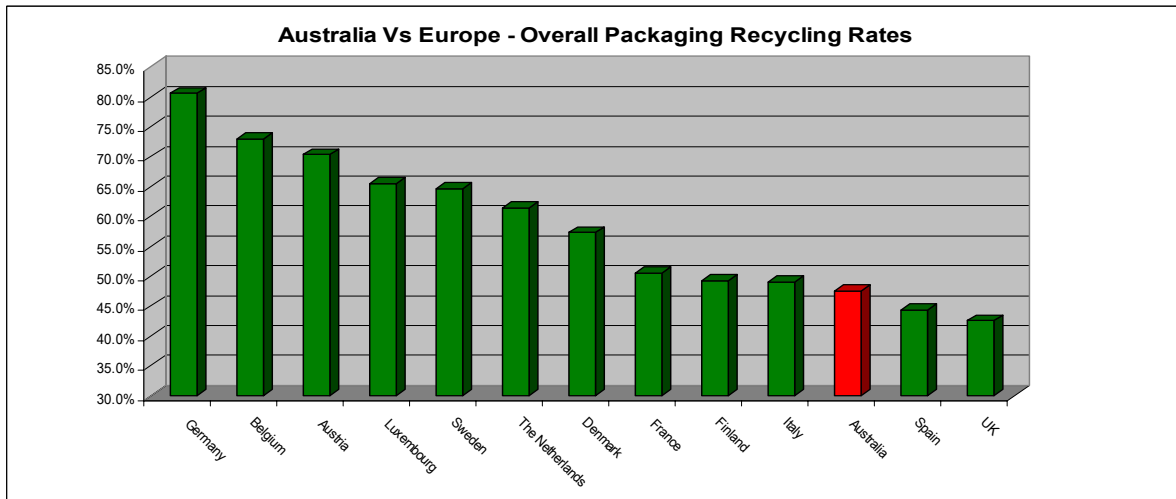


# The Pathetic Package:

Poor management of packaging resources costs Australia over \$350 million p.a. and highlights the need for Environment Ministers to act.

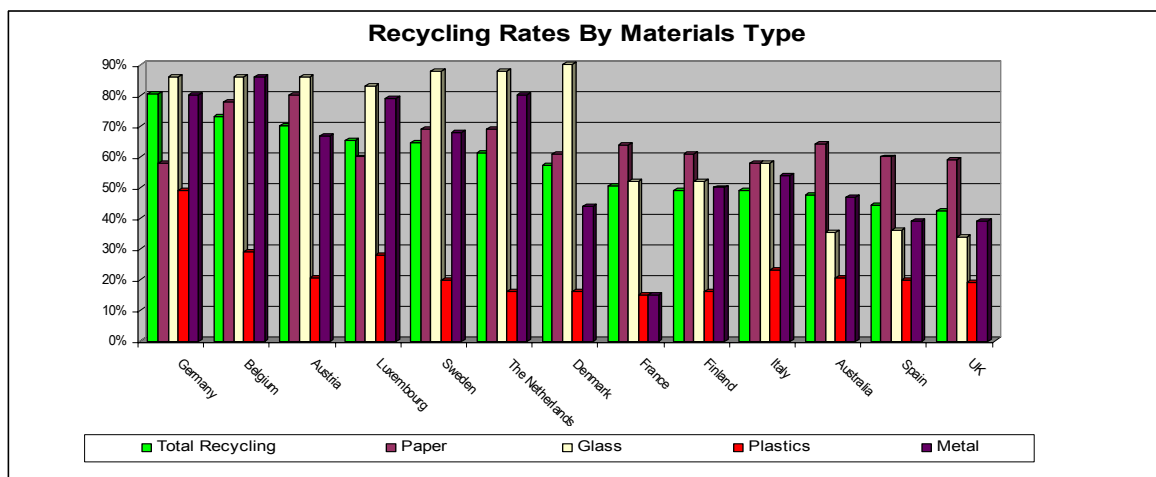
There has been some suggestion that Australia's recycling rates are comparable with those of Europe. As this report will show, any detailed assessment demonstrates the poor performance of the Australian Packaging supply chain.

While many of the nations of Europe (and North America) are succeeding in tackling the packaging waste problem, inaction by industry and a lack of will by government regulators has seen Australia fall well behind. Based on data recently released by the Association for the Sustainable Use and Recovery of Resources in Europe (Assurre) Australia has a recycling rate lower than 10 of the 12 EU reporting nations.



While the above graph shows Australia's overall recycling is lagging behind leading European Nations, it could also paint a picture of relative comfort, allowing a belief Australia's performance is acceptable given that France, Finland, Spain, Italy and the UK have similar levels of performance.

A closer inspection however reveals Australia's recycling rates are propped up by strong performance from the paper sector at around 65%. This is attributable to good recovery in the commercial and industrial recycling sector, as well as a strong push from the paper industry (in particular newsprint) for higher recovery.

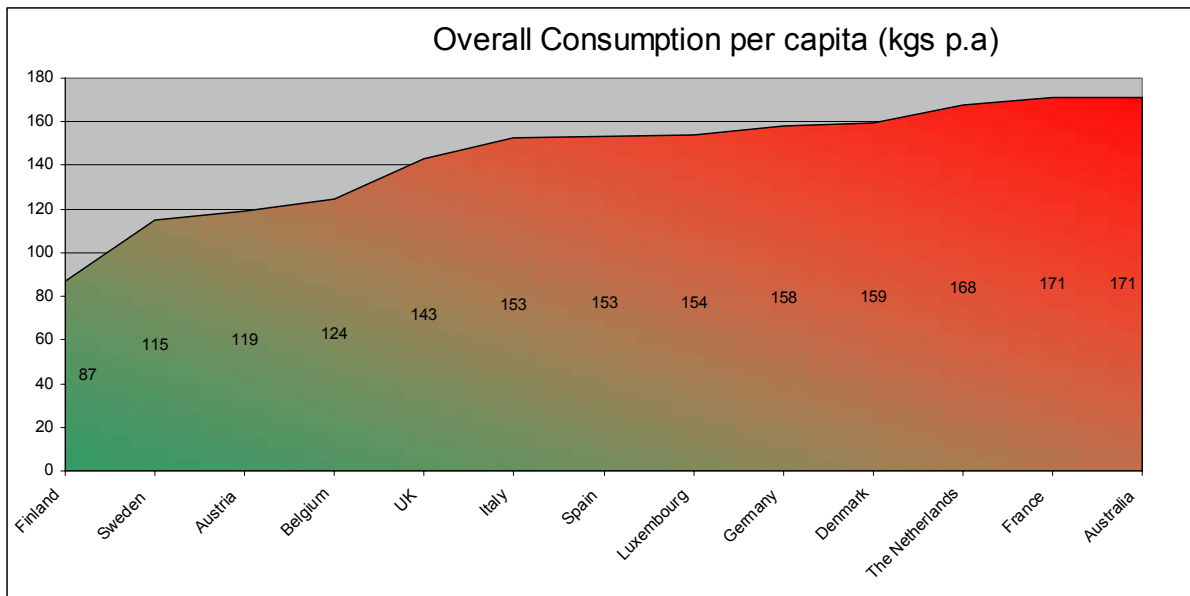


Australia's recovery of other materials (as shown above) is less satisfactory. In particular, glass recycling in 7 of 12 nations exceeds 80%, while Australia struggles to reach a paltry 35%. Similarly, while Australia can manage to recycle just 47% of all metal (steel and aluminium) packaging, half of the reporting European nations enjoy recycling rates in excess of 65%.

Of course, nearly all European nations do far more to manage packaging waste than simply recycle. The well established environmental benefits of reuse have seen many European nations adopt policies to refill bottles and rigid plastic containers. All the leading recyclers (Germany, Belgium, Austria, Luxembourg, Sweden, The Netherlands, Sweden, and Denmark) undertake significant reuse of packaging, helping to retain the precious resources (energy, water and materials) consumed in manufacture and diverting millions of tonnes of waste from landfill or incineration. While this recovery is obviously not reflected in Europe’s recycling reports, refill and/or reuse accounts for a high percentage of consumption in these states and can only be identified when studying the relative rates of consumption per capita because these ‘sales’ are recovered (and reused) but not recycled as such. Life cycle assessments undertaken in the past have shown that a bottle is used as many as 20-40 times before being recycled. Similarly, Europe complements recycling and reuse with lower forms of recovery such as waste-to-energy for plastics and composting operations for paper, leading to a very high level of diversion of resources considered too contaminated for recycling, which in Australia results in a complete loss of the resource.

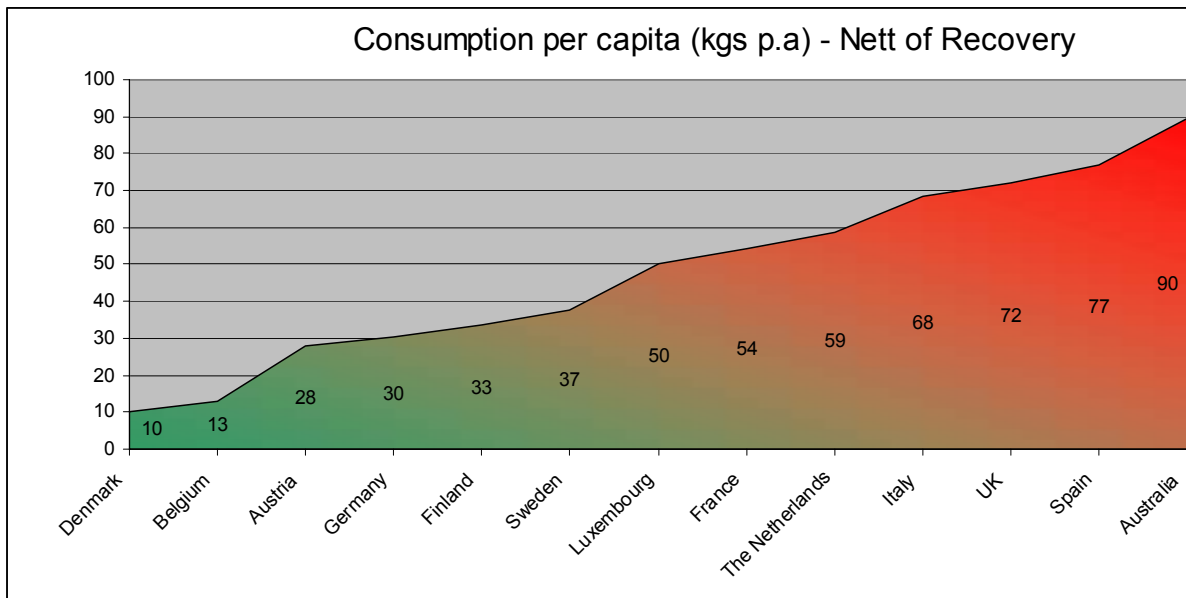
This use of a suite of instruments to improve overall resource management rather than a “one size fits all” approach produces dramatic results. While waste-to-energy may be the logical form of diversion in Europe, where waste disposal is predominantly undertaken through incineration, Australia needs to utilise the combined waste mining and composting approaches of both Global Renewables and SITA as a logical lower level activity given that our waste challenge centres around landfill rather than incineration.

Whether measured as materials consumed nett of recycling or using the broader measure of consumption nett of resource recovery, the gap in terms of resource consumption between Australia and Europe is marked.

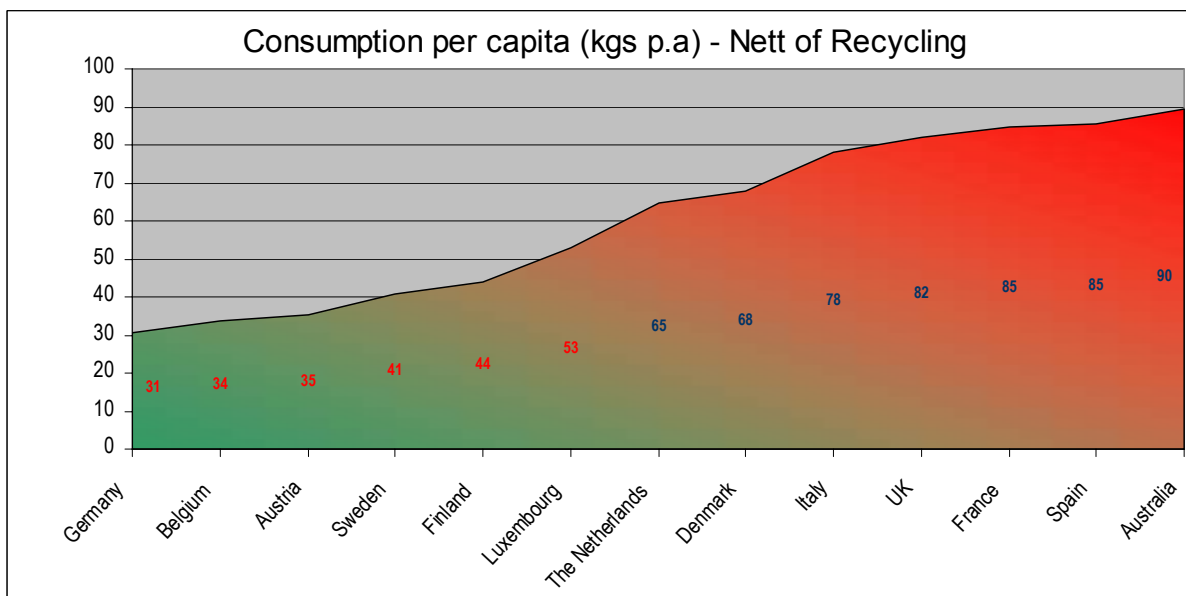


This first chart outlines the simple measure of consumption per capita per annum. Once again, Australia’s performance compares poorly with Europe but a 10-20% improvement would seem to be adequate to keep pace with the rest of the developed world. However when the measure is viewed as materials consumption per capita p.a. nett of recycling (i.e. the amount of new resources actually lost) our environmental performance becomes worse.

As the next chart illustrates, Australia consumes nearly 200% more resources per capita than leading European nations like Germany and Belgium. Nations traditionally labelled as the environmental laggards of the European Union such as Spain, France, the United Kingdom and Italy all comfortably outperform Australia’s efforts. While the average Australian consumes 90 kgs of resources in packaging each year, the average European consumes some 50% less at just 61kgs. This shows the combined effect of reuse and recycling that work so effectively when supported by the European Deposit/Refund approach on common packaging items such as beverage containers. Despite repeated demands from the community, to date South Australia’s Container Deposit Legislation has been the only Australian initiative that has embraced this important and necessary market based instrument.



Further, when comparing Australia's overall performance, using the broader measure of consumption nett of total resource recovery (which illustrates the overall success in diverting waste from the ultimate point of landfill or incineration) it becomes clear that packaging waste has reached a crisis point and that our current policy approach is an environmental disaster.



While Australians consume more packaging than their own (average) body weight each year (90 kgs p.a.), Europe boasts a nett consumption that is nearly half our own at just 48 kgs per annum, with Europe's leading nations enjoying similar wealth and lifestyle but consuming a miserly nett 10 kgs of new resources of packaging per annum. Australians use 900% more resources in packaging than Denmark, and 20% more than the poorest performer in Europe, Spain.

But Europe isn't satisfied with current levels of performance. Landfill caps for packaging, mandated recycled content levels in new packaging, expansions of container deposit schemes and increased levels of reuse will drive the performance higher again between now and 2008.

Australia must adopt a similar position to Europe. We cannot continue to waste millions of tonnes of precious resources. Closing the loop on packaging waste will protect Australian export incomes, increase regional employment in collection and reprocessing facilities, reduce the overall cost of managing waste, and eliminate much of the litter that ruins our pristine natural areas and decimates our native species through injuries and bush fires.

The manufacture of packaging in Australia loses over 1.8 million tonnes of resources each year. Economically this represents an annual cost to our economy of some \$90+ million in landfill charges and a further \$260 million in lost revenues from the sale of recovered materials.

On 1 July 2005, Australia's Federal, State, and Territory Environment Ministers will meet in Perth to decide on the future of the National Packaging Covenant, which has been ineffective to date. Ministers are being called upon to take action to rectify the current poor performance of packaging waste recovery in Australia and require the packaging industry to meet its environmental responsibilities.

## The Road Map toward a Sustainable Australian Packaging Industry

At a policy level, Australian Environment Ministers need to make a commitment to lift Australia's performance over time to an overall packaging recycling rate of at least 80% by 2015. Achieving this requires a number of steps both within the framework of the National Packaging Covenant and outside of it. These steps are:

1. Adoption of an enhanced NPC with targets requiring a minimum 65% recovery and recycling rate by 2010.
2. Specific minimum resource recovery levels of at least 70% for each of the common packaging materials: paper, glass, steel, aluminium, PET and HDPE.
3. A requirement for poor performing secondary packaging materials to achieve a minimum 25% recycling rate or face the introduction of a landfill ban in 2008. These include composite materials, liquid paper board, LDPE, PVC, polypropylene, polystyrene, ABS, SAN, and EPS.
4. A policy of No New packaging to landfill, requiring packaging recycling targets to be annually increased by the same gross tonnage amount by which packaging consumption grows.
5. The immediate introduction of 25% minimum recycled content standards for all packaging materials where it can be technically achieved without compromising consumer health and safety.
6. That the 2008 mid term review of the NPC ensures that ANY indicator targets will not be met results in an immediate switch away from the Covenant into a regulatory system.
7. Make a commitment that regulators tighten and actively enforce the NEPM.

Given that Australia is already well behind international standards, Ministers also need to take a number of steps to guarantee a certainty of outcome for future levels of packaging resource recovery. This includes making an immediate commitment to investigate policy and regulatory approaches for future adoption. To this end, the Alliance is proposing a multi-stakeholder task force to examine all regulatory, policy and market-based instruments to compare and contrast the likely costs and performance of a range of approaches.

We call on the Environment Protection and Heritage Council to take immediate steps to implement these processes and stop packaging from wasting Australia's precious resources.

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### The Boomerang Alliance:

