

Critique: National Packaging Covenant 2005 – 2010  
**Inequitable, Ineffective and Irresponsible**  
November 2004



Photographed by Milo Burcham

**PACKAGING WASTE:  
IT'S EVERYWHERE**

Layshan Island (North Western Hawaiian Chain)

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In April 2004, Federal, State, and Territory Ministers agreed to extend the National Packaging Covenant (NPC) for 12 months, to allow The National Packaging Covenant Council (NPCC) "to develop a detailed proposal for future arrangements. Ministers anticipate that a fully formed and negotiated draft proposal will be submitted for consideration at their meeting in October 2004" (now scheduled for December 2004).

**The NPCC has failed**

The proposal for the National Packaging Covenant (May 2005 until December 2010 [NPC MkII]) entitled "A Commitment to the Sustainable Manufacture, Use and Recovery of Packaging" completely disregards the views of the community, environment groups, and local government.

**The NPCC proposal does not represent the consensus view.**

The Boomerang Alliance (representing Australian Conservation Foundation, Clean Up Australia, Environment Victoria, Friends of The Earth, Greenpeace Australia Pacific and Total Environment Centre) is determined to ensure that the NPC MkII is rejected and renegotiated.

The National Packaging Covenant remains an inequitable, ineffective, and – if ratified by the EPHC – an irresponsible instrument for managing consumer packaging waste or litter.

This critique seeks to outline The Alliance's main criticisms of the National Packaging Covenant. Further analysis will be publicly released in the first week of December, 2004.

## The first NPC failed to produce any tangible environmental benefit.

Action Plans of NPC signatories show that industry has generally chosen 'opportunistic' targets, largely pursuing light weighting and waste reduction in production. While environmentally advantageous, there is no evidence that the NPC stimulated these actions. In fact, a wealth of sustainability success stories around the world demonstrates that profit and reputational rewards alone are sufficient to deliver these outcomes. Du Pont and Fuji Xerox have achieved waste reductions of over 40%, while NPC champions seem satisfied with comparatively insignificant improvements. Any smart business will strive for 'waste avoidance' by simply pursuing efficiency processes that make the business more successful.

Nolan ITU's 'Evaluation of the National Packaging Covenant' found that, "when progress toward the Covenant's explicit objectives is looked at more closely, it becomes apparent that achievement has been particularly evident in terms of "process" aspects (e.g. establishing a framework, forum, and collaborative approaches). However, there is **less evidence of achievement of "outcomes" intended by these "processes"** (e.g. lifecycle management of packaging, real and sustainable environmental benefits, and resolution of post-consumer packaging waste issues). Effectively, the **"lower hanging fruit" has been picked and more needs to be done to achieve tangible gains.**"

As outlined in the consultation paper for the NPC MkII, "The findings of the Nolan Report and the evaluations undertaken by the Australian Local Government Association (ALGA) and the NSW Nature Conservation Council (NCC) were consistent in identifying key areas for strengthening the operation of the current Covenant/NEPM model. Yet key deficiencies of the NPC models include:

- Can't deliver minimal or zero waste
- Address neither sustainability nor EPR
- Lack any hard and/or numerical targets
- Exclude relevant community representation
- Are dominated by vested interests from industry, *and*
- Impose waste and litter clean up costs on local government and ratepayers.

**The core requirements expected of the NPC have not been met.**

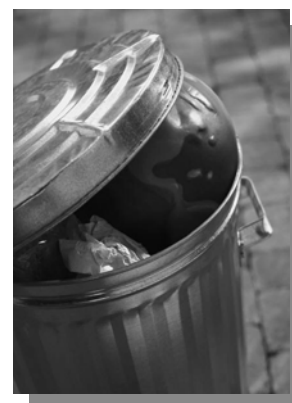
### ✓ Inequitable

**THE NPC MkII fails to incorporate the Polluter Pays Principle.** It is unfair that ratepayers are expected to subsidise industry and consumer waste. Nearly the entire burden for kerbside recycling and waste collection services is met by local councils from ratepayer funds. Renters, boarders, and travellers make no contribution towards the costs of packaging they consume. Flat per tenement fees are contrary to best practice principles and ignore nearly all state and territory governments' demand management strategies exhibited through the introduction of step pricing, DM funds, market based instruments, and Extended Producer Responsibility (EPR) principles in nearly every resource sector – waste, energy and water.

**The NPC claims to take a shared responsibility for packaging waste,** yet the covenant expressly forbids any revenues being used to subsidise prices or collection costs. This hides the costs of externalities in packaging pricing and locks rate payers into 5 more years of subsidising consumers – it must be recognised that rate payers and consumers are not the same group.

The NPC MkII states that **the Packaging Supply Chain will seek to raise \$3 million per annum** to provide "project funding". This equates to around \$5,000 per local government area - hardly a reasonable "share" of the financial burden when Local Government Authorities each spend well over \$100,000. Given that packaging makes up 25% of the domestic waste stream and beverage containers make up 30% of all litter by volume, it is hardly equitable for the packaging supply chain to contribute less than 5%. An equitable approach to shared responsibility would require the packaging supply chain to contribute more like \$25 million each year.

Additionally, the first NPCC failed to reach its funding targets – **there is no requirement or evidence to suggest the NPCC will succeed** in raising even the token \$3 million.



## ✓ Ineffective

To date, the NPC has achieved little or nothing in terms of reducing packaging waste, improving recovery rates or eliminating litter:

The Institute of Sustainable Futures report commissioned by the NSW NCC 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. The report also stated that “analysis of other available data suggests that packaging waste is increasing and for some materials recovery rates are decreasing” (p.27).

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” (p.3).

**Yet the draft NPC MkII sets no specific minimum performance standards for waste reduction or goals for resource recovery.** The consultation paper regarding the NPC MkII sought to dilute the position of environment groups by identifying that a consensus sought measurable outcomes – this is somewhat true. However, Environment Victoria, The NSW NCC, Australian Conservation Foundation and Total Environment Centre stated: “We believe that the only way to achieve measurable environmental improvements is to set enforceable targets as part of the Covenant.”

The goals outlined in the NPC MkII are little more than a series of ‘motherhood’ statements:

1. Packaging optimised to integrate considerations about resource efficiency, maximum resource re-utilisation product protection, safety and hygiene.
2. Efficient resource recovery for consumer packaging and paper.
3. Consumers able to make informed decisions about consumption, use and disposal of product packaging.
4. Supply chain members and other signatories demonstrate how their actions contribute to Goals (1) - (3).

**Tangible numbers such as a minimum 80% recovery rate by 2010 or establishing specific EPR mechanisms must be set to achieve any real environmental progress.**

**The NPC MkII remains ‘regulation lite’.** Much is made of strengthening the ability to ensure that ‘free riders’ receive regulatory penalties. This is a good principle, but a ‘free rider’ should not be determined by whether an organisation is a signatory to the NPC but whether its action plans achieve significant waste reductions in line with common enforceable goals. Evidence from Europe and parts of North America shows that enforceable minimum performance standards and penalties for non-compliance overwhelmingly achieve the best results.

Like the first NPC, a chief criticism of the NPC MkII is its foundation on a principle of ‘not discriminating against different forms of packaging’. This principle is ridiculous – discrimination or discernment is entirely appropriate when identifying those forms of packaging that are best or cause the most problems. **Environment groups have and continue to call for the NPC MkII to prioritise action around problematic packaging waste such as the use of higher impact or hard-to-recycle materials** such as PVC, polypropylene, mixed plastics, stretch film, polystyrene and beverage and oil containers. It is equally ridiculous not to provide relief to cardboard packaging made from recycled material, which is relatively easy to recover, decomposes, and reduces the strain on our natural timber resources.

The NPC foundation stone ‘The Environmental Code of Practice for Packaging’ needs to become a screening mechanism to prevent new packaging materials that contain hazardous elements and are not compostable, reusable or recyclable from entering the market. **A review of the code of practice is a critical step.**

**Any environmental gains from the NPC and NPC MkII are marginal at best.** In the last five years, the states and territories have delivered strong environmental outcomes across a range of sectors including energy, water, and waste to land fill - EPR, estuarine environmental flows, greenhouse benchmarks, step pricing mechanisms and strong demand side approaches have been introduced. Comparatively, the NPC’s achievements have been trivial – in exchange for removing the jurisdiction’s ability to enact sensible regulation or pursue alternative approaches.

## ✓ Irresponsible

Both the current and proposed NPC are claimed to take a 'shared responsibility' approach - in fact, it is a mechanism for avoiding responsibility.

The Boomerang Alliance supports a collaborative approach, but for 5 years the NPCC has shown that it fails to understand that to achieve collaboration it must build consensus, not pay lip service to dissenting opinion.

**Further, the NPCC must be required to play the role of the 'honest broker'.** The NPCC cannot continue to formulate its own opinions and then use the resources of its member organisations to attack an alternative view. While it is reasonable for industry to defend its opinions, it is not reasonable that it holds a controlling 'vote' on the NPC Council, or that the NPC MkII contains specific provisions that the covenant cannot be changed without the unanimous agreement of the NPCC members. This allows a single industry group to block reform. It has long been a principle of the states and territories that administrative councils and regulatory bodies are representative of all stakeholders. It is also unconscionable that regulatory bodies consider transferring key aspects of their responsibility for waste management to a body that can have necessary revision blocked by a single industry group representative. The NPCC membership must be reviewed to include all stakeholders and eliminate conflicts of interest.

Simultaneous to the operation of the first NPC, some of the NPCC's industry members have conducted themselves in a manner that can only be described as bullying and intimidatory. The 2003 ABC Four Corners story 'The Waste Club' outlined allegations of industry groups offering inducements, making threats, and personally intimidating community figures and elected members of parliament that proposed an alternative view to the NPC approach.

**Like the first NPC, the NPC MkII continues to ensure that jurisdictions cannot act to introduce new regulation, waste reduction plans, or policies that do not conform with the NPC MkII.** Governments should not allow current or future reform agendas to be restricted by an industry controlled body – it would be an abrogation of responsibility and a failure to ensure they retain the ability to act for the public good.

Arguments abound that the NPC MkII is the best approach to solving Australia's waste crisis because it is the most cost effective solution. While The Boomerang Alliance does not agree with this statement, the chart to the right<sup>1</sup> shows that the community **overwhelmingly wants a system that delivers superior environmental performance.**

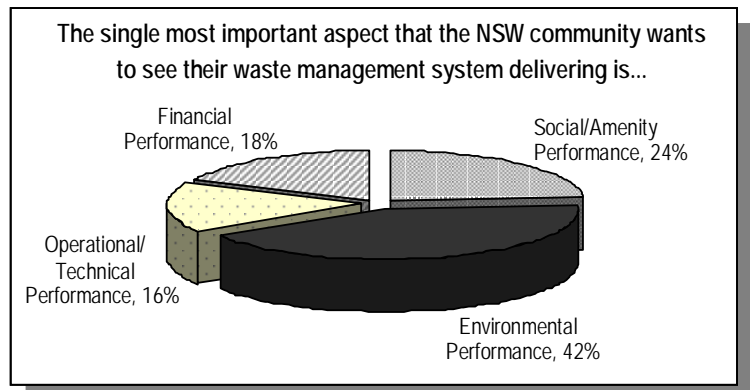
In South Australia, research into community attitudes towards their Container Deposit Legislation show that the community

overwhelmingly supports scheme - despite the fact that it may slightly increase the cost of a beverage.

The NPC MkII, like its predecessor, continues to be a flawed process driven by a goal to minimise the cost of waste reform - the community seeks a solution driven by environmental improvement.

There is no evidence or life cycle assessment to suggest that the NPC MkII will achieve any results. Rather than debate the merits of the proposed scheme, many of the NPCC industry based members have chosen a strategy to attack alternative approaches and muddy the waters until the lowest common denominator approach of the NPC seems as the only available option.

**The Boomerang Alliance calls on State and Territory Governments to reject the inequitable, ineffective, and irresponsible NPC MkII.**



<sup>1</sup> "Getting More From Recycling Systems" - NSW DEC