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AUSTRALIAN
FOOD AND GROCERY
COUNCIL

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Dear Committee Secretary

The Australian Food and Grocery Council is pleased to provide a submission to the Senate Inquiry into the Management of Australia's waste streams and the Drink Container Recycling Bill 2008.

Implementing genuine environmental policy and reform is a complex issue. Incorporating a broader view of waste generation and its position within the overall production and consumption of goods and services is essential when considering waste management policy in Australia. Accordingly, the AFGC opposes the Drink Container Recycling Bill 2008, due to its narrow focus and potential cost impacts on business and the community.

The AFGC is of the view the objectives outlined in the Bill are addressed more comprehensively under the existing co-regulatory arrangement for packaging waste, the National Packaging Covenant (hereinafter referred to as the Covenant).

The Covenant is the voluntary component of an initiative by government and industry to reduce the environmental effects of packaging. It has the support of all levels of government industry and is designed to minimise the impacts arising from the disposal of used packaging, conserve resources through better design and production processes and facilitate the re-use and recycling of used packaging materials. Through the National Environment Protection Measure for Used Packaging Materials the Covenant also provides a regulatory safety net, which is used to regulate those sectors of the packaging supply chain which do not participate through the voluntary arrangements.

The Drink Container Recycling Bill contains a number of proposals which, if adopted, would be duplicative and inefficient.

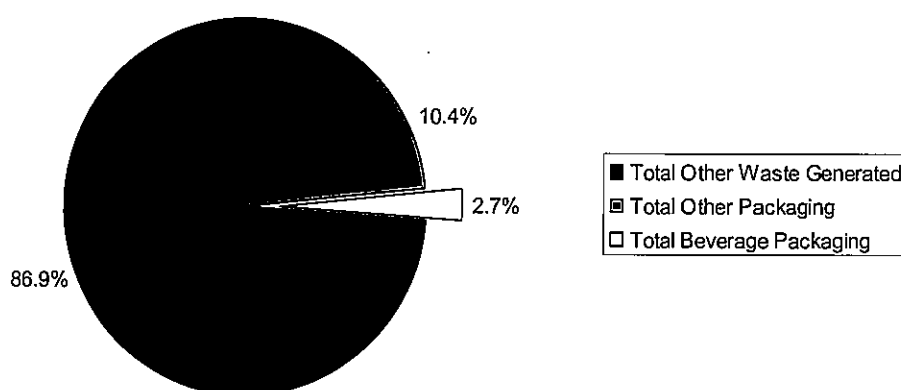
- The proposal for manufacturers to submit a beverage container stewardship plan which would be reviewed and reported against is already a feature of the Covenant. Importantly the existing requirement is not limited to just beverage containers. The Covenant arrangements provide for brand owners AND manufacturers of containers to be reviewed and assessed by an independent party with each company report and plan given a performance rating. If the proposals in the Bill were to be

implemented there would be a clear duplication of the requirements significantly adding to the regulatory burden placed on companies for no additional gain.

- The Bill requires the beverage container stewardship plan to include a minimum recovery rate of containers of 75% within 2 years and 80% within 5 years. The basis for the recovery rate is unfounded and appears to have been nominated in the absence of any rigour and robust impact and cost benefit analysis. There are a range of documented risks associated with setting targets that have minimal or no basis. The Covenant already provides for nominated recovery rates for the recovery of ALL packaging, not just beverage containers.
- The proposal to seek public comment on the plans, notify in newspapers of the existence of the plans and provide a dispute resolution process is concerning. It would place significant and unnecessary costs on manufacturers without substantiation of any specific benefit of measure or effectiveness. The proposal indicating the manufacturer can disregard any comments received as a result of the process is indicative of how short-sighted the suggestion is.

A proposal to implement a costly and onerous policy which addresses only a small section of the waste stream is simply not good public policy. Australians generate more than 32 million tonnes of waste each yearⁱ. Total packaging waste generated in Australia is just over 4.2 million tonnesⁱⁱ, from commercial, industrial and household sources. Packaging waste generated represents around 13 per cent of the total waste stream within Australia, with beverage packaging comprising less than 3 per cent.

Waste Generation in Australia 2005-06



The AFGC refers the Committee to the findings of the 2006 Productivity Commission inquiry into waste management where it was reported that waste policy should be about achieving the best possible outcomes for the community, not prescribing one technical solution at the expense of others. The Commission went on to argue that the case for introducing container deposit legislation (CDL) in addition to existing kerbside collection schemes on resource recovery grounds is weak. The Commission also found that resource recovery under CDL is likely to be significantly more expensive than under kerbside recycling. The AFGC provided a comprehensive submission to the inquiry and refers the Committee to it for more detailed references to waste management policy. In addition the Packaging Council of Australia also made a detailed submission to the inquiry which provides further information. The submissions are available at www.pc.gov.au.

In terms of effectiveness of existing waste management arrangements the AFGC strongly supports the National Packaging Covenant as the most appropriate and equitable policy option for managing the environmental impacts of packaging. The Covenant has achieved improvements from design through to production, consumption and disposal and across the whole packaging supply chain, not just beverage containers. It is a unique Australian initiative that has the potential to achieve sound environmental outcomes at a fraction of the cost to the community of approaches adopted in other jurisdictions.

The funding process within the Covenant through which up to \$6 million of joint government and industry money is available to fund new recycling and anti-litter initiatives annually is starting to show real results. While there has been some debate over actual numbers, there was always an understanding that data on recycling was difficult to obtain and that it would be improved over time.

Notwithstanding this, improvements in collection and recovery of post consumer packaging have been achieved and specific data reflecting this will be reported in the Covenant Annual Report for 2006-07 available in June 2008 which the Committee should examine (see www.packagingcovenant.org.au). Further to this, if the 50 plus projects currently being implemented achieve the outcomes stated in their applications, then an additional 500,000 tonnes per annum of consumer packaging will be diverted from landfill to recycling by the end of 2009. This equates to an increase in packaging recycling of around 12%, over two-thirds of the increase sought over the full term of the Covenant.

To implement an isolated and inefficient policy such as CDL would be duplicative and a costly impost on companies that are already improving recovery and recycling of packaging waste within an agreed co-regulatory mechanism. A comprehensive national framework that takes into account the broad issues associated with production through to waste management is the most equitable and efficient approach. This would result in a more comprehensive policy process that embraces the complex task of reducing environmental impact while also considering the economic and social issues.

If the Committee has any queries or requires further information in relation to any of the issues raised in this submission I would be happy to discuss such issues at any stage.

Yours sincerely,



Tony Mahar
Director Sustainable Development

ⁱ *Waste and Recycling in Australia, Hyder, 2006 (32.382m tonnes)*. Note: total waste generation data is for 2002-03 financial year. Since that time total waste generation would have increased *considerably* (generally waste generation keeps pace with the rate of economic activity and population growth). As a consequence, *above percentages may be overestimating total other packaging and beverage packaging* (potentially that which would be subject to a container deposit) *in the waste stream*.

ⁱⁱ National Packaging Covenant Annual Report 2005-06