

National Packaging Covenant Report



This is the Annual Report of the 3 year plan for Oneharvest and covers the financial year;

July 2006 - June 2007

Company Name: Harvest Freshcut Pty Ltd
ABN: 52 067 682 875



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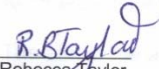
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Proposal.doc

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3. COMPANY OVERVIEW

OneHarvest is a leader in delivering new food experiences to customers while creating business value for all stakeholders. For the past three decades, OneHarvest has been a pioneer in fresh and fresh prepared food markets. The OneHarvest team are the people that in 1995 introduced Australian consumers to the convenient, ready to eat Freshcut salads and stir-fry products.

A fusion of capacity, capability and culture, OneHarvest represents a group of innovative fresh food companies formerly known as The Harvest Company, Harvest FreshCuts Pty Ltd, Vegco Pty Ltd and Oolloo Farm Management.



The foundation business, The Harvest Company, has been transformed from a market wholesaler established in 1975 to the professional value chain manager it is today. Strategically creating an innovative niche in the Australian horticultural industry, this business specialises in the production and marketing of seedless watermelon, fresh asparagus, Shepard avocados, Calypso™ mangoes and guaranteed sweet fruit.

Since starting production in September 1995, Harvest FreshCuts has firmly established itself as leader of the Freshcut market and currently supplies all major chains and various independents in Australia. The company employs more than 500 people at two Fresh Plants – Brisbane, Qld and Bairnsdale, Vic - and is the most technologically advanced Freshcut processor in Australia. In fact, it is Australia's only National Freshcut provider.

As a national value added processor of freshcut salads our current production specifics are:

Brisbane Fresh Plant:

1. Location Wacol, Queensland
2. 40,000 sq foot factory
3. 220 employees
4. 7 days per week manufacture
5. 30,000 packs/day average production
6. 50,000 packs/day peak production.



Bairnsdale Fresh Plant:

1. Location Bairnsdale, Victoria
2. 100,000 sq foot factory
3. 230 employees
4. 6 days a week production
5. 2/3 of national production
6. Close proximity to excellent growing region
7. Largest freshcut factory in Australia
8. Peak production day up to 120,000 packs

COMPANY GROWTH

During the financial year 2006 -2007 the company experienced growth on all major production lines into Woolworths and Coles Private Label. This growth on average has run at 8% increase year on year.

The calculations used in this report are based on the % growth increase.

There have been no new packaging materials or materials introduced to the company's range of products over the course of the financial year.

COMPANY FOCUS

The last 12 months focus for the company has been on water usage and reduction thereof. We have implemented a "Water Efficiency Management Plan" (WEMP) and have made many changes to our process to meet these requirements. We applied for and received funding through BEWP program and are in the middle of projects that will reduce water or recycle and treat water from our waste water stream.



EXECUTIVE SUMMARY

The focus and resources for the last financial year has been on implementing water reduction methods and Waste water stream treatment rather than on the reduction or redesign of packaging. This has been due to the severe droughts being experienced.

The following information is a summary of the KPI's.

KPI 1. There has been an increase in the overall consumption of packaging materials due to increased sales with no impact on the ratio of packaging used versus the volume of product sold.

KPI 2. Packaging received versus product received is running at the same percentage.

KPI 3. No changes in the area of "Improvement Design" were realised during the year.

KPI 6. Further investigation was made to find a suitable recycler for the BOPP film however due to the inks used in printing and the cross contamination with food no progress has been made in a suitable recycling source.

KPI 7. No new figures are available for the total weight sent to landfill for the year.

KPI 21. We continue to maintain the current levels of onsite recycling.

KPI 26. All the cartons used in our facilities have the maximum recycled board in their manufacture and trials have been made using recycled office paper however the quality was poor due to ink bleed when printing.

The information for the baseline of the financial year have been entered into the IDAS system.

As a company we have not yet implemented the Environmental Code of Practice for Packaging.



The majority of our raw materials are supplied in returnable plastic crates. The crates are washed on site and returned to the growers for reuse.

Supplier Packaging	pa. Usage kg	Comments
Cartons - Corrugated Fibreboard	5616	100% Recycled
Plastic Tubs	1642	Recyclable
Plastic Bags	2376	Recyclable
Composite Tin Can	1620	Recyclable
Shrink Film	2160	Recyclable
Labels - Self Adhesive	540	Non - Recyclable
Total	13,954	

Total Weight of Packaging Received (kg)	13,954
Total weight of Product Received	21,447,401
Ratio Packaging Received/Product Received	.065 %

KPI. 3 Improvements in design

In consultation with our Growers and Packaging suppliers, Oneharvest is continually looking at ways of improving design to improve product safety, integrity, reduce the material content and or increase the content of material that can be recycled.

Actions to improve design:

- Continue to review the film gauge and decrease where possible.
- Investigate print film on all finished products to eliminate the label requirements.
- Investigate alternative films that are Bio degradable, made from food products like corn starch.
- Review the carton gauge and design in consultation with the supplier to reduce the content.

These actions for improvement design have been reviewed over the course of the financial year and no changes were realised. It also appears that any work on using corn starch as a medium for the bag film is much further in the distance than first felt.

KPI. 6 Non – Recyclable Packaging

Currently there are a number of packaging materials that are not recyclable or are not easy to recycle. These include composite cans, obsolete labels and label backing paper, plastic bags and containers used for holding the rubbish.



Attempts have been made to recycle the BOPP film with out a great deal of success. This is due largely to the printing of the film and the slight contamination where small amounts of product may reside in the used bags

Estimated total used in kg pa.

BOPP Film:	209,520
Composite cans:	1,620
Labels and backing paper:	605
Plastic bags:	216

Actions to improve:

- Investigate the washing and storage of the composite cans to allow recycling.
- Change the labelling of raw materials in and finished product out to printed film to reduce the amount of labels use.
- Work with suppliers to use retortable pouches rather than composite cans which could be recycled through the existing systems.
- Recycle the scrap BOPP film
- Re locate the film scrap baler to make the use more efficient.
- Set up a Contract with the Scrap film dealers to take away the bales of BOPP film more frequently to reduce the possibility of vermin being attracted to the stored waste.
- Review Annually any opportunities to increase recycling.

There have been many opportunities investigated for the recycling of the BOPP film scrap however no supplier as yet has been able to use the film scrap and therefore the waste remains as land fill. Issue behind this are 1. The inks used in the printing of the film and 2. The cleanliness after product has been in contact with the film.

KPI 21. On site Recycling

Currently Oneharvest are recycling all cardboard waste from the Brisbane site through the Visy Board recycle division. The amount generated is approx. 2.5 tonne a fortnight. The cardboard is loosely filled in a 20m wire cage. With Cardboard compaction we could be more efficient with our waste handling system. The Bairnsdale, Victorian factory currently bale the cardboard waste but due to the location of the factory recycling is a higher cost option.

Description	Monthly	Per anum
Cardboard	5000	60,000
Office Paper	300	3600



Actions to improve:

- Re investigate recycling the cardboard bales in the Bairnsdale, Victorian factory.
- Compact the cardboard waste from the Brisbane factory in order to handle the waste more efficiently.

KPI. 7 Total Weight of packaging sent to Landfill to produce our finished products

Estimated Landfill via the Collex collection system is 432,000 kg per annual.

Actions to improve:

- Reduce the landfill by ensuring all cardboard, film, office paper and green waste is sent to the correct recycling areas.
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KPI 26. Buy Recycled

Currently the percentage of recycled board used in the manufacture of the cartons is 25%. With the current usage of 1,452,276 kg of cardboard being purchased annual this equates to 1,089,207kg of virgin board.

Actions to improve:

- Investigate and work with the supplier to increase the amount of recycled cardboard in the manufacture of the cartons from 25% to 50%.
- Investigate the purchase price and opportunity to buy recycled A4 paper



These actions have both been investigated with the following results;

1. Increasing the amount of reworked cardboard with the virgin board to make the carton causes problems due to the short fibres in the reworked materials. Cartons were prone to cracking at the folds and the overall strength of the carton is reduced making it unsafe to stack 2 pallets high in the transport system.
2. The recycled office paper purchased for trials gave a poorer result whereby the ink bleed into the paper giving a poor quality print job. The company has adopted an Electronic Purchase order system and invoicing system that has cut down on the amount of paper required.

All other avenues of buying recycled have been investigated with no actions resulting.