



23 May 2008

Committee Secretary
Senate Standing Committee on
Environment, Communications and the Arts
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Sir/Madam

Amcor is global, Australian based, packaging manufacturing company with over 200 sites across five continents and a turnover of around \$10 billion. In Australia Amcor is a large manufacturer with over 50 manufacturing sites. Most of the goods produced comprise packaging for food and beverage industries and include: Packaging Paper and Carton Board, Aluminium Cans, Glass Wine Bottles, Cardboard Boxes and Cartons, Flexible Plastic Packaging. As well Amcor is a major recycler of secondary materials particularly regarding recycling of paper and cardboard.

Amcor is a major employer in Australia with over 5,000 employees and an annual turnover of around \$2 billion.

Amcor welcomes a thorough review of the strategy addressing the waste management system in Australia. At present there are a number of plans being implemented across Australia at a state, regional and local level. While Amcor accepts the role of the various levels of Government in this area we believe there needs to be a national policy guideline developed to guide the jurisdictions in their policy development and to ensure that a robust waste policy also links to other government policies and initiatives. An example of this is determining linkages between waste policy and greenhouse policy. Amcor is a significant recycler of materials particularly paper and cardboard. Each year Amcor recycles around 640,000 tonne of waste paper and cardboard. This has a dual benefit from an environmental perspective. These benefits are that the materials are being reused rather than being sent to landfill where it would take up valuable landfill space and the reuse of this material is delivering a significant benefit in relation to their greenhouse gas emissions. The Government currently provides no assistance to Amcor relating to paper recycling. On the contrary, with the proposed introduction of an emissions trading scheme Amcor will potentially be seriously disadvantaged particularly from international competitors.



It is Amcor's view that the Government should support the paper recycling industry by recognising recycled paper as a trade exposed industry under the Greenhouse Emissions Trading systems once developed. This support should come in the form of a free allocation of permits equivalent to the greenhouse emissions from facilities at a predetermined date. The setting of this date should have due recognition of credit for early actions. These permits should be bankable and should be allocated until such a time that an international trading scheme properly engages competitor nations in this area. These nations are generally south-east Asian nations including Indonesia and China. This measure would mean that the paper recycling industry operates on roughly the same economic footing that it always has.

Paper recycling should be encouraged due to the greenhouse gas emissions benefit delivered through the diversion of waste paper from landfill. To do this paper recycling should be recognised as a greenhouse friendly activity and emission offsets should be awarded to paper recyclers. The current offset generation system requires an element of additionality to be part of the activity. This approach ignores the documented benefits delivered by paper recycling from a greenhouse perspective as well as a life cycle perspective. The December 08 Technical Guideline for the Estimation of Greenhouse Emissions and Energy at Facilities estimates a CO₂ emission of 2.5 tonne for every tonne of waste paper and cardboard deposited into landfill. The recycling of this material therefore avoids that release. Recognition of this and allowance of this activity under carbon offset schemes would provide an economic incentive to further increase the rate of collection and recycling of paper and cardboard. While this increase rate of paper recycling may be able to overcome an additionality hurdle, the allowance for all paper and cardboard recycling to be recognised as Greenhouse Friendly and eligible to generate permits would enable the greatest increase in the efficiency of the recycling industry through the injection of capital which could be used to modernise the industry. This modernisation is akin to the modernisation of much of the agricultural sector with the injection of funds from the establishment of forestry credits on part of their previously unproductive farm.

Container Deposit Legislation

Amcor does not support the establishment of a national container deposit scheme as proposed in the Drink Container Recycling Bill 2008. The intent of a container deposit scheme is two fold:

1. to reduce litter; and
2. to increase the level of recycling for the consumer packaging materials.

A broad container deposit scheme fails to deliver significant gains in relation to either of these points.

In Australia, South Australia has a container deposit scheme and so can be used for comparison purposes to determine its effectiveness. Keep Australia



Beautiful conduct litter surveys on an annual basis and publish their findings on their website. In the 06-07 reports comparisons between Victoria and South Australia show little difference in relation to the amount of litter items found. This is despite the higher population density in Victoria. While the proportion of beverage containers is lower in SA than in Vic the overall proportion of beverage containers in the litter stream is small, around 1-2%. The overwhelming largest single contributor to the litter stream is cigarette butts. These are followed by confectionary wrappers, straws, bottle caps and cigarette packets, all materials which would not attract a deposit or levy under the proposed scheme. Overall there is no actual data to suggest a container deposit scheme will significantly cut down on litter. This conclusion is further supported by a recent study from Germany. This study by PrognosAG from Dusseldorf in November 2007 states, "There are no quantitative effects in litter reduction and no economic effects in street cleaning identifiable as a result of the introduction of deposit on non-refillable beverage packaging." The report further states, "Findings of a 2003 littering study in European cities, performed by the University of Vienna, show a share of beverage packaging in littering of about 0.45 %. And, in spite of the mandatory deposit on non-refillables in Germany, the city of Frankfurt has - in comparison with other European cities - the highest amount of beverage packaging in littering. Statistics of the "Bundesanstalt für Straßenwesen in Nordrhein-Westfalen (BAStNRW)" show no effects in waste amounts and costs of cleaning on motorways, highways and motorway stations between 2002 and 2005."

The other driver for the introduction of a container deposit is to increase the recycling rate of the materials used in beverage containers. While Amcor strongly supports the value and intent of increasing the rate of materials collection and recycling, Amcor believes that the application of the principles of the waste hierarchy is appropriate and the focus of our endeavours should be on waste avoidance as the preferred model with recycling and recovery less preferred. To this end Amcor strongly supports the application and the model of the National Packaging Covenant (NPC) as a more holistic approach for resource conservation. Amcor was a Founding Member of the NPC and while there remains room for further enhancement of this co-regulatory mechanism, the application of the Environmental Code of Practice for Packaging (ECoPP) will deliver ongoing resource efficiency gains. Through the application of the ECoPP, packaging designers and manufacturers are required to minimise resource inputs into packaging and to minimise the overall amount of packaging. Amcor supports the principles of the ECoPP. These gains would not necessarily be there if not for the NPC and would not be encouraged through the application of a container deposit system. The NPC is currently under review and while the outcomes of this review will not be known until later this year the indications are that the rates for materials recovery have increased across the board with significant gains in paper and plastic packaging.

Most of this increase has come through the kerbside collection system. The instigation of the NPC in the 1990s was a key contributing element to ensure



the ongoing viability of the kerbside collection system. This system provides the Australian community with a cost effective recycling system which applies to almost all packaging types, not only beverage containers. This is the key weakness of the container deposit schemes, their limited application. If materials recovery is our aim then the systems implemented should be scoped to have the broadest application possible to maximise impact.

A container deposit scheme is narrow by design and is generally not cost effective in its impact on the entire waste stream. This narrow focus results in distortions in materials collection. If glass collection is our aim then the systems developed should focus on all glass packaging not just on the glass beverage containers.

To increase glass collection why should a glass beer bottle attract a levy but not a glass sauce bottle? There appears to be little logic to a system which seeks to recover various materials but then excludes itself from applying to many uses for those materials.

Beverage containers contribute around 3% of the overall waste and around 10% of household waste, most of which is already collected through the existing kerbside system. Implementation of a container deposit system is likely to undermine the kerbside system by taking out the high value materials such as aluminium.

The comparison between Victoria and SA in relation to packaging recycling rates also does not support the notion that a container deposit system increases recycling rates. Analysis by the Australian Food and Grocery Council (AFGC) revealed that in 2006, 112kg of packaging materials was recovered per person in SA. During the same period 136kg of packaging material was recovered per person in Victoria. This suggests other mechanisms such as education and waste sorting infrastructure can have a more significant impact than a deposit system.

The recycling rate for PET bottles remains a challenge, particularly the recycling of PET bottles away from home. At present around 17% of PET containers used away from home are recovered in Australia. Obviously more work needs to be done to encourage the recycling of PET particularly at shopping centres and large events such as sporting events. To increase the recycling of PET in Australia, Amcor believes that it is appropriate for a levy to be placed on the manufacture of PET bottles here. The revenue raised through this levy should be used to increase the recycling of PET away from home and could be administered through the existing National Packaging Covenant mechanisms thus minimising administration costs.



Overall over 70% of aluminium beverage cans are returned for recycling. Much of the success of the recycling of aluminium has been due to the actions taken by the aluminium can industry and the inherent value of an aluminium can. The aluminium can industry has been very active in educating the public to value of recycling. Cash for can programs, funded by the beverage can and beverage industry have over many decades ingrained in the Australian psyche the value in recycling aluminium cans. This recycling rate compares favourably with the recycling rate of any other packaging material. It seems inconceivable that a levy should be applied to a material which is already widely recycled while other packaging materials with recycling rates below 30% such as flexible films will not attract any such levy.

While the current level of recycling is good, the level is likely to increase as we start to feel the impacts of a carbon constrained economy. The carbon intensity is much lower for recycled aluminium as opposed to virgin aluminium and so as the cost of carbon becomes realised the drive to increase the level of recycle in cans will also increase.

Conclusion

Amcor believes the Government needs to send strong support messages of support for the recycling industry through an integrated policy mix which recognises the link between waste recycling and greenhouse gas abatement. To do this, paper and cardboard recycling should be recognised for their greenhouse gas reduction potential and be recognised as a generator of greenhouse abatement permits under Emissions Trading Systems as they are developed.

Amcor does not believe that the broad application of a beverage container deposit system will increase the collection and recycling of materials in proportion to the cost of implementing such a scheme. The current kerbside system underpinned by the National Packaging Covenant provides a far more cost effective means of addressing this issue. Amcor supports the views of the Productivity Commission in their recent Waste Management Inquiry which found "Deposit-refund scheme are typically costly and would only be justified for products that have a very high cost of illegal disposal.

Container deposit legislation is unlikely to be the most cost-effective mechanism for achieving its objectives of recovering resources and reducing litter. Kerbside recycling is a less costly option for recovering resources; while general anti-litter programs are likely to be a more cost-effective way of pursuing overall litter reduction." Much of the rationale for the support of a container deposit scheme appears to be based on anecdotal evidence at best. The application of a beverage container deposit system would be inappropriate today as the packaging mix is vastly different to the bygone era when container deposit legislation had a role to play.



Amcor thanks the Committee for the opportunity to input this information to the inquiry and would welcome the opportunity to discuss these points further.

Yours sincerely

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