (see table below for recommended targets)
- increase in the recycled content of packaging
- reduction in hazardous materials used in packaging
- reduction in packaging waste to landfill
- reduction in packaging litter

	Current Recycling rates %	Recommended targets to be reached by mid 2008 %
Aluminium cans	65	80
Glass containers	45	60
Steel cans	41	50
HDPE (milk bottles)	50	75
PET	32	50
Packaging paper	75	90
Liquid paperboard	20	50
Mixed plastics & other plastics not currently consistently recovered	0	Targets set for either phasing out or for recovery and reuse

Comments on specific goals, actions and KPIs listed in the Consultation Proposal:

- Goals (1) to (4) do not strengthen the current Covenant and therefore will fail to achieve measurable environmental improvements.
- Overarching Actions 1 – 3 are necessary but not sufficient to achieve environmental outcomes. Data collected should be made public.
- The KPI against Specific Action No. 3 should read “**Prevention of new** and reduction in existing product packaging unable to be recovered and reutilised”.
- Specific Action No. 5 should read “Minimise environmental hazards associated with sourcing, manufacturing, using, recovering and disposing of packaging. As stated above a relevant KPI should be added which measures the reduction in the amount of hazardous materials that are used in packaging.
- Demonstrated adoption of the revised Environmental Code of Practice for Packaging should be a condition of the acceptance of Action Plans as compliant under the strengthened Covenant. This could be demonstrated, for example, by providing a copy of documented policies and procedures for new product development.

5.0 SCOPE OF PACKAGING COVERED BY THE COVENANT

We support the extension of the Covenant to all packaging. The Covenant must explicitly include recovery of used packaging items from public places and commercial and industrial premises and the types of packaging must be expanded to include transport and distribution packaging and in-store packaging.

6.0 ACTION PLANS

We support annual reporting against agreed action plans. Late submission of both action plans and annual reports should be grounds for non-compliance.

We consider that action plans should include detailed actions, targets or measurable outcomes (that reflect the higher level targets that have been set for the industry sector or packaging material type), timeline, responsibilities, funding allocations, measures to adopt the Environmental Code for Packaging and information on how data will be collected to measure performance. Any compulsory components must be highlighted and reported on.

Action plans must be scrutinised on submission to ascertain that they address the objectives of the Covenant. Annual reports should also be audited against action plans to determine progress. Annual public reporting of the progress towards Covenant objectives should be mandatory.

We consider that third party verification of the annual reports is a necessary measure to ensure credibility and trust in a strengthened Covenant. Verification should be undertaken on a random basis for at least 10% of each sector covered by Covenant signatories.

7.0 ENFORCEMENT AND COMPLIANCE

We support proposals for better oversight and evaluation of signatories’ action plans (as outlined above) and the notification and follow up of non-signatories. However, consistent with the intent of the NEPM, sufficient resources must be allocated to ensure compliance. Failure to reach targets embedded in action plans should trigger the mandatory imposition of policy instruments aimed at achieving the relevant target for material efficiency and recovery.

8.0 FUNDING

We consider it essential that the NPC Secretariat be adequately funded to improve oversight and accountability of Covenant signatories.

Funds raised from business and governments must be allocated in a transparent way, with program priorities as criteria and regular reporting of disbursements.

Project funding should be directed towards improving the performance and accountability of business (rather than the performance of the kerbside collection system). To this end it would seem appropriate, as previously stated, that companies that make/use packaging that is not currently recyclable in Australia pay extra (pro rata) into Covenant funds in order to fund infrastructure to recycle that type of material. Alternatively, advance recycling fees, container deposits, levies and so on should be introduced to raise finance in a targeted way to facilitate material recovery.

8.0 OTHER MATTERS

8.1 Labelling

Companies should be required to conform to AS/NZS 14021: 2000 Environmental Labels and Declarations – Self declared Environmental Claims and Labels. This requires environmental claims to be relevant and specific. For recyclable packaging we recommend the use of *mobius* loop (as per the Standard) but with specific information added such as percentage and type of recycled content (“50% post-consumer recycled content”) and instructions for take back or recycling.