

MID-TERM PERFORMANCE REVIEW

DATA REPORT

Summary

The overall recycling rate for packaging has increased from 40% in 2003 to 56% in 2007 and the trend indicates it is likely the target will be met by 2010.

The overall recycling rate for “non-recyclable” plastics has increased from 10% in 2003 to 24% in 2007 and the trend indicates it is likely the target will be met well before 2010.

Between 2003 and 2007, there has been a 24% reduction in the amount of packaging estimated to have been disposed to landfill.

Introduction

A mid-term review of the Covenant is required by the end of 2008. Due to the broad range of performance parameters the Covenant Council agreed would be evaluated, the mid-term review has been broken down into a series of reports, each to provide specific information for the overall review.

Overarching targets were developed for the Covenant to ensure there was a way to measure performance in key areas that would be able to clearly demonstrate whether or not the Covenant is contributing to better lifecycle management of packaging.

The targets to be met by 2010 are :

1. An overall recycling rate of 65% for packaging
2. A recycling rate of 25% for packaging designated as “non-recyclable”
3. No increase in the amount of packaging disposed to landfill

This report provides aggregated data on packaging consumption and recycling in Australia between 2003 and 2007 to enable evaluation of the progress the Covenant has made towards achieving its three overarching targets.

Data Report

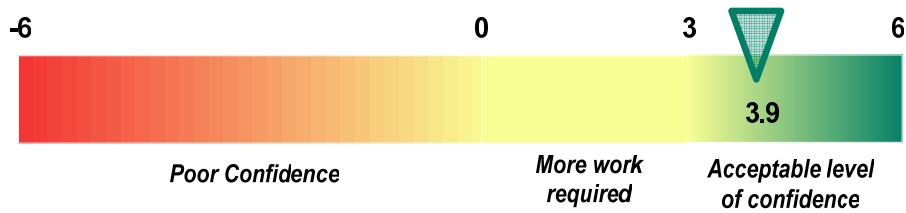
The Covenant targets were originally developed based on a negotiated 2003 baseline recycling rate of 48% using known but imprecise data. Since 2005, Covenant Council has sought to improve the overall quality and reliability of the data reported. Improvements to the methodology and new information received since the commencement of the Covenant has made it no longer appropriate to compare this more recent data with the original baseline.

To ensure a consistent reporting of results and to identify trends, Covenant Council undertook a complete revision of packaging data for the years 2003 through to 2007. This review resulted in a revised 2003 packaging recycling rate of 40%, compared to the original baseline of 48%.

Covenant Council engaged Pitcher Partners Consulting to independently review these revised datasets and assign an overall confidence rating. Pitcher Partners confirmed :

A high to moderate level of positive confidence that the reported recycling figure is representative of the true overall recycling rate.

In summary, the overall confidence rating for the packaging recycling rate in 2007 can be considered in the following context :



Pitcher Partners also made several recommendations to improve data quality, including:

1. Estimates for packaging on imported finished goods for all material types.
2. Increased focus on overall glass consumption figures
3. A formal process to collect steel can data
4. Greater transparency relating to how data is collected as well as the various inclusions & exclusions
5. Increased collaboration between data sources and data collectors.

Covenant Council is in the process of actively addressing these recommendations.

The deficit between the original baseline and the target was 17% points and the revised data results indicate that by 2007 an increase of 16% points has already been achieved. So, despite the downward revision of the baseline, it is still likely that the overall recycling targets will be achieved by 2010.

Results

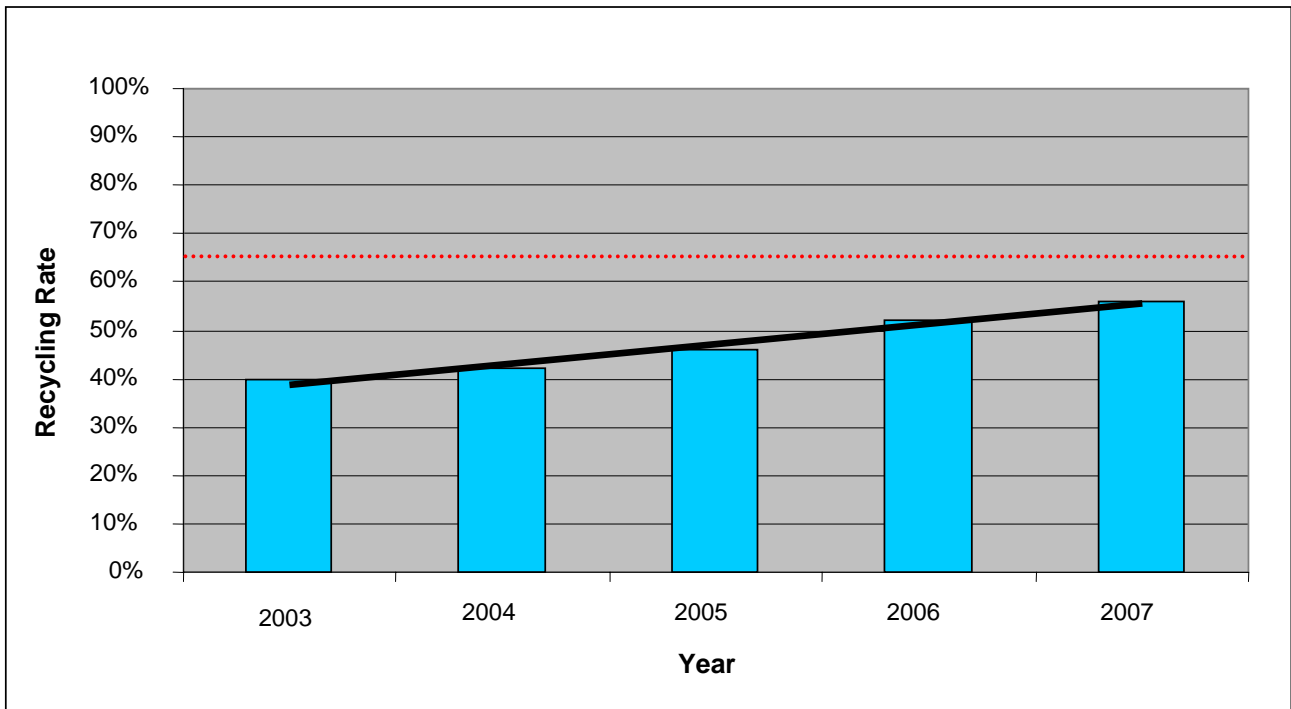
Target 1: Increased recycling of post-consumer packaging

The amount of post-consumer packaging recycled will be increased to 65% by 2010

In 2007, the overall recycling rate for packaging reached about 56%.

Material	2003	2004	2005	2006	2007
Paper/Cardboard	49%	53%	57%	63%	65%
Glass Packaging	28%	28%	34%	35%	46%
Plastics Pkg	20%	21%	22%	31%	31%
Steel cans	36%	42%	38%	38%	38%
Aluminium cans	63%	63%	71%	71%	70%
Overall Rate	40%	42%	46%	52%	56%

Overall Recycling Trend for Packaging



Target 2: Increased recycling of “non-recyclable” packaging

Some specific packaging materials are currently either not recycled or recycled at very low rates due to their design, lack of collection/reprocessing infrastructure or lack of markets.

For the purpose of this target, the materials designated as “non-recyclable” are :

- Plastics coded (4) through to (7)
- Waxed board and High Wet Strength board
- Composite packaging

The recycling rate of packaging manufactured using these materials will be increased to 25% by 2010

In 2007, the overall packaging recycling rate for Plastics 4 - 7 reached about 24%.

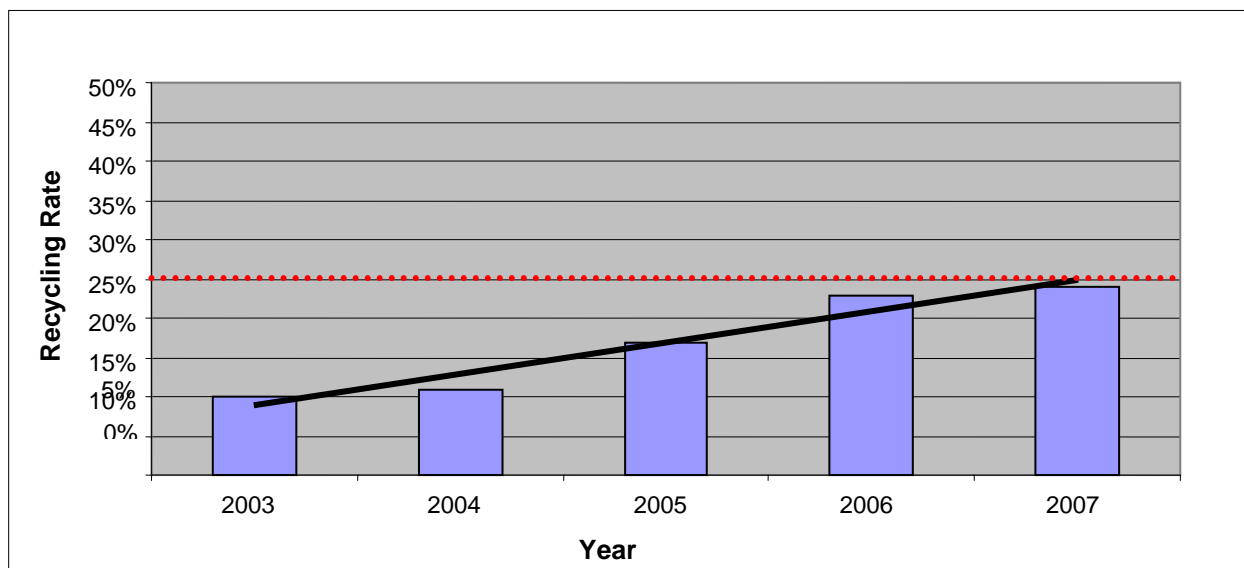
‘Non-recyclable’ materials	2003	2004	2005	2006	2007
Paper & Cardboard					
Plastics 4–7	10%	11%	17%	23%	24%
Composites					
Overall recycling rate	10%	11%	17%	23%	24%

The annual PACIA Plastics Recycling survey continues to provide an area of strength where “non-recyclable” packaging (plastics 4–7) is concerned and as it is now the 9th year the survey has been undertaken, the figures are considered to have become more consistent and reliable. It is very pleasing to report that the recycling target of 25% for Plastics 4–7 is likely to be achieved well ahead of time.

Gathering data for other packaging materials designated “non-recyclable” continues to be difficult, in particular waxed board, high wet-strength (HWS) board and composites. The Industry Data Aggregation System (IDAS) can be used to form an estimate of the amounts of these materials being sold into the local market, however there is still no known way to calculate how much is being recycled. For instance, waxed board and HWS board are recovered through normal paper/cardboard collection systems and the amounts are not recorded separately.

The applicability of the 25% target to waxed board, HWS board and composite packaging is being considered as part of ongoing data improvements.

Recycling Trend for “non-recyclable” Plastics packaging



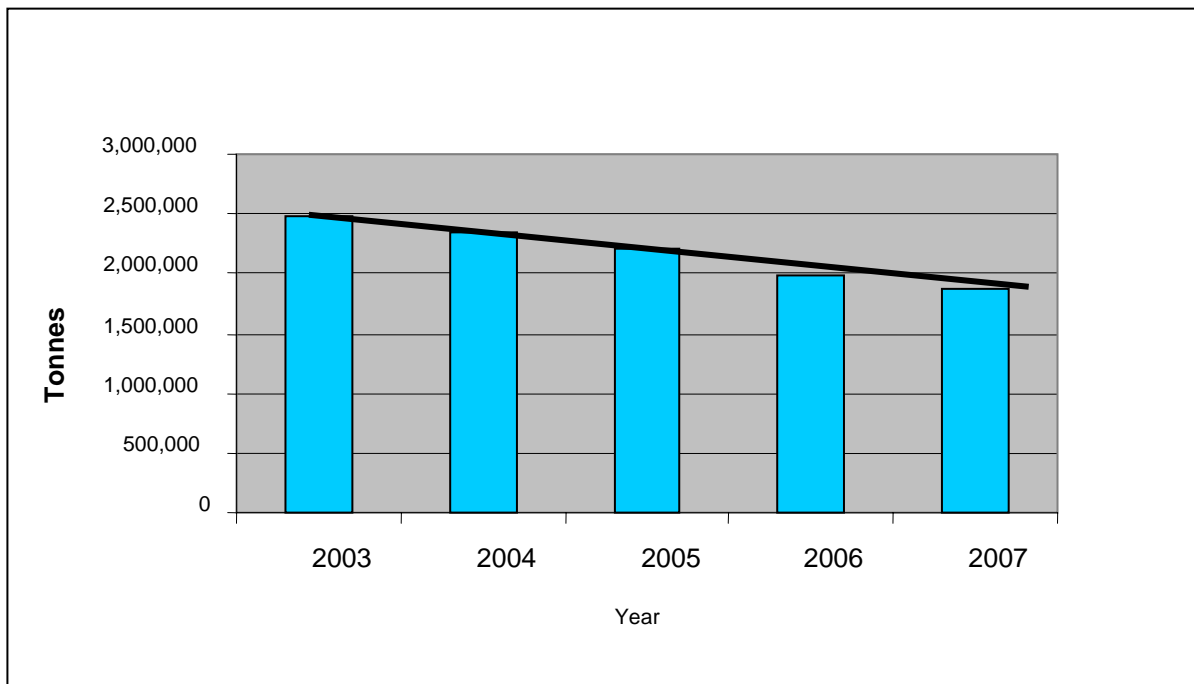
Target 3: Packaging to Landfill

No increase in the amount of packaging disposed to landfill

The amount of packaging disposed to landfill is estimated to be the difference between the amount consumed and the amount recycled.

In 2007, the amount of packaging estimated to have been disposed to landfill was 1,880,406 tonnes, representing a reduction of 24% since 2003.

Packaging to Landfill



The chart shows a steady decrease in the amount of packaging estimated to be going to landfill each year, despite small annual increases in packaging consumption. Between 2003 and 2007, total packaging consumption increased by 4%, whilst total packaging recycling increased by 39%.