



The National Packaging Covenant

INFORMATION KIT

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BACKGROUND

The original covenant was created in 1999, and a revised version has been in place since 2005. Its core purpose is to assist industry to reduce the amount of packaging waste going to landfill using the principle of 'product stewardship'; that is, taking responsibility over the life cycle of the packaging from design to disposal. In addition, it will help reduce energy and other resources: water, energy, trees and so on. With climate change, drought and land degradation impacting on business and society, this is an important step for all businesses.

Objectives

- Better packaging design.
- Increased reduction, re-use and recycling of used packaging materials.
- Increased recycling of non-recyclable materials.
- Reduced amount of used packaging materials going to landfill.
- Reduced incidence of packaging being littered.

Overarching Covenant targets for 2010

1. A national recycling rate of 65% for post-consumer packaging (currently 48%), with contributions from:

- | | |
|-----------------------|------------------------|
| • Paper and cardboard | 70–80% (currently 64%) |
| • Glass | 50–60% (currently 35%) |
| • Steel | 60–65% (currently 44%) |
| • Aluminium | 70–75% (currently 64%) |
| • Plastics | 30–35% (currently 20%) |

2. No further increase in the amount of packaging waste disposed to landfill over the current (2003) baseline.

3. A recycling rate of 25% for materials that are either not currently recycled or are recycled at very low rates (currently 10%).

Environmental performance goals

The Covenant's goals are:

- 1. Packaging optimised to integrate considerations about resource efficiency, maximum resource re-utilisation, product protection, safety and hygiene.**
- 2. Efficient resource recovery systems for consumer packaging and paper.**
- 3. Consumers able to make informed decisions about consumption, use and disposal of packaging of products.**
- 4. Supply chain members and other signatories able to demonstrate how their actions contribute to goals 1–3 above.**
- 5. All signatories demonstrate continuous improvement in their management of packaging through their individual action plans and annual reports.**

Product stewardship

At the centre of the Covenant is the concept of product stewardship, which means sharing responsibility for packaging over its whole life cycle from design to disposal. Each stage is summarised below.

Design: your packaging designers should consider what happens to the packaging over its whole lifespan and design for minimum environmental impact; reduce, reuse, recycle should be part of the design brief.

Production: packaging can be essential for the protection, safety and hygiene and shelf-life of the product. However, production can be wasteful, and reducing errors, energy, water and other resource use is important. Efficient production saves money too.

Distribution: logistics can often be revised to reduce material and energy consumption without threatening the product.

Disposal: packaging should be designed for safe and easy disposal, including re-use, recycling and other forms of recovery.

Research: research is needed into materials to reduce the amount of packaging needed, the environmental and life cycle of packaging materials, and to find new uses or markets for recovered materials.

Market development: markets for recyclable materials are essential for recycling.

Education: consumers need reliable information to make informed purchasing choices.

Labelling: good labelling on packaging is important to encourage recycling and/or disposal.

Wholesaling and retailing: promoting reducing, reusing and recycling of packaging at the point of sale is very important.

Recycling and reprocessing: acting and reporting on recycling and reusing materials closes the loop for packaging use.

INTRODUCTION

If you are reading this kit, you must be considering signing the National Packaging Covenant. This kit contains a variety of sources of information to assist you, including people and websites. If we have missed anything, please contact us at the Secretariat.

There are four main steps to the Packaging Covenant:

- Establish whether you should be a signatory to the Packaging Covenant.
- Sign the signatory commitment form and return it to the Secretariat.
- Prepare an action plan that sets out what the organisation is going to do in terms of the KPIs and incorporating product stewardship. You must also establish baseline data.
- Prepare an annual report that shows progress against the targets that you set out and demonstrates this against your baseline data.

WHO IS JOINING?

A wide array of businesses has already joined the NPC. You can see them at: www.packagingcovenant.org.au.

Anyone involved in the packaging supply chain should be involved. We have provided some definitions below that should help you establish where your company fits into the chain.

Definitions (under the Covenant document)

Packaging supply chain – each organisation that participates in the creation, distribution and sale of consumer packaging and/or packaged product.

Raw material supplier – a company that supplies materials to another company that are put together to form a product or a product's packaging within Australia.

Packaging manufacturer – a company that manufactures/supplies packaging to companies in Australia.

Brand owner/packaging user – a person who is the owner or licensee in Australia of a trademark under which a product is sold or otherwise distributed in Australia, whether the trademark is registered or not.

or

A person who is the franchisee in Australia of a business arrangement that allows an individual, partnership or company to operate under the name of an already established business.

or

In the case of a product that has been imported, the first person to sell that product in Australia.

or

In respect of in-store packaging, the supplier of the packaging to the store.

Wholesaler/distributor/retailer – the company that sells the product to consumers or who sells a product on behalf of the company that owns the brand name.

Other organisations – industry associations, governments at all levels – can also join to set out their plans for reducing packaging to landfill.

DO YOU NEED TO SIGN THE NATIONAL PACKAGING COVENANT?

The Covenant is aimed primarily at organisations that are part of the packaging supply chain and contribute to the packaging waste stream. Organisations that are part of the packaging supply chain but do not participate in the Covenant may have to comply with the requirements of the National Environment Protection Measure (NEPM) for Used Packaging Materials if their business annual turnover is more than \$5 million.

Use the following checklist to identify whether you need to sign the Covenant.

Covenant participation check list

(tick the appropriate box)

	Yes	No
Do you supply raw materials to packaging manufacturers?	<input type="checkbox"/>	<input type="checkbox"/>
Do you manufacture packaging products?	<input type="checkbox"/>	<input type="checkbox"/>
Do you purchase packaging to distribute your products?	<input type="checkbox"/>	<input type="checkbox"/>
Do you sell packaged products?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered *no* to all of the above questions, you are not part of the packaging supply chain and do not need to sign the Covenant.

If you answered *yes* to any of the questions above, you need to consider whether you are a significant contributor to the packaging waste stream. The answer to this question will influence your decision to participate in the National Packaging Covenant.

WHY JOIN?

Companies and other organisations join the NPC for a set of reasons that combine benefits to the company with benefits to the environment. Companies join to:

- Assume their broader environmental commitment and corporate responsibility.
- Save wasted materials, energy, resources, time and money.
- Comply with increasing demand for more eco-friendly packaging from consumers and retailers.
- Avoid potential penalties from state governments under the National Environmental Protection Measure.
- Be part of a successful voluntary approach that will avoid legislation and all that entails, including much more costly fees.
- Help build a more sustainable company.
- Reduce, reuse and recycle to save waste packaging going to landfill because it is the right thing to do.
- Be a 'good corporate citizen'.

It's good triple bottom-line business: the benefits outweigh the costs.

WHAT ARE THE COSTS?

You pay a scaled annual fee that funds the NPC and governments match this amount. The money you contribute, along with governments' equal contribution, is used to administer the Covenant and by the National Projects Group to initiate projects that benefit the environment. These projects help to ensure progress against the Covenant's objectives and goals and mainly focus on away-from-home recycling and enhancing recycling infrastructure. (To find out more about our projects, please visit our website.)

Signatories who join after the 30 September 2005 deadline will be required to make up earlier missed contributions so as not to disadvantage early signatories or give late signatories a reason to delay even further. This means that if a company signs in year 3, they will still need to make contributions for years 1 and 2.

Industry Contributions to Funding Arrangements

Annual Transitional Arrangements Contribution Schedule

(Inclusive of GST)

Australian Turnover \$	Raw Material Supplier	Packaging Manufacturer/ Household Paper Supplier	Brand Owner / Packaging User	Wholesaler/ Retailer
Over 10B	220,000	220,000	220,000	220,000
5-10B	132,000	220,000	132,000	110,000
3-5B	66,000	214,500	66,000	82,500
1-3B	39,600	132,000	33,000	44,000
750M-1B	22,000	49,500	16,500	22,000
500-750M	11,000	33,000	11,550	15,400
250-500M	6,600	23,100	6,600	9,900
100-250M	4,400	11,550	3,300	4,675
75-100M	2,200	8,250	1,650	2,337.50
50-75M	1,540	4,125	990	1,650
25-50M	1,100	2,805	825	962.50
10-25M	1,100	2,475	825	687.50
5-10M	1,100	2,062.50	825	687.50
2-5M	825	1650	550	550
1-2M	550	1237.50	550	550
250K-1M	550	825	550	550
Up to 250K	550	550	550	550

Turnover is defined as:

Raw material supplier: Total sales of raw materials used in the manufacture of consumer packaging in Australia, including industrial packaging.

Packaging manufacturer: Total sales of all packaging sold in Australia, including industrial packaging.

Household paper supplier: total sales of paper products in Australia for household use, by the manufacturer or importer/distributor of such products.

Brand owner/packaging user: I.e. Brand Owner (as defined in the NPC and NEPM) or Contract Packer. Total sales of packaged finished goods sold into the consumer market place in Australia, including industrial applications and sales for public events e.g. for sporting events.

Consumer Paper Supplier: Total sales of consumer paper products in Australia for household use, by the manufacturer or importer / distributor of such products.

Wholesaler/retailer: total sales of packaged finished goods in Australia.

It is important to note that:

- Imports are to be included in annual turnover calculations only if they are sold into the Australian supply chain.
- Only sales for packaging-related activities should be included.
- Export sales are excluded.
- Companies that come under several classifications can contribute under the classification applicable to the dominant portion of their business if that portion represents 80% or more of the company turnover. If this is not the case, contributions need to be calculated for each segment of the company's business according to the portion of the total turnover applicable to each classification.

WHAT ARE YOU COMMITTING TO WHEN YOU SIGN THE COVENANT?

There are general agreement points and some are specific to each sector.

All signatories agree to:

- Produce action plans covering a 3 to 5 year period, which the Covenant Council will make available to the public (you can have confidential sections).
- Work together to achieve the overarching targets set out in Schedule 2 of the Covenant (that is, increased use of recyclable materials, recycling, and capping the amount of packaging ending up in landfill.) This incorporates the KPIs and the ECoPP.
- Report annually to the Covenant Council by 31 October each year.
- Commit to making an annual financial contribution that will help optimise materials recovery based on where the business fits into the packaging supply chain and the business's annual turnover.
- Apply the principles of this Covenant in their businesses in relation to:
 - The purchase of raw materials.
 - The manufacture and use of packaging materials and paper.
 - The purchase of packaged goods and paper.
 - The disposal of used packaging and paper.
 - Materials recovery and the purchase of recovered materials.
- Help develop good practice collection systems and markets for recovered materials.
- Purchase recycled content goods, where feasible.
- Promote the Covenant and the benefits of becoming a signatory.
- Communicate with other signatories and stakeholders.
- Promote recycling.

- Link their action plans to any state initiatives concerned with reducing the environmental impact of packaging.
- Seek greater recognition of packaging as a resource to be re-used, where practical and feasible.
- Adopt product stewardship policies and contribute to the effective environmental management of packaging throughout its life cycle.

For more information about the roles and undertaking of signatories, please see pages 5–6 of the Covenant.

Data and reporting requirements

Schedule 2 of the Covenant contains information on environmental goals, overarching targets and key performance indicators (KPIs). While the Covenant targets are not specific industry targets, there are significant reporting requirements for company signatories.

Significantly more robust data are required to ensure more accurate baseline measurement, and to help show demonstrable progress against targets and KPIs. The NPCIA will also be compiling and aggregating overall industry data and reporting to the Covenant Council.

All signatories are required to detail progress in their annual reports that must be submitted to the Covenant Council by 31 October each year (see page 15 of the Covenant for further information).

Environmental Code of Practice for Packaging (ECoPP)

The NPCIA has worked extensively with stakeholders to revise the Environmental Code of Practice for Packaging (ECoPP) and develop guidelines to assist in understanding and implementing the ECoPP (Schedule 5 of the Covenant). Every industry signatory commits to adopting and implementing the ECoPP and this implementation is a KPI under the Covenant.

While the ECoPP and guidelines are strongly linked with the Covenant, they remain an industry code of practice and ownership remains with industry. Management and governance guidelines have been improved and clarified. The Australian Food and Grocery Council will be providing secretariat support for the ECoPP.

WHAT IF I DON'T JOIN?

The NPC is voluntary; you do not have to join. If you choose not to sign the Covenant and your business turns over less than \$5 million annually, you are under no state obligation to join. If your business turns over more than \$5 million annually, you may fall under the NEPM legislation. This legislation sets out a number of compulsory actions. For more information regarding the NEPM, please visit the Environment Protection and Heritage Council website at <www.ephc.gov.au> or contact the Secretariat.

The main points of the NEPM include:

- Brand owners must undertake or assure the systematic recovery of the packaging in which their products are sold to the consumer.
- Brand owners must demonstrate that packaging is recycled or reused, or the energy used in packaging production is recovered.
- Local governments may choose to recover collection cost from brand owners if their packaging is collected through the kerbside recycling collection services.

In the longer term, if industry fails to check the use of virgin materials, energy, resources and the amount of waste packaging going to landfill, governments will become tougher and introduce compulsory measures. Legislation will force you to meet the government's requirements.

To obtain more information regarding the NEPM in your jurisdiction, contact:

- Queensland: 07 3227 7966
- New South Wales: 02 8837 6040
- Victoria: 03 9695 2526
- South Australia: 08 8463 3383
- Western Australia: 08 6364 7009
- Tasmania: 03 6233 6374
- Australian Capital Territory: 02 6207 2500

HOW TO SIGN

Complete the form attached to the back of this information kit and return it to:

Jennifer King
National Packaging Covenant
Level 6
457 St Kilda Road
MELBOURNE VIC 3004

Fax: 03 9861 2330

Please note that the commitment form should be signed by the CEO or someone in an equivalent position.

AFTER YOU SIGN

After signing the signatory commitment form, new signatories have four months to create an action plan, submit it for approval and act on it. A three-year plan is common, and year 1 is used to set up your information systems to measure your savings.

After the action plan is established, the organisation needs to work toward the actions that have been set out. The organisation is then required to submit an annual report by 31 October each year that outlines progress against the actions. For more information on preparing action plans, please ask for the action plan preparation kit or download it from: <www.packagingcovenant.org.au>.

WHERE CAN I GET MORE ADVICE?

The NPC Secretariat can be contacted at:
<npc@packagingcovenant.org.au>.

Or call 03 9861 2322 and ask for:

Jennifer King
Administrative Co-ordinator

Adele Weston
Projects Officer – Development

Edward Cordner
Chief Executive Officer

Or visit our website: <www.packagingcovenant.org.au>.

We are always available to answer your questions.

SIGNATORY COMMITMENT FORM

The National Packaging Covenant is signed on behalf of:

Organisation: _____

Address: _____

We commit to:

- Prepare action plans every 3 to 5 years
- Prepare annual reports by 31 October each year
- Make annual financial contributions
- Adopt the ECoPP
- Implement, incorporate and work toward the Covenant's goals and KPIs.

Signature: _____
(CEO or similar position)

Name: _____

Position: _____

Date: _____

Organisation Covenant Contact Officer

Name: _____

Postal address:
(If different from above) _____

Position: _____

Phone number: _____

Fax number: _____

Email address: _____

Organisation
Web page: _____

Brands owned by
Organisation: _____

Contribution to the NPC Funding

I _____ declare that, in calculating this company's contribution to the National Packaging Covenant Funding Arrangements, I have classified the company as follows using the material provided on the following two pages.

Contribution year (e.g. Yr1 2005-2006, Yr2 2006-2007): _____

Turnover Bracket:

(Packaging related activities only)

Classification:

% of
total turnover
(Should add to 100%)

- | | |
|---|-------|
| <input type="checkbox"/> Raw material supplier: | _____ |
| <input type="checkbox"/> Packaging manufacturer: | _____ |
| <input type="checkbox"/> Consumer paper supplier: | _____ |
| <input type="checkbox"/> Brand Owner /Packaging user: | _____ |
| <input type="checkbox"/> Wholesaler/retailer: | _____ |
| <input type="checkbox"/> Other | _____ |

In accordance with the above guide and with reference to my company's total turnover range I have assessed that the company's total contribution should be \$_____.

Please return to:

The Covenant Secretariat

Fax: (03) 9861 2330

Email: npc@packagingcovenant.org.au

Or

Level 6, 457 St Kilda Road
Melbourne VIC 3004

Industry classifications

Brand Owner / Packaging user:

- A person who is the owner of licensee in Australia of a trade mark under which a product is sold or otherwise distributed in Australia, whether the trade mark is registered or not
- A person who is the franchisee in Australia of a business arrangement which allows an individual, partnership, or company to operate under the name of an already established business
- In the case of a product which has been imported, the first person to sell that product in Australia
- In respect of in-store packaging, the supplier of the packaging to the store
- In respect to plastic bags, the importer or manufacturer of the plastic bag or the retailer who provides the plastic bag to the consumer for the transportation of products purchased by the consumer at the point of sale

Turnover represents total sales of packaged finished goods sold into the consumer market place in Australia, including industrial applications and sales for public events e.g. for sporting events.

Raw material supplier: A company that supplies raw materials to companies that manufacture product packaging. Turnover represents total sales of raw materials used in the manufacture of consumer packaging in Australia, including industrial packaging.

Packaging manufacturer: A company that manufactures or imports packaging materials. Turnover represents total sales of packaging sold in Australia.

Consumer paper supplier: A company that manufactures or imports consumer paper, as defined in the Covenant. Turnover represents total sales of paper products in Australia for household use by the manufacturer or importer / distributor of such products.

Wholesaler retailer: A company involved in wholesaling or retailing of consumer packaged products. Turnover represents total sales of packaged finished goods in Australia.

Other: Industry associations, waste management groups and community groups fall into this category. (Please note if you fall into the 'other' category you are only required to make a contribution of \$11.00 per year.)

It is important to note that:

- Imports are to be included in calculations at the point of entry into the Australian supply chain.
- Only sales for packaging-related activities should be included.
- Export sales are excluded.
- Companies that come under several classifications can contribute under the classification applicable to the dominant portion of their business if that portion represents 80 per cent or more of the company turnover. If this is not the case, contributions need to be calculated for each segment of the company's business according to the portion of the total turnover applicable to each classification.
- Companies joining in years 2 – 5 will be required to back pay for the years that they have not been a signatory. Eg. If you join in year 4 you will still have to pay year 1, 2 and 3.

Industry contributions to funding arrangements

Annual Transitional Arrangements Contribution Schedule
(Inclusive of GST)

Australian turnover bracket \$	Raw material supplier	Packaging manufacturer/ household paper supplier	Brand owner /packaging user	Wholesaler/ retailer
Over 10B	220,000	220,000	220,000	220,000
5-10B	132,000	220,000	132,000	110,000
3-5B	66,000	214,500	66,000	82,500
1-3B	39,600	132,000	33,000	44,000
750M-1B	22,000	49,500	16,500	22,000
500-750M	11,000	33,000	11,550	15,400
250-500M	6,600	23,100	6,600	9,900
100-250M	4,400	11,550	3,300	4,675
75-100M	2,200	8,250	1,650	2,337.50
50-75M	1,540	4,125	990	1,650
25-50M	1,100	2,805	825	962.50
10-25M	1,100	2,475	825	687.50
5-10M	1,100	2,062.50	825	687.50
2-5M	825	1650	550	550
1-2M	550	1237.50	550	550
250K-1M	550	825	550	550
Up to 250K	550	550	550	550